

TOWN OF DOVER, MASSACHUSETTS

ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

TOWN OF DOVER, MASSACHUSETTS

CONTENTS

FINANCIAL SECTION

Independent Auditors' Report	1-3
Management's Discussion and Analysis	4-10
Basic Financial Statements	

Government-Wide Financial Statements

Statement of Net Position	11-12
Statement of Activities.....	13

Fund Financial Statements

Balance Sheet – Governmental Funds	14
Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities in the Statement of Net Position.....	15
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	16
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	17
Statement of Fiduciary Net Position – Fiduciary Funds.....	18
Statement of Changes in Fiduciary Net Position – Fiduciary Funds	19

Notes to Financial Statements	20-58
--	-------

REQUIRED SUPPLEMENTARY INFORMATION

Budget and Actual

Schedule of Revenues, Expenditures, and Other Financing Sources (Uses) – Budget and Actual - General Fund.....	59
Notes to Required Supplementary Information for General Fund Budget	60

Pension

Schedule of Proportionate Share of the Net Pension Liability	61
Schedule of Pension Contributions.....	62

OPEB

Schedule of Changes in the Net OPEB Liability	63
Schedules of Net OPEB Liability, Contributions, and Investment Returns	64

INDEPENDENT AUDITORS' REPORT

To the Board of Selectmen
Town of Dover, Massachusetts

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Town of Dover, Massachusetts (the Town), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Dover, Massachusetts, as of June 30, 2022, 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 (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Governmental Auditing Standards*). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town'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.

Auditors' 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 auditors' 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 GAAS 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 GAAS 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 Town'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 Town'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 Management's Discussion and Analysis, the budgetary comparison for the General Fund, and certain pension and OPEB schedules be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's

responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with evidence sufficient to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 19, 2024 on our consideration of the Town'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 Town'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 the Town's internal control over financial reporting and compliance.

Marcum LLP

Andover, MA
March 19, 2024

TOWN OF DOVER, MASSACHUSETTS

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2022

As management of the Town of Dover, Massachusetts (the Town), we offer readers this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2022.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the basic financial statements. The basic financial statements are comprised of three components (1) government-wide financial statements, (2) fund financial statements, and (3) notes to financial statements. This report also contains required supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of our finances in a manner similar to a private-sector business.

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

The Statement of Activities presents information showing how the Town's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

The governmental activities include general government, public safety, education, public works, health and human services, and culture and recreation.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Fund accounting is used to ensure and demonstrate compliance with finance-related legal requirements. The Town's funds can be divided into two categories: governmental funds and fiduciary funds.

Governmental Funds

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

TOWN OF DOVER, MASSACHUSETTS

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2022

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

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the Town. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Town's programs.

Notes to Financial Statements

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

Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information, which is required to be disclosed by accounting principles generally accepted in the United States of America.

Financial Highlights

- As of the close of the current fiscal year, net position in governmental activities was \$49,500,662 a change of \$1,467,662.
- As of the close of the current fiscal year, governmental funds reported combined ending fund balances of \$42,979,564, a change of \$18,489,717 in comparison to the prior year.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$12,294,227, a change of \$(1,381,126) in comparison to the prior year.

Government-Wide Financial Analysis

The following is a summary of condensed government-wide financial data for the current and prior fiscal year.

TOWN OF DOVER, MASSACHUSETTS
MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2022

	Net Position (in thousands)	
	Governmental Activities	
	2022	2021
Assets		
Current and other assets	\$ 48,493	\$ 27,447
Capital assets	<u>39,852</u>	<u>39,940</u>
Total Assets	<u>88,345</u>	<u>67,387</u>
Deferred Outflows of Resources	<u>4,671</u>	<u>1,829</u>
Liabilities		
Other liabilities	2,132	1,517
Long-term liabilities	<u>35,936</u>	<u>17,371</u>
Total Liabilities	<u>38,068</u>	<u>18,888</u>
Deferred Inflows of Resources	<u>5,447</u>	<u>2,295</u>
Net Position		
Net investment in capital assets	35,374	36,055
Restricted	4,500	4,285
Unrestricted	<u>9,627</u>	<u>7,693</u>
Total Net Position	<u>\$ 49,501</u>	<u>\$ 48,033</u>

As noted earlier, net position may serve over time as a useful indicator of the Town's financial position. At the close of the most recent fiscal year, total net position was \$49,500,662, a change of \$1,467,662 in comparison to the prior year.

The largest portion of net position \$35,373,899 reflects our investment in capital assets (e.g., land, construction in progress, buildings and improvements, machinery, equipment, and furnishings, and infrastructure), less any related debt used to acquire those assets that is still outstanding. These capital assets are used to provide services to citizens; consequently, these assets are not available for future spending. Although the investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of net position \$4,491,691 represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position \$9,627,072 may be used to meet the Town's ongoing obligations to citizens and creditors.

TOWN OF DOVER, MASSACHUSETTS
MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2022

Change in Net Position
(in thousands)

	Governmental Activities	
	2022	2021
Revenues		
Program revenues		
Charges for services	\$ 1,985	\$ 1,796
Operating grants and contributions	4,920	5,449
Capital grants and contributions	--	190
General revenues		
Property taxes	33,909	34,744
Excises	1,678	1,411
Penalties, interest, and other taxes	151	98
Grants and contributions not restricted to specific programs	326	250
Investment income	97	256
Other	152	200
Total Revenues	<u>43,218</u>	<u>44,394</u>
Expenses		
General government	3,988	3,872
Public safety	4,736	4,493
Education	27,228	28,609
Public works	2,824	2,547
Health and human services	527	454
Culture and recreation	1,986	1,636
Interest on long-term debt	137	105
Intergovernmental	327	314
Total Expenses	<u>41,753</u>	<u>42,030</u>
Change in Net Position Before Permanent Fund Contributions		
Permanent fund contributions	3	--
Change in Net Position		
Net Position, Beginning of Year	<u>48,033</u>	<u>45,669</u>
Net Position, End of Year	<u>\$ 49,501</u>	<u>\$ 48,033</u>

TOWN OF DOVER, MASSACHUSETTS

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2022

Governmental Activities

Governmental activities for the year resulted in a change in net position of \$1,467,662. Key elements of this change are as follows:

	June 30, 2022	June 30, 2021	Change
General stabilization (unassigned)	\$ 939,759	\$ 949,364	\$ (9,605)
Regional school OPEB stabilization (committed)	1,768,815	1,767,278	1,537
Capital stabilizaton (committed)	<u>600,000</u>	<u>--</u>	<u>600,000</u>
	<u>\$ 3,308,574</u>	<u>\$ 2,716,642</u>	<u>\$ 591,932</u>

Financial Analysis of the Town's Funds

As noted earlier, fund accounting is used to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing financing requirements. In particular, unassigned fund balance may serve as a useful measure of the Town's net resources available for spending at the end of the fiscal year.

General Fund

The General Fund is the chief operating fund. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$12,294,227, while total fund balance was \$19,679,429. Unassigned fund balance decreased by \$1,381,126, primarily from favorable budgetary results of \$3,714,273, less \$1,600,000 of free cash used to reduce the tax rate in fiscal year 2023, \$1,034,702 of free cash used for the fiscal year 2023 capital budget, \$915,000 of free cash used for the 2023 operating budget, and \$700,000 of free cash used to fund the regional school district OPEB stabilization in fiscal year 2023. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to General Fund expenditures. Refer to the table below.

General Fund	June 30, 2022	June 30, 2021	Change	% of General Fund Expenditures*
Unassigned fund balance	\$ 12,294,227	\$ 13,675,353	\$ (1,381,126)	33.2%
Total fund balance	\$ 19,679,429	\$ 19,295,432	\$ 383,997	53.2%

*Expenditure amounts used to calculate the above percentages have been adjusted to exclude the on-behalf payment from the Commonwealth of Massachusetts to the Massachusetts Teachers Retirement System of \$1,056,797.

TOWN OF DOVER, MASSACHUSETTS

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2022

The total fund balance of the General Fund changed by \$383,997 during the current fiscal year. Key factors in this change are as follows:

Revenues in excess of budget	\$ 997,725
Expenditures less than budget	2,716,548
Use of free cash and overlay surplus as a funding source	(3,401,315)
Change in encumbrances and carryforwards	95,208
Change in stabilization fund balance	591,932
Change in tax refund payable	(535,760)
Other	<u>(80,341)</u>
	<u>\$ 383,997</u>

Included in the total fund balance of the General Fund are the Town's stabilization accounts with the following balances:

	June 30, 2022	June 30, 2021	Change
General stabilization (unassigned)	\$ 939,759	\$ 949,364	\$ (9,605)
Regional school OPEB stabilization (committed)	1,768,815	1,767,278	1,537
Capital stabilizaton (committed)	<u>600,000</u>	<u>--</u>	<u>600,000</u>
	<u>\$ 3,308,574</u>	<u>\$ 2,716,642</u>	<u>\$ 591,932</u>

Fund 31 Capital Project Fund

The fund balance of Fund 31 Capital Project Fund changed by \$18,007,669, primarily from timing differences between disbursements and permanent financing of capital projects.

Nonmajor Governmental Funds

The fund balance of nonmajor governmental funds changed by \$98,051, primarily from timing differences between the receipt and disbursement grants.

General Fund Budgetary Highlights

Differences between the original budget and the final amended budget resulted in an overall change in appropriations of \$1,315. This increase in appropriations was for unanticipated expenses including unpaid bills of prior years, and was funded by free cash. The Town experienced favorable operating results for expenditures of \$2,716,548. This was primarily due to the budgetary turnback's of \$1,308,445 for education, due to the Town's budgeting practice for special education expenses. The Town budgets all special education expenses in the General Fund, with the assumption the Town will not receive any Circuit Breaker revenues. Historically, the Town does receive Circuit Breaker revenues and brings in those receipts into a special revenue fund. The Town reclassifies special education expenditures into the special revenue fund.

TOWN OF DOVER, MASSACHUSETTS

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2022

Capital Assets and Debt Administration

Capital Assets

Total investment in capital assets for governmental activities at year-end amounted to \$39,851,888 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, buildings and improvements, machinery, equipment and furnishings, and infrastructure. Major capital asset events during the current fiscal year included the following:

- \$1,341,760 for Caryl Community Center building improvements.
- \$58,900 for a 2022 John Deer Excavator.
- Depreciation expense of \$(1,552,018).

Additional information on capital assets can be found in the Notes to Financial Statements.

Long-Term Debt

At the end of the current fiscal year, total bonded debt outstanding, including unamortized premiums, was \$21,686,000, all of which was backed by the full faith and credit of the Town.

The Town maintained its AAA rating from Standard & Poor for general obligation debt.

Additional information on long-term debt can be found in the Notes to Financial Statements.

Requests for Information

This financial report is designed to provide a general overview of the Town of Dover's finances for all those with an interest in the Town's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

Office of Town Accountant
Town of Dover, Massachusetts
5 Springdale Avenue
Dover, Massachusetts 02030

TOWN OF DOVER, MASSACHUSETTS

STATEMENT OF NET POSITION

JUNE 30, 2022

	Governmental Activities
Assets	
Current Assets	
Cash and short-term investments	\$ 16,787,547
Investments	28,312,908
Receivables:	
Property taxes	972,260
Excises	390,961
User fees	66,154
Intergovernmental	13,008
Leases	303,412
Other	2,550
	<hr/>
Total Current Assets	<hr/> 46,848,800
Noncurrent Assets	
Receivables:	
Property taxes	278,966
Betterments	3,850
Leases	1,361,782
Capital assets	
Nondepreciable capital assets	17,636,552
Other capital assets, net of accumulated depreciation	<hr/> 22,215,336
	<hr/>
Total Noncurrent Assets	<hr/> 41,496,486
Total Assets	<hr/> 88,345,286
Deferred Outflows for Resources	
Related to pension	656,178
Related to OPEB	<hr/> 4,014,802
	<hr/>
Total Deferred Outflows of Resources	<hr/> 4,670,980

The accompanying notes are an integral part of these financial statements.

