

Audited Financial Statements
and Other Financial Information

Town of Dover-Foxcroft, Maine

June 30, 2023



Proven Expertise & Integrity

TOWN OF DOVER-FOXCROFT, MAINE

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INDEPENDENT AUDITOR'S REPORT

Selectboard
Town of Dover-Foxcroft
Dover-Foxcroft, Maine

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, business-type activities and each major fund of the Town of Dover-Foxcroft, Maine as of and for the year ended June 30, 2023 and the related notes to the financial statements, which collectively comprise the Town of Dover-Foxcroft, Maine's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type activities and each major fund of the Town of Dover-Foxcroft, Maine as of June 30, 2023 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

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Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town of Dover-Foxcroft, Maine's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of Financial Statements

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatements of the financial statements, whether due to fraud or error and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town of Dover-Foxcroft, Maine's internal control. Accordingly, no such opinion is expressed.

- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise doubt about the Town of Dover-Foxcroft, Maine's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, pension and OPEB information on pages 5 through 12 and 73 through 80 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Dover-Foxcroft, Maine's basic financial statements. The Schedule of Departmental Operations - General Fund and capital asset schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Departmental Operations -

General Fund and capital asset schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 5, 2025, on our consideration of the Town of Dover-Foxcroft, Maine's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion the effectiveness of the Town of Dover-Foxcroft's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Dover-Foxcroft, Maine's internal control over financial reporting and compliance.

RHR Smith & Company

Buxton, Maine
November 5, 2025

**REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023**

(UNAUDITED)

The following management's discussion and analysis of the Town of Dover-Foxcroft, Maine's financial performance provides an overview of the Town's financial activities for the fiscal year ended June 30, 2023. Please read it in conjunction with the Town of Dover-Foxcroft, Maine's financial statements.

Financial Statement Overview

The Town of Dover-Foxcroft, Maine's basic financial statements include the following components: 1) government-wide financial statements, 2) fund financial statements and 3) notes to the financial statements. This report also includes required supplementary information which consists of the general fund budgetary comparison schedule, pension and OPEB information and other supplementary information which includes combining and other schedules.

Basic Financial Statements

The basic financial statements include financial information in two differing views: the government-wide financial statements and the fund financial statements. These basic financial statements also include the notes to financial statements that explain in more detail certain information in the financial statements and also provide the user with the accounting policies used in the preparation of the financial statements.

Government-Wide Financial Statements

The government-wide financial statements provide a broad view of the Town's operations in a manner that is similar to private businesses. These statements provide both short-term as well as long-term information in regard to the Town's financial position. These financial statements are prepared using the accrual basis of accounting. This measurement focus takes into account all revenues and expenses associated with the fiscal year regardless of when cash is received or paid. The government-wide financial statements include the following two statements:

The Statement of Net Position - this statement presents *all* of the government's assets, deferred outflows of resources, liabilities and deferred inflows of resources with the difference being reported as net position.

The Statement of Activities - this statement presents information that shows how the government's net position changed during the period. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows.

Both of the above-mentioned financial statements have separate columns for the two different types of Town activities. The types of activities presented for the Town of Dover-Foxcroft, Maine are:

- *Governmental activities* - The activities in this section are mostly supported by taxes and intergovernmental revenues (federal and state grants). Most of the Town's basic services are reported in governmental activities, which include general government, public safety, public works, recreation and culture, health and welfare, cemeteries, education and unclassified.
- *Business-type activities* - These activities are normally intended to recover all or a significant portion of their costs through user fees and/or charges to external users for goods and/or services. These activities for the Town of Dover-Foxcroft include the sewer fund.

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. The Town of Dover-Foxcroft, Maine like other local governments uses fund accounting to ensure and demonstrate compliance with financial related legal requirements. All of the funds of the Town of Dover-Foxcroft can be divided into three categories: governmental funds, proprietary and fiduciary funds.

Governmental funds: Most of the basic services provided by the Town are financed through governmental funds. Governmental funds are used to account for essentially the same functions reported in governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, the governmental fund financial statements focus on near-term inflows and outflows of spendable resources. They also focus on the balance of spendable resources available at the end of the fiscal year. Such information will be useful in evaluating the government's near-term financing requirements. This approach is known as the current financial resources measurement focus and the modified accrual basis of accounting. Under this approach, revenues are recorded when cash is received or when susceptible to accrual. Expenditures are recorded when liabilities are incurred and due. These statements provide a detailed short-term view of the Town's finances to assist in determining whether there will be adequate financial resources available to meet the current needs of the Town.

Because the focus of governmental funds is narrower than that of 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 government's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues,

expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. These reconciliations are presented on the page immediately following each governmental fund's financial statement.

The Town of Dover-Foxcroft, Maine presents three columns in the governmental funds balance sheet and the governmental funds statement of revenues, expenditures and changes in fund balances. The Town's major governmental funds are the general fund, special revenue funds and permanent funds.

The general fund is the only fund for which the Town legally adopted a budget. The Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund provides a comparison of the original and final budget and the actual expenditures for the current year.

Proprietary Funds: The Town of Dover-Foxcroft, Maine maintains one proprietary fund, the sewer fund. This fund is used to show activities that operate more like those of commercial enterprises. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. Like the government-wide financial statements, proprietary fund financial statements use the accrual basis of accounting. No reconciliation is needed between the government-wide financial statements for business-type activities and the proprietary fund financial statements.

Fiduciary Funds: These funds are used to account for resources held for the benefit of parties outside the Town. These funds are not reflected in the government-wide statements because the resources of these funds are not available to support the Town's own programs. The accounting used for fiduciary funds are much like that of proprietary funds. They use the accrual basis of accounting.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the Government-Wide and the Fund Financial Statements. The Notes to Financial Statements can be found following the Statement of Changes in Net Position - Fiduciary Funds.

Required Supplementary Information

The basic financial statements are followed by a section of required supplementary information, which includes Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund, Schedule of Proportionate Share of the Net Pension Liability, Schedule of Contributions - Pension, Schedule of Changes in Net OPEB Liability, Schedule of Changes in Net OPEB Liability and Related Ratios, Schedule of Changes in Net OPEB Liability - Life Insurance, Schedule of Contributions - OPEB and Notes to Required Supplementary Information.

Other Supplementary Information

Other supplementary information follows the required supplementary information. These combining and other schedules provide information in regard to nonmajor funds, other detailed budgetary information for the general fund and capital asset activity.

Government-Wide Financial Analysis

Our analysis below focuses on the net position and changes in net position of the Town's governmental activities. The Town's total governmental net position increased by \$1,049,421 from \$11,290,165 to \$12,339,586. The Town's total business-type net position decreased by \$95,301 from \$11,478,082 to \$11,382,781.

Unrestricted net position - the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements - increased for governmental activities to a balance of \$5,696,591 at the end of this year. Unrestricted net position for business-type activities increased to a balance of \$869,339.

Table 1
Town of Dover-Foxcroft, Maine
Net Position
June 30,

	Governmental Activities		Business-type Activities	
	2023	2022 (Restated)	2023	2022
Assets				
Current Assets	\$ 7,986,991	\$ 6,512,721	\$ 884,646	\$ 833,234
Noncurrent Assets - Capital	7,188,633	6,187,165	12,774,356	13,098,685
Total Assets	15,175,624	12,699,886	13,659,002	13,931,919
Deferred Outflows of Resources				
Deferred Outflows Related to Pensions	239,625	243,323	-	-
Deferred Outflows Related to OPEB	42,497	57,350	-	-
Total Deferred Outflows of Resources	282,122	300,673	-	-
Liabilities				
Current Liabilities	317,174	400,055	191,598	192,922
Noncurrent Liabilities	2,513,955	628,047	2,084,623	2,260,915
Total Liabilities	2,831,129	1,028,102	2,276,221	2,453,837
Deferred Inflows of Resources				
Prepaid Taxes	42,665	48,594	-	-
Deferred Inflows Related to Pensions	145,727	527,036	-	-
Deferred Inflows Related to OPEB	98,639	106,466	-	-
Total Deferred Inflows of Resources	287,031	682,096	-	-
Net Position				
Net Investment in Capital Assets	5,015,255	5,603,025	10,513,442	10,663,798
Restricted	1,627,740	1,821,096	-	-
Unrestricted	5,696,591	3,866,044	869,339	814,284
Total Net Position	\$ 12,339,586	\$ 11,290,165	\$ 11,382,781	\$ 11,478,082

Revenues and Expenses

Revenues for the Town's governmental activities decreased by 0.59%, while total expenses decreased by 7.45%. The biggest decrease in revenues was in operating grants and contributions not restricted to specific programs. The largest decrease in expenses was in unclassified. Revenues for the Town's business-type activities increased by 7.83% and expenses increased by 8.60%.

Table 2
Town of Dover-Foxcroft, Maine
Change in Net Position
For the Years Ended June 30,

	Governmental Activities		Business-type Activities	
	2023	2022	2023	2022
Revenues				
<i>Program revenues:</i>				
Charges for services	\$ 288,790	\$ 260,358	\$ 774,261	\$ 684,708
Operating grants and contributions	123,231	116,352	-	-
<i>General revenues:</i>				
Property taxes	6,548,737	6,477,518	-	-
Excise taxes	980,068	962,823	-	-
Grants and contributions not restricted to specific programs	1,829,338	2,054,953	-	-
Miscellaneous	318,387	276,154	5,257	38,200
Total revenues	10,088,551	10,148,158	779,518	722,908
Expenses				
General government	1,697,661	1,596,671	-	-
Public safety	1,424,049	1,064,314	-	-
Public works	1,242,829	1,270,071	-	-
Recreation and culture	341,931	324,551	-	-
Health and welfare	660,121	569,575	-	-
Cemeteries	221,842	149,300	-	-
Education	2,771,576	2,864,532	-	-
County tax	560,831	544,539	-	-
Unclassified	112,665	1,358,376	-	-
Sewer fund	-	-	830,114	758,634
Interest on long-term debt	5,625	25,000	44,705	46,925
Total expenses	9,039,130	9,766,929	874,819	805,559
Change in net position	1,049,421	381,229	(95,301)	(82,651)
Net position - July 1, Restated	11,290,165	10,908,936	11,478,082	11,560,733
Net position - June 30	\$ 12,339,586	\$ 11,290,165	\$ 11,382,781	\$ 11,478,082

Financial Analysis of the Town's Fund Statements

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

Table 3
Town of Dover-Foxcroft, Maine
Fund Balances - Governmental Funds
June 30,

	2023	2022 (Restated)	Increase/ (Decrease)
Major Funds:			
General Fund:			
Nonspendable	\$ 106,299	\$ 165,019	\$ (58,720)
Committed	1,798,793	1,880,759	(81,966)
Assigned	137,173	190,937	(53,764)
Unassigned	3,989,373	2,147,691	1,841,682
Total General Fund	\$ 6,031,638	\$ 4,384,406	\$ 1,647,232
Special Revenue Funds:			
Restricted	\$ 981,767	\$ 952,222	\$ 29,545
Total Special Revenue Funds	\$ 981,767	\$ 952,222	\$ 29,545
Permanent Funds:			
Nonspendable	\$ 428,246	\$ 428,246	\$ -
Restricted	217,727	275,609	(57,882)
Total Permanent Funds	\$ 645,973	\$ 703,855	\$ (57,882)

The changes to total fund balances for the general fund, special revenue funds and permanent funds occurred due to the regular activity of operations.

Proprietary funds: The Town's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

The sewer fund had a decrease in net position for the year of \$95,301.

Budgetary Highlights

There was no difference between the original and final budget for the general fund.

The general fund actual revenues exceeded budgeted amounts by \$1,888,138. This was the result of all revenues being receipted within or in excess of budgeted amounts with the exception of intergovernmental - homestead reimbursement, intergovernmental - veterans' reimbursement, intergovernmental - local road assistance and interest income.

The general fund actual expenditures were under budget by \$415,417. All expenditure categories were within or under budget.

Capital Asset and Debt Administration

Capital Assets

As of June 30, 2023, the net book value of capital assets recorded by the Town increased by \$677,139. This increase was the result of capital asset additions of \$1,423,360 less net disposals of \$23,789 and current year depreciation expense of \$722,432.

Table 4
Town of Dover-Foxcroft, Maine
Capital Assets (Net of Depreciation)
June 30,

	<u>2023</u>	<u>2022</u>
Land and other assets not being depreciated	\$ 621,501	\$ 621,501
Buildings, building improvements and land improvements	3,258,615	3,397,751
Equipment, machinery and vehicles	3,321,368	2,157,840
Infrastructure	12,761,505	13,108,758
Total	<u>\$ 19,962,989</u>	<u>\$ 19,285,850</u>

Debt

At June 30, 2023, the Town had \$4,434,292 in bonds and notes from direct borrowings payable versus \$3,019,027 last year. Refer to Note 5 of Notes to Financial Statements for more detailed information on debt.

Economic Factors and Next Year's Budgets and Rates

The 2023 - 2024 budget could be severely impacted by the reduction of funding from the State. There is no indication of reduced funding from the State for 2023 - 2024 as of the date this report was issued.

The Town has steadily maintained a sufficient unassigned fund balance to sustain government operations for a period of approximately five months, while also maintaining significant reserve accounts for future capital and program needs.

Contacting the Town's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the Town's finances and to show the Town's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Town Manager or Finance Director at 48 Morton Ave. Suite A, Dover-Foxcroft, Maine 04426.

