

TOWN OF DUDLEY, MASSACHUSETTS

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

For the Year Ended June 30, 2022

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Independent Auditor's Report

To the Honorable Board of Selectmen
Town of Dudley, Massachusetts

Report on the Audit of Financial Statements

Opinions

We have audited the 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, 2022, 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.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Dudley, Massachusetts, as of June 30, 2022, 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.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- exercise professional judgement and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town of Dudley, Massachusetts' internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town of Dudley, Massachusetts' ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

Supplementary Information

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

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary 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 have also issued our report dated February 6, 2023, 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 solely 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 the effectiveness of the Town of Dudley, Massachusetts' 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 & Associates, LLC
South Deerfield, Massachusetts

February 6, 2023

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, 2022. 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 \$1,539,793 (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 \$3,498,949, or an increase of \$1,959,156 (56%) 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 \$3,774,448, an increase of \$313,443 (9%) in comparison with prior year.
- The General Fund's total fund balance increased \$620,308 (52%) to \$1,814,332. The ending fund balance is 9% of revenues and transfers in and 9% of expenditures and transfers out.
- Total liabilities of the Town decreased by \$1,989,041 (5%) to \$40,196,865 during the fiscal year. The major components of this decrease are due to a net increase in bond anticipation notes payable of \$4,777,290; and net decreases in other liabilities of \$533,254, in the OPEB liability of \$5,517,261 and in bonds payable of \$1,025,000.
- The Town had free cash certified by the Department of Revenue in the amount of \$558,843. The key factors that attributed to the free cash amount for fiscal year 2022 were unexpended/unencumbered appropriations of \$748,600, excess over budget state and local receipts of \$7,000, excess over budget other financing sources of \$21,300 and prior year free cash not appropriated of \$100,100.

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

➤ Sewer Fund	\$ 838,646.
➤ Water Fund	\$ 942,169.

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		
	2022	2021	Change
Assets:			
Current assets	\$ 7,621,704	\$ 7,479,680	\$ 142,024
Capital assets	19,644,476	20,560,430	(915,954)
Total assets	27,266,180	28,040,110	(773,930)
Deferred Outflows of Resources	2,912,006	2,847,867	64,139
Liabilities:			
Current liabilities (excluding debt)	1,257,316	1,512,413	(255,097)
Current debt	1,451,666	1,744,077	(292,411)
Noncurrent liabilities (excluding debt)	22,901,240	27,906,055	(5,004,815)
Noncurrent debt	4,800,000	5,500,000	(700,000)
Total liabilities	30,410,222	36,662,545	(6,252,323)
Deferred Inflows of Resources	6,652,533	1,978,666	4,673,867
Net Position:			
Net investment in capital assets	13,392,810	13,487,097	(94,287)
Restricted	3,856,720	3,642,770	213,950
Unrestricted	(24,134,099)	(24,883,101)	749,002
Total net position	\$ (6,884,569)	\$ (7,753,234)	\$ 868,665

	Business-Type Activities		
	2022	2021	Change
Assets:			
Current assets	\$ 4,006,074	\$ 2,800,583	\$ 1,205,491
Capital assets	11,585,905	6,913,416	4,672,489
Total assets	15,591,979	9,713,999	5,877,980
Deferred Outflows of Resources	286,137	305,013	(18,876)
Liabilities:			
Current liabilities (excluding debt)	243,469	69,396	174,073
Current debt	5,680,201	610,500	5,069,701
Noncurrent liabilities (excluding debt)	2,457,973	3,113,465	(655,492)
Noncurrent debt	1,405,000	1,730,000	(325,000)
Total liabilities	9,786,643	5,523,361	4,263,282
Deferred Inflows of Resources	746,697	241,366	505,331
Net Position:			
Net investment in capital assets	4,500,704	4,572,916	(72,212)
Restricted	1,617,383	1,257,876	359,507
Unrestricted	(773,311)	(1,576,507)	803,196
Total net position	\$ 5,344,776	\$ 4,254,285	\$ 1,090,491

Financial Highlights
Statement of Activities Highlights

	Governmental Activities		
	2022	2021	Change
Program Revenues:			
Charges for services	\$ 1,972,180	\$ 1,664,934	\$ 307,246
Operating grants and contributions	1,951,653	2,324,306	(372,653)
Capital grants and contributions	464,442	430,485	33,957
General Revenues:			
Property taxes	14,508,395	13,775,904	732,491
Motor vehicle and other excise taxes	1,692,805	1,657,545	35,260
Penalties and interest on taxes	172,863	129,590	43,273
Nonrestricted grants	2,141,649	1,927,353	214,296
Unrestricted investment income	(7,747)	4,826	(12,573)
Miscellaneous	1,134	1,934	(800)
Total revenues	22,897,374	21,916,877	980,497
Expenses:			
General government	2,525,512	2,988,379	(462,867)
Public safety	4,578,288	3,879,066	699,222
Public works	1,630,294	1,469,871	160,423
Education	10,379,712	9,878,171	501,541
Health and human services	251,200	271,899	(20,699)
Culture and recreation	733,539	597,131	136,408
Employee benefits and insurance	1,801,913	3,123,154	(1,321,241)
State assessments	33,709	34,496	(787)
Interest	213,382	251,955	(38,573)
Total expenses	22,147,549	22,494,122	(346,573)
Contributions to Permanent Funds	2,975	1,925	1,050
Net Transfers	115,865	117,675	(1,810)
Change in net position	868,665	(457,645)	1,326,310
Net position - beginning of year	(7,753,234)	(7,295,589)	(457,645)
Net position - end of year	\$ (6,884,569)	\$ (7,753,234)	\$ 868,665

	Business-Type Activities		
	2022	2021	Change
Program Revenues:			
Charges for services	\$ 3,209,779	\$ 2,530,259	\$ 679,520
Operating grants and contributions	928	106,441	(105,513)
Capital grants and contributions	222,667	-	222,667
Total revenues	3,433,374	2,636,700	796,674
Expenses:			
Sewer	1,080,605	1,260,096	(179,491)
Water	1,146,413	945,171	201,242
Total expenses	2,227,018	2,205,267	21,751
Transfers	(115,865)	(117,675)	1,810
Change in net position	1,090,491	313,758	776,733
Net position - beginning of year	4,254,285	3,940,527	313,758
Net position - end of year	\$ 5,344,776	\$ 4,254,285	\$ 1,090,491

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 \$1,539,793 at the close of fiscal year 2022.

Net position of \$17,893,514 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, \$5,474,103 represents resources that are subject to external restrictions on how they may be used. The remaining balance consists of *unrestricted net position* (\$24,907,410).

At the end of the current fiscal year, the Town is able to report positive balances in two categories of net position and a negative balance in the unrestricted category in the governmental activities, business-type activities and for the government as a whole. The unrestricted governmental activities, business-type activities and government as a whole resulted in a negative balance mainly due to the accrual of the OPEB 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 increased by \$868,665 (11%) during the current fiscal year. The key elements of the decrease in net position for fiscal year 2022 are attributed the net increase due to the repayment of debt \$700,000 and from the changes in this year's OPEB liability of \$4,837,998; and net decreases in the depreciation expense (cost spread out over the useful life of the asset) for the year of \$1,595,878 exceeding to the acquisition of \$679,924 in new capital assets and from the changes in the deferred outflow/(inflow) or resources related to OPEB of \$4,399,154.

There was an increase of \$1,090,491 (26%) in net position reported in connection with the business-type activities. Of this, there were increases of \$335,267 attributed to the sewer department and of \$755,224 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 \$3,774,448, an increase of \$313,443 (9%) in comparison with the prior year.

The breakdown of the governmental funds is as follows:

- Nonspendable fund balance – \$57,450 (1%).
- Restricted fund balance – \$2,523,645 (67%).
- Committed fund balance – \$134,713 (4%).
- Assigned fund balance – \$473,164 (13%).
- Unassigned fund balance – \$585,476 (15%).

Major Governmental Funds

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 \$1,814,332 increasing \$620,308 (52%) from the prior year. Of the \$1,814,332, the unassigned amount is \$1,341,168 (74%) and the assigned amount is \$473,164 (26%). General fund revenues were \$1,282,505 (7%) more than the prior fiscal year and expenditures also increased by \$1,657,611 (9%). Other activities in the General fund are net transfers in from other funds of \$1,212,922.

The main components of the increase in general fund revenues were related to the increase in property taxes in the amount of \$903,106 (7%), in intergovernmental receipts of \$172,850 (8%) and in licenses, permits and fees of \$192,961 (49%) from the prior year.

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

- Increase in General Government expenditures of \$235,574 (19%).
- Increase in Public safety expenditures of \$437,240 (15%).
- Increase in Public works expenditures of \$139,257 (14%).
- increase in Education expenditures of \$500,541 (5%).
- Increase in Employee benefits and insurance expenditures of \$174,414 (8%).
- Increase in Debt service expenditures (principal and interest) of \$147,722 (11%).

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 \$1,561,209 at the end of the fiscal year and shows a decrease of \$335,048 (18%). This change is attributed to revenues of (\$238,506) and expenditures of \$96,542.

