

CITY OF DOVER

AUDITED FINANCIAL STATEMENTS
AND REQUIRED SUPPLEMENTARY INFORMATION

Year Ended September 30, 2021

Prepared by

ANDERSONBROS.CPA

TAX, ASSURANCE, ACCOUNTING, ADVISORY

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INDEPENDENT AUDITORS' REPORT

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INDEPENDENT AUDITORS' REPORT

Mayor and City Council
City of Dover, Idaho

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, and each major fund of the City of Dover, Idaho, as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Dover Urban Renewal Agency. Those statements were audited by other auditors whose report has been furnished to us and our opinion, insofar as it relates to the amounts included for the Dover Urban Renewal Agency, is based solely on the report of the other auditors. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statements 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 the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component unit, and each major fund of the City of Dover, Idaho, as of March 10, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Schedule of City's Share of Net Pension Liability and the Schedule of City's Contributions on page 28, and the budgetary comparison information on pages 29 through 30 be presented to supplement the basic financial statements. Such information, 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.

Management has omitted the management discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, 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. Our opinion on the basic financial statements is not affected by this missing information.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated March 10, 2022, on our consideration of the City of Dover, Idaho'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 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 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 City of Dover, Idaho's internal control over financial reporting and compliance.



Anderson Bros. CPAs
Post Falls, Idaho
March 10, 2022

BASIC FINANCIAL STATEMENTS

CITY OF DOVER
Statement of Net Position
September 30, 2021

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Urban Renewal Agency
ASSETS				
Cash & Cash Equivalents	\$ 1,995,357	\$ 124,060	\$ 2,119,417	\$ 765,721
Receivables:				
Property Taxes (net)	865	-	865	1,314,000
Other Governments (net)	49,495	-	49,495	-
Accounts Receivable	-	49,945	49,945	-
Other	798	203,697	204,495	-
Interest	-	1,744	1,744	-
Prepaid Expenses	2,455	9,395	11,850	-
Capital Assets:				
Land and Construction in Progress	143,183	494,295	637,478	-
Capital Assets, net	1,106,460	7,760,664	8,867,124	-
Other Assets:				
Net Pension Asset	2,493	851	3,344	-
Interfund Balances	(1,316,938)	1,316,938	-	-
DURA Note Receivable	-	1,234,686	1,234,686	-
Restricted Cash	-	-	-	828,935
Total Assets	1,984,168	11,196,275	13,180,443	2,908,656
DEFERRED OUTFLOWS OF RESOURCES				
Pension Plan	51,773	17,673	69,446	-
LIABILITIES				
Accounts Payable	49,518	79,402	128,920	205,696
Payroll, Benefits, and Taxes Payable	22,188	8,785	30,973	-
Interest Payable	-	-	-	28,432
Compensated Absences Payable	1,789	-	1,789	-
Current Portion of Long Term Debt	-	-	-	392,825
Long Term Liabilities:				
Bonds and Other Loans	-	-	-	5,215,712
Total Liabilities	73,495	88,187	161,682	5,842,665
DEFERRED INFLOWS OF RESOURCES				
Unavailable Tax Revenue	-	-	-	1,311,313
Pension Plan	80,893	27,614	108,507	-
Total Deferred Inflows of Resources	80,893	27,614	108,507	1,311,313
NET POSITION				
Net Investment in Capital Assets	1,249,643	8,254,959	9,504,602	-
Restricted	-	-	-	829,272
Unrestricted	631,910	2,843,188	3,475,098	(5,074,594)
Total Net Position	\$ 1,881,553	\$ 11,098,147	\$ 12,979,700	\$ (4,245,322)

See accompanying notes to financial statements and independent auditors' report.

**CITY OF DOVER
Statement of Activities
Year Ended September 30, 2021**

Functions/Programs	Program Revenues				Net (Expenses) Revenues and Changes in Net Position			Component Unit
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total	
					Governmental Activities	Business-type Activities		
Primary Government:								
Governmental Activities								
General Government	\$ 512,600	\$ -	\$ 15,096	\$ -	\$ (497,504)	\$ -	\$ (497,504)	
Highway and Streets	71,757	-	-	-	(71,757)	-	(71,757)	
Depreciation - Unallocated	54,141	-	-	-	(54,141)	-	(54,141)	
Total Governmental Activities	<u>638,498</u>	<u>-</u>	<u>15,096</u>	<u>-</u>	<u>(623,402)</u>	<u>-</u>	<u>(623,402)</u>	<u>-</u>
Business-type Activities								
Water Service	362,386	904,319	-	-	-	541,933	541,933	
Sewer Service	556,596	923,392	-	62,665	-	429,461	429,461	
Total Business-type Activities	<u>918,982</u>	<u>1,827,711</u>	<u>-</u>	<u>62,665</u>	<u>-</u>	<u>971,394</u>	<u>971,394</u>	
Total Primary Government	<u>\$ 1,557,480</u>	<u>\$ 1,827,711</u>	<u>\$ 15,096</u>	<u>\$ 62,665</u>	<u>(623,402)</u>	<u>971,394</u>	<u>347,992</u>	<u>-</u>
Component Units:								
Dover Urban Renewal Agency	404,864	-	-	-				(404,864)
Total Component Units	<u>\$ 404,864</u>	<u>-</u>	<u>-</u>	<u>-</u>				<u>(404,864)</u>
General Revenues:								
Property Taxes					87,466	-	87,466	893,532
Other Governmental					252,488	-	252,488	-
Licenses and Permits					170,334	-	170,334	-
Interest Earnings					66	5,603	5,669	576
Other Revenues					16,262	-	16,262	-
Total General Revenues					<u>526,616</u>	<u>5,603</u>	<u>532,219</u>	<u>894,108</u>
Change in Net Position					(96,786)	976,997	880,211	489,244
Net Position- Beginning					<u>1,978,339</u>	<u>10,121,150</u>	<u>12,099,489</u>	<u>(4,734,566)</u>
Net Position- Ending					<u>\$ 1,881,553</u>	<u>\$ 11,098,147</u>	<u>\$ 12,979,700</u>	<u>\$ (4,245,322)</u>

See accompanying notes to financial statements and independent auditors' report.

