



# DOVER URBAN RENEWAL AGENCY

Dover, Idaho



Audited Financial Statements  
For the Year Ended  
September 30, 2022

**DOVER URBAN RENEWAL AGENCY**  
**Dover, Idaho**

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## FINANCIAL SECTION





## INDEPENDENT AUDITOR'S REPORT

The Board of Commissioners  
Dover Urban Renewal Agency  
Dover, Idaho 83825

### Report on the Audit of Financial Statements

#### *Opinions*

We have audited the accompanying financial statements of the governmental activities and each major fund of Dover Urban Renewal Agency, as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise Dover Urban Renewal Agency's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Dover Urban Renewal Agency, as of September 30, 2022, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### *Basis for Opinions*

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Dover Urban Renewal Agency and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### *Responsibilities of Management for the Financial Statements*

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.



In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Dover Urban Renewal Agency's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Dover Urban Renewal Agency's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Dover Urban Renewal Agency's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 6 through 10 and the budgetary comparison on pages 27 through 28 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 20, 2022 on our consideration of Dover Urban Renewal Agency's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Agency's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Dover Urban Renewal Agency's internal control over financial reporting and compliance.

*Hayden Ross, PLLC*

Moscow, Idaho  
December 20, 2022



**INDEPENDENT AUDITOR’S REPORT ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON  
AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the Board of Commissioners  
Dover Urban Renewal Agency  
Dover, Idaho 83825

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of governmental activities and each major fund of Dover Urban Renewal Agency, as of and for the year ended September 30, 2022 and the related notes to the financial statements, which collectively comprise Dover Urban Renewal Agency’s basic financial statements, and have issued our report thereon dated December 20, 2022.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Dover Urban Renewal Agency’s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Dover Urban Renewal Agency’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Dover Urban Renewal Agency’s internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies.



Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

### **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Dover Urban Renewal Agency's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Hayden Ross, PLLC*

Moscow, Idaho  
December 20, 2022



**DOVER URBAN RENEWAL AGENCY**  
**Dover, Idaho**

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**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**For the Year Ended September 30, 2022**

The management's discussion and analysis (MD&A) of Dover Urban Renewal Agency's financial performance provides an overall review of the Agency's financial activities for the year ended September 30, 2022. The intent of this MD&A is to look at the Agency's financial performance as a whole; readers should also review the basic financial statements to enhance their understanding of the Agency's financial performance.

**FINANCIAL HIGHLIGHTS**

Property tax increment in the urban renewal district (URD) was \$1,367,413 during FY2022. During FY2021 tax increment was \$894,107. The amount received was higher because of the construction of new properties in Dover Bay Development.

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 \$1,209,385, as compared to \$765,721 on hand at the end of FY2021. The primary source of income to this fund is transfer from the debt service fund.
- Both the Debt Service Reserve and Bond Payment Fund are fully funded at 150% or more 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.

**Overview of the Financial Statements**

Management's Discussion and Analysis (MD&A) serves as an introduction to, and should be read in conjunction with, the basic audited financial statements.

The Dover Urban Renewal Agency's basic financial statements are comprised of three components: (1) government-wide financial statements, (2) fund financial statements and (3) notes to the financial statements. This report also contains the required supplementary information (RSI) in addition to the basic financial statements themselves.

The MD&A represents management's explanation and analysis of the Agency's financial condition and performance. Summary financial statement data, the adopted budget, bond resolutions and other management tools were used for this analysis.

**Government-wide Financial Statements.** The government-wide financial statements are designed to provide the readers with a broad overview of Dover Urban Renewal Agency's finances in a manner similar to a private-sector business.

The statement of net position presents information on all the Agency's assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the difference between these reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Agency is improving or deteriorating.

The statement of activities presents information showing how the Agency's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flow. Thus, revenues and expenses are reported in the statement for some items that will only result in cash flows in future fiscal periods.

Both the government-wide financial statements discuss the function of the Dover Urban Renewal Agency that are principally supported by taxes. The government activities of the Agency include general government, developer reimbursements and public improvements.

**Fund Financial Statements.** A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Dover Urban Renewal Agency, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. Dover Urban Renewal Agency has only governmental funds.

**Governmental Funds.** Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financial decisions.

Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures and changes in fund balances provide reconciliation to facilitate this comparison between governmental funds and governmental activities.

