

**TOWN OF DUDLEY, MASSACHUSETTS**

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

**For the Year Ended June 30, 2016**

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## **Independent Auditor's Report**

To the Honorable Board of Selectmen  
Town of Dudley, Massachusetts

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Dudley, Massachusetts, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

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

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

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

### **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Dudley, Massachusetts, as of June 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

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

### *Other Information*

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

The Supplementary Schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Scanlon & Associates, LLC  
South Deerfield, Massachusetts

November 30, 2016

## **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, 2016. 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 \$8,876,379 (net position) for the fiscal year reported. This compares to the previous year when assets and deferred outflows of resources exceeded liabilities by \$9,396,787 or a decrease of \$520,408 (6%) over last fiscal year's total net position.
- At the close of the current fiscal year, the Town's governmental funds reported total ending fund balance of \$3,671,854, a decrease of \$33,235 (1%) in comparison with prior year.
- The General Fund's total fund balance increased \$49,120 (3%) to \$1,616,345. The ending fund balance is 11% of revenues and transfers in and 11% of expenditures and transfers out.
- Total liabilities of the Town increased by \$132,063 (1%) to \$19,752,531 during the fiscal year. The major components of this increase are due to a net decrease in notes and bonds payable of \$883,688 and net increases in the Other Post-Employment Benefits (OPEB) liability of \$616,638 and in the Pension liability of \$380,309.
- The Town had free cash certified by the Department of Revenue in the amount of \$426,570. The key factors that attributed to the free cash amount for fiscal year 2016 were unexpended/unencumbered appropriations of \$41,600 and excess over budget state and local receipts of \$358,400.

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

➤ Sewer Fund	\$ 404,772.
➤ Water Fund	\$1,083,356.

### 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 water and sewer 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		
	2016	2015	Change
<b>Assets:</b>			
Current assets	\$ 4,977,882	\$ 5,106,492	\$ (128,610)
Capital assets	15,820,403	15,766,764	53,639
<b>Total assets</b>	<b>20,798,285</b>	<b>20,873,256</b>	<b>(74,971)</b>
<b>Deferred Outflows of Resources:</b>			
Deferred outflows related to pensions	<b>847,905</b>	<b>5,696</b>	<b>842,209</b>
<b>Liabilities:</b>			
Current liabilities (excluding debt)	348,313	353,983	(5,670)
Current debt	648,038	852,988	(204,950)
Noncurrent liabilities (excluding debt)	13,529,565	12,604,203	925,362
Noncurrent debt	2,287,476	2,676,214	(388,738)
<b>Total liabilities</b>	<b>16,813,392</b>	<b>16,487,388</b>	<b>326,004</b>
<b>Deferred Inflows of Resources:</b>			
Deferred inflows related to pensions	<b>1,030,447</b>	-	<b>1,030,447</b>
<b>Net Position:</b>			
Net investment in capital assets	12,996,103	12,418,514	577,589
Restricted	2,204,332	2,454,508	(250,176)
Unrestricted	(11,398,084)	(10,481,458)	(916,626)
<b>Total net position</b>	<b>\$ 3,802,351</b>	<b>\$ 4,391,564</b>	<b>\$ (589,213)</b>

	Business-Type Activities		
	2016	2015	Change
<b>Assets:</b>			
Current assets	\$ 3,028,525	\$ 2,904,652	\$ 123,873
Noncurrent assets (excluding capital assets)	43,957	64,747	(20,790)
Capital assets	4,957,468	5,168,380	(210,912)
<b>Total assets</b>	<b>8,029,950</b>	<b>8,137,779</b>	<b>(107,829)</b>
<b>Deferred Outflows of Resources:</b>			
Deferred outflows related to pensions	<b>77,958</b>	<b>524</b>	<b>77,434</b>
<b>Liabilities:</b>			
Current liabilities (excluding debt)	61,082	40,154	20,928
Current debt	290,000	290,000	-
Noncurrent liabilities (excluding debt)	1,438,057	1,362,926	75,131
Noncurrent debt	1,150,000	1,440,000	(290,000)
<b>Total liabilities</b>	<b>2,939,139</b>	<b>3,133,080</b>	<b>(193,941)</b>
<b>Deferred Inflows of Resources:</b>			
Deferred inflows related to pensions	<b>94,741</b>	-	<b>94,741</b>
<b>Net Position:</b>			
Net investment in capital assets	3,517,468	3,438,380	79,088
Unrestricted	1,556,560	1,566,843	(10,283)
<b>Total net position</b>	<b>\$ 5,074,028</b>	<b>\$ 5,005,223</b>	<b>\$ 68,805</b>



## Financial Highlights

### Statement of Activities Highlights

	Governmental Activities		
	2016	2015	Change
<b>Program Revenues:</b>			
Charges for services	\$ 1,802,043	\$ 1,622,007	\$ 180,036
Operating grants and contributions	298,953	422,021	(123,068)
Capital grants and contributions	665,610	724,128	(58,518)
<b>General Revenues:</b>			
Property taxes	10,702,984	10,380,922	322,062
Motor vehicle and other excise taxes	1,521,611	1,367,687	153,924
Penalties and interest on taxes	110,414	113,968	(3,554)
Nonrestricted grants	1,709,272	1,666,269	43,003
Unrestricted investment income	10,867	36,280	(25,413)
Miscellaneous	8,200	-	8,200
<b>Total revenues</b>	<b>16,829,954</b>	<b>16,333,282</b>	<b>496,672</b>
<b>Expenses:</b>			
General government	1,534,827	1,465,764	69,063
Public safety	3,042,330	2,865,936	176,394
Public works	1,288,867	1,232,945	55,922
Education	7,911,056	7,524,798	386,258
Health and human services	190,141	170,547	19,594
Culture and recreation	597,844	597,351	493
Employee benefits and insurance	2,641,419	2,316,049	325,370
State assessments	29,442	30,263	(821)
Interest	131,776	150,704	(18,928)
<b>Total expenses</b>	<b>17,367,702</b>	<b>16,354,357</b>	<b>1,013,345</b>
<b>Net Transfers</b>	<b>(51,465)</b>	<b>(47,016)</b>	<b>(4,449)</b>
<b>Change in net position</b>	<b>(589,213)</b>	<b>(68,091)</b>	<b>(521,122)</b>
<b>Net position - beginning of year</b>	<b>4,391,564</b>	<b>4,459,655</b>	<b>(68,091)</b>
<b>Net position - end of year</b>	<b>\$ 3,802,351</b>	<b>\$ 4,391,564</b>	<b>\$ (589,213)</b>

	<b>Business-Type Activities</b>		
	<b>2016</b>	<b>2015</b>	<b>Change</b>
<b>Program Revenues:</b>			
Charges for services	\$ 2,005,896	\$ 1,985,099	\$ 20,797
Operating grants and contributions	21,849	19,339	2,510
Capital grants and contributions	6,932	8,494	(1,562)
<b>Total revenues</b>	<b>2,034,677</b>	<b>2,012,932</b>	<b>21,745</b>
<b>Expenses:</b>			
Sewer	1,098,768	1,071,412	27,356
Water	918,569	885,756	32,813
<b>Total expenses</b>	<b>2,017,337</b>	<b>1,957,168</b>	<b>60,169</b>
<b>Transfers</b>	<b>51,465</b>	<b>47,016</b>	<b>4,449</b>
<b>Change in net position</b>	<b>68,805</b>	<b>102,780</b>	<b>(33,975)</b>
<b>Net position - beginning of year</b>	<b>5,005,223</b>	<b>4,902,443</b>	<b>102,780</b>
<b>Net position - end of year</b>	<b>\$ 5,074,028</b>	<b>\$ 5,005,223</b>	<b>\$ 68,805</b>

## 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 \$8,876,379 at the close of fiscal year 2016.

Net position of \$16,513,571 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 \$2,204,332 represents resources that are subject to external restrictions on how they may be used. The remaining balance consists of *unrestricted net position* (\$9,841,524).

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 and for the government as a whole. The unrestricted governmental activities and government as a whole resulted in a negative balance mainly due to the accrual of the OPEB obligation and net pension liabilities that are required under GASB to be recognized in the Town's financial statements. These liabilities are presented on the statement of net position.

The Town is able to report positive balances in all categories of net position for the business-type activities.

The governmental activities net position decreased by \$589,213 (13%) during the current fiscal year, which reflects the general fund's results of operation. The key elements of the decrease in net position for fiscal year 2016 is attributed to a net increase resulting from the repayment of debt \$527,688 and decreases in recognizing the changes in deferred outflow/(inflow) of resources related to pensions of \$188,238, in this year's OPEB obligation of \$564,716 and in this year's net pension liability of \$348,287.

There was an increase of \$68,805 (1%) in net position reported in connection with the sewer and water business-type activities. Of this, there were increases of \$26,624 attributed to the sewer department and of \$42,181 attributed to the water department.

## Financial Analysis of the Government's Funds

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

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

As of the end of the current fiscal year, governmental funds reported combined ending fund balances of \$3,671,854 a decrease of \$33,235 (1%) in comparison with the prior year.

The breakdown of the governmental funds is as follows:

- Nonspendable fund balance – \$40,625 (1%).
- Restricted fund balance – \$1,982,015 (54%).
- Committed fund balance – \$32,869 (1%).
- Assigned fund balance – \$510,858 (14%).
- Unassigned fund balance – \$1,105,487 (30%).

At the end of the fiscal year, the General Fund reported a fund balance of \$1,616,345 increasing \$49,120 (3%) from the prior year. Of the \$1,616,345, the unassigned amount is \$1,105,487 (68%) and the assigned amount is \$510,858 (32%). General fund revenues were \$434,971 (3%) more than the prior fiscal year and expenditures also increased by \$576,241 (4%). Other activities in the General fund are net transfers to other funds of \$26,279.

The main components of the increases in general fund revenues were related to increases in property taxes in the amount of \$176,312 (2%) and excise and other taxes of \$182,523 (14%) from the prior year.

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

- Increase in Public safety expenditures of \$92,067 (4%).
- Increase in Public works expenditures of \$70,930 (8%).
- Increase in Education expenditures of \$386,258 (5%).

**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 \$2,253,116 and shows an increase of \$26,624 (1%) in total operations. This change was mainly attributed to operating costs exceeding operating revenues by \$53,111, interest and special assessments income of \$8,778, interest expense of \$25,005 and net transfers from governmental funds of \$95,962. Operating revenues increased by \$5,417 (1%) while operating expenses also increased by \$32,856 (3%) from the prior year.

