

TOWN OF DOVER, NEW YORK  
NOTES TO THE ANNUAL FINANCIAL REPORT  
December 31, 2024

**NOTE 1 - Summary of Significant Accounting Policies**

**A. The Reporting Entity**

The Town of Dover, New York (the "Town"), established in 1807, is governed by the laws of the State of New York (the "State") and various local laws. The Town Board is the legislative body responsible for overall operations; the Chief Executive Officer serves as the Chief Fiscal Officer.

The Town, for financial purposes, includes all of the funds relevant to the operations of the Town of Dover, New York. The financial statements include organizations, functions and activities that are controlled by or dependent upon the Town. Control or dependence is determined on the basis of budget adoption, taxing authority, funding and appointment of the respective governing board. Under these criteria, no other entities are included in the Town's financial statements.

The accounting policies of the Town conform to accounting required by the New York State Comptroller's Office and described in the Uniform System of Accounts published by that office. This reporting model is further explained below.

**B. Measurement Focus, Regulatory Basis of Accounting and Presentation**

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

The accounting and reporting treatment applied to assets and liabilities associated with a fund are determined by its measurement focus. All governmental fund types are accounted for on a spending "financial flow" measurement focus. This means that only current assets and current liabilities are generally included on their balance sheets. Their reported fund balance (net current assets) is considered a measure of "available spendable resources." Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period.

Under the Uniform System of Accounts prescribed by the New York State Comptroller's Office, all governmental funds are accounted for using the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. However, grant revenues are recognized when the reimbursable expenditure is incurred. Property taxes, franchise taxes, intergovernmental services associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenue of the current period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. An exception to this general rule includes expenditures for most inventory-type items which are recognized at time of purchase.

The accounts of the Town are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts, which are comprised of each fund's assets, liabilities, fund equity, revenues and expenditures. Government resources are allocated to and for individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

The various funds of the Town are grouped by type and account group. The following fund types and account groups are used by the Town.

**1. Governmental Fund Types**

General Fund - The General Fund is the primary operating fund of the Town. It is used to account for all financial resources except those required to be accounted for in another fund.

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**NOTE 1 - Summary of Significant Accounting Policies (Continued):**

Special Revenue Funds - Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than special assessments, expendable trust or major capital projects) that are legally restricted to expenditures for specified purposes. Special Revenue funds include Highway, Drainage, Fire & Ambulance, Lighting, Water, and Parkland.

Capital Projects Fund – The Capital Project Fund is used to account for financial resources to be used for the acquisition and construction of major capital facilities. The principal source of financing is from other funds, federal and state grants, the sale of bonds or bond anticipation notes.

**2. Account Groups**

General Fixed Assets – This account group is established to account for long-lived assets, including land, buildings, improvements and equipment utilized by the Town for general operating purposes.

General Long-Term Debt – This account group is established to account for all long-term obligations of the Town.

Because of their spending measurement focus, expenditure recognition for governmental fund types is limited to exclude amounts represented by non-current liabilities. Since they do not affect net current assets, such long-term amounts are not recognized as governmental fund type expenditures or fund liabilities until payment is due. Therefore, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund. The remaining portion of such obligations is reported in the non-current liabilities schedule. Such non-current liabilities include bonded debt, compensated absences, post-employment benefits, the Town's proportionate share of the NYS Employee Retirement System net pension liability, and the NYS Police and Fire Retirement System net pension liability.

In the event the Town's proportionate share of the retirement systems results in an asset, the amount is reported in the General Fixed Assets Account Group.

**C. Pervasiveness of Estimates**

The preparation of financials statements in conformity with the basis of accounting required by the New York State Comptroller's Office, and described in the Uniform System of Accounts published by that office, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Estimates and assumptions are made in a variety of areas, including computation of encumbrances, compensated absences, other postemployment benefits and useful lives of long-lived assets.

**D. Budgetary Data**

The Town's budget policies are as follows:

1. No later than October 5th, the budget officer submits a tentative budget to the Town Board for the year commencing the following January 1. The tentative budget includes proposed expenditures and estimated revenue as the means of financing for all funds except the capital projects fund.
  - a. After public hearings are conducted to obtain taxpayers' comments, the governing body adopts the budget no later than November 20th.
  - b. All modifications of the budget must be approved by the Town Board; however, the Town treasurer or Chief Executive Officer is authorized to transfer certain budgeted amounts within the departments.
2. Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded for budgetary control purposes to reserve that portion of the applicable appropriations, is employed in all funds. Encumbrances are reported as assignments of fund balances since they do not constitute expenditures or liabilities. Expenditures for such commitments are recorded in the period in which the liability is incurred.

