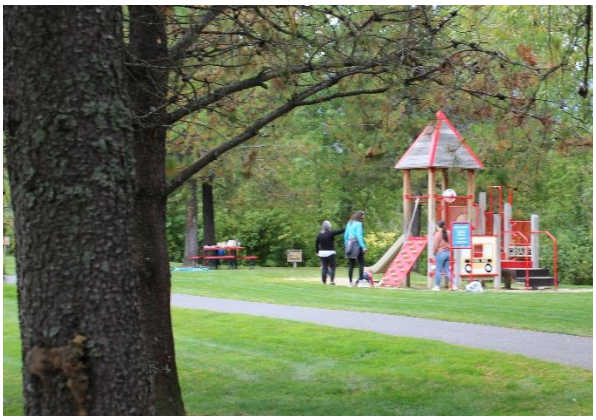




DOVER URBAN RENEWAL AGENCY
2025 ANNUAL REPORT

FEBRUARY 2026

Organization of Dover Urban Renewal Agency (DURA)

The Dover Urban Renewal Agency (DURA) was established by the Mayor and City Council of Dover on April 14, 2005. Although created by the city, an urban renewal agency such as DURA is "an independent public body corporate and politic" under Idaho Code Section 50-2006. The Idaho Supreme Court has clarified urban renewal agencies are separate and distinct legal entities with independent authority. Unlike other local public entities, agencies may incur long term debt without a public vote.

DURA prepared and recommended the Dover Urban Renewal Plan, including an urban renewal area, which was adopted by the Mayor and Council on November 10, 2005 by ordinance. In 2008, the Mayor and City Council, after reviewing the recommendations of DURA for changes in the plan and urban renewal area, amended the 2005 Urban Renewal Plan and the boundaries of urban renewal area and extended the life of the urban renewal area to 2029 by ordinance. Approval of these two plans did not create a liability on the part of the City of Dover.

DURA is charged with implementing the 2008 Amended Dover Urban Renewal Plan and funding the construction of public infrastructure. In 2025, the following individuals served on the Board of Commissioners of DURA:

Jim Haynes, Chair
Mike Mooney, Vice-Chair and Treasurer
Merlin Glass
Diane Brockway

William Herrington, Herrington and Associates, PLLC, serves as legal counsel to the Agency. The firm, Stanke, Mann, and Miner, Certified Public Accountants, provides accounting services to the agency, and administrative services are provided by Renee Magee.

Idaho Urban Basics

Urban renewal agencies in Idaho are governed by the Idaho Urban Renewal Law of 1965, Title 50, Chapter 20, Idaho Code and Local Economic Development Act, Title 50, Chapter 29, Idaho Code. The Law of 1965 reflects the influence of the federal urban renewal program which lasted from 1949 to 1974. Initially the federal program was to renew deteriorated portions of central cities by clearing slums and rebuilding with new housing. The federal program evolved into clearance to assemble land for moderate and low-income housing, downtown redevelopment, and industrial development. When the federal program was eliminated by Congress in 1974, communities lost funding for their urban renewal programs.

Tax increment financing then became the single most important source for redevelopment in many states. In 1988, the State of Idaho authorized tax increment financing as a tool for economic development for local governments. The purpose of Local Economic Development Act is to raise revenue to finance economic development of urban renewal areas. An urban renewal agency has no taxing authority. It is not a taxing entity. Rather a portion of the existing property taxes is used for a limited period of time to finance urban renewal plans, encourage

private development, and finance needed public improvements. The portion of property taxes used by an urban renewal agency is the portion generated by new development in the urban renewal area (URA), the portion encouraged by the investments of the agency. Within the URA, a tax allocation area is created, and a base assessment roll is established equal to the assessment roll for all taxable property on January 1 of the year in which the urban renewal plan is adopted (2005 for Dover). The property taxes from this base assessment roll are distributed to existing taxing entities. The tax revenues from new development, with certain exceptions such as school levies and voter approved bonds after 2007, are allocated to the urban renewal agency to finance public investments.