TOWN OF DOVER, MASSACHUSETTS

STATEMENT OF NET POSITION (CONTINUED)

JUNE 30, 2022

	Governmental Activities
Liabilities	
Current Liabilities	
Accounts payable	579,671
Accrued liabilities	605,950
Tax refunds payable	566,960
Unearned revenue	281,972
Other current liabilities	97,949
Current portion of long-term liabilities	
Bonds payable	<u>1,748,300</u>
Total Current Liabilities	<u>3,880,802</u>
Noncurrent Liabilities	
Bonds payable, net of current portion	19,937,700
Compensated absences liability	58,308
Net pension liability	6,352,577
Net OPEB liability	<u>7,838,723</u>
Total Noncurrent Liabilities	<u>34,187,308</u>
Total Liabilities	<u>38,068,110</u>
Deferred Inflows of Resources	
Related to pension	3,040,390
Related to OPEB	741,910
Related to leases	<u>1,665,194</u>
Total Deferred Inflows of Resources	<u>5,447,494</u>
Net Position	
Net investment in capital assets	35,373,899
Restricted for	
Grants and other statutory restrictions	3,227,701
Endowment funds	
Nonexpendable	1,005,062
Expendable	266,928
Unrestricted	<u>9,627,072</u>
Total Net Position	<u>\$ 49,500,662</u>

The accompanying notes are an integral part of these financial statements.

TOWN OF DOVER, MASSACHUSETTS

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2022

	Program Revenues			Net (Expenses) Revenues and Changes in Net Position Governmental Activities
	Expenses	Charges for Services	Operating Grants and Contributions	
Governmental Activities				
General government	\$ 3,987,871	\$ 477,452	\$ 239,680	\$ (3,270,739)
Public safety	4,736,017	736,071	152,587	(3,847,359)
Education	27,228,309	122,640	4,469,798	(22,635,871)
Public works	2,824,457	87,084	19,716	(2,717,657)
Health and human services	527,085	112,639	13,752	(400,694)
Culture and recreation	1,985,765	449,000	24,661	(1,512,104)
Interest on long-term debt	137,331	--	--	(137,331)
Intergovernmental	326,736	--	--	(326,736)
Total Governmental Activities	\$ 41,753,571	\$ 1,984,886	\$ 4,920,194	(34,848,491)
General Revenues				
Property taxes				33,908,934
Excises				1,678,052
Penalties, interest, and other taxes				151,418
Grants and contributions not restricted				
to specific programs				326,301
Investment income				96,528
Miscellaneous				151,920
Total General Revenues				36,316,153
Change in Net Position				
Beginning of Year				<u>48,033,000</u>
End of Year				<u>\$ 49,500,662</u>

The accompanying notes are an integral part of these financial statements.

TOWN OF DOVER, MASSACHUSETTS

BALANCE SHEET GOVERNMENTAL FUNDS

JUNE 30, 2022

	General Fund	Fund 31 Capital Project Fund	Nonmajor Governmental Funds	Total Governmental Funds
Assets				
Cash and short-term investments	\$ 11,944,957	\$ 1,476,949	\$ 3,365,641	\$ 16,787,547
Investments	9,316,402	17,021,570	1,974,936	28,312,908
Receivables				
Property taxes	1,251,226	--	--	1,251,226
Excises	390,961	--	--	390,961
User fees	36,745	--	29,409	66,154
Intergovernmental	--	--	13,008	13,008
Leases	1,665,194	--	--	1,665,194
Other	2,550	--	--	2,550
Total Assets	<u>\$ 24,608,035</u>	<u>\$ 18,498,519</u>	<u>\$ 5,382,994</u>	<u>\$ 48,489,548</u>
Liabilities				
Accounts payable	\$ 312,944	20,046	\$ 246,681	\$ 579,671
Accrued liabilities	604,078	--	1,872	605,950
Tax refunds payable	566,960	--	--	566,960
Unearned revenue	--	--	281,972	281,972
Other liabilities	97,949	--	--	97,949
Total Liabilities	<u>1,581,931</u>	<u>20,046</u>	<u>530,525</u>	<u>2,132,502</u>
Deferred Inflows of Resources				
Unavailable revenues	1,681,481	--	30,807	1,712,288
Related to leases	1,665,194	--	--	1,665,194
Total Deferred Inflows of Resources	<u>3,346,675</u>	<u>--</u>	<u>30,807</u>	<u>3,377,482</u>
Fund Balances				
Nonspendable	206,014	--	1,005,062	1,211,076
Restricted	--	17,279,241	4,026,564	21,305,805
Committed	4,360,383	1,199,232	389,885	5,949,500
Assigned	2,818,805	--	--	2,818,805
Unassigned	12,294,227	--	(599,849)	11,694,378
Total Fund Balances	<u>19,679,429</u>	<u>18,478,473</u>	<u>4,821,662</u>	<u>42,979,564</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 24,608,035</u>	<u>\$ 18,498,519</u>	<u>\$ 5,382,994</u>	<u>\$ 48,489,548</u>

The accompanying notes are an integral part of these financial statements.

TOWN OF DOVER, MASSACHUSETTS

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO NET POSITION OF GOVERNMENTAL ACTIVITIES IN THE STATEMENT OF NET POSITION

JUNE 30, 2022

<i>Total Governmental Fund Balances</i>	\$ 42,979,564
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in governmental funds.	39,851,888
Deferred outflows of resources related in pension to be recognized in pension expense in future periods.	656,178
Deferred outflows of resources related to OPEB to be recognized in OPEB expense in future periods.	4,014,802
Revenues are reported on the accrual basis of accounting and are not deferred until collection.	1,716,138
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in governmental funds:	
Bonds payable	(21,686,000)
Compensated absences liability	(58,308)
Net pension liability	(6,352,577)
Net OPEB liability	(7,838,723)
Deferred inflows of resources related to pension to be recognized in pension expense in future periods	(3,040,390)
Deferred inflows of resources related to OPEB to be recognized in OPEB expense in future periods	<u>(741,910)</u>
<i>Net Position of Governmental Activities</i>	<u>\$ 49,500,662</u>

The accompanying notes are an integral part of these financial statements.

TOWN OF DOVER, MASSACHUSETTS

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS

FOR THE YEAR ENDED JUNE 30, 2022

	General Fund	Fund 31 Capital Project Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues				
Property taxes	\$ 33,775,996	\$ --	\$ --	\$ 33,775,996
Excises	1,547,515	--	--	1,547,515
Penalties, interest, and other taxes	151,650	--	--	151,650
Charges for services	571,163	--	929,640	1,500,803
Licenses, permits, and fees	446,964	--	--	446,964
Intergovernmental	2,878,589	--	2,293,106	5,171,695
Fines and forfeitures	5,001	--	--	5,001
Investment income (loss)	104,798	--	(8,270)	96,528
Miscellaneous	40,538	--	163,598	204,136
Total Revenues	<u>39,522,214</u>	<u>--</u>	<u>3,378,074</u>	<u>42,900,288</u>
Expenditures				
Current				
General government	2,755,323	1,351,331	339,516	4,446,170
Public safety	3,055,389	--	464,444	3,519,833
Education	22,961,828	--	2,038,903	25,000,731
Public works	2,190,589	--	123,874	2,314,463
Health and human services	310,043	--	147,864	457,907
Culture and recreation	1,145,797	--	501,462	1,647,259
Employee benefits	4,358,590	--	2,551	4,361,141
Debt service				
Principal	820,000	--	--	820,000
Interest	137,331	--	--	137,331
Intergovernmental	<u>326,736</u>	<u>--</u>	<u>--</u>	<u>326,736</u>
Total Expenditures	<u>38,061,626</u>	<u>1,351,331</u>	<u>3,618,614</u>	<u>43,031,571</u>
Excess (Deficiency) of Revenues				
Over Expenditures	<u>1,460,588</u>	<u>(1,351,331)</u>	<u>(240,540)</u>	<u>(131,283)</u>
Other Financing Sources (Uses)				
Issuance of bonds	--	17,055,000	--	17,055,000
Bond premium	--	1,566,000	--	1,566,000
Transfers in	--	738,000	338,591	1,076,591
Transfers out	<u>(1,076,591)</u>	<u>--</u>	<u>--</u>	<u>(1,076,591)</u>
Total Other Financing Sources (Uses)	<u>(1,076,591)</u>	<u>19,359,000</u>	<u>338,591</u>	<u>18,621,000</u>
Change in Fund Balance	<u>383,997</u>	<u>18,007,669</u>	<u>98,051</u>	<u>18,489,717</u>
Fund Balances, at Beginning of Year, as reclassified	<u>19,295,432</u>	<u>470,804</u>	<u>4,723,611</u>	<u>24,489,847</u>
Fund Balances, at End of Year	<u>\$ 19,679,429</u>	<u>\$ 18,478,473</u>	<u>\$ 4,821,662</u>	<u>\$ 42,979,564</u>

The accompanying notes are an integral part of these financial statements.

TOWN OF DOVER, MASSACHUSETTS

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

FOR THE YEAR ENDED JUNE 30, 2022

<i>Net Changes in Fund Balances - Total Governmental Funds</i>	\$ 18,489,717
---	----------------------

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:

Capital outlay	1,493,750
Net effect from disposal of assets	(30,185)
Depreciation	(1,552,018)

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the financial resources of governmental funds. Neither transaction, however, has any effect on net position:

Repayments of general obligation bonds	820,000
Issuance of debt	(17,055,000)
Issuance of bond premiums	(1,566,000)

Revenues in the Statement of Activities that do not provide current financial resources are fully deferred in the Statement of Revenues, Expenditures, and Changes in Fund Balances. Therefore, the recognition of revenue for certain types of accounts receivable (i.e., real estate and personal property, motor vehicle excise, etc.) differ between the two statements.

This amount represents the net change in unavailable revenue, net of change in allowance for doubtful accounts.

276,430

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 governmental funds:

Change in net pension liability and related deferred outflows and inflows	1,269,304
Change in net OPEB liability and related deferred outflows and inflows	(678,010)
Change in compensated absences liability	<u>(326)</u>

<i>Change in Net Position of Governmental Activities</i>	<u>\$ 1,467,662</u>
---	----------------------------

The accompanying notes are an integral part of these financial statements.

TOWN OF DOVER, MASSACHUSETTS

**STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS**

JUNE 30, 2022

	Other Post- Employment Benefit Trust Fund	Custodial Funds
Assets		
Cash and short-term investments	\$ 71,809	\$ 17,380
Investments		
Corporate bonds	1,726,294	--
Corporate equities	3,565,304	--
Mutual funds	1,250,218	--
Total Investments	<u>6,541,816</u>	<u>--</u>
Total Assets	<u>6,613,625</u>	<u>17,380</u>
Liabilities		
Other	<u>--</u>	<u>8,942</u>
Total Liabilities	<u>--</u>	<u>8,942</u>
Net Position		
Restricted for OPEB	6,613,625	--
Restricted for individuals and other governments	<u>--</u>	<u>8,438</u>
Total Net Position	<u>\$ 6,613,625</u>	<u>\$ 8,438</u>

The accompanying notes are an integral part of these financial statements.

TOWN OF DOVER, MASSACHUSETTS

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS**

FOR THE YEAR ENDED JUNE 30, 2022

	Other Post- Employment Benefit Trust Fund	Custodial Funds
Additions		
Employer contributions	\$ 809,117	\$ --
Investment income (loss), net	(963,918)	--
Taxes collected for other governments	--	350
Total Additions	<u>(154,801)</u>	<u>350</u>
Deductions		
Benefit payments to plan members and beneficiaries	499,642	--
Payments of taxes to other governments	--	3,750
Total Deductions	<u>499,642</u>	<u>3,750</u>
Change in Net Position	<u>(654,443)</u>	<u>(3,400)</u>
Restricted Net Position		
Beginning of Year	<u>7,268,068</u>	<u>11,838</u>
End of Year	<u>\$ 6,613,625</u>	<u>\$ 8,438</u>

The accompanying notes are an integral part of these financial statements.