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 \$1,401,735 and shows an increase of \$335,267 (31%) in total operations. This change was mainly attributed to operating revenues exceeding operating costs by \$366,451, interest income of \$560, interest expense of \$599 and net transfers to governmental funds of \$31,145. Operating revenues increased by \$288,795 (25%) while operating expenses decreased by \$177,4439 (14%) 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 \$3,943,041 and shows an increase of \$755,224 (24%) in total operations. This change resulted from operating revenues exceeding operating costs by \$697,201, interest and other income of \$223,035, interest expense of \$80,292 and net transfers to governmental funds of \$84,720. Operating revenues increased by \$390,725 (28%) and operating expenses also increased by \$152,615 (17%) from the prior year.

General Fund Budgetary Highlights

The final general fund budget for fiscal year 2022 was \$21,425,022. This was an increase of \$2,108,577 (11%) over the previous year's budget.

There was an increase of \$1,251,366 between the original budget and the final amended budget. This change is attributed to votes at the special town meeting in October 2021 and the annual town meeting in May 2022 for various budget operating line items.

General fund expenditures were less than budgeted by \$798,387. Of the \$798,387 in under budget expenditures \$49,814 has been carried over to fiscal year 2023.

There were negative variances in excise and other taxes of \$74,503, in charges for services of \$20,848; and in licenses, permits and fees of \$18,859 as expectations (budget) were higher than the receipts.

There were negative variances in state assessments of \$940 due to a lower assessment in the registry of motor vehicles non-renewal surcharge than the actual payments.

The variance with the final budget was a positive \$780,941 consisting of a revenue surplus of \$32,368 and an appropriation surplus of \$748,573.

Capital Asset and Debt Administration

Capital Assets. The Town's investment in capital assets for its governmental and business-type activities amounts to \$19,644,476 and \$11,585,905, 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:

- Fire Department vehicle and equipment purchases for \$287,898.
- Highway vehicle and equipment purchases for \$217,731.
- Highway road improvements for \$98,546.
- Library electronic sign for \$17,035.
- Library improvements for \$58,714.

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

In the sewer fund:

- Infrastructure projects for \$749,363.

In the water fund:

- Vehicle purchase for \$43,183.
- Infrastructure projects for \$4,151,703.

Debt Administration. The Town's outstanding governmental long-term debt, as of June 30, 2022, totaled \$5,500,000, of which \$380,000 is for building renovation projects and \$5,120,000 is for the new fire station improvements.

The governmental activities currently have outstanding bond anticipation notes for \$751,666 for various vehicle, equipment and building projects.

The business-type funds have \$1,730,000 in long-term debt for water projects.

The business-type activities currently have outstanding bond anticipation notes for \$5,355,201. Of this, \$824,210 is for sewer projects and \$4,530,991 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, 2022 do not reflect the fiscal year 2023 Town Meeting action with the exception of the free cash and stabilization fund amounts used to fund the 2023 budget. The Annual Town Meeting on May 23, 2022 authorized a fiscal year 2023 operating and capital budget as follows:

From the tax levy	\$ 19,927,592
From sewer receipts	1,379,687
From water receipts	1,828,362
From Other Available Funds:	
General Fund:	
Unassigned fund balance:	
Free cash	323,350
Capital stabilization fund	100,000
Non-major Governmental Funds:	
American Rescue Plan Act	300,536
	<u>\$ 23,859,527</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, 2022

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
CURRENT:			
Cash and Cash Equivalents	\$ 2,244,573	\$ 3,370,009	\$ 5,614,582
Investments	1,531,975	290,032	1,822,007
Investments in Custody of Trustees	1,561,209	-	1,561,209
Receivables, net of allowance for uncollectibles:			
Property Taxes	302,977	-	302,977
Tax Liens	204,997	15,284	220,281
Excise Taxes	278,596	-	278,596
User Charges	-	303,865	303,865
Other	-	26,415	26,415
Departmental	327,106	-	327,106
Special Assessments	486	469	955
Due from Other Governments	1,169,785	-	1,169,785
Total current assets	7,621,704	4,006,074	11,627,778
NONCURRENT:			
Capital Assets, net of accumulated Depreciation			
Nondepreciable	924,731	6,330,985	7,255,716
Depreciable	18,719,745	5,254,920	23,974,665
Total noncurrent assets	19,644,476	11,585,905	31,230,381
Total Assets	27,266,180	15,591,979	42,858,159
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Outflows Related to Pensions	1,350,547	134,387	1,484,934
Deferred Outflows Related to OPEB	1,561,459	151,750	1,713,209
Total Deferred Outflows of Resources	2,912,006	286,137	3,198,143
LIABILITIES			
CURRENT:			
Warrants Payable	215,322	210,668	425,990
Accrued Payroll	119,332	13,782	133,114
Payroll Withholdings	77,810	-	77,810
Accrued Interest	23,166	18,169	41,335
Deposits	-	850	850
Other	467,181	-	467,181
Unearned Revenue	286,855	-	286,855
Compensated Absences	67,650	-	67,650
Notes Payable	751,666	5,355,201	6,106,867
Bonds Payable	700,000	325,000	1,025,000
Total current liabilities	2,708,982	5,923,670	8,632,652
NONCURRENT:			
Compensated Absences	270,603	16,837	287,440
Net OPEB Liability	11,328,146	1,316,479	12,644,625
Net Pension Liability	11,302,491	1,124,657	12,427,148
Bonds Payable	4,800,000	1,405,000	6,205,000
Total noncurrent liabilities	27,701,240	3,862,973	31,564,213
Total Liabilities	30,410,222	9,786,643	40,196,865
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflows Related to Pensions	1,992,469	198,261	2,190,730
Deferred Inflows Related to OPEB	4,660,064	548,436	5,208,500
Total Deferred Inflows of Resources	6,652,533	746,697	7,399,230
NET POSITION			
Net Investment in Capital Assets	13,392,810	4,500,704	17,893,514
Restricted for:			
Capital Projects	373,495	1,617,383	1,990,878
Federal & State Grants	1,415,418	-	1,415,418
Permanent Funds:			
Nonexpendable	57,450	-	57,450
Expendable	32,692	-	32,692
Other Purposes	1,977,665	-	1,977,665
Unrestricted	(24,134,099)	(773,311)	(24,907,410)
Total Net Position	\$ (6,884,569)	\$ 5,344,776	\$ (1,539,793)

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, 2022**

	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	\$ 2,525,512	\$ 250,441	\$ 1,799,058	\$ -	\$ (476,013)	\$ -	\$ (476,013)
Public Safety	4,578,288	1,477,075	75,188	-	(3,026,025)	-	(3,026,025)
Public Works	1,630,294	180,758	6,144	464,442	(978,950)	-	(978,950)
Education	10,379,712	-	-	-	(10,379,712)	-	(10,379,712)
Health and Human Services	251,200	44,234	132,644	-	(74,322)	-	(74,322)
Culture and Recreation	733,539	19,672	(93,494)	-	(807,361)	-	(807,361)
Employee Benefits and Insurance	1,801,913	-	32,113	-	(1,769,800)	-	(1,769,800)
State Assessments	33,709	-	-	-	(33,709)	-	(33,709)
Interest	213,382	-	-	-	(213,382)	-	(213,382)
Total Governmental Activities	22,147,549	1,972,180	1,951,653	464,442	(17,759,274)	-	(17,759,274)
Business-Type Activities:							
Sewer	1,080,605	1,446,457	560	-	-	366,412	366,412
Water	1,146,413	1,763,322	368	222,667	-	839,944	839,944
Total Primary Government	\$ 24,374,567	\$ 5,181,959	\$ 1,952,581	\$ 687,109	(17,759,274)	1,206,356	(16,552,918)
General Revenues:							
Property Taxes					14,508,395	-	14,508,395
Motor vehicle excise and other taxes					1,692,805	-	1,692,805
Penalties & Interest on Taxes					172,863	-	172,863
Grants & Contributions not restricted to specific programs					2,141,649	-	2,141,649
Unrestricted Investment Income					(7,747)	-	(7,747)
Miscellaneous					1,134	-	1,134
Contributions to Permanent Funds					2,975	-	2,975
Transfers, net					115,865	(115,865)	-
Total General Revenues, Contributions and Transfers					18,627,939	(115,865)	18,512,074
Change in Net Position					868,665	1,090,491	1,959,156
Net Position:							
Beginning of year					(7,753,234)	4,254,285	(3,498,949)
End of year					\$ (6,884,569)	\$ 5,344,776	\$ (1,539,793)

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

TOWN OF DUDLEY, MASSACHUSETTS
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2022