CITY OF DOVER
Balance Sheet
Governmental Funds
September 30, 2021

	General Fund	Street Fund	Total
ASSETS			
Cash & Investments	\$ 1,847,413	\$ 147,944	\$ 1,995,357
Receivables:			
Property Taxes	865	-	865
Other Governments	38,076	11,419	49,495
Other	798	-	798
Due from Other Funds	-	221,451	221,451
Prepaid Expenses	1,246	1,209	2,455
Total Assets	<u>\$ 1,888,398</u>	<u>\$ 382,023</u>	<u>\$ 2,270,421</u>
LIABILITIES			
Accounts Payable and Accrued Expenses	\$ 42,246	\$ 7,272	\$ 49,518
Payroll, Benefits and Taxes Payable	22,120	68	22,188
Due to Other Funds	1,538,389	-	1,538,389
Total Liabilities	<u>1,602,755</u>	<u>7,340</u>	<u>1,610,095</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable Revenue - Property Taxes	788	-	788
Total Deferred Inflows of Resources	<u>788</u>	<u>-</u>	<u>788</u>
FUND BALANCES (DEFICITS)			
Nonspendable:			-
Prepaid Expenses	1,246	1,209	2,455
Assigned:			-
Street Fund	-	373,474	373,474
Unassigned	283,609	-	283,609
Total Fund Balances (Deficits)	<u>284,855</u>	<u>374,683</u>	<u>659,538</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Equity	<u>\$ 1,888,398</u>	<u>\$ 382,023</u>	<u>\$ 2,270,421</u>

See accompanying notes to financial statements and independent auditors' report.

City of Dover
Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
September 30, 2021

Total fund balances at September 30, 2021 - Governmental Funds		\$ 659,538
Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds:		
Cost of capital assets	1,843,490	
Less: Accumulated depreciation	<u>(593,847)</u>	1,249,643
Deferred outflows of resources represent a consumption of fund equity that will be reported as an outflow of resources in a future period and therefore, are not reported in the funds:		
Deferred outflows of resources-pension plan		51,773
Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds:		
Elimination of unavailable revenue - property taxes		788
Deferred inflows of resources represent an acquisition of fund equity that will be recognized as an inflow of resources in a future period and therefore, are not reported in the funds:		
Deferred inflows of resources-pension plan		(80,893)
Some liabilities are not due and payable in the current period and therefore, are not reported in the funds. Those liabilities consist of:		
Net pension asset	2,493	
Compensated absences	<u>(1,789)</u>	<u>704</u>
Net position of governmental activities at September 30, 2021		<u><u>\$ 1,881,553</u></u>

See accompanying notes to financial statements and independent auditors' report.

CITY OF DOVER
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Fund
Year Ended September 30, 2021

	General Fund	Street Fund	Total
Revenues			
Property Taxes	\$ 86,929	\$ -	\$ 86,929
Other Governmental	140,707	111,781	252,488
Licenses and Permits	170,334	-	170,334
Interest Income	63	3	66
Other Income	16,262	-	16,262
Donations & Grants	15,096	-	15,096
Total Revenues	<u>429,391</u>	<u>111,784</u>	<u>541,175</u>
Expenditures			
General Government	541,157	-	541,157
Highways and Streets	-	71,757	71,757
Capital Expenditures	6,558	49,661	56,219
Total Expenditures	<u>547,715</u>	<u>121,418</u>	<u>669,133</u>
Excess of Revenues Over Expenditures	<u>(118,324)</u>	<u>(9,634)</u>	<u>(127,958)</u>
Net Change in Fund Balance	(118,324)	(9,634)	(127,958)
Fund Balance - Beginning	403,179	384,317	787,496
Fund Balance - Ending	<u>\$ 284,855</u>	<u>\$ 374,683</u>	<u>\$ 659,538</u>

See accompanying notes to financial statements and independent auditors' report.

CITY OF DOVER
Reconciliation of the Statement of Revenues, Expenditures, and Changes in
Fund Balances of Governmental Funds to the Statement of Activities
Year Ended September 30, 2021

Amounts reported for governmental activities in the statement of activities are different because:

Net Change in Fund Balances - total governmental funds		\$ (127,958)
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation expenses. This is the amount by which capital outlays exceeded depreciation expense in the current period.</p>		
Capital Outlay		56,219
Depreciation		(54,141)
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.</p>		
Property Taxes		537
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.</p>		
(Increase)/ Decrease in Compensated Absence Liability	2,357	
Changes in Pension Plan	<u>26,200</u>	
		28,557
Change in net position on the government-wide statements		<u><u>\$ (96,786)</u></u>

See accompanying notes to financial statements and independent auditors' report.

CITY OF DOVER
Statement of Net Position
Proprietary Funds
September 30, 2021

	Water Fund	Sewer Fund	Total
ASSETS			
Current Assets:			
Cash & Cash Equivalents	\$ 26,676	\$ 97,384	\$ 124,060
Investments	-	-	-
Accounts Receivable (net)	14,836	35,109	49,945
Other Receivable	203,697	-	203,697
Interest Receivable	797	947	1,744
Grants Receivable	-	-	-
Prepaid Expenses	2,193	7,202	9,395
Total Current Assets	<u>248,199</u>	<u>140,642</u>	<u>388,841</u>
Noncurrent Assets:			
Land	5,600	168,541	174,141
Construction in progress	303,883	16,271	320,154
Capital Assets, net	2,031,531	5,729,133	7,760,664
Total Capital Assets	<u>2,341,014</u>	<u>5,913,945</u>	<u>8,254,959</u>
Other Assets:			
Net Pension Asset	632	219	851
Interfund Balances	132,715	1,184,223	1,316,938
DURA Note Receivable	564,251	670,435	1,234,686
Total Other Assets	<u>697,598</u>	<u>1,854,877</u>	<u>2,552,475</u>
Total Assets	<u>3,286,811</u>	<u>7,909,464</u>	<u>11,196,275</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension Plan	13,122	4,551	17,673
Total Deferred Outflows of Resources	<u>13,122</u>	<u>4,551</u>	<u>17,673</u>
LIABILITIES			
Current Liabilities:			
Accounts Payable	60,019	19,383	79,402
Payroll, Benefits, & Taxes Payable	7,755	1,030	8,785
Total Current Liabilities	<u>67,774</u>	<u>20,413</u>	<u>88,187</u>
Total Liabilities	<u>67,774</u>	<u>20,413</u>	<u>88,187</u>
DEFERRED INFLOWS OF RESOURCES			
Pension Plan	20,503	7,111	27,614
Total Deferred Inflows of Resources	<u>20,503</u>	<u>7,111</u>	<u>27,614</u>
NET POSITION			
Net Investment in Capital Assets	2,341,014	5,913,945	8,254,959
Unrestricted	870,642	1,972,546	2,843,188
Total Net Position	<u>\$ 3,211,656</u>	<u>\$ 7,886,491</u>	<u>\$ 11,098,147</u>

See accompanying notes to financial statements and independent auditors' report.