TOWN OF DOVER, MASSACHUSETTS

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Town of Dover, Massachusetts (the Town) conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental and financial reporting principles. The following is a summary of the significant policies of the Town:

REPORTING ENTITY

The Town is a municipal corporation governed by an elected Board of Selectmen. As required by GAAP, these financial statements present the Town and applicable component units for which the Town is considered to be financially accountable. In fiscal year 2022, no entities met the component unit requirements of GASB 14 (as amended).

GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Government-Wide Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

TOWN OF DOVER, MASSACHUSETTS

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

Government-Wide Financial Statements

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Amounts reported as program revenues include (1) charges to customers or applicants for goods, services, or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes and excises.

Fund Financial Statements

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Town considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, certain expenditures, such as debt service, claims and judgments, compensated absences, OPEB, and pension are recorded only when payment is due.

The Town reports the following major governmental funds:

- The *General Fund* is the Town's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.
- The Fund 31 Capital Project Fund is one of the Town's capital project funds. It accounts for various capital projects, but primarily accounts for the Caryl Community Center project.

TOWN OF DOVER, MASSACHUSETTS

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION (CONTINUED)

Fund Financial Statements (Continued)

The fiduciary fund financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Under this method, revenues are recognized when earned and expenses are recorded when liabilities are incurred.

The Town reports the following fiduciary funds:

- The *Other Post-Employment Benefit Trust Fund* is used to accumulate resources for health and life insurance benefits for retired employees.
- The *Custodial Funds* account for fiduciary assets held by the Town in a custodial capacity as an agent on behalf of others and are not required to be reported elsewhere on the financial statements. Custodial funds include fees collected on behalf of the Commonwealth of Massachusetts and the students of the Chickering Elementary School.

CASH AND INVESTMENTS

Cash balances from all funds, except those required to be segregated by law, are combined to form a consolidation of cash. Cash balances are invested to the extent available, and interest earnings are recognized in the General Fund. Certain special revenue and fiduciary funds segregate cash, and investment earnings become a part of those funds.

Deposits with financial institutions consist primarily of demand deposits, certificates of deposits, and savings accounts. Generally, a cash and investment pool is maintained that is available for use by all funds. Each fund's portion of this pool is reflected on the financial statements under the caption "cash and short-term investments".

Where applicable, fair values are based on quotations from national securities exchanges, except for certain investments that are required to be presented using net asset value (NAV). The NAV per share is the amount of net assets attributable to each share outstanding at the close of the period. Investments measured using NAV for fair value are not subject to level classification.

Investments are carried at fair value, except certificates of deposit, which are reported at cost.

TOWN OF DOVER, MASSACHUSETTS

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

PROPERTY TAX LIMITATIONS

Legislation known as “Proposition 2½” limits the amount of revenue that can be derived from property taxes. The prior fiscal year’s tax levy limit is used as a base and cannot increase by more than 2.5% (excluding new growth) unless an override is voted. Certain provisions of Proposition 2 ½ can be overridden by a referendum.

LEASES

The Town recognizes a lease receivable and a deferred inflow of resources in the government-wide and governmental fund financial statements. At the commencement of a lease, the Town initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term on a straight-line basis over its useful life. The following key assumptions are made:

- The Town uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease, including renewal terms reasonably certain to be exercised. Lease receipts included in the measurement of the lease receivable are comprised of fixed payments from the lessee.

CAPITAL ASSETS

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the government-wide financial statements. Capital assets are defined by the Town as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of five years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets’ lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

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

TOWN OF DOVER, MASSACHUSETTS

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

CAPITAL ASSETS (CONTINUED)

Assets	Years
Buildings and improvements	20 - 40
Machinery, equipment, and furnishings	5
Infrastructure	20 - 50

COMPENSATED ABSENCES

It is the Town's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. All vested sick and vacation pay is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

LONG-TERM OBLIGATIONS

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities Statement of Net Position.

FUND EQUITY

Fund equity at the governmental fund financial reporting level is classified as "fund balance". Fund equity for all other reporting is classified as "net position".

Fund Balance

Generally, fund balance represents the difference between current assets/deferred outflows and current liabilities/deferred inflows. The Town has implemented GASB Statement No. 54 (GASB 54), *Fund Balance Reporting and Governmental Fund Type Definitions*, which enhances the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying existing governmental fund type definitions, as follows:

- *Nonspendable* represents amounts that cannot be spent because they are either (1) not in spendable form or (2) legally or contractually required to be maintained intact. This fund balance classification includes nonmajor governmental fund reserves for the principal portion of permanent trust funds and certain fund deficits.

TOWN OF DOVER, MASSACHUSETTS

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

FUND EQUITY (CONTINUED)

Fund Balance (Continued)

- *Restricted* represents amounts that are restricted to specific purposes by constraints externally imposed by creditors, grantors, contributors, or laws and regulations of other governments, or constraints imposed by law through constitutional provisions or enabling legislation. This fund balance classification includes the unspent balance of capital projects funded by bond issuances, various special revenue funds, and the income portion of permanent trust funds.
- *Committed* represents amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Town's highest decision-making authority. This fund balance classification includes non-lapsing, capital article appropriations approved at Town Meeting, special purpose stabilization funds, and various special revenue, capital project, and permanent expendable trust funds.
- *Assigned* represents amounts that are constrained by the Town's intent to use these resources for a specific purpose. This fund balance classification includes General Fund encumbrances that have been established by various Town departments for the expenditure of current year budgetary financial resources under vendor performance in the subsequent budgetary period, and surplus fund balance that has been appropriated as a funding source for the subsequent fiscal period.
- *Unassigned* represents amounts that are available to be spent in future periods and deficit funds. The General Fund is the only fund that reports a positive unassigned fund balance.

When an expenditure is incurred that would qualify for payment from multiple fund balance types, the Town uses the following order to liquidate liabilities: restricted, committed, assigned, and unassigned.

Net Position

Net position represents the difference between assets/deferred outflows and liabilities/deferred inflows. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on use either through enabling legislation adopted by the Town or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The remaining net position is reported as unrestricted.

TOWN OF DOVER, MASSACHUSETTS

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

USE OF ESTIMATES

The preparation of basic financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures for contingent assets and liabilities at the date of the basic financial statements, and the reported amounts of revenues and expenditures/expenses during the fiscal year. Actual results could vary from estimates that were used.

NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

BUDGETARY INFORMATION

At the annual Town Meeting, the Warrant Committee presents an operating and capital budget for the proposed expenditures of the fiscal year commencing the following July 1. The budget, as enacted by Town Meeting, establishes the legal level of control and specifies that certain appropriations are to be funded by particular revenues. The original budget is amended during the fiscal year at special town meetings as required by changing conditions. In cases of extraordinary or unforeseen expenses, the Warrant Committee is empowered to transfer funds from the Reserve Fund (a contingency appropriation) to a departmental appropriation. "Extraordinary" includes expenses which are not in the usual line, or are great or exceptional. "Unforeseen" includes expenses which are not foreseen as of the time of the annual meeting when appropriations are voted.

Departments are limited to the line items as voted. Certain items may exceed the line item budget as approved if it is for an emergency and for the safety of the general public. Formal budgetary integration is employed as a management control device during the year for the General Fund. At year-end, appropriation balances lapse, except for certain unexpended capital items and encumbrances, which will be honored during the subsequent year.

DEFICIT FUND EQUITY

Certain individual funds reflected deficit balances as of June 30, 2022. It is anticipated that the deficits in these funds will be eliminated through future departmental revenue, grant reimbursements, and transfers from other funds.

TOWN OF DOVER, MASSACHUSETTS

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

NOTE 3 - DEPOSITS AND INVESTMENTS

DEPOSITS

Massachusetts General Laws (MGL), Chapter 44, Section 55 place certain limitation on the nature of deposits and investments available to the Town. Deposits, including demand deposits, money markets, and certificates of deposits in any one financial institution, may not exceed 60% of the capital and surplus of such institution, unless collateralized by the institution involved. Investments may be made in unconditionally guaranteed U.S. government obligations having maturities of a year or less from the date of purchase, or through repurchase agreements with maturities of no greater than 90 days in which the underlying securities consist of such obligations. Other allowable investments include certificates of deposits having a maturity date of up to 3 years from the date of purchase, national banks, and Massachusetts Municipal Depository Trust (MMDT). MGL Chapter 44, Section 54 provides additional investment options for certain special revenue, trust, and OPEB funds.

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the Town's deposits may not be returned. The Town does not have formal deposit policies related to the custodial credit risk of deposits.

As of June 30, 2022, \$9,088,910 of the Town's bank balance of \$17,110,079 was exposed to custodial credit risk as uninsured and uncollateralized.

INVESTMENTS

The following is a summary of the Town's investments (in thousands) as of June 30, 2022:

Investment Type	Amount
Asset backed securities	\$ 227
Certificates of deposit	325
Corporate bonds	2,635
Corporate equities	4,110
Equity mutual funds	1,405
Federal agency securities	617
Market-linked certificates of deposit	6,603
Pooled investments	23
U.S. Treasury notes	<u>18,910</u>
	\$ <u>34,855</u>

TOWN OF DOVER, MASSACHUSETTS

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

NOTE 3 - DEPOSITS AND INVESTMENTS (CONTINUED)

INVESTMENTS (CONTINUED)

Custodial Credit Risk

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, the Town will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The Town does not have formal investment policies related to custodial credit risk.

As of June 30, 2022, the Town did not have investments subject to custodial credit exposure, as all assets were held in the Town's name.

Credit Risk - Investments in Debt Securities

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligations. The Town does not have formal investment policies related to credit risk.

As of June 30, 2022, the credit quality ratings, as rated by Moody's Investors Service, Inc., of the Town's debt securities were as follows (U.S. Treasury notes have an implied rating of AAA) (in thousands):

Investment Type	Amount	Rating as of Year End							
		AAA	AA2	AA3	A1	A2	A3	BAA2	BAA1
Corporate bonds	\$ 2,635	\$ 114	\$ 41	\$ 45	\$ 596	\$ 608	\$ 346	\$ 391	\$ 494
Federal agency securities	617	617	--	--	--	--	--	--	--
U.S. Treasury notes	18,910	18,910	--	--	--	--	--	--	--
	<u>\$ 22,162</u>	<u>\$ 19,641</u>	<u>\$ 41</u>	<u>\$ 45</u>	<u>\$ 596</u>	<u>\$ 608</u>	<u>\$ 346</u>	<u>\$ 391</u>	<u>\$ 494</u>

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributable to the magnitude of the Town's investment in a single issuer. The Town places no limit on the amount invested in any one issuer. The Town does not have formal investment policies related to concentration of credit risk exposure.

As of June 30, 2022, the Town did not have an investment in any one issuer that exceeded 5% of total investments.

TOWN OF DOVER, MASSACHUSETTS

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

NOTE 3 - DEPOSITS AND INVESTMENTS (CONTINUED)

INVESTMENTS (CONTINUED)

Interest Rate Risk - Investments in Debt Securities

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The Town does not have formal investment policies limiting investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Information about the sensitivity of the fair values of the Town's investments to market interest rate fluctuations was as follows at June 30, 2022 (in thousands):

Investment Type	Amount	Investment Maturities (in Years)				
		Less Than 1	1-5	6-10	Thereafter	
Asset backed securities	\$ 227	\$ --	\$ 58	\$ 7	\$ 162	
Certificates of deposit	325	325	--	--	--	
Corporate bonds	2,635	29	1,963	643	--	
Federal agency securities	617	35	580	--	2	
Market-linked certificates of deposit	6,603	3,229	3,374	--	--	
U.S. Treasury notes	<u>18,910</u>	<u>17,268</u>	<u>1,642</u>	<u>--</u>	<u>--</u>	
	<u><u>\$ 29,317</u></u>	<u><u>\$ 20,886</u></u>	<u><u>\$ 7,617</u></u>	<u><u>\$ 650</u></u>	<u><u>\$ 164</u></u>	

Foreign Currency Risk

Foreign currency risk is the risk that changes in foreign exchange rates will adversely affect the fair value of an investment. The Town does not have formal investment policies related to foreign currency risk.