TOWN OF DOVER-FOXCROFT, MAINE

STATEMENT OF NET POSITION
JUNE 30, 2023

	Governmental Activities	Business-type Activities	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 4,375,938	\$ 790,138	\$ 5,166,076
Investments	1,770,381	-	1,770,381
Beneficial interest in assets held by others	918,198	-	918,198
Accounts receivable (net of allowance for uncollectibles):			
Taxes	927	-	927
Liens	156,240	-	156,240
Other	-	100,106	100,106
Due from other governments	653,410	-	653,410
Tax acquired property	12,932	-	12,932
Prepaid items	93,367	-	93,367
Internal balances	5,598	(5,598)	-
Total current assets	<u>7,986,991</u>	<u>884,646</u>	<u>8,871,637</u>
Noncurrent assets:			
Capital assets:			
Land and other assets not being depreciated	497,330	124,171	621,501
Depreciable assets, net of accumulated depreciation	6,691,303	12,650,185	19,341,488
Total noncurrent assets	<u>7,188,633</u>	<u>12,774,356</u>	<u>19,962,989</u>
TOTAL ASSETS	<u>15,175,624</u>	<u>13,659,002</u>	<u>28,834,626</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	239,625	-	239,625
Deferred outflows related to OPEB	42,497	-	42,497
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>282,122</u>	<u>-</u>	<u>282,122</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 15,457,746</u>	<u>\$ 13,659,002</u>	<u>\$ 29,116,748</u>

STATEMENT A (CONTINUED)

TOWN OF DOVER-FOXCROFT, MAINE

STATEMENT OF NET POSITION
JUNE 30, 2023

	Governmental Activities	Business-type Activities	Total
LIABILITIES			
Current liabilities:			
Accrued expenses	\$ 113,529	\$ -	\$ 113,529
Accrued interest	-	15,307	15,307
Due to other governments	3,145	-	3,145
Current portion of long-term obligations	200,500	176,291	376,791
Total current liabilities	<u>317,174</u>	<u>191,598</u>	<u>508,772</u>
Noncurrent liabilities:			
Noncurrent portion of long-term obligations:			
Bond payable	1,454,182	2,084,623	3,538,805
Notes from direct borrowings payable	518,696	-	518,696
Net pension liability	311,455	-	311,455
Net OPEB liability	229,622	-	229,622
Total noncurrent liabilities	<u>2,513,955</u>	<u>2,084,623</u>	<u>4,598,578</u>
TOTAL LIABILITIES	<u>2,831,129</u>	<u>2,276,221</u>	<u>5,107,350</u>
DEFERRED INFLOWS OF RESOURCES			
Prepaid taxes	42,665	-	42,665
Deferred inflows related to pensions	145,727	-	145,727
Deferred inflows related to OPEB	98,639	-	98,639
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>287,031</u>	<u>-</u>	<u>287,031</u>
NET POSITION			
Net investment in capital assets	5,015,255	10,513,442	15,528,697
Restricted	1,627,740	-	1,627,740
Unrestricted	5,696,591	869,339	6,565,930
TOTAL NET POSITION	<u>12,339,586</u>	<u>11,382,781</u>	<u>23,722,367</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	<u>\$ 15,457,746</u>	<u>\$ 13,659,002</u>	<u>\$ 29,116,748</u>

See accompanying independent auditor's report and notes to financial statements.

TOWN OF DOVER-FOXCROFT, MAINE

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business- type Activities	Total
Governmental activities:							
General government	\$ 1,697,661	\$ 127,701	\$ -	\$ -	\$ (1,569,960)	\$ -	\$ (1,569,960)
Public safety	1,424,049	20,535	30,391	-	(1,373,123)	-	(1,373,123)
Public works	1,242,829	-	92,840	-	(1,149,989)	-	(1,149,989)
Recreation and culture	341,931	4,278	-	-	(337,653)	-	(337,653)
Health and welfare	660,121	132,626	-	-	(527,495)	-	(527,495)
Cemeteries	221,842	3,650	-	-	(218,192)	-	(218,192)
Education	2,771,576	-	-	-	(2,771,576)	-	(2,771,576)
County tax	560,831	-	-	-	(560,831)	-	(560,831)
Unclassified	112,665	-	-	-	(112,665)	-	(112,665)
Interest on long-term debt	5,625	-	-	-	(5,625)	-	(5,625)
Total governmental activities	<u>9,039,130</u>	<u>288,790</u>	<u>123,231</u>	<u>-</u>	<u>(8,627,109)</u>	<u>-</u>	<u>(8,627,109)</u>
Business-type activities:							
Water	874,819	774,261	-	-	-	(100,558)	(100,558)
Total business-type activities	<u>874,819</u>	<u>774,261</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(100,558)</u>	<u>(100,558)</u>
Total government	<u>\$ 9,913,949</u>	<u>\$ 1,063,051</u>	<u>\$ 123,231</u>	<u>\$ -</u>	<u>(8,627,109)</u>	<u>(100,558)</u>	<u>(8,727,667)</u>

STATEMENT B (CONTINUED)

TOWN OF DOVER-FOXCROFT, MAINE

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023

	Governmental Activities	Business-type Activities	Total
Changes in net position:			
Net (expense) revenue	(8,627,109)	(100,558)	(8,727,667)
General revenues:			
Taxes:			
Property taxes, levied for general purposes	6,548,737	-	6,548,737
Excise taxes	980,068	-	980,068
Grants and contributions not restricted to specific programs	1,829,338	-	1,829,338
Miscellaneous	318,387	5,257	323,644
Total general revenues	9,676,530	5,257	9,681,787
Change in net position	1,049,421	(95,301)	954,120
NET POSITION - JULY 1, RESTATED	11,290,165	11,478,082	22,768,247
NET POSITION - JUNE 30	\$ 12,339,586	\$ 11,382,781	\$ 23,722,367

See accompanying independent auditor's report and notes to financial statements.

TOWN OF DOVER-FOXCROFT, MAINE

BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2023

	General Fund	Special Revenue Funds	Permanent Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 4,375,938	\$ -	\$ -	\$ 4,375,938
Investments	1,575,105	195,276	-	1,770,381
Beneficial interest in assets held by others	-	272,225	645,973	918,198
Accounts receivable (net of allowance for uncollectibles):				
Taxes	927	-	-	927
Liens	156,240	-	-	156,240
Due from other governments	653,410	-	-	653,410
Tax acquired property	12,932	-	-	12,932
Prepaid items	93,367	-	-	93,367
Due from other funds	5,598	523,803	-	529,401
TOTAL ASSETS	\$ 6,873,517	\$ 991,304	\$ 645,973	\$ 8,510,794
LIABILITIES				
Accrued expenses	\$ 113,529	\$ -	\$ -	\$ 113,529
Due to other governments	-	3,145	-	3,145
Due to other funds	523,803	-	-	523,803
TOTAL LIABILITIES	637,332	3,145	-	640,477
DEFERRED INFLOWS OF RESOURCES				
Prepaid taxes	42,665	-	-	42,665
Deferred revenue	-	6,392	-	6,392
Deferred tax revenue	161,882	-	-	161,882
TOTAL DEFERRED INFLOWS OF RESOURCES	204,547	6,392	-	210,939
FUND BALANCES				
Nonspendable	148,964	-	428,246	577,210
Restricted	-	981,767	217,727	1,199,494
Committed	1,798,793	-	-	1,798,793
Assigned	137,173	-	-	137,173
Unassigned	3,946,708	-	-	3,946,708
TOTAL FUND BALANCES	6,031,638	981,767	645,973	7,659,378
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 6,873,517	\$ 991,304	\$ 645,973	\$ 8,510,794

See accompanying independent auditor's report and notes to financial statements.

TOWN OF DOVER-FOXCROFT, MAINE

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2023

	<u>Total Governmental Funds</u>
Total Fund Balances	\$ 7,659,378
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds, net of accumulated depreciation	7,188,633
Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds shown above:	
Taxes and liens receivable	161,882
Deferred revenue	6,392
Long-term obligations shown below, are not due and payable in the current period and therefore are not reported in the funds shown above:	
Deferred outflows of resources related to pensions are not financial resources and therefore are not reported in the funds	239,625
Deferred outflows of resources related to OPEB are not financial resources and therefore are not reported in the funds	42,497
Long-term obligations are not due and payable in the current period and therefore are not reported in the funds:	
Bonds payable	(1,533,003)
Notes from direct borrowings payable	(640,375)
Net pension liability	(311,455)
Net OPEB liability	(229,622)
Deferred inflows of resources related to pensions are not financial resources and therefore are not reported in the funds	(145,727)
Deferred inflows of resources related to OPEB are not financial resources and therefore are not reported in the funds	<u>(98,639)</u>
Net position of governmental activities	<u><u>\$ 12,339,586</u></u>

See accompanying independent auditor's report and notes to financial statements.

TOWN OF DOVER-FOXCROFT, MAINE

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2023

	General Fund	Special Revenue Funds	Permanent Funds	Total Governmental Funds
REVENUES				
Taxes:				
Property taxes	\$ 6,548,737	\$ -	\$ -	\$ 6,548,737
Excise taxes	980,068	-	-	980,068
Intergovernmental revenues	1,915,105	37,464	-	1,952,569
Charges for services	288,790	-	-	288,790
Investment income	61,342	-	(4,343)	56,999
Miscellaneous revenues	203,970	57,418	-	261,388
TOTAL REVENUES	<u>9,998,012</u>	<u>94,882</u>	<u>(4,343)</u>	<u>10,088,551</u>
EXPENDITURES				
Current:				
General government	1,635,402	19,666	-	1,655,068
Public safety	1,074,432	-	-	1,074,432
Public works	1,035,983	-	-	1,035,983
Recreation and culture	319,257	11,210	-	330,467
Health and welfare	646,398	-	-	646,398
Cemeteries	157,254	-	53,539	210,793
Education	2,771,576	-	-	2,771,576
County tax	560,831	-	-	560,831
Unclassified	1,477,775	34,461	-	1,512,236
Debt service:				
Principal	66,247	-	-	66,247
Interest	5,625	-	-	5,625
TOTAL EXPENDITURES	<u>9,750,780</u>	<u>65,337</u>	<u>53,539</u>	<u>9,869,656</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>247,232</u>	<u>29,545</u>	<u>(57,882)</u>	<u>218,895</u>
OTHER FINANCING SOURCES (USES)				
Debt proceeds	1,400,000	-	-	1,400,000
TOTAL OTHER FINANCING SOURCES (USES)	<u>1,400,000</u>	<u>-</u>	<u>-</u>	<u>1,400,000</u>
NET CHANGE IN FUND BALANCES	1,647,232	29,545	(57,882)	1,618,895
FUND BALANCES - JULY 1, RESTATED	<u>4,384,406</u>	<u>952,222</u>	<u>703,855</u>	<u>6,040,483</u>
FUND BALANCES - JUNE 30	<u>\$ 6,031,638</u>	<u>\$ 981,767</u>	<u>\$ 645,973</u>	<u>\$ 7,659,378</u>

See accompanying independent auditor's report and notes to financial statements.

TOWN OF DOVER-FOXCROFT, MAINE

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET OT THE
STATEMENT OF NET POSITION
FOR THE YEAR ENDED JUNE 30, 2023

Net change in fund balances - total governmental funds (Statement E)	<u>\$ 1,618,895</u>
Amounts reported for governmental activities in the Statement of Activities (Statement B) are different because:	
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense allocated to those expenditures over the life of the assets:	
Capital asset acquisitions	1,423,360
Capital assets disposed	(23,789)
Depreciation expense	<u>(398,103)</u>
	<u>1,001,468</u>
Deferred outflows of resources are a consumption of net position by the government that are applicable to a future reporting period and therefore are not reported in the funds:	
Pension	(3,698)
OPEB	<u>(14,853)</u>
	<u>(18,551)</u>
Debt proceeds provide current financial resources to governmental funds, but long-term obligations in the Statement of Net Position	<u>(1,750,000)</u>
Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term obligations in the Statement of Net Position.	<u>160,762</u>
Deferred inflows of resources are an acquisition of net position by the government that are applicable to a future reporting period and therefore are not reported in the funds:	
Pension	381,309
OPEB	<u>7,827</u>
	<u>389,136</u>
Some expenses reported in the Statement of Activities do not require the use of current resources and therefore are not reported as expenditures in governmental funds:	
Net pension liability	(347,008)
Net OPEB liability	<u>(5,281)</u>
	<u>(352,289)</u>
Change in net position of governmental activities (Statement B)	<u>\$ 1,049,421</u>

See accompanying independent auditor's report and notes to financial statements.

TOWN OF DOVER-FOXCROFT, MAINE

STATEMENT OF NET POSITION - PROPRIETARY FUND
JUNE 30, 2023

	<u>Enterprise Fund</u>
	<u>Sewer</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 790,138
Accounts receivable (net of allowance for uncollectibles)	100,106
Total current assets	<u>890,244</u>
Noncurrent assets:	
Capital assets:	
Land and construction in progress	124,171
Buildings and improvements	3,130,063
Vehicles and equipment	1,336,581
Infrastructure	16,257,521
Total capital assets	<u>20,848,336</u>
Less: accumulated depreciation	<u>(8,073,980)</u>
Total noncurrent assets	<u>12,774,356</u>
TOTAL ASSETS	<u>\$ 13,664,600</u>
LIABILITIES	
Current liabilities:	
Accrued interest	\$ 15,307
Due to other funds	5,598
Current portion of long-term obligations	176,291
Total current liabilities	<u>197,196</u>
Noncurrent liabilities:	
Noncurrent portion of long-term obligations:	
Bonds payable	2,084,623
Total noncurrent liabilities	<u>2,084,623</u>
TOTAL LIABILITIES	<u>2,281,819</u>
NET POSITION	
Net investment in capital assets	10,513,442
Unrestricted	869,339
TOTAL NET POSITION	<u>11,382,781</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 13,664,600</u>

See accompanying independent auditor's report and notes to financial statements.

TOWN OF DOVER-FOXCROFT, MAINE

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2023

	<u>Enterprise Fund</u> <u>Sewer</u>
OPERATING REVENUES	
Charges for services	\$ 774,261
Other	506
TOTAL OPERATING REVENUES	<u>774,767</u>
OPERATING EXPENSES	
Administration	229,695
Benefits	115,744
Collection system	76,322
Pump stations	6,194
Plant and facility	61,740
Other	16,090
Depreciation	324,329
TOTAL OPERATING EXPENSES	<u>830,114</u>
OPERATING INCOME (LOSS)	<u>(55,347)</u>
NONOPERATING REVENUES (EXPENSES)	
Interest income	4,751
Interest expense	(44,705)
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>(39,954)</u>
CHANGE IN NET POSITION	(95,301)
NET POSITION - JULY 1	<u>11,478,082</u>
NET POSITION - JUNE 30	<u>\$ 11,382,781</u>

See accompanying independent auditor's report and notes to financial statements.

TOWN OF DOVER-FOXCROFT, MAINE

STATEMENT OF CASH FLOWS - PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2023

	<u>Enterprise Fund</u> <u>Sewer</u>
CASH FLOWS FROM OPERATING ACTIVITIES:	
Receipts from customers	\$ 767,458
Internal activity - receipts (payments) from/to other funds	3,642
Payments to employees	(345,439)
Payments to suppliers	(163,989)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>261,672</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Interest income	4,751
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	<u>4,751</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Principal paid on capital debt	(173,973)
Interest paid on capital debt	(44,705)
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(218,678)</u>
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	47,745
CASH AND CASH EQUIVALENTS - JULY 1	<u>742,393</u>
CASH AND CASH EQUIVALENTS - JUNE 30	<u>\$ 790,138</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	
Operating income	\$ (55,347)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Depreciation expense	324,329
Changes in operating assets and liabilities:	
(Increase) decrease in accounts receivable	(7,309)
Increase (decrease) in due to other funds	3,642
Increase (decrease) in accrued liabilities	(3,643)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ 261,672</u>

See accompanying independent auditor's report and notes to financial statements.