To create an urban renewal area/tax allocation area, the urban renewal agency determines if a specified area is eligible under Idaho statutes. The central question is whether the proposed area is deteriorating/deteriorated. This finding is based on determining if the area meets such statutory criteria as inadequate or defective street layout; inadequate water, sewer and storm drainage utilities; deteriorating or deteriorated buildings and sites; faulty lot layout; unsanitary or unsafe conditions; or a combination of such factors which retard development.

If an agency determines the area under study has one or more characteristics listed in the statutes, the agency requests the City Council consider its findings. No urban renewal area can be established unless the Council adopts a resolution finding the area under consideration is deteriorating or deteriorated, the redevelopment of the area is necessary for the welfare of the residents, and the area is appropriate for an urban renewal project. The resolution of the Council authorizes the agency to prepare a plan for an urban renewal area. The plan, among other requirements listed in the statutes, is to include a list of proposed publicly owned improvements, estimated project costs, sources of funding which may include bonding and loans, and a termination date.

Once the plan is prepared by the agency, it is forwarded to the City Council. The Council forwards the plan to the planning commission for a determination that the urban renewal plan conforms to the city's comprehensive plan. Once the finding of the planning commission is received, a public hearing is scheduled and a notice of the hearing is published. The draft plan is sent to all taxing entities. The Council must approve an urban renewal plan by ordinance. If an ordinance is adopted, a copy of the ordinance with a legal description of the urban renewal area and map is to be distributed to all taxing entities and the Idaho State Tax Commission.

Dover's Amended Urban Renewal Plan of 2008

By Ordinance No. 103, the Mayor and City Council of Dover adopted the Amended Dover Urban Renewal Plan and urban renewal area on March 13, 2008 after holding a public hearing on February 21, 2008. The 2008 plan lists $19,649,540 in public improvements to be completed by the sunset of the urban renewal area in 2029. These public improvements include:

Fire station/EMS facility, aerial apparatus, safety equipment	$ 809,100
Wastewater plant upgrades including Phase II	$10,093,940
Water system upgrade	$ 4,446,500

Westgate entrance, turn lane Highway 2, street repair and paving	$ 2,700,000
Beach improvements, wetlands rehabilitation	$ 1,000,000
Local agency budgetary assistance	$ 600,000
Total estimated costs in 2007 dollars	$19,649,540

It may not be realistic for DURA to finance over $19 million in publicly owned infrastructure. Due to the length of time an urban renewal plan and accompanying feasibility study exists, the plan should be viewed with flexibility to respond to changing market and economic conditions. An urban renewal plan must include both estimated project costs and funding, but it is very difficult to make accurate projections over a twenty-year time frame, especially when a major recession occurs. DURA has received an estimated $15 million in tax increment revenues through September, 2025. The tax increment revenues are used to pay the agency's debt and public improvements. According to the monthly financial reports, DURA funded over twelve million dollars in public improvements which benefited the urban renewal district through the calendar year 2025:

PUBLIC INFRASTRUCTURE FUNDED BY DOVER URBAN RENEWAL AGENCY

Street repair and paving	$ 397,925
Westgate entrance	$ 29,446
Fire station/EMS	$ 575,386
Aerial apparatus and safety equipment	$ 236,084
Wastewater treatment plant Phase II	$ 243,832
Wastewater treatment plan upgrade with MBR conversion	$6,040,588
Water system upgrade	$3,974,485
Rebate to City of Dover	$ 540,000
Total Funded	**$12,037,746**

SOURCE: 2008 Amended Proposed Development Actions Budget vs Actual, 12/31/2025. Monthly Financial Statement, December 31, 2025. This funded total is not comparable to the amount found in the annual reports from 2023 and 2024. The total of $12,037,746 is the amount paid for reimbursements to the City of Dover. It does not include requests which were conditionally approved by the DURA Board. In the 2023 and 2024 annual reports, the amount conditionally approved was included in the total funded. Conditional approval is a recognition by the DURA Board that the reimbursement request of the City of Dover likely fulfills the mission of DURA.

