

TOWN OF DUDLEY, MASSACHUSETTS

**REPORT ON THE EXAMINATION
OF BASIC FINANCIAL STATEMENTS**

FISCAL YEAR ENDED JUNE 30, 2013

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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, 2013, 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, 2013, 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 on pages 3 through 10 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 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

October 15, 2013

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, 2013.

Financial Highlights

- The Town's assets exceeded its liabilities by \$19,746,876 (Net Position) for the fiscal year reported. A decrease from the previous year of \$175,370 (1%) as a result of this year's operations.
- At the close of the current fiscal year, the Town's governmental funds reported total ending fund balance of \$3,467,039, an increase of \$209,772 (6%) in comparison with prior year.
- The General Fund's total fund balance decreased \$279,016 (23%) to \$950,541. The ending fund balance is 7% of revenues and transfers in and 7% of expenditures and transfers out.
- Total liabilities of the Town increased by \$111,734 (1%) during the fiscal year. The major components of this increase was a decrease in warrants payable by \$179,190, net decrease in bonds payable of \$181,740 and an increase in the OPEB liability of \$597,690.
- The Town had free cash certified by the Department of Revenue in the amount of \$225,904. The key factors that attributed to the free cash amount for fiscal year 2013 was as follows:
 - Unexpended/unencumbered appropriations \$126,400.
 - Amount over/(under) budget – state and local receipts \$ 84,800.
 - Amount over/(under) budget – transfers in/(out) (\$ 10,065).

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 and liabilities, with the difference between the two 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 water and sewer 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		
	2013	2012	Change
Assets:			
Current assets	\$ 4,759,410	\$ 4,774,667	\$ (15,257)
Noncurrent assets	-	3,092	(3,092)
Capital assets	16,355,604	16,452,673	(97,069)
Total assets	21,115,014	21,230,432	(115,418)
Liabilities:			
Current liabilities (excluding debt)	329,656	480,083	(150,427)
Current debt	1,218,239	956,239	262,000
Noncurrent liabilities (excluding debt)	2,054,521	1,545,112	509,409
Noncurrent debt	3,453,690	3,842,430	(388,740)
Total liabilities	7,056,106	6,823,864	232,242
Net Position:			
Net investment in capital assets	11,706,104	11,780,173	(74,069)
Restricted	2,794,638	2,378,803	415,835
Unrestricted	(441,834)	247,592	(689,426)
Total net position	\$ 14,058,908	\$ 14,406,568	\$ (347,660)

	Business-Type Activities		
	2013	2012	Change
Assets:			
Current assets	\$ 2,686,498	\$ 3,325,303	\$ (638,805)
Noncurrent assets (excluding capital assets)	112,011	142,748	(30,737)
Capital assets	5,566,710	4,845,386	721,324
Total assets	8,365,219	8,313,437	51,782
Liabilities:			
Current liabilities (excluding debt)	46,559	71,495	(24,936)
Current debt	285,000	1,455,000	(1,170,000)
Noncurrent liabilities (excluding debt)	330,692	271,264	59,428
Noncurrent debt	2,015,000	1,000,000	1,015,000
Total liabilities	2,677,251	2,797,759	(120,508)
Net Position:			
Net investment in capital assets	3,266,710	2,390,386	876,324
Restricted	158,777	1,040,024	(881,247)
Unrestricted	2,262,481	2,085,268	177,213
Total net position	\$ 5,687,968	\$ 5,515,678	\$ 172,290

Financial Highlights
Statement of Activities Highlights

	Governmental Activities		
	2013	2012	Change
Program Revenues:			
Charges for services	\$ 1,265,310	\$ 1,140,742	\$ 124,568
Operating grants and contributions	636,156	407,579	228,577
Capital grants and contributions	329,722	559,858	(230,136)
General Revenues:			
Property taxes	9,256,250	9,002,055	254,195
Motor vehicle and other excise taxes	1,237,195	1,171,324	65,871
Penalties and interest on taxes	116,924	109,563	7,361
Nonrestricted grants	1,586,021	1,591,256	(5,235)
Unrestricted investment income	12,279	15,740	(3,461)
Miscellaneous	265	1,626	(1,361)
Total revenues	14,440,122	13,999,743	440,379
Expenses:			
General government	1,279,069	1,412,467	(133,398)
Public safety	2,455,479	2,370,289	85,190
Public works	1,175,871	1,292,270	(116,399)
Education	6,947,672	6,662,816	284,856
Health and human services	166,637	140,212	26,425
Culture and recreation	543,723	543,831	(108)
Employee benefits and insurance	1,992,425	1,883,653	108,772
State assessments	24,780	23,554	1,226
Interest	179,760	203,369	(23,609)
Total expenses	14,765,416	14,532,461	232,955
Contributions to Permanent Funds	1,300	3,000	(1,700)
Net Transfers	(23,666)	(7,553)	(16,113)
Change in net position	(347,660)	(537,271)	189,611
Net position - beginning of year	14,406,568	14,943,839	(537,271)
Net position - end of year	\$ 14,058,908	\$ 14,406,568	\$ (347,660)

	Business-Type Activities		
	2013	2012	Change
Program Revenues:			
Charges for services	\$ 2,019,262	\$ 2,041,044	\$ (21,782)
Operating grants and contributions	57,237	24,086	33,151
Capital grants and contributions	12,451	14,391	(1,940)
Total revenues	2,088,950	2,079,521	9,429
Expenses:			
Sewer	1,068,601	1,107,155	(38,554)
Water	871,725	872,101	(376)
Total expenses	1,940,326	1,979,256	(38,930)
Transfers	23,666	7,553	16,113
Change in net position	172,290	107,818	64,472
Net position - beginning of year	5,515,678	5,407,860	107,818
Net position - end of year	\$ 5,687,968	\$ 5,515,678	\$ 172,290

Net position of the governmental activities of \$11,706,104 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 \$2,794,638 represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* (\$441,834) may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the Town is able to report positive balances in all three categories of net position for the government as a whole, and in two of the three categories for its separate governmental activities. The unrestricted in the governmental activities is a negative balance mainly as a result of recognizing the increase in the OPEB liability. The business-type activities are able to report positive balances in all three categories of net position.

The governmental activities net position decreased by \$347,660 (2%) during the current fiscal year, which reflects the general fund's results of operation. This was mainly attributed to expenditures exceeding revenues by \$325,294, contributions to permanent funds of \$1,300 and transfers out of \$23,666 to the business-type funds.

There was an increase of \$172,290 in net position reported in connection with the sewer and water business-type activities. Of this, there were increases of \$40,325 attributed to the sewer department and of \$131,965 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 \$3,467,039 an increase of \$209,772 (6%) in comparison with the prior year.

The breakdown of the governmental funds are as follows:

- Nonspendable fund balance - \$34,350 (1%).
- Restricted fund balance - \$2,374,560 (69%).
- Committed fund balance - \$107,588 (3%).
- Assigned fund balance - \$220,122 (6%).
- Unassigned fund balance - \$730,419 (21%).

At the end of the fiscal year, the General Fund reported a fund balance of \$950,541 decreasing \$279,016 (23%) from the prior year. Of the \$950,541, the unassigned amount is \$730,419 (77%) and the assigned amount is \$220,122 (23%). General fund revenues were \$392,566 (3%) more than the prior fiscal year and expenditures increased by \$122,147 (1%). Other activity in the General fund were net transfers to other funds of \$2,232.

The main components of the increases in general fund revenues were related to property taxes increasing from the prior year in the amount of \$326,292 (4%), charges for services increasing \$24,808 (5%) and licenses permits and fess increasing \$17,808 (6%).

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

- Decrease in General governmental expenditures of \$176,119 (16%).
- Increase in Education expenditures of \$284,856 (4%).
- Increase in Employees benefits and insurance expenditures of \$71,125 (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's net position increased \$40,325 (2%) from the prior year. This change was mainly attributed to operating revenues exceeding operating costs by \$2,051, interest and special assessments income of \$13,336, interest expense of \$43,225 and net transfers from the governmental funds of \$68,163. Operating revenues increased by \$9,436 (1%) while operating expenses decreased by \$32,441 (3%) from the prior year.