TOWN OF DOVER-FOXCROFT, MAINE

STATEMENT OF NET POSITION - FIDUCIARY FUNDS
JUNE 30, 2023

	<u>Private Purpose Trust</u>
ASSETS	
Cash and cash equivalents	\$ 57,903
Investments	801,591
Beneficial interest in assets held by others	<u>1,383,461</u>
TOTAL ASSETS	<u>\$ 2,242,955</u>
LIABILITIES	
Due to other governments	<u>\$ -</u>
TOTAL LIABILITIES	<u>-</u>
NET POSITION	
Nonspendable	1,201,829
Restricted	<u>1,041,126</u>
TOTAL NET POSITION	<u>2,242,955</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 2,242,955</u>

See accompanying independent auditor's report and notes to financial statements.

TOWN OF DOVER-FOXCROFT, MAINE

STATEMENT OF CHANGES IN NET POSITION - FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2023

	<u>Private Purpose Trust</u>
ADDITIONS	
Contributions	\$ 4,637
Total contributions	<u>4,637</u>
Investment earnings:	
Realized and unrealized gains/(losses)	110,102
Interest	<u>41,597</u>
Total investment earnings, net	<u>151,699</u>
Total additions	<u>156,336</u>
DEDUCTIONS	
Grants and scholarships	68,362
Administrative expenses	<u>32,800</u>
Total deductions	<u>101,162</u>
CHANGE IN NET POSITION	55,174
NET POSITION - JULY 1	<u>2,187,781</u>
NET POSITION - JUNE 30	<u><u>\$ 2,242,955</u></u>

See accompanying independent auditor's report and notes to financial statements.

TOWN OF DOVER-FOXCROFT, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The Town of Dover-Foxcroft, Maine was incorporated under the laws of the State of Maine. The Town operates under the selectmen-manager form of government and provides the following services: general government, public safety, public works, health and welfare, recreation and culture, education, outside appropriations and unclassified.

The Town's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations).

The Town's combined financial statements include all accounts and all operations of the Town. We have determined that the Town has no component units as described in GASB Statement No. 14 and amended by GASB Statements No. 39 and No. 61.

Implementation of New Accounting Standards

During the year ended June 30, 2023, the following statements of financial accounting standards issued by the Governmental Accounting Standards Board became effective:

Statement No. 94 "Public-Private and Public-Public Partnerships and Availability Payment Arrangements". The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. Some PPPs meet the definition of a service concession arrangement (SCA), which the Board defines in this Statement as a PPP in which (1) the operator collects and is compensated by fees from third parties; (2) the transferor determines or has the ability to modify or approve which services the operator is required to provide, to whom the operator is required to provide the services and the prices or rates that can be charged for the services and (3) the transferor is entitled to significant residual interest in the service utility of the underlying PPP asset at the end of the arrangement. Management has determined the impact of this Statement is not material to the financial statements.

TOWN OF DOVER-FOXCROFT, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Statement No. 96 "Subscription-Based Information Technology Arrangements". This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset - an intangible asset - and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, Leases, as amended. Management has determined the impact of this Statement is not material to the financial statements.

Statement No. 99 "Omnibus 2022". The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The practice issues addressed by this Statement are to provide clarification of provisions in Statement No. 87, Leases, as amended, related to the determination of the lease term, classification of a lease as a short-term lease, recognition and measurement of a lease liability and a lease asset and identification of lease incentives, clarification of provisions in Statement No. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements, related to (a) the determination of the public-private and public-public partnership (PPP) term and (b) recognition and measurement of installment payments and the transfer of the underlying PPP asset, clarification of provisions in Statement No. 96, Subscription-Based Information Technology Arrangements, related to the subscription-based information technology arrangement (SBITA) term, classification of a SBITA as a short-term SBITA and recognition and measurement of a subscription liability, extension of the period during which the London Interbank Offered Rate (LIBOR) is considered an appropriate benchmark interest rate for the qualitative evaluation of the effectiveness of an interest rate swap that hedges the interest rate risk of taxable debt, accounting for the distribution of benefits as part of the Supplemental Nutrition Assistance Program (SNAP), disclosures related to nonmonetary transactions, pledges of future revenues when resources are not received by the pledging government, clarification of provisions in Statement No. 34, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments, as amended, related to the focus of the government-wide financial statements, terminology updates related to certain provisions of Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position and terminology used in Statement 53 to refer to resource flows statements. Management has determined the impact of this Statement is not material to the financial statements.

TOWN OF DOVER-FOXCROFT, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government-Wide and Fund Financial Statements

The Town's basic financial statements include both government-wide (reporting the Town as a whole) and fund financial statements (reporting the Town's major funds).

Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. The Town's sewer fund is categorized as business-type activities. All other activities of the Town are categorized as governmental.

In the government-wide Statement of Net Position, both the governmental and business-type activities columns are (a) presented on a consolidated basis by column and (b) reported on a full accrual, economic resources basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The Town's net position is reported in three parts - net investment in capital assets, restricted net position and unrestricted net position. The Town first utilizes restricted resources to finance qualifying activities.

The government-wide Statement of Activities reports both the gross and net cost of each of the Town's functions and business-type activities (general government, public safety, etc.) excluding fiduciary activities. The functions are also supported by general government revenues (property taxes, certain intergovernmental revenues, miscellaneous revenues, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function or a business-type activity. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants. For the most part, the interfund activity has been eliminated from these government-wide financial statements.

The net costs (by function) are normally covered by general revenue (taxes, certain intergovernmental revenues and charges for services, etc.).

The Town does not allocate indirect costs. All costs are charged directly to the corresponding department.

The government-wide focus is more on the sustainability of the Town as an entity and the change in the Town's net position resulting from the current year's activities.

TOWN OF DOVER-FOXCROFT, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus - Basic Financial Statements and Fund Financial Statements

The financial transactions of the Town are reported in the individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund balances, revenues and expenditures/expenses. The various funds are reported by generic classification within the financial statements. The following fund types are used by the Town:

1. Governmental Funds:

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position (sources, uses and balances of financial resources) rather than upon net income. The following is a description of the governmental funds of the Town:

Major Funds:

- a. The General Fund is the general operating fund of the Town. It is used to account for all financial resources except those required to be accounted for in another fund.
- b. The Special Revenue funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. The primary revenue sources are from intergovernmental funds.
- c. The Permanent Funds are used to account for assets held by the Town that are legally restricted pursuant to Title 30-A, §5653 of the Maine State Statutes, as amended and unless otherwise specified, only earnings and not principal, may be used for purposes that benefit the Town or its citizenry. The Town's policy for authorizing and spending investment income follows State statutes.

2. Proprietary Funds:

The focus of proprietary fund measurement is upon determination of operating income, changes in net position, financial position and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. Operating revenues include charges for services, intergovernmental reimbursements and other miscellaneous fees which are a direct result of the

TOWN OF DOVER-FOXCROFT, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

proprietary activity. Nonoperating revenues are any revenues which are generated outside of the general proprietary activity, i.e. interest income. The following is a description of the proprietary funds of the Town:

- a. Enterprise Funds are required to be used to account for operations for which a fee is charged to external users for goods or services and the activity (a) is financed with debt that is solely secured by a pledge of net revenues, (b) has third party requirements that the cost of providing services, including capital costs, be recovered with fees and charges or (c) established fees and charges based on a pricing policy designed to recover similar costs.

3. Fiduciary Funds:

Fiduciary funds are used to report assets held in a trustee or agency capacity for others and therefore are not available to support the Town's programs. The reporting focus is on net position and changes in net position and is reported using accounting principles similar to proprietary funds. Component units that are fiduciary in nature have been excluded from these financial statements.

The Town's fiduciary funds are presented in the fiduciary fund financial statements by type (private-purpose). Since by definition these assets are being held for the benefit of a third party (other local governments, private parties, etc.) and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide financial statements.

The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories. Nonmajor funds by category are summarized into a single column. GASB Statement No. 34 sets forth minimum criteria (percentage of the assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues or expenses of either the fund category or the governmental and enterprise combined) for the determination of major funds. The nonmajor funds are combined in a column in the fund financial statements.

Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

TOWN OF DOVER-FOXCROFT, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

1. Accrual

Governmental activities in the government-wide financial statements and fiduciary fund financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

2. Modified Accrual

The governmental fund financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on general obligation long-term debt, if any, is recognized when due.

Budget

The Town's policy is to adopt an annual budget for operations. The budget is presented on the modified accrual basis of accounting which is consistent with generally accepted accounting principles.

The following procedures are followed in establishing budgetary data reflected in the financial statements:

1. Early in the second half of the year the Town prepares a budget for the fiscal year beginning July 1. The operating budget includes proposed expenditures and the means of financing them.
2. A meeting of the inhabitants of the Town was called for the purpose of adopting the proposed budget after public notice of the meeting was given.
3. The budget was adopted subsequent to passage by the inhabitants of the Town.

Deposits and Investments

The Town's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition. The Town's investment policy requires collateralization of accounts and deposits exceeding an amount equal to 25% of capital, surplus and undivided profits as defined by the laws of the State of Maine.

TOWN OF DOVER-FOXCROFT, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

It is the Town's policy to value investments at fair value. None of the Town's investments are reported at amortized cost. For purposes of the statement of cash flows, all highly liquid investments with a maturity of three months or less when purchased are considered to be cash equivalents. The Town Treasurer is authorized by State Statutes to invest all excess funds in the following:

- Obligations of the U.S. Government, its agencies and instrumentalities
- Certificates of deposit and other evidence of deposits at banks, savings and loan associations and credit unions
- Repurchase agreements
- Money market mutual funds

Receivables

Receivables include amounts due from governmental agencies. All receivables are current and therefore due within one year. Receivables are reported net of an allowance for uncollectible accounts and revenues net of uncollectibles. Allowances are reported when accounts are proven to be uncollectible. The allowance for uncollectible accounts is estimated to be \$0 as of June 30, 2023. Accounts receivable netted with allowances for uncollectible accounts were \$753,516 for the year ended June 30, 2023.

Tax Acquired Property

Real property becomes tax acquired when tax liens placed on property and associated costs remain unpaid eighteen months after the filing of the tax lien in accordance with 36 M.R.S.A. § 943. The amount of the taxes and associated costs become assets classified as tax acquired property receivables that are secured by the real property that foreclosed.

After real property becomes tax acquired the Selectboard is responsible for the property and any disposition procedures allowed under the direction of the inhabitants of the Town.

Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

TOWN OF DOVER-FOXCROFT, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Interfund Receivables and Payables

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as “due to/from other funds”. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Any residual balances outstanding between governmental activities and business-type activities are reported in the governmental-wide financial statements as “internal balances”.

Transactions Between Funds

Legally authorized transfers are treated as interfund transfers and are included in the results of operations of both Governmental and Proprietary Funds.

Capital Assets

Capital assets purchased or acquired with an original cost of \$5,000 or more are reported at historical cost or estimated historical cost. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Infrastructure such as streets, traffic signals and signs are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the estimated useful lives.

The assets are valued at historical cost when available and estimated historical cost where actual invoices or budgetary data was unavailable. Donated capital assets are reported at their estimated fair market value on the date received. All retirements have been recorded by eliminating the net carrying values.

Infrastructure assets include roads, bridges, underground pipe (other than related to independently owned utilities), traffic signals, etc. These infrastructure assets are likely to be the largest asset class of the Town. The Town has not retroactively recorded infrastructure.

Estimated useful lives are as follows:

Buildings and improvements	10 - 70 years
Infrastructure	20 - 50 years
Machinery and equipment	5 - 30 years
Vehicles	5 - 30 years

TOWN OF DOVER-FOXCROFT, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Long-term Obligations

The accounting treatment of long-term obligations depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

All long-term obligations to be repaid from governmental and business-type resources is reported as liabilities in government-wide statements. The long-term obligations consist of bonds payable, notes from direct borrowings payable, net pension liability and net OPEB liability.

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as expenditures. The accounting for proprietary funds is the same in the fund statements as it is in the government-wide statements.

Pension

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

OPEB

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, management received and relied on an actuarial report provided to them by the Maine Municipal Employees Health Trust (MMEHT), which determined the Town's fiduciary net position as a single employer defined benefit plan based on information provided solely by MMEHT to complete the actuarial report. Additions to/deductions from the MMEHT OPEB Plan's fiduciary net position have been determined on the same basis as they are reported by MMEHT. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms.

TOWN OF DOVER-FOXCROFT, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

For purposes of measuring the Town's OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB and OPEB expense, information about the fiduciary net position of the Maine Public Employees Retirement System OPEB Plan (the Plan) and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, the Plan recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost.

Net Position

Net position represents the difference between all other elements in a statement of financial position. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for those assets and adding back unspent proceeds. Net position is reported as restricted when there are limitations imposed on its use either through enabling legislations adopted by the Town or through external restrictions imposed by creditors grantors or laws or regulations of other governments. Unrestricted net position is the net amount of the assets, deferred outflows of resources, liabilities and deferred inflows of resources that are not included in the determination of net investment in capital assets or restricted net position.

Fund Balances

In the fund financial statements, fund balance for governmental funds is reported in classifications that comprise a hierarchy based primarily on the extent to which the Town is bound to honor constraints on the specific purpose for which amounts in the funds can be spent. Fund balance is reported in five components - nonspendable, restricted, committed, assigned and unassigned.

Nonspendable - This includes amounts that cannot be spent either because they are not in spendable form or because they are legally or contractually required to be maintained intact.

Restricted - This includes amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors or the laws or regulations of other governments.

TOWN OF DOVER-FOXCROFT, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Committed - This includes amounts that can be used only for specific purposes determined by a formal action of the inhabitants of the Town. The inhabitants of the Town through Town meetings are the highest level of decision-making authority of the Town. Commitments may be established, modified or rescinded only through a Town meeting vote.

Assigned - This includes amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. The authority for assigning fund balance is given annually by vote of the taxpayers and is given through the Charter and is expressed by the Selectboard.

Unassigned - This includes all other spendable amounts. The general fund is the only fund that reports a positive unassigned fund balance amount. Other governmental funds besides the general fund can only report a negative unassigned fund balance amount.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balances are available, the Town considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned or unassigned fund balances are available, the Town considers amounts to have been spent first out of committed funds, then assigned funds and finally unassigned funds, as needed, unless the Town meeting vote has provided otherwise in its commitment or assignment actions.

Deferred Outflows and Inflows of Resources

In addition to assets, the statement of financial position and/or balance sheet will at times report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Town has two types of this item, deferred outflows related to pensions and deferred outflows related to OPEB. These items are reported in the statement of net position.

In addition to liabilities, the statement of financial position and or balance sheet will at times report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Deferred revenues, which arises only under a modified accrual basis of accounting, qualifies for reporting in this category.

TOWN OF DOVER-FOXCROFT, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accordingly, this item is reported in the governmental funds balance sheet. Prepaid taxes also qualify for reporting in this category. This item is reported in both the statements of net position and governmental funds balance sheet. Deferred inflows related to pensions and deferred outflows related to OPEB qualify for reporting in this category as well. These items are reported only in the statement of net position. All items in this category are deferred and recognized as an inflow of resources in the period that the amounts become available.