	General Fund	Pearle L. Crawford Memorial Library Endowment Fund	Nonmajor Governmental Funds	Total Governmental Funds
Assets:				
Cash and Cash Equivalents	\$ 856,743	\$ -	\$ 1,387,830	\$ 2,244,573
Investments	1,219,074	-	312,901	1,531,975
Investment in Custody of Others	-	1,561,209	-	1,561,209
Receivables, net of allowance for uncollectibles:				
Property Taxes	302,977	-	-	302,977
Tax Liens	204,997	-	-	204,997
Excise Taxes	278,596	-	-	278,596
Special Assessments	-	-	486	486
Departmental	301,994	-	25,112	327,106
Due from Other Governments	97,318	-	1,072,467	1,169,785
Total Assets	\$ 3,261,699	\$ 1,561,209	\$ 2,798,796	\$ 7,621,704
Liabilities:				
Warrants Payable	\$ 115,137	\$ -	\$ 100,185	\$ 215,322
Accrued Payroll	119,332	-	-	119,332
Payroll Withholdings	77,810	-	-	77,810
Other	108,506	-	358,675	467,181
Unearned Revenue	-	-	286,855	286,855
Notes Payable	-	-	751,666	751,666
Total Liabilities	420,785	-	1,497,381	1,918,166
Deferred Inflows of Resources - Unavailable Revenue	1,026,582	-	902,508	1,929,090
Fund Balance:				
Nonspendable	-	-	57,450	57,450
Restricted	-	1,561,209	962,436	2,523,645
Committed	-	-	134,713	134,713
Assigned	473,164	-	-	473,164
Unassigned	1,341,168	-	(755,692)	585,476
Total Fund Balance	1,814,332	1,561,209	398,907	3,774,448
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 3,261,699	\$ 1,561,209	\$ 2,798,796	\$ 7,621,704

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, 2022

	General Fund	Pearle L. Crawford Memorial Library Endowment Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:				
Property Taxes	\$ 14,643,784	\$ -	\$ -	\$ 14,643,784
Intergovernmental	2,219,343	-	1,921,516	4,140,859
Excise and Other Taxes	1,613,547	-	-	1,613,547
Charges for Services	802,987	-	546,315	1,349,302
Licenses, Permits, Fees	589,244	-	-	589,244
Interest on Delinquent Taxes	172,863	-	-	172,863
Investment Income	(7,747)	(238,506)	(13,695)	(259,948)
Gifts and Donations	-	-	147,628	147,628
Other	-	-	119,964	119,964
Total Revenues	20,034,021	(238,506)	2,721,728	22,517,243
Expenditures:				
Current:				
General Government	1,444,451	-	761,627	2,206,078
Public Safety	3,401,510	-	876,417	4,277,927
Public Works	1,165,812	-	315,342	1,481,154
Education	10,379,712	-	-	10,379,712
Health and Human Services	187,423	-	57,445	244,868
Culture and Recreation	342,329	96,542	107,324	546,195
Employee Benefits and Insurance	2,234,326	-	-	2,234,326
State Assessments	33,709	-	-	33,709
Debt Service:				
Principal	1,221,667	-	-	1,221,667
Interest	215,696	-	-	215,696
Total Expenditures	20,626,635	96,542	2,118,155	22,841,332
Excess of Revenues Over (Under) Expenditures	(592,614)	(335,048)	603,573	(324,089)
Other Financing Sources (Uses):				
Operating Transfers In	1,272,249	-	5,000	1,277,249
Operating Transfers Out	(59,327)	-	(1,102,057)	(1,161,384)
Proceeds from Issuance of Bonds and Notes	-	-	521,667	521,667
Total Other Financing Sources (Uses)	1,212,922	-	(575,390)	637,532
Net Change in Fund Balances	620,308	(335,048)	28,183	313,443
Fund Balances, Beginning of Year	1,194,024	1,896,257	370,724	3,461,005
Fund Balances, End of Year	\$ 1,814,332	\$ 1,561,209	\$ 398,907	\$ 3,774,448

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, 2022

Total Governmental Fund Balances	\$	3,774,448
Capital Assets (net) used in governmental activities are not financial resources and therefore, are not reported in the funds.		19,644,476
Revenues are recognized on an accrual basis of accounting instead of a modified accrual basis.		1,929,090
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.		(3,740,527)
Long Term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds:		
Bonds Payable	\$	(5,500,000)
Net OPEB Liability		(11,328,146)
Net Pension Liability		(11,302,491)
Compensated Absences		(338,253)
		(28,468,890)
In the statement of activities, interest is accrued on outstanding long term debt, whereas in governmental funds, interest is not reported until due.		(23,166)
Net Position of Governmental Activities	\$	(6,884,569)

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, 2022

Net Change in Fund Balances - Total Governmental Funds **\$ 313,443**

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	\$ 679,924	
Depreciation	<u>(1,595,878)</u>	(915,954)

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. 383,106

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	1,221,667	
Repayment of Debt Principal	<u>(521,667)</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	(46,657)	
Net Change in Net OPEB Liability	4,837,998	
Net Change in Deferred Outflow/(Inflow) of Resources Related to OPEB	(4,399,154)	
Net Change in Deferred Outflow/(Inflow) of Resources Related to Pensions	(210,574)	
Net Change in Net Pension Liability	204,143	
Net Change in Accrued Interest on Long-Term Debt	<u>2,314</u>	<u>388,070</u>

Change in Net Position of Governmental Activities **\$ 868,665**

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, 2022

	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	\$ -	\$ 14,454,718	\$ 14,454,718	\$ 14,480,084	\$ -	\$ 25,366
Intergovernmental	-	2,141,966	2,141,966	2,219,343	-	77,377
Excise and Other Taxes	-	1,688,050	1,688,050	1,613,547	-	(74,503)
Charges for Services	-	823,835	823,835	802,987	-	(20,848)
Licenses, Permits, Fees	-	573,028	573,028	554,169	-	(18,859)
Interest on Delinquent Taxes	-	129,500	129,500	172,863	-	43,363
Investment Income	-	5,000	5,000	5,472	-	472
Total Revenues	-	19,816,097	19,816,097	19,848,465	-	32,368
Expenditures:						
Current:						
General Government	65,213	1,148,258	1,574,212	1,444,451	38,613	91,148
Public Safety	3,186	3,112,749	3,767,152	3,401,510	1,344	364,298
Public Works	-	1,140,616	1,306,657	1,165,812	135	140,710
Education	-	10,388,822	10,388,822	10,379,712	-	9,110
Health and Human Services	-	231,555	229,651	187,423	-	42,228
Culture and Recreation	9,721	353,974	373,244	342,329	9,722	21,193
Employee Benefits and Insurance	-	2,234,500	2,289,375	2,234,326	-	55,049
State Assessments	-	32,769	32,769	33,709	-	(940)
Debt Service:						
Principal	-	1,221,667	1,221,667	1,221,667	-	-
Interest	-	230,626	241,473	215,696	-	25,777
Total Expenditures	78,120	20,095,536	21,425,022	20,626,635	49,814	748,573
Excess of Revenues Over (Under) Expenditures	(78,120)	(279,439)	(1,608,925)	(778,170)	(49,814)	780,941
Other Financing Sources (Uses):						
Operating Transfers In	-	338,766	1,479,314	1,500,582	-	21,268
Operating Transfers Out	-	(59,327)	(59,327)	(59,327)	-	-
Total Other Financing Sources (Uses)	-	279,439	1,419,987	1,441,255	-	21,268
Net Change in Budgetary Fund Balance	(78,120)	-	(188,938)	\$ 663,085	\$ (49,814)	\$ 802,209
Other Budgetary Items:						
Free Cash and Other Reserves	-	-	110,818			
Prior Year Encumbrances	78,120	-	78,120			
Total Other Budgetary Items	78,120	-	188,938			
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, 2022

	<u>Revenues</u>	<u>Expenditures</u>
Reported on a Budgetary Basis	\$ 19,848,465	\$ 20,626,635
<u>Adjustments:</u>		
Activity for Stabilization Funds Recorded in the General Fund for GAAP Purposes	21,856	-
Net Increase in Revenue from Recording 60-Day Receipts	88,500	-
Net Increase in Revenue from Recording Refund Taxes Payable	75,200	-
Reported on a GAAP Basis	<u>\$ 20,034,021</u>	<u>\$ 20,626,635</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, 2022