At June 30, 2022, none of the Town's investments were exposed to foreign currency risk.

Fair Value

The Town categorizes its fair value measurements within the fair value hierarchy established by Governmental Accounting Standards Board Statement No. 72, *Fair Value Measurement and Application* (GASB 72).

TOWN OF DOVER, MASSACHUSETTS

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

NOTE 3 - DEPOSITS AND INVESTMENTS (CONTINUED)

INVESTMENTS (CONTINUED)

Fair Value (Continued)

The hierarchy is based on the valuation inputs used to measure the fair value of an asset or liability and give the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

The hierarchy categorizes the inputs to valuation techniques used for fair value measurement into three levels as follows:

- Level 1 - inputs that reflect quoted prices (unadjusted) in active markets for identical assets or liabilities that are accessible at the measurement date.
- Level 2 - inputs other than quoted prices that are observable for an asset or liability either directly or indirectly, including inputs in markets that are not considered to be active. Because they must often be priced on the basis of transactions involving similar but not identical securities or do not trade with sufficient frequency, certain directly held securities are categorized as Level 2.
- Level 3 - unobservable inputs based on the best information available, using assumptions in determining the fair value of investments and derivative instruments.

In instances where inputs used to measure fair value fall into different levels in the fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation.

The Town had the following fair value measurements as of June 30, 2022 (in thousands):

Investment Type	Amount	Fair Value Measurements Using:		
		Quoted prices in active markets for identical assets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Investments by fair value level:				
Asset backed securities	\$ 227	\$ --	\$ 227	\$ --
Certificates of deposit	325	--	325	--
Corporate bonds	2,635	--	2,635	--
Corporate equities	4,110	4,110	--	--
Equity mutual funds	1,405	--	1,405	--
Federal agency securities	617	--	617	--
Market-linked certificates of deposit	6,603	--	6,603	--
Pooled investments	23	--	23	--
U.S. Treasury notes	18,910	18,910	--	--
	\$ 34,855	\$ 23,020	\$ 11,835	\$ --

TOWN OF DOVER, MASSACHUSETTS

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

NOTE 3 - DEPOSITS AND INVESTMENTS (CONTINUED)

INVESTMENTS (CONTINUED)

Fair Value (Continued)

Equity securities classified in Level 1 are valued using prices quoted in active markets for those securities.

Debt securities classified in Level 2 are valued using either a bid evaluation or a matrix pricing technique. Bid evaluations may include market quotations, yields, maturities, call features, and ratings. Matrix pricing is used to value securities based on the security's relationship to benchmark quote prices. Level 2 debt securities have non-proprietary information that is readily available to market participants, from multiple independent sources, which are known to be actively involved in the market.

NOTE 4 - PROPERTY TAXES AND EXCISES RECEIVABLE

Real and personal property taxes are based on market values assessed as of each January 1. By law, all taxable property must be assessed at 100% of fair cash value. Also by law, property taxes must be levied at least 30 days prior to their due date. Once levied, these taxes are recorded as receivables, net of estimated uncollectible balances. Property tax revenues have been recorded using the accrual and modified accrual basis of accounting on the government-wide and fund basis statements, respectively.

The Town bills and collects its property taxes on a quarterly basis following the January 1 assessment. The due dates for those quarterly tax billings are August 1, November 1, February 1, and May 1. Property taxes that remain unpaid after the respective due dates are subject to penalties and interest charges.

Based on the Town's experience, most property taxes are collected during the year in which they are assessed. Liening of properties on which taxes remain unpaid generally occurs annually. The Town ultimately has the right to foreclose on all properties where the taxes remain unpaid.

A statewide property tax limitation known as "Proposition 2 ½" limits the amount of increase in the property tax levy in any fiscal year. Generally, Proposition 2 ½ limits the total levy to an amount not greater than 2 ½% of the total assessed value of all taxable property within the Town. Secondly, the tax levy cannot increase by more than 2 ½ % of the prior year's levy limit plus the taxes on property newly added to the tax rolls. The actual fiscal year 2022 tax levy reflected an excess capacity of \$3,299,149.

TOWN OF DOVER, MASSACHUSETTS

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

NOTE 4 - PROPERTY TAXES AND EXCISES RECEIVABLE (CONTINUED)

Motor vehicle excise taxes are assessed annually for every motor vehicle and trailer registered in the Commonwealth of Massachusetts. The Registry of Motor Vehicles annually calculates the value of all registered motor vehicles for the purpose of excise assessment. The amount of motor vehicle excise tax due is calculated using a fixed rate of \$25 per \$1,000 of value.

Boat excise taxes are assessed annually for all water vessels, including documented boats and ships, used or capable of being used for transportation on water. A boat excise is assessed by the community where the vessel is moored. July 1 is the assessing date for all vessels, and the boat excise due is calculated using a fixed rate of \$10 per \$1,000 of value.

Property taxes and excise receivables at June 30, 2022 consisted of the following:

	Current Portion	Long- Term Portion
Real estate taxes	\$ 931,345	\$ --
Personal property taxes	26,385	--
Tax liens	11,381	128,024
Deferred taxes	<u>3,149</u>	<u>150,942</u>
Total Property Taxes	<u>\$ 972,260</u>	<u>\$ 278,966</u>
Motor vehicle excise	\$ 389,940	\$ --
Boat excise	<u>1,021</u>	<u>--</u>
Total Excises	<u>\$ 390,961</u>	<u>\$ --</u>

NOTE 5 - USER FEES RECEIVABLE

Receivables for user charges at June 30, 2022 consisted of the following:

Type	Amount
Ambulance	\$ 36,745
Police Details	29,007
Other	<u>402</u>
	<u>\$ 66,154</u>

TOWN OF DOVER, MASSACHUSETTS

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

NOTE 6 – LEASES RECEIVABLE

Town adopted GASB Statement No. 87, *Leases* in fiscal year 2022. This statement requires the recording of a lease receivable and a deferred inflow of resources by the lessor (the Town) even in the case of a lease which does not transfer ownership of the leased asset.

As of June 30, 2022, the Town's receivable, and deferred inflow of resources for lease payments was \$1,665,194. The Town recognized lease revenue of \$327,182 in fiscal year 2022. These leases are summarized as follows:

	Leases Receivable	Leases Revenue
Land - AT&T	\$ 919,640	\$ 83,770
Land - T-Mobile	231,367	81,293
Land - T-Mobile	225,080	79,083
Land - Verizon Wireless	217,577	76,447
Building rental - United States Postal Service	71,530	6,589
	<hr/> <u>\$ 1,665,194</u>	<hr/> <u>\$ 327,182</u>

AT&T Lease – On March 17, 2022, the Town entered into a ten-year lease agreement with AT&T for the lease of Town owned land at the Town's highway department facility. Based on the agreement, the Town is receiving annual payments through 2042. This lease agreement includes an extension clause for 2 five-year renewal term, that is expected to be exercised.

T-Mobile Lease – On March 5, 2005, the Town entered into a ten-year lease agreement with T-Mobile for the lease of Town owned land at the Town's highway department facility. The parties have exercised 2 five-year extension clauses in the agreement. Based on the agreement, the Town is receiving annual payments through 2025.

T-Mobile Lease – On March 5, 2005, the Town entered into a ten-year lease agreement with T-Mobile for the lease of Town owned land at the Town's highway department facility. The parties have exercised 2 five-year extension clauses in the agreement. Based on the agreement, the Town is receiving annual payments through 2025.

Verizon Wireless Lease – On March 5, 2005, the Town entered into a ten-year lease agreement with Verizon Wireless for the lease of Town owned land at the Town's highway department facility. The parties have exercised 2 five-year extension clauses in the agreement. Based on the agreement, the Town is receiving annual payments through 2025.

United States Postal Service Lease – On April 30, 1975, the Town entered into a sixty-year lease agreement with United States Postal Service for the lease of a Town owned building on Walpol Street. Based on the agreement, the Town is receiving annual payments through 2035.

TOWN OF DOVER, MASSACHUSETTS

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

NOTE 7 - CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2022 was as follows (in thousands):

	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets, Being Depreciated:				
Buildings and improvements	\$ 29,585	\$ --	\$ --	\$ 29,585
Machinery, equipment, and furnishings	7,125	152	(179)	7,098
Infrastructure	17,966	--	--	17,966
Total Capital Assets, Being Depreciated	54,676	152	(179)	54,649
Less Accumulated Depreciation For:				
Buildings and improvements	(17,589)	(711)	--	(18,300)
Machinery, equipment, and furnishings	(4,985)	(359)	149	(5,195)
Infrastructure	(8,456)	(482)	--	(8,938)
Total Accumulated Depreciation	(31,030)	(1,552)	149	(32,433)
Capital Assets, Being Depreciated, Net	23,646	(1,400)	(30)	22,216
Capital Assets, Not Being Depreciated:				
Land	15,852	--	--	15,852
Construction in progress	442	1,342	--	1,784
Total Capital Assets, Not Being Depreciated	16,294	1,342	--	17,636
Governmental Activities Capital Assets, Net	<u>39,940</u>	<u>\$ (58)</u>	<u>\$ (30)</u>	<u>\$ 39,852</u>

Depreciation expense was charged to functions of the Town as follows (in thousands):

General government	\$ 426
Public safety	208
Education	471
Public works	372
Culture and recreation	75
	<u>1,552</u>
	<u>\$ 1,552</u>

NOTE 8 - DEFERRED OUTFLOWS OF RESOURCES

Deferred outflows of resources represent the consumption of net assets by the Town that apply to future reporting periods. Deferred outflows of resources have a positive effect on net position, similar to assets. Deferred outflows of resources related to pension and OPEB, in accordance with GASB Statements No. 68 and 75, are more fully discussed in the corresponding pension and OPEB notes.

TOWN OF DOVER, MASSACHUSETTS

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

NOTE 9 - TAX REFUNDS PAYABLE

This balance consists of estimated refunds due to property taxpayers for future abatements. These cases are currently in litigation or are pending with the State of Massachusetts Appellate Tax Board.

NOTE 10 – UNEARNED REVENUE

Unearned revenue represents grant funds received by the Town from the American Rescue Plan Act (ARPA). These funds will be used for COVID-19 related expenditures or negative economic impacts of COVID-19 over the next several years.

NOTE 11 - LONG-TERM DEBT

GENERAL OBLIGATION BONDS

The Town issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities.

General obligation bonds outstanding were as follows at June 30, 2022:

Description	Original Issue	Serial Maturities Through	Interest Rate(s) %	Amount Outstanding as of 6/30/22
Multipurpose refunding bonds	\$ 7,915,000	4/15/2023	1.55%	\$ 655,000
Land Acquisition	3,031,000	7/15/2037	3.00%	2,410,000
Caryl community center - Design and construction	16,276,000	1/15/1942	2-5%	16,276,000
Caryl community center - Parks and recreation	779,000	1/15/1942	2-5%	<u>779,000</u>
				<u>\$ 20,120,000</u>

TOWN OF DOVER, MASSACHUSETTS

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

NOTE 11 - LONG-TERM DEBT (CONTINUED)

FUTURE DEBT SERVICE

The annual payments to retire all general obligation bonds outstanding as of June 30, 2022 were as follows:

Year	Principal	Interest	Total
2023	\$ 1,670,000	\$ 671,752	\$ 2,341,752
2024	1,010,000	623,000	1,633,000
2025	1,005,000	574,563	1,579,563
2026	1,005,000	524,313	1,529,313
2027	1,005,000	474,063	1,479,063
2028	1,005,000	423,813	1,428,813
2029	1,005,000	392,725	1,397,725
2030	1,005,000	346,413	1,351,413
2031	1,005,000	299,725	1,304,725
2032	1,005,000	252,663	1,257,663
2033 - 2037	5,025,000	793,963	5,818,963
2038 - 2042	4,375,000	265,256	4,640,256
	<u>\$ 20,120,000</u>	<u>\$ 5,642,249</u>	<u>\$ 25,762,249</u>

CHANGES IN LONG-TERM LIABILITIES

During the year ended June 30, 2022, the following changes occurred in long-term liabilities (in thousands):

Governmental Activities	Beginning Balance	Additions	Reductions	Ending Balance	Less Current Portion	Equals Long-term Balance
Bonds Payable	\$ 3,885	\$ 17,055	\$ (820)	\$ 20,120	\$ (1,670)	\$ 18,450
Unamortized premium	--	1,566	--	1,566	(78)	1,488
	3,885	18,621	(820)	21,686	(1,748)	19,938
Compensated absences liability	58	--	--	58	--	58
Net pension liability	9,706	--	(3,353)	6,353	--	6,353
Net OPEB liability	3,722	4,117	--	7,839	--	7,839
	<u>\$ 17,371</u>	<u>\$ 22,738</u>	<u>\$ (4,173)</u>	<u>\$ 35,936</u>	<u>\$ (1,748)</u>	<u>\$ 34,188</u>

TOWN OF DOVER, MASSACHUSETTS

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

NOTE 11 - LONG-TERM DEBT (CONTINUED)

LONG-TERM DEBT SUPPORTING GOVERNMENTAL ACTIVITIES

Bonds issued by the Town for various municipal projects are approved by Town Meeting and repaid with revenues recorded in the General Fund. All other long-term debt is repaid from the funds that the cost relates to, primarily the General Fund.