Revenue Recognition - Property Taxes - Modified Accrual Basis

The Town's property tax for the current year was levied July 25, 2022 on the assessed value listed as of April 1, 2022, for all real and personal property located in the Town. Taxes were due in two installments on September 30, 2022 and February 23, 2023. Interest on unpaid taxes commenced on October 1, 2022 and February 24, 2023 at 4.0% per annum.

Property tax revenues are recognized when they become available. Available includes those property tax receivables expected to be collected within sixty days after year end. The remaining receivables have been recorded as deferred revenues.

The Town is permitted by the laws of the State of Maine to levy taxes up to 105% of its net budgeted expenditures for the related fiscal period. The amount raised in excess of 100% is referred to as overlay and amounted to \$224,831 for the year ended June 30, 2023.

Tax liens are placed on real property within twelve months following the tax commitment date if taxes are delinquent. The Town has the authority to foreclose on property eighteen months after the filing of the lien if tax liens and associated costs remain unpaid.

Program Revenues

Program revenues include all directly related income items applicable to a particular program (charges to customers or applicants for goods, services or privileges provided, operating or capital grants and contributions, including special assessments).

Operating/Nonoperating Proprietary Fund Revenues

Operating revenues consist mainly of direct revenue sources and/or charges for services applicable to that fund's ongoing operations. All revenue and expenses not meeting this definition are reported as nonoperating revenues and expenses.

TOWN OF DOVER-FOXCROFT, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Encumbrance Accounting

Encumbrances are not liabilities and, therefore, are not recorded as expenditures until receipt of material or service. For budgetary purposes, appropriations lapse at fiscal year-end. The Town does not utilize encumbrance accounting for its general fund.

Use of Estimates

During the preparation of the Town's financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets, liabilities and disclosure of contingent items as of the date of the financial statements and the reported amounts of revenues and expenses/expenditures during the reporting period. Actual results may differ from these estimates.

NOTE 2 - DEPOSITS AND INVESTMENTS

State statutes require that all investments made by the Town consider the safe and sound investment of principal and preservation of capital in the overall portfolio, maintenance of sufficient liquidity to meet day-to-day operations and other cash requirements and maximization of income, within established investment risk guidelines, with consistent cash flows throughout the budgetary cycle. These investment policies apply to all Town funds.

Deposits:

Custodial credit risk for deposits is the risk that, in the event of a failure of a depository financial institution, the Town will not be able to recover its deposits. The Town does not have a policy covering custodial credit risk for deposits. However, the Town maintains deposits in qualifying financial institutions that are a member of the FDIC or NCUSIF as defined in Title 30-A, Section 5706 of the Maine Revised Statutes.

At June 30, 2023, the Town's cash balances amounting to \$5,223,979 were comprised of deposits of \$4,998,898. Bank deposits and cash equivalents are adjusted primarily by outstanding checks and deposits in transit to reconcile to the Town's cash and cash equivalents balance. All of these bank deposits were fully insured by federal depository insurance and consequently was not exposed to custodial credit risk.

TOWN OF DOVER-FOXCROFT, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

<u>Account Type</u>	<u>Bank Balance</u>
Checking accounts	\$ 29,869
ICS accounts	4,911,126
Cash equivalents	57,903
	<u>\$ 4,998,898</u>

Investments:

Custodial credit risk for investments is that, in the event of failure of the counterparty, the Town will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. Currently, the Town does not have a policy for custodial credit risk for investments.

Interest rate risk - is the risk that changes in interest rates will adversely affect the fair value of an investment. The Town does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from fluctuations in interest rates. Certificates of deposit held with local financial institutions for \$1,575,105 are excluded from interest rate risk as these investments are considered held to maturity and are therefore not measured at fair value.

At June 30, 2023, the Town's investments of \$4,873,631 are comprised of \$1,575,105 in certificates of deposit which are collateralized by federal depository insurance, \$3,207,530 in mutual funds, \$284,837 in fixed income securities and \$166,908 in corporate bonds were collateralized by the Securities Investor Protection Corporation (SIPC).

At June 30, 2023, the Town had the following investments and maturities:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Maturity</u>		
		N/A	<1 Year	1 - 5 Years
Corporate bonds	\$ 333,816	\$ -	\$ 166,908	\$ 166,908
Fixed income	284,837	284,837	-	-
Mutual funds and exchange-traded funds	3,207,530	3,207,530	-	-
	<u>\$3,826,183</u>	<u>\$3,492,367</u>	<u>\$ 166,908</u>	<u>\$ 166,908</u>

TOWN OF DOVER-FOXCROFT, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

Fair Value Hierarchy:

The Town categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The Town has the following recurring fair value measurements as of June 30, 2023:

	Total June 30, 2023	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level I)	Significant Other Observable Inputs (Level II)	Significant Unobservable Inputs (Level III)
<u>Investments by fair value level</u>				
Debt securities:				
Corporate bonds	\$ 166,908	\$ -	\$ 166,908	\$ -
Equity securities:				
Fixed income	284,837	284,837	-	-
Mutual funds	3,207,530	3,207,530	-	-
Total investments by fair value level	3,659,275	\$ 3,492,367	\$ 166,908	\$ -
<u>Cash equivalents measured at the net asset value (NAV)</u>				
Money market funds	57,903			
Total cash equivalents measured at the NAV	57,903			
Total investments and cash equivalents measured at fair value	\$ 3,717,178			

Equity securities including mutual and exchange-traded funds are classified in Level I of the fair value hierarchy are valued using prices quoted in active markets for those securities. Debt securities classified in Level II of the fair value hierarchy are valued from publicly reliable sources or using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices. The Town has no Level III or investments. The fair value of money market mutual funds that are measured at NAV per share (or its equivalent) is calculated as of June 30, 2023 in a manner consistent with the Financial Accounting Standards Board's measurement principles for investment companies. Certificates of deposit held with local financial institutions for \$1,575,105 are excluded from the hierarchy as these investments are considered held to maturity and are therefore not measured at fair value.

Credit risk - Statutes for the State of Maine authorize the Town to invest in obligations of the U.S. Treasury, agencies and instrumentalities, other states and Canada, provided such securities are rated within the three highest grades by an approved rating service of the State of Maine, corporate stocks and bonds within statutory limits, financial institutions, mutual funds and repurchase agreements. The Town does not have an investment policy on credit risk. Generally, the Town invests excess funds in various savings accounts and certificates of deposit.

TOWN OF DOVER-FOXCROFT, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 3 - INTERFUND RECEIVABLES AND PAYABLES

Interfund balances at June 30, 2023 consisted of the following individual fund receivables and payables:

	<u>Receivables</u> <u>(Due from)</u>	<u>Payables</u> <u>(Due to)</u>
General fund	\$ 5,598	\$ 523,803
Special revenue funds	523,803	-
Enterprise fund	-	5,598
Totals	<u>\$ 529,401</u>	<u>\$ 529,401</u>

The result of amounts owed between funds are considered to be in the course of normal operations by the Town. Reconciliation of the amounts owed between funds may or may not be expected to be repaid within one year in their entirety due to the recurring nature of these transactions during operations.

NOTE 4 - CAPITAL ASSETS

A summary of capital assets for the year ended June 30, 2023 is as follows:

	<u>Balance,</u> <u>7/1/22</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance,</u> <u>6/30/23</u>
<u>Governmental activities:</u>				
Non-depreciated assets:				
Land	\$ 497,330	\$ -	\$ -	\$ 497,330
Depreciated assets:				
Land, buildings and improvements	2,949,038	-	-	2,949,038
Machinery and equipment	1,967,142	428,136	(96,360)	2,298,918
Vehicles	2,501,747	995,224	(228,956)	3,268,015
Infrastructure	1,995,849	-	-	1,995,849
	<u>9,413,776</u>	<u>1,423,360</u>	<u>(325,316)</u>	<u>10,511,820</u>
Less: accumulated depreciation	<u>(3,723,941)</u>	<u>(398,103)</u>	<u>301,527</u>	<u>(3,820,517)</u>
	<u>5,689,835</u>	<u>1,025,257</u>	<u>(23,789)</u>	<u>6,691,303</u>
Net capital assets	<u>6,187,165</u>	<u>1,025,257</u>	<u>(23,789)</u>	<u>7,188,633</u>

TOWN OF DOVER-FOXCROFT, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 4 - CAPITAL ASSETS (CONTINUED)

	Balance, 7/1/22	Additions	Disposals	Balance, 6/30/23
<u>Business-type activities:</u>				
Non-depreciated assets:				
Land	124,171	-	-	124,171
	<u>124,171</u>	<u>-</u>	<u>-</u>	<u>124,171</u>
Depreciated assets:				
Buildings and improvements	3,130,063	-	-	3,130,063
Machinery, equipment and vehicles	1,336,581	-	-	1,336,581
Infrastructure	16,257,521	-	-	16,257,521
	<u>20,724,165</u>	<u>-</u>	<u>-</u>	<u>20,724,165</u>
Less: accumulated depreciation	(7,749,651)	(324,329)	-	(8,073,980)
	<u>12,974,514</u>	<u>(324,329)</u>	<u>-</u>	<u>12,650,185</u>
Net capital assets	<u>13,098,685</u>	<u>(324,329)</u>	<u>-</u>	<u>12,774,356</u>
Total government	<u>\$ 19,285,850</u>	<u>\$ 700,928</u>	<u>\$ (23,789)</u>	<u>\$ 19,962,989</u>
<u>Current year depreciation:</u>				
General government				\$ 60,889
Public safety				32,515
Fire				61,617
Public works				206,846
Recreation				11,464
Health and welfare				13,723
Cemetery				11,049
Subtotal governmental				<u>398,103</u>
Sewer				<u>324,329</u>
Subtotal business-type				<u>324,329</u>
Total depreciation expense				<u>\$ 722,432</u>

TOWN OF DOVER-FOXCROFT, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 5 - LONG-TERM DEBT

The following is a summary of changes in the long-term debt for the year ended June 30, 2023:

	Balance, 7/1/22	Additions	Deletions	Balance, 6/30/23	Current Portion
<i>Governmental Activities:</i>					
Bonds payable	\$ 199,250	\$ 1,400,000	\$ (66,247)	\$ 1,533,003	\$ 78,821
Notes from direct borrowings payable	384,890	350,000	(94,515)	640,375	121,679
	<u>\$ 584,140</u>	<u>\$ 1,750,000</u>	<u>\$ (160,762)</u>	<u>\$ 2,173,378</u>	<u>\$ 200,500</u>
<i>Business-type Activities:</i>					
Bonds payable	<u>\$ 2,434,887</u>	<u>\$ -</u>	<u>\$ (173,973)</u>	<u>\$ 2,260,914</u>	<u>\$ 176,291</u>

The following is a summary of the outstanding bonds and notes from direct borrowings payable:

Governmental activities:

Bonds payable:

2009 - General Obligation Bond. Annual principal payments in the amount of \$21,250 with a fixed interest rate ranging from 2.15% to 5.35% per annum. The bond matures in November of 2026.	\$ 85,000
2009 - General Obligation Bond. Annual principal payments in the amount of \$15,000 with a fixed interest rate ranging from 2.25% to 5.30% per annum. The bond matures in November of 2027.	60,000
2021 - Penquis Mental Health. Semi-annual principal installments in the amount of \$6,000 and a fixed interest rate ranging from 0.00% per annum. The maturity in 2024.	6,000
2022 - General Obligation Bond due in annual principal and interest installments of \$65,744. Interest is charged at a fixed rate of 2.13% per annum and maturing in 2051.	<u>1,382,003</u>
Total bonds payable:	<u>1,533,003</u>

TOWN OF DOVER-FOXCROFT, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 5 - LONG-TERM DEBT (CONTINUED)

Notes from direct borrowings payable:

2017 - Capital lease for a fire truck. Annual principal payments of \$22,141. Interest is charged a fixed rate of 1.68% per annum. The capital lease matures in 2023.	25,259
2019 - Capital lease for a motor grader. Annual principal and interest payments of \$41,264. Interest is charged a fixed rate of 3.75% per annum. The capital lease matures in 2023.	41,158
2020 - Capital lease for street lights. Annual principal and interest payments of \$31,111. Interest is charged a fixed rate of 2.84% per annum. The capital lease matures in 2029.	219,662
2020 - Capital lease for copier. Monthly principal payments of \$215. Interest is charged a fixed rate of 5.476% per annum. Maturity in 2025.	4,296
2023 - Capital lease for a Front End Loader. Annual principal and interest payments of \$31,960. Interest is charged at a fixed rate of 5.28% per annum. The capital lease matures in August of 2031.	200,000
2023 - Capital lease for a Sidewalk Plow. Annual principal and interest payments of \$13,591. Interest is charged at a fixed rate of 5.08% per annum. The capital lease matures in August of 2030.	<u>150,000</u>
Total notes from direct borrowings payable	<u>640,375</u>
Total governmental activities bonds and notes from direct borrowings payable	<u><u>\$ 2,173,378</u></u>

Business-type Activities:

2011 - General Obligation Bond due in annual principal and interest installments of \$46,752. Interest is charged at a fixed rate of 2.50% per annum and maturing in 2039.	\$ 975,563
2012 - General Obligation Bond due in annual principal and interest installments of \$9,487. Interest is charged at a fixed rate of 2.00% per annum and maturing in 2040.	201,470
2003 - General Obligation Bond due in annual principal and interest installments of \$13,629. Interest is charged at a fixed rate of 2.25% per annum and maturing in 2024.	14,013
2012 - General Obligation Bond due in annual principal and interest installments of \$60,541. Interest is charged at a fixed rate of 1.00% per annum and maturing in 2032.	584,372
2014 - General Obligation Bond due in annual principal and interest installments of \$38,971. Interest is charged at a fixed rate of 0.44% per annum and maturing in 2034.	<u>485,496</u>
Total bonds payable - business-type activities	<u><u>\$ 2,260,914</u></u>

TOWN OF DOVER-FOXCROFT, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 5- LONG-TERM DEBT (CONTINUED)

The following is a summary of outstanding bonds and notes from direct borrowings payable principal and interest requirements for the following fiscal years ending June 30:

	Governmental Activities				Business-type Activities		Total Debt Service
	Bonds Payable		Notes from Direct Borrowings Payable		Bonds Payable		
	Principal	Interest	Principal	Interest	Principal	Interest	
2024	\$ 78,821	\$ 33,766	\$ 121,679	\$ 13,634	\$ 176,291	\$ 41,835	\$ 466,026
2025	73,602	31,354	69,452	28,489	164,535	39,302	406,734
2026	74,400	29,106	75,002	21,005	166,835	36,999	403,347
2027	75,214	27,173	78,339	17,667	169,178	34,652	402,223
2028	39,797	25,947	81,830	14,176	171,567	32,261	365,578
2029-2033	212,108	116,612	214,073	23,079	827,054	120,760	1,513,686
2034-2038	235,752	92,968	-	-	485,324	109,477	923,521
2039-2043	262,033	66,687	-	-	100,130	2,643	431,493
2044-2048	291,244	37,476	-	-	-	-	328,720
2049-2053	190,032	7,124	-	-	-	-	197,156
	<u>\$ 1,533,003</u>	<u>\$ 468,213</u>	<u>\$ 640,375</u>	<u>\$ 118,050</u>	<u>\$ 2,260,914</u>	<u>\$ 417,929</u>	<u>\$ 5,438,484</u>

No interest costs were capitalized during the period. The amount of interest costs incurred and charged to business-type activities expense for the year ended June 30, 2023 was \$44,705.

