

TOWN OF DUDLEY, MASSACHUSETTS

**Report on the Examination
Of Basic Financial Statements**

For the Year Ended June 30, 2019

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Independent Auditor's Report

To the Honorable Board of Selectmen
Town of Dudley, Massachusetts

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Dudley, Massachusetts, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Town of Dudley, Massachusetts' basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Dudley, Massachusetts, as of June 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, pension plan and other postemployment benefit plan schedules as listed on the table of contents 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Dudley, Massachusetts' basic financial statements. The Supplementary Schedules, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Supplementary Schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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 information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Scanlon & Associates, LLC
South Deerfield, Massachusetts

December 18, 2019

MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's Discussion and Analysis

As management of the Town of Dudley, we offer readers of these financial statements this narrative overview and analysis of the financial activities for the fiscal year ended June 30, 2019. The intent of this discussion and analysis is to look at the Town's financial performance as a whole. Readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the Town's financial performance.

Financial Highlights

- The Town's liabilities and deferred inflows of resources exceeded its assets and deferred outflows of resources by \$2,662,263 (net position) for the fiscal year reported. This compares to the previous year when liabilities and deferred inflows of resources exceeded its assets and deferred outflows of resources by \$1,873,186, or a decrease of \$789,077 (42%) over last fiscal year's total net position.
- At the close of the current fiscal year, the Town's governmental funds reported total ending fund balance of \$4,210,163, a decrease of \$5,390,161 (56%) in comparison with prior year (primarily due to the Fire Station building improvements of \$4,750,987).
- The General Fund's total fund balance decreased \$168,151 (13%) to \$1,104,023. The ending fund balance is 6% of revenues and transfers in and 6% of expenditures and transfers out.
- Total liabilities of the Town increased by \$1,412,171 (4%) to \$37,853,652 during the fiscal year. The major components of this increase are due to net increases in warrants payable of \$378,099, in notes payable of \$655,000 and in the pension liability of \$1,274,465 and a net decrease in bonds payable of \$943,738.
- The Town had free cash certified by the Department of Revenue in the amount of \$600,650. The key factors that attributed to the free cash amount for fiscal year 2019 were unexpended/unencumbered appropriations of \$233,800, excess over budget state and local receipts of \$180,600 and excess over budget other financing sources of \$142,900.

The Town's enterprise funds certified free cash is as follows:

➤ Sewer Fund	\$ 309,949.
➤ Water Fund	\$ 543,494.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Town of Dudley's basic financial statements. These basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

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

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

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

Both of the government-wide financial statements distinguish functions that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities include general government, public safety, public works, education, health and human services, culture and recreation, employee benefits and insurance, state assessments and interest. The business-type activities include the sewer and water activities.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Fund accounting is used to ensure and demonstrate compliance with finance-related legal requirements. All of the funds can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental 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 decision. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds and governmental activities*.

The Town of Dudley adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

Proprietary funds. The Town maintains one type of proprietary fund.

Enterprise funds are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The Town uses enterprise funds to account for its sewer and water activities.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to support the Town's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

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

Financial Highlights
Statement of Net Position Highlights

	Governmental Activities		
	2019	2018	Change
Assets:			
Current assets	\$ 7,146,236	\$ 11,401,916	\$ (4,255,680)
Capital assets	20,529,755	15,514,748	5,015,007
Total assets	27,675,991	26,916,664	759,327
Deferred Outflows of Resources	1,943,734	1,081,637	862,097
Liabilities:			
Current liabilities (excluding debt)	955,536	523,243	432,293
Current debt	1,725,000	1,078,738	646,262
Noncurrent liabilities (excluding debt)	24,854,797	23,740,351	1,114,446
Noncurrent debt	6,900,000	7,600,000	(700,000)
Total liabilities	34,435,333	32,942,332	1,493,001
Deferred Inflows of Resources	1,962,767	1,262,726	700,041
Net Position:			
Net investment in capital assets	11,904,755	13,037,899	(1,133,144)
Restricted	4,278,625	2,660,803	1,617,822
Unrestricted	(22,961,755)	(21,905,459)	(1,056,296)
Total net position	\$ (6,778,375)	\$ (6,206,757)	\$ (571,618)

	Business-Type Activities		
	2019	2018	Change
Assets:			
Current assets	\$ 1,977,121	\$ 2,129,498	\$ (152,377)
Noncurrent assets (excluding capital assets)	-	8,594	(8,594)
Capital assets	5,555,784	5,714,996	(159,212)
Total assets	7,532,905	7,853,088	(320,183)
Deferred Outflows of Resources	219,782	121,652	98,130
Liabilities:			
Current liabilities (excluding debt)	35,696	47,404	(11,708)
Current debt	235,000	235,000	-
Noncurrent liabilities (excluding debt)	2,757,623	2,591,745	165,878
Noncurrent debt	390,000	625,000	(235,000)
Total liabilities	3,418,319	3,499,149	(80,830)
Deferred Inflows of Resources	218,256	142,020	76,236
Net Position:			
Net investment in capital assets	4,930,784	4,854,996	75,788
Restricted	81,143	93,695	(12,552)
Unrestricted	(895,815)	(615,120)	(280,695)
Total net position	\$ 4,116,112	\$ 4,333,571	\$ (217,459)

Financial Highlights
Statement of Activities Highlights

	Governmental Activities		
	2019	2018	Change
Program Revenues:			
Charges for services	\$ 1,634,995	\$ 1,730,918	\$ (95,923)
Operating grants and contributions	537,369	720,365	(182,996)
Capital grants and contributions	784,773	564,539	220,234
General Revenues:			
Property taxes	13,724,500	11,368,781	2,355,719
Motor vehicle and other excise taxes	1,684,254	1,588,072	96,182
Penalties and interest on taxes	130,592	114,170	16,422
Nonrestricted grants	1,961,058	1,895,480	65,578
Unrestricted investment income	132,007	27,616	104,391
Gain/(loss) on sale of capital assets	-	53,990	(53,990)
Miscellaneous	5,951	-	5,951
Total revenues	20,595,499	18,063,931	2,531,568
Expenses:			
General government	1,964,260	1,664,178	300,082
Public safety	3,486,606	3,283,523	203,083
Public works	1,539,527	1,462,775	76,752
Education	10,238,627	8,716,443	1,522,184
Health and human services	249,329	281,604	(32,275)
Culture and recreation	626,057	662,474	(36,417)
Employee benefits and insurance	2,729,301	2,711,540	17,761
State assessments	25,807	24,384	1,423
Interest	315,103	132,820	182,283
Total expenses	21,174,617	18,939,741	2,234,876
Contributions to Permanent Funds	4,400	4,250	150
Net Transfers	3,100	(1,067)	4,167
Change in net position	(571,618)	(872,627)	301,009
Net position - beginning of year	(6,206,757)	(5,334,130)	(872,627)
Net position - end of year	\$ (6,778,375)	\$ (6,206,757)	\$ (571,618)

	Business-Type Activities		
	2019	2018	Change
Program Revenues:			
Charges for services	\$ 1,960,171	\$ 2,045,562	\$ (85,391)
Operating grants and contributions	39,360	28,600	10,760
Capital grants and contributions	-	2,487	(2,487)
Total revenues	1,999,531	2,076,649	(77,118)
Expenses:			
Sewer	1,249,790	1,201,402	48,388
Water	964,100	803,830	160,270
Total expenses	2,213,890	2,005,232	208,658
Transfers	(3,100)	1,067	(4,167)
Change in net position	(217,459)	72,484	(289,943)
Net position - beginning of year	4,333,571	4,261,087	72,484
Net position - end of year	\$ 4,116,112	\$ 4,333,571	\$ (217,459)

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. Liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by \$2,662,263 at the close of fiscal year 2019.

Net position of \$16,835,539 reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment); less any related debt used to acquire those assets that are still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the investment in its capital assets is reported net of its related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the net position, \$4,359,768 represents resources that are subject to external restrictions on how they may be used. The remaining balance consists of *unrestricted net position* (\$23,857,570).

At the end of the current fiscal year, the Town is able to report positive balances in two categories of net position and a negative balance in the unrestricted category in the governmental activities, business-type activities and for the government as a whole. The unrestricted governmental activities, business-type activities and government as a whole resulted in a negative balance mainly due to the accrual of the OPEB obligation and net pension liabilities that are required under GASB to be recognized in the Town's financial statements. These liabilities are presented on the statement of net position.

The governmental activities net position decreased by \$571,618 (9%) during the current fiscal year. The key elements of the decrease in net position for fiscal year 2019 is attributed to the acquisition of \$6,269,862 in new capital assets exceeding the depreciation expense (cost spread out over the useful life of the asset) for the year of \$1,254,855 and increases in the repayment of debt \$708,738 and in the changes in deferred outflow/(inflow) of resources related to OPEB of \$997,193 and to pensions of \$627,569 and net decreases from the change in the Fire Station Building improvement fund of \$4,750,987, in recognizing the changes in this year's OPEB obligation of \$1,492,674 and in the pension liability of \$1,107,858.

There was a decrease of \$217,459 (5%) in net position reported in connection with the sewer and water business-type activities. Of this, there were decreases of \$176,972 attributed to the sewer department and of \$40,487 attributed to the water department.

Financial Analysis of the Government's Funds

As noted earlier, the Town uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

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

As of the end of the current fiscal year, governmental funds reported combined ending fund balances of \$4,210,163, a decrease of \$5,390,161 (56%) in comparison with the prior year.

The breakdown of the governmental funds is as follows:

- Nonspendable fund balance – \$49,050 (1%).
- Restricted fund balance – \$3,767,615 (89%).
- Committed fund balance – \$49,625 (1%).
- Assigned fund balance – \$321,218 (8%).
- Unassigned fund balance – \$22,655 (1%).

At the end of the fiscal year, the General Fund reported a fund balance of \$1,104,023 decreasing \$168,151 (13%) from the prior year. Of the \$1,104,023, the unassigned amount is \$782,805 (71%) and the assigned amount is \$321,218 (29%). General fund revenues were \$2,513,158 (15%) more than the prior fiscal year and expenditures also increased by \$2,473,431 (15%). Other activities in the General fund are net transfers to other funds of \$30,189.

The main components of the increase in general fund revenues was related to the increase in property taxes in the amount of \$2,377,871 (21%) from the prior year.

The major changes with the general fund expenditures from the prior fiscal year were as follows:

- Increase in General government expenditures of \$333,874 (27%).
- Increase in Education expenditures of \$1,522,184 (17%).
- Increase in Principal and Interest on debt service expenditures of \$385,352 (51%).

The *Fire Station Building Improvements Fund* is used to account for the building and improvements of a new public safety facility. The fund has a balance of \$1,347,164 at the end of the fiscal year. This is a decrease of \$4,750,987. The activity of the fund consisted of an insurance settlement of \$25,000 and expenditures of \$4,775,987. The Town has a temporary bond anticipation note outstanding of \$225,000 for this project which is not reflected in the fund balance.

Proprietary funds. The proprietary funds statements share the same focus as the government-wide statements, reporting both short-term and long-term information about financial status.

The *Sewer Fund* is the financing and operations of the Town's sewer system. The sewer fund has accumulated a balance of \$1,591,101 and shows a decrease of \$176,972 (10%) in total operations. This change was mainly attributed to operating costs exceeding operating revenues by \$247,707, interest and special assessments income of \$13,464, interest expense of \$6,910 and net transfers from governmental funds of \$64,181. Operating revenues decreased by \$48,587 (5%) while operating expenses increased by \$53,873 (5%) from the prior year.

The *Water Fund* is the financing and operations of the Town's water system. The water fund has accumulated a balance of \$2,525,011 and shows a decrease of \$40,487 (2%) in total operations. This change resulted from operating revenues exceeding operating expenditures by \$13,318, interest and intergovernmental income of \$27,053, interest expense of \$13,577 and net transfers to governmental funds of \$67,281. Operating revenues decreased by \$37,961 (4%) while operating expenses increased by \$165,341 (21%) from the prior year.

General Fund Budgetary Highlights

The final general fund budget for fiscal year 2019 was \$19,301,263. This was an increase of \$2,450,030 (15%) over the previous year's budget.

There was an increase of \$401,800 between the original budget and the final amended budget. This change is attributed to votes at the special town meetings in July 2018 and October 2018 and the annual town meeting in May 2019 for various budget operating line items.

General fund expenditures were less than budgeted by \$341,513. Of the \$341,513 in under budget expenditures \$107,751 has been carried over to fiscal year 2020.

There were negative variances in property taxes of \$35,215 and in licenses, permits and fees of \$69,268 as expectations (budget) were higher than the receipts.

The variance with the final budget was a positive \$379,128 consisting of a revenue surplus of \$145,366 and an appropriation surplus of \$233,762.

Capital Asset and Debt Administration

Capital Assets. The Town's investment in capital assets for its governmental and business-type activities amounts to \$20,529,755 and \$5,555,784, respectively.

The investment in capital assets includes land, construction in progress, buildings and renovations, machinery, equipment and other and infrastructure.

Major capital events during the current fiscal year in the governmental type funds included the following:

- Foreclosure property for \$13,140.
- Town Hall roof for \$476,930.
- Police vehicle purchase for \$44,474.
- Fire Department building improvements for \$4,775,987.
- Fire Department vehicle and equipment purchases for \$224,115.
- Highway vehicle and equipment purchases for \$251,989.
- Highway LED street light system for \$160,150.
- Highway road improvements for \$277,495.
- Rail Trail improvements for \$45,582.

Major capital events during the current fiscal year in the business-type funds included the following:

In the sewer fund:

- Equipment purchase for \$70,976.
- Infrastructure projects for \$1,970.

Debt Administration. The Town's outstanding governmental long-term debt, as of June 30, 2019, totaled \$7,600,000, of which \$1,520,000 is for building renovation projects and \$6,080,000 is for the new fire station improvements.

The governmental activities currently have outstanding bond anticipation notes for \$1,025,000 for various vehicle, equipment and building projects.

The business-type funds have \$625,000 in long-term debt. Of this, \$60,000 is for sewer debt, \$45,000 is for water corrosion control systems and \$520,000 consists of water mains debt.

Please refer to notes 3D, 3F and 3G for further discussion of the major capital and debt activity.

