CITY OF DOVER

AUDITED FINANCIAL STATEMENTS
AND REQUIRED SUPPLEMENTARY INFORMATION

Year Ended September 30, 2024

Prepared by

ALPINE SUMMIT CPAs

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INDEPENDENT AUDITORS' REPORT

ALPINE SUMMIT CPAs

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INDEPENDENT AUDITORS' REPORT

Mayor and City Council
City of Dover, Idaho

Report on the Audit of the Financial Statements

Opinions

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, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

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 September 30, 2024, 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.

We did not audit the financial statements of 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 amount included for Dover Urban Renewal Agency is based solely on the report of the other auditors.

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 the City of Dover, Idaho 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 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.

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 the City of Dover, Idaho'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 the City of Dover, Idaho'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 the City of Dover, Idaho'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 Schedule of City's Share of Net Pension Liability and the Schedule of City's Contributions and the budgetary comparison information as listed in the table of contents 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 our report dated March 6, 2025, 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 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 City of Dover, Idaho'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 City of Dover, Idaho's internal control over financial reporting and compliance.

Alpine Summit CPAs

Alpine Summit CPAs
Post Falls, Idaho
March 6, 2025

BASIC FINANCIAL STATEMENTS

CITY OF DOVER
Statement of Net Position
September 30, 2024

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Urban Renewal Agency
ASSETS				
Cash & Cash Equivalents	$ 43,248	$ 2,157,557	$ 2,200,805	$ 756,740
Receivables:				
Property Taxes (net)	2,589	-	2,589	1,836,328
Other Governments (net)	48,572	-	48,572	-
Accounts Receivable	-	68,853	68,853	-
Other	66,322	169,673	235,995	-
Interest	-	24,182	24,182	-
Prepaid Expenses	5,406	14,805	20,211	-
Capital Assets:				
Land and Construction in Progress	1,856,817	1,446,312	3,303,129	-
Capital Assets, net	1,298,212	8,180,573	9,478,785	-
Other Assets:				
DURA Note Receivable	-	734,686	734,686	-
Note Receivable	-	500,000	500,000	-
Restricted Cash	-	-	-	870,848
Total Assets	3,321,166	13,296,641	16,617,807	3,463,916
DEFERRED OUTFLOWS OF RESOURCES				
Pension Plan	28,199	16,017	44,216	-
LIABILITIES				
Accounts Payable	402,873	33,427	436,300	734
Payroll, Benefits, and Taxes Payable	11,346	6,133	17,479	-
Interest Payable	-	-	-	73,766
Compensated Absences Payable	1,671	-	1,671	-
Current Portion of Long Term Debt	-	-	-	439,575
Long Term Liabilities:				
Bonds and Other Loans	500,000	-	500,000	3,447,030
Net Pension Liability	103,188	58,615	161,803	-
Total Liabilities	1,019,078	98,175	1,117,253	3,961,105
DEFERRED INFLOWS OF RESOURCES				
Unavailable Tax Revenue	-	-	-	1,833,572
Pension Plan	4,827	2,742	7,569	-
Total Deferred Inflows of Resources	4,827	2,742	7,569	1,833,572
NET POSITION				
Net Investment in Capital Assets	2,655,029	9,626,885	12,281,914	-
Restricted	-	-	-	873,604
Unrestricted	(329,569)	3,584,856	3,255,287	(3,204,365)
Total Net Position	$ 2,325,460	$ 13,211,741	$ 15,537,201	$ (2,330,761)

