

TOWN OF DUDLEY, MASSACHUSETTS

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

For the Year Ended June 30, 2023

TOWN OF DUDLEY, MASSACHUSETTS
Report on the Examination of Basic Financial Statements
For the Year Ended June 30, 2023

TABLE OF CONTENTS

	<u>Page</u>
TABLE OF CONTENTS	2
INDEPENDENT AUDITOR’S REPORT	3-5
MANAGEMENT’S DISCUSSION AND ANALYSIS	6-14
BASIC FINANCIAL STATEMENTS	15
Government-Wide Financial Statements	
Statement of Net Position	16
Statement of Activities	17
Fund Financial Statements	
Balance Sheet - Governmental Funds	18
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	19
Reconciliation of the Governmental Funds Balance Sheet Total Fund Balances to the Statement of Net Position	20
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	21
Statement of Revenues and Expenditures – Budgetary Basis – (Non-GAAP) – Budget and Actual – General Fund	22
Reconciliation of Revenues and Expenditures from Budgetary Basis to GAAP Basis	23
Statement of Net Position – Proprietary Funds	24
Statement of Revenues, Expenses and Changes in Net Position – Proprietary Funds	25
Statement of Cash Flows – Proprietary Funds	26
Statement of Fiduciary Net Position – Fiduciary Funds	27
Statement of Changes in Fiduciary Net Position – Fiduciary Funds	28
Notes to the Financial Statements	29-62
REQUIRED SUPPLEMENTARY INFORMATION	63
Pension Plan Schedules	64-65
Other Post Employment Benefit Plan Schedules	66-70
SUPPLEMENTARY SCHEDULE	71
Schedule of Revenues, Expenditures and Changes in Fund Balances – Non-Major Governmental Funds	72-74

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, 2023, 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, 2023, 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 judgment 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 March 15, 2024, 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 and Associates, LLC

Scanlon & Associates, LLC
South Deerfield, Massachusetts

March 15, 2024

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, 2023. 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 assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by \$1,488,163 (net position) for the fiscal year reported. This compares to the previous year when liabilities and deferred inflows of resources exceeded its assets and deferred outflows of resources by \$1,539,793, or an increase of \$3,027,956 (197%) over last fiscal year's total net position.
- At the close of the current fiscal year, the Town's governmental funds reported total ending fund balance of \$4,661,716, an increase of \$887,268 (24%) in comparison with prior year.
- The General Fund's total fund balance increased \$520,167 (29%) to \$2,334,499. The ending fund balance is 10% of revenues and transfers in and 11% of expenditures and transfers out.
- Total liabilities of the Town increased by \$7,759,910 (19%) to \$47,956,775 during the fiscal year. The major components of this increase are due to a net increase in warrants payable of \$1,692,212, in the pension liability of \$2,719,855 and in bonds payable of \$3,897,861; and a net decrease in bond anticipation notes payable of \$657,015.
- The Town had free cash certified by the Department of Revenue in the amount of \$1,370,098. The key factors that attributed to the free cash amount for fiscal year 2023 were unexpended/unencumbered appropriations of \$281,800, excess over budget state and local receipts of \$514,200 and excess over budget other financing sources of \$63,400.

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

➤ Sewer Fund	\$ 1,243,856.
➤ Water Fund	\$ 918,456.

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		
	2023	2022	Change
Assets:			
Current assets	\$ 9,299,298	\$ 7,621,704	\$ 1,677,594
Capital assets	19,363,577	19,644,476	(280,899)
Total assets	28,662,875	27,266,180	1,396,695
Deferred Outflows of Resources	2,957,931	2,912,006	45,925
Liabilities:			
Current liabilities (excluding debt)	2,342,185	1,257,316	1,084,869
Current debt	1,009,346	1,451,666	(442,320)
Noncurrent liabilities (excluding debt)	25,665,729	22,901,240	2,764,489
Noncurrent debt	4,500,674	4,800,000	(299,326)
Total liabilities	33,517,934	30,410,222	3,107,712
Deferred Inflows of Resources	3,639,924	6,652,533	(3,012,609)
Net Position:			
Net investment in capital assets	13,853,557	13,392,810	460,747
Restricted	3,772,088	3,856,720	(84,632)
Unrestricted	(23,162,697)	(24,134,099)	971,402
Total net position	\$ (5,537,052)	\$ (6,884,569)	\$ 1,347,517

	Business-Type Activities		
	2023	2022	Change
Assets:			
Current assets	\$ 4,876,896	\$ 4,006,074	\$ 870,822
Capital assets	16,626,241	11,585,905	5,040,336
Total assets	21,503,137	15,591,979	5,911,158
Deferred Outflows of Resources	272,190	286,137	(13,947)
Liabilities:			
Current liabilities (excluding debt)	593,798	243,469	350,329
Current debt	5,215,996	5,680,201	(464,205)
Noncurrent liabilities (excluding debt)	2,737,330	2,457,973	279,357
Noncurrent debt	5,891,717	1,405,000	4,486,717
Total liabilities	14,438,841	9,786,643	4,652,198
Deferred Inflows of Resources	311,271	746,697	(435,426)
Net Position:			
Net investment in capital assets	5,518,528	4,500,704	1,017,824
Restricted	1,733,905	1,617,383	116,522
Unrestricted	(227,218)	(773,311)	546,093
Total net position	\$ 7,025,215	\$ 5,344,776	\$ 1,680,439

Financial Highlights

Statement of Activities Highlights

	Governmental Activities		
	2023	2022	Change
Program Revenues:			
Charges for services	\$ 2,065,440	\$ 1,972,180	\$ 93,260
Operating grants and contributions	2,928,131	1,951,653	976,478
Capital grants and contributions	1,350,177	464,442	885,735
General Revenues:			
Property taxes	14,607,062	14,508,395	98,667
Motor vehicle and other excise taxes	1,817,704	1,692,805	124,899
Penalties and interest on taxes	179,950	172,863	7,087
Nonrestricted grants	2,153,334	2,141,649	11,685
Unrestricted investment income	90,714	(7,747)	98,461
Miscellaneous	1,993	1,134	859
Total revenues	25,194,505	22,897,374	2,297,131
Expenses:			
General government	2,653,019	2,525,512	127,507
Public safety	4,933,421	4,578,288	355,133
Public works	2,075,806	1,630,294	445,512
Education	11,173,458	10,379,712	793,746
Health and human services	261,204	251,200	10,004
Culture and recreation	692,800	733,539	(40,739)
Employee benefits and insurance	2,011,758	1,801,913	209,845
State assessments	42,102	33,709	8,393
Interest	200,553	213,382	(12,829)
Total expenses	24,044,121	22,147,549	1,896,572
Contributions to Permanent Funds	2,125	2,975	(850)
Net Transfers	195,008	115,865	79,143
Change in net position	1,347,517	868,665	478,852
Net position - beginning of year	(6,884,569)	(7,753,234)	868,665
Net position - end of year	\$ (5,537,052)	\$ (6,884,569)	\$ 1,347,517

	Business-Type Activities		
	2023	2022	Change
Program Revenues:			
Charges for services	\$ 3,642,670	\$ 3,209,779	\$ 432,891
Operating grants and contributions	41,649	928	40,721
Capital grants and contributions	601,236	222,667	378,569
Total revenues	4,285,555	3,433,374	852,181
Expenses:			
Sewer	1,139,734	1,080,605	59,129
Water	1,270,374	1,146,413	123,961
Total expenses	2,410,108	2,227,018	183,090
Transfers	(195,008)	(115,865)	(79,143)
Change in net position	1,680,439	1,090,491	589,948
Net position - beginning of year	5,344,776	4,254,285	1,090,491
Net position - end of year	\$ 7,025,215	\$ 5,344,776	\$ 1,680,439

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. Assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$1,488,163 at the close of fiscal year 2023.

Net position of \$19,372,085 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, \$5,505,993 represents resources that are subject to external restrictions on how they may be used. The remaining balance consists of *unrestricted net position* (\$23,389,915).

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 \$1,347,517 (20%) during the current fiscal year. The key elements of the increase in net position for fiscal year 2023 are attributed the net increases in the governmental fund balances of \$887,268, from the changes in the deferred outflow/(inflow) or resources related to OPEB of \$970,512, resources related to pensions of \$2,088,022 and due to the repayment of debt and leases \$659,980 and a net decrease from the changes in this year's pension liability of \$2,446,444.

There was an increase of \$1,680,439 (31%) in net position reported in connection with the business-type activities. Of this, there were increases of \$499,547 attributed to the sewer department and of \$1,180,892 attributed to the water department.

Financial Analysis of the Government's Funds

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

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

As of the end of the current fiscal year, governmental funds reported combined ending fund balances of \$4,661,716, an increase of \$887,268 (24%) in comparison with the prior year.

The breakdown of the governmental funds is as follows:

- Nonspendable fund balance – \$59,575 (1%).
- Restricted fund balance – \$2,618,551 (56%).
- Committed fund balance – \$104,915 (2%).
- Assigned fund balance – \$594,277 (13%).
- Unassigned fund balance – \$1,284,398 (28%).