	Business-Type Activities Enterprise Funds		
	Sewer Fund	Water Fund	Total
ASSETS			
CURRENT:			
Cash and Cash Equivalents	\$ 747,353	\$ 2,622,656	\$ 3,370,009
Investments	175,047	114,985	290,032
Receivables, net of allowance for uncollectibles:			
User Charges	126,419	177,446	303,865
Tax Liens	5,600	9,684	15,284
Other	26,415	-	26,415
Special Assessments	469	-	469
Total current assets	1,081,303	2,924,771	4,006,074
NONCURRENT:			
Capital Assets, net of accumulated depreciation			
Nondepreciable	758,220	5,572,765	6,330,985
Depreciable	2,030,466	3,224,454	5,254,920
Total noncurrent assets	2,788,686	8,797,219	11,585,905
Total Assets	3,869,989	11,721,990	15,591,979
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Outflows Related to Pensions	77,217	57,170	134,387
Deferred Outflows Related to OPEB	73,951	77,799	151,750
Total Deferred Outflows of Resources	151,168	134,969	286,137
LIABILITIES			
CURRENT:			
Warrants Payable	12,596	198,072	210,668
Accrued Payroll	4,581	9,201	13,782
Accrued Interest	130	18,039	18,169
Deposits	850		850
Notes Payable	824,210	4,530,991	5,355,201
Bonds Payable	-	325,000	325,000
Total current liabilities	842,367	5,081,303	5,923,670
NONCURRENT:			
Compensated Absences	1,359	15,478	16,837
Net OPEB Liability	761,679	554,800	1,316,479
Net Pension Liability	646,212	478,445	1,124,657
Bonds Payable	-	1,405,000	1,405,000
Total noncurrent liabilities	1,409,250	2,453,723	3,862,973
Total Liabilities	2,251,617	7,535,026	9,786,643
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflows Related to Pensions	113,918	84,343	198,261
Deferred Inflows Related to OPEB	253,887	294,549	548,436
Total Deferred Inflows of Resources	367,805	378,892	746,697
NET POSITION			
Net Investment in Capital Assets	1,964,476	2,536,228	4,500,704
Restricted for Capital Projects	65,726	1,551,657	1,617,383
Unrestricted	(628,467)	(144,844)	(773,311)
Total Net Position	\$ 1,401,735	\$ 3,943,041	\$ 5,344,776

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, 2022

	Business-Type Activities Enterprise Funds		
	Sewer Fund	Water Fund	Total
Operating Revenues:			
Charges for Services	\$ 1,446,457	\$ 1,763,322	\$ 3,209,779
Total Operating Revenues	1,446,457	1,763,322	3,209,779
Operating Expenses:			
Salaries & Wages	260,404	359,999	620,403
Operating Expenses	697,133	556,831	1,253,964
Depreciation	122,469	149,291	271,760
Total Operating Expenses	1,080,006	1,066,121	2,146,127
Operating Income (Loss)	366,451	697,201	1,063,652
Non-Operating Revenues (Expenses):			
Investment Income	560	368	928
Intergovernmental	-	222,667	222,667
Interest Expense	(599)	(80,292)	(80,891)
Total Non-Operating Revenues (Expenses)	(39)	142,743	142,704
Income (Loss) Before Operating Transfers	366,412	839,944	1,206,356
Operating Transfers:			
Transfers In	54,327	-	54,327
Transfers Out	(85,472)	(84,720)	(170,192)
Total Operating Transfers	(31,145)	(84,720)	(115,865)
Change in Net Position	335,267	755,224	1,090,491
Net Position at Beginning of Year	1,066,468	3,187,817	4,254,285
Net Position at End of Year	\$ 1,401,735	\$ 3,943,041	\$ 5,344,776

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, 2022**

	Business-Type Activities Enterprise Funds		
	Sewer Fund	Water Fund	Total
Cash Flows From Operating Activities:			
Receipts from Customers and Users	\$ 1,446,651	\$ 1,711,653	\$ 3,158,304
Payments to Vendors	(749,673)	(659,159)	(1,408,832)
Payments to Employees	(261,258)	(355,981)	(617,239)
Net Cash Provided by (Used for) Operating Activities	435,720	696,513	1,132,233
Cash Flows from Noncapital Financing Activities:			
Transfers from (to) Other Funds	(31,145)	(84,720)	(115,865)
Net Cash Provided by (Used for) Noncapital Financing Activities	(31,145)	(84,720)	(115,865)
Cash Flows from Capital and Related Financing Activities:			
Intergovernmental Revenues	-	222,667	222,667
Acquisition and Construction of Capital Assets	(749,363)	(4,009,041)	(4,758,404)
MCWT Project Drawdowns	749,210	2,740,991	3,490,201
Proceeds from Bonds and Notes	-	1,790,000	1,790,000
Principal Payments on Bonds and Notes	(25,000)	(510,500)	(535,500)
Interest Expense	(771)	(71,473)	(72,244)
Net Cash Provided by (Used for) Capital and Related Financing Activities	(25,924)	162,644	136,720
Cash Flows from Investing Activities:			
Proceeds/(Purchase) of Investments	(560)	(368)	(928)
Investment Income	560	368	928
Net Cash Provided by (Used for) Investing Activities	-	-	-
Net Increase (Decrease) in Cash and Cash Equivalents	378,651	774,437	1,153,088
Cash and Cash Equivalents at Beginning of Year	368,702	1,848,219	2,216,921
Cash and Cash Equivalents at End of Year	\$ 747,353	\$ 2,622,656	\$ 3,370,009
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used For) Operating Activities:			
Operating Income (Loss)	\$ 366,451	\$ 697,201	\$ 1,063,652
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation	122,469	149,291	271,760
Deferred (Outflows)/Inflows of Resources Related to Pensions	13,908	8,448	22,356
Deferred (Outflows)/Inflows of Resources Related to OPEB	235,250	266,601	501,851
Change in Assets and Liabilities:			
Increase (Decrease) in Warrants Payable	9,122	(26,068)	(16,946)
Increase (Decrease) in Accrued Payroll	(854)	(2,619)	(3,473)
Increase (Decrease) in Compensated Absences	-	6,637	6,637
Increase (Decrease) in OPEB Obligation Payable	(349,030)	(330,233)	(679,263)
Increase (Decrease) in Net Pension Liability	38,210	(21,076)	17,134
Decrease (Increase) in User Charges Receivable	194	(51,669)	(51,475)
Total Adjustments	69,269	(688)	68,581
Net Cash Provided by (Used for) Operating Activities	\$ 435,720	\$ 696,513	\$ 1,132,233

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, 2022**

		Other Post Employment Benefit Trust Fund
		<hr/>
	ASSETS	
Investments		\$ 30,275
Total Assets		<hr/> 30,275 <hr/>
	NET POSITION	
Held in Trust for Other Postemployment Benefits		\$ 30,275
		<hr/> <hr/>

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, 2022**

	Other Post Employment Benefit Trust Fund
Additions:	
Employer Contributions	\$ 339,212
Investment Income	87
Total Additions	<u>339,299</u>
Deductions:	
Other Postemployment Benefits	<u>329,212</u>
Total Deductions	<u>329,212</u>
Change in Net Position	<u>10,087</u>
Net Position at Beginning of Year	<u>20,188</u>
Net Position at End of Year	<u><u>\$ 30,275</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, 2022

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 2022, 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.

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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, 2022

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
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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.

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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, 2021 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 2022 on June 28, 2021, that were due on August 2, 2021 and November 1, 2021 and actual bills on December 28, 2021 that were due on February 1, 2022 and May 2, 2022.

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 2022 is as follows:

Legal Levy Limit Under Proposition	
2 1/2 for fiscal year 2022	\$ 13,114,072
Add: Debt Exclusion	1,183,810
Add: Capital expenditure exclusion	260,000
Maximum Allowable Levy	<u>\$ 14,557,882</u>

The total amount raised by taxation was \$14,550,650.

TOWN OF DUDLEY, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2022

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

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, 2022

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, 2022

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
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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. Material bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method.

The face amount of governmental funds long-term debt is reported as other financing sources. Bond premiums and discounts, as well as issuance costs, are recognized in the current period. Bond premiums are reported as other financing sources and bond discounts are reported as other financing uses. Issuance costs, whether or not withheld from the actual bond proceeds received, are reported as general government expenditures.

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, 2022

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 2022, the Town incurred a final budget deficit of \$188,938 for the General Fund.

TOWN OF DUDLEY, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2022

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

Unassigned fund balance:	
Free cash votes	\$ 110,818
Prior year's encumbrances	78,120
	<u>\$ 188,938</u>

B. Deficit Fund Balances

The following funds have deficits at June 30, 2022 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 \$150,000. The Town has an outstanding bond anticipation note for \$150,000. This deficit will be eliminated upon the issuance of permanent debt.
- The *Highway vehicles and equipment* capital project funds have deficits totaling \$135,000. The Town has an outstanding bond anticipation note of \$135,000 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 \$66,666. The Town has an outstanding bond anticipation note for \$66,666. This deficit will be eliminated upon the issuance of permanent debt.
- The *Highway complete streets* capital project fund has a deficit of \$26,883. The Town has an outstanding bond anticipation note for \$400,000. This deficit will be eliminated upon the issuance of permanent debt.
- The State Aid to Highway (Chapter 90) grant special revenue fund has a deficit of \$170,744. This deficit will be eliminated upon additional receipts or appropriation.
- The Department of Environmental Protection materials recovery grant special revenue fund has a deficit of \$480. This deficit will be eliminated upon additional receipts or appropriation.
- The Public Safety seatbelt grant special revenue fund has a deficit of \$4,819. This deficit will be eliminated upon additional receipts or appropriation.
- The Police Bulletproof vest grant special revenue fund has a deficit of \$15,810. This deficit will be eliminated upon additional receipts or appropriation.
- The Fire SAFE grant special revenue fund has a deficit of \$1,665. This deficit will be eliminated upon additional receipts or appropriation.
- The Emergency management (Covid-19) grants special revenue fund have deficits totaling \$180,531 (\$107,705 Covid-19 grant and \$72,826 for the Covid-19 vaccine grant). These deficits 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.
- The Inspectors revolving special revenue fund has a deficit of \$1,753. This deficit will be eliminated upon additional receipts or appropriation.