Dover Urban Renewal Agency maintains two governmental funds, the general fund and the debt service fund. Information on these funds is presented in the basic financial statements and budgetary comparisons are presented in the RSI.

**Notes to the Financial Statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

**Government -Wide Financial Analysis  
Net Position of Governmental Activities**

	<b>2022</b>	<b>2021</b>
Current assets	2,702,363	2,079,721
Restricted assets	829,262	828,935
Total assets	3,531,625	2,908,656
Deferred outflows of resources	-	-
Current liabilities	443,242	626,953
Noncurrent liabilities	4,806,528	5,215,712
Total liabilities	5,249,770	5,842,665
Deferred inflows of resources	1,471,043	1,311,313
Net position		
Restricted	851,197	829,272
Unrestricted	(4,040,385)	(5,074,594)
Total net position	\$ (3,189,188)	\$ (4,245,322)

As noted earlier, net position may serve over time as a useful indicator of a government’s financial position. In the case of Dover Urban Renewal Agency, net position was \$(3,189,188) as of September 30, 2022. This is an improvement over the \$(4,245,322) as of September 30, 2021. The negative net position is the result of debt financing for assets that do not ultimately become property of the Agency; rather, they become property of other entities and governments.

**Change in Net Position**

The main source of income to the Agency is property tax revenue based on the increase in taxes on all property in the URD since January 1, 2005.

The Agency’s total revenues for the fiscal year ended September 30, 2022 were \$1,372,449. The total cost of all programs was \$316,315, resulting in a change of net position of \$1,056,134. The following table presents a summary of the changes in net position for the fiscal years ended September 30, 2022 and 2021, respectively.

**Government- Wide Financial Analysis**  
**Changes in Net Position**

	<b>2021-2022</b>	<b>2020-2021</b>
<b>Revenues</b>		
General revenues:		
Property taxes	1,372,135	893,532
Interest earnings	314	576
<b>Total Revenues</b>	<b>1,372,449</b>	<b>894,108</b>
<b>Expenses</b>		
General government	153,824	232,355
Interest on long-term debt	162,491	172,509
<b>Total Expenses</b>	<b>316,315</b>	<b>404,864</b>
Change in net position	1,056,134	489,244
<b>Net position - beginning</b>	<b>(4,245,322)</b>	<b>(4,734,566)</b>
<b>Net position - ending</b>	<b>\$(3,189,188)</b>	<b>\$(4,245,322)</b>

Delinquent taxes are collected by Bonner County 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 \$743,458, which is an increase from the prior year's unassigned fund balance of \$560,025. The reason for the increase was due to more property tax revenue due to improvements in the covered area. The fund balance restricted for debt service increased to \$844,125 from \$829,272 in the prior year.

Total governmental fund revenues increased by \$473,044 over the prior fiscal year, from \$894,683 to \$1,367,727. This increase is due to a significant increase in property taxes. 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 timely manner.

Total non-debt related expenditures decreased by \$90,160 from the prior year. This was mainly due to a decrease in public improvement costs reimbursed to the city.

**BUDGETARY HIGHLIGHTS**

- The Agency had budgeted \$1,100,000 for public facilities and infrastructure improvements, but spent just \$124,283 for the year ending September 30, 2022, resulting in a variance between budget and actual expenditures of \$975,717 for this line item. All other variances from budget to actual were immaterial.

## **SUMMARY OF ORGANIZATION AND OPERATIONS**

Significant operational data follows:

- The Agency is an agency of the City of Dover, operating under the laws of the State of Idaho. Three to nine board members are appointed by the Mayor and confirmed by the City Council. The Agency operates using a General Fund and a Debt Service Fund.

### **Capital Asset and Debt Administration.**

Asset and debt highlights of the year include:

- The URA does not typically acquire capital assets but rather, as an agency of the City of Dover, helps pay for public infrastructure for the City and other local or state governments. This accounts for the negative net position 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 FY2015-16, to refund Series A and B bond 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 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 2030. The tax-exempt rate of 3.3% is a 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**

- Growth in new tax increment is expected in the next fiscal year, as new development continues in the URD. The Agency has again approved reimbursing the City of Dover for Water System Upgrades. The upgrades will be funded from general fund.

