

TOWN OF DUDLEY, MASSACHUSETTS

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

For the Year Ended June 30, 2014

TOWN OF DUDLEY, MASSACHUSETTS

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Independent Auditor's Report

To the Honorable Board of Selectmen
Town of Dudley, Massachusetts

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Dudley, Massachusetts, as of and for the year ended June 30, 2014, 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, 2014, 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 6 through 13 and the *Schedule of Funding Progress and Employer Contributions* on pages 52 and 53 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, 2014

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, 2014. The intent of this discussion and analysis is to look at the Town's financial performance as a whole. Readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the Town's financial performance.

Financial Highlights

- The Town's assets exceeded its liabilities by \$19,458,955 (net position) for the fiscal year reported. A decrease from the previous year of \$287,921 (1.5%) 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 \$3,452,321, a decrease of \$14,718 (.4%) in comparison with prior year.
- The General Fund's total fund balance increased \$197,029 (21%) to \$1,147,570. The ending fund balance is 8% of revenues and transfers in and 8% of expenditures and transfers out.
- Total liabilities of the Town decreased by \$302,323 (3%) during the fiscal year. The major components of this decrease is due to a net decrease in bonds payable of \$966,739 and an increase in the Other Post-Employment Benefits (OPEB) liability of \$638,108.
- The Town had free cash certified by the Department of Revenue in the amount of \$434,291. The key factors that attributed to the free cash amount for fiscal year 2014 was as follows:
 - Unexpended/unencumbered appropriations \$153,475.
 - Amount over/(under) budget – state and local receipts \$372,875.
 - Prior year free cash not appropriated \$ 4,965.

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

➤ Sewer Fund	\$ 394,092.
➤ Water Fund	\$1,692,235.

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		
	2014	2013	Change
Assets:			
Current assets	\$ 4,538,067	\$ 4,759,410	\$ (221,343)
Capital assets	16,117,497	16,355,604	(238,107)
Total assets	20,655,564	21,115,014	(459,450)
Liabilities:			
Current liabilities (excluding debt)	341,253	329,656	11,597
Current debt	925,238	1,218,239	(293,001)
Noncurrent liabilities (excluding debt)	2,617,764	2,054,521	563,243
Noncurrent debt	3,064,952	3,453,690	(388,738)
Total liabilities	6,949,207	7,056,106	(106,899)
Net Position:			
Net investment in capital assets	12,145,997	11,706,104	439,893
Restricted	2,299,585	2,794,638	(495,053)
Unrestricted	(739,225)	(441,834)	(297,391)
Total net position	\$ 13,706,357	\$ 14,058,908	\$ (352,551)

	Business-Type Activities		
	2014	2013	Change
Assets:			
Current assets	\$ 2,744,787	\$ 2,686,498	\$ 58,289
Noncurrent assets (excluding capital assets)	90,276	112,011	(21,735)
Capital assets	5,399,362	5,566,710	(167,348)
Total assets	8,234,425	8,365,219	(130,794)
Liabilities:			
Current liabilities (excluding debt)	52,952	46,559	6,393
Current debt	285,000	285,000	-
Noncurrent liabilities (excluding debt)	413,875	330,692	83,183
Noncurrent debt	1,730,000	2,015,000	(285,000)
Total liabilities	2,481,827	2,677,251	(195,424)
Net Position:			
Net investment in capital assets	3,384,362	3,266,710	117,652
Restricted	-	158,777	(158,777)
Unrestricted	2,368,236	2,262,481	105,755
Total net position	\$ 5,752,598	\$ 5,687,968	\$ 64,630

Financial Highlights

Statement of Activities Highlights Governmental Activities

	Governmental Activities		
	2014	2013	Change
Program Revenues:			
Charges for services	\$ 1,454,228	\$ 1,265,310	\$ 188,918
Operating grants and contributions	704,874	636,156	68,718
Capital grants and contributions	175,737	329,722	(153,985)
General Revenues:			
Property taxes	9,598,348	9,256,250	342,098
Motor vehicle and other excise taxes	1,275,520	1,237,195	38,325
Penalties and interest on taxes	111,189	116,924	(5,735)
Nonrestricted grants	1,624,975	1,586,021	38,954
Unrestricted investment income	32,446	12,279	20,167
Miscellaneous	15,517	265	15,252
Total revenues	14,992,834	14,440,122	552,712
Expenses:			
General government	1,218,482	1,279,069	(60,587)
Public safety	2,674,794	2,455,479	219,315
Public works	1,186,920	1,175,871	11,049
Education	7,213,585	6,947,672	265,913
Health and human services	177,257	166,637	10,620
Culture and recreation	570,132	543,723	26,409
Employee benefits and insurance	2,090,888	1,992,425	98,463
State assessments	25,163	24,780	383
Interest	165,689	179,760	(14,071)
Total expenses	15,322,910	14,765,416	557,494
Contributions to Permanent Funds	-	1,300	(1,300)
Net Transfers	(22,475)	(23,666)	1,191
Change in net position	(352,551)	(347,660)	(4,891)
Net position - beginning of year	14,058,908	14,406,568	(347,660)
Net position - end of year	\$ 13,706,357	\$ 14,058,908	\$ (352,551)

	Business-Type Activities		
	2014	2013	Change
Program Revenues:			
Charges for services	\$ 2,000,163	\$ 2,019,262	\$ (19,099)
Operating grants and contributions	20,528	57,237	(36,709)
Capital grants and contributions	10,812	12,451	(1,639)
Total revenues	2,031,503	2,088,950	(57,447)
Expenses:			
Sewer	1,090,394	1,068,601	21,793
Water	898,954	871,725	27,229
Total expenses	1,989,348	1,940,326	49,022
Transfers	22,475	23,666	(1,191)
Change in net position	64,630	172,290	(107,660)
Net position - beginning of year	5,687,968	5,515,678	172,290
Net position - end of year	\$ 5,752,598	\$ 5,687,968	\$ 64,630

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. Assets exceeded liabilities by \$19,458,955 at the close of fiscal year 2014.

Net position of \$15,530,359 (80%) 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 \$2,299,585 (12%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* 1,629,011 (8%) 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 liability for OPEB as presented on the statement of net position for the governmental activities is \$2,467,371.

The business-type activities are able to report positive balances in all two categories of net position.

The governmental activities net position decreased by \$352,551 (3%) during the current fiscal year, which reflects the general fund's results of operation. This was mainly attributed to expenditures exceeding revenues by \$330,076 and transfers out of \$22,475 to the business-type funds.

There was an increase of \$64,630 in net position reported in connection with the sewer and water business-type activities. Of this, there were increases of \$10,306 attributed to the sewer department and of \$54,324 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 a decrease of \$14,718 (.4%) in comparison with the prior year.

The breakdown of the governmental funds is as follows:

- Nonspendable fund balance - \$34,350 (1%).
- Restricted fund balance - \$2,143,216 (62%).
- Committed fund balance - \$188,174 (5%).
- Assigned fund balance - \$196,292 (6%).
- Unassigned fund balance - \$890,289 (26%).

At the end of the fiscal year, the General Fund reported a fund balance of \$1,147,570 increasing \$197,029 (21%) from the prior year. Of the \$1,147,570, the unassigned amount is \$890,289 (78%), the restricted amount is \$60,989 (5%) and the assigned amount is \$196,292 (17%). General fund revenues were \$637,580 (5%) more than the prior fiscal year and expenditures also increased by \$270,501 (2%). Other activity in the General fund was net transfers from other funds of \$106,734.

The main components of the increases in general fund revenues were related to increases in property taxes in the amount of \$254,092 (3%), excise and other taxes of \$120,041 (10%) and licenses permits and fees of \$134,748 (43%) from the prior year.

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

- Increase in Education expenditures of \$265,913 (3%).

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 \$10,306 (.4%) from the prior year. This change was mainly attributed to operating costs exceeding operating revenues by \$30,703, interest and special assessments income of \$11,482, interest expense of \$37,445 and net transfers from the governmental funds of \$66,972. Operating revenues decreased by \$5,181 (1%) while operating expenses increased by \$27,573 (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 \$54,324 (2%) from the prior year. This change resulted from operating revenues exceeding operating expenditures of \$117,233, interest and other income of \$19,858, interest expense of \$38,270 and net transfers to governmental funds of \$44,497. Operating revenues decreased by \$13,918 (1%) while operating expenses increased by \$25,031 (3%) from the prior year.