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**NOTE 1 - Summary of Significant Accounting Policies (Continued):**

**E. Property Taxes**

Town real property taxes are levied annually on 12/31/2024, and become a lien on that date. Taxes are collected during the period January 1 to February 28 at face value and from March 31 to December 31 with interest added. The Town Receiver of Taxes collects all real estate taxes for Town, County, and special district purposes. The Town receiver distributes the collected tax money to the Town and any special districts prior to distributing the remaining balance collected to the County on June 30. The Town thereby is assured of 100% tax collection. Responsibility for unpaid taxes rests with the County.

**F. Cash and Investments**

The Town's investment policies are governed by State statutes. In addition, the Town has its own written investment policy. Town monies must be deposited in FDIC insured commercial banks or trust companies located within the State. The Chief Fiscal Officer is authorized to use demand accounts and certificates of deposit. Permissible investments include obligations of the U.S. Treasury or U.S. Agencies, repurchase agreements and obligations of New York State or its localities.

Collateral is required for demand deposits and certificates of deposit not covered by federal deposit insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of the State and its municipalities and school districts.

**G. Accounts Receivable**

Accounts receivable are shown gross, with uncollectible amounts recognized under the direct write-off method. No allowance for uncollectible accounts has been provided since it is believed that such allowance would not be material. All receivables recorded are expected to be collected within the subsequent fiscal year.

**H. Due To/From Other Funds**

Amounts due to and due from will be paid within the next fiscal year.

**I. Inventories and Prepaid Items**

Purchases of inventory-type items are recorded as expenditures in the Governmental Funds at the time of purchase and are considered immaterial in amount. Prepaid items represent payments made by the Town for which benefits extended beyond year end.

**J. Leases**

1. Lessee

The Town is a lessee for a postage equipment lease. For leases with a maximum possible term of 12 months or less at commencement (short term), the Town recognizes lease expense based on the provisions of the lease agreement in the operating statement. For all other leases, the Town recognizes a lease liability and an intangible right-to-use leased asset in the General Fixed Assets and General Long Term Debt Account Groups.

At the commencement of a lease, the Town initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made.

The leased asset is initially measured at the amount of the lease liability, and as applicable, less lease payments made on or before the lease commencement date, plus any initial direct costs ancillary to placing the underlying asset into service, less any lease incentives received at or before the lease commencement date. Subsequently, the leased asset is amortized on a straight-line basis over the shorter of the lease term or the useful life of the underlying asset. A full month of amortization is calculated in the month the leased asset is placed in service. If the Town is reasonably certain of exercising a purchase option contained in a lease, the leased asset is amortized over the useful life of the underlying asset.

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**NOTE 1 - Summary of Significant Accounting Policies (Continued):**

The following key estimates and judgments are used by the Town to determine the following:

- Discount rate: The Town generally uses an incremental borrowing rate as the discount rate to calculate the present value of the expected lease payments unless the rate that the lessor charges is known. Since the Town's bonds are not actively traded, the Town determines its incremental borrowing rate by using observable inputs from yield curves from similar entities with similar ratings.
- Lease term: The lease term includes the noncancelable period of the lease, plus periods covered by either an Town or lessor unilateral option to 1) extend when it is reasonably certain to be exercised, or 2) terminate when it is reasonably certain not to be exercised. Periods in which the Town and the lessor have an option to terminate or those that are covered by a bilateral option, where both parties must agree, are excluded from the lease term.
- Lease payments: Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option prices that the Town is reasonably certain to exercise.

The Town monitors changes in circumstances that may require a remeasurement of a lease arrangement. When certain changes occur that are expected to significantly affect the amount of the lease liability, the liability is remeasured, and a corresponding adjustment is made to the lease asset.

2. Lessor

The Town is a lessor for a lease with the Library. For short-term leases, the Town recognizes rental income based on the provisions of the lease agreement in the operating statement. For all other leases, the Town recognizes a lease receivable and a deferred inflow of resources in the Balance Sheet.

At the commencement of a lease, the Town initially measures the lease receivable at the present value of payments expected to be received during the lease term, reduced by any provision for uncollectible amounts, if applicable. Any initial direct costs required to be paid by the Town are expensed in the period incurred. Subsequently, payments received are allocated first to any accrued interest receivable and then to the lease receivable.

The deferred inflow of leased revenue is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date that relate to future periods, less any lease incentives paid to, or on behalf of, the lessee at or before the commencement of the lease term, if applicable. Subsequently, the deferred inflow of resources is recognized on a straight-line basis as revenue over the life of the lease term.