TOWN OF DUDLEY, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2022

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, 2022 were \$4,942,625. Of these, \$252,804 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, 2022, the Town had the following investments and maturities:

Investment Type	Fair Value	Investment Maturities (in Years)	
		Less Than 1	1 to 5
Debt Securities:			
U. S. treasury obligations	\$ 246,432	\$ 125,173	\$ 121,259
U. S. government agencies	57,014	20,055	36,959
Bond mutual funds	72,927	72,927	-
Corporate bonds	371,850	19,999	351,851
Money market mutual fund	60,822	60,822	-
	809,045	\$ 298,976	\$ 510,069
Other Investments:			
Certificate of deposits	69,980		
MMDT	973,257		
	<u>\$ 1,852,282</u>		

TOWN OF DUDLEY, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2022

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 \$1,852,282 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, 2022 is as follows:

Related Debt Instruments	Fair Value
Moody's Quality Ratings	
U. S. Treasury Obligations:	
Aaa	\$ 246,432
U. S. Government Agencies:	
Aaa	57,014
Corporate Bonds:	
A1	49,893
A2	107,966
A3	19,999
Baa1	99,033
Baa2	94,959
Bond Mutual Funds:	
Not rated	72,927
Money Market Mutual Funds:	
Not rated	60,822
	\$ 809,045

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, 2022

The Town has the following recurring fair value measurements as of June 30, 2022:

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	\$ 246,432	\$ 246,432	\$ -	\$ -
U. S. government agencies	57,014	57,014	-	-
Certificates of deposit	69,980	69,980	-	-
Money market mutual fund	60,822	60,822	-	-
Corporate bonds	371,850	-	371,850	-
	879,025	\$ 434,248	\$ 444,777	\$ -
Investments Measured at Amortized Cost:				
External Investment Pools (MMDT)	973,257			
Total Investments	\$ 1,852,282			

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, 2022, 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	\$ 302,977	\$ -	\$ 302,977
Tax liens	204,997	-	204,997
Excise taxes	378,387	(99,791)	278,596
Special assessments	486	-	486
Departmental	471,634	(144,528)	327,106
Due from other governments	1,169,785	-	1,169,785
	<u>\$ 2,528,266</u>	<u>\$ (244,319)</u>	<u>\$ 2,283,947</u>

TOWN OF DUDLEY, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2022

At June 30, 2022, receivables for the business-type activities consist of the following:

	Gross Amount	Allowance for Uncollectibles	Net Amount
Sewer Fund:			
Sewer user charges	\$ 137,672	\$ (11,253)	\$ 126,419
Sewer tax liens	5,600	-	5,600
Other	26,415	-	26,415
Special assessments	469	-	469
Water Fund:			
Water user charges	187,531	(10,085)	177,446
Water tax liens	9,684	-	9,684
	<u>\$ 367,371</u>	<u>\$ (21,338)</u>	<u>\$ 346,033</u>

The composition of amounts due from other governments as of June 30, 2022 for the governmental funds is as follows:

Governmental Funds:

General Fund:

Commonwealth of Massachusetts:

Department of Veterans Services:

Veteran's benefits \$ 97,318

Nonmajor Governmental Funds:

Commonwealth of Massachusetts:

Massachusetts Department of Transportation:

Highway Department - Chapter 90 funded projects 1,072,467

\$ 1,169,785

TOWN OF DUDLEY, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2022

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	\$	143,677	
Tax liens		204,997	
Excise taxes		278,596	
Departmental		301,994	
Due from other governments		97,318	\$ 1,026,582
Nonmajor governmental funds:			
Special assessments		486	
Due from other governments		902,022	902,508
			<u>\$ 1,929,090</u>

D. Capital Assets

Capital asset activity for the governmental and business-type activities for the year ended June 30, 2022, are as follows:

Governmental Activities	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	\$ 841,940	\$ -	\$ -	\$ 841,940
Construction in progress	15,000	110,748	(42,957)	82,791
Total capital assets not being depreciated	856,940	110,748	(42,957)	924,731
Capital assets being depreciated:				
Buildings and Renovations	24,157,100	25,110	-	24,182,210
Machinery, equipment and other	5,995,061	520,629	(228,440)	6,287,250
Infrastructure	9,318,029	66,394	-	9,384,423
Total capital assets being depreciated	39,470,190	612,133	(228,440)	39,853,883
Less accumulated depreciation for:				
Buildings and Renovations	9,311,237	920,589	-	10,231,826
Machinery, equipment and other	4,357,201	377,350	(228,440)	4,506,111
Infrastructure	6,098,262	297,939	-	6,396,201
Total accumulated depreciation	19,766,700	1,595,878	(228,440)	21,134,138
Total capital assets being depreciated, net	19,703,490	(983,745)	-	18,719,745
Total governmental activities capital assets, net	\$ 20,560,430	\$ (872,997)	\$ (42,957)	\$ 19,644,476

TOWN OF DUDLEY, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2022

Business-Type Activities	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	\$ 82,037	\$ -	\$ -	\$ 82,037
Construction in progress	1,368,272	4,901,066	(20,390)	6,248,948
Total capital assets not being depreciated	1,450,309	4,901,066	(20,390)	6,330,985
Capital assets being depreciated:				
Machinery, equipment and other	756,930	43,183	-	800,113
Infrastructure	13,034,302	20,390	-	13,054,692
Total capital assets being depreciated	13,791,232	63,573	-	13,854,805
Less accumulated depreciation for:				
Machinery, equipment and other	541,034	76,647	-	617,681
Infrastructure	7,787,091	195,113	-	7,982,204
Total accumulated depreciation	8,328,125	271,760	-	8,599,885
Total capital assets being depreciated, net	5,463,107	(208,187)	-	5,254,920
Total business-type activities capital assets, net	\$ 6,913,416	\$ 4,692,879	\$ (20,390)	\$ 11,585,905

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

Governmental Activities:

General government	\$ 318,923
Public safety	545,964
Public works	461,123
Health and human services	6,332
Culture and recreation	263,536
Total depreciation expense - governmental activities	<u>\$ 1,595,878</u>

Business-Type Activities:

Sewer fund	\$ 122,468
Water fund	149,292
Total depreciation expense - business-type activities	<u>\$ 271,760</u>

E. Interfund Receivables, Payables and Transfers

Interfund transfers for the fiscal year ended June 30, 2022, are summarized below:

Transfers Out:	Transfers In:			
	General fund	Nonmajor Governmental fund	Business-type fund	Total
General fund	\$ -	\$ 5,000	\$ 54,327	\$ 59,327
Nonmajor governmental funds	1,102,057	-	-	1,102,057
Business-type fund	170,192	-	-	170,192
Total transfers out	<u>\$ 1,272,249</u>	<u>\$ 5,000</u>	<u>\$ 54,327</u>	<u>\$ 1,331,576</u>

TOWN OF DUDLEY, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2022

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, 2021	Renewed/ Issued	Retired/ Redeemed	Outstanding June 30, 2022
Governmental Activities						
Bond Anticipation Notes:						
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	-
Highway sweeper	0.45%	12/15/2022	-	135,000	-	135,000
LED street light system	1.83%	5/26/2023	-	66,666	-	66,666
Municipal Center roof			-	150,000	-	150,000
Grant Anticipation Note:						
Chapter 90 Projects	0.60%	7/6/2021	170,744	-	170,744	-
Complete streets	1.50%	7/13/2022	-	400,000	-	400,000
Total Governmental Activities			<u>\$ 1,044,077</u>	<u>\$ 751,666</u>	<u>\$ 1,044,077</u>	<u>\$ 751,666</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, 2021	Renewed/ Issued	Retired/ Redeemed	Outstanding June 30, 2022
Business-Type Activities:						
Bond Anticipation Notes:						
Sewer Fund:						
Sewer project	0.60%	12/15/2021	\$ 100,000	\$ -	\$ 100,000	\$ -
Sewer project	0.45%	12/15/2022	-	75,000	-	75,000
Massachusetts Clean Water Trust Notes:						
Interim Loan: CWP 20-14	0.00%	6/29/2025	-	749,210	-	749,210
Water Fund:						
Water project	0.39%	5/27/2022	185,000	-	185,000	-
Water projects	1.25%	1/19/2023	-	1,790,000	-	1,790,000
Massachusetts Clean Water Trust Notes:						
Interim Loan: DWP 20-25	0.00%	6/29/2025	-	2,740,991	-	2,740,991
Total Business-type activities			<u>\$ 285,000</u>	<u>\$ 5,355,201</u>	<u>\$ 285,000</u>	<u>\$ 5,355,201</u>