General Fund Budgetary Highlights

The final general fund budget for fiscal year 2014 was \$14,003,418. This was an increase of \$388,224 (2%) over the previous year's budget.

There was an increase of \$293,460 between the original budget and the final amended budget. This change is attributed to votes at the special town meeting in November 2013 and the annual town meeting in May 2014 for various budget operating line items.

General fund expenditures were less than budgeted by \$346,266. Of the \$346,266 in under budget expenditures \$192,792 has been carried over to fiscal year 2015.

The variance with the final budget was a positive \$543,754 consisting of a revenue surplus of \$390,280 (due in large part from excise and other taxes; and licenses, permits and fees) and an appropriation surplus of \$153,474.

Capital Asset and Debt Administration

Capital Assets. The Town's investment in capital assets for its governmental and business-type activities amounts to \$16,117,497 and \$5,399,362, 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 \$730.
- Fire Department Chief's vehicle for \$38,220.
- Fire Department ladder truck final payment for \$366,780.
- Highway road improvements for \$350,000.

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

Water Fund:

- Infrastructure improvements for \$52,570.

Debt Administration. The Town's outstanding governmental long-term debt, as of June 30, 2014, totaled \$3,990,190, of which \$3,435,000 is for building renovation projects, \$450,000 is for the new fire department truck, \$39,000 is for Fire Chief's vehicle, \$47,500 is for a department of public works backhoe and \$18,690 is for the Title V septic repair program.

The business-type funds have \$2,015,000 in long-term debt. Of this, \$1,170,000 consists of water mains debt, \$245,000 for water corrosion control systems and \$600,000 of sewer debt.

Please refer to notes 3D 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 19, 2014 authorized a fiscal year 2015 operating and capital budget as follows:

From the tax levy		\$	13,900,344
From sewer receipts			1,042,474
From water receipts			972,170
From Other Available Funds:			
General Fund:			
Unassigned fund balance:			
Continuing appropriations	\$	3,500	
Bond Premium Reserved		20,414	
Bond Over Budget Reserved		40,575	64,489
Non-major Governmental Funds:			
Road machinery			12,500
		\$	15,991,977

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, 2014

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
CURRENT:			
Cash and Cash Equivalents	\$ 1,412,719	\$ 1,595,974	\$ 3,008,693
Investments	856,159	758,766	1,614,925
Investments in Custody of Trustees	1,264,510	-	1,264,510
Receivables, net of allowance for uncollectibles:			
Property Taxes	237,763	-	237,763
Tax Liens	144,102	31,509	175,611
Excise Taxes	113,310	-	113,310
User Charges	-	336,702	336,702
Departmental	133,640	-	133,640
Special Assessments	3,269	21,836	25,105
Due from Other Governments	372,595	-	372,595
Total current assets	4,538,067	2,744,787	7,282,854
NONCURRENT:			
Receivables, net of allowance for uncollectibles:			
Special Assessments	-	90,276	90,276
Capital Assets, net of accumulated Depreciation			
Nondepreciable	811,512	82,037	893,549
Depreciable	15,305,985	5,317,325	20,623,310
Total noncurrent assets	16,117,497	5,489,638	21,607,135
Total Assets	20,655,564	8,234,425	28,889,989
LIABILITIES			
CURRENT:			
Warrants Payable	117,027	19,816	136,843
Accrued Payroll	100,932	12,556	113,488
Payroll Withholdings	43,301	-	43,301
Tax Refund Payable	21,368	-	21,368
Accrued Interest	7,009	15,945	22,954
Deposits	-	850	850
Other	14,018	-	14,018
Compensated Absences	37,598	3,785	41,383
Bonds and Notes Payable	925,238	285,000	1,210,238
Total current liabilities	1,266,491	337,952	1,604,443
NONCURRENT:			
Compensated Absences	150,393	15,143	165,536
OPEB Obligation Payable	2,467,371	398,732	2,866,103
Bonds and Notes Payable	3,064,952	1,730,000	4,794,952
Total noncurrent liabilities	5,682,716	2,143,875	7,826,591
Total Liabilities	6,949,207	2,481,827	9,431,034
NET POSITION:			
Net Investment in Capital Assets	12,145,997	3,384,362	15,530,359
Restricted for:			
Capital Projects	1,969	-	1,969
Federal & State Grants	534,644	-	534,644
Permanent Funds:			
Nonexpendable	34,350	-	34,350
Expendable	209,098	-	209,098
Other Purposes	1,519,524	-	1,519,524
Unrestricted	(739,225)	2,368,236	1,629,011
Total Net Position	\$ 13,706,357	\$ 5,752,598	\$ 19,458,955

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, 2014**

Program Revenues					Net (Expenses) Revenues and Changes in Net Position		
					Governmental Activities	Business-Type Activities	Total
Governmental Activities: General Government Public Safety Public Works Education Health and Human Services Culture and Recreation Employee Benefits and Insurance State Assessments Interest	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions			
	\$	\$	\$	\$	\$	\$	\$
	1,218,482	173,335	32,808	-	(1,012,339)	-	(1,012,339)
	2,674,794	1,051,740	199,282	-	(1,423,772)	-	(1,423,772)
	1,186,920	169,105	34,463	175,737	(807,615)	-	(807,615)
	7,213,585	-	-	-	(7,213,585)	-	(7,213,585)
	177,257	53,037	96,182	-	(28,038)	-	(28,038)
	570,132	7,011	338,489	-	(224,632)	-	(224,632)
	2,090,888	-	2,606	-	(2,088,282)	-	(2,088,282)
	25,163	-	-	-	(25,163)	-	(25,163)
	165,689	-	1,044	-	(164,645)	-	(164,645)
	Total Governmental Activities	1,454,228	704,874	175,737	(12,988,071)	-	(12,988,071)
Business-Type Activities: Sewer Water	1,090,394	1,022,246	670	10,812	-	(56,666)	(56,666)
	898,954	977,917	19,858	-	-	98,821	98,821
Total Primary Government	\$ 17,312,258	\$ 3,454,391	\$ 725,402	\$ 186,549	(12,988,071)	42,155	(12,945,916)
General Revenues:							
Property Taxes					9,598,348	-	9,598,348
Motor vehicle excise and other taxes					1,275,520	-	1,275,520
Penalties & Interest on Taxes					111,189	-	111,189
Grants & Contributions not restricted to specific programs					1,624,975	-	1,624,975
Unrestricted Investment Income					32,446	-	32,446
Miscellaneous					15,517	-	15,517
Transfers, net					(22,475)	22,475	-
Total General Revenues and Transfers					12,635,520	22,475	12,657,995
Change in Net Position					(352,551)	64,630	(287,921)
Net Position:							
Beginning of year					14,058,908	5,687,968	19,746,876
End of year					\$ 13,706,357	\$ 5,752,598	\$ 19,458,955

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

**TOWN OF DUDLEY, MASSACHUSETTS
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2014**

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
Assets:			
Cash and Cash Equivalents	\$ 813,174	\$ 599,545	\$ 1,412,719
Investments	557,944	298,215	856,159
Investment in Custody of Others	-	1,264,510	1,264,510
Receivables, net of allowance for uncollectibles:			
Property Taxes	237,763	-	237,763
Tax Liens	144,102	-	144,102
Excise and Other Taxes	113,310	-	113,310
Special Assessments	-	3,269	3,269
Departmental	116,144	17,496	133,640
Due from Other Governments	95,675	276,920	372,595
Total Assets	\$ 2,078,112	\$ 2,459,955	\$ 4,538,067
Liabilities:			
Warrants Payable	\$ 102,532	\$ 14,495	\$ 117,027
Accrued Payroll	100,932	-	100,932
Payroll Withholdings	43,301	-	43,301
Tax Refund Payable	21,368	-	21,368
Other	14,018	-	14,018
Total Liabilities	282,151	14,495	296,646
Deferred Inflows of Resources - Unavailable Revenue	648,391	140,709	789,100
Fund Balance:			
Nonspendable	-	34,350	34,350
Restricted	60,989	2,082,227	2,143,216
Committed	-	188,174	188,174
Assigned	196,292	-	196,292
Unassigned	890,289	-	890,289
Total Fund Balance	1,147,570	2,304,751	3,452,321
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 2,078,112	\$ 2,459,955	\$ 4,538,067