The following key estimates and judgments are used by the Town to determine the following:

- Discount rate: The Town uses either the explicit rate stated in the lease agreement or its incremental borrowing rate to discount the expected lease receipts to present value. Since the Town's bonds are not actively traded, the Town determines its incremental borrowing rate by using observable inputs from yield curves from similar entities with similar ratings and terms.
- Lease term: The lease term includes the noncancelable lease period of the lease, plus 1) periods for which the Town has a unilateral option to extend and is reasonably certain to exercise such option, or 2) periods after an optional termination date if the Town is reasonably certain not to exercise the termination option.
- Lease receipts: Measurement of the lease receivable includes fixed payments, and as applicable, variable fixed in substance payments, residual value guarantee payments that are fixed in substance, and any lease incentives payable to the lessee.

The Town monitors changes in circumstances that may require a remeasurement of a lease arrangement. When certain changes occur that are expected to significantly affect the amount of the lease receivable, the receivable is remeasured, and a corresponding adjustment is made to the deferred inflows of resources for leasing transactions.

**K. Capital Assets**

The Town has not adopted a Capital Asset Policy. However, capital assets purchases or acquired with an original cost exceeding \$5,000 are reported at historical costs. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation is not required to be reported under the NYS regulatory basis of accounting for governmental funds.

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**NOTE 1 - Summary of Significant Accounting Policies (Continued):**

**L. Infrastructure**

Infrastructure assets include roads, bridges, underground pipe (other than related to utilities), traffic signals, etc. These infrastructure assets are likely to be the largest asset class of the Town. The Town has not reported any of its capital and/or infrastructure assets in the financial statements.

**M. Vested Employee Benefits**

Town employees are granted vacation and sick leave and earn compensatory absences in varying amounts. In the event of termination or upon retirement, an employee may be entitled to payment for accumulated vacation and sick leave and unused compensatory absences at various rates subject to certain maximum limitations. A liability for accrued vacation and sick time is reflected in the Non-current Liabilities Schedule under the heading "Compensated Absences."

The Town's employees participate in the New York State and Local Employees' Retirement System ("ERS").

**N. Deferred Outflows of Resources and Deferred Inflows of Resources**

Deferred outflows of resources represent a consumption of net assets that applies to a future period, and as such will not be recognized as an outflow of resources (expense) until that time.

Deferred inflows of resources represent an acquisition of net assets that applies to a future period, and as such will not be recognized as an inflow of resources (revenue) until that time.

**O. Unemployment Insurance**

Town employees are covered by unemployment insurance. The Town has chosen to discharge its liability to the New York State Unemployment Insurance Fund by means of the benefit reimbursement method. This is a dollar-for-dollar reimbursement to the Unemployment Insurance Fund for the benefits paid to former employees and charged to the Town's account. The Town is exempt from federal unemployment insurance tax.

**P. Deferred Compensation**

The Town, through the New York State Deferred Compensation Board, offers their employees a Deferred Compensation Plan (the "Plan") created in accordance with Internal Revenue Code Section 457. The Plan, which is available to all eligible participants, permits participants to defer a portion of their salary (up to the IRS limits) until future years. Amounts deferred under the Plan are not available to the employee until termination, retirement, death or unforeseeable emergency. The Town does not contribute to the Plan.

**Q. Risk Retention**

The Town assumes the liability for most risk including, but not limited to, property damage and personal injury liability. The Town purchases commercial and workman's compensation insurance to mitigate these risks, subject to certain deductibles. Judgments and claims are recorded when it is probable that an asset has been impaired, or a liability has been incurred and the amount of loss can be reasonably estimated.

**R. Equity Classification**

Equity is defined as fund balance and displayed in five fund balance classifications, which are based primarily on the extent to which a government is bound to observe constraints imposed upon the use of resources reported in the governmental funds:

Nonspendable:

Amounts that cannot be spent in the current period either because of their form or because they must be maintained intact. Prepaid expenses are nonspendable assets because, by definition, the money has already been spent.

Restricted:

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**NOTE 1 - Summary of Significant Accounting Policies (Continued):**

Amounts that are subject to externally enforceable legal purpose restrictions imposed by creditors, grantors, contributors or laws and regulations of other governments or through constitutional provisions or enabling legislation.

Various New York State statutes allow local governments to establish reserve funds for various purposes. Since the State regulates the establishment, funding and use of these reserves, the Town has classified the following reserve funds as restricted fund balances:

The General Fund includes reserve funds established for the acquisition or improvement of the recreation buildings, equipment repairs and/or facilities in the amount of \$86,091.