The *Water Fund* is the financing and operations of the Town's water system. The water fund has accumulated a balance of \$2,820,912 and shows an increase of \$42,181 (2%) in total operations. This change resulted from operating revenues exceeding operating expenditures by \$95,107, interest and intergovernmental income of \$20,003, interest expense of \$28,432 and net transfers to governmental funds of \$44,497. Operating revenues increased by \$15,380 (2%) while operating expenses also increased by \$37,330 (4%) from the prior year.

## **General Fund Budgetary Highlights**

The final general fund budget for fiscal year 2016 was \$15,604,851. This was an increase of \$674,234 (5%) over the previous year's budget.

There was an increase of \$427,281 between the original budget and the final amended budget. This change is attributed to votes at the special town meeting in November 2015 and the annual town meeting in May 2016 for various budget operating line items.

General fund expenditures were less than budgeted by \$461,415. Of the \$461,415 in under budget expenditures \$419,858 has been carried over to fiscal year 2017.

There is a negative variance in charges for services of \$13,516 as expectations (budget) were higher than the receipts. In addition, a negative variance exists in investment income of \$2,126 as a result of the current economy.

There is a negative variance in education of \$3,847 as actual expenses exceeded the budget.

The variance with the final budget was a positive \$449,204 consisting of a revenue surplus of \$407,647 (due in large part from excise and other taxes) and an appropriation surplus of \$41,557.

## **Capital Asset and Debt Administration**

**Capital Assets.** The Town's investment in capital assets for its governmental and business-type activities amounts to \$15,820,403 and \$4,957,468, respectively.

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

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

- Foreclosure properties for \$17,517.
- Town Hall energy management system for \$72,385.
- Police vehicle purchase for \$38,690.
- Fire Department vehicle purchases for \$282,029.
- Highway vehicle and equipment purchases for \$100,772.
- Highway road improvements for \$543,510.
- Library display sign for \$25,157.

There are no major capital events during the current fiscal year in the business-type funds.

**Debt Administration.** The Town's outstanding governmental long-term debt, as of June 30, 2016, totaled \$2,835,514, of which \$2,665,000 is for building renovation projects, \$159,300 is for departmental vehicles and equipment and \$11,214 is for the Title V septic repair program.

The governmental activities currently have an outstanding bond anticipation note for \$100,000 for road improvements.

The business-type funds have \$1,440,000 in long-term debt. Of this, \$360,000 is for sewer debt, \$170,000 is for water corrosion control systems and \$910,000 consists of water mains debt.

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

### Next Year's Annual Town Meeting

The Town of Dudley operates under the "Open Meeting" concept where each voter has an equal vote in adopting of Town budgets and appropriations. The financial statements for June 30, 2016 do not reflect the fiscal year 2017 Town Meeting action with the exception of the overlay surplus amount. The Annual Town Meeting on May 23, 2016 authorized a fiscal year 2017 operating and capital budget as follows:

From the tax levy	\$	15,409,151
From sewer receipts		1,002,972
From water receipts		986,174
From Other Available Funds:		
<b>General Fund:</b>		
Unassigned fund balance:		
Overlay surplus		91,000
	\$	<u>17,489,297</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.

## **BASIC FINANCIAL STATEMENTS**

**TOWN OF DUDLEY, MASSACHUSETTS  
STATEMENT OF NET POSITION  
JUNE 30, 2016**

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
<b>CURRENT:</b>			
Cash and Cash Equivalents	\$ 1,838,645	\$ 954,608	\$ 2,793,253
Investments	863,785	1,764,979	2,628,764
Investments in Custody of Trustees	1,223,869	-	1,223,869
Receivables, net of allowance for uncollectibles:			
Property Taxes	87,952	-	87,952
Tax Liens	301,419	32,671	334,090
Excise Taxes	145,111	-	145,111
User Charges	-	226,478	226,478
Other	-	26,415	26,415
Departmental	173,752	-	173,752
Special Assessments	1,767	23,374	25,141
Due from Other Governments	341,582	-	341,582
Total current assets	<u>4,977,882</u>	<u>3,028,525</u>	<u>8,006,407</u>
<b>NONCURRENT:</b>			
Receivables, net of allowance for uncollectibles:			
Special Assessments	-	43,957	43,957
Capital Assets, net of accumulated Depreciation			
Nondepreciable	830,045	82,037	912,082
Depreciable	14,990,358	4,875,431	19,865,789
Total noncurrent assets	<u>15,820,403</u>	<u>5,001,425</u>	<u>20,821,828</u>
<b>Total Assets</b>	<u>20,798,285</u>	<u>8,029,950</u>	<u>28,828,235</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred Outflows Related to Pensions	847,905	77,958	925,863
<b>LIABILITIES</b>			
<b>CURRENT:</b>			
Warrants Payable	129,385	42,466	171,851
Accrued Payroll	82,320	5,440	87,760
Payroll Withholdings	64,076	-	64,076
Tax Refund Payable	13,000	-	13,000
Accrued Interest	5,316	10,983	16,299
Deposits	-	850	850
Other	15,006	-	15,006
Compensated Absences	39,210	1,343	40,553
Notes Payable	100,000	-	100,000
Bonds and Notes Payable	548,038	290,000	838,038
Total current liabilities	<u>996,351</u>	<u>351,082</u>	<u>1,347,433</u>
<b>NONCURRENT:</b>			
Compensated Absences	156,837	5,374	162,211
OPEB Obligation Payable	3,553,698	529,907	4,083,605
Net Pension Liability	9,819,030	902,776	10,721,806
Bonds and Notes Payable	2,287,476	1,150,000	3,437,476
Total noncurrent liabilities	<u>15,817,041</u>	<u>2,588,057</u>	<u>18,405,098</u>
<b>Total Liabilities</b>	<u>16,813,392</u>	<u>2,939,139</u>	<u>19,752,531</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred Inflows Related to Pensions	1,030,447	94,741	1,125,188
<b>NET POSITION</b>			
Net Investment in Capital Assets	12,996,103	3,517,468	16,513,571
Restricted for:			
Capital Projects	2,055	-	2,055
Federal & State Grants	577,102	-	577,102
Permanent Funds:			
Nonexpendable	40,625	-	40,625
Expendable	199,460	-	199,460
Other Purposes	1,385,090	-	1,385,090
Unrestricted	(11,398,084)	1,556,560	(9,841,524)
<b>Total Net Position</b>	<u>\$ 3,802,351</u>	<u>\$ 5,074,028</u>	<u>\$ 8,876,379</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, 2016**

	<u>Program Revenues</u>				<u>Net (Expenses) Revenues and Changes in Net Position</u>		
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<b>Governmental Activities:</b>							
General Government	\$ 1,534,827	\$ 218,276	\$ 52,192	\$ 84,900	\$ (1,179,459)	\$ -	\$ (1,179,459)
Public Safety	3,042,330	1,301,048	84,958	115,582	(1,540,742)	-	(1,540,742)
Public Works	1,288,867	231,896	47,366	437,128	(572,477)	-	(572,477)
Education	7,911,056	-	-	-	(7,911,056)	-	(7,911,056)
Health and Human Services	190,141	45,913	107,188	-	(37,040)	-	(37,040)
Culture and Recreation	597,844	4,910	5,262	28,000	(559,672)	-	(559,672)
Employee Benefits and Insurance	2,641,419	-	1,326	-	(2,640,093)	-	(2,640,093)
State Assessments	29,442	-	-	-	(29,442)	-	(29,442)
Interest	131,776	-	661	-	(131,115)	-	(131,115)
<b>Total Governmental Activities</b>	<b>17,367,702</b>	<b>1,802,043</b>	<b>298,953</b>	<b>665,610</b>	<b>(14,601,096)</b>	<b>-</b>	<b>(14,601,096)</b>
<b>Business-Type Activities:</b>							
Sewer	1,098,768	1,020,652	1,846	6,932	-	(69,338)	(69,338)
Water	918,569	985,244	20,003	-	-	86,678	86,678
<b>Total Primary Government</b>	<b>\$ 19,385,039</b>	<b>\$ 3,807,939</b>	<b>\$ 320,802</b>	<b>\$ 672,542</b>	<b>(14,601,096)</b>	<b>17,340</b>	<b>(14,583,756)</b>
<b>General Revenues:</b>							
Property Taxes					10,702,984	-	10,702,984
Motor vehicle excise and other taxes					1,521,611	-	1,521,611
Penalties & Interest on Taxes					110,414	-	110,414
Grants & Contributions not restricted to specific programs					1,709,272	-	1,709,272
Unrestricted Investment Income					10,867	-	10,867
Miscellaneous					8,200	-	8,200
<b>Transfers, net</b>					<b>(51,465)</b>	<b>51,465</b>	<b>-</b>
<b>Total General Revenues and Transfers</b>					<b>14,011,883</b>	<b>51,465</b>	<b>14,063,348</b>
<b>Change in Net Position</b>					<b>(589,213)</b>	<b>68,805</b>	<b>(520,408)</b>
<b>Net Position:</b>							
Beginning of year					4,391,564	5,005,223	9,396,787
End of year					<b>\$ 3,802,351</b>	<b>\$ 5,074,028</b>	<b>\$ 8,876,379</b>

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



**TOWN OF DUDLEY, MASSACHUSETTS  
BALANCE SHEET - GOVERNMENTAL FUNDS  
JUNE 30, 2016**

	<b>General Fund</b>	<b>Nonmajor Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>Assets:</b>			
Cash and Cash Equivalents	\$ 1,240,817	\$ 597,828	\$ 1,838,645
Investments	570,129	293,656	863,785
Investment in Custody of Others	-	1,223,869	1,223,869
Receivables, net of allowance for uncollectibles:			
Property Taxes	87,952	-	87,952
Tax Liens	301,419	-	301,419
Excise Taxes	145,111	-	145,111
Special Assessments	-	1,767	1,767
Departmental	135,061	38,691	173,752
Due from Other Governments	117,733	223,849	341,582
<b>Total Assets</b>	<b>\$ 2,598,222</b>	<b>\$ 2,379,660</b>	<b>\$ 4,977,882</b>
<b>Liabilities:</b>			
Warrants Payable	\$ 120,469	\$ 8,916	\$ 129,385
Accrued Payroll	59,991	22,329	82,320
Payroll Withholdings	64,076	-	64,076
Tax Refund Payable	13,000	-	13,000
Other	15,006	-	15,006
Notes Payable	-	100,000	100,000
<b>Total Liabilities</b>	<b>272,542</b>	<b>131,245</b>	<b>403,787</b>
<b>Deferred Inflows of Resources - Unavailable Revenue</b>	<b>709,335</b>	<b>192,906</b>	<b>902,241</b>
<b>Fund Balance:</b>			
Nonspendable	-	40,625	40,625
Restricted	-	1,982,015	1,982,015
Committed	-	32,869	32,869
Assigned	510,858	-	510,858
Unassigned	1,105,487	-	1,105,487
<b>Total Fund Balance</b>	<b>1,616,345</b>	<b>2,055,509</b>	<b>3,671,854</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$ 2,598,222</b>	<b>\$ 2,379,660</b>	<b>\$ 4,977,882</b>