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

CITY OF DOVER
Statement of Activities
Year Ended September 30, 2024

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expenses) Revenues and Changes in Net Position: Primary Government: Governmental Activities	Primary Government: Business-type Activities	Primary Government: Total	Component Unit
Primary Government:								
Governmental Activities								
General Government	$ 510,603	$ -	$ 750	$ -	$ (509,853)	$ -	$ (509,853)	
Highway and Streets	115,425	-	-	-	(115,425)	-	(115,425)	
Depreciation - Unallocated	76,241	-	-	-	(76,241)	-	(76,241)	
Total Governmental Activities	702,269	-	750	-	(701,519)	-	(701,519)	-
Business-type Activities								
Water Service	373,100	273,913	971,266	-	-	872,079	872,079	
Sewer Service	650,144	563,062	-	69,156	-	(17,926)	(17,926)	
Total Business-type Activities	1,023,244	836,975	971,266	69,156	-	854,153	854,153	
Total Primary Government	$ 1,725,513	$ 836,975	$ 972,016	$ 69,156	(701,519)	854,153	152,634	-
Component Units:								
Dover Urban Renewal Agency	1,187,190	-	-	-				(1,187,190)
Total Component Units	$ 1,187,190	-	-	-				(1,187,190)
General Revenues:								
Property Taxes					62,898	-	62,898	1,797,305
Other Governmental					799,347	-	799,347	-
Licenses and Permits					93,630	-	93,630	-
Interest Earnings					-	65,987	65,987	54,065
Other Revenues					52,836	-	52,836	-
Transfers In/(Out)					-	-	-	-
Total General Revenues					1,008,711	65,987	1,074,698	1,851,370
Change in Net Position					307,192	920,140	1,227,332	664,180
Net Position- Beginning					2,018,268	12,238,920	14,257,188	(2,994,941)
Prior Period Adjustment - See Note 11					-	52,681	52,681	-
Net Position- Ending					$ 2,325,460	$ 13,211,741	$ 15,537,201	$ (2,330,761)

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

CITY OF DOVER
Balance Sheet
Governmental Funds
September 30, 2024

	General Fund	Street Fund	Total
ASSETS			
Cash & Investments	$ (230,104)	$ 273,352	$ 43,248
Receivables:			
Property Taxes	2,589	-	2,589
Other Governments	35,459	13,113	48,572
Other	14,081	52,241	66,322
Prepaid Expenses	2,908	2,498	5,406
Total Assets	$ (175,067)	$ 341,204	$ 166,137
LIABILITIES			
Accounts Payable and Accrued Expenses	$ 335,486	$ 67,387	$ 402,873
Payroll, Benefits and Taxes Payable	9,237	2,109	11,346
Total Liabilities	344,723	69,496	414,219
DEFERRED INFLOWS OF RESOURCES			
Unavailable Revenue - Property Taxes	2,249	-	2,249
Total Deferred Inflows of Resources	2,249	-	2,249
FUND BALANCES (DEFICITS)			
Nonspendable:			-
Prepaid Expenses	2,908	2,498	5,406
Committed:			-
Assigned:			-
Street Fund	-	269,210	269,210
Unassigned	(524,947)	-	(524,947)
Total Fund Balances (Deficits)	(522,039)	271,708	(250,331)
Total Liabilities, Deferred Inflows of Resources, and Fund Equity	$ (175,067)	$ 341,204	$ 166,137

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, 2024

Total fund balances at September 30, 2024 - Governmental Funds		$ (250,331)
Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds:		
Cost of capital assets	3,945,946	
Less: Accumulated depreciation	(790,917)	3,155,029
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		28,199
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		2,249
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		(4,827)
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 liability	(103,188)	
Bonds and other loans	(500,000)	
Compensated absences	(1,671)	(604,859)
Net position of governmental activities at September 30, 2024		$ 2,325,460

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, 2024

	General Fund	Street Fund	Total
Revenues			
Property Taxes	$ 62,836	$ -	$ 62,836
Other Governmental	145,684	653,663	799,347
Licenses and Permits	93,630	-	93,630
Other Income	52,836	-	52,836
Donations & Grants	750	-	750
Total Revenues	355,736	653,663	1,009,399
Expenditures			
General Government	492,766	-	492,766
Highways and Streets	-	168,236	168,236
Capital Expenditures	758,740	234,726	993,466
Total Expenditures	1,251,506	402,962	1,654,468
Excess of Revenues Over Expenditures	(895,770)	250,701	(645,069)
Other Financing Sources (Uses)			
Proceeds from long-term financing	-	-	-
Total Other Financing Sources (Uses)	-	-	-
Net Change in Fund Balance	(895,770)	250,701	(645,069)
Fund Balance - Beginning	373,731	21,007	394,738
Fund Balance - Ending	$ (522,039)	$ 271,708	$ (250,331)

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, 2024

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

Net Change in Fund Balances - total governmental funds		$ (645,069)
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.		
Capital Outlay		1,046,276
Depreciation		(76,241)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Property Taxes		64
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.		
(Increase)/ Decrease in Compensated Absence Liability	1,100	
Changes in Pension Plan	(18,938)	
		(17,838)
Change in net position on the government-wide statements		$ 307,192