Committed:

Amounts that are subject to a purpose constraint imposed by a formal action of the government's highest level of decision-making authority (the Town Board) before the end of the fiscal year. The same level of formal action is required to remove the constraint.

Assigned:

Amounts that are subject to a purpose constraint that represents an intended use established by the government's highest level of decision-making authority or by their designated body or official. The purpose of the assignment must be narrower than the purpose of the General Fund and, in funds other than the General Fund, assigned fund balance represents the residual amount of fund balance. Included in the Assigned fund balances are amounts appropriated for the subsequent budget.

Unassigned:

Represents the residual amount of fund balance in the General Fund. In funds other than the General Fund, this should only be used to report a deficit balance.

**S. Interfund Transfers**

The operations of the Town give rise to certain transactions between funds, including transfers to provide services and construct assets.

**T. Income Taxes**

The Town is a local government. It is not subject to federal and state income taxes, nor is it required to file federal or state income tax returns.

**U. Funding Uncertainty**

During 2025, the U.S. federal government began a restructuring effort focused on reducing federal spending. As a result, there is uncertainty regarding the amount of grants and other federal aid that may be curtailed or delayed. Although this restructuring effort is at the federal level, it could result in trickle-down impacts to the amount of aid available for distribution from states and other local governments. While management is not currently aware of any actual cuts to the Organization's grants, management believes that a material impact on the Organization's financial position and results of future operations is possible.

**NOTE 2 - Cash**

**Deposits**

Deposits are valued at cost or cost plus interest and are categorized as either (1) insured, or for which the securities are held by the Town's agent in the Town's name, (2) collateralized, and for which the securities are held by the pledging financial institution's trust department or agent in the Town's name, or (3) uncollateralized. At December 31, 2024 all deposits were fully insured and collateralized by the Town's agent in the Town's name.

The Town held \$250 in Petty Cash at December 31, 2024.

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**NOTE 3 - Interfund Activity**

Fund	Due From		Due To	
General	\$	58,035	\$	-
Special Grant		-		53,000
Lighting		-		5,035
	\$	58,035	\$	58,035

There were no interfund transfers at December 31, 2024.

**NOTE 4 - Capital Assets**

Capital asset balances and activity for the year ended December 31, 2024 were as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Land	\$ 335,691	\$ -	\$ -	\$ 335,691
Construction in Progress	-	-	-	-
	335,691	-	-	335,691
Capital Assets, being depreciated:				
Buildings	5,031,511	-	-	5,031,511
Improvements other than building	779,746	45,400	-	825,146
Machinery & Equipment	4,372,687	241,469	-	4,614,156
Total	\$ 10,183,944	\$ 286,869	\$ -	\$ 10,470,813

**NOTE 5 - Pension Plans**

**Plan Description**

The Town participates in the New York State and Local Employees' Retirement System ("ERS"). This is a cost-sharing, multiple-employer defined benefit pension plan. ERS provides retirement benefits as well as death and disability benefits. The net position of the ERS is held in the New York State Common Retirement Fund ("Fund"), which was established to hold all assets and record changes in fiduciary net position. The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of the ERS. The Comptroller is an elected official determined in a direct statewide election and serves a four-year term. Obligations of employers and employees to contribute and benefits to employees are governed by the New York State Retirement and Social Security Law ("NYSRSSL"). Once a public employer elects to participate in the ERS, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The Town also participates in the Public Employees' Group Life Insurance Plan, which provides death benefits in the form of life insurance. The ERS is included in the State's financial report as a pension trust fund. That report, including information with regard to benefits provided may be found at [www.osc.state.ny.us/retire/about-us/financial\\_statements\\_index.php](http://www.osc.state.ny.us/retire/about-us/financial_statements_index.php) or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, NY 12244.

ERS are noncontributory for employees who joined the systems before July 27, 1976. Employees who joined the systems after July 27, 1976, and before January 1, 2010, contribute 3% of their salary for the first ten years of membership. Employees who joined the systems after January 1, 2010, generally contribute between 3% and 6% of their salary for their entire length of service. Under the authority of the NYSRSSL, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions based on salaries paid during the ERS's fiscal year ending March 31.

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**NOTE 5 - Pension Plans (continued):**

The Town is required to contribute at an actuarially determined rate. The required contributions for the current year and two preceding plan years were:

March 31,	<u>ERS</u>
2024	\$ 113,824
2023	\$ 108,044
2022	\$ 162,520

The Town's contributions made to the System were equal to or in excess of 100 percent of the contributions required for each year.

