

Town of Sudbury, Massachusetts
Comprehensive Annual Financial Report



For the Fiscal Year Ended June 30, 2013

Town of Sudbury, Massachusetts

Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2013



Sudbury
Massachusetts

Prepared by the Finance Division

TOWN OF SUDBURY, MASSACHUSETTS
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

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Introductory Section



Town of Sudbury

278 Old Sudbury Road

Sudbury, MA 01776

Finance Director's Office

978-639-3376

Andrea Terkelsen, Finance Director

December 6, 2013

To the Honorable Board of Selectmen and Citizens of the Town of Sudbury:

I am pleased to transmit to you the Town of Sudbury's Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2013. This report has been prepared by Sudbury's Finance Division in conformity with accounting principles generally accepted in the United States of America (GAAP) as prescribed by the Government Accounting Standards Board (GASB).

The report consists of management's representations concerning the finances of the Town. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management has established a comprehensive internal control framework that is designed both to protect the assets of the Town from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the Town's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the Town's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The Town's financial statements have been audited by Sullivan, Rogers & Company, LLC, a firm of licensed certified public accountants, who have been hired by and report to the Town's Board of Selectmen. The independent auditors' unmodified ("clean") opinion on the Town's financial statements for the fiscal year ended June 30, 2013, is presented as the first component of the financial section of this report on pages 15 - 17.

The independent audit of the financial statements of the Town was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are available in the Town's separately issued Reports on Internal Control Over Financial Reporting, Compliance and Federal Award Programs.

GAAP require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The Town's MD&A can be found immediately following the report of the independent auditors.

History and Profile of the Town

The Town of Sudbury was settled in 1638 and incorporated as a Town in 1639. At that time, Sudbury boundaries included (by 1653) all what is now Wayland (which split off in 1780), and parts of Framingham, Marlborough, Stow and Maynard. Sudbury is a charming community, rooted deeply in New England's history; the Sudbury Center Historic District has changed little since 1800. The Town is located in Middlesex County along the major highways of Route 20 in the south and Route 117 in the north, and bisected by Route 27, and lies approximately twenty miles from Boston and twenty six miles from Worcester. Sudbury is bordered by Wayland on the east; Framingham on the south; Hudson, Maynard, Marlborough, and Stow on the west; Concord on the northeast; and Acton on the north. Sudbury also borders Lincoln, with which it shares a regional high school. It is situated near the junctions of Route 128, the Mass Pike and Route 495, providing an excellent location for residents, businesses and commuters.

The Town has a current population of 18,317 and occupies a land area of 24.7 square miles. Sudbury is categorized by the Metropolitan Area Planning Council (MAPC) as an Established Suburb. These residential suburbs are characterized by single-family homes on moderately-sized lots, with a relatively affluent population. Multi-unit housing and commercial developments are limited in their extent, although Sudbury does have some major employment and retail centers primarily located along the Town's Route 20 Corridor.

Sudbury is a desirable community to live and work in due to its location, excellent public school system, attractive neighborhoods, high property values, and well managed local government.

Organizational Structure

The Town is governed by an open Town Meeting, an elected Board of Selectmen, and an appointed Town Manager. Local legislative decisions for the town are made by an open town meeting. The Town implemented its current charter on July 1, 1996. This charter provided for appointment of a Town Manager by the Board of Selectmen. The Town Manager has broad responsibility for day-to-day management of Town affairs, as well as preparation of annual operating and capital budgets. For budgeting purposes, the Town services are divided into six program areas, and the Town Manager has authority to move funds as needed within a program area, but not to transfer funds between these areas.

The Town provides education in grades K-8 through the Sudbury Public Schools; the Lincoln Sudbury Regional High School District (LSRHSD) provides education in grades 9 through 12. The Minuteman Regional Vocational Technical High School located in Lexington provides vocational technical education in grades 9 through 12. Capacity of the Town's schools has been significantly increased in recent years. Each District's School Committee is elected and responsible for appointing the Superintendent of Schools, who has responsibility for the daily administration of the school system.

Reporting Entity

The basic financial statements along with the combining statements and schedules included in this report relate to the activities under the direction and control of the Town Manager, Board of Selectmen and School Committees, which include the activities of the Town's Community Preservation Fund and Affordable Housing Trust Fund. The activities of the Sudbury Housing Authority (local branch for Massachusetts Public Housing Programs) and Sudbury Water District are excluded from this report because it falls outside the direction and control of the Town Manager and Board of Selectmen.

Financial Management, Policies and Initiatives

The Town Manager is responsible for the development of the Town's capital improvement plan, and annual capital and operating budgets. The School Committee is responsible for annually recommending capital and operating budgets for Sudbury's public school district. An appointed Finance Committee, consisting of nine members, makes recommendations to the Town Meeting on operating budgets and other financial matters.

It was agreed in December 2012 at a joint meeting of the Board of Selectmen, the Finance Committee, the Sudbury Public School Committee, and the LSRHSD School Committee, that a special effort would be put into developing a multi-year framework for three critical areas of long-term financial planning: (1) establishing and maintaining reserves, (2) addressing significant unfunded liabilities and (3) developing a funding strategy for the acquisition, replacement and enhancements of capital assets.

Staff from all three cost centers has made significant progress in this effort to bring a coordinated and long-term focus to these issues. In April 2013, we published these results in a report that can be found on the Town of Sudbury's website entitled "Strategic Financial Plan-Disciplined Planning for Long-term Liabilities and Needs". The report contains a comprehensive view of these liabilities and needs along with options for achieving financial management goals, once they have been established and agreed upon by the Board of Selectmen. The materials included in this report represent an important first step in dealing with the difficult challenges. As staff we remain committed to working in support of these goals.

On November 5, 2013 the Board of Selectmen voted on the final version of their fiscal year 2014 goals. Goals 4 and 5a speak directly to our *shared* commitment in developing a disciplined strategy for Sudbury's long-term liabilities and needs. The Board has appointed staff from all three cost centers to two new committees dedicated to/for this purpose.

***New* Strategic Financial Planning Committee for Capital Funding:** This committee will generate, evaluate and report on strategies and options, both short and long term, for ensuring adequate funding for the capital needs of the Town, the Sudbury Public Schools and LSRHSD. The capital projects outlined in the report is considered a starting point that may be adjusted by the Board of Selectmen, as needed. The committee shall work to create and submit to the Selectmen a report that the Board, Finance Committee, Capital Improvement Advisory Committee and staff can use for scheduling capital projects over the next 15 years.

***New* Strategic Financial Planning Committee for OPEB Liabilities:** This committee will generate, evaluate and report on strategies and options, both short and long term, for dealing with the unfunded OPEB liabilities facing the Town of Sudbury (including the Sudbury Public Schools) and LSRHSD.

The liabilities for each entity may require separate strategies. The strategy for LSRHSD will also require the approval and commitment of the Town of Lincoln. The committee shall work to create and submit to the Board of Selectmen a report consisting of overall "big picture" strategies and fundamental philosophies that may be applicable to both entities.

Local Economic Condition

Sudbury's economic base is limited but steady with approximately 7,400 individuals employed in 650 establishments within the boundaries of the Town, with an estimated annual payroll of \$0.5 billion. The majority of businesses in Sudbury are small and service oriented; retail, professional and technical services, and public administration account for 60% of all jobs. Local unemployment remains below state and national rates, and the median household effective buying income is among the highest in Massachusetts.

The town's property tax base increased slightly over the last year despite the effects of the nationwide housing market downturn. The tax base is diverse and market values remain extremely strong. Assessed value (AV) is primarily residential, at 93%, and the 10 largest taxpayers account for only 5% of the tax levy. AV remains considerably lower than its peak in 2007; down by 8% to \$3.8 billion in fiscal 2013 but has shown marked improvement during the last two cycles. Per capital market value remains extremely strong which is indicative of the already strong real estate values of the town. The median home value is estimated to be roughly four times the national level.

While Sudbury is not immune to regional and national economic development trends, the Town is characterized as a self-sustaining and stable local economy. The recent state fiscal problems have had a moderate impact on the delivery of services, as the Town is not highly dependent on state aid; accordingly, the Town has not been as adversely affected as other communities in Massachusetts. The Town continues to rely mainly on property taxes and other local revenues to cover the increasing cost of providing services and replace any revenue lost from the state. The Town's main revenue sources remain consistent and strong. Property taxes and tax collections remain stable, with current-year collections typically exceeding 98% of the tax levy.

Accounting System and Budgetary Control

The management of the Town is responsible for establishing and maintaining adequate internal controls to:

- Properly safeguard assets.
- Provide reasonable assurance on the accuracy and reliability of the accounting records used in the preparation of the basic financial statements.
- Provide reasonable assurance relative to compliance with legal and contractual constraints on the custody and use of assets.

Town departmental expenditure budgets are prepared and accounted for on a line item basis. Legally binding appropriations are made for the major categories of Personal Services, Expenses, Benefits and Insurances and Debt Service. Transfers within an expenditure category may be made with the approval of the Department Head and Town Accountant. Transfers between expenditure categories may be approved by the Town Manager, and at a certain level also require the approval of the Finance Committee. The School Committee maintains bottom-line authority for all legally binding appropriations made for Education expenditures.

Encumbrance accounting, under which purchase orders, contracts and other commitments for expenditures are recorded to reserve that portion of the applicable appropriation, is employed in the Governmental Funds to maintain budgetary control.

An analysis of all legally adopted budgets are presented on pages 71 – 82 of this report.

Collective Bargaining Agreements

Town employees (other than managerial and confidential employees) are entitled to join unions and to bargain collectively on questions of wages, hours and other terms and conditions of employment. The Town currently has approximately 540 full and part-time employees, of which approximately 89% percent belong to unions or other collective bargaining groups. All Town and Sudbury Public Schools unions have entered into new collective bargaining agreements with terms of the new contracts running through June 30, 2015.

Awards and Acknowledgments

The GFOA awarded a Certificate of Achievement for Excellence in Financial Reporting to the Town of Sudbury for its CAFR for the fiscal year ended June 30, 2012. This was the first year that the Town has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized CAFR. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

In July 2013, Town staff in conjunction with the Board of Assessors successfully launched Sudbury's new Means Tested Senior Tax Exemption program (enacted by Massachusetts' General Court assembled under Chapter 169 of the Acts of 2012). Sudbury's new exemption program is the first of its kind. This innovative program enables the Town to shift some of the annual tax dollar burden of qualifying seniors within the residential tax levy rather than having to charge (e.g. write off) the aggregate cost of this particular exemption to abatement overlay. The program will run as a pilot for three consecutive fiscal years starting in fiscal year 2014, after which the MA Legislature may consider using Sudbury's program as the basis for a statewide local option for property taxation.

In August 2013, Standard & Poor's Ratings Services awarded 'AAA' credit rating for Sudbury's latest long-term bond issue as well as reaffirmed all existing general obligation debt. Sudbury has maintained 'AAA' status since it was first awarded in 2001. Since then, the Town has achieved the lowest cost of capital on more than \$72 million in vital projects and also saved the taxpayers of Sudbury nearly \$2 million in refunding debt service payments.

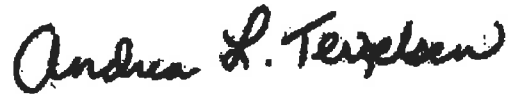
In October 2013, the Sudbury Park and Recreation joined the ranks of the elite agencies and departments across the country by earning accreditation through the Commission for Accreditation of Park and Recreation Agencies (CAPRA) and the National Recreation and Park Association (NRPA). CAPRA accreditation is the only national accreditation for park and recreation agencies, and is a measure of an agency's overall quality of operation, management and service to the community.

On November 1, 2013, the Sudbury Fire Department began providing Advanced Life Support (ALS) Service. There has been a tremendous amount of effort expended by many people in order to bring an ALS program on line. This new service utilizes our own paramedics and makes us less dependent on outside ALS intercept services; the combination of which makes this new Town program financially viable. Moreover having our own ALS service enables us to provide immediate critical care to our ambulance patients.

Also in November 2013, Sudbury completed construction of a large photovoltaic solar facility located on the Town's closed landfill. The Sudbury Solar One installation is expected to provide a significant offset to the Town's electricity costs over the next twenty years. Board of Selectmen Chairman John Drobinski recently noted in a press release that the project is an important part of Sudbury's Green Community plans and efforts. He went on to say that "since Sudbury was designated by the state as a Green Community in July 2010, we have implemented many green projects. This (particular) project allows Sudbury to turn the non-productive closed landfill into an asset that will help Sudbury manage energy costs and contribute to reducing greenhouse gases and renewable energy in Massachusetts".

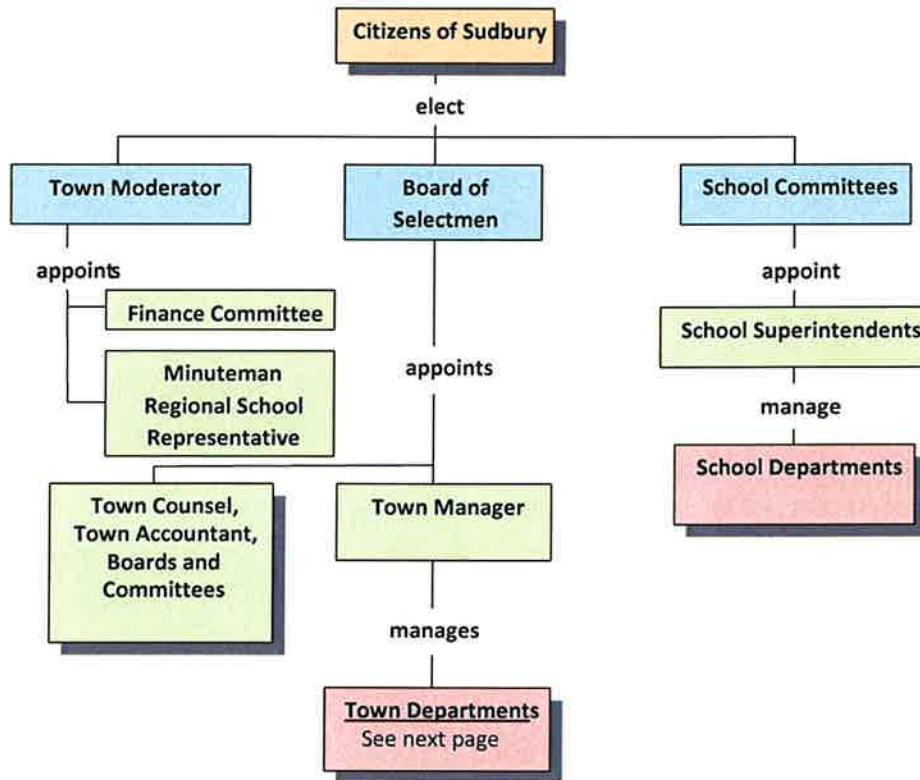
Before concluding, I would like to take this opportunity to acknowledge the tremendous leadership and guidance of Town Manager, Maureen Valente. I would also like to express my sincere gratitude to each and every staff member of the Finance and Public Records Division, for your exceptional work, professionalism and commitment. Credit must also be given to the Board of Selectmen and Finance Committee for their support for maintaining the highest standards in the management of the Town, including its finances. Special thanks also go to the public accounting firm of Sullivan, Rogers & Company for the completion of this year's audit and for all of their advice and assistance in the preparation of our latest CAFR document.

Respectfully,

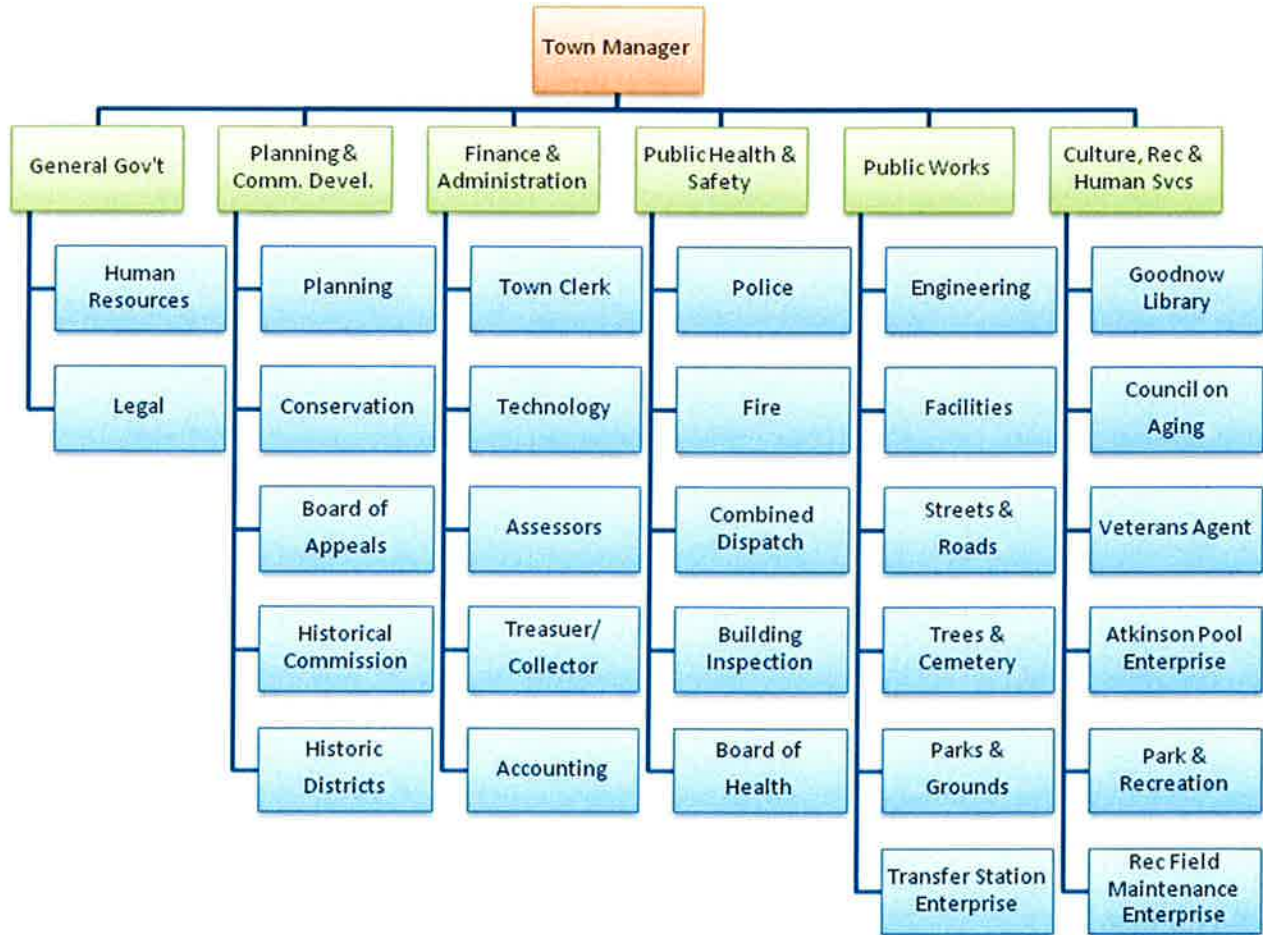
A handwritten signature in black ink that reads "Andrea L. Terkelsen". The signature is written in a cursive, flowing style.

Andrea L. Terkelsen
Finance Director, Town of Sudbury

TOWN OF SUDBURY ORGANIZATIONAL CHART



TOWN OF SUDBURY ORGANIZATIONAL CHART (CONTINUED)



Elected Officials – Board of Selectmen

Chairman	Mr. John C. Drobinski
Vice Chairman	Mr. Charles Woodard
Member	Mr. Robert C. Haarde
Member	Mr. Lawrence W. O'Brien
Member	Mr. Leonard A. Simon

Elected Officials – School Committee

Chair	Dr. Richard J Robison
Member	Mr. Scott B. Nassa
Member	Ms. Ellen Winer Joachim
Member	Ms. Lucie St. George
Member	Mr. Bob Armour

Principal Officials

<u>Department</u>	<u>Department Head</u>	<u>Title</u>
Town Manager	Maureen Valente	Town Manager
Human Resources	Maryanne Bilodeau	Asst. Town Manager/HR Director
Finance and Treasurer/Collector	Andrea Terkelsen	Finance Director/Treasurer/Collector
Accounting	Barbara Chisholm	Town Accountant
Assessors	Cynthia Gerry	Director of Assessing
Clerk	Rosemary Harvell	Town Clerk
Conservation	Deborah Dineen	Conservation Coordinator
Planning and Community Development	Jody Kablack	Director of Planning and Community Development
Information Systems	Mark Thompson	Technology Administrator
Police	Scott Nix	Police Chief
Fire	William Miles	Fire Chief
Building Inspection	Mark Herweck	Buidling Inspector
School Department	Anne Wilson, Ph.D.	Superintendent
Public Works	William Place	Director of Public Works
Facilities	James Kelly	Combined Facilities Director
Health	Robert Leupold	Health Director
Council on Aging	Debra Galloway	Council on Aging Director
Veterans Affairs	Gary Brown	Veteran's Agent
Goodnow Library	Esme Green	Library Director
Park and Recreation	Nancy McShea	Park and Recreation Director
Atkinson Pool	Vacant	Aquatic Facility Director



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**Town of Sudbury
Massachusetts**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2012

Executive Director/CEO

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Financial Section



Sudbury Grange Hall located in the Old Town Center circa 1846



Certified Public Accountants

SULLIVAN, ROGERS & COMPANY, LLC

Corporate Place I, Suite 204 • 99 South Bedford Street

Burlington, Massachusetts 01803

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Independent Auditors' Report

To the Honorable Board of Selectmen
Town of Sudbury, 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 Sudbury, Massachusetts, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Town of Sudbury, Massachusetts' 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 Sudbury, Massachusetts, as of June 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof 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 (located on pages 18 through 27), general fund and community preservation fund budgetary comparisons and certain pension and other postemployment benefits information (located on pages 70 through 86) 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

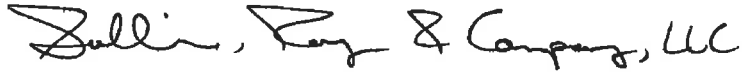
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Sudbury, Massachusetts' basic financial statements. The introductory section, combining and individual fund statements and schedules and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund statements and 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 combining and individual fund statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 6, 2013 on our consideration of the Town of Sudbury, Massachusetts' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Sudbury, Massachusetts' internal control over financial reporting and compliance.



December 6, 2013

Management's Discussion and Analysis

As management of the Town of Sudbury, Massachusetts (Town), we offer readers of these financial statements this narrative overview and analysis of the Town's financial activities for the fiscal year ended June 30, 2013.

Financial Highlights

- The assets of the Town exceeded its liabilities at the close of the most recent fiscal year by \$95,705,190 (net position). Of this amount, \$10,789,438 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- The Town's total net position increased \$217,767
- At the end of the fiscal year, unassigned fund balance for the general fund totaled \$7,721,185 or 8.8 percent of total general fund expenditures and transfers out
- The Town's total bonded debt decreased by \$265,000 during the fiscal year

Overview of the Basic Financial Statements

This discussion and analysis is intended to serve as an introduction to the *basic financial statements*, which consists of the following three components:

1. Government-wide financial statements
2. Fund financial statements
3. Notes to the basic financial statements.

This report also contains required supplementary information in addition to the basic financial statements.

Government-wide financial statements

The government-wide financial statements are designed to provide readers with a broad overview of the Town's finances, in a manner similar to a private-sector business.

The **statement of net position** presents information on all of the Town's non-fiduciary 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 of the Town 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, earned but unused vacation leave, etc.).

Both of the government-wide financial statements distinguish functions of the Town 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*). Governmental activities include general government, public safety, education, public works, health and human services, culture and recreation and debt service (interest). Business-type activities include the Town's swimming pool, transfer station and recreation field maintenance operations.

The government-wide financial statements can be found on pages 29-32 of this report.

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. The Town, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds can be divided into the following categories and are described below:

1. Governmental funds
2. Proprietary funds
3. 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 funds financial statements focus on near-term inflows and outflows of expendable resources, as well as on balances of expendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing 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 funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term effect of the government's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Town maintains 13 individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the general and community preservation (special revenue) funds, each of which are considered to be major funds. Data from the other 11 governmental funds are combined into a single, aggregated presentation titled *nonmajor governmental funds*. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements on pages 91-94.

The basic governmental funds financial statements can be found on pages 33-36 of this report.

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 swimming pool, transfer station and recreation field maintenance activities, each of which are considered to be nonmajor funds. Individual fund data for each of these nonmajor enterprise funds is provided in the form of combining statements on pages 97-99.

The basic proprietary funds financial statements can be found on pages 37-39 of this report.

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 programs. The accounting used for fiduciary funds is similar to that used for proprietary funds.

Private-purpose trust funds and agency funds are reported and combined into a single, aggregate presentation in the fiduciary funds financial statements under the captions "private purpose trust funds" and "agency funds", respectively. Individual fund data for each of the private purpose trust funds is provided in the form of combining statements on pages 101-104.

The basic fiduciary funds financial statements can be found on pages 40-41 of this report.