The economic outlook for Dover Urban Renewal Agency remains very strong and should continue into the future. This is because of the strong leadership between the City of Dover, and its Mayor and City Council, and the Agency.

Requests for Information. This financial report is designed to provide a general overview of the Dover Urban Renewal Agency's finances for all those with interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be requested from Renee R. Magee at [renmag21@gmail.com](mailto:renmag21@gmail.com).

## **FINANCIAL STATEMENTS**



**DOVER URBAN RENEWAL AGENCY**

Dover, Idaho

**STATEMENT OF NET POSITION**

September 30, 2022

**Assets**

Current assets:

Cash and cash equivalents	1,209,385	
Property tax receivable	21,935	
Unbilled taxes receivable	1,471,043	
Restricted cash and cash equivalents	829,262	

Total current assets		<u>3,531,625</u>
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Total assets		<u>3,531,625</u>
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<b>Deferred Outflows of Resources</b>		<u>-</u>
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**Liabilities**

Current liabilities:

Accounts payable	1,553	
Accrued interest	32,408	
Current portion of bonds payable	409,281	

Total current liabilities		443,242
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Noncurrent liabilities:

Bonds payable, less current portion	3,571,842	
Note payable	1,234,686	

Total noncurrent liabilities		<u>4,806,528</u>
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Total liabilities		<u>5,249,770</u>
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**Deferred Inflows of Resources**

Unavailable tax revenue		<u>1,471,043</u>
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**Net Position**

Restricted for debt service	851,197	
Unrestricted	<u>(4,040,385)</u>	

Total net position		<u>\$ (3,189,188)</u>
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**DOVER URBAN RENEWAL AGENCY**

Dover, Idaho

**STATEMENT OF ACTIVITIES  
For the Year Ended September 30, 2022**

	Program Revenues			Revenue and Changes in Net Position
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Expenses				
<b>FUNCTIONS/PROGRAMS</b>				
Governmental activities:				
General government	153,824	-	-	(153,824)
Interest on long-term debt	162,491	-	-	(162,491)
Total governmental activities	316,315	-	-	(316,315)
Total	<u>\$ 316,315</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (316,315)</u>
	<b>General Revenues</b>			
				1,372,135
				314
				<u>1,372,449</u>
				1,056,134
				<u>(4,245,322)</u>
				<u>\$ (3,189,188)</u>



**DOVER URBAN RENEWAL AGENCY**  
Dover, Idaho

**GOVERNMENTAL FUNDS**  
**BALANCE SHEET**  
**September 30, 2022**

	<b>General Fund</b>	<b>Debt Service Fund</b>	<b>Total</b>
<b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>			
Assets:			
Cash and cash equivalents	1,209,385	-	1,209,385
Property tax receivable	-	21,935	21,935
Unbilled taxes receivable	-	1,471,043	1,471,043
Restricted cash and cash equivalents	-	829,262	829,262
Total assets	1,209,385	2,322,240	3,531,625
Deferred outflows of resources	-	-	-
Total assets and deferred outflows of resources	\$ 1,209,385	\$ 2,322,240	\$ 3,531,625
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE</b>			
Liabilities:			
Accounts payable	1,553	-	1,553
Total liabilities	1,553	-	1,553
Deferred inflows of resources:			
Deferred revenue	-	7,072	7,072
Unavailable tax revenue	-	1,471,043	1,471,043
Total deferred inflows of resources	-	1,478,115	1,478,115
Fund balance:			
Restricted for debt service	-	844,125	844,125
Committed	399,366	-	399,366
Assigned	65,008	-	65,008
Unassigned	743,458	-	743,458
Total fund balance	1,207,832	844,125	2,051,957
Total liabilities, deferred inflows of resources and fund balance	\$ 1,209,385	\$ 2,322,240	\$ 3,531,625

**DOVER URBAN RENEWAL AGENCY**

**Dover, Idaho**

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**RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO NET POSITION OF  
GOVERNMENTAL ACTIVITIES**

**September 30, 2022**

Total Fund Balance - Governmental Fund	2,051,957
Amounts reported for governmental activities in the statement of net position are different because:	
Property taxes receivable will be collected this year, but are not available soon enough to pay for the current period's expenditures, and therefore are deferred in the funds.	7,072
Interest is accrued on outstanding debt in the government-wide financial statements, whereas in the government fund financial statements, an interest expenditures is reported when paid.	(32,408)
Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year-end consist of the following:	
Bonds payable	(3,981,123)
Note payable	<u>(1,234,686)</u>
Total Net Position - Governmental Activities	<u>\$ (3,189,188)</u>