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, 2014

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:			
Property Taxes	\$ 9,523,021	\$ -	\$ 9,523,021
Intergovernmental	1,736,583	650,046	2,386,629
Excise and Other Taxes	1,311,998	-	1,311,998
Charges for Services	586,668	429,050	1,015,718
Licenses, Permits, Fees	445,542	-	445,542
Interest on Delinquent Taxes	111,189	-	111,189
Investment Income	32,446	167,206	199,652
Gifts and Donations	-	38,903	38,903
Other	-	183,762	183,762
Intergovernmental - "On-behalf" Payments	1,044	-	1,044
Total Revenues	13,748,491	1,468,967	15,217,458
Expenditures:			
Current:			
General Government	894,018	73,193	967,211
Public Safety	2,036,705	891,541	2,928,246
Public Works	751,463	454,270	1,205,733
Education	7,213,585	-	7,213,585
Health and Human Services	132,632	38,293	170,925
Culture and Recreation	180,172	133,208	313,380
Employee Benefits and Insurance	1,536,947	-	1,536,947
State Assessments	25,163	-	25,163
Debt Service:			
Principal	720,739	-	720,739
Interest	166,772	-	166,772
Total Expenditures	13,658,196	1,590,505	15,248,701
Excess of Revenues Over (Under) Expenditures	90,295	(121,538)	(31,243)
Other Financing Sources (Uses):			
Operating Transfers In	238,185	14,655	252,840
Operating Transfers Out	(131,451)	(143,864)	(275,315)
Proceeds from Notes	-	39,000	39,000
Total Other Financing Sources (Uses)	106,734	(90,209)	16,525
Net Change in Fund Balances	197,029	(211,747)	(14,718)
Fund Balances, Beginning of Year	950,541	2,516,498	3,467,039
Fund Balances, End of Year	\$ 1,147,570	\$ 2,304,751	\$ 3,452,321

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

**Reconciliation of the Governmental Funds Balance Sheet
Total Fund Balances to the Statement of Net Position
For the Year Ended June 30, 2014**

Total Governmental Fund Balances	\$ 3,452,321
Capital Assets (net) used in governmental activities are not financial resources and therefore, are not reported in the funds.	16,117,497
Revenues are recognized on an accrual basis of accounting instead of a modified accrual basis.	789,100
Long Term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds:	
Bonds Payable	\$ (3,990,190)
OPEB Obligation	(2,467,371)
Compensated Absences	(187,991)
	<u>(6,645,552)</u>
In the statement of activities, interest is accrued on outstanding long term debt, whereas in governmental funds, interest is not reported until due.	<u>(7,009)</u>
Net Position of Governmental Activities	<u>\$ 13,706,357</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, 2014

Net Change in Fund Balances - Total Governmental Funds	\$	(14,718)
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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	\$ 748,086	
Depreciation	<u>(986,193)</u>	(238,107)

Revenue in the Statement of Activities that do not provide current financial resources are fully deferred in the Statement of Revenues, Expenditures and Changes in Fund Balances. Therefore, the recognition of revenue for various types of accounts receivable (i.e., real estate and personal property, motor vehicle excise, etc.) differ between the two statements. This amount represents the net change in deferred inflow - unavailable revenue.

(216,980)

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	(39,000)	
Repayment of Debt Principal	<u>720,739</u>	681,739

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	(11,627)	
Net Change in OPEB Obligation	(553,941)	
Net Change in Accrued Interest on Long-Term Debt	<u>1,083</u>	(564,485)

Change in Net Position of Governmental Activities	\$	<u>(352,551)</u>
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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, 2014**

	Budgeted Amounts		Actual	Amounts	Variance with
	Original Budget	Final Budget	Budgetary Basis	Carried Forward to Next Year	Final Budget Positive (Negative)
Revenues:					
Property Taxes	\$ 9,552,480	\$ 9,552,480	\$ 9,569,884	\$ -	\$ 17,404
Intergovernmental	1,707,871	1,707,871	1,736,583	-	28,712
Excise and Other Taxes	1,184,420	1,184,420	1,311,998	-	127,578
Charges for Services	573,300	573,300	586,668	-	13,368
Licenses, Permits, Fees	275,466	275,466	445,542	-	170,076
Interest on Delinquent Taxes	98,274	98,274	111,189	-	12,915
Investment Income	10,000	10,000	30,227	-	20,227
Total Revenues	13,401,811	13,401,811	13,792,091	-	390,280
Expenditures:					
Current:					
General Government	1,005,679	1,121,672	894,018	185,260	42,394
Public Safety	1,973,522	2,047,864	2,036,705	1,921	9,238
Public Works	720,018	762,698	751,463	5,611	5,624
Education	7,231,164	7,231,164	7,213,585	-	17,579
Health and Human Services	136,062	134,926	132,632	-	2,294
Culture and Recreation	177,222	181,197	180,172	-	1,025
Employee Benefits and Insurance	1,561,085	1,561,085	1,536,947	-	24,138
State Assessments	26,943	26,943	25,163	-	1,780
Debt Service:					
Principal	688,986	745,986	720,739	-	25,247
Interest	189,277	189,883	165,728	-	24,155
Total Expenditures	13,709,958	14,003,418	13,657,152	192,792	153,474
Excess of Revenues Over (Under) Expenditures	(308,147)	(601,607)	134,939	(192,792)	543,754
Other Financing Sources (Uses):					
Operating Transfers In	239,821	342,466	314,630	-	(27,836)
Operating Transfers Out	(116,796)	(170,232)	(171,451)	-	(1,219)
Total Other Financing Sources (Uses)	123,025	172,234	143,179	-	(29,055)
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	(185,122)	(429,373)	278,118	(192,792)	514,699
Budgetary Fund Balance - Beginning of Year	647,761	647,761	647,761	-	-
Budgetary Fund Balance - End of Year	\$ 462,639	\$ 218,388	\$ 925,879	\$ (192,792)	\$ 514,699

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, 2014

	<u>Revenues</u>	<u>Expenditures</u>
Reported on a Budgetary Basis	\$ 13,792,091	\$ 13,657,152
<u>Adjustments:</u>		
Activity for stabilization fund recorded in the general fund for GAAP purposes	2,219	-
Net decrease in revenue from recording 60-day receipts	(42,400)	-
Net decrease in revenue from recording refund taxes payable	(4,463)	-
Recognition of intergovernmental revenue - loan subsidy amounts	1,044	-
Recognition of intergovernmental expenditures - loan subsidy amounts	-	1,044
Reported on a GAAP Basis	<u>\$ 13,748,491</u>	<u>\$ 13,658,196</u>

TOWN OF DUDLEY, MASSACHUSETTS
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2014

		Business-Type Activities Enterprise Funds		
		Sewer Fund	Water Fund	Total
ASSETS				
CURRENT:				
Cash and Cash Equivalents	\$	34,190	\$ 1,561,784	\$ 1,595,974
Investments		411,607	347,159	758,766
User Charges, net of allowance for uncollectibles		177,114	159,588	336,702
Tax Liens		17,108	14,401	31,509
Special Assessments		21,836	-	21,836
Total current assets		661,855	2,082,932	2,744,787
NONCURRENT:				
Special Assessments		90,276	-	90,276
Capital Assets, net of accumulated depreciation				
Nondepreciable		8,857	73,180	82,037
Depreciable		2,527,311	2,790,014	5,317,325
Total noncurrent assets		2,626,444	2,863,194	5,489,638
Total Assets		3,288,299	4,946,126	8,234,425
LIABILITIES				
CURRENT:				
Warrants Payable		2,783	17,033	19,816
Accrued Payroll		5,807	6,749	12,556
Accrued Interest		6,820	9,125	15,945
Deposits		850	-	850
Compensated Absences		1,707	2,078	3,785
Bonds Payable		120,000	165,000	285,000
Total current liabilities		137,967	199,985	337,952
NONCURRENT:				
Compensated Absences		6,830	8,313	15,143
OPEB Obligation Payable		166,514	232,218	398,732
Bonds Payable		480,000	1,250,000	1,730,000
Total noncurrent liabilities		653,344	1,490,531	2,143,875
Total Liabilities		791,311	1,690,516	2,481,827
NET POSITION:				
Net Investment in Capital Assets		1,936,168	1,448,194	3,384,362
Unrestricted		560,820	1,807,416	2,368,236
Total Net Position	\$	2,496,988	\$ 3,255,610	\$ 5,752,598