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. The notes to the financial statements can be found on pages 42-69 of this report.

Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information. Presented in this information is the budget comparison for the general fund and community preservation fund and certain pension and other postemployment benefits information, which can be found on pages 70-86 of this report.

Government-Wide Financial Analysis

The following tables present current and prior year data on the government-wide financial statements.

Net Position

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The Town's assets exceeded liabilities by \$95,705,190 at the close of the fiscal year and are summarized as follows:

	<i>Governmental Activities</i>		<i>Business-Type Activities</i>		<i>Total</i>	
	2013	2012	2013	2012	2013	2012
Assets						
Current assets.....	\$ 35,725,074	\$ 38,162,964	\$ 872,891	\$ 910,166	\$ 36,597,965	\$ 39,073,130
Noncurrent assets (excluding capital assets).....	12,917,825	13,809,687	-	-	12,917,825	13,809,687
Capital assets (net).....	97,282,235	90,752,379	1,061,676	749,902	98,343,911	91,502,281
Total assets.....	145,925,134	142,725,030	1,934,567	1,660,068	147,859,701	144,385,098
Liabilities						
Current liabilities (excluding debt).....	5,279,063	5,118,673	137,524	166,510	5,416,587	5,285,183
Noncurrent liabilities (excluding debt).....	14,362,360	11,480,988	200,564	161,504	14,562,924	11,642,492
Current debt.....	3,775,000	3,820,000	-	-	3,775,000	3,820,000
Noncurrent debt.....	28,400,000	28,150,000	-	-	28,400,000	28,150,000
Total liabilities.....	51,816,423	48,569,661	338,088	328,014	52,154,511	48,897,675
Net Position						
Net investment in capital assets.....	65,231,955	58,397,014	1,061,676	749,902	66,293,631	59,146,916
Restricted.....	18,622,121	23,976,367	-	-	18,622,121	23,976,367
Unrestricted.....	10,254,635	11,781,988	534,803	582,152	10,789,438	12,364,140
Total net position.....	\$ 94,108,711	\$ 94,155,369	\$ 1,596,479	\$ 1,332,054	\$ 95,705,190	\$ 95,487,423

A significant portion of the Town's net position (69.3%) reflects its net investment in capital assets (e.g., land, intangible assets, land improvements, buildings and improvements, machinery and equipment, vehicles and infrastructure). These capital assets are used 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 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 Town's net position (19.5%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (11.2% or \$10,789,438) may be used to meet the Town's ongoing obligations to citizens and creditors. Of this amount, \$10,254,635 may be used to support governmental activities and \$534,803 may be used to support business-type activities.

Changes in Net Position

The Town’s total net position increased \$217,767 during the current fiscal year and are summarized as follows:

	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
Revenues						
<i>Program Revenues:</i>						
Charges for services.....	\$ 5,117,527	\$ 5,240,672	\$ 1,065,542	\$ 914,155	\$ 6,183,069	\$ 6,154,827
Operating grants and contributions.....	13,628,905	13,247,930	1,226	781	13,630,131	13,248,711
Capital grants and contributions.....	1,771,662	1,824,885	187,500	21,280	1,959,162	1,846,165
<i>General Revenues:</i>						
Real estate and personal property taxes.....	70,572,635	68,762,270	-	-	70,572,635	68,762,270
Motor vehicle and other excise taxes.....	3,265,121	2,992,057	-	-	3,265,121	2,992,057
Penalties and interest on taxes.....	255,978	288,058	-	-	255,978	288,058
Payments in lieu of taxes.....	53,377	31,030	-	-	53,377	31,030
Community preservation surcharges.....	1,581,340	1,527,275	-	-	1,581,340	1,527,275
Grants and contributions not restricted to specific programs.....	1,250,168	1,062,794	-	-	1,250,168	1,062,794
Unrestricted investment income.....	69,757	109,456	-	-	69,757	109,456
Total revenues.....	97,566,470	95,086,427	1,254,268	936,216	98,820,738	96,022,643
Expenses						
General government.....	4,500,902	4,355,961	-	-	4,500,902	4,355,961
Public safety.....	10,666,663	10,387,335	-	-	10,666,663	10,387,335
Education.....	71,085,898	68,899,135	-	-	71,085,898	68,899,135
Public works.....	5,374,561	4,778,930	-	-	5,374,561	4,778,930
Health and human services.....	2,155,946	1,419,463	-	-	2,155,946	1,419,463
Culture and recreation.....	2,577,746	2,593,202	-	-	2,577,746	2,593,202
Debt service - interest.....	1,260,213	1,276,313	-	-	1,260,213	1,276,313
Swimming pool.....	-	-	594,509	453,150	594,509	453,150
Transfer station.....	-	-	235,529	266,437	235,529	266,437
Recreation field maintenance.....	-	-	151,004	130,075	151,004	130,075
Total expenses.....	97,621,929	93,710,339	981,042	849,662	98,602,971	94,560,001
Change in net position before transfers.....	(55,459)	1,376,088	273,226	86,554	217,767	1,462,642
Transfers, net.....	8,801	(266,854)	(8,801)	266,854	-	-
Change in net position.....	(46,658)	1,109,234	264,425	353,408	217,767	1,462,642
Net position - beginning of year.....	94,155,369	93,046,135	1,332,054	978,646	95,487,423	94,024,781
Net position - end of year.....	\$ 94,108,711	\$ 94,155,369	\$ 1,596,479	\$ 1,332,054	\$ 95,705,190	\$ 95,487,423

Governmental activities decreased the Town’s net position by \$46,658. In the prior year, governmental activities increased the Town’s net position by \$1,109,234. The decrease in the overall net position of governmental activities is primarily the result of accrued net other postemployment benefits obligations of approximately \$2,700,000. The Town does not raise or otherwise generate any revenues to fund these obligations. The decrease in net position caused by accrued net other postemployment benefits obligations was partially offset by other various increases in net position, most notably capital grants and contributions of approximately \$1,772,000.

Business-type activities increased the Town’s net position by \$264,425. In the prior year, business-type activities increased the Town’s net position by \$353,408. The increase in the overall net position of business-type activities is primarily the result of capital contributions in the swimming pool enterprise fund of approximately \$188,000 related to the Commonwealth’s “Green Communities” grant for HVAC improvements.

Fund Financial Statement Analysis

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

Governmental funds

The focus of the governmental funds is to provide information on near-term inflows, outflows, and balances of expendable resources. Such information is useful in assessing the Town's financing requirements.

At the end of the current fiscal year, the governmental funds reported combined ending fund balances totaling \$27,390,629, a decrease of \$3,418,527 in comparison with the prior year. Approximately \$7,721,000 represents unassigned fund balance. The remainder of fund balance includes the following constraints:

- Nonspendable (\$1,034,876)
- Restricted (\$16,993,846)
- Committed (\$269,223)
- Assigned (\$1,371,499)

The general fund is the chief operating fund of the Town. At the end of the current fiscal year, unassigned fund balance of the general fund totaled \$7,721,185, while total fund balance was \$15,073,439. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total general fund expenditures and transfers out. Unassigned fund balance represents 8.8% of total general fund expenditures and transfers out, while total fund balance represents 17.2% of that same amount.

The fund balance of the Town's general fund increased \$1,416,111 during the current fiscal year. This is primarily attributable to the following:

- Use of unassigned fund balance (\$1,693,043)
- Positive variance in budgeted revenues of \$1,080,557
- Conservative spending against budgeted appropriations (positive budget to actual variance of \$2,822,375 before encumbrances and continuing appropriations)

Financial highlights of the Town's other major governmental fund is as follows:

The fund balance of the community preservation fund (special revenue) decreased by \$4,787,085 during the current fiscal year. The fund recognized \$1,582,040 in surcharges, \$843,953 in intergovernmental revenues and \$48,566 in investment income. Expenditures of \$10,147,464, consisting primarily of the major acquisition of the conservation restriction for Pantry Brook Farm, were incurred during the fiscal year. Net other financing sources (uses) were \$2,885,820, consisting primarily of the issuance of bonds and notes of \$3,010,000.

Proprietary funds

The Town's proprietary funds provide the same type of information found in the government-wide financial statements.

Total unrestricted net position of the nonmajor enterprise funds at the end of the year amounted to \$534,803. This consists of unrestricted net position of the swimming pool, transfer station and recreation field maintenance enterprise funds of \$89,478, \$255,054 and \$190,271, respectively. The nonmajor enterprise funds had changes in net position for the year of \$264,425. This consisted of changes in net position of the swimming pool, transfer station and recreation field maintenance enterprise funds of \$128,366, \$82,647 and \$53,412, respectively. Other factors concerning the finances of these three funds have already been addressed in the discussion of the Town's business-type activities.

General Fund Budgetary Highlights

The Town’s original (including prior year encumbrances and continuing appropriations) and final approved budget was \$83,890,118. During the year, revenues and other financing sources were higher than budgetary estimates and expenditures and encumbrances and continuing appropriations were less than budgetary estimates, resulting in a positive budget to actual variance of \$2,322,451.

Capital Asset and Debt Administration

Capital assets

The Town’s investment in capital assets for its governmental and business type activities at the end of the fiscal year totaled \$98,343,911 (net of accumulated depreciation). This investment in capital assets includes land, intangible assets, land improvements, buildings and improvements, machinery and equipment, vehicles and infrastructure. The total increase in the investment in capital assets for the current fiscal year totaled \$6,841,630 or 7.48% (a 7.14% increase for governmental activities and a 0.34% increase for business-type activities).

Major capital asset events that occurred during the current fiscal year include the following:

- Pantry Brook Farm conservation restriction (\$7,760,000)
- Various roadway and infrastructure improvements (approximately \$788,000)

The following table summarizes the Town’s capital assets (net of accumulated depreciation):

	<i>Governmental Activities</i>		<i>Business-Type Activities</i>		<i>Total</i>	
	2013	2012	2013	2012	2013	2012
Land.....	\$ 27,062,702	\$ 26,689,602	\$ 192,500	\$ 192,500	\$ 27,255,202	\$ 26,882,102
Land improvements.....	1,602,671	1,674,053	-	-	1,602,671	1,674,053
Buildings and improvements.....	43,334,735	45,125,589	863,749	550,619	44,198,484	45,676,208
Machinery and equipment.....	2,153,468	1,995,408	5,427	6,783	2,158,895	2,002,191
Vehicles.....	544,080	610,638	-	-	544,080	610,638
Infrastructure.....	6,505,849	6,338,359	-	-	6,505,849	6,338,359
Intangible assets.....	16,078,730	8,318,730	-	-	16,078,730	8,318,730
Total capital assets.....	\$ <u>97,282,235</u>	\$ <u>90,752,379</u>	\$ <u>1,061,676</u>	\$ <u>749,902</u>	\$ <u>98,343,911</u>	\$ <u>91,502,281</u>

Additional information on the Town’s capital assets can be found in Note 5 on pages 56-57 of this report.

Long-Term Debt

At the end of the current fiscal year, the total bonded debt outstanding was \$31,705,000, which is backed by the full faith and credit of the Town and consists entirely of general obligation bonds. The Town’s total bonded debt decreased \$265,000 (0.8%) during the current fiscal year. Additional information on the Town’s long-term debt can be found in Note 10 on pages 60-62 of this report.

Economic Factors and Next Year's Budgets and Rates

Sudbury's outlook remains excellent and stable, according to the considered opinion of Standard and Poor's (S&P) Rating Service. In August 2013, S&P once again assigned 'AAA'/Stable long-term rating to the Town's new and existing debt. Sudbury has maintained its top credit rating since first achieving 'AAA' status in 2001. Sudbury remains one of 219 municipalities in the nation and 23 in Massachusetts with the S&P highest credit rating.

There are several financial, managerial and economic factors considered by credit rating agencies when making a determination. For the last several years, Sudbury has consistently received high marks in the first two areas mentioned, financial and managerial; which has undoubtedly improved or secured the Town's overall results regardless of significant economic changes locally and across the Nation. However, what is happening in and to the Town of Sudbury, economically as well as demographically, remains a vital part of the budgeting and strategic planning processes. Expectations for key factors were met or exceeded during last year and are similarly forecasted for the coming year, helping to shape a budget for fiscal year 2014 that encompasses the following:

Current fiscal year 2014 projection for General Fund revenues **\$85.2 million**

Property taxes remain the primary source of revenue for the Town. Property taxes in Massachusetts are limited by 'Proposition 2 1/2' to a levy growth of 2.5% plus a value for new construction, unless the voters at an election approve an increase for operating expenses, capital outlay or debt service exclusion. The property tax levy is expected to grow by 3.2%, which includes a one-year capital expenditure exclusion of \$700,000 and new growth of at least \$520,000.

State Aid represents our second largest source of General fund revenue. Sudbury's fiscal year 2014 allotment of \$5.8 million is 2.5% over last year. Midyear spending cuts at the State level are considered unlikely at this point.

Non-tax local receipts (e.g. motor vehicle excise, departmental revenues, licensing and permits), are elastic revenues meaning they are sensitive to economic conditions. Local receipts continue to show marked improvements most notably in our two largest segments: motor vehicle excise and building permits. Early indications suggest that we are on track to meet or exceed our latest estimate of \$4.4 million.

Current fiscal year 2014 projection for General Fund expenditures **\$85.6 million**

The budget is allocated across four major cost centers (in descending order of relative size of operating resources: Sudbury Public Schools, Town Services, Lincoln-Sudbury Regional High School, and Operating Capital Budget), with the rest providing for shared expenses and other charges to be raised. Town Meeting granted appropriations sufficient for each of the major cost centers to grow by 2.7%, as compared to the fiscal year 2013 budget.

Our largest segments of annual operating expenditures continue to consist of salaries, wages and employee benefits. Another primary use of operating funds goes to fixed costs or charges. These costs commonly exist in the form of service contracts, utilities, fuel, leases and insurances. They are recurring in nature and generally increase annually due to market and inflationary factors.

Also included in the current year budget is \$700,000 to pay for a significant portion of traffic safety improvements at the Old Town Center. This portion of the General fund budget is to be paid by a one-year capital expenditure exclusion, to be raised in excess of the normal tax levy limit for fiscal year 2014.

Fiscal year 2014 projection for other financing sources/uses (net) **\$0.8 million**

Other financing sources (uses) represent transfers between all governmental funds. The primary source of funds, transfers into the General fund, is revenue generated by ambulance services provided by Sudbury's Fire Department. By law these receipts may be segregated in a special revenue fund called "Receipts Reserved for Appropriation". Use of these funds to offset specific General fund expenditures in Public Safety is made possible, as a financing source (transfer) and requires Town Meeting approval. Over the last several years any increases in other financing sources to the General fund has been commensurate with the level of ambulance/emergency medical services provided in Sudbury.

Current fiscal year 2014 projection for Unassigned Reserves **\$6.5 million**

Unassigned fund balance for the General fund includes monies in Stabilization. For the first time in 2013, the Town met its financial goal of maintaining in the Stabilization Fund an amount equal to at least five percent (5%) of the total projected general fund operating revenues for the next fiscal year. Very favorable budget to actual results in fiscal year 2012 and fiscal year 2013 combined generated in excess of \$4.5 million surplus, the details of which can be found elsewhere in this CAFR statement. Barring a repeat of the extraordinary and one-time circumstances in the last two cycles, the Town is expected to generate in the range of \$200,000 to \$300,000 in additional Free Cash in fiscal year 2014. The Town remains committed to preserving Free Cash for one-time expenditures, capital purposes or to replenish other reserves.

Requests for Information

This financial report is designed to provide a general overview of the Town's finances for all those with an interest in its finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Director, Town Hall, 278 Old Sudbury Road, Sudbury, Massachusetts 01776.

Basic Financial Statements

STATEMENT OF NET POSITION

JUNE 30, 2013

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Current assets:			
Cash and cash equivalents.....	\$ 10,006,908	\$ 749,733	\$ 10,756,641
Restricted cash and cash equivalents.....	9,648,630	115,408	9,764,038
Investments.....	2,933,685	-	2,933,685
Restricted investments.....	8,915,141	-	8,915,141
Receivables, net of allowance for uncollectible amounts:			
Real estate and personal property taxes.....	779,280	-	779,280
Tax liens.....	508,129	-	508,129
Motor vehicle and other excise taxes.....	335,119	-	335,119
Community preservation surcharges.....	17,103	-	17,103
Departmental and other.....	341,053	7,750	348,803
Intergovernmental.....	1,831,438	-	1,831,438
Working capital deposit.....	408,588	-	408,588
Total current assets.....	35,725,074	872,891	36,597,965
Noncurrent assets:			
Receivables, net of allowance for uncollectible amounts:			
Real estate tax deferrals.....	2,452,671	-	2,452,671
Intergovernmental.....	9,886,895	-	9,886,895
Tax foreclosures.....	270,283	-	270,283
Investment in joint venture.....	307,976	-	307,976
Capital assets not being depreciated.....	43,141,432	192,500	43,333,932
Capital assets, net of accumulated depreciation.....	54,140,803	869,176	55,009,979
Total noncurrent assets.....	110,200,060	1,061,676	111,261,736
Total assets.....	145,925,134	1,934,567	147,859,701
LIABILITIES			
Current liabilities:			
Warrants payable.....	1,086,750	13,262	1,100,012
Accrued payroll.....	2,467,416	6,683	2,474,099
Tax refunds payable.....	297,225	-	297,225
Other liabilities.....	971,574	-	971,574
Unearned revenue.....	-	115,408	115,408
Accrued interest.....	135,695	-	135,695
Capital lease obligations.....	227,378	-	227,378
Workers' compensation claims.....	31,695	-	31,695
Compensated absences.....	61,330	2,171	63,501
Short-term notes payable.....	470,000	-	470,000
Long-term bonds and notes payable.....	3,305,000	-	3,305,000
Total current liabilities.....	9,054,063	137,524	9,191,587
Noncurrent liabilities:			
Capital lease obligations.....	292,975	-	292,975
Workers' compensation claims.....	179,602	-	179,602
Compensated absences.....	551,973	19,544	571,517
Net OPEB obligation.....	13,337,810	181,020	13,518,830
Long-term bonds and notes payable.....	28,400,000	-	28,400,000
Total noncurrent liabilities.....	42,762,360	200,564	42,962,924
Total liabilities.....	51,816,423	338,088	52,154,511

STATEMENT OF NET POSITION

JUNE 30, 2013

	Primary Government		
	Governmental Activities	Business-type Activities	Total
NET POSITION			
Net investment in capital assets.....	65,231,955	1,061,676	66,293,631
Restricted for:			
Investment in joint venture.....	307,976	-	307,976
Employee benefits.....	5,634,117	-	5,634,117
OPEB.....	137,637	-	137,637
Community preservation.....	4,182,269	-	4,182,269
School lunch.....	110,427	-	110,427
Affordable housing.....	320,703	-	320,703
Revolving funds.....	2,973,710	-	2,973,710
Receipts reserved.....	1,510,701	-	1,510,701
Grants.....	480,548	-	480,548
Permanent funds:			
Expendable.....	606,301	-	606,301
Nonexpendable.....	1,034,876	-	1,034,876
Other specific purposes.....	1,322,856	-	1,322,856
Unrestricted.....	10,254,635	534,803	10,789,438
Total net position.....	\$ 94,108,711	\$ 1,596,479	\$ 95,705,190

See notes to basic financial statements.

STATEMENT OF ACTIVITIES

FOR THE FISCAL YEAR ENDED JUNE 30, 2013

Functions/Programs	Expenses	Program Revenues			Net (Expense)/ Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary government:					
Governmental activities:					
General government.....	\$ 4,500,902	\$ 828,595	\$ 43,683	\$ 8,100	\$ (3,620,524)
Public safety.....	10,666,663	1,402,809	131,259	-	(9,132,595)
Education.....	71,085,898	1,885,121	12,328,465	55,804	(56,816,508)
Public works.....	5,374,561	24,149	206,029	863,805	(4,280,578)
Health and human services.....	2,155,946	217,939	36,879	-	(1,901,128)
Culture and recreation.....	2,577,746	758,914	138,984	843,953	(835,895)
Debt service - interest.....	1,260,213	-	743,606	-	(516,607)
Total governmental activities.....	<u>97,621,929</u>	<u>5,117,527</u>	<u>13,628,905</u>	<u>1,771,662</u>	<u>(77,103,835)</u>
Business-type activities:					
Swimming pool.....	594,509	524,908	214	187,500	118,113
Transfer station.....	235,529	337,290	680	-	102,441
Recreation field maintenance.....	151,004	203,344	332	-	52,672
Total business-type activities.....	<u>981,042</u>	<u>1,065,542</u>	<u>1,226</u>	<u>187,500</u>	<u>273,226</u>
Total primary government.....	<u>\$ 98,602,971</u>	<u>\$ 6,183,069</u>	<u>\$ 13,630,131</u>	<u>\$ 1,959,162</u>	<u>\$ (76,830,609)</u>

See notes to basic financial statements.

STATEMENT OF ACTIVITIES (Continued)

FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Changes in net position:			
Net (expense)/revenue (from previous page).....	\$ (77,103,835)	\$ 273,226	\$ (76,830,609)
<i>General revenues:</i>			
Real estate and personal property taxes.....	70,572,635	-	70,572,635
Motor vehicle and other excise taxes.....	3,265,121	-	3,265,121
Penalties and interest on taxes.....	255,978	-	255,978
Payments in lieu of taxes.....	53,377	-	53,377
Community preservation surcharges.....	1,581,340	-	1,581,340
Grants and contributions not restricted to specific programs.....	1,250,168	-	1,250,168
Unrestricted investment income.....	69,757	-	69,757
Transfers, net	8,801	(8,801)	-
Total general revenues and transfers.....	77,057,177	(8,801)	77,048,376
Change in net position.....	(46,658)	264,425	217,767
Net position - beginning of year.....	94,155,369	1,332,054	95,487,423
Net position - end of year.....	\$ 94,108,711	\$ 1,596,479	\$ 95,705,190

**GOVERNMENTAL FUNDS
BALANCE SHEET**

JUNE 30, 2013

ASSETS	General	Community Preservation	Nonmajor Governmental Funds	Total Governmental Funds
Cash and cash equivalents.....	\$ 10,006,908	\$ -	\$ -	\$ 10,006,908
Investments.....	2,933,685	-	-	2,933,685
Receivables, net of allowance for uncollectible amounts:				
Real estate and personal property taxes.....	779,280	-	-	779,280
Real estate tax deferrals.....	2,452,671	-	-	2,452,671
Tax liens.....	508,129	-	-	508,129
Motor vehicle and other excise taxes.....	335,119	-	-	335,119
Community preservation surcharges.....	-	17,103	-	17,103
Departmental and other.....	-	-	341,053	341,053
Intergovernmental.....	11,026,457	400,000	291,876	11,718,333
Tax foreclosures.....	270,283	-	-	270,283
Working capital deposit.....	408,588	-	-	408,588
Restricted assets:				
Cash and cash equivalents.....	2,236,584	454,426	6,957,620	9,648,630
Investments.....	3,337,879	3,713,084	1,864,178	8,915,141
TOTAL ASSETS.....	\$ 34,295,583	\$ 4,584,613	\$ 9,454,727	\$ 48,334,923
LIABILITIES AND FUND BALANCES				
LIABILITIES:				
Warrants payable.....	\$ 320,139	\$ -	\$ 766,611	\$ 1,086,750
Accrued payroll.....	2,467,416	-	-	2,467,416
Tax refunds payable.....	297,225	-	-	297,225
Other liabilities.....	869,651	2,344	99,579	971,574
Deferred revenue.....	15,056,416	17,103	366,513	15,440,032
Workers' compensation claims.....	211,297	-	-	211,297
Short-term notes payable.....	-	400,000	70,000	470,000
TOTAL LIABILITIES.....	19,222,144	419,447	1,302,703	20,944,294
FUND BALANCES:				
Nonspendable.....	-	-	1,034,876	1,034,876
Restricted.....	5,771,754	4,165,166	7,056,926	16,993,846
Committed.....	209,001	-	60,222	269,223
Assigned.....	1,371,499	-	-	1,371,499
Unassigned.....	7,721,185	-	-	7,721,185
TOTAL FUND BALANCES.....	15,073,439	4,165,166	8,152,024	27,390,629
TOTAL LIABILITIES AND FUND BALANCES.....	\$ 34,295,583	\$ 4,584,613	\$ 9,454,727	\$ 48,334,923

See notes to basic financial statements.

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TOTAL FUND BALANCES TO THE STATEMENT OF NET POSITION**

JUNE 30, 2013

Total governmental fund balances (page 33).....	\$	27,390,629
Capital assets (net of accumulated depreciation) used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.....		97,282,235
The equity interest in the assets of the governmental joint venture is not reported in the governmental funds.....		307,976
Other assets are not available to pay for current period expenditures and, therefore, are deferred in the governmental funds.....		15,440,032
In the statement of net position, interest is accrued on outstanding long-term debt, whereas in the governmental funds interest is not reported until due.....		(135,695)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds.		
Bonds and notes payable.....		(31,705,000)
Capital lease obligations.....		(520,353)
Compensated absences.....		(613,303)
Net OPEB obligation.....		<u>(13,337,810)</u>
Net position of governmental activities (page 30).....	\$	<u>94,108,711</u>

See notes to basic financial statements.

GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	General	Community Preservation	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES				
Real estate and personal property taxes.....	\$ 69,936,527	\$ -	\$ -	\$ 69,936,527
Motor vehicle and other excise taxes.....	3,137,442	-	-	3,137,442
Tax liens.....	522,311	-	-	522,311
Payments in lieu of taxes.....	53,377	-	-	53,377
Community preservation surcharges.....	-	1,582,040	-	1,582,040
Charges for services.....	-	-	646,323	646,323
Intergovernmental.....	12,796,896	843,953	3,321,450	16,962,299
Penalties and interest on taxes.....	255,978	-	-	255,978
Licenses and permits.....	707,663	-	70,785	778,448
Fines and forfeitures.....	63,922	-	12,380	76,302
Departmental and other.....	411,445	-	3,307,109	3,718,554
Contributions.....	-	-	246,187	246,187
Investment income.....	68,908	48,566	113,850	231,324
TOTAL REVENUES.....	87,954,469	2,474,559	7,718,084	98,147,112
EXPENDITURES				
Current:				
General government.....	3,083,117	8,336,997	266,087	11,686,201
Public safety.....	7,349,030	-	282,847	7,631,877
Education.....	51,519,761	-	4,805,700	56,325,461
Public works.....	3,828,766	27,956	853,231	4,709,953
Health and human services.....	562,391	600,000	684,289	1,846,680
Culture and recreation.....	1,149,615	75,519	840,630	2,065,764
Pension benefits.....	8,612,651	-	-	8,612,651
Employee benefits.....	7,163,045	-	-	7,163,045
Property and liability insurance.....	224,452	-	-	224,452
State and county charges.....	179,483	-	-	179,483
Debt service:				
Principal.....	3,030,000	2,401,588	-	5,431,588
Interest.....	768,521	316,992	-	1,085,513
TOTAL EXPENDITURES.....	87,470,832	11,759,052	7,732,784	106,962,668
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES.....	483,637	(9,284,493)	(14,700)	(8,815,556)
OTHER FINANCING SOURCES (USES)				
Transfers in.....	734,915	-	252,000	986,915
Issuance of bonds and notes.....	-	3,010,000	430,000	3,440,000
Issuance of refunding bonds.....	-	4,045,000	-	4,045,000
Premium from issuance of refunding bonds.....	-	144,361	-	144,361
Proceeds from capital leases.....	260,819	-	-	260,819
Transfers out.....	(63,260)	(200,000)	(714,853)	(978,113)
Payments to refunded bond escrow agent.....	-	(2,501,953)	-	(2,501,953)
TOTAL OTHER FINANCING SOURCES (USES).....	932,474	4,497,408	(32,853)	5,397,029
NET CHANGE IN FUND BALANCES.....	1,416,111	(4,787,085)	(47,553)	(3,418,527)
FUND BALANCES AT BEGINNING OF YEAR.....	13,657,328	8,952,251	8,199,577	30,809,156
FUND BALANCES AT END OF YEAR.....	\$ 15,073,439	\$ 4,165,166	\$ 8,152,024	\$ 27,390,629

See notes to basic financial statements.

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES**

FOR THE FISCAL YEAR ENDED JUNE 30, 2013

Net change in fund balances - total governmental funds (page 35).....	\$	(3,418,527)
<p>The statement of activities reports the investment in joint venture however the governmental funds do not. This amount represents the net change in the investment in joint venture.....</p>		
		75,821
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. These amounts represent the related activity of the current period.</p>		
Capital outlays.....		9,710,920
Depreciation.....		(3,103,912)
<p>In the statement of activities, the <i>gain</i> or <i>loss</i> on the disposal of capital assets is reported, whereas in the governmental funds, the disposal is not reported. As a result, the change in net position differs from the change in fund balance by the net book value of the capital assets disposed.....</p>		
		(77,152)
<p>Revenues in the statement of activities that do not provide current financial resources are fully deferred in the statement of revenues, expenditures and changes in fund balances. Therefore, the recognition of revenue for various types of accounts receivable (i.e., real estate and personal property, motor vehicle excise, etc.) differ between the two statements. This amount represents the net change in deferred revenue.....</p>		
		(800,822)
<p>The issuance of long-term debt (e.g., bonds and leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the financial resources of governmental funds. Neither transaction, however, has any impact on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. These amounts represent the related activity of the current period.</p>		
Issuance of bonds and notes.....		(3,440,000)
Issuance of refunding bonds.....		(4,045,000)
Bond maturities.....		5,431,588
Payments to refunded bond escrow agent.....		2,501,953
Difference in carrying value of refunded debt and reacquisition price.....		(183,543)
Capital lease proceeds.....		(260,819)
Capital lease maturities.....		274,614
<p>In the statement of activities, interest is accrued on outstanding long-term debt, whereas in the governmental funds interest is not reported until due. This amount represents the net change in accrued interest payable.....</p>		
		8,838
<p>Some expenses reported in the statement activities do not require the use of current financial resources and, therefore, are not reported in the governmental funds. These amounts represent the net changes:</p>		
Compensated absences.....		21,223
Net OPEB obligation.....		(2,741,840)
Changes in net position of governmental activities (page 32).....	\$	(46,658)

See notes to basic financial statements.

PROPRIETARY FUNDS
STATEMENT OF FUND NET POSITION

JUNE 30, 2013

	Business-Type Activities - Enterprise Funds
	Nonmajor Funds
ASSETS	
Current assets:	
Cash and cash equivalents.....	\$ 749,733
Restricted cash and cash equivalents.....	115,408
Receivables, net of allowance for uncollectible amounts:	
Departmental and other.....	7,750
Total current assets.....	872,891
Noncurrent assets:	
Capital assets not being depreciated.....	192,500
Capital assets, net of accumulated depreciation.....	869,176
Total noncurrent assets.....	1,061,676
Total assets.....	1,934,567
LIABILITIES	
Current liabilities:	
Warrants payable.....	13,262
Accrued payroll.....	6,683
Unearned revenue.....	115,408
Compensated absences.....	2,171
Total current liabilities.....	137,524
Noncurrent liabilities:	
Compensated absences.....	19,544
Net OPEB obligation.....	181,020
Total noncurrent liabilities.....	200,564
Total liabilities.....	338,088
FUND NET POSITION	
Net investment in capital assets.....	1,061,676
Unrestricted.....	534,803
Total fund net position.....	\$ 1,596,479

See notes to basic financial statements.

PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION

FOR THE FISCAL YEAR ENDED JUNE 30, 2013

		Business-Type Activities - Enterprise Funds
		Nonmajor Funds
OPERATING REVENUES		
Charges for services.....	\$	1,065,542
OPERATING EXPENSES		
Cost of service and administration.....		755,890
Repairs and maintenance.....		169,516
Depreciation.....		55,635
TOTAL OPERATING EXPENSES.....		981,041
OPERATING INCOME.....		84,501
NONOPERATING REVENUES (EXPENSES)		
Investment income.....		1,226
INCOME BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS.....		85,727
Capital contributions.....		187,500
Transfers in.....		11,260
Transfers out.....		(20,062)
CHANGES IN FUND NET POSITION.....		264,425
FUND NET POSITION AT BEGINNING OF YEAR.....		1,332,054
FUND NET POSITION AT END OF YEAR.....	\$	1,596,479

See notes to basic financial statements.

PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS

FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Business-Type Activities - Enterprise Funds
	Nonmajor Funds
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers and users.....	\$ 1,040,226
Payments to vendors.....	(417,276)
Payments to employees.....	(474,990)
NET CASH FROM OPERATING ACTIVITIES.....	147,960
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Transfers in.....	11,260
Transfers out.....	(20,062)
NET CASH FROM NONCAPITAL FINANCING ACTIVITIES.....	(8,802)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Capital contributions.....	187,500
Acquisition and construction of capital assets.....	(367,409)
NET CASH FROM CAPITAL AND RELATED FINANCING ACTIVITIES.....	(179,909)
CASH FLOWS FROM INVESTING ACTIVITIES	
Investment income.....	1,226
NET CHANGE IN CASH AND CASH EQUIVALENTS.....	(39,525)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR (Includes \$138,474 reported as restricted).....	904,666
CASH AND CASH EQUIVALENTS AT END OF YEAR (Includes \$115,408 reported as restricted).....	\$ 865,141
RECONCILIATION OF OPERATING INCOME TO NET CASH FROM OPERATING ACTIVITIES	
Operating income.....	\$ 84,501
Adjustments to reconcile operating income to net cash from operating activities:	
Adjustments not requiring current cash flows:	
Depreciation.....	55,635
Net OPEB obligation.....	38,362
Adjustments requiring current cash flows:	
Departmental and other.....	(2,250)
Warrants payable.....	(6,625)
Accrued payroll.....	628
Unearned revenue.....	(23,066)
Compensated absences.....	775
Total adjustments.....	63,459
NET CASH FROM OPERATING ACTIVITIES.....	\$ 147,960

See notes to basic financial statements.

FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITION

JUNE 30, 2013

ASSETS	<u>Private Purpose Trust Funds</u>	<u>Agency Funds</u>
Cash and cash equivalents.....	\$ 156,540	\$ 422,944
Receivables, net of allowance for uncollectible amounts:		
Departmental and other.....	<u>-</u>	<u>104,177</u>
Total assets.....	<u>156,540</u>	<u>527,121</u>
 LIABILITIES		
Liabilities due depositors.....	<u>-</u>	<u>527,121</u>
 NET POSITION		
Assets held for other purposes.....	<u>\$ 156,540</u>	<u>\$ -</u>

See notes to basic financial statements.

FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	<u>Private Purpose Trust Funds</u>
ADDITIONS	
Contributions:	
Private donations.....	\$ 988
Net investment income:	
Net appreciation/(depreciation) in fair value of investments.....	5,333
Interest.....	<u>4,782</u>
Total investment income (loss).....	<u>10,115</u>
TOTAL ADDITIONS.....	11,103
DEDUCTIONS	
Other.....	<u>2,220</u>
CHANGE IN NET POSITION.....	8,883
NET POSITION AT BEGINNING OF YEAR.....	<u>147,657</u>
NET POSITION AT END OF YEAR.....	<u>\$ 156,540</u>

See notes to basic financial statements.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**A. General**

The basic financial statements 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 standard-setting body for establishing governmental accounting and financial reporting principles. The significant accounting policies are described herein.

B. Reporting Entity

The Town of Sudbury, Massachusetts (Town) is a municipal corporation that is governed by an elected Board of Selectmen.

For financial reporting purposes, the basic financial statements include all funds, organizations, agencies, boards, commissions and institutions that are not legally separate from the Town.

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/or significance of their relationship with the Town are such that exclusion would cause the Town's basic financial statements to be misleading or incomplete. It has been determined that there are no component units that require inclusion in the basic financial statements.

Joint Ventures

A joint venture is an organization (resulting from a contractual arrangement) that is owned, operated or governed by two or more participants as a separate and specific activity subject to joint control in which the participants retain an ongoing financial interest or ongoing financial responsibility. Joint control means that no single participant has the ability to unilaterally control the financial or operating policies of the joint venture.

The Town participates in the following joint ventures with other municipalities to pool resources and share the costs, risks and rewards of providing goods and services to venture participants directly, or for the benefit of the general public or specified recipients.

Wayland-Sudbury Septage Disposal Facility (Facility)

The Town is a participant in a joint venture with the Town of Wayland for a septage disposal facility (Facility). Each Town has a 50 percent interest in the venture. The Facility was decommissioned in October 2009 and its operations were ceased as of December 1, 2009. All further administrative actions relative to the Facility are now the responsibility of the Boards of Selectmen of the Towns of Wayland and Sudbury. As of June 30, 2013, there had been no equity distributions of the Facility's net position to either Town and the joint venture agreement had not been formally dissolved. The joint venture agreement is scheduled to end on normal terms in 2017. The Town of Sudbury continues to serve as the custodian of the Facility's cash and accounts receivable, which are reported in the Agency Fund. As of June 30, 2013, the Town's equity interest in the Facility totaled \$307,976 and is reported in governmental activities. The Facility does not issue a stand alone, GAAP-basis audited financial report.

Lincoln Sudbury Regional High School District (LSRHSD)

The LSRHSD is governed by a six member school district committee consisting of three elected representatives of the Town. The Town is indirectly liable for the LSRHSD debt and expenditures and is assessed annually for its share of operating and capital costs. For the fiscal year ended June 30, 2013, the Town's assessment totaled \$20,833,880. Separate financial statements may be obtained by writing to the Treasurer of the LSRHSD at 390 Lincoln Road, Sudbury, MA 01776.

Minuteman Regional High School (MRHS)

The MRHS is governed by a seventeen member school committee consisting of one elected representative from the Town. The Town is indirectly liable for the MRHS debt and expenditures and is assessed annually for its share of operating and capital costs. For the fiscal year ended June 30, 2013, the Town's assessment totaled \$274,416. Separate financial statements may be obtained by writing to the Treasurer of the MRHS at 758 Marrett Road, Lexington, MA 02421-7313.

C. Implementation of New Accounting Principles

For the year ending June 30, 2013, the Town implemented the following pronouncements issued by the GASB:

- GASB Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*
- GASB Statement No. 61, *The Financial Reporting Entity: Omnibus – an amendment of GASB Statements No. 14 and No. 34*
- GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*
- GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*

GASB Statement No. 63 identifies net position as the residual of all other elements presented in a statement of financial position, which amends the net asset reporting requirements of Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, and other pronouncements, by renaming net assets to net position.

The implementation of GASB Statement No.'s 60, 61 and 62 had no reporting impact for the Town.

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

The government-wide financial statements (statement of net position and the statement activities) report information on all 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 primarily supported by user fees.

Fund Financial Statements

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though fiduciary funds 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. Nonmajor funds are aggregated and displayed in a single column. Fiduciary funds are reported by fund type.

E. Measurement Focus, Basis of Accounting and Basis of Presentation

Government-Wide Financial Statements

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded when the liabilities are incurred. Real estate and personal property taxes are recognized as revenues in the fiscal 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.

The statement of activities demonstrates the degree to which the direct expenses of a 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 the following:

- Charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment.
- Grants and contributions that are restricted to meeting the operational requirements of a specific function or segment.
- Grants and contributions that are restricted to meeting the capital requirements of a specific function or segment.

Taxes and other items not identifiable as program revenues are reported as general revenues.

Except for charges between the general fund and enterprise funds, the effect of interfund activity has been eliminated from the government-wide financial statements. Elimination of these charges would distort the direct costs and program revenues reported for the functions affected.

Fund Financial Statements

Governmental funds financial statements are reported using the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., measurable and available). Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to pay liabilities of the current period. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on general long-term debt which is recognized when due, and certain compensated absences, capital lease obligations, claims and judgments which are recognized when the obligations are expected to be liquidated with current expendable available resources.

Real estate and personal property tax revenues are considered available if they are collected within 60-days after the end of the fiscal year. Investment income is susceptible to accrual. Other receipts and tax revenues become measurable and available when the cash is received and are recognized as revenue at that time.

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 following major governmental funds are reported:

The *general fund* is used to account for and report all financial resources not accounted for and reported in another fund.

The *community preservation fund* is a special revenue fund used to account for the 3% local real estate tax surcharge on nonexempt property (and matching state trust fund distribution) that can be used for open space, historic resource and affordable housing purposes. Property exempt from the surcharge consists of the first \$100,000 of all residential property and also property owned by low-income residents or seniors with low or moderate income as defined by Massachusetts Department of Revenue (DOR) guidelines. Disbursements from this fund must originate from the Community Preservation Committee and be approved by Town Meeting.

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

Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

Capital projects funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. Capital projects funds exclude those types of capital-related outflows financed by proprietary funds or for assets that will be held in trust for individuals, private organizations, or other governments.

Permanent funds are used to account for and report resources that are restricted to the extent that only earnings, and not principal, may be used for purposes that support the government's programs and benefit the government or its citizenry.

Proprietary funds financial statements are reported using the flow of economic resources measurement focus and use the accrual basis of accounting, whereby revenues are recorded when earned and expenses are recorded when the liabilities are incurred.

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 the proprietary funds principal ongoing operations. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The following activities are reported in the nonmajor enterprise funds column:

The *swimming pool enterprise fund* is used to account for recreational swimming pool activities.

The *transfer station enterprise fund* is used to account for transfer station activities.

The *recreation field maintenance enterprise fund* is used to account for recreation field maintenance activities.

Fiduciary funds 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's programs.

The following fiduciary fund types are reported:

The *private-purpose trust fund* is used to account for trust arrangements, other than those reported in the permanent fund, under which principal and investment income exclusively benefits individuals, private organizations, or other governments.

The *agency fund* is used to account for assets held in a custodial capacity. Such assets consist primarily of performance bonds, bid deposits and cash receipt collections for the Facility. Agency funds do not present the results of operations or have a measurement focus.

F. Deposits and Investments**Government-Wide and Fund Financial Statements**

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. Investments are carried at fair value.

G. Accounts Receivable**Government-Wide and Fund Financial Statements**

The recognition of revenue related to accounts receivable reported in the government-wide and proprietary funds financial statements are reported under the accrual basis of accounting. The recognition of revenue related to accounts receivable reported in the governmental funds financial statements are reported under the modified accrual basis of accounting.

Real Estate Taxes, Personal Property Taxes and Tax Liens

Real estate and personal property taxes are levied and based on values assessed on January 1st of every year. Assessed values are established by the Board of Assessor's for 100% of the estimated fair market value. Taxes are due on August 1st, November 1st, February 1st, and May 1st and are subject to penalties and interest if they are not paid by the respective due date. Real estate and personal property taxes levied are recorded as receivables in the fiscal year of the levy.

Real estate tax liens are processed approximately one-year after the close of the valuation year on delinquent properties and are recorded as receivables in the fiscal year they are processed.

Motor Vehicle and Other Excise Taxes

Motor vehicle excise taxes are assessed annually for each vehicle registered in the Town and are recorded as receivables in the fiscal year of the levy. The Commonwealth is responsible for reporting the number of vehicles registered and the fair values of those vehicles to the Town. The tax calculation is the fair value of the vehicle multiplied by \$25 per \$1,000 of value.

Community Preservation Surcharges

Community preservation surcharges are levied annually and at a rate of 3% of residents' real estate tax bills with exemptions for the first \$100,000 of residential property and property owned by qualified persons with low income and seniors (60+) with low or moderate income as defined by DOR guidelines. The surcharge is due with the real estate tax on August 1st, November 1st, February 1st, and May 1st and are subject to penalties and interest if they are not paid by the respective due date. Overdue surcharges are included on the tax liens processed on delinquent real estate taxes. Surcharges are recorded as receivables in the fiscal year of the levy.

Departmental and Other

Departmental and other receivables primarily represent amounts due for ambulance services, Facility services and police details and are recorded as receivables in the fiscal year accrued.

Intergovernmental

Various state and federal operating and capital grants 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.

H. Allowance for Uncollectible Accounts

The allowance for uncollectible accounts is estimated based on historical trends and specific account analysis for the following accounts receivable:

- Personal property taxes
- Motor vehicle and other excise taxes
- Departmental and other

As of June 30, 2013, the allowance for uncollectible amounts for departmental and other receivables is immaterial and therefore not reported.

The following types of accounts receivable are secured via the lien process and are considered 100% collectible. Accordingly, an allowance for uncollectible accounts is not reported.

- Real estate taxes and real estate tax deferrals
- Tax liens
- Community preservation surcharges

Intergovernmental receivables are considered 100% collectible.

I. Inventories

Government-Wide and Fund Financial Statements

Inventories are recorded as expenditures at the time of purchase. Such inventories are not material in total to the government-wide and fund financial statements and therefore are not reported.

J. Restricted Assets

Government-Wide and Fund Financial Statements

Assets are reported as restricted when limitations on their use change the nature of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors, or laws of other governments, or are imposed by law through constitutional provisions or enabling legislation.

K. Capital Assets

Government-Wide and Proprietary Funds Financial Statements

Capital assets, which consist of land, intangible assets, land improvements, buildings and improvements, machinery and equipment, vehicles and infrastructure (e.g., roads, sidewalks and similar items), are reported in the applicable governmental or business-type activities 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 at the date of donation.

All purchases and construction costs in excess of \$10,000 are capitalized at the date of acquisition or construction, respectively, with expected useful lives of greater than one year.

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

<u>Capital Asset Type</u>	<u>Estimated Useful Life (in years)</u>
Land improvements.....	30
Buildings and improvements.....	10 - 40
Machinery and equipment.....	5 - 20
Vehicles.....	4 - 20
Infrastructure.....	20

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.

Governmental Fund Financial Statements

Capital asset costs are recorded as expenditures in the acquiring fund in the fiscal year of the purchase.

L. Interfund Receivables and Payables

During the course of its operations, transactions occur between and within funds that may result in amounts owed between funds.

Government-Wide Financial Statements

Transactions of a buyer/seller nature between and within governmental funds are eliminated from the governmental activities in the statement of net position. Any residual balances outstanding between the governmental activities and business-type activities are reported in the statement of net position as "internal balances".

Fund Financial Statements

Transactions of a buyer/seller nature between and within funds are not eliminated from the individual fund statements. Receivables and payables resulting from these transactions are classified as "Due from other funds" or "Due to other funds" on the balance sheet.

M. Interfund Transfers

During the course of its operations, resources are permanently reallocated between and within funds.

Government-Wide Financial Statements

Transfers between and within governmental funds are eliminated from the governmental activities in the statement of Net Position. Any residual balances outstanding between the governmental activities and business-type activities are reported in the statement of activities as "Transfers, net".

Fund Financial Statements

Transfers between and within funds are not eliminated from the individual fund statements and are reported as transfers in and transfers out.

N. Deferred Revenue

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

O. Unearned Revenue

Unearned revenue consist of monies received in advance for swimming pool programs and transfer station services related to the subsequent fiscal year.

P. Net Position and Fund Balances

Government-Wide Financial Statements (Net Position)

Net position is reported as restricted when amounts are restricted by outside parties for a specific future use.

Net position has been "restricted" for the following:

"Investment in joint venture" represents the Town's equity interest in the operation of the Facility.

"Employee benefits" represents amounts accumulated for self-insurance activities.

"OPEB" represents amounts accumulated for other postemployment benefits.

"Community preservation" represents amounts restricted for affordable housing, open space and historic purposes.

"School lunch" represents amounts restricted for the activity of the school lunch program.

"Affordable housing" represents amounts restricted for the creation and preservation of affordable housing within the Town in accordance with Massachusetts General Laws (MGL) Chapter 44, Section 55C.

"Revolving funds" represents amounts restricted for the activity of revolving funds established in accordance with MGL.

"Receipts reserved" represents amounts restricted for receipts that are designated to fund and supplement specific operating budgets of various departments.

"Grants" represents amounts restricted for federal and state grant funds for specific programs.

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

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

“Other specific purposes” represents other restrictions placed on assets from outside parties.

Governmental Funds Financial Statements (Fund Balances)

The following fund balance classifications describe the relative strength of the spending constraints:

Nonspendable – represents amounts that cannot be spent either because they are in nonspendable form (i.e., prepaid amounts) or because they are legally or contractually required to be maintained intact (i.e., principal of permanent fund).

Restricted – represents amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

Committed – represents amounts that can be used only for specific purposes imposed by a formal action of Town Meeting, which is the highest level of decision-making authority for the Town. Committed amounts may be established, modified, or rescinded only through a majority vote at Town Meeting.

Assigned – represents amounts that do not meet the criteria to be classified as restricted or committed but are intended to be used for specific purposes. Under the Town’s structure, only authorized assignments for non-contractual encumbrances can be made by individual department heads. The policy established by the governing body (i.e., Board of Selectmen) pursuant to which this authorization is given is based on applicable MGL related to encumbrances.

Unassigned – represents the residual fund balance for the General Fund and the negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting assigned fund balance amounts.

In circumstances when an expenditure is made for a purpose for which amounts are available in multiple fund balance classifications, fund balance is depleted in the order of restricted, committed, assigned and unassigned.

Encumbrance amounts have been assigned for specific purposes for which resources already have been allocated.

Q. Long-term Debt

Government-Wide and Proprietary Fund Financial Statements

Long-term debt is reported as liabilities in the government-wide and proprietary fund statements of net position. Material bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount.

Governmental Funds Financial Statements

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

R. Investment Income

Excluding the permanent funds, investment income derived from major and nonmajor governmental funds is legally assigned to the general fund unless otherwise directed by MGL.

Investment income from proprietary funds is retained in the funds.

S. *Compensated Absences*

Employees are granted vacation and sick leave in varying amounts based on collective bargaining agreements, state laws and executive policies.

Government-Wide and Proprietary Fund Financial Statements

Vested or accumulated vacation and sick leave are reported as liabilities and expensed as incurred.

Governmental Funds Financial Statements

Vested or accumulated vacation and sick leave, which will be liquidated with expendable available financial resources, are reported as expenditures and fund liabilities upon employee retirements and resignations.