**DOVER URBAN RENEWAL AGENCY**

Dover, Idaho

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**GOVERNMENTAL FUNDS  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
For the Year Ended September 30, 2022**

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Total</u>
<b>REVENUES</b>			
Property tax	-	1,367,413	1,367,413
Interest and investment earnings	-	314	314
	<hr/>	<hr/>	<hr/>
Total revenues	-	1,367,727	1,367,727
<b>EXPENDITURES</b>			
Advertising	833	-	833
Audit	6,750	-	6,750
Office expenses	183	-	183
Professional fees	16,225	-	16,225
Consulting and administrative expenses	3,875	-	3,875
Public improvements	124,283	-	124,283
Insurance	1,675	-	1,675
Principal	-	392,728	392,728
Interest expense	1,646	156,869	158,515
	<hr/>	<hr/>	<hr/>
Total expenditures	155,470	549,597	705,067
Excess (deficiency) of revenues over (under) expenditures	(155,470)	818,130	662,660
Other financing sources (uses)			
Transfer in (out)	803,277	(803,277)	-
	<hr/>	<hr/>	<hr/>
Net change in fund balance	647,807	14,853	662,660
Fund balance - beginning	560,025	829,272	1,389,297
	<hr/>	<hr/>	<hr/>
Fund balance - ending	<u>\$ 1,207,832</u>	<u>\$ 844,125</u>	<u>\$ 2,051,957</u>

**DOVER URBAN RENEWAL AGENCY**

**Dover, Idaho**

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**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**

**For the Year Ended September 30, 2022**

Net change in fund balance - governmental funds	662,660
Amounts reported for governmental activities in the statement of activities are different because:	
Some property taxes will not be collected for several months after the Agency's fiscal year ends and they are not considered as "available" revenues in the governmental funds. Instead they are counted as deferred tax revenues. They are, however, recorded as revenues in the statement of activities.	4,722
Interest is accrued on outstanding debt in the government-wide financial statements, whereas in the governmental fund financial statements, an interest expenditures is reported when due.	(3,976)
Repayment of the principal on general bonded indebtedness is an expenditure in the governmental funds but they reduce long-term liabilities in the statement of net position and do not affect the statement of activities.	
Revenue bonds	<u>392,728</u>
Total change in net position - governmental activities	<u>\$ 1,056,134</u>

**DOVER URBAN RENEWAL AGENCY**  
**Dover, Idaho**

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**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2022**

**NOTE 1      Summary of Significant Accounting Policies**

The financial statements of Dover Urban Renewal Agency (the "Agency") have been prepared in accordance with Generally Accepted Accounting Principles (GAAP) in the United States. GAAP statements include all relevant Governmental Accounting Standards Board (GASB) pronouncements. GASB is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's accounting policies are described below:

**Reporting Entity**

Dover Urban Renewal Agency is an urban renewal agency created by and existing under the Idaho Urban Renewal Law of 1965, as amended, and is an independent public body.

The accompanying financial statements include all aspects controlled by the Board of Commissioners of Dover Urban Renewal Agency. The Agency is included in the City of Dover, Idaho financial reporting. These statements present only the funds of the Agency and are not intended to present the financial position and results of operations of the City of Dover, Idaho in conformity with GAAP.

Under the Idaho Code, in April 2005, the Dover City Council passed an ordinance that created the Dover Urban Renewal Agency. The Agency was established to promote urban development and improvement in and around the City of Dover. Under the Idaho Code, the Agency has the authority to issue bonds. Any bonds issued by the Agency are payable solely from the revenues attributable to tax increment financing. Any bonds issues are not a debt of the City. Dover City Council is not responsible for approving the Agency budget to fund any annual deficits. The Agency controls disbursements independent of City Council.

The Board of Commissioners is the decision-making authority that determines by formal vote whether funds are to be committed or assigned and only the Board can determine any change in fund status by the same type of formal vote.

**Basis of Presentation, Fund Accounting**

Basic financial statements are presented at both the government-wide and fund financial level. Both levels of statements categorize primary activities as either governmental or business-type. The Agency does not have any business-type activities.