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, 2016**

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>Revenues:</b>			
Property Taxes	\$ 10,628,548	\$ -	\$ 10,628,548
Intergovernmental	1,831,845	796,255	2,628,100
Excise and Other Taxes	1,520,010	-	1,520,010
Charges for Services	662,038	711,979	1,374,017
Licenses, Permits, Fees	455,774	-	455,774
Interest on Delinquent Taxes	110,414	-	110,414
Investment Income	10,867	(27,880)	(17,013)
Gifts and Donations	-	123,432	123,432
Other	-	28,073	28,073
<b>Total Revenues</b>	<b>15,219,496</b>	<b>1,631,859</b>	<b>16,851,355</b>
<b>Expenditures:</b>			
Current:			
General Government	1,183,524	179,406	1,362,930
Public Safety	2,245,784	932,608	3,178,392
Public Works	1,001,393	606,915	1,608,308
Education	7,911,056	-	7,911,056
Health and Human Services	150,625	33,184	183,809
Culture and Recreation	262,545	96,215	358,760
Employee Benefits and Insurance	1,540,178	-	1,540,178
State Assessments	29,442	-	29,442
Debt Service:			
Principal	686,988	-	686,988
Interest	132,562	-	132,562
<b>Total Expenditures</b>	<b>15,144,097</b>	<b>1,848,328</b>	<b>16,992,425</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>75,399</b>	<b>(216,469)</b>	<b>(141,070)</b>
<b>Other Financing Sources (Uses):</b>			
Operating Transfers In	128,321	8,814	137,135
Operating Transfers Out	(154,600)	(34,000)	(188,600)
Proceeds from Notes	-	159,300	159,300
<b>Total Other Financing Sources (Uses)</b>	<b>(26,279)</b>	<b>134,114</b>	<b>107,835</b>
<b>Net Change in Fund Balances</b>	<b>49,120</b>	<b>(82,355)</b>	<b>(33,235)</b>
<b>Fund Balances, Beginning of Year</b>	<b>1,567,225</b>	<b>2,137,864</b>	<b>3,705,089</b>
<b>Fund Balances, End of Year</b>	<b>\$ 1,616,345</b>	<b>\$ 2,055,509</b>	<b>\$ 3,671,854</b>

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

**TOWN OF DUDLEY, MASSACHUSETTS**  
**Reconciliation of the Governmental Funds Balance Sheet**  
**Total Fund Balances to the Statement of Net Position**  
**For the Year Ended June 30, 2016**

<b>Total Governmental Fund Balances</b>		\$	3,671,854
Capital Assets (net) used in governmental activities are not financial resources and therefore, are not reported in the funds.			15,820,403
Revenues are recognized on an accrual basis of accounting instead of a modified accrual basis.			902,241
Certain changes in the net pension liability are required to be included in pension expense over future periods. These changes are reported as deferred outflows of resources or (deferred inflows of resources) related to pensions			(182,542)
Long Term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds:			
Bonds Payable	\$	(2,835,514)	
OPEB Obligation		(3,553,698)	
Net Pension Liability		(9,819,030)	
Compensated Absences		(196,047)	(16,404,289)
In the statement of activities, interest is accrued on outstanding long term debt, whereas in governmental funds, interest is not reported until due.			(5,316)
<b>Net Position of Governmental Activities</b>		<b>\$</b>	<b>3,802,351</b>

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, 2016**

**Net Change in Fund Balances - Total Governmental Funds** \$ (33,235)

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	\$ 1,080,059	
Depreciation	<u>(1,026,420)</u>	53,639

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. (21,401)

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 Notes	(159,300)	
Repayment of Debt Principal	<u>686,988</u>	527,688

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

Net Change in Compensated Absences	(15,449)	
Net Change in OPEB Obligation	(564,716)	
Net Change in Deferred Outflow/(Inflow) of Resources Related to Pensions	(188,238)	
Net Change in Net Pension Liability	(348,287)	
Net Change in Accrued Interest on Long-Term Debt	786	<u>(1,115,904)</u>

**Change in Net Position of Governmental Activities** \$ (589,213)

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, 2016**

	Budgeted Amounts			Actual		Variance with Final Budget Positive (Negative)
	Amounts Carried		Final Budget	Budgetary Basis	Amounts Carried Forward to Next Year	
	Forward from Prior Year	Original Budget				
<b>Revenues:</b>						
Property Taxes	\$ -	\$ 10,588,289	\$ 10,588,289	\$ 10,637,548	\$ -	\$ 49,259
Intergovernmental	-	1,801,497	1,801,497	1,831,184	-	29,687
Excise and Other Taxes	-	1,208,850	1,208,850	1,520,010	-	311,160
Charges for Services	-	675,554	675,554	662,038	-	(13,516)
Licenses, Permits, Fees	-	427,005	427,005	455,774	-	28,769
Interest on Delinquent Taxes	-	106,000	106,000	110,414	-	4,414
Investment Income	-	9,200	9,200	7,074	-	(2,126)
<b>Total Revenues</b>	-	<b>14,816,395</b>	<b>14,816,395</b>	<b>15,224,042</b>	-	<b>407,647</b>
<b>Expenditures:</b>						
Current:						
General Government	227,888	1,204,844	1,602,840	1,183,524	403,671	15,645
Public Safety	9,837	2,217,688	2,255,044	2,245,784	9,000	260
Public Works	5,591	957,564	1,013,291	1,001,393	6,545	5,353
Education	-	7,829,965	7,907,209	7,911,056	-	(3,847)
Health and Human Services	1,000	156,057	152,949	150,625	600	1,724
Culture and Recreation	42	234,103	263,340	262,545	42	753
Employee Benefits and Insurance	18,352	1,586,589	1,557,104	1,540,178	-	16,926
State Assessments	-	29,442	29,442	29,442	-	-
Debt Service:						
Principal	-	565,445	689,369	686,988	-	2,381
Interest	-	133,163	134,263	131,901	-	2,362
<b>Total Expenditures</b>	<b>262,710</b>	<b>14,914,860</b>	<b>15,604,851</b>	<b>15,143,436</b>	<b>419,858</b>	<b>41,557</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>(262,710)</b>	<b>(98,465)</b>	<b>(788,456)</b>	<b>80,606</b>	<b>(419,858)</b>	<b>449,204</b>
<b>Other Financing Sources (Uses):</b>						
Operating Transfers In	-	96,095	214,673	212,899	-	(1,774)
Operating Transfers Out	-	(145,786)	(254,600)	(255,580)	-	(980)
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>(49,691)</b>	<b>(39,927)</b>	<b>(42,681)</b>	<b>-</b>	<b>(2,754)</b>
<b>Net Change in Budgetary Fund Balance</b>	<b>(262,710)</b>	<b>(148,156)</b>	<b>(828,383)</b>	<b>\$ 37,925</b>	<b>\$ (419,858)</b>	<b>\$ 446,450</b>
<b>Other Budgetary Items:</b>						
Free Cash and Other Reserves	-	191,872	649,139			
Prior Year Deficits	-	(43,716)	(83,466)			
Prior Year Encumbrances	262,710	-	262,710			
<b>Total Other Budgetary Items</b>	<b>262,710</b>	<b>148,156</b>	<b>828,383</b>			
<b>NET BUDGET</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>			

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, 2016**

	<b>Revenues</b>	<b>Expenditures</b>
<b>Reported on a Budgetary Basis</b>	<b>\$ 15,224,042</b>	<b>\$ 15,143,436</b>
<u>Adjustments:</u>		
Activity for stablization fund recorded in the general fund for GAAP purposes	3,793	-
Net decrease in revenue from recording 60-day receipts	(30,000)	-
Net increase in revenue from recording refund taxes payable	21,000	-
Recognition of intergovernmental revenue - loan subsidy amounts	661	-
Recognition of intergovernmental expenditures - loan subsidy amounts	-	661
<b>Reported on a GAAP Basis</b>	<b>\$ 15,219,496</b>	<b>\$ 15,144,097</b>

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, 2016**

	Business-Type Activities Enterprise Funds		
	Sewer Fund	Water Fund	Total
<b>ASSETS</b>			
<b>CURRENT:</b>			
Cash and Cash Equivalents	\$ 6,841	\$ 947,767	\$ 954,608
Investments	599,699	1,165,280	1,764,979
Receivables, net of allowance for uncollectibles:			
User Charges	119,719	106,759	226,478
Tax Liens	19,606	13,065	32,671
Other	26,415	-	26,415
Special Assessments	23,374	-	23,374
Total current assets	<u>795,654</u>	<u>2,232,871</u>	<u>3,028,525</u>
<b>NONCURRENT:</b>			
Receivables, net of allowance for uncollectibles:			
Special Assessments	43,957	-	43,957
Capital Assets, net of accumulated depreciation			
Nondepreciable	8,857	73,180	82,037
Depreciable	2,348,058	2,527,373	4,875,431
Total noncurrent assets	<u>2,400,872</u>	<u>2,600,553</u>	<u>5,001,425</u>
<b>Total Assets</b>	<u><u>3,196,526</u></u>	<u><u>4,833,424</u></u>	<u><u>8,029,950</u></u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred Outflows Related to Pensions	28,887	49,071	77,958
<b>LIABILITIES</b>			
<b>CURRENT:</b>			
Warrants Payable	9,612	32,854	42,466
Accrued Payroll	1,530	3,910	5,440
Accrued Interest	3,980	7,003	10,983
Deposits	850	-	850
Compensated Absences	1,207	136	1,343
Bonds Payable	120,000	170,000	290,000
Total current liabilities	<u>137,179</u>	<u>213,903</u>	<u>351,082</u>
<b>NONCURRENT:</b>			
Compensated Absences	4,828	546	5,374
OPEB Obligation Payable	220,664	309,243	529,907
Net Pension Liability	334,520	568,256	902,776
Bonds Payable	240,000	910,000	1,150,000
Total noncurrent liabilities	<u>800,012</u>	<u>1,788,045</u>	<u>2,588,057</u>
<b>Total Liabilities</b>	<u><u>937,191</u></u>	<u><u>2,001,948</u></u>	<u><u>2,939,139</u></u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred Inflows Related to Pensions	35,106	59,635	94,741
<b>NET POSITION</b>			
Net Investment in Capital Assets	1,996,915	1,520,553	3,517,468
Unrestricted	256,201	1,300,359	1,556,560
<b>Total Net Position</b>	<u><u>\$ 2,253,116</u></u>	<u><u>\$ 2,820,912</u></u>	<u><u>\$ 5,074,028</u></u>