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 \$2,334,499 increasing \$520,167 (29%) from the prior year. Of the \$2,334,499, the unassigned amount is \$1,740,222 (75%) and the assigned amount is \$594,277 (25%). General fund revenues were \$385,289 (2%) more than the prior fiscal year and expenditures also increased by \$1,162,892 (6%). Other activities in the General fund are net transfers in from other funds of \$1,890,384.

The main components of the increase in general fund revenues were related to the increases in excise and other taxes in the amount of \$305,385 (19%) and in interest on investments of \$98,461 (1271%) 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 \$298,371 (21%).
- Increase in Public safety expenditures of \$204,760 (6%).
- Increase in Education expenditures of \$793,746 (8%).
- Decrease in Debt service expenditures (principal and interest) of \$289,812 (20%).

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 \$1,730,810 at the end of the fiscal year and shows an increase of \$169,601 (18%). This change is attributed to revenues of \$191,641 and expenditures of \$22,040.

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 \$1,901,282 and shows an increase of \$499,547 (36%) in total operations. This change was mainly attributed to operating revenues exceeding operating costs by \$479,491, interest and intergovernmental income of \$91,089, interest expense of \$10,659 and net transfers to governmental funds of \$60,374. Operating revenues increased by \$162,109 (11%) and operating expenses also increased by \$49,069 (5%) from the prior year.

The *Water Fund* is the financing and operations of the Town's water system. The water fund has accumulated a balance of \$5,123,933 and shows an increase of \$1,180,892 (30%) in total operations. This change resulted from operating revenues exceeding operating costs by \$911,704, interest and intergovernmental income of \$540,246, interest expense of \$147,974 and net transfers to governmental funds of \$134,634. Operating revenues increased by \$270,782 (15%) and operating expenses also increased by \$56,279 (5%) from the prior year.

General Fund Budgetary Highlights

The final general fund budget for fiscal year 2023 was \$22,114,224. This was an increase of \$689,202 (3%) over the previous year's budget.

There was an increase of \$1,526,750 between the original budget and the final amended budget. This change is attributed to votes at the special town meeting in October 2022 for various budget operating line items.

General fund expenditures were less than budgeted by \$324,697. Of the \$324,697 in under budget expenditures \$42,922 has been carried over to fiscal year 2024.

There was a negative variance in intergovernmental receipts of \$37,911 as expectations (budget) were higher than the receipts.

There were negative variances in public safety of \$736 and in debt service (interest) of \$8,930 due to higher actual payments than budgeted expenses.

The variance with the final budget was a positive \$1,033,419 consisting of a revenue surplus of \$751,644 and an appropriation surplus of \$281,775.

Capital Asset and Debt Administration

Capital Assets. The Town's investment in capital assets for its governmental and business-type activities amounts to \$19,363,577 and \$16,626,241, 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:

- Donated properties of \$9,887.
- Town Hall message sign for \$15,940.
- Police vehicle purchases for \$230,290.
- Fire Department vehicle purchase for \$58,876.
- Highway equipment purchase for \$114,923.
- Highway road improvements for \$864,955.
- Library electronic sign for \$17,035.
- Library improvements for \$30,795.
- Playground improvements for \$20,110.

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

In the sewer fund:

- Infrastructure projects for \$97,838.

In the water fund:

- Infrastructure projects for \$5,217,487.

Debt Administration. The Town's outstanding governmental long-term debt, as of June 30, 2023, totaled \$4,800,000 for the new fire station improvements.

The governmental activities currently have outstanding bond anticipation notes for \$670,000 for various vehicle, equipment and building projects.

The Town also has lease liabilities in the governmental type activities for the financing of a police vehicle. The last lease payment is due in 2025. The Town currently owes \$43,452 on the leases consisting of \$40,020 in principal and \$3,432 in interest.

The business-type funds have \$6,327,861 in long-term debt, of which \$863,107 is for sewer projects and \$5,464,754 is for water projects.

The business-type activities currently have outstanding bond anticipation notes for \$4,779,852. Of this, \$50,000 is for sewer projects and \$4,729,852 is for water projects.

Please refer to notes 3D, 3F, 3G and 3H 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, 2023 do not reflect the fiscal year 2024 Town Meeting action with the exception of the free cash and stabilization fund amounts used to fund the 2024 budget. The Annual Town Meeting on May 22, 2023 authorized a fiscal year 2024 operating and capital budget as follows:

From the tax levy	\$	21,827,027
From sewer receipts		1,517,322
From water receipts		2,661,798
From Other Available Funds:		
General Fund:		
Unassigned fund balance:		
Free cash		17,050
Stabilization fund		534,305
	\$	<u>26,557,502</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, 2023

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
CURRENT:			
Cash and Cash Equivalents	\$ 2,049,401	\$ 2,847,346	\$ 4,896,747
Investments	3,549,734	1,014,682	4,564,416
Investments in Custody of Trustees	1,730,810	-	1,730,810
Receivables, net of allowance for uncollectibles:			
Property Taxes	215,815	-	215,815
Tax Liens	167,364	12,560	179,924
Excise Taxes	177,368	-	177,368
User Charges	-	415,367	415,367
Other	-	26,415	26,415
Departmental	248,085	-	248,085
Special Assessments	-	581	581
Due from Other Governments	1,160,721	559,945	1,720,666
Total current assets	<u>9,299,298</u>	<u>4,876,896</u>	<u>14,176,194</u>
NONCURRENT:			
Capital Assets, net of accumulated Depreciation			
Nondepreciable	1,000,188	10,799,109	11,799,297
Depreciable	18,363,389	5,827,132	24,190,521
Total noncurrent assets	<u>19,363,577</u>	<u>16,626,241</u>	<u>35,989,818</u>
Total Assets	<u>28,662,875</u>	<u>21,503,137</u>	<u>50,166,012</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Outflows Related to Pensions	1,954,127	198,706	2,152,833
Deferred Outflows Related to OPEB	1,003,804	73,484	1,077,288
Total Deferred Outflows of Resources	<u>2,957,931</u>	<u>272,190</u>	<u>3,230,121</u>
LIABILITIES			
CURRENT:			
Warrants Payable	1,640,624	477,578	2,118,202
Accrued Payroll	118,119	10,784	128,903
Payroll Withholdings	37,599	-	37,599
Tax Refund Payable	45,900	-	45,900
Accrued Interest	37,834	104,586	142,420
Deposits	-	850	850
Other	393,498	-	393,498
Compensated Absences	68,611	-	68,611
Notes Payable	670,000	4,779,852	5,449,852
Leases Payable	19,346	-	19,346
Bonds Payable	320,000	436,144	756,144
Total current liabilities	<u>3,351,531</u>	<u>5,809,794</u>	<u>9,161,325</u>
NONCURRENT:			
Compensated Absences	274,442	19,392	293,834
Net OPEB Liability	11,642,352	1,319,870	12,962,222
Net Pension Liability	13,748,935	1,398,068	15,147,003
Leases Payable	20,674	-	20,674
Bonds Payable	4,480,000	5,891,717	10,371,717
Total noncurrent liabilities	<u>30,166,403</u>	<u>8,629,047</u>	<u>38,795,450</u>
Total Liabilities	<u>33,517,934</u>	<u>14,438,841</u>	<u>47,956,775</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflows Related to Pensions	508,027	51,659	559,686
Deferred Inflows Related to OPEB	3,131,897	259,612	3,391,509
Total Deferred Inflows of Resources	<u>3,639,924</u>	<u>311,271</u>	<u>3,951,195</u>
NET POSITION			
Net Investment in Capital Assets	13,853,557	5,518,528	19,372,085
Restricted for:			
Capital Projects	222,465	1,733,905	1,956,370
Federal & State Grants	1,357,035	-	1,357,035
Permanent Funds:			
Nonexpendable	59,575	-	59,575
Expendable	33,591	-	33,591
Other Purposes	2,099,422	-	2,099,422
Unrestricted	(23,162,697)	(227,218)	(23,389,915)
Total Net Position	<u>\$ (5,537,052)</u>	<u>\$ 7,025,215</u>	<u>\$ 1,488,163</u>

