

TOWN OF DUDLEY, MASSACHUSETTS

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

For the Year Ended June 30, 2021

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Independent Auditor's Report

To the Honorable Board of Selectmen
Town of Dudley, Massachusetts

Report on the Financial Statements

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, 2021, 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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 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, 2021, 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 post employment 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's 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 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we also have issued our report dated February 3, 2022 on our consideration of the Town of Dudley, Massachusetts' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Dudley Massachusetts' internal control over financial reporting and compliance.

Scanlon and Associates, LLC

Scanlon & Associates, LLC
South Deerfield, Massachusetts

February 3, 2022

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, 2021. 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 \$3,498,949 (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 \$3,355,062, or a decrease of \$143,887 (4%) 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 \$3,461,005, an increase of \$500,417 (17%) in comparison with prior year.
- The General Fund's total fund balance decreased \$122,119 (9%) to \$1,194,024. 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 \$2,113,984 (5%) to \$42,185,906 during the fiscal year. The major components of this increase are due to net increases in other liabilities of \$971,275, in the OPEB liability of \$925,545 and in bonds payable of \$965,000; and a net decrease in notes payable of \$645,423.
- The Town had free cash certified by the Department of Revenue in the amount of \$534,294. The key factors that attributed to the free cash amount for fiscal year 2021 were unexpended/unencumbered appropriations of \$269,300 and excess over budget other financing sources of \$172,100.

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

➤ Sewer Fund	\$ 465,118.
➤ Water Fund	\$ 723,157.

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		
	2021	2020	Change
Assets:			
Current assets	\$ 7,479,680	\$ 5,847,640	\$ 1,632,040
Capital assets	20,560,430	21,240,799	(680,369)
Total assets	28,040,110	27,088,439	951,671
Deferred Outflows of Resources	2,847,867	3,212,214	(364,347)
Liabilities:			
Current liabilities (excluding debt)	1,512,413	573,015	939,398
Current debt	1,744,077	1,650,000	94,077
Noncurrent liabilities (excluding debt)	27,906,055	27,137,232	768,823
Noncurrent debt	5,500,000	6,200,000	(700,000)
Total liabilities	36,662,545	35,560,247	1,102,298
Deferred Inflows of Resources	1,978,666	2,035,995	(57,329)
Net Position:			
Net investment in capital assets	13,487,097	13,390,799	96,298
Restricted	3,642,770	3,109,989	532,781
Unrestricted	(24,883,101)	(23,796,377)	(1,086,724)
Total net position	\$ (7,753,234)	\$ (7,295,589)	\$ (457,645)

	Business-Type Activities		
	2021	2020	Change
Assets:			
Current assets	\$ 2,800,583	\$ 2,571,955	\$ 228,628
Capital assets	6,913,416	5,780,996	1,132,420
Total assets	9,713,999	8,352,951	1,361,048
Deferred Outflows of Resources	305,013	366,030	(61,017)
Liabilities:			
Current liabilities (excluding debt)	69,396	60,824	8,572
Current debt	610,500	1,155,000	(544,500)
Noncurrent liabilities (excluding debt)	3,113,465	3,035,851	77,614
Noncurrent debt	1,730,000	260,000	1,470,000
Total liabilities	5,523,361	4,511,675	1,011,686
Deferred Inflows of Resources	241,366	266,779	(25,413)
Net Position:			
Net investment in capital assets	4,572,916	4,365,996	206,920
Restricted	1,257,876	1,156,702	101,174
Unrestricted	(1,576,507)	(1,582,171)	5,664
Total net position	\$ 4,254,285	\$ 3,940,527	\$ 313,758

Financial Highlights
Statement of Activities Highlights

	Governmental Activities		
	2021	2020	Change
Program Revenues:			
Charges for services	\$ 1,664,934	\$ 1,654,984	\$ 9,950
Operating grants and contributions	2,324,306	769,041	1,555,265
Capital grants and contributions	430,485	473,746	(43,261)
General Revenues:			
Property taxes	13,775,904	13,685,255	90,649
Motor vehicle and other excise taxes	1,657,545	1,601,499	56,046
Penalties and interest on taxes	129,590	106,003	23,587
Nonrestricted grants	1,927,353	1,940,756	(13,403)
Unrestricted investment income	4,826	44,781	(39,955)
Miscellaneous	1,934	1,661	273
Total revenues	21,916,877	20,277,726	1,639,151
Expenses:			
General government	2,988,379	2,156,042	832,337
Public safety	3,879,066	3,292,956	586,110
Public works	1,469,871	1,489,839	(19,968)
Education	9,878,171	9,711,750	166,421
Health and human services	271,899	266,369	5,530
Culture and recreation	597,131	606,479	(9,348)
Employee benefits and insurance	3,123,154	3,031,382	91,772
State assessments	34,496	28,344	6,152
Interest	251,955	288,166	(36,211)
Total expenses	22,494,122	20,871,327	1,622,795
Contributions to Permanent Funds	1,925	3,500	(1,575)
Net Transfers	117,675	72,887	44,788
Change in net position	(457,645)	(517,214)	59,569
Net position - beginning of year	(7,295,589)	(6,778,375)	(517,214)
Net position - end of year	\$ (7,753,234)	\$ (7,295,589)	\$ (457,645)

	Business-Type Activities		
	2021	2020	Change
Program Revenues:			
Charges for services	\$ 2,530,259	\$ 2,144,066	\$ 386,193
Operating grants and contributions	106,441	29,551	76,890
Total revenues	2,636,700	2,173,617	463,083
Expenses:			
Sewer	1,260,096	1,491,295	(231,199)
Water	945,171	785,020	160,151
Total expenses	2,205,267	2,276,315	(71,048)
Transfers	(117,675)	(72,887)	(44,788)
Change in net position	313,758	(175,585)	489,343
Net position - beginning of year	3,940,527	4,116,112	(175,585)
Net position - end of year	\$ 4,254,285	\$ 3,940,527	\$ 313,758

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 \$3,498,949 at the close of fiscal year 2021.

Net position of \$18,060,013 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, \$4,900,646 represents resources that are subject to external restrictions on how they may be used. The remaining balance consists of *unrestricted net position* (\$26,459,608).

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 net OPEB and 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 \$457,645 (6%) during the current fiscal year. The key elements of the decrease in net position for fiscal year 2021 are attributed the depreciation expense (cost spread out over the useful life of the asset) for the year of \$1,442,843 exceeding to the acquisition of \$762,474 in new capital assets, and increases from the changes in governmental funds of \$500,417 and the repayment of debt \$700,000; and net decreases from the changes in this year's OPEB liability of \$873,475.

There was an increase of \$313,758 (8%) in net position reported in connection with the business-type activities. Of this, there was a decrease of \$133,937 attributed to the sewer department and an increase of \$447,695 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 \$3,461,005, an increase of \$500,417 (17%) in comparison with the prior year.

The breakdown of the governmental funds is as follows:

- Nonspendable fund balance – \$54,475 (2%).
- Restricted fund balance – \$2,778,251 (80%).
- Committed fund balance – \$137,718 (4%).
- Assigned fund balance – \$241,453 (7%).
- Unassigned fund balance – \$249,108 (7%).

The *General Fund* is the Town's primary operating fund and the largest source of day-to-day operations. At the end of the fiscal year, the General Fund reported a fund balance of \$1,194,024 decreasing \$122,119 (9%) from the prior year. Of the \$1,194,024, the unassigned amount is \$952,571 (80%) and the assigned amount is \$241,453 (20%). General fund revenues were \$60,588 (1%) more than the prior fiscal year and expenditures also increased by \$443,643 (2%). Other activities in the General fund are net transfers in from other funds of \$95,389.

The main components of the increase in general fund revenues were related to the increase in property taxes in the amount of \$174,586 (1%) and a decrease in licenses, permits and fees of \$113,830 (22%) from the prior year.

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

- Decrease in General Government expenditures of \$209,770 (15%).
- Increase in Public safety expenditures of \$308,557 (12%).
- increase in Education expenditures of \$166,421 (2%).
- Increase in Employee benefits and insurance expenditures of \$149,035 (8%).

The *Pearle L. Crawford Memorial Library Endowment Fund* is used to account for the accumulation of resources to of the public library. The fund has a balance of \$1,896,257 at the end of the fiscal year and shows an increase of \$466,816 (33%) attributed to the revenues.

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 \$1,066,468 and shows a decrease of \$133,937 (11%) in total operations. This change was mainly attributed to operating costs exceeding operating revenues by \$99,783, interest income of \$511, interest expense of \$2,651 and net transfers to governmental funds of \$32,014. Operating revenues increased by \$97,100 (9%) while operating expenses decreased by \$231,050 (16%) 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 \$3,187,817 and shows an increase of \$447,695 (16%) in total operations. This change resulted from operating revenues exceeding operating costs by \$459,091, interest and other income of \$105,930, interest expense of \$31,665 and net transfers to governmental funds of \$85,661. Operating revenues increased by \$289,334 (27%) and operating expenses also increased by \$137,785 (18%) from the prior year.

General Fund Budgetary Highlights

The final general fund budget for fiscal year 2021 was \$19,316,445. This was a decrease of \$37,102 (.2%) over the previous year's budget.

There was an increase of \$508,027 between the original budget and the final amended budget. This change is attributed to votes at the special town meeting in October 2020 and the annual town meeting in May 2021 for various budget operating line items.