DURA has issued bonds four times in its life. The first two issuances were to reimburse the developer for public improvements and the last two were to obtain lower interest rates:

Year	Amount	Purpose
2008	$6,000,000	To reimburse the developer, Dover Bay Development, Inc., for the construction of the fire station, acquisition of fire equipment and completion of wastewater system improvements
2011	2011A $5,557,106 2011B $1,442,894	To reimburse Dover Bay Development for construction of public improvements, accrued interest, engineering fees, and advances by Dover Bay Development

2014	2014A $5,240,233 2014B $1,486,204	To refinance 2011 bonds, to fund a reserve requirement, and to pay for issuance of bonds
2016	2016A $4,760,459 2016B $1,354,729	To refinance 2014 bonds and to pay for costs of issuance

The payments on the 2016 bond annually are $549,596 with the final payments on the bond due in 2030. The bond reserve requirement at 150% of the annual debt service is fully funded. The agency has also supplemented its revenues with loans.

Calendar Year 2025

In the past few fiscal years, the tax increment revenues for the urban renewal area have exceeded the annual debt service, and DURA is able to pay for public infrastructure from its annual revenues and not incur additional debt. The tax increment revenues DURA received in the Fiscal Year 2024-25 totaled $1,811,810. These revenues financed the bond payments as well as reimbursements to the City of Dover in the amount of $401,431 for the following public improvements:

Project Reimbursements to the City of Dover, Calendar Year 2025

Wastewater Plant Maintenance Building	$ 151,263
Walkway/bikeway Path	52,462
Controls, Water Treatment Plant	57,222
Automation of Wastewater Treatment Headworks	109,109
Wastewater Laboratory Equipment	31,375
Portion of Wastewater Collection System Study	20,684
Total	**$ 422,114**

In addition to the above reimbursements, DURA paid the City of Dover in the 2025 calendar year $34,299 in accumulated interest on the loan made in 2008 from the City of Dover to the agency. In 2024, DURA paid the City of Dover $52,212 in interest. DURA also paid $30,000 to the City of Dover to assist with maintenance improvements for city hall and wastewater and water treatment plants.

At the end of the calendar year 2025, DURA had uncommitted cash of $155,103 according to the December financial report.

House Bill 436, which was passed in April 2025, provided ambulance and fire districts may withdraw from a revenue financing allocation provision if the agency does not have any outstanding bonds greater than the revenue allocation proceeds attributable to the fire or ambulance districts. After considering the requests of the Westside Fire District and the Bonner County Ambulance District to opt out of the revenue allocation provisions applicable to the Dover Urban Renewal District, the Board approved the withdrawal of both districts although the agency has outstanding bonds exceeding proceeds from the districts requesting withdrawal.

Respectfully submitted,

Renee R. Magee
Administrator

SOURCES

Tax Allocation Feasibility Study for Dover Bay Redevelopment Area, January 2008,

Urban Renewal in Idaho. August 10, 2015, Ryan Armbruster and Meghan Conrad, Elam and Burke, Boise, Idaho.

Urban Renewal 101, June 22, 2017, Ryan Armbruster and Meghan Conrad, Elam and Burke, PA, Boise, Idaho.

Urban Renewal 101 (in Idaho): Authority, Oversight, and Implementation. Meghan Conrad, Elam and Burke, Boise, Idaho. 2025.

Dover Urban Renewal Agency, 2008 Tax Revenue Allocation Bond documents.

Dover Urban Renewal Agency, Tax Revenue Allocation Bonds 2011, documents.

Dover Urban Renewal Agency, Tax Allocation Refunding Bond 2014, documents.

Dover Urban Renewal Agency, Tax Allocation Refunding Bond 2016, documents.

International City Management Association, *The Practice of Local Government Planning*, 1979 edition, pages 486-489, and 1988 edition, pages 314-315.

Minutes, Dover Urban Renewal Agency, January, 2025, to December, 2025, and financial reports for same period.

City of Dover Water Facilities Plan 2018.