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

CITY OF DOVER
Statement of Net Position
Proprietary Funds
September 30, 2024

	Water Fund	Sewer Fund	Total
ASSETS			
Current Assets:			
Cash & Cash Equivalents	$ 615,063	$ 1,542,494	$ 2,157,557
Accounts Receivable (net)	18,180	50,673	68,853
Other Receivable	23,540	146,133	169,673
Interest Receivable	18,572	5,610	24,182
Prepaid Expenses	3,698	11,107	14,805
Total Current Assets	679,053	1,756,017	2,435,070
Noncurrent Assets:			
Land	5,600	255,022	260,622
Construction in progress	806,379	379,311	1,185,690
Capital Assets, net	3,197,573	4,983,000	8,180,573
Total Capital Assets	4,009,552	5,617,333	9,626,885
Other Assets:			
DURA Note Receivable	564,251	170,435	734,686
General Fund Note Receivable	-	500,000	500,000
Total Other Assets	564,251	670,435	1,234,686
Total Assets	5,252,856	8,043,785	13,296,641
DEFERRED OUTFLOWS OF RESOURCES			
Pension Plan	8,680	7,337	16,017
Total Deferred Outflows of Resources	8,680	7,337	16,017
LIABILITIES			
Current Liabilities:			
Accounts Payable	11,338	22,089	33,427
Payroll, Benefits, & Taxes Payable	3,107	3,026	6,133
Total Current Liabilities	14,445	25,115	39,560
Noncurrent Liabilities:			
Net Pension Liability	31,766	26,849	58,615
Total Noncurrent Liabilities	31,766	26,849	58,615
Total Liabilities	46,211	51,964	98,175
DEFERRED INFLOWS OF RESOURCES			
Pension Plan	1,486	1,256	2,742
Total Deferred Inflows of Resources	1,486	1,256	2,742
NET POSITION			
Net Investment in Capital Assets	4,009,552	5,617,333	9,626,885
Unrestricted	1,204,287	2,380,569	3,584,856
Total Net Position	$ 5,213,839	$ 7,997,902	$ 13,211,741

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, 2024

	Water Fund	Sewer Fund	Total
Operating Revenues:			
Charges for Services	$ 202,652	497,860	$ 700,512
Hookups & Other Utility Income	70,254	64,139	134,393
Miscellaneous Income	1,007	1,063	2,070
Total Operating Revenues	273,913	563,062	836,975
Operating Expenses:			
Administrative	66,873	55,325	122,198
Maintenance & Operations	133,770	264,715	398,485
Depreciation	167,144	325,613	492,757
Pension Plan Expense/(Revenue)	5,313	4,491	9,804
Total Operating Expenses	373,100	650,144	1,023,244
Operating Income (Loss)	(99,187)	(87,082)	(186,269)
Nonoperating Revenues (Expenses):			
Interest Income	25,398	40,589	65,987
Grant income	-	69,156	69,156
DURA Funds	971,266	-	971,266
Total Nonoperating Revenue (Expenses)	996,664	109,745	1,106,409
Change in Net Position	897,477	22,663	920,140
Net Position - October 1	4,292,656	7,946,264	12,238,920
Prior Period Adjustment - See Note 11	23,706	28,975	52,681
Net Position - September 30	$ 5,213,839	$ 7,997,902	$ 13,211,741

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

CITY OF DOVER
Statement of Cash Flows
All Proprietary Funds
Year Ended September 30, 2024