TOWN OF DUDLEY, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2022

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, 2022
Inside Debt:					
Municipal building renovation	4.20%	12/13/2002	12/15/2022	\$ 5,770,000	\$ 285,000
Municipal building renovation	4.13%	4/6/2004	12/15/2022	1,840,000	95,000
New Fire Station	3.02%	5/15/2018	5/15/2038	6,405,000	5,120,000
Total governmental type debt					<u>\$ 5,500,000</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, 2022, are as follows:

Year	Principal	Interest	Total
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	320,000	120,800	440,800
2028-2032	1,600,000	460,000	2,060,000
2033-2037	1,600,000	212,000	1,812,000
2038	320,000	10,880	330,880
	<u>\$ 5,500,000</u>	<u>\$ 1,420,527</u>	<u>\$ 6,920,527</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, 2022
Outside Debt:					
Water Fund:					
Water Main Healy Road	2.00%	10/15/2012	10/15/2022	\$ 450,000	\$ 45,000
Water Main Dudley Oxford Road	2.00%	10/15/2012	10/15/2022	850,000	85,000
Water projects	2-5%	5/27/2021	5/25/2041	1,795,000	1,600,000
Total Outside Debt					<u>1,730,000</u>
Total Business-type debt					<u>\$ 1,730,000</u>

TOWN OF DUDLEY, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2022

Future Debt Service

The annual principal and interest payments to retire all business-type long-term debt outstanding as of June 30, 2022, are as follows:

Year	Principal	Interest	Total
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	70,000	27,175	97,175
2028-2032	345,000	87,575	432,575
2033-2037	300,000	43,875	343,875
2038-2041	240,000	12,750	252,750
	<u>\$ 1,730,000</u>	<u>\$ 352,625</u>	<u>\$ 2,082,625</u>

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

	Balance July 1, 2021	Additions	Reductions	Balance June 30, 2022	Amounts Due within One Year
Governmental activities:					
Bonds Payable:					
General obligation bonds	\$ 6,200,000	\$ -	\$ 700,000	\$ 5,500,000	\$ 700,000
Compensated absences	291,596	52,034	5,377	338,253	67,650
Net OPEB liability	16,166,144	-	4,837,998	11,328,146	-
Net pension liability	11,506,634	-	204,143	11,302,491	-
Governmental activity Long-term liabilities	<u>\$ 34,164,374</u>	<u>\$ 52,034</u>	<u>\$ 5,747,518</u>	<u>\$ 28,468,890</u>	<u>\$ 767,650</u>
Business-type activities:					
Bonds Payable:					
General obligation bonds	\$ 2,055,000	\$ -	\$ 325,000	\$ 1,730,000	\$ 325,000
Compensated absences	10,200	6,637	-	16,837	-
Net OPEB liability	1,995,742	-	679,263	1,316,479	-
Net pension liability	1,107,523	17,134	-	1,124,657	-
Business-type activity Long-term liabilities	<u>\$ 5,168,465</u>	<u>\$ 23,771</u>	<u>\$ 1,004,263</u>	<u>\$ 4,187,973</u>	<u>\$ 325,000</u>

TOWN OF DUDLEY, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2022

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, 2022 totaled \$5,500,000.

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, 2022:

Equalized Valuation-Real Estate and Personal Property (2022)		<u>\$ 1,305,684,900</u>
Debt Limit: 5 % of Equalized value		65,284,245
Total Debt Outstanding	\$ 7,230,000	
Less: Debt Outside Debt Limit	<u>(1,730,000)</u>	<u>5,500,000</u>
Inside Debt Excess Borrowing Capacity at June 30, 2022		<u>\$ 59,784,245</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, 2022 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	\$ 550,790
6/22/2020	Drinking Water Systems improvement projects	2,484,009
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 Asset Management	60,000
5/24/2021	Water Treatment Plant and mains PFAS construction	11,500,000
10/25/2021	Highway Brine Machine	110,000
10/25/2021	Police and Fire Department vehicles	280,000
5/23/2022	Partridge Hill subdivision improvements	105,000
		<u>\$ 15,454,299</u>

TOWN OF DUDLEY, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2022

H. Fund Balances

The following is a summary of the Town's Governmental fund balances at the year ended June 30, 2022:

	General Fund	Major Funds	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable:				
Permanent funds	\$ -	\$ -	\$ 57,450	\$ 57,450
Restricted:				
Federal and state grants	-	-	513,396	513,396
Town Revolving funds	-	-	134,328	134,328
Gifts and donations	-	-	114,439	114,439
Capital projects	-	-	378	378
Permanent funds	-	-	32,692	32,692
Pearle L. Crawford Library endowment fund	-	1,561,209	-	1,561,209
Other	-	-	167,203	167,203
	-	1,561,209	962,436	2,523,645
Committed:				
Insurance and employee benefits	-	-	104,578	104,578
Other	-	-	30,135	30,135
	-	-	134,713	134,713
Assigned:				
General government	38,613	-	-	38,613
Public safety	1,344	-	-	1,344
Public works	135	-	-	135
Culture and recreation	9,722	-	-	9,722
Subsequent year's budget	423,350	-	-	423,350
	473,164	-	-	473,164
Unassigned:				
General Fund	1,341,168	-	-	1,341,168
Deficit special revenue funds	-	-	(377,143)	(377,143)
Deficit capital projects	-	-	(378,549)	(378,549)
	1,341,168	-	(755,692)	585,476
Total Governmental fund balances	\$ 1,814,332	\$ 1,561,209	\$ 398,907	\$ 3,774,448

TOWN OF DUDLEY, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2022

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, 2022 the balances in the stabilization funds are reported in the General Fund as unassigned fund balance consisting of the following:

General purpose stabilization fund	\$ 103,567
Capital stabilization fund	121,429
	<u>\$ 224,996</u>

4. OTHER INFORMATION

A. Risk Management

The Town is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters. The Town has obtained a variety of commercial liability insurance policies which passes the risk of loss listed above to independent third parties.

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

Hampshire County Health Group

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

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

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

As of the HCHG's most recent audited financial statements (fiscal year ended June 30, 2021), the HCHG had an unrestricted net asset balance of \$33,671,577.

TOWN OF DUDLEY, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2022

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, 2022, cannot be ascertained, management believes any resulting liability should not materially affect the financial position at June 30, 2022.

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

C. Subsequent Events

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

D. Tax Abatements

The Town enters into property tax abatement agreements with local businesses under the Commonwealth of Massachusetts Economic Development Incentive Program Act of 1993 and as amended in 2009. Under this Act, state municipalities may grant property tax abatements of up to 100% of a business' property tax bill for the purpose of attracting or retaining these businesses within their jurisdictions. The abatements may be granted to any business located within or promising to relocate to the Town of Dudley. As of June 30, 2022, 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 \$2,349 of abatements in this fiscal year.

E. Pension Plan

Plan Description

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

TOWN OF DUDLEY, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2022

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 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, 2021 was \$1,091,367, representing 29.35% of the covered payroll, an actuarially determined amount that, when combined with plan member contributions, is expected to finance the costs of benefits earned by plan members during the year and an additional amount to finance any unfunded accrued liability.

Pension Liability

As of June 30, 2022, the Town reported a liability of \$12,427,148 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2021, 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, 2021, the Town's proportional percentage was 1.4759%, which was a slight increase from the last measurement.

TOWN OF DUDLEY, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2022

Pension Expense

For the year ended June 30, 2022, the Town recognized a pension expense of \$1,137,286; and reported deferred outflows of resources related to pensions of \$1,484,934 from the changes in assumptions and change in allocated proportion; and deferred inflows of resources related to pensions of \$2,190,730 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,		
	2023	\$ (153,991)
	2024	(310,818)
	2025	(176,586)
	2026	(131,783)
	Thereafter:	67,382
		<u>\$ (705,796)</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, 2021:

Valuation date	January 1, 2020
Actuarial cost method	Entry Age Normal
Amortization method UAAL	Increasing dollar amount at 4.00% to reduce the Unfunded Actuarial Accrued Liability to zero on or before June 30, 2036. The annual increase in appropriation is further limited to 9.95%.
2002, 2003 ERI	Increasing dollar amount at 4.50% to reduce the 2002 and 2003 ERI Actuarial Accrued Liability to zero on or before June 30, 2028.
Asset valuation method	Is the market value of assets as of the valuation date reduced by the sum of: 80% of gains and losses of the prior year. 60% of gains and losses of the second prior year. 40% of gains and losses of the third prior year. 20% of gains and losses of the fourth prior year. Investment gains and losses are determined by the excess or deficiency of the expected return over the actual return on the market value. The actuarial value of assets is further constrained to be not less than 80% or more than 120% of the market value.
Inflation	2.40% 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	7.25%, net of pension plan investment expense, including inflation

TOWN OF DUDLEY, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2022

Mortality rates

RP-2014 Blue Collar Mortality Table with full generational mortality improvement using Scale MP-2020.

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-2020.

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 weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major class included in the pension plan's target asset allocation as of December 31, 2021, are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global Equity	38%	4.22%
Fixed income	23%	0.70%
Private Equity	15%	7.70%
Real Estate	10%	3.60%
Timber/Natural Resources	4%	4.20%
Portfolio Completion Strategies	10%	3.00%
Total	100%	

Rate of Return

For the year ended December 31, 2021, the annual money-weighted rate of return, net of pension plan investment expense, was 19.74%. 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 7.25%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rates and that member employer contributions will be made in accordance with Section 22D and Section 22F of MGL Chapter 32. Based on those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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 7.25%.