All bonds and notes from direct borrowings payable are direct obligations of the Town, for which its full faith and credit are pledged. The Town is not obligated for any special assessment debt. All debt is payable from taxes or water user fees levied on all taxable property within the Town.

TOWN OF DOVER-FOXCROFT, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 6 - OTHER LONG-TERM OBLIGATIONS

A summary of other long-term obligations for the year ended June 30, 2023 is as follows:

	Balance, 7/1/22	Additions	Deletions	Balance, 6/30/23	Current Portion
<i>Governmental Activities:</i>					
Net pension liability/(asset)	\$ (35,553)	\$ 453,374	\$ (106,366)	\$ 311,455	-
Net OPEB liability	224,341	30,321	(25,040)	229,622	-
	<u>\$ 188,788</u>	<u>\$ 483,695</u>	<u>\$ (131,406)</u>	<u>\$ 541,077</u>	<u>\$ -</u>

Please see Notes 15 and 16 for detailed information on each of the other long-term obligations.

NOTE 7 - NET INVESTMENT IN CAPITAL ASSETS

The following is the calculation of the net investment in capital assets for the Town at June 30, 2023.

	Governmental Activities	Business-Type Activities
Accumulated depreciation		
Invested in capital assets	\$ 11,009,150	\$ 20,848,336
Accumulated depreciation	(3,820,517)	(8,073,980)
Outstanding capital related debt	(2,173,378)	(2,260,914)
	<u>\$ 5,015,255</u>	<u>\$ 10,513,442</u>

NOTE 8 - RESTRICTED NET POSITION

At June 30, 2023, the Town had the following restricted net position:

Special revenue funds	\$ 981,767
Permanent funds - principal	428,246
Permanent funds - spendable portion	217,727
	<u>\$ 1,627,740</u>

TOWN OF DOVER-FOXCROFT, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 9 - NONSPENDABLE FUND BALANCES

At June 30, 2023, the Town had the following nonspendable fund balances:

General fund:	
Tax acquired property	\$ 12,932
Prepaid items	93,367
Permanent Funds - Principal	428,246
	<u>\$ 534,545</u>

NOTE 10 - RESTRICTED FUND BALANCES

At June 30, 2023, the Town had the following restricted fund balances:

Special revenue funds	\$ 981,767
Permanent funds	217,727
	<u>\$ 1,199,494</u>

NOTE 11 - COMMITTED FUND BALANCES

At June 30, 2023, the Town had the following committed fund balances:

General fund - capital equipment:	
Fire/rescue	\$ 144,525
Assessing	28,429
Public works	229,584
Admin	38,207
Police	18,142
Solid waste	32,341
Cemetery	58,047
Street lights	66,821
Equipment reserve - nonspecific	295,585

TOWN OF DOVER-FOXCROFT, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 11 - COMMITTED FUND BALANCES (CONTINUED)

General fund - capital projects:	
Fire/rescue	13,114
Recreation	90,911
Public works	12,097
Admin/cable, broadband	54,101
Police	13,623
Solid waste	49,090
Cemetery	18,011
Admin building	152,930
Bridges	160,951
Gravel pit	16,661
Airport	10,038
Capital improvement - nonspecific	295,585
	<u>\$ 1,798,793</u>

NOTE 12 - ASSIGNED FUND BALANCES

At June 30, 2023, the Town had the following assigned fund balances:

General fund:	
Homecoming	\$ 11,804
Learn to skate	500
Promotion and development	22,075
Mill redevelopment TIF District	27,270
Police education	40,600
Weapons permits/ police equipment	1,594
Fire recovery	23,330
Playground improvements	10,000
	<u>\$ 137,173</u>

TOWN OF DOVER-FOXCROFT, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 13 - OVERLAPPING DEBT

The Town is responsible for its proportionate share of the County of Piscataquis and RSU No. 68's debt. The County of Piscataquis did not have any debt. As of June 30, 2023, the Town's share was as follows:

	<u>Outstanding Debt</u>	<u>Town's Percentage</u>	<u>Total Share</u>
RSU No. 68	\$ 2,699,375	61.36%	<u>\$ 1,656,337</u>

NOTE 14 - RISK MANAGEMENT

The Town is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions and natural disasters for which the Town carries commercial insurance.

Based on the coverage provided by the insurance purchased, the Town is not aware of any material actual or potential claim liabilities which should be recorded as of June 30, 2023. There were no significant reductions in insurance coverage from that of the prior year and amounts of settlements have not exceeded insurance coverage in the past three years.

NOTE 15 - DEFINED BENEFIT PENSION PLAN

MAINE PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Plan Description

Town employees contribute to the Maine Public Employees Retirement System (MainePERS), a cost-sharing multiple-employer defined benefit pension plan established by the Maine State Legislature. Title 5 of the Maine Revised Statutes Annotated assigns the authority to establish and amend benefit provisions to the Participating Local District (PLD) Consolidated Plan's advisory group, which reviews the terms of the plan and periodically makes recommendations to the Legislature to amend the terms. The Maine Public Employees Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for the Consolidated Plan. That report may be obtained online at www.maineopers.org or by contacting the System at (207) 512-3100.

TOWN OF DOVER-FOXCROFT, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 15 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

Benefits Provided

The Maine Public Employees Retirement System provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. The System's retirement programs provide defined retirement benefits based on members' average final compensation and service credit earned as of retirement. Vesting (i.e., eligibility for benefits upon reaching qualification) occurs upon the earning of five years of service credit (effective October 1, 1999, the prior ten-year requirement was reduced by legislative action to five years for employees of PLDs). In some cases, vesting occurs on the earning of one year of service credit immediately preceding retirement at or after normal retirement age. For PLD members, normal retirement age is 60 or 65. The monthly benefit of members who retire before normal retirement age by virtue of having at least 25 years of service credit is reduced by a statutorily prescribed factor for each year of age that a member is below her/his normal retirement age at retirement. The System also provides disability and death benefits which are established by contract with PLD employers under applicable statutory provisions. As of June 30, 2022, there were 311 employees in the plan.

Upon termination of membership, members' accumulated employee contributions are refundable with interest, credited in accordance with statute. Withdrawal of accumulated contributions results in forfeiture of all benefits and membership rights. The annual rate of interest credited to members' accounts is set by the System's Board of Trustees and is currently 1.52%.

Contributions

Retirement benefits are funded by contributions from members and employers and by earnings on investments. Disability and death benefits are funded by employer normal cost contributions and by investment earnings. The Town's AN plan members are required to contribute 6.25% or 7.0% of their annual covered salary. The Town is required to contribute at an actuarially determined rate. The FY23 rate is 8.5% for the AN plan of covered payroll. The contribution rates of plan members and the Town are established and may be amended by the Maine Public Employee Retirement Systems advisory group. The Town's contribution to the MainePERS PLD Consolidated Plan for the year ended June 30, 2023 was \$106,366.

TOWN OF DOVER-FOXCROFT, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 15 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

Pension Liabilities

PLD Consolidated Plan

At June 30, 2023, the Town reported a liability of \$311,455 for its proportionate share of the net pension liabilities for the plan. The net pension liabilities were measured as of June 30, 2022 and the total pension liabilities used to calculate the net pension liabilities was determined by an actuarial valuation as of that date. The Town's proportion of the net pension liabilities based on a projection of the Town's long-term share of contributions to each pension plan relative to the projected contributions of all PLDs, actuarially determined. At June 30, 2022, the Town's proportion was 0.11716%, which was an increase of 0.00653% from its proportion measured as of June 30, 2021.

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended June 30, 2023, the Town recognized total pension revenue of \$30,603. At June 30, 2023, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>PLD Plan</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 57,882	\$ -
Changes of assumptions	63,215	-
Net difference between projected and actual earnings on pension plan investments	-	130,720
Changes in proportion and differences between contributions and proportionate share of contributions	12,162	15,007
Contributions subsequent to the measurement date	<u>106,366</u>	<u>-</u>
Total	<u>\$ 239,625</u>	<u>\$ 145,727</u>

\$106,366 reported as deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

TOWN OF DOVER-FOXCROFT, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 15 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

	PLD Plan
Plan year ended June 30:	
2023	\$ 30,345
2024	(23,000)
2025	(81,210)
2026	61,397
2027	-
Thereafter	-

Actuarial Methods and Assumptions

The collective total pension liability for the Plan was determined by an actuarial valuation as of June 30, 2022, using the following methods and assumptions applied to all periods included in the measurement:

Actuarial Cost Method

The Entry Age Normal actuarial funding method is used to determine costs. Under this funding method, the total employer contribution rate consists of two elements: the normal cost rate and the unfunded actuarial liability (UAL) rate.

The individual entry age normal method is used to determine liabilities. Under the individual entry age normal method, a normal cost rate is calculated for each employee. This rate is determined by taking the value, as of age at entry into the plan, of the member's projected future benefits and dividing it by the value, also as of the member's entry age of their expected future salary. The normal cost for each member is the product of the member's pay and normal cost rate. The normal cost for the group is the sum of the normal costs for all members.

Experience gains and losses, i.e., decreases or increases in liabilities and/or in assets when actual experience differs from the actuarial assumptions, affect the unfunded actuarial accrued liability.

Asset Valuation Method

The actuarial valuation employs a technique for determining the actuarial value of assets which reduces the impact of short-term volatility in the market value. The specific technique adopted in this valuation recognizes in a given year one-third of the investment return that is different from the actuarial assumption for investment return.

TOWN OF DOVER-FOXCROFT, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 15 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

Amortization

The net pension liability of the PLD Consolidated Plan is amortized on a level percentage of payroll using a method where a separate twenty-year closed period is established annually for the gain or loss for that year.

Significant actuarial assumptions employed by the actuary for funding purposes as of June 30, 2022 are as follows:

Investment Rate of Return - 6.50% per annum for the years ended June 30, 2022 and 2021, compounded annually.

Salary Increases, Merit and Inflation - 2.75% to 11.48% per year

Mortality Rates - For the plan, the rates are based on the 2010 Public Plan General Benefits-Weighted Healthy Retiree Mortality Table, for males and females, projected generationally using the RPEC_2020 model.

Cost of Living Benefit Increases - 1.91%

The long-term expected rate of return on pension plan assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major class of assets. 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 pension plan's target asset allocation as of June 30, 2022 are summarized in the following table.

<u>Asset Class</u>	<u>PLD Plan</u>	
	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Public equities	30.0%	6.0%
US Government	7.5%	2.3%
Private equity	15.0%	7.6%
Real assets:		
Real estate	10.0%	5.2%
Infrastructure	10.0%	5.3%
Natural resources	5.0%	5.0%
Traditional Credit	7.5%	3.2%
Alternative Credit	5.0%	7.4%
Diversifiers	10.0%	5.9%

TOWN OF DOVER-FOXCROFT, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 15 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

Discount Rate

The discount rate used to measure the collective total pension liability was 6.50% for 2022 for the Plan. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer and non-employer entity contributions will be made at contractually required rates, actuarially determined. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The following table shows how the collective net pension liability as of June 30, 2022 would change if the discount rate used was one percentage point lower or one percentage point higher than the current rate. The current rate is 6.50% for each of the Plans.

	1% Decrease	Discount Rate	1% Increase
<u>PLD Plan:</u>			
Discount rate	5.50%	6.50%	7.50%
Town's proportionate share of the net pension liability/(asset)	\$ 930,123	\$ 311,455	\$ (191,634)

Changes in Net Pension Liability

Each employer's share of the collective net pension liability is equal to the collective net pension liability multiplied by the employer's proportionate share as of June 30, 2022 as shown in the schedules of employer and non-employer contributing entity allocations. Changes in net pension liability are recognized in pension expense for the year ended June 30, 2022 with the following exceptions.

Differences between Expected and Actual Experience

The difference between expected and actual experience with regard to economic or demographic factors were recognized in pension expense using a straight-line amortization method over a closed period equal to the average expected remaining service lives of active and inactive members in each plan. The first year is recognized as pension expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resource. For 2022 through 2020, this was three years for the PLD Consolidated Plan. For 2019, this was four years for the PLD Consolidated Plan. For 2018 and 2017, this was three years; prior to 2017, this was four years for the PLD Consolidated Plan.

TOWN OF DOVER-FOXCROFT, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 15 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

Differences between Expected and Actual Investment Earnings

Differences between projected and actual investment earnings are recognized in pension expense using a straight-line amortization method over a closed five-year period. The first year is recognized as pension expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resources.

Changes in Assumptions

Differences due to changes in assumptions about future economic or demographic factors or other inputs are recognized in pension expense using a straight-line amortization method over a closed period equal to the average expected remaining service lives of active and inactive members in each plan. The actuarial assumptions used for the year ended June 30, 2022 valuation were based on the results of an actuarial experience study for the period of July 1, 2015 through June 30, 2020. The first year is recognized as pension expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resources. Please refer to the *Actuarial Methods and Assumptions* section for information relating to the use of assumptions.

Changes in Proportion and Differences between Employer Contributions and Proportionate Share of Contributions

Differences resulting from a change in proportionate share of contributions and differences between total employer contributions and the employer's proportionate share of contributions are recognized in pension expense using a straight-line amortization method over a closed period equal to the average expected remaining service lives of active and inactive members in each plan. The first year is recognized as pension expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resources. Differences between total employer contributions and the employer's proportionate share of contributions may arise when an employer has a contribution requirement for an employer specific liability.

Pension Plan Fiduciary Net Position

Additional financial and actuarial information with respect to the Plan can be found in the MainePERS' 2022 Annual Comprehensive Financial Report available online at www.mainebers.org or by contacting the System at (207) 512-3100.

TOWN OF DOVER-FOXCROFT, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 16 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN

MAINE MUNICIPAL EMPLOYEES' HEALTH TRUST

Plan Description

The Town and Town retirees contribute to the Town's OPEB Plan with the Maine Municipal Employees Health Trust (MMEHT), a single employer defined benefit plan. Contributions and membership in this Plan are voluntary and may be terminated at any time by the Town and/or the Town retirees. MMEHT is a fully funded, self-insured trust which provides benefits to municipal and quasi-municipal organizations and county governments and acts as the agent to the Town concerning administration of this Plan. Title 24-A Chapter 81 of the Maine Revised Statutes Annotated authorizes the regulation of MMEHT as a Multiple Employer Welfare Arrangement by the State of Maine Bureau of Insurance. Benefits and plans are designed and governed by MMEHT participants and are administered by a number of third-party administrators contracted by MMEHT. No assets are accumulated in a trust that meets the criteria of paragraph 4 of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. MMEHT issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by MMEHT at (800) 852-8300.