2008 Dover Bay Amended Urban Renewal Plan, Extension to 2029.

DOVER URBAN RENEWAL AGENCY

FINANCIAL STATEMENTS

For the Year Ended September 30, 2025

DOVER URBAN RENEWAL AGENCY

TABLE OF CONTENTS

	Page
INDEPENDENT AUDITOR'S REPORT	3-5
BASIC FINANCIAL STATEMENTS	
GOVERNMENT-WIDE FINANCIAL STATEMENTS	
Statement of Net Position	6
Statement of Activities	7
FUND FINANCIAL STATEMENTS	
Balance Sheet – Governmental Funds	8-9
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	10-11
NOTES TO FINANCIAL STATEMENTS	12
REQUIRED SUPPLEMENTARY INFORMATION (RSI)	
Budgetary Comparison Schedule – General Fund	20
Budgetary Comparison Schedule – Debt Service Fund	21
SUPPLEMENTARY INFORMATION	
Independent Auditor’s Report – *Government Auditing Standards*	23-24

PRESNELL GAGE, PLLC
ACCOUNTING AND CONSULTING

INDEPENDENT AUDITOR'S REPORT

The Board of Commissioners
Dover Urban Renewal Agency
Dover, Idaho

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of the Dover Urban Renewal Agency, a discretely presented component-unit of the City of Dover, Idaho, as of and for the year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements, as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Dover Urban Renewal Agency, a discretely presented component-unit of the City of Dover, Idaho, as of September 30, 2025, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

Lewiston Office: 1216 Idaho Street, Lewiston, Idaho 83501, (208) 746-8281
Moscow Office: 609 South Washington, Suite 202, Moscow, Idaho 83843, (208) 882-2211
Grangeville Office: 109 South Mill Street, Grangeville, Idaho 83530, (208) 983-1254
Orofino Office: P.O. Box 632, 216 Johnson Avenue, Orofino, Idaho 83544, (208) 476-3012
Pullman Office: 1230 SE Bishop Blvd., Pullman, Washington 99163, (509) 332-6541
Eagle Office: 1159 E Iron Eagle Drive, Suite 100, Eagle, Idaho 83616, (208) 319-2929

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 Agency's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison schedules on pages 20 through 21, respectively, 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 the financial reporting for placing the basic financial statements in the 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.

The Dover Urban Renewal Agency has not presented the Management's 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 the 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 the missing information.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated January 14, 2026, on our consideration of the Dover Urban Renewal Agency's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is 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 the Dover Urban Renewal Agency's internal control over financial reporting and compliance.



January 14, 2026
Moscow, Idaho

DOVER URBAN RENEWAL AGENCY

STATEMENT OF NET POSITION
September 30, 2025

ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$	1,729,157
Property tax receivable		11,981
Cash and cash equivalents - restricted		900,451
Total current assets		2,641,589
Total assets		2,641,589
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable		232,445
Accrued interest		54,782
Current portion of long-term obligations		454,636
Total current liabilities		741,863
LONG-TERM OBLIGATIONS		
Bonds payable, net of current portion		2,259,497
Note payable		734,686
Total long-term obligations		2,994,183
Total liabilities		3,736,046
NET POSITION		
Restricted for:		
Debt service		900,686
Unrestricted		(1,995,143)
Total net position	$	(1,094,457)

See accompanying notes

DOVER URBAN RENEWAL AGENCY

STATEMENT OF ACTIVITIES
Year Ended September 30, 2025

FUNCTIONS/PROGRAMS	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Assets: Governmental Activities
Governmental Activities					
General government	$ 485,792				$ (485,792)
Interest on long-term debt	145,038				(145,038)
Total governmental activities	$ 630,830	$ 0	$ 0	$ 0	(630,830)
General revenues:					
Property taxes					1,820,800
Interest earnings					46,334
					1,867,134
Change in net position					1,236,304
Net position, beginning					(2,330,761)
Net position, ending					$ (1,094,457)