Next Year's Annual Town Meeting

The Town of Dudley operates under the "Open Meeting" concept where each voter has an equal vote in adopting of Town budgets and appropriations. The financial statements for June 30, 2019 do not reflect the fiscal year 2020 Town Meeting action with the exception of the fund balance free cash and stabilization amounts. The Annual Town Meeting on May 20, 2019 authorized a fiscal year 2020 operating and capital budget as follows:

From the tax levy		\$ 18,719,636
From sewer receipts	\$ 974,697	
From sewer retained earnings	<u>32,833</u>	1,007,530
From water receipts	<u>926,232</u>	
From water retained earnings	<u>167,324</u>	1,093,556
From Other Available Funds:		
General Fund:		
Unassigned fund balance:		
Free cash		30,740
Stabilization fund	137,127	
Capital stabilization fund	<u>45,600</u>	<u>182,727</u>
		<u>\$ 21,034,189</u>

Requests for Information

This financial report is designed to provide a general overview of the Town of Dudley's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Town Accountant, 71 West Main Street, Dudley, Massachusetts 01571.

BASIC FINANCIAL STATEMENTS

TOWN OF DUDLEY, MASSACHUSETTS
STATEMENT OF NET POSITION
JUNE 30, 2019

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
CURRENT:			
Cash and Cash Equivalents	\$ 985,652	\$ 250,839	\$ 1,236,491
Investments	3,478,622	1,488,111	4,966,733
Investments in Custody of Trustees	1,494,714	-	1,494,714
Receivables, net of allowance for uncollectibles:			
Property Taxes	165,851	-	165,851
Tax Liens	248,423	13,770	262,193
Excise Taxes	157,399	-	157,399
User Charges	-	188,996	188,996
Other	-	26,415	26,415
Departmental	270,595	-	270,595
Special Assessments	1,436	8,990	10,426
Due from Other Governments	343,544	-	343,544
Total current assets	7,146,236	1,977,121	9,123,357
NONCURRENT:			
Capital Assets, net of accumulated Depreciation			
Nondepreciable	6,238,307	95,265	6,333,572
Depreciable	14,291,448	5,460,519	19,751,967
Total noncurrent assets	20,529,755	5,555,784	26,085,539
Total Assets	27,675,991	7,532,905	35,208,896
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Outflows Related to Pensions	1,220,853	141,687	1,362,540
Deferred Outflows Related to OPEB	722,881	78,095	800,976
Total Deferred Outflows of Resources	1,943,734	219,782	2,163,516
LIABILITIES			
CURRENT:			
Warrants Payable	577,504	20,320	597,824
Accrued Payroll	130,041	10,768	140,809
Payroll Withholdings	72,241	-	72,241
Tax Refund Payable	33,400	-	33,400
Accrued Interest	28,801	3,758	32,559
Deposits	-	850	850
Other	62,496	-	62,496
Compensated Absences	51,053	-	51,053
Notes Payable	1,025,000	-	1,025,000
Bonds Payable	700,000	235,000	935,000
Total current liabilities	2,680,536	270,696	2,951,232
NONCURRENT:			
Compensated Absences	204,210	538	204,748
Net OPEB Liability	12,933,193	1,397,215	14,330,408
Net Pension Liability	11,717,394	1,359,870	13,077,264
Bonds Payable	6,900,000	390,000	7,290,000
Total noncurrent liabilities	31,754,797	3,147,623	34,902,420
Total Liabilities	34,435,333	3,418,319	37,853,652
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflows Related to Pensions	774,373	89,870	864,243
Deferred Inflows Related to OPEB	1,188,394	128,386	1,316,780
Total Deferred Inflows of Resources	1,962,767	218,256	2,181,023
NET POSITION			
Net Investment in Capital Assets	11,904,755	4,930,784	16,835,539
Restricted for:			
Capital Projects	1,613,106	81,143	1,694,249
Federal & State Grants	700,391	-	700,391
Permanent Funds:			
Nonexpendable	49,050	-	49,050
Expendable	34,864	-	34,864
Other Purposes	1,881,214	-	1,881,214
Unrestricted	(22,961,755)	(895,815)	(23,857,570)
Total Net Position	\$ (6,778,375)	\$ 4,116,112	\$ (2,662,263)

The Notes to the Financial Statements are an integral part of this Statement.

**TOWN OF DUDLEY, MASSACHUSETTS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019**

	Program Revenues				Net (Expenses) Revenues and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities:							
General Government	\$ 1,964,260	\$ 221,937	\$ 113,247	\$ -	\$ (1,629,076)	\$ -	\$ (1,629,076)
Public Safety	3,486,606	1,174,577	138,725	240,768	(1,932,536)	-	(1,932,536)
Public Works	1,539,527	182,534	-	519,005	(837,988)	-	(837,988)
Education	10,238,627	-	-	-	(10,238,627)	-	(10,238,627)
Health and Human Services	249,329	48,714	142,209	-	(58,406)	-	(58,406)
Culture and Recreation	626,057	7,233	137,884	25,000	(455,940)	-	(455,940)
Employee Benefits and Insurance	2,729,301	-	5,304	-	(2,723,997)	-	(2,723,997)
State Assessments	25,807	-	-	-	(25,807)	-	(25,807)
Interest	315,103	-	-	-	(315,103)	-	(315,103)
Total Governmental Activities	21,174,617	1,634,995	537,369	784,773	(18,217,480)	-	(18,217,480)
Business-Type Activities:							
Sewer	1,249,790	996,330	12,307	-	-	(241,153)	(241,153)
Water	964,100	963,841	27,053	-	-	26,794	26,794
Total Primary Government	\$ 23,388,507	\$ 3,595,166	\$ 576,729	\$ 784,773	(18,217,480)	(214,359)	(18,431,839)
General Revenues:							
Property Taxes					13,724,500	-	13,724,500
Motor vehicle excise and other taxes					1,684,254	-	1,684,254
Penalties & Interest on Taxes					130,592	-	130,592
Grants & Contributions not restricted to specific programs					1,961,058	-	1,961,058
Unrestricted Investment Income					132,007	-	132,007
Miscellaneous					5,951	-	5,951
Contributions to Permanent Funds					4,400	-	4,400
Transfers, net					3,100	(3,100)	-
Total General Revenues and Transfers					17,645,862	(3,100)	17,642,762
Change in Net Position					(571,618)	(217,459)	(789,077)
Net Position:							
Beginning of year (as restated)					(6,206,757)	4,333,571	(1,873,186)
End of year					\$ (6,778,375)	\$ 4,116,112	\$ (2,662,263)

The Notes to the Financial Statements are an integral part of this Statement.

**TOWN OF DUDLEY, MASSACHUSETTS
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2019**

	General Fund	Fire Station Building Improvements Fund	Nonmajor Governmental Funds	Total Governmental Funds
Assets:				
Cash and Cash Equivalents	\$ (1,472,081)	\$ 1,707,671	\$ 750,062	\$ 985,652
Investments	2,851,421	336,292	290,909	3,478,622
Investment in Custody of Others	-	-	1,494,714	1,494,714
Receivables, net of allowance for uncollectibles:				
Property Taxes	165,851	-	-	165,851
Tax Liens	248,423	-	-	248,423
Excise Taxes	157,399	-	-	157,399
Special Assessments	-	-	1,436	1,436
Departmental	216,328	-	54,267	270,595
Due from Other Governments	134,880	-	208,664	343,544
Total Assets	\$ 2,302,221	\$ 2,043,963	\$ 2,800,052	\$ 7,146,236
Liabilities:				
Warrants Payable	\$ 61,739	\$ 471,799	\$ 43,966	\$ 577,504
Accrued Payroll	130,041	-	-	130,041
Payroll Withholdings	72,241	-	-	72,241
Tax Refund Payable	33,400	-	-	33,400
Other	62,496	-	-	62,496
Notes Payable	-	225,000	800,000	1,025,000
Total Liabilities	359,917	696,799	843,966	1,900,682
Deferred Inflows of Resources - Unavailable Revenue	838,281	-	197,110	1,035,391
Fund Balance:				
Nonspendable	-	-	49,050	49,050
Restricted	-	1,347,164	2,420,451	3,767,615
Committed	-	-	49,625	49,625
Assigned	321,218	-	-	321,218
Unassigned	782,805	-	(760,150)	22,655
Total Fund Balance	1,104,023	1,347,164	1,758,976	4,210,163
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 2,302,221	\$ 2,043,963	\$ 2,800,052	\$ 7,146,236

The Notes to the Financial Statements are an integral part of this Statement.

TOWN OF DUDLEY, MASSACHUSETTS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

	General Fund	Fire Station Building Improvements Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:				
Property Taxes	\$ 13,727,379	\$ -	\$ -	\$ 13,727,379
Intergovernmental	2,054,564	-	936,277	2,990,841
Excise and Other Taxes	1,671,961	-	-	1,671,961
Charges for Services	733,053	-	515,360	1,248,413
Licenses, Permits, Fees	372,232	-	-	372,232
Interest on Delinquent Taxes	130,592	-	-	130,592
Investment Income	132,007	-	53,321	185,328
Gifts and Donations	-	-	52,897	52,897
Other	-	25,000	156,886	181,886
Total Revenues	18,821,788	25,000	1,714,741	20,561,529
Expenditures:				
Current:				
General Government	1,579,428	-	602,301	2,181,729
Public Safety	2,603,270	4,775,987	877,910	8,257,167
Public Works	1,108,200	-	707,578	1,815,778
Education	10,238,627	-	-	10,238,627
Health and Human Services	205,835	-	37,162	242,997
Culture and Recreation	298,237	-	114,102	412,339
Employee Benefits and Insurance	1,753,531	-	-	1,753,531
State Assessments	25,807	-	-	25,807
Debt Service:				
Principal	828,738	-	-	828,738
Interest	318,077	-	-	318,077
Total Expenditures	18,959,750	4,775,987	2,339,053	26,074,790
Excess of Revenues Over (Under) Expenditures	(137,962)	(4,750,987)	(624,312)	(5,513,261)
Other Financing Sources (Uses):				
Operating Transfers In	149,879	-	40,389	190,268
Operating Transfers Out	(180,068)	-	(7,100)	(187,168)
Proceeds from Issuance of Bonds	-	-	120,000	120,000
Total Other Financing Sources (Uses)	(30,189)	-	153,289	123,100
Net Change in Fund Balances	(168,151)	(4,750,987)	(471,023)	(5,390,161)
Fund Balances, Beginning of Year	1,272,174	6,098,151	2,229,999	9,600,324
Fund Balances, End of Year	\$ 1,104,023	\$ 1,347,164	\$ 1,758,976	\$ 4,210,163

The Notes to the Financial Statements are an integral part of this Statement.

TOWN OF DUDLEY, MASSACHUSETTS
Reconciliation of the Governmental Funds Balance Sheet
Total Fund Balances to the Statement of Net Position
For the Year Ended June 30, 2019

Total Governmental Fund Balances		\$ 4,210,163
Capital Assets (net) used in governmental activities are not financial resources and therefore, are not reported in the funds.		20,529,755
Revenues are recognized on an accrual basis of accounting instead of a modified accrual basis.		1,035,391
The statement of net position includes certain deferred inflows of resources and deferred outflows of resources that will be amortized over future periods. in governmental funds, these amounts are not deferred.		(19,033)
Long Term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds:		
Bonds Payable	\$ (7,600,000)	
Net OPEB Liability	(12,933,193)	
Net Pension Liability	(11,717,394)	
Compensated Absences	<u>(255,263)</u>	(32,505,850)
In the statement of activities, interest is accrued on outstanding long term debt, whereas in governmental funds, interest is not reported until due.		<u>(28,801)</u>
Net Position of Governmental Activities		<u><u>\$ (6,778,375)</u></u>

The Notes to the Financial Statements are an integral part of this Statement.

TOWN OF DUDLEY, MASSACHUSETTS
Reconciliation of the Statement of Revenues, Expenditures
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Year Ended June 30, 2019

Net Change in Fund Balances - Total Governmental Funds **\$ (5,390,161)**

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

Capital Outlay Purchases	\$ 6,269,862	
Depreciation	<u>(1,254,855)</u>	5,015,007

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

38,370

The issuance of long-term debt (e.g., bonds and leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the financial resources of governmental funds.

Neither transaction, however, has any effect on net assets:

Proceeds from Issuance of Bonds and Notes	(120,000)	
Repayment of Debt Principal	<u>828,738</u>	708,738

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:

Net Change in Compensated Absences	29,224	
Net Change in Net OPEB Liability	(1,492,674)	
Net Change in Deferred Outflow/(Inflow) of Resources Related to OPEB	997,193	
Net Change in Deferred Outflow/(Inflow) of Resources Related to Pensions	627,569	
Net Change in Net Pension Liability	(1,107,858)	
Net Change in Accrued Interest on Long-Term Debt	<u>2,974</u>	<u>(943,572)</u>

Change in Net Position of Governmental Activities **\$ (571,618)**

The Notes to the Financial Statements are an integral part of this Statement.