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, 2016**

	Business-Type Activities Enterprise Funds		
	Sewer Fund	Water Fund	Total
<b>Operating Revenues:</b>			
Charges for Services	\$ 1,020,652	\$ 985,244	\$ 2,005,896
<b>Total Operating Revenues</b>	<u>1,020,652</u>	<u>985,244</u>	<u>2,005,896</u>
<b>Operating Expenses:</b>			
Salaries & Wages	164,037	232,125	396,162
Operating Expenses	820,100	536,726	1,356,826
Depreciation	89,626	121,286	210,912
<b>Total Operating Expenses</b>	<u>1,073,763</u>	<u>890,137</u>	<u>1,963,900</u>
<b>Operating Income (Loss)</b>	<u>(53,111)</u>	<u>95,107</u>	<u>41,996</u>
<b>Non-Operating Revenues (Expenses):</b>			
Investment Income	1,846	2,850	4,696
Special Assessments	6,932	-	6,932
Intergovernmental	-	17,153	17,153
Interest Expense	(25,005)	(28,432)	(53,437)
<b>Total Non-Operating Revenues (Expenses)</b>	<u>(16,227)</u>	<u>(8,429)</u>	<u>(24,656)</u>
<b>Income (Loss) Before Operating Transfers</b>	<u>(69,338)</u>	<u>86,678</u>	<u>17,340</u>
<b>Operating Transfers:</b>			
Transfers In	145,786	-	145,786
Transfers Out	(49,824)	(44,497)	(94,321)
<b>Total Operating Transfers</b>	<u>95,962</u>	<u>(44,497)</u>	<u>51,465</u>
<b>Change in Net Position</b>	<u>26,624</u>	<u>42,181</u>	<u>68,805</u>
<b>Net Position at Beginning of Year</b>	<u>2,226,492</u>	<u>2,778,731</u>	<u>5,005,223</u>
<b>Net Position at End of Year</b>	<u>\$ 2,253,116</u>	<u>\$ 2,820,912</u>	<u>\$ 5,074,028</u>

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



**TOWN OF DUDLEY, MASSACHUSETTS  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2016**

	<b>Business-Type Activities Enterprise Funds</b>		
	<b>Sewer Fund</b>	<b>Water Fund</b>	<b>Total</b>
<b>Cash Flows From Operating Activities:</b>			
Receipts from Customers and Users	\$ 1,029,133	\$ 993,931	\$ 2,023,064
Payments to Vendors	(773,761)	(456,508)	(1,230,269)
Payments to Employees	(167,274)	(239,644)	(406,918)
<b>Net Cash Provided by (Used for) Operating Activities</b>	<b>88,098</b>	<b>297,779</b>	<b>385,877</b>
<b>Cash Flows from Noncapital Financing Activities:</b>			
Transfers from (to) Other Funds	95,962	(44,497)	51,465
<b>Net Cash Provided by (Used for) Noncapital Financing Activities</b>	<b>95,962</b>	<b>(44,497)</b>	<b>51,465</b>
<b>Cash Flows from Capital and Related Financing Activities:</b>			
Intergovernmental Revenues	-	17,153	17,153
Special Assessments	32,110	-	32,110
Principal Payments on Bonds and Notes	(120,000)	(170,000)	(290,000)
Interest Expense	(26,430)	(29,442)	(55,872)
<b>Net Cash Provided by (Used for) Capital and Related Financing Activities</b>	<b>(114,320)</b>	<b>(182,289)</b>	<b>(296,609)</b>
<b>Cash Flows from Investing Activities:</b>			
Proceeds/(Purchase) of Investments	(251,846)	(752,850)	(1,004,696)
Investment Income	1,846	2,850	4,696
<b>Net Cash Provided by (Used for) Investing Activities</b>	<b>(250,000)</b>	<b>(750,000)</b>	<b>(1,000,000)</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>(180,260)</b>	<b>(679,007)</b>	<b>(859,267)</b>
<b>Cash and Cash Equivalents at Beginning of Year</b>	<b>187,101</b>	<b>1,626,774</b>	<b>1,813,875</b>
<b>Cash and Cash Equivalents at End of Year</b>	<b>\$ 6,841</b>	<b>\$ 947,767</b>	<b>\$ 954,608</b>

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

<b>Operating Income (Loss)</b>	\$ (53,111)	\$ 95,107	\$ 41,996
<b>Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:</b>			
Depreciation	89,626	121,286	210,912
Deferred (Outflows)/Inflows of Resources Related to Pensions	6,413	10,894	17,307
Change in Assets and Liabilities:			
Increase (Decrease) in Warrants Payable	8,821	16,485	25,306
Increase (Decrease) in Accrued Payroll	(1,755)	2,015	260
Increase (Decrease) in Compensated Absences	(1,482)	(9,534)	(11,016)
Increase (Decrease) in OPEB Obligation Payable	19,240	32,682	51,922
Increase (Decrease) in Net Pension Liability	11,865	20,157	32,022
Decrease (Increase) in User Charges Receivable	8,481	8,687	17,168
<b>Total Adjustments</b>	<b>141,209</b>	<b>202,672</b>	<b>343,881</b>
<b>Net Cash Provided by (Used for) Operating Activities</b>	<b>\$ 88,098</b>	<b>\$ 297,779</b>	<b>\$ 385,877</b>

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, 2016**

	<b>Other Post Employment Benefit Trust Fund</b>	<b>Agency Funds</b>
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ -	\$ 168,996
Investments	4,705	-
<b>Total Assets</b>	<b>4,705</b>	<b>168,996</b>
<b>LIABILITIES</b>		
Due to Other Governments	-	12,669
Escrows & Deposits	-	156,327
<b>Total Liabilities</b>	<b>-</b>	<b>168,996</b>
<b>NET POSITION</b>		
Held in Trust for Other Postemployment Benefits and Other Purposes	<b>\$ 4,705</b>	<b>\$ -</b>

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, 2016**

	<b>Other Post Employment Benefit Trust Fund</b>
<b>Additions</b>	
Investment income	\$ 46
Total Investment Income	46
<b>Total Additions</b>	46
 <b>Change in Net Position</b>	 46
 <b>Net Position at Beginning of Year</b>	 4,659
 <b>Net Position at End of Year</b>	 \$ 4,705

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, 2016**

**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 2016, it was determined that no entities met the required GASB-39 and GASB-61 criteria for component units.

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

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

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

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

**B. Government-Wide and Fund Financial Statements**

**Government-wide financial statements**

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

**TOWN OF DUDLEY, MASSACHUSETTS**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2016**

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, 2016**

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 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.

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

**TOWN OF DUDLEY, MASSACHUSETTS**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2016**

assets held in a trustee capacity for others that cannot be used to support the government programs. The Town reports the following fiduciary funds:

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

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

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

**D. Cash and Cash Equivalents**

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

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

Investment income from proprietary funds is maintained in those funds.

**E. Investments**

State and local statutes place certain limitations on the nature of deposits and investments available to the Town. Deposits in any financial institution may not exceed certain levels within the financial institution. Non-fiduciary fund investments can be made in securities issued by or unconditionally guaranteed by the U. S. Government or agencies that have a maturity of less than one year from the date of purchase and repurchase agreements guaranteed by such securities with maturity dates of no more than 90 days from the date of purchase.

All investments are carried at fair value.

**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, 2015 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

**TOWN OF DUDLEY, MASSACHUSETTS**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2016**

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 2016 on June 30, 2015, that were due on August 3, 2015 and November 2, 2015 and actual bills on December 30, 2015 that were due on February 1, 2016 and May 2, 2016.

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 2016 is as follows:

Legal Levy Limit Under Proposition	
2 1/2 for fiscal year 2016	\$ 9,049,279
Add: Debt Exclusion	<u>1,671,407</u>
	<u><u>\$ 10,720,686</u></u>

The total amount raised by taxation was \$10,720,453.

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.



**TOWN OF DUDLEY, MASSACHUSETTS**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2016**

**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.

**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:

<b>Capital Asset Type</b>	<b>Years</b>
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

**TOWN OF DUDLEY, MASSACHUSETTS**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2016**

between the governmental activities and business-type activities are reported in the statement of activities as "Transfers net".

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

**I. Deferred Inflows of Resources**

**Government-wide financial statements**

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

In addition to liabilities, the *Statement of Net Position* will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. Currently, the only item in this category is *deferred inflows related to pensions*.

**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 and total liabilities 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.

**TOWN OF DUDLEY, MASSACHUSETTS**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2016**

“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.

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

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

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

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

**K. Long-term Debt**

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

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

**L. Compensated Absences**

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

**TOWN OF DUDLEY, MASSACHUSETTS**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2016**

**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.

**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.

**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.

**TOWN OF DUDLEY, MASSACHUSETTS**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2016**

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 2016, the Town incurred a final budget deficit of \$828,383 for the General Fund.

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

Unassigned fund balance:		
Free cash votes	\$	621,267
Reserved for deficits		(83,466)
Reserved for Bond Premium		27,872
Prior year's encumbrances		262,710
	<u>\$</u>	<u>828,383</u>

**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, 2016 were \$3,257,247. Of these, none are exposed to custodial credit risk as uninsured and uncollateralized.

**Deposits and Investment Policies**

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

The MMDT is an investment pool created by the Commonwealth under the supervision of the State Treasurer's office. According to the State Treasurer, the Trust's investment policy is designed to maintain an average weighted maturity of 90 days or less and is limited to high-quality, readily marketable fixed income instruments, including U. S. Government obligations and highly-rated corporate securities with maturities of one year or less.