General fund expenditures were less than budgeted by \$347,421. Of the \$347,421 in under budget expenditures \$78,120 has been carried over to fiscal year 2022.

There were negative variances in intergovernmental receipts of \$29,924, in excise and other taxes of \$14,247 and in investment income of \$15,803 as expectations (budget) were higher than the receipts.

The variance with the final budget was a positive \$320,272 consisting of a revenue surplus of \$50,971 and an appropriation surplus of \$269,301.

Capital Asset and Debt Administration

Capital Assets. The Town's investment in capital assets for its governmental and business-type activities amounts to \$20,560,430 and \$6,913,416, 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:

- Municipal Complex energy efficiency system for \$191,170.
- Dispatch system improvements for \$101,351.
- Fire Department vehicle purchase for \$15,000.
- Fire Department building construction for \$26,499
- Highway vehicle and equipment purchases for \$185,767.
- Highway road improvements for \$242,687.

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

In the sewer fund:

- Equipment purchases for \$26,501.

In the water fund:

- Vehicle purchase for \$42,489.
- Infrastructure projects for \$1,316,774.

Debt Administration. The Town's outstanding governmental long-term debt, as of June 30, 2021, totaled \$6,200,000, of which \$760,000 is for building renovation projects and \$5,440,000 is for the new fire station improvements.

The governmental activities currently have outstanding bond anticipation notes for \$1,044,077 for various vehicle, equipment and building projects.

The business-type funds have \$2,055,000 in long-term debt for water projects.

The business-type activities currently have outstanding bond anticipation notes for \$285,500. Of this, \$100,000 is for sewer projects and \$185,500 for water projects.

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, 2021 do not reflect the fiscal year 2022 Town Meeting action with the exception of the stabilization fund amount. The Annual Town Meeting on May 24, 2021 authorized a fiscal year 2022 operating and capital budget as follows:

From the tax levy	\$ 19,958,762
From sewer receipts	1,096,126
From water receipts	1,485,314
From Other Available Funds:	
General Fund:	
Stabilization fund	163,333
	<u>\$ 22,703,535</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, 2021

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
CURRENT:			
Cash and Cash Equivalents	\$ 1,913,180	\$ 2,216,921	\$ 4,130,101
Investments	1,575,463	289,104	1,864,567
Investments in Custody of Trustees	1,896,257	-	1,896,257
Receivables, net of allowance for uncollectibles:			
Property Taxes	118,217	-	118,217
Tax Liens	436,645	40,342	476,987
Excise Taxes	199,338	-	199,338
User Charges	-	227,332	227,332
Other	-	26,415	26,415
Departmental	238,048	-	238,048
Special Assessments	486	469	955
Due from Other Governments	1,102,046	-	1,102,046
Total current assets	7,479,680	2,800,583	10,280,263
NONCURRENT:			
Capital Assets, net of accumulated Depreciation			
Nondepreciable	856,940	1,450,309	2,307,249
Depreciable	19,703,490	5,463,107	25,166,597
Total noncurrent assets	20,560,430	6,913,416	27,473,846
Total Assets	28,040,110	9,713,999	37,754,109
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Outflows Related to Pensions	727,989	70,070	798,059
Deferred Outflows Related to OPEB	2,119,878	234,943	2,354,821
Total Deferred Outflows of Resources	2,847,867	305,013	3,152,880
LIABILITIES			
CURRENT:			
Warrants Payable	64,637	41,769	106,406
Accrued Payroll	185,397	17,255	202,652
Payroll Withholdings	102,945	-	102,945
Tax Refund Payable	75,200	-	75,200
Accrued Interest	25,480	9,522	35,002
Deposits	-	850	850
Other	1,000,435	-	1,000,435
Compensated Absences	58,319	-	58,319
Notes Payable	1,044,077	285,500	1,329,577
Bonds Payable	700,000	325,000	1,025,000
Total current liabilities	3,256,490	679,896	3,936,386
NONCURRENT:			
Compensated Absences	233,277	10,200	243,477
Net OPEB Liability	16,166,144	1,995,742	18,161,886
Net Pension Liability	11,506,634	1,107,523	12,614,157
Bonds Payable	5,500,000	1,730,000	7,230,000
Total noncurrent liabilities	33,406,055	4,843,465	38,249,520
Total Liabilities	36,662,545	5,523,361	42,185,906
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflows Related to Pensions	1,159,337	111,588	1,270,925
Deferred Inflows Related to OPEB	819,329	129,778	949,107
Total Deferred Inflows of Resources	1,978,666	241,366	2,220,032
NET POSITION			
Net Investment in Capital Assets	13,487,097	4,572,916	18,060,013
Restricted for:			
Capital Projects	260,319	1,257,876	1,518,195
Federal & State Grants	1,026,337	-	1,026,337
Permanent Funds:			
Nonexpendable	54,475	-	54,475
Expendable	34,575	-	34,575
Other Purposes	2,267,064	-	2,267,064
Unrestricted	(24,883,101)	(1,576,507)	(26,459,608)
Total Net Position	\$ (7,753,234)	\$ 4,254,285	\$ (3,498,949)

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, 2021**

	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	\$ 2,988,379	\$ 190,466	\$ 1,503,007	\$ -	\$ (1,294,906)	\$ -	\$ (1,294,906)
Public Safety	3,879,066	1,225,663	143,330	-	(2,510,073)	-	(2,510,073)
Public Works	1,469,871	199,151	-	430,485	(840,235)	-	(840,235)
Education	9,878,171	-	-	-	(9,878,171)	-	(9,878,171)
Health and Human Services	271,899	41,151	166,497	-	(64,251)	-	(64,251)
Culture and Recreation	597,131	8,503	502,791	-	(85,837)	-	(85,837)
Employee Benefits and Insurance	3,123,154	-	8,681	-	(3,114,473)	-	(3,114,473)
State Assessments	34,496	-	-	-	(34,496)	-	(34,496)
Interest	251,955	-	-	-	(251,955)	-	(251,955)
Total Governmental Activities	22,494,122	1,664,934	2,324,306	430,485	(18,074,397)	-	(18,074,397)
Business-Type Activities:							
Sewer	1,260,096	1,157,662	511	-	-	(101,923)	(101,923)
Water	945,171	1,372,597	105,930	-	-	533,356	533,356
Total Primary Government	\$ 24,699,389	\$ 4,195,193	\$ 2,430,747	\$ 430,485	(18,074,397)	431,433	(17,642,964)
General Revenues:							
Property Taxes					13,775,904	-	13,775,904
Motor vehicle excise and other taxes					1,657,545	-	1,657,545
Penalties & Interest on Taxes					129,590	-	129,590
Grants & Contributions not restricted to specific programs					1,927,353	-	1,927,353
Unrestricted Investment Income					4,826	-	4,826
Miscellaneous					1,934	-	1,934
Contributions to Permanent Funds					1,925	-	1,925
Transfers, net					117,675	(117,675)	-
Total General Revenues and Transfers					17,616,752	(117,675)	17,499,077
Change in Net Position					(457,645)	313,758	(143,887)
Net Position:							
Beginning of year					(7,295,589)	3,940,527	(3,355,062)
End of year					\$ (7,753,234)	\$ 4,254,285	\$ (3,498,949)

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

**TOWN OF DUDLEY, MASSACHUSETTS
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2021**

	General Fund	Pearle L. Crawford Memorial Library Endowment Fund	Nonmajor Governmental Funds	Total Governmental Funds
Assets:				
Cash and Cash Equivalents	\$ 416,003	\$ -	\$ 1,497,177	\$ 1,913,180
Investments	1,246,591	-	328,872	1,575,463
Investment in Custody of Others	-	1,896,257	-	1,896,257
Receivables, net of allowance for uncollectibles:				
Property Taxes	118,217	-	-	118,217
Tax Liens	436,645	-	-	436,645
Excise Taxes	199,338	-	-	199,338
Special Assessments	-	-	486	486
Departmental	204,846	-	33,202	238,048
Due from Other Governments	107,694	-	994,352	1,102,046
Total Assets	\$ 2,729,334	\$ 1,896,257	\$ 2,854,089	\$ 7,479,680
Liabilities:				
Warrants Payable	\$ 60,640	\$ -	\$ 3,997	\$ 64,637
Accrued Payroll	156,905	-	28,492	185,397
Payroll Withholdings	102,945	-	-	102,945
Tax Refund Payable	75,200	-	-	75,200
Other	143,680	-	856,755	1,000,435
Notes Payable	-	-	1,044,077	1,044,077
Total Liabilities	539,370	-	1,933,321	2,472,691
Deferred Inflows of Resources - Unavailable Revenue	995,940	-	550,044	1,545,984
Fund Balance:				
Nonspendable	-	-	54,475	54,475
Restricted	-	1,896,257	881,994	2,778,251
Committed	-	-	137,718	137,718
Assigned	241,453	-	-	241,453
Unassigned	952,571	-	(703,463)	249,108
Total Fund Balance	1,194,024	1,896,257	370,724	3,461,005
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 2,729,334	\$ 1,896,257	\$ 2,854,089	\$ 7,479,680