TOWN OF DUDLEY, MASSACHUSETTS
STATEMENT OF REVENUES AND EXPENDITURES - BUDGETARY BASIS -
(NON-GAAP) - BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2019

	Budgeted Amounts			Actual		
	Amounts Carried Forward from Prior Year	Original Budget	Final Budget	Budgetary Basis	Amounts Carried Forward to Next Year	Variance with Final Budget Positive (Negative)
Revenues:						
Property Taxes	\$ -	\$ 13,630,294	\$ 13,756,394	\$ 13,721,179	\$ -	\$ (35,215)
Intergovernmental	-	2,020,106	2,020,106	2,054,564	-	34,458
Excise and Other Taxes	-	1,617,570	1,617,570	1,671,961	-	54,391
Charges for Services	-	683,692	683,692	733,053	-	49,361
Licenses, Permits, Fees	-	441,500	441,500	372,232	-	(69,268)
Interest on Delinquent Taxes	-	116,000	116,000	130,592	-	14,592
Investment Income	-	28,170	28,170	125,217	-	97,047
Total Revenues	-	18,537,332	18,663,432	18,808,798	-	145,366
Expenditures:						
Current:						
General Government	268,913	1,384,993	1,751,035	1,579,428	90,038	81,569
Public Safety	3,186	2,492,575	2,639,138	2,603,270	3,186	32,682
Public Works	8,670	1,040,511	1,157,267	1,108,200	4,090	44,977
Education	-	10,325,284	10,240,994	10,238,627	-	2,367
Health and Human Services	1,600	174,574	233,245	205,835	600	26,810
Culture and Recreation	8,113	323,980	343,196	298,237	9,837	35,122
Employee Benefits and Insurance	-	1,761,922	1,761,922	1,753,531	-	8,391
State Assessments	-	25,807	25,807	25,807	-	-
Debt Service:						
Principal	-	772,718	828,738	828,738	-	-
Interest	-	306,617	319,921	318,077	-	1,844
Total Expenditures	290,482	18,608,981	19,301,263	18,959,750	107,751	233,762
Excess of Revenues Over (Under) Expenditures	(290,482)	(71,649)	(637,831)	(150,952)	(107,751)	379,128
Other Financing Sources (Uses):						
Operating Transfers In	-	-	63,121	205,900	-	142,779
Operating Transfers Out	-	(143,252)	(209,564)	(209,479)	-	85
Total Other Financing Sources (Uses)	-	(143,252)	(146,443)	(3,579)	-	142,864
Net Change in Budgetary Fund Balance	(290,482)	(214,901)	(784,274)	\$ (154,531)	\$ (107,751)	\$ 521,992
Other Budgetary Items:						
Free Cash and Other Reserves	-	214,901	493,792			
Prior Year Encumbrances	290,482	-	290,482			
Total Other Budgetary Items	290,482	214,901	784,274			
NET BUDGET	\$ -	\$ -	\$ -			

The Notes to the Financial Statements are an integral part of this Statement.

TOWN OF DUDLEY, MASSACHUSETTS
Reconciliation of Revenues and Expenditures
from Budgetary Basis to GAAP Basis
For the Year Ended June 30, 2019

	<u>Revenues</u>	<u>Expenditures</u>
Reported on a Budgetary Basis	\$ 18,808,798	\$ 18,959,750
<u>Adjustments:</u>		
Activity for Stabilization Funds Recorded in the General Fund for GAAP Purposes	6,790	-
Net Increase in Revenue from Recording 60-Day Receipts	29,600	-
Net Decrease in Revenue from Recording Refund Taxes Payable	(23,400)	-
Reported on a GAAP Basis	<u>\$ 18,821,788</u>	<u>\$ 18,959,750</u>

The Notes to the Financial Statements are an integral part of this Statement.

TOWN OF DUDLEY, MASSACHUSETTS
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2019

	Business-Type Activities Enterprise Funds		
	Sewer Fund	Water Fund	Total
ASSETS			
CURRENT:			
Cash and Cash Equivalents	\$ (86,902)	\$ 337,741	\$ 250,839
Investments	608,816	879,295	1,488,111
Receivables, net of allowance for uncollectibles:			
User Charges	106,514	82,482	188,996
Tax Liens	7,931	5,839	13,770
Other	26,415	-	26,415
Special Assessments	8,990	-	8,990
Total current assets	671,764	1,305,357	1,977,121
NONCURRENT:			
Capital Assets, net of accumulated depreciation			
Nondepreciable	22,085	73,180	95,265
Depreciable	2,287,781	3,172,738	5,460,519
Total noncurrent assets	2,309,866	3,245,918	5,555,784
Total Assets	2,981,630	4,551,275	7,532,905
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Outflows Related to Pensions	74,630	67,057	141,687
Deferred Outflows Related to OPEB	33,641	44,454	78,095
Total Deferred Outflows of Resources	108,271	111,511	219,782
LIABILITIES			
CURRENT:			
Warrants Payable	10,598	9,722	20,320
Accrued Payroll	5,994	4,774	10,768
Accrued Interest	560	3,198	3,758
Deposits	850	-	850
Bonds Payable	60,000	175,000	235,000
Total current liabilities	78,002	192,694	270,696
NONCURRENT:			
Compensated Absences	-	538	538
Net OPEB Liability	601,877	795,338	1,397,215
Net Pension Liability	716,279	643,591	1,359,870
Bonds Payable	-	390,000	390,000
Total noncurrent liabilities	1,318,156	1,829,467	3,147,623
Total Liabilities	1,396,158	2,022,161	3,418,319
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflows Related to Pensions	47,337	42,533	89,870
Deferred Inflows Related to OPEB	55,305	73,081	128,386
Total Deferred Inflows of Resources	102,642	115,614	218,256
NET POSITION			
Net Investment in Capital Assets	2,249,866	2,680,918	4,930,784
Restricted for Capital Projects	4,188	76,955	81,143
Unrestricted	(662,953)	(232,862)	(895,815)
Total Net Position	\$ 1,591,101	\$ 2,525,011	\$ 4,116,112

The Notes to the Financial Statements are an integral part of this Statement.

TOWN OF DUDLEY, MASSACHUSETTS
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

	Business-Type Activities Enterprise Funds		
	Sewer Fund	Water Fund	Total
Operating Revenues:			
Charges for Services	\$ 995,173	\$ 963,841	\$ 1,959,014
Total Operating Revenues	<u>995,173</u>	<u>963,841</u>	<u>1,959,014</u>
Operating Expenses:			
Salaries & Wages	209,803	270,159	479,962
Operating Expenses	931,719	549,564	1,481,283
Depreciation	101,358	130,800	232,158
Total Operating Expenses	<u>1,242,880</u>	<u>950,523</u>	<u>2,193,403</u>
Operating Income (Loss)	<u>(247,707)</u>	<u>13,318</u>	<u>(234,389)</u>
Non-Operating Revenues (Expenses):			
Investment Income	12,307	12,204	24,511
Special Assessments	1,157	-	1,157
Intergovernmental	-	14,849	14,849
Interest Expense	(6,910)	(13,577)	(20,487)
Total Non-Operating Revenues (Expenses)	<u>6,554</u>	<u>13,476</u>	<u>20,030</u>
Income (Loss) Before Operating Transfers	<u>(241,153)</u>	<u>26,794</u>	<u>(214,359)</u>
Operating Transfers:			
Transfers In	139,460	219	139,679
Transfers Out	(75,279)	(67,500)	(142,779)
Total Operating Transfers	<u>64,181</u>	<u>(67,281)</u>	<u>(3,100)</u>
Change in Net Position	<u>(176,972)</u>	<u>(40,487)</u>	<u>(217,459)</u>
Net Position at Beginning of Year (as restated)	<u>1,768,073</u>	<u>2,565,498</u>	<u>4,333,571</u>
Net Position at End of Year	<u>\$ 1,591,101</u>	<u>\$ 2,525,011</u>	<u>\$ 4,116,112</u>

The Notes to the Financial Statements are an integral part of this Statement.

**TOWN OF DUDLEY, MASSACHUSETTS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2019**

	Business-Type Activities Enterprise Funds		
	Sewer Fund	Water Fund	Total
Cash Flows From Operating Activities:			
Receipts from Customers and Users	\$ 1,008,973	\$ 973,487	\$ 1,982,460
Payments to Vendors	(857,958)	(483,956)	(1,341,914)
Payments to Employees	(211,115)	(273,836)	(484,951)
Net Cash Provided by (Used for) Operating Activities	(60,100)	215,695	155,595
Cash Flows from Noncapital Financing Activities:			
Transfers from (to) Other Funds	64,181	(67,281)	(3,100)
Net Cash Provided by (Used for) Noncapital Financing Activities	64,181	(67,281)	(3,100)
Cash Flows from Capital and Related Financing Activities:			
Intergovernmental Revenues	-	14,849	14,849
Special Assessments	10,157	-	10,157
Acquisition and Construction of Capital Assets	(72,945)	-	(72,945)
Principal Payments on Bonds and Notes	(60,000)	(175,000)	(235,000)
Interest Expense	(7,470)	(15,121)	(22,591)
Net Cash Provided by (Used for) Capital and Related Financing Activities	(130,258)	(175,272)	(305,530)
Cash Flows from Investing Activities:			
Proceeds/(Purchase) of Investments	(147,307)	(503,555)	(650,862)
Investment Income	12,307	12,204	24,511
Net Cash Provided by (Used for) Investing Activities	(135,000)	(491,351)	(626,351)
Net Increase (Decrease) in Cash and Cash Equivalents	(261,177)	(518,209)	(779,386)
Cash and Cash Equivalents at Beginning of Year	174,275	855,950	1,030,225
Cash and Cash Equivalents at End of Year	\$ (86,902)	\$ 337,741	\$ 250,839

Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used For) Operating Activities:

Operating Income (Loss)	\$ (247,707)	\$ 13,318	\$ (234,389)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation	101,358	130,800	232,158
Deferred (Outflows)/Inflows of Resources Related to Pensions	(37,971)	(34,214)	(72,185)
Deferred (Outflows)/Inflows of Resources Related to OPEB	21,664	28,627	50,291
Change in Assets and Liabilities:			
Increase (Decrease) in Warrants Payable	(2,057)	(6,524)	(8,581)
Increase (Decrease) in Accrued Payroll	599	(1,622)	(1,023)
Increase (Decrease) in Compensated Absences	(1,911)	(2,055)	(3,966)
Increase (Decrease) in OPEB Obligation Payable	1,394	1,843	3,237
Increase (Decrease) in Net Pension Liability	90,731	75,876	166,607
Decrease (Increase) in User Charges Receivable	13,800	9,646	23,446
Total Adjustments	187,607	202,377	389,984
Net Cash Provided by (Used for) Operating Activities	\$ (60,100)	\$ 215,695	\$ 155,595

The Notes to the Financial Statements are an integral part of this Statement.

**TOWN OF DUDLEY, MASSACHUSETTS
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2019**

	Other Post Employment Benefit Trust Fund		Agency Funds	
ASSETS				
Cash and Cash Equivalents	\$	1,000	\$	250,145
Investments		6,828		-
Total Assets		7,828		250,145
LIABILITIES				
Warrants Payable		-		888
Due to Others		-		14,244
Escrows & Deposits		-		235,013
Total Liabilities		-		250,145
NET POSITION				
Held in Trust for Other Postemployment Benefits and Other Purposes	\$	7,828	\$	-

The Notes to the Financial Statements are an integral part of this Statement.

**TOWN OF DUDLEY, MASSACHUSETTS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2019**

	Other Post Employment Benefit Trust Fund
Additions:	
Contributions:	
Employer	\$ 256,147
Total Contributions	<u>256,147</u>
Investment Income	(27)
Total Additions	<u>256,120</u>
Deductions:	
Benefit Payments	255,147
Total Deductions	<u>255,147</u>
Change in Net Position	<u>973</u>
Net Position at Beginning of Year	<u>6,855</u>
Net Position at End of Year	<u><u>\$ 7,828</u></u>

The Notes to the Financial Statements are an integral part of this Statement.

TOWN OF DUDLEY, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying basic financial statements of the Town of Dudley, Massachusetts (the Town) have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). The Governmental Accounting Standards Board (GASB) is the recognized standard-setting body for establishing governmental accounting and financial reporting principles. The significant Town accounting policies are described herein.

A. Reporting Entity

The Town was incorporated in 1732 under the laws of the Commonwealth of Massachusetts. The Town is governed by an elected five-member Board of Selectmen.

For financial reporting purposes, the Town has included all funds, organizations, account groups, agencies, boards, commissions and institutions. The Town has also considered all potential component units for which it is financially accountable as well as other organizations for which the nature and significance of their relationship with the Town are such that exclusion would cause the basic financial statements to be misleading or incomplete. In fiscal year 2019, it was determined that no entities met the required GASB-39 and GASB-61 criteria for component units.

The Town is responsible for electing the governing board and/or committee members of the Dudley Housing Authority, the Dudley-Charlton Regional School District and the Southern Worcester County Regional Vocational School District. These related organizations are excluded from the financial reporting entity because the Town's accountability does not extend beyond the Town electing the board and/or committee members. Audited financial statements are available from the respective organizations. Descriptions of the related organizations are as follows:

Dudley Housing Authority - A public housing agency that provides housing assistance to eligible and qualified low and moderate-income families, the elderly and handicapped. The housing authority is an autonomous and self-sufficient agency under the State Executive Office of Communities and Development. The Town has no significant influence over management, budget or policies of the authority.

Dudley-Charlton Regional School District - A regional school district made up of the Town of Dudley and the Town of Charlton to serve and provide education to the Town's students. The regional school district is a separate entity under the Commonwealth of Massachusetts. The Town elects three school committee members for its representation. The District is responsible for both the operating and capital costs related to the school and operates independently from the Town.

Southern Worcester County Regional Vocational School District - A regional school district made up of ten communities to serve and provide a learning environment in specific career areas. The regional school district is a separate entity under the Commonwealth of Massachusetts. The Town elects two school committee members for its representation. The District is responsible for both the operating and capital costs related to the school and operates independently from the Town.

B. Government-Wide and Fund Financial Statements

Government-wide financial statements

The government-wide financial statements (e.g., statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government and its component units. Governmental activities, which are primarily supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which are supported primarily by user fees and charges.

TOWN OF DUDLEY, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2019

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

Fund financial statements

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. Non-major funds are aggregated and displayed in a single column.

Because governmental fund statements are presented using a measurement focus and basis of accounting different from that used in government-wide statements' governmental column, a reconciliation is presented that briefly explains the adjustments necessary to reconcile ending net position and change in net position.

Major Fund Criteria

Major funds must be reported if the following criteria are met:

- If the total assets, liabilities, revenues or expenditures/expenses of an individual governmental fund are at least 10 percent of the corresponding element (assets, liabilities, etc.) for all funds of that category or type (total governmental funds),
- and*
- If the total assets, liabilities, revenues or expenditures/expenses of the individual governmental funds are at least 5 percent of the corresponding element for all governmental funds combined.

Additionally, any other governmental fund that management believes is particularly significant to the basic financial statements may be reported as a major fund.

Proprietary and fiduciary funds are reported by fund type.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Government-wide financial statements

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

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the Town's enterprise funds and various other functions of the Town. Elimination of these charges would distort the direct costs and program revenues of the various functions concerned.