The *Water Fund* is the financing and operations of the Town's water system. The Water Fund's net position increased \$131,965 (4%) from the prior year. This change resulted from operating revenues exceeding operating expenditures of \$156,182, interest and other income of \$56,352, interest expense of \$36,072 and net transfers to governmental funds of \$44,497. Operating revenues decreased by \$31,218 (3%) while operating expenses also decreased by \$9,520 (1%) from the prior year.

General Fund Budgetary Highlights

The final general fund budget for fiscal year 2013 was \$13,665,194. This was an increase of \$122,043 (1%) over the previous year's budget.

There was an increase of \$225,863 between the original budget and the final amended budget. This change is attributed to votes at the special town meeting in October 2012 and the annual town meeting in May 2013 for various budget operating line items.

General fund expenditures were less than budgeted by \$281,948. Of the \$281,948 in under budget expenditures \$155,475 has been carried over to fiscal year 2014.

The total actual revenue for State and local receipts exceeded the amount that was budget by \$84,827. There is a negative variance in charges for services due to the economic conditions.

There was a negative variance in state assessments of \$3,360 as a result of the registry of motor vehicles non-renewal surcharges exceeding the amount budgeted.

Capital Asset and Debt Administration

Capital Assets. The Town's investment in capital assets for its governmental and business-type activities amounts to \$16,355,604 and \$5,566,710, 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 \$11,052.
- A police vehicle for \$15,320.
- Fire Department equipment for \$121,565.
- Fire Department ladder truck partially paid for \$365,180.
- Highway road improvements for \$364,500.
- New library renovations for \$7,670.

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

Sewer Fund:

- A vehicle for \$41,565.

Water Fund:

- A backhoe/loader for \$85,075.
- Infrastructure improvements for \$797,430.

Debt Administration. The Town's outstanding governmental long-term debt, as of June 30, 2013, totaled \$4,671,929, of which \$3,820,000 is for building renovation projects, \$725,000 is for the new fire department truck, \$32,000 is for ambulance equipment, \$72,500 is for a department of public works backhoe and \$22,429 is for the Title V septic repair program.

The business-type funds have \$2,300,000 in long-term debt. Of this, \$1,300,000 consists of water mains debt, \$280,000 for water corrosion control systems and \$720,000 of sewer debt.

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

Next Year's Annual Town Meeting

The Town operates under the "Open Meeting" concept where each voter has an equal vote in adopting of Town budgets and appropriations. The Annual Town Meeting on May 20, 2013 authorized a fiscal year 2014 operating and capital budget as follows:

From the tax levy	\$	13,464,189	
From sewer receipts		1,163,533	
From water receipts		1,091,717	
From Other Available Funds:			
General Fund:			
Continuing appropriations	\$	10,972	
Overlay surplus		29,647	
Stabilization fund		35,000	75,619
Non-major Governmental Funds:			
Road machinery		12,500	
Insurance recovery		27,000	
Board of Health professional fees		30,000	
Cable revolving		7,000	
Ambulance receipts reserved		36,000	
Handicapped parking fines		3,000	115,500
			<u>\$ 15,910,558</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, 2013

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
CURRENT:			
Cash and Cash Equivalents	\$ 1,620,913	\$ 1,614,502	\$ 3,235,415
Investments	877,941	757,505	1,635,446
Investments in Custody of Trustees	1,108,496	-	1,108,496
Receivables, net of allowance for uncollectibles:			
Property Taxes	255,697	-	255,697
Tax Liens	85,597	8,799	94,396
Excise Taxes	149,788	-	149,788
User Charges	-	278,727	278,727
Departmental	126,088	-	126,088
Special Assessments	3,710	26,965	30,675
Due from Other Governments	531,180	-	531,180
Total current assets	4,759,410	2,686,498	7,445,908
NONCURRENT:			
Receivables, net of allowance for uncollectibles:			
Special Assessments	-	112,011	112,011
Capital Assets, net of accumulated Depreciation			
Nondepreciable	1,276,776	914,442	2,191,218
Depreciable	15,078,828	4,652,268	19,731,096
Total noncurrent assets	16,355,604	5,678,721	22,034,325
Total Assets	21,115,014	8,365,219	29,480,233
LIABILITIES			
CURRENT:			
Warrants Payable	90,913	11,785	102,698
Accrued Payroll	120,098	11,106	131,204
Payroll Withholdings	34,819	-	34,819
Tax Refund Payable	16,905	-	16,905
Accrued Interest	8,092	18,786	26,878
Deposits	-	850	850
Other	23,556	-	23,556
Compensated Absences	35,273	4,032	39,305
Bonds and Notes Payable	1,218,239	285,000	1,503,239
Total current liabilities	1,547,895	331,559	1,879,454
NONCURRENT:			
Compensated Absences	141,091	16,127	157,218
OPEB Obligation Payable	1,913,430	314,565	2,227,995
Bonds and Notes Payable	3,453,690	2,015,000	5,468,690
Total noncurrent liabilities	5,508,211	2,345,692	7,853,903
Total Liabilities	7,056,106	2,677,251	9,733,357
NET POSITION:			
Net Investment in Capital Assets	11,706,104	3,266,710	14,972,814
Restricted for:			
Capital Projects	361,651	158,777	520,428
Federal & State Grants	940,469	-	940,469
Permanent Funds:			
Nonexpendable	34,350	-	34,350
Expendable	209,081	-	209,081
Other Purposes	1,249,087	-	1,249,087
Unrestricted	(441,834)	2,262,481	1,820,647
Total Net Position	\$ 14,058,908	\$ 5,687,968	\$ 19,746,876

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, 2013**

		Program Revenues			Net (Expenses) Revenues and Changes in Net Position	
		Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental Activities:						
General Government	\$	1,279,069	\$ 172,836	\$ 83,234	\$ -	\$ (1,022,999)
Public Safety		2,455,479	884,980	218,435	-	(1,352,064)
Public Works		1,175,871	163,176	14,092	329,722	(668,881)
Education		6,947,672	-	-	-	(6,947,672)
Health and Human Services		166,637	39,590	98,209	-	(28,838)
Culture and Recreation		543,723	4,728	217,737	-	(321,258)
Employee Benefits and Insurance		1,992,425	-	-	-	(1,992,425)
State Assessments		24,780	-	-	-	(24,780)
Interest		179,760	-	4,449	-	(175,311)
Total Governmental Activities		14,765,416	1,265,310	636,156	329,722	(12,534,228)
Business-Type Activities:						
Sewer		1,068,601	1,027,427	885	12,451	(27,838)
Water		871,725	991,835	56,352	-	176,462
Total Primary Government		\$ 16,705,742	\$ 3,284,572	\$ 693,393	\$ 342,173	(12,385,604)
General Revenues:						
Property Taxes						9,256,250
Motor vehicle excise and other taxes						1,237,195
Penalties & Interest on Taxes						116,924
Grants & Contributions not restricted to specific programs						1,586,021
Unrestricted Investment Income						12,279
Miscellaneous						265
Contributions to Permanent Funds						1,300
Transfers, net						(23,666)
Total General Revenues and Transfers						12,186,568
Change in Net Position						(347,660)
Net Position:						
Beginning of year						14,406,568
End of year						14,058,908
						\$ 5,687,968
						\$ 19,746,876

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

**TOWN OF DUDLEY, MASSACHUSETTS
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2013**

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS			
Cash and Cash Equivalents	\$ 539,413	\$ 1,081,500	\$ 1,620,913
Investments	579,763	298,178	877,941
Investment in Custody of Others	-	1,108,496	1,108,496
Receivables, net of allowance for uncollectibles:			
Property Taxes	255,697	-	255,697
Tax Liens	85,597	-	85,597
Excise and Other Taxes	149,788	-	149,788
Special Assessments	-	3,710	3,710
Departmental	104,610	21,478	126,088
Due from Other Governments	98,012	433,168	531,180
Total Assets	\$ 1,812,880	\$ 2,946,530	\$ 4,759,410
LIABILITIES AND FUND BALANCE:			
Liabilities:			
Warrants Payable	\$ 69,038	\$ 21,875	\$ 90,913
Accrued Payroll	120,098	-	120,098
Payroll Withholdings	34,819	-	34,819
Tax Refund Payable	16,905	-	16,905
Other	23,556	-	23,556
Deferred Revenue:			
Property Taxes	176,697	-	176,697
Other	421,226	408,157	829,383
Total Liabilities	862,339	430,032	1,292,371
Fund Balance:			
Nonspendable	-	34,350	34,350
Restricted	-	2,374,560	2,374,560
Committed	-	107,588	107,588
Assigned	220,122	-	220,122
Unassigned	730,419	-	730,419
Total Fund Balance	950,541	2,516,498	3,467,039
Total Liabilities and Fund Balance	\$ 1,812,880	\$ 2,946,530	\$ 4,759,410