T. *Post Retirement Benefits*

Government-Wide and Fund Financial Statements

In addition to providing pension benefits, and as more fully described in Note 12, the Town provides health, dental and life insurance coverage for current and future retirees and their spouses.

U. *Use of Estimates*

Government-Wide and Fund Financial Statements

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 the revenues and expenditures/expenses during the fiscal year. Actual results could vary from estimates that were used.

V. *Total Column*

Government-Wide Financial Statements

The total column presented on the government-wide financial statements represents consolidated financial information.

Fund Financial Statements

The total column presented on the fund financial statements is presented only to facilitate financial analysis. Data in this column is not the equivalent of consolidated financial information.

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**A. Budgetary Information**

Municipal Law requires the adoption of a balanced budget that is approved by Town Meeting vote. The Finance Committee presents an annual budget to Town Meeting, which includes estimates of revenues and other financing sources and recommendations of expenditures and other financing uses. Town Meeting, which has full authority to amend and/or reject the budget or any appropriation at the functional level, adopts the expenditure budget by majority vote.

Increases to the original budget subsequent to Annual Town Meeting require Special Town Meeting approval.

The majority of appropriations are non-continuing which lapse at the end of each fiscal year. Others are continuing appropriations for which the governing body has authorized that an unspent balance from a prior fiscal year be carried forward and made available for spending in the current fiscal year.

Generally, expenditures may not exceed the level of spending (salaries, expenses and capital) authorized for an appropriation account. However, the Town is statutorily required to pay debt service, regardless of whether such amounts are appropriated.

An annual budget is adopted for the general fund and community preservation fund in conformity with the guidelines described above. The original and final fiscal year 2013 approved budget for the general fund and community preservation fund authorized \$82,261,966 and \$2,030,742, respectively, in appropriations and other amounts to be raised.

The Accountant's office has the responsibility to ensure that budgetary control is maintained. Budgetary control is exercised through the accounting system.

The budgetary comparison schedules presented in the accompanying required supplementary information presents comparisons of the legally adopted budgets, as amended, with actual results. The originally adopted budgets are presented for purposes of comparison to the final, amended budgets.

B. Excess of Expenditures Over Appropriations

During the fiscal year ended June 30, 2013, expenditures and encumbrances and continuing appropriations exceeded appropriations for state and county charges.

NOTE 3 - DEPOSITS AND INVESTMENTS

The municipal finance laws of the Commonwealth authorize the Town to invest temporarily idle cash in bank term deposits and certificates of deposits, and treasury and agency obligations of the United States government, with maturities of one year or less; U.S. treasury or agency repurchase agreements with maturities of not more than 90 days; money market accounts; and the state treasurer's investment pool - the Massachusetts Municipal Depository Trust (MMDT).

The MMDT meets the criteria of an external investment pool and operates in accordance with applicable state laws and regulations. The Treasurer of the Commonwealth serves as Trustee. The reported value of the pool is the same as the fair value of pool shares.

A cash and investment pool is maintained that is available for use by all funds with unrestricted cash and investments. The deposits and investments of the permanent funds and private purpose trust funds are held separately from other town funds.

Deposits - Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of a bank failure, the Town's deposits may not be recovered. The Town's policy for custodial credit risk is to rely on FDIC and DIF insurance coverage. As of June 30, 2013, \$6,052,685 of the Town's bank balance of \$17,623,235 was uninsured, uncollateralized and exposed to custodial credit risk.

Investments Summary

The Town's investments at June 30, 2013 are presented below. All investments are presented by investment type, with debt securities presented by maturity.

Investment Type	Fair Value	Investment Maturities (in Years)		
		Less Than 1	1 - 5	6 - 10
<u>Debt Securities:</u>				
U.S. Agencies.....	\$ 485,570	\$ 241,193	\$ 244,377	\$ -
Money market mutual funds.....	4,009,479	4,009,479	-	-
Debt security mutual funds.....	748,447	748,447	-	-
Certificates of deposit.....	9,634,414	5,073,526	4,362,359	198,530
External investment pools.....	213,550	213,550	-	-
Total debt securities.....	15,091,460	\$ 10,286,195	\$ 4,606,736	\$ 198,530
<u>Other Investments:</u>				
Equity mutual funds.....	980,395			
Total investments.....	\$ 16,071,855			

Investments - Interest Rate Risk of Debt Securities

Interest rate risk for debt securities is the risk that changes in interest rates of debt securities will adversely affect the fair value of an investment. The Town's policy for interest rate risk of debt securities is to follow the municipal finance laws of the Commonwealth, which requires (with the exception of certain trust funds) the Town to limit investments to U.S. backed securities with a maturity of one year or less.

Investments - Custodial Credit Risk

Custodial credit risk for investments 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. The Town does not have a policy for custodial credit risk of investments. As of June 30, 2013, the Town's investments were not exposed to custodial credit risk.

Investments - Credit Risk of Debt Securities

Credit risk for debt securities is the risk that an issuer or other counterparty to a debt security will not fulfill its obligations. The Town does not have a policy for credit risk of debt securities.

As of June 30, 2013, the Town's debt securities were unrated by national credit rating organizations.

Deposits and Investments – Foreign Currency Risk

Foreign currency risk is the risk that fluctuations in exchange rates will adversely affect the fair value of an investment or a deposit. The Town does not have a policy for foreign currency risk. As of June 30, 2013, the Town was not exposed to foreign currency risk.

Investments – Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of the Town's investment in a single issuer. The Town does not have a policy for concentration of credit risk. As of June 30, 2013, the Town was not exposed to concentration of credit risk.

NOTE 4 – ACCOUNTS RECEIVABLE

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

	<u>Gross Amount</u>	<u>Allowance for Uncollectibles</u>	<u>Net Amount</u>
<u>Receivables:</u>			
Real estate and personal property taxes.....	\$ 824,762	\$ (45,482)	\$ 779,280
Real estate tax deferrals.....	2,452,671	-	2,452,671
Tax liens.....	508,129	-	508,129
Motor vehicle and other excise taxes.....	378,321	(43,202)	335,119
Community preservation surcharges.....	17,103	-	17,103
Departmental and other.....	445,230	-	445,230
Intergovernmental.....	11,718,333	-	11,718,333
	<u>\$ 16,344,549</u>	<u>\$ (88,684)</u>	<u>\$ 16,255,865</u>

At June 30, 2013, receivables for the transfer station enterprise fund consist of the following:

	<u>Gross Amount</u>	<u>Allowance for Uncollectibles</u>	<u>Net Amount</u>
<u>Receivables:</u>			
Departmental and other.....	\$ 7,750	\$ -	\$ 7,750

Governmental funds report *deferred revenue* in connection with receivables and other assets (tax foreclosures) for revenues that are not considered to be available to liquidate liabilities of the current period. The following identifies the various components of *deferred revenue* reported in the governmental funds:

<u>Receivable type:</u>	<u>General Fund</u>	<u>Other Governmental Funds</u>	<u>Total</u>
Real estate and personal property taxes.....	\$ 463,757	\$ -	\$ 463,757
Real estate tax deferrals.....	2,452,671	-	2,452,671
Tax liens.....	508,129	-	508,129
Motor vehicle and other excise taxes.....	335,119	-	335,119
Community preservation surcharges.....	-	17,103 (a)	17,103
Departmental and other.....	-	341,053 (b)	341,053
Intergovernmental (state school construction).....	11,026,457	-	11,026,457
Intergovernmental (other state and federal).....	-	25,460 (b)	25,460
Tax foreclosures.....	270,283	-	270,283
Total.....	<u>\$ 15,056,416</u>	<u>\$ 383,616</u>	<u>\$ 15,440,032</u>

(a) Community preservation major fund

(b) Nonmajor governmental funds

The Massachusetts School Building Authority (MSBA) provides contract assistance to the Town for the completed Haynes Elementary, Loring Elementary and Curtis Middle School construction projects. The assistance program provides resources for future debt service of general obligation school bonds outstanding. During fiscal year 2013, approximately \$1,681,000 of such assistance was received. \$13,449,792 will be received in future fiscal years. Of this amount, \$2,423,335 represents reimbursement of long-term interest costs, and \$11,026,457 represents reimbursement of approved construction costs. Accordingly, an \$11,026,457 intergovernmental receivable and corresponding deferred revenue have been reported in the governmental fund financial statements. The deferred revenue has been recognized as revenue in the conversion to the government-wide financial statements.

NOTE 5 - CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2013, was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities:				
<u>Capital assets not being depreciated:</u>				
Land.....	\$ 26,689,602	\$ 373,100	\$ -	\$ 27,062,702
Intangible assets.....	8,318,730	7,760,000	-	16,078,730
Total capital assets not being depreciated.....	<u>35,008,332</u>	<u>8,133,100</u>	<u>-</u>	<u>43,141,432</u>
<u>Capital assets being depreciated:</u>				
Land improvements.....	2,516,461	-	-	2,516,461
Buildings and improvements.....	69,970,430	-	-	69,970,430
Machinery and equipment.....	7,585,246	571,161	(58,373)	8,098,034
Vehicles.....	3,076,132	218,675	(264,120)	3,030,687
Infrastructure.....	15,288,041	787,984	-	16,076,025
Total capital assets being depreciated.....	<u>98,436,310</u>	<u>1,577,820</u>	<u>(322,493)</u>	<u>99,691,637</u>
<u>Less accumulated depreciation for:</u>				
Land improvements.....	(842,408)	(71,382)	-	(913,790)
Buildings and improvements.....	(24,844,841)	(1,790,854)	-	(26,635,695)
Machinery and equipment.....	(5,589,838)	(413,101)	58,373	(5,944,566)
Vehicles.....	(2,465,494)	(208,081)	186,968	(2,486,607)
Infrastructure.....	(8,949,682)	(620,494)	-	(9,570,176)
Total accumulated depreciation.....	<u>(42,692,263)</u>	<u>(3,103,912)</u>	<u>245,341</u>	<u>(45,550,834)</u>
Total capital assets being depreciated, net.....	<u>55,744,047</u>	<u>(1,526,092)</u>	<u>(77,152)</u>	<u>54,140,803</u>
Total governmental activities capital assets, net.....	<u>\$ 90,752,379</u>	<u>\$ 6,607,008</u>	<u>\$ (77,152)</u>	<u>\$ 97,282,235</u>

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-Type Activities:				
<u>Capital assets not being depreciated:</u>				
Land.....	\$ 192,500	\$ -	\$ -	\$ 192,500
<u>Capital assets being depreciated:</u>				
Buildings and improvements.....	1,282,772	367,409	-	1,650,181
Machinery and equipment.....	13,564	-	-	13,564
Vehicles.....	136,640	-	-	136,640
Total capital assets being depreciated.....	<u>1,432,976</u>	<u>367,409</u>	<u>-</u>	<u>1,800,385</u>
<u>Less accumulated depreciation for:</u>				
Buildings and improvements.....	(732,153)	(54,279)	-	(786,432)
Machinery and equipment.....	(6,781)	(1,356)	-	(8,137)
Vehicles.....	(136,640)	-	-	(136,640)
Total accumulated depreciation.....	<u>(875,574)</u>	<u>(55,635)</u>	<u>-</u>	<u>(931,209)</u>
Total capital assets being depreciated, net.....	<u>557,402</u>	<u>311,774</u>	<u>-</u>	<u>869,176</u>
Total business-type activities capital assets, net.....	<u>\$ 749,902</u>	<u>\$ 311,774</u>	<u>\$ -</u>	<u>\$ 1,061,676</u>

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

Governmental Activities:

General government.....	\$ 144,109
Public safety.....	304,229
Education.....	1,431,569
Public works.....	1,065,607
Health and human services.....	12,355
Culture and recreation.....	<u>146,043</u>

Total depreciation expense - governmental activities..... \$ 3,103,912

Business-Type Activities:

Swimming pool.....	<u>\$ 55,635</u>
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NOTE 6 - NET INVESTMENT IN CAPITAL ASSETS

Net investment in capital assets at June 30, 2013 is summarized as follows:

Governmental Activities

Capital assets.....	\$ 142,833,069
Less accumulated depreciation.....	(45,550,834)
Less outstanding bonds and notes payable.....	(32,175,000)
Less outstanding capital leases.....	(520,353)
Add unspent proceeds of capital related debt.....	<u>645,073</u>
Net investment in capital assets.....	<u>\$ 65,231,955</u>

Business-Type Activities

Capital assets.....	\$ 1,992,885
Less accumulated depreciation.....	<u>(931,209)</u>
Net investment in capital assets.....	<u>\$ 1,061,676</u>

NOTE 7 - INTERFUND TRANSFERS

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

Transfers Out:	Transfers In:			
	General Fund	Nonmajor Governmental Funds	Nonmajor Enterprise Funds	Total
General Fund.....	\$ -	\$ 52,000	\$ 11,260	\$ 63,260 (1)
Community Preservation Fund.....	-	200,000	-	200,000 (2)
Nonmajor Governmental Funds.....	714,853	-	-	714,853 (3)
Nonmajor Enterprise Funds.....	<u>20,062</u>	<u>-</u>	<u>-</u>	<u>20,062 (4)</u>
	<u>\$ 734,915</u>	<u>\$ 252,000</u>	<u>\$ 11,260</u>	<u>\$ 998,175</u>

- (1) Represents budgeted transfers to the ambulance receipts reserved special revenue fund (\$30,000), fire department capital projects (\$22,000) and nonmajor enterprise funds (\$11,260)
- (2) Represents budgeted transfer to the affordable housing fund
- (3) Represents budgeted transfer from the ambulance receipts reserve special revenue fund to fund the fiscal year 2013 operating budget
- (4) Represents budgeted transfer of indirect costs from the transfer station enterprise fund

NOTE 8 – SHORT-TERM FINANCING

Short-term debt may be authorized and issued to fund the following:

- Current operating costs prior to the collection of revenues through issuance of revenue anticipation notes (RAN) or tax anticipation notes (TAN).
- Capital project costs and other approved expenditures incurred prior to obtaining permanent financing through issuance of bond anticipation notes (BAN) or grant anticipation notes (GAN).

Short-term loans are general obligations and carry maturity dates that are limited by statute. Interest expenditures and expenses for short-term borrowings are accounted for in the general fund and enterprise funds, respectively.

Details related to the short-term debt activity for the fiscal year ended June 30, 2013, is as follows:

Type	Description	Origination Date	Maturity Date	Interest Rate	Balance at June 30, 2012	Increases	Decreases	Balance at June 30, 2013
BAN	Pantry Brook Farm.....	12/18/12	12/27/12	0.70%	\$ -	\$ 3,000,000	\$ (3,000,000)	\$ -
BAN	Pantry Brook Farm.....	12/18/12	12/27/12	0.90%	-	1,350,000	(1,350,000)	-
BAN	Pantry Brook Farm.....	12/18/12	8/16/13	0.50%	-	2,410,000	(2,410,000)	-
BAN	Pantry Brook Farm.....	12/18/12	8/16/13	0.45%	-	1,000,000	(600,000)	400,000
BAN	Nixon School roof repair.....	6/25/13	8/16/13	0.50%	-	500,000	(430,000)	70,000
Total.....					\$ -	\$ 8,260,000	\$ (7,790,000)	\$ 470,000

Subsequent Event

On August 1, 2013, the Town issued \$5,390,000 of general obligation bonds. A portion of this amount (\$3,440,000) was used to retire a portion of the BANs outstanding at June 30, 2013 for Pantry Brook Farm and Nixon School roof repair. Accordingly, \$3,440,000 is recorded as a long-term debt obligation at June 30, 2013.

NOTE 9 - LONG-TERM OBLIGATIONS

The following represents a summary of changes that occurred in long-term obligations during the fiscal year ended June 30, 2013:

	Balance June 30, 2012	Increases	Decreases	Balance June 30, 2013	Current Portion
Governmental Activities:					
Bonds and notes payable.....	\$ 31,970,000	\$ 7,485,000	\$ (7,750,000)	\$ 31,705,000	\$ 3,305,000
Capital lease obligations.....	534,148	260,819	(274,614)	520,353	227,378
Workers' compensation claims.....	18,952	407,723	(215,378)	211,297	31,695
Net OPEB obligation.....	10,595,970	3,593,429	(851,589)	13,337,810	-
Compensated absences.....	634,526	57,058	(78,281)	613,303	61,330
Total.....	<u>\$ 43,753,596</u>	<u>\$ 11,804,029</u>	<u>\$ (9,169,862)</u>	<u>\$ 46,387,763</u>	<u>\$ 3,625,403</u>
Business-type Activities:					
Net OPEB obligation.....	\$ 142,658	\$ 50,277	\$ (11,915)	\$ 181,020	\$ -
Compensated absences.....	20,940	1,401	(626)	21,715	2,171
Total.....	<u>\$ 163,598</u>	<u>\$ 51,678</u>	<u>\$ (12,541)</u>	<u>\$ 202,735</u>	<u>\$ 2,171</u>

Except for bonds issued for the community preservation fund, long-term liabilities of governmental activities are generally liquidated by the general fund. Long-term debt issued for the community preservation fund is liquidated by the community preservation fund.

NOTE 10 - LONG-TERM DEBT

Details related to the outstanding indebtedness at June 30, 2013, and the debt service requirements are as follows:

Bonds and Notes Payable - Governmental Funds

Project	Interest Rate (%)	Outstanding at June 30, 2012	Additions	Reductions	Outstanding at June 30, 2013
School & Public Works Construction.....	2.89	\$ 525,000	\$ -	\$ (525,000)	\$ -
Land Acquisition.....	4.18	2,940,000	-	(2,645,000)	295,000
School Construction Refunding.....	3.81	11,820,000	-	(1,390,000)	10,430,000
Land Acquisition Refunding.....	3.60	2,910,000	-	(460,000)	2,450,000
Municipal Purpose.....	3.93	1,715,000	-	(1,715,000)	-
Land Development Rights.....	2.00 - 4.00	4,280,000	-	(255,000)	4,025,000
Land Development Rights.....	2.00 - 4.00	1,905,000	-	(105,000)	1,800,000
School Construction Refunding.....	2.00 - 4.00	4,295,000	-	(495,000)	3,800,000
School Construction.....	2.00 - 3.00	1,580,000	-	(160,000)	1,420,000
Community Preservation Act - 2004 Refunding.....	1.50 - 2.00	-	2,455,000	-	2,455,000
Community Preservation Act - 2005 Refunding.....	1.50 - 2.00	-	1,590,000	-	1,590,000
General Obligation Bonds - Nixon Roof.....	2.00 - 3.00	-	430,000	-	430,000
General Obligation Bonds - Pantry Brook Farm.....	2.00 - 4.00	-	3,010,000	-	3,010,000
Total governmental funds		<u>\$ 31,970,000</u>	<u>\$ 7,485,000</u>	<u>\$ (7,750,000)</u>	<u>\$ 31,705,000</u>

Debt service requirements for principal and interest for governmental bonds and notes payable in future fiscal years are as follows:

Fiscal Year	Principal	Interest	Total
2014.....	\$ 3,305,000	\$ 1,081,017	\$ 4,386,017
2015.....	3,385,000	915,561	4,300,561
2016.....	3,260,000	804,588	4,064,588
2017.....	3,185,000	696,598	3,881,598
2018.....	3,155,000	586,180	3,741,180
2019.....	2,890,000	484,798	3,374,798
2020.....	2,945,000	393,672	3,338,672
2021.....	3,000,000	264,686	3,264,686
2022.....	1,035,000	195,075	1,230,075
2023.....	870,000	168,573	1,038,573
2024.....	870,000	145,567	1,015,567
2025.....	615,000	123,499	738,499
2026.....	505,000	105,867	610,867
2027.....	505,000	88,804	593,804
2028.....	515,000	71,073	586,073
2029.....	520,000	52,530	572,530
2030.....	275,000	38,406	313,406
2031.....	280,000	28,700	308,700
2032.....	190,000	19,800	209,800
2033.....	195,000	12,100	207,100
2034.....	205,000	4,100	209,100
Total.....	\$ <u>31,705,000</u>	\$ <u>6,281,194</u>	\$ <u>37,986,194</u>

On August 1, 2013, the Town issued \$5,390,000 of general obligation bonds. A portion of this amount (\$3,440,000) was used to retire a portion of the BANs outstanding at June 30, 2013 for Pantry Brook Farm and Nixon School roof repair. Accordingly, \$3,440,000 is recorded as a long-term debt obligation at June 30, 2013.

Advanced and Current Refunding – March 2013

The Town issued \$4,045,000 of general obligation refunding bonds (with bond issuance costs of \$75,820 and a premium of \$144,361) to redeem bonds (\$1,611,588) and provide resources (\$2,501,953) to purchase U.S. Government securities that were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments of \$3,930,000 of previously issued general obligation bonds related to community preservation projects. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the government-wide financial statements. The reacquisition price exceeded the net carrying amount of the old debt by \$183,543. This amount was expensed in the current fiscal year. This advanced and current refunding was undertaken to reduce total debt service payments over the next 12 years by approximately \$585,000 and resulted in an economic gain of approximately \$544,000.

Authorized and Unissued Debt

The Town is subject to various debt limits by statute and may issue additional general obligation debt under the normal debt limit. At June 30, 2013, the Town had the following authorized and unissued debt:

<u>Purpose</u>	<u>Amount</u>
Pantry Brook Farm.....	\$ 7,822,500 *
Noyes green repair.....	1,060,000
Nixon roof repair.....	808,000 *
Nobscot.....	<u>510,000</u>
Total.....	<u>\$ 10,200,500</u>

* Subsequent to June 30, 2013, \$3,010,000 and \$430,000 of long-term debt were issued related to these authorizations.

NOTE 11 - CAPITAL LEASES

The Town has entered into certain capital lease agreements for machinery and equipment and vehicles under which the assets will become the property of the Town when all terms of the lease agreements are met. The agreements also contain early purchase options which would allow the Town to purchase the assets before the end of the lease terms.

The following schedule presents future minimum lease payments as of June 30, 2013:

<u>Fiscal Years Ending June 30</u>	<u>Governmental Activities</u>
2014.....	\$ 243,836
2015.....	149,856
2016.....	100,958
2017.....	<u>54,411</u>
Total minimum lease payments.....	549,061
Less: amounts representing interest.....	<u>(28,708)</u>
Present value of minimum lease payments.....	<u>\$ 520,353</u>

Machinery and equipment and vehicles and related accumulated amortization under capital lease are as follows:

<u>Asset:</u>	<u>Governmental Activities</u>
Machinery and equipment and vehicles.....	\$ 1,132,259
Less: accumulated amortization.....	<u>(458,692)</u>
Total.....	<u>\$ 673,567</u>

Amortization of leased machinery and equipment and vehicles under capital assets is included with depreciation expense, which is allocated functionally.

NOTE 12 – OTHER POST EMPLOYMENT BENEFITS

Plan Description – The Town provides health, dental and life insurance coverage for its retirees and their survivors (hereinafter referred to as the “Plan”) as a single-employer defined benefit Other Post Employment Benefit (OPEB) plan. Chapter 32B of the MGL assigns authority to establish and amend benefit provisions. Changes to plan design and contribution rates must be accomplished through the collective bargaining process. The Plan does not issue a stand alone financial report since there are no assets legally segregated for the sole purpose of paying benefits under the Plan.

The number of participants as of July 1, 2011, the latest actuarial valuation, is as follows:

Active employees.....	537
Retired employees and spouses.....	<u>308</u>
Total.....	<u><u>845</u></u>

Funding Policy – The contribution requirements of Plan members and the Town are established and may be amended by the Town. The required health (including Medicare Part B) contribution rates of Plan members and the Town are 50%. The required dental insurance contribution rate of Plan members is 100%. The Plan members and the Town each contribute 50% towards a \$1,000 term life insurance premium. The Town currently contributes enough money to the Plan to satisfy current obligations on a pay-as-you-go basis. The costs of administering the Plan are paid by the Town.

Annual OPEB Cost and Net OPEB Obligation – The Town’s annual OPEB cost (expense) is calculated based on the annual required contribution (ARC) of the employer, an actuarially determined amount that is calculated in accordance with the parameters set forth in GASB Statement #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 years.