## **NOTE 1      Summary of Significant Accounting Policies (Continued)**

The government-wide financial statements consist of the Statement of Net Position and the Statement of Activities. The fund financial statements consist of the Balance Sheet – Governmental Funds and the Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds. A reconciliation between the government-wide financial statements and the fund financial statements is also presented.

The financial transactions of the agency are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, deferred inflows and outflows of resources, fund balance, revenues, and expenditures. The various funds are reported by generic classification within the financial statements.

The following fund types are used by the Agency and are considered major funds:

General Fund – This fund is established to account for resources devoted to financing the general services that the Agency performs for its patrons. This fund is charged with all costs of operating the Agency for which a separate fund has not been established.

Debt Service Fund – The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general long-term debt, principal, interest, and related costs.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Agency considers revenues to be available if they are collected within 60 days after year end. Expenditures are recorded when the related fund liability is incurred, as under accrual accounting. However, expenditures related to debt service, are recorded when payment is due. Expenditure recognition occurs in the accounting period in which the liability is incurred if measurable. Principal and interest on general long-term debt are recognized as fund liabilities when due, or when amounts have been accumulated (if appropriate) in a debt service fund for payments to be made in the following year.

Property taxes, interest income, and various other revenues associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the Agency.

## **NOTE 1      Summary of Significant Accounting Policies (Continued)**

**Cash and Cash Equivalents** – In the governmental funds, cash received by the Agency is pooled for investment purposes and is presented as “Cash and Cash Equivalents” on the financial statements. For presentation in the financial statements, cash and cash equivalents include cash on hand, amounts due from banks, demand deposits, and cash with a fiscal agent.

**Receivables** – All trade and property tax receivables are shown net of an allowance for uncollectible. Allowance for uncollectible for property taxes is zero at September 30, 2022.

**Capital Assets** – The Agency has no capital assets of its own. All infrastructure and equipment purchases noted have been dedicated to the government agency that will use those assets in its work.

**Short-Term Interfund Loans Receivables/Payables** – During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as “due from other funds” or “due to other funds” on the balance sheet. Short-term interfund loans are classified as “interfund receivables/payables.” Interfund balances have been eliminated, when applicable, on the statement of net position.

**Accrued Liabilities and Long-Term Obligations** – All payables, accrued liabilities, and long-term obligations are reported in the government-wide financial statements.

In general, payables and accrued liabilities that will be paid from governmental funds are reported on the governmental fund financial statements regardless of whether they will be liquidated with current resources. In general, payments made within 60 days after year end are considered to have been made with current available financial resources. Bonds and other long-term obligations that will be paid from governmental funds are not recognized as a liability in the fund financial statements until due.

In the fund financial statements, long-term debt is recognized as a liability of a governmental fund, when due, or when resources have been accumulated in the general fund for payment early in the following year. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund. The remaining portion of such obligations is maintained separately and represents a reconciling item between the fund and government-wide presentation.

**Deferred Outflows/Inflows of Resources** – In addition to assets, the financial statements will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The government does not have any items that qualify for reporting in this category.

In addition to liabilities, financial statements will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenues) until that time. The government has

## **NOTE 1      Summary of Significant Accounting Policies (Continued)**

only one type of item, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental fund reports unavailable revenues from property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

**Net Position Flow Assumptions** – Sometimes the government will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the government’s policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

**Fund Balance Flow Assumptions** – Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the government’s policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

**Fund Balance Definitions, GASB 54** – The *nonspendable* fund balance category includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. The *restricted* fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation. The *committed* fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority. Amounts in the *assigned* fund balance classification are intended to be used by the government for specific purposes based on Board designation but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. *Unassigned* fund balance is the residual classification for the government's general fund and includes all spendable amounts not contained in the other classifications. The Agency applies committed resources, then assigned resources, then unassigned resources when an expense is incurred for purposes for which all fund balances classifications are available.

### **Restricted balances are as follows:**

- **Debt Service** – These restricted funds are used to make the principal and interest payments for outstanding general obligation bonds.