	Water	Sewer	Total
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from Customers and Users	$ 270,128	$ 424,617	$ 694,745
Payments to Employees	(39,456)	(32,312)	(71,768)
Payments to Suppliers	(451,307)	(332,699)	(784,006)
Net Cash Provided by Operating Activities	(220,635)	59,606	(161,029)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Interfund Transactions	16,847	975,422	992,269
Issuance of Note Receivable to the General Fund	-	500,000	500,000
Grant Income	-	69,156	69,156
DURA Funds	971,266	-	971,266
Net Cash Provided/(Used) by Noncapital Financing Activities	988,113	1,544,578	2,532,691
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Payments for Capital Asset Acquisitions	(225,569)	(243,098)	(468,667)
Net Cash Used by Capital and Related Financing Activities	(225,569)	(243,098)	(468,667)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest on Bank Balances and Notes Receivable	47,413	84,013	131,426
Net Cash Provided by Investing Activities	47,413	84,013	131,426
Net Increase/(Decrease) in Cash and Cash Equivalents	589,322	1,445,099	2,034,421
Cash and Cash Equivalents, October 1	25,741	97,395	123,136
Cash and Cash Equivalents, September 30	$ 615,063	$ 1,542,494	$ 2,157,557
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATIONS:			
Operating Income/(Loss)	$ (99,187)	$ (87,082)	$ (186,269)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:			
Cash flows reported in other categories:			
Depreciation	167,144	325,613	492,757
Change in assets and liabilities:			
Accounts Receivable	(3,785)	(138,445)	(142,230)
Prepaid Expenses	(832)	(1,565)	(2,397)
Accounts Payable & Accrued Expenses	(288,991)	(44,227)	(333,218)
Payroll, Benefits, & Taxes Payable	265	259	524
Net Change in PERSI Deferred Inflows, Outflows, & Liabilities	4,751	5,053	9,804
Net Cash Provided by Operating Activities	$ (220,635)	$ 59,606	$ (161,029)

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

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 it's 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 Mann & Stanke, CPAs, 1150 Alturas Drive #101, Moscow ID 83843.

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.

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, 2024. 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.

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, 2024.

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:

Years of Service	Leave Time
0 – 3 years	40 hours per year
After 3 years	80 hours per year

As of September 30, 2024, compensated absences payable for governmental activities and business-type activities was $1,671.

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.

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.

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, 2024, the City had amounts that were uninsured or uncollateralized.

The bank balances and investments are categorized as follows:

	Primary Government	Component Unit
Deposits without exposure to custodial credit risk:		
Amounts insured by FDIC or other agencies	$ 1,458,292	$ 500,000
Total deposits without exposure to custodial credit risk	1,458,292	500,000
Deposits with exposure to custodial credit risk:		
Amounts collateralized with securities held in trust, but not in City's name	-	-
Amounts uninsured-exposed to custodial credit risk	707,154	1,159,632
Total deposits with exposure to custodial credit risk	707,154	1,159,632
Total bank balance (deposits)	$ 2,165,446	$ 1,659,632
The carrying amount is displayed as followed in the financial statements:		
Statement of Net Position:		
Cash and investments	$ 2,200,805	$ 756,740
Restricted cash and investments	-	870,848
Total	$ 2,200,805	$ 1,627,588
Cash and cash equivalents at September 30, 2024 consist of the following:		
Cash:		
Deposits with financial institutions	$ 2,139,203	$ 1,627,588
Cash on hand	-	-
Cash equivalents:		
Deposits in money market funds	61,602	-
Deposits with Idaho state investment pool	-	-
Total	$ 2,200,805	$ 1,627,588

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. During the year ended September 30, 2024 Dover Urban Renewal Agency repaid $500,000 of this note.

The City loaned an additional $174,095 to the Dover Urban Renewal Agency with a revolving subordinated note during fiscal year 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, 2024, the notes are earning interest at the rate of 5.29%. Total interest earned on these notes for the year was $52,213 and accrued interest as of September 30, 2024 is as follows:

	Water Fund	Sewer Fund
Accrued Interest Receivable	$ 18,572	$ 5,610

See accompanying independent auditors' report.

NOTE 4 – RECEIVABLES

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

Balance 9/30/23	Levy 2023	Adjustments & Collections	Balance 9/30/24
$ 2,385	99,582	99,378	$ 2,589

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, 2024 is as follows:

Taxes Due at September 30, 2024	$ 2,589
Received October 2024	(290)
Received November 2024	(50)
Total	$ 2,249

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

Governmental Funds

	General	Streets	Total
State Revenue Sharing	$ 26,997	-	26,997
Highway Users	-	13,113	13,113
State Liquor	8,462	-	8,462
Total	$ 35,459	13,113	48,572