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, 2021

	General Fund	Pearle L. Crawford Memorial Library Endowment Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:				
Property Taxes	\$ 13,740,678	\$ -	\$ -	\$ 13,740,678
Intergovernmental	2,046,493	-	2,052,442	4,098,935
Excise and Other Taxes	1,622,974	-	-	1,622,974
Charges for Services	810,672	-	451,970	1,262,642
Licenses, Permits, Fees	396,283	-	-	396,283
Interest on Delinquent Taxes	129,590	-	-	129,590
Investment Income	4,826	466,816	1,428	473,070
Gifts and Donations	-	-	27,430	27,430
Other	-	-	66,921	66,921
Total Revenues	18,751,516	466,816	2,600,191	21,818,523
Expenditures:				
Current:				
General Government	1,208,877	-	1,648,812	2,857,689
Public Safety	2,964,270	-	651,861	3,616,131
Public Works	1,026,555	-	414,873	1,441,428
Education	9,878,171	-	-	9,878,171
Health and Human Services	203,444	-	62,122	265,566
Culture and Recreation	303,658	-	25,756	329,414
Employee Benefits and Insurance	2,059,912	-	-	2,059,912
State Assessments	34,496	-	-	34,496
Debt Service:				
Principal	1,036,667	-	-	1,036,667
Interest	252,974	-	-	252,974
Total Expenditures	18,969,024	-	2,803,424	21,772,448
Excess of Revenues Over (Under) Expenditures	(217,508)	466,816	(203,233)	46,075
Other Financing Sources (Uses):				
Operating Transfers In	191,620	-	41,837	233,457
Operating Transfers Out	(96,231)	-	(19,551)	(115,782)
Proceeds from Issuance of Bonds and Notes	-	-	336,667	336,667
Total Other Financing Sources (Uses)	95,389	-	358,953	454,342
Net Change in Fund Balances	(122,119)	466,816	155,720	500,417
Fund Balances, Beginning of Year	1,316,143	1,429,441	215,004	2,960,588
Fund Balances, End of Year	\$ 1,194,024	\$ 1,896,257	\$ 370,724	\$ 3,461,005

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, 2021

Total Governmental Fund Balances		\$ 3,461,005
Capital Assets (net) used in governmental activities are not financial resources and therefore, are not reported in the funds.		20,560,430
Revenues are recognized on an accrual basis of accounting instead of a modified accrual basis.		1,545,984
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.		869,201
Long Term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds:		
Bonds Payable	\$ (6,200,000)	
Net OPEB Liability	(16,166,144)	
Net Pension Liability	(11,506,634)	
Compensated Absences	<u>(291,596)</u>	(34,164,374)
In the statement of activities, interest is accrued on outstanding long term debt, whereas in governmental funds, interest is not reported until due.		<u>(25,480)</u>
Net Position of Governmental Activities		<u><u>\$ (7,753,234)</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, 2021

Net Change in Fund Balances - Total Governmental Funds	\$	500,417
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	\$ 762,474	
Depreciation	<u>(1,442,843)</u>	(680,369)
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.		
		100,279
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	(336,667)	
Repayment of Debt Principal	<u>1,036,667</u>	700,000
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	(15,749)	
Net Change in Net OPEB Liability	(873,475)	
Net Change in Deferred Outflow/(Inflow) of Resources Related to OPEB	(90,918)	
Net Change in Deferred Outflow/(Inflow) of Resources Related to Pensions	(216,100)	
Net Change in Net Pension Liability	117,251	
Net Change in Accrued Interest on Long-Term Debt	<u>1,019</u>	(1,077,972)
Change in Net Position of Governmental Activities	\$	<u>(457,645)</u>

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, 2021

	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	\$ -	\$ 13,760,674	\$ 13,760,674	\$ 13,797,078	\$ -	\$ 36,404
Intergovernmental	-	2,076,417	2,076,417	2,046,493	-	(29,924)
Excise and Other Taxes	-	1,637,221	1,637,221	1,622,974	-	(14,247)
Charges for Services	-	765,019	765,019	810,672	-	45,653
Licenses, Permits, Fees	-	377,485	392,485	396,283	-	3,798
Interest on Delinquent Taxes	-	104,500	104,500	129,590	-	25,090
Investment Income	-	21,128	21,128	5,325	-	(15,803)
Total Revenues	-	18,742,444	18,757,444	18,808,415	-	50,971
Expenditures:						
Current:						
General Government	77,243	1,023,987	1,292,085	1,208,877	65,213	17,995
Public Safety	3,186	2,742,088	3,011,638	2,964,270	3,186	44,182
Public Works	-	1,104,994	1,101,275	1,026,555	-	74,720
Education	-	9,895,971	9,878,171	9,878,171	-	-
Health and Human Services	-	223,887	223,524	203,444	-	20,080
Culture and Recreation	10,000	304,821	342,589	303,658	9,721	29,210
Employee Benefits and Insurance	-	2,077,255	2,122,177	2,059,912	-	62,265
State Assessments	-	34,496	34,496	34,496	-	-
Debt Service:						
Principal	-	1,036,667	1,036,667	1,036,667	-	-
Interest	-	273,823	273,823	252,974	-	20,849
Total Expenditures	90,429	18,717,989	19,316,445	18,969,024	78,120	269,301
Excess of Revenues Over (Under) Expenditures	(90,429)	24,455	(559,001)	(160,609)	(78,120)	320,272
Other Financing Sources (Uses):						
Operating Transfers In	-	-	19,551	191,619	-	172,068
Operating Transfers Out	-	(96,231)	(261,231)	(261,231)	-	-
Total Other Financing Sources (Uses)	-	(96,231)	(241,680)	(69,612)	-	172,068
Net Change in Budgetary Fund Balance	(90,429)	(71,776)	(800,681)	\$ (230,221)	\$ (78,120)	\$ 492,340
Other Budgetary Items:						
Free Cash and Other Reserves	-	71,776	710,252			
Prior Year Encumbrances	90,429	-	90,429			
Total Other Budgetary Items	90,429	71,776	800,681			
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, 2021

	<u>Revenues</u>	<u>Expenditures</u>
Reported on a Budgetary Basis	\$ 18,808,415	\$ 18,969,024
<u>Adjustments:</u>		
Activity for Stabilization Funds Recorded in the General Fund for GAAP Purposes	(499)	-
Net Decrease in Revenue from Recording 60-Day Receipts	(26,300)	-
Net Decrease in Revenue from Recording Refund Taxes Payable	(30,100)	-
Reported on a GAAP Basis	<u>\$ 18,751,516</u>	<u>\$ 18,969,024</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, 2021

	Business-Type Activities Enterprise Funds		
	Sewer Fund	Water Fund	Total
ASSETS			
CURRENT:			
Cash and Cash Equivalents	\$ 368,702	\$ 1,848,219	\$ 2,216,921
Investments	174,487	114,617	289,104
Receivables, net of allowance for uncollectibles:			
User Charges	106,999	120,333	227,332
Tax Liens	25,214	15,128	40,342
Other	26,415	-	26,415
Special Assessments	469	-	469
Total current assets	702,286	2,098,297	2,800,583
NONCURRENT:			
Capital Assets, net of accumulated depreciation			
Nondepreciable	29,247	1,421,062	1,450,309
Depreciable	2,132,545	3,330,562	5,463,107
Total noncurrent assets	2,161,792	4,751,624	6,913,416
Total Assets	2,864,078	6,849,921	9,713,999
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Outflows Related to Pensions	38,466	31,604	70,070
Deferred Outflows Related to OPEB	123,984	110,959	234,943
Total Deferred Outflows of Resources	162,450	142,563	305,013
LIABILITIES			
CURRENT:			
Warrants Payable	3,474	38,295	41,769
Accrued Payroll	5,435	11,820	17,255
Accrued Interest	302	9,220	9,522
Deposits	850	-	850
Notes Payable	100,000	185,500	285,500
Bonds Payable	-	325,000	325,000
Total current liabilities	110,061	569,835	679,896
NONCURRENT:			
Compensated Absences	1,359	8,841	10,200
Net OPEB Liability	1,110,709	885,033	1,995,742
Net Pension Liability	608,002	499,521	1,107,523
Bonds Payable	-	1,730,000	1,730,000
Total noncurrent liabilities	1,720,070	3,123,395	4,843,465
Total Liabilities	1,830,131	3,693,230	5,523,361
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflows Related to Pensions	61,259	50,329	111,588
Deferred Inflows Related to OPEB	68,670	61,108	129,778
Total Deferred Inflows of Resources	129,929	111,437	241,366
NET POSITION			
Net Investment in Capital Assets	2,061,792	2,511,124	4,572,916
Restricted for Capital Projects	68,311	1,189,565	1,257,876
Unrestricted	(1,063,635)	(512,872)	(1,576,507)
Total Net Position	\$ 1,066,468	\$ 3,187,817	\$ 4,254,285

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, 2021

	Business-Type Activities Enterprise Funds		
	Sewer Fund	Water Fund	Total
Operating Revenues:			
Charges for Services	\$ 1,157,662	\$ 1,372,597	\$ 2,530,259
Total Operating Revenues	<u>1,157,662</u>	<u>1,372,597</u>	<u>2,530,259</u>
Operating Expenses:			
Salaries & Wages	182,596	275,339	457,935
Operating Expenses	959,897	499,775	1,459,672
Depreciation	114,952	138,392	253,344
Total Operating Expenses	<u>1,257,445</u>	<u>913,506</u>	<u>2,170,951</u>
Operating Income (Loss)	<u>(99,783)</u>	<u>459,091</u>	<u>359,308</u>
Non-Operating Revenues (Expenses):			
Investment Income	511	930	1,441
Other	-	105,000	105,000
Interest Expense	(2,651)	(31,665)	(34,316)
Total Non-Operating Revenues (Expenses)	<u>(2,140)</u>	<u>74,265</u>	<u>72,125</u>
Income (Loss) Before Operating Transfers	<u>(101,923)</u>	<u>533,356</u>	<u>431,433</u>
Operating Transfers:			
Transfers In	54,394	-	54,394
Transfers Out	(86,408)	(85,661)	(172,069)
Total Operating Transfers	<u>(32,014)</u>	<u>(85,661)</u>	<u>(117,675)</u>
Change in Net Position	<u>(133,937)</u>	<u>447,695</u>	<u>313,758</u>
Net Position at Beginning of Year	<u>1,200,405</u>	<u>2,740,122</u>	<u>3,940,527</u>
Net Position at End of Year	<u>\$ 1,066,468</u>	<u>\$ 3,187,817</u>	<u>\$ 4,254,285</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, 2021**