**TOWN OF DUDLEY, MASSACHUSETTS**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2016**

As of June 30, 2016, the Town had the following investments and maturities:

<b>Investment Type</b>	<b>Fair Value</b>	<b>Investment Maturities (in Years)</b>	
		<b>Less Than 1</b>	<b>1 to 5</b>
<b>Debt Securities:</b>			
U. S. treasury obligations	\$ 121,309	\$ -	\$ 121,309
U. S. government agencies	305,166	-	305,166
Corporate bonds	120,439	20,200	100,239
	<u>546,914</u>	<u>\$ 20,200</u>	<u>\$ 526,714</u>
<b>Other Investments:</b>			
Certificate of deposits	186,099		
Equity mutual funds	124,463		
MMDT	1,775,993		
	<u>\$ 2,633,469</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 \$2,633,469 in investments, none are uninsured and unregistered. The Town has no policy on custodial credit risk.

**Interest Rate Risk**

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

**Credit Risk**

The Town's exposure to credit risk as of June 30, 2016 is as follows:

<b>Related Debt Instruments</b>	<b>Fair Value</b>
<b>Moody's Quality Ratings</b>	
<b>U. S. Treasury Obligations:</b>	
Aaa	\$ 121,309
<b>U. S. Government Agencies:</b>	
Aaa	305,166
<b>Corporate Bonds:</b>	
AA+	20,200
A3	40,198
Baa1	60,041
	<u>\$ 546,914</u>

**TOWN OF DUDLEY, MASSACHUSETTS**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2016**

**Concentration of Credit Risk**

The Town places no limit on the amount the Town may invest in one issuer. More than 5 of the Town's total investments are in the Federal Home Loan Mortgage Corp amounting to 11.59% of the Town's total investments.

**B. Receivables**

At June 30, 2016, 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:

	<b>Gross Amount</b>	<b>Allowance for Uncollectibles</b>	<b>Net Amount</b>
<b>Major and nonmajor governmental funds:</b>			
Property taxes	\$ 88,155	\$ (203)	\$ 87,952
Tax liens	301,419	-	301,419
Excise taxes	185,609	(40,498)	145,111
Special assessments	1,767	-	1,767
Departmental	194,883	(21,131)	173,752
Due from other governments	341,582	-	341,582
	<u>\$ 1,113,415</u>	<u>\$ (61,832)</u>	<u>\$ 1,051,583</u>

At June 30, 2016, receivables for the business-type activities consist of the following:

	<b>Gross Amount</b>	<b>for Uncollectibles</b>	<b>Net Amount</b>
<b>Sewer Fund:</b>			
Sewer user charges	\$ 120,219	\$ (500)	\$ 119,719
Sewer tax liens	19,606	-	19,606
Other	26,415	-	26,415
Special assessments	67,331	-	67,331
<b>Water Fund:</b>			
Water user charges	107,259	(500)	106,759
Water tax liens	13,065	-	13,065
	<u>\$ 353,895</u>	<u>\$ (1,000)</u>	<u>\$ 352,895</u>

**TOWN OF DUDLEY, MASSACHUSETTS**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2016**

The composition of amounts due from other governments as of June 30, 2016 for the governmental funds and the business-type funds are as follows:

**Governmental Funds:**

**General Fund:**

***Commonwealth of Massachusetts:***

Department of Revenue			
Veterans, Blind and Surviving Spouse	\$	19,762	
Department of Veterans Services:			
Veteran's benefits		97,971	\$ 117,733

**Nonmajor Governmental Funds:**

***Commonwealth of Massachusetts:***

Executive Office of Public Safety and Homeland Security:			
Police overtime enforcement grant		2,115	
Massachusetts Association of Councils on Aging and Senior Center Directors			
Memory Café Grant		2,495	
Massachusetts Department of Transportation:			
Highway Department - Chapter 90 funded projects		219,239	223,849
		\$	341,582

**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			
	\$	45,952	
Tax liens		301,419	
Excise taxes		145,111	
Departmental		135,061	
Due from other governments		81,792	\$ 709,335

**Nonmajor governmental funds:**

Special assessments			
		1,767	
Due from other governments		191,139	192,906
		\$	902,241



**TOWN OF DUDLEY, MASSACHUSETTS**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2016**

**D. Capital Assets**

Capital asset activity for the governmental and business-type activities for the year ended June 30, 2016, are as follows:

<b>Governmental Activities</b>	<b>Beginning Balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balance</b>
Capital assets not being depreciated:				
Land	\$ 812,528	\$ 17,517	\$ -	\$ 830,045
Construction in progress	50,000	99,521	(149,521)	-
Total capital assets not being depreciated	<u>862,528</u>	<u>117,038</u>	<u>(149,521)</u>	<u>830,045</u>
Capital assets being depreciated:				
Buildings and Renovations	16,614,577	97,542	(11,924)	16,700,195
Machinery, equipment and other	3,909,318	471,491	(405,122)	3,975,687
Infrastructure	7,269,942	543,510	-	7,813,452
Total capital assets being depreciated	<u>27,793,837</u>	<u>1,112,543</u>	<u>(417,046)</u>	<u>28,489,334</u>
Less accumulated depreciation for:				
Buildings and Renovations	5,735,003	558,942	(11,924)	6,282,021
Machinery, equipment and other	2,843,314	188,362	(405,122)	2,626,554
Infrastructure	4,311,284	279,117	-	4,590,401
Total accumulated depreciation	<u>12,889,601</u>	<u>1,026,421</u>	<u>(417,046)</u>	<u>13,498,976</u>
Total capital assets being depreciated, net	<u>14,904,236</u>	<u>86,122</u>	<u>-</u>	<u>14,990,358</u>
Total governmental activities capital assets, net	<u>\$ 15,766,764</u>	<u>\$ 203,160</u>	<u>\$ (149,521)</u>	<u>\$ 15,820,403</u>
<b>Business-Type Activities</b>	<b>Beginning Balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balance</b>
Capital assets not being depreciated:				
Land	\$ 82,037	\$ -	\$ -	\$ 82,037
Total capital assets not being depreciated	<u>82,037</u>	<u>-</u>	<u>-</u>	<u>82,037</u>
Capital assets being depreciated:				
Machinery, equipment and other	545,065	-	(60,412)	484,653
Infrastructure	11,639,794	-	-	11,639,794
Total capital assets being depreciated	<u>12,184,859</u>	<u>-</u>	<u>(60,412)</u>	<u>12,124,447</u>
Less accumulated depreciation for:				
Machinery, equipment and other	453,570	23,727	(60,412)	416,885
Infrastructure	6,644,946	187,185	-	6,832,131
Total accumulated depreciation	<u>7,098,516</u>	<u>210,912</u>	<u>(60,412)</u>	<u>7,249,016</u>
Total capital assets being depreciated, net	<u>5,086,343</u>	<u>(210,912)</u>	<u>-</u>	<u>4,875,431</u>
Total business-type activities capital assets, net	<u>\$ 5,168,380</u>	<u>\$ (210,912)</u>	<u>\$ -</u>	<u>\$ 4,957,468</u>

**TOWN OF DUDLEY, MASSACHUSETTS**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2016**

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

<b>Governmental Activities:</b>	
General government	\$ 260,069
Public safety	170,139
Public works	326,186
Health and human services	6,333
Culture and recreation	263,694
Total depreciation expense - governmental activities	\$ 1,026,421
<b>Business-Type Activities:</b>	
Sewer fund	\$ 89,626
Water fund	121,286
Total depreciation expense - business-type activities	\$ 210,912

**E. Interfund Receivables, Payables and Transfers**

Interfund transfers for the fiscal year ended June 30, 2016, are summarized below:

Transfers Out:	Transfers In:			
	General fund	Nonmajor Governmental fund	Business-type fund	Total
General fund	\$ -	\$ 8,814	\$ 145,786	\$ 154,600
Nonmajor governmental funds	34,000	-	-	34,000
Business-type fund	94,321	-	-	94,321
Total transfers out	\$ 128,321	\$ 8,814	\$ 145,786	\$ 282,921

**F. Short-Term Financing**

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

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

Purpose	Interest Rate	Final Maturity Date	Balance July 1, 2015	Renewed/ Issued	Retired/ Redeemed	Outstanding June 30, 2016
<b>Governmental Activities</b>						
<b>Grant Anticipation Note:</b>						
Chapter 90 Projects	0.50%	07/06/15	\$ 166,000	\$ -	\$ 166,000	\$ -
Chapter 90 Projects	0.75%	07/05/16	-	100,000	-	100,000
Total Governmental Activities			\$ 166,000	\$ 100,000	\$ 166,000	\$ 100,000

**TOWN OF DUDLEY, MASSACHUSETTS**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2016**

**G. Long Term Debt**

**General Obligation Bonds**

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

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

	<b>Interest Rate</b>	<b>Date Issued</b>	<b>Final Maturity Date</b>	<b>Original Amount Issued</b>	<b>Outstanding June 30, 2016</b>
<b>Inside Debt:</b>					
Municipal building renovation	4.20%	12/13/02	06/15/18	\$ 5,770,000	\$ 2,000,000
Municipal building renovation	4.13%	04/06/04	12/15/22	1,840,000	665,000
Ambulance remount (1)	0.78%	06/03/16	06/03/17	159,300	159,300
Total Inside Debt					<u>2,824,300</u>
<b>Outside Debt:</b>					
<i>Massachusetts Clean Water Trust:</i>					
Title V Septic Repair Program	N/A	10/25/00	08/01/18	67,302	11,214
Total Outside Debt					<u>11,214</u>
Total governmental type debt					<u><u>\$ 2,835,514</u></u>

1 = Refunding note classified as long term debt.

