



TOWN OF DOVER, MASSACHUSETTS

Annual Financial Statements
For the Year Ended June 30, 2021

(With Independent Auditor's Report Thereon)

TABLE OF CONTENTS

	<u>Page</u>
INDEPENDENT AUDITOR'S REPORT	1
MANAGEMENT'S DISCUSSION AND ANALYSIS	3
BASIC FINANCIAL STATEMENTS:	
Government-Wide Financial Statements:	
Statement of Net Position	10
Statement of Activities	12
Fund Financial Statements:	
Governmental Funds:	
Balance Sheet	13
Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities in the Statement of Net Position	14
Statement of Revenues, Expenditures, and Changes in Fund Balances	15
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	16
Fiduciary Funds:	
Statement of Fiduciary Net Position	17
Statement of Changes in Fiduciary Net Position	18
Notes to Financial Statements	19
REQUIRED SUPPLEMENTARY INFORMATION:	
Budget and Actual:	
Schedule of Revenues, Expenditures, and Other Financing Sources (Uses) – Budget and Actual – General Fund	52
Notes to Required Supplementary Information for General Fund Budget	53
Pension:	
Schedule of Proportionate Share of the Net Pension Liability	54
Schedule of Pension Contributions	55

OPEB:

Schedule of Changes in the Net OPEB Liability	56
Schedules of Net OPEB Liability, Contributions, and Investment Returns	57



INDEPENDENT AUDITOR'S REPORT

To the Board of Selectmen
Town of Dover, Massachusetts

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the 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, 2021, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applied to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Town's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness



of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the major fund, and the aggregate remaining fund information of the Town of Dover, Massachusetts, as of June 30, 2021, 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.

Emphasis of Matter

As discussed in Note 16 to the financial statements, in fiscal year 2021 the Town adopted Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*. Our opinion is not modified with respect to this matter.

Other Matters

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, 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.



Andover, Massachusetts

May 19, 2023

MANAGEMENT'S DISCUSSION AND ANALYSIS

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, 2021.

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.

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 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 \$48,033,000, a change of \$2,364,242.
- As of the close of the current fiscal year, governmental funds reported combined ending fund balances of \$24,489,847, a change of \$1,515,797 in comparison to the prior year.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$13,675,353, a change of \$(499,795) 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.

	NET POSITION (in thousands)	
	Governmental <u>Activities</u>	
	2021	2020
Assets		
Current and other assets	\$ 27,447	\$ 25,691
Capital assets	<u>39,940</u>	<u>40,681</u>
Total Assets	67,387	66,372
Deferred Outflows of Resources	1,829	3,152
Liabilities		
Other liabilities	1,517	1,636
Long-term liabilities	<u>17,371</u>	<u>20,766</u>
Total Liabilities	18,888	22,402
Deferred Inflows of Resources	2,295	1,453
Net Position		
Net investment in capital assets	36,055	35,811
Restricted	4,285	4,067
Unrestricted	<u>7,693</u>	<u>5,791</u>
Total Net Position	\$ <u>48,033</u>	\$ <u>45,669</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 \$48,033,000, a change of \$2,364,242 in comparison to the prior year.

The largest portion of net position \$36,055,341 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 \$4,284,205 represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position \$7,693,454 may be used to meet the Town's ongoing obligations to citizens and creditors.

CHANGE IN NET POSITION
(in thousands)

	<u>Governmental Activities</u>	
	<u>2021</u>	<u>2020</u>
Revenues		
Program revenues:		
Charges for services	\$ 1,796	\$ 1,718
Operating grants and contributions	5,449	5,311
Capital grants and contributions	190	-
General revenues:		
Property taxes	34,744	34,673
Excises	1,411	1,579
Penalties, interest, and other taxes	98	77
Grants and contributions not restricted		
to specific programs	250	270
Investment income	256	444
Other	<u>200</u>	<u>164</u>
Total Revenues	44,394	44,236
Expenses		
General government	3,872	3,276
Public safety	4,493	4,676
Education	28,609	28,001
Public works	2,547	2,959
Health and human services	454	440
Culture and recreation	1,636	1,693
Interest on long-term debt	105	186
Intergovernmental	<u>314</u>	<u>327</u>
Total Expenses	<u>42,030</u>	<u>41,558</u>
Change in Net Position Before Permanent Fund Contributions	2,364	2,678
Permanent Fund Contributions	-	3
Change in Net Position	2,364	2,681
Net Position - Beginning of Year	<u>45,669</u>	<u>42,988</u>
Net Position - End of Year	<u>\$ 48,033</u>	<u>\$ 45,669</u>

Governmental Activities

Governmental activities for the year resulted in a change in net position of \$2,364,242. Key elements of this change are as follows:

General Fund operations	\$ 1,107,345
Nonmajor governmental funds operations	408,452
Capital asset additions	899,238
Other	<u>(50,793)</u>
Total	\$ <u>2,364,242</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 \$13,675,353, while total fund balance was \$19,295,432. Unassigned fund balance decreased by \$499,795, primarily from favorable budgetary results of \$2,693,853, less \$1,900,000 of free cash used to reduce the tax rate in fiscal year 2022, \$800,000 of free cash used for the fiscal year 2022 capital budget, and \$600,000 of free cash used to fund the capital stabilization in fiscal year 2022. 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.

<u>General Fund</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>Change</u>	<u>% of General Fund Expenditures*</u>
Unassigned fund balance	\$ 13,675,353	\$ 14,175,148	\$ (499,795)	37.1%
Total fund balance	\$ 19,295,432	\$ 18,188,087	\$ 1,107,345	52.3%

*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 \$941,626.

The total fund balance of the General Fund changed by \$1,107,345 during the current fiscal year. Key factors in this change are as follows:

Revenues in excess of budget	\$ 611,284
Expenditures less than budget	2,082,569
Use of free cash and overlay surplus as a funding source	(1,801,591)
Change in encumbrances and carryforwards	123,490
Change in stabilization fund balance	86,071
Other	<u>5,522</u>
Total	\$ <u>1,107,345</u>

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

	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>Change</u>
General stabilization (unassigned)	\$ 949,364	\$ 949,013	\$ 351
Regional school OPEB stabilization (committed)	<u>1,767,278</u>	<u>1,681,558</u>	<u>85,720</u>
Total	<u>\$ 2,716,642</u>	<u>\$ 2,630,571</u>	<u>\$ 86,071</u>

Nonmajor Governmental Funds

The fund balance of nonmajor governmental funds changed by \$408,452, primarily from the timing differences between the receipt and disbursement of grants and permanent financing of capital projects.