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, 2013

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:			
Property Taxes	\$ 9,268,929	\$ -	\$ 9,268,929
Intergovernmental	1,655,022	616,391	2,271,413
Excise and Other Taxes	1,191,957	-	1,191,957
Charges for Services	550,557	393,598	944,155
Licenses, Permits, Fees	310,794	-	310,794
Interest on Delinquent Taxes	116,924	-	116,924
Investment Income	12,279	96,455	108,734
Gifts and Donations	-	119,321	119,321
Other	-	87,615	87,615
Intergovernmental - "On-behalf" Payments	4,449	-	4,449
Total Revenues	13,110,911	1,313,380	14,424,291
Expenditures:			
Current:			
General Government	928,923	98,112	1,027,035
Public Safety	1,967,569	878,991	2,846,560
Public Works	806,040	396,349	1,202,389
Education	6,947,672	-	6,947,672
Health and Human Services	126,594	33,711	160,305
Culture and Recreation	178,233	120,995	299,228
Employee Benefits and Insurance	1,473,570	-	1,473,570
State Assessments	24,780	-	24,780
Debt Service:			
Principal	751,739	-	751,739
Interest	182,575	-	182,575
Total Expenditures	13,387,695	1,528,158	14,915,853
Excess of Revenues Over (Under) Expenditures	(276,784)	(214,778)	(491,562)
Other Financing Sources (Uses):			
Operating Transfers In	125,821	10,066	135,887
Operating Transfers Out	(128,053)	(31,500)	(159,553)
Proceeds from Notes	-	725,000	725,000
Total Other Financing Sources (Uses)	(2,232)	703,566	701,334
Net Change in Fund Balances	(279,016)	488,788	209,772
Fund Balances, Beginning of Year	1,229,557	2,027,710	3,257,267
Fund Balances, End of Year	\$ 950,541	\$ 2,516,498	\$ 3,467,039

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, 2013

Total Governmental Fund Balances		\$ 3,467,039
Capital Assets (net) used in governmental activities are not financial resources and therefore, are not reported in the funds.		16,355,604
Revenues are recognized on an accrual basis of accounting instead of a modified accrual basis.		1,006,080
Long Term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds:		
Bonds Payable	\$ (4,671,929)	
OPEB Obligation	(1,913,430)	
Compensated Absences	<u>(176,364)</u>	(6,761,723)
In the statement of activities, interest is accrued on outstanding long term debt, whereas in governmental funds, interest is not reported until due.		<u>(8,092)</u>
Net Position of Governmental Activities		<u>\$ 14,058,908</u>

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

TOWN OF DUDLEY, MASSACHUSETTS
Reconciliation of the Statement of Revenues, Expenditures
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Year Ended June 30, 2013

Net Change in Fund Balances - Total Governmental Funds **\$ 209,772**

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	\$ 885,287	
Depreciation	<u>(982,356)</u>	(97,069)

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 revenue.

17,131

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	(725,000)	
Repayment of Debt Principal	<u>751,739</u>	26,739

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	11,807	
Net Change in OPEB Obligation	(518,855)	
Net Change in Accrued Interest on Long-Term Debt	<u>2,815</u>	(504,233)

Change in Net Position of Governmental Activities **\$ (347,660)**

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, 2013**

	Budgeted Amounts		Actual	Amounts	Variance with
	Original	Final	Budgetary	Carried	Final Budget
	Budget	Budget	Basis	Forward	Positive
				to Next Year	(Negative)
Revenues:					
Property Taxes	\$ 9,259,297	\$ 9,259,297	\$ 9,293,834	\$ -	\$ 34,537
Intergovernmental	1,637,853	1,637,853	1,655,022	-	17,169
Excise and Other Taxes	1,160,414	1,160,414	1,191,957	-	31,543
Charges for Services	593,150	593,150	550,557	-	(42,593)
Licenses, Permits, Fees	245,206	245,206	310,794	-	65,588
Interest on Delinquent Taxes	105,700	105,700	116,924	-	11,224
Investment Income	14,000	14,000	15,896	-	1,896
Total Revenues	13,015,620	13,015,620	13,134,984	-	119,364
Expenditures:					
Current:					
General Government	1,042,802	1,086,343	928,923	114,518	42,902
Public Safety	1,963,056	2,021,568	1,967,569	24,629	29,370
Public Works	812,497	829,104	806,040	14,455	8,609
Education	6,914,328	6,947,672	6,947,672	-	-
Health and Human Services	118,024	128,572	126,594	-	1,978
Culture and Recreation	178,977	182,485	178,233	1,873	2,379
Employee Benefits and Insurance	1,497,897	1,497,897	1,473,570	-	24,327
State Assessments	21,420	21,420	24,780	-	(3,360)
Debt Service:					
Principal	692,739	752,542	751,739	-	803
Interest	197,591	197,591	178,126	-	19,465
Total Expenditures	13,439,331	13,665,194	13,383,246	155,475	126,473
Excess of Revenues Over (Under) Expenditures	(423,711)	(649,574)	(248,262)	(155,475)	245,837
Other Financing Sources (Uses):					
Operating Transfers In	356,321	375,821	375,821	-	-
Operating Transfers Out	(117,988)	(137,529)	(147,594)	-	(10,065)
Total Other Financing Sources (Uses)	238,333	238,292	228,227	-	(10,065)
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	(185,378)	(411,282)	(20,035)	(155,475)	235,772
Budgetary Fund Balance - Beginning of Year	632,796	632,796	632,796	-	-
Budgetary Fund Balance - End of Year	\$ 447,418	\$ 221,514	\$ 612,761	\$ (155,475)	\$ 235,772

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, 2013

	<u>Revenues</u>	<u>Expenditures</u>
Reported on a Budgetary Basis	\$ 13,134,984	\$ 13,383,246
<u>Adjustments:</u>		
Activity for stablization fund recorded in the general fund for GAAP purposes	(3,617)	-
Net decrease in revenue from recording 60-day receipts	(17,000)	-
Net decrease in revenue from recording refund taxes payable	(7,905)	-
Recognition of intergovernmental revenue - loan subsidy amounts	4,449	-
Recognition of intergovernmental expenditures - loan subsidy amounts	-	4,449
Reported on a GAAP Basis	<u>\$ 13,110,911</u>	<u>\$ 13,387,695</u>

**TOWN OF DUDLEY, MASSACHUSETTS
STATEMENT OF NET POSITION - PROPRIETARY FUNDS
JUNE 30, 2013**

		Business-Type Activities Enterprise Funds		
		Sewer Fund	Water Fund	Total
ASSETS				
CURRENT:				
Cash and Cash Equivalents	\$	31,772	\$ 1,582,730	\$ 1,614,502
Investments		411,007	346,498	757,505
User Charges, net of allowance for uncollectibles		152,299	126,428	278,727
Tax Liens		4,709	4,090	8,799
Special Assessments		26,965	-	26,965
Total current assets		626,752	2,059,746	2,686,498
NONCURRENT:				
Special Assessments		112,011	-	112,011
Capital Assets, net of accumulated depreciation				
Nondepreciable		8,857	905,585	914,442
Depreciable		2,616,937	2,035,331	4,652,268
Total noncurrent assets		2,737,805	2,940,916	5,678,721
Total Assets		3,364,557	5,000,662	8,365,219
LIABILITIES				
CURRENT:				
Warrants Payable		2,063	9,722	11,785
Accrued Payroll		5,976	5,130	11,106
Accrued Interest		8,225	10,561	18,786
Deposits		850	-	850
Compensated Absences		2,264	1,768	4,032
Bonds Payable		120,000	165,000	285,000
Total current liabilities		139,378	192,181	331,559
NONCURRENT:				
Compensated Absences		9,057	7,070	16,127
OPEB Obligation Payable		129,440	185,125	314,565
Bonds Payable		600,000	1,415,000	2,015,000
Total noncurrent liabilities		738,497	1,607,195	2,345,692
Total Liabilities		877,875	1,799,376	2,677,251
NET POSITION:				
Net Investment in Capital Assets		1,905,794	1,360,916	3,266,710
Restricted for Capital Projects		-	158,777	158,777
Unrestricted		580,888	1,681,593	2,262,481
Total Net Position	\$	2,486,682	\$ 3,201,286	\$ 5,687,968