The following table identifies the components of the Town’s annual OPEB cost for the year, the actual amount contributed to the plan, and changes in the Town’s net OPEB obligation:

	<u>Amount</u>
Annual required contribution.....	\$ 3,852,544
Interest on net OPEB obligation.....	377,209
Adjustment to annual required contribution.....	<u>(586,047)</u>
Annual OPEB cost.....	3,643,706
Contributions made.....	<u>(863,504)</u>
Increase in net OPEB obligation.....	2,780,202
Net OPEB obligation at beginning of year.....	<u>10,738,628</u>
Net OPEB obligation at end of year.....	<u><u>\$ 13,518,830</u></u>

Trend information regarding annual OPEB cost, the percentage of the annual OPEB cost contributed and the net OPEB obligation is as follows:

Fiscal Year Ending	Annual OPEB Cost (AOPEBC)	Percentage of AOPEBC Contributed	Net OPEB Obligation
June 30, 2011.....	\$ 3,602,071	23.5%	\$ 8,101,940
June 30, 2012.....	3,519,173	25.1%	10,738,628
June 30, 2013.....	3,643,706	23.7%	13,518,830

Funded Status and Funding Progress – The funded status of the Plan at July 1, 2012, the most recent actuarial valuation, was as follows:

Actuarial Valuation Date	Actuarial Value of Assets (A)	Actuarial Liability (AAL) Projected Unit Credit (B)	Unfunded AAL (UAAL) (B-A)	Funded Ratio (A/B)	Covered Payroll (C)	UAAL as a Percentage of Covered Payroll (B-A)/C
07/01/11	\$ -	\$ 34,275,241	\$ 34,275,241	-	\$ 31,225,800	109.8%

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 contributions 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 schedules of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

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 the employer and Plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The significant methods and assumptions as of the latest actuarial valuation are as follows:

Valuation date:	July 1, 2011
Actuarial cost method:	Projected unit credit
Amortization method:	Level dollar
Remaining amortization period:	30 years at July 1, 2012 (open period)
Interest discount rate:	3.5%
Inflation rate:	3.5%
Healthcare/Medical cost trend rate:	9.0% grading down to 5.0% in year 2016 and thereafter

Allocation of AOPEBC - AOPEBC costs were allocated to the Town's functions as follows:

Governmental Activities:	
General government.....	\$ 194,011
Public safety.....	619,111
Education.....	2,460,436
Public works.....	179,775
Health and human services.....	40,521
Culture and recreation.....	<u>99,576</u>
Total AOPEBC - governmental activities.....	<u>3,593,429</u>
Business-Type Activities:	
Swimming pool.....	33,030
Transfer station.....	11,684
Recreation field maintenance.....	<u>5,563</u>
Total AOPEBC - business-type activities.....	<u>50,277</u>
Total AOPEBC.....	<u>\$ 3,643,706</u>

NOTE 13 - RISK FINANCING

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 for which the Town carries commercial insurance. The amount of claim settlements has not exceeded insurance coverage in any of the previous three fiscal years.

The Town is self-insured for its workers' compensation (excluding public safety employees injured on duty) and municipal building insurance activities. These activities are accounted for in the general fund.

A. Health Insurance

The Town participates in premium-based health care plans for its active employees and retirees. The amount of claim settlements has not exceeded insurance coverage in any of the previous three fiscal years.

Prior to July 1, 2012, the Town was self-insured for its health insurance activities, which were accounted for in the general fund. Since that date, the general fund has been accounting for the activities (insurance refunds, run-off claims, etc.) related to when the Town was self-insured. As of June 30, 2013, there are no material outstanding health insurance claims payable.

The estimated "Incurred But Not Reported (IBNR)" claims are based on actual and historical lag claims. There was no liability at June 30, 2013. Changes in the reported liability since July 1, 2011, are as follows:

	Balance at Beginning of Fiscal Year	Current Year Claims and Changes in Estimate	Claims Payments	Balance at Fiscal Year-end
Fiscal year 2012.....	\$ 614,003	\$ 9,364,430	\$ (9,334,662)	\$ 643,771
Fiscal year 2013.....	643,771	-	(643,771)	-

B. Workers' Compensation

Workers' compensation claims are administered by a third party administrator and are funded on a pay-as-you-go basis from annual appropriations. The Town has recorded a liability of \$211,297 at June 30, 2013, which represents an estimate of all outstanding claims as of that date and is based on history and injury type. Changes in the reported liability since July 1, 2011, are as follows:

	Balance at Beginning of Fiscal Year	Current Year Claims and Changes in Estimate	Claims Payments	Balance at Fiscal Year-end
Fiscal year 2012.....	\$ 89,948	\$ 129,176	\$ (200,172)	\$ 18,952
Fiscal year 2013.....	18,952	407,723	(215,378)	211,297

C. Municipal Building Insurance

Municipal building insurance claims are immaterial at June 30, 2013 and, therefore, no liability is reported.

NOTE 14 - FUND BALANCES

The constraints on fund balances as listed in aggregate in the Governmental Funds Balance Sheet are detailed as follows:

	<u>General</u>	<u>Community Preservation</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Nonspendable:				
Permanent fund principal.....	\$ -	\$ -	\$ 1,034,876	\$ 1,034,876
Restricted:				
Employee benefits.....	5,634,117	-	-	5,634,117
OPEB.....	137,637	-	-	137,637
Community preservation.....	-	4,165,166	-	4,165,166
School lunch.....	-	-	110,427	110,427
Affordable housing.....	-	-	320,703	320,703
Revolving.....	-	-	2,973,710	2,973,710
Receipts reserved.....	-	-	1,510,701	1,510,701
Grants.....	-	-	480,548	480,548
Other special revenue.....	-	-	715,124	715,124
Streets and sidewalks.....	-	-	5,198	5,198
School construction.....	-	-	288,611	288,611
Other capital projects.....	-	-	45,603	45,603
Cemetery perpetual care.....	-	-	128,854	128,854
Other permanent funds.....	-	-	477,447	477,447
Sub-total - Restricted.....	<u>5,771,754</u>	<u>4,165,166</u>	<u>7,056,926</u>	<u>16,993,846</u>
Committed:				
Continuing appropriations.....	209,001	-	-	209,001
Other capital projects.....	-	-	60,222	60,222
Sub-total - Committed.....	<u>209,001</u>	<u>-</u>	<u>60,222</u>	<u>269,223</u>
Assigned:				
Encumbrances - school.....	1,154,528	-	-	1,154,528
Encumbrances - public safety.....	114,501	-	-	114,501
Encumbrances - public works.....	70,786	-	-	70,786
Encumbrances - other.....	31,684	-	-	31,684
Sub-total - Assigned.....	<u>1,371,499</u>	<u>-</u>	<u>-</u>	<u>1,371,499</u>
Unassigned.....	<u>7,721,185</u>	<u>-</u>	<u>-</u>	<u>7,721,185</u>
Total fund balance.....	<u>\$ 15,073,439</u>	<u>\$ 4,165,166</u>	<u>\$ 8,152,024</u>	<u>\$ 27,390,629</u>

NOTE 15 - STABILIZATION FUNDS

The Town maintains a general stabilization fund that was established under MGL Chapter 40, Section 5B. Appropriations in and out of the stabilization fund require two-thirds vote of Town meeting. Investment income is retained by the fund.

The balance of the stabilization fund at June 30, 2013 totals \$1,971,720 and is reported in the general fund as unassigned fund balance.

NOTE 16 - PRIOR PERIOD RECLASSIFICATIONS

The beginning fund balance of the affordable housing fund and nonmajor governmental funds have been restated from \$617,881 and \$7,581,696 to \$0 and \$8,199,577, respectively, to reflect the reclassification of the affordable housing fund from a major fund to nonmajor governmental funds.

NOTE 17 - PENSION PLAN

Plan Description - The Town contributes to the Middlesex Retirement System (System), a cost-sharing multiple-employer defined benefit pension plan administered by the Middlesex Retirement Board. Substantially all employees of the Town are members of the System, except for public school teachers and certain administrators who are members of the Massachusetts Teachers Retirement System.

Chapter 32 of the MGL assigns authority to establish and amend benefit provisions of the plan. The System provides retirement, disability and death benefits to plan members and beneficiaries. Cost-of-living adjustments granted between 1981 and 1997 and any increases in other benefits imposed by the Commonwealth's state law during those years are borne by the Commonwealth and are deposited into the pension fund. Cost-of-living adjustments granted after 1997 must be authorized by the Middlesex Retirement Board and are borne by the System. The System issues a publicly available report in accordance with guidelines established by the Commonwealth's Public Employee Retirement Administration Commission. That report may be obtained by contacting the System located at 25 Linnell Circle, Billerica, Massachusetts, 01865.

Funding Policy - Chapter 32 of MGL governs the contributions of plan members and the Town. 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 annual covered payroll. The Town's contributions to the System for the fiscal years ended June 30, 2013, 2012, and 2011 were \$3,071,597, \$2,981,011, and \$2,789,175, respectively, which equaled its required contribution for each fiscal year.

NOTE 18 - MASSACHUSETTS TEACHERS RETIREMENT SYSTEM

Public school teachers and certain administrators are members of the Massachusetts Teachers Retirement System, to which the Town does not contribute. Pension benefits and administrative expenses paid by the Teachers Retirement Board are the legal responsibility of the Commonwealth. The amount of these on-behalf payments totaled approximately \$5,501,000 for the fiscal year ended June 30, 2013, and, accordingly, are reported in the general fund as intergovernmental revenues and pension expenditures.

NOTE 19 - COMMITMENTS

The Town's significant commitments consist of the encumbrances and continuing appropriations outstanding for the general fund, which totaled \$1,580,500 at June 30, 2013.

NOTE 20 - CONTINGENCIES

Various legal actions and claims are pending against the Town. Litigation is subject to many uncertainties, and the outcome of individual litigated matters is not always predictable. Although the amount of liability, if any, at June 30, 2013, cannot be ascertained, management believes any resulting liability should not materially affect the financial position of the Town at June 30, 2013.

The Town participates in a number of federal award programs. Although the grant programs have been audited in accordance with the provisions of the Single Audit Act Amendments of 1996 through June 30, 2013, these programs are still subject to financial and compliance audits. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the Town expects such amounts, if any, to be immaterial.

NOTE 21 - FUTURE IMPLEMENTATION OF GASB PRONOUNCEMENTS

The GASB has issued the following statements:

- Statement No. 65, *Items Previously Reported as Assets and Liabilities*, which is required to be implemented during fiscal year 2014. Management does not believe the implementation of this Statement will significantly impact the basic financial statements.
- Statement No. 66, *Technical Corrections – 2012 – an amendment of GASB Statements No. 10 and No. 62*, which is required to be implemented during fiscal year 2014. Management does not believe the implementation of this Statement will impact the basic financial statements.
- Statement No. 67, *Financial Reporting for Pension Plans – an Amendment of GASB Statement No. 25*, which is required to be implemented during fiscal year 2014. Management has determined that the implementation of this Statement will not impact the basic financial statements.
- Statement No. 68, *Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27*, which is required to be implemented during fiscal year 2015. The implementation of this Statement will represent a significant change in the accounting and reporting of pension expense and the related liability. For the first time, the Town will be required to recognize its long-term obligation for pension benefits as a liability and to more comprehensively measure the annual costs of pension benefits. The implementation of this Statement also expands pension related note disclosures and required supplementary information.
- Statement No. 69, *Government Combinations and Disposals of Government Operations*, which is required to be implemented during fiscal year 2015. Management does not believe the implementation of this Statement will impact the basic financial statements.
- Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*, which is required to be implemented during fiscal year 2014. Management does not believe the implementation of this Statement will impact the basic financial statements.

These pronouncements will be implemented by their respective implementation dates.

Required Supplementary Information



**Revolutionary War Memorial overlooking the
Revolutionary War Cemetery in the Old Town Center**

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE
BUDGET AND ACTUAL

FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Prior Year Encumbrances and Continuing Appropriations	Original Budget	Supplemental Appropriations and Transfers	Final Budget
REVENUES				
Real estate and personal property taxes.....	\$ -	\$ 70,396,267	\$ -	\$ 70,396,267
Motor vehicle and other excise taxes.....	-	2,876,864	-	2,876,864
Tax liens.....	-	-	-	-
Payments in lieu of taxes.....	-	57,000	-	57,000
Intergovernmental.....	-	7,265,209	-	7,265,209
Penalties and interest on taxes.....	-	175,000	-	175,000
Licenses and permits.....	-	400,000	-	400,000
Fines and forfeitures.....	-	47,000	-	47,000
Departmental and other.....	-	238,000	-	238,000
Investment income.....	-	10,000	-	10,000
TOTAL REVENUES.....	-	81,465,340	-	81,465,340
EXPENDITURES				
GENERAL GOVERNMENT				
Selectmen/Town Manager				
Personal services.....	-	322,522	4,471	326,993
Expenditures.....	220,920	510,291	11,515	742,726
Total.....	220,920	832,813	15,986	1,069,719
Assistant Town Manager/Personnel				
Personal services.....	-	142,572	2,987	145,559
Expenditures.....	345	4,150	1,375	5,870
Total.....	345	146,722	4,362	151,429
Accounting				
Personal services.....	-	241,962	3,215	245,177
Expenditures.....	523	40,913	(698)	40,738
Total.....	523	282,875	2,517	285,915
Finance Committee				
Personal services.....	-	2,054	-	2,054
Assessors				
Personal services.....	-	269,142	(89,740)	179,402
Expenditures.....	-	45,104	38,441	83,545
Total.....	-	314,246	(51,299)	262,947
Finance Director/Treasurer/Collector				
Personal services.....	-	278,996	2,256	281,252
Expenditures.....	1,080	26,302	62,739	90,121
Total.....	1,080	305,298	64,995	371,373
Information Systems				
Personal services.....	-	172,661	5,163	177,824
Expenditures.....	-	166,510	-	166,510
Total.....	-	339,171	5,163	344,334

Actual	Current Year Encumbrances and Continuing Appropriations	Actual and Encumbrances and Continuing Appropriations	Variance Positive/ (Negative)
\$ 70,076,132	\$ -	\$ 70,076,132	\$ (320,135)
3,137,442	-	3,137,442	260,578
522,311	-	522,311	522,311
53,377	-	53,377	(3,623)
7,295,635	-	7,295,635	30,426
255,978	-	255,978	80,978
707,663	-	707,663	307,663
63,922	-	63,922	16,922
411,445	-	411,445	173,445
21,992	-	21,992	11,992
<u>82,545,897</u>	<u>-</u>	<u>82,545,897</u>	<u>1,080,557</u>
323,570	-	323,570	3,423
510,477	201,708	712,185	30,541
<u>834,047</u>	<u>201,708</u>	<u>1,035,755</u>	<u>33,964</u>
144,514	-	144,514	1,045
5,256	245	5,501	369
<u>149,770</u>	<u>245</u>	<u>150,015</u>	<u>1,414</u>
244,612	-	244,612	565
40,121	-	40,121	617
<u>284,733</u>	<u>-</u>	<u>284,733</u>	<u>1,182</u>
172	-	172	1,882
179,402	-	179,402	-
78,195	-	78,195	5,350
<u>257,597</u>	<u>-</u>	<u>257,597</u>	<u>5,350</u>
280,835	-	280,835	417
88,705	30	88,735	1,386
<u>369,540</u>	<u>30</u>	<u>369,570</u>	<u>1,803</u>
177,302	-	177,302	522
163,649	2,806	166,455	55
<u>340,951</u>	<u>2,806</u>	<u>343,757</u>	<u>577</u>

(continued)

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE
BUDGET AND ACTUAL

FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Prior Year Encumbrances and Continuing Appropriations	Original Budget	Supplemental Appropriations and Transfers	Final Budget
Law				
Personal services.....	-	85,529	2,430	87,959
Expenditures.....	376	75,137	7,380	82,893
Total.....	<u>376</u>	<u>160,666</u>	<u>9,810</u>	<u>170,852</u>
Town Clerk and Registrars				
Personal services.....	-	219,592	22,469	242,061
Expenditures.....	590	22,170	15,697	38,457
Total.....	<u>590</u>	<u>241,762</u>	<u>38,166</u>	<u>280,518</u>
Conservation				
Personal services.....	-	109,953	2,879	112,832
Expenditures.....	1,900	2,930	-	4,830
Total.....	<u>1,900</u>	<u>112,883</u>	<u>2,879</u>	<u>117,662</u>
Planning and Board of Appeals				
Personal services.....	-	175,705	4,744	180,449
Expenditures.....	57	4,245	500	4,802
Total.....	<u>57</u>	<u>179,950</u>	<u>5,244</u>	<u>185,251</u>
Town-Wide Operations				
Expenditures.....	21,232	132,925	(2,975)	151,182
Reserve Fund.....	-	458,766	(458,766)	-
TOTAL GENERAL GOVERNMENT.....	<u>247,023</u>	<u>3,510,131</u>	<u>(363,918)</u>	<u>3,393,236</u>
PUBLIC SAFETY				
Police				
Personal services.....	-	2,254,100	36,260	2,290,360
Expenditures.....	58,725	359,765	12,907	431,397
Total.....	<u>58,725</u>	<u>2,613,865</u>	<u>49,167</u>	<u>2,721,757</u>
Fire				
Personal services.....	-	2,829,307	(73,494)	2,755,813
Expenditures.....	86,453	414,784	109,985	611,222
Total.....	<u>86,453</u>	<u>3,244,091</u>	<u>36,491</u>	<u>3,367,035</u>
Communications Center				
Personal services.....	-	437,776	57,507	495,283
Expenditures.....	-	3,938	-	3,938
Total.....	<u>-</u>	<u>441,714</u>	<u>57,507</u>	<u>499,221</u>
Building				
Personal services.....	-	451,439	5,561	457,000
Expenditures.....	36,273	562,821	7,150	606,244
Total.....	<u>36,273</u>	<u>1,014,260</u>	<u>12,711</u>	<u>1,063,244</u>
TOTAL PUBLIC SAFETY.....	<u>181,451</u>	<u>7,313,930</u>	<u>155,876</u>	<u>7,651,257</u>
EDUCATION				
School Department.....	1,054,380	51,551,778	100,000	52,706,158

<u>Actual</u>	<u>Current Year Encumbrances and Continuing Appropriations</u>	<u>Actual and Encumbrances and Continuing Appropriations</u>	<u>Variance Positive/ (Negative)</u>
84,003	-	84,003	3,956
80,090	2,803	82,893	-
<u>164,093</u>	<u>2,803</u>	<u>166,896</u>	<u>3,956</u>
241,427	-	241,427	634
36,739	1,460	38,199	258
<u>278,166</u>	<u>1,460</u>	<u>279,626</u>	<u>892</u>
94,111	-	94,111	18,721
926	2,004	2,930	1,900
<u>95,037</u>	<u>2,004</u>	<u>97,041</u>	<u>20,621</u>
165,453	-	165,453	14,996
4,623	-	4,623	179
<u>170,076</u>	<u>-</u>	<u>170,076</u>	<u>15,175</u>
138,935	1,112	140,047	11,135
-	-	-	-
<u>3,083,117</u>	<u>212,168</u>	<u>3,295,285</u>	<u>97,951</u>
2,217,180	-	2,217,180	73,180
404,719	25,080	429,799	1,598
<u>2,621,899</u>	<u>25,080</u>	<u>2,646,979</u>	<u>74,778</u>
2,739,211	-	2,739,211	16,602
536,217	73,634	609,851	1,371
<u>3,275,428</u>	<u>73,634</u>	<u>3,349,062</u>	<u>17,973</u>
495,253	-	495,253	30
3,261	-	3,261	677
<u>498,514</u>	<u>-</u>	<u>498,514</u>	<u>707</u>
385,250	-	385,250	71,750
567,941	27,110	595,051	11,193
<u>953,191</u>	<u>27,110</u>	<u>980,301</u>	<u>82,943</u>
<u>7,349,032</u>	<u>125,824</u>	<u>7,474,856</u>	<u>176,401</u>
<u>51,494,761</u>	<u>1,154,528</u>	<u>52,649,289</u>	<u>56,869</u>

(continued)

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE
BUDGET AND ACTUAL

FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Prior Year Encumbrances and Continuing Appropriations	Original Budget	Supplemental Appropriations and Transfers	Final Budget
PUBLIC WORKS				
Engineering				
Personal services.....	-	415,926	(30,839)	385,087
Expenditures.....	26,412	62,386	500	89,298
Total.....	<u>26,412</u>	<u>478,312</u>	<u>(30,339)</u>	<u>474,385</u>
Streets and Roads				
Personal services.....	-	937,992	17,538	955,530
Expenditures.....	68,877	1,089,234	-	1,158,111
Total.....	<u>68,877</u>	<u>2,027,226</u>	<u>17,538</u>	<u>2,113,641</u>
Snow and Ice				
Expenditures.....	-	424,750	227,096	651,846
Trees and Cemetery				
Personal services.....	-	299,338	(9,732)	289,606
Expenditures.....	1,734	68,378	9,999	80,111
Total.....	<u>1,734</u>	<u>367,716</u>	<u>267</u>	<u>369,717</u>
Parks and Grounds				
Personal services.....	-	153,515	267	153,782
Expenditures.....	-	48,525	9,950	58,475
Total.....	<u>-</u>	<u>202,040</u>	<u>10,217</u>	<u>212,257</u>
TOTAL PUBLIC WORKS.....	<u>97,023</u>	<u>3,500,044</u>	<u>224,779</u>	<u>3,821,846</u>
HEALTH AND HUMAN SERVICES				
Board of Health				
Personal services.....	-	216,693	6,469	223,162
Expenditures.....	33,109	160,940	-	194,049
Total.....	<u>33,109</u>	<u>377,633</u>	<u>6,469</u>	<u>417,211</u>
Council on Aging				
Personal services.....	-	130,741	4,073	134,814
Expenditures.....	331	6,000	(174)	6,157
Total.....	<u>331</u>	<u>136,741</u>	<u>3,899</u>	<u>140,971</u>
Veterans Affairs				
Personal services.....	-	11,965	(7,175)	4,790
Expenditures.....	-	17,450	23,306	40,756
Total.....	<u>-</u>	<u>29,415</u>	<u>16,131</u>	<u>45,546</u>
TOTAL HEALTH AND HUMAN SERVICES.....	<u>33,440</u>	<u>543,789</u>	<u>26,499</u>	<u>603,728</u>

<u>Actual</u>	<u>Current Year Encumbrances and Continuing Appropriations</u>	<u>Actual and Encumbrances and Continuing Appropriations</u>	<u>Variance Positive/ (Negative)</u>
291,730	-	291,730	93,357
42,653	28,705	71,358	17,940
<u>334,383</u>	<u>28,705</u>	<u>363,088</u>	<u>111,297</u>
938,086	-	938,086	17,444
1,119,065	36,681	1,155,746	2,365
<u>2,057,151</u>	<u>36,681</u>	<u>2,093,832</u>	<u>19,809</u>
651,846	-	651,846	-
270,650	-	270,650	18,956
74,693	5,400	80,093	18
<u>345,343</u>	<u>5,400</u>	<u>350,743</u>	<u>18,974</u>
120,792	-	120,792	32,990
58,432	-	58,432	43
<u>179,224</u>	<u>-</u>	<u>179,224</u>	<u>33,033</u>
3,567,947	70,786	3,638,733	183,113
204,056	-	204,056	19,106
177,663	430	178,093	15,956
<u>381,719</u>	<u>430</u>	<u>382,149</u>	<u>35,062</u>
134,814	-	134,814	-
6,157	-	6,157	-
<u>140,971</u>	<u>-</u>	<u>140,971</u>	<u>-</u>
4,584	-	4,584	206
35,117	-	35,117	5,639
<u>39,701</u>	<u>-</u>	<u>39,701</u>	<u>5,845</u>
562,391	430	562,821	40,907

(continued)

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE
BUDGET AND ACTUAL

FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Prior Year Encumbrances and Continuing Appropriations	Original Budget	Supplemental Appropriations and Transfers	Final Budget
CULTURE AND RECREATION				
Goodnow Library				
Personal services.....	-	688,041	19,323	707,364
Expenditures.....	-	337,067	(9,411)	327,656
Total.....	-	1,025,108	9,912	1,035,020
Recreation				
Personal services.....	-	92,790	2,181	94,971
Expenditures.....	-	33,768	-	33,768
Total.....	-	126,558	2,181	128,739
Historical Commission				
Expenditures.....	-	5,309	-	5,309
Historic Districts Commission				
Personal services.....	-	2,465	66	2,531
Expenditures.....	10	286	(7)	289
Total.....	10	2,751	59	2,820
TOTAL CULTURE AND RECREATION.....	10	1,159,726	12,152	1,171,888
PENSION BENEFITS				
County Retirement System				
Expenditures.....	-	3,121,597	-	3,121,597
EMPLOYEE BENEFITS				
Worker's Compensation				
Expenditures.....	-	49,642	-	49,642
Unemployment Compensation				
Expenditures.....	4,500	140,000	-	144,500
Medical Premiums				
Expenditures.....	10,000	5,446,835	(121,649)	5,335,186
Life Insurance				
Expenditures.....	325	4,430	-	4,755
Medicare Tax				
Expenditures.....	-	498,133	-	498,133
TOTAL EMPLOYEE BENEFITS.....	14,825	6,139,040	(121,649)	6,032,216
PROPERTY AND LIABILITY INSURANCE				
Expenditures.....	-	310,092	(75,000)	235,092
STATE AND COUNTY CHARGES				
Expenditures.....	-	161,434	-	161,434

<u>Actual</u>	<u>Current Year Encumbrances and Continuing Appropriations</u>	<u>Actual and Encumbrances and Continuing Appropriations</u>	<u>Variance Positive/ (Negative)</u>
685,793	-	685,793	21,571
327,656	-	327,656	-
<u>1,013,449</u>	<u>-</u>	<u>1,013,449</u>	<u>21,571</u>
94,971	-	94,971	-
33,261	-	33,261	507
<u>128,232</u>	<u>-</u>	<u>128,232</u>	<u>507</u>
5,271	-	5,271	38
2,531	-	2,531	-
132	39	171	118
<u>2,663</u>	<u>39</u>	<u>2,702</u>	<u>118</u>
1,149,615	39	1,149,654	22,234
<u>3,111,390</u>	<u>-</u>	<u>3,111,390</u>	<u>10,207</u>
49,566	-	49,566	76
60,561	4,400	64,961	79,539
4,758,203	12,000	4,770,203	564,983
3,288	325	3,613	1,142
482,271	-	482,271	15,862
5,353,889	16,725	5,370,614	661,602
224,452	-	224,452	10,640
<u>179,483</u>	<u>-</u>	<u>179,483</u>	<u>(18,049)</u>

(continued)

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE
BUDGET AND ACTUAL

FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Prior Year Encumbrances and Continuing Appropriations	Original Budget	Supplemental Appropriations and Transfers	Final Budget
DEBT SERVICE PRINCIPAL				
Expenditures.....	-	3,030,000	-	3,030,000
DEBT SERVICE INTEREST				
Expenditures.....	-	768,521	-	768,521
TOTAL EXPENDITURES.....	1,628,152	81,110,082	(41,261)	82,696,973
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES.....	(1,628,152)	355,258	41,261	(1,231,633)
OTHER FINANCING SOURCES (USES):				
Transfers in.....	-	731,735	-	731,735
Transfers out.....	-	(1,151,884)	(41,261)	(1,193,145)
Total other financing sources (uses).....	-	(420,149)	(41,261)	(461,410)
NET CHANGE IN FUND BALANCE.....	(1,628,152)	(64,891)	-	(1,693,043)
FUND BALANCE AT BEGINNING OF YEAR.....	5,218,589	5,218,589	5,218,589	5,218,589
FUND BALANCE AT END OF YEAR.....	\$ 3,590,437	\$ 5,153,698	\$ 5,218,589	\$ 3,525,546

See notes to required supplementary information.