Benefits Provided

This Plan provides medical/prescription drug benefits during retirement to Medicare and non-Medicare retirees and their surviving spouses with varying levels of benefits determined by voluntary plan selection by the retiree as well as applicable Medicare statutes and regulations. The Plan also provides an automatic life insurance benefit of \$2,000 to participants which includes a surviving spouse benefit for the same. The employee must meet the minimum requirement of age 55 with at least 5 years of service at retirement to be eligible for the Plan. The retiree must enroll when first eligible and continue coverage without interruption.

Employees Covered by Benefit Terms

At January 1, 2023, the following employees were covered by the benefit terms:

Active members	26
Retirees and spouses	-
Total	<u>26</u>

TOWN OF DOVER-FOXCROFT, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 16 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

Contributions

Retiree and spouse premium amounts are funded by the retiree at the rate for the coverage elected by the retiree. Premium rates are those determined by the MMEHT's Board of Trustees to be actuarially sufficient to pay anticipated claims. Premiums for retiree life insurance coverage are factored into the premiums paid for basic coverage. Retirees and spouses must contribute 100% of the premium amounts. The sponsoring employer pays the remainder of the premium. Medical benefits are provided for the life of the retiree and surviving spouses.

Retiree Premium Amounts:

The following monthly premium amounts were reported on the individual data file. Actual plan election was reflected in expected retiree premium amounts.

	<u>Pre-Medicare</u>	<u>Single Coverage</u>	<u>Family Coverage</u>
POS C		\$1,140.92	\$2,559.25
	<u>Medicare</u>		
Medicare-eligible Retirees		\$600.50	\$1,201.00

Total OPEB Liability, OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At June 30, 2023, the Town reported a liability of \$201,064 for its total OPEB liability for this Plan. The total OPEB liability was measured as of January 1, 2023 and was determined by an actuarial valuation as of that date. The Town's total OPEB liability was based on the Entry Age Normal Actuarial Cost Method which does not reflect future changes in benefits, subsidies, penalties, taxes or administrative costs that may be required as a result of the Patient Protection and Affordable Care Act of 2010 (ACA) related legislation and regulations.

For the year ended June 30, 2023, the Town recognized OPEB expense of \$16,440. At June 30, 2023, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

TOWN OF DOVER-FOXCROFT, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 16 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

	<u>MMEHT</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 1,452	\$ 41,775
Changes of assumptions	28,946	41,072
Net difference between projected and actual earnings on OPEB plan investments	-	-
Contributions subsequent to the measurement date	<u>2,467</u>	<u>-</u>
Total	<u>\$ 32,865</u>	<u>\$ 82,847</u>

\$2,467 were reported as deferred outflows of resources related to OPEB resulting from Town contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	<u>MMEHT</u>
Plan year ended December 31:	
2024	\$ (5,179)
2025	(4,113)
2026	(11,515)
2027	(14,079)
2028	(14,079)
Thereafter	(3,484)

Discount Rate

The discount rate is the assumed interest rate used for converting projected dollar related values to a present value as of the valuation date of January 1, 2023. The discount rate determination is based on the high-quality AA/Aa or higher bond yields in effect for 20-year, tax-exempt general obligation municipal bonds using the Bond Buyer 20-Bond GO Index. The rate of 3.72% per annum for June 30, 2023 was based upon a measurement date of December 29, 2022. The sensitivity of net OPEB liability to changes in discount rate are as follows:

TOWN OF DOVER-FOXCROFT, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 16 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

	1% Decrease	Discount Rate	1% Increase
	2.72%	3.72%	4.72%
Total OPEB liability	\$ 232,651	\$ 201,064	\$ 174,962
Plan fiduciary net position	-	-	-
Net OPEB liability	<u>\$ 232,651</u>	<u>\$ 201,064</u>	<u>\$ 174,962</u>
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%	0.00%

Healthcare Trend

The healthcare trend is the assumed dollar increase in dollar-related values in the future due to the increase in the cost of health care. The healthcare cost trend rate is the rate of change in per capita health claim costs over time as a result of factors such as medical inflation, utilization of healthcare services, plan design and technological developments. The sensitivity of net OPEB liability to changes in healthcare cost trend rates are as follows:

	1% Decrease	Healthcare Trend Rates	1% Increase
Total OPEB liability	\$ 171,457	\$ 201,064	\$ 237,837
Plan fiduciary net position	-	-	-
Net OPEB liability	<u>\$ 171,457</u>	<u>\$ 201,064</u>	<u>\$ 237,837</u>
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%	0.00%

Actuarial Methods and Assumptions

The total OPEB liability for the Plan was determined by an actuarial valuation as of January 1, 2023, using the following methods and assumptions applied to all periods included in the measurement:

TOWN OF DOVER-FOXCROFT, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 16 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

Actuarial Cost Method

The Entry Age Normal Actuarial Cost Method is used to determine costs. Under this funding method, a normal cost rate is determined as a level percent of pay for each active Plan member and then summed to produce the total normal cost for this Plan. The unfunded actuarial liability is the difference between the actuarial liability and the actuarial value of assets.

For medical and pharmacy, historical claims and census records were assembled and provided through June 30, 2021. Medicare and non-Medicare eligible medical and prescription experience were analyzed. It was assumed that current enrollment distribution of benefit options would remain constant in the future for retirees. The cost was distributed based on the current covered population and the actuary's standard age curves which vary by age, gender and Medicare status. Children costs are converted to a load on the non-Medicare retirees which implicitly assumes that future retirees will have the same child distribution as current retirees.

Assumptions

The actuarial assumptions used in the January 1, 2023 actuarial valuation were adopted by the Maine State Retirement Consolidated Plan for Participating Local Districts as of June 30, 2022 and based on the experience study covering the period from June 30, 2016 through June 30, 2021. As of January 1, 2023, they are as follows:

Discount Rate - 3.72% per annum for year end 2023 reporting. 2.06% per annum for year end 2022 reporting.

Trend Assumptions:

Medical Trend assumptions were developed using the Society of Actuaries (SOA) Long-Run Medical Cost Trend Model. The SOA model was released in December 2007 and version 2023_f1 was used for this valuation. The following assumptions were input into this model:

TOWN OF DOVER-FOXCROFT, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 16 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

<u>Variable</u>	<u>Rate</u>
Rate of Inflation	3.00%
Rate of Growth in Real Income/GDP per capital 2032+	1.50%
Extra Trend due to Taste/Technology 2032+	0.80%
Expected Health Share of GDP 2032	19.80%
Health Share of GDP Resistance Point	19.00%
Year for Limiting Cost Growth to GDP Growth	2043

The SOA Long-Run Medical Cost Trend Model and its baseline projection are based on an econometric analysis of historical U.S. medical expenditures and the judgements of experts in the field. The long-run baseline projection and input variables have been developed under the guidance of the SOA Project Oversight Group. The rate for the extra trend for taste and technology was set above the baseline of 1.1% (to 1.2%) to move closer to the 30-year average to reflect the future projections from the Centers for Medicare and Medicaid Services Office of the Actuary (CMS OACT). The Medicare Trustee Report and CBO Long-Term Budget Outlook.

The trends selected from 2023 to 2026 were based on plan design, population weighting, renewal projections and market analysis. For years 2027 to 2031, these are interpolated from 2026 to 2032 (which is the product of the inflation, GDP and extra trend rate assumptions).

Deductibles, Co-payments and Out of Pocket Maximums are assumed to increase at the above trend rates. The ultimate trend rate reflects an assumed nominal per capital GDP growth.

Administrative and claims expense - 3% per annum.

Future plan changes - Assumes that the current Plan and cost-sharing structure remain in place for all future years.

Retirement Rates - Rates vary for plans with no explicit employer subsidy (or payment) versus those plans defining an explicit employer subsidy (or payment). The rates are based on assumptions from the Maine State Retirement Consolidated Plan for Participating Local District at June 30, 2021.

Retirement Contribution Increases - Assumed to increase at the same rate as incurred claims. A constant cost sharing in plan design between employer and employees is assumed.

TOWN OF DOVER-FOXCROFT, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 16 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

Family Enrollment Composition - For males, 50% of future retirees under the age of 65 and 50% of current retirees are married and elect spousal coverage while females are at 30% for both. 25% of male and female future retirees over the age of 65 are married and elect spousal coverage.

Age Difference of Spouses - Husbands are assumed to be 3 years older than wives.

Administrative expenses - Included in the per capita claims cost.

Disability Incidence - Disabled lives will be considered active employees and will not be valued separately.

Salary Increase Rate - 2.75% per year assumed using the level percentage of pay entry age method.

Dates of Hire - Needed to be assumed for some employees and will be based on the average age at hire for similar employees.

Rate of Mortality:

Healthy Annuitant- Based on 112.1% and 118.5% of the 2010 Public Plan General Benefits-Weighted Healthy Retiree Mortality Table, respectively, for males and females. The proposed rates are projected generationally using the RPEC_2020 model, with an ultimate rate of 1.00% for ages 80 and under, grading down to 0.05% at age 95 and further grading down to 0.00% at age 115, along with convergence to the ultimate rates in the year 2027. All other parameters used in the RPEC_2020 model are those included in the published MP-2020 scale. As prescribed by the Trust, mortality rates were taken from the assumptions for the Maine State Retirement Consolidated Plan for Participating Local Districts at June 30, 2021.

Active Employees - Rates of mortality are based on 83.5% and 88.6% of the 2010 Public Plan General Benefits- Weighted Employee Mortality Table, respectively, for males and females. These rates are generationally projected using the same version of the RPEC_2020 model as described in the healthy annuitant mortality. As prescribed by the Trust, mortality rates were taken from the assumptions for the Maine State Retirement Consolidated Plan for Participating Local Districts at June 30, 2021.

TOWN OF DOVER-FOXCROFT, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 16 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

Retiree Continuation Percentage:

Medicare participant retirees - 100% assumed to continue in the plan elected

Pre-Medicare plan retirees and active participants - 75% assumed to continue coverage once Medicare-eligible

Pre-Medicare plan spouses and spouses of active participants - 50% assumed to continue coverage once Medicare-eligible

Changes in Net OPEB Liability

Changes in net OPEB liability are recognized in OPEB expense for the year ended June 30, 2023 with the following exceptions:

Differences between Expected and Actual Experience

The difference between expected and actual experience are recognized in OPEB expense using a straight-line amortization method over a closed period equal to the average expected remaining service lives of active and inactive members in each plan. The first year is recognized as OPEB expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resources. The difference between expected and actual experience as of January 1, 2023 was (\$40,323).

Changes in Assumptions

Differences due to changes in assumptions about future economic, demographic or claim and expense factors or other inputs are recognized in OPEB expense using a straight-line amortization method over a closed period equal to the average expected remaining service lives of active and inactive members in each plan. The actuarial assumptions used in the January 1, 2023 actuarial valuation were adopted by the Maine State Retirement Consolidated Plan for Participating Local Districts as of June 30, 2021 and based on the experience study covering the period from June 30, 2016 through June 30, 2020. The first year is recognized as OPEB expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resources.

Differences between Projected and Actual Earnings on OPEB Plan Investments

Differences between projected and actual investment earnings are recognized in OPEB expense using a straight-line amortization method over a closed five-year period. The first year is recognized as OPEB expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resources.

TOWN OF DOVER-FOXCROFT, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 16 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

OPEB Plan Fiduciary Net Position

Additional financial and actuarial information with respect to this Plan can be found at the Town office at 48 Morton Ave. Suite A, Dover-Foxcroft, Maine 04426.

MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM

Plan Description

Town employees contribute to the Group Life Insurance Plan for Retired Participating Local District (PLD) (the PLD Consolidated Plan of the Maine Public Employees Retirement System (MainePERS)), a cost-sharing multiple-employer defined benefit plan established by the Maine State Legislature. Title 5 of the Maine Revised Statutes Annotated assigns the authority to establish and amend benefit provisions to the Participating Local District Consolidated Plan's advisory group, which reviews the terms of the plan and periodically makes recommendations to the Legislature to amend the terms. As of June 30, 2022, there were 139 employers participating in the plan. The Maine Public Employees Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for the Consolidated Plan. That report may be obtained online at www.maineopers.org or by contacting the System at (207) 512-3100.

Benefits Provided

The Group Life Insurance Plan (the Plan) provides basic group life insurance benefits, during retirement, to retirees who participated in the Plan prior to retirement for a minimum of 10 years (the 10-year participation requirement does not apply to recipients of disability retirement benefits). The level of coverage in retirement is initially set to an amount equal to the retiree's average final compensation. The initial amount of basic life is then subsequently reduced at the rate of 15% per year to the greater of 40% of the initial amount or \$2,500.

Contributions

Life insurance benefits are funded by contributions from members and employers. Premium rates are those determined by the MainePERS's Board of Trustees to be actuarially sufficient to pay anticipated claims. For state employees, the premiums for retiree life insurance coverage are factored into the premiums paid for basic coverage while participants are active members. Premiums for basic life insurance coverage for retired teachers are paid by the State as the total dollar amount of each year's annual required contribution. PLD employers are required to remit a

TOWN OF DOVER-FOXCROFT, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 16 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

premium of \$0.46 per \$1,000 of coverage for covered active employees, a portion of which is to provide a level of coverage in retirement. PLD employers with retired PLD employees continue to remit a premium of \$0.46 per \$1,000 of coverage per month during the post-employment retired period. The Town's contribution to the Plan for the year ended June 30, 2023 was \$840.

Proportionate Net OPEB Liability, OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At June 30, 2023, the Town reported a liability of \$28,558 for its proportionate share of the net OPEB liabilities for the PLD Plan. The net OPEB liabilities were measured as of June 30, 2022 and the total OPEB liabilities used to calculate the net OPEB liabilities was determined by an actuarial valuation as of that date. The Town's proportion of the net OPEB liabilities were based on a projection of the Town's long-term share of contributions to the PLD Plan relative to the projected contributions of all PLDs, actuarially determined. At June 30, 2022, the Town's proportion was 0.19718%, which was a decrease of 0.01624% from its proportion measured as of June 30, 2021.