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, 2023**

	<u>Program Revenues</u>				<u>Net (Expenses) Revenues and Changes in Net Position</u>		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities:							
General Government	\$ 2,653,019	\$ 294,480	\$ 2,412,014	\$ -	\$ 53,475	\$ -	\$ 53,475
Public Safety	4,933,421	1,559,769	60,799	-	(3,312,853)	-	(3,312,853)
Public Works	2,075,806	164,232	1,980	1,350,177	(559,417)	-	(559,417)
Education	11,173,458	-	-	-	(11,173,458)	-	(11,173,458)
Health and Human Services	261,204	41,141	152,881	-	(67,182)	-	(67,182)
Culture and Recreation	692,800	5,818	300,403	-	(386,579)	-	(386,579)
Employee Benefits and Insurance	2,011,758	-	54	-	(2,011,704)	-	(2,011,704)
State Assessments	42,102	-	-	-	(42,102)	-	(42,102)
Interest	200,553	-	-	-	(200,553)	-	(200,553)
Total Governmental Activities	<u>24,044,121</u>	<u>2,065,440</u>	<u>2,928,131</u>	<u>1,350,177</u>	<u>(17,700,373)</u>	<u>-</u>	<u>(17,700,373)</u>
Business-Type Activities:							
Sewer	1,139,734	1,608,566	30,099	60,990	-	559,921	559,921
Water	1,270,374	2,034,104	11,550	540,246	-	1,315,526	1,315,526
Total Primary Government	<u>\$ 26,454,229</u>	<u>\$ 5,708,110</u>	<u>\$ 2,969,780</u>	<u>\$ 1,951,413</u>	<u>(17,700,373)</u>	<u>1,875,447</u>	<u>(15,824,926)</u>
General Revenues:							
Property Taxes					14,607,062	-	14,607,062
Motor vehicle excise and other taxes					1,817,704	-	1,817,704
Penalties & Interest on Taxes					179,950	-	179,950
Grants & Contributions not restricted to specific programs					2,153,334	-	2,153,334
Unrestricted Investment Income					90,714	-	90,714
Miscellaneous					1,993	-	1,993
Contributions to Permanent Funds					2,125	-	2,125
Transfers, net					195,008	(195,008)	-
Total General Revenues, Contributions and Transfers					<u>19,047,890</u>	<u>(195,008)</u>	<u>18,852,882</u>
Change in Net Position					1,347,517	1,680,439	3,027,956
Net Position:							
Beginning of year					(6,884,569)	5,344,776	(1,539,793)
End of year					<u>\$ (5,537,052)</u>	<u>\$ 7,025,215</u>	<u>\$ 1,488,163</u>

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

**TOWN OF DUDLEY, MASSACHUSETTS
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2023**

	General Fund	Pearle L. Crawford Memorial Library Endowment Fund	Nonmajor Governmental Funds	Total Governmental Funds
Assets:				
Cash and Cash Equivalents	\$ 934,946	\$ -	\$ 1,114,455	\$ 2,049,401
Investments	3,225,156	-	324,578	3,549,734
Investment in Custody of Others	-	1,730,810	-	1,730,810
Receivables, net of allowance for uncollectibles:				
Property Taxes	215,815	-	-	215,815
Tax Liens	167,364	-	-	167,364
Excise Taxes	177,368	-	-	177,368
Departmental	217,392	-	30,693	248,085
Due from Other Governments	105,417	-	1,055,304	1,160,721
Total Assets	\$ 5,043,458	\$ 1,730,810	\$ 2,525,030	\$ 9,299,298
Liabilities:				
Warrants Payable	\$ 1,632,285	\$ -	\$ 8,339	\$ 1,640,624
Accrued Payroll	94,052	-	24,067	118,119
Payroll Withholdings	37,599	-	-	37,599
Tax Refund Payable	45,900	-	-	45,900
Other	47,067	-	346,431	393,498
Notes Payable	-	-	670,000	670,000
Total Liabilities	1,856,903	-	1,048,837	2,905,740
Deferred Inflows of Resources - Unavailable Revenue	852,056	-	879,786	1,731,842
Fund Balance:				
Nonspendable	-	-	59,575	59,575
Restricted	-	1,730,810	887,741	2,618,551
Committed	-	-	104,915	104,915
Assigned	594,277	-	-	594,277
Unassigned	1,740,222	-	(455,824)	1,284,398
Total Fund Balance	2,334,499	1,730,810	596,407	4,661,716
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 5,043,458	\$ 1,730,810	\$ 2,525,030	\$ 9,299,298

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, 2023**

	General Fund	Pearle L. Crawford Memorial Library Endowment Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:				
Property Taxes	\$ 14,603,857	\$ -	\$ -	\$ 14,603,857
Intergovernmental	2,197,659	-	3,829,089	6,026,748
Excise and Other Taxes	1,918,932	-	-	1,918,932
Charges for Services	836,868	-	776,249	1,613,117
Licenses, Permits, Fees	591,330	-	-	591,330
Interest on Delinquent Taxes	179,950	-	-	179,950
Investment Income	90,714	191,641	10,222	292,577
Gifts and Donations	-	-	86,135	86,135
Other	-	-	81,232	81,232
Total Revenues	20,419,310	191,641	4,782,927	25,393,878
Expenditures:				
Current:				
General Government	1,742,822	-	621,801	2,364,623
Public Safety	3,606,270	-	1,068,754	4,675,024
Public Works	1,233,305	-	1,329,265	2,562,570
Education	11,173,458	-	-	11,173,458
Health and Human Services	208,820	-	46,052	254,872
Culture and Recreation	372,154	22,040	98,788	492,982
Employee Benefits and Insurance	2,263,045	-	46,597	2,309,642
State Assessments	42,102	-	-	42,102
Debt Service:				
Principal	961,666	-	-	961,666
Interest	185,885	-	-	185,885
Total Expenditures	21,789,527	22,040	3,211,257	25,022,824
Excess of Revenues Over (Under) Expenditures	(1,370,217)	169,601	1,571,670	371,054
Other Financing Sources (Uses):				
Operating Transfers In	2,049,643	-	105,000	2,154,643
Operating Transfers Out	(159,259)	-	(1,800,376)	(1,959,635)
Proceeds from Lease	-	-	59,540	59,540
Proceeds from Issuance of Bonds and Notes	-	-	261,666	261,666
Total Other Financing Sources (Uses)	1,890,384	-	(1,374,170)	516,214
Net Change in Fund Balances	520,167	169,601	197,500	887,268
Fund Balances, Beginning of Year	1,814,332	1,561,209	398,907	3,774,448
Fund Balances, End of Year	\$ 2,334,499	\$ 1,730,810	\$ 596,407	\$ 4,661,716

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, 2023

Net Change in Fund Balances - Total Governmental Funds	\$	887,268
<p>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:</p>		
Capital Outlay Purchases	\$ 1,362,811	
Depreciation	<u>(1,643,710)</u>	(280,899)
<p>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.</p>		
		(197,248)
<p>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:</p>		
Proceeds from Issuance of Bonds and Notes	(261,666)	
Proceeds from Lease	(59,540)	
Repayment of Debt and Lease Principal	<u>981,186</u>	659,980
<p>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:</p>		
Net Change in Compensated Absences	(4,800)	
Net Change in Net OPEB Liability	(314,206)	
Net Change in Deferred Outflow/(Inflow) of Resources Related to OPEB	970,512	
Net Change in Deferred Outflow/(Inflow) of Resources Related to Pensions	2,088,022	
Net Change in Net Pension Liability	(2,446,444)	
Net Change in Accrued Interest on Long-Term Debt	<u>(14,668)</u>	278,416
Change in Net Position of Governmental Activities	\$	<u>1,347,517</u>

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

TOWN OF DUDLEY, MASSACHUSETTS
Reconciliation of the Statement of Revenues, Expenditures
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Year Ended June 30, 2023

Net Change in Fund Balances - Total Governmental Funds \$ 887,268

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	\$ 1,362,811	
Depreciation	<u>(1,643,710)</u>	(280,899)

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. (197,248)

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	(261,666)	
Proceeds from Lease	(59,540)	
Repayment of Debt and Lease Principal	<u>981,186</u>	659,980

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	(4,800)	
Net Change in Net OPEB Liability	(314,206)	
Net Change in Deferred Outflow/(Inflow) of Resources Related to OPEB	970,512	
Net Change in Deferred Outflow/(Inflow) of Resources Related to Pensions	2,088,022	
Net Change in Net Pension Liability	(2,446,444)	
Net Change in Accrued Interest on Long-Term Debt	<u>(14,668)</u>	278,416

Change in Net Position of Governmental Activities \$ 1,347,517

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, 2023

	Budgeted Amounts			Actual		Variance with Final Budget Positive (Negative)
	Amounts Carried		Final Budget	Budgetary Basis	Amounts Carried	
	Forward from Prior Year	Original Budget				
Revenues:						
Property Taxes	\$ -	\$ 14,540,355	\$ 14,540,355	\$ 14,777,757	\$ -	\$ 237,402
Intergovernmental	-	2,235,570	2,235,570	2,197,659	-	(37,911)
Excise and Other Taxes	-	1,508,603	1,508,603	1,918,932	-	410,329
Charges for Services	-	814,490	814,490	836,868	-	22,378
Licenses, Permits, Fees	-	526,003	526,003	539,404	-	13,401
Interest on Delinquent Taxes	-	158,100	158,100	179,950	-	21,850
Investment Income	-	4,000	4,000	88,195	-	84,195
Total Revenues	-	19,787,121	19,787,121	20,538,765	-	751,644
Expenditures:						
Current:						
General Government	38,613	1,342,256	1,825,854	1,742,822	33,065	49,967
Public Safety	1,344	2,802,684	3,605,534	3,606,270	-	(736)
Public Works	135	1,049,117	1,287,065	1,233,305	135	53,625
Education	-	11,174,512	11,174,512	11,173,458	-	1,054
Health and Human Services	-	200,474	246,091	208,820	-	37,271
Culture and Recreation	9,722	392,188	398,739	372,154	9,722	16,863
Employee Benefits and Insurance	-	2,356,566	2,356,566	2,263,045	-	93,521
State Assessments	-	45,442	45,442	42,102	-	3,340
Debt Service:						
Principal	-	997,466	997,466	961,666	-	35,800
Interest	-	176,955	176,955	185,885	-	(8,930)
Total Expenditures	49,814	20,537,660	22,114,224	21,789,527	42,922	281,775
Excess of Revenues Over (Under) Expenditures	(49,814)	(750,539)	(2,327,103)	(1,250,762)	(42,922)	1,033,419
Other Financing Sources (Uses):						
Operating Transfers In	-	486,448	1,986,288	2,049,643	-	63,355
Operating Transfers Out	-	(59,259)	(574,142)	(574,142)	-	-
Total Other Financing Sources (Uses)	-	427,189	1,412,146	1,475,501	-	63,355
Net Change in Budgetary Fund Balance	(49,814)	(323,350)	(914,957)	\$ 224,739	\$ (42,922)	\$ 1,096,774
Other Budgetary Items:						
Free Cash and Other Reserves	-	323,350	865,143			
Prior Year Encumbrances	49,814	-	49,814			
Total Other Budgetary Items	49,814	323,350	914,957			
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, 2023