**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, 2016, are as follows:

<b>Year</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2017	\$ 548,038	\$ 111,847	\$ 659,885
2018	383,738	94,402	478,140
2019	383,738	77,958	461,696
2020	380,000	61,204	441,204
2021	380,000	44,080	424,080
2022-2023	760,000	35,387	795,387
	<u>\$ 2,835,514</u>	<u>\$ 424,878</u>	<u>\$ 3,260,392</u>

**TOWN OF DUDLEY, MASSACHUSETTS**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2016**

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

	<b>Interest Rate</b>	<b>Date Issued</b>	<b>Final Maturity Date</b>	<b>Original Amount Issued</b>	<b>Outstanding June 30, 2016</b>
<b>Inside Debt:</b>					
<b>Sewer Fund:</b>					
Municipal Purpose Loan of 2000	5.49%	05/01/00	05/01/20	\$ 1,315,000	\$ 240,000
Total Inside Debt					<u>240,000</u>
<b>Outside Debt:</b>					
<b>Sewer Fund:</b>					
Municipal Purpose Loan of 1998	4.74%	03/15/98	03/15/18	1,200,000	120,000
<b>Water Fund:</b>					
Water Main Healy Road	2.00%	10/15/12	10/15/22	450,000	315,000
Water Main Dudley Oxford Road	2.00%	10/15/12	10/15/22	850,000	595,000
<b>Massachusetts Clean Water Trust:</b>					
Corrosion control systems	N/A	10/01/99	08/01/19	661,114	170,000
Total Outside Debt					<u>1,200,000</u>
Total Business-type debt					<u>\$ 1,440,000</u>

**Future Debt Service**

The annual principal and interest payments to retire all business-type long-term debt outstanding as of June 30, 2016, are as follows:

<b>Year</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2017	\$ 290,000	\$ 43,881	\$ 333,881
2018	290,000	32,720	322,720
2019	235,000	21,773	256,773
2020	235,000	13,697	248,697
2021	130,000	6,500	136,500
2022-2023	260,000	5,200	265,200
	<u>\$ 1,440,000</u>	<u>\$ 123,771</u>	<u>\$ 1,563,771</u>

**TOWN OF DUDLEY, MASSACHUSETTS**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2016**

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

	Balance July 1, 2015	Additions	Reductions	Balance June 30, 2016	Amounts Due within One Year
<b>Governmental activities:</b>					
<b>Bond Payable:</b>					
General obligation bonds	\$ 3,050,000	\$ -	\$ 385,000	\$ 2,665,000	\$ 385,000
Refunding notes	298,250	159,300	298,250	159,300	159,300
Massachusetts Clean Water Trust bonds	14,952	-	3,738	11,214	3,738
<b>Compensated absences</b>	180,598	20,885	5,436	196,047	39,210
<b>OPEB liability obligation</b>	2,988,982	564,716	-	3,553,698	-
<b>Net pension liability</b>	9,470,743	348,287	-	9,819,030	-
Governmental activity Long-term liabilities	<u>\$ 16,003,525</u>	<u>\$ 1,093,188</u>	<u>\$ 692,424</u>	<u>\$ 16,404,289</u>	<u>\$ 587,248</u>
<b>Business-type activities:</b>					
<b>Bond Payable:</b>					
General obligation bonds	\$ 1,520,000	\$ -	\$ 250,000	\$ 1,270,000	\$ 250,000
Massachusetts Clean Water Trust bonds	210,000	-	40,000	170,000	40,000
<b>Compensated absences</b>	17,733	288	11,304	6,717	1,343
<b>OPEB liability obligation</b>	477,985	51,922	-	529,907	-
<b>Net pension liability</b>	870,754	32,022	-	902,776	-
Business-type activity Long-term liabilities	<u>\$ 3,096,472</u>	<u>\$ 84,232</u>	<u>\$ 301,304</u>	<u>\$ 2,879,400</u>	<u>\$ 291,343</u>

**Massachusetts Clean Water Trust (MCWT)**

The Town has borrowed funds from the MCWT Bond Resolution (Pool Loan Program). Under this program the borrower shall receive, as a credit against the loan repayment then due on this bond, the loan subsidy amounts (earnings on the equity of the trust). The Town is scheduled to be subsidized by the MCWT on a periodic basis for principal in the amount of \$728,416 and interest costs of \$418,725 for two loans which the Town has borrowed from MCWT. The gross amount outstanding at June 30, 2016 for principal and interest combined for the loans are \$199,589. The net repayments, including interest, are scheduled to be \$138,674. Since the Town is legally obligated for the total amount of the debt, such amounts for the gross principal have been recorded on the financial statements. The fiscal year 2016 principal and interest subsidies totaled \$17,814.

**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, 2016 totaled \$3,064,300.

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."

**TOWN OF DUDLEY, MASSACHUSETTS**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2016**

The following is a computation of the legal debt limit as of June 30, 2016:

Equalized Valuation-Real Estate and Personal Property (2014)		\$	885,262,100
Debt Limit: 5 % of Equalized value			44,263,105
Total Debt Outstanding	\$	4,275,514	
Less: Debt Outside Debt Limit		(1,211,214)	3,064,300
Inside Debt Excess Borrowing Capacity at June 30, 2016		\$	41,198,805

**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. All loan authorizations of the governmental funds and business-type funds have been issued as of June 30, 2016.

**Overlapping Debt**

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

	<b>Current Year's Debt</b>	<b>Town's Estimated Share</b>	<b>Town's Estimated Indirect Debt</b>
<b>Dudley Charlton Regional School District:</b>			
School Construction	\$ 10,418,801	51.26%	\$ 5,340,677
Athletic Field	1,911,129	51.26%	979,645
<b>Southern Worcester Regional Vocational School District:</b>			
School Construction	26,655,000	9.98%	2,660,169
			\$ 8,980,491

The above debt does not reflect the Commonwealth of Massachusetts School Building Assistance grants to pay for the interest and principal on allowable costs.

The Southern Worcester Regional Vocational School District also has bond anticipation notes outstanding as of June 30, 2016 of \$3 million for the Baypath Regional High School construction of which the Town of Dudley's share is 9.98%

**TOWN OF DUDLEY, MASSACHUSETTS**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2016**

**H. Fund Balances**

The following is a summary of the Town's Governmental fund balances at the year ended June 30, 2016:

	<b>General Fund</b>	<b>Nonmajor Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>Nonspendable:</b>			
Permanent funds	\$ -	\$ 40,625	\$ 40,625
<b>Restricted:</b>			
Federal and state grants	-	385,963	385,963
Revolving funds	-	62,357	62,357
Gifts and donations	-	90,027	90,027
Capital projects	-	2,055	2,055
Permanent funds	-	199,460	199,460
Pearle L. Crawford Library endowment fund	-	1,223,869	1,223,869
Other	-	18,284	18,284
	-	1,982,015	1,982,015
<b>Committed:</b>			
Insurance and employee benefits	-	15,169	15,169
Other	-	17,700	17,700
	-	32,869	32,869
<b>Assigned:</b>			
General government	403,671	-	403,671
Public safety	9,000	-	9,000
Public works	6,545	-	6,545
Health and human services	600	-	600
Culture and recreation	42	-	42
Subsequent year's budget	91,000	-	91,000
	510,858	-	510,858
<b>Unassigned:</b>			
General Fund	1,105,487	-	1,105,487
<b>Total Governmental fund balances</b>	<b>\$ 1,616,345</b>	<b>\$ 2,055,509</b>	<b>\$ 3,671,854</b>

**I. Special Trust Funds**

**Stabilization Fund**

Under Section 5B of Chapter 40 of the Massachusetts General Laws, the Town may for the purpose of creating a stabilization fund appropriate in any year an amount not exceeding ten percent of the amount raised in the preceding year by taxation of real estate and tangible personal property or such larger amount as may be approved by the Emergency Finance Board. The aggregate amount in the fund at any time shall not exceed ten percent of the equalized valuation of the Town and any interest shall be added to and become a part of the fund. The stabilization fund may be appropriated in a Town at a Town meeting for any lawful purpose.

**TOWN OF DUDLEY, MASSACHUSETTS**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2016**

At June 30, 2016 the balances in the stabilization funds are reported in the General Fund as unassigned fund balance consisting of the following:

General purpose stabilization fund	\$	395,837
Capital stabilization fund		38
		395,875
	\$	395,875

**4. OTHER INFORMATION**

**A. Risk Management**

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

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

**Hampshire County Health Group**

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

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

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

Based upon the unaudited results of operations of the HCHG for the fiscal year ended June 30, 2016, the Town's insurance consultants have reported the HCHG has accumulated a surplus of \$19,827,761 as of June 30, 2016.

**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, 2016, cannot be ascertained, management believes any resulting liability should not materially affect the financial position at June 30, 2016. The outcome of lawsuits is not expected to materially affect the financial condition of the Town.



**TOWN OF DUDLEY, MASSACHUSETTS**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2016**

**C. Pension Plan**

**Plan Description**

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

**Benefits Provided**

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

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

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

**Contributions**

MGL Chapter 32 governs the contributions of plan members and the Town. Plan members are required to contribute to the System at rates ranging from 5% to 9% based upon their membership date of gross regular compensation with an additional 2% contribution after exceeding \$30,000 in annual covered compensation. The Town is required to pay into the System its share of the system-wide actuarial determined contribution that is apportioned among the employers based on active current payroll. Administrative expenses are funded through investment earnings. The Town's proportionate share of the required contribution to the System for the year ended December 31, 2015 was \$679,525, representing 22.15% of the covered payroll, an actuarially determined amount that, when combined with plan member contributions, is expected to finance the costs of benefits earned by plan members during the year and an additional amount to finance any unfunded accrued liability.

**TOWN OF DUDLEY, MASSACHUSETTS**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2016**

**Pension Liability**

As of June 30, 2016, the Town reported a liability of \$10,721,806 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2014. 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, 2015, the Town's proportional percentage was 1.5105%, which was a slight decrease from the last measurement.

**Pension Expense**

For the year ended June 30, 2016, the Town recognized a pension expense of \$1,265,380 and reported deferred outflows of resources related to pensions of \$925,863 and deferred inflows of resources related to pensions of \$1,125,188, from the net difference between projected and actual investment earnings on pension plan investments. Since the System performs an actuarial valuation bi-annually, there are no reported differences between the expected and actual experience or a change of assumptions as of December 31, 2015.

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

<u>For years ended June 30,</u>	
<b>2017</b>	\$ (45,774)
<b>2018</b>	(45,774)
<b>2019</b>	(45,774)
<b>2020</b>	(45,484)
<b>Thereafter:</b>	<u>(16,519)</u>
	<u><u>\$ (199,325)</u></u>

**Actuarial Assumptions**

The total pension liability was determined by an actuarial valuation as of January 1, 2014, using the following actuarial assumptions, applied to all periods included in the measurement that was updated December 31, 2015;

Valuation date	January 1, 2014
Actuarial cost method	Entry Age Normal
Amortization method	<i>Unfunded Actuarial Accrued Liability (UAAL):</i> Increasing dollar amount at 4.0% to reduce the UAAL to zero on or before June 30, 2035.  <i>2002 &amp; 2003 Early Retirement Incentive (ERI):</i> Increasing dollar amount at 4.5% to reduce the 2002 & 2003 ERI to zero on or before June 30, 2028.  <i>2010 Early Retirement Incentive (ERI):</i> Increasing dollar amount to reduce the 2010 ERI to zero on or before June 30, 2022.