General Fund Budgetary Highlights

Differences between the original budget and the final amended budget resulted in an overall change in appropriations of \$1,591. This increase in appropriations was for unanticipated expenses, including unpaid bills of prior years funded by free cash.

Capital Assets and Debt Administration

Capital Assets

Total investment in capital assets for governmental activities at year-end amounted to \$39,940,341 (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:

- \$442,456 for Caryl Community Center building improvements.
- \$108,000 for roof replacement for the Protective Agencies building.
- Depreciation expense of \$(1,604,039).

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 was \$3,885,000, all of which was backed by the full faith and credit of the Town.

The Town maintained their AAA rating from Standard & Poor's 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, 2021

	Governmental <u>Activities</u>
Assets	
Current:	
Cash and short-term investments	\$ 15,880,400
Investments	9,937,074
Receivables, net of allowance for uncollectibles:	
Property taxes	527,937
Excises	259,403
User fees	53,197
Intergovernmental	202,328
Other	<u>2,550</u>
Total Current Assets	26,862,889
Noncurrent:	
Receivables, net of allowance for uncollectibles:	
Property taxes	292,416
Betterments	5,000
Other assets	286,704
Capital assets:	
Nondepreciable capital assets	16,294,792
Other capital assets, net of accumulated depreciation	<u>23,645,549</u>
Total Noncurrent Assets	<u>40,524,461</u>
Total Assets	67,387,350
Deferred Outflows for Resources	
Related to pension	559,512
Related to OPEB	<u>1,269,702</u>
Total Deferred Outflows of Resources	1,829,214

(continued)

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

TOWN OF DOVER, MASSACHUSETTS

Statement of Net Position
June 30, 2021

(continued)

	<u>Governmental Activities</u>
Liabilities	
Current:	
Warrants payable	542,044
Accrued liabilities	762,856
Tax refunds payable	31,200
Other liabilities	181,355
Current portion of long-term liabilities:	
Bonds payable	<u>820,000</u>
Total Current Liabilities	2,337,455
Noncurrent:	
Bonds payable, net of current portion	3,065,000
Compensated absences, net of current portion	57,981
Net pension liability	9,706,380
Net OPEB liability	<u>3,721,894</u>
Total Noncurrent Liabilities	<u>16,551,255</u>
Total Liabilities	18,888,710
Deferred Inflows of Resources	
Related to pension	859,225
Related to OPEB	<u>1,435,629</u>
Total Deferred Inflows of Resources	2,294,854
Net Position	
Net investment in capital assets	36,055,341
Restricted for:	
Grants and other statutory restrictions	3,051,648
Endowment funds:	
Nonexpendable	961,562
Expendable	270,995
Unrestricted	<u>7,693,454</u>
Total Net Position	<u>\$ 48,033,000</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, 2021

	<u>Expenses</u>	Program Revenues			<u>Net (Expenses) Revenues and Changes in Net Position</u>
		Charges for <u>Services</u>	Operating <u>Grants and Contributions</u>	Capital <u>Grants and Contributions</u>	
Governmental Activities					
General government	\$ 3,872,299	\$ 435,549	\$ 468,780	\$ -	\$ (2,967,970)
Public safety	4,493,004	849,100	51,029	-	(3,592,875)
Education	28,608,518	75,418	4,892,669	-	(23,640,431)
Public works	2,547,047	95,820	4,906	189,828	(2,256,493)
Health and human services	453,522	113,126	17,016	-	(323,380)
Culture and recreation	1,636,312	227,089	14,511	-	(1,394,712)
Interest on long-term debt	104,802	-	-	-	(104,802)
Intergovernmental	313,949	-	-	-	(313,949)
Total Governmental Activities	\$ 42,029,453	\$ 1,796,102	\$ 5,448,911	\$ 189,828	(34,594,612)
General Revenues					
Property taxes					34,743,946
Excises					1,411,198
Penalties, interest, and other taxes					97,961
Grants and contributions not restricted to specific programs					249,612
Investment income					255,710
Miscellaneous					200,427
Total General Revenues					<u>36,958,854</u>
Change in Net Position					2,364,242
Net Position					
Beginning of Year					<u>45,668,758</u>
End of Year					\$ <u>48,033,000</u>

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

TOWN OF DOVER, MASSACHUSETTS

Governmental Funds

Balance Sheet

June 30, 2021

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
Assets			
Cash and short-term investments	\$ 12,773,010	\$ 3,107,390	\$ 15,880,400
Investments	7,853,496	2,083,578	9,937,074
Receivables:			
Property taxes	996,568	-	996,568
Excises	389,836	-	389,836
User fees	36,745	29,409	66,154
Other	<u>2,550</u>	<u>202,328</u>	<u>204,878</u>
Total Assets	<u>\$ 22,052,205</u>	<u>\$ 5,422,705</u>	<u>\$ 27,474,910</u>
Liabilities			
Warrants payable	\$ 355,663	\$ 186,381	\$ 542,044
Accrued liabilities	762,856	-	762,856
Tax refunds payable	31,200	-	31,200
Other liabilities	<u>181,355</u>	<u>-</u>	<u>181,355</u>
Total Liabilities	1,331,074	186,381	1,517,455
Deferred Inflows of Resources			
Unavailable revenues	1,425,699	41,909	1,467,608
Fund Balances			
Nonspendable	-	961,562	961,562
Restricted	-	3,749,063	3,749,063
Committed	3,471,622	932,574	4,404,196
Assigned	2,148,457	-	2,148,457
Unassigned	<u>13,675,353</u>	<u>(448,784)</u>	<u>13,226,569</u>
Total Fund Balances	<u>19,295,432</u>	<u>5,194,415</u>	<u>24,489,847</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 22,052,205</u>	<u>\$ 5,422,705</u>	<u>\$ 27,474,910</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, 2021