	Revenues	Expenditures
Reported on a Budgetary Basis	\$ 20,538,765	\$ 21,789,527
<u>Adjustments:</u>		
Activity for Stabilization Funds Recorded in the General Fund for GAAP Purposes	54,445	-
Net Decrease in Revenue from Recording 60-Day Receipts	(128,000)	-
Net Decrease in Revenue from Recording Refund Taxes Payable	(45,900)	-
Reported on a GAAP Basis	\$ 20,419,310	\$ 21,789,527

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, 2023**

	Business-Type Activities Enterprise Funds		
	Sewer Fund	Water Fund	Total
ASSETS			
CURRENT:			
Cash and Cash Equivalents	\$ 443,851	\$ 2,403,495	\$ 2,847,346
Investments	916,147	98,535	1,014,682
Receivables, net of allowance for uncollectibles:			
User Charges	159,968	255,399	415,367
Tax Liens	3,804	8,756	12,560
Other	26,415	-	26,415
Special Assessments	581	-	581
Due From Other Governments	83,591	476,354	559,945
Total current assets	1,634,357	3,242,539	4,876,896
NONCURRENT:			
Capital Assets, net of accumulated depreciation			
Nondepreciable	8,857	10,790,252	10,799,109
Depreciable	2,749,321	3,077,811	5,827,132
Total noncurrent assets	2,758,178	13,868,063	16,626,241
Total Assets	4,392,535	17,110,602	21,503,137
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Outflows Related to Pensions	114,746	83,960	198,706
Deferred Outflows Related to OPEB	28,804	44,680	73,484
Total Deferred Outflows of Resources	143,550	128,640	272,190
LIABILITIES			
CURRENT:			
Warrants Payable	28,431	449,147	477,578
Accrued Payroll	5,441	5,343	10,784
Accrued Interest	10,451	94,135	104,586
Deposits	850	-	850
Notes Payable	50,000	4,729,852	4,779,852
Bonds Payable	43,156	392,988	436,144
Total current liabilities	138,329	5,671,465	5,809,794
NONCURRENT:			
Compensated Absences	1,501	17,891	19,392
Net OPEB Liability	762,018	557,852	1,319,870
Net Pension Liability	807,335	590,733	1,398,068
Bonds Payable	819,951	5,071,766	5,891,717
Total noncurrent liabilities	2,390,805	6,238,242	8,629,047
Total Liabilities	2,529,134	11,909,707	14,438,841
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflows Related to Pensions	29,831	21,828	51,659
Deferred Inflows Related to OPEB	75,838	183,774	259,612
Total Deferred Inflows of Resources	105,669	205,602	311,271
NET POSITION			
Net Investment in Capital Assets	1,845,071	3,673,457	5,518,528
Restricted for Capital Projects	165,010	1,568,895	1,733,905
Unrestricted	(108,799)	(118,419)	(227,218)
Total Net Position	\$ 1,901,282	\$ 5,123,933	\$ 7,025,215

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, 2023**

	Business-Type Activities Enterprise Funds		
	Sewer Fund	Water Fund	Total
Operating Revenues:			
Charges for Services	\$ 1,608,566	\$ 2,034,104	\$ 3,642,670
Total Operating Revenues	1,608,566	2,034,104	3,642,670
Operating Expenses:			
Salaries & Wages	246,177	294,229	540,406
Operating Expenses	754,552	681,528	1,436,080
Depreciation	128,346	146,643	274,989
Total Operating Expenses	1,129,075	1,122,400	2,251,475
Operating Income (Loss)	479,491	911,704	1,391,195
Non-Operating Revenues (Expenses):			
Investment Income	30,099	11,550	41,649
Intergovernmental	60,990	540,246	601,236
Interest Expense	(10,659)	(147,974)	(158,633)
Total Non-Operating Revenues (Expenses)	80,430	403,822	484,252
Income (Loss) Before Operating Transfers	559,921	1,315,526	1,875,447
Operating Transfers:			
Transfers In	54,259	-	54,259
Transfers Out	(114,633)	(134,634)	(249,267)
Total Operating Transfers	(60,374)	(134,634)	(195,008)
Change in Net Position	499,547	1,180,892	1,680,439
Net Position at Beginning of Year	1,401,735	3,943,041	5,344,776
Net Position at End of Year	\$ 1,901,282	\$ 5,123,933	\$ 7,025,215

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, 2023**

	Business-Type Activities Enterprise Funds		
	Sewer Fund	Water Fund	Total
Cash Flows From Operating Activities:			
Receipts from Customers and Users	\$ 1,576,701	\$ 1,957,079	\$ 3,533,780
Payments to Vendors	(831,773)	(729,933)	(1,561,706)
Payments to Employees	(245,175)	(295,674)	(540,849)
Net Cash Provided by (Used for) Operating Activities	499,753	931,472	1,431,225
Cash Flows from Noncapital Financing Activities:			
Transfers from (to) Other Funds	(60,374)	(134,634)	(195,008)
Net Cash Provided by (Used for) Noncapital Financing Activities	(60,374)	(134,634)	(195,008)
Cash Flows from Capital and Related Financing Activities:			
Acquisition and Construction of Capital Assets	(97,838)	(4,969,628)	(5,067,466)
MCWT Project Drawdowns	91,296	4,322,507	4,413,803
Principal Payments on Bonds and Notes	(25,000)	(325,000)	(350,000)
Interest Expense	(338)	(71,878)	(72,216)
Net Cash Provided by (Used for) Capital and Related Financing Activities	(31,880)	(1,043,999)	(1,075,879)
Cash Flows from Investing Activities:			
Proceeds/(Purchase) of Investments	(741,100)	16,450	(724,650)
Investment Income	30,099	11,550	41,649
Net Cash Provided by (Used for) Investing Activities	(711,001)	28,000	(683,001)
Net Increase (Decrease) in Cash and Cash Equivalents	(303,502)	(219,161)	(522,663)
Cash and Cash Equivalents at Beginning of Year	747,353	2,622,656	3,370,009
Cash and Cash Equivalents at End of Year	\$ 443,851	\$ 2,403,495	\$ 2,847,346

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

Operating Income (Loss)	\$ 479,491	\$ 911,704	\$ 1,391,195
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation	128,346	146,643	274,989
Deferred (Outflows)/Inflows of Resources Related to Pensions	(121,616)	(89,305)	(210,921)
Deferred (Outflows)/Inflows of Resources Related to OPEB	(132,902)	(77,656)	(210,558)
Change in Assets and Liabilities:			
Increase (Decrease) in Warrants Payable	15,835	3,216	19,051
Increase (Decrease) in Accrued Payroll	860	(3,858)	(2,998)
Increase (Decrease) in Compensated Absences	142	2,413	2,555
Increase (Decrease) in OPEB Obligation Payable	339	3,052	3,391
Increase (Decrease) in Net Pension Liability	161,123	112,288	273,411
Decrease (Increase) in User Charges Receivable	(31,865)	(77,025)	(108,890)
Total Adjustments	20,262	19,768	40,030
Net Cash Provided by (Used for) Operating Activities	\$ 499,753	\$ 931,472	\$ 1,431,225

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, 2023**

	Other Post Employment Benefit Trust Fund
ASSETS	
Investments	\$ 39,890
Total Assets	39,890
NET POSITION	
Held in Trust for Other Postemployment Benefits	\$ 39,890

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, 2023**

	Other Post Employment Benefit Trust Fund
Additions:	
Employer Contributions	\$ 371,348
Investment Income	(385)
Total Additions	370,963
Deductions:	
Other Postemployment Benefits	361,348
Total Deductions	361,348
Change in Net Position	9,615
Net Position at Beginning of Year	30,275
Net Position at End of Year	\$ 39,890

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, 2023

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 2023, it was determined that no entities met the required GASB-39 and GASB-61 criteria for component units.