<u>Actual</u>	<u>Current Year Encumbrances and Continuing Appropriations</u>	<u>Actual and Encumbrances and Continuing Appropriations</u>	<u>Variance Positive/ (Negative)</u>
3,030,000	-	3,030,000	-
768,521	-	768,521	-
79,874,598	1,580,500	81,455,098	1,241,875
2,671,299	(1,580,500)	1,090,799	2,322,432
731,754	-	731,754	19
(1,193,145)	-	(1,193,145)	-
(461,391)	-	(461,391)	19
2,209,908	(1,580,500)	629,408	2,322,451
5,218,589	5,218,589	5,218,589	-
\$ 7,428,497	\$ 3,638,089	\$ 5,847,997	\$ 2,322,451

(concluded)

COMMUNITY PRESERVATION FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL

FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Prior Year Encumbrances and Continuing Appropriations	Original Budget	Supplemental Appropriations and Transfers	Final Budget
REVENUES				
Community preservation surcharges.....	\$ -	\$ 1,526,047	\$ -	\$ 1,526,047
Intergovernmental	-	443,953	-	443,953
Investment income.....	-	-	-	-
TOTAL REVENUES.....	-	1,970,000	-	1,970,000
EXPENDITURES				
Current:				
Administrative.....	-	82,750	-	82,750
Acquisitions and projects.....	805,999	641,000	-	1,446,999
Debt service:				
Principal.....	-	790,000	-	790,000
Interest.....	-	316,992	-	316,992
TOTAL EXPENDITURES.....	805,999	1,830,742	-	2,636,741
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES.....	(805,999)	139,258	-	(666,741)
OTHER FINANCING SOURCES (USES)				
Transfers out.....	-	(200,000)	-	(200,000)
NET CHANGE IN FUND BALANCE.....	(805,999)	(60,742)	-	(866,741)
FUND BALANCE AT BEGINNING OF YEAR...	8,952,251	8,952,251	8,952,251	8,952,251
FUND BALANCE AT END OF YEAR.....	\$ 8,146,252	\$ 8,891,509	\$ 8,952,251	\$ 8,085,510

See notes to required supplementary information.

<u>Actual</u>	<u>Current Year Encumbrances and Continuing Appropriations</u>	<u>Actual and Encumbrances and Continuing Appropriations</u>	<u>Variance Positive/ (Negative)</u>
\$ 1,582,040	\$ -	\$ 1,582,040	\$ 55,993
443,953	-	443,953	-
48,566	-	48,566	48,566
<u>2,074,559</u>	<u>-</u>	<u>2,074,559</u>	<u>104,559</u>
59,040	-	59,040	23,710
555,158	853,751	1,408,909	38,090
790,000	-	790,000	-
316,992	-	316,992	-
<u>1,721,190</u>	<u>853,751</u>	<u>2,574,941</u>	<u>61,800</u>
353,369	(853,751)	(500,382)	166,359
<u>(200,000)</u>	<u>-</u>	<u>(200,000)</u>	<u>-</u>
153,369	(853,751)	(700,382)	166,359
<u>8,952,251</u>	<u>8,952,251</u>	<u>8,952,251</u>	<u>-</u>
<u>\$ 9,105,620</u>	<u>\$ 8,098,500</u>	<u>\$ 8,251,869</u>	<u>\$ 166,359</u>

PENSION PLAN SCHEDULES

The following schedules provide information related to the System as a whole, for which the Town is one participating employer:

SCHEDULES OF FUNDING PROGRESS (SYSTEM)

Actuarial Valuation Date	Actuarial Value of Assets (A)	Actuarial Accrued Liability (AAL) Entry Age (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	\$ 862,323,395	\$ 1,974,144,909	\$ 1,111,821,514	43.7%	\$ 393,100,995	282.8%
01/01/10	819,987,914	1,742,380,855	922,392,941	47.1%	384,598,692	239.8%
01/01/08	774,863,669	1,529,806,307	754,942,638	50.7%	360,206,302	209.6%
01/01/06	653,156,866	1,364,582,969	711,426,103	47.9%	330,999,861	214.9%
01/01/04	618,163,380	1,223,828,127	605,664,747	50.5%	306,025,949	197.9%
01/01/02	599,699,143	1,020,828,178	421,129,035	58.7%	280,740,439	150.0%

SCHEDULE OF EMPLOYER CONTRIBUTIONS (SYSTEM)

Year Ended December 31	Annually Required Contributions (ARC)	Percentage of ARC Contributed (%)
2007	\$ 64,053,064	100
2008	71,233,749	100
2009	74,126,190	100
2010	76,270,263	100
2011	79,640,599	100
2012	83,308,220	100

The following schedule provides information related to the Town's portion of the System's ARC:

TOWN SHARE OF SYSTEM ARC

Fiscal Year Ended	ARC	Percentage of ARC Contributed (%)	Town ARC as a Percentage of System ARC (%)
2008	\$ 2,308,957	100	3.6%
2009	2,621,713	100	3.7%
2010	2,670,190	100	3.6%
2011	2,789,175	100	3.7%
2012	2,981,011	100	3.7%
2013	3,071,597	100	3.7%

OTHER POSTEMPLOYMENT BENEFITS SCHEDULES

The following schedules provide information related to the Town’s other postemployment benefits plan:

SCHEDULES OF FUNDING PROGRESS

Actuarial Valuation Date	Actuarial Value of Assets (A)	Actuarial Accrued Liability (AAL) Projected Unit Credit (B)	Unfunded AAL (UAAL) (B-A)	Funded Ratio (A/B)	Covered Payroll (C)	UAAL as a Percentage of Covered Payroll ((B-A)/C)
07/01/07	\$ -	\$ 27,874,000	\$ 27,874,000	-	\$ 30,539,000	91.3%
07/01/09	-	36,411,392	36,411,392	-	26,874,811	135.5%
07/01/11	-	34,275,241	34,275,241	-	31,225,800	109.8%

The significant changes to the methods and assumptions used in the actuarial valuations identified above that impacted trends in the schedules of funding progress are as follows:

- The actuarial cost method was changed from entry age normal (07/01/07 valuation) to project unit credit (07/01/09 valuation)
- The interest discount rate was changed from 5.0% (07/01/07 valuation) to 4.0% (07/01/09 valuation) and 3.5% (07/01/11 valuation), respectively
- The 07/01/11 valuation reflects the Town’s change in health insurance coverage to the GIC beginning in fiscal year 2014

NOTE A - BUDGETARY - GAAP RECONCILIATION

For budgetary financial reporting purposes, the Uniform Massachusetts Accounting System basis of accounting (established by the Commonwealth) is followed, which differs from the GAAP basis of accounting. A reconciliation of budgetary-basis to GAAP-basis results for the general fund and community preservation fund for the fiscal year ended June 30, 2013, is presented below:

General Fund

	<u>Revenues</u>	<u>Expenditures</u>	<u>Other Financing Sources (Uses)</u>
Budgetary basis as reported on the schedule of revenues, expenditures and changes in fund balance - budget and actual.....	\$ 82,545,897	\$ 81,455,098	\$ (461,391)
<u>Reclassifications</u>			
Activity of stabilization fund recorded in the general fund for GAAP purposes.....	(1,114)	-	-
Activity of health insurance, workers' compensation and OPEB retiree trusts recorded in the general fund for GAAP purposes.....	48,031	1,809,157	1,133,046
<u>Adjustments</u>			
Net change in recording 60-day receipts.....	(95,255)	-	-
Net change in recording tax refunds payable.....	(44,351)	-	-
To record MTRS on-behalf payments.....	5,501,261	5,501,261	-
Net change in recording other expenditures.....	-	24,997	-
To record capital leases.....	-	260,819	260,819
To record encumbrances and continuing appropriations.....	-	(1,580,500)	-
GAAP basis as reported on the statement of revenues, expenditures and changes in fund balances.....	<u>\$ 87,954,469</u>	<u>\$ 87,470,832</u>	<u>\$ 932,474</u>

Community Preservation Fund

	<u>Revenues</u>	<u>Expenditures</u>	<u>Other Financing Sources (Uses)</u>
Budgetary basis as reported on the schedule of revenues, expenditures and changes in fund balance - budget and actual.....	\$ 2,074,559	\$ 2,574,941	\$ (200,000)
<u>Reclassifications</u>			
Activity of capital projects funded by debt and capital grants recorded in the CPA fund for GAAP purposes.....	400,000	8,426,274	3,085,820
<u>Adjustments</u>			
To record encumbrances and continuing appropriations.....	<u>-</u>	<u>(853,751)</u>	<u>-</u>
GAAP basis as reported on the statement of revenues, expenditures and changes in fund balances.....	<u>\$ 2,474,559</u>	<u>\$ 10,147,464</u>	<u>\$ 2,885,820</u>

NOTE B - PENSION PLAN

Additional information as of the latest actuarial valuation is as follows:

Valuation date:	January 1, 2012
Actuarial cost method:	Entry age normal
Amortization method:	Prior year's total contribution increased by 6.5% for fiscal 2014 through fiscal 2020, and thereafter the remaining unfunded liability will be amortized on a 4.0% annual increasing basis; ERI liability amortized in level payments
Remaining amortization period (open):	As of July 1, 2012, 7 years remaining for 2002 ERI liability, 8 years remaining for 2003 ERI liability, 10 years remaining for 2010 ERI liability and 23 years for remaining unfunded liability
Asset valuation method:	The difference between the expected return and the actual investment return on a market value basis is recognized over a five-year period as described by Revenue Procedure 2000-40
<u>Actuarial assumptions:</u>	
Investment rate of return:	8.00%
Projected salary increases:	4.75% for Group 1 and 5.25% for Group 4
Cost of living adjustments:	3.00% of first \$14,000 of retirement income

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Combining and Individual Fund Statements and Schedules



Sudbury Solar One facility located at Sudbury's closed landfill. Completed in November 2013, this 1.5 MW solar farm will generate 1.9 million kWh from more than 6,000, 250-watt modules on the site.

Nonmajor Governmental Funds

Special Revenue Funds

Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The special revenue funds are grouped into the following categories:

School Lunch – accounts for the activity of the school lunch program, which includes charges for services and state and federal reimbursements for meals served.

Affordable Housing – accounts for the activity of the fund established in accordance with MGL, Chapter 44, Section 55C to provide for the creation and preservation of affordable housing within the Town

Revolving – accounts for the activity of revolving funds established in accordance with MGL.

Receipts Reserved – accounts for receipts that are designated to fund and supplement specific operating budgets of various departments.

Grants – accounts for federal and state grant funds that are restricted for specific programs.

Other – accounts for all other special revenue funds.

Capital Projects Funds

Capital projects funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. Capital projects funds exclude those types of capital-related outflows financed by proprietary funds or for assets that will be held in trust for individuals, private organizations, or other governments. The capital projects funds are grouped into the following categories:

Streets and Sidewalks – accounts for the proceeds of bonds sold, intergovernmental grants and transfers in used to finance the cost of street, sidewalk and other similar infrastructure construction and improvements.

School – accounts for the proceeds of bonds sold, intergovernmental grants and transfers in used to finance school construction and improvements.

Other – accounts for all other capital projects funds.

Permanent Funds

Permanent funds are used to account for and report resources that are restricted to the extent that only earnings, and not principal, may be used for purposes that support the government's programs and benefit the government or its citizenry. The permanent funds are grouped into the following categories:

Cemetery Perpetual Care – accounts for various gifts, bequests and contributions held for which only earnings may be expended for purposes specified by the donor in relation to maintaining cemeteries and cemetery lots

Other - accounts for all other permanent funds.

NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET

JUNE 30, 2013

	<i>Special Revenue Funds</i>						
	School Lunch	Affordable Housing	Revolving	Receipts Reserved	Grants	Other	Sub-total
ASSETS							
Restricted cash and cash equivalents.....	\$ 184,203	\$ 560,281	3,088,289	\$ 1,510,701	\$ 214,132	\$ 715,124	\$ 6,272,730
Restricted investments.....	-	235,622	-	-	-	-	235,622
Receivables, net of allowance for uncollectible amounts:							
Departmental and other.....	-	-	-	341,053	-	-	341,053
Intergovernmental.....	-	-	-	-	291,876	-	291,876
TOTAL ASSETS.....	\$ 184,203	\$ 795,903	3,088,289	\$ 1,851,754	\$ 506,008	\$ 715,124	\$ 7,141,281
LIABILITIES AND FUND BALANCES							
LIABILITIES:							
Warrants payable.....	\$ 73,776	\$ 475,200	15,000	\$ -	\$ -	\$ -	563,976
Other liabilities.....	-	-	99,579	-	-	-	99,579
Deferred revenue.....	-	-	-	341,053	25,460	-	366,513
Short-term notes payable.....	-	-	-	-	-	-	-
TOTAL LIABILITIES.....	73,776	475,200	114,579	341,053	25,460	-	1,030,068
FUND BALANCES:							
Nonspendable.....	-	-	-	-	-	-	-
Restricted.....	110,427	320,703	2,973,710	1,510,701	480,548	715,124	6,111,213
Committed.....	-	-	-	-	-	-	-
TOTAL FUND BALANCES.....	110,427	320,703	2,973,710	1,510,701	480,548	715,124	6,111,213
TOTAL LIABILITIES AND FUND BALANCES.....	\$ 184,203	\$ 795,903	3,088,289	\$ 1,851,754	\$ 506,008	\$ 715,124	\$ 7,141,281

<i>Capital Projects Funds</i>				<i>Permanent Funds</i>			Total Nonmajor Governmental Funds
Streets and Sidewalks	School	Other	Sub-total	Cemetery Perpetual Care	Other	Sub-total	
\$ 5,198	\$ 561,246	\$ 105,825	\$ 672,269	\$ 7,277	\$ 5,344	\$ 12,621	\$ 6,957,620
-	-	-	-	939,004	689,552	1,628,556	1,864,178
-	-	-	-	-	-	-	341,053
-	-	-	-	-	-	-	291,876
<u>\$ 5,198</u>	<u>\$ 561,246</u>	<u>\$ 105,825</u>	<u>\$ 672,269</u>	<u>\$ 946,281</u>	<u>\$ 694,896</u>	<u>\$ 1,641,177</u>	<u>\$ 9,454,727</u>
\$ -	\$ 202,635	\$ -	\$ 202,635	\$ -	\$ -	\$ -	\$ 766,611
-	-	-	-	-	-	-	99,579
-	-	-	-	-	-	-	366,513
-	70,000	-	70,000	-	-	-	70,000
-	272,635	-	272,635	-	-	-	1,302,703
-	-	-	-	817,427	217,449	1,034,876	1,034,876
5,198	288,611	45,603	339,412	128,854	477,447	606,301	7,056,926
-	-	60,222	60,222	-	-	-	60,222
<u>5,198</u>	<u>288,611</u>	<u>105,825</u>	<u>399,634</u>	<u>946,281</u>	<u>694,896</u>	<u>1,641,177</u>	<u>8,152,024</u>
<u>\$ 5,198</u>	<u>\$ 561,246</u>	<u>\$ 105,825</u>	<u>\$ 672,269</u>	<u>\$ 946,281</u>	<u>\$ 694,896</u>	<u>\$ 1,641,177</u>	<u>\$ 9,454,727</u>

NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	<i>Special Revenue Funds</i>						
	School Lunch	Affordable Housing	Revolving	Receipts Reserved	Grants	Other	Sub-total
REVENUES							
Charges for services.....	\$ -	\$ -	-	\$ 646,323	\$ -	\$ -	\$ 646,323
Intergovernmental	77,814	-	173,479	-	2,221,021	5,348	2,477,662
Licenses and permits.....	-	-	70,785	-	-	-	70,785
Fines and forfeitures.....	-	-	12,380	-	-	-	12,380
Departmental and other.....	578,511	53,004	2,566,293	-	-	109,301	3,307,109
Contributions.....	-	-	1,945	-	-	186,077	188,022
Investment income.....	-	6,908	-	-	8	6	6,922
TOTAL REVENUES.....	656,325	59,912	2,824,882	646,323	2,221,029	300,732	6,709,203
EXPENDITURES							
Current:							
General government.....	-	-	239,209	-	15,983	10,348	265,540
Public safety.....	-	-	88,401	-	169,632	24,814	282,847
Education.....	734,925	-	1,606,152	-	2,046,280	156,191	4,543,548
Public works.....	-	-	16,849	-	1,202	29,357	47,408
Health and human services.....	-	557,090	87,576	-	19,661	14,695	679,022
Culture and recreation.....	-	-	788,978	-	11,460	16,008	816,446
TOTAL EXPENDITURES.....	734,925	557,090	2,827,165	-	2,264,218	251,413	6,634,811
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES.....	(78,600)	(497,178)	(2,283)	646,323	(43,189)	49,319	74,392
OTHER FINANCING SOURCES (USES)							
Transfers in.....	-	200,000	-	30,000	-	-	230,000
Issuance of bonds and notes.....	-	-	-	-	-	-	-
Transfers out.....	-	-	(3,180)	(711,673)	-	-	(714,853)
TOTAL OTHER FINANCING SOURCES (USES).....	-	200,000	(3,180)	(681,673)	-	-	(484,853)
NET CHANGE IN FUND BALANCES.....	(78,600)	(297,178)	(5,463)	(35,350)	(43,189)	49,319	(410,461)
FUND BALANCES AT BEGINNING OF YEAR.....	189,027	617,881	2,979,173	1,546,051	523,737	665,805	6,521,674
FUND BALANCES AT END OF YEAR.....	\$ 110,427	\$ 320,703	2,973,710	\$ 1,510,701	\$ 480,548	\$ 715,124	\$ 6,111,213

<i>Capital Projects Funds</i>				<i>Permanent Funds</i>			Total Nonmajor Governmental Funds
Streets and Sidewalks	School	Other	Sub-total	Cemetery Perpetual Care	Other	Sub-total	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 646,323
787,984	55,804	-	843,788	-	-	-	3,321,450
-	-	-	-	-	-	-	70,785
-	-	-	-	-	-	-	12,380
-	-	-	-	49,704	8,461	58,165	3,307,109
-	-	-	-	61,131	45,797	106,928	246,187
787,984	55,804	-	843,788	110,835	54,258	165,093	113,850
-	-	-	-	-	-	-	7,718,084
-	-	-	-	-	547	547	266,087
-	-	-	-	-	-	-	282,847
-	262,152	-	262,152	-	-	-	4,805,700
787,984	-	-	787,984	16,929	910	17,839	853,231
-	-	-	-	-	5,267	5,267	684,289
-	-	-	-	-	24,184	24,184	840,630
787,984	262,152	-	1,050,136	16,929	30,908	47,837	7,732,784
-	(206,348)	-	(206,348)	93,906	23,350	117,256	(14,700)
-	-	22,000	22,000	-	-	-	252,000
-	430,000	-	430,000	-	-	-	430,000
-	-	-	-	-	-	-	(714,853)
-	430,000	22,000	452,000	-	-	-	(32,853)
-	223,652	22,000	245,652	93,906	23,350	117,256	(47,553)
5,198	64,959	83,825	153,982	852,375	671,546	1,523,921	8,199,577
<u>\$ 5,198</u>	<u>\$ 288,611</u>	<u>\$ 105,825</u>	<u>\$ 399,634</u>	<u>\$ 946,281</u>	<u>\$ 694,896</u>	<u>\$ 1,641,177</u>	<u>\$ 8,152,024</u>

Nonmajor Enterprise Funds

Enterprise funds are reported using the flow of economic resources measurement focus and use the accrual basis of accounting, whereby revenues are recorded when earned and expenses are recorded when the liabilities are incurred.

Enterprise 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 the proprietary funds principal ongoing operations. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The following nonmajor enterprise funds are reported:

Swimming Pool Enterprise - accounts for recreational swimming pool activities.

Transfer Station Enterprise - accounts for transfer station activities.

Recreation Field Maintenance Enterprise - accounts for recreation field maintenance activities.

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ENTERPRISE FUNDS
COMBINING STATEMENT OF FUND NET POSITION

JUNE 30, 2013

ASSETS	Swimming Pool	Transfer Station	Recreation Field Maintenance	Total Nonmajor Enterprise Funds
Current assets:				
Cash and cash equivalents.....	\$ 240,571	\$ 302,186	\$ 206,976	\$ 749,733
Restricted cash and cash equivalents.....	9,128	106,280	-	115,408
Receivables, net of allowance for uncollectible amounts:				
Departmental and other.....	-	7,750	-	7,750
Total current assets.....	249,699	416,216	206,976	872,891
Noncurrent assets:				
Capital assets not being depreciated.....	-	192,500	-	192,500
Capital assets, net of accumulated depreciation.....	869,176	-	-	869,176
Total noncurrent assets.....	869,176	192,500	-	1,061,676
Total assets.....	1,118,875	608,716	206,976	1,934,567
LIABILITIES				
Current liabilities:				
Warrants payable.....	3,442	6,801	3,019	13,262
Accrued payroll.....	3,405	2,808	470	6,683
Unearned revenue.....	9,128	106,280	-	115,408
Compensated absences.....	2,034	137	-	2,171
Total current liabilities.....	18,009	116,026	3,489	137,524
Noncurrent liabilities:				
Compensated absences.....	18,310	1,234	-	19,544
Net OPEB obligation.....	123,902	43,902	13,216	181,020
Total noncurrent liabilities.....	142,212	45,136	13,216	200,564
Total liabilities.....	160,221	161,162	16,705	338,088
FUND NET POSITION				
Net investment in capital assets.....	869,176	192,500	-	1,061,676
Unrestricted.....	89,478	255,054	190,271	534,803
Total fund net position.....	\$ 958,654	\$ 447,554	\$ 190,271	\$ 1,596,479

ENTERPRISE FUNDS
 COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Swimming Pool	Transfer Station	Recreation Field Maintenance	Total Nonmajor Enterprise Funds
OPERATING REVENUES				
Charges for services.....	\$ 524,908	\$ 337,290	\$ 203,344	\$ 1,065,542
OPERATING EXPENSES				
Cost of service and administration.....	463,157	217,214	75,519	755,890
Repairs and maintenance.....	75,717	18,314	75,485	169,516
Depreciation.....	55,635	-	-	55,635
TOTAL OPERATING EXPENSES.....	594,509	235,528	151,004	981,041
OPERATING INCOME (LOSS).....	(69,601)	101,762	52,340	84,501
NONOPERATING REVENUES (EXPENSES)				
Investment income.....	214	680	332	1,226
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS.....	(69,387)	102,442	52,672	85,727
Capital contributions.....	187,500	-	-	187,500
Transfers in.....	10,253	267	740	11,260
Transfers out.....	-	(20,062)	-	(20,062)
CHANGES IN FUND NET POSITION.....	128,366	82,647	53,412	264,425
FUND NET POSITION AT BEGINNING OF YEAR.....	830,288	364,907	136,859	1,332,054
FUND NET POSITION AT END OF YEAR.....	\$ 958,654	\$ 447,554	\$ 190,271	\$ 1,596,479

ENTERPRISE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Swimming Pool	Transfer Station	Recreation Field Maintenance	Total Nonmajor Enterprise Funds
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers and users.....	\$ 524,750	\$ 312,132	\$ 203,344	\$ 1,040,226
Payments to vendors.....	(207,053)	(114,672)	(95,551)	(417,276)
Payments to employees.....	(312,064)	(110,686)	(52,240)	(474,990)
NET CASH FROM OPERATING ACTIVITIES.....	<u>5,633</u>	<u>86,774</u>	<u>55,553</u>	<u>147,960</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers in.....	10,253	267	740	11,260
Transfers out.....	-	(20,062)	-	(20,062)
NET CASH FROM NONCAPITAL FINANCING ACTIVITIES.....	<u>10,253</u>	<u>(19,795)</u>	<u>740</u>	<u>(8,802)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Capital contributions.....	187,500	-	-	187,500
Acquisition and construction of capital assets.....	(367,409)	-	-	(367,409)
NET CASH FROM CAPITAL AND RELATED FINANCING ACTIVITIES....	<u>(179,909)</u>	<u>-</u>	<u>-</u>	<u>(179,909)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Investment income.....	<u>214</u>	<u>680</u>	<u>332</u>	<u>1,226</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS.....	(163,809)	67,659	56,625	(39,525)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR.....				
(Includes \$9,286 and \$129,188 reported as restricted in the Swimming Pool and Transfer Station enterprise funds, respectively).....	<u>413,508</u>	<u>340,807</u>	<u>150,351</u>	<u>904,666</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR.....				
(Includes \$9,128 and \$106,280 reported as restricted in the Swimming Pool and Transfer Station enterprise funds, respectively).....	<u>\$ 249,699</u>	<u>\$ 408,466</u>	<u>\$ 206,976</u>	<u>\$ 865,141</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES				
Operating income (loss).....	\$ (69,601)	\$ 101,762	\$ 52,340	\$ 84,501
Adjustments to reconcile operating income (loss) to net cash from operating activities:				
Adjustments not requiring current cash flows:				
Depreciation.....	55,635	-	-	55,635
Net OPEB obligation.....	25,203	8,915	4,244	38,362
Adjustments requiring current cash flows:				
Departmental and other.....	-	(2,250)	-	(2,250)
Warrants payable.....	(6,358)	1,234	(1,501)	(6,625)
Accrued payroll.....	6	152	470	628
Unearned revenue.....	(158)	(22,908)	-	(23,066)
Compensated absences.....	906	(131)	-	775
Total adjustments.....	<u>75,234</u>	<u>(14,988)</u>	<u>3,213</u>	<u>63,459</u>
NET CASH FROM OPERATING ACTIVITIES.....	<u>\$ 5,633</u>	<u>\$ 86,774</u>	<u>\$ 55,553</u>	<u>\$ 147,960</u>

Private Purpose Trust Funds

Private-purpose trust funds are used to account for trust arrangements, other than those reported in permanent funds, under which principal and investment income exclusively benefits individuals, private organizations, or other governments.