NOTE 12 - DEFERRED INFLOWS OF RESOURCES

Deferred inflows of resources represent the acquisition of net assets by the Town that apply to future reporting periods. Deferred inflows of resources have a negative effect on net position, similar to liabilities. Deferred inflows of resources related to pension and OPEB, in accordance with GASB Statements No. 68 and 75, will be recognized as expense in future years and are more fully described in the corresponding pension and OPEB notes. Unavailable revenues are reported in the governmental funds Balance Sheet in connection with receivables for which revenues are not considered available to liquidate liabilities of the current year. Deferred inflows of resources related to leases, are presented in accordance with GASB Statement No. 87, which offsets the lease receivable.

TOWN OF DOVER, MASSACHUSETTS

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

NOTE 13 - GOVERNMENTAL FUNDS – FUND BALANCES

The Town's fund balances at June 30, 2022 were comprised of the following:

	General Fund	Fund 31 Capital Project Fund	Nonmajor Governmental Fund	Total Governmental Fund
Nonspendable				
Permanent funds	\$ --	\$ --	\$ 1,005,062	\$ 1,005,062
Fund deficits	206,014	--	--	206,014
Total Nonspendable	<u>206,014</u>	<u>--</u>	<u>1,005,062</u>	<u>1,211,076</u>
Restricted				
Special revenue funds:				
Receipts reserved for appropriation	--	--	403,898	403,898
Revolving funds	--	--	841,768	841,768
Gifts and donations	--	--	277,847	277,847
Federal grants	--	--	313,079	313,079
State grants	--	--	416,962	416,962
Other	--	--	361,177	361,177
Caryl Community Center	--	17,279,241	--	17,279,241
Permanent funds	--	--	1,411,833	1,411,833
Total Restricted	<u>--</u>	<u>17,279,241</u>	<u>4,026,564</u>	<u>21,305,805</u>
Committed				
Long range water resource assessment	100,000	--	--	100,000
Information technology	116,167	--	--	116,167
Other	40,699	--	--	40,699
Next years expenditures:				
Capital budget	1,034,702	--	--	1,034,702
Regional School OPEB stabilization fund contribution	700,000	--	--	700,000
Regional School OPEB stabilization fund	1,768,815	--	--	1,768,815
Capital stabilization fund	600,000	--	--	600,000
Special revenue funds	--	--	66,982	66,982
Expendable trust funds	--	--	71,509	71,509
Capital project funds	--	1,199,232	251,394	1,450,626
Total Committed	<u>4,360,383</u>	<u>1,199,232</u>	<u>389,885</u>	<u>5,949,500</u>
Assigned				
Audit fees	20,500	--	--	20,500
Conservation services	26,945	--	--	26,945
Equipment maintenance	38,756	--	--	38,756
Engineering services	20,092	--	--	20,092
Other	97,512	--	--	97,512
Next years expenditures:				
Reduce tax rate	1,600,000	--	--	1,600,000
Operating budget	915,000	--	--	915,000
Overlay	100,000	--	--	100,000
Total Assigned	<u>2,818,805</u>	<u>--</u>	<u>--</u>	<u>2,818,805</u>
Unassigned				
General Fund	11,354,468	--	--	11,354,468
General stabilization fund	939,759	--	--	939,759
Deficit funds	--	--	(599,849)	(599,849)
Total Unassigned	<u>12,294,227</u>	<u>--</u>	<u>(599,849)</u>	<u>11,694,378</u>
Total Fund Balances	<u>\$ 19,679,429</u>	<u>\$ 18,478,473</u>	<u>\$ 4,821,662</u>	<u>\$ 42,979,564</u>

* Massachusetts General Law Ch. 40 §5B allows for the establishment of stabilization funds for one or more different purposes.

The creation of a fund requires two-thirds vote of the legislative body and must clearly define the purpose of the fund. Any change to the purpose of the fund, along with any additions to or appropriations from the fund, requires a two-thirds vote of the legislative body.

TOWN OF DOVER, MASSACHUSETTS

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

NOTE 14 - INTERFUND ACCOUNTS

TRANSFERS

The Town reports interfund transfers between various funds. Most transfers results from budgetary or statutory actions, whereby funds are moved to accomplish various expenditure purposes. Transfers for the year ended June 30, 2022 were as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
Governmental Funds:		
General Fund	\$ --	\$ 1,076,591
Fund 31 Capital Project Fund	738,000	--
Nonmajor Funds:		
Special revenue funds	10,000	--
Capital project funds	293,591	--
Trust funds	<u>35,000</u>	<u>--</u>
Subtotal nonmajor funds	<u>338,591</u>	<u>--</u>
	<u><u>\$ 1,076,591</u></u>	<u><u>\$ 1,076,591</u></u>

NOTE 15 - NORFOLK COUNTY RETIREMENT SYSTEM

The Town follows the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27*, with respect to employees' retirement funds.

PLAN DESCRIPTION

Substantially all employees of the Town (except teachers and administrators under contract employed by the School Department) are members of the Norfolk County Retirement System (the System), a cost-sharing, multiple-employer public employee retirement system (PERS). Eligible employees must participate in the System. The pension plan provides pension benefits, deferred allowances, and death and disability benefits. Chapter 32 of Massachusetts General Laws establishes the authority of the System, contribution percentages, and benefits paid. The System Retirement Board does not have the authority to amend benefit provisions.

Additional information is disclosed in the System's annual financial report, which is publicly available from the System's administrative offices at 480 Neponset Street, Building #15, Canton, Massachusetts 02021.

TOWN OF DOVER, MASSACHUSETTS

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

NOTE 15 - NORFOLK COUNTY RETIREMENT SYSTEM (CONTINUED)

PLAN DESCRIPTION (CONTINUED)

Participant Contributions

Participants contribute a set percentage of their gross regular compensation annually. Employee contribution percentages are specified in Chapter 32 of Massachusetts General Laws. The employee's individual contribution percentage is determined by their date of entry into the System. In addition, all employees hired on or after January 1, 1979 contribute an additional 2% on all gross regular compensation over the rate of \$30,000 per year. The percentages are as follows:

Before January 1, 1975	0.1
January 1, 1975 - December 31, 1983	0.1
January 1, 1984 - June 30, 1996	0.1
Beginning July 1, 1996	0.1

For those members entering the System on or after April 2, 2012 in Group 1, the contribution rate will be reduced to 6% when at least 30 years of creditable service has been attained.

Participant Retirement Benefits

A retirement allowance consists of two parts: an annuity and a pension. A member's accumulated total deductions and a portion of the interest they generate constitute the annuity. The difference between the total retirement allowance and the annuity is the pension. The average retirement benefit is approximately 80-85% pension and 15-20% annuity.

The System provides for retirement allowance benefits up to a maximum of 80% of a member's highest 3-year average annual rate of regular compensation for those hired prior to April 2, 2012 and the highest 5-year average annual rate of regular compensation for those first becoming members of the System on or after that date. However, per Chapter 176 of the Acts of 2011, for members who retire on or after April 2, 2012, if in the 5 years of creditable service immediately preceding retirement, the difference in the annual rate of regular compensation between any 2 consecutive years exceeds 100%, the normal yearly amount of the retirement allowance shall be based on the average annual rate of regular compensation received by the member during the period of 5 consecutive years preceding retirement. Benefit payments are based upon a member's age, length of creditable service, level of compensation, and group classification.

TOWN OF DOVER, MASSACHUSETTS

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

NOTE 15 - NORFOLK COUNTY RETIREMENT SYSTEM (CONTINUED)

PLAN DESCRIPTION (CONTINUED)

Participant Retirement Benefits (Continued)

There are four classes of membership in the retirement system, but one of these classes, Group 3, is made up exclusively of the Massachusetts State Police. The other three classes are as follows:

- Group 1 - General employees, including clerical, administrative, technical, and all other employees not otherwise classified.
- Group 2 - Certain specified hazardous duty positions.
- Group 4 - Police officers, firefighters, and other specified hazardous positions.

A retirement allowance may be received at any age, upon attaining 20 years of service. The plan also provides for retirement at age 55 if the participant was a member prior to January 1, 1978, with no minimum vesting requirements. If the participant was a member on or after January 1, 1978 and a member of Groups 1 or 2, then a retirement allowance may be received if the participant (1) has at least 10 years of creditable service, (2) is age 55, (3) voluntarily left Town employment on or after that date, and (4) left accumulated annuity deductions in the fund. Members of Group 4 have no minimum vesting requirements, however, must be at least age 55. Groups 2 and 4 require that participants perform the duties of the Group position for at least 12 months immediately prior to retirement.

A participant who became a member on or after April 2, 2012 is eligible for a retirement allowance upon 10 years creditable service and reaching ages 60 or 55 for Groups 1 and 2, respectively. Participants in Group 4 must be at least age 55. Groups 2 and 4 require that participants perform the duties of the group position for at least 12 months immediately prior to retirement.

Methods of Payment

A member may elect to receive his or her retirement allowance in one of three forms of payment as follows:

- Option A - Total annual allowance, payable in monthly installments, commencing at retirement and terminating at the member's death.

TOWN OF DOVER, MASSACHUSETTS

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

NOTE 15 - NORFOLK COUNTY RETIREMENT SYSTEM (CONTINUED)

PLAN DESCRIPTION (CONTINUED)

Methods of Payment (Continued)

- Option B - A reduced annual allowance, payable in monthly installments, commencing at retirement and terminating at the death of the member—provided, however, that if the total amount of the annuity portion received by the member is less than the amount of his or her accumulated deductions, including interest, the difference or balance of his or her accumulated deductions will be paid in a lump sum to the retiree's beneficiary or beneficiaries of choice.
- Option C - A reduced annual allowance, payable in monthly installments, commencing at retirement. At the death of the retired employee, 2/3 of the allowance is payable to the member's designated beneficiary (who may be the spouse, or former spouse who has not remarried, child, parent, sister, or brother of the employee) for the life of the beneficiary. For members who retired on or after January 12, 1988, if the beneficiary pre-deceases the retiree, the benefit payable increases (or "pops up" to Option A) based on the factor used to determine the Option C benefit at retirement. For members who retired prior to January 12, 1988, if the System has accepted Section 288 of Chapter 194 of the Acts of 1998 and the beneficiary pre-deceases the retiree, the benefit payable "pops up" to Option A in the same fashion. The Option C became available to accidental disability retirees on November 7, 1996.

Participant Refunds

Employees who resign from service and who are not eligible to receive a retirement allowance are entitled to request a refund of their accumulated total deductions. Members voluntarily withdrawing with at least 10 years of service or involuntarily withdrawing, receive 100% of the regular interest that has accrued on those accumulated total deductions. Members voluntarily withdrawing with less than 10 years of service get credited interest each year at a rate of 3%.