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

**TOWN OF DUDLEY, MASSACHUSETTS
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2014**

	Business-Type Activities Enterprise Funds		
	Sewer Fund	Water Fund	Total
Operating Revenues:			
Charges for Services	\$ 1,022,246	\$ 977,917	\$ 2,000,163
Total Operating Revenues	<u>1,022,246</u>	<u>977,917</u>	<u>2,000,163</u>
Operating Expenses:			
Salaries & Wages	221,398	229,389	450,787
Operating Expenses	741,925	501,003	1,242,928
Depreciation	89,626	130,292	219,918
Total Operating Expenses	<u>1,052,949</u>	<u>860,684</u>	<u>1,913,633</u>
Operating Income (Loss)	<u>(30,703)</u>	<u>117,233</u>	<u>86,530</u>
Non-Operating Revenues (Expenses):			
Investment Income	670	774	1,444
Special Assessments	10,812	-	10,812
Intergovernmental	-	19,084	19,084
Interest Expense	(37,445)	(38,270)	(75,715)
Total Non-Operating Revenues (Expenses)	<u>(25,963)</u>	<u>(18,412)</u>	<u>(44,375)</u>
Income (Loss) Before Operating Transfers	<u>(56,666)</u>	<u>98,821</u>	<u>42,155</u>
Operating Transfers:			
Transfers In	116,796	-	116,796
Transfers Out	(49,824)	(44,497)	(94,321)
Total Operating Transfers	<u>66,972</u>	<u>(44,497)</u>	<u>22,475</u>
Change in Net Position	<u>10,306</u>	<u>54,324</u>	<u>64,630</u>
Net Position at Beginning of Year	<u>2,486,682</u>	<u>3,201,286</u>	<u>5,687,968</u>
Net Position at End of Year	<u>\$ 2,496,988</u>	<u>\$ 3,255,610</u>	<u>\$ 5,752,598</u>

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

**TOWN OF DUDLEY, MASSACHUSETTS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2014**

	Business-Type Activities Enterprise Funds		
	Sewer Fund	Water Fund	Total
Cash Flows From Operating Activities:			
Receipts from Customers and Users	\$ 985,032	\$ 934,446	\$ 1,919,478
Payments to Vendors	(704,131)	(446,599)	(1,150,730)
Payments to Employees	(224,351)	(226,217)	(450,568)
Net Cash Provided by (Used for) Operating Activities	56,550	261,630	318,180
Cash Flows from Noncapital Financing Activities:			
Transfers from (to) Other Funds	66,972	(44,497)	22,475
Net Cash Provided by (Used for) Noncapital Financing Activities	66,972	(44,497)	22,475
Cash Flows from Capital and Related Financing Activities:			
Intergovernmental Revenues	-	19,084	19,084
Special Assessments	37,676	-	37,676
Acquisition and Construction of Capital Assets	-	(52,570)	(52,570)
Principal Payments on Bonds and Notes	(120,000)	(165,000)	(285,000)
Interest Expense	(38,850)	(39,706)	(78,556)
Net Cash Provided by (Used for) Capital and Related Financing Activities	(121,174)	(238,192)	(359,366)
Cash Flows from Investing Activities:			
Proceeds/(Purchase) of Investments	(600)	(661)	(1,261)
Investment Income	670	774	1,444
Net Cash Provided by (Used for) Investing Activities	70	113	183
Net Increase (Decrease) in Cash and Cash Equivalents	2,418	(20,946)	(18,528)
Cash and Cash Equivalents at Beginning of Year	31,772	1,582,730	1,614,502
Cash and Cash Equivalents at End of Year	\$ 34,190	\$ 1,561,784	\$ 1,595,974
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used For) Operating Activities:			
Operating Income (Loss)	\$ (30,703)	\$ 117,233	86,530
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation	89,626	130,292	219,918
Change in Assets and Liabilities:			
Increase (Decrease) in Warrants Payable	720	7,311	8,031
Increase (Decrease) in Accrued Payroll	(169)	1,619	1,450
Increase (Decrease) in Compensated Absences	(2,784)	1,553	(1,231)
Increase (Decrease) in OPEB Obligation Payable	37,074	47,093	84,167
Decrease (Increase) in User Charges Receivable	(37,214)	(43,471)	(80,685)
Total Adjustments	87,253	144,397	231,650
Net Cash Provided by (Used for) Operating Activities	\$ 56,550	\$ 261,630	\$ 318,180

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

**TOWN OF DUDLEY, MASSACHUSETTS
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2014**

	Other Postemployment Benefit Trust Fund		Agency Funds	
ASSETS				
Cash and Cash Equivalents	\$	83	\$	156,531
Investments		4,648		-
Total Assets		4,731		156,531
LIABILITIES				
Due to Other Governments		-		5,244
Escrows & Deposits		-		151,287
Total Liabilities		-		156,531
NET POSITION				
Held in Trust for Other Postemployment Benefits and Other Purposes	\$	4,731	\$	-

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

**TOWN OF DUDLEY, MASSACHUSETTS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2014**

	<u>Other Postemployment Benefit Trust Fund</u>
Additions	
Investment income	\$ 42
Total Investment Income	<u>42</u>
Total Additions	<u>42</u>
 Change in Net Position	 <u>42</u>
 Net Position at Beginning of Year	 <u>4,689</u>
 Net Position at End of Year	 <u><u>\$ 4,731</u></u>

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

TOWN OF DUDLEY, MASSACHUSETTS
Notes to Financial Statements
Year Ended June 30, 2014

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 2014, 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 Financial Statements
Year Ended June 30, 2014

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.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the Town's enterprise funds and various other functions of the Town. Elimination of these charges would distort the direct costs and program revenues of the various functions concerned.

TOWN OF DUDLEY, MASSACHUSETTS
Notes to Financial Statements
Year Ended June 30, 2014

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

Fund financial statements

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

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

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

The Town reports the following major governmental fund:

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

The Town reports the following major proprietary funds:

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

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

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

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

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

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

Additionally, the Town reports the following fund types:

The *Fiduciary fund* financial statements are reported using the flow of economic resources measurement focus and use the accrual basis of accounting. Fiduciary funds are used to account for 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 Financial Statements
Year Ended June 30, 2014

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.

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

D. Cash and Cash Equivalents

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

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

Investment income from proprietary funds is maintained in those funds.

E. Investments

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

All investments are carried at fair value.

F. Receivables

The recognition of revenues related to accounts receivable reported in the government-wide financial statements and fund financial statements are reported under the accrual basis of accounting and the modified accrual basis of accounting, respectively.

Property Taxes and Tax Liens

Property taxes are based on assessments as of January 1, 2013 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

TOWN OF DUDLEY, MASSACHUSETTS
Notes to Financial Statements
Year Ended June 30, 2014

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 2014 on June 29, 2013, that were due on August 1, 2013 and November 1, 2013 and actual bills on December 31, 2013 that were due on February 1, 2014 and May 1, 2014.

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 2014 is as follows:

Legal Levy Limit Under Proposition	
2 1/2 for fiscal year 2014	\$ 8,022,079
Add: Debt Exclusion	1,644,640
	<u>\$ 9,666,719</u>

The total amount raised by taxation was \$9,658,463.

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 those vehicles. The Board of Assessors of the Town is responsible for determining the value of each vessel.

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

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

User Charges

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

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

TOWN OF DUDLEY, MASSACHUSETTS
Notes to Financial Statements
Year Ended June 30, 2014

Special Assessments

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

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

Departmental

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

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

Due from Other Governments

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

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

G. Capital Assets

Capital assets, which include land, construction in progress, buildings and renovations, machinery, equipment and other, and infrastructure assets (e.g. roads, water mains, sewer mains, and similar items), are reported in the applicable governmental or business-type activity column of the government wide financial statements. Capital assets are recorded at historical cost or at estimated historical cost if actual historical cost is not available. Donated capital assets are recorded at the estimated fair market value.

All purchase and construction costs in excess of \$15,000 are capitalized at the date of acquisition or construction, respectively, with expected useful lives of greater than one year.