For the year ended June 30, 2023, the Town recognized total OPEB expense of \$3,293 for the PLD plan. At June 30, 2023, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	PLD Life Insurance	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,389	\$ 253
Changes of assumptions	2,375	8,918
Net difference between projected and actual earnings on pension plan investments	2,469	-
Changes in proportion and differences between contributions and proportionate share of contributions	2,559	6,621
Contributions subsequent to the measurement date	840	-
Total	\$ 9,632	\$ 15,792

TOWN OF DOVER-FOXCROFT, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 16 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

\$840 reported as deferred outflows of resources related to OPEB resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	<u>PLD Life Insurance</u>
Plan year ended June 30:	
2023	\$ (1,362)
2024	(2,010)
2025	(3,711)
2026	1,137
2024	(604)
Thereafter	(450)

Actuarial Methods and Assumptions

The collective total OPEB liability for the PLD Plan was determined by an actuarial valuation as of June 30, 2022, using the following methods and assumptions applied to all periods included in the measurement:

Actuarial Cost Method

The Entry Age Normal actuarial funding method is used to determine costs. Under this funding method, the total employer contribution rate consists of two elements: the normal cost rate and the unfunded actuarial liability (UAL) rate.

The individual entry age normal method is used to determine liabilities. Under the individual entry age normal method, a normal cost rate is calculated for each employee. This rate is determined by taking the value, as of age at entry into the Plan, of the member's projected future benefits and dividing it by the value, also as of the member's entry age, of his or her expected future salary. The normal cost for each employee is the product of his or her pay and his or her normal cost rate. The normal cost for the group is the sum of the normal costs for all members.

Experience gains and losses, i.e., decreases or increases in liabilities and/or in assets when actual experience differs from the actuarial assumptions, affect the unfunded actuarial accrued liability.

TOWN OF DOVER-FOXCROFT, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 16 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

Asset Valuation Method

Investments are reported at fair value.

Amortization

The net OPEB liability of the Plan is amortized on a level percentage of payroll over a thirty-year period on a closed basis. As of June 30, 2022, there were 8 years remaining for the Plan.

The actuarial assumptions used in the June 30, 2022 actuarial valuation was based on the results of an actuarial experience study conducted for the period of July 1, 2015 to June 30, 2020.

Significant actuarial assumptions employed by the actuary for funding purposes as of June 30, 2022 are as follows:

Investment Rate of Return - For the PLD Plan, 6.50% per annum, compounded annually.

Inflation Rate - 2.75%

Annual Salary Increases including Inflation - For the PLD Plan, 2.75% to 11.48% per year.

Mortality Rates - For active members and non-disabled retirees of the Plan, the 2010 Public Plan General Benefits - Weighted Healthy Retiree Mortality Table, for males and females, projected generationally using the RPEC_2020 model is used.

Participation Rate for Future Retirees - 100% of those currently enrolled.

Conversion Charges - Apply to the cost of active group life insurance, not retiree group life insurance.

Form of Benefit Payment - Lump sum

TOWN OF DOVER-FOXCROFT, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 16 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

The long-term expected rate of return on the Plan's 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 class of assets. 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 long-term real rates of return for each major asset class included in the target asset allocation as of June 30, 2022 are summarized in the following table. Assets for the defined benefit plan are comingled for investment purposes.

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Public equities	70.00%	6.00%
Real estate	5.00%	5.20%
Traditional credit	15.00%	3.00%
US Government securities	10.00%	2.30%
Total	100.00%	

Discount Rate

The discount rate used to measure the collective total OPEB liability was 6.50% for 2022. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made at contractually required rates, actuarially determined. The following table shows how the collective net OPEB liability as of June 30, 2021 would change if the discount rate used was one percentage point lower or one percentage point higher than the current rate. The current rate is 6.50% for the PLD Plan.

	1% Decrease	Discount Rate	1% Increase
PLD Life Insurance:			
Discount rate	5.50%	6.50%	7.50%
Town's proportionate share of the net OPEB liability	\$ 38,760	\$ 28,558	\$ 20,367

TOWN OF DOVER-FOXCROFT, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 16 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

Changes in Net OPEB Liability

Each employer's share of the collective net OPEB liability is equal to the collective net OPEB liability multiplied by the employer's proportionate share as of June 30, 2022 as shown in the schedules of employer and non-employer contributing entity allocations. Changes in net OPEB liability are recognized in OPEB expense for the year ended June 30, 2022 with the following exceptions:

Differences between Expected and Actual Experience

The difference between expected and actual experience with regard to economic or demographic factors are recognized in OPEB expense using a straight-line amortization method over a closed period equal to the average expected remaining service lives of active and inactive members in each plan. The first year is recognized as OPEB expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resources.

Differences between Projected and Actual Investment Earnings on OPEB Plan Investments

Differences between projected and actual investment earnings are recognized in OPEB expense using a straight-line amortization method over a closed five-year period. The first year is recognized as OPEB expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resources.

Changes in Assumptions

Differences due to changes in assumptions about future economic or demographic factors or other inputs are recognized in OPEB expense using a straight line amortization method over a closed period equal to the average expected remaining service lives of active and inactive members in each plan. The first year is recognized as OPEB expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resources.

Changes in Proportion and Differences between Employer Contributions and Proportionate Share of Contributions

Differences resulting from a change in proportionate share of contributions and differences between total employer contributions and the employer's proportionate share of contributions are recognized in OPEB expense using a straight-line amortization method over a closed period equal to the average expected remaining

TOWN OF DOVER-FOXCROFT, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 16 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

service lives of active and inactive members in each plan. The first year is recognized as OPEB expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resources. Differences between total employer contributions and the employer's proportionate share of contributions may arise when an employer has a contribution requirement for an employer specific liability. There were no differences between employer contributions and proportionate share of contributions as of June 30, 2022.

OPEB Plan Fiduciary Net Position

Additional financial and actuarial information with respect to the Plan can be found in the MainePERS' 2022 Annual Comprehensive Financial Report available online at www.mainebers.org or by contacting the System at (207) 512-3100.

NOTE 17 - BENEFICIAL INTERESTS IN ASSETS HELD BY OTHERS

The Town is an income beneficiary of assets held by Maine Community Foundation (MCF) as a result of making reciprocal transfers of assets to MCF and specifying itself as the beneficiary. As such, the Town receives distributions amounting to a percentage of the fair value of these assets each year. The Town has granted variance power to MCF. The Board of Trustees of the MCF has the power to modify, consistent with State law, including seeking approval of the appropriate court or Attorney General, where applicable, any restriction or condition on the distribution of funds for any specified Towns if, in the sole judgment of the Board (without the necessity of the approval of any participating trustee, custodian or agent), such restriction or condition becomes, in effect, unnecessary, incapable of fulfillment or inconsistent with the charitable needs of the community. Annual distributions from these assets have been reported as revenue.

The estimated fair market value of the beneficial interests in the assets, which approximate the present values of expected future cash flows from the assets, are recognized in the statement of financial position as beneficial interests in assets held by others. This amounted to \$2,301,659 in the year ended June 30, 2023. Of this amount, \$918,198 is reported in governmental funds and \$1,383,461 is reported in fiduciary funds.

TOWN OF DOVER-FOXCROFT, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 18 - TAX ABATEMENTS

The Town enters into property tax abatement agreements with local businesses under Title 30-A Chapter 206 Development Districts, Subchapter 1, Development Districts for Municipalities and Plantations and Subchapter 3, Municipal Affordable Housing Development Districts. Under this law, municipalities may grant property tax abatements of up to 100 percent of a business' property tax bill for the purpose of attracting or retaining businesses within their jurisdictions. The abatements may be granted to any business located within or promising to relocate to the Town. For the fiscal year ended June 30, 2023, the Town abated property taxes totaling \$7,226 under this program, including the following tax abatement agreements.

Arnold Development Group, LLC received a 90 percent credit enhancement as specified by the TIF agreement for undertaking the renovation and rehabilitation of the former Moosehead Manufacturing facility in the Town and for making certain income generating improvements to the property. The abatement amounted to \$62,041.

NOTE 19 - LANDFILL CLOSURE

State and federal laws and regulations required the Town to incur certain landfill closure and post closure costs for a landfill closed in prior years. The future post-closure costs are estimated to be approximately \$8,500 per year.

NOTE 20 - CONTINGENCIES

The Town participates in numerous State and Federal grant programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the Town has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivable at June 30, 2023 may be impaired. In the opinion of the Town, there are no significant contingent liabilities relating to compliance with the rules and regulations; therefore, no provision has been recorded in the accompanying combined financial statements for such contingencies.

NOTE 21 - RESTATEMENTS

In 2023, the Town determined that certain transactions were recorded incorrectly or omitted. Therefore, a restatement to the governmental activities net position and general fund balance was required. The governmental activities net position and general fund balance was restated by a decrease of \$160,968 for prior year accounts payable.

Required Supplementary Information

Required supplementary information includes financial information and disclosures that are required by the Governmental Accounting Standards Board but are not considered a part of the basic financial statements. Such information includes:

- Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund
- Schedule of Proportionate Share of the Net Pension Liability
- Schedule of Contributions - Pension
- Schedule of Changes in Net OPEB Liability
- Schedule of Changes in Net OPEB Liability and Related Ratios
- Schedule of Proportionate Share of the Net OPEB Liability - Life Insurance
- Schedule of Contributions - OPEB
- Notes to Required Supplementary Information

TOWN OF DOVER-FOXCROFT, MAINE

BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
 BUDGET AND ACTUAL - GENERAL FUND
 FOR THE YEAR ENDED JUNE 30, 2023

	Budgeted Amounts		Actual Amounts	Variance Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1, Restated	\$ 4,384,406	\$ 4,384,406	\$ 4,384,406	\$ -
Resources (Inflows):				
Taxes:				
Property Taxes	6,525,672	6,525,672	6,548,737	23,065
Excise Taxes	940,825	940,825	980,068	39,243
Intergovernmental Revenues:				
State Revenue Sharing	806,000	806,000	1,010,738	204,738
Homestead Reimbursement	343,233	343,233	342,233	(1,000)
BETE Reimbursement	244,577	244,577	244,667	90
Tree Growth	55,500	55,500	58,005	2,505
Veterans' Reimbursement	6,700	6,700	6,153	(547)
PILOT	23,000	23,000	30,391	7,391
Local road assistance	93,350	93,350	92,840	(510)
Other	20,125	20,125	130,078	109,953
Interest Income	111,500	111,500	61,342	(50,158)
Interest on Taxes/Lien Costs	-	-	33,792	33,792
Charges for Services	230,567	230,567	288,790	58,223
Rentals	106,825	106,825	121,913	15,088
Miscellaneous Revenues	2,000	2,000	6,926	4,926
Sale of Property	-	-	41,339	41,339
Bond proceeds	-	-	1,400,000	1,400,000
Amounts Available for Appropriation	<u>13,894,280</u>	<u>13,894,280</u>	<u>15,782,418</u>	<u>1,888,138</u>
Charges to Appropriations (Outflows):				
General Government	1,803,045	1,803,045	1,635,402	167,643
Public Safety	1,120,500	1,120,500	1,074,432	46,068
Public Works	1,105,355	1,105,355	1,035,983	69,372
Recreation and Culture	328,280	328,280	319,257	9,023
Health and Welfare	668,370	668,370	646,398	21,972
Cemeteries	170,845	170,845	157,254	13,591
Education	2,771,576	2,771,576	2,771,576	-
County Tax	560,831	560,831	560,831	-
Unclassified	1,564,985	1,564,985	1,477,775	87,210
Debt service:				
Principal	66,247	66,247	66,247	-
Interest	6,163	6,163	5,625	538
Total Charges to Appropriations	<u>10,166,197</u>	<u>10,166,197</u>	<u>9,750,780</u>	<u>415,417</u>
Budgetary Fund Balance, June 30	<u>\$ 3,728,083</u>	<u>\$ 3,728,083</u>	<u>\$ 6,031,638</u>	<u>\$ 2,303,555</u>
Utilization of Committed Fund Balance	<u>\$ 656,323</u>	<u>\$ 656,323</u>	<u>\$ -</u>	<u>\$ (656,323)</u>

See accompanying independent auditor's report and notes to financial statements.

TOWN OF DOVER-FOXCROFT, MAINE

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
LAST 10 FISCAL YEARS*

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
<u>PLD Plan:</u>										
Proportion of the net pension liability/(asset)	0.12%	0.11%	0.12%	0.12%	0.13%	0.13%	0.12%	0.10%	0.10%	0.09%
Proportionate share of the net pension liability/(asset)	\$ 311,455	\$ (35,553)	\$ 490,372	\$ 352,134	\$ 352,028	\$ 516,149	\$ 642,289	\$ 329,017	\$ 148,521	\$ 279,841
Covered payroll	\$ 1,148,566	\$ 1,071,404	\$ 965,369	\$ 1,882,888	\$ 1,735,966	\$ 1,709,570	\$ 1,575,504	\$ 1,431,047	\$ 1,387,898	\$ 1,312,202
Proportionate share of the net pension liability/(asset) as a percentage of its covered payroll	27.12%	-3.32%	50.80%	18.70%	20.28%	30.19%	40.77%	22.99%	10.70%	21.33%
Plan fiduciary net position as a percentage of the total pension liability/(asset)	93.26%	100.86%	88.35%	90.62%	91.14%	86.43%	86.40%	81.61%	88.30%	87.50%

* The amounts presented for each fiscal year were determined as of June 30.

See accompanying independent auditor's report and notes to financial statements.

TOWN OF DOVER-FOXCROFT, MAINE

SCHEDULE OF CONTRIBUTIONS - PENSION
LAST 10 FISCAL YEARS

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
<u>PLD Plan:</u>										
Contractually required contribution	\$ 106,366	\$ 91,885	\$ 79,284	\$ 67,576	\$ 71,115	\$ 64,613	\$ 57,754	\$ 71,970	\$ 62,491	\$ 62,104
Contributions in relation to the contractually required contribution	<u>(106,366)</u>	<u>(91,885)</u>	<u>(79,284)</u>	<u>(67,576)</u>	<u>(71,115)</u>	<u>(64,613)</u>	<u>(57,754)</u>	<u>(71,970)</u>	<u>(62,491)</u>	<u>(62,104)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 1,250,814	\$ 1,148,566	\$ 1,071,404	\$ 965,369	\$ 1,015,927	\$ 994,044	\$ 1,012,922	\$ 1,028,138	\$ 961,394	\$ 955,445
Contributions as a percentage of covered payroll	8.50%	8.00%	7.40%	7.00%	7.00%	6.50%	5.70%	7.00%	6.50%	6.50%

See accompanying independent auditor's report and notes to financial statements.

TOWN OF DOVER-FOXCROFT, MAINE

SCHEDULE OF CHANGES IN NET OPEB LIABILITY
FOR YEAR ENDED JUNE 30, 2023

	Increase (Decrease)		
	Net OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances at 1/1/22 (Reporting December 31, 2022)	\$ 202,308	\$ -	\$ 202,308
Changes for the year:			
Service cost	19,526	-	19,526
Interest	4,560	-	4,560
Changes of benefits	-	-	-
Differences between expected and actual experience	-	-	-
Changes of assumptions	(24,376)	-	(24,376)
Contributions - employer	-	954	(954)
Contributions - member	-	-	-
Net investment income	-	-	-
Benefit payments	(954)	(954)	-
Administrative expense	-	-	-
Net changes	<u>(1,244)</u>	<u>-</u>	<u>(1,244)</u>
Balances at 1/1/23 (Reporting December 31, 2023)	<u>\$ 201,064</u>	<u>\$ -</u>	<u>\$ 201,064</u>

See accompanying independent auditor's report and notes to financial statements.