TOWN OF DUDLEY, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2019

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

Fund financial statements

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

Property taxes, excises and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

Entitlements and shared revenues are recorded at the time of receipt or earlier if the susceptible to accrual criteria is met. Expenditure driven grants recognize revenue when the qualifying expenditures are incurred and all other grant requirements are met.

The Town reports the following major governmental fund:

The *general fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *fire station building improvements fund* is a capital projects fund used to account for the accumulation of resources for the building and improvements of a new public safety facility.

The Town reports the following major proprietary funds:

The *sewer fund* is used to account for the sewer activities.

The *water fund* is used to account for the water activities.

The non-major governmental fund consists of other special revenue, capital projects and permanent funds that are aggregated and presented in the *non-major governmental funds'* column on the governmental funds' financial statements. The following describes the general use of these fund types:

The *special revenue fund* is used to account for the proceeds of specific revenue sources (other than permanent or capital projects funds) that are restricted by law or administrative action to expenditures for specified purposes.

The *capital projects fund* is used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by Enterprise and Trust Funds).

The *permanent fund* is used to account for financial resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support the governmental programs.

TOWN OF DUDLEY, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2019

Additionally, the Town reports the following fund types:

The Fiduciary fund financial statements are reported using the flow of economic resources measurement focus and use the accrual basis of accounting. Fiduciary funds are used to account for assets held in a trustee capacity for others that cannot be used to support the government programs. The Town reports the following fiduciary funds:

The *Other Post Employment Benefit (OPEB) Trust Fund* is used to account for the assets held by the Town in trust for the payment of future retiree health insurance benefits. The assets of the OPEB Trust Fund cannot be used to support the Town's operations.

The *agency fund* is used to account for assets held in a purely custodial capacity.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise fund are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

D. Cash and Cash Equivalents

Cash balances from all funds, except those required to be segregated by law, are combined to form a consolidation of cash. Cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with an original maturity of three months or less from the date of acquisition. The Town maintains a cash and investment pool that is available for use by all funds. Each fund's portion of this pool is reflected on the combined financial statements under the caption, "cash and cash equivalents".

Excluding the permanent funds, investment income derived from major and non-major governmental funds is legally assigned to the general fund unless otherwise directed by Massachusetts General Laws (MGL).

Investment income from proprietary funds is maintained in those funds.

E. Investments

The Town maintains investments according to Massachusetts General Laws and adopted policies. Investments are reported according to the fair value hierarchy established by generally accepted accounting principles. Investments are defined as securities or other assets that (a) a government holds primarily for the purpose of income or profit and (b) has a present service capacity based solely on its ability to generate cash or to be sold to generate cash. Fair Value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The hierarchy is based upon valuation inputs, which are assumptions that market participants would use when pricing an asset or a liability, including assumptions about risk.

Level 1 inputs are quoted prices in active markets for identical assets or liabilities at the measurement date.

Level 2 inputs are directly observable for an asset or a liability (including quoted prices for similar assets or liabilities), as well as inputs that are indirectly observable for the asset or liability.

Level 3 inputs are unobservable for the asset or liability.

TOWN OF DUDLEY, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2019

Certain investments, such as money market investments and 2a7-like external investment pools, are reported at amortized cost. 2a7-like pools are external investment pools that operate in conformity with the Securities and Exchange Commission's (SEC) Rule 2a7 as promulgated under the Investment Company Act of 1940, as amended and should be measured at the net asset value per share provided by the pool.

Additional investment disclosures are presented in these Notes.

F. Receivables

The recognition of revenues related to accounts receivable reported in the government-wide financial statements and fund financial statements are reported under the accrual basis of accounting and the modified accrual basis of accounting, respectively.

Property Taxes and Tax Liens

Property taxes are based on assessments as of January 1, 2018 and include betterments, special assessments and liens. Taxes are used to finance the operations of the Town for the fiscal year July 1st to June 30th. By law, all taxable property in the Commonwealth of Massachusetts must be assessed at 100% of fair cash value. Taxes are due and payable on July 1st. The Town has accepted the quarterly tax payment system. Under the quarterly tax payment system, the assessors make a preliminary tax commitment based on the prior year's net tax and may not exceed, with limited exceptions, fifty percent of that amount. The collector must mail preliminary tax bills each year by July 1st. The preliminary tax is payable in two equal installments. The first installment is due on August 1st and the second installment is due on November 1st. After the Town sets the tax rate, the assessors make the actual tax commitment. If actual bills are mailed on or before December 31st, the balance remaining is payable in two equal installments. The first installment is due on February 1st and the second installment is due on May 1st. If bills are mailed after December 31st, the entire balance is not due until May 1st or thirty days after the bills were mailed, whichever is later. Any betterments, special assessments and other charges are added to the actual bills. Interest at the rate of 14% is charged on the amount of any preliminary tax or actual tax installment payment that is unpaid and delinquent and is charged only for the number of days the payment is actually delinquent. If actual tax bills are mailed after December 31st, interest will be computed from May 1st, or the payment due date, whichever is later. The Town has an ultimate right to foreclose on property for which taxes have not been paid. Property taxes levied are recorded as receivables. Revenues from property taxes are recognized in the fiscal year for which they have been levied.

The Town mailed preliminary tax bills for the fiscal year 2019 on June 29, 2018, that were due on August 1, 2018 and November 1, 2018 and actual bills on December 21, 2018 that were due on February 1, 2019 and May 1, 2019.

The Commonwealth of Massachusetts electorate in November 1980, passed legislation known as Proposition 2 1/2, in order to limit the amount of revenue to be raised by taxation. The purpose of the legislation was to control the levy of taxes that are assessed to property owners of a Town. The legal levy limit under Proposition 2 1/2 for fiscal year 2019 is as follows:

Legal Levy Limit Under Proposition	
2 1/2 for fiscal year 2019	\$ 11,820,540
Add: Debt Exclusion	1,987,098
Maximum Allowable Levy	<u>\$ 13,807,638</u>

The total amount raised by taxation was \$13,801,195.

The allowance for uncollectible accounts is estimated based on historical trends and specific account analysis.

TOWN OF DUDLEY, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2019

Excise Taxes

Excise taxes consist of motor vehicle excise and vessel excise. Motor vehicle excise taxes are assessed annually for each vehicle registered in the Town and are recorded as receivables in the fiscal year of levy. The Commonwealth is responsible for reporting the number of vehicles registered and the fair value of those vehicles. The Board of Assessors of the Town is responsible for determining the value of each vessel.

The tax calculation is the fair market value of the vehicle or vessel multiplied by the \$25 per \$1,000 of value and \$10 per \$1,000 of valuation, respectively.

The allowance for uncollectible accounts is estimated based on historical trends and specific account analysis.

User Charges

User charges and fees consist of water and sewer that are levied quarterly based on individual meter readings and are subject to penalties and interest if they are not paid by the respective due date. Water and sewer liens are processed each year and are included as a lien on the property owner's tax bill. Water and sewer charges and liens are recorded as receivables in the fiscal year of the levy.

The allowance for uncollectible accounts is estimated based on historical trends and specific account analysis.

Special Assessments

Special assessments consist of the septic repair program betterments in the governmental activities and sewer betterments in the business-type activities.

These receivables are considered 100% collectible and, therefore, do not report an allowance for uncollectibles.

Other

Due from Webster for the Town's overpayment on the Webster Intermunicipal Agreement debt.

This receivable is considered 100% collectible and, therefore, does not report an allowance for uncollectibles.

Departmental

Departmental receivables consist of ambulance and police off-duty details.

The allowance for uncollectible accounts for ambulance is estimated based on specific account analysis.

Due from Other Governments

Various federal and state grants for operating and capital purposes are applied for and received annually. For non-expenditure driven grants, revenue is recognized as soon as all eligibility requirements imposed by the provider have been met. For expenditure driven grants, revenue is recognized when the qualifying expenditures are incurred and all other grant requirements are met.

These receivables are considered 100% collectible and, therefore, do not report an allowance for uncollectibles.

TOWN OF DUDLEY, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2019

G. Capital Assets

Capital assets, which include land, construction in progress, buildings and renovations, machinery, equipment and other, and infrastructure assets (e.g. roads, water mains, sewer mains, and similar items), are reported in the applicable governmental or business-type activity column of the government wide financial statements. Capital assets are recorded at historical cost or at estimated historical cost if actual historical cost is not available. Donated capital assets are recorded at the estimated fair market value.

All purchase and construction costs in excess of \$15,000 are capitalized at the date of acquisition or construction, respectively, with expected useful lives of greater than one year.

Capital assets (excluding land and construction in progress) are depreciated on a straight-line basis. The estimated useful lives of fixed assets are as follows:

Capital Asset Type	Years
Buildings and renovations	10-40
Machinery, equipment and other	3-10
Infrastructure	20-50

The cost of normal maintenance and repairs that do not add to the value of the assets or materially extend asset lives are not capitalized and are treated as expenses when incurred. Improvements are capitalized.

H. Interfund Transfers

During the course of its operations, resources are permanently reallocated between and within funds. These transactions are reported as operating transfers in and operating transfers out.

In the government-wide financial statements, operating transfers between and within governmental funds are eliminated from the governmental activities in the statement of activities. Any residual balances outstanding between the governmental activities and business-type activities are reported in the statement of activities as "Transfers net".

In the fund financial statements, operating transfers between and within funds are not eliminated from the individual fund statements and are reported as operating transfers in and operating transfers out.

I. Deferred Inflows of Resources

Government-wide financial statements

The government-wide financial statements *Statement of Net Position* includes a separate section, listed below total assets, for *deferred outflows of resources*. This represents the usage of net position applicable for future period(s) and will not be recognized as expenditures until the future period to which it applies. Currently, the only items in this category are *deferred outflows related to pensions and deferred outflows related to OPEB*.

In addition to liabilities, the *Statement of Net Position* will sometimes 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 and so will not be recognized as an inflow of resources (revenue) until that time. Currently, the only items in this category are *deferred inflows related to pensions and deferred inflows related to OPEB*.

TOWN OF DUDLEY, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2019

Fund financial statements

In addition to liabilities, the governmental funds balance sheet will sometimes 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 future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Town has only one type of item, which arises only under a modified accrual basis of accounting that qualifies in this category. Accordingly, the item, *unavailable revenue*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues for the Town's property, excise and other taxes; departmental revenue, special assessments and intergovernmental grants. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

J. Net Position and Fund Balances

In the Government-Wide financial statements, the difference between the Town's total assets and deferred outflows of resources, total liabilities and deferred inflows of resources represents net position. Net position displays three components – net investment in capital assets, restricted (distinguished between major categories of restrictions), and unrestricted. Unrestricted net position represents the net position available for future operations.

Net position classified as net investment in capital assets, consists of capital assets, net of accumulated depreciation, and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Net position has been "restricted for" the following:

"Capital projects" represents amounts restricted for capital purposes.

"Federal and state grants" represents amounts restricted by the federal and state government for various programs.

"Permanent funds – nonexpendable" represents amounts held in trust for which only investment earnings may be expended.

"Permanent funds – expendable" represents amounts held in trust for which the expenditures are restricted by various trust agreements.

"Other purposes" represents restrictions placed on assets from outside parties.

In the fund financial statements, governmental funds report aggregate amounts for five classifications of fund balances based on the constraints imposed on the use of those resources.

The nonspendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form – prepaid items or inventories; or (b) legally or contractually required to be maintained intact.

The spendable portion of the fund balance comprises the remaining four classifications: restricted, committed, assigned and unassigned.

Restricted fund balance. This classification reflects the constraints imposed on resources either (a) externally by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

TOWN OF DUDLEY, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2019

Committed fund balance. These amounts can only be used for specific purposes pursuant to constraints imposed by formal action of the Town's highest level of decision-making authority, which is the Town meeting action and can be modified or rescinded only through these actions. Committed amounts cannot be used for any other purpose unless the Town removes or changes the specified use by taking the same type of action it employed to previously commit.

Assigned fund balance. This classification reflects the amounts constrained by the Town's "intent" to be used for specific purposes, but are neither restricted nor committed. Department heads and Town board/committees have the authority to assign amounts to be used for specific purposes. Assigned fund balances include all remaining amounts (except negative balances) that are reported in governmental funds, other than the General Fund, that are not classified as nonspendable and are neither restricted nor committed.

Unassigned fund balance. This fund balance is the residual classification for the General Fund. It is also used to report negative fund balances in other governmental funds.

When the restricted and other fund balance resources are available for use, it is the Town's policy to use restricted resources first, followed by committed, assigned, and unassigned amounts respectively.

K. Long-term Debt

Long-term debt is reported as liabilities in the government-wide and proprietary fund statement of net position.

The face amount of governmental funds long-term debt is reported as other financing sources.

L. Compensated Absences

The Town grants to employees sick and vacation leave in varying amounts based upon length of service and in accordance with various individual union contracts. Upon retirement, termination, or death, certain employees are compensated for unused sick leave (subject to certain limitations) at their current rates of pay.

M. Pension Benefits

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 Worcester Regional Retirement System (the System) is provided. Additions to and deductions from the System's fiduciary net position have been determined on the same basis as they are reported. For this purpose, benefit payments, including refunds of employee contributions, are recognized when due and payable according with the benefit terms. Investments are reported at their fair value.

N. Post Retirement Benefits

In addition to providing pension benefits, health insurance coverage is provided for retired employees and their survivors in accordance with MGL, Chapter 32, on a pay-as-you-go basis. The cost of providing health insurance is recognized by recording the employer's 70% share of insurance premiums in the general fund in the fiscal year paid.

TOWN OF DUDLEY, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2019

O. Use of Estimates

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

P. Total Column

The total column on the fund financial statements is presented only to facilitate financial analysis. Data in this column is not the equivalent of consolidated financial information.

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

An annual budget is adopted for the Town's General Fund. Although legislative approval is required for the acceptance of grants, capital projects, and borrowing authorizations, annual budgets are not prepared for any other fund; therefore, comparison of budget to actual is only presented for the General Fund.

The Town must establish its property tax rate each year so that the property tax rate levy will comply with the limits established by Proposition 2 1/2, as amended, and also equal the sum of (a) the aggregate of all annual appropriations for expenditures, plus (b) provision for prior year deficits, if any, less (c) the aggregate of all non-property tax revenues estimated to be received, including available funds.