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

**TOWN OF DUDLEY, MASSACHUSETTS
PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET POSITION
FOR THE YEAR ENDED JUNE 30, 2013**

	Business-Type Activities Enterprise Funds		
	Sewer Fund	Water Fund	Total
Operating Revenues:			
Charges for Services	\$ 1,027,427	\$ 991,835	\$ 2,019,262
Total Operating Revenues	1,027,427	991,835	2,019,262
Operating Expenses:			
Salaries & Wages	200,692	210,230	410,922
Operating Expenses	739,214	508,147	1,247,361
Depreciation	85,470	117,276	202,746
Total Operating Expenses	1,025,376	835,653	1,861,029
Operating Income (Loss)	2,051	156,182	158,233
Non-Operating Revenues (Expenses):			
Investment Income	885	1,308	2,193
Other	-	35,412	35,412
Special Assessments	12,451	-	12,451
Intergovernmental	-	19,632	19,632
Interest Expense	(43,225)	(36,072)	(79,297)
Total Non-Operating Revenues (Expenses)	(29,889)	20,280	(9,609)
Income (Loss) Before Operating Transfers	(27,838)	176,462	148,624
Operating Transfers:			
Transfers In	117,987	-	117,987
Transfers Out	(49,824)	(44,497)	(94,321)
Total Operating Transfers	68,163	(44,497)	23,666
Change in Net Position	40,325	131,965	172,290
Net Position at Beginning of Year	2,446,357	3,069,321	5,515,678
Net Position at End of Year	\$ 2,486,682	\$ 3,201,286	\$ 5,687,968

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

**TOWN OF DUDLEY, MASSACHUSETTS
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2013**

	Business-Type Activities Enterprise Funds		
	Sewer Fund	Water Fund	Total
Cash Flows From Operating Activities:			
Receipts from Customers and Users	\$ 1,029,576	\$ 994,363	\$ 2,023,939
Payments to Vendors	(705,185)	(485,767)	(1,190,952)
Payments to Employees	(212,119)	(224,056)	(436,175)
Net Cash Provided by (Used for) Operating Activities	112,272	284,540	396,812
Cash Flows from Noncapital Financing Activities:			
Transfers from (to) Other Funds	68,163	(44,497)	23,666
Net Cash Provided by (Used for) Noncapital Financing Activities	68,163	(44,497)	23,666
Cash Flows from Capital and Related Financing Activities:			
Intergovernmental Revenues	-	19,632	19,632
Special Assessments	48,324	-	48,324
Other	-	35,412	35,412
Acquisition and Construction of Capital Assets	(41,565)	(882,505)	(924,070)
Principal Payments on Bonds and Notes	(120,000)	(35,000)	(155,000)
Interest Expense	(44,631)	(31,331)	(75,962)
Net Cash Provided by (Used for) Capital and Related Financing Activities	(157,872)	(893,792)	(1,051,664)
Cash Flows from Investing Activities:			
Proceeds/(Purchase) of Investments	(111,576)	538,201	426,625
Investment Income	885	1,308	2,193
Net Cash Provided by (Used for) Investing Activities	(110,691)	539,509	428,818
Net Increase (Decrease) in Cash and Cash Equivalents	(88,128)	(114,240)	(202,368)
Cash and Cash Equivalents at Beginning of Year	119,900	1,696,970	1,816,870
Cash and Cash Equivalents at End of Year	\$ 31,772	\$ 1,582,730	\$ 1,614,502
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used For) Operating Activities:			
Operating Income (Loss)	\$ 2,051	\$ 156,182	158,233
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation	85,470	117,276	202,746
Change in Assets and Liabilities:			
Increase (Decrease) in Warrants Payable	(697)	(21,729)	(22,426)
Increase (Decrease) in Accrued Payroll	872	(1,866)	(994)
Increase (Decrease) in Compensated Absences	(12,299)	(11,960)	(24,259)
Increase (Decrease) in OPEB Obligation Payable	34,726	44,109	78,835
Decrease (Increase) in User Charges Receivable	2,149	2,528	4,677
Total Adjustments	110,221	128,358	238,579
Net Cash Provided by (Used for) Operating Activities	\$ 112,272	\$ 284,540	\$ 396,812

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

**TOWN OF DUDLEY, MASSACHUSETTS
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2013**

	Other Postemployment Benefit Trust Fund		Agency Funds
ASSETS			
Cash and Cash Equivalents	\$	83	\$ 155,094
Investments		4,606	-
Total Assets		4,689	155,094
LIABILITIES			
Due to Other Governments		-	13,269
Escrows & Deposits		-	141,825
Total Liabilities		-	155,094
NET POSITION			
Held in Trust for Other Postemployment Benefits and Other Purposes	\$	4,689	\$ -

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

**TOWN OF DUDLEY, MASSACHUSETTS
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED JUNE 30, 2013**

	<u>Other Postemployment Benefit Trust Fund</u>
Additions	
Investment income	\$ 61
Total Investment Income	<u>61</u>
Total Additions	<u>61</u>
 Change in Net Position	 <u>61</u>
 Net Position at Beginning of Year	 <u>4,628</u>
 Net Position at End of Year	 <u><u>\$ 4,689</u></u>

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

TOWN OF DUDLEY, MASSACHUSETTS
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2013

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 2013, 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
June 30, 2013

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 recorded 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.

TOWN OF DUDLEY, MASSACHUSETTS
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2013

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

TOWN OF DUDLEY, MASSACHUSETTS
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2013

The *Other Postemployment 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.

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.

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.

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.

TOWN OF DUDLEY, MASSACHUSETTS
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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, 2012 and include betterments, special assessments and liens. Taxes are used to finance the operations of the Town for the fiscal year July 1st to June 30th. By law, all taxable property in the Commonwealth of Massachusetts must be assessed at 100% of fair cash value. Taxes are due and payable on July 1st. The Town has accepted the quarterly tax payment system. Under the quarterly tax payment system, the assessors make a preliminary tax commitment based on the prior year's net tax and may not exceed, with limited exceptions, fifty percent of that amount. The collector must mail preliminary tax bills each year by July 1st. The preliminary tax is payable in two equal installments. The first installment is due on August 1st and the second installment is due on November 1st. After the Town sets the tax rate, the assessors make the actual tax commitment. If actual bills are mailed on or before December 31st, the balance remaining is payable in two equal installments. The first installment is due on February 1st and the second installment is due on May 1st. If bills are mailed after December 31st, the entire balance is not due until May 1st or thirty days after the bills were mailed, whichever is later. Any betterments, special assessments and other charges are added to the actual bills. Interest at the rate of 14% is charged on the amount of any preliminary tax or actual tax installment payment that is unpaid and delinquent and is charged only for the number of days the payment is actually delinquent. If actual tax bills are mailed after December 31st, interest will be computed from May 1st, or the payment due date, whichever is later. The Town has an ultimate right to foreclose on property for which taxes have not been paid. Property taxes levied are recorded as receivables. Revenues from property taxes are recognized in the fiscal year for which they have been levied.

The Town mailed preliminary tax bills for the fiscal year 2013 on June 30, 2012, that were due on August 1, 2012 and November 1, 2012 and actual bills on December 31, 2012 that were due on February 1, 2013 and May 1, 2013.

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 2013 is as follows:

Legal Levy Limit Under Proposition	
2 1/2 for fiscal year 2013	\$ 7,770,921
Add: Debt Exclusion	1,625,444
	<u>\$ 9,396,365</u>

The total amount raised by taxation was \$9,379,660.