At December 31, 2024, the Town reported a liability of \$374,108 for its proportionate share of the net pension liability for ERS. The net pension liability was measured as of March 31, 2023. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation. The Town's proportion of the net pension asset was based on a projection of the Town's long-term share of contributions to the System relative to the projected contributions of all participating members, as actuarially determined. This information was provided by the ERS System in reports provided to the Town.

At March 31, 2023, the Town's proportion of the ERS net pension liability was 0.0025408%. At March 31, 2022, the Town's proportion of the ERS net pension liability was 0.0030889%.

The net pension asset/(liability) was measured as of March 31, 2023 for ERS and the total pension liability used to calculate the net pension asset/(liability) was determined by actuarial valuations as of those dates. The Town's proportion of the net pension liability for ERS was based on a computation of the actuarially determined indexed present value of future compensation by the employer relative to the total of all participating members.

For the year ended December 31, 2024, the Town recognized pension expense of \$167,915 for ERS.

Deferred outflows of resources resulting from the Town's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to ERS will be recognized in pension expense as follows:

Year Ended:	<u>ERS</u>
2025	\$ (65,193)
2026	67,307
2027	102,872
2028	(47,961)
2029	-

The total pension liability for the ERS measurement dates were determined by using actuarial valuation dates as noted below, with update procedures used to roll forward the total pension liabilities to those measurement dates. Significant actuarial assumptions used in the valuations were as follows:

	<u>ERS</u>
Measurement Date	March 31, 2024
Valuation Date	April 1, 2023
Investment rate of return	5.9%
Salary Increases	4.4%
Inflation Rate	2.9%
Mortality Improvement	Society of Actuaries' Scale MP-2021
Decrement Table	April 1, 2015 - April 1, 2020 System's Experience

The long term expected rate of return on pension plan investments was determined using a building block method in which best estimate ranges of expected future real rates of return (expected returns net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long term expected rate of return by



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**NOTE 5 - Pension Plans (continued):**

weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation are summarized below.

Asset Class	ERS	
	Long-Term Expected Real Rate of Return	Target Allocation
Domestic Equity	4.00%	32.0%
International Equity	6.65%	15.0%
Private Equity	7.25%	10.0%
Real Estate	4.60%	9.0%
Opportunistic/Absolute Return Strategy	5.25%	3.0%
Credit	5.40%	4.0%
Real Assets	5.79%	3.0%
Fixed Income	1.50%	23.0%
Cash	0.25%	1.0%
		<u>100.0%</u>

**Discount Rate**

The discount rate used to calculate the total pension asset was 5.9%. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially. Based upon the assumptions, the Systems' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Sensitivity of the Proportionate Share of the Net Pension Liability to the Discount Rate Assumption**

The following presents the Town's proportionate share of the ERS net pension liability calculated using the discount rate of 5.9% percent, as well as what the Town's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	1% Decrease	Current Discount	1% Increase
ERS	4.9%	5.9%	6.9%
Employer's Proportionate Share of Net Pension Liability (Asset)/Liability	\$ 1,176,234	\$ 374,108	\$ (295,833)

**Pension Plan Fiduciary Net Position**

The components of the net pension liability of all employers participating in the System as of March 31, 2024, were as follows:

	Employees' Retirement System	Police & Fire Retirement System	Total
	(Dollars in Thousands)		
Employers' total pension liability	\$240,696,851	\$46,137,717	\$286,834,568
Fiduciary net position	225,972,801	41,394,895	267,367,696
Employer's net pension liability	\$14,724,050	\$4,742,822	\$19,466,872
Ratio of Plan net position to the employers' total pension liability	93.88%	89.72%	93.21%

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**NOTE 6 - Other Postemployment Benefits**

Plan Description

The Town provides postemployment health insurance coverage to retired employees through a self-administered single employer plan in accordance with the provisions of various employment contracts and human resource policies. The benefit levels, employee contributions and employer contributions are governed by the employee contractual agreements. A trust that meets the criteria in paragraph 4 of GASB Statement 75 has not been established.

Benefits Provided

The Town's OPEB plan subsidizes the cost of healthcare to eligible retired employees and their spouses and dependent children. Eligibility is based on the contract with NYSHIP as well as the provisions of the Town's agreements with its employees. All full-time employees are eligible after 15 years of continued service, or 10 years of continued service with 5 years in NYSLRS from another NYS municipality or school system.

Medical and prescription drug benefits are offered to retirees on a Town-subsidized basis. Upon attaining age 65 or upon disability retirement, Medicare (Parts A and B) becomes the primary provider for hospital insurance and supplementary medical insurance, with the Town's plan providing an additional layer of coverage. The Town reimburses Medicare Part B premiums for retirees and their spouses, but not those of surviving spouses.