	Business-Type Activities Enterprise Funds		
	Sewer Fund	Water Fund	Total
Cash Flows From Operating Activities:			
Receipts from Customers and Users	\$ 1,151,540	\$ 1,348,223	\$ 2,499,763
Payments to Vendors	(886,125)	(465,496)	(1,351,621)
Payments to Employees	(181,310)	(270,783)	(452,093)
Net Cash Provided by (Used for) Operating Activities	84,105	611,944	696,049
Cash Flows from Noncapital Financing Activities:			
Transfers from (to) Other Funds	(32,014)	(85,661)	(117,675)
Net Cash Provided by (Used for) Noncapital Financing Activities	(32,014)	(85,661)	(117,675)
Cash Flows from Capital and Related Financing Activities:			
Acquisition and Construction of Capital Assets	(26,501)	(1,359,263)	(1,385,764)
Proceeds from Bonds and Notes	-	1,185,500	1,185,500
Principal Payments on Bonds and Notes	(25,000)	(130,000)	(155,000)
Interest Expense	(2,349)	(24,070)	(26,419)
Net Cash Provided by (Used for) Capital and Related Financing Activities	(53,850)	(327,833)	(381,683)
Cash Flows from Investing Activities:			
Proceeds/(Purchase) of Investments	301,219	1,009,691	1,310,910
Investment Income	511	930	1,441
Net Cash Provided by (Used for) Investing Activities	301,730	1,010,621	1,312,351
Net Increase (Decrease) in Cash and Cash Equivalents	299,971	1,209,071	1,509,042
Cash and Cash Equivalents at Beginning of Year	68,731	639,148	707,879
Cash and Cash Equivalents at End of Year	\$ 368,702	\$ 1,848,219	\$ 2,216,921
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used For) Operating Activities:			
Operating Income (Loss)	\$ (99,783)	\$ 459,091	\$ 359,308
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation	114,952	138,392	253,344
Deferred (Outflows)/Inflows of Resources Related to Pensions	11,858	9,606	21,464
Deferred (Outflows)/Inflows of Resources Related to OPEB	11,264	2,876	14,140
Change in Assets and Liabilities:			
Increase (Decrease) in Warrants Payable	3,072	(7,246)	(4,174)
Increase (Decrease) in Accrued Payroll	465	4,384	4,849
Increase (Decrease) in Compensated Absences	821	172	993
Increase (Decrease) in OPEB Obligation Payable	30,105	21,965	52,070
Increase (Decrease) in Net Pension Liability	17,473	7,078	24,551
Decrease (Increase) in User Charges Receivable	(6,122)	(24,374)	(30,496)
Total Adjustments	183,888	152,853	336,741
Net Cash Provided by (Used for) Operating Activities	\$ 84,105	\$ 611,944	\$ 696,049

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, 2021**

	Other Post Employment Benefit Trust Fund
ASSETS	
Cash and Cash Equivalents	\$ 10,000
Investments	10,188
Total Assets	<u>20,188</u>
NET POSITION	
Held in Trust for Other Postemployment Benefits	<u>\$ 20,188</u>

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, 2021

	Other Post Employment Benefit Trust Fund
Additions:	
Employer Contributions	\$ 361,926
Investment Income	33
Total Additions	<u>361,959</u>
Deductions:	
Other Postemployment Benefits	<u>351,926</u>
Total Deductions	<u>351,926</u>
Change in Net Position	<u>10,033</u>
Net Position at Beginning of Year	<u>10,155</u>
Net Position at End of Year	<u><u>\$ 20,188</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, 2021

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 2021, 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. The Town is indirectly liable for debt and other expenditures of the Districts and is assessed annually for its share of operating and capital costs. 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, 2021

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, 2021

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 *Pearle L. Crawford Memorial Library Endowment Fund* is used to account for the accumulation of resources to of the public library.

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, 2021

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.

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, 2021

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, 2020 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 2021 on June 29, 2020, that were due on August 3, 2020 and November 2, 2020 and actual bills on December 28, 2020 that were due on February 1, 2021 and May 3, 2021.

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 2021 is as follows:

Legal Levy Limit Under Proposition	
2 1/2 for fiscal year 2021	\$ 12,651,554
Add: Debt Exclusion	1,210,426
Maximum Allowable Levy	<u>\$ 13,861,980</u>

The total amount raised by taxation was \$13,857,968.

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, 2021

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.

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, 2021

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 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 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, 2021

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, 2021

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, 2021

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 2021, the Town incurred a final budget deficit of \$800,681 for the General Fund.

TOWN OF DUDLEY, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2021

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

Unassigned fund balance:	
Free cash votes	\$ 710,252
Prior year's encumbrances	90,429
	<hr/>
	\$ 800,681
	<hr/>

B. Deficit Fund Balances

The following funds have deficits at June 30, 2021 as measured by the balances of unassigned fund balance.

- The *Dudley Municipal Center roof*, a major and capital project fund, has a deficit totaling of \$300,000. The Town has an outstanding bond anticipation note for \$300,000. This deficit will be eliminated upon the issuance of permanent debt.
- The *Highway vehicles and equipment* capital project funds have deficits totaling \$180,000. The Town has an outstanding bond anticipation note of \$180,000 for the sweeper. This deficit will be eliminated upon the issuance of permanent debt.
- The *Highway LED street light system* capital project fund has a deficit of \$133,333. The Town has an outstanding bond anticipation note for \$133,333. This deficit will be eliminated upon the issuance of permanent debt.
- The Department of Environmental Protection materials recovery grant special revenue fund has a deficit of \$886. This deficit will be eliminated upon additional receipts or appropriation.
- The Elder Affairs State grant special revenue fund has a deficit of \$400. This deficit will be eliminated upon additional receipts or appropriation.
- The Public Safety seatbelt grant special revenue fund has a deficit of \$3,714. This deficit will be eliminated upon additional receipts or appropriation.
- The Fire SAFE grant special revenue fund has a deficit of \$900. This deficit will be eliminated upon additional receipts or appropriation.
- The Fire Department Staffing for Adequate Fire and Emergency Response (SAFER) grant special revenue fund has a deficit of \$5,607. This deficit will be eliminated upon additional receipts or appropriation.
- The Emergency management (Covid-19) grants special revenue fund has a deficit of \$77,282. This deficit will be eliminated upon additional receipts or appropriation.
- The Police DARE program special revenue fund has a deficit of \$1,341. This deficit will be eliminated upon additional receipts or appropriation.

TOWN OF DUDLEY, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2021

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, 2021 were \$3,704,165. 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.

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, 2021, the Town had the following investments and maturities:

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less Than 1	1 to 5	6 to 10	
Debt Securities:					
U. S. treasury obligations	\$ 200,113	\$ 100,076	\$ 100,037	\$ -	
U. S. government agencies	59,669	-	59,669	-	
Bond mutual funds	67,461	67,461	-	-	
Corporate bonds	446,101	43,117	358,686	44,298	
	773,344	\$ 210,654	\$ 518,392	\$ 44,298	
Other Investments:					
Certificate of deposits	101,939				
Money market mutual fund	29,329				
MMDT	970,143				
	\$ 1,874,755				

TOWN OF DUDLEY, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2021

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 \$1,874,755 in investments, none are uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department but not in the Town's name. 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.

Credit Risk

The Town's exposure to credit risk as of June 30, 2021 is as follows:

Related Debt Instruments	Fair Value
Moody's Quality Ratings	
U. S. Treasury Obligations:	
Aaa	\$ 200,113
U. S. Government Agencies:	
Aaa	59,669
Corporate Bonds:	
A1	97,823
A2	114,540
A3	20,532
Baa1	158,829
Baa2	54,377
Bond Mutual Funds:	
Not rated	67,461
	<u>\$ 773,344</u>

Concentration of Credit Risk

The Town places no limit on the amount the Town may invest in one issuer. The Town does not have more than 5 percent of the Town's investments in one issuer.