Proprietary Funds

	Water	Sewer	Total
User Fees Receivable (net)	$ 18,180	$ 50,673	$ 68,853

NOTE 5 – CAPITAL ASSETS

The changes in capital assets used in governmental activities during the year ended September 30, 2024 were as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental Activities				
Capital assets not being depreciated				
Land	$ 344,013	$ -	$ -	$ 344,013
Construction in Progress	479,278	1,033,526	-	1,512,804
Total capital assets not being depreciated	823,291	1,033,526	-	1,856,817
Capital assets being depreciated				
Infrastructure	696,547	-	-	696,547
Buildings & Improvements	1,239,064	-	-	1,239,064
Equipment & Machinery	140,768	12,750	-	153,518
Total capital assets being depreciated	2,076,379	12,750	-	2,089,129
Less accumulated depreciation	714,676	76,241	-	790,917
Total capital assets being depreciated, net	1,361,703	(63,491)	-	1,298,212
Governmental Activity Capital Assets, net	$ 2,184,994	$ 970,035	$ -	$ 3,155,029

See accompanying independent auditors' report.

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, 2024 were as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Business-type Activities				
Capital assets not being depreciated				
Land	$ 260,622	$ -	$ -	$ 260,622
Construction in Progress	765,920	419,770	-	1,185,690
Total capital assets not being depreciated	1,026,542	419,770	-	1,446,312
Capital assets being depreciated				
Utility Systems & Improvements	14,420,504	24,470	-	14,444,974
Equipment & Machinery	106,253	24,428	-	130,681
Total capital assets being depreciated	14,526,757	48,898	-	14,575,655
Less accumulated depreciation	5,902,325	492,757	-	6,395,082
Total capital assets being depreciated, net	8,624,432	(443,859)	-	8,180,573
Business-Type Activity Capital Assets, net	$ 9,650,974	$ (24,089)	$ -	$ 9,626,885

Depreciation expense was charged to function as follows:

Governmental Activities:	
Unallocated	$ 76,241
Business-Type Activities	
Water Fund	167,144
Sewer Fund	325,613
Sub-Total	492,757
Total Depreciation Expense	$ 568,998

NOTE 6 – LONG-TERM OBLIGATIONS

Primary Government

In October 2021 the City purchased land to build a new City of Dover Post Office. The General Fund did not have adequate funds for the purchase and subsequent construction of the post office, and as a result borrowed funds from the Sewer Fund to fund the project. Interest accrues on the principal balance at a rate equip to the LGIP's gross earnings rate each year. Required minimum payments equal to the annual interest are required. The term of the loan cannot exceed 20 years, and no schedule of principal repayment has been adopted.

Changes in long-term debt during fiscal year 2023/24 are as follows:

	Beginning Balance	Increases	Reductions	Ending Balance	Due Within One Year
Sewer Fund Receivable from General Fund	$ 500,000	-	-	500,000	$ -
Net Pension Liability/(Asset)	182,045	-	(20,242)	161,803	-
	$ 682,045	-	(20,242)	661,803	$ -

See accompanying independent auditors' report.

Component Unit- DURA

Changes in long-term debt during fiscal year 2023/24 are as follows:

	Beginning Balance	Increases	Reductions	Ending Balance	Due Within One Year
Series A Bond 2016	2,751,461	-	(328,888)	2,422,573	341,236
Series B Bond 2016	822,390	-	(93,044)	729,346	98,339
	$ 3,573,851	-	(421,932)	3,151,919	$ 439,575

Debt service requirements on DURA's long-term debt at September 30, 2024, are as follows:

Year Ending September 30	Principal	Interest	Total
2025	439,575	110,020	549,595
2026	455,584	94,012	549,596
2027	472,194	77,402	549,596
2028	489,432	60,164	549,596
2029	507,321	42,275	549,596
2030	787,813	23,708	811,521
	$ 3,151,919	407,581	3,559,500

NOTE 7 – INTERFUND BALANCES AND ACTIVITY

The City periodically uses short-term interfund receivables and payables for payment of operating expenses for a fund by another fund. As of September 30, 2024, there were no such balances present.

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 2023/24, the City contributed $12,443 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 2023/24, the City contributed $1,901 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.

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 72% for police and firefighters.

As of June 30, 2024 the employee rate was 6.71% for general employees and 9.83% for police and firefighters. As of July 1, 2024, the employee rate increased to 7.18% for general employees and increased to 10.83% for police and firefighters.