The Town follows these procedures in establishing the General Fund budgetary data as reflected in the financial statements:

- Estimates are submitted by departments in accordance with the Town's bylaws.
- The budget is legally enacted by vote at the annual Town meeting.
- Supplemental appropriations may be made from available funds after the setting of the tax rate with Town meeting approval.
- Throughout the year appropriations may be transferred between departments with Town meeting approval.

Massachusetts law requires cities and towns to provide for a balanced budget. Section 23 of Chapter 59 of the Massachusetts General Laws states, in part,

"The assessors shall annually assess taxes to an amount not less than the aggregate of all amounts appropriated, granted or lawfully expended by their respective towns (cities) since the preceding annual assessment and not provided for therein . . . "

For fiscal year 2019, the Town incurred a final budget deficit of \$784,274 for the General Fund.

TOWN OF DUDLEY, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2019

The Town voted from the following sources to fund the deficit budget during the fiscal year:

Unassigned fund balance:	
Free cash votes	\$ 493,792
Prior year's encumbrances	290,482
	<u>\$ 784,274</u>

B. Deficit Fund Balances

The following funds have deficits at June 30, 2019 as measured by the balances of unassigned fund balance.

- The *Dudley Municipal Center roof* capital project fund has a deficit totaling of \$450,000. The Town has outstanding bond anticipation notes for \$450,000. This deficit will be eliminated upon the issuance of permanent debt.
- The *Ambulance* capital project fund has a deficit totaling of \$110,000. The Town has outstanding bond anticipation notes for \$110,000. This deficit will be eliminated upon the issuance of permanent debt.
- The *Highway paver* capital project fund has a deficit of \$40,000. The Town has an outstanding bond anticipation note for \$40,000. This deficit will be eliminated upon the issuance of permanent debt.
- The *Highway LED street light system* capital project fund has a deficit of \$160,150. The Town has an outstanding bond anticipation note for \$200,000. This deficit will be eliminated upon the issuance of permanent debt.

3. DETAILED NOTES

A. Deposits and Investments

Custodial Credit Risks - Deposits

Custodial credit risk is the risk that in the event of a bank failure, the Town's deposits may not be returned. The government does not have a deposit policy for custodial credit risk. Deposits at June 30, 2019 were \$1,582,394. Of these, none are exposed to custodial credit risk as uninsured and uncollateralized.

Deposits and Investment Policies

Investments of funds, except for trust funds, are generally restricted by Massachusetts General Laws, Chapter 44, Section 55. That statute permits investments of available revenue funds and bond and note proceeds in term deposits and certificates of deposit of banks and trust companies, in obligations issued or unconditionally guaranteed by the federal government or an agency thereof with a maturity of not more than one year, in repurchase agreements with a maturity of not more than 90 days secured by federal or federal agency securities, in participation units in the Massachusetts Municipal Depository Trust ("MMDT"), or in shares in SEC-registered money market funds with the highest possible rating from at least one nationally recognized rating organization.

TOWN OF DUDLEY, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2019

The MMDT is an investment pool created by the Commonwealth under the supervision of the State Treasurer's office. According to the State Treasurer, the Trust's investment policy is designed to maintain an average weighted maturity of 90 days or less and is limited to high-quality, readily marketable fixed income instruments, including U. S. Government obligations and highly-rated corporate securities with maturities of one year or less. The MMDT is an external investment pool that meets the criteria established under GASB Statement No. 79 to report its investments at amortized cost. MMDT's fair value is measured at amortized cost.

As of June 30, 2019, the Town had the following investments and maturities:

Investment Type	Fair Value	Investment Maturities (in Years)	
		Less Than 1	1 to 5
Debt Securities:			
U. S. treasury obligations	\$ 169,991	\$ 105,004	\$ 64,987
U. S. government agencies	349,310	-	349,310
Corporate bonds	144,978	29,883	115,095
	664,279	\$ 134,887	\$ 529,392
Other Investments:			
Certificate of deposits	114,869		
Equity mutual funds	42,030		
Money market mutual fund	53,395		
MMDT	4,098,988		
	\$ 4,973,561		

Custodial Credit Risks - Investments

For an investment, custodial risk is the risk that, in the event of the failure of the counterparty, the Town will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Of the Town's \$4,973,561 in investments, none are uninsured and unregistered. The Town has no policy on custodial credit risk.

Interest Rate Risk

The Town does have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

TOWN OF DUDLEY, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2019

Credit Risk

The Town's exposure to credit risk as of June 30, 2019 is as follows:

Related Debt Instruments	Fair Value
Moody's Quality Ratings	
<i>U. S. Treasury Obligations:</i>	
Aaa	\$ 169,991
<i>U. S. Government Agencies:</i>	
Aaa	349,310
<i>Corporate Bonds:</i>	
A2	65,303
AA3	19,935
Baa1	59,740
	<u>\$ 664,279</u>

Concentration of Credit Risk

The Town places no limit on the amount the Town may invest in one issuer. More than 5 percent of the Town's investments are Federal Home Loan Mortgage Corp amounting to 7.02% of the Town's total investments.

Fair Value of Investments

The Town categorizes its fair value measurements within the fair value hierarchy established by GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

TOWN OF DUDLEY, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2019

The Town has the following recurring fair value measurements as of June 30, 2019:

Investment Type	Fair Value	Fair Value Measurements		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by Fair Value Level:				
U. S. treasury obligations	\$ 169,991	\$ 169,991	\$ -	\$ -
U. S. government agencies	349,310	349,310	-	-
Certificates of deposit	114,869	114,869	-	-
Equity mutual funds	42,030	42,030	-	-
Money market mutual fund	53,395	53,395	-	-
Corporate bonds	144,978	-	144,978	-
	874,573	\$ 729,595	\$ 144,978	\$ -
Investments Measured at Amortized Cost:				
External Investment Pools (MMDT)	4,098,988			
Total Investments	\$ 4,973,561			

Investments classified in Level 1 of the fair value hierarchy are valued using quoted prices in active markets for those securities.

Investments classified in Level 2 are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

B. Receivables

At June 30, 2019, receivables for the individual major governmental funds, non-major governmental funds and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	Gross Amount	Allowance for Uncollectibles	Net Amount
Major and nonmajor governmental funds:			
Property taxes	\$ 165,851	\$ -	\$ 165,851
Tax liens	248,423	-	248,423
Excise taxes	229,904	(72,505)	157,399
Special assessments	1,436	-	1,436
Departmental	281,287	(10,692)	270,595
Due from other governments	343,544	-	343,544
	<u>\$ 1,270,445</u>	<u>\$ (83,197)</u>	<u>\$ 1,187,248</u>

TOWN OF DUDLEY, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2019

At June 30, 2019, receivables for the business-type activities consist of the following:

	Gross Amount	Allowance for Uncollectibles	Net Amount
Sewer Fund:			
Sewer user charges	\$ 107,014	\$ (500)	\$ 106,514
Sewer tax liens	7,931	-	7,931
Other	26,415	-	26,415
Special assessments	8,990	-	8,990
Water Fund:			
Water user charges	82,982	(500)	82,482
Water tax liens	5,839	-	5,839
	<u>\$ 239,171</u>	<u>\$ (1,000)</u>	<u>\$ 238,171</u>

The composition of amounts due from other governments as of June 30, 2019 for the governmental funds is as follows:

Governmental Funds:

General Fund:

Commonwealth of Massachusetts:

Department of Veterans Services:

Veteran's benefits \$ 134,880

Nonmajor Governmental Funds:

U. S. Department of Homeland Security

Staffing for Adequate Fire and Emergency

Response (SAFER) grant \$ 7,637

Commonwealth of Massachusetts:

Executive Office of Public Safety and Homeland Security:

Police overtime enforcement grant 1,035

Massachusetts Department of Transportation:

Highway Department - Chapter 90 funded projects 199,992 208,664

\$ 343,544

TOWN OF DUDLEY, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2019

C. Deferred Inflows of Resources – Unavailable Revenue

Governmental funds report deferred inflows of resources in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. At the end of the current fiscal year, the various components of deferred inflows of resources reported in the governmental funds were as follows:

General Fund:			
Property taxes	\$	81,251	
Tax liens		248,423	
Excise taxes		157,398	
Departmental		216,329	
Due from other governments		134,880	\$ 838,281
Nonmajor governmental funds:			
Special assessments		1,436	
Due from other governments		195,674	197,110
			<u>\$ 1,035,391</u>

D. Capital Assets

Capital asset activity for the governmental and business-type activities for the year ended June 30, 2019, are as follows:

Governmental Activities	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	\$ 828,800	\$ 13,140	\$ -	\$ 841,940
Construction in progress	414,648	4,981,719	-	5,396,367
Total capital assets not being depreciated	1,243,448	4,994,859	-	6,238,307
Capital assets being depreciated:				
Buildings and Renovations	16,731,815	476,930	-	17,208,745
Machinery, equipment and other	4,737,878	520,578	-	5,258,456
Infrastructure	8,631,452	277,495	-	8,908,947
Total capital assets being depreciated	30,101,145	1,275,003	-	31,376,148
Less accumulated depreciation for:				
Buildings and Renovations	7,411,557	571,445	-	7,983,002
Machinery, equipment and other	3,216,227	374,157	-	3,590,384
Infrastructure	5,202,061	309,253	-	5,511,314
Total accumulated depreciation	15,829,845	1,254,855	-	17,084,700
Total capital assets being depreciated, net	14,271,300	20,148	-	14,291,448
Total governmental activities capital assets, net	\$ 15,514,748	\$ 5,015,007	\$ -	\$ 20,529,755

TOWN OF DUDLEY, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2019

Business-Type Activities	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	\$ 82,037	\$ -	\$ -	\$ 82,037
Construction in progress	11,258	1,970	-	13,228
Total capital assets not being depreciated	93,295	1,970	-	95,265
Capital assets being depreciated:				
Machinery, equipment and other	577,438	70,976	-	648,414
Infrastructure	12,693,955	-	-	12,693,955
Total capital assets being depreciated	13,271,393	70,976	-	13,342,369
Less accumulated depreciation for:				
Machinery, equipment and other	455,648	34,162	-	489,810
Infrastructure	7,194,044	197,996	-	7,392,040
Total accumulated depreciation	7,649,692	232,158	-	7,881,850
Total capital assets being depreciated, net	5,621,701	(161,182)	-	5,460,519
Total business-type activities capital assets, net	\$ 5,714,996	\$ (159,212)	\$ -	\$ 5,555,784

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental Activities:

General government	\$ 288,542
Public safety	253,160
Public works	440,611
Health and human services	6,332
Culture and recreation	266,210
Total depreciation expense - governmental activities	<u>\$ 1,254,855</u>

Business-Type Activities:

Sewer fund	\$ 101,358
Water fund	130,800
Total depreciation expense - business-type activities	<u>\$ 232,158</u>

E. Interfund Receivables, Payables and Transfers

Interfund transfers for the fiscal year ended June 30, 2019, are summarized below:

Transfers Out:	Transfers In:			
	General fund	Nonmajor Governmental fund	Business-type fund	Total
General fund	\$ -	\$ 40,389	\$ 139,679	\$ 180,068
Nonmajor governmental funds	7,100	-	-	7,100
Business-type fund	142,779	-	-	142,779
Total transfers out	<u>\$ 149,879</u>	<u>\$ 40,389</u>	<u>\$ 139,679</u>	<u>\$ 329,947</u>

TOWN OF DUDLEY, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2019

F. Short-Term Financing

Under the general laws of the Commonwealth and with the appropriate local authorization the Town is authorized to borrow funds on a temporary basis to (1) fund current operations prior to the collection of revenues, by issuing revenue anticipation notes, (2) fund grants prior to reimbursements, by issuing grant anticipation notes, and (3) fund capital projects costs incurred prior to selling permanent debt by issuing bond anticipation notes.

Details related to the short-term debt activity of the governmental type fund are as follows:

Purpose	Interest Rate	Final Maturity Date	Balance July 1, 2018	Renewed/ Issued	Retired/ Redeemed	Outstanding June 30, 2019
Governmental Activities						
Bond Anticipation Note:						
Police vehicle	2.00%	5/31/2019	\$ 45,000	\$ -	\$ 45,000	\$ -
Highway asphalt paver	2.00%	5/31/2019	60,000	-	60,000	-
Ambulance	2.00%	5/31/2019	165,000	-	165,000	-
LED street light system	2.40%	5/31/2019	-	200,000	200,000	-
Municipal Center roof	2.40%	5/31/2019	-	450,000	450,000	-
Ambulance	2.10%	5/29/2020	-	110,000	-	110,000
Highway asphalt paver	2.10%	5/29/2020	-	40,000	-	40,000
LED street light system	2.10%	5/29/2020	-	200,000	-	200,000
Municipal Center roof	2.10%	5/29/2020	-	450,000	-	450,000
New fire station project	2.10%	5/29/2020	-	225,000	-	225,000
Grant Anticipation Note:						
Chapter 90 Projects	1.96%	7/10/2018	100,000	-	100,000	-
Total Governmental Activities			<u>\$ 370,000</u>	<u>\$ 1,675,000</u>	<u>\$ 1,020,000</u>	<u>\$ 1,025,000</u>

G. Long Term Debt

General Obligation Bonds

The Town issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for both governmental and business-type activities.