Total Governmental Fund Balances	\$ 24,489,847
• Capital assets used in governmental activities are not financial resources and, therefore, are not reported in governmental funds.	39,940,341
• Deferred outflows of resources related in pension to be recognized to pension expense in future periods.	559,512
• Deferred outflows of resources related to OPEB to be recognized in OPEB expense in future periods.	1,269,702
• Revenues are reported on the accrual basis of accounting and are not deferred until collection.	1,439,707
• Long-term liabilities are not due and payable in the current period and, therefore, are not reported in governmental funds:	
Bonds payable	(3,885,000)
Compensated absences liability	(57,981)
Net pension liability	(9,706,380)
Net OPEB liability	(3,721,894)
• Deferred inflows of resources related to pension to be recognized in pension expense in future periods	(859,225)
• Deferred inflows of resources related to OPEB to be recognized in OPEB expense in future periods	(1,435,629)
Net Position of Governmental Activities	<u>\$ 48,033,000</u>

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

TOWN OF DOVER, MASSACHUSETTS

Governmental Funds
Statement of Revenues, Expenditures, and Changes in Fund Balances
For the Year Ended June 30, 2021

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues			
Property taxes	\$ 34,576,996	\$ -	\$ 34,576,996
Excises	1,277,509	-	1,277,509
Penalties, interest, and other taxes	98,188	-	98,188
Charges for services	560,472	827,448	1,387,920
Licenses, permits, and fees	394,086	-	394,086
Intergovernmental	2,522,473	2,127,946	4,650,419
Fines and forfeitures	2,784	-	2,784
Investment income	235,422	20,288	255,710
Miscellaneous	<u>16,275</u>	<u>230,993</u>	<u>247,268</u>
Total Revenues	39,684,205	3,206,675	42,890,880
Expenditures			
Current:			
General government	2,536,170	852,984	3,389,154
Public safety	3,007,667	776,071	3,783,738
Education	23,541,391	1,481,953	25,023,344
Public works	1,858,669	64,372	1,923,041
Health and human services	285,410	99,504	384,914
Culture and recreation	1,063,580	230,699	1,294,279
Employee benefits	4,053,794	50,740	4,104,534
Debt service:			
Principal	995,200	-	995,200
Interest	162,930	-	162,930
Intergovernmental	<u>313,949</u>	<u>-</u>	<u>313,949</u>
Total Expenditures	<u>37,818,760</u>	<u>3,556,323</u>	<u>41,375,083</u>
Excess (Deficiency) of Revenues over Expenditures	1,865,445	(349,648)	1,515,797
Other Financing Sources (Uses)			
Transfers in	10,400	768,500	778,900
Transfers out	<u>(768,500)</u>	<u>(10,400)</u>	<u>(778,900)</u>
Total Other Financing Sources (Uses)	<u>(758,100)</u>	<u>758,100</u>	<u>-</u>
Change in fund balance	1,107,345	408,452	1,515,797
Fund Balances, at Beginning of Year	<u>18,188,087</u>	<u>4,785,963</u>	<u>22,974,050</u>
Fund Balances, at End of Year	<u>\$ 19,295,432</u>	<u>\$ 5,194,415</u>	<u>\$ 24,489,847</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, 2021

Net Changes in Fund Balances - Total Governmental Funds	\$ 1,515,797
--	--------------

- 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	899,238
Net effect from disposal of assets	(35,976)
Depreciation	(1,604,039)

- 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	995,200
--	---------

- 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.

	321,323
--	---------

- 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	(132,843)
Change in net OPEB liability and related deferred outflows and inflows	365,441
Change in accrued interest on bonds payable	58,129

- Other differences.

	(18,028)
--	----------

Change in Net Position of Governmental Activities	\$ <u>2,364,242</u>
--	---------------------

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

TOWN OF DOVER, MASSACHUSETTS

Fiduciary Funds
Statement of Fiduciary Net Position
June 30, 2021

	Other Post- Employment Benefit <u>Trust Fund</u>	Custodial <u>Funds</u>
Assets		
Cash and short-term investments	\$ 76,004	\$ 41,483
Investments:		
Corporate bonds	1,525,447	-
Corporate equities	4,428,443	-
Mutual funds	<u>1,238,174</u>	-
Total Investments	<u>7,192,064</u>	-
Total Assets	7,268,068	41,483
Liabilities		
Other	<u>-</u>	<u>29,645</u>
Total Liabilities	<u>-</u>	<u>29,645</u>
Net Position		
Restricted for OPEB	7,268,068	-
Restricted for individuals and other governments	<u>-</u>	<u>11,838</u>
Total net position	<u>\$ 7,268,068</u>	<u>\$ 11,838</u>

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

TOWN OF DOVER, MASSACHUSETTS

Fiduciary Funds
Statement of Changes in Fiduciary Net Position
For the Year Ended June 30, 2021

	Other Post- Employment Benefit <u>Trust Fund</u>	Custodial <u>Funds</u>
Additions		
Contributions:		
Employer	<u>\$ 629,036</u>	\$ -
Total Contributions	629,036	-
Investment Income:		
Investment income	<u>1,337,828</u>	-
Net Investment Income	1,337,828	-
Fees collected for students	-	27
Taxes collected for other governments	<u>-</u>	<u>7,063</u>
Total Additions	<u>1,966,864</u>	<u>7,090</u>
Deductions		
Benefit payments to plan members, beneficiaries and other systems	435,811	-
Payments on behalf of students	-	625
Payments of taxes to other governments	<u>-</u>	<u>7,513</u>
Total Deductions	<u>435,811</u>	<u>8,138</u>
Change in Net Position	1,531,053	(1,048)
Restricted Net Position		
Beginning of Year	<u>5,737,015</u>	<u>12,886</u>
End of Year	<u>\$ 7,268,068</u>	<u>\$ 11,838</u>

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

TOWN OF DOVER, MASSACHUSETTS

Notes to Financial Statements

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 2021, 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.

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. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

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 property tax 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 fund:

- 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 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.

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.

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:

<u>Assets</u>	<u>Years</u>
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.
- *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 upon 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.

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.

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, 2021. It is anticipated that the deficits in these funds will be eliminated through future departmental revenue, grant reimbursements, and transfers from other funds.

3. Deposits and Investments

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.