The employer contribution rate as a percentage of covered payroll is set by the Retirement Board and was 11.18% for general employees and 13.26% for police and firefighters during the period July 1, 2023, through June 30, 2024. As of July 1, 2024 the employer rates for general employees increased to 11.96% and increased for police and firefighters to 14.65%.

The City's contributions were $23,805 for the year ended September 30, 2024.

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

At September 30, 2024, the City reported a liability for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2024, 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, 2024, the City's proportion was 0.0043255%.

For the year ended September 30, 2024, the City recognized pension expense of $52,546. At September 30, 2024, 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	$ 25,760	$ -
Changes in assumptions or other inputs	6,410	-
Net difference between projected and actual earnings on pension plan investments	-	2,937
Change in the City's proportion and differences between the City's contributions and the City's proportionate contributions	6,095	4,632
City's contributions subsequent to the measurement date	5,951	-
Total	$ 44,216	$ 7,569

$5,951 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, 2024.

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, 2024 the beginning of the measurement period ended June 30, 2023 is 4.4 and 4.4 for the measurement period June 30, 2024.

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:	
2025	10,808
2026	30,171
2027	(6,019)
2028	(4,263)

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, 2024 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%	-net of investment expenses
Cost-of-living adjustments	1.00%	

Contributing Members, Service Retirement Members, and Beneficiaries
General Employees and All Beneficiaries - Males Pub-2010 General Tables, increased 11%.
General Employees and All Beneficiaries - Females Pub-2010 General Tables, increased 21%.
Teachers - Males Pub-2010 Teacher Tables, increased 12%.
Teachers - Females Pub-2010 Teacher Tables, increased 21%.
Fire & Police - Males Pub-2010 Safety Tables, increased 21%.
Fire & Police - Females Pub-2010 Safety Tables, increased 26%.
Disabled Members - Males Pub-2010 Disabled Tables, increased 38%.
Disabled Members - Females Pub-2010 Disabled Tables, increased 36%.

An experience study was performed for the period July 1, 2015 through June 30, 2020 which reviewed all economic and demographic assumptions including mortality. The total pension liability as of June 30, 2024 is based on the results of an actuarial valuation date of July 1, 2024.

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 2024.

Capital Market Assumptions

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	0.00%	0.00%
Large Cap	18.00%	4.50%
Small/Mid Cap	11.00%	4.70%
International Equity	15.00%	4.50%
Emerging Markets Equity	10.00%	4.90%
Domestic Fixed	20.00%	-0.25%
TIPS	10.00%	-0.30%
Real Estate	8.00%	3.75%
Private Equity	8.00%	6.00%

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.

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)	$ 307,473	$ 161,802	$ 42,825

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, 2024, 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 $3,500 during the fiscal year ending September 30, 2024.

NOTE 11 – PRIOR PERIOD ADJUSTMENT

In both the Government-wide statements and Fund statements, a prior period adjustment is required to adjust for Water Fund and Sewer Fund interest income received during fiscal year 2024 on the City's DURA note receivable which was applicable to the prior fiscal year. Following is a reconciliation of the restated beginning net position as shown with the prior period adjustment on the Statement of Activities and the Statement of Revenues, Expenses, and Changes in Net Position – Proprietary Funds:

	Water Fund	Sewer Fund
Net position - beginning	4,292,656	7,946,264
Prior period adjustment:		
DURA interest income	23,706	28,975
Net position - beginning, as restated	$ 4,316,362	$ 7,975,239

See accompanying independent auditors' report.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF DOVER

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

	09/30/2024	09/30/2023	09/30/2022	09/30/2021	09/30/2020	09/30/2019	09/30/2018	09/30/2017	09/30/2016	09/30/2015
City's portion of the net pension liability	0.0043255%	0.0045618%	0.0042576%	0.0042347%	0.0031035%	0.0025564%	0.0025643%	0.0030814%	0.0065776%	0.0053304%
City's proportionate share of the net pension liability/(asset)	$ 161,803	$ 182,045	$ 167,698	$ (3,344)	$ 72,067	$ 29,181	$ 31,802	$48,434	$ 44,369	$ 70,193
City's covered-employee payroll	$ 197,821	$ 193,173	$ 168,451	$ 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	81.79%	94.24%	99.55%	-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	85.54%	83.83%	83.09%	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, 2024