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

Excise and Other 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

TOWN OF DUDLEY, MASSACHUSETTS
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those vehicles. The Board of Assessors of the Town is responsible for determining the value of each vessel.

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

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

User Charges

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

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

Special Assessments

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

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

Departmental

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

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

Due from Other Governments

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

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

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.

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

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

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

H. Interfund Transfers

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

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

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

I. Deferred Revenue

Deferred revenue at the fund financial statement level represents billed receivables that do not meet the available criterion in accordance with the current financial resources measurement focus and the modified accrual basis of accounting. Deferred revenue is recognized as revenue in the conversion to the government-wide (full accrual) financial statements.

J. Net Position and Fund Balances

In the Governmental-Wide financial statements, the difference between the Town's total assets 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 has been "restricted for" the following:

"Capital projects" represents amounts restricted for capital purposes.

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

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

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

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

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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.

M. 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.

TOWN OF DUDLEY, MASSACHUSETTS
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2013

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

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

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

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

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

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

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

For fiscal year 2013, the Town incurred a final budget deficit of \$411,282 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	\$ 263,765
Prior year's encumbrances	170,817
Reserved for deficits	(23,300)
	<u>\$ 411,282</u>

TOWN OF DUDLEY, MASSACHUSETTS
NOTES TO THE FINANCIAL STATEMENTS
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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, 2013 were \$3,619,270. Of these, \$289,486 were exposed to custodial credit risk as uninsured and uncollateralized

Custodial Credit Risks - Investments

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.

As of June 30, 2013, the Town had the following investments and maturities:

Investment Type	Fair Value	Investment Maturities (in Years)	
		Less Than 1	1 to 5
Debt Securities:			
U. S. treasury obligations	\$ 77,313	\$ -	\$ 77,313
U. S. government agencies	35,230	-	35,230
Corporate bonds	77,063	-	77,063
Bond mutual funds	86,364	86,364	-
Money market mutual fund	102,620	102,620	-
	<u>378,590</u>	<u>\$ 188,984</u>	<u>\$ 189,606</u>
Other Investments:			
Certificate of deposits	460,882		
MMDT	800,581		
	<u>\$ 1,640,053</u>		

Custodial Credit Risks

For an investment, custodial risk is the risk that, in the event of the failure of the counterparty, the Town will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Of the Town's \$1,640,053 in investments none are uninsured and unregistered. The Town has no policy on custodial credit risk.

TOWN OF DUDLEY, MASSACHUSETTS
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Interest Rate Risk

The Town does not 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, 2013 is as follows:

Related Debt Instruments	Fair Value	Moody's Quality Rating			Not Rated
		Aaa	A1	Baa1	
Debt Securities:					
U. S. treasury obligations	\$ 77,313	\$ 77,313	\$ -	\$ -	\$ -
U. S. government agencies	35,230	35,230	-	-	-
Corporate bonds	77,063	-	62,136	14,927	-
Bond mutual funds	86,364	-	-	-	86,364
Money market mutual fund	102,620	-	-	-	102,620
	<u>\$ 378,590</u>	<u>\$ 112,543</u>	<u>\$ 62,136</u>	<u>\$ 14,927</u>	<u>\$ 188,984</u>

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 National Mortgage Association amounting to 25.38% of the Town's total investments.

Investment in Custody of Others

The investment in custody of others is the Pearle L. Crawford Memorial Library Endowment Fund that is currently invested in the Greater Worcester Community Foundation. The intention of the Trustees of the Town of Dudley Library is to maintain the fund as a perpetual resource for the future needs of the library.

B. Receivables

At June 30, 2013, receivables for the individual major governmental funds, non-major governmental funds and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	Gross Amount	Allowance for Uncollectibles	Net Amount
Major and nonmajor governmental funds:			
Property taxes	\$ 271,445	\$ (15,748)	\$ 255,697
Tax liens	85,597	-	85,597
Excise and other taxes	185,168	(35,380)	149,788
Special assessments	3,710	-	3,710
Departmental	160,733	(34,645)	126,088
Due from other governments	98,012	433,168	531,180
	<u>\$ 804,665</u>	<u>\$ 347,395</u>	<u>\$ 1,152,060</u>

TOWN OF DUDLEY, MASSACHUSETTS
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At June 30, 2013, receivables for the business-type activities consist of the following:

	Gross		Allowance		Net
	Amount		for		Amount
			Uncollectibles		
Sewer Fund:					
Sewer user charges	\$ 152,799	\$	(500)	\$	152,299
Sewer tax liens	4,709		-		4,709
Special assessments	138,976		-		138,976
Water Fund:					
Water user charges	126,928		(500)		126,428
Water tax liens	4,090		-		4,090
	<u>\$ 427,502</u>	\$	<u>(1,000)</u>	\$	<u>426,502</u>

The composition of amounts due from other governments as of June 30, 2013 for governmental funds is as follows:

Governmental Funds:

General Fund:

Commonwealth of Massachusetts:

Department of Veterans Services:

Veteran's benefits \$ 98,012

Nonmajor Governmental Funds:

Commonwealth of Massachusetts:

Executive Office of Public Safety and Homeland Security:

Police state 911 grants \$ 22,719

Massachusetts Highway Department:

Chapter 90 funded projects 410,449

433,168

\$ 531,180

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. The balance of the general fund deferred revenue account is equal to all of June 30, 2013 receivable balances, except real estate and personal property taxes that are accrued for subsequent 60 day collections.

At the end of the current fiscal year, the deferred revenue for property taxes is \$176,697.

TOWN OF DUDLEY, MASSACHUSETTS
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The various components of the other deferred revenue reported in the governmental funds were as follows:

General Fund:

Tax liens	\$	85,597	
Excise and other taxes		149,788	
Departmental		104,610	
Due from other governments		81,231	\$ 421,226

Nonmajor governmental funds:

Special assessments		3,710	
Due from other governments		404,447	408,157
			<u>\$ 829,383</u>

C. Capital Assets

Capital asset activity for the year ended June 30, 2013, is as follows

Governmental Activities

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	\$ 807,374	\$ 11,052	\$ -	\$ 818,426
Construction in progress	85,500	372,850	-	458,350
Total capital assets not being depreciated	892,874	383,902	-	1,276,776
Capital assets being depreciated:				
Buildings and Renovations	16,521,407	-	-	16,521,407
Machinery, equipment and other	3,188,254	136,885	-	3,325,139
Infrastructure	5,991,396	364,500	-	6,355,896
Total capital assets being depreciated	25,701,057	501,385	-	26,202,442
Less accumulated depreciation for:				
Buildings and Renovations	4,090,560	543,490	-	4,634,050
Machinery, equipment and other	2,453,511	217,094	-	2,670,605
Infrastructure	3,597,187	221,772	-	3,818,959
Total accumulated depreciation	10,141,258	982,356	-	11,123,614
Total capital assets being depreciated, net	15,559,799	(480,971)	-	15,078,828
Total governmental activities capital assets, net	\$ 16,452,673	\$ (97,069)	\$ -	\$ 16,355,604

TOWN OF DUDLEY, MASSACHUSETTS
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Business-Type Activities

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	\$ 82,037	\$ 797,430	\$ -	\$ 879,467
Construction in progress	34,975	-	-	34,975
Total capital assets not being depreciated	117,012	797,430	-	914,442
Capital assets being depreciated:				
Machinery, equipment and other	498,594	126,640	(80,169)	545,065
Infrastructure	10,754,819	-	-	10,754,819
Total capital assets being depreciated	11,253,413	126,640	(80,169)	11,299,884
Less accumulated depreciation for:				
Machinery, equipment and other	447,950	24,522	(80,169)	392,303
Infrastructure	6,077,089	178,224	-	6,255,313
Total accumulated depreciation	6,525,039	202,746	(80,169)	6,647,616
Total capital assets being depreciated, net	4,728,374	(76,106)	-	4,652,268
Total business-type activities capital assets, net	\$ 4,845,386	\$ 721,324	\$ -	\$ 5,566,710

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

Governmental Activities:

General government	\$ 261,467
Public safety	110,235
Public works	352,460
Health and human services	6,332
Culture and recreation	251,862
Total depreciation expense - governmental activities	<u>\$ 982,356</u>