TOWN OF DUDLEY, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2022

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 (6.25%) or 1-percentage-point higher (8.25%) than the current rate:

	1% Decrease 6.25%	Current Discount Rate 7.25%	1% Increase 8.25%
Net pension liability	\$ 15,675,914	\$ 12,427,148	\$ 9,682,016

F. Other Post-Employment Benefits Payable (OPEB)

GASB Statement No. 74 and GASB Statement No. 75

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

Plan Description

In addition to providing pension benefits, the Town provides post-employment health care and life insurance benefits for retired employees, their dependents and beneficiaries. The benefits, benefit levels, employee and employer contributions are governed by Massachusetts General Law Chapter 32. There are approximately 101 active, retired/disabled employees and beneficiaries 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, 2022, 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 2022 fiscal year, the total Town premiums plus implicit costs for the retiree medical program were \$329,212. The Town also made a contribution to an OPEB Trust of \$10,000 for a total contribution during the measurement period of \$339,212 to be reported on the financial statement for the fiscal year ending June 30, 2022. The Town did establish a trust fund in order to contribute funds to reduce the future OPEB liability. The trust balance is \$30,275 as of June 30, 2022.

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.

TOWN OF DUDLEY, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2022

Accordingly, the net OPEB liability was measured as of June 30, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of July 1, 2021.

Plan Membership:

Current active members	59
Current retirees, beneficiaries and dependents	42
Total	<u>101</u>

Net OPEB Liability

The components of the net OPEB liability are as follows:

	<u>6/30/2022</u>
Total OPEB liability	\$ 12,674,900
Less: Plan fiduciary net position	<u>(30,275)</u>
Town's Net OPEB liability	<u>\$ 12,644,625</u>
Plan fiduciary net position as a percentage of the total OPEB liability	0.24%

Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of July 1, 2021, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified;

Valuation date	July 1, 2021
Actuarial cost method	Entry Age Normal
Single equivalent discount rate	3.54%, net of OPEB plan investment expense, including inflation
Participant salary increases	3.50% annually
Inflation rate	1.50% annually
Healthcare cost trend rates	2021 medical trend rates: 7.0% initially grading down 0.5% per annum to an ultimate trend rate of 4.5% annually in 2026
Mortality rates	For healthy participants, the mortality rates are from the SOA RPH-2014 Total Dataset headcount-weighted fully generational mortality table with projection Scale MP-2021.

The actuarial assumptions used in the July 1, 2021 valuation were reflective of published municipal bond indices; the Bond Buyer's 20 Bond Index as of June 30, 2022 is 3.54%.

Long-term Expected Rate of Return

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

TOWN OF DUDLEY, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2022

target asset allocation percentage and by adding expected inflation. The chart below shows how the long-term rate of return on assets is developed based on the Town's Investment Policy Statement.

Asset Class	Target Allocation	Long-Term Expected Rate of Return
Domestic Bonds	90.00%	3.00%
Cash and cash equivalents	10.00%	0.00%
Total	100.00%	

Rate of Return

For the year ended June 30, 2022, the annual money-weighted rate of return (which expresses investment performance), net of investment expense was 0.29%.

Changes in the Net OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Total OPEB Liability
Balances at June 30, 2021	\$ 18,182,074	\$ 20,188	\$ 18,161,886
Service cost	667,627	-	667,627
Interest	341,235	-	341,235
Changes in benefit terms	-	-	-
Changes in assumptions	(3,235,195)	-	(3,235,195)
Difference between actual and expected experience	(2,951,629)	(349)	(2,951,280)
Net investment income	-	436	(436)
Employer contributions to Trust	-	339,212	(339,212)
Benefit payments	(329,212)	(329,212)	-
Net change in total OPEB liability	(5,507,174)	10,087	(5,517,261)
Balances at June 30, 2022	\$ 12,674,900	\$ 30,275	\$ 12,644,625

Discount Rate

The discount rate used to measure the total OPEB liability was 3.54%. 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. The Town has adopted a formal written funding policy. The plan's investment advisor has provided an analysis of long-term real rates of return for various asset classes, which the actuary applied to the current asset allocation of the OPEB Trust fund. Based on these assumptions, the OPEB plan fiduciary net position was projected to be sufficient to make all projected future benefit payments of current plan members. Therefore, a discount rate of 3.54% was adopted as of the June 30, 2022 measurement date.

TOWN OF DUDLEY, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2022

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

The following presents the Town's the net OPEB liability as well as what the Town's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.54%) or 1-percentage-point higher (4.54%) than the current rate:

	1% Decrease (2.54%)	Current Discount Rate (3.54%)	1% Increase (4.54%)
Town's net OPEB liability	\$ 14,920,227	\$ 12,644,625	\$ 10,848,910

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 or 1-percentage-point higher than the current healthcare cost trend rates:

	1% Decrease	Healthcare Cost Trend Rates	1% Increase
Town's net OPEB liability	\$ 10,567,081	\$ 12,644,625	\$ 15,362,291

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, 2022, the GASB Statement No. 75 reporting period and fiscal year ending date, the Town recognized an OPEB expense of \$(277,045) and reported deferred outflows of resources related to OPEB of \$1,713,209 from the changes in assumptions and investment loss and deferred inflows of resources related to OPEB of \$5,208,500 from experience loss, the changes in assumptions and investment 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,	
2023	\$ (1,288,983)
2024	(1,010,404)
2025	(991,860)
2026	(204,044)
	<u>\$ (3,495,291)</u>

TOWN OF DUDLEY, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2022

G. Implementation of New GASB Pronouncements

The GASB issued Statement No. 87, *Leases*, for implementation in fiscal year 2022. The adoption of this standard did not have a material impact on the Town's financial statements.

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 adoption of this standard did not have a material impact on the Town's financial statements.

The GASB issued Statement No. 93, *Replacement of Interbank Offered Rates*, for implementation in fiscal 2022. The adoption of this standard did not have a material impact on the Town's financial statements.

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. The adoption of this standard did not have a material impact on the Town's financial statements.

The GASB issued Statement No. 98, *The Annual Comprehensive Financial Report*, for implementation in fiscal year 2022. The adoption of this standard did not have a material impact on the Town's financial statements.

H. Future GASB Pronouncements

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

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

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. 99, *Omnibus 2022*, clarification on GASB No. 34 Management's Discussion and Analysis; on GASB No. 63 Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position; requirements related to leases and requirements related to derivative instruments for implementation in fiscal year 2023 and 2024.

The GASB issued Statement No. 100, *Accounting Changes and Error Corrections—An Amendment of GASB No. 62*, for implementation in fiscal year 2024.

The GASB issued Statement No. 101, *Compensated Absences*, for implementation in fiscal year 2025.

REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF DUDLEY, MASSACHUSETTS
Required Supplementary Information
Pension Schedules
Worcester Regional Retirement System
For the Year Ended June 30, 2022

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
12/31/2021	1.4759%	\$ 12,427,148	\$ 3,718,166	334.23%	56.19%
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 Retirement System
For the Year Ended June 30, 2022

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
12/31/2021	\$ 1,091,367	\$ (1,091,367)	\$ -	\$ 3,718,166	29.35%
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, 2022

Schedule of Changes in the Net OPEB Liability:

	<u>6/30/2022</u>	<u>6/30/2021</u>	<u>6/30/2020</u>
Total OPEB liability			
Service cost	\$ 667,627	\$ 728,352	\$ 482,506
Interest on net OPEB liability	341,235	393,376	472,109
Changes in Benefit terms	-	-	-
Changes in Assumptions	(3,235,195)	165,776	2,642,577
Difference between actual and expected experience	(2,951,629)	-	(373,974)
Benefit payments, including refunds of member contributions	(329,212)	(351,926)	(314,958)
Net change in total OPEB liability	(5,507,174)	935,578	2,908,260
Prior period adjustments	-	-	14,338,236
Total OPEB liability-beginning	18,182,074	17,246,496	-
Total OPEB liability-ending (a)	<u>\$ 12,674,900</u>	<u>\$ 18,182,074</u>	<u>\$ 17,246,496</u>
Plan fiduciary net position			
Difference between actual and expected experience	\$ (349)	\$ (191)	\$ 53
Net investment income	436	224	274
Employer contributions to Trust	339,212	361,926	316,958
Benefit payments, including refunds of member contributions	(329,212)	(351,926)	(314,958)
Net change in plan fiduciary net position	10,087	10,033	2,327
Total fiduciary net position-beginning	20,188	10,155	7,828
Total fiduciary net position-ending (b)	<u>\$ 30,275</u>	<u>\$ 20,188</u>	<u>\$ 10,155</u>
Town's net OPEB liability (a-b)	<u>\$ 12,644,625</u>	<u>\$ 18,161,886</u>	<u>\$ 17,236,341</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, 2022