The benefit terms are dependent on which contract covers each employee for contribution rates for new retirees are as follows:

Group	Provider Options	Years of Service		Town Contributions Fixed		Reimburse Part B Premium		
				Individual	Family	Individual	Spouse	Surviving Spouse
Staff	NYSHIP	15+	under 65	1,480	3,368	Y	Y	N
Highway	NYSHIP	15+	under 65	1,480	3,368	Y	Y	N
Retiree	NYSHIP	15+	over 65, 0 on Medicare	1,480	3,368	Y	Y	N
Retiree	NYSHIP	15+	over 65, 1 on Medicare	552	1,821	Y	Y	N
Retiree	NYSHIP	15+	over 65, 2 on Medicare	-	1,512	Y	Y	N

The Town's contribution is equivalent to the portion of health insurance premiums paid that are allocated to retirees, estimated to be \$189,596 during the year ended December 31, 2024.

Employees Covered by Benefit Terms

At December 31, 2024, the following employees were covered by benefit terms:

Active employees	11
Retired	11
Total Employees covered by benefit terms	<u>22</u>

Total OPEB Liability

The Town obtained an actuarial valuation report as of December 31, 2024. The liability for other postemployment benefits was measured as of December 31, 2024 and totaled \$6,028,228.

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**NOTE 6 - Other Postemployment Benefits (continued):**

**Actuarial Assumptions and Other Inputs**

The total OPEB liability in the December 31, 2024 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation Rate	3%
Project Salary increases, Including Wage Inflation	3%
Discount Rate	4%
Healthcare Cost Trend Rates	Ranging from 7% for Pharmacy and medical, reduced incrementally to an ultimate rate of 4.5% after 7 years
Discount Rate	S&P Municipal Bond 20-year High Grade Rate Index
Mortality Improvement	PUB-2010 mortality table MP-2021 projection
Current Retiree's Share of Benefit Related Costs	None
Future Retiree's of Benefit Related Costs	None

Changes in the Total OPEB Liability during the year ended 12/31/2024:

Service Cost	170,360
Interest	225,831
Changes of Benefit Terms	-
Difference between Expected and Actual Experience	424,942
Changes in Assumptions or Other Inputs	(342,915)
Benefit Payments	(191,512)
Net Changes	286,706
Balance - Ending	<u>\$ 6,028,228</u>

**Sensitivity of the Total OPEB Liability to Changes in the Discount Rate**

The following table presents the total OPEB liability of the Town, as well as what the Town's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or higher than the current discount rate.

	1% Decrease	3%	Discount Rate	4%	1% Increase	1%
Total OPEB Liability	\$	6,867,671	\$	6,028,228	\$	5,335,894

**Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates**

The following table presents the total OPEB liability of the Town, as well as what the Town's total OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1 percentage point lower or higher than the healthcare cost trend rate.

Sensitivity of the total OPEB Liability to Changes in Healthcare Cost Trends:

	1% Decrease	6% decreasing	7% decreasing	to 4.5%	1% Increase	8% decreasing
		to 3.5%				to 5.5%
Total OPEB Liability	\$	5,295,155	\$	6,028,228	\$	6,927,219

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**NOTE 7 - Short Term Debt**

State law requires that Bond Anticipation Notes (BANs) issued for capital purposes be converted to long-term obligations within five years after the original issue date. However, BANs issued for assessable improvement projects may be renewed for periods equivalent to the maximum life of the permanent financing, provided that stipulated annual reductions of principal are made.

The following is a summary of the Town's outstanding bond anticipation notes as of December 31, 2024:

	Beginning Balance	New Issues	Payments	Converted to Bonds	Ending Balance
Mack Truck, Loader, Dodge 5500	\$ 268,800	\$ -	\$ 268,800	\$ -	\$ -
Remediation Town Highway Garage	124,815	-	17,831	-	106,984
Construction Town Highway Garage	270,000	-	30,000	-	240,000
Total BANs	<u>\$ 663,615</u>	<u>\$ -</u>	<u>\$ 316,631</u>	<u>\$ -</u>	<u>\$ 346,984</u>

**NOTE 8 - Long-Term Debt**

The Town borrows money for various purposes, including acquiring land and equipment or constructing buildings and improvements. This borrowing enables the cost of these capital assets to be borne by the present and future taxpayers who benefit from the capital assets. The debt is backed by the full faith and credit of the Town.