Employer Contributions

Employers are required to contribute at actuarially determined rates as accepted by the Public Employee Retirement Administration Commission (PERAC).

The Town's contribution to the System for the year ended June 30, 2022 was \$1,476,817, which was equal to its annual required contribution.

TOWN OF DOVER, MASSACHUSETTS

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

NOTE 15 - NORFOLK COUNTY RETIREMENT SYSTEM (CONTINUED)

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

PENSION LIABILITIES, PENSION EXPENSE, AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSION

At June 30, 2022, the Town reported a liability of \$6,352,577 for its proportionate share of the net pension liability. The net pension liability was measured as of December 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2022. The Town's proportion of the net pension liability was based on an actuarially determined projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers. At December 31, 2022, the Town's proportion was 1.7237%, which was a decrease of 0.1767% from its proportion measured as of December 31, 2021.

For the year ended June 30, 2022, the Town recognized pension expense of \$273,326. In addition, the Town reported deferred outflows and deferred inflows of resources related to pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 642,556	\$ --
Net difference between projected and actual investment earnings	--	2,350,468
Changes in proportion and differences between employer contributions and proportionate share of contributions	<u>13,622</u>	<u>689,922</u>
	<u><u>\$ 656,178</u></u>	<u><u>\$ 3,040,390</u></u>

TOWN OF DOVER, MASSACHUSETTS

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

NOTE 15 - NORFOLK COUNTY RETIREMENT SYSTEM (CONTINUED)

PENSION LIABILITIES, PENSION EXPENSE, AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSION (CONTINUED)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized as increases (decreases) in pension expense as follows:

Year Ended	
June 30	Amount
2023	\$ (340,881)
2024	(924,516)
2025	(667,236)
2026	<u>(451,579)</u>
	<u><u>\$ (2,384,212)</u></u>

ACTUARIAL ASSUMPTIONS

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

Valuation date	January 1, 2022
Actuarial cost method	Entry Age
Actuarial assumptions:	
Investment rate of return	7.75%
Projected salary increases	3.50% - 5.50%
Inflation rate	3.00%
Post-retirement cost-of-living adjustment	3.00% of first \$18,000 of retirement ⁱⁱ

Mortality rates were based on the RP-2014 Blue Collar Mortality Table adjusted with Scale with MP-2014.

TARGET ALLOCATIONS

The long-term expected rate of return on pension plan investments was selected from a best estimate range determined using the building block approach. Under this method, an expected future real return range (expected returns, net of pension plan investment expense and inflation) is calculated separately for each asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

TOWN OF DOVER, MASSACHUSETTS

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

NOTE 15 - NORFOLK COUNTY RETIREMENT SYSTEM (CONTINUED)

TARGET ALLOCATIONS (CONTINUED)

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Domestic equity	30.50%	7.00%
International equities	15.50%	7.70%
Fixed income	20.50%	4.30%
Real estate	9.50%	6.90%
Private equity	10.00%	9.40%
Hedge funds	11.50%	8.60%
Real assets	<u>2.50%</u>	8.90%
	<u>100.00%</u>	

DISCOUNT RATE

The discount rate used to measure the total pension liability was 7.75%. The projection of cash flows used to determine the discount rate assumed that the plan member contributions will be made at the current contribution rate and that employer contributions will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments to current active and inactive 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.

SENSITIVITY OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY TO CHANGES IN THE DISCOUNT RATE

The following presents the Town's proportionate share of the net pension liability calculated using the discount rate of 7.75%, as well as what the Town's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage-point lower or one percentage-point higher than the current rate:

TOWN OF DOVER, MASSACHUSETTS

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

NOTE 15 - NORFOLK COUNTY RETIREMENT SYSTEM (CONTINUED)

SENSITIVITY OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY TO CHANGES IN THE DISCOUNT RATE (CONTINUED)

1% Decrease	Current	1% Increase
6.75%	Discount Rate	8.75%
\$ 10,572,654	\$ 6,352,577	\$ 4,517,380

PENSION PLAN FIDUCIARY NET POSITION

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

NOTE 16 - MASSACHUSETTS TEACHERS' RETIREMENT SYSTEM (MTRS)

PLAN DESCRIPTION

The Massachusetts Teachers' Retirement System (MTRS) is a public employee retirement system (PERS) that administers a cost-sharing, multi-employer defined benefit plan, as defined in Governmental Accounting Standards Board (GASB) Statement No. 67, *Financial Reporting for Pension Plans*. MTRS is managed by the Commonwealth of Massachusetts on behalf of municipal teachers and municipal teacher retirees. The Commonwealth of Massachusetts is a nonemployer contributor and is responsible for all contributions and future benefit requirements of the MTRS. The MTRS covers certified teachers in cities (except Boston), towns, regional school districts, charter schools, educational collaboratives, and Quincy College. The MTRS is part of the Commonwealth of Massachusetts' reporting entity and does not issue a stand-alone audited financial report.

Management of MTRS is vested in the Massachusetts Teachers' Retirement Board (MTRB), which consists of seven members two elected by the MTRS members, one who is chosen by the six other MTRB members, the State Treasurer (or their designee), the State Auditor (or their designee), a member appointed by the Governor, and the Commissioner of Education (or their designee), who serves ex-officio as the Chairman of the MTRB.

BENEFITS PROVIDED

MTRS provides retirement, disability, survivor, and death benefits to members and their beneficiaries. Massachusetts General Laws (MGL) establishes uniform benefit and contribution requirements for all contributory PERS.

TOWN OF DOVER, MASSACHUSETTS

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

NOTE 16 - MASSACHUSETTS TEACHERS' RETIREMENT SYSTEM (MTRS) (CONTINUED)

BENEFITS PROVIDED (CONTINUED)

These requirements provide for superannuation retirement allowance benefits up to a maximum of 80% of a member's highest 3-year average annual rate of regular compensation. For employees hired after April 1, 2012, retirement allowances are calculated on the basis of the last 5 years or any 5 consecutive years, whichever is greater in terms of compensation. Benefit payments are based upon a member's age, length of creditable service, and group creditable service, and group classification. The authority for amending these provisions rests with the Legislature.

Members become vested after 10 years of creditable service. A superannuation retirement allowance may be received upon the completion of 20 years of creditable service or upon reaching the age of 55 with 10 years of service. Normal retirement for most employees occurs at age 65. Most employees who joined the system after April 1, 2012 cannot retire prior to age 60.

The MTRS' funding policies have been established by Chapter 32 of MGL. The Legislature has the authority to amend these policies. The annuity portion of the MTRS retirement allowance is funded by employees, who contribute a percentage of their regular compensation. Costs of administering the plan are funded out of plan assets.

CONTRIBUTIONS

Member contributions for MTRS vary depending on the most recent date of membership:

Membership Date	% of Compensation
Prior to 1975	5% of regular compensation
1975 - 1983	7% of regular compensation
1984 to 6/30/1996	8% of regular compensation
7/1/1996 to present	9% of regular compensation
7/1/2001 to present	11% of regular compensation (for teachers hired after 7/1/01 and those accepting provisions of Chapter 114 of the Acts of 2000)
1979 to present	An additional 2% of regular compensation in excess of \$30,000

In addition, members who join MTRS on or after April 2, 2012, will have their withholding rates reduced to 8% for those participating in retirement, otherwise the withholdings are reduced to 6% plus 2% on earnings over \$30,000 a year after achieving 30 years of creditable service.

TOWN OF DOVER, MASSACHUSETTS

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

NOTE 16 - MASSACHUSETTS TEACHERS' RETIREMENT SYSTEM (MTRS) (CONTINUED)

ACTUARIAL ASSUMPTIONS

The net pension liability for the June 30, 2021 measurement date was determined by an actuarial valuation as of January 1, 2021 rolled forward to June 30, 2020. This valuation used the following assumptions:

- (a) 7.00% (changed from 7.15%) investment rate of return, (b) 3.50% interest rate credited to the annuity savings fund, and (c) 3.00% cost of living increase on the first \$13,000 per year.
- Salary increases are based on analyses of past experience but range from 4.00% to 7.50% depending on length of service.
- Experience study is dated July 21, 2014 and encompasses the period January 1, 2006 to December 31, 2011, updated to reflect post-retirement mortality through January 1, 2020.
- Mortality rates were as follows:
 - Pre-retirement - reflects Pub-2010 Teachers Employees mortality table (headcount weighted) projected generationally with Scale MP-2020 (gender distinct).
 - Post-retirement - reflects Pub-2010 Teachers Retirees mortality table (headcount weighted) projected generationally with Scale MP-2020 (gender distinct).
 - Disability - assumed to be in accordance with the Pub-2010 Teachers Retirees Mortality Table (headcount weighted) projected generationally with Scale MP-2020 (gender distinct).

TARGET ALLOCATION

Investment assets of the MTRS are with the Pension Reserves Investment Trust (PRIT) Fund. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future rates of return by the target asset allocation percentage.

TOWN OF DOVER, MASSACHUSETTS

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

NOTE 16 - MASSACHUSETTS TEACHERS' RETIREMENT SYSTEM (MTRS) (CONTINUED)

TARGET ALLOCATION (CONTINUED)

Best estimates of geometric rates of return for each major asset class included in the PRIT Fund's target asset allocation as of June 30, 2022 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global equity	39.00%	4.80%
Core fixed income	15.00%	0.30%
Private equity	13.00%	7.80%
Portfolio completion strategies	11.00%	2.90%
Real estate	10.00%	3.70%
Value added fixed income	8.00%	3.90%
Timber/natural resources	<u>4.00%</u>	4.30%
	<u>100.00%</u>	

DISCOUNT RATE

The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rates and the Commonwealth of Massachusetts' contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rates. Based on those assumptions, the 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.

SENSITIVITY ANALYSIS

The following illustrates the sensitivity of the collective net pension liability to changes in the discount rate. In particular, the table presents the MTRS collective net pension liability assuming it was calculated using a single discount rate that is one-percentage-point lower or one-percentage-point higher than the current discount rate (amounts in thousands):

	Current		
1% Decrease	Discount Rate	1% Increase	
(6.00%)	(7.00%)	(8.00%)	
\$ 29,687,706	\$ 22,706,876	\$ 16,882,184	

TOWN OF DOVER, MASSACHUSETTS

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

NOTE 16 - MASSACHUSETTS TEACHERS' RETIREMENT SYSTEM (MTRS) (CONTINUED)

SPECIAL FUNDING SITUATION

The Commonwealth of Massachusetts is a nonemployer contributing entity and is required by statute to make all actuarial determined employer contributions on behalf of the member employers. Therefore, these employers are considered to be in a special funding situation as defined by Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions* (GASB 68) and the Commonwealth of Massachusetts is a nonemployer contributing entity in MTRS. Since the employers do not contribute directly to MTRS, there is no net pension liability to recognize for each employer.

TOWN PROPORTIONS

In fiscal year 2020 (the most recent measurement period), the Town's proportionate share of the MTRS' collective net pension liability was \$13,742,218 based on a proportionate share of 0.060441%. As required by GASB 68, the Town has recognized its portion of the Commonwealth of Massachusetts' contribution of \$1,056,797 as both a revenue and expenditure on the Statement of Revenues, Expenditures, and Changes in Fund Balances, and its portion of the collective pension expense of \$1,101,311 as both a revenue and expense on the Statement of Activities.

NOTE 17 - OTHER POST-EMPLOYMENT BENEFITS (GASB 74 AND GASB 75)

GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB)*, replaces the requirements of GASB Statement No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. This applies if a trust fund has been established to fund future OPEB costs. In fiscal year 2009, the Town established a single-employer defined benefit OPEB Trust Fund to provide funding for future employee health care costs. The OPEB Trust Fund does not issue a stand-alone financial report.

GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, replaces the requirements of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*.

This statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. This statement identifies the methods and assumptions that are required to be used to project benefit payments, discounted projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service.

All the following OPEB disclosures are based on a measurement date of June 30, 2022.

