

**DOVER URBAN RENEWAL AGENCY  
2017 ANNUAL REPORT TO THE CITY OF DOVER**

Honorable Mayor and City Council  
City of Dover, Idaho

Dear Honorable Mayor Shaha and City Council:

The Dover Urban Renewal Agency is pleased to provide this annual report for 2017. Please note this is for DURA's fiscal year ending September 30, 2017, and compares with the report presented last year.

**FINANCIAL HIGHLIGHTS**

Property tax increment in the urban renewal district (URD) exceeded \$647,000 during 2016-17. During 2015-2016 tax increment was \$633,238. The amount received was marginally higher because the construction of new properties in Dover Bay Development helped to offset the continuing low assessments by the Bonner County Assessor. The City of Dover under the direction of Mayor Shaha also helped by bringing the new properties onto the tax roll in a timely manner.

Key financial highlights follow:

- The District's General Fund, which pays for most District administration costs including audit, accounting and legal expenses, ended the year with a cash balance of \$216,739, in excess of the \$193,000 on hand at the end of FY 2015-16. The primary source of income to this fund is property tax increment. The restricted cash stabilized at its maximum required by loan covenants of \$824,890, marginally higher than the \$824,525 in FY 2016-17. The funds are set aside as a debt service reserve for bonds issued by the Agency.
- Both the Debt Service Reserve and Bond Payment Fund are fully funded at 150% of the Agency's annual debt service on both Series A and B bonds issued in 2016. This has allowed more future increment to flow to the General Fund for funding projects in the URD.
- The sale of the bonds resulted in a negative fund balance at September 30, 2016, due to the funds going for assets held by other governments, such as street, water and sewer improvements to the City of Dover. This is typical for all URAs who issue debt on behalf of other local governments.

**FINANCIAL ANALYSIS**

**Net Position**

Net position may serve over time as a useful indicator of a government's financial position. In the case of the Dover Urban Renewal Agency, liabilities exceeded assets by \$6,048,896 at the close of the most recent fiscal year, September 30, 2017, a vast improvement over the deficit in 2016 of \$6,420,541.

The following table presents a summary of the Agency's net position for the years ended September 30, 2017 and 2016.

**Table 1**  
**Statements of Net Position**  
**For the Fiscal Years Ended September 30, 2017 and 2016**

<b>ASSETS:</b>	<u><b>2017</b></u>	<u><b>2016</b></u>
Current and other assets	\$216,739	\$194,296
Restricted assets	824,891	824,525
Total Assets	\$1,041,630	\$1,018,821
<b>LIABILITIES:</b>		
Current liabilities	\$45,889	\$23,604
Long-term liabilities	7,045,173	7,415,758
Total Liabilities	\$7,091,172	\$7,439,362
<b>NET POSITION:</b>		
Restricted	\$1,042,166	\$995,217
Unrestricted	(7,091,062)	(7,415,758)
Total Net Position	\$(6,048,896)	\$(6,420,541)

**Changes in Net Position**

The Agency's total revenues for the fiscal year ended September 30, 2016 were \$647,940. The total cost of all programs was \$276,296 resulting in a change of net position of \$371,644. Here is a comparison to the previous fiscal year:

**Table 2**  
**Changes in Net Position**  
**For the Fiscal Years Ended September 30, 2017 and 2016**

<b>REVENUES</b>	<u><b>2017</b></u>	<u><b>2016</b></u>
General Revenues		
Property taxes	\$647,369	\$631,924
Developmental Fees		168,000
Hookup Fees		7,082
Interest on delinquent taxes		1,314
Interest/investment income	571	811
Total general revenues	\$647,940	\$809,131
<b>EXPENSES</b>		
General government	\$57,119	\$68,406
Interest and finance charges	219,177	263,807
Bond Issuance Costs		48,148
Public facilities/infrastructure		
Total Expenses	\$276,296	\$380,361
<b>CHANGE IN NET POSITION</b>	<b>\$371,644</b>	<b>\$428,770</b>

As shown in Table 2, the main source of income to the District is property tax income received from the Bonner County Assessor, based on the increase in taxes on all property in the URD since January 1, 2005. Unlike in 2016, there were no additional sources of revenue from developmental fees paid by Dover Bay Development. Those revenues now flow to the city, via agreement between the city and the Agency.

Bonner County collects delinquent taxes for collection. Any taxes that are more than three years delinquent are collected by the County during a tax deed sale, and then remitted to the URA.

### **Governmental Funds**

The Agency completed the year with a total governmental unassigned fund balance of \$216,739, which is an increase from the prior year unassigned fund balance of \$194,296. The reason for the increase was due to higher property tax increment from new construction in Dover Bay Development. The fund balance restricted for debt service increased to \$824,891 from \$824,525 in the prior year. The increase resulted from an increase in property taxes and the net impact of the refinance of the Series A and B bonds in 2016.

Total governmental fund revenues increased by \$150,728 over the prior fiscal year due to an increase in property taxes from new construction in Dover Bay Development, adjusted by the loss of developmental fees collected by the City of Dover and shared with the Agency. It was also the result of the joint efforts of the City of Dover, Dover Urban Renewal Agency and the Bonner County Assessor to bring the properties onto the tax roll in a more timely manner.

Total non-debt expenditures decreased by \$57,129. This was mainly because of the expenses incurred during previous fiscal year for to issue bonds, offsetting the higher cost of interest paid to the city for loans to the Agency.

### **CAPITAL ASSET AND DEBT ADMINISTRATION:**

Asset and debt administration highlights for the year include:

- The URA does not typically acquire capital assets but rather as an agency of the City of Dover helps to pay for public infrastructure for the City and other local or state governments. This accounts for the negative fund balance, and is typical of URAs that fund improvements held by another entity.
- The URA issued Series A and B bonds in the amount of \$6,115,188 in FY 2015-16, to refund Series A and B bonds from 2014. The Bonds were originally issued to reimburse Dover Bay Development for costs incurred for city assets, including water and wastewater facilities, streets and a fire station. The bonds are held by Banner Bank and administered by PAC.

- The bonds have a 15-year amortization at \$549,596 (paid semi-annually on February 1 and August 1) with a balance due at the end of the District in 2029. The tax-exempt rate of 3.3% is an historically low rate, and will result in the savings of several hundred thousand dollars over the life of the bonds.

## **ECONOMIC FACTORS AND BUDGET ISSUES FOR 2016-17**

- Growth in new tax increment is expected in the next fiscal year, as new development is pending in the URD. The Agency has also approved reimbursing the City of Dover for Water System Upgrades. The upgrades will be funded from unrestricted cash and possibly a loan from Banner Bank.
- The expected receipt of tax increment of \$675,000 and annual debt service of \$549,596 easily covers debt service on the Bonds. In addition, \$824,891 is held in a restricted reserve for debt service, which represents at least 150% of the annual debt service on the Series A and B bonds.

The economic outlook for the Dover Urban Renewal District remains very strong, and should continue into the future. This is because of the strong partnership between the City of Dover, and its Mayor Annie Shaha and her City Council, and the Agency under the leadership of its long-time Chairman, Paul Nowaske and the Agency Board of Directors, including Jim Haynes, Mike Mooney and Bill Strand.

Contact information may be directed to the Administrator of the Agency below.

Respectfully submitted,

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