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

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

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

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

B. Government-Wide and Fund Financial Statements

Government-wide financial statements

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

TOWN OF DUDLEY, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2023

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, 2023

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

Fund financial statements

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

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

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

The Town reports the following major governmental fund:

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

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

The Town reports the following major proprietary funds:

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

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

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

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

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

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

TOWN OF DUDLEY, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2023

Additionally, the Town reports the following fund types:

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

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

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

D. Cash and Cash Equivalents

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

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

Investment income from proprietary funds is maintained in those funds.

E. Investments

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

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

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

Level 3 inputs are unobservable for the asset or liability.

TOWN OF DUDLEY, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2023

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, 2022 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 2023 on June 29, 2022, that were due on August 1, 2022 and November 1, 2022 and actual bills on December 29, 2022 that were due on February 1, 2023 and May 1, 2023.

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 2023 is as follows:

Legal Levy Limit Under Proposition	
2 1/2 for fiscal year 2023	\$ 13,588,539
Add: Debt Exclusion	<u>1,140,732</u>
Maximum Allowable Levy	<u><u>\$ 14,729,271</u></u>

The total amount raised by taxation was \$14,725,396.

TOWN OF DUDLEY, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2023

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, 2023

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, 2023

Fund financial statements

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

J. Net Position and Fund Balances

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

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

Net position has been "restricted for" the following:

"Capital projects" represents amounts restricted for capital purposes.

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

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

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

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

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

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

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

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

TOWN OF DUDLEY, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2023

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, 2023

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 2023, the Town incurred a final budget deficit of \$914,957 for the General Fund.

TOWN OF DUDLEY, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2023

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

Unassigned fund balance:			
Free cash votes	\$	865,143	
Prior year's encumbrances		49,814	
		914,957	
	\$	914,957	

B. Deficit Fund Balances

The following funds have deficits at June 30, 2023 as measured by the balances of unassigned fund balance.

- The *Highway vehicles and equipment* capital project funds have deficits totaling \$200,000. The Town has an outstanding bond anticipation note of \$200,000 for the sweeper and brine equipment. This deficit will be eliminated upon the issuance of permanent debt.
- The *Partridge Hill betterment* capital project fund has a deficit of \$61,026. The Town has a debt appropriation of \$105,000. This deficit will be eliminated upon the issuance of permanent debt.
- The *Tobin Farms betterment* capital project fund has a deficit of \$6,887. The Town has a debt appropriation of \$401,000. This deficit will be eliminated upon the issuance of permanent debt.
- The *Police vehicles* capital project fund has a deficit of \$180,000. The Town has an outstanding bond anticipation note of \$120,000 and an additional appropriation. 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 \$351. This deficit will be eliminated upon additional receipts or appropriation.
- The Police Bulletproof vest grant special revenue fund has a deficit of \$7,560. This deficit will be eliminated upon additional receipts or appropriation.

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, 2023 were \$5,193,028. Of these, \$353,460 are exposed to custodial credit risk as uninsured and uncollateralized.

TOWN OF DUDLEY, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2023

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, 2023, the Town had the following investments and maturities:

Investment Type	Fair Value	Investment Maturities (in Years)		
		Less Than 1	1 to 5	6 to 10
Debt Securities:				
U. S. treasury obligations	\$ 632,404	\$ 25,001	\$ 607,403	\$ -
U. S. government agencies	36,568	-	36,568	-
Corporate bonds	613,694	45,391	419,621	148,682
Money market mutual fund	115,085	115,085	-	-
	<u>1,397,751</u>	<u>\$ 185,477</u>	<u>\$ 1,063,592</u>	<u>\$ 148,682</u>
Other Investments:				
Equity mutual funds	13,118			
MMDT	3,193,437			
	<u>\$ 4,604,306</u>			

Custodial Credit Risks - Investments

For an investment, custodial risk is the risk that, in the event of the failure of the counterparty, the Town will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Of the Town's \$4,604,306 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.

TOWN OF DUDLEY, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2023

Credit Risk

The Town's exposure to credit risk as of June 30, 2023 is as follows:

Related Debt Instruments	Fair Value
Moody's Quality Ratings	
U. S. Treasury Obligations:	
Aaa	\$ 632,404
U. S. Government Agencies:	
Aaa	36,568
Corporate Bonds:	
Aaa	69,937
A1	143,448
A2	144,583
A3	77,522
Baa1	55,450
Baa2	122,754
Money Market Mutual Funds:	
Not rated	115,085
	\$ 1,397,751

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, 2023

The Town has the following recurring fair value measurements as of June 30, 2023:

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	\$ 632,404	\$ 632,404	\$ -	\$ -
U. S. government agencies	36,568	36,568	-	-
Equity mutual funds	13,118	13,118	-	-
Money market mutual fund	115,085	115,085	-	-
Corporate bonds	613,694	-	613,694	-
	1,410,869	\$ 797,175	\$ 613,694	\$ -
Investments Measured at Amortized Cost:				
External Investment Pools (MMDT)	3,193,437			
Total Investments	\$ 4,604,306			

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, 2023, 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	\$ 215,815	\$ -	\$ 215,815
Tax liens	167,364	-	167,364
Excise taxes	259,926	(82,558)	177,368
Departmental	302,037	(53,952)	248,085
Due from other governments	1,160,721	-	1,160,721
	\$ 2,105,863	\$ (136,510)	\$ 1,969,353

TOWN OF DUDLEY, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2023

At June 30, 2023, receivables for the business-type activities consist of the following:

	Gross Amount	Allowance for Uncollectibles	Net Amount
Sewer Fund:			
Sewer user charges	\$ 169,003	\$ (9,045)	\$ 159,958
Sewer tax liens	3,804	-	3,804
Other	26,415	-	26,415
Special assessments	581	-	581
Due from other governments	83,591	-	83,591
Water Fund:			
Water user charges	265,437	(10,038)	255,399
Water tax liens	8,756	-	8,756
Due from other governments	476,354	-	476,354
	\$ 1,033,941	\$ (19,083)	\$ 1,014,858

The composition of amounts due from other governments as of June 30, 2023 for the governmental funds is as follows:

Governmental Funds:

General Fund:

Commonwealth of Massachusetts:

Department of Veterans Services:

Veteran's benefits \$ 105,417

Nonmajor Governmental Funds:

Commonwealth of Massachusetts:

Department of Fire Services:

Fire equipment grant \$ 13,207

Executive Office of Public Safety and Homeland Security:

Public safety grant 458

Massachusetts Department of Transportation:

Highway Department - Chapter 90 funded projects 1,041,639 1,055,304

\$ 1,160,721

The composition of amounts due from other governments as of June 30, 2023 for the business-type funds is as follows:

Business-Type Funds:

Sewer Fund:

Massachusetts Clean Water Trust \$ 83,591

Water Fund:

Massachusetts Clean Water Trust 476,354

\$ 559,945

TOWN OF DUDLEY, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2023

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	\$	184,515	
Tax liens		167,364	
Excise taxes		177,368	
Departmental		217,392	
Due from other governments		105,417	\$ 852,056
Nonmajor governmental funds:			
Due from other governments			879,786
			\$ 1,731,842

D. Capital Assets

Capital asset activity for the governmental and business-type activities for the year ended June 30, 2023, are as follows:

Governmental Activities	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	\$ 841,940	\$ 9,887	\$ -	\$ 851,827
Construction in progress	82,791	512,800	(447,230)	148,361
Total capital assets not being depreciated	924,731	522,687	(447,230)	1,000,188
Capital assets being depreciated:				
Buildings and Renovations	24,182,210	50,010	-	24,232,220
Machinery, equipment and other	6,287,250	404,089	(18,975)	6,672,364
Infrastructure	9,384,423	833,255	-	10,217,678
Total capital assets being depreciated	39,853,883	1,287,354	(18,975)	41,122,262
Less accumulated depreciation for:				
Buildings and Renovations	10,231,826	926,845	-	11,158,671
Machinery, equipment and other	4,506,111	405,480	(18,975)	4,892,616
Infrastructure	6,396,201	311,385	-	6,707,586
Total accumulated depreciation	21,134,138	1,643,710	(18,975)	22,758,873
Total capital assets being depreciated, net	18,719,745	(356,356)	-	18,363,389
Total governmental activities capital assets, net	\$ 19,644,476	\$ 166,331	\$ (447,230)	\$ 19,363,577

TOWN OF DUDLEY, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2023

Business-Type Activities	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	\$ 82,037	\$ -	\$ -	\$ 82,037
Construction in progress	6,248,948	5,293,091	(824,967)	10,717,072
Total capital assets not being depreciated	6,330,985	5,293,091	(824,967)	10,799,109
Capital assets being depreciated:				
Machinery, equipment and other	800,113	-	-	800,113
Infrastructure	13,054,692	847,201	-	13,901,893
Total capital assets being depreciated	13,854,805	847,201	-	14,702,006
Less accumulated depreciation for:				
Machinery, equipment and other	617,681	67,433	-	685,114
Infrastructure	7,982,204	207,556	-	8,189,760
Total accumulated depreciation	8,599,885	274,989	-	8,874,874
Total capital assets being depreciated, net	5,254,920	572,212	-	5,827,132
Total business-type activities capital assets, net	\$ 11,585,905	\$ 5,865,303	\$ (824,967)	\$ 16,626,241

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

Governmental Activities:

General government	\$ 311,854
Public safety	581,487
Public works	475,839
Health and human services	6,332
Culture and recreation	268,198
Total depreciation expense - governmental activities	<u>\$ 1,643,710</u>

Business-Type Activities:

Sewer fund	\$ 128,346
Water fund	146,643
Total depreciation expense - business-type activities	<u>\$ 274,989</u>

E. Interfund Receivables, Payables and Transfers

Interfund transfers for the fiscal year ended June 30, 2023, are summarized below:

Transfers Out:	Transfers In:			Total
	General fund	Nonmajor Governmental fund	Business-type fund	
General fund	\$ -	\$ 105,000	\$ 54,259	\$ 159,259
Nonmajor governmental funds	1,800,376	-	-	1,800,376
Business-type fund	249,267	-	-	249,267
Total transfers out	<u>\$ 2,049,643</u>	<u>\$ 105,000</u>	<u>\$ 54,259</u>	<u>\$ 2,208,902</u>

TOWN OF DUDLEY, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2023

F. Lease Liability

The Town has entered into non-cancelable lease agreements for financing of the government activities school department equipment. The lease agreements qualify as leases for accounting purposes and, therefore, have been recorded at the present value of their future minimum lease payments as of the inception date.