TOWN OF DOVER, MASSACHUSETTS

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

NOTE 17 - OTHER POST-EMPLOYMENT BENEFITS (GASB 74 AND GASB 75) (CONTINUED)

GENERAL INFORMATION ABOUT THE OPEB PLAN

Plan Description

The Town provides post-employment healthcare benefits for retired employees through the Town's plan. The Town provides health insurance coverage through Harvard Pilgrim, Tufts Health, Fallon Health, Blue Cross Blue Shield, and Group Term Life Insurance. The benefits, benefit levels, employee contributions, and employer contributions are governed by Chapter 32 of Massachusetts General Laws.

Benefits Provided

The Town provides medical and prescription drug insurance to retirees and their covered dependents. All active employees who retire from the Town and meet the eligibility criteria will receive these benefits.

Funding Policy

The Town's funding policy includes financing the implicit subsidy on a pay-as-you-go basis, as required by statute. Additional contributions are based on annual budget authorizations.

Plan Membership

At June 30, 2022, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	95
Active employees	157
	<hr/>
	252
	<hr/>

INVESTMENTS

The OPEB Trust Fund assets consist of corporate bonds, corporate equities, and mutual funds.

Rate of Return

For the year ended June 30, 2022, the annual money-weighted rate of return on investments, net of investment expense, was -12.98%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

TOWN OF DOVER, MASSACHUSETTS

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

NOTE 17 - OTHER POST-EMPLOYMENT BENEFITS (GASB 74 AND GASB 75) (CONTINUED)

ACTUARIAL ASSUMPTIONS AND OTHER INPUTS

The net OPEB liability was determined by an actuarial valuation as of July 1, 2021, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50%
Salary increases	3.00% annually
Investment rate of return	5.13%, net of OPEB plan investment expense, including inflation
Municipal bond rate	4.09% as of June 30, 2022 (S&P Municipal Bond 20-Year High Grade Index - SAPIHG)
Discount rate	5.11%, previously 6.21%
Healthcare cost trend rates	Initial Trend of 8.00% for 2022 grading down to an ultimate trend rate of 3.63%
Retirees' share of benefit-related costs	Retirees pay 50% of premiums for life insurance.
Participation rate	80%

Mortality rates were based on:

- Pre-Retirement Mortality: RP-2014 Mortality Table for Blue and White (General employees and Teachers, respectively) Collar employees projected generationally with scale MP-2016 for males and females.
- Post-Retirement Mortality: RP-2014 Mortality Table for Blue and White (General employees and Teachers, respectively) Collar Healthy Annuitants projected generationally with scale MP-2016 for males and females.
- Disabled Mortality: RP-2014 Mortality Table for Blue and White (General employees and Teachers, respectively) Collar Healthy Annuitants projected generationally with scale MP-2016 males and females (set forward 1 year for Blue Collar employees).

TARGET ALLOCATIONS

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of 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 weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of June 30, 2022 are summarized in the following table.

TOWN OF DOVER, MASSACHUSETTS

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

NOTE 17 - OTHER POST-EMPLOYMENT BENEFITS (GASB 74 AND GASB 75) (CONTINUED)

TARGET ALLOCATIONS (CONTINUED)

Asset Class	Target Asset Allocation	Long-term Expected Real Rate of Return
Domestic equity - large cap	31.75%	4.10%
Domestic equity - small/mid cap	10.50%	4.55%
International equity - developed market	6.50%	4.64%
International equity - emerging market	2.75%	5.45%
Domestic fixed income	42.75%	1.05%
International fixed income	1.75%	0.96%
Alternatives	3.00%	5.95%
Real estate	0.00%	6.25%
Cash and cash equivalents	<u>1.00%</u>	0.00%
	<u>100.00%</u>	

DISCOUNT RATE

The discount rate used to measure the net OPEB liability was 5.11% and was based on the S&P Municipal Bond 20-Year High Grade Index at June 30, 2022. 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 those assumptions, the OPEB plan fiduciary net position was projected to be available to make all projected future benefit payments of current plan members.

NET OPEB LIABILITY

The components of the net OPEB liability, measured as of June 30, 2022, were as follows:

Total OPEB liability	\$ 14,452,348
Plan fiduciary net position	<u>6,613,625</u>
Net OPEB Liability	<u>\$ 7,838,723</u>
Plan fiduciary net position as a percentage of the total OPEB liability	45.76%

The fiduciary net position has been determined on the same basis used by the OPEB plan. For this purpose, the plan recognizes benefit payments when due and payable.

TOWN OF DOVER, MASSACHUSETTS

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

NOTE 17 - OTHER POST-EMPLOYMENT BENEFITS (GASB 74 AND GASB 75) (CONTINUED)

CHANGES IN THE NET OPEB LIABILITY

The following summarizes the changes in the net OPEB liability for the past year:

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances, beginning of the year	<u>\$ 10,989,962</u>	<u>\$ 7,268,068</u>	<u>\$ 3,721,894</u>
Changes for the year:			
Service Cost	316,821	--	316,821
Interest	686,871	--	686,871
Contributions - employer	--	809,117	(809,117)
Net investment income (loss)	--	(963,918)	963,918
Differences between expected and actual experience	(190,924)	--	(190,924)
Changes in assumptions	3,149,260	--	3,149,260
Benefit payments	<u>(499,642)</u>	<u>(499,642)</u>	<u>--</u>
Net Changes	<u>3,462,386</u>	<u>(654,443)</u>	<u>4,116,829</u>
Balances, End of Year	<u>\$ 14,452,348</u>	<u>\$ 6,613,625</u>	<u>\$ 7,838,723</u>

SENSITIVITY OF THE NET OPEB LIABILITY TO CHANGES IN THE DISCOUNT RATE

The following presents the net OPEB liability, as well as what the net OPEB liability would be if it were calculated using a discount rate that is one percentage-point lower or one percentage-point higher than the current discount rate:

Current		
1% Decrease	Discount Rate	1% Increase
4.11%	5.11%	6.11%
\$ 5,828,655	\$ 7,838,723	\$ 10,384,465

TOWN OF DOVER, MASSACHUSETTS

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

NOTE 17 - OTHER POST-EMPLOYMENT BENEFITS (GASB 74 AND GASB 75) (CONTINUED)

SENSITIVITY OF THE NET OPEB LIABILITY TO CHANGES IN THE HEALTHCARE COST TREND RATES

The following presents the net OPEB liability, as well as what the net OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage-point lower or one percentage-point higher than the current healthcare cost trend rates:

Current Healthcare Cost		
1% Decrease	Trend Rates	1% Increase
7.00%	8.00%	9.00%
\$ 10,153,161	\$ 7,838,723	\$ 5,997,929

OPEB EXPENSE AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO OPEB

For the year ended June 30, 2022, the Town recognized an OPEB expense of \$1,487,127. At June 30, 2022, the Town reported deferred outflows and inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 81,797	\$ 741,910
Change in assumptions	3,273,447	--
Net difference between projected and actual OPEB investment earnings	659,558	--
	<u>\$ 4,014,802</u>	<u>\$ 741,910</u>

TOWN OF DOVER, MASSACHUSETTS

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

NOTE 17 - OTHER POST-EMPLOYMENT BENEFITS (GASB 74 AND GASB 75) (CONTINUED)

OPEB EXPENSE AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO OPEB (CONTINUED)

Amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized as increases (decreases) in OPEB expense as follows:

Year Ended	
June 30	Amount
2023	\$ 842,478
2024	587,516
2025	550,866
2026	778,601
2027	488,981
Thereafter	<u>24,450</u>
	<u><u>\$ 3,272,892</u></u>

NOTE 18 - CHANGE IN ACCOUNTING PRINCIPLE

During fiscal year 2022, the Town adopted Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*. This statement redefines a lease as a right to use another entity's asset over a definitive period of time.

NOTE 19 - COMMITMENTS AND CONTINGENCIES

OUTSTANDING LEGAL ISSUES

On an ongoing basis, there are typically pending legal issues in which the Town is involved. The Town's management is of the opinion that the potential future settlement of these issues would not materially affect its financial statements taken as a whole.

GRANTS

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount of expenditures which may be disallowed by the grantor cannot be determined at this time, although the Town expects such amounts, if any, to be immaterial.

TOWN OF DOVER, MASSACHUSETTS

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

NOTE 19 - COMMITMENTS AND CONTINGENCIES (CONTINUED)

ENCUMBRANCES

At year-end, the Town's General Fund had \$203,805 in encumbrances that will be honored in the next fiscal year.

NOTE 20 - SUBSEQUENT EVENTS

Management has evaluated subsequent events through March 19, 2024 which is the date the financial statements were available to be issued.

DEBT

Subsequent to June 30, 2022, the Town incurred the following additional debt:

	Amount	Interest Rate	Issue Date	Maturity Date
Bond anticipation note	\$ 872,393	4.76%	06/22/23	06/01/24

NOTE 21 – BEGINNING FUND BALANCE RECLASSIFICATION

The beginning (July 1, 2021) fund balances of the Town has been reclassified as follows:

	Fund 31 Capital Project Fund	Nonmajor Governmental Funds
As previously reported	\$ --	\$ 5,194,415
Reclassification of current year major fund	<u>470,804</u>	<u>(470,804)</u>
As reclassified	<u><u>\$ 470,804</u></u>	<u><u>\$ 4,723,611</u></u>

TOWN OF DOVER, MASSACHUSETTS

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

NOTE 22 - NEW PRONOUNCEMENTS

The Governmental Accounting Standards Board (GASB) has issued GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements* (P3s and APAs), and GASB Statement No. 96, *Subscription-Based Information Technology Arrangements* (SBITAs), effective for the Town beginning with its fiscal year June 30, 2023. These statements establish new reporting and disclosure requirements for P3s, APAs, and SBITAs. Management has not evaluated the effect this standard will have on the financial statements.

TOWN OF DOVER, MASSACHUSETTS

REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF REVENUES, EXPENDITURES, AND OTHER FINANCING SOURCES (USES) – BUDGET AND ACTUAL – GENERAL FUND (*Unaudited*)

FOR THE YEAR ENDED JUNE 30, 2022

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual Amounts	
Revenues				
Property taxes	\$ 34,211,425	\$ 34,211,425	\$ 34,311,756	\$ 100,331
Excises	1,200,200	1,200,200	1,547,515	347,315
Penalties, interest, and other taxes	60,200	60,200	151,650	91,450
Charges for services	466,488	466,488	571,163	104,675
Licenses, permits, and fees	280,000	280,000	446,964	166,964
Intergovernmental	1,715,707	1,715,707	1,821,792	106,085
Fines and forfeitures	2,500	2,500	5,001	2,501
Investment income	75,000	75,000	112,866	37,866
Miscellaneous	--	--	40,538	40,538
Total Revenues	38,011,520	38,011,520	39,009,245	997,725
Expenditures				
General government	2,835,320	2,836,635	2,789,135	47,500
Public safety	3,355,384	3,355,384	3,117,961	237,423
Education	23,275,055	23,275,055	21,966,610	1,308,445
Public works	2,471,741	2,471,741	2,341,745	129,996
Health and human services	365,311	365,311	313,789	51,522
Culture and recreation	1,258,580	1,258,580	1,142,840	115,740
Employee benefits	4,663,552	4,663,552	4,357,521	306,031
Debt service	1,181,850	1,181,850	955,742	226,108
Intergovernmental	328,136	328,136	326,736	1,400
Prior year carryforwards	826,093	826,093	533,710	292,383
Total Expenditures	40,561,022	40,562,337	37,845,789	2,716,548
Excess (Deficiency) of Revenues Over Expenditures				
	(2,549,502)	(2,550,817)	1,163,456	3,714,273
Other Financing Sources (Uses)				
Transfer out	(1,676,591)	(1,676,591)	(1,676,591)	--
Use of free cash				
Operating budget	--	1,315	1,315	--
Capital budget	1,400,000	1,400,000	1,400,000	--
Reduce the tax rate	1,900,000	1,900,000	1,900,000	--
Use of overlay surplus	100,000	100,000	100,000	--
Use of prior year fund balance (carryforwards)	826,093	826,093	826,093	--
Total Other Financing Sources (Uses)	2,549,502	2,550,817	2,550,817	--
Overall Budgetary Excess	\$ --	\$ --	\$ 3,714,273	\$ 3,714,273

See independent auditors' report and notes to required supplementary information.