General obligation bonds currently outstanding of the governmental type fund are as follows:

	Interest Rate	Date Issued	Final Maturity Date	Original Amount Issued	Outstanding June 30, 2019
Inside Debt:					
Municipal building renovation	4.20%	12/13/2002	12/15/2022	\$ 5,770,000	\$ 1,140,000
Municipal building renovation	4.13%	4/6/2004	12/15/2022	1,840,000	380,000
New Fire Station	3.02%	5/15/2018	5/15/2038	6,405,000	6,080,000
Total governmental type debt					<u>\$ 7,600,000</u>

TOWN OF DUDLEY, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2019

Future Debt Service

The annual principal and interest payments to retire all governmental type fund general obligation long-term debt outstanding as of June 30, 2019, are as follows:

Year	Principal	Interest	Total
2020	\$ 700,000	\$ 268,404	\$ 968,404
2021	700,000	238,480	938,480
2022	700,000	208,140	908,140
2023	700,000	177,647	877,647
2024	320,000	159,200	479,200
2025-2029	1,600,000	613,600	2,213,600
2030-2034	1,600,000	362,880	1,962,880
2035-2038	1,280,000	107,200	1,387,200
	<u>\$ 7,600,000</u>	<u>\$ 2,135,551</u>	<u>\$ 9,735,551</u>

General obligation bonds currently outstanding of the business-type fund are as follows:

	Interest Rate	Date Issued	Final Maturity Date	Original Amount Issued	Outstanding June 30, 2019
Inside Debt:					
Sewer Fund:					
Municipal Purpose Loan of 2000	5.49%	5/1/2000	5/1/2020	\$ 1,315,000	\$ 60,000
Total Inside Debt					<u>60,000</u>
Outside Debt:					
Water Fund:					
Water Main Healy Road	2.00%	10/15/2012	10/15/2022	450,000	180,000
Water Main Dudley Oxford Road	2.00%	10/15/2012	10/15/2022	850,000	340,000
Massachusetts Clean Water Trust:					
Corrosion control systems	N/A	10/1/1999	8/1/2019	661,114	45,000
Total Outside Debt					<u>565,000</u>
Total Business-type debt					<u>\$ 625,000</u>

TOWN OF DUDLEY, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2019

Future Debt Service

The annual principal and interest payments to retire all business-type long-term debt outstanding as of June 30, 2019, are as follows:

Year	Principal	Interest	Total
2020	\$ 235,000	\$ 13,697	\$ 248,697
2021	130,000	6,500	136,500
2022	130,000	3,900	133,900
2023	130,000	1,300	131,300
	<u>\$ 625,000</u>	<u>\$ 25,397</u>	<u>\$ 650,397</u>

A summary of the changes in governmental activities and business-type long-term liabilities during the year is as follows:

	Balance July 1, 2018	Additions	Reductions	Balance June 30, 2019	Amounts Due within One Year
Governmental activities:					
Bonds Payable:					
General obligation bonds	\$ 8,305,000	\$ -	\$ 705,000	\$ 7,600,000	\$ 700,000
Massachusetts Clean					
Water Trust bonds	3,738	-	3,738	-	-
Compensated absences	284,487	50,863	80,087	255,263	51,053
Net OPEB liability	12,903,225	29,968	-	12,933,193	-
Net pension liability	10,609,536	1,107,858	-	11,717,394	-
Governmental activity					
Long-term liabilities	<u>\$ 32,105,986</u>	<u>\$ 1,188,689</u>	<u>\$ 788,825</u>	<u>\$ 32,505,850</u>	<u>\$ 751,053</u>
Business-type activities:					
Bonds Payable:					
General obligation bonds	\$ 770,000	\$ -	\$ 190,000	\$ 580,000	\$ 190,000
Massachusetts Clean					
Water Trust bonds	90,000	-	45,000	45,000	45,000
Compensated absences	4,505	-	3,967	538	-
Net OPEB liability	1,393,978	3,237	-	1,397,215	-
Net pension liability	1,193,263	166,607	-	1,359,870	-
Business-type activity					
Long-term liabilities	<u>\$ 3,451,746</u>	<u>\$ 169,844</u>	<u>\$ 238,967</u>	<u>\$ 3,382,623</u>	<u>\$ 235,000</u>

TOWN OF DUDLEY, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2019

Massachusetts Clean Water Trust (MCWT)

The Town has borrowed funds from the MCWT Bond Resolution (Pool Loan Program). Under this program the borrower shall receive, as a credit against the loan repayment then due on this bond, the loan subsidy amounts (earnings on the equity of the trust). The Town is scheduled to be subsidized by the MCWT on a periodic basis for principal in the amount of \$728,416 and interest costs of \$418,725 for two loans which the Town has borrowed from MCWT. The gross amount outstanding at June 30, 2019 for principal and interest combined for the loans are \$46,237. The net repayments, including interest, are scheduled to be \$32,898. Since the Town is legally obligated for the total amount of the debt, such amounts for the gross principal have been recorded on the financial statements. The fiscal year 2019 principal and interest subsidies totaled \$14,942.

Legal Debt Limit

Under Section 10 of Chapter 44 of the Massachusetts General Laws a Town may authorize indebtedness up to a limit of five percent of its equalized valuation of the Town. Debt issued in accordance with this section of the law is designated as being "inside the debt limit." The Town's inside debt at June 30, 2019 totaled \$7,660,000.

In addition, the Town is authorized to incur debt outside of that limit for specific purposes. Such debt, when issued, is designated as being "outside the debt limit."

The following is a computation of the legal debt limit as of June 30, 2019:

Equalized Valuation-Real Estate and Personal Property (2018)		<u>\$ 1,016,192,300</u>
Debt Limit: 5 % of Equalized value		50,809,615
Total Debt Outstanding	\$ 8,225,000	
Less: Debt Outside Debt Limit	<u>(565,000)</u>	<u>7,660,000</u>
Inside Debt Excess Borrowing Capacity at June 30, 2019		<u>\$ 43,149,615</u>

Loans Authorized and Unissued -- Memorandum Only

Under the general laws of the Commonwealth of Massachusetts a Town must authorize debt at a Town meeting. This authorized debt does not have to be actually issued at that time and remains authorized until the debt is actually issued or Town meeting votes to rescind the authorized debt. The Town has no loan authorizations that have not been issued as of June 30, 2019.

TOWN OF DUDLEY, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2019

Overlapping Debt

The Town pays assessments, which includes debt service payments to other local governmental units providing services within the Town's boundaries (commonly referred to as overlapping debt). The following summary sets forth the long-term debt of the governmental unit, the estimated share of such debt being serviced by the Town and the total of its share of estimated indirect debt.

	Current Year's Debt	Town's Estimated Share	Town's Estimated Indirect Debt
Dudley Charlton Regional School District:			
Athletic Field	\$ 1,388,400	48.17%	\$ 668,792
Southern Worcester Regional Vocational School District:			
School Construction	24,670,000	10.31%	2,543,477
			<u>\$ 3,212,269</u>

TOWN OF DUDLEY, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2019

H. Fund Balances

The following is a summary of the Town's Governmental fund balances at the year ended June 30, 2019:

	General Fund	Fire Station Construction Fund	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable:				
Permanent funds	\$ -	\$ -	\$ 49,050	\$ 49,050
Restricted:				
Federal and state grants	-	-	504,717	504,717
Town Revolving funds	-	-	126,058	126,058
Gifts and donations	-	-	54,842	54,842
Capital projects	-	1,347,164	1,091	1,348,255
Permanent funds	-	-	34,865	34,865
Pearle L. Crawford Library endowment fund	-	-	1,494,714	1,494,714
Other	-	-	204,164	204,164
	-	1,347,164	2,420,451	3,767,615
Committed:				
Insurance and employee benefits	-	-	13,578	13,578
Other	-	-	36,047	36,047
	-	-	49,625	49,625
Assigned:				
General government	90,038	-	-	90,038
Public safety	3,186	-	-	3,186
Public works	4,090	-	-	4,090
Health and human services	600	-	-	600
Culture and recreation	9,837	-	-	9,837
Subsequent year's budget	213,467	-	-	213,467
	321,218	-	-	321,218
Unassigned:				
General Fund	782,805	-	-	782,805
Deficit capital projects	-	-	(760,150)	(760,150)
	782,805	-	(760,150)	22,655
Total Governmental fund balances	\$ 1,104,023	\$ 1,347,164	\$ 1,758,976	\$ 4,210,163

TOWN OF DUDLEY, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2019

I. Special Trust Funds

Stabilization Fund

Massachusetts General Laws, Chapter 40, Section 5B, allows for the establishment of stabilization funds for one or more different purposes. The creation of a fund requires a two-thirds vote of the legislative body and must clearly define the purpose of the fund. Any change to the purpose of the fund along with any additions to or appropriations from the fund requires a two-thirds vote of the legislative body. Any interest shall be added to and become a part of the fund.

At June 30, 2019 the balances in the stabilization funds are reported in the General Fund as unassigned fund balance consisting of the following:

General purpose stabilization fund	\$ 100,550
Capital stabilization fund	515
	<u>\$ 101,065</u>

4. OTHER INFORMATION

A. 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. The Town has obtained a variety of commercial liability insurance policies which passes the risk of loss listed above to independent third parties.

Settlement claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

Hampshire County Health Group

The Town, along with other government entities from the neighboring geographic area, is a member of the Hampshire County Health Group (HCHG), a public entity risk pool, currently operating as a common risk sharing management and health insurance program for eligible active and former employees of its members.

Payments in the form of insurance premiums, are made monthly to the HCHG. These payments are funded in part from the Town, recorded as expenditures in the general fund, and payroll withholdings from active employees, or direct payments from retired and certain eligible former employees. The Town pays between 55% and 74% of the cost of the insurance for active employees. Retired and other past employees who may be eligible to participate in the plan must pay between 26% and 45% of their premium costs.

The Town makes payments to HCHG in the form of monthly premiums based upon actual employee enrollment. HCHG makes payment, through a third-party administrator for actual health claims incurred for the entire group. At the end of HCHG's fiscal year, the Group's insurance consultant will determine if assets are sufficient to meet the anticipated needs of the ensuing year. It is anticipated that if claim liabilities exceed assets, premium rates will be adjusted prospectively to recover the necessary assets to meet claims.

Based upon the unaudited results of operations of the HCHG for the fiscal year ended June 30, 2019, the Town's insurance consultants have reported the HCHG has accumulated a surplus of \$24,464,951 as of June 30, 2019.

TOWN OF DUDLEY, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2019

B. Contingent Liabilities

Litigation

Litigation is subject to many uncertainties, and the outcome of individual matters is not always predictable. Although the amount of the liability, if any, at June 30, 2019, cannot be ascertained, management believes any resulting liability should not materially affect the financial position at June 30, 2019.

The Town has received state and federal grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursement to the grantor agency for any expenditure disallowed under the terms of the grant. The amount, if any, of expenditures which may be disallowed cannot be determined at this time, although, based on prior experience, Town management believes such disallowances, if any, will not be material.

C. Subsequent Events

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

D. Tax Abatements

The Town enters into property tax abatement agreements with local businesses under the Commonwealth of Massachusetts Economic Development Incentive Program Act of 1993 and as amended in 2009. Under this Act, state municipalities may grant property tax abatements of up to 100% of a business' property tax bill for the purpose of attracting or retaining these businesses within their jurisdictions. The abatements may be granted to any business located within or promising to relocate to the Town of Dudley.

As of June 30, 2019, the Town of Dudley abated property taxes amounting to \$6,632 under this program, including the following tax abatement agreement.

A 100% declining to 0% over ten years property tax abatement agreement was approved in November 2015 for the WEBCO Chemical Corporation to make improvements to the property on West Main Street of at least \$6.9 million (\$3.5 million in improvements and \$3.4 million expended for new equipment), retain its existing employment level of 53 employees and create 15 new full-time jobs. In addition, the WEBCO Chemical Corporation agrees to operate its business and maintain the level of jobs as long as the agreement is in effect (term is ten years). The company had \$6,632 of abatements in this fiscal year.

E. Pension Plan

Plan Description

The Town is a member of the Worcester Regional Retirement System (the System). The System is a cost-sharing multiple-employer public employee retirement system administered by five-member board of the Worcester Regional Retirement Board (the Board). Massachusetts General Laws (MGL), Chapter 32, assigns authority to establish the System and amend benefit provisions of the plan; which is regulated by the Public Employees Retirement Administration Commission (PERAC). The System is a defined benefit pension plan that covers substantially all employees of its member employers. The System issues a publicly available financial report in accordance with guidelines established by the Commonwealth's PERAC. That report may be obtained by contacting the System at 23 Midstate Drive, Suite 106, Auburn, Massachusetts 01501.

TOWN OF DUDLEY, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2019

Benefits Provided

The System provides retirement, disability, and death benefits to plan members and beneficiaries. MGL Chapter 32 establishes uniform benefit and contributory requirements for all contributory public employee retirement systems (PERS). The Massachusetts PERS benefits are uniform from system to system, with a few minor exceptions. Members of the System become vested after 10 years of creditable service. The System provides for retirement allowance benefits up to a maximum of 80% of a member's highest three-year average annual rate of regular compensation. Retirement benefits are determined as a percentage of the member's final three-year (five-year for members hired on or after April 2, 2012) final average compensation times the member's years of creditable service prior to retirement. The percentage is based on the age of the member at retirement and his or her Group classification. Benefit payments are based upon a member's age, length of creditable service, and group creditable service, and group classification. Most employees who joined the system on or after April 2, 2012 cannot retire prior to age 60. The authority for amending these provisions rests with the Massachusetts Legislature.

Employees who resign from service and who are not eligible to receive a retirement allowance or are under the age of 55 are entitled to request a refund of their accumulated total deductions. Survivor benefits are extended to eligible beneficiaries of members whose death occurs prior to or following retirement.

Cost of living adjustments granted between 1981 and 1997 and any increases in other benefits imposed by the Commonwealth's State law during those years are borne by the Commonwealth and are deposited into the pension fund. Cost-of-living adjustments granted after 1997 must be approved by the Board and are borne by the System.

Contributions

MGL Chapter 32 governs the contributions of plan members and the Town. Plan members are required to contribute to the System at rates ranging from 5% to 9% based upon their membership date of gross regular compensation with an additional 2% contribution after exceeding \$30,000 in annual covered compensation. The Town is required to pay into the System its share of the system-wide actuarial determined contribution that is apportioned among the employers based on active current payroll. Administrative expenses are funded through investment earnings. The Town's proportionate share of the required contribution to the System for the year ended December 31, 2018 was \$802,934, representing 20.69% of the covered payroll, an actuarially determined amount that, when combined with plan member contributions, is expected to finance the costs of benefits earned by plan members during the year and an additional amount to finance any unfunded accrued liability.

Pension Liability

As of June 30, 2019, the Town reported a liability of \$13,077,264 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2018. Accordingly, update procedures were used to roll forward the total pension liability to the measurement date. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At December 31, 2018, the Town's proportional percentage was 1.4422%, which was a slight decrease from the last measurement.