See accompanying notes

DOVER URBAN RENEWAL AGENCY

BALANCE SHEET - GOVERNMENTAL FUNDS
September 30, 2025

	General	Debt Service	Total Governmental Funds
ASSETS			
Cash and cash equivalents	$ 1,729,157		$ 1,729,157
Property tax receivable		$ 11,981	11,981
Cash and cash equivalents - restricted		900,451	900,451
Total assets	$ 1,729,157	$ 912,432	$ 2,641,589
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
LIABILITIES			
Accounts payable	$ 232,445		$ 232,445
Total liabilities	232,445	0	232,445
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - property taxes		11,746	11,746
Total deferred inflows of resources	0	11,746	11,746
FUND BALANCES			
Restricted for debt service		900,686	900,686
Committed	232,445		232,445
Assigned	753,703		753,703
Unassigned	510,564		510,564
Total fund balances	1,496,712	900,686	2,397,398
Total liabilities, deferred inflows of resources, and fund balances	$ 1,729,157	$ 912,432	$ 2,641,589

See accompanying notes

DOVER URBAN RENEWAL AGENCY

RECONCILIATION OF THE STATEMENT OF NET POSITION
TO THE BALANCE SHEET - GOVERNMENTAL FUNDS
September 30, 2025

Total fund balances - Governmental Funds	$	2,397,398
Amounts reported for governmental activities in the statement of net position are different because:		
Property taxes receivable to be collected this year; but are not available soon enough to pay for the current period's expenditures and, therefore, are unavailable in the funds.		11,746
Interest is accrued on outstanding debt in the government-wide financial statements, whereas in the government fund financial statements, interest is an expenditure when paid.		(54,782)
Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year-end consist of the following:		
Bonds payable		(2,714,133)
Note payable		(734,686)
Total net position - Governmental Activities	$	(1,094,457)

See accompanying notes

DOVER URBAN RENEWAL AGENCY

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
Year Ended September 30, 2025

	General	Debt Service	Total Governmental Funds
REVENUES			
Property taxes		$ 1,811,810	$ 1,811,810
Interest earnings		46,334	46,334
Total revenues	$ 0	1,858,144	1,858,144
EXPENDITURES			
Operations:			
Advertising	222		222
Audit	7,400		7,400
Office expenses	243		243
Professional fees	21,029		21,029
Consulting and administrative expenses	4,608		4,608
Public improvements	418,359		418,359
Insurance	3,931		3,931
Local government rebate	30,000		30,000
Debt service:			
Principal		437,786	437,786
Interest	52,212	111,810	164,022
Total expenditures	538,004	549,596	1,087,600
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(538,004)	1,308,548	770,544
OTHER FINANCING SOURCES (USES)			
Transfers in	1,278,710		1,278,710
Transfers out		(1,278,710)	(1,278,710)
Total other financing sources (uses)	1,278,710	(1,278,710)	0
NET CHANGES IN FUND BALANCES	740,706	29,838	770,544
FUND BALANCES AT BEGINNING OF YEAR	756,006	870,848	1,626,854
FUND BALANCES AT END OF YEAR	$ 1,496,712	$ 900,686	$ 2,397,398

See accompanying notes

DOVER URBAN RENEWAL AGENCY

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
Year Ended September 30, 2025

Net changes in fund balances - Total Governmental Funds	$	770,544
Amounts reported for governmental activities in the statement of activities are different because:		
Some amounts receivable will not be collected for several months after the fiscal year-ends and they are not considered available revenues in the governmental funds. Instead, they are counted as deferred tax revenues. They are, however, recorded as		
Current year taxes receivable		11,746
Prior year taxes receivable		(2,756)
Interest is accrued on outstanding debt in the government-wide financial statements, whereas in the government fund financial statements, interest is an expenditure when paid.		18,984
Repayment of the principal on general bonded indebtedness is an expenditure in the governmental funds but they reduce long-term liabilities in the statement of net position and do not affect the statement of activities.		437,786
Change in net position - Governmental Activities	$	1,236,304

See accompanying notes

1. SIGNIFICANT ACCOUNTING POLICIES

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

The accompanying financial statements include all aspects controlled by the Board of Commissioners of Dover Urban Renewal Agency. The Agency is included as a component unit in the City of Dover, Idaho's financial statements. These statements present only the funds of the Agency and are not intended to present the financial position and results of operations of the City of Dover, Idaho in conformity with accounting principles generally accepted in the United States of America (GAAP).