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

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

TOWN OF DUDLEY, MASSACHUSETTS
Notes to Financial Statements
Year Ended June 30, 2014

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

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

I. Deferred Inflows of Resources

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

J. Net Position and Fund Balances

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

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

Net position has been "restricted for" the following:

"Capital projects" represents amounts restricted for capital purposes.

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

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

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

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

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

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

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

TOWN OF DUDLEY, MASSACHUSETTS
Notes to Financial Statements
Year Ended June 30, 2014

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.

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.

TOWN OF DUDLEY, MASSACHUSETTS
Notes to Financial Statements
Year Ended June 30, 2014

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 2014, the Town incurred a final budget deficit of \$429,373 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	\$ 244,251
Overlay surplus	29,647
Prior year's encumbrances	155,475
	<hr/>
	\$ 429,373
	<hr/>

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, 2014 were \$3,244,362. Of these, none were exposed to custodial credit risk as uninsured and uncollateralized.

TOWN OF DUDLEY, MASSACHUSETTS
Notes to Financial Statements
Year Ended June 30, 2014

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, 2014, 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	\$ 78,113	\$ -	\$ 78,113
U. S. government agencies	140,233	-	140,233
Corporate bonds	77,535	-	77,535
Bond mutual funds	87,038	87,038	-
	<u>382,919</u>	<u>\$ 87,038</u>	<u>\$ 295,881</u>
Other Investments:			
Certificate of deposits	431,728		
Equity mutual funds	32,463		
MMDT	772,462		
	<u>\$ 1,619,572</u>		

Custodial Credit Risks - Investments

For an investment, custodial risk is the risk that, in the event of the failure of the counterparty, the Town will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Of the Town's \$1,619,572 in investments none are uninsured and unregistered. The Town has no policy on custodial credit risk.

Interest Rate Risk

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

TOWN OF DUDLEY, MASSACHUSETTS
Notes to Financial Statements
Year Ended June 30, 2014

Credit Risk

The Town's exposure to credit risk as of June 30, 2014 is as follows:

Related Debt Instruments	Fair Value	Moody's Quality Rating			Not Rated
		Aaa	A1	Baa1	
Debt Securities:					
U. S. treasury obligations	\$ 78,113	\$ 78,113	\$ -	\$ -	\$ -
U. S. government agencies	140,233	140,233	-	-	-
Corporate bonds	77,535	-	62,032	15,503	-
Bond mutual funds	87,038	-	-	-	87,038
	<u>\$ 382,919</u>	<u>\$ 218,346</u>	<u>\$ 62,032</u>	<u>\$ 15,503</u>	<u>\$ 87,038</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 Home Loan Mortgage Corp amounting to 8.66% of the Town's total investments.

B. Receivables

At June 30, 2014, 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	\$ 237,467	\$ 296	\$ 237,763
Tax liens	144,102	-	144,102
Excise and other taxes	148,690	(35,380)	113,310
Special assessments	3,269	-	3,269
Departmental	168,285	(34,645)	133,640
Due from other governments	372,595	-	372,595
	<u>\$ 1,074,408</u>	<u>\$ (69,729)</u>	<u>\$ 1,004,679</u>

At June 30, 2014, receivables for the business-type activities consist of the following:

	Gross Amount	Allowance for Uncollectibles	Net Amount
Sewer Fund:			
Sewer user charges	\$ 177,614	\$ (500)	\$ 177,114
Sewer tax liens	17,108	-	17,108
Special assessments	112,112	-	112,112
Water Fund:			
Water user charges	160,088	(500)	159,588
Water tax liens	14,401	-	14,401
	<u>\$ 481,323</u>	<u>\$ (1,000)</u>	<u>\$ 480,323</u>

TOWN OF DUDLEY, MASSACHUSETTS
Notes to Financial Statements
Year Ended June 30, 2014

The composition of amounts due from other governments as of June 30, 2014 for the governmental funds and the business-type funds are as follows:

Governmental Funds:

General Fund:

Commonwealth of Massachusetts:

Department of Veterans Services:

Veteran's benefits	\$	95,675
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Nonmajor Governmental Funds:

Commonwealth of Massachusetts:

Department of Fire Services

Fire station design grant	\$	41,500
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Executive Office of Public Safety and Homeland Security:

Police overtime enforcement grant		1,485
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Massachusetts Emergency Management Agency

Emergency Management Program Grant 2013		640
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Massachusetts Highway Department:

Chapter 90 funded projects	233,295	276,920
	\$	372,595

C. Deferred Inflows of Resources – Unavailable Revenue

Governmental funds report deferred inflows of resources in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. At the end of the current fiscal year, the various components of deferred inflows of resources reported in the governmental funds were as follows:

General Fund:

Property taxes	\$	201,163
Tax liens		144,102
Excise and other taxes		113,310
Departmental		116,144
Due from other governments	73,672	\$ 648,391

Nonmajor governmental funds:

Special assessments	3,269	
Due from other governments	137,440	140,709
	\$	789,100

TOWN OF DUDLEY, MASSACHUSETTS
Notes to Financial Statements
Year Ended June 30, 2014

D. Capital Assets

Capital asset activity for the year ended June 30, 2014, is as follows:

Governmental Activities	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	\$ 818,426	\$ 730	\$ (7,644)	\$ 811,512
Construction in progress	458,350	366,780	(825,130)	-
Total capital assets not being depreciated	1,276,776	367,510	(832,774)	811,512
Capital assets being depreciated:				
Buildings and Renovations	16,521,407	93,170	-	16,614,577
Machinery, equipment and other	3,325,139	770,180	(205,000)	3,890,319
Infrastructure	6,355,896	350,000	-	6,705,896
Total capital assets being depreciated	26,202,442	1,213,350	(205,000)	27,210,792
Less accumulated depreciation for:				
Buildings and Renovations	4,634,050	548,147	-	5,182,197
Machinery, equipment and other	2,670,605	200,607	(205,000)	2,666,212
Infrastructure	3,818,959	237,439	-	4,056,398
Total accumulated depreciation	11,123,614	986,193	(205,000)	11,904,807
Total capital assets being depreciated, net	15,078,828	227,157	-	15,305,985
Total governmental activities capital assets, net	\$ 16,355,604	\$ 594,667	\$ (832,774)	\$ 16,117,497
Business-Type Activities	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	\$ 82,037	\$ -	\$ -	\$ 82,037
Construction in progress	832,405	52,570	(884,975)	-
Total capital assets not being depreciated	914,442	52,570	(884,975)	82,037
Capital assets being depreciated:				
Machinery, equipment and other	545,065	-	-	545,065
Infrastructure	10,754,819	884,975	-	11,639,794
Total capital assets being depreciated	11,299,884	884,975	-	12,184,859
Less accumulated depreciation for:				
Machinery, equipment and other	392,303	30,633	-	422,936
Infrastructure	6,255,313	189,285	-	6,444,598
Total accumulated depreciation	6,647,616	219,918	-	6,867,534
Total capital assets being depreciated, net	4,652,268	665,057	-	5,317,325
Total business-type activities capital assets, net	\$ 5,566,710	\$ 717,627	\$ (884,975)	\$ 5,399,362

TOWN OF DUDLEY, MASSACHUSETTS
Notes to Financial Statements
Year Ended June 30, 2014

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

Governmental Activities:

General government	\$ 256,449
Public safety	141,358
Public works	325,534
Health and human services	6,332
Culture and recreation	256,520
Total depreciation expense - governmental activities	<u>\$ 986,193</u>

Business-Type Activities:

Sewer fund	\$ 89,626
Water fund	130,292
Total depreciation expense - business-type activities	<u>\$ 219,918</u>

E. Interfund Receivables, Payables and Transfers

Interfund transfers for the fiscal year ended June 30, 2014, are summarized below:

Transfers Out:	Transfers In:			Total
	General fund	Nonmajor Governmental fund	Business-type fund	
General fund	\$ -	\$ 14,655	\$ 116,796	\$ 131,451
Nonmajor governmental funds	143,864	-	-	143,864
Business-type fund	94,321	-	-	94,321
Total transfers out	<u>\$ 238,185</u>	<u>\$ 14,655</u>	<u>\$ 116,796</u>	<u>\$ 369,636</u>

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.