**TOWN OF DUDLEY, MASSACHUSETTS**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2016**

Remaining amortization period	21 years, except for ERI for 2002 and 2003 (14 years) and 2010 (8 years)
Asset valuation method	The actuarial value of assets is the market value of assets as of the valuation date reduced by the sum of: 80% of the gains and losses of the prior year, 60% of the gains and losses of the second prior year, 40% of the gains and losses of the third prior year, and 20% of the fourth prior year. Investment gains and losses are determined by the excess or deficiency of the expected return over the actual return on the market value. The actuarial valuation of assets is further constrained to be not less than 80% or more than 120% of market value.
Investment rate of return	7.75%, net of pension plan investment expense, including inflation
Projected salary increase	3.0% per year, including longevity
Inflation	Not explicitly assumed for the update to December 31, 2015 (3.5% per year for the actuarial valuation as of January 1, 2014)
Mortality rates	RP-2000 Mortality Table Projected to 2014 with Scale AA RP-2000 Mortality Table set forward two years for disabled members

**Long-term Expected Rate of Return**

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

Best estimates of arithmetic real rates of return for each major class included in the pension plan's target asset allocation as of December 31, 2015, are summarized in the following table:

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-Term Expected Rate of Return</b>
Global Equity	40%	8.02%
Fixed income	23%	5.09%
Private Equity	10%	9.50%
Real Estate	10%	6.50%
Timber/Natural Resources	4%	7.07%
Hedge Funds	9%	6.50%
Other	4%	6.18%
Total	100%	

**Rate of Return**

For the year ended December 31, 2015, the annual money-weighted rate of return (which expresses investment performance), net of investment expense was 0.05%. The money-weighted rate of return considers the changing amounts actually invested during a period and weighs the amount of pension plan investments by the proportion of time they are available to earn a return during that period. The rate of return is then calculated by solving, through an iterative process, for the rate that equates the sum of the weighted external cash flows into and out of the pension plan investments to the ending fair value of pension plan investments.

**TOWN OF DUDLEY, MASSACHUSETTS**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2016**

**Discount Rate**

The discount rate used to measure the total pension liability was 7.75%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rates and that member employer contributions will be made in accordance with Section 22D and Section 22F of MGL Chapter 32. Based on those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments or current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

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

	<b>1% Decrease</b>	<b>Current</b>	<b>1% Increase</b>
	<b>6.75%</b>	<b>Discount Rate</b>	<b>8.75%</b>
	<b>6.75%</b>	<b>7.75%</b>	<b>8.75%</b>
Net pension liability	\$ 12,909,205	\$ 10,721,806	\$ 8,864,448

**D. Other Post Employment Benefits Payable**

**GASB Statement No. 45**

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 adopted the requirements of GASB Statement No. 45 during the year ended June 30, 2008, and thus recognizes the cost of post employment benefits in the year when the employee services are received, 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 provided 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 107 active and retired employees that meet the eligibility requirements. The plan does not issue a separate financial report.

**Funding Policy**

The contribution requirements of plan members and the Town are established and may be amended through Town policy and member contracts. The required contribution is based on the projected pay-as-you-go financing requirements. For the 2016 fiscal year, total Town premiums plus implicit costs for the retiree medical program are \$248,785.

**Annual OPEB Cost and Net OPEB Obligation**

The Town's annual other post employment benefit ("OPEB") cost (expense) is calculated based on the annual required contribution of the employer ("ARC"), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an

**TOWN OF DUDLEY, MASSACHUSETTS**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2016**

ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty (30) years. The following table shows the components of the Town's annual OPEB costs for the fiscal year, the amount actually contributed to the plan and changes in the Town's net OPEB obligation to the plan:

Annual required contribution	\$	887,386
Interest on net OPEB obligation		138,679
Adjustment to annual required contribution		(160,642)
Annual OPEB cost (expense)		865,423
Contributions made during the fiscal year		(248,785)
Increase in net OPEB obligation		616,638
Net OPEB Obligation - beginning of year		3,466,967
Net OPEB Obligation - end of year		\$ 4,083,605

The Town's annual OPEB cost, the percentage of the annual OPEB cost contributed to the plan, and the net OPEB obligation for the 2016 fiscal year and the two preceding years were as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage Annual OPEB Cost Contributed	Net OPEB Obligation
06/30/16	\$ 865,423	28.7%	\$ 4,083,605
06/30/15	\$ 821,093	26.8%	\$ 3,466,967
06/30/14	\$ 948,647	32.7%	\$ 2,866,104

**Funded Status and Funding Process**

As of July 1, 2014, the most recent valuation date, the plan was 0.0% funded. The actuarial liability for benefits was \$9,874,329, and the actuarial value of assets was \$0.0 thousand, resulting in an unfunded actuarial accrued liability (UAAL) of \$9,874,329. The covered payroll (annual payroll of active employees covered by the plan) was \$2,781,627 and the ratio of the UAAL to the covered payroll was 354.98%.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the Annual Required Contribution of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

The Schedule of Funding Progress, presented as Required Supplementary Information following the Notes to the Financial Statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the Actuarial accrued liabilities for benefits.

**Actuarial Methods and Assumptions**

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

**TOWN OF DUDLEY, MASSACHUSETTS**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2016**

The Town OPEB actuarial valuation as of July 1, 2014, used the entry age normal method. The OPEB liability is currently unfunded and the actuarial assumptions include a 4.0% rate of return on invested assets, a payroll growth rate of 3.5% per annum and medical/drug cost trend rate at 9.0% decreasing by 1% for 5 years to an ultimate level of 5.0% in year 2018.

The unfunded actuarial accrued liability is being amortized over 30 years on a level dollar amount open basis. The remaining amortization period at June 30, 2016 is approximately 22 years.

**Trust Fund**

The Town did establish a trust fund in order to contribute funds to reduce the future OPEB liability. As of June 30, 2016 the trust balance is \$4,705.

**E. Implementation Of New GASB Pronouncements**

The GASB issued Statement No. 72, *Fair Value Measurement and Application*, for implementation in 2016.

The GASB issued Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, for implementation in 2016.

**F. 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. 77, *Tax Abatement Disclosures*, for implementation in fiscal year 2017.

**REQUIRED SUPPLEMENTARY INFORMATION**

**TOWN OF DUDLEY, MASSACHUSETTS  
Required Supplementary Information  
Pension Schedules  
Worcester Regional Contributory Retirement System  
For the Year Ended June 30, 2016**

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:**

	<u>12/31/15</u>	<u>12/31/14</u>
Town's proportion of the net pension liability (asset)	1.1510524%	1.7378690%
Town's proportionate share of the net pension liability (asset)	\$ 10,721,806	\$ 10,341,497
Town's covered employee payroll	\$ 3,068,416	\$ 2,950,400
Net pension liability percentage of covered-employee payroll	349.42%	350.51%
Plan fiduciary net position as a percentage of the total pension liability	44.52%	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 of which the information is available.



**TOWN OF DUDLEY, MASSACHUSETTS**  
**Required Supplementary Information**  
**Pension Schedules**  
**Worcester Regional Contributory Retirement System**  
**For the Year Ended June 30, 2016**

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:**

	<u>12/31/15</u>	<u>12/31/14</u>
Actuarially determined contribution	\$ 679,525	\$ 686,789
Less: Contributions in relation to the actuarially determined contribution	<u>(679,525)</u>	<u>(686,789)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
Town's covered employee payroll	\$ 3,068,416	\$ 2,950,400
Contributions percentage of covered-employee payroll	22.15%	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 of which the information is available.

**TOWN OF DUDLEY, MASSACHUSETTS**  
**Required Supplementary Information**  
**Other Post Employment Benefit Plan Schedule**  
**For the Year Ended June 30, 2016**

**Schedule of Funding Progress**

Other Post Employment Benefits							
Actuarial Valuation Date	Actuarial Value of Assets (A)	Actuarial Liability (AAL) Entry Aid (B)	Unfunded AAL (UAAL) (B-A)	Funded Ratio (A/B)	Covered Payroll (C)	UAAL as a Percentage of Covered Payroll ((B-A)/C)	
07/01/14	\$ -	\$ 9,874,329	\$ 9,874,329	0%	\$ 2,781,627	354.98%	
7/1/2011	\$ -	\$ 9,745,766	\$ 9,745,766	0%	\$ 2,965,038	328.69%	
7/1/2007	\$ -	\$ 8,222,568	\$ 8,222,568	0%	\$ 2,909,092	282.65%	

**Schedule of Contribution Funding**

Other Post Employment Benefits				
Fiscal Year Ended June 30	Annual OPEB Cost	Actual Contributions Made	Percentage Contributed	
2016	\$ 865,423	\$ 248,785	28.7%	
2015	\$ 821,093	\$ 220,230	26.8%	
2014	\$ 948,647	\$ 310,539	32.7%	

The information presented in the above Required Supplementary Schedule was determined as part of the actuarial valuation at the date indicated. Additional information as of the latest actuarial valuation can be found in the Notes to Basic Financial Statements.