Business-Type Activities:

Sewer fund	\$ 85,470
Water fund	117,276
Total depreciation expense - business-type activities	<u>\$ 202,746</u>

D. Interfund Receivables, Payables and Transfers

Interfund transfers for the fiscal year ended June 30, 2013, are summarized below:

	Transfers In:			Total
	General fund	Nonmajor Governmental fund	Business-type fund	
Transfers Out:				
General fund	\$ -	\$ 10,066	\$ 117,987	\$ 128,053
Nonmajor governmental funds	31,500	-	-	31,500
Business-type fund	94,321	-	-	94,321
Total transfers out	<u>\$ 125,821</u>	<u>\$ 10,066</u>	<u>\$ 117,987</u>	<u>\$ 253,874</u>

TOWN OF DUDLEY, MASSACHUSETTS
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2013

E. 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 June 30, 2012	Renewed/ Issued	Retired/ Redeemed	Outstanding June 30, 2013
State grant						
anticipation note:						
Chapter 90 Projects	0.45%	10/25/2012	\$ 100,000	\$ -	\$ 100,000	\$ -

F. Long Term Debt

General Obligation Bonds

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

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

	Interest Rate	Date Issued	Final Maturity Date	Original Amount Issued	Outstanding June 30, 2013
Inside Debt:					
Municipal building renovation	4.20%	12/13/2002	6/15/2018	5,770,000	\$ 2,870,000
Municipal building renovation	4.13%	4/6/2004	12/15/2022	1,840,000	950,000
Fire Department Truck (1)	0.55%	4/25/2013	4/25/2014	725,000	725,000
Ambulance Equipment (1)	0.58%	6/7/2013	6/6/2014	32,000	32,000
Highway Backhoe (1)	0.58%	6/7/2013	6/6/2014	72,500	72,500
Total Inside Debt					<u>4,649,500</u>
Outside Debt:					
Massachusetts Water Pollution Abatement Trust:					
Title V Septic Repair Program	N/A	10/25/2000	8/1/2018	67,302	<u>22,429</u>
Total Outside Debt					<u>22,429</u>
Total governmental type debt					<u>\$ 4,671,929</u>

1 = Refunding notes classified as long term debt.

TOWN OF DUDLEY, MASSACHUSETTS
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June 30, 2013

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

	Interest Rate	Date Issued	Final Maturity Date	Original Amount Issued	Outstanding June 30, 2013
Inside Debt:					
Sewer Fund:					
Municipal Purpose Loan of 2000	5.49%	5/1/2000	5/1/2020	1,315,000	\$ 420,000
Total Inside Debt					<u>420,000</u>
Outside Debt:					
Sewer Fund:					
Municipal Purpose Loan of 1998	4.74%	3/15/1998	3/15/2018	1,200,000	300,000
Water Fund:					
Water Main Healy Road	2.00%	10/15/2012	10/15/2022	450,000	450,000
Water Main Dudley Oxford Road	2.00%	10/15/2012	10/15/2022	850,000	850,000
Massachusetts Water Pollution Abatement Trust:					
Corrosion control systems	N/A	10/1/1999	8/1/2019	661,114	280,000
Total Outside Debt					<u>1,880,000</u>
Total Business-type debt					<u>\$ 2,300,000</u>

Future Debt Service

The annual principal and interest payments to retire all governmental type fund general obligation long-term debt outstanding as of June 30, 2013, are as follows:

Governmental	Principal	Interest	Total
2014	\$ 1,218,239	\$ 163,959	\$ 1,382,198
2015	388,738	143,169	531,907
2016	388,738	126,852	515,590
2017	388,738	110,608	499,346
2018	383,738	94,402	478,140
2019-2023	1,903,738	218,629	2,122,367
	<u>\$ 4,671,929</u>	<u>\$ 857,619</u>	<u>\$ 5,529,548</u>

The annual principal and interest payments to retire all business-type long-term debt outstanding as of June 30, 2013, are as follows:

Business-Type	Principal	Interest	Total
2014	\$ 285,000	\$ 77,152	\$ 362,152
2015	285,000	65,823	350,823
2016	290,000	54,867	344,867
2017	290,000	43,881	333,881
2018	290,000	32,720	322,720
2019-2023	860,000	47,171	907,171
	<u>\$ 2,300,000</u>	<u>\$ 321,614</u>	<u>\$ 2,621,614</u>

**TOWN OF DUDLEY, MASSACHUSETTS
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2013**

A summary of the changes in governmental activities and business-type long-term obligations follows:

	Balance June 30, 2012	Additions	Reductions	Balance June 30, 2013	Amounts Due within One Year
Governmental activities					
Bond Payable:					
General obligation bonds	\$ 4,205,000	\$ -	\$ 385,000	\$ 3,820,000	\$ 385,000
Refunding notes	467,500	829,500	467,500	829,500	829,500
Massachusetts Water Pollution Abatement Trust bonds	26,169	-	3,740	22,429	3,739
OPEB liability obligation	1,394,575	518,855	-	1,913,430	-
Compensated absences	188,171	13,539	25,346	176,364	35,273
Governmental activity					
Long-term liabilities	<u>\$ 6,281,415</u>	<u>\$ 1,361,894</u>	<u>\$ 881,586</u>	<u>\$ 6,761,723</u>	<u>\$ 1,253,512</u>

	Balance June 30, 2012	Additions	Reductions	Balance June 30, 2013	Amounts Due within One Year
Business type activities:					
Bond Payable:					
General obligation bonds	\$ 840,000	\$ 1,300,000	\$ 120,000	\$ 2,020,000	\$ 250,000
Refunding notes	1,300,000	-	1,300,000	-	-
Massachusetts Water Pollution Abatement Trust bonds	315,000	-	35,000	280,000	35,000
OPEB liability obligation	235,730	78,835	-	314,565	-
Compensated absences	44,418	-	24,259	20,159	4,032
Business-type activity long term					
Long-term liabilities	<u>\$ 2,735,148</u>	<u>\$ 1,378,835</u>	<u>\$ 1,479,259</u>	<u>\$ 2,634,724</u>	<u>\$ 289,032</u>

Massachusetts Water Pollution Abatement Trust (MWPAT)

The Town has borrowed funds from the MWPAT 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 Massachusetts Water Pollution Abatement Trust (MWPAT) 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 MWPAT. The gross amount outstanding at June 30, 2013 for principal and interest combined for the loans are \$359,205. The net repayments, including interest, are scheduled to be \$241,491. 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 2013 principal and interest subsidies totaled \$24,081.

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, 2013 totaled \$5,069,500.

TOWN OF DUDLEY, MASSACHUSETTS
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2013

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

The following is a computation of the legal debt limit as of June 30, 2013:

Equalized Valuation-Real Estate and Personal Property (2012)		\$ 913,238,700
Debt Limit: 5 % of Equalized value		<u>45,661,935</u>
Total Debt Outstanding	\$ 6,971,929	
Less: Debt Outside Debt Limit	<u>(1,902,429)</u>	<u>5,069,500</u>
Inside Debt Excess Borrowing Capacity at June 30, 2013		<u>\$ 40,592,435</u>

Loans Authorized and Unissued

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, 2013.

Overlapping Debt

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

	Current Year's Long Term Debt	Town's Estimated Share	Town's Estimated Indirect Debt
Dudley Charlton Regional School District:			
School Construction	\$ 17,615,000	43.90%	\$ 7,732,985
Southern Worcester Regional Vocational School District:			
School Construction	<u>9,100,000.00</u>	10.28%	<u>935,480.00</u>
	<u>\$ 26,715,000</u>		<u>\$ 8,668,465</u>

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

TOWN OF DUDLEY, MASSACHUSETTS
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2013

G. Fund Balances

The following is a summary of the Governmental Fund fund balances of the Town at the year ended June 30, 2013:

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable:			
Permanent funds	\$ -	\$ 34,350	\$ 34,350
Restricted:			
Federal and state grants	-	536,023	536,023
Revolving funds	-	84,391	84,391
Gifts and donations	-	54,111	54,111
Capital projects	-	361,651	361,651
Permanent funds	-	209,081	209,081
Pearle L. Crawford Library endowment fund	-	1,108,496	1,108,496
Other	-	20,807	20,807
	-	2,374,560	2,374,560
Committed:			
Ambulance services	-	51,803	51,803
Insurance and employee benefits	-	30,747	30,747
Other	-	25,038	25,038
	-	107,588	107,588
Assigned:			
General government	114,518	-	114,518
Public safety	24,629	-	24,629
Public works	14,455	-	14,455
Culture and recreation	1,873	-	1,873
2013 fiscal year budget	64,647	-	64,647
	220,122	-	220,122
Unassigned:			
General Fund	730,419	-	730,419
Total Governmental fund balances	\$ 950,541	\$ 2,516,498	\$ 3,467,039

H. 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
June 30, 2013

At June 30, 2013, the balance in the stabilization fund is \$240,685 and is reported in the General Fund as unassigned fund balance.