Long-term liability balances and activity for the year are summarized below:

	Beginning Balance	Issued/Earned	Redeemed/Paid	Ending Balance	Current Portion
Installment Purchase	\$ 10,942	\$ 10,015	\$ (4,235)	\$ 16,722	\$ 4,723
Total	<u>\$ 10,942</u>	<u>\$ 10,015</u>	<u>\$ (4,235)</u>	<u>\$ 16,722</u>	<u>\$ 4,723</u>
Net Pension Liability	662,393	-	(288,285)	374,108	-
Lease Liability	2,151	-	(1,024)	1,127	-
Other Post Employment Benefits	5,741,522	286,706	-	6,028,228	-
Compensated Absences	87,872	-	(4,813)	83,058	-
Total Long-Term liabilities	<u>\$ 6,504,880</u>	<u>\$ 296,721</u>	<u>\$ (298,357)</u>	<u>\$ 6,503,243</u>	<u>\$ 4,723</u>

Activity for compensated absences is shown at net due to the impracticality of determining these amounts separately. Payments of compensated absences are dependent upon future factors and, therefore, the timing of such payments cannot be determined.

The following is a summary of the maturity of long-term indebtedness:

December 31,	Principal	Interest	Total
2025	4,723	-	4,723
2026	4,723	-	4,723
2027	4,426	-	4,426
2028	2,003	-	2,003
2029	835	-	835
Total	<u>\$ 16,710</u>	<u>\$ -</u>	<u>\$ 16,710</u>

**NOTE 9 - Length of Service Award Program**

**Plan Description**

The Town's financial statements are for the year ended December 31, 2024. However, the information contained in this note is based on information for the Length of Service Awards Program for the plan year ending on December 31, 2023, which is the most recent plan year for which complete information is available.

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**NOTE 9 - Length of Service Award Program (continued):**

The Town established a defined benefit Service Award Program (referred to as a "LOSAP" - length of service award program - under Section 457(e)(11) of the Internal Revenue Code) effective January 1, 2016 for the active volunteer firefighter members of the J.H. Ketcham Hose Company, Inc./Dover Fire Protection District. The program was established pursuant to Article 11-A of New York State General Municipal Law. The program provides municipally-funded deferred compensation to volunteer firefighters to facilitate the recruitment and retention of active volunteer firefighters. The Town is the sponsor of the program and Penflex, Inc. in Latham is the program administrator.

Under the program, participating volunteers begin to be paid a service award upon attainment of the program "entitlement age". The amount of the service award paid to a volunteer is determined by the volunteer's account balance.

**Participation, Vesting and Service Credit:**

Active volunteer firefighters who have reached the age of 18 and who have completed one year of firefighting service are eligible to participate in the program. Participant's acquire a nonforfeitable right to a service award after being credited with five years of firefighting service or upon attaining the program's entitlement age while an active volunteer. The program's entitlement age is 62. An active volunteer firefighter is credited with a year of firefighting service for each calendar year after the establishment of the program in which he or she accumulates fifty points. Points are granted for the performance of certain firefighter activities in accordance with a system established by the sponsor on the basis of a statutory list of activities and point values. A participant may also receive credit for five years of active volunteer firefighting service rendered prior to the establishment of the program as an active volunteer firefighter member of the J.H. Ketcham Hose Company, Inc./Dover Fire Protection District.

**Benefits:**

A Participant's benefit under the Program is his or her Program account balance paid upon application to the Program Administrator on or after the attainment of the Entitlement Age in the form of a lump sum. The participant may elect to be paid in annual installments over a 2, 3, 4, or 5 year period, in lieu of one lump sum. The annual contribution paid by the Town of Dover and credited to the account of a participant who earned at least fifty points during a calendar year is currently \$700.00. The maximum number of years of service credit a participant may earn is 40 years under the program. Except in the case of Pre-Entitlement Age death or total and permanent disablement, a Participant's account balance will not be paid until a Participant applies for payment and attains the Entitlement Age. Volunteers who are active after attaining the Entitlement Age continue to have the opportunity to earn Program credit and to thereby be paid additional service awards.

The Pre-Entitlement Age death and disability benefit is equal to the Participant's Program account balance as of the calendar year quarterly valuation date preceding the date of death or disablement. The program does not provide extra line-of-duty death or disability benefits. All death and disability benefits are "self insured" and are paid from the Program trust fund.

For a complete explanation of the program, a copy of the program document is available from the Fire District Secretary.

**Investment and Control:**

After the end of each calendar year, the fire company prepares and certifies a list of names of all persons who were active volunteer members of the fire company during the year and indicates which volunteers earned fifty points. The certified list is delivered to the OSC for the Board's review and approval. The fire company must maintain the point system records to verify each volunteer's points on forms provided and/or approved by the OSC.