TOWN OF DUDLEY, MASSACHUSETTS
Notes to Financial Statements
Year Ended June 30, 2014

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

	Interest	Date Issued	Final Maturity Date	Original Amount Issued	Outstanding June 30, 2014
Inside Debt:					
Municipal building renovation	4.20%	12/13/2002	6/15/2018	\$ 5,770,000	\$ 2,580,000
Municipal building renovation	4.13%	4/6/2004	12/15/2022	1,840,000	855,000
Fire Department truck (1)	0.54%	6/6/2014	6/5/2015	450,000	450,000
Fire Department command car (1)	0.55%	12/5/2013	12/5/2014	39,000	39,000
Highway backhoe (1)	0.54%	6/6/2014	6/5/2015	47,500	47,500
Total Inside Debt					<u>3,971,500</u>
Outside Debt:					
<i>Massachusetts Water Pollution Abatement Trust:</i>					
Title V Septic Repair Program	N/A	10/25/2000	8/1/2018	67,302	18,690
Total Outside Debt					<u>18,690</u>
Total governmental type debt					<u><u>\$ 3,990,190</u></u>

1 = Refunding notes classified as long term debt.

Future Debt Service

The annual principal and interest payments to retire all governmental type fund general obligation long-term debt outstanding as of June 30, 2014, are as follows:

Year	Principal	Interest	Total
2015	\$ 925,238	\$ 146,063	\$ 1,071,301
2016	388,738	126,852	515,590
2017	388,738	110,608	499,346
2018	383,738	94,402	478,140
2019	383,738	77,958	461,696
2020-2023	1,520,000	140,671	1,660,671
	<u>\$ 3,990,190</u>	<u>\$ 696,554</u>	<u>\$ 4,686,744</u>

TOWN OF DUDLEY, MASSACHUSETTS
Notes to Financial Statements
Year Ended June 30, 2014

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, 2014
Inside Debt:					
Sewer Fund:					
Municipal Purpose Loan of 2000	5.49%	5/1/2000	5/1/2020	\$ 1,315,000	\$ 360,000
Total Inside Debt					<u>360,000</u>
Outside Debt:					
Sewer Fund:					
Municipal Purpose Loan of 1998	4.74%	3/15/1998	3/15/2018	1,200,000	240,000
Water Fund:					
Water Main Healy Road	2.00%	10/15/2012	10/15/2022	450,000	405,000
Water Main Dudley Oxford Road	2.00%	10/15/2012	10/15/2022	850,000	765,000
Massachusetts Water Pollution Abatement Trust:					
Corrosion control systems	N/A	10/1/1999	8/1/2019	661,114	245,000
Total Outside Debt					<u>1,655,000</u>
Total Business-type debt					<u>\$ 2,015,000</u>

Future Debt Service

The annual principal and interest payments to retire all business-type long-term debt outstanding as of June 30, 2014, are as follows:

Year	Principal	Interest	Total
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	235,000	21,774	256,774
2020-2023	625,000	25,397	650,397
	<u>\$ 2,015,000</u>	<u>\$ 244,462</u>	<u>\$ 2,259,462</u>

TOWN OF DUDLEY, MASSACHUSETTS
Notes to Financial Statements
Year Ended June 30, 2014

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

	Beginning			Ending	Amounts Due
		Additions	Reductions	Balance	within One
					Year
Governmental activities:					
Bond Payable:					
General obligation bonds	\$ 3,820,000	\$ -	\$ 385,000	\$ 3,435,000	\$ 385,000
Refunding notes	829,500	536,500	829,500	536,500	536,500
Massachusetts Water Pollution					
Abatement Trust bonds	22,429	-	3,739	18,690	3,738
Compensated absences	176,364	20,834	9,207	187,991	37,598
OPEB liability obligation	1,913,430	553,941	-	2,467,371	-
Governmental activity					
Long-term liabilities	<u>\$ 6,761,723</u>	<u>\$ 1,111,275</u>	<u>\$ 1,227,446</u>	<u>\$ 6,645,552</u>	<u>\$ 962,836</u>

	Beginning			Ending	Amounts Due
	Balance	Additions	Reductions	Balance	within One
					Year
Business-type activities:					
Bond Payable:					
General obligation bonds	\$ 2,020,000	\$ -	\$ 250,000	\$ 1,770,000	\$ 250,000
Massachusetts Water Pollution					
Abatement Trust bonds	280,000	-	35,000	245,000	35,000
Compensated absences	20,159	5	1,236	18,928	3,785
OPEB liability obligation	314,565	84,167	-	398,732	-
Business-type activity					
Long-term liabilities	<u>\$ 2,634,724</u>	<u>\$ 84,172</u>	<u>\$ 286,236</u>	<u>\$ 2,432,660</u>	<u>\$ 288,785</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, 2014 for principal and interest combined for the loans are \$305,069. The net repayments, including interest, are scheduled to be \$207,483. 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 2014 principal and interest subsidies totaled \$20,128.

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, 2014 totaled \$4,331,500.

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

TOWN OF DUDLEY, MASSACHUSETTS
Notes to Financial Statements
Year Ended June 30, 2014

The following is a computation of the legal debt limit as of June 30, 2014:

Equalized Valuation-Real Estate and Personal Property (2012)		<u>\$ 913,238,700</u>
Debt Limit: 5 % of Equalized value		45,661,935
Total Debt Outstanding	\$ 6,005,190	
Less: Debt Outside Debt Limit	<u>(1,673,690)</u>	<u>4,331,500</u>
Inside Debt Excess Borrowing Capacity at June 30, 2014		<u><u>\$ 41,330,435</u></u>

Loans Authorized and Unissued -- Memorandum Only

Under the general laws of the Commonwealth of Massachusetts a Town must authorize debt at a Town meeting. This authorized debt does not have to be actually issued at that time and remains authorized until the debt is actually issued or Town meeting votes to rescind the authorized debt. All loan authorizations of the governmental funds and business-type funds have been issued as of June 30, 2014.

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 Debt	Town's Estimated Share	Town's Estimated Indirect Debt
Dudley Charlton Regional School District:			
School Construction	\$ 15,010,000	56.10%	\$ 8,420,610
Southern Worcester Regional Vocational School District:			
School Construction	<u>18,265,000</u>	10.28%	<u>1,877,642.00</u>
	<u><u>\$ 33,275,000</u></u>		<u><u>\$ 10,298,252</u></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.

The Dudley Charlton Regional School District also has bond anticipation notes outstanding as of June 30, 2014 of \$200,000 for the Shepherd Hill Regional High School field renovations of which the Town of Dudley's share is 46.0%

TOWN OF DUDLEY, MASSACHUSETTS
Notes to Financial Statements
Year Ended June 30, 2014

G. Fund Balances

The following is a summary of the Town's Governmental fund balances at the year ended June 30, 2014:

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable:			
Permanent funds	\$ -	\$ 34,350	\$ 34,350
Restricted:			
Federal and state grants	-	397,204	397,204
Revolving funds	-	61,500	61,500
Gifts and donations	-	43,287	43,287
Debt service	60,989	-	60,989
Capital projects	-	1,099	1,099
Permanent funds	-	208,342	208,342
Pearle L. Crawford Library endowment fund	-	1,264,510	1,264,510
Other	-	106,285	106,285
	<u>60,989</u>	<u>2,082,227</u>	<u>2,143,216</u>
Committed:			
Ambulance services	-	40,254	40,254
Insurance and employee benefits	-	15,002	15,002
Other	-	132,918	132,918
	<u>-</u>	<u>188,174</u>	<u>188,174</u>
Assigned:			
General government	185,260	-	185,260
Public safety	1,921	-	1,921
Public works	5,611	-	5,611
Subsequent year's budget	3,500	-	3,500
	<u>196,292</u>	<u>-</u>	<u>196,292</u>
Unassigned:			
General Fund	<u>890,289</u>	<u>-</u>	<u>890,289</u>
Total Governmental fund balances	<u>\$ 1,147,570</u>	<u>\$ 2,304,751</u>	<u>\$ 3,452,321</u>

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.

At June 30, 2014, the balance in the stabilization fund is \$206,459 and is reported in the General Fund as unassigned fund balance.