CITY OF DOVER
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
Year Ended September 30, 2021

	Water Fund	Sewer Fund	Total
Operating Revenues:			
Charges for Services	\$ 174,034	440,521	\$ 614,555
Hookups & Other	325,753	228,071	553,824
Grant Income	-	62,665	62,665
DURA Funds	31,332	-	31,332
Total Operating Revenues	<u>531,119</u>	<u>731,257</u>	<u>1,262,376</u>
Operating Expenses:			
Administrative	112,317	49,903	162,220
Maintenance & Operations	169,272	210,660	379,932
Depreciation	77,756	296,753	374,509
Pension Plan Expense/(Revenue)	2,888	(1,125)	1,763
Total Operating Expenses	<u>362,233</u>	<u>556,191</u>	<u>918,424</u>
Operating Income (Loss)	<u>168,886</u>	<u>175,066</u>	<u>343,952</u>
Nonoperating Revenues (Expenses):			
Interest Income	2,466	3,137	5,603
Interest Expense	(153)	(405)	(558)
Capital Contributions	373,200	254,800	628,000
Total Nonoperating Revenue (Expenses)	<u>375,513</u>	<u>257,532</u>	<u>633,045</u>
Change in Net Position	544,399	432,598	976,997
Net Position - October 1	2,667,257	7,453,893	10,121,150
Net Position - September 30	<u>\$ 3,211,656</u>	<u>\$ 7,886,491</u>	<u>\$ 11,098,147</u>

See accompanying notes to financial statements and independent auditors' report.

CITY OF DOVER
Statement of Cash Flows
All Proprietary Funds
Year Ended September 30, 2021

	Water	Sewer	Total
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from Customers and Users	\$ 408,094	\$ 739,521	\$ 1,147,615
Payments to Employees	(27,533)	(13,878)	(41,411)
Payments to Suppliers	(208,056)	(250,548)	(458,604)
Net Cash Provided by Operating Activities	<u>172,505</u>	<u>475,095</u>	<u>647,600</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Borrowing through Interfund Balances	61,277	(153,803)	(92,526)
Interfund Transfers	-	-	-
Net Cash Provided/(Used) by Noncapital Financing Activities	<u>61,277</u>	<u>(153,803)</u>	<u>(92,526)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Payments for Capital Asset Acquisitions	(231,221)	(305,880)	(537,101)
Repayment on Revenue Bonds & Notes Payable	(8,166)	(21,690)	(29,856)
Interest Paid on Long Term Liabilities	(401)	(812)	(1,213)
Net Cash Used by Capital and Related Financing Activities	<u>(239,788)</u>	<u>(328,382)</u>	<u>(568,170)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest on Bank Balances and Notes Receivable	6,009	7,095	13,104
Net Cash Provided by Investing Activities	<u>6,009</u>	<u>7,095</u>	<u>13,104</u>
Net Increase/(Decrease) in Cash and Cash Equivalents	3	5	8
Cash and Cash Equivalents, October 1	26,673	97,379	124,052
Cash and Cash Equivalents, September 30	<u>\$ 26,676</u>	<u>\$ 97,384</u>	<u>\$ 124,060</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATIONS:			
Operating Income/(Loss)	\$ 168,886	\$ 175,066	\$ 343,952
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:			
Cash flows reported in other categories:			
Depreciation	77,756	296,753	374,509
Change in assets and liabilities:			
Accounts Receivable	(123,025)	8,264	(114,761)
Accounts Payable & Accrued Expenses	39,075	(4,063)	35,012
Payroll, Benefits, & Taxes Payable	6,925	200	7,125
Net Change in PERSI Deferred Inflows, Outflows, & Liabilities	2,888	(1,125)	1,763
Net Cash Provided by Operating Activities	<u>\$ 172,505</u>	<u>\$ 475,095</u>	<u>\$ 647,600</u>

Noncash capital financing activities:

Capital assets of \$373,200 were acquired through contributions from developers in the water fund
Capital assets of \$254,800 were acquired through contributions from developers in the sewer fund

See accompanying notes to financial statements and independent auditors' report.

CITY OF DOVER
Notes to the Financial Statements
Year Ended September 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The City's combined financial statements include the accounts of all City operations. The criteria for including organizations as component units within the City's reporting entity, as set forth in Section 2100 of the Governmental Accounting Standards Board's (GASB) Codification of Government Accounting and Financial Reporting Standards, include whether:

- ✓ the organization is legally separate (can sue and be sued in their own name)
- ✓ the City holds the corporate powers of the organization
- ✓ the City appoints a voting majority of the organization's board
- ✓ the City is able to impose its will on the organization
- ✓ the organization has the potential to impose a financial benefit/burden on the City
- ✓ there is fiscal dependency by the organization on the City

The City of Dover is a municipality of the State of Idaho. The City has oversight responsibility and control over all activities related to the City's functions. The City is not included in any other governmental "reporting entity" as defined in GASB pronouncements, since the public elects the City Council members. The accompanying financial statements present the activities of the City and its discretely presented component unit, Dover Urban Renewal Agency.

Dover Urban Renewal Agency (the Agency) was formed by the City of Dover, Idaho on April 14, 2005, for the purpose of development and administering an urban renewal plan pursuant to Title 50, Chapters 20 and 29, Idaho Code.

The City's mayor appoints all members of the Agency's board, Dover's city council must confirm all appointments to the Agency's board, and Dover's city council must approve the urban renewal plan which governs the Agency's actions. Further, the chairman of the Agency's board is a member of Dover's Planning & Zoning Commission. Therefore, due to the significant influence these powers give Dover over the Agency's activities, the Agency is considered a component unit of the basic financial statements of the City of Dover, Idaho.

For financial reporting purposes, only the Agency's statement of net position and activities are included in the City's financial statements as required by generally accepted accounting principles.

During the year ended September 30, 2009, the City distributed \$1,174,095 to the Agency for restricted purposes (see Note 3). Complete financial statements for the Agency can be obtained from the office of the Dover Urban Renewal Agency, Panhandle Area Council, Inc., 11100 Airport Drive, Hayden, Idaho, 83835.