TOWN OF DOVER, MASSACHUSETTS

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION FOR GENERAL FUND BUDGET

FOR THE YEAR ENDED JUNE 30, 2022

BUDGETARY BASIS

The General Fund final appropriation appearing on the previous page represents the final amended budget after all reserve fund transfers and supplemental appropriations.

BUDGET/GAAP RECONCILIATION

The budgetary data for the General Fund is based upon accounting principles that differ from GAAP. Therefore, in addition to the GAAP basis financial statements, the results of operations of the General Fund are presented in accordance with budgetary accounting principles to provide a meaningful comparison to budgetary data.

The following is a summary of adjustments made to the actual revenues, expenditures, and other financing sources (uses), to conform to the budgetary basis of accounting.

	Revenues	Expenditures	Other Financing Sources (Uses)
GAAP Basis	\$ 39,522,214	\$ 38,061,626	\$ (1,076,591)
Record use of free cash and overlay surplus	--	--	3,401,315
Reverse beginning of year appropriation carryforwards from expenditures	--	--	826,093
Add end-of-year appropriation carryforwards to expenditures	--	921,301	--
Reverse the effect of non-budgeted State contributions	(1,056,797)	(1,056,797)	--
Remove effect of combining stabilization and General Fund	8,068	--	(600,000)
Other	<u>535,760</u>	<u>(80,341)</u>	<u>--</u>
Budgetary Basis	<u>\$ 39,009,245</u>	<u>\$ 37,845,789</u>	<u>\$ 2,550,817</u>

TOWN OF DOVER, MASSACHUSETTS

REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (Unaudited)

Norfolk County Retirement System

Fiscal Year	Measurement Date	Proportion of the Net Pension Liability	Proportionate Share of the Net Pension Liability	Covered Payroll	Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position Percentage of the Total Pension Liability
June 30, 2022	December 30, 2021	1.723700%	\$ 6,352,577	\$ 6,161,941	103.09%	79.40%
June 30, 2021	December 30, 2020	1.900400%	9,706,380	5,788,057	167.70%	70.20%
June 30, 2020	December 30, 2019	1.897200%	11,138,715	5,592,326	199.18%	64.60%
June 30, 2019	December 30, 2018	1.895000%	12,335,320	5,899,222	209.10%	58.30%
June 30, 2018	December 30, 2017	1.891000%	10,457,312	5,699,731	183.47%	63.50%
June 30, 2017	December 30, 2016	1.931000%	10,080,257	5,476,473	184.06%	61.60%
June 30, 2016	December 30, 2015	1.930951%	10,489,173	5,279,232	198.69%	58.60%
June 30, 2015	December 30, 2014	1.967919%	10,206,123	4,971,794	205.28%	60.12%

Massachusetts Teachers' Retirement System

Fiscal Year	Measurement Date	Proportion of the Net Pension Liability	Proportionate Share of the Net Pension Liability	Commonwealth of Massachusetts' Total Liability Associated with the Town	Total Net Pension Liability	Proportionate Share of the Net Pension Liability as a Percentage of the Total Net Pension Liability	Plan Fiduciary Net Position Percentage of the Total Pension Liability	
June 30, 2022	June 30, 2021	0.060441%	\$ --	\$ 13,724,218	\$ 13,724,218	\$ 4,687,797	0.00%	62.03%
June 30, 2021	June 30, 2020	0.060616%	--	17,302,684	17,302,684	4,592,733	0.00%	50.67%
June 30, 2020	June 30, 2019	0.062064%	--	15,648,720	15,648,720	4,516,489	0.00%	53.95%
June 30, 2019	June 30, 2018	0.063857%	--	15,141,252	15,141,252	4,484,592	0.00%	54.84%
June 30, 2018	June 30, 2017	0.062584%	--	14,322,654	14,322,654	4,249,746	0.00%	54.25%
June 30, 2017	June 30, 2016	0.069711%	--	15,585,825	15,585,825	4,585,349	0.00%	52.73%
June 30, 2016	June 30, 2015	0.069118%	--	14,162,133	14,162,133	4,381,313	0.00%	55.38%
June 30, 2015	June 30, 2014	0.072644%	--	11,547,676	11,547,676	4,381,344	0.00%	61.64%

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TOWN OF DOVER, MASSACHUSETTS

REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF PENSION CONTRIBUTIONS (Unaudited)

Norfolk County Retirement System								
Fiscal Year	Measurement Date			Contributions in Relation to the		Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
		Actuarially Determined Contribution	Determined Contribution	Actuarially Determined Contribution	Contribution Deficiency (Excess)			
June 30, 2022	December 30, 2021	\$ 1,476,817	\$ 1,476,817	\$ 1,476,817	\$ --	\$ 6,161,941	23.97%	
June 30, 2021	December 30, 2020	1,522,061		1,522,061	--	5,788,057	26.30%	
June 30, 2020	December 30, 2019	1,421,027		1,421,027	--	5,592,326	25.41%	
June 30, 2019	December 30, 2018	1,325,669		1,325,669	--	5,899,222	22.47%	
June 30, 2018	December 30, 2017	1,210,458		1,210,458	--	5,699,731	21.24%	
June 30, 2017	December 30, 2016	1,129,266		1,129,266	--	5,476,473	20.62%	
June 30, 2016	December 30, 2015	1,023,985		1,023,985	--	5,279,232	19.40%	
June 30, 2015	December 30, 2014	929,040		929,040	--	4,971,794	18.69%	

Massachusetts Teachers' Retirement System								
Fiscal Year	Measurement Date			Contributions in Relation to the		Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
		Actuarially Determined Contribution	Provided by Commonwealth	Actuarially Determined Contribution	Contribution Deficiency (Excess)			
June 30, 2022	June 30, 2021	\$ 1,056,797	\$ 1,056,797	\$ 1,056,797	\$ --	\$ 4,687,797	22.54%	
June 30, 2021	June 30, 2020	941,626		941,626	--	4,592,733	20.50%	
June 30, 2020	June 30, 2019	896,018		896,018	--	4,516,489	19.84%	
June 30, 2019	June 30, 2018	839,577		839,577	--	4,484,592	18.72%	
June 30, 2018	June 30, 2017	773,238		773,238	--	4,249,746	18.19%	
June 30, 2017	June 30, 2016	783,953		783,953	--	4,585,349	17.10%	
June 30, 2016	June 30, 2015	706,343		706,343	--	4,381,313	16.12%	
June 30, 2015	June 30, 2014	680,946		680,946	--	4,381,344	15.54%	

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TOWN OF DOVER, MASSACHUSETTS

REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY (Unaudited)

	2022	2021	2020	2019	2018	2017
Total OPEB Liability						
Service cost	\$ 316,821	\$ 297,258	\$ 278,003	\$ 306,189	\$ 257,232	\$ 251,253
Interest	686,871	656,640	646,688	621,173	473,320	446,235
Differences between expected and actual experience	(190,924)	--	(1,270,581)	--	720,852	--
Changes of assumptions	3,149,260	48,297	895,014	263,092	1,119,261	--
Benefit payments, including refunds of member contributions	<u>(499,642)</u>	<u>(435,811)</u>	<u>(383,292)</u>	<u>(360,380)</u>	<u>(330,003)</u>	<u>(244,908)</u>
Net Change in Total OPEB Liability	<u>3,462,386</u>	<u>566,384</u>	<u>165,832</u>	<u>830,074</u>	<u>2,240,662</u>	<u>452,580</u>
Total OPEB Liability - Beginning	<u>10,989,962</u>	<u>10,423,578</u>	<u>10,257,746</u>	<u>9,427,672</u>	<u>7,187,010</u>	<u>6,734,430</u>
Total OPEB Liability - Ending (a)	<u>14,452,348</u>	<u>10,989,962</u>	<u>10,423,578</u>	<u>10,257,746</u>	<u>9,427,672</u>	<u>7,187,010</u>
Plan Fiduciary Net Position						
Contributions - employer	809,117	629,036	522,576	500,817	470,440	422,146
Net investment income (loss)	(963,918)	1,337,828	146,806	170,893	383,492	432,438
Benefit payments, including refunds of member contributions	<u>(499,642)</u>	<u>(435,811)</u>	<u>(383,292)</u>	<u>(360,380)</u>	<u>(330,003)</u>	<u>(244,908)</u>
Net Change in Plan Fiduciary Net Position	<u>(654,443)</u>	<u>1,531,053</u>	<u>286,090</u>	<u>311,330</u>	<u>523,929</u>	<u>609,676</u>
Plan Fiduciary Net Position - Beginning	<u>7,268,068</u>	<u>5,737,015</u>	<u>5,450,925</u>	<u>5,139,595</u>	<u>4,615,666</u>	<u>4,005,990</u>
Plan Fiduciary Net Position - Ending (b)	<u>6,613,625</u>	<u>7,268,068</u>	<u>5,737,015</u>	<u>5,450,925</u>	<u>5,139,595</u>	<u>4,615,666</u>
Net OPEB Liability (Asset) - Ending (a-b)	<u>\$ 7,838,723</u>	<u>\$ 3,721,894</u>	<u>\$ 4,686,563</u>	<u>\$ 4,806,821</u>	<u>\$ 4,288,077</u>	<u>\$ 2,571,344</u>

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TOWN OF DOVER, MASSACHUSETTS

REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES OF NET OPEB LIABILITY, CONTRIBUTIONS, AND INVESTMENT RETURNS (Unaudited)

	2022	2021	2020	2019	2018	2017
Schedule of Net OPEB Liability						
Total OPEB liability	\$ 14,452,348	\$ 10,989,962	\$ 10,423,578	\$ 10,257,746	\$ 9,427,672	\$ 7,187,010
Plan fiduciary net position	<u>6,613,625</u>	<u>7,268,068</u>	<u>5,737,015</u>	<u>5,450,925</u>	<u>5,139,595</u>	<u>4,615,666</u>
Net OPEB Liability (Asset)	<u>\$ 7,838,723</u>	<u>\$ 3,721,894</u>	<u>\$ 4,686,563</u>	<u>\$ 4,806,821</u>	<u>\$ 4,288,077</u>	<u>\$ 2,571,344</u>
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability						
	45.76%	66.13%	55.04%	53.14%	54.52%	64.22%
Covered Employee Payroll	\$ 12,740,599	\$ 13,173,063	\$ 12,789,381	\$ 11,065,403	\$ 10,743,109	\$ 10,430,203
Net OPEB Liability as a Percentage of Covered Employee Payroll						
	61.53%	28.25%	36.64%	43.44%	39.91%	24.65%
	2022	2021	2020	2019	2018	2017
Schedule of Contributions						
Actuarially determined contribution	\$ 662,087	\$ 484,191	\$ 607,067	\$ 643,697	\$ 565,561	\$ 447,438
Contributions in relation to the actuarially determined contribution	<u>809,117</u>	<u>629,036</u>	<u>522,576</u>	<u>500,817</u>	<u>470,440</u>	<u>447,438</u>
Contribution Deficiency (Excess)	<u>\$ (147,030)</u>	<u>\$ (144,845)</u>	<u>\$ 84,491</u>	<u>\$ 142,880</u>	<u>\$ 95,121</u>	<u>\$ --</u>
Covered Employee Payroll	\$ 12,740,599	\$ 13,173,063	\$ 12,789,381	\$ 11,065,403	\$ 10,743,109	\$ 10,430,203
Contributions as a Percentage of Covered Employee Payroll						
	6.35%	4.78%	4.09%	4.53%	4.38%	4.29%
	2022	2021	2020	2019	2018	2017
Schedule of Investment Returns						
Annual money weighted rate of return, net of investment expense	-12.98%	23.14%	2.66%	3.32%	8.19%	Unavailable

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