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, 2021

The Town has the following recurring fair value measurements as of June 30, 2021:

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	\$ 200,113	\$ 200,113	\$ -	\$ -
U. S. government agencies	59,669	59,669	-	-
Certificates of deposit	101,939	101,939	-	-
Money market mutual fund	29,329	29,329	-	-
Corporate bonds	446,101	-	446,101	-
	904,612	\$ 391,050	\$ 513,562	\$ -
Investments Measured at Amortized Cost:				
External Investment Pools (MMDT)	970,143			
Total Investments	\$ 1,874,755			

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, 2021, 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	\$ 118,217	\$ -	\$ 118,217
Tax liens	436,645	-	436,645
Excise taxes	286,443	(87,105)	199,338
Special assessments	486	-	486
Departmental	308,252	(70,204)	238,048
Due from other governments	1,102,046	-	1,102,046
	<u>\$ 2,252,089</u>	<u>\$ (157,309)</u>	<u>\$ 2,094,780</u>

TOWN OF DUDLEY, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2021

At June 30, 2021, receivables for the business-type activities consist of the following:

	Gross Amount	Allowance for Uncollectibles	Net Amount
Sewer Fund:			
Sewer user charges	\$ 113,242	\$ (6,243)	\$ 106,999
Sewer tax liens	25,214	-	25,214
Other	26,415	-	26,415
Special assessments	469	-	469
Water Fund:			
Water user charges	125,727	(5,394)	120,333
Water tax liens	15,128	-	15,128
	<u>\$ 306,195</u>	<u>\$ (11,637)</u>	<u>\$ 294,558</u>

The composition of amounts due from other governments as of June 30, 2021 for the governmental funds is as follows:

Governmental Funds:

General Fund:

Commonwealth of Massachusetts:

Department of Veterans Services:

Veteran's benefits \$ 107,694

Nonmajor Governmental Funds:

U. S. Department of Homeland Security

Staffing for Adequate Fire and Emergency

Response (SAFER) grant \$ 7,061

Commonwealth of Massachusetts:

Department of Fire Services

Fire equipment grant 14,607

Executive Office of Public Safety and Homeland Security:

Police overtime enforcement grant 3,087

Massachusetts Department of Transportation:

Highway Department - Chapter 90 funded projects 962,988

Other:

Massachusetts Association of Council on Aging 6,609

994,352
\$ 1,102,046

TOWN OF DUDLEY, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2021

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	\$	47,417	
Tax liens		436,645	
Excise taxes		199,338	
Departmental		204,846	
Due from other governments		107,694	\$ 995,940
Nonmajor governmental funds:			
Special assessments		486	
Due from other governments		549,558	550,044
			<u>\$ 1,545,984</u>

D. Capital Assets

Capital asset activity for the governmental and business-type activities for the year ended June 30, 2021, are as follows:

Governmental Activities	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	\$ 841,940	\$ -	\$ -	\$ 841,940
Construction in progress	6,930,686	41,499	(6,957,185)	15,000
Total capital assets not being depreciated	7,772,626	41,499	(6,957,185)	856,940
Capital assets being depreciated:				
Buildings and Renovations	17,208,745	6,948,355	-	24,157,100
Machinery, equipment and other	5,507,943	487,118	-	5,995,061
Infrastructure	9,075,342	242,687	-	9,318,029
Total capital assets being depreciated	31,792,030	7,678,160	-	39,470,190
Less accumulated depreciation for:				
Buildings and Renovations	8,562,047	749,190	-	9,311,237
Machinery, equipment and other	3,952,058	405,143	-	4,357,201
Infrastructure	5,809,752	288,510	-	6,098,262
Total accumulated depreciation	18,323,857	1,442,843	-	19,766,700
Total capital assets being depreciated, net	13,468,173	6,235,317	-	19,703,490
Total governmental activities capital assets, net	\$ 21,240,799	\$ 6,276,816	\$ (6,957,185)	\$ 20,560,430

TOWN OF DUDLEY, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2021

Business-Type Activities	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	\$ 82,037	\$ -	\$ -	\$ 82,037
Construction in progress	437,789	1,325,103	(394,620)	1,368,272
Total capital assets not being depreciated	519,826	1,325,103	(394,620)	1,450,309
Capital assets being depreciated:				
Machinery, equipment and other	601,584	155,346	-	756,930
Infrastructure	12,734,367	299,935	-	13,034,302
Total capital assets being depreciated	13,335,951	455,281	-	13,791,232
Less accumulated depreciation for:				
Machinery, equipment and other	484,240	56,794	-	541,034
Infrastructure	7,590,541	196,550	-	7,787,091
Total accumulated depreciation	8,074,781	253,344	-	8,328,125
Total capital assets being depreciated, net	5,261,170	201,937	-	5,463,107
Total business-type activities capital assets, net	\$ 5,780,996	\$ 1,527,040	\$ (394,620)	\$ 6,913,416

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

Governmental Activities:

General government	\$ 314,364
Public safety	390,057
Public works	463,964
Health and human services	6,333
Culture and recreation	268,125
Total depreciation expense - governmental activities	<u>\$ 1,442,843</u>

Business-Type Activities:

Sewer fund	\$ 114,952
Water fund	138,392
Total depreciation expense - business-type activities	<u>\$ 253,344</u>

E. Interfund Receivables, Payables and Transfers

Interfund transfers for the fiscal year ended June 30, 2021, are summarized below:

Transfers Out:	Transfers In:			
	General fund	Nonmajor Governmental fund	Business-type fund	Total
General fund	\$ -	\$ 41,837	\$ 54,394	\$ 96,231
Nonmajor governmental funds	19,551	-	-	19,551
Business-type fund	172,069	-	-	172,069
Total transfers out	<u>\$ 191,620</u>	<u>\$ 41,837</u>	<u>\$ 54,394</u>	<u>\$ 287,851</u>

TOWN OF DUDLEY, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2021

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, 2020	Renewed/ Issued	Retired/ Redeemed	Outstanding June 30, 2021
Governmental Activities						
Bond Anticipation Notes:						
Highway sweeper	1.73%	12/31/2020	\$ 225,000	\$ -	\$ 225,000	\$ -
Ambulance	1.18%	5/28/2021	55,000	-	55,000	-
Highway asphalt paver	1.18%	5/28/2021	20,000	-	20,000	-
LED street light system	1.18%	5/28/2021	200,000	-	200,000	-
Municipal Center roof	1.18%	5/28/2021	450,000	-	450,000	-
Ambulance	0.57%	5/28/2021	-	260,000	260,000	-
Highway sweeper	0.60%	12/15/2021	-	180,000	-	180,000
LED street light system	0.39%	5/27/2022	-	133,333	-	133,333
Municipal Center roof	0.39%	5/27/2022	-	300,000	-	300,000
Ambulance	0.39%	5/27/2022	-	260,000	-	260,000
Grant Anticipation Note:						
Chapter 90 Projects	0.60%	7/6/2021	-	170,744	-	170,744
Total Governmental Activities			<u>\$ 950,000</u>	<u>\$ 1,304,077</u>	<u>\$ 1,210,000</u>	<u>\$ 1,044,077</u>

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

Purpose	Interest Rate	Final Maturity Date	Balance July 1, 2020	Renewed/ Issued	Retired/ Redeemed	Outstanding June 30, 2021
Business-Type Activities:						
Bond Anticipation Notes:						
Sewer Fund:						
Sewer project	1.73%	12/31/2020	\$ 125,000	\$ -	\$ 125,000	\$ -
Sewer project	0.60%	12/15/2021	-	100,000	-	100,000
Water Fund:						
Water project	1.18%	5/28/2021	900,000	-	900,000	-
Water project	0.57%	5/28/2021	-	835,000	835,000	-
Water project	0.55%	5/28/2021	-	350,000	350,000	-
Water project	0.39%	5/27/2022	-	185,500	-	185,500
Total Business-type activities			<u>\$ 1,025,000</u>	<u>\$ 1,470,500</u>	<u>\$ 2,210,000</u>	<u>\$ 285,500</u>

TOWN OF DUDLEY, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2021

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, 2021
Inside Debt:					
Municipal building renovation	4.20%	12/13/2002	12/15/2022	\$ 5,770,000	\$ 570,000
Municipal building renovation	4.13%	4/6/2004	12/15/2022	1,840,000	190,000
New Fire Station	3.02%	5/15/2018	5/15/2038	6,405,000	5,440,000
Total governmental type debt					<u>\$ 6,200,000</u>

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, 2021, are as follows:

Year	Principal	Interest	Total
2022	\$ 700,000	\$ 208,141	\$ 908,141
2023	700,000	177,647	877,647
2024	320,000	159,200	479,200
2025	320,000	146,400	466,400
2026	320,000	133,600	453,600
2027-2031	1,600,000	508,000	2,108,000
2032-2036	1,600,000	263,200	1,863,200
2037-2038	640,000	32,480	672,480
	<u>\$ 6,200,000</u>	<u>\$ 1,628,668</u>	<u>\$ 7,828,668</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, 2021
Outside Debt:					
Water Fund:					
Water Main Healy Road	2.00%	10/15/2012	10/15/2022	\$ 450,000	\$ 90,000
Water Main Dudley Oxford Road	2.00%	10/15/2012	10/15/2022	850,000	170,000
Water projects	2-5%	5/27/2021	5/25/2041	1,795,000	1,795,000
Total Outside Debt					<u>2,055,000</u>
Total Business-type debt					<u>\$ 2,055,000</u>

TOWN OF DUDLEY, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2021

Future Debt Service

The annual principal and interest payments to retire all business-type long-term debt outstanding as of June 30, 2021, are as follows:

Year	Principal	Interest	Total
2022	\$ 325,000	\$ 70,769	\$ 395,769
2023	325,000	60,725	385,725
2024	190,000	49,675	239,675
2025	190,000	40,175	230,175
2026	70,000	30,675	100,675
2027-2031	350,000	102,275	452,275
2032-2036	305,000	49,976	354,976
2037-2041	300,000	19,125	319,125
	<u>\$ 2,055,000</u>	<u>\$ 423,395</u>	<u>\$ 2,478,395</u>