CITY OF DOVER
Notes to the Financial Statements
Year Ended September 30, 2021

Basis of Presentation

Government-wide Statements: The statement of net position and the statement of activities display information about the primary government (the City). These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the *governmental* and *business-type activities* of the City. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or part by fees charged to external parties.

The statement of activities presents a comparison between direct and program revenues for the different business-type activities of the City and for each function of the City's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expense allocations that have been made in the funds have been reversed for the statement of activities. Program revenues include (a) fees, fines, and charges by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not received for a specific purpose and classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements: The fund financial statements provide information about the City's funds, including its fiduciary funds and blended component units. Separate statements for each fund category—*governmental*, and *enterprise* are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

Enterprise fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

The City reports the following major governmental funds:

General Fund. This is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Street Fund. The street fund accounts for the proceeds of specific revenue sources (other than trusts or major capital projects), the expenditures for which are legally restricted for purposes specified in the grant agreements. Principal sources of revenue are property taxes and state and local highway funds. Primary expenditures are for employee wages and benefits, street maintenance and repairs, and other general administration costs.

The City reports the following major enterprise funds:

Water Enterprise Fund. The Water Enterprise Fund is used to account for operations that are financed and operated in a manner similar to private business enterprises where the costs (expenses, including depreciation) of providing water services to the general public on a continuing basis are financed through user charges.

Sewer Enterprise Fund. The Sewer Enterprise Fund is used to account for operations that are financed and operated in a manner similar to private business enterprises where the costs (expenses, including depreciation) of providing water services to the general public on a continuing basis are financed through user charges.

See accompanying independent auditors' report.

CITY OF DOVER
Notes to the Financial Statements
Year Ended September 30, 2021

Measurement Focus, Basis of Accounting

Government-wide and Proprietary Fund Financial Statements. The government-wide and proprietary fund 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 at the time the liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the City gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental Fund Financial Statements. Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The City considers all revenues reported in the governmental funds to be available if the revenues are collected within 60 days after year-end. Property taxes, sales taxes, franchise taxes, licenses, and interest are considered to be susceptible to accrual. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Assets, Liabilities, and Equity

Deposits and Investments

The cash balances of substantially all funds are pooled and invested by the City Treasurer for the purpose of increasing earnings through investment activities. The pool's investments are reported at fair market value as of September 30, 2021. The individual funds' portions of the pool's fair value are presented as "Cash and Cash Equivalents." Earnings on the pooled funds are apportioned and paid or credited to the funds monthly based on the average daily balance of each participating fund.

Cash and Cash Equivalents

The City considers cash and cash equivalents to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. Investments with an initial maturity of more than three months are reported as investments.

Receivables and Payables

The City records all trade and property tax as they are assessed, not as collected. Cancellations and uncollectible taxes for this and prior years were minimal, thus no allowance for uncollectible taxes is necessary.

Receivables for State Highway User's Tax, State Liquor, and State Revenue Sharing are recorded as revenue in the general fund. A receivable for State Highway User's Tax is recorded as revenue in the street fund and receivables for Grant Income are recorded as revenue in the street fund.

The City records enterprise fund charges as earned, not when collected. Because the City is able to lien property for unpaid utility charges, the City has recorded \$0 as an allowance for doubtful accounts.

CITY OF DOVER
Notes to the Financial Statements
Year Ended September 30, 2021

Property Tax Calendar

Property taxes are levied on the third Monday of September and attach as an enforceable lien on property. They are payable in two installments on December 20 of the current year and June 20 of the next calendar year. The taxes are collected and remitted to the City by Bonner County.

Extraordinary and Special Items

Extraordinary items are transactions that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the City Council and that are either unusual in nature or infrequent in occurrence. Neither type of transactions occurred during the fiscal year ended September 30, 2021.

Inventories and Prepaid Items

The City has adopted the purchase method for recording and classifying material and supply purchases. Under this method, purchases of materials and supplies are recognized as expenditures when the goods are received and the transaction is vouchered. Because on hand materials and supplies of the City are not considered significant, no amount is reflected on the balance sheet and no portion of fund balance is reserved.

Interfund Transactions

Interfund transactions are reflected as loans, services provided, reimbursements, or transfers. Loans are reported as receivables and payables as appropriate, are subject to elimination upon consolidation and are referred to as "interfund balances". Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as "interfund balances" as well.

Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide presentation.

Compensated Absences

Employees eligible for leave include regular full-time employees. The policy provides for leave according to the following schedule:

<u>Years of Service</u>	<u>Leave Time</u>
0 – 3 years	40 hours per year
After 3 years	80 hours per year

As of September 30, 2021, compensated absences payable for governmental activities and business-type activities was \$1,789.

Pensions

For purposes of measuring the net pension liability and pension expense, information about the fiduciary net position of the Public Employee Retirement System of Idaho Base Plan (Base Plan) and additions to/deductions from Base Plan's fiduciary net position have been determined on the same basis as they are reported by the Base Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

See accompanying independent auditors' report.

CITY OF DOVER
Notes to the Financial Statements
Year Ended September 30, 2021

Long Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities.

Capital Assets

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated fixed assets are recorded at their estimated fair value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Asset Class	Estimated Useful Lives
Improvements	30 - 75
Machinery & Equipment	10 - 20
Vehicles	10 - 20
Office Equipment	5 - 10
Computer Equipment	5

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.

Use of Restricted Funds

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position 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 City has one item, pension plan, which is reported in the government-wide statement of net position, which qualifies for reporting in this category at this time.

In addition to liabilities, the statement of net position 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 (revenue) until that time. The City has two of these types of items. The first, unavailable property taxes, is reported in the governmental funds balance sheet. The other item, pension plan, is reported in the government-wide statement of net position. These amounts are deferred and recognized as inflows of resources in the period that the amounts become available.

Fund Balance

The City adopted GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions", which redefined how fund balances of the governmental funds are presented in the financial statements.

See accompanying independent auditors' report.

CITY OF DOVER
Notes to the Financial Statements
Year Ended September 30, 2021

Fund Balance – (continued)

Fund balances are classified as follows:

Nonspendable—Amounts that cannot be spent either because they are not in a spendable form or because they are legally or contractually required to be maintained intact.

Restricted—Amounts that can be spent only for specific purposes because of the state or federal laws, or externally imposed conditions by grantors or creditors.

Committed—Amounts that can be used only for specific purposes determined by a formal action by City Council ordinance or resolution. This includes the budget reserve account.

Assigned—Amounts that are designated by the Council for a specific purpose but are not spendable until a budget ordinance is passed by the City Council.

Unassigned—All amounts not included in other spendable classifications.