The assets acquired through the leases are as follows:

	Governmental Activities
Asset:	
Machinery, Equipment and Other	\$ 59,540
Less: Accumulated Depreciation	<u>(9,923)</u>
Total	<u><u>\$ 49,617</u></u>

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2023 are as follows:

Year Ending June 30,	Governmental Activities
2024	\$ 21,726
2025	<u>21,726</u>
Total minimum lease payments	43,452
Less: amount representing interest	<u>(3,432)</u>
Present value of minimum lease payments	<u><u>\$ 40,020</u></u>

G. 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.

TOWN OF DUDLEY, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2023

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, 2022	Renewed/ Issued	Retired/ Redeemed	Outstanding June 30, 2023
Governmental Activities						
Bond Anticipation Notes:						
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	1.83%	5/26/2023	150,000	-	150,000	-
Dump truck chasis	3.24%	8/31/2023	-	350,000	-	350,000
Brine machine	3.24%	8/31/2023	-	110,000	-	110,000
Public Safety vehicles	3.24%	8/31/2023	-	120,000	-	120,000
Highway sweeper	4.30%	12/15/2023	-	90,000	-	90,000
Grant Anticipation Note:						
Complete streets	1.50%	7/13/2022	400,000	-	400,000	-
Total Governmental Activities			<u>\$ 751,666</u>	<u>\$ 670,000</u>	<u>\$ 751,666</u>	<u>\$ 670,000</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, 2022	Renewed/ Issued	Retired/ Redeemed	Outstanding June 30, 2023
Business-Type Activities:						
Bond Anticipation Notes:						
Sewer Fund:						
Sewer project	0.45%	12/15/2022	\$ 75,000	\$ -	\$ 75,000	\$ -
Sewer project	4.30%	12/15/2023	-	50,000	-	50,000
Massachusetts Clean Water Trust Notes:						
Interim Loan: CWP 20-14	0.00%	12/14/2022	749,210	91,296	840,506	-
Water Fund:						
Water projects	1.25%	1/19/2023	1,790,000	-	1,790,000	-
Water projects	5.50%	8/1/2023	-	1,790,000	-	1,790,000
Massachusetts Clean Water Trust Notes:						
Interim Loan: DWP 20-25	0.00%	12/14/2022	2,740,991	1,382,655	4,123,646	-
Interim Loan: DWP 21-16	0.00%	6/29/2025	-	2,939,852	-	2,939,852
Total Business-type activities			<u>\$ 5,355,201</u>	<u>\$ 6,253,803</u>	<u>\$ 6,829,152</u>	<u>\$ 4,779,852</u>

TOWN OF DUDLEY, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2023

H. 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, 2023
Inside Debt:					
New Fire Station	3.02%	5/15/2018	5/15/2038	\$ 6,405,000	<u>\$ 4,800,000</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, 2023, are as follows:

Year	Principal	Interest	Total
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	320,000	111,200	431,200
2029-2033	1,600,000	411,680	2,011,680
2034-2038	1,600,000	160,000	1,760,000
	<u>\$ 4,800,000</u>	<u>\$ 1,242,880</u>	<u>\$ 6,042,880</u>

TOWN OF DUDLEY, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2023

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, 2023
Inside Debt:					
Sewer Fund:					
Massachusetts Clean Water Trust:					
Sewer project	2.00%	12/14/2022	1/15/2043	\$ 863,107	\$ 863,107
Total Inside Debt					<u>863,107</u>
Outside Debt:					
Water Fund:					
Water projects	2.00-5.00%	5/27/2021	5/25/2041	1,795,000	1,405,000
Massachusetts Clean Water Trust:					
Water projects	2.00%	12/14/2022	1/15/2043	4,059,754	4,059,754
Total Outside Debt					<u>5,464,754</u>
Total Business-type debt					<u>\$ 6,327,861</u>

Future Debt Service

The annual principal and interest payments to retire all business-type long-term debt outstanding as of June 30, 2023, are as follows:

Year	Principal	Interest	Total
2024	\$ 436,144	\$ 156,611	\$ 592,755
2025	436,144	133,709	569,853
2026	316,144	119,286	435,430
2027	316,144	110,864	427,008
2028	316,144	102,441	418,585
2029-2033	1,565,717	395,060	1,960,777
2034-2038	1,530,714	234,714	1,765,428
2039-2043	1,410,710	81,493	1,492,203
	<u>\$ 6,327,861</u>	<u>\$ 1,334,178</u>	<u>\$ 7,662,039</u>

TOWN OF DUDLEY, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2023

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

	Balance			Balance	within One
	July 1, 2022	Additions	Reductions	June 30, 2023	Year
Governmental activities:					
Bonds Payable:					
General obligation bonds	\$ 5,500,000	\$ -	\$ 700,000	\$ 4,800,000	\$ -
Lease liability	-	40,020	-	40,020	19,346
Compensated absences	338,253	29,694	24,894	343,053	68,611
Net OPEB liability	11,328,146	314,207	-	11,642,353	-
Net pension liability	11,302,491	2,446,444	-	13,748,935	-
Governmental activity					
Long-term liabilities	\$ 28,468,890	\$ 2,830,365	\$ 724,894	\$ 30,574,361	\$ 87,957
Business-type activities:					
Bonds Payable:					
General obligation bonds	\$ 1,730,000	\$ -	\$ 325,000	\$ 1,405,000	\$ 190,000
Massachusetts Clean					
Water Trust bonds	-	4,922,861	-	4,922,861	246,144
Compensated absences	16,837	2,555	-	19,392	-
Net OPEB liability	1,316,479	3,391	-	1,319,870	-
Net pension liability	1,124,657	273,411	-	1,398,068	-
Business-type activity					
Long-term liabilities	\$ 4,187,973	\$ 5,202,218	\$ 325,000	\$ 9,065,191	\$ 436,144

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, 2023 totaled \$5,663,107.

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, 2023:

Equalized Valuation-Real Estate and Personal Property (2022)		<u>\$ 1,146,095,200</u>
Debt Limit: 5 % of Equalized value		57,304,760
Total Debt Outstanding	\$ 11,127,861	
Less: Debt Outside Debt Limit	<u>(5,464,754)</u>	<u>5,663,107</u>
Inside Debt Excess Borrowing Capacity at June 30, 2023		<u>\$ 51,641,653</u>

TOWN OF DUDLEY, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2023

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, 2023 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	\$ 375,903
6/22/2020	Drinking Water Systems improvement projects	625,000
6/22/2020	Water Pump Station No. 3 and No. 6 PFAS	14,500
5/24/2021	Water Asset Management	60,000
5/24/2021	Water Treatment Plant and mains PFAS construction	8,560,148
10/25/2021	Police and Fire Department vehicles	160,000
5/23/2022	Partridge Hill subdivision improvements	105,000
10/24/2022	New Fire vehicle	775,000
10/24/2022	Private way access improvements Tobin Farms	401,000
5/22/2023	Water filtration system	297,690
5/22/2023	Private way access improvements St. Anthony Road	73,224
5/22/2023	Sewer asset management plan	185,000
5/22/2023	Water filtration system	297,690
		<u>\$ 11,930,155</u>

TOWN OF DUDLEY, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2023

I. Fund Balances

The following is a summary of the Town's Governmental fund balances at the year ended June 30, 2023:

	General Fund	Major Funds	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable:				
Permanent funds	\$ -	\$ -	\$ 59,575	\$ 59,575
Restricted:				
Federal and state grants	-	-	477,248	477,248
Town Revolving funds	-	-	112,988	112,988
Gifts and donations	-	-	90,170	90,170
Capital projects	-	-	378	378
Permanent funds	-	-	33,591	33,591
Pearle L. Crawford Library endowment fund	-	1,730,810	-	1,730,810
Other	-	-	173,366	173,366
	-	1,730,810	887,741	2,618,551
Committed:				
Ambulance services	-	-	13,358	13,358
Insurance and employee benefits	-	-	63,035	63,035
Other	-	-	28,522	28,522
	-	-	104,915	104,915
Assigned:				
General government	33,065	-	-	33,065
Public works	135	-	-	135
Culture and recreation	9,722	-	-	9,722
Subsequent year's budget	551,355	-	-	551,355
	594,277	-	-	594,277
Unassigned:				
General Fund	1,740,222	-	-	1,740,222
Deficit special revenue funds	-	-	(7,911)	(7,911)
Deficit capital projects	-	-	(447,913)	(447,913)
	1,740,222	-	(455,824)	1,284,398
Total Governmental fund balances	\$ 2,334,499	\$ 1,730,810	\$ 596,407	\$ 4,661,716

TOWN OF DUDLEY, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2023

J. 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, 2023 the balances in the stabilization funds are reported in the General Fund as unassigned fund balance consisting of the following:

General purpose stabilization fund	\$ 593,782
Capital stabilization fund	200,541
	<hr/>
	\$ 794,323
	<hr/>

4. OTHER INFORMATION

A. Risk Management

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

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

Hampshire County Health Group

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

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

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

As of the HCHG's most recent audited financial statements (fiscal year ended June 30, 2022), the HCHG had an unrestricted net asset balance of \$28,119,833.