Deposits

Custodial Credit Risk – Deposits

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, 2021, \$2,825,119 of the Town's bank balance of \$16,217,573 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, 2021:

<u>Investment Type</u>	<u>Amount</u>
Asset backed securities	\$ 257
Certificates of deposit	323
Corporate bonds	2,381
Corporate equities	4,808
Equity mutual funds	1,335
Federal agency securities	296
Market-linked certificates of deposit	5,611
Pooled investments	26
U.S. Treasury notes	<u>2,092</u>
 Total	 <u>\$ 17,129</u>

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, 2021, 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, 2021, 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):

<u>Investment Type</u>	<u>Amount</u>	<u>Rating as of Year End</u>									
		<u>AAA</u>	<u>AA1</u>	<u>AA2</u>	<u>AA3</u>	<u>A1</u>	<u>A2</u>	<u>A3</u>	<u>BAA3</u>	<u>BAA2</u>	<u>BAA1</u>
Corporate bonds	\$ 2,381	\$ 38	\$ 37	\$ 37	\$ 113	\$ 453	\$ 583	\$ 271	\$ -	\$ 249	\$ 600
Federal agency securities	296	296	-	-	-	-	-	-	-	-	-
U.S. Treasury notes	<u>2,092</u>	<u>2,092</u>	-	-	-	-	-	-	-	-	-
Total	<u>\$ 4,769</u>	<u>\$ 2,426</u>	<u>\$ 37</u>	<u>\$ 37</u>	<u>\$ 113</u>	<u>\$ 453</u>	<u>\$ 583</u>	<u>\$ 271</u>	<u>\$ -</u>	<u>\$ 249</u>	<u>\$ 600</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, 2021, the Town did not have an investment in any one issuer that exceeded 5% of total investments.

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, 2021 (in thousands):

<u>Investment Type</u>	<u>Amount</u>	Investment Maturities (in Years)				
		<u>Less</u>	<u>Than 1</u>	<u>1-5</u>	<u>6-10</u>	<u>Thereafter</u>
Asset backed securities	\$ 257	\$ -	\$ 123	\$ 9	\$ 125	
Certificates of deposit	323	-	323	-	-	
Corporate bonds	2,381	81	1,650	650	-	
Federal agency securities	296	1	292	-	3	
Market-linked certificates of deposit	5,611	3,136	2,475	-	-	
U.S. Treasury notes	2,092	681	1,411	-	-	
Total	\$ 10,960	\$ 3,899	\$ 6,274	\$ 659	\$ 128	

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, 2021, 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).

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, 2021 (in thousands):

Investment Type	Amount	Fair Value Measurements Using:		
		Quoted prices in active markets for identical assets	Significant observable inputs	Significant unobservable inputs
		(Level 1)	(Level 2)	(Level 3)
Investments by fair value level:				
Asset backed securities	\$ 257	\$ -	\$ 257	\$ -
Certificates of deposit	323	-	323	-
Corporate bonds	2,381	-	2,381	-
Corporate equities	4,808	4,808	-	-
Equity mutual funds	1,335	-	1,335	-
Federal agency securities	296	-	296	-
Market-linked certificates of deposit	5,611	-	5,611	-
Pooled investments	26	-	26	-
U.S. Treasury notes	2,092	2,092	-	-
Total	\$ 17,129	\$ 6,900	\$ 10,229	\$ -

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.

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 2021 tax levy reflected an excess capacity of \$1,815,102.

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, 2021, consisted of the following:

	<u>Gross</u> <u>Amount</u> <u>(fund basis)</u>	<u>Allowance</u> <u>for Doubtful</u> <u>Accounts</u>	<u>Current</u> <u>Portion</u>	<u>Long-</u> <u>Term</u> <u>Portion</u>
Real estate taxes	\$ 651,199	\$ (160,364)	\$ 490,835	\$ -
Personal property taxes	23,786	(15,851)	7,935	-
Tax liens	113,810	-	9,505	104,305
Deferred taxes	<u>207,773</u>	<u>-</u>	<u>19,662</u>	<u>188,111</u>
Total property taxes	<u>\$ 996,568</u>	<u>\$ (176,215)</u>	<u>\$ 527,937</u>	<u>\$ 292,416</u>
Motor vehicle excise	\$ 388,868	\$ (129,607)	\$ 259,261	\$ -
Boat excise	<u>968</u>	<u>(826)</u>	<u>142</u>	<u>-</u>
Total excises	<u>\$ 389,836</u>	<u>\$ (130,433)</u>	<u>\$ 259,403</u>	<u>\$ -</u>

5. User Fees Receivable

Receivables for user charges at June 30, 2021, consisted of the following:

	<u>Gross</u> <u>Amount</u>	<u>Allowance</u> <u>for Doubtful</u> <u>Accounts</u>	<u>Net</u> <u>Amount</u>
User Fees			
Ambulance	\$ 36,745	\$ (9,186)	\$ 27,559
Police details	29,007	(3,771)	25,236
Other	<u>402</u>	<u>-</u>	<u>402</u>
Total	66,154	(12,957)	53,197
Betterments			
Water betterments	<u>5,000</u>	<u>-</u>	<u>5,000</u>
Total	<u>\$ 71,154</u>	<u>\$ (12,957)</u>	<u>\$ 58,197</u>

6. 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. The following is a schedule of major interfund transfers for the year ended June 30, 2021:

	<u>Transfers In</u>	<u>Transfers Out</u>
Governmental Funds:		
General Fund	\$ 10,400	\$ 768,500
Nonmajor Governmental Funds:		
Special revenue funds	-	10,400
Capital project funds	<u>768,500</u>	<u>-</u>
Subtotal nonmajor governmental funds	<u>768,500</u>	<u>10,400</u>
Total	<u>\$ 778,900</u>	<u>\$ 778,900</u>

The \$768,500 transfer out of the General Fund was transferred to various capital project funds for capital equipment and improvement. The \$10,400 transfer into the General Fund was transferred from the Title V special revenue fund for the MWPAT loan payment.