The details of the fund balances are included in the Governmental Funds Balance Sheet. Restricted funds are used first as appropriate. Assigned Funds are reduced to the extent that expenditure authority has been budgeted by the Council or the Assignment has been changed by the Mayor. Decreases to fund balance first reduce Unassigned Fund balance; in the event that Unassigned Fund Balance becomes zero, then Assigned and Committed Fund Balances are used in that order. The City reserves the right to selectively spend Unassigned resources first to defer the use of these other classified funds.

Net Position

Net position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by outstanding balances of any borrowings used for the acquisition, construction or improvements of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

NOTE 2 – DEPOSITS AND INVESTMENT BALANCES

General

State statutes authorize the City's investments. The City is authorized to invest in demand deposits, savings accounts, U.S. Government obligations and its agencies, obligations of Idaho and its agencies, fully collateralized repurchase agreements, prime domestic commercial paper, prime domestic bankers acceptances, bonds, debentures or notes of any corporation organized, controlled, and operating in the U.S. which have at their purchase an "A" rating or higher, government pools, and money market funds consisting of any of these securities listed. No violations of these categories have occurred during the year.

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of a bank failure, the City's deposits and investments may not be returned to it. The City does not have a deposit policy for custodial credit risk as it deposits funds in financial institutions that are members of the U.S. Federal Deposit Insurance Corporation (FDIC) and has never experienced such a loss. As of September 30, 2021, the City had amounts that were uninsured or uncollateralized. The bank balances and investments are categorized as follows:

See accompanying independent auditors' report.

CITY OF DOVER
Notes to the Financial Statements
Year Ended September 30, 2021

Custodial Credit Risk – (continued)

	Primary Government	Component Unit
<i>Deposits without exposure to custodial credit risk:</i>		
Amounts insured by FDIC or other agencies	\$ 626,696	\$ 500,000
Total deposits without exposure to custodial credit risk	626,696	500,000
<i>Deposits with exposure to custodial credit risk:</i>		
Amounts collateralized with securities held in trust, but not in City's name	1,495,982	-
Amounts uninsured-exposed to custodial credit risk	-	1,096,543
Total deposits with exposure to custodial credit risk	1,495,982	1,096,543
Total bank balance (deposits)	\$ 2,122,678	\$ 1,596,543

The carrying amount is displayed as followed in the financial statements:

Statement of Net Position:

Cash and investments	\$ 2,119,417	\$ 765,721
Restricted cash and investments	-	828,935
Total	\$ 2,119,417	\$ 1,594,656

Cash and cash equivalents at September 30, 2021 consist of the following:

Cash:		
Deposits with financial institutions	\$ 2,057,599	\$ 1,594,656
Cash on hand	-	-
Cash equivalents:		
Deposits in money market funds	61,818	-
Deposits with Idaho state investment pool	-	-
Total	\$ 2,119,417	\$ 1,594,656

Credit Risk

The City does not have a formal policy for credit risk.

NOTE 3 – OTHER ASSETS

The City loaned the Dover Urban Renewal Agency \$1,000,000 with a subordinated promissory note. The note earns interest computed on a monthly basis equal to the Idaho State Treasurer's Local Government Investment Pool. The note and interest have a maturity date of February 6, 2030. As of September 30, 2021, the note is earning interest at the rate of 0.27%.

The City loaned an additional \$174,095 to the Dover Urban Renewal Agency with a revolving subordinated note during fiscal year 2008/2009. This loan is due to an agreement whereby the City loaned 70% of specified hookup fees to the Agency, which ended in March of 2016. These increases have brought the total balance up to \$234,686. The note earns interest computed on a monthly basis equal to the Idaho State Treasurer's Local Government Investment Pool. The note and interest have a maturity date of February 6, 2030. As of September 30, 2021, the note is earning interest at the rate of 0.27%. Total interest earned on these notes for the year ended September 30, 2021 is \$5,603.

See accompanying independent auditors' report.

CITY OF DOVER
Notes to the Financial Statements
Year Ended September 30, 2021

NOTE 4 – RECEIVABLES

The following is a schedule of property taxes assessed for the year, collected and remaining to be received.

Balance 9/30/20	Levy 2020	Adjustments & Collections	Balance 9/30/21
\$ 251	86,453	85,839	\$ 865

In accordance with NCGA Interpretation #3, revenue, which is not received within 60 days of the year-end, has been reflected as deferred revenue. The balance as of September 30, 2021 is as follows:

Taxes Due at September 30, 2021	\$ 865
Received October 2021	(44)
Received November 2021	(33)
Total	\$ 788

A summary of accounts receivable and receivables from other governments is as follows:

Governmental Funds

	General	Streets	Total
State Revenue Sharing	\$ 26,553	-	26,553
Highway Users	-	11,419	11,419
State Liquor	8,896	-	8,896
State Sales Tax	-	-	-
Franchise Fees	2,627	-	2,627
Other	798	-	798
Total	\$ 38,874	11,419	50,293

Proprietary Funds

	Water	Sewer	Total
User Fees Receivable (net)	\$ 14,836	\$ 35,109	\$ 49,945

See accompanying independent auditors' report.

CITY OF DOVER
Notes to the Financial Statements
Year Ended September 30, 2021

NOTE 5 – CAPITAL ASSETS

The changes in capital assets used in governmental activities during the year ended September 30, 2021 were as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental Activities				
<i>Capital assets not being depreciated</i>				
Land	\$ 143,183	-	-	143,183
Total capital assets not being depreciated	143,183	-	-	143,183
<i>Capital assets being depreciated</i>				
Infrastructure	316,160	41,901	-	358,061
Buildings & Improvements	1,239,064	-	-	1,239,064
Equipment & Machinery	88,864	14,318	-	103,182
Total capital assets being depreciated	1,644,088	56,219	-	1,700,307
Less accumulated depreciation	539,706	54,141	-	593,847
Total capital assets being depreciated, net	1,104,382	2,078	-	1,106,460
Governmental Activity Capital Assets, net	<u>\$ 1,247,565</u>	<u>2,078</u>	<u>-</u>	<u>1,249,643</u>

Because the City is a Phase 3 government (governments with total annual revenues of less than \$10 million), the City is encouraged but not required to report major infrastructure assets retroactively. The City has not yet made a determination as to whether or not to record infrastructure assets retroactively.