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

	Balance July 1, 2020	Additions	Reductions	Balance June 30, 2021	Amounts Due within One Year
Governmental activities:					
Bonds Payable:					
General obligation bonds	\$ 6,900,000	\$ -	\$ 700,000	\$ 6,200,000	\$ 700,000
Compensated absences	275,847	25,234	9,485	291,596	58,319
Net OPEB liability	15,292,669	873,475	-	16,166,144	-
Net pension liability	11,623,885	-	117,251	11,506,634	-
Governmental activity					
Long-term liabilities	<u>\$ 34,092,401</u>	<u>\$ 898,709</u>	<u>\$ 826,736</u>	<u>\$ 34,164,374</u>	<u>\$ 758,319</u>
Business-type activities:					
Bonds Payable:					
General obligation bonds	\$ 390,000	\$ 1,795,000	\$ 130,000	\$ 2,055,000	\$ 325,000
Compensated absences	9,207	993	-	10,200	-
Net OPEB liability	1,943,672	52,070	-	1,995,742	-
Net pension liability	1,082,972	24,551	-	1,107,523	-
Business-type activity					
Long-term liabilities	<u>\$ 3,425,851</u>	<u>\$ 1,872,614</u>	<u>\$ 130,000</u>	<u>\$ 5,168,465</u>	<u>\$ 325,000</u>

TOWN OF DUDLEY, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2021

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, 2021 totaled \$6,200,000.

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, 2021:

Equalized Valuation-Real Estate and Personal Property (2020)		<u>\$ 1,146,095,200</u>
Debt Limit: 5 % of Equalized value		57,304,760
Total Debt Outstanding	\$ 8,255,000	
Less: Debt Outside Debt Limit	<u>(2,055,000)</u>	<u>6,200,000</u>
Inside Debt Excess Borrowing Capacity at June 30, 2021		<u>\$ 51,104,760</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. Loan authorizations that have not been issued as of June 30, 2021 and are not reflected in the Town's financial statements are as follows:

Date Town Meeting Authorized	Purpose	Amount
6/22/2020	Sewer infiltration and inflow mitigation	\$ 1,300,000
6/22/2020	Drinking Water Systems improvement projects	5,225,000
6/22/2020	Water Pump Station No. 3 and No. 6 PFAS	14,500
5/24/2021	Highway dump truck purchase	350,000
5/24/2021	Water Treatment Plant temporary fix	1,000,000
5/24/2021	Water Asset Management	150,000
5/24/2021	Water Treatment Plant and mains PFAS Designs	700,000
5/24/2021	Water Treatment Plant and mains PFAS construction	<u>11,500,000</u>
		<u>\$ 20,239,500</u>

TOWN OF DUDLEY, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2021

H. Fund Balances

The following is a summary of the Town's Governmental fund balances at the year ended June 30, 2021:

	General Fund	Major Funds	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable:				
Permanent funds	\$ -	\$ -	\$ 54,475	\$ 54,475
Restricted:				
Federal and state grants	-	-	476,778	476,778
Town Revolving funds	-	-	121,276	121,276
Gifts and donations	-	-	71,547	71,547
Capital projects	-	-	319	319
Permanent funds	-	-	34,575	34,575
Pearle L. Crawford Library endowment fund	-	1,896,257	-	1,896,257
Other	-	-	177,499	177,499
	-	1,896,257	881,994	2,778,251
Committed:				
Insurance and employee benefits	-	-	100,918	100,918
Other	-	-	36,800	36,800
	-	-	137,718	137,718
Assigned:				
General government	65,213	-	-	65,213
Public safety	3,186	-	-	3,186
Culture and recreation	9,721	-	-	9,721
Subsequent year's budget	163,333	-	-	163,333
	241,453	-	-	241,453
Unassigned:				
General Fund	952,571	-	-	952,571
Deficit special revenue funds	-	-	(90,130)	(90,130)
Deficit capital projects	-	-	(613,333)	(613,333)
	952,571	-	(703,463)	249,108
Total Governmental fund balances	\$ 1,194,024	\$ 1,896,257	\$ 370,724	\$ 3,461,005

TOWN OF DUDLEY, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2021

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, 2021 the balances in the stabilization funds are reported in the General Fund as unassigned fund balance consisting of the following:

General purpose stabilization fund	\$ 110,530
Capital stabilization fund	257,610
	<hr/>
	\$ 368,140
	<hr/>

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.

As of the HCHG's most recent audited financial statements (fiscal year ended June 30, 2020), the HCHG had an unrestricted net asset balance of \$29,318,916.

TOWN OF DUDLEY, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2021

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, 2021, cannot be ascertained, management believes any resulting liability should not materially affect the financial position at June 30, 2021.

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. Coronavirus (COVID-19)

The Covid-19 pandemic in the United States and across the globe has resulted in economic uncertainties. The disruption was expected to be temporary, but there remains considerable uncertainty around the duration and scope. The United States Federal Government and State of Massachusetts established funding through various sources; the Coronavirus Aid, Relief and Economic Security (CARES) Act and the American Rescue Plan Act (ARPA) in addition to several other federal and state grants. The extent of the impact of Covid-19 on our operational and financial performance will depend on certain developments, including the duration and spread of outbreak, impact on our customers, employees, and vendors all of which are uncertain and cannot be predicted. At this point, the full extent to which Covid-19 may impact our financial condition or results of operations remains uncertain.

D. Subsequent Events

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

E. 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, 2021, the Town of Dudley abated property taxes 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 \$4,532 of abatements in this fiscal year.

TOWN OF DUDLEY, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2021

F. 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.

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, 2020 was \$955,135, representing 27.04% 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.

TOWN OF DUDLEY, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2021

Pension Liability

As of June 30, 2021, a reported liability of \$12,614,157 is the Town's proportionate share of the net pension liability as measured as of December 31, 2020. The net pension liability was measured as of December 31, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2020. 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, 2020, the Town's proportional percentage was 1.4199%, which was a slight decrease from the last measurement.

Pension Expense

For the year ended June 30, 2021, the Town recognized a pension expense of \$1,099,996 and reported deferred outflows of resources related to pensions of \$798,059 from the net difference between expected and actual experience and changes in assumptions; and deferred inflows of resources related to pensions of \$1,270,925 from the net difference between expected and actual experience, the net difference between projected and actual investment earnings and the change in allocated proportion.

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,		
	2022	\$ 123,336
	2023	(16,879)
	2024	(544,261)
	2025	(92,861)
	Thereafter:	57,799
		<u>\$ (472,866)</u>

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of January 1, 2020, using the following actuarial assumptions, applied to all periods included in the measurement that was updated December 31, 2020:

Valuation date	January 1, 2020
Actuarial cost method	Entry Age Normal
Amortization method	Payment increases 4.0% per year.
Asset valuation method	Market value of assets
Inflation	2.20% per year
Salary increases	Group 1: 4.25% -- 6.00%, based on service Group 4: 4.75% -- 7.00%, based on service
Investment rate of return	7.50%, net of pension plan investment expense, including inflation

TOWN OF DUDLEY, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2021

Mortality rates

RP-2014 Blue Collar Mortality Table with full generational mortality improvement using Scale MP-2018.
For disabled lives, mortality rates were based on the RP-2014 Blue Collar Mortality Table set forward one year with full generational mortality improvement using Scale MP-2018.

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, 2020, are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global Equity	39%	4.38%
Fixed income	23%	1.40%
Private Equity	13%	8.00%
Real Estate	10%	3.80%
Timber/Natural Resources	4%	4.40%
Portfolio Completion Strategies	11%	3.00%
Total	<u>100%</u>	

Rate of Return

For the year ended December 31, 2020, the annual money-weighted rate of return, net of pension plan investment expense, was 12.03%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Discount Rate

The discount rate used to measure the total pension liability was 7.50%. 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 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 or 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, 2021

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 7.50%. 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 (6.50%) or 1-percentage-point higher (8.50%) than the current rate:

	1% Decrease	Current	1% Increase
	6.50%	Discount Rate	8.50%
	6.50%	7.50%	8.50%
Net pension liability	\$ 15,539,760	\$ 12,614,157	\$ 10,143,956

G. 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 97 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, 2021, 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 2021 fiscal year, the total Town premiums plus implicit costs for the retiree medical program were \$351,926. The Town also made a contribution to an OPEB Trust of \$10,000 for a total contribution during the measurement period of \$361,926 to be reported on the financial statement for the fiscal year ending June 30, 2021. The Town did establish a trust fund in order to contribute funds to reduce the future OPEB liability. The trust balance is \$20,188 as of June 30, 2021.

TOWN OF DUDLEY, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2021

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, 2021, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of July 1, 2019.

Plan Membership:

Current active members	57
Current retirees, beneficiaries and dependents	<u>40</u>
Total	<u><u>97</u></u>

Net OPEB Liability

The components of the net OPEB liability are as follows:

	<u>6/30/2021</u>
Total OPEB liability	\$ 18,182,074
Less: Plan fiduciary net position	<u>(20,188)</u>
City's Net OPEB liability	<u><u>\$ 18,161,886</u></u>
Plan fiduciary net position as a percentage of the total OPEB liability	0.11%

Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of July 1, 2019, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified;

Valuation date	July 1, 2019
Actuarial cost method	Entry Age Normal
Inflation rate	2.00% annually
Single equivalent discount rate	2.16%, net of OPEB plan investment expense, including inflation
Participant salary increases	3.50% annually
Healthcare cost trend rates	2019 medical trend rates: 7.5% annually grading down 0.5% per annum to an ultimate trend rate of 4.5% annually in 2025
Mortality rates	For healthy participants, the mortality rates are from the RPH-2014 Total Dataset Headcount-Weighted mortality table, adjusted back to 2006 Base rates, then, projected generationally with Scale MP-2019.