## **NOTE 1      Summary of Significant Accounting Policies (Continued)**

**Committed balances, as approved by the Board of Commissioners, are as follows:**

- **Treatment Plant 2005** – The Board of Commissioners has committed \$334,662 to the City of Dover for reimbursements related to the treatment plant.
- **Reservoir Security Fences** – The Board of Commissioners has committed \$24,504 to the City of Dover for reimbursements related to reservoir security fences.
- **Reservoir Membranes** – The Board of Commissioners has committed \$40,200 to the City of Dover for reimbursements related to reservoir membranes.

**Assigned balances, as approved by the Board of Commissioners, are as follows:**

- **Intake Panel Relocation** – The Board of Commissioners has assigned \$65,008 to the City of Dover for reimbursements related to intake panel relocation.

**Use of Estimates** – The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

## **NOTE 2      Stewardship, Compliance, And Accountability**

### **Budgetary Data**

The Agency follows the procedures established by Idaho Code 50-1002, in establishing the budgetary data reflected in the financial statements. A summary of these procedures are as follows:

- a) The Agency publishes a proposed budget for public review
- b) Public hearings are set to obtain taxpayer comments
- c) Prior to October 1, the budget is adopted by resolution of the Board of Commissioners and published.

**Lapsing of Appropriations** – At the close of each year, all unspent appropriations revert to the respective funds from which they were appropriated and become subject to future appropriations in conformity with Idaho Statutes.

### NOTE 3 Cash and Investments

#### Deposits

	<u>Carrying Amount</u>	<u>Bank Balance</u>
Cash in bank	2,038,647	2,038,647
Total	<u>\$ 2,038,647</u>	<u>\$ 2,038,647</u>

Deposits were with Banner Bank of which \$250,000 of interest-bearing accounts and non-interest-bearing accounts were covered by Federal Deposit Insurance. The remaining balance of \$1,538,647 is in excess of the FDIC insured limit and is uncollateralized and unsecured.

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the Agency will not be able to recover its deposits or will not be able to recover collateral securities that are in possession of an outside party. Custodial credit risk for investments is the risk that in the event of the failure of the counter party (e.g., broker-dealer) to a transaction, the Agency will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The Agency does not have a policy restricting the amount of deposits and investments subject to custodial credit risk.

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization such as Moody's or Standard & Poor's. The Agency is not subject to credit risk as they have no investments. The Agency does not have a policy regarding credit risk.

Interest rate risk is the risk that changes in market interest rates will adversely impact the fair value of an investment. Investments that are fixed for longer periods are likely to experience greater variability in their fair values due to future changes in interest rate. At year-end, the Agency is not subject to interest rate risk as they do not have any investments. The Agency does not have a policy regarding interest rate risk.

Concentration of credit risk is the risk that concentration of investments with one issuer represents heightened risk of potential loss. No specific percentage identifies when concentration risk is present. The Governmental Accounting Standards Board has adopted a principle that governments should provide note disclosure when five percent of the total investments of the entity are concentrated in any one issuer. Investments in obligations specifically guaranteed by the U.S. government, mutual funds, and other pooled investments are exempt from disclosure. The Agency does not have a policy limiting the amount it may invest in any one issuer.

### NOTE 4 Property Tax

The Agency's property tax is recognized as an asset at the time the Agency has an enforceable legal claim to the resources (January 1st of each year) and the revenue is recognized in the

#### **NOTE 4      Property Tax (Continued)**

period for which the taxes are levied. For FY2022, the Agency has recognized the 2021 levy as revenue and the tax year 2022 levy as an asset.

##### Tax Year 2021 Levy (FY2022 Revenue)

The 2021 levy was based on property tax incremental value increases from the formation of the urban renewal agency. The property tax was levied in October 2021 and was due in two equal installments on December 20th and June 20th.

The total tax levy for the year was as follows:

	<u>Amount</u>
Property tax increment	<u>1,369,325</u>
Total	<u>\$ 1,369,325</u>

##### Tax Year 2022 Levy (FY2022 Asset)

The property tax levy for 2022 has been recorded as an asset in the debt service fund in the amount of \$1,471,043. This levy is for the FY2023 operations and has been presented as unavailable property tax revenue.

##### Deferred Revenue

To the extent property taxes are not collected within 60 days of the end of the accounting period, a deferred revenue amount has been recorded.