TOWN OF DUDLEY, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2023

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, 2023, cannot be ascertained, management believes any resulting liability should not materially affect the financial position at June 30, 2023.

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, 2023, 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 \$1,964 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, 2023

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, 2022 was \$1,197,724, representing 29.00% 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, 2023, the Town reported a liability of \$15,147,003 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2022. 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, 2022, the Town's proportional percentage was 1.4730%, which was a slight decrease from the last measurement.

TOWN OF DUDLEY, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2023

Pension Expense

For the year ended June 30, 2023, the Town recognized a pension expense of \$1,618,635; and reported deferred outflows of resources related to pensions of \$2,152,833 from the net difference between projected and actual investment earnings, the changes in assumptions and the change in allocated proportion; and deferred inflows of resources related to pensions of \$559,686 from the net difference between expected and actual experience 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;

<u>For years ended June 30,</u>	
2024	\$ 137,791
2025	347,627
2026	417,662
2027	729,002
Thereafter:	<u>(38,935)</u>
	<u><u>\$ 1,593,147</u></u>

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of January 1, 2022, using the following actuarial assumptions, applied to all periods included in the measurement that was updated December 31, 2022:

Valuation date	January 1, 2022
Actuarial cost method	Entry Age Normal
Amortization method	Payment increases 4.0% per year, except for Early Retirement Incentive (ERI). Programs for 2002 and 2003 (4.5%) and 2010 (level dollar). Increases in annual appropriation are limited to 9.95%.
Asset valuation method	Is the market value adjusted to phase-in investment gains and losses Over a 5-year period, further constrained to be within 20% of market: value. Investment gains and losses are the excess of deficiency of the expected returns over the actual returns.
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, 2023

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, 2022, are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global Equity	37%	4.74%
Core Fixed income	15%	2.10%
Value-Added Fixed Income	8%	5.20%
Private Equity	16%	7.60%
Real Estate	10%	3.10%
Timber/Natural Resources	4%	4.40%
Portfolio Completion Strategies	10%	3.90%
Total	<u>100%</u>	

Rate of Return

For the year ended December 31, 2022, the annual money-weighted rate of return, net of pension plan investment expense, was (11.68%). 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, 2023

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	Current	Discount Rate	1% Increase
	6.25%	7.25%	7.25%	8.25%
Net pension liability	\$ 18,483,425	\$ 15,147,003	\$	12,326,271

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, 2023, 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 2023 fiscal year, the total Town premiums plus implicit costs for the retiree medical program were \$361,348. The Town also made a contribution to an OPEB Trust of \$10,000 for a total contribution during the measurement period of \$371,348 to be reported on the financial statement for the fiscal year ending June 30, 2023. The Town did establish a trust fund in order to contribute funds to reduce the future OPEB liability. The trust balance is \$39,890 as of June 30, 2023.

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, 2023

Accordingly, the net OPEB liability was measured as of June 30, 2023, 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	101	

Net OPEB Liability

The components of the net OPEB liability are as follows:

		6/30/2023
Total OPEB liability	\$	13,002,112
Less: Plan fiduciary net position		(39,890)
Town's Net OPEB liability	\$	12,962,222
Plan fiduciary net position as a percentage of the total OPEB liability		0.31%

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	3.65%, 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, 2023 is 3.65%.

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, 2023

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%	2.00%
Cash and cash equivalents	10.00%	0.00%
Total	<u>100.00%</u>	

Rate of Return

For the year ended June 30, 2023, the annual money-weighted rate of return (which expresses investment performance), net of investment expense was (1.27%).

Changes in the Net OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Total OPEB Liability
Balances at June 30, 2022	\$ 12,674,900	\$ 30,275	\$ 12,644,625
Service cost	456,863	-	456,863
Interest	458,525	-	458,525
Changes in benefit terms	-	-	-
Changes in assumptions	(226,828)	-	(226,828)
Difference between actual and expected experience	-	(1,456)	1,456
Net investment income	-	1,071	(1,071)
Employer contributions to Trust	-	371,348	(371,348)
Benefit payments	(361,348)	(361,348)	-
Net change in total OPEB liability	<u>327,212</u>	<u>9,615</u>	<u>317,597</u>
Balances at June 30, 2023	<u>\$ 13,002,112</u>	<u>\$ 39,890</u>	<u>\$ 12,962,222</u>

Discount Rate

The discount rate used to measure the total OPEB liability was 3.65%. The plan's investment advisor has provided an analysis of long-term real rates of return for various asset classes, which the actuarial has applied to the current asset allocation of the OPEB Trust fund along with an inflation assumption of 3.00% to produce an expected long-term rate of return on the Trust investments of 4.80%. The actuarial applied their professional judgement to project cash flows for contributions from the employer in determining the discount rate. The Town has adopted a formal written funding policy. The assumptions will be reviewed as of the next measurement date and modified as appropriate.

TOWN OF DUDLEY, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2023

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 (2.65%) or 1-percentage-point higher (4.65%) than the current rate:

	1% Decrease (2.65%)	Current Discount Rate (3.65%)	1% Increase (4.65%)
Town's net OPEB liability	\$ 15,261,914	\$ 12,962,222	\$ 11,144,592

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	\$ 10,744,253	\$ 12,962,222	\$ 15,846,457

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, 2023, the GASB Statement No. 75 reporting period and fiscal year ending date, the Town recognized an OPEB expense of (\$492,124) and reported deferred outflows of resources related to OPEB of \$1,077,288 from the changes in assumptions and investment loss and deferred inflows of resources related to OPEB of \$3,391,509 from experience loss, the changes in assumptions and investment gain.

TOWN OF DUDLEY, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2023

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

<u>For years ended June 30,</u>	
2024	\$ (1,117,006)
2025	(993,758)
2026	(203,753)
2027	290
2028	6
	<u>\$ (2,314,221)</u>

G. Implementation of New GASB Pronouncements

The GASB issued Statement No. 91, *Conduit Debt Obligations*, for implementation in fiscal year 2023. The adoption of this standard did not have a material impact on the Town's financial statements.

The GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, for implementation in fiscal year 2023. The adoption of this standard did not have a material impact on the Town's financial statements.

The GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*, for implementation in fiscal year 2023. 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. 99, *Omnibus 2023*, 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, 2023

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
12/31/2022	1.4730%	\$ 15,147,003	\$ 4,129,721	366.78%	48.20%
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, 2023

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
12/31/2022	\$ 1,197,724	\$ (1,197,724)	\$ -	\$ 4,129,721	29.00%
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, 2023

Schedule of Changes in the Net OPEB Liability:

	<u>6/30/2023</u>	<u>6/30/2022</u>	<u>6/30/2021</u>	<u>6/30/2020</u>
Total OPEB liability				
Service cost	\$ 456,863	\$ 667,627	\$ 728,352	\$ 482,506
Interest on net OPEB liability	458,525	341,235	393,376	472,109
Changes in Benefit terms	-	-	-	-
Changes in Assumptions	(226,828)	(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	(361,348)	(329,212)	(351,926)	(314,958)
Net change in total OPEB liability	327,212	(5,507,174)	935,578	2,908,260
Prior period adjustments	-	-	-	14,338,236
Total OPEB liability-beginning	12,674,900	18,182,074	17,246,496	-
Total OPEB liability-ending (a)	<u>\$ 13,002,112</u>	<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	\$ (1,456)	\$ (349)	\$ (191)	\$ 53
Net investment income	1,071	436	224	274
Employer contributions to Trust	371,348	339,212	361,926	316,958
Benefit payments, including refunds of member contributions	(361,348)	(329,212)	(351,926)	(314,958)
Net change in plan fiduciary net position	9,615	10,087	10,033	2,327
Total fiduciary net position-beginning	30,275	20,188	10,155	7,828
Total fiduciary net position-ending (b)	<u>\$ 39,890</u>	<u>\$ 30,275</u>	<u>\$ 20,188</u>	<u>\$ 10,155</u>
Town's net OPEB liability (a-b)	<u>\$ 12,962,222</u>	<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, 2023