The actuarial assumptions used in the July 1, 2019 valuation were reflective of published municipal bond indices; the Bond Buyer's 20 Bond Index as of June 30, 2021 is 2.16%.

TOWN OF DUDLEY, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2021

Rate of Return

For the year ended June 30, 2021, the annual money-weighted rate of return (which expresses investment performance), net of investment expense was 5.09%.

Discount Rate

The discount rate used to measure the total OPEB liability was 2.16%. 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 insufficient to make all projected future benefit payments of current plan members. Therefore, the index rate, tax-exempt, general obligation municipal bonds is used instead of the actual investment return.

Changes in the Net OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Total OPEB Liability
Balances at June 30, 2020	\$ 17,246,496	\$ 10,155	\$ 17,236,341
Service cost	728,352	-	728,352
Interest	393,376	-	393,376
Changes in benefit terms	-	-	-
Changes in assumptions	165,776	-	165,776
Difference between actual and expected experience	-	(191)	191
Net investment income	-	224	(224)
Employer contributions to Trust	-	361,926	(361,926)
Benefit payments	(351,926)	(351,926)	-
Net change in total OPEB liability	935,578	10,033	925,545
Balances at June 30, 2021	\$ 18,182,074	\$ 20,188	\$ 18,161,886

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 (1.16%) or 1-percentage-point higher (3.16%) than the current rate:

	1% Decrease (1.16%)	Current Discount Rate (2.16%)	1% Increase (3.16%)
Town's net OPEB liability	\$ 21,996,760	\$ 18,161,886	\$ 15,221,064

TOWN OF DUDLEY, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2021

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 (6.50% decreasing to 3.50%) or 1-percentage-point higher (8.50% decreasing to 5.50%) than the current healthcare cost trend rates:

	1% Decrease (6.50% decreasing to 3.50%)	Healthcare Cost Trend Rates (7.50% decreasing to 4.50%)	1% Increase (8.50% decreasing to 5.50%)
Town's net OPEB liability	\$ 14,639,654	\$ 18,161,886	\$ 22,948,463

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, 2021, the GASB Statement No. 75 reporting period and fiscal year ending date, the Town recognized an OPEB expense of \$1,392,529 and reported deferred outflows of resources related to OPEB of \$2,354,821 from the changes in assumptions and asset loss and deferred inflows of resources related to OPEB of \$949,107 from experience gain, the changes in assumptions and asset gain.

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,	
2022	\$ 271,025
2023	267,513
2024	453,230
2025	390,454
2026	23,493
Thereafter:	(1)
	<u>\$ 1,405,714</u>

TOWN OF DUDLEY, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2021

H. Implementation of New GASB Pronouncements

The GASB issued Statement No. 84, *Fiduciary Activities*, 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 2021.

I. 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. 87, *Leases*, for implementation in fiscal year 2022.

The GASB issued Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, for implementation in fiscal year 2022.

The GASB issued Statement No. 91, *Conduit Debt Obligations*, for implementation in fiscal year 2023.

The GASB issued Statement No. 93, *Replacement of Interbank Offered Rates*, for implementation in fiscal 2022.

The GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, for implementation in fiscal year 2023.

The GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*, for implementation in fiscal year 2023.

The GASB issued Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*, for implementation in fiscal year 2021 and 2022.

REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF DUDLEY, MASSACHUSETTS
Required Supplementary Information
Pension Schedules
Worcester Regional Contributory Retirement System
For the Year Ended June 30, 2021

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:

Measurement 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
12/31/2020	1.4199%	\$ 12,614,157	\$ 3,531,925	357.15%	50.29%
12/31/2019	1.4275%	\$ 12,706,857	\$ 3,208,904	395.99%	47.36%
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, 2021

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:

Measurement 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
12/31/2020	\$ 955,135	\$ (955,135)	\$ -	\$ 3,531,925	27.04%
12/31/2019	\$ 869,193	\$ (869,193)	\$ -	\$ 3,208,904	27.09%
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, 2021

Schedule of Changes in the Net OPEB Liability:

	<u>6/30/2021</u>	<u>6/30/2020</u>	<u>6/30/2019</u>	<u>6/30/2018</u>	<u>6/30/2017</u>
Total OPEB liability					
Service cost	\$ 728,352	\$ 482,506	\$ 451,737	\$ 550,377	\$ 406,676
Interest on net OPEB liability	393,376	472,109	503,429	447,112	451,210
Changes in Benefit terms	-	-	-	-	-
Changes in Assumptions	165,776	2,642,577	955,087	-	1,252,925
Difference between actual and expected experience	-	(373,974)	-	-	(1,118,067)
Benefit payments, including refunds of member contributions	(351,926)	(314,958)	(255,147)	(245,588)	(276,758)
Net change in total OPEB liability	935,578	2,908,260	1,655,106	751,901	715,986
Prior period adjustments	-	14,338,236	(1,924,992)	-	2,128,284
Total OPEB liability-beginning	17,246,496	-	14,608,122	13,856,221	11,011,951
Total OPEB liability-ending (a)	<u>\$ 18,182,074</u>	<u>\$ 17,246,496</u>	<u>\$ 14,338,236</u>	<u>\$ 14,608,122</u>	<u>\$ 13,856,221</u>
Plan fiduciary net position					
Difference between actual and expected experience	\$ (191)	\$ 53	\$ (83)	\$ -	\$ -
Net investment income	224	274	56	178	(28)
Employer contributions to Trust	361,926	316,958	256,147	246,589	277,758
Benefit payments, including refunds of member contributions	(351,926)	(314,958)	(255,147)	(245,588)	(276,758)
Net change in plan fiduciary net position	10,033	2,327	973	1,179	972
Total fiduciary net position-beginning	10,155	7,828	6,855	5,676	4,704
Total fiduciary net position-ending (b)	<u>\$ 20,188</u>	<u>\$ 10,155</u>	<u>\$ 7,828</u>	<u>\$ 6,855</u>	<u>\$ 5,676</u>
Town's net OPEB liability (a-b)	<u>\$ 18,161,886</u>	<u>\$ 17,236,341</u>	<u>\$ 14,330,408</u>	<u>\$ 14,601,267</u>	<u>\$ 13,850,545</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, 2021

Schedule of Net OPEB Liability:

	<u>6/30/2021</u>	<u>6/30/2020</u>	<u>6/30/2019</u>	<u>6/30/2018</u>	<u>6/30/2017</u>
Total OPEB liability	\$ 18,182,074	\$ 17,246,496	\$ 14,338,236	\$ 14,608,122	\$ 13,856,221
Less: Plan fiduciary net position	(20,188)	(10,155)	(7,828)	(6,855)	(5,676)
Town's Net OPEB liability	<u>\$ 18,161,886</u>	<u>\$ 17,236,341</u>	<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	0.11%	0.06%	0.05%	0.05%	0.04%
Town's share of covered employee payroll	\$ 3,229,319	\$ 3,229,319	\$ 3,252,732	\$ 3,142,736	\$ 2,979,748
Participating employer net OPEB liability (asset) as a percentage of covered-employee payroll	562.41%	533.75%	440.57%	464.60%	464.82%

Schedule of Contributions:

	<u>6/30/2021</u>	<u>6/30/2020</u>	<u>6/30/2019</u>	<u>6/30/2018</u>	<u>6/30/2017</u>
Actuarially determined contribution	\$ 351,926	\$ 314,958	\$ 255,147	\$ 245,588	\$ 276,758
Less: Contributions in relation to the actuarially determined contribution	(361,926)	(316,958)	(256,147)	(246,589)	(277,758)
Contribution deficiency (excess)	<u>\$ (10,000)</u>	<u>\$ (2,000)</u>	<u>\$ (1,000)</u>	<u>\$ (1,001)</u>	<u>\$ (1,000)</u>
Town's share of covered employee payroll	\$ 3,229,319	\$ 3,229,319	\$ 3,252,732	\$ 3,142,736	\$ 2,979,748
Contributions percentage of covered-employee payroll	10.9%	9.8%	7.8%	7.8%	9.29%
Annual money-weighted rate of return net of investment expense	5.09%	3.33%	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, 2021

Schedule of Funding Progress:

Other Post Employment Benefits								
Measurement Date	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)	Actuarial Percentage of Covered Payroll ((B-A)/C)		
6/30/2021	\$ 20,188	\$ 18,182,074	\$ 18,161,886	0.11%	\$ 3,229,319	562.41%		
6/30/2020	\$ 10,155	\$ 17,246,496	\$ 17,236,341	0.06%	\$ 3,120,114	552.43%		
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, 2021