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

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

Measurement Focus and Basis of Accounting. The financial statements of the Dover Urban Renewal Agency have been prepared in accordance with GAAP as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard–setting body for establishing governmental accounting and financial reporting principles. The Agency uses the following two bases of accounting in these financial statements:

Economic Resources Measurement Focus and Accrual Basis of Accounting

Under this measurement focus, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Property taxes are recognized as revenue in the year for which they are levied.

Current Financial Resources Measurement Focus and Modified Accrual Basis of Accounting

Under this measurement focus, revenues are recognized when susceptible to accrual; i.e., both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The Agency considers revenues as available if they are collected within 60 days after year-end.

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.

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Restricted Resources. Program expenses are allocated to restricted program revenue first and then to the next highest level of net position/fund balance restrictions when both restricted and unrestricted resources are available.

Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* (GASB #54) defines the different types of fund balances that a governmental entity must use for financial reporting purposes. GASB #54 requires the fund balance amounts to be properly reported within one of the fund balance categories below:

Nonspendable
Includes amounts that cannot be spent because they are either (1) not in spendable form or (2) legally or contractually required to be maintained intact.

Restricted
Includes amounts that can be spent only for the specific purpose stipulated by external resource providers, constitutional provisions, or enabling legislation.

Committed
Includes amounts that can only be used for the specific purposes determined by a formal action of the government's highest level of decision-making authority.

Assigned
Includes amounts that are intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed.

Unassigned
Residual classification of fund balance that includes all spendable amounts that have not been restricted, committed, or assigned.

Agency-Wide Financial Statements. The statement of net position and the statement of activities display information about the overall Agency. Eliminations have been made to minimize the double-counting of internal activities. These statements reflect only governmental activities of the Agency since there are no "business-type activities" within the Agency. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenues for the Agency's sole function of economic development within the Agency boundaries. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees and charges paid 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 classified as program revenues, including all taxes, are presented as general revenues.

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Financial Statements. The fund financial statements provide information about the Agency's funds. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. The Agency has only governmental-type funds. Because there are only two funds, they are both presented on the face of the fund financial statements.

Basis of Presentation. The Agency uses the following governmental funds:

General Fund – This fund was created by the Agency, separate and apart from all other funds of the Agency, designated the "General Fund," into which shall be deposited the excess interest revenues earned and incremental tax revenues received each year, after the provision has been made for payment of principal and interest on the bonds. The provision is determined by the Board and is sufficient to pay the costs of administration of the Agency for the fiscal year.

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

Use of Estimates. The Agency uses estimates and assumptions in preparing financial statements in accordance with accounting principles generally accepted in the United States of America. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that the Agency uses.

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

Receivables. Property taxes are levied in September on the current assessed value of all real and personal property located in the Agency. Property taxes are due on December 20 of the levy year, and June 20 of the following year, and are considered delinquent the day following the due date. The taxes are collected by Bonner County, Idaho, and remitted to the Agency in the month following collection by the County. A lien is filed on the property three years from the date of delinquency.

Long-Term Obligations. Long-term debt is recognized as a liability of a governmental fund when due or when resources have been accumulated for early payment in the following year. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability.

Deferred Outflows/Inflows of Resources. The Agency reports decreases in net assets that relate to future periods as deferred outflows of resources in a separate section of its government-wide statement of net position. No deferred outflows of resources affect the governmental funds financial statements in the current year.

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Outflows/Inflows of Resources (continued). The Agency's statement of net position and its governmental fund balance sheet report a separate section for deferred inflows of resources. This separate financial statement element reflects an increase in net assets that applies to a future period(s). In its governmental funds, the only deferred inflow of resources is for revenues that are not considered available. The Agency will not recognize the related revenues until they are available (collected not later than 60 days after the end of the Agency's fiscal year) under the modified accrual basis of accounting. Accordingly, unavailable revenues from property taxes are reported in the governmental fund balance sheet.

2. LEGAL COMPLIANCE – BUDGETS

The Agency follows the following procedures in establishing the budgetary data reflected in the financial statements:

1. At least 10 days prior to the public hearing, the Agency publishes a proposed budget for public review.

2. A public hearing is set to obtain patrons' comments.

3. The final budget is adopted by the Board of Commissioners no later than the Tuesday following the first Monday in September for the following fiscal year.