7. Capital Assets

Capital asset activity for the year ended June 30, 2021, was as follows (in thousands):

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities				
Capital Assets, Being Depreciated:				
Buildings and improvements	\$ 29,477	\$ 108	\$ -	\$ 29,585
Machinery, equipment, and furnishings	7,146	349	(370)	7,125
Infrastructure	<u>17,966</u>	<u>-</u>	<u>-</u>	<u>17,966</u>
Total Capital Assets, Being Depreciated	54,589	457	(370)	54,676
Less Accumulated Depreciation For:				
Buildings and improvements	(16,875)	(714)	-	(17,589)
Machinery, equipment, and furnishings	(4,910)	(409)	334	(4,985)
Infrastructure	<u>(7,975)</u>	<u>(481)</u>	<u>-</u>	<u>(8,456)</u>
Total Accumulated Depreciation	<u>(29,760)</u>	<u>(1,604)</u>	<u>334</u>	<u>(31,030)</u>
Capital Assets, Being Depreciated, Net	24,829	(1,147)	(36)	23,646
Capital Assets, Not Being Depreciated:				
Land	15,852	-	-	15,852
Construction in progress	<u>-</u>	<u>442</u>	<u>-</u>	<u>442</u>
Total Capital Assets, Not Being Depreciated	<u>15,852</u>	<u>442</u>	<u>-</u>	<u>16,294</u>
Governmental Activities Capital Assets, Net	<u>\$ 40,681</u>	<u>\$ (705)</u>	<u>\$ (36)</u>	<u>\$ 39,940</u>

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

Governmental Activities	
General government	\$ 428
Public safety	200
Education	481
Public works	414
Culture and recreation	<u>81</u>
Total Governmental Activities	\$ <u>1,604</u>

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.

9. Tax Refunds Payable

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

10. 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 have been issued for governmental activities. General obligation bonds outstanding are as follows.

Governmental Activities	<u>Original Issue</u>	Serial		<u>Interest Rate(s) %</u>	<u>Amount Outstanding as of 6/30/21</u>
		<u>Maturities Through</u>	<u>Interest Rate(s) %</u>		
<u>General Obligation Bonds:</u>					
Multipurpose refunding bonds	\$ 7,915,000	4/15/2023	1.55%	\$ 1,320,000	
Land Acquisition	3,031,000	7/15/2037	3.00%		<u>2,565,000</u>
Total general obligation bonds					<u>\$ 3,885,000</u>
Total Governmental Activities					<u>\$ 3,885,000</u>

Future Debt Service

The annual payments to retire all general obligation bonds outstanding as of June 30, 2021, were as follows:

<u>Year</u>	<u>Bonds</u>			<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	
2022	\$ 820,000	\$ 127,850	\$ 947,850	
2023	810,000	100,150	910,150	
2024	155,000	74,688	229,688	
2025	150,000	69,000	219,000	
2026	150,000	61,500	211,500	
2027	150,000	54,000	204,000	
2028	150,000	46,500	196,500	
2029	150,000	41,063	191,063	
2030	150,000	37,500	187,500	
2031	150,000	33,563	183,563	
2032 - 2036	750,000	101,250	851,250	
Thereafter	300,000	9,000	309,000	
Total	<u>\$ 3,885,000</u>	<u>\$ 756,064</u>	<u>\$ 4,641,064</u>	

Changes in Long-Term Liabilities

During the year ended June 30, 2021, the following changes occurred in long-term liabilities (in thousands):

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Less Current Portion</u>	<u>Equals Long-term Balance</u>
Bonds payable	\$ 4,870	\$ -	\$ (985)	\$ 3,885	\$ (820)	\$ 3,065
Loans payable (direct borrowings)	<u>10</u>	<u>-</u>	<u>(10)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Subtotal	4,880	-	(995)	3,885	(820)	3,065
Compensated absences	61	-	(3)	58	-	58
Net pension liability	11,139	-	(1,433)	9,706	-	9,706
Net OPEB liability	<u>4,687</u>	<u>-</u>	<u>(965)</u>	<u>3,722</u>	<u>-</u>	<u>3,722</u>
Total	<u>\$ 20,767</u>	<u>\$ -</u>	<u>\$ (3,396)</u>	<u>\$ 17,371</u>	<u>\$ (820)</u>	<u>\$ 16,551</u>

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.

11. 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.

12. Governmental Funds – Fund Balances

The Town's fund balances at June 30, 2021, were comprised of the following:

	<u>General Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Nonspendable			
Permanent funds:			
Cemetery perpetual care	\$ -	\$ 910,506	\$ 910,506
Library endowment funds	-	29,276	29,276
Other	-	21,780	21,780
Total Nonspendable	-	961,562	961,562
Restricted			
Special revenue funds:			
Water rates and betterments	-	247,727	247,727
Sale of lots	-	308,010	308,010
Park revolving	-	485,470	485,470
Fire earmark	-	104,000	104,000
Wetlands protection	-	58,058	58,058
Preschool at Chickering	-	107,420	107,420
Library gift/donation fund	-	87,851	87,851
SPED program improvement grant	-	117,706	117,706
Emergency operations grant	-	60,000	60,000
MEMA grant	-	83,259	83,259
FEMA grant	-	63,376	63,376
School lunch revolving	-	54,328	54,328
Comcast	-	55,000	55,000
Other	-	509,761	509,761
Capital project funds	-	159	159
Permanent funds:			
Dorothea Hovey Trust	-	614,586	614,586
Samuel Chickering Trust - park/tree	-	214,454	214,454
George Chickering Trust - park/history	-	102,745	102,745
George Chickering Trust - cemetery/park	-	204,158	204,158
Highland Perpetual Care Trust - cemetery	-	113,600	113,600
Other	-	157,395	157,395
Total Restricted	-	3,749,063	3,749,063
Committed			
General government	249,344	-	249,344
Public works	50,000	-	50,000
Culture and recreation	5,000	-	5,000
Capital budget	1,400,000	-	1,400,000
Regional school OPEB stabilization fund*	1,767,278	-	1,767,278
Special revenue funds	-	56,982	56,982
Other	-	71,516	71,516
Capital project funds:			
Open space plan	-	300,000	300,000
Protective agencies building roof replacement	-	118,051	118,051
Caryl Community Center project	-	50,000	50,000
Other	-	336,025	336,025
Total Committed	3,471,622	932,574	4,404,196

(continued)

(continued)

	General <u>Fund</u>	Nonmajor Governmental <u>Fund</u>	Total Governmental <u>Fund</u>
Assigned			
General government	33,769	-	33,769
Public safety	9,895	-	9,895
Education	45,540	-	45,540
Public works	56,189	-	56,189
Health and human services	45	-	45
Culture and recreation	3,019	-	3,019
Reduce tax rate	1,900,000	-	1,900,000
Overlay	100,000	-	100,000
Total Assigned	2,148,457	-	2,148,457
Unassigned			
General Fund	12,725,989	-	12,725,989
General stabilization fund	949,364	-	949,364
Deficit funds	-	(448,784)	(448,784)
Total Unassigned	13,675,353	(448,784)	13,226,569
Total Fund Balances	\$ 19,295,432	\$ 5,194,415	\$ 24,489,847

* Massachusetts General Laws 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.