The changes in capital assets used in business-type activities during the year ended September 30, 2021 were as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Business-type Activities				
<i>Capital assets not being depreciated</i>				
Land	\$ 174,141	-	-	174,141
Construction in Progress	86,113	234,041	-	320,154
Total capital assets not being depreciated	260,254	234,041	-	494,295
<i>Capital assets being depreciated</i>				
Utility Systems & Improvements	11,830,763	893,414	-	12,724,177
Equipment & Machinery	25,059	37,646	-	62,705
Total capital assets being depreciated	11,855,822	931,060	-	12,786,882
Less accumulated depreciation	4,651,709	374,509	-	5,026,218
Total capital assets being depreciated, net	7,204,113	556,551	-	7,760,664
Business-Type Activity Capital Assets, net	<u>\$ 7,464,367</u>	<u>790,592</u>	<u>-</u>	<u>8,254,959</u>

See accompanying independent auditors' report.

CITY OF DOVER
Notes to the Financial Statements
Year Ended September 30, 2021

Depreciation expense was charged to function as follows:

<u>Governmental Activities:</u>	
Unallocated	\$ 54,141
<u>Business-Type Activities</u>	
Water Fund	77,756
Sewer Fund	296,753
Sub-Total	<u>374,509</u>
Total Depreciation Expense	<u>\$ 428,650</u>

NOTE 6 – LONG-TERM OBLIGATIONS

Primary Government

Changes in long-term debt during fiscal year 2020/21 are as follows:

	Beginning Balance	Increases	Reductions	Ending Balance	Due Within One Year
Water Bond	\$ 8,166	-	(8,166)	-	\$ -
Sewer Bond	21,690	-	(21,690)	-	-
Net Pension Liability/(Asset)	72,067	-	(75,411)	(3,344)	-
	<u>\$ 101,923</u>	<u>-</u>	<u>(105,267)</u>	<u>(3,344)</u>	<u>\$ -</u>

Accrued but unpaid interest on outstanding bonds payable as of September 30, 2021 is \$0. The bonds were paid off during the current fiscal year.

Component Unit- DURA

Changes in long-term debt during fiscal year 2020/21 are as follows:

	Beginning Balance	Increases	Reductions	Ending Balance	Due Within One Year
Note Payable- City of Dover	\$ 1,234,686	-	-	1,234,686	\$ -
Series A Bond 2016	3,676,642	-	(298,411)	3,378,231	308,299
Series B Bond 2016	1,076,148	-	(80,528)	995,620	84,526
	<u>\$ 5,987,476</u>	<u>-</u>	<u>(378,939)</u>	<u>5,608,537</u>	<u>\$ 392,825</u>

Debt service requirements on long-term debt at September 30, 2021, are as follows:

Year Ending September 30	Principal	Interest	Total
2022	392,825	156,771	549,596
2023	407,273	142,323	549,596
2024	421,935	127,661	549,596
2025	437,831	111,765	549,596
2026	453,996	95,600	549,596
2027-2030	3,494,677	208,194	3,702,871
	<u>\$ 5,608,537</u>	<u>842,314</u>	<u>6,450,851</u>

See accompanying independent auditors' report.

CITY OF DOVER
Notes to the Financial Statements
Year Ended September 30, 2021

NOTE 7 – INTERFUND BALANCES AND ACTIVITY

Interfund Balances to/from other funds for the year ended September 30, 2021 consisted of the following:

Fund	Receivable	Payable
General Fund	-	1,538,389
Street Fund	221,451	-
Water Fund	132,715	-
Sewer Fund	1,184,223	-
Total	<u>\$ 1,538,389</u>	<u>\$ 1,538,389</u>

The City regularly uses short term interfund receivables and payables for payment of operating expenses for a fund by another fund.

NOTE 8 – RISK MANAGEMENT

The City faces a number of risks of loss including damage to and loss of property and contents, professional liability, i.e. errors and omissions, and health insurance costs of employees. Commercial insurance policies are purchased for health insurance. Coverage for the loss or damage to property and professional liability insurance is provided by the Idaho Counties Risk Management Program (ICRMP).

ICRMP provides general liability, property insurance, and public officials' insurance. The City, along with other participating entities, contributes annual amounts determined by ICRMP management. As claims arise they are submitted to and paid by ICRMP. During fiscal year 2020/21, the City contributed \$9,803 for this insurance coverage. There were no significant reductions in insurance coverage from the prior year. The City's workman's compensation coverage is provided by the Idaho State Insurance Fund. During fiscal year 2020/21, the City contributed \$1,107 for this insurance coverage.

NOTE 9 – PENSION PLAN

Plan Description

The City of Dover contributes to the Base Plan which is a cost-sharing multiple-employer defined benefit pension plan administered by Public Employee Retirement System of Idaho (PERSI or System) that covers substantially all employees of the State of Idaho, its agencies and various participating political subdivisions. The cost to administer the plan is financed through the contributions and investment earnings of the plan. PERSI issues a publicly available financial report that includes financial statements and the required supplementary information for PERSI. That report may be obtained on the PERSI website at www.persi.idaho.gov.

Responsibility for administration of the Base Plan is assigned to the Board comprised of five members appointed by the Governor and confirmed by the Idaho Senate. State law requires that two members of the Board be active Base Plan members with at least ten years of service and three members who are Idaho citizens not members of the Base Plan except by reason of having served on the Board.

Pension Benefits

The Base Plan provides retirement, disability, death and survivor benefits of eligible members or beneficiaries. Benefits are based on members' years of service, age, and highest average salary. Members become fully vested in their retirement benefits with five years of credited service (5 months for elected or appointed officials). Members are eligible for retirement benefits upon attainment of the ages specified for their employment classification. The annual service retirement allowance for each month of credited service is 2.0% (2.3% for police/firefighters) of the average monthly salary for the highest consecutive 42 months.

See accompanying independent auditors' report.

CITY OF DOVER
Notes to the Financial Statements
Year Ended September 30, 2021

The benefit payments for the Base Plan are calculated using a benefit formula adopted by the Idaho Legislature. The Base Plan is required to provide a 1% minimum cost of living increase per year provided the Consumer Price Index increases 1% or more. The PERSI Board has the authority to provide higher cost of living increases to a maximum of the Consumer Price Index movement or 6%, whichever is less; however, any amount above the 1% minimum is subject to review by the Idaho Legislature.

Member and Employer Contributions

Member and employer contributions paid to the Base Plan are set by statute and are established as a percent of covered compensation. Contribution rates are determined by the PERSI Board within limitations, as defined by state law. The Board may make periodic changes to employer and employee contribution rates (expressed as percentages of annual covered payroll) that are adequate to accumulate sufficient assets to pay benefits when due.