The budget is a non-appropriated plan of spending, adopted on the modified cash basis of accounting. Expenditures may not exceed the budget at the individual fund level.

3. CASH AND INVESTMENTS

At September 30, 2025, the carrying amount of the Agency’s cash deposits was $2,629,608 at Banner Bank, of which, $2,379,608 was in excess of the FDIC insured limit and is uncollateralized and unsecured.

Interest Rate Risk. Interest rate risk is the risk that changes in interest rates will reduce the value of the Agency’s investments. The Agency does not have a policy regarding interest rate risk.

Credit risk: Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. The Agency is not subject to credit risk as they have no investments. The Agency does not have a policy regarding credit risk.

Concentration of credit risk: Concentration of credit risk is the risk that concentration of investments with one issuer represents heightened risk of potential loss. The Agency does not have a policy limiting the amount it may invest in any one issuer.

Custodial credit risk: Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the Agency will not be able to recover its deposits or will not be able to recover collateral securities that are in possession of an outside party. The Agency does not have a policy restricting the amount of deposits and investments subject to custodial credit risk.

4. LONG-TERM OBLIGATIONS

Note. On November 18, 2008, an agreement was signed between the City of Dover and Dover Urban Renewal Agency. The City of Dover loaned the Agency $1,174,095. The loan shall be immediately due and payable on the date of termination of the Amended Plan in 2030. The unpaid principal amount of the loan and any advances shall accrue interest at a variable rate equal to the monthly distribution yield of the Idaho State Treasurer's Local Government Investment Pool. The loan agreements specify that interest is due annually upon receipt of written request for payment by the lender to the borrower. The City paid Dover Urban Renewal Agency another $60,591 in hookups per agreement as of March 31, 2016, increasing the note payable to $1,234,686 as of September 30, 2016. Beginning in March 2016, the City will not pay the Agency for connection fees that were subject to the previous loan agreement.

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

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

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

4. LONG-TERM OBLIGATIONS (CONTINUED)

Bond payable activity for the year ended September 30, 2025, was as follows:

	Beginning Balance	Additions	Principal Payments	Ending Balance	Due within one year
Series 2016A	$ 2,422,573		$ 340,018	$ 2,082,555	$351,857
Series 2016B	729,346		97,768	631,578	102,779
	$ 3,151,919	$ 0	$ 437,786	$ 2,714,133	$454,636

Bond payment requirements at September 30 will be as follows:

Years Ended September 30	Series 2016A Principal	Series 2016B Principal	Interest	Total
2026	$ 351,857	$ 102,779	$ 94,960	$ 549,596
2027	363,464	107,877	78,255	549,596
2028	375,454	113,226	60,916	549,596
2029	387,840	118,842	42,914	549,596
2030	603,940	188,854	14,502	807,296
	$ 2,082,555	$ 631,578	$ 291,547	$ 3,005,680

5. RISK MANAGEMENT

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

6. FUND BALANCE CLASSIFICATIONS

Restricted balances are as follows:

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

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

Accounts Payable – These funds are committed to pay invoices that have been received but not yet paid as of September 30, 2025.

6. FUND BALANCE CLASSIFICATIONS (CONTINUED)

Assigned balances, as approved by the Board of Commissioners, are designated for following projects:

Water Treatment Controls	$	57,222
Flood Mitigation		250,000
Automation Wastewater Headworks		109,109
Lakeshore Avenue Replacement		95,000
Wastewater Treatment Equipment		31,375
Culvert Replacement-Railroad		40,313
Road Construction Water Outflow		140,000
Current reimbursement requests		30,684
Total	$	753,703

7. RELATED PARTIES

During 2025, the Agency reimbursed the City of Dover in the amount of $418,359 for expenditures paid on its behalf on various projects. Additionally, the Agency paid the City $52,212 for debt service.

As of September 30, 2025, the Agency owed the City $734,686 as a Note payable.