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	<u>1,655,106</u>	<u>751,901</u>	<u>715,986</u>
Prior period adjustments	(1,924,992)	-	2,128,284
Total OPEB liability-beginning	<u>14,608,122</u>	<u>13,856,221</u>	<u>11,011,951</u>
Total OPEB liability-ending (a)	<u><u>\$ 14,338,236</u></u>	<u><u>\$ 14,608,122</u></u>	<u><u>\$ 13,856,221</u></u>
Plan fiduciary net position			
Difference between actual and expected experience	\$ (83)	\$ -	\$ -
Net investment income	56	178	(28)
Employer 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	<u>973</u>	<u>1,179</u>	<u>972</u>
Total fiduciary net position-beginning	<u>6,855</u>	<u>5,676</u>	<u>4,704</u>
Total fiduciary net position-ending (b)	<u><u>\$ 7,828</u></u>	<u><u>\$ 6,855</u></u>	<u><u>\$ 5,676</u></u>
Town's net OPEB liability (a-b)	<u><u>\$ 14,330,408</u></u>	<u><u>\$ 14,601,267</u></u>	<u><u>\$ 13,850,545</u></u>

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

TOWN OF DUDLEY, MASSACHUSETTS
Required Supplementary Information
Other Post Employment Benefit Plan Schedules
For the Year Ended June 30, 2023

Schedule of Net OPEB Liability:

	<u>6/30/2023</u>	<u>6/30/2022</u>	<u>6/30/2021</u>	<u>6/30/2020</u>
Total OPEB liability	\$ 13,002,112	\$ 12,674,900	\$ 18,182,074	\$ 17,246,496
Less: Plan fiduciary net position	(39,890)	(30,275)	(20,188)	(10,155)
Town's Net OPEB liability	<u>\$ 12,962,222</u>	<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	0.31%	0.24%	0.11%	0.06%
Town's share of covered employee payroll	\$ 4,509,227	\$ 4,399,246	\$ 3,229,319	\$ 3,229,319
Participating employer net OPEB liability (asset) as a percentage of covered-employee payroll	287.46%	287.43%	562.41%	533.75%

Schedule of Contributions:

	<u>6/30/2023</u>	<u>6/30/2022</u>	<u>6/30/2021</u>	<u>6/30/2020</u>
Actuarially determined contribution	\$ 361,348	\$ 329,212	\$ 351,926	\$ 314,958
Less: Contributions in relation to the actuarially determined contribution	(371,348)	(339,212)	(361,926)	(316,958)
Contribution deficiency (excess)	<u>\$ (10,000)</u>	<u>\$ (10,000)</u>	<u>\$ (10,000)</u>	<u>\$ (2,000)</u>
Town's share of covered employee payroll	\$ 4,509,227	\$ 4,399,246	\$ 3,229,319	\$ 3,229,319
Contributions percentage of covered-employee payroll	8.0%	7.5%	10.9%	9.8%
Annual money-weighted rate of return net of investment expense	-1.27%	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, 2023

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	(7,828)	(6,855)	(5,676)
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	(256,147)	(246,589)	(277,758)
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, 2023

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)	
6/30/2023	\$ 39,890	\$ 13,002,112	\$ 12,962,222	0.31%	\$ 4,509,227	287.46%	
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, 2023**

	Fund Balances July 1, 2022	Revenues	Expenditures	Other Financing Sources (Uses)	Fund Balances June 30, 2023
Special Revenue:					
Federal and State Grants:					
Arts Lottery Council Grants	\$ 8,050	\$ 11,105	\$ 12,556	\$ -	\$ 6,599
Carpenter Pond Dam Grant	-	106,496	79,045	-	27,451
Elder Affairs Grants	8,456	33,996	28,925	-	13,527
Emergency Management Grants (COVID-19)	(180,530)	2,135,592	154,686	(1,800,376)	-
Green Community Grants	44,837	100,000	130,557	-	14,280
Information Technology Grant	7,027	-	7,027	-	-
Library Grants	107,145	35,734	19,724	-	123,155
Other Grants and Programs	44,690	98,853	187,020	100,000	56,523
Public Safety Grants	23,970	45,534	48,568	2,645	23,581
Public Works Grants	(170,744)	866,110	695,717	-	(351)
Other:					
Ambulance Revolving	4,248	35,119	26,009	-	13,358
Board of Health Revolving Funds	975	-	-	-	975
Cemetery Revolving	2,859	2,998	2,511	-	3,346
Commission on Disabilities Fund	456	-	-	-	456
Conservation Funds	26,022	5,399	12,823	-	18,598
Council on Aging Meals Revolving	603	-	-	-	603
Deputy Collector Revolving	12	29,005	27,746	-	1,271
Fire Department Revolving	205	-	-	-	205
Firefighters Outside Details	-	50,144	50,144	-	-
Genealogy Research Revolving	4,038	936	4,000	-	974
Gift Shop Revolving	654	-	600	-	54
Gifts and Donations	114,439	86,135	106,418	(3,986)	90,170
Greater Media Cable Access	133,636	44,530	85,057	-	93,109
Highway cleanup fees	3,500	-	3,000	-	500
Inspection Revolving	(1,754)	51,639	48,806	-	1,079
Insurance Reimbursements	25,880	17,210	14,575	-	28,515
Total Special Revenue page 72	\$ 208,674	\$ 3,756,535	\$ 1,745,514	\$ (1,701,717)	\$ 517,978

**TOWN OF DUDLEY, MASSACHUSETTS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2023**

	Fund Balances July 1, 2022	Revenues	Expenditures	Other Financing Sources (Uses)	Fund Balances June 30, 2023
Continued from page 72	\$ 208,674	\$ 3,756,535	\$ 1,745,514	\$ (1,701,717)	\$ 517,978
Special Revenue (Continued):					
Other (Continued):					
Law Enforcement Drug Enforcement	28,409	2,805	4,152	-	27,062
Library Lost Book Revolving	2,964	889	-	-	3,853
Municipal Hearings Revolving	245	174	221	-	198
Police Arrest Warrant Services	561	-	561	-	-
Police Court Judgement	919	-	-	-	919
Police Cruiser Use Detail	10,047	18,607	20,680	-	7,974
Police DARE Program	(1,341)	-	-	1,341	-
Police Firearms Permit Services	24,747	7,163	15,000	-	16,910
Police Off-Duty Revolving	-	560,921	560,921	-	-
Premium on Bonds	23,049	12,638	11,968	-	23,719
Rail Trail-Sale of Steel	7,161	-	467	-	6,694
Road Machinery	7	-	-	-	7
Tax Title Fees Revolving	31,359	11,580	12,007	-	30,932
Title V Septic Repair Loan Repayments	82,002	-	-	-	82,002
Tranportation Network Company	562	265	320	-	507
Underground Tank Cleanup	2,400	-	-	-	2,400
Veterans State Cost of Living Adjustment	1,422	-	-	-	1,422
Website Revolving Fund	1,784	1,000	-	-	2,784
West Main Street Sale of Bricks Revolving	2,662	675	163	-	3,174
Anniversary Fund	786	1	-	-	787
Clarinda Wood Fund	153,939	5,709	1,228	-	158,420
Compensated Absences Fund	7,263	4	-	-	7,267
Municipal Insurance Fund	7,168	4	-	-	7,172
Unemployment Compensation Fund	89,662	45	46,597	5,000	48,110
Workers Compensation Fund	485	-	-	-	485
Total Special Revenue Funds	\$ 686,936	\$ 4,379,015	\$ 2,419,799	\$ (1,695,376)	\$ 950,776

**TOWN OF DUDLEY, MASSACHUSETTS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2023**

	Fund Balances July 1, 2022	Revenues	Expenditures	Other Financing Sources (Uses)	Fund Balances June 30, 2023
Capital Projects:					
Ambulance	\$ 59	\$ -	\$ -	\$ -	\$ 59
Dudley Municipal Center roof	(150,000)	-	-	150,000	-
Health and Human Services	319	-	-	-	319
Highway LED Street Light installation	(66,666)	-	-	66,666	-
Highway road/sidewalk infrastructure	(26,883)	399,807	372,924	-	-
Highway Vehicles and Equipment	(135,000)	-	110,000	45,000	(200,000)
Partridge Hill Betterment	-	-	61,026	-	(61,026)
Police Vehicles	-	-	239,540	59,540	(180,000)
Tobin Farms Betterment	-	-	6,887	-	(6,887)
Total Capital Projects	(378,171)	399,807	790,377	321,206	(447,535)
Perpetual Permanent Funds:					
Cemetery Perpetual Care Fund	57,450	2,125	-	-	59,575
Permanent Funds:					
Cemetery Perpetual Care Fund	28,220	1,976	1,081	-	29,115
Library Funds	4,472	4	-	-	4,476
Total Permanent Funds	32,692	1,980	1,081	-	33,591
Total - Non-Major Governmental Funds	\$ 398,907	\$ 4,782,927	\$ 3,211,257	\$ (1,374,170)	\$ 596,407