The contribution rates for employees are set by statute at 60% of the employer rate for general employees and 74% for police and firefighters. As of June 30, 2021, it was 7.16% for general employees and 9.13% for police and firefighters. The employer contribution as a percent of covered payroll is set by the Retirement Board and was 11.94% for general employees and 12.28% for police and firefighters. The City's contributions were \$18,388 for the year ended September 30, 2021.

Pension Liabilities, Pension Expense (Revenue), and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At September 30, 2021, the City reported a liability for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on the City's share of contributions in the Base Plan pension plan relative to the total contributions of all participating PERSI Base Plan employers. At June 30, 2021, the City's proportion was 0.00423466 percent.

For the year ended September 30, 2021, the City recognized pension revenue of \$6,049. At September 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 4,928	\$ 1,944
Changes in assumptions or other inputs	38,390	-
Net difference between projected and actual earnings on pension plan investments	-	105,047
Change in the City's proportion and differences between the City's contributions and the City's proportionate contributions	50,173	89,782
Amortized change in proportionate share	(28,482)	(88,266)
City's contributions subsequent to the measurement date	4,437	-
Total	<u>\$ 69,446</u>	<u>\$ 108,507</u>

\$4,437 reported as deferred outflows of resources related to pensions resulting from City's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending September 30, 2021.

The average of the expected remaining service lives of all employees that are provided with pensions through the System (active and inactive employees) determined at July 1, 2019, the beginning of the measurement period ended June 30, 2020, is 4.8 and 4.6 for the measurement period June 30, 2021.

See accompanying independent auditors' report.

CITY OF DOVER
Notes to the Financial Statements
Year Ended September 30, 2021

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense (revenue) as follows:

Year ended September 30:	
2022	(10,072)
2023	(7,115)
2024	(5,733)
2025	(20,581)

Actuarial Assumptions

Valuations are based on actuarial assumptions, the benefit formulas, and employee groups. Level percentages of payroll normal costs are determined using the Entry Age Normal Cost Method. Under the Entry Age Normal Cost Method, the actuarial present value of the projected benefits of each individual included in the actuarial valuation is allocated as a level percentage of each year's earnings of the individual between entry age and assumed exit age. The Base Plan amortizes any unfunded actuarial accrued liability based on a level percentage of payroll. The maximum amortization period for the Base Plan permitted under Section 59-1322, Idaho Code, is 25 years.

The total pension liability in the July 1, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.30%
Salary increases	3.05%
Salary inflation*	3.05%
Investment Rate of Return**	6.35%
Cost-of-living adjustments	1.00%

*there is an additional component of assumed salary growth (on top of the 3.05%) that varies for each individual member based on years of service

**net of pension plan investment expense

An experience study was performed for the period July 1, 2015 through June 30, 2020 which reviewed all economic and demographic assumptions other than mortality. The Total Pension Liability as of June 30, 2021 is based on the results of an actuarial valuation date July 1, 2021.

The long-term expected rate of return on pension plan investments was determined using the building block approach and a forward-looking model in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Even though history provides a valuable perspective for setting the investment return assumption, the System relies primarily on an approach which builds upon the latest capital market assumptions. Specifically, the System uses consultants, investment managers and trustees to develop capital market assumptions in analyzing the System's asset allocation. The assumptions and the System's formal policy for asset allocation are shown below. The formal asset allocation policy is somewhat more conservative than the current allocation of System's assets.

The best-estimate range for the long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. The capital market assumptions are as of 2021.

See accompanying independent auditors' report.

CITY OF DOVER
Notes to the Financial Statements
Year Ended September 30, 2021

Actuarial Assumptions – (continued)

Capital Market Assumptions from Callan 2021

Asset Class	Target Allocation	Long- Term Expected Nominal Rate of Return	Long- Term Expected Real Rate of Return
Core Fixed Income	30.00%	1.80%	-0.20%
Broad US Equities	55.00%	8.00%	6.00%
Developed Foreign Equities	15.00%	8.25%	6.25%
Assumed Inflation - Mean		2.00%	2.00%
Assumed Inflation - Standard Deviation		1.50%	1.50%
Portfolio Arithmetic Mean Return		6.18%	4.18%
Portfolio Standard Deviation		12.29%	12.29%
Portfolio Long-Term (Geometric) Expected Rate of Return		5.55%	3.46%
Assumed Investment Expenses		0.40%	0.40%
Portfolio Long-Term (Geometric) Expected Rate of Return, Net of Investment Expenses		5.15%	3.06%

Investment Policy Assumptions from PERSI Board Nov 2019

Portfolio Long-Term Expected Real Rate of Return, Net of Investment Expenses	4.14%
Portfolio Standard Deviation	14.16%

Economic/Demographic Assumptions from Milliman 2018

<u>Valuation Assumptions Chosen by PERSI Board</u>	
Long-Term Expected Real Rate of Return, Net of Investment Expenses	4.05%
Assumed Inflation	2.30%

Long-Term Expected Geometric Rate of Return, Net of Investment Expenses	<u>6.35%</u>
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Discount Rate

The discount rate used to measure the total pension liability was 6.35%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate. Based on these assumptions, the pension plans' net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The long-term expected rate of return was determined net of pension plan investment expense but without reduction for pension plan administrative expense.

See accompanying independent auditors' report.

CITY OF DOVER
Notes to the Financial Statements
Year Ended September 30, 2021

Sensitivity of the City's proportionate share of the net pension liability to changes in the discount rate

The following presents the City's proportionate share of the net pension liability calculated using the discount rate of (6.35%), as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.35%) or 1-percentage-point higher (7.35%) than the current rate:

	1% Decrease (5.35%)	Current Discount Rate (6.35%)	1% Increase (7.35%)
City's proportionate share of the net pension liability (asset)	\$ 116,260	\$ (3,344)	\$ (101,387)

Pension plan fiduciary net position

Detailed information about the pension plan's fiduciary net position is available in the separately issued PERSI financial report.

PERSI issues a publicly available financial report that includes financial statements and the required supplementary information for PERSI. That report may be obtained on the PERSI website at www.persi.idaho.gov.

Payables to the pension plan

At September 30, 2021, the City reported no payables to the pension plan.