The OSC has retained Penflex, Inc. in Latham to assist in the administration of the program. The services provided by Penflex, Inc. in Latham are described in the following paragraphs.

Based on the certified calendar year volunteer firefighter listings, Penflex, Inc. in Latham determines and certifies in writing to the OSC the amount of the service award to be paid to a participant or to a participant's designated beneficiary. The person(s) authorized by the OSC then authorizes, in writing, the custodian of the Town Service Award Program trust funds to pay the service award. No service award benefit payment is made without the written certification from Penflex, Inc. in Latham and the written directive from the authorized representative of the OSC.

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**NOTE 9 - Length of Service Award Program (continued):**

Penflex, Inc. in Latham bills the Town for the services it provides. Penflex, Inc. in Latham invoices are authorized for payment by the OSC in the same manner as any other invoice presented to the December 31, 2024 for payment. The December 31, 2024 pays Penflex, Inc. in Latham invoices from its General Fund.

Article 11-A requires that program assets be held in trust for the exclusive purpose of providing benefits to participants and their beneficiaries or for the purpose of defraying the reasonable expenses of the operation and administration of the program. The OSC created a Service Award Program Trust Fund through the adoption of a trust document, a copy of which is available from the Fire District Secretary. The OSC is the program trustee.

Authority to invest the program assets is vested in the program trustee. Program assets are invested in accordance with a statutory prudent person rule and in accordance with the written investment policy statement adopted by the OSC.

<u>Assets</u>	
Money Market Funds	\$ 14,799
Equity Mutual Funds	179,472
Fixed Income Mutual Funds	107,537
Total Investments	<u>\$ 301,808</u>
<u>Assets and Liabilities</u>	
Total Investments	\$ 301,808
Fund Balance Restricted for LOSAP Benefits	<u>\$ 301,808</u>
<u>Receipts and Disbursements</u>	
Fund Balance Restricted for LOSAP Benefits - Beginning	\$ 281,930
Changes During the Year	
Plan Contributions	26,341
Investment Income	8,301
Changes in fair market value of investments	25,268
Plan Benefit Withdrawals	(35,742)
Administrative and Other Fees/Charges	<u>(4,290)</u>
Fund Balance Restricted for LOSAP Benefits - Ending	<u>\$ 301,808</u>
<u>Contributions</u>	
Amount of December 31, 2024's Contribution Recommended by Actuary	\$ 26,341
Amount of December 31, 2024's Actual Contribution	\$ 26,341
<u>Administrative Fees</u>	
Fees Paid to Administrative/Actuarial Services Provider	\$ 3,051
Fees Paid for Investment Management	\$ 1,239

**NOTE 10 - Contingencies**

Grant Funding

The Town has received grants which are subject to audit by agencies of the State and Federal governments. Such audits may result in disallowances and a request for a return of funds to the Federal and State governments. Based on past audits, the Town administration believes disallowances, if any, will be immaterial.

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Certiorari Proceedings

Open tax certiorari cases, which claim excessive assessed values, exist with several taxpayers. Claims allowed, if any, will result in a refund of Town taxes previously collected by the Town. Any such refunds resulting from adverse settlements will be provided for when determinable

Judgments and Claims

The Town is a party to which various legal proceedings which normally occur in governmental operations. During 2024, the Town entered into a settlement agreement related to the lawsuit entitled "Mildred R. Whalen v. Town of Dover". On September 25, 2024, the Town's Board of Directors authorized the settlement and the Town recorded an expense of \$100,000. No other provision for losses were recorded as of December 31, 2024.

**NOTE 11 - Property Tax Abatements**

The Town has 2 real property tax abatement agreements entered into by the Town under Article 18-A of the real property law. These agreements provide for abatement of real property taxes in exchange for a payment in lieu of taxes (PILOT) in compliance with RPTL 412-A, Article V & XI of the Private Housing Finance Law, Title I of Article 18-A of NYS GML Exemption Policy. In accordance with these provisions, the Town of Dover & the Dutchess County IDA grant PILOTs for various activities, such as new construction, purchasing of an existing facility, or the improvement or expansion of an existing facility.

The following provides information related to the PILOT agreements in effect for the year ended December 31, 2024:

Start Date	Agreement	Taxable Assessed Value	Tax Rate	Tax Value	PILOT Received	Taxes Abated
	Cricket Valley Energy Center LLC	677,056,000	8.34	\$ 56,466	\$ 573,520	\$ 55,892,951
	Stagecoach Royalties LLC	496,100	8.34	\$ 41	\$ 770	\$ 40,605