	Fund Balances July 1, 2020	Revenues	Expenditures	Other Financing Sources (Uses)	Fund Balances June 30, 2021
Special Revenue:					
Federal and State Grants:					
Arts Lottery Council Grants	\$ 5,955	\$ 8,317	\$ 5,650	\$ -	\$ 8,622
Cyber Security Grant	16,088	-	8,425	-	7,663
Elder Affairs Grants	12,253	30,381	30,229	-	12,405
Emergency Management Grants	(78,377)	942,895	941,800	-	(77,282)
Green Community Grants	42,450	170,618	191,170	-	21,898
Information Technology Grant	-	75,000	66,673	-	8,327
Library Grants	98,228	24,717	3,399	-	119,546
Other Grants and Programs	29,435	265,264	278,807	-	15,892
Public Safety Grants	157,514	121,791	220,175	(19,551)	39,579
Public Works Grants	280	413,430	413,710	-	-
Wage Study Grant	16,487	-	5,199	-	11,288
Other:					
Ambulance Revolving	5,137	31,783	30,292	-	6,628
Board of Health Revolving Funds	1,681	2,000	-	-	3,681
Cemetery Revolving	7,650	1,300	350	-	8,600
Commission on Disabilities Fund	454	2	-	-	456
Conservation Funds	23,788	7,727	5,434	-	26,081
Council on Aging Meals Revolving	856	-	-	-	856
Deputy Collector Revolving	-	28,414	28,414	-	-
Fire Department Revolving	189	17	-	-	206
Firefighters Outside Details	1,089	5,477	6,566	-	-
Genealogy Research Revolving	3,821	842	-	-	4,663
Gift Shop Revolving	733	-	-	-	733
Gifts and Donations	64,855	27,430	20,738	-	71,547
Greater Media Cable Access	194,392	1,331	90,987	-	104,736
Inspection Revolving	52	35,647	35,542	-	157
Insurance Reimbursements	31,806	8,357	9,998	-	30,165
Total Special Revenue page 67	\$ 636,816	\$ 2,202,740	\$ 2,393,558	\$ (19,551)	\$ 426,447

TOWN OF DUDLEY, MASSACHUSETTS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	Fund Balances July 1, 2020	Revenues	Expenditures	Other Financing Sources (Uses)	Fund Balances June 30, 2021
Continued from page 67	\$ 636,816	\$ 2,202,740	\$ 2,393,558	\$ (19,551)	\$ 426,447
Special Revenue (Continued):					
Other (Continued):					
Law Enforcement Drug Enforcement	24,470	6,443	-	-	30,913
Library Lost Book Revolving	1,675	434	30	-	2,079
Municipal Hearings Revolving	18	-	-	-	18
Planning Revolving	100	-	-	-	100
Police Arrest Warrant Services	561	-	-	-	561
Police Court Judgement	919	-	-	-	919
Police Cruiser Use Detail	5,993	2,091	-	-	8,084
Police DARE Program	(1,666)	325	-	-	(1,341)
Police Firearms Permit Services	31,274	10,850	23,327	-	18,797
Police Off-Duty Revolving	-	314,832	314,832	-	-
Premium on Bonds	1,791	46,615	29,825	-	18,581
Rail Trail-Sale of Steel	17,087	-	8,349	-	8,738
Road Machinery	551	-	544	-	7
Tax Title Fees Revolving	24,656	8,513	7,344	-	25,825
Title V Septic Repair Loan Repayments	81,538	464	-	-	82,002
Transportation Network Company	-	456	-	-	456
Underground Tank Cleanup	2,400	-	-	-	2,400
Website Revolving Fund	1,777	-	993	-	784
West Main Street Sale of Bricks Revolving	2,122	1,580	1,065	-	2,637
Anniversary Fund	784	2	-	-	786
Clarinda Wood Fund	165,904	469	1,396	-	164,977
Compensated Absences Fund	7,238	21	-	-	7,259
Municipal Insurance Fund	7,144	20	-	-	7,164
Unemployment Compensation Fund	43,927	246	-	41,837	86,010
Workers Compensation Fund	484	1	-	-	485
Total Special Revenue Funds	\$ 1,057,563	\$ 2,596,102	\$ 2,781,263	\$ 22,286	\$ 894,688

TOWN OF DUDLEY, MASSACHUSETTS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	Fund Balances July 1, 2020	Revenues	Expenditures	Other Financing Sources (Uses)	Fund Balances June 30, 2021
Capital Projects:					
Ambulance	\$ (55,000)	\$ -	\$ -	\$ 55,000	\$ -
Dudley Municipal Center roof	(450,000)	-	-	150,000	(300,000)
Fire Exhaust System	48	-	48	-	-
Fire Station Construction	19,313	-	19,313	-	-
Health and Human Services	319	-	-	-	319
Highway Vehicles and Equipment	(245,000)	-	-	65,000	(180,000)
LED Street Light installation	(200,000)	-	-	66,667	(133,333)
Total Capital Projects	(930,320)	-	19,361	336,667	(613,014)
Perpetural Permanent Funds:					
Cemetery Perpetual Care Fund	52,550	1,925	-	-	54,475
Permanent Funds:					
Cemetery Perpetual Care Fund	30,753	2,151	2,800	-	30,104
Library Funds	4,458	13	-	-	4,471
Total Permanent Funds	35,211	2,164	2,800	-	34,575
Total - Non-Major Governmental Funds	\$ 215,004	\$ 2,600,191	\$ 2,803,424	\$ 358,953	\$ 370,724

TOWN OF DUDLEY, MASSACHUSETTS
SCHEDULE OF REAL ESTATE, PERSONAL PROPERTY AND SUPPLEMENTAL TAXES
JULY 1, 2020 TO JUNE 30, 2021

	Uncollected Taxes July 1, 2020	Commitments	Abatements and Adjustments	Collections Net of Refunds and Overpayments	Uncollected Taxes June 30, 2021	Uncollected Taxes Per Detail June 30, 2021
Real Estate Taxes:						
Levy of 2021	\$ -	\$ 13,560,708	\$ 192,189	\$ 13,255,363	\$ 113,156	\$ 113,156
Levy of 2020	158,128	2,664	57,782	101,212	1,798	1,798
Levy of 2019	(16,643)	-	-	(18,235)	1,592	1,592
Levy of 2018	63	-	-	-	63	63
Levy of 2017	14	-	(51)	-	65	65
Prior Years	3,528	-	3,466	-	62	62
	<u>145,090</u>	<u>13,563,372</u>	<u>253,386</u>	<u>13,338,340</u>	<u>116,736</u>	<u>116,736</u>
Personal Property Taxes:						
Levy of 2021	-	307,276	1,157	313,362	(7,243)	(7,243)
Levy of 2020	636	-	-	389	247	247
Levy of 2018	201	-	-	-	201	-
	<u>837</u>	<u>307,276</u>	<u>1,157</u>	<u>313,751</u>	<u>(6,795)</u>	<u>(6,996)</u>
Supplemental Taxes	<u>487</u>	<u>17,605</u>	<u>-</u>	<u>9,816</u>	<u>8,276</u>	<u>8,325</u>
Total Real Estate, Personal Property and Supplemental Taxes	<u>\$ 146,414</u>	<u>\$ 13,888,253</u>	<u>\$ 254,543</u>	<u>\$ 13,661,907</u>	<u>\$ 118,217</u>	<u>\$ 118,065</u>

TOWN OF DUDLEY, MASSACHUSETTS
SCHEDULE OF MOTOR VEHICLE EXCISE AND BOAT EXCISE TAXES
JULY 1, 2020 TO JUNE 30, 2021

	Uncollected Taxes July 1, 2020	Commitments	Abatements and Adjustments	Collections Net of Refunds and Overpayments	Uncollected Taxes June 30, 2021	Uncollected Taxes Per Detail June 30, 2021
Motor Vehicle Excise Taxes:						
Levy of 2021	\$ -	\$ 1,477,960	\$ 22,417	\$ 1,310,625	\$ 144,918	\$ 144,918
Levy of 2020	103,534	163,233	21,564	206,546	38,657	38,657
Levy of 2019	44,424	-	832	26,415	17,177	17,152
Levy of 2018	18,021	-	224	4,353	13,444	13,444
Levy of 2017	11,723	-	-	2,211	9,512	9,512
Prior Years	62,218	-	-	3,189	59,029	59,029
	<u>239,920</u>	<u>1,641,193</u>	<u>45,037</u>	<u>1,553,339</u>	<u>282,737</u>	<u>282,712</u>
Boat Excise Taxes:						
Levy of 2020	-	3,773	128	3,271	374	374.00
Levy of 2019	960	-	201	243	516	516.00
Levy of 2018	820	-	93	90	637	637.00
Levy of 2017	378	-	15	-	363	363.00
Levy of 2016	356	-	15	-	341	341.00
Prior Years	1,580	-	-	105	1,475	1,475.00
	<u>4,094</u>	<u>3,773</u>	<u>452</u>	<u>3,709</u>	<u>3,706</u>	<u>3,706</u>
Total Motor Vehicle Excise and Boat Excise Taxes	<u>\$ 244,014</u>	<u>\$ 1,644,966</u>	<u>\$ 45,489</u>	<u>\$ 1,557,048</u>	<u>\$ 286,443</u>	<u>\$ 286,418</u>

**TOWN OF DUDLEY, MASSACHUSETTS
SCHEDULE OF TAX LIENS
JULY 1, 2020 TO JUNE 30, 2021**

	Uncollected Accounts July 1, 2020	Commitments	Abatements and Adjustments	Collections Net of Refunds and Overpayments	Uncollected Accounts June 30, 2021	Uncollected Accounts Per Detail June 30, 2021
Tax Liens	\$ 399,523	\$ 178,123	\$ -	\$ 141,001	\$ 436,645	\$ 436,645