Schedule of Changes in the Net OPEB Liability:

	<u>6/30/2019</u>	<u>6/30/2018</u>	<u>6/30/2017</u>
Total OPEB liability			
Service cost	\$ 451,737	\$ 550,377	\$ 406,676
Interest on net OPEB liability	503,429	447,112	451,210
Changes in Benefit terms	-	-	-
Changes in Assumptions	955,087	-	1,252,925
Difference between actual and expected experience	-	-	(1,118,067)
Benefit payments, including refunds of member contributions	(255,147)	(245,588)	(276,758)
Net change in total OPEB liability	1,655,106	751,901	715,986
Prior period adjustments	(1,924,992)	-	2,128,284
Total OPEB liability-beginning	14,608,122	13,856,221	11,011,951
Total OPEB liability-ending (a)	<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	\$ (83)	\$ -	\$ -
Net investment income	56	178	(28)
Employer contributions to Trust	256,147	246,589	277,758
Benefit payments, including refunds of member contributions	(255,147)	(245,588)	(276,758)
Net change in plan fiduciary net position	973	1,179	972
Total fiduciary net position-beginning	6,855	5,676	4,704
Total fiduciary net position-ending (b)	<u>\$ 7,828</u>	<u>\$ 6,855</u>	<u>\$ 5,676</u>
Town's net OPEB liability (a-b)	<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, 2022

Schedule of Net OPEB Liability:

	<u>6/30/2022</u>	<u>6/30/2021</u>	<u>6/30/2020</u>
Total OPEB liability	\$ 12,674,900	\$ 18,182,074	\$ 17,246,496
Less: Plan fiduciary net position	(30,275)	(20,188)	(10,155)
Town's Net OPEB liability	<u>\$ 12,644,625</u>	<u>\$ 18,161,886</u>	<u>\$ 17,236,341</u>
Plan fiduciary net position as a percentage of the total OPEB liability	0.24%	0.11%	0.06%
Town's share of covered employee payroll	\$ 4,399,246	\$ 3,229,319	\$ 3,229,319
Participating employer net OPEB liability (asset) as a percentage of covered-employee payroll	287.43%	562.41%	533.75%

Schedule of Contributions:

	<u>6/30/2022</u>	<u>6/30/2021</u>	<u>6/30/2020</u>
Actuarially determined contribution	\$ 329,212	\$ 351,926	\$ 314,958
Less: Contributions in relation to the actuarially determined contribution	(339,212)	(361,926)	(316,958)
Contribution deficiency (excess)	<u>\$ (10,000)</u>	<u>\$ (10,000)</u>	<u>\$ (2,000)</u>
Town's share of covered employee payroll	\$ 4,399,246	\$ 3,229,319	\$ 3,229,319
Contributions percentage of covered-employee payroll	7.5%	10.9%	9.8%
Annual money-weighted rate of return net of investment expense	0.29%	5.09%	3.33%

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, 2022

Schedule of Net OPEB Liability:

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

Schedule of Contributions:

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

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

TOWN OF DUDLEY, MASSACHUSETTS
Required Supplementary Information
Other Post Employment Benefit Plan Schedules
For the Year Ended June 30, 2022

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)		
6/30/2022	\$ 30,275	\$ 12,674,900	\$ 12,644,625	0.24%	\$ 4,399,246	287.43%		
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 SCHEDULE

TOWN OF DUDLEY, MASSACHUSETTS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2022

	Fund Balances July 1, 2021	Revenues	Expenditures	Other Financing Sources (Uses)	Fund Balances June 30, 2022
Special Revenue:					
Federal and State Grants:					
Arts Lottery Council Grants	\$ 8,622	\$ 13,404	\$ 13,976	\$ -	\$ 8,050
Cyber Security Grant	7,663	-	7,663	-	-
Elder Affairs Grants	12,405	23,797	27,746	-	8,456
Emergency Management Grants (COVID-19)	(77,282)	1,489,292	501,771	(1,090,769)	(180,530)
Green Community Grants	21,898	97,793	74,854	-	44,837
Information Technology Grant	8,327	-	1,300	-	7,027
Library Grants	119,546	19,141	31,542	-	107,145
Other Grants and Programs	15,892	86,352	57,554	-	44,690
Public Safety Grants	39,579	64,655	80,264	-	23,970
Public Works Grants	-	111,978	282,722	-	(170,744)
Wage Study Grant	11,288	-	-	(11,288)	-
Other:					
Ambulance Revolving	6,628	32,026	34,406	-	4,248
Board of Health Revolving Funds	3,681	-	2,706	-	975
Cemetery Revolving	8,600	1,088	6,829	-	2,859
Commission on Disabilities Fund	456	-	-	-	456
Conservation Funds	26,081	6,746	6,805	-	26,022
Council on Aging Meals Revolving	856	-	253	-	603
Deputy Collector Revolving	-	22,027	22,015	-	12
Fire Department Revolving	206	-	-	-	206
Firefighters Outside Details	-	14,758	14,758	-	-
Genealogy Research Revolving	4,663	837	1,462	-	4,038
Gift Shop Revolving	733	-	79	-	654
Gifts and Donations	71,547	147,628	104,736	-	114,439
Greater Media Cable Access	104,736	84,593	55,693	-	133,636
Highway cleanup fees	-	3,500	-	-	3,500
Inspection Revolving	157	48,293	50,204	-	(1,754)
Insurance Reimbursements	30,165	17,283	21,569	-	25,879
Total Special Revenue page 70	\$ 426,447	\$ 2,285,191	\$ 1,400,907	\$ (1,102,057)	\$ 208,674

TOWN OF DUDLEY, MASSACHUSETTS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2022

	Fund Balances July 1, 2021	Revenues	Expenditures	Other Financing Sources (Uses)	Fund Balances June 30, 2022
Continued from page 70	\$ 426,447	\$ 2,285,191	\$ 1,400,907	\$ (1,102,057)	\$ 208,674
Special Revenue (Continued):					
Other (Continued):					
Law Enforcement Drug Enforcement	30,913	75	2,579	-	28,409
Library Lost Book Revolving	2,079	885	-	-	2,964
Municipal Hearings Revolving	18	227	-	-	245
Planning Revolving	100	-	100	-	-
Police Arrest Warrant Services	561	-	-	-	561
Police Court Judgement	919	-	-	-	919
Police Cruiser Use Detail	8,084	1,963	-	-	10,047
Police DARE Program	(1,341)	-	-	-	(1,341)
Police Firearms Permit Services	18,797	5,950	-	-	24,747
Police Off-Duty Revolving	-	382,476	382,476	-	-
Premium on Bonds	18,581	11,968	7,500	-	23,049
Rail Trail-Sale of Steel	8,738	-	1,577	-	7,161
Road Machinery	7	-	-	-	7
Tax Title Fees Revolving	25,825	24,514	18,980	-	31,359
Title V Septic Repair Loan Repayments	82,002	-	-	-	82,002
Transportation Network Company	456	106	-	-	562
Underground Tank Cleanup	2,400	-	-	-	2,400
Veterans State Cost of Living Adjustment	-	9,006	7,584	-	1,422
Website Revolving Fund	784	1,000	-	-	1,784
West Main Street Sale of Bricks Revolving	2,637	25	-	-	2,662
Anniversary Fund	786	-	-	-	786
Clarinda Wood Fund	164,977	(7,802)	3,236	-	153,939
Compensated Absences Fund	7,259	4	-	-	7,263
Municipal Insurance Fund	7,164	4	-	-	7,168
Unemployment Compensation Fund	86,010	44	1,392	5,000	89,662
Workers Compensation Fund	485	-	-	-	485
Total Special Revenue Funds	\$ 894,688	\$ 2,715,636	\$ 1,826,331	\$ (1,097,057)	\$ 686,936

TOWN OF DUDLEY, MASSACHUSETTS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2022

	Fund Balances July 1, 2021	Revenues	Expenditures	Other Financing Sources (Uses)	Fund Balances June 30, 2022
Capital Projects:					
Ambulance	\$ -	\$ -	\$ 259,941	\$ 260,000	\$ 59
Dudley Municipal Center roof	(300,000)	-	-	150,000	(150,000)
Health and Human Services	319	-	-	-	319
Highway LED Street Light installation	(133,333)	-	-	66,667	(66,666)
Highway road/sidewalk infrastructure	-	-	26,883	-	(26,883)
Highway Vehicles and Equipment	(180,000)	-	-	45,000	(135,000)
Total Capital Projects	(613,014)	-	286,824	521,667	(378,171)
Perpetural Permanent Funds:					
Cemetery Perpetual Care Fund	54,475	2,975	-	-	57,450
Permanent Funds:					
Cemetery Perpetual Care Fund	30,104	3,116	5,000	-	28,220
Library Funds	4,471	1	-	-	4,472
Total Permanent Funds	34,575	3,117	5,000	-	32,692
Total - Non-Major Governmental Funds	\$ 370,724	\$ 2,721,728	\$ 2,118,155	\$ (575,390)	\$ 398,907