TOWN OF DUDLEY, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2019

Pension Expense

For the year ended June 30, 2019, the Town recognized a pension expense of \$1,377,645 and reported deferred outflows of resources related to pensions of \$1,362,540 from the net differences between expected and actual experience, the net difference between projected and actual investment earnings on pension plan investments and changes in assumptions; and deferred inflows of resources related to pensions of \$864,243 from the differences between expected and actual experience and the changes in proportion and differences between employer contributions and proportionate share of contributions.

The Town's net deferred outflows/(inflows) of resources related to pensions will be recognized in the pension expense as follows;

For years ended June 30,		
	2020	\$ 180,744
	2021	61,361
	2022	160,736
	2023	117,995
	Thereafter:	<u>(22,539)</u>
		<u><u>\$ 498,297</u></u>

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of January 1, 2018, using the following actuarial assumptions, applied to all periods included in the measurement that was updated December 31, 2018:

Valuation date	January 1, 2018
Actuarial cost method	Entry Age Normal
Amortization method	<p><i>Unfunded Actuarial Accrued Liability (UAAL):</i> Increasing dollar amount at 4.0% to reduce the UAAL to zero on or before June 30, 2035. The annual increase in appropriation is further limited to 9.95%.</p> <p><i>2002 & 2003 Early Retirement Incentive (ERI):</i> Increasing dollar amount at 4.0% to reduce the 2002 & 2003 ERI to zero on or before June 30, 2028 and the 2010 ERI to zero on or before June 30, 2022.</p>
Asset valuation method	<p>The actuarial value of assets is the market value of assets as of the valuation date reduced by the sum of:</p> <p>80% of the gains and losses of the prior year, 60% of the gains and losses of the second prior year, 40% of the gains and losses of the third prior year, and 20% of the fourth prior year.</p> <p>Investment gains and losses are determined by the excess or deficiency of the expected return over the actual return on the market value. The actuarial valuation of assets is further constrained to be not less than 80% or more than 120% of market value.</p>
Inflation	3.0% per year
Salary increases	<p>Group 1: 4.25% -- 6.00%, based on service</p> <p>Group 4: 4.75% -- 7.00%, based on service</p>
Payroll growth	4.0% per year

TOWN OF DUDLEY, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2019

Investment rate of return	7.75%, net of pension plan investment expense, including inflation
Mortality rates	RP-2000 Mortality Table (base year 2009) with full generational mortality improvement using Scale BB. RP-2000 Mortality Table (base year 2012) with full generational mortality improvement using Scale BB for disabled members

Long-term Expected Rate of Return

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 pension plan 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 weighing 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 class included in the pension plan's target asset allocation as of December 31, 2018, are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global Equity	39%	4.75%
Fixed income	23%	2.28%
Private Equity	13%	8.15%
Real Estate	10%	3.43%
Timber/Natural Resources	4%	4.00%
Hedge Funds	11%	3.76%
Total	100%	

Rate of Return

For the year ended December 31, 2018, the annual money-weighted rate of return (which expresses investment performance), net of investment expense was (2.75%). The money-weighted rate of return considers the changing amounts actually invested during a period and weights the amount of pension plan investments by the proportion of time they are available to earn a return during that period. The rate of return is then calculated by solving, through an iterative process, for the rate that equates the sum of the weighted external cash flows into and out of the pension plan investments to the ending fair value of pension plan investments.

Discount Rate

The discount rate used to measure the total pension liability was 7.75%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rates and that member employer contributions will be made in accordance with Section 22D and Section 22F of MGL Chapter 32. Based on those assumptions, the System's 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.

TOWN OF DUDLEY, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2019

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the Town's proportionate share of the net pension liability calculated using the discount rate of 7.75%. As well as what the Town's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.75%) or 1-percentage-point higher (8.75%) than the current rate:

	1% Decrease	Current	1% Increase
	6.75%	Discount Rate	8.75%
	6.75%	7.75%	8.75%
Net pension liability	\$ 15,752,380	\$ 13,077,264	\$ 10,817,338

F. Other Post Employment Benefits Payable (OPEB)

GASB Statement No. 74 and GASB Statement No. 75

The cost of post employment benefits generally should be associated with the periods in which costs occur rather than in the future year when it will be paid. The Town recognizes the cost of post employment benefits in the year when the employee services are received. The Town reports the accumulated liability from prior years and provides information useful in assessing potential demands on the Town's future cash flows.

Plan Description

In addition to providing pension benefits, the Town provides post employment health care and life insurance benefits for retired employees, their dependents and beneficiaries. The benefits, benefit levels, employee and employer contributions are governed by Massachusetts General Law Chapter 32. There are approximately 96 active and retired/disabled employees that meet the eligibility requirements. The plan does not issue a separate financial report.

Investment Policy

The Town's policy in regard to the allocation of invested assets is established and may be amended by the Board of Selectmen by majority vote of its members. The OPEB plan's assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the OPEB plan. The long-term real rate of return on OPEB investments was determined using the Town's investment policy. As of June 30, 2019, investments, concentration and rate of return information consisted of pooled funds in the Town's Commonwealth Financial investments described earlier under Deposits and Investments (refer to note 3A).

Funding Policy

The contribution requirements of plan members and the Town are established and may be amended through Town ordinances. For the 2019 fiscal year, the total Town premiums plus implicit costs for the retiree medical program were \$255,147. The Town also made a contribution to an OPEB Trust of \$1,000 for a total contribution during the measurement period of \$256,147 to be reported on the financial statement for the fiscal year ending June 30, 2018. The Town did establish a trust fund in order to contribute funds to reduce the future OPEB liability. The trust balance is \$7,828 as of June 30, 2019.

TOWN OF DUDLEY, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2019

Measurement Date

GASB Statement No. 74 and GASB Statement No. 75 require the net OPEB liability to be measured as of the OPEB Plan's most recent fiscal year-end. Accordingly, the net OPEB liability was measured as of June 30, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of July 1, 2017.

Plan Membership:

Current active members	58
Current retirees, beneficiaries and dependents	<u>38</u>
Total	<u><u>96</u></u>

Net OPEB Liability

The components of the net OPEB liability are as follows:

	<u>6/30/2019</u>
Total OPEB liability	\$ 14,338,236
Less: Plan fiduciary net position	<u>(7,828)</u>
City's Net OPEB liability	<u><u>\$ 14,330,408</u></u>
Plan fiduciary net position as a percentage of the total OPEB liability	0.05%

Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of July 1, 2017, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified;

Valuation date	July 1, 2017
Actuarial cost method	Entry Age Normal
Inflation rate	2.00% annually
Participant salary increases	3.50% annually
Healthcare cost trend rates	2017 medical trend rates: 9.0% annually grading down 1.0% per annum to an ultimate trend rate of 5.0% annually in 2021
Mortality rates	RP-2000 Mortality Table with projected generational mortality table using Scale BB with base year 2009

The actuarial assumptions used in the July 1, 2017 valuation were reflective of published municipal bond indices; the Bond Buyer's 20 Bond Index as of June 30, 2019 is 3.50%.

TOWN OF DUDLEY, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2019

Rate of Return

For the year ended June 30, 2019, the annual money-weighted rate of return (which expresses investment performance), net of investment expense was not provided.

Discount Rate

The discount rate used to measure the total OPEB liability was 3.50%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rates and that member employer contributions will be made in accordance Massachusetts General Law Chapter 32. Based on those assumptions, the OPEB plan fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Changes in the Net OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Total OPEB Liability
Balances at June 30, 2018	\$ 12,683,130	\$ 6,855	\$ 12,676,275
Service cost	451,737	-	451,737
Interest	503,429	-	503,429
Changes in benefit terms	-	-	-
Changes in assumptions	955,087	-	955,087
Difference between actual and expected experience	-	(83)	83
Employer contributions to Trust	-	256,147	(256,147)
Net investment income	-	56	(56)
Benefit payments	(255,147)	(255,147)	-
Administrative expense	-	-	-
Net change in total OPEB liability	1,655,106	973	1,654,133
Balances at June 30, 2019	\$ 14,338,236	\$ 7,828	\$ 14,330,408

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The following presents the Town's the net OPEB liability as well as what the Town's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.50%) or 1-percentage-point higher (4.50%) than the current rate:

	1% Decrease (2.50%)	Current Discount Rate (3.50%)	1% Increase (4.50%)
Town's net OPEB liability	\$ 17,451,736	\$ 14,330,408	\$ 11,948,745

TOWN OF DUDLEY, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2019

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Trend Rates

The following presents the Town's the net OPEB liability as well as what the Town's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (7.00% decreasing to 4.00%) or 1-percentage-point higher (9.00% decreasing to 6.00%) than the current healthcare cost trend rates:

	1% Decrease (7.00% decreasing to 4.00%)	Healthcare Cost Trend Rates (8.00% decreasing to 5.00%)	1% Increase (9.00% decreasing to 6.00%)
Town's net OPEB liability	\$ 11,500,794	\$ 14,330,408	\$ 18,195,056

Summary of Significant Accounting Policies

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to the OPEB, and OPEB expense, information about the fiduciary net position of the Plan and additions to or 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 (repurchase agreements) that have a maturity at the time of purchase of one year, which are reported at cost.

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

For the year ended June 30, 2018, the GASB Statement No. 75 reporting period and fiscal year ending date, the Town recognized an OPEB expense of \$805,156 and reported deferred outflows of resources related to OPEB of \$800,976 from the changes in assumptions and assets loss and deferred inflows of resources related to OPEB of \$1,316,780 from the changes in assumptions.

The Town's net deferred outflows/(inflows) of resources related to OPEB will be recognized in the OPEB expense as follows:

For years ended June 30,	
2020	\$ (149,754)
2021	(149,754)
2022	(149,755)
2023	(149,797)
2024	53,939
Thereafter:	29,317
	<u><u>\$ (515,804)</u></u>

G. Implementation of New GASB Pronouncements

The GASB issued Statement No. 83, *Certain Asset Retirement Obligations*, for implementation in fiscal year 2019.

TOWN OF DUDLEY, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2019

The GASB issued Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*, for implementation in fiscal year 2019.

H. Future GASB Pronouncements

Management is currently assessing the impact the implementation of the following pronouncements will have on the basic financial statements.

The GASB issued Statement No. 84, *Fiduciary Activities*, for implementation in fiscal year 2020.

The GASB issued Statement No. 87, *Leases*, for implementation in fiscal year 2021.

The GASB issued Statement No. 90, *Majority Equity Interests – an amendment of GASB Statements No. 14 and No. 61*, for implementation in fiscal year 2020.

The GASB issued Statement No. 91, *Conduit Debt Obligations*, for implementation in fiscal year 2022.

5. RESTATEMENT

The net position as of June 30, 2018 has been restated. The beginning net position increased \$304,064 (\$274,419 for governmental activities and \$29,645 for business-type activities) to reflect the change in the other post employment (OPEB) liability. Accordingly, the previously reported net position of (\$2,177,250) has been revised to (\$1,873,186); (\$6,206,757) for governmental activities and \$4,333,571 for business-type activities.

REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF DUDLEY, MASSACHUSETTS
Required Supplementary Information
Pension Schedules
Worcester Regional Contributory Retirement System
For the Year Ended June 30, 2019

The Schedule of Proportionate Share of the Net Pension Liability represents multiyear trend information relating to the Town's proportion of the net pension liability and related ratios.

Schedule of the Town's Proportionate Share of the Net pension Liability:

Date	Town's proportion of the net pension liability (asset)	Town's proportionate share of the net pension liability (asset)	Town's covered employee payroll	Net pension liability percentage of covered employee payroll	Plan fiduciary net position as a percentage of the total pension liability
12/31/2018	1.4422%	\$ 13,077,264	\$ 3,881,684	336.90%	43.05%
12/31/2017	1.4474%	\$ 11,802,799	\$ 3,132,977	376.73%	46.40%
12/31/2016	1.5090%	\$ 12,639,235	\$ 3,074,191	411.14%	42.00%
12/31/2015	1.5105%	\$ 10,721,806	\$ 3,068,416	349.42%	44.52%
12/31/2014	1.7379%	\$ 10,341,497	\$ 2,950,400	350.51%	47.94%

Note: These schedules are intended to present information for 10 years. Until a 10-year trend is compiled, the information is presented for those years the information is available.

TOWN OF DUDLEY, MASSACHUSETTS
Required Supplementary Information
Pension Schedules
Worcester Regional Contributory Retirement System
For the Year Ended June 30, 2019

The Schedule of the Employer Contributions presents multiyear trend information on the Town's required and actual payments to the pension plan and related ratios.

Schedule of the Town's Contributions:

Date	Actuarially determined contribution	Less: Contributions in relation to the actuarially determined contribution	Contribution deficiency (excess)	Town's covered employee payroll	Contributions percentage of covered employee payroll
12/31/2018	\$ 802,934	\$ (802,934)	\$ -	\$ 3,881,684	20.69%
12/31/2017	\$ 732,393	\$ (732,393)	\$ -	\$ 3,132,977	23.38%
12/31/2016	\$ 732,991	\$ (732,991)	\$ -	\$ 3,074,191	23.84%
12/31/2015	\$ 679,525	\$ (679,525)	\$ -	\$ 3,068,416	22.15%
12/31/2014	\$ 686,789	\$ (686,789)	\$ -	\$ 2,950,400	23.28%

Note: These schedules are intended to present information for 10 years. Until a 10-year trend is compiled, the information is presented for those years the information is available.