13. 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.

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	5%
January 1, 1975 - December 31, 1983	7%
January 1, 1984 - June 30, 1996	8%
Beginning July 1, 1996	9%

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.

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.
- 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, 2021 was \$1,522,061, which was equal to its annual required contribution.

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, 2021, the Town reported a liability of \$9,706,380 for its proportionate share of the net pension liability. The net pension liability was measured as of December 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2020. 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, 2020, the Town's proportion was 1.900400%, which was an increase of 0.0032% from its proportion measured as of December 31, 2019.

For the year ended June 30, 2021, the Town recognized pension expense of \$1,235,427. In addition, the Town reported deferred outflows and deferred inflows of resources related to pension from the following sources:

	Deferred <u>Outflows of Resources</u>	Deferred <u>Inflows of Resources</u>
Differences between expected and actual experience	\$ 490,663	\$ -
Changes of assumptions	43,509	-
Net difference between projected and actual investment earnings	-	845,968
Changes in proportion and differences between employer contributions and proportionate share of contributions	<u>25,340</u>	<u>13,257</u>
Total	\$ <u>559,512</u>	\$ <u>859,225</u>

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:

<u>Year Ended December 31:</u>		
2022	\$ 89,299	
2023	204,375	
2024	(438,717)	
2025	<u>(154,670)</u>	
Total	\$ <u>(299,713)</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, 2020
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 income

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Domestic equity	30.50%	7.30%
International equities	15.50%	8.10%
Fixed income	20.50%	4.30%
Real estate	9.50%	8.20%
Private equity	10.00%	9.90%
Hedge funds	11.50%	9.90%
Real assets	<u>2.50%</u>	9.00%
Total	<u><u>100.00%</u></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:

	Current	
1%	Discount	1%
Decrease	Rate	Increase
<u>(6.75%)</u>	<u>(7.75%)</u>	<u>(8.75%)</u>
\$ 13,067,361	\$ 9,706,380	\$ 6,800,963

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.

14. 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. 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 the 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:

<u>Membership Date</u>	<u>% of Compensation</u>
Prior to 1975	5% of regular compensation
1975 to 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

Actuarial Assumptions

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

- (a) 7.15% (changed from 7.25%) 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, 2017.
- Mortality rates were as follows:
 - Pre-retirement – reflects Pub-2010 Teachers Employees mortality table (headcount weighted) projected generationally with Scale MP-2018 (gender distinct).

- Post-retirement – reflects Pub-2010 Teachers Retirees mortality table (headcount weighted) projected generationally with Scale MP-2018 (gender distinct).
- Disability – assumed to be in accordance with the Pub-2010 Teachers Retirees Mortality Table (headcount weighted) projected generationally with Scale MP-2018 (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. 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, 2020 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Global equity	39.00%	4.80%
Core fixed income	15.00%	0.70%
Private equity	13.00%	8.20%
Portfolio completion strategies	11.00%	3.20%
Real estate	10.00%	3.50%
Value added fixed income	8.00%	4.20%
Timber/natural resources	<u>4.00%</u>	4.10%
Total	<u><u>100.00%</u></u>	

Discount Rate

The discount rate used to measure the total pension liability was 7.15%. 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):

1%	Current Discount Rate	1%
Decrease <u>(6.15%)</u>		Increase <u>(8.15%)</u>
\$ 35,411,955	\$ 28,544,844	\$ 22,908,510

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 \$17,302,684 based on a proportionate share of 0.060616%. As required by GASB 68, the Town has recognized its portion of the Commonwealth of Massachusetts' contribution of \$941,626 as both a revenue and expenditure on the Statement of Revenues, Expenditures, and Changes in Fund Balance, and its portion of the collective pension expense of \$2,137,129 as both a revenue and expense on the Statement of Activities.

15. 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, 2021.

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, 2021, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries	
currently receiving benefit payments	92
Active employees	<u>156</u>
Total	<u>248</u>

Investments

The OPEB Trust Funds assets at June 30, 2021 consisted of corporate bonds, corporate equities, and mutual funds.

Rate of Return

For the year ended June 30, 2021, the annual money-weighted rate of return on investments, net of investment expense, was 23.14%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Actuarial Assumptions and Other Inputs

The net OPEB liability was determined by an actuarial valuation as of July 1, 2019, 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	6.21%, net of OPEB plan investment expense, including inflation 2.18% as of June 30, 2021 (S&P Municipal Bond 20-Year High Grade Index - SAPIHG)
Municipal bond rate	6.21%
Discount rate	6.21%
Healthcare cost trend rates	Medicare Supplement Plans: Initial Trend of 4.50% for 2021 grading down 0.00% per year for an ultimate trend rate of 4.50%. Non-Medicare Plans: Initial Trend of 4.50% for 2021 grading down 0.00% per year for an ultimate trend rate of 4.50%.
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, 2021 are summarized in the following table.

<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Domestic equity - large cap	32.50%	4.90%
Domestic equity - small/mid cap	12.50%	5.40%
International equity - developed market	8.00%	5.32%
International equity - emerging market	10.75%	6.26%
Domestic fixed income	33.25%	1.40%
International fixed income	0.00%	1.30%
Alternatives	1.00%	6.32%
Real estate	1.00%	6.25%
Cash and cash equivalents	<u>1.00%</u>	0.00%
Total	<u>100.00%</u>	

Discount Rate

The discount rate used to measure the net OPEB liability was 6.21% and was based on the S&P Municipal Bond 20-Year High Grade Index at June 30, 2021. 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, 2021, were as follows:

Total OPEB liability	\$ 10,989,962
Plan fiduciary net position	<u>7,268,068</u>
Net OPEB liability	\$ <u>3,721,894</u>

Plan fiduciary net position as a percentage of the total OPEB liability	66.13%
---	--------

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.