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.

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, 2013, cannot be ascertained, management believes any resulting liability should not materially affect the financial position at June 30, 2013. The outcome of lawsuits is not expected to materially affect the financial condition of the Town.

C. 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

- The Town provides the following plan types of medical insurance: Medical-Retirees have the choice of Blue Cross Blue Shield Medex 2 or Fallon Senior. The Town has adopted Chapter 32B Section 18 which mandates Medicare coverage for those eligible.
- Group term life insurance of \$5,000.
- Eligibility – Age 55 with at least 10 years of service or any age with 20 years of service.
- The Town covers 70% of the health, dental and life insurance premium.
- The Town covers 70% of the spouse's medical and dental premium
- The Town covers 70% of the surviving spouses' medical and dental coverage.

TOWN OF DUDLEY, MASSACHUSETTS
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2013

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 2013 fiscal year, total Town premiums plus implicit costs for the retiree medical program are \$298,972.

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 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	\$ 902,030
Interest on net OPEB obligation	65,212
Adjustment to annual required contribution	<u>(70,580)</u>
Annual OPEB cost (expense)	896,662
Contributions made during the fiscal year	<u>298,972</u>
Increase in net OPEB obligation	597,690
Net OPEB Obligation - beginning of year	<u>1,630,305</u>
Net OPEB Obligation - end of year	<u><u>\$ 2,227,995</u></u>

The Town's annual OPEB cost, the percentage of the annual OPEB cost contributed to the plan, and the net OPEB obligation for the 2013 fiscal year and the two preceding years were as follows:

Fiscal Year Ended	Annual OPEB Cost	Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2011	\$ 682,589	46.80%	\$ 1,065,308
6/30/2012	\$ 849,040	33.45%	\$ 1,630,305
6/30/2013	\$ 896,662	33.34%	\$ 2,227,995

Funded Status and Funding Process

As of July 1, 2011, the most recent valuation date, the plan was 0.0% funded. The actuarial liability for benefits was \$9,745,766, and the actuarial value of assets was 0.0 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$9,745,766. The covered payroll (annual payroll of active employees covered by the plan) was \$2,965,038 and the ratio of the UAAL to the covered payroll was 328.69%.

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.

**TOWN OF DUDLEY, MASSACHUSETTS
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2013**

Actuarial Valuation Date	Actuarial Value of Assets (A)	Accrued Liability (AAL) Entry Aid (B)	Unfunded AAL (UAAL) (B-A)	Funded Ratio (A/B)	Covered Payroll (C)	Percentage of Covered Payroll ((B-A)/C)
12/31/2007	\$ -	\$ 8,222,568	\$ 8,222,568	0%	\$ 2,909,092	282.65%
12/31/2011	\$ -	\$ 9,745,766	\$ 9,745,766	0%	\$ 2,965,038	328.69%

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.

The Town OPEB actuarial valuation as of July 1, 2011, used the entry age normal method. The OPEB liability is currently unfunded and the actuarial assumptions include a 4.00% rate of return on invested assets. The actuarial assumptions also include an investment rate of return of 4.0%, and medical/drug cost trend rate at 10.0% decreasing by 1% for 5 years to an ultimate level of 5.0% in year 2016. The actuarial assumptions also include an expected payroll growth of 3.50% per annum.

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, 2013 is 26 years.

D. Pension Plan

Plan Description

The Town, as a member of the Worcester Regional Retirement System (the System), participates in a cost-sharing multiple-employer defined benefit pension plan administered by the Worcester Regional Retirement Board. Each participating employers' share of the total annual contribution is determined on the basis of active payroll. Substantially, all employees are members of the System.

The Town has approximately 67 employees in the retirement system.

The System provides retirement, disability, and death benefits to plan members and beneficiaries. Chapter 32 of the Massachusetts General Laws assigns authority to establish and amend benefit provisions of the plan. Cost of living adjustments granted between 1981 and 1987 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 1987 must be approved by the Worcester Regional Retirement Board and are borne by the System. The System issues a publicly available unaudited financial report in accordance with guidelines established by the Commonwealth's PERAC. That report may be obtained by contacting the System located at 23 Midstate Drive, Suite 106, Auburn, Massachusetts.

Funding Policy

Plan members are required to contribute to the System at rates ranging from 5% to 11% of 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. Chapter 32B of the Massachusetts general laws governs the contributions of plan members and the Town.

TOWN OF DUDLEY, MASSACHUSETTS
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2013

The Town's contribution to the System for the fiscal years ended June 30, 2013, 2012, and 2011 is shown below, which equaled its required contribution for each fiscal year.

Year Ended June 30	Town's Contribution
2013	\$ 535,228
2012	\$ 480,640
2011	\$ 477,282

The last actuarial valuation was prepared by KMS Actuaries, L.L.C. as of January 1, 2012. The actuarial cost method of the plan has been determined in accordance with the individual entry age normal actuarial cost method. Significant actuarial assumptions used in the valuation include (a) a rate of return on the investment of present and future assets of 8% compounded annually, (b) projected salary, including longevity, increases of 3% per year per member.

The total unfunded actuarial liability applicable to the entire System's employees at January 1, 2012 is as follows:

Actuarial Accrued Liability	\$ 982,796,782
Less: Assets	436,671,982
Unfunded Actuarial Liability	<u>\$ 546,124,800</u>

The Town's portion of such liability is approximately 1.53% or \$8,355,709.

Chapter 697 of the Acts of 1987, which was enacted on January 12, 1988, provides for the funding of the Commonwealth's current unfunded pension liability over a period not greater than forty years. In addition, Chapter 697 contained significant financial incentives for local governmental units to establish its own state-approved funding schedule to eliminate its unfunded actuarial liability by June 30, 2028. The Town has accepted the provisions of Chapter 32, Section 22 (6A) (b), at the Special Town Meeting on June 20, 1990 to become a funding unit.

Reporting Policies

The funds of the Worcester Regional Retirement System are accounted for under the accrual basis. Under the accrual basis of accounting, all revenues and expenditures are accrued and investments are amortized to value. The books are maintained on a calendar year basis from January 1st to December 31st in accordance with the standards and procedures outlined by the Commissioner of the Public Employees Retirement Administration.

Investments are reported in accordance with PERAC requirements.