TOWN OF DUDLEY, MASSACHUSETTS
Required Supplementary Information
Other Post Employment Benefit Plan Schedules
For the Year Ended June 30, 2019

Schedule of Changes in the Net OPEB Liability:

	<u>6/30/2019</u>	<u>6/30/2018</u>	<u>6/30/2017</u>
Total OPEB liability			
Service cost	\$ 451,737	\$ 550,377	\$ 406,676
Interest on net OPEB liability	503,429	447,112	451,210
Changes in Benefit terms	-	-	-
Changes in Assumptions	955,087	-	1,252,925
Difference between actual and expected experience	-	-	(1,118,067)
Benefit payments, including refunds of member contributions	(255,147)	(245,588)	(276,758)
Administrative expense	-	-	-
Net change in total OPEB liability	<u>1,655,106</u>	<u>751,901</u>	<u>715,986</u>
Total OPEB liability-beginning	14,608,122	13,856,221	11,011,951
Changes in Accounting	<u>(1,924,992)</u>	<u>-</u>	<u>2,128,284</u>
Total OPEB liability-ending (a)	<u><u>\$ 14,338,236</u></u>	<u><u>\$ 14,608,122</u></u>	<u><u>\$ 13,856,221</u></u>
Plan fiduciary net position			
Difference between actual and expected experience	\$ (83)	\$ -	\$ -
Net investment income	56	178	(28)
Employer withdrawals from Trust	-	-	-
Employer contributions to Trust	256,147	246,589	277,758
Benefit payments, including refunds of member contributions	<u>(255,147)</u>	<u>(245,588)</u>	<u>(276,758)</u>
Net change in plan fiduciary net position	973	1,179	972
Total fiduciary net position-beginning	<u>6,855</u>	<u>5,676</u>	<u>4,704</u>
Total fiduciary net position-ending (b)	<u><u>\$ 7,828</u></u>	<u><u>\$ 6,855</u></u>	<u><u>\$ 5,676</u></u>
Town's net OPEB liability (a-b)	<u><u>\$ 14,330,408</u></u>	<u><u>\$ 14,601,267</u></u>	<u><u>\$ 13,850,545</u></u>

Note: These schedules are intended to present information for 10 years. Until a 10-year trend is compiled, the information is presented for those years the information is available.

TOWN OF DUDLEY, MASSACHUSETTS
Required Supplementary Information
Other Post Employment Benefit Plan Schedules
For the Year Ended June 30, 2019

Schedule of Net OPEB Liability:

	<u>6/30/2019</u>	<u>6/30/2018</u>	<u>6/30/2017</u>
Total OPEB liability	\$ 14,338,236	\$ 14,608,122	\$ 13,856,221
Less: Plan fiduciary net position	<u>(7,828)</u>	<u>(6,855)</u>	<u>(5,676)</u>
Town's Net OPEB liability	<u>\$ 14,330,408</u>	<u>\$ 14,601,267</u>	<u>\$ 13,850,545</u>
Plan fiduciary net position as a percentage of the total OPEB liability	0.05%	0.05%	0.04%
Town's share of covered employee payroll	\$ 3,252,732	\$ 3,142,736	\$ 2,979,748
Participating employer net OPEB liability (asset) as a percentage of covered-employee payroll	440.57%	464.60%	464.82%

Schedule of Contributions:

	<u>6/30/2019</u>	<u>6/30/2018</u>	<u>6/30/2017</u>
Actuarially determined contribution	\$ 255,147	\$ 245,588	\$ 276,758
Less: Contributions in relation to the actuarially determined contribution	<u>(256,147)</u>	<u>(246,589)</u>	<u>(277,758)</u>
Contribution deficiency (excess)	<u>\$ (1,000)</u>	<u>\$ (1,001)</u>	<u>\$ (1,000)</u>
Town's share of covered employee payroll	\$ 3,252,732	\$ 3,142,736	\$ 2,979,748
Contributions percentage of covered-employee payroll	7.8%	7.8%	9.29%
Annual money-weighted rate of return net of investment expense	N/A	N/A	N/A

Note: These schedules are intended to present information for 10 years. Until a 10-year trend is compiled, the information is presented for those years the information is available.

TOWN OF DUDLEY, MASSACHUSETTS
Required Supplementary Information
Other Post Employment Benefit Plan Schedules
For the Year Ended June 30, 2019

Schedule of Funding Progress:

Reporting Date	Other Post Employment Benefits						Actuarial Percentage of Covered Payroll ((B-A)/C)
	Actuarial Fiduciary Net Position (A)	Actuarial Total OPEB Liability (B)	Actuarial Net OPEB Liability (B-A)	Actuarial Funded Ratio (A/B)	Actuarial Covered Payroll (C)		
6/30/2019	\$ 7,828	\$ 14,338,236	\$ 14,330,408	0.05%	\$ 3,252,732		440.57%
6/30/2018	\$ 6,855	\$ 14,608,122	\$ 14,601,267	0.05%	\$ 3,142,736		464.60%
6/30/2017	\$ 5,676	\$ 13,856,221	\$ 13,850,545	0.04%	\$ 2,979,748		464.82%

Note: These schedules are intended to present information for 10 years. Until a 10-year trend is compiled, the information is presented for those years the information is available.

SUPPLEMENTARY SCHEDULES

TOWN OF DUDLEY, MASSACHUSETTS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

	Fund Balances July 1, 2018	Revenues	Expenditures	Other Financing Sources (Uses)	Fund Balances June 30, 2019
Special Revenue:					
Federal and State Grants:					
Arts Lottery Council Grants	\$ 2,681	\$ 5,931	\$ 4,365	\$ (555)	\$ 3,692
Capital Planning Grant	18,750	-	-	-	18,750
Elder Affairs Grants	9,785	31,757	30,814	555	11,283
Extended Polling Hours	1,075	2,385	3,460	-	-
Green Community Grants	13,517	-	-	-	13,517
Library Grants	83,278	22,337	18,741	-	86,874
Other Grants and Programs	6,526	-	176	-	6,350
Public Safety Grants	69,591	326,759	345,094	-	51,256
Public Works Grants	15,460	550,394	562,290	-	3,564
Other:					
Ambulance Revolving	892	27,513	21,056	-	7,349
Board of Health Revolving Funds	1,681	-	-	-	1,681
Cemetery Revolving	7,650	600	300	-	7,950
Commission on Disabilities Fund	347	104	-	-	451
Conservation Funds	19,800	23,240	17,067	-	25,973
Council on Aging Meals Revolving	177	852	345	-	684
Deputy Collector Revolving	-	29,119	29,119	-	-
Fire Department Revolving	189	-	-	-	189
Firefighters Outside Details	316	22,048	22,364	-	-
Genealogy Research Revolving	2,113	796	589	589	2,909
Gift Shop Revolving	733	-	-	-	733
Gifts and Donations	59,225	52,900	57,283	-	54,842
Greater Media Cable Access	197,406	38,805	32,491	-	203,720
Inspection Revolving	-	25,207	25,155	-	52
Insurance Reimbursements	8,938	60,406	41,198	-	28,146
Total Special Revenue page 68	\$ 520,130	\$ 1,221,153	\$ 1,211,907	\$ 589	\$ 529,965

TOWN OF DUDLEY, MASSACHUSETTS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

	Fund Balances July 1, 2018	Revenues	Expenditures	Other Financing Sources (Uses)	Fund Balances June 30, 2019
Continued from page 68	\$ 520,130	\$ 1,221,153	\$ 1,211,907	\$ 589	\$ 529,965
Special Revenue (Continued):					
Other (Continued):					
Law Enforcement Drug Enforcement	19,041	3,229	-	-	22,270
Library Lost Book Revolving	805	846	406	-	1,245
Municipal Hearings Revolving	100	44	88	-	56
Planning Revolving	100	-	-	-	100
Police Arrest Warrant Services	1,061	-	-	(500)	561
Police Court Judgement	1,769	-	-	-	1,769
Police Cruiser Use Detail	6,938	6,647	-	-	13,585
Police DARE Program	6,674	185	6,848	-	11
Police Firearms Permit Services	28,436	7,513	-	(6,600)	29,349
Police Off-Duty Revolving	-	358,840	358,840	-	-
Rail Trail-Sale of Steel	5,438	49,961	22,729	-	32,670
Road Machinery	551	-	-	-	551
Premium on Bond	1,791	-	-	-	1,791
Tax Title Fees Revolving	39,294	11,086	13,054	-	37,326
Title V Septic Repair Loan Repayments	81,030	-	-	-	81,030
Underground Tank Cleanup	2,400	-	-	-	2,400
Website Revolving Fund	780	500	534	-	746
West Main Street Sale of Bricks Revolving	1,690	409	177	-	1,922
Pearle L. Crawford Memorial Library Endowment	1,450,778	43,936	-	-	1,494,714
Anniversary Fund	769	8	-	-	777
Clarinda Wood Fund	165,229	4,751	2,277	-	167,703
Compensated Absences Fund	32,621	373	66,789	36,000	2,205
Municipal Insurance Fund	7,013	70	-	-	7,083
Unemployment Compensation Fund	1	10	-	3,800	3,811
Workers Compensation Fund	475	4	-	-	479
Total Special Revenue Funds	\$ 2,374,914	\$ 1,709,565	\$ 1,683,649	\$ 33,289	\$ 2,434,119

TOWN OF DUDLEY, MASSACHUSETTS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

	Fund Balances July 1, 2018	Revenues	Expenditures	Other Financing Sources (Uses)	Fund Balances June 30, 2019
Capital Projects:					
Ambulance	\$ (165,000)	\$ -	\$ -	\$ 55,000	\$ (110,000)
Dudley Municipal Center roof	-	-	450,000	-	(450,000)
Fire Department Vehicle	780	-	780	-	-
Fire Exhaust System	48	-	-	-	48
Fire Station Construction	-	-	-	-	-
Health and Human Services	319	-	-	-	319
Highway Vehicles and Equipment	(59,806)	-	-	20,000	(39,806)
LED Street Light installation	-	-	160,150	-	(160,150)
Police Vehicles	5	-	44,474	45,000	531
Total Capital Projects	(223,654)	-	655,404	120,000	(759,058)
Perpetual Permanent Funds:					
Cemetery Perpetual Care Fund	46,900	2,150	-	-	49,050
Permanent Funds:					
Cemetery Perpetual Care Fund	27,463	2,982	-	-	30,445
Library Funds	4,376	44	-	-	4,420
Total Permanent Funds	31,839	3,026	-	-	34,865
Total - Non-Major Governmental Funds	\$ 2,229,999	\$ 1,714,741	\$ 2,339,053	\$ 153,289	\$ 1,758,976

**TOWN OF DUDLEY, MASSACHUSETTS
SCHEDULE OF REAL ESTATE, PERSONAL PROPERTY,
SUPPLEMENTAL AND ROLLBACK TAXES
JULY 1, 2018 TO JUNE 30, 2019**

	Uncollected Taxes July 1, 2018	Commitments	Abatements and Adjustments	Collections Net of Refunds and Overpayments	Uncollected Taxes June 30, 2019	Uncollected Taxes Per Detail June 30, 2019
Real Estate Taxes:						
Levy of 2019	\$ -	\$ 13,486,735	\$ 162,849	\$ 13,174,389	\$ 149,497	\$ 149,497
Levy of 2018	91,768	-	38,363	45,916	7,489	7,690
Levy of 2017	6,835	-	50	1,548	5,237	5,237
Levy of 2016	62	9,144	-	9,144	62	62
Levy of 2015	-	9,923	-	9,923	-	-
Prior Years	3,608	4,160	3,782	-	3,986	3,986
	<u>102,273</u>	<u>13,509,962</u>	<u>205,044</u>	<u>13,240,920</u>	<u>166,271</u>	<u>166,472</u>
Personal Property Taxes:						
Levy of 2019	-	315,371	529	314,041	801	801
Levy of 2018	18,152	-	93	19,420	(1,361)	(1,562)
Levy of 2017	(1,382)	-	306	(1,728)	40	40
Levy of 2016	412	-	312	-	100	100
Levy of 2015	314	-	314	-	-	-
Prior Years	824	-	824	-	-	-
	<u>18,320</u>	<u>315,371</u>	<u>2,378</u>	<u>331,733</u>	<u>(420)</u>	<u>(621)</u>
Supplemental Taxes	<u>673</u>	<u>15,939</u>	<u>227</u>	<u>16,385</u>	<u>-</u>	<u>16</u>
Rollback Taxes	<u>-</u>	<u>1,130</u>	<u>-</u>	<u>1,130</u>	<u>-</u>	<u>-</u>
Total Real Estate, Personal Property, Supplemental and Rollback Taxes	<u>\$ 121,266</u>	<u>\$ 13,842,402</u>	<u>\$ 207,649</u>	<u>\$ 13,590,168</u>	<u>\$ 165,851</u>	<u>\$ 165,867</u>

TOWN OF DUDLEY, MASSACHUSETTS
SCHEDULE OF MOTOR VEHICLE EXCISE AND BOAT EXCISE TAXES
JULY 1, 2018 TO JUNE 30, 2019

	Uncollected Taxes July 1, 2018	Commitments	Abatements and Adjustments	Collections Net of Refunds and Overpayments	Uncollected Taxes June 30, 2019	Uncollected Taxes Per Detail June 30, 2019
Motor Vehicle Excise Taxes:						
Levy of 2019	\$ -	\$ 1,480,748	\$ 31,411	\$ 1,349,877	\$ 99,460	\$ 99,460
Levy of 2018	94,068	188,514	18,251	223,490	40,841	40,841
Levy of 2017	38,535	-	1,846	18,113	18,576	18,576
Levy of 2016	14,436	-	2,776	167	11,493	11,493
Levy of 2015	10,427	-	-	1,502	8,925	8,925
Prior Years	48,433	-	-	1,041	47,392	47,392
	<u>205,899</u>	<u>1,669,262</u>	<u>54,284</u>	<u>1,594,190</u>	<u>226,687</u>	<u>226,687</u>
Boat Excise Taxes:						
Levy of 2018	-	5,236	730	3,603	903	903
Levy of 2017	458	-	-	80	378	378
Levy of 2016	356	-	-	-	356	356
Levy of 2015	293	-	-	-	293	293
Levy of 2014	283	-	-	-	283	283
Prior Years	1,004	-	-	-	1,004	1,004
	<u>2,394</u>	<u>5,236</u>	<u>730</u>	<u>3,683</u>	<u>3,217</u>	<u>3,217</u>
Total Motor Vehicle Excise and Boat Excise Taxes	<u>\$ 208,293</u>	<u>\$ 1,674,498</u>	<u>\$ 55,014</u>	<u>\$ 1,597,873</u>	<u>\$ 229,904</u>	<u>\$ 229,904</u>

**TOWN OF DUDLEY, MASSACHUSETTS
SCHEDULE OF TAX LIENS
JULY 1, 2018 TO JUNE 30, 2019**

	Uncollected Accounts July 1, 2018	Commitments	Abatements and Adjustments	Collections Net of Refunds and Overpayments	Uncollected Accounts June 30, 2019	Uncollected Accounts Per Detail June 30, 2019
Tax Liens	\$ 267,740	\$ 118,831	\$ 10,918	\$ 127,230	\$ 248,423	\$ 248,423