Changes in the Net OPEB Liability

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

	Increase (Decrease)		
	Plan		
	Total OPEB Liability <u>(a)</u>	Fiduciary Net Position <u>(b)</u>	Net OPEB Liability <u>(a) - (b)</u>
Balances, Beginning of Year	\$ 10,423,578	\$ 5,737,015	\$ 4,686,563
Changes for the year:			
Service cost	297,258	-	297,258
Interest	656,640	-	656,640
Contributions - employer	-	629,036	(629,036)
Net investment income	-	1,337,828	(1,337,828)
Changes in assumptions	48,297	-	48,297
Benefit payments	<u>(435,811)</u>	<u>(435,811)</u>	<u>-</u>
Net Changes	<u>566,384</u>	<u>1,531,053</u>	<u>(964,669)</u>
Balances, End of Year	<u>\$ 10,989,962</u>	<u>\$ 7,268,068</u>	<u>\$ 3,721,894</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%	Discount	1%
Decrease	Rate	Increase
<u>(5.21%)</u>	<u>(6.21%)</u>	<u>(7.21%)</u>
\$ 5,172,918	\$ 3,721,894	\$ 2,535,881

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 Trend		
1% Decrease <u>(3.50%)</u>	Rates <u>(4.50%)</u>	1% Increase <u>(5.50%)</u>
\$ 2,389,405	\$ 3,721,894	\$ 5,352,732

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2021, the Town recognized an OPEB expense of \$132,843. At June 30, 2021, the Town reported deferred outflows and inflows of resources related to OPEB from the following sources:

	Deferred Outflows of <u>Resources</u>	Deferred Inflows of <u>Resources</u>
Difference between expected and actual experience	\$ 209,608	\$ 811,889
Change in assumptions	1,060,094	-
Net difference between projected and actual OPEB investment earnings	<u>-</u>	<u>623,740</u>
Total	<u>\$ 1,269,702</u>	<u>\$ 1,435,629</u>

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:

2022	\$ 170,159
2023	68,592
2024	(186,370)
2025	(223,020)
2026	<u>4,712</u>
Total	<u>\$ (165,927)</u>

16. Change in Accounting Principle

During fiscal year 2021, the Town adopted Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*. This required moving certain items previously recorded in a General Fund liability account to the newly established custodial fund that reports additions and deductions for these activities. No restatement of beginning net position/fund balance was required in either fund.

17. Commitments and Contingencies

COVID-19

The COVID-19 outbreak in the United States of America (and across the globe) has resulted in economic uncertainties. There is considerable uncertainty around the duration and scope of the economic disruption. The extent of the impact of COVID-19 on the Town's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, impact on individuals served by the Town, employees, and vendors, all of which are uncertain and cannot be predicted. At this point, the extent to which COVID-19 may impact the Town's financial condition or results of operations remains uncertain.

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.

Encumbrances

At year-end, the Town's General Fund had \$148,457 in encumbrances that will be honored in the next fiscal year.

18. Subsequent Events

Management has evaluated subsequent events through May 19, 2023, which is the date the financial statements were available to be issued.

Debt

Subsequent to June 30, 2021, the Town incurred the following additional debt:

		Interest	Issue	Maturity
	<u>Amount</u>	<u>Rate</u>	<u>Date</u>	<u>Date</u>
General obligation bond	\$ 17,055,000	2.00 - 5.00%	01/19/22	01/15/42

19. New Pronouncements

The Governmental Accounting Standards Board (GASB) has issued Statement No. 87, *Leases*, effective for the Town beginning with its fiscal year ending June 30, 2022. This statement establishes new reporting and disclosure requirements, including the recording of various operating leases in the financial statements. Management has not evaluated the effect this standard will have on the financial statements.

The Governmental Accounting Standards Board (GASB) has issued 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 these standards will have on the financial statements.

TOWN OF DOVER, MASSACHUSETTS

Required Supplementary Information

General Fund

Schedule of Revenues, Expenditures, and Other Financing Sources (Uses) – Budget and Actual
For the Year Ended June 30, 2021
(unaudited)

	<u>Budgeted Amounts</u>			Variance with Final Budget
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	
Revenues				
Property taxes	\$ 34,539,226	\$ 34,539,226	\$ 34,576,996	\$ 37,770
Excises	1,000,300	1,000,300	1,277,509	277,209
Penalties, interest, and other taxes	40,201	40,201	98,188	57,987
Charges for services	436,374	436,374	560,472	124,098
Licenses, permits, and fees	256,514	256,514	394,086	137,572
Intergovernmental	1,687,890	1,687,890	1,580,548	(107,342)
Fines and forfeitures	2,838	2,838	2,784	(54)
Investment income	75,000	75,000	149,350	74,350
Miscellaneous	-	-	9,694	9,694
Total Revenues	38,038,343	38,038,343	38,649,627	611,284
Expenditures				
General government	2,769,169	2,770,686	2,639,276	131,410
Public safety	3,286,431	3,286,431	3,001,933	284,498
Education	23,223,276	23,223,276	22,528,344	694,932
Public works	2,216,942	2,217,016	1,963,629	253,387
Health and human services	320,602	320,602	285,360	35,242
Culture and recreation	1,187,165	1,187,165	1,071,599	115,566
Employee benefits	4,586,949	4,586,949	4,054,863	532,086
Debt service	1,160,425	1,160,425	1,159,490	935
Intergovernmental	329,284	329,284	313,949	15,335
Prior year carryforwards	702,603	702,603	683,425	19,178
Total Expenditures	39,782,846	39,784,437	37,701,868	2,082,569
Excess (Deficiency) of Revenues over Expenditures	(1,744,503)	(1,746,094)	947,759	2,693,853
Other Financing Sources (Uses)				
Transfer in	10,400	10,400	10,400	-
Transfer out	(768,500)	(768,500)	(768,500)	-
Use of free cash:				
Operating budget	-	1,591	1,591	-
Capital budget	200,000	200,000	200,000	-
Reduce the tax rate	1,500,000	1,500,000	1,500,000	-
Use of overlay surplus	100,000	100,000	100,000	-
Use of prior year fund balance (carryforwards)	702,603	702,603	702,603	-
Total Other Financing Sources (Uses)	1,744,503	1,746,094	1,746,094	-
Overall Budgetary Excess (Deficiency)	\$ -	\$ -	\$ 2,693,853	\$ 2,693,853

See Independent Auditor's Report and Notes to the Required Supplementary Information.