TOWN OF DUDLEY, MASSACHUSETTS
Notes to Financial Statements
Year Ended June 30, 2014

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, 2014, cannot be ascertained, management believes any resulting liability should not materially affect the financial position at June 30, 2014. 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

In addition to providing pension benefits, the Town provided post-employment health care and life insurance benefits for retired employees, their dependents and beneficiaries. The benefits, benefit levels, employee and employer contributions are governed by Massachusetts General Law chapter 32. There are approximately 126 active and retired employees that meet the eligibility requirements. The plan does not issue a separate financial report.

Funding Policy

The contribution requirements of plan members and the Town are established and may be amended through Town policy and member contracts. The required contribution is based on the projected pay-as-you-go financing requirements. For the 2014 fiscal year, total Town premiums plus implicit costs for the retiree medical program are \$310,539.

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

TOWN OF DUDLEY, MASSACHUSETTS
Notes to Financial Statements
Year Ended June 30, 2014

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	\$ 955,983
Interest on net OPEB obligation	89,120
Adjustment to annual required contribution	<u>(96,456)</u>
Annual OPEB cost (expense)	948,647
Contributions made during the fiscal year	<u>310,539</u>
Increase in net OPEB obligation	638,108
Net OPEB Obligation - beginning of year	<u>2,227,995</u>
Net OPEB Obligation - end of year	<u><u>\$ 2,866,103</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 2014 fiscal year and the two preceding years were as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2014	\$ 948,647	32.73%	\$ 2,866,103
6/30/2013	\$ 896,662	33.34%	\$ 2,227,995
6/30/2012	\$ 849,040	33.45%	\$ 1,630,305

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.

Amounts determined regarding the funded status of the plan and the Annual Required Contribution of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Funding Progress, presented as Required Supplementary Information following the Notes to the Financial Statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the Actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions

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

TOWN OF DUDLEY, MASSACHUSETTS
Notes to Financial Statements
Year Ended June 30, 2014

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, 2014 is 23 years.

D. Pension Plan

Plan Description

The Town, as a member of the Worcester Regional Contributory 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 57 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 Worcester Regional Contributory Retirement System located at Midstate Office Park, 23 Midstate Drive, Suite 106, Auburn, MA 01501.

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.

The Town's contribution to the System for the fiscal years ended June 30, 2014, 2013, and 2012 is shown below, which equaled its required contribution for each fiscal year.

Year Ended June 30	Town's Contribution
2014	\$ 603,773
2013	535,228
2012	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.

TOWN OF DUDLEY, MASSACHUSETTS
Notes to Financial Statements
Year Ended June 30, 2014

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 1.64% or \$8,956,939.

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 Contributory 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.

E. Implementation Of New GASB Pronouncements

During fiscal year 2014, the GASB implemented GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. This Statement introduced the concept of deferred outflows and deferred inflows to the financial statements. As such, certain items that were previously reported as assets and liabilities were reclassified to deferred outflows and deferred inflows.

F. Future GASB Pronouncements

The GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions*, which is required to be implemented in fiscal year 2015. Management's current assessment is that this pronouncement will have a significant impact on the Town's basic financial statements by recognizing as an asset/(liability) and revenue/(expense), the Town's portion of the Worcester Regional Contributory Retirement System actuarial accrued liability.

REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF DUDLEY, MASSACHUSETTS
Required Supplementary Information
Schedule of Funding Progress and Employer Contributions
Other Post-Employment Benefit Plan
For the Year Ended June 30, 2014

Schedule of Funding Progress

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

Schedule of Contribution Funding

Other Post Employment Benefits				
Fiscal Year Ended June 30	Annual Required Contributions	Actual Contributions Made	Percentage Contributed	
2014	\$ 948,647	\$ 310,539	32.73%	
2013	\$ 896,662	\$ 298,972	33.34%	
2012	\$ 849,040	\$ 284,043	33.45%	

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

Actuarial Methods:

Valuation date	January 1, 2012
Actuarial cost method	Entry Age Normal
Amortization method	30-year amortization payments
Years remaining at 6/30/2011	26

Actuarial Assumptions:

Investment rate of return	4.00%
Annual payroll increase	3.50%
Medical/drug cost trend rate	10.00% in 2011 decreasing by 1% to the ultimate trend rate of 5% per year

Plan Membership:

Current active members	59
Current retirees, beneficiaries and dependents	67
Total	126

TOWN OF DUDLEY, MASSACHUSETTS
Required Supplementary Information
Schedule of Funding Progress and Employer Contributions
Worcester Regional Contributory Retirement System
For the Year Ended June 30, 2014

Schedule of Funding Progress

Pension System						
Worcester Regional Contributory Retirement System						
Actuarial Valuation Date	Actuarial Value of Assets (A)	Actuarial Accrued Liability (AAL) (B)	Unfunded AAL (UAAL) (B-A)	Funded Ratio (A/B)	Covered Payroll (C)	UAAL as a Percentage of Covered Payroll ((B-A)/C)
01/01/12	\$ 436,671,982	\$ 982,796,782	\$ 546,124,800	44.4%	\$ 238,952,079	228.5%
01/01/10	\$ 413,976,785	\$ 863,002,067	\$ 449,025,282	48.0%	\$ 241,992,607	185.6%
01/01/07	\$ 389,758,785	\$ 692,768,325	\$ 303,009,540	56.3%	\$ 211,518,755	143.3%

Schedule of Funding Progress

Pension System						
Worcester Regional Contributory Retirement System				Town		
Fiscal Year Ended	Annual Required Contributions	Actual Contributions (A)	Percentage Contributed	Actual Contributions (B)	Percentage of System-Wide Actual Contributions (B/A)	
06/30/14	\$ 37,510,266	\$ 37,510,266	100.00%	\$ 603,773	1.61%	
06/30/13	\$ 35,056,320	\$ 35,056,320	100.00%	\$ 535,228	1.53%	
06/30/12	\$ 33,072,000	\$ 33,072,000	100.00%	\$ 477,282	1.44%	

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

Actuarial Methods:

Valuation date	January 1, 2012
Actuarial cost method	Entry Age Normal Cost Method
Amortization method	Increasing at 4.0% per year for the remaining UAL and 4.5% for the ERI program
Remaining amortization period	29 years remaining as of July 1, 2011
Asset valuation method	The actuarial value of assets is the market value of assets as of the valuation date reduced by a percentage of gains and losses recognized for the past four years. Investments gains and losses are determined by the excess or deficiency of the expected return over the actual return on the market value. The actuarial valuation of assets is further constrained to be not less than 80% or more than 120% of market value.

Actuarial Assumptions:

Investment rate of return	8.00%
Projected salary increase	3.00%
Cost of living adjustments	3.00% for the first \$14,000 of retirement income

Plan Membership:

Retired participants and beneficiaries receiving benefits	2,742
Inactive participants	1,874
Disabled	233
Active participants	6,377
Total	11,226

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, 2014

	Fund Balances July 1, 2013	Revenues	Expenditures	Other Financing Sources (Uses)	Fund Balances June 30, 2014
Special Revenue:					
Federal and State Grants:					
Arts Lottery Council Grants	\$ 2,970	\$ 4,256	\$ 5,531	\$ -	\$ 1,695
Dam Grants	5,289	-	-	-	5,289
Elder Affairs Grants	27,744	15,309	19,741	-	23,312
Extended Polling Hours	-	4,116	953	-	3,163
Health Grants	520	-	420	-	100
Public Works Grants	3,712	442,742	443,943	-	2,511
Library Grants	139,340	14,669	46,106	-	107,903
Public Safety Grants	153,974	170,017	138,461	(551)	184,979
Rail Trail Grant	381	-	381	-	-
Other:					
Ambulance Revolving	51,803	23,028	-	(36,000)	38,831
Animal Care Revolving	-	540	260	-	280
Board of Health Revolving Funds	33,093	6,800	9,012	(30,000)	881
Cemetery Revolving	1,475	775	100	-	2,150
Council on Aging Meals Revolving	196	2,417	2,483	-	130
Commission on Disabilities Fund	3,344	2	-	(3,000)	346
Compost Bins Revolving	1,731	-	-	(1,731)	-
Conservation Fund	14,105	5,782	8,829	-	11,058
Deputy Collector Revolving	2,186	26,494	28,680	-	-
Fire Alarm Boxes Revolving	3,950	4,975	7,993	-	932
Fire Penalty Fees Revolving	403	-	-	-	403
Firefighters Outside Detail	446	9,840	9,110	-	1,176
Geneology Research Revolving	150	1,142	-	-	1,292
Gift Shop Revolving	529	49	-	-	578
Gifts and Donations	53,356	38,441	53,475	(7,363)	30,959
Greater Media Cable Access	100,639	28,138	27,856	(7,000)	93,921
Inspection Revolving	-	24,212	24,212	-	-
Insurance Reimbursements	15,784	17,905	18,702	(13,564)	1,423
Law Enforcement Drug Enforcement	16,302	1,886	275	-	17,913
Library Lost Book Revolving	1,902	1,779	3,639	-	42
Municipal Hearings Revolving	18	198	196	-	20
Planning & Economic Development	55	45	-	-	100
	\$ 635,397	\$ 845,557	\$ 850,358	\$ (99,209)	\$ 531,387