Total taxes receivable at September 30, 2022	21,935
Less: Taxes estimated to be collected by the County Treasurer by November 30, 2022	<u>(14,863)</u>
Deferred revenue	<u>\$ 7,072</u>

#### **NOTE 5      Long-Term Debt**

##### Loan

On November 18, 2008, an agreement was signed between the City of Dover and Dover Urban Renewal Agency. The City of Dover loaned the Agency \$1,174,095. The loan shall be immediately due and payable on the date of termination of the Amended Plan, 2030. The unpaid principal amount of the loan and any advances shall accrue interest at a variable rate equal to the monthly distribution yield of the Idaho State Treasurer's Local Government Investment Pool. The loan agreements specify that interest due annual upon receipt of written request for payment by the lender to the borrower. The City paid Dover Urban Renewal Agency another \$60,591 in hookups per agreement as of March 31, 2016, increasing the note payable

## NOTE 5 Long-Term Debt (Continued)

to \$1,234,686 as of September 30, 2016. Beginning in March 2016, the City will not pay the agency for connection fees that were subject to the previous loan agreement.

### Bonds

In June 2016, the Dover Urban Renewal Agency signed bond documents to refinance their Tax Revenue Allocation Refunding Bonds in the amounts of \$4,760,459 (2016A Bond) and \$1,354,729 (2016B Bond). The Series 2016A Bond is subject to an interest rate of 3.25% per annum through August 1, 2030. The Series 2016B Bond is subject to an interest rate of 4.85% per annum through August 1, 2030. Interest shall be computed on the basis of a year of 360 days and actual days elapsed. The 2016A Bond shall be payable in semi-annual payments, consisting of principal and accrued interest, commencing on February 1, 2018, continuing thereafter on the 1<sup>st</sup> day of each February and August until payment in full.

Payments made on February 1<sup>st</sup> and August 1<sup>st</sup> will be in the amount of \$208,563 through August 1, 2030. The 2016B Bond shall be payable in semi-annual payments, consisting of principal and accrued interest, commencing on February 1, 2018, continuing thereafter on the 1<sup>st</sup> day of each February and August until payment in full. Payments made on February 1<sup>st</sup> and August 1<sup>st</sup> will be in the amount of \$66,235 through August 1, 2030.

Bond covenants require a reserve account in the amount of the annual debt service on the bonds and a debt service account in the amount of the minimum amount to pay the next semiannual debt payment. All revenue allocation proceeds as received shall be deposited in the revenue account to replenish the reserve account or debt service in order to maintain required balances. Amounts available in the debt service account shall be applied to pay the semi-annual installments of principal and interest on the bond and to redeem principal of the bond. On any semi-annual payment date for the bond, if money in the debt service account is insufficient to make the payment of principal and interest due on such date, money shall be transferred from the reserve account to the debt service account to make up such deficiency. Revenue allocation proceeds shall thereafter be deposited into the reserve account until such account is restored to the necessary required amounts. Any remaining funds may be transferred into the General Fund Account if there is no deficiency in the Bond Reserve Account and the agency has replenished the Debt Service Account.

Bond payable activity for the year ended September 30, 2022, was as follows:

	<u>Beginning Balance</u>	<u>Issued</u>	<u>Payments</u>	<u>Ending balance</u>	<u>Due within One Year</u>
Series A Bond 2016	3,378,231	-	(308,230)	3,070,001	319,929
Series B Bond 2016	995,620	-	(84,498)	911,122	89,352
Total bond payable at September 30, 2022	<u>\$ 4,373,851</u>	<u>\$ -</u>	<u>\$ (392,728)</u>	<u>\$ 3,981,123</u>	<u>\$ 409,281</u>

## NOTE 5 Long-Term Debt (Continued)

Bond payment requirements at September 30 will be as follows:

<b>Bond Series 2016A</b>			
<b>Year Ended</b>			
<b>9/30/</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2023	319,929	97,197	417,126
2024	330,411	86,714	417,125
2025	341,236	75,889	417,125
2026	352,417	64,708	417,125
2027	363,963	53,162	417,125
2028-2030	1,362,044	86,360	1,448,404
Totals	<u>\$3,070,000</u>	<u>\$464,030</u>	<u>\$3,534,030</u>