**Notes to Required Supplementary Information
for General Fund Budget**

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.

<u>General Fund</u>	<u>Revenues</u>	<u>Expenditures</u>	<u>Other Financing Sources (Uses)</u>
GAAP Basis	\$ 39,684,205	\$ 37,818,760	\$ (758,100)
Record use of free cash and overlay surplus	-	-	1,801,591
Reverse beginning of year appropriation carryforwards from expenditures	-	-	702,603
Add end-of-year appropriation carryforwards to expenditures	-	826,093	-
Reverse the effect of non-budgeted State contributions	(941,626)	(941,626)	-
Remove effect of combining stabilization and General Fund	(86,071)	-	-
Other	<u>(6,881)</u>	<u>(1,359)</u>	<u>-</u>
Budgetary Basis	<u>\$ 38,649,627</u>	<u>\$ 37,701,868</u>	<u>\$ 1,746,094</u>

TOWN OF DOVER, MASSACHUSETTS

Required Supplementary Information
Schedule of Proportionate Share of the Net Pension Liability
(Unaudited)

Norfolk County Retirement System

<u>Fiscal Year</u>	<u>Measurement Date</u>	<u>Proportion of the Net Pension Liability</u>	<u>Proportionate Share of the Net Pension Liability</u>	<u>Covered Payroll</u>	<u>Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll</u>	<u>Plan Fiduciary Net Position Percentage of the Total Pension Liability</u>
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

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

Schedules are intended to show information for 10 years. Additional years will be displayed as they become available.

See notes to the Town's financial statements for summary of significant actuarial methods and assumptions.

See Independent Auditor's Report.

TOWN OF DOVER, MASSACHUSETTS

Required Supplementary Information
Schedule of Pension Contributions
(Unaudited)

Norfolk County Retirement System

<u>Fiscal Year</u>	<u>Measurement Date</u>	Contributions in Relation to the						<u>Contributions as a Percentage of Covered Payroll</u>
		<u>Actuarially Determined Contribution</u>	<u>Actuarially Determined Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Payroll</u>	<u>Actuarially Determined Contribution</u>	<u>Contribution Deficiency (Excess)</u>	
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

<u>Fiscal Year</u>	<u>Measurement Date</u>	Contributions in Relation to the						<u>Contributions as a Percentage of Covered Payroll</u>
		<u>Actuarially Determined Contribution</u>	<u>Actuarially Determined Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Payroll</u>	<u>Actuarially Determined Contribution</u>	<u>Contribution Deficiency (Excess)</u>	
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%

Schedules are intended to show information for 10 years. Additional years will be displayed as they become available.

See notes to the Town's financial statements for summary of significant actuarial methods and assumptions.

See Independent Auditor's Report.

TOWN OF DOVER, MASSACHUSETTS

Required Supplementary Information
Schedule of Changes in the Net OPEB Liability
(Unaudited)

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total OPEB Liability					
Service cost	\$ 297,258	\$ 278,003	\$ 306,189	\$ 257,232	\$ 251,253
Interest	656,640	646,688	621,173	473,320	446,235
Differences between expected and actual experience	-	(1,270,581)	-	720,852	-
Changes of assumptions	48,297	895,014	263,092	1,119,261	-
Benefit payments, including refunds of member contributions	<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	566,384	165,832	830,074	2,240,662	452,580
Total OPEB liability - beginning	<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)	10,989,962	10,423,578	10,257,746	9,427,672	7,187,010
Plan Fiduciary Net Position					
Contributions - employer	629,036	522,576	500,817	470,440	422,146
Net investment income	1,337,828	146,806	170,893	383,492	432,438
Benefit payments, including refunds of member contributions	<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	1,531,053	286,090	311,330	523,929	609,676
Plan fiduciary net position - beginning	<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>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>\$ 3,721,894</u>	<u>\$ 4,686,563</u>	<u>\$ 4,806,821</u>	<u>\$ 4,288,077</u>	<u>\$ 2,571,344</u>

Schedules are intended to show information for 10 years. Additional years will be displayed as they become available.

See notes to the Town's financial statements for summary of significant actuarial methods and assumptions.

See Independent Auditor's Report.

TOWN OF DOVER, MASSACHUSETTS

Required Supplementary Information
Schedules of Net OPEB Liability, Contributions, and Investment Returns
(Unaudited)

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Schedule of Net OPEB Liability					
Total OPEB liability	\$ 10,989,962	\$ 10,423,578	\$ 10,257,746	\$ 9,427,672	\$ 7,187,010
Plan fiduciary net position	<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>\$ 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	66.13%	55.04%	53.14%	54.52%	64.22%
Covered employee payroll	\$ 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	28.25%	36.64%	43.44%	39.91%	24.65%
	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Schedule of Contributions					
Actuarially determined contribution	\$ 484,191	\$ 607,067	\$ 643,697	\$ 565,561	\$ 447,438
Contributions in relation to the actuarially determined contribution	<u>629,036</u>	<u>522,576</u>	<u>500,817</u>	<u>470,440</u>	<u>447,438</u>
Contribution deficiency (excess)	<u>\$ (144,845)</u>	<u>\$ 84,491</u>	<u>\$ 142,880</u>	<u>\$ 95,121</u>	<u>\$ -</u>
Covered employee payroll	\$ 13,173,063	\$ 12,789,381	\$ 11,065,403	\$ 10,743,109	\$ 10,430,203
Contributions as a percentage of covered employee payroll	4.78%	4.09%	4.53%	4.38%	4.29%
	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Schedule of Investment Returns					
Annual money weighted rate of return, net of investment expense	23.14%	2.66%	3.32%	8.19%	Unavailable

Schedules are intended to show information for 10 years. Additional years will be displayed as they become available.

See notes to the Town's financial statements for summary of significant actuarial methods and assumptions.

See Independent Auditor's Report.