**TOWN OF DUDLEY, MASSACHUSETTS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2014**

	Fund Balances July 1, 2013	Revenues	Expenditures	Other Financing Sources (Uses)	Fund Balances June 30, 2014
	\$	\$	\$	\$	\$
Continued from page 55					
Special Revenue (Continued):					
Other (Continued):					
Police Arrest Warrant Services	1,454	248	-	-	1,702
Police Court Judgement	13,221	-	-	-	13,221
Police Cruiser Use Detail	5,315	7,710	-	-	13,025
Police DARE Program	1,593	7,653	7,734	-	1,512
Police Firearms Permit Services	13,036	13,613	-	(5,000)	21,649
Police Off-Duty Revolving	-	276,313	276,313	-	-
Rail Trail-Sale of Steel	-	128,197	41,404	-	86,793
Road Machinery	25,038	21,418	2,421	(25,000)	19,035
Sale of Real Estate	5,400	-	-	-	5,400
Title V Septic Repair Loan Repayments	78,158	597	-	-	78,755
Underground Tank Cleanup	2,400	-	-	-	2,400
Website Revolving Fund	1,485	775	1,624	-	636
West Main Street Sale of Bricks Revolving	4,704	300	699	-	4,305
Pearle L. Crawford Memorial Library Endowment	1,108,496	164,745	8,731	-	1,264,510
Anniversary Fund	754	2	-	-	756
Clarinda Wood Fund	181,902	1,644	2,539	-	181,007
Compensated Absences Fund	7,619	19	-	-	7,638
Municipal Insurance Fund	6,879	18	-	-	6,897
Unemployment Compensation Fund	1	-	-	-	1
Workers Compensation Fund	466	1	-	-	467
Total Special Revenue Funds	2,093,318	1,468,810	1,191,823	(129,209)	2,241,096
Capital Projects:					
Remodeling of Municipal Buildings	959	-	-	-	959
Capital Items:					
General Government	643	-	643	-	-
Public Safety					
Fire Department Groundwater	(89)	-	-	-	(89)
Fire Department Vehicles	359,819	-	398,039	39,000	780
Health and Human Services	319	-	-	-	319
Total Capital Projects	\$ 361,651	\$ -	\$ 398,682	\$ 39,000	\$ 1,969

TOWN OF DUDLEY, MASSACHUSETTS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2014

	Fund Balances July 1, 2013	Revenues	Expenditures	Other Financing Sources (Uses)	Fund Balances June 30, 2014
Perpetual Permanent Funds:					
Cemetery Perpetual Care Fund	\$ 34,350	\$ -	\$ -	\$ -	\$ 34,350
Permanent Funds:					
Cemetery Perpetual Care Fund	22,886	147	-	-	23,033
Library Fund	3,327	8	-	-	3,335
Helen Piasta Memorial Library Trust Fund	966	2	-	-	968
Total Permanent Funds	<u>27,179</u>	<u>157</u>	<u>-</u>	<u>-</u>	<u>27,336</u>
Total - Non-Major Governmental Funds	<u>\$ 2,516,498</u>	<u>\$ 1,468,967</u>	<u>\$ 1,590,505</u>	<u>\$ (90,209)</u>	<u>\$ 2,304,751</u>

**TOWN OF DUDLEY, MASSACHUSETTS
SCHEDULE OF REAL ESTATE, PERSONAL PROPERTY,
SUPPLEMENTAL AND ROLLBACK TAXES
JULY 1, 2013 TO JUNE 30, 2014**

	Uncollected Taxes July 1, 2013	Commitments	Abatements and Adjustments	Collections Net of Refunds and Overpayments	Uncollected Taxes June 30, 2014	Uncollected Taxes Per Detail June 30, 2014
Real Estate Taxes:						
Levy of 2014	\$ -	\$ 9,512,708	\$ 90,496	\$ 9,177,368	\$ 244,844	\$ 244,844
Levy of 2013	254,311	-	109,540	151,957	(7,186)	(6,377)
Levy of 2012	(2,662)	-	-	(1,306)	(1,356)	(1,370)
Levy of 2011	1,854	-	1,149	319	386	386
Prior Years	13,479	-	13,479	-	-	-
	<u>266,982</u>	<u>9,512,708</u>	<u>214,664</u>	<u>9,328,338</u>	<u>236,688</u>	<u>237,483</u>
Personal Property Taxes:						
Levy of 2014	-	145,755	-	145,173	582	582
Levy of 2013	1,783	-	-	1,456	327	327
Levy of 2012	411	-	-	245	166	166
Levy of 2011	166	-	166	-	-	-
	<u>2,360</u>	<u>145,755</u>	<u>166</u>	<u>146,874</u>	<u>1,075</u>	<u>1,075</u>
Supplemental Taxes	<u>1,468</u>	<u>4,671</u>	-	<u>6,139</u>	-	-
Rollback Taxes	<u>635</u>	<u>1,448</u>	-	<u>2,379</u>	<u>(296)</u>	-
Total Real Estate, Personal Property, Supplemental and Rollback Taxes	<u>\$ 271,445</u>	<u>\$ 9,664,582</u>	<u>\$ 214,830</u>	<u>\$ 9,483,730</u>	<u>\$ 237,467</u>	<u>\$ 238,558</u>

TOWN OF DUDLEY, MASSACHUSETTS
SCHEDULE OF MOTOR VEHICLE EXCISE AND BOAT EXCISE TAXES
JULY 1, 2013 TO JUNE 30, 2014

	Uncollected Taxes July 1, 2013	Commitments	Abatements and Adjustments	Collections Net of Refunds and Overpayments	Uncollected Taxes June 30, 2014	Uncollected Taxes Per Detail June 30, 2014
Motor Vehicle Excise Taxes:						
Levy of 2014	\$ -	\$ 1,153,070	\$ 29,555	\$ 1,047,441	\$ 76,074	\$ 76,074
Levy of 2013	112,441	115,242	17,014	186,014	24,655	24,655
Levy of 2012	29,137	-	930	18,344	9,863	9,863
Levy of 2011	11,077	-	-	3,659	7,418	7,418
Levy of 2010	8,323	-	-	1,033	7,290	7,290
Prior Years	22,990	-	-	931	22,059	22,059
	183,968	1,268,312	47,499	1,257,422	147,359	147,359
Boat Excise Taxes:						
Levy of 2013	-	3,667	228	3,038	401	401
Levy of 2012	566	-	53	202	311	351
Levy of 2011	354	-	-	15	339	339
Levy of 2010	170	-	-	-	170	170
Levy of 2009	100	-	-	-	100	100
Prior Years	10	-	-	-	10	10
	1,200	3,667	281	3,255	1,331	1,371
Total Motor Vehicle Excise and Boat Excise Taxes						
	\$ 185,168	\$ 1,271,979	\$ 47,780	\$ 1,260,677	\$ 148,690	\$ 148,730

TOWN OF DUDLEY, MASSACHUSETTS
SCHEDULE OF TAX LIENS
JULY 1, 2013 TO JUNE 30, 2014

	Uncollected Accounts July 1, 2013	Commitments	Abatements and Adjustments	Collections Net of Refunds and Overpayments	Uncollected Accounts June 30, 2014	Uncollected Accounts Per Detail June 30, 2014
Tax Liens	\$ 85,597	\$ 140,104	\$ (4,556)	\$ 86,155	\$ 144,102	\$ 144,246