<b>Bond Series 2016B</b>			
<b>Year Ended</b>			
<b>9/30/</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2023	89,352	43,119	132,471
2024	93,738	38,733	132,471
2025	98,339	34,131	132,470
2026	103,167	29,304	132,471
2027	108,231	24,240	132,471
2028-2030	418,296	39,787	458,083
Totals	<u>\$ 911,123</u>	<u>\$209,314</u>	<u>\$1,120,437</u>

<b>Summary</b>			
<b>Year Ended</b>			
<b>9/30/</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2023	409,281	140,316	549,597
2024	424,149	125,447	549,596
2025	439,575	110,020	549,595
2026	455,584	94,012	549,596
2027	472,194	77,402	549,596
2028-2030	1,780,340	126,147	1,906,487
Totals	<u>\$3,981,123</u>	<u>\$673,344</u>	<u>\$4,654,467</u>

## NOTE 6 Risk Management

The Agency is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees and natural disasters. The Agency is protected from such losses by City of Dover's commercial insurance policy.

**NOTE 7      Tax Increment Rebate**

In 2007, the City authorized the Board to include a rebate to local agencies whose budgets may be impacted by the extension of the Urban Renewal Plan to 2029. The City of Dover was the first recipient of the \$30,000, which was paid out in November 2008. The Agency has made an obligation to pay \$30,000 annually until the year 2030. Since 2017, the City of Dover has forgone the rebate annually so the Agency can utilize those funds for capital projects.

**REQUIRED SUPPLEMENTARY INFORMATION**



**DOVER URBAN RENEWAL AGENCY**

Dover, Idaho

**GENERAL FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**For the Year Ended September 30, 2022**

	Original Budget	Final Budget	Actual	Variances Favorable (Unfavorable)	
				Original to Actual	Final to Actual
<b>REVENUES</b>	-	-	-	-	-
<b>EXPENDITURES</b>					
Advertising	-	-	833	(833)	(833)
Audit	6,500	7,000	6,750	(250)	250
Office expense	1,000	9,000	183	817	8,817
Professional fees	29,400	25,000	16,225	13,175	8,775
Consulting and administrative expenses	-	-	3,875	(3,875)	(3,875)
Public improvements	450,000	1,100,000	124,283	325,717	975,717
Insurance	-	-	1,675	(1,675)	(1,675)
Interest expense	20,000	20,000	1,646	18,354	18,354
Total expenditures	<u>506,900</u>	<u>1,161,000</u>	<u>155,470</u>	<u>351,430</u>	<u>1,005,530</u>
Excess (deficiency) of revenues over (under) expenditures	(506,900)	(1,161,000)	(155,470)	351,430	1,005,530
Other financing sources (uses)					
Transfer in	-	-	803,277	803,277	803,277
Net change in fund balance	<u>\$ (506,900)</u>	<u>\$ (1,161,000)</u>	647,807	<u>\$ 1,154,707</u>	<u>\$ 1,808,807</u>
Fund balance - beginning			<u>560,025</u>		
Fund balance - ending			<u>\$ 1,207,832</u>		



**DOVER URBAN RENEWAL AGENCY**

Dover, Idaho

**DEBT SERVICE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**For the Year Ended September 30, 2022**

	Original Budget	Final Budget	Actual	Variances Favorable (Unfavorable)	
				Original to Actual	Final to Actual
<b>REVENUES</b>					
Property tax	925,000	1,400,000	1,367,413	442,413	(32,587)
Interest and investment earnings	500	1,000	314	(186)	(686)
Total revenues	<u>925,500</u>	<u>1,401,000</u>	<u>1,367,727</u>	<u>442,227</u>	<u>(33,273)</u>
<b>EXPENDITURES</b>					
Principal payments	392,728	392,728	392,728	-	-
Interest payments	156,872	156,872	156,869	3	3
Total expenditures	<u>549,600</u>	<u>549,600</u>	<u>549,597</u>	<u>3</u>	<u>3</u>
Excess (deficiency) of revenues over (under) expenditures	375,900	851,400	818,130	442,230	(33,270)
Other financing sources (uses)					
Transfer out	-	-	(803,277)	(803,277)	(803,277)
Net change in fund balance	<u>\$ 375,900</u>	<u>\$ 851,400</u>	14,853	<u>\$ (361,047)</u>	<u>\$ (836,547)</u>
Fund balance - beginning			<u>829,272</u>		
Fund balance - ending			<u>\$ 844,125</u>		