The following private purpose trust funds are reported:

Walker Walsh Alumni – this fund provides small scholarships.

Outdoor Classroom – this fund provides small scholarships to elementary school students for the Outdoor Classroom program.

Discretionary – comprising of monies from wills and trusts going as far back as 1697, this fund provides small gifts to individual residents of Sudbury based on financial need.

Raymond Scholarship – established in 1925 by Lydia G. Raymond for the promotion of higher education in the Sudbury High School, this fund annually provides one-time modest academic scholarship to a graduating senior at Lincoln-Sudbury Regional High School.

Cavanaugh – named for Cheri-Anne Cavanaugh, a 16-year-old Sudbury resident who died in April 1992, this fund was established by her family and friends to perpetuate her memory and to help the youth of Sudbury.

Garfield – bequeathed in 1962 by Thomas Garfield, this fund provides for the permanent care, maintenance and improvements specifically for Mount Pleasant Cemetery and to supplement the Perpetual Care Fund.

Boundless Playground Maintenance – this fund helps maintain the loop walking trail at Haskell Field.

PRIVATE PURPOSE TRUST FUNDS
COMBINING STATEMENT OF FIDUCIARY NET POSITION

JUNE 30, 2013

	<u>Walker Walsh Alumni</u>	<u>Outdoor Classroom</u>	<u>Discretionary</u>	<u>Raymond Scholarship</u>
ASSETS				
Cash and cash equivalents.....	\$ <u>3,793</u>	\$ <u>481</u>	\$ <u>61,949</u>	\$ <u>16,016</u>
NET POSITION				
Assets held for other purposes.....	\$ <u><u>3,793</u></u>	\$ <u><u>481</u></u>	\$ <u><u>61,949</u></u>	\$ <u><u>16,016</u></u>

<u>Cavanaugh</u>	<u>Garfield</u>	<u>Boundless Playground Maintenance</u>	<u>Total Private Purpose Trust Funds</u>
\$ 11,857	\$ 46,556	\$ 15,888	\$ 156,540
<u>\$ 11,857</u>	<u>\$ 46,556</u>	<u>\$ 15,888</u>	<u>\$ 156,540</u>

PRIVATE PURPOSE TRUST FUNDS
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Walker Walsh Alumni	Outdoor Classroom	Discretionary	Raymond Scholarship
ADDITIONS				
Contributions:				
Private donations.....	\$ -	\$ -	\$ 286	\$ -
Net investment income:				
Net appreciation/ (depreciation) in fair value of investments.....	-	-	2,441	625
Interest.....	<u>8</u>	<u>1</u>	<u>1,699</u>	<u>435</u>
Total investment income (loss).....	<u>8</u>	<u>1</u>	<u>4,140</u>	<u>1,060</u>
TOTAL ADDITIONS.....	8	1	4,426	1,060
DEDUCTIONS				
Other.....	<u>-</u>	<u>-</u>	<u>1,500</u>	<u>-</u>
CHANGE IN NET POSITION.....	8	1	2,926	1,060
NET POSITION AT BEGINNING OF YEAR.....	<u>3,785</u>	<u>480</u>	<u>59,023</u>	<u>14,956</u>
NET POSITION AT END OF YEAR.....	<u>\$ 3,793</u>	<u>\$ 481</u>	<u>\$ 61,949</u>	<u>\$ 16,016</u>

<u>Cavanaugh</u>	<u>Garfield</u>	<u>Boundless Playground Maintenance</u>	<u>Total Private Purpose Trust Funds</u>
\$ 702	\$ -	\$ -	\$ 988
451	1,816	-	5,333
<u>324</u>	<u>1,264</u>	<u>1,051</u>	<u>4,782</u>
775	3,080	1,051	10,115
1,477	3,080	1,051	11,103
<u>720</u>	<u>-</u>	<u>-</u>	<u>2,220</u>
757	3,080	1,051	8,883
<u>11,100</u>	<u>43,476</u>	<u>14,837</u>	<u>147,657</u>
<u>\$ 11,857</u>	<u>\$ 46,556</u>	<u>\$ 15,888</u>	<u>\$ 156,540</u>

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Agency Funds

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

AGENCY FUND
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Balance at July 1, 2012	Additions	Deletions	Balance at June 30, 2013
ASSETS				
Cash and cash equivalents.....	\$ 509,460	\$ 1,154,898	\$ (1,241,414)	\$ 422,944
Receivables, net of allowance for uncollectibles:				
Departmental and other.....	111,874	59,389	(67,086)	104,177
TOTAL ASSETS.....	621,334	1,214,287	(1,308,500)	527,121
LIABILITIES				
Liabilities due depositors.....	\$ 621,334	\$ 1,147,201	\$ (1,241,414)	\$ 527,121

Statistical Section

Statistical Section

This part of the Town of Sudbury's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the Town's overall financial health.

Financial Trends (pages 111 – 122)

These schedules contain trend information to help the reader understand how the Town's financial performance and well-being have changed over time.

Revenue Capacity (pages 123 – 126)

These schedules contain information to help the reader assess the Town's most significant local revenue source, the property tax.

Debt Capacity (pages 127 – 131)

These schedules contain information to help the reader assess the affordability of the Town's current levels of outstanding debt and the Town's ability to issue additional debt in the future.

Demographic and Economic Information (pages 132 – 133)

These schedules offer demographic and economic indicators to help the reader understand the environment within which the Town's financial activities take place.

Operating Information (pages 134 – 137)

These schedules contain service and infrastructure data to help the reader understand how the information in the Town's financial report relates to the services the Town provides and the activities it performs.

Sources: Unless otherwise noted, the information in these schedules is derived from the audited financial statements for the relevant year.

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NET POSITION BY COMPONENT (1)
(ACCRUAL BASIS OF ACCOUNTING)

LAST TEN FISCAL YEARS

	2004	2005	2006
Governmental Activities			
Net investment in capital assets (1).....	\$ 57,435,322	\$ 55,026,501	\$ 61,188,584
Restricted.....	5,236,360	10,149,495	8,374,793
Unrestricted.....	<u>14,673,362</u>	<u>15,432,819</u>	<u>16,448,505</u>
Total governmental activities net position.....	<u>\$ 77,345,044</u>	<u>\$ 80,608,815</u>	<u>\$ 86,011,882</u>
Business-Type Activities			
Net investment in capital assets (1).....	\$ 862,425	\$ 825,000	\$ 927,197
Unrestricted.....	<u>194,777</u>	<u>265,266</u>	<u>219,036</u>
Total business-type activities net position.....	<u>\$ 1,057,202</u>	<u>\$ 1,090,266</u>	<u>\$ 1,146,233</u>
Primary Government			
Net investment in capital assets (1).....	\$ 58,297,747	\$ 55,851,501	\$ 62,115,781
Restricted.....	5,236,360	10,149,495	8,374,793
Unrestricted.....	<u>14,868,139</u>	<u>15,698,085</u>	<u>16,667,541</u>
Total primary government net position.....	<u>\$ 78,402,246</u>	<u>\$ 81,699,081</u>	<u>\$ 87,158,115</u>

(1) Net position and net investment in capital assets terminology per GASB # 63 is being utilized

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
\$	68,169,867	\$ 63,365,796	\$ 64,747,670	\$ 51,953,929	\$ 55,452,411	\$ 58,397,014	\$ 65,231,955
	9,062,653	11,293,988	12,065,357	23,392,819	23,923,074	23,976,367	18,622,121
	<u>16,942,180</u>	<u>16,901,816</u>	<u>14,470,714</u>	<u>16,684,407</u>	<u>13,670,650</u>	<u>11,781,998</u>	<u>10,254,635</u>
\$	<u>94,174,700</u>	<u>91,561,600</u>	<u>91,283,741</u>	<u>92,031,155</u>	<u>93,046,135</u>	<u>94,155,379</u>	<u>94,108,711</u>
\$	884,783	\$ 862,234	\$ 754,423	\$ 695,948	\$ 664,801	\$ 749,902	\$ 1,061,676
	<u>259,548</u>	<u>271,900</u>	<u>219,863</u>	<u>290,876</u>	<u>313,845</u>	<u>582,152</u>	<u>534,803</u>
\$	<u>1,144,331</u>	<u>1,134,134</u>	<u>974,286</u>	<u>986,824</u>	<u>978,646</u>	<u>1,332,054</u>	<u>1,596,479</u>
\$	69,054,650	\$ 64,228,030	\$ 65,502,093	\$ 52,649,877	\$ 56,117,212	\$ 59,146,916	\$ 66,293,631
	9,062,653	11,293,988	12,065,357	23,392,819	23,923,074	23,976,367	18,622,121
	<u>17,201,728</u>	<u>17,173,716</u>	<u>14,690,577</u>	<u>16,975,283</u>	<u>13,984,495</u>	<u>12,364,150</u>	<u>10,789,438</u>
\$	<u>95,319,031</u>	<u>92,695,734</u>	<u>92,258,027</u>	<u>93,017,979</u>	<u>94,024,781</u>	<u>95,487,433</u>	<u>95,705,190</u>

GOVERNMENTAL ACTIVITIES
CHANGES IN NET POSITION (1) (ACCRUAL BASIS OF ACCOUNTING)

LAST TEN FISCAL YEARS

	2004	2005	2006
Expenses			
General government.....	\$ 2,475,079	\$ 3,072,582	\$ 3,033,860
Public safety.....	6,661,738	7,443,552	7,547,355
Education.....	45,885,256	49,159,945	54,524,814
Public works.....	3,123,901	4,070,244	4,070,174
Health and human services.....	780,176	755,562	751,824
Culture and recreation.....	1,914,782	2,330,661	1,942,628
Debt service - interest.....	2,263,971	1,979,109	2,242,108
Total expenses.....	63,104,903	68,811,655	74,112,763
Program Revenues			
Charges for services:			
General government.....	1,038,099	1,095,741	1,210,513
Education.....	912,768	961,512	1,098,293
Other activities.....	1,191,400	1,634,945	1,744,313
Operating grants and contributions.....	9,738,357	10,402,448	10,993,718
Capital grants and contributions.....	1,030,840	1,178,729	1,928,350
Total program revenues.....	13,911,464	15,273,375	16,975,187
Net (expense)/revenue.....	(49,193,439)	(53,538,280)	(57,137,576)
General Revenues and Other Changes in Net Position			
Real estate and personal property taxes.....	48,736,788	49,706,868	55,696,151
Motor vehicle and other excise taxes.....	2,606,528	2,854,988	2,898,295
Penalties and interest on taxes.....	183,035	253,752	338,103
Payments in lieu of taxes.....	94,772	70,688	65,409
Community preservation surcharges.....	1,099,776	1,099,476	1,243,198
Unrestricted grants and contributions.....	1,551,826	1,618,594	1,672,142
Unrestricted investment income.....	171,136	376,609	620,763
Gain (loss) on sale of capital assets.....	(74,529)	(48,606)	-
Miscellaneous.....	-	101,783	-
Transfers, net.....	67,772	5,899	6,582
Total general revenues and other changes in net position.....	54,437,104	56,040,051	62,540,643
Change in net position.....	\$ 5,243,665	\$ 2,501,771	\$ 5,403,067

(1) Net position terminology per GASB # 63 is being utilized

	2007	2008	2009	2010	2011	2012	2013
\$	3,229,179	\$ 3,424,767	\$ 4,097,471	\$ 3,929,872	\$ 4,428,038	\$ 4,355,961	\$ 4,500,902
	7,929,198	8,864,947	9,689,559	9,586,346	10,073,036	10,387,335	10,666,663
	56,684,168	61,374,045	63,231,792	64,881,039	66,646,480	68,899,135	71,085,898
	4,281,069	5,071,976	5,989,846	5,220,049	5,325,052	4,778,930	5,374,561
	773,297	876,114	1,147,667	1,242,517	1,167,143	1,419,463	2,155,946
	2,480,583	3,043,768	2,990,312	2,707,935	2,520,748	2,593,202	2,577,746
	2,079,248	1,904,610	1,880,170	1,757,230	1,476,258	1,276,313	1,260,213
	<u>77,456,742</u>	<u>84,560,227</u>	<u>89,026,817</u>	<u>89,324,988</u>	<u>91,636,755</u>	<u>93,710,339</u>	<u>97,621,929</u>
	1,149,249	1,103,156	515,050	535,596	594,722	926,973	828,595
	1,172,865	1,182,533	1,285,944	1,394,706	1,925,602	1,969,066	1,885,121
	1,766,294	1,774,252	2,030,913	2,041,777	2,145,915	2,344,633	2,403,811
	11,926,642	12,642,966	13,141,248	13,341,758	13,821,768	13,247,930	13,628,905
	2,071,929	(2,388,625)	2,257,220	1,570,899	892,330	1,824,885	1,771,662
	<u>18,086,979</u>	<u>14,314,282</u>	<u>19,230,375</u>	<u>18,884,736</u>	<u>19,380,337</u>	<u>20,313,487</u>	<u>20,518,094</u>
	<u>(59,369,763)</u>	<u>(70,245,945)</u>	<u>(69,796,442)</u>	<u>(70,440,252)</u>	<u>(72,256,418)</u>	<u>(73,396,852)</u>	<u>(77,103,835)</u>
	57,330,784	60,406,373	63,077,062	65,259,091	67,178,824	68,762,270	70,572,635
	2,585,595	3,067,729	2,680,579	2,645,117	2,886,859	2,992,057	3,265,121
	200,005	143,367	168,382	163,826	204,686	288,058	255,978
	123,777	90,079	57,494	56,102	64,515	31,030	53,377
	1,305,841	1,374,922	1,430,828	1,465,694	1,492,938	1,527,275	1,581,340
	1,747,626	1,850,319	1,697,519	1,377,564	1,238,505	1,062,794	1,250,168
	857,260	671,911	379,045	199,319	175,476	109,456	69,757
	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
	16,000	28,145	27,674	20,953	29,595	(266,854)	8,801
	<u>64,166,888</u>	<u>67,632,845</u>	<u>69,518,583</u>	<u>71,187,666</u>	<u>73,271,398</u>	<u>74,506,086</u>	<u>77,057,177</u>
\$	<u>4,797,125</u>	\$ <u>(2,613,100)</u>	\$ <u>(277,859)</u>	\$ <u>747,414</u>	\$ <u>1,014,980</u>	\$ <u>1,109,234</u>	\$ <u>(46,658)</u>

BUSINESS-TYPE ACTIVITIES
CHANGES IN NET POSITION (1) (ACCRUAL BASIS OF ACCOUNTING)

LAST TEN FISCAL YEARS

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Expenses				
Pool.....	\$ 397,976	\$ 404,333	\$ 422,041	\$ 433,709
Transfer station.....	205,861	242,350	236,954	246,552
Recreation field maintenance.....	-	-	-	-
Total expenses.....	<u>603,837</u>	<u>646,683</u>	<u>658,995</u>	<u>680,261</u>
Program Revenues				
Charges for services.....				
Pool.....	410,758	410,241	421,076	412,299
Transfer station.....	241,940	275,405	300,468	282,060
Recreation field maintenance.....	-	-	-	-
Operating grants and contributions.....	-	-	-	-
Capital grants and contributions.....	-	-	-	-
Total program revenues.....	<u>652,698</u>	<u>685,646</u>	<u>721,544</u>	<u>694,359</u>
Net (expense)/revenue.....	48,861	38,963	62,549	14,098
General Revenues and Transfers				
Transfers, net.....	<u>(67,772)</u>	<u>(5,899)</u>	<u>(6,582)</u>	<u>(16,000)</u>
Change in net position.....	<u>\$ (18,911)</u>	<u>\$ 33,064</u>	<u>\$ 55,967</u>	<u>\$ (1,902)</u>

(1) Net position terminology per GASB # 63 is being utilized

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
\$	451,288	\$ 507,235	\$ 512,957	\$ 550,289	\$ 453,150	\$ 594,509
	257,880	369,282	292,670	271,114	266,437	235,529
	-	-	113,606	192,249	130,075	151,004
	<u>709,168</u>	<u>876,517</u>	<u>919,233</u>	<u>1,013,652</u>	<u>849,662</u>	<u>981,042</u>
	437,832	436,596	463,664	487,165	475,774	524,908
	289,284	299,809	327,238	362,895	220,218	337,290
	-	-	160,038	183,741	218,163	203,344
	-	7,938	1,784	1,268	781	1,226
	-	-	-	-	21,280	187,500
	<u>727,116</u>	<u>744,343</u>	<u>952,724</u>	<u>1,035,069</u>	<u>936,216</u>	<u>1,254,268</u>
	17,948	(132,174)	33,491	21,417	86,554	273,226
	<u>(28,145)</u>	<u>(27,674)</u>	<u>(20,953)</u>	<u>(29,595)</u>	<u>266,854</u>	<u>(8,801)</u>
\$	<u><u>(10,197)</u></u>	<u><u>(159,848)</u></u>	<u><u>12,538</u></u>	<u><u>(8,178)</u></u>	<u><u>353,408</u></u>	<u><u>264,425</u></u>

PRIMARY GOVERNMENT
CHANGES IN NET POSITION (1) (ACCRUAL BASIS OF ACCOUNTING)

LAST TEN FISCAL YEARS

	<u>2004</u>	<u>2005</u>	<u>2006</u>
Total expenses.....	\$ 63,708,740	\$ 69,458,338	\$ 74,771,758
Total program revenues.....	<u>14,564,162</u>	<u>15,959,021</u>	<u>17,696,731</u>
Net (expense)/revenue.....	(49,144,578)	(53,499,317)	(57,075,027)
Total general revenues, transfers and other changes in net position.....	<u>54,369,332</u>	<u>56,034,152</u>	<u>62,534,061</u>
Change in net position.....	\$ <u>5,224,754</u>	\$ <u>2,534,835</u>	\$ <u>5,459,034</u>

(1) Net position terminology per GASB # 63 is being utilized

<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
\$ 78,137,003	\$ 85,269,395	\$ 89,903,334	\$ 90,244,221	\$ 92,650,407	\$ 94,560,001	\$ 98,602,971
<u>18,781,338</u>	<u>15,041,398</u>	<u>19,974,718</u>	<u>19,837,460</u>	<u>20,415,406</u>	<u>21,249,703</u>	<u>21,772,362</u>
(59,355,665)	(70,227,997)	(69,928,616)	(70,406,761)	(72,235,001)	(73,310,298)	(76,830,609)
<u>64,150,888</u>	<u>67,604,700</u>	<u>69,490,909</u>	<u>71,166,713</u>	<u>73,241,803</u>	<u>74,772,940</u>	<u>77,048,376</u>
<u>\$ 4,795,223</u>	<u>\$ (2,623,297)</u>	<u>\$ (437,707)</u>	<u>\$ 759,952</u>	<u>\$ 1,006,802</u>	<u>\$ 1,462,642</u>	<u>\$ 217,767</u>

GOVERNMENTAL FUNDS
FUND BALANCES (MODIFIED ACCRUAL BASIS OF ACCOUNTING)

LAST TEN FISCAL YEARS

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
General Fund				
Reserved.....	\$ 4,386,267	\$ 4,406,977	\$ 4,975,753	\$ 7,002,192
Unreserved.....	3,313,940	3,459,054	4,439,640	3,134,718
Restricted.....	-	-	-	-
Committed.....	-	-	-	-
Assigned.....	-	-	-	-
Unassigned.....	-	-	-	-
Total general fund.....	<u>\$ 7,700,207</u>	<u>\$ 7,866,031</u>	<u>\$ 9,415,393</u>	<u>\$ 10,136,910</u>
All Other Governmental Funds				
Reserved.....	\$ 1,381,311	\$ 1,296,073	\$ 1,192,810	\$ 1,247,066
Unreserved, reported in:				
Special revenue funds.....	8,275,883	13,096,218	11,916,617	13,228,361
Capital projects funds.....	1,056,304	1,367,403	667,911	472,170
Permanent funds.....	257,266	325,880	299,418	333,475
Nonspendable.....	-	-	-	-
Restricted.....	-	-	-	-
Committed.....	-	-	-	-
Total all other governmental funds.....	<u>\$ 10,970,764</u>	<u>\$ 16,085,574</u>	<u>\$ 14,076,756</u>	<u>\$ 15,281,072</u>

(1) Fiscal year 2011 represents the first year of implementing GASB Statement # 54

2008	2009	2010	(1) 2011	2012	2013
\$ 7,883,673	\$ 7,842,901	\$ 8,139,048	\$ -	\$ -	\$ -
1,159,683	1,359,246	1,236,002	-	-	-
-	-	-	6,779,627	6,399,835	5,771,754
-	-	-	231,092	242,864	209,001
-	-	-	1,570,833	1,411,288	1,371,499
-	-	-	3,961,520	5,603,341	7,721,185
<u>\$ 9,043,356</u>	<u>\$ 9,202,147</u>	<u>\$ 9,375,050</u>	<u>\$ 12,543,072</u>	<u>\$ 13,657,328</u>	<u>\$ 15,073,439</u>
\$ 1,747,018	\$ 1,980,469	\$ 11,728,805	\$ -	\$ -	\$ -
15,023,502	15,383,602	6,130,897	-	-	-
216,944	202,403	192,101	-	-	-
287,065	154,116	195,200	-	-	-
-	-	-	1,013,539	1,034,051	1,034,876
-	-	-	16,684,900	16,057,555	11,222,092
-	-	-	65,621	60,222	60,222
<u>\$ 17,274,529</u>	<u>\$ 17,720,590</u>	<u>\$ 18,247,003</u>	<u>\$ 17,764,060</u>	<u>\$ 17,151,828</u>	<u>\$ 12,317,190</u>

GOVERNMENTAL FUNDS
CHANGES IN FUND BALANCES (MODIFIED ACCRUAL BASIS OF ACCOUNTING)