NOTE 10 – JOINTLY GOVERNED ORGANIZATION

During fiscal year 2010/11 the City entered into a jointly governed organization with the City of Sandpoint, the City of Kootenai, and the City of Ponderay to fund the SPOT transportation system also known as Selkirk Pend Oreille Transit (SPOT). The purpose of this organization is to cooperatively provide transportation and mobility services. The City contributed \$2,700 during the fiscal year ending September 30, 2021.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF DOVER

**Schedule of City's Share of Net Pension Liability
 PERSI - Base Plan
 Last 10 - Fiscal Years ***

	<u>09/30/2021</u>	<u>09/30/2020</u>	<u>09/30/2019</u>	<u>09/30/2018</u>	<u>09/30/2017</u>	<u>09/30/2016</u>	<u>9/30/2015</u>
City's portion of the net pension liability	0.0042347%	0.0031035%	0.0025564%	0.0025643%	0.0030814%	0.0065776%	0.0053304%
City's proportionate share of the net pension liability/(asset)	\$ (3,344)	\$ 72,067	\$ 29,181	\$ 31,802	\$ 48,434	\$ 44,369	\$ 70,193
City's covered-employee payroll	\$ 154,028	\$ 131,596	\$ 89,752	\$ 81,536	\$ 89,276	\$ 183,715	\$ 170,463
City's proportional share of the net pension liability as a percentage of its covered-employee payroll	-2.17%	54.76%	32.51%	39.00%	54.25%	24.15%	41.18%
Plan fiduciary net position as a percentage of the total pension liability	100.36%	88.22%	93.79%	91.69%	90.68%	87.26%	91.38%

* GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the City of Dover will present information for those to use for which information is available.
 Data reported is measured as of June 30, 2021

**Schedule of City's Contributions
 PERSI - Base Plan
 Last 10 - Fiscal Years ***

	<u>09/30/2021</u>	<u>09/30/2020</u>	<u>09/30/2019</u>	<u>09/30/2018</u>	<u>09/30/2017</u>	<u>09/30/2016</u>	<u>9/30/2015</u>
Statutorily required contribution	\$ 16,720	\$ 12,176	\$ 9,782	\$ 9,958	\$ 10,391	\$ 19,553	\$ 17,436
Contributions in relation to the statutorily required contribution	\$ (19,096)	\$ (13,365)	\$ (9,972)	\$ (9,466)	\$ (10,981)	\$ (22,075)	\$ (17,123)
Contribution (deficiency) excess	\$ (2,377)	\$ (1,189)	\$ (190)	\$ 492	\$ (590)	\$ (2,522)	\$ 312
City's covered-employee payroll	\$ 154,028	\$ 131,596	\$ 89,752	\$ 81,536	\$ 89,276	\$ 183,715	\$ 170,463
Contributions as a percentage of covered-employee payroll	12.40%	10.16%	11.11%	11.61%	12.30%	12.02%	10.05%

* GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the City of Dover will present information for those to use for which information is available.
 Data reported is measured as of June 30, 2021

See independent auditors' report.

CITY OF DOVER
Schedule of Revenue, Expenditures, and Changes in Fund Balances
Budget and Actual - All Governmental Fund Types
Year Ended September 30, 2021

	General Fund			Street Fund		
	Original Budget	Final Budget	Actual	Original Budget	Final Budget	Actual
Revenues						
Property Taxes	\$ 86,453	\$ 86,453	\$ 86,929	\$ -	\$ -	\$ -
Other Governmental	119,832	119,832	140,707	80,705	80,705	111,781
Licenses and Permits	100,775	100,775	170,334	-	-	-
Interest	-	-	63	-	-	3
Other Income	280,716	280,716	16,262	61,898	61,898	-
Donations & Grants	-	-	15,096	68,600	68,600	-
Total Revenues	<u>587,776</u>	<u>587,776</u>	<u>429,391</u>	<u>211,203</u>	<u>211,203</u>	<u>111,784</u>
Expenditures						
General Government	587,776	587,776	541,157	-	-	-
Highways and Streets	-	-	-	211,203	211,203	71,757
Capital Expenditures	-	-	6,558	-	-	49,661
Total Expenditures	<u>587,776</u>	<u>587,776</u>	<u>547,715</u>	<u>211,203</u>	<u>211,203</u>	<u>121,418</u>
Excess of Revenues Over Expenditures	<u>-</u>	<u>-</u>	<u>(118,324)</u>	<u>-</u>	<u>-</u>	<u>(9,634)</u>
Fund Balance - October 1	<u>403,179</u>	<u>403,179</u>	<u>403,179</u>	<u>384,317</u>	<u>384,317</u>	<u>384,317</u>
Fund Balance - September 30	<u>\$ 403,179</u>	<u>\$ 403,179</u>	<u>\$ 284,855</u>	<u>\$ 384,317</u>	<u>\$ 384,317</u>	<u>\$ 374,683</u>

See accompanying notes to budget and independent auditors' report.

CITY OF DOVER
Notes to Budget and Actual Schedule
Year Ended September 30, 2021

Budgets are adopted for the general, street, transportation, and proprietary funds. The annual budget is a plan of financial operation with an estimate of expenditures and means of financing them. A preliminary budget is prepared in July, budget hearings are held, and the final budget is adopted in September.

The budget is prepared on the basis of accounting described for its governmental funds in Note 1 to the financial statement. Tax levies are set by expenditure requirements, but are authorized and limited by State law. Transfers of budget authority within a fund are permitted. Appropriations lapse at September 30, except those expenditures made prior to October 30 for appropriations of the preceding fiscal year may be charged to that fiscal year. There was one budget amendment in the current fiscal year.

The amounts shown in the budget column of the schedule are the original and final budgeted amounts. State law requires only that a fund's total expenditures not exceed total budgeted expenditures. There were no violations of this requirement in the current fiscal year.

REPORT REQUIRED BY GAO

ANDERSONBROS.CPA

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Post Falls, Idaho 83854
208-777-1099

INDEPENDENT AUDITORS' 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 Mayor and City Council
City of Dover, Idaho

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 the governmental activities, the business-type activities, the aggregate discretely presented component unit, and each major fund of the City of Dover, Idaho as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the City of Dover, Idaho's basic financial statements and have issued our report thereon dated March 10, 2022. Our report includes a reference to other auditors who audited the financial statements of the Dover Urban Renewal Agency, as described in our report on the City of Dover's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Dover, Idaho'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 the City of Dover, Idaho's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Dover, Idaho'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 a 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 may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Dover, Idaho's financial statements are free of 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 City'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 City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Anderson Bros. CPAs
Post Falls, Idaho
March 10, 2022