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

	09/30/2024	09/30/2023	09/30/2022	09/30/2021	09/30/2020	09/30/2019	09/30/2018	09/30/2017	09/30/2016	09/30/2015
Statutorily required contribution	$ 28,135	$ 19,924	$ 19,716	$ 16,720	$ 12,176	$ 9,782	$ 9,958	$ 10,391	$ 19,553	$ 17,436
Contributions in relation to the statutorily required contribution	$ (23,981)	$ (23,440)	$ (20,284)	$ (19,096)	$ (13,365)	$ (9,972)	$ (9,466)	$ (10,981)	$ (22,075)	$ (17,123)
Contribution (deficiency) excess	$ 4,154	$ (3,516)	$ (568)	$ (2,377)	$ (1,189)	$ (190)	$ 492	$ (590)	$ (2,522)	$ 312
City's covered-employee payroll	$ 197,821	$ 193,173	$ 168,451	$ 154,028	$ 131,596	$ 89,752	$ 81,536	$ 89,276	$ 183,715	$ 170,463
Contributions as a percentage of covered-employee payroll	12.12%	12.13%	12.04%	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, 2024

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, 2024

	General Fund			Street Fund		
	Original Budget	Final Budget	Actual	Original Budget	Final Budget	Actual
Revenues						
Property Taxes	$ 114,079	$ 114,079	$ 62,836	$ -	$ -	$ -
Other Governmental	157,647	157,647	145,684	134,000	134,000	601,422
Licenses and Permits	125,400	125,400	93,630	-	-	-
Other Income	2,291,212	2,291,212	52,836	293,772	293,772	-
Donations & Grants	-	-	750	620,000	620,000	-
Total Revenues	2,688,338	2,688,338	355,736	1,047,772	1,047,772	601,422
Expenditures						
General Government	588,338	588,338	492,766	-	-	-
Highways and Streets	-	-	-	1,047,772	1,047,772	115,426
Capital Expenditures	2,100,000	2,100,000	758,740	-	-	234,726
Total Expenditures	2,688,338	2,688,338	1,251,506	1,047,772	1,047,772	350,152
Excess of Revenues Over Expenditures	-	-	(895,770)	-	-	251,270
Other Financing Sources (Uses)						
Proceeds from long-term financing	-	-	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-	-	-
Net Change in Fund Balance	-	-	(895,770)	-	-	251,270
Fund Balance - October 1	373,731	373,731	373,731	21,007	21,007	21,007
Fund Balance - September 30	$ 373,731	$ 373,731	$ (522,039)	$ 21,007	$ 21,007	$ 272,277

See accompanying notes to budget and independent auditors' report.

CITY OF DOVER
Notes to Budget and Actual Schedule
Year Ended September 30, 2024

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 were no budget amendments 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

ALPINE SUMMIT CPAs

1810 E Schneidmiller Ave. Ste. 310
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, 2024, 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 6, 2025. 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.

Report on 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 or significant deficiencies may exist that were not identified.

Report on 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.

Alpine Summit CPAs

Alpine Summit CPAs
Post Falls, Idaho
March 6, 2025

CITY OF DOVER
Schedule of Findings and Responses
Year Ended September 30, 2024

2024-1

General Fund Negative Unassigned Fund Balance and Deficit Spending

As of September 30, 2024 the City's General Fund has a negative unassigned fund balance.

Criteria

The City of Dover's City Council and management are responsible for managing their general fund expenditures to not create deficit spending that results in a negative unassigned fund balance.

Condition

As of September 30, 2024 the City's General Fund has a negative unassigned fund balance of $522,039.

Effect

The General Fund now has a deficit balance.

Cause

The City of Dover's City Council and management did not prevent or reduce spending so as to keep their unassigned fund balance in a positive position. This was largely due to current year expenditures in the General Fund related to construction of the Post Office building.

Recommendations

The City of Dover's City Council and management of the City should promptly identify expenditures in their budget that can be reduced in order to address deficit spending, and a plan should be put in place to work on getting the unassigned fund balance back into a positive position.

Views of Responsible Officials

The City is aware and will be taking action in future fiscal years through budgetary constraints until remedied.