LAST TEN FISCAL YEARS

	2004	2005	2006	2007	2008
REVENUES					
Real estate and personal property taxes.....	\$ 48,914,601	\$ 49,439,489	\$ 55,331,010	\$ 56,629,289	\$ 59,955,625
Motor vehicle and other excise taxes.....	2,577,518	2,789,223	2,965,914	2,589,563	2,957,725
Tax liens.....	123,423	395,482	506,697	251,389	163,593
Payments in lieu of taxes.....	94,772	70,688	65,409	123,777	90,079
Community preservation surcharges.....	1,098,992	1,108,054	1,235,095	1,303,239	1,375,761
Charges for services.....	252,862	289,337	329,177	340,514	329,379
Intergovernmental.....	14,437,697	14,453,700	15,876,366	16,565,305	17,430,198
Penalties and interest on taxes.....	183,035	253,752	338,103	200,005	143,367
Licenses, permits and fees.....	2,648,310	3,138,178	3,446,787	3,447,489	3,502,926
Fines and forfeitures.....	118,977	131,741	173,742	164,371	123,360
Departmental and other.....	387,211	328,147	269,907	221,839	242,711
Contributions.....	182,781	265,523	134,088	238,484	408,346
Investment income.....	256,231	597,735	943,024	1,376,186	1,087,882
TOTAL REVENUES.....	71,276,410	73,261,049	81,615,319	83,451,450	87,810,952
EXPENDITURES					
Current:					
General government.....	1,958,327	2,549,470	2,763,500	2,679,753	2,903,375
Public safety.....	5,447,314	5,662,675	6,348,744	6,283,293	6,835,206
Education.....	37,464,817	40,344,770	45,165,136	46,732,328	50,217,825
Public works.....	3,324,133	3,028,115	4,253,132	3,789,252	4,687,959
Health and human services.....	525,396	535,979	577,231	619,979	705,502
Culture and recreation.....	6,334,403	1,983,871	5,220,149	3,095,329	2,614,784
Pension benefits.....	4,885,994	5,218,335	5,665,164	6,303,237	6,687,188
Employee benefits.....	4,496,359	5,224,482	5,363,527	5,560,952	6,967,279
Property and liability insurance.....	124,932	152,348	164,957	185,587	209,144
State and county charges.....	212,442	187,786	167,557	170,512	169,420
Debt service:					
Principal.....	5,645,000	4,370,000	4,395,000	4,265,000	3,585,000
Interest.....	2,255,686	2,103,446	1,997,260	1,856,395	1,680,452
TOTAL EXPENDITURES.....	72,674,803	71,361,277	82,081,357	81,541,617	87,263,134
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES.....	(1,398,393)	1,899,772	(466,038)	1,909,833	547,818
OTHER FINANCING SOURCES (USES)					
Transfers in.....	530,437	602,390	483,757	514,342	726,342
Issuance of bonds and notes.....	5,640,000	3,315,000	-	-	-
Premium from issuance of bonds and notes.....	-	-	-	-	-
Issuance of refunding bonds.....	-	17,750,000	-	-	-
Premium from issuance of refunding bonds.....	-	158,074	-	-	-
Proceeds from capital leases.....	-	-	-	-	323,940
Transfers out.....	(462,665)	(596,491)	(477,175)	(498,342)	(698,197)
Payments to refunding bond escrow agent.....	-	(17,848,111)	-	-	-
TOTAL OTHER FINANCING SOURCES (USES).....	5,707,772	3,380,862	6,582	16,000	352,085
NET CHANGE IN FUND BALANCES.....	\$ 4,309,379	\$ 5,280,634	\$ (459,456)	\$ 1,925,833	\$ 899,903
DEBT SERVICE EXPENDITURES AS A PERCENTAGE OF NONCAPITAL EXPENDITURES.....					
	11.94%	9.19%	8.44%	7.79%	6.18%

	2009	2010	2011	2012	2013
\$	62,447,823	\$ 64,346,930	\$ 66,299,400	\$ 68,328,105	\$ 69,936,527
	2,805,055	2,633,406	2,824,879	2,953,422	3,137,442
	336,130	123,646	330,168	476,967	522,311
	57,494	56,102	64,515	31,030	53,377
	1,430,652	1,457,336	1,494,705	1,529,459	1,582,040
	359,443	547,245	679,786	745,467	646,323
	16,817,428	16,269,765	16,350,975	16,897,919	16,962,299
	168,382	163,826	204,686	288,058	255,978
	533,534	477,972	511,537	554,433	778,448
	114,037	106,952	91,472	89,439	76,302
	3,094,353	2,727,664	3,372,975	3,770,842	3,718,554
	349,619	216,832	208,744	227,708	246,187
	677,015	527,712	548,552	268,019	231,324
	<u>89,190,965</u>	<u>89,655,388</u>	<u>92,982,394</u>	<u>96,160,868</u>	<u>98,147,112</u>
	2,979,703	3,155,148	6,148,845	3,242,101	11,686,201
	6,982,021	6,538,020	7,007,846	7,140,784	7,631,877
	48,860,537	50,813,562	52,710,026	56,079,405	56,325,461
	4,795,544	4,757,379	4,734,423	4,197,544	4,709,953
	1,075,681	912,367	853,183	1,100,346	1,846,680
	8,022,450	2,302,329	2,076,690	2,005,940	2,065,764
	7,272,633	7,706,478	7,877,511	8,184,635	8,612,651
	8,400,859	7,470,540	7,173,083	8,245,029	7,163,045
	215,912	199,420	213,481	218,576	224,452
	166,240	164,445	192,672	186,114	179,483
	3,500,000	3,795,000	8,925,000	3,790,000	5,431,588
	1,656,515	1,586,558	1,392,389	1,271,605	1,085,513
	<u>93,928,095</u>	<u>89,401,246</u>	<u>99,305,149</u>	<u>95,662,079</u>	<u>106,962,668</u>
	<u>(4,737,130)</u>	<u>254,142</u>	<u>(6,322,755)</u>	<u>498,789</u>	<u>(8,815,556)</u>
	1,639,470	626,333	728,684	810,738	986,915
	5,045,000	-	3,610,000	-	3,440,000
	29,613	-	1,555	48,974	-
	-	-	4,870,000	-	4,045,000
	-	-	270,580	-	144,361
	239,695	424,221	226,104	221,115	260,819
	(1,611,796)	(605,380)	(699,089)	(1,077,592)	(978,113)
	-	-	-	-	(2,501,953)
	<u>5,341,982</u>	<u>445,174</u>	<u>9,007,834</u>	<u>3,235</u>	<u>5,397,029</u>
\$	<u>604,852</u>	<u>\$ 699,316</u>	<u>\$ 2,685,079</u>	<u>\$ 502,024</u>	<u>\$ (3,418,527)</u>
	5.98%	6.23%	10.71%	5.54%	6.70%

ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY (1)

LAST TEN FISCAL YEARS

Fiscal Year	Assessed Value (2)			Total Assessed Value	Total Direct Tax Rate	Estimated Actual Value (3)	Assessed Value as a Percentage of Actual Value
	Residential Real Property	Commercial and Industrial Real Property	Personal Property				
2004	3,345,758,101	166,991,164	33,246,870	3,545,996,135	13.88	3,068,275,800	115.57%
2005	3,389,867,806	174,381,245	36,724,221	3,600,973,272	13.87	3,753,910,600	95.93%
2006	3,734,317,130	180,522,435	42,090,996	3,956,930,561	14.01	3,753,910,600	105.41%
2007	3,990,378,334	197,187,483	43,965,520	4,231,531,337	13.53	4,260,907,900	99.31%
2008	3,892,876,521	221,958,158	48,125,120	4,162,959,799	14.54	4,260,907,900	97.70%
2009	3,785,653,765	219,008,644	59,772,570	4,064,434,979	15.57	4,522,988,100	89.86%
2010	3,719,642,603	221,181,214	62,837,650	4,003,661,467	16.37	4,522,988,100	88.52%
2011	3,599,570,656	206,407,612	68,303,560	3,874,281,828	17.40	4,256,033,800	91.03%
2012	3,566,779,121	205,130,419	66,426,000	3,838,335,540	17.98	4,256,033,800	90.19%
2013	3,590,745,895	206,398,302	66,938,910	3,864,083,107	18.38	4,110,402,700	94.01%

Source: Assessing Department

- (1) Does not include valuation affected by residential exemption
- (2) As of January 1st
- (3) Estimated actual value is based on equalized valuations determined biennially by the Commissioner of Revenue

DIRECT PROPERTY TAX RATES (1) (2)

LAST TEN FISCAL YEARS

<u>Fiscal Year</u>	<u>Residential Real Property</u>	<u>Commercial and Industrial Real Property</u>	<u>Personal Property</u>	<u>Total Direct (3)</u>
2004	\$ 13.46	\$ 20.81	\$ 20.81	\$ 13.88
2005	13.46	20.53	20.53	13.87
2006	13.55	21.71	21.71	14.01
2007	13.12	20.29	20.29	13.53
2008	14.27	18.47	18.47	14.54
2009	15.29	19.30	19.30	15.57
2010	16.08	20.13	20.13	16.37
2011	17.03	22.27	22.27	17.40
2012	17.60	22.95	22.95	17.98
2013	17.99	23.52	23.52	18.38

Source: Assessing Department

(1) Rates are applicable to each \$1,000 of assessed value

(2) Per the initiatives of Proposition 2 1/2 adopted by the Commonwealth of Massachusetts, the Town cannot levy more than 2.5 percent of the total full and fair cash value of all taxable real and personal property. The Town's levy is also limited in that it cannot increase more than 2.5 percent from the prior year, with certain exceptions for new growth or through overrides and exclusions adopted by Town voters.

(3) Calculated by dividing the net tax levy by total assessed value divided by 1,000

PRINCIPAL PROPERTY TAXPAYERS

CURRENT YEAR AND NINE YEARS AGO

Taxpayer	2013			2004		
	Amount of Tax	Rank	Percentage of Total Tax Levy	Amount of Tax	Rank	Percentage of Total Tax Levy
NSTAR Electric & Gas Company	\$ 719,400	1	1.01%	\$ N/A	N/A	N/A
Raytheon Company	696,787	2	0.98%	302,201	2	0.61%
Verizon New England Inc	415,201	3	0.58%	107,563	10	0.22%
Paris Trust LLC	308,526	4	0.43%	N/A	N/A	N/A
Sudbury Crossing Limited	258,245	6	0.36%	197,360	5	0.40%
Pri-Longfellow Glenn LLC	207,822	5	0.29%	N/A	N/A	N/A
Wellyn Inc.	207,726	7	0.29%	N/A	N/A	N/A
Boston Gas Company	176,638	8	0.25%	N/A	N/A	N/A
Individual	162,074	9	0.23%	N/A	N/A	N/A
Richard J Bosse Holdings LLC	152,697	10	0.21%	N/A	N/A	N/A
Boston Edison	N/A	N/A	N/A	323,564	1	0.66%
David F. Bolger	N/A	N/A	N/A	236,628	3	0.48%
Pasquarello & Spertner, Trustees	N/A	N/A	N/A	217,023	4	0.44%
Der Manuelian Haig TRS	N/A	N/A	N/A	156,004	6	0.32%
GPT - Longfellow Glen, LLC	N/A	N/A	N/A	145,092	7	0.29%
1776 Plaza Limited Partnership	N/A	N/A	N/A	113,922	8	0.23%
Pasquarello, EB Realty Trust	N/A	N/A	N/A	108,907	9	0.22%
Total	\$ 3,305,116		4.63%	\$ 1,908,264		3.87%

Source: Assessing Department

PROPERTY TAX LEVIES AND COLLECTIONS

LAST TEN FISCAL YEARS

Fiscal Year	Net Tax Levy	Collected within the Fiscal Year of the Levy			Total Collections to Date	
		Current Tax Collections (1)	Percent of Net Levy Collected	Actual Subsequent Collections	Total Tax Collections (1)	Total Collections as a % of Net Levy
2004	\$ 49,200,858	\$ 48,396,414	98.36%	\$ 277,163	\$ 48,673,577	98.93%
2005	49,961,616	49,067,952	98.21%	351,159	49,419,111	98.91%
2006	55,432,935	54,468,106	98.26%	358,262	54,826,368	98.91%
2007	57,246,758	56,037,401	97.89%	472,666	56,510,067	98.71%
2008	60,539,786	59,381,429	98.09%	352,052	59,733,481	98.67%
2009	63,263,124	62,126,272	98.20%	145,308	62,271,580	98.43%
2010	65,529,153	63,936,979	97.57%	450,540	64,387,519	98.26%
2011	67,418,506	65,823,252	97.63%	557,272	66,380,524	98.46%
2012	69,007,532	67,608,625	97.97%	437,441	68,046,066	98.61%
2013	71,026,410	68,072,339	95.84%	-	68,072,339	95.84%

Source: Department of the Treasurer/Collector

(1) Does not include taxes moved to and collected from Tax Title and Tax Deferral accounts

RATIOS OF OUTSTANDING DEBT BY TYPE

LAST TEN FISCAL YEARS

Fiscal Year	Governmental Activities		Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)
	General Obligation Bonds	Capital Leases			
2004	\$ 50,530,000	162,850	50,692,850	3.43%	\$ 2,800
2005	50,700,000	348,312	51,048,312	3.46%	2,804
2006	46,305,000	518,994	46,823,994	2.43%	2,590
2007	42,040,000	447,207	42,487,207	2.60%	2,370
2008	38,455,000	510,634	38,965,634	2.79%	2,168
2009	40,000,000	498,965	40,498,965	2.96%	2,248
2010	36,205,000	630,286	36,835,286	2.69%	2,028
2011	35,760,000	597,081	36,357,081	2.66%	2,008
2012	31,970,000	534,148	32,504,148	2.38%	1,775
2013	31,705,000	520,353	32,225,353	2.36%	1,759

Note: Details regarding the Town's outstanding debt can be found in the notes to the financial statements.

(1) See the Schedule of Demographic and Economic Statistics for personal income and population data

RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING

LAST TEN FISCAL YEARS

Fiscal Year	Net General Bonded Debt Outstanding			(1) Percentage of Estimated Actual Property Values	(2) Per Capita
	General Obligation Bonds	Less: Accumulated Resources	Total Net General Bonded Debt		
2004	\$ 50,530,000	\$ -	\$ 50,530,000	1.65%	\$ 2,819
2005	50,700,000	-	50,700,000	1.35%	2,800
2006	46,305,000	-	46,305,000	1.23%	2,543
2007	42,040,000	-	42,040,000	0.99%	2,325
2008	38,455,000	-	38,455,000	0.90%	2,145
2009	40,000,000	-	40,000,000	0.88%	2,225
2010	36,205,000	-	36,205,000	0.80%	2,010
2011	35,760,000	-	35,760,000	0.84%	1,969
2012	31,970,000	-	31,970,000	0.75%	1,766
2013	31,705,000	-	31,705,000	0.77%	1,731

Note: Details regarding the Town's outstanding debt can be found in the notes to the financial statements.

(1) See the Schedule of Assessed Value and Estimated Actual Value of Taxable Property for estimated actual property values

(2) See the Schedule of Demographic and Economic Statistics for population data

LEGAL DEBT MARGIN INFORMATION

LAST TEN FISCAL YEARS

Legal Debt Margin Calculation for Fiscal Year 2013

Fiscal year 2013 equalized valuation.....	\$ <u>4,110,402,700</u>
Normal debt limit (5% of equalized valuation).....	<u>205,520,135</u>
Debt applicable to limit:	
Total net debt applicable to limit.....	<u>31,705,000</u>
Legal debt margin.....	\$ <u>173,815,135</u>

	<u>Fiscal Year</u>		
	<u>2004</u>	<u>2005</u>	<u>2006</u>
Normal debt limit.....	\$ 153,413,790	\$ 187,695,530	\$ 187,695,530
Total net debt applicable to limit.....	<u>50,530,000</u>	<u>50,700,000</u>	<u>46,305,000</u>
Legal debt margin.....	\$ <u>102,883,790</u>	\$ <u>136,995,530</u>	\$ <u>141,390,530</u>
Total net debt applicable to the limit as a percentage of normal debt limit.....	32.94%	27.01%	24.67%

Source: Department of the Treasurer/Collector

Fiscal Year						
<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
\$ 213,045,395	\$ 213,045,395	\$ 226,149,405	\$ 226,149,405	\$ 212,801,690	\$ 212,801,690	\$ 205,520,135
<u>42,040,000</u>	<u>38,455,000</u>	<u>40,000,000</u>	<u>36,205,000</u>	<u>35,980,000</u>	<u>31,970,000</u>	<u>31,705,000</u>
<u>\$ 171,005,395</u>	<u>\$ 174,590,395</u>	<u>\$ 186,149,405</u>	<u>\$ 189,944,405</u>	<u>\$ 176,821,690</u>	<u>\$ 180,831,690</u>	<u>\$ 173,815,135</u>
19.73%	18.05%	17.69%	16.01%	16.91%	15.02%	15.43%

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

JUNE 30, 2013

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable (1)	Estimated Share of Overlapping Debt
Lincoln Sudbury Regional High School District.....	\$ 8,550,000	85.67%	\$ 7,324,785
Town direct debt (2).....			<u>31,705,000</u>
Total direct and overlapping debt.....			<u>\$ 39,029,785</u>

Source: Lincoln Sudbury Regional High School District

- (1) The percentage of total overlapping debt is derived from the Town's share of capital charges divided by the total debt of the overlapping unit at fiscal year end
- (2) Direct debt includes debt outstanding and payable from the Town's Community Preservation Fund

DEMOGRAPHIC AND ECONOMIC STATISTICS

LAST TEN FISCAL YEARS

Year	Population (1)	Personal Income (2)	Per Capita Personal Income (3)	Median Age (4)	Public School Enrollment (1)	Unemployment Rate (%) (5)
2004	17,925	\$ 1,335,483,000	\$ 74,504	43	4,267	3.8%
2005	18,107	1,476,323,000	81,533	43	4,503	3.4%
2006	18,207	1,476,323,000	81,085	43	4,583	3.7%
2007	18,080	1,923,614,000	106,395	43	4,678	3.1%
2008	17,924	1,634,561,000	91,194	43	4,619	3.8%
2009	17,977	1,395,132,000	77,606	43	4,634	6.0%
2010	18,015	1,368,233,485	75,950	43	4,537	5.9%
2011	18,160	1,368,233,485	75,343	43	4,464	5.0%
2012	18,103	1,368,233,485	75,580	43	4,446	4.5%
2013	18,317	1,368,233,485	74,697	43	4,367	5.2%

Sources: (1) Town of Sudbury

(2) Massachusetts Department of Revenue

(3) Calculated using Town population data

(4) 2010 Federal Census; also being used for other years as a fair estimate of Median Age

(5) Massachusetts Labor and Workforce Development at year-end

PRINCIPAL EMPLOYERS

CURRENT YEAR AND NINE YEARS AGO

Employer	2013			2004		
	Employees	Rank	Percentage of Total Town Employment	Employees	Rank	Percentage of Total Town Employment
Raytheon	300	1	3.61%	2,000	1	24.58%
Sudbury Farms	300	2	3.61%	250	2	3.07%
APC	200	3	2.41%	N/A	N/A	N/A
Cavicchio Greenhouse, Inc.	200	4	2.41%	N/A	N/A	N/A
Jones & Bartlett Publishers	200	5	2.41%	N/A	N/A	N/A
Lincoln-Sudbury Regional High School	200	6	2.41%	190	3	2.34%
Staples Industrial	175	7	2.11%	N/A	N/A	N/A
Bosse Sports	110	8	1.32%	N/A	N/A	N/A
Methods Machine Tools, Inc.	110	9	1.32%	110	7	1.35%
Shaw's Supermarket	84	10	1.01%	N/A	N/A	N/A
Chiswick Trading Inc.	N/A	N/A	N/A	178	4	2.19%
Wayside Inn	N/A	N/A	N/A	150	5	1.84%
Star Market	N/A	N/A	N/A	135	6	1.66%
Sudbury Pines Nursing Home	N/A	N/A	N/A	104	8	1.28%
Wingate Nursing Home	N/A	N/A	N/A	57	9	0.70%
Blue Lion	N/A	N/A	N/A	40	10	0.49%
Total	1,879		22.62%	3,214		39.50%

Source: Town of Sudbury and Massachusetts Labor and Workforce Development

EMPLOYEES BY FUNCTION/PROGRAM

LAST TEN FISCAL YEARS

Function/Program	Full-Time Equivalent Employees as of June 30 (2)									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General government.....	33	33	33	33	33	32	30	30	30	30
Public safety.....	78	79	81	82	81	79	78	78	78	77
Education (1).....	384	397	415	412	412	390	393	391	379	386
Public works	31	31	32	34	34	32	32	30	30	30
Health and human services.....	7	7	7	7	7	7	6	6	6	6
Culture and recreation.....	19	19	19	19	18	18	17	16	16	16
Total.....	552	566	587	587	585	558	556	551	540	545

Source: Town of Sudbury

(1) Includes kindergarten through 8th grade only

(2) Does not include employees of enterprise funds

OPERATING INDICATORS BY FUNCTION/PROGRAM

LAST TEN FISCAL YEARS

Function/Program	Fiscal Year			
	2004	2005	2006	2007
General government				
Selectmen's meetings.....	(1)	(1)	(1)	27
Licenses issued.....	(1)	(1)	(1)	77
Payroll processed.....	(1)	17,525	18,237	18,313
Invoices paid.....	(1)	15,430	16,023	18,467
Taxable property parcels.....	6,362	6,408	6,424	6,498
Motor vehicle excise processed.....	17,649	17,875	17,842	17,858
Certified vital records.....	(1)	1,352	1,242	1,236
Zoning board of appeals application filed.....	51	60	71	64
Public safety				
Police				
Calls for service.....	(1)	(1)	(1)	(1)
Walk-in traffic.....	(1)	(1)	(1)	(1)
Arrests.....	(1)	(1)	(1)	(1)
Criminal complaints.....	(1)	(1)	(1)	(1)
Motor vehicle accidents.....	444	706	646	557
Alarms.....	(1)	(1)	(1)	(1)
Medical call responses.....	(1)	(1)	(1)	(1)
Fire				
Calls for assistance.....	1,742	1,817	1,793	1,833
Structure fire responses.....	8	8	8	9
Emergency medical responses.....	921	988	952	992
Building Department				
Building inspections.....	(1)	(1)	(1)	1,332
Education				
Public school enrollment.....	4,267	4,503	4,583	4,678
Public works				
Depository of property plans.....	(1)	(1)	(1)	3,950
Transfer station stickers issued.....	(1)	(1)	(1)	1,763
Recyclables (tons).....	(1)	(1)	(1)	1,160
Health and human services				
Senior Center program attendance.....	1,941	1,880	2,100	1,730
Senior Center referrals.....	(1)	25	89	102
Veteran population (Federal census estimate).....	(1)	(1)	(1)	1,221
Senior and veteran tax work-off participants.....	50	50	50	50
Culture and recreation				
Library circulation.....	340,585	304,629	340,585	333,735
Library resources sharing.....	56,500	48,000	60,000	63,608
Park & recreation programs.....	(1)	694	749	640
Pool use (admittance).....	(1)	78,079	83,789	77,560

Source: Various departments

(1) Data is not available

Fiscal Year					
2008	2009	2010	2011	2012	2013
24	30	30	33	31	33
77	77	77	78	78	78
18,801	17,842	17,850	18,009	19,134	18,528
19,529	18,394	18,490	18,601	18,500	17,329
6,470	6,484	6,505	6,507	6,556	6,585
17,838	17,817	17,971	18,081	18,217	18,145
1,226	1,230	995	1,152	1,100	1,620
44	27	27	35	40	36
(1)	(1)	15,312	14,951	15,927	15,612
(1)	(1)	(1)	(1)	10,651	9,699
194	181	147	160	93	143
(1)	(1)	260	189	195	169
634	562	553	644	519	529
918	776	833	837	914	832
(1)	(1)	881	902	873	844
1,812	1,983	2,026	2,071	2,071	2,063
13	13	10	10	10	14
1,033	1,063	1,106	1,151	1,151	1,148
1,301	1,300	1,217	1,211	1,400	1,450
4,619	4,634	4,537	4,464	4,446	4,367
3,975	4,000	5,425	5,450	5,475	5,500
1,763	1,568	1,569	1,569	1,477	1,500
1,160	1,052	1,908	1,900	1,500	1,500
1,981	2,000	2,000	2,040	2,000	1,900
133	130	163	100	220	361
1,221	1,221	1,221	1,220	1,220	1,220
50	50	50	50	50	50
354,754	389,026	397,113	408,000	395,000	380,000
70,322	84,713	93,899	139,789	140,000	99,600
660	660	660	680	700	737
70,881	78,388	84,618	83,293	84,000	83,670

CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM

LAST TEN FISCAL YEARS

Function/Program	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Public safety										
Police										
Stations.....	1	1	1	1	1	1	1	1	1	1
Fire										
Stations.....	3	3	3	3	3	3	3	3	3	3
Trucks.....	6	7	7	7	7	7	7	7	7	7
Education										
Public school buildings.....	5	5	5	5	5	5	5	5	5	5
Public works										
Streets (miles).....	141	141	141	141	141	141	141	141	141	141
Streetlights.....	627	627	627	627	627	627	627	627	627	627
Traffic signals.....	2	2	2	2	2	2	2	2	2	2
Trucks/rolling stock equipment.....	76	76	76	76	76	75	77	79	83	83
Culture and recreation										
Public libraries.....	1	1	1	1	1	1	1	1	1	1
Community centers.....	1	1	1	1	1	1	1	1	1	1
Town park and playground acreage.....	96	96	96	96	96	96	96	96	96	96

Source: Various departments