**Actuarial Methods and Assumptions:**

Valuation date	July 1, 2014
Actuarial cost method	Entry Age Normal
Amortization method	30-year amortization payments
Investment rate of return	4.00%
Annual payroll increase	3.50%
Medical/drug cost trend rate	9.00% in 2014 decreasing by 1% to the ultimate trend rate of 5% per year

**Plan Membership:**

Current active members	55
Current retirees, beneficiaries and dependents	52
Total	107

## **SUPPLEMENTARY SCHEDULES**

**TOWN OF DUDLEY, MASSACHUSETTS  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
NON-MAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2016**

	Fund Balances July 1, 2015	Revenues	Expenditures	Other Financing Sources (Uses)	Fund Balances June 30, 2016
<b>Special Revenue:</b>					
<b>Federal and State Grants:</b>					
Arts Lottery Council Grants	\$ 1,780	\$ 5,007	\$ 3,705	\$ -	\$ 3,082
Capital Planning Grant	-	18,750	-	-	18,750
Dam Grants	1,989	-	-	-	1,989
Elder Affairs Grants	20,010	20,579	24,372	-	16,217
Extended Polling Hours	1,224	554	1,778	-	-
Green Community Grants	42,450	84,900	78,447	-	48,903
Health Grants	100	-	-	-	100
Library Grants	89,403	19,695	11,987	-	97,111
Public Safety Grants	33,105	104,432	102,930	-	34,607
Public Works Grants	2,511	543,511	543,511	-	2,511
<b>Other:</b>					
Ambulance Revolving	29,672	24,791	55,125	-	(662)
Animal Care Revolving	76	-	-	-	76
Board of Health Revolving Funds	1,681	-	-	-	1,681
Cemetery Revolving	3,125	2,425	300	-	5,250
Council on Aging Meals Revolving	309	1,695	1,472	-	532
Commission on Disabilities Fund	342	1	-	-	343
Conservation Funds	16,878	11,254	7,544	-	20,588
Deputy Collector Revolving	-	28,753	28,753	-	-
Fire Penalty Fees Revolving	359	-	-	-	359
Firefighters Outside Detail	2,434	14,025	14,400	-	2,059
Genealogy Research Revolving	1,394	809	1,514	-	689
Gift Shop Revolving	636	86	-	-	722
Gifts and Donations	48,557	123,435	91,539	8,814	89,267
Greater Media Cable Access	98,570	-	36,172	-	62,398
Inspection Revolving	-	32,144	32,144	-	-
Insurance Reimbursements	603	19,568	20,445	-	(274)
Law Enforcement Drug Enforcement	16,268	1,116	513	-	16,871
Library Lost Book Revolving	(16)	1,366	1,212	-	138
Municipal Hearings Revolving	100	-	-	-	100
Planning & Economic Development	600	-	-	-	600
<b>Total Special Revenue page 60</b>	<b>\$ 414,160</b>	<b>\$ 1,058,896</b>	<b>\$ 1,057,863</b>	<b>\$ 8,814</b>	<b>\$ 424,007</b>

**TOWN OF DUDLEY, MASSACHUSETTS**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**NON-MAJOR GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2016**

	Fund Balances July 1, 2015	Revenues	Expenditures	Other Financing Sources (Uses)	Fund Balances June 30, 2016
<b>Continued from page 60</b>	\$ 414,160	\$ 1,058,896	\$ 1,057,863	\$ 8,814	\$ 424,007
<b>Special Revenue (Continued):</b>					
<b>Other (Continued):</b>					
Police Arrest Warrant Services	1,623	-	-	(1,000)	623
Police Court Judgement	13,221	-	2,202	-	11,019
Police Cruiser Use Detail	2,491	8,759	4,290	-	6,960
Police DARE Program	919	6,705	7,101	-	523
Police Firearms Permit Services	18,011	5,538	925	(3,000)	19,624
Police Off-Duty Revolving	(61,984)	544,152	482,168	-	-
Rail Trail-Sale of Steel	32,125	-	24,724	-	7,401
Road Machinery	13,186	34,612	98	(30,000)	17,700
Title V Septic Repair Loan Repayments	79,329	1,171	-	-	80,500
Underground Tank Cleanup	2,400	-	-	-	2,400
Website Revolving Fund	755	250	755	-	250
West Main Street Sale of Bricks Revolving	3,805	150	1,391	-	2,564
Pearle L. Crawford Memorial Library Endowment	1,260,956	(31,005)	6,082	-	1,223,869
Anniversary Fund	758	2	-	-	760
Clarinda Wood Fund	176,166	1,733	2,885	-	175,014
Compensated Absences Fund	7,749	19	-	-	7,768
Municipal Insurance Fund	6,914	17	-	-	6,931
Unemployment Compensation Fund	1	-	-	-	1
Workers Compensation Fund	468	1	-	-	469
<b>Total Special Revenue Funds</b>	<b>1,973,053</b>	<b>1,631,000</b>	<b>1,590,484</b>	<b>(25,186)</b>	<b>1,988,383</b>
<b>Capital Projects:</b>					
Ambulance Remount	-	-	154,286	155,000	714
Fire Exhaust System	-	-	4,252	4,300	48
Fire Department Vehicle	780	-	-	-	780
Health and Human Services	319	-	-	-	319
Highway Vehicle	63,500	-	63,306	-	194
Police Vehicle	36,000	-	36,000	-	-
<b>Total Capital Projects</b>	<b>\$ 100,599</b>	<b>\$ -</b>	<b>\$ 257,844</b>	<b>\$ 159,300</b>	<b>\$ 2,055</b>

**TOWN OF DUDLEY, MASSACHUSETTS  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
NON-MAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2016**

	Fund Balances July 1, 2015	Revenues	Expenditures	Other Financing Sources (Uses)	Fund Balances June 30, 2016
<b>Perpetual Permanent Funds:</b>					
Cemetery Perpetual Care Fund	\$ 40,350	\$ 275	\$ -	\$ -	\$ 40,625
<b>Permanent Funds:</b>					
Cemetery Perpetual Care Fund	19,547	574	-	-	20,121
Library Fund	3,344	8	-	-	3,352
Helen Piasta Memorial Library Trust Fund	971	2	-	-	973
<b>Total Permanent Funds</b>	<b>23,862</b>	<b>584</b>	<b>-</b>	<b>-</b>	<b>24,446</b>
<b>Total - Non-Major Governmental Funds</b>	<b>\$ 2,137,864</b>	<b>\$ 1,631,859</b>	<b>\$ 1,848,328</b>	<b>\$ 134,114</b>	<b>\$ 2,055,509</b>

**TOWN OF DUDLEY, MASSACHUSETTS  
SCHEDULE OF REAL ESTATE, PERSONAL PROPERTY,  
SUPPLEMENTAL AND ROLLBACK TAXES  
JULY 1, 2015 TO JUNE 30, 2016**

	Uncollected Taxes July 1, 2015	Commitments	Abatements and Adjustments	Collections Net of Refunds and Overpayments	Uncollected Taxes June 30, 2016	Uncollected Taxes Per Detail June 30, 2016
<b>Real Estate Taxes:</b>						
Levy of 2016	\$ -	\$ 10,552,830	\$ 172,378	\$ 10,297,723	\$ 82,729	\$ 82,729
Levy of 2015	136,866	-	70,064	65,078	1,724	1,724
Levy of 2014	(2,971)	-	309	(5,025)	1,745	1,425
Levy of 2013	(8,088)	-	(62)	(7,291)	(735)	74
Levy of 2012	(1,085)	1,458	573	(199)	(1)	-
Prior Years	(20)	-	-	-	(20)	(20)
	<u>124,702</u>	<u>10,554,288</u>	<u>243,262</u>	<u>10,350,286</u>	<u>85,442</u>	<u>85,932</u>
<b>Personal Property Taxes:</b>						
Levy of 2016	-	170,250	-	169,383	867	867
Levy of 2015	326	-	-	(21)	347	347
Levy of 2014	452	-	-	121	331	331
Levy of 2013	327	-	-	-	327	327
Levy of 2012	166	-	-	-	166	166
	<u>1,271</u>	<u>170,250</u>	<u>-</u>	<u>169,483</u>	<u>2,038</u>	<u>2,038</u>
<b>Supplemental Taxes</b>	<u>-</u>	<u>7,042</u>	<u>-</u>	<u>6,070</u>	<u>972</u>	<u>972</u>
<b>Rollback Taxes</b>	<u>(296)</u>	<u>3,437</u>	<u>-</u>	<u>3,438</u>	<u>(297)</u>	<u>(297)</u>
<b>Total Real Estate, Personal Property, Supplemental and Rollback Taxes</b>	<u>\$ 125,677</u>	<u>\$ 10,735,017</u>	<u>\$ 243,262</u>	<u>\$ 10,529,277</u>	<u>\$ 88,155</u>	<u>\$ 88,645</u>

**TOWN OF DUDLEY, MASSACHUSETTS  
SCHEDULE OF MOTOR VEHICLE EXCISE AND BOAT EXCISE TAXES  
JULY 1, 2015 TO JUNE 30, 2016**

	Uncollected Taxes July 1, 2015	Commitments	Abatements and Adjustments	Collections Net of Refunds and Overpayments	Uncollected Taxes June 30, 2016	Uncollected Taxes Per Detail June 30, 2016
<b>Motor Vehicle Excise Taxes:</b>						
Levy of 2016	\$ -	\$ 1,336,474	\$ 23,362	\$ 1,221,140	\$ 91,972	\$ 91,972
Levy of 2015	90,030	173,590	19,546	210,080	33,994	33,994
Levy of 2014	30,909	-	1,044	17,498	12,367	12,367
Levy of 2013	11,326	-	693	2,333	8,300	8,300
Levy of 2012	6,544	-	-	1,113	5,431	5,431
Prior Years	33,660	-	-	2,128	31,532	31,532
	<u>172,469</u>	<u>1,510,064</u>	<u>44,645</u>	<u>1,454,292</u>	<u>183,596</u>	<u>183,596</u>
<b>Boat Excise Taxes:</b>						
Levy of 2015	-	3,758	45	3,222	491	491
Levy of 2014	536	-	-	158	378	378
Levy of 2013	323	-	-	25	298	298
Levy of 2012	296	-	-	16	280	321
Levy of 2011	286	-	-	-	286	286
Prior Years	280	-	-	-	280	280
	<u>1,721</u>	<u>3,758</u>	<u>45</u>	<u>3,421</u>	<u>2,013</u>	<u>2,054</u>
<b>Total Motor Vehicle Excise and Boat Excise Taxes</b>	<u>\$ 174,190</u>	<u>\$ 1,513,822</u>	<u>\$ 44,690</u>	<u>\$ 1,457,713</u>	<u>\$ 185,609</u>	<u>\$ 185,650</u>



**TOWN OF DUDLEY, MASSACHUSETTS  
SCHEDULE OF TAX LIENS  
JULY 1, 2015 TO JUNE 30, 2016**

	<b>Uncollected Accounts July 1, 2015</b>	<b>Commitments</b>	<b>Abatements and Adjustments</b>	<b>Collections Net of Refunds and Overpayments</b>	<b>Uncollected Accounts June 30, 2016</b>	<b>Uncollected Accounts Per Detail June 30, 2016</b>
<b>Tax Liens</b>	\$ 218,962	\$ 195,045	\$ 4,317	\$ 108,271	\$ 301,419	\$ 301,419