TOWN OF DOVER-FOXCROFT, MAINE

SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS
LAST 10 FISCAL YEARS*

	2023	2022	2021	2020	2019	2018
<u>Total OPEB liability</u>						
Service cost (BOY)	\$ 19,526	\$ 21,110	\$ 18,392	\$ 11,412	\$ 12,615	\$ 8,288
Interest (includes interest on service cost)	4,560	5,749	6,282	6,199	5,182	5,307
Changes of benefit terms	-	-	-	(3,942)	-	-
Differences between expected and actual experience	-	(52,256)	-	4,360	-	(31,161)
Changes of assumptions	(24,376)	(21,923)	15,389	53,632	(15,809)	23,650
Benefit payments, including refunds of member contributions	(954)	(891)	(857)	(240)	(231)	(118)
Net change in total OPEB liability	\$ (1,244)	\$ (48,211)	\$ 39,206	\$ 71,421	\$ 1,757	\$ 5,966
Total OPEB liability - beginning	\$ 202,308	\$ 250,519	\$ 211,313	\$ 139,892	\$ 138,135	\$ 132,169
Total OPEB liability - ending	\$ 201,064	\$ 202,308	\$ 250,519	\$ 211,313	\$ 139,892	\$ 138,135
<u>Plan fiduciary net position</u>						
Contributions - employer	\$ 954	\$ 891	\$ 857	\$ 240	\$ 231	\$ 118
Contributions - member	-	-	-	-	-	-
Net investment income	-	-	-	-	-	-
Benefit payments, including refunds of member contributions	(954)	(891)	(857)	(240)	(231)	(118)
Administrative expense	-	-	-	-	-	-
Net change in fiduciary net position	-	-	-	-	-	-
Plan fiduciary net position - beginning	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Plan fiduciary net position - ending	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net OPEB liability - ending	<u>\$ 201,064</u>	<u>\$ 202,308</u>	<u>\$ 250,519</u>	<u>\$ 211,313</u>	<u>\$ 139,892</u>	<u>\$ 138,135</u>
Plan fiduciary net position as a percentage of the total OPEB liability	-	-	-	-	-	-
Covered payroll	\$ 1,120,152	\$ 1,120,152	\$ 1,096,807	\$ 1,096,807	\$ 897,147	\$ 897,147
Net OPEB liability as a percentage of covered payroll	17.9%	18.1%	22.8%	19.3%	15.6%	15.4%

* The amounts presented for each fiscal year are for those years for which information is available.

See accompanying independent auditor's report and notes to financial statements.

TOWN OF DOVER-FOXCROFT, MAINE

SCHEDULE OF PROPORTIONATE SHARE OF THE NET OPEB LIABILITY - HEALTH PLAN
LAST 10 FISCAL YEARS*

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
<u>PLD Life Insurance:</u>						
Proportion of the net OPEB liability	0.20%	0.21%	0.23%	0.24%	0.21%	0.22%
Town's proportionate share of the net OPEB liability	\$ 28,558	\$ 22,033	\$ 30,056	\$ 52,051	\$ 42,088	\$ 36,786
State's proportionate share of the net OPEB liability associated with the Town	-	-	-	-	-	-
Total	<u>\$ 28,558</u>	<u>\$ 22,033</u>	<u>\$ 30,056</u>	<u>\$ 52,051</u>	<u>\$ 42,088</u>	<u>\$ 36,786</u>
Covered-employee payroll	\$ 1,148,566	\$ 1,071,404	\$ 965,369	\$ 1,015,927	\$ 994,044	\$ -
Proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total OPEB liability	56.15%	48.68%	55.40%	43.18%	43.92%	47.42%

See accompanying independent auditor's report and notes to financial statements.

TOWN OF DOVER-FOXCROFT, MAINE

SCHEDULE OF CONTRIBUTIONS - OPEB
LAST 10 FISCAL YEARS*

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
<u>MMEHT:</u>						
Employer contributions	\$ 954	\$ 891	\$ 857	\$ 240	\$ 231	\$ 118
Benefit payments	(954)	(891)	(857)	(240)	(231)	(118)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 1,120,152	\$ 1,120,152	\$ 1,096,807	\$ 1,096,807	\$ 897,147	\$ 897,147
Contributions as a percentage of covered payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
<u>PLD Life Insurance:</u>						
Contractually required contribution	\$ 840	\$ -	\$ 851	\$ 1,301	\$ 623	\$ 2,282
Contributions in relation to the contractually required contribution	(840)	-	(851)	(1,301)	(623)	(2,282)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 1,250,814	\$ 1,148,566	\$ 1,071,404	\$ 965,369	\$ 1,015,927	\$ 994,044
Contributions as a percentage of covered-employee payroll	0.07%	0.00%	0.24%	0.13%	0.06%	0.23%

See accompanying independent auditor's report and notes to financial statements.

TOWN OF DOVER-FOXCROFT, MAINE

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2023

Changes of Assumptions

MEPERS PLD Plan:

There were no changes of assumptions.

MMEHT OPEB Plan:

There was a change in the discount rate from 2.06% to 3.72% per GASB 75 discount rate selection. Ultimate medical trends were aligned to the higher inflation environment for the roll forward as of this measurement date.

PLD OPEB:

There were no changes of assumptions.

See accompanying independent auditor's report and notes to financial statements.

Other Supplementary Information

Other supplementary information includes financial statements and schedules not required by the Governmental Accounting Standards Board, nor a part of the basic financial statements, but are presented for purposes of additional analysis.

- Schedule of Departmental Operations - General Fund
- Schedule of General Capital Assets by Function
- Schedule of Changes in General Capital Assets by Function

TOWN OF DOVER-FOXCROFT, MAINE

SCHEDULE OF DEPARTMENTAL OPERATIONS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2023

	Original Budget	Budget Adjustments	Final Budget	Actual	Variance Positive (Negative)
General Government -					
Selectmen	\$ 9,100	\$ -	\$ 9,100	\$ 8,745	\$ 355
Elections	14,500	-	14,500	13,083	1,417
Planning	10,850	-	10,850	2,626	8,224
Code enforcement	6,050	-	6,050	3,040	3,010
Assessing	54,425	-	54,425	33,282	21,143
Administration	536,775	-	536,775	566,316	(29,541)
Benefits	929,935	-	929,935	761,685	168,250
Insurance	134,800	-	134,800	150,126	(15,326)
Senior center	25,980	-	25,980	23,747	2,233
Municipal building	80,630	-	80,630	72,752	7,878
	<u>1,803,045</u>	<u>-</u>	<u>1,803,045</u>	<u>1,635,402</u>	<u>167,643</u>
Public Safety -					
Police department	504,105	-	504,105	431,360	72,745
Police station	28,020	-	28,020	24,065	3,955
Emergency management	3,200	-	3,200	2,905	295
Animal control	12,350	-	12,350	8,040	4,310
Lights	25,500	-	25,500	17,471	8,029
Fire department	281,290	-	281,290	325,841	(44,551)
Fire station	38,935	-	38,935	45,352	(6,417)
Hydrants	227,100	-	227,100	219,398	7,702
	<u>1,120,500</u>	<u>-</u>	<u>1,120,500</u>	<u>1,074,432</u>	<u>46,068</u>
Public Works -					
Winter roads	141,930	-	141,930	123,022	18,908
Summer roads	120,500	-	120,500	99,434	21,066
General	508,740	-	508,740	456,825	51,915
Bridges	12,000	-	12,000	9,875	2,125
Tree program	12,000	-	12,000	9,175	2,825
Gravel pit	19,750	-	19,750	613	19,137
Town garage	39,395	-	39,395	24,481	14,914
Equipment	248,670	-	248,670	311,313	(62,643)
Airport	2,370	-	2,370	1,245	1,125
	<u>1,105,355</u>	<u>-</u>	<u>1,105,355</u>	<u>1,035,983</u>	<u>69,372</u>

TOWN OF DOVER-FOXCROFT, MAINE

SCHEDULE OF DEPARTMENTAL OPERATIONS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2023

	Original Budget	Budget Adjustments	Final Budget	Actual	Variance Positive (Negative)
Recreation and Culture -					
YMCA	35,000	-	35,000	35,000	-
Programs	24,000	-	24,000	24,000	-
Christmas	2,500	-	2,500	2,092	408
Fairgrounds	4,000	-	4,000	1,652	2,348
Skating rink	8,700	-	8,700	4,622	4,078
Municipal beach	13,450	-	13,450	12,663	787
Greeley's landing	500	-	500	98	402
Scout hall	1,000	-	1,000	-	1,000
Sebec Lake Association	3,200	-	3,200	3,200	-
ATV trails	3,200	-	3,200	3,200	-
Snowmobile trails	3,200	-	3,200	3,200	-
Library	229,530	-	229,530	229,530	-
	<u>328,280</u>	<u>-</u>	<u>328,280</u>	<u>319,257</u>	<u>9,023</u>
Health and Welfare -					
Recycling	181,670	-	181,670	141,203	40,467
Special waste	36,500	-	36,500	24,634	11,866
Solid waste	359,520	-	359,520	378,992	(19,472)
CDD landfill	24,000	-	24,000	18,640	5,360
Closed landfill	9,000	-	9,000	39,167	(30,167)
General assistance	45,330	-	45,330	31,412	13,918
Social services	12,350	-	12,350	12,350	-
	<u>668,370</u>	<u>-</u>	<u>668,370</u>	<u>646,398</u>	<u>21,972</u>
Cemeteries	<u>170,845</u>	<u>-</u>	<u>170,845</u>	<u>157,254</u>	<u>13,591</u>
Education	<u>2,771,576</u>	<u>-</u>	<u>2,771,576</u>	<u>2,771,576</u>	<u>-</u>
County Tax	<u>560,831</u>	<u>-</u>	<u>560,831</u>	<u>560,831</u>	<u>-</u>

TOWN OF DOVER-FOXCROFT, MAINE

SCHEDULE OF DEPARTMENTAL OPERATIONS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2023

	Original Budget	Budget Adjustments	Final Budget	Actual	Variance Positive (Negative)
Debt Service -					
Principal	66,247	-	66,247	66,247	-
Interest	6,163	-	6,163	5,625	538
	<u>72,410</u>	<u>-</u>	<u>72,410</u>	<u>71,872</u>	<u>538</u>
Unclassified -					
Contingency and abatement	45,000	-	45,000	41,209	3,791
Economic development	22,550	-	22,550	21,225	1,325
Wastewater	-	-	-	579	(579)
TIF districts	68,934	-	68,934	68,934	-
Equipment lease	111,170	-	111,170	43,993	67,177
Capital designated	1,092,500	-	1,092,500	1,295,753	(203,253)
Grants	-	-	-	6,082	(6,082)
Overlay	224,831	-	224,831	-	224,831
	<u>1,564,985</u>	<u>-</u>	<u>1,564,985</u>	<u>1,477,775</u>	<u>87,210</u>
Total Departmental Operations	<u>\$ 10,166,197</u>	<u>\$ -</u>	<u>\$ 10,166,197</u>	<u>\$ 9,750,780</u>	<u>\$ 415,417</u>

See accompanying independent auditor’s report and notes to financial statements.

General Capital Assets

General capital assets are those assets related to activities reported in the governmental funds. These assets are reported in the governmental activities' column of the government-wide statement of net position.

TOWN OF DOVER-FOXCROFT, MAINE

SCHEDULE OF GENERAL CAPITAL ASSETS BY FUNCTION
JUNE 30, 2023

	Land and Non-depreciable Assets	Buildings, Building Improvements and Land Improvements	Furniture, Fixtures, Equipment and Vehicles	Infrastructure	Total
General Government	\$ 102,500	\$ 1,094,086	\$ 327,265	\$ 16,255	\$ 1,540,106
Public Safety	137,400	665,889	2,025,731	368,792	3,197,812
Public Works	115,430	536,155	2,629,377	1,489,157	4,770,119
Recreation	77,000	407,139	-	66,413	550,552
Health and welfare	65,000	225,769	468,332	55,232	814,333
Cemetery	-	20,000	116,228	-	136,228
Water	124,171	3,130,063	1,336,581	16,257,521	20,848,336
Total General Capital Assets	621,501	6,079,101	6,903,514	18,253,370	31,857,486
Less: Accumulated Depreciation	-	(2,820,486)	(3,582,146)	(5,491,865)	(11,894,497)
Net General Capital Assets	\$ 621,501	\$ 3,258,615	\$ 3,321,368	\$12,761,505	\$ 19,962,989

See accompanying independent auditor's report and notes to financial statements.

TOWN OF DOVER-FOXCROFT, MAINE

SCHEDULE OF CHANGES IN GENERAL CAPITAL ASSETS BY FUNCTION
FOR THE YEAR ENDED JUNE 30, 2023

	General Capital Assets 7/1/22	Additions	Deletions	General Capital Assets 6/30/23
General Government	\$ 1,540,106	\$ -	\$ -	\$ 1,540,106
Public Safety	2,518,418	791,764	(112,370)	3,197,812
Public Works	4,478,563	408,142	(116,586)	4,770,119
Recreation	550,552	-	-	550,552
Health and welfare	687,238	223,455	(96,360)	814,333
Cemetery	136,228	-	-	136,228
Sewer	20,848,336	-	-	20,848,336
	<u>30,759,441</u>	<u>1,423,361</u>	<u>(325,316)</u>	<u>31,857,486</u>
Total General Capital Assets	30,759,441	1,423,361	(325,316)	31,857,486
Less: Accumulated Depreciation	<u>(11,473,591)</u>	<u>(722,433)</u>	<u>301,527</u>	<u>(11,894,497)</u>
Net General Capital Assets	<u>\$ 19,285,850</u>	<u>\$ 700,928</u>	<u>\$ (23,789)</u>	<u>\$ 19,962,989</u>

See accompanying independent auditor's report and notes to financial statements.



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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Selectboard
Town of Dover-Foxcroft
Dover-Foxcroft, Maine

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, business-type activities and each major fund of the Town of Dover-Foxcroft, Maine as of and for the year ended June 30, 2023 and the related notes to the financial statements, which collectively comprise the Town of Dover-Foxcroft, Maine's basic financial statements and have issued our report thereon dated November 5, 2025.

Report on Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the organization's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Dover-Foxcroft, Maine's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. We noted certain other matters that we reported to management of the Town of Dover-Foxcroft, Maine in a separate letter dated November 5, 2025.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

RHR Smith & Company

Buxton, Maine
November 5, 2025