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, 2013

	Fund Balances July 1, 2012	Revenues	Expenditures	Other Financing Sources (Uses)	Fund Balances June 30, 2013
Special Revenue:					
Federal and State Grants:					
Arts Lottery Council Grants	\$ 1,987	\$ 4,079	\$ 3,096	\$ -	\$ 2,970
Dam Grants	14,289	-	9,000	-	5,289
Elder Affairs Grants	30,992	13,443	16,691	-	27,744
Emergency Management Grants	-	-	10,066	10,066	-
Extended Polling Hours	-	1,162	1,162	-	-
Health Grants	520	-	-	-	520
Public Works Grants	3,712	383,117	383,117	-	3,712
Library Grants	155,636	12,980	29,276	-	139,340
Public Safety Grants	122,254	197,366	165,646	-	153,974
Rail Trail Grant	(2,132)	3,700	1,187	-	381
Other:					
Ambulance Revolving	30,773	21,030	-	-	51,803
Board of Health Revolving Funds	24,433	8,680	20	-	33,093
Cemetery Revolving	-	1,675	200	-	1,475
Council on Aging Meals Revolving	-	956	760	-	196
Commission on Disabilities Fund	3,333	11	-	-	3,344
Compost Bins Revolving	1,731	-	-	-	1,731
Conservation Fund	22,360	4,004	12,259	-	14,105
Deputy Collector Revolving	-	27,105	24,919	-	2,186
Fire Alarm Boxes Revolving	-	6,750	2,800	-	3,950
Fire Penalty Fees Revolving	403	-	-	-	403
Firefighters Outside Detail	878	10,132	10,564	-	446
Genealogy Research Revolving	371	273	494	-	150
Gift Shop Revolving	449	80	-	-	529
Gifts and Donations	142,382	48,709	137,735	-	53,356
Greater Media Cable Access	51,152	77,318	27,831	-	100,639
Inspection Revolving	-	20,973	20,973	-	-
Insurance Reimbursements	16,606	669	1,491	-	15,784
Law Enforcement Drug Enforcement	16,701	73	472	-	16,302
Library Lost Book Revolving	1,148	795	41	-	1,902
Municipal Hearings Revolving	-	50	32	-	18
	\$ 639,978	\$ 845,130	\$ 859,832	\$ 10,066	\$ 635,342

TOWN OF DUDLEY, MASSACHUSETTS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2013

	Fund Balances July 1, 2012	Revenues	Expenditures	Other Financing Sources (Uses)	Fund Balances June 30, 2013
Continued from page 47	\$ 639,978	\$ 845,130	\$ 859,832	\$ 10,066	\$ 635,342
Other (Continued):					
Planning & Economic Development	55	-	-	-	55
Police Arrest Warrant Services	963	491	-	-	1,454
Police Court Judgement	13,101	120	-	-	13,221
Police Cruiser Use Detail	5,992	6,173	6,850	-	5,315
Police DARE Program	19	7,953	6,379	-	1,593
Police Firearms Permit Services	10,070	12,012	1,546	(7,500)	13,036
Police Off-Duty Revolving	8,332	258,564	266,896	-	-
Road Machinery	39,993	12,210	3,165	(24,000)	25,038
Sale of Real Estate	5,400	-	-	-	5,400
Title V Septic Repair Loan Repayments	78,158	-	-	-	78,158
Underground Tank Cleanup	2,400	-	-	-	2,400
Website Revolving Fund	1,001	725	241	-	1,485
West Main Street Sale of Bricks Revolving	4,950	250	496	-	4,704
Pearle L. Crawford Memorial Library Endowment	945,762	168,279	5,545	-	1,108,496
Anniversary Fund	752	2	-	-	754
Clarinda Wood Fund	185,305	(868)	2,535	-	181,902
Compensated Absences Fund	16,231	(60)	8,552	-	7,619
Municipal Insurance Fund	6,855	24	-	-	6,879
Unemployment Compensation Fund	1	-	-	-	1
Workers Compensation Fund	464	2	-	-	466
Total Special Revenue Funds	1,965,782	1,311,007	1,162,037	(21,434)	2,093,318
Capital Projects:					
Remodeling of Municipal Buildings	959	-	-	-	959
Capital Items:					
General Government	1,583	-	940	-	643
Public Safety					
Fire Department Groundwater	(89)	-	-	-	(89)
Fire Department Ladder Truck	-	-	365,181	725,000	359,819
Health and Human Services	319	-	-	-	319
Total Capital Projects	2,772	-	366,121	725,000	361,651

TOWN OF DUDLEY, MASSACHUSETTS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2013

	Fund Balances July 1, 2012	Revenues	Expenditures	Other Financing Sources (Uses)	Fund Balances June 30, 2013
Perpetual Permanent Funds:					
Cemetery Perpetual Care Fund	\$ 33,050	\$ 1,300	\$ -	\$ -	\$ 34,350
Permanent Funds:					
Cemetery Perpetual Care Fund	21,829	1,057	-	-	22,886
Library Fund	3,315	12	-	-	3,327
Helen Piasta Memorial Library Trust Fund	962	4	-	-	966
Total Permanent Funds	26,106	1,073	-	-	27,179
Total - Non-Major Governmental Funds	\$ 2,027,710	\$ 1,313,380	\$ 1,528,158	\$ 703,566	\$ 2,516,498

**TOWN OF DUDLEY, MASSACHUSETTS
SCHEDULE OF REAL ESTATE, PERSONAL PROPERTY,
SUPPLEMENTAL AND ROLLBACK TAXES
JULY 1, 2012 TO JUNE 30, 2013**

	Uncollected Taxes July 1, 2012	Commitments	Abatements and Adjustments	Collections Net of Refunds and Overpayments	Uncollected Taxes June 30, 2013	Uncollected Taxes Per Detail June 30, 2013
Real Estate Taxes:						
Levy of 2013	\$ -	\$ 9,228,061	\$ 93,178	\$ 8,880,572	\$ 254,311	\$ 255,121
Levy of 2012	269,865	-	76,634	195,893	(2,662)	(2,677)
Levy of 2011	2,556	-	-	702	1,854	1,854
Prior Years	13,479	-	-	-	13,479	13,479
	<u>285,900</u>	<u>9,228,061</u>	<u>169,812</u>	<u>9,077,167</u>	<u>266,982</u>	<u>267,777</u>
Personal Property Taxes:						
Levy of 2013	-	151,599	-	149,816	1,783	1,783
Levy of 2012	603	-	-	192	411	411
Levy of 2011	166	-	-	-	166	166
Levy of 2009	-	-	28,248	(28,248)	-	-
	<u>769</u>	<u>151,599</u>	<u>28,248</u>	<u>121,760</u>	<u>2,360</u>	<u>2,360</u>
Supplemental Taxes	1,468	-	-	-	1,468	1,468
Rollback Taxes	635	-	-	-	635	635
Total Real Estate, Personal Property, Supplemental and Rollback Taxes	<u>\$ 288,772</u>	<u>\$ 9,379,660</u>	<u>\$ 198,060</u>	<u>\$ 9,198,927</u>	<u>\$ 271,445</u>	<u>\$ 272,240</u>

TOWN OF DUDLEY, MASSACHUSETTS
SCHEDULE OF MOTOR VEHICLE EXCISE AND BOAT EXCISE TAXES
JULY 1, 2012 TO JUNE 30, 2013

	Uncollected Taxes July 1, 2012	Commitments	Abatements and Adjustments	Collections Net of Refunds and Overpayments	Uncollected Taxes June 30, 2013	Uncollected Taxes Per Detail June 30, 2013
Motor Vehicle Excise Taxes:						
Lewy of 2013	\$ -	\$ 1,107,836	\$ 21,708	\$ 973,687	\$ 112,441	\$ 112,441
Lewy of 2012	74,230	120,099	19,436	145,756	29,137	29,144
Lewy of 2011	23,532	-	774	11,681	11,077	11,077
Lewy of 2010	11,084	-	50	2,711	8,323	8,323
Lewy of 2009	8,055	-	47	873	7,135	7,135
Prior Years	27,159	-	10,223	1,081	15,855	15,855
	144,060	1,227,935	52,238	1,135,789	183,968	183,975
Boat Excise Taxes:						
Lewy of 2012	-	4,070	487	3,017	566	566
Lewy of 2011	409	-	-	55	354	354
Lewy of 2010	185	-	-	15	170	170
Lewy of 2009	100	-	-	-	100	100
Lewy of 2008	10	-	-	-	10	10
Prior Years	385	-	385	-	-	-
	1,089	4,070	872	3,087	1,200	1,200
Total Motor Vehicle Excise and Boat Excise Taxes						
	\$ 145,149	\$ 1,232,005	\$ 53,110	\$ 1,138,876	\$ 185,168	\$ 185,175

**TOWN OF DUDLEY, MASSACHUSETTS
SCHEDULE OF TAX LIENS
JULY 1, 2012 TO JUNE 30, 2013**

	Uncollected Accounts July 1, 2012	Commitments	Abatements and Adjustments	Collections Net of Refunds and Overpayments	Uncollected Accounts June 30, 2013	Uncollected Accounts Per Detail June 30, 2013
Tax Liens	\$ 95,846	\$ 93,890	\$ 9,232	\$ 94,907	\$ 85,597	\$ 85,603