8. SUBSEQUENT EVENT

Management has evaluated subsequent events through January 14, 2026, the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

DOVER URBAN RENEWAL AGENCY

BUDGETARY COMPARISON SCHEDULE -
GENERAL FUND
Year Ended September 30, 2025

	Original Budget	Final Budget	Actual Amounts	Variance With Final Budget
REVENUES				
Total revenues	$ 0	$ 0	$ 0	$ 0
EXPENDITURES				
Operations:				
Advertising			222	(222)
Audit	8,000	8,000	7,400	600
Office expenses	10,000	10,000	243	9,757
Professional fees	25,000	25,000	21,029	3,971
Consulting and administrative expenses			4,608	(4,608)
Public improvements	1,700,000	1,700,000	418,359	1,281,641
Insurance			3,931	(3,931)
Local government rebate			30,000	(30,000)
Contingency reserve	199,500	199,500		199,500
Debt service:				
Interest	42,000	42,000	52,212	(10,212)
Total expenditures	1,984,500	1,984,500	538,004	1,446,496
DEFICIENCY OF REVENUES OVER EXPENDITURES	(1,984,500)	(1,984,500)	(538,004)	1,446,496
OTHER FINANCING SOURCES				
Transfers in			1,278,710	1,278,710
Total other financing sources	0	0	1,278,710	1,278,710
NET CHANGES IN FUND BALANCE	$ (1,984,500)	$ (1,984,500)	740,706	$ 2,725,206
FUND BALANCE AT BEGINNING OF YEAR			756,006	
FUND BALANCE AT END OF YEAR			$ 1,496,712	

DOVER URBAN RENEWAL AGENCY

BUDGETARY COMPARISON SCHEDULE -
DEBT SERVICE
Year Ended September 30, 2025

	Original Budget	Final Budget	Actual Amounts	Variance With Final Budget
REVENUES				
Property taxes	$ 1,850,000	$ 1,850,000	$ 1,811,810	$ (38,190)
Interest earnings	44,500	44,500	46,334	1,834
Total revenues	1,894,500	1,894,500	1,858,144	(36,356)
EXPENDITURES				
Contingency reserve	860,000	860,000		860,000
Debt service:				
Principal			437,786	(437,786)
Interest	550,000	550,000	111,810	438,190
Total expenditures	1,410,000	1,410,000	549,596	860,404
EXCESS OF REVENUES OVER EXPENDITURES	484,500	484,500	1,308,548	824,048
OTHER FINANCING USES				
Transfers out			(1,278,710)	(1,278,710)
Total other financing uses	0	0	(1,278,710)	(1,278,710)
NET CHANGES IN FUND BALANCE	$ 484,500	$ 484,500	29,838	$ (454,662)
FUND BALANCE AT BEGINNING OF YEAR			870,848	
FUND BALANCE AT END OF YEAR			$ 900,686	

SUPPLEMENTARY INFORMATION

INDEPENDENT AUDITOR'S REPORT - *GOVERNMENT AUDITING STANDARDS*

Board of Commissioners
Dover Urban Renewal Agency
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 and each major fund of the Dover Urban Renewal Agency, a component-unit of the City of Dover, Idaho, as of and for the year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise the Dover Urban Renewal Agency's basic financial statements, and have issued our report thereon dated January 14, 2026.

Report on Internal Control over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or 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.

Lewiston Office: 1216 Idaho Street, Lewiston, Idaho 83501, (208) 746-8281
Dover Office: 609 South Washington, Suite 202, Dover, Idaho 83843, (208) 882-2211
Grangeville Office: 109 South Mill Street, Grangeville, Idaho 83530, (208) 983-1254
Orofino Office: P.O. Box 632, 216 Johnson Avenue, Orofino, Idaho 83544, (208) 476-3012
Pullman Office: 1230 SE Bishop Blvd., Pullman, Washington 99163, (509) 332-6541
Eagle Office: 1159 E Iron Eagle Drive, Suite 100, Eagle, Idaho 83616, (208) 319-2929

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Dover Urban Renewal Agency'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 determination of 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 Agency'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 Agency's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Presnell Gage, PLLC

January 14, 2026
Moscow, Idaho