

TOWN OF SUDBURY  
SUDBURY HOUSING TRUST  
FUND FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2017 AND 2016  
AND  
REPORT OF CERTIFIED PUBLIC ACCOUNTANTS

TOWN OF SUDBURY  
SUDBURY HOUSING TRUST  
FUND FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2017 AND 2016

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INDEPENDENT AUDITORS' REPORT

Town of Sudbury  
Sudbury Housing Trust  
Sudbury, Massachusetts

We have audited the accompanying financial statements of the Sudbury Housing Trust fund of the Town of Sudbury, Sudbury, Massachusetts, as of and for the years ended June 30, 2017 and 2016, and the related notes to the 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 an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including 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 statement.

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

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Sudbury Housing Trust fund of the Town of Sudbury, Sudbury, Massachusetts, as of June 30, 2017 and 2016, and the changes in its financial position thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

**Emphasis of Matter**

As discussed in Note A, the financial statements present only the Sudbury Housing Trust fund and do not purport to, and do not present fairly the financial position of the Town of Sudbury, Massachusetts, as of June 30, 2017 and 2016, the changes in its financial position, or, where applicable, its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

*Borgatti Harrison & Co.*

Borgatti Harrison & Co.

Framingham, Massachusetts  
September 20, 2017

**TOWN OF SUDBURY  
SUDBURY HOUSING TRUST  
BALANCE SHEETS**

**JUNE 30 2017 AND 2016**

	<u>2017</u>	<u>2016</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 453,850	\$ 645,721
Due from the Town of Sudbury	<u>4,622</u>	<u>-</u>
<b>Total Assets</b>	<b><u>\$ 458,472</u></b>	<b><u>\$ 645,721</u></b>
 <b>LIABILITIES AND FUND BALANCES</b>		
Liabilities:		
Escrow deposit	20,000	-
Due to the Town of Sudbury	<u>-</u>	<u>374,286</u>
<b>Total liabilities</b>	<b><u>20,000</u></b>	<b><u>374,286</u></b>
Fund balances:		
Nonspendable	-	-
Restricted	-	-
Committed	-	-
Assigned	438,472	271,435
Unassigned	<u>-</u>	<u>-</u>
<b>Total fund balances</b>	<b><u>438,472</u></b>	<b><u>271,435</u></b>
 <b>Total Liabilities and Fund Balances</b>	 <b><u>\$ 458,472</u></b>	 <b><u>\$ 645,721</u></b>

The accompanying notes are and integral part of the financial statements

**TOWN OF SUDBURY  
SUDBURY HOUSING TRUST  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**

**FOR THE YEARS ENDED JUNE 30, 2017 AND 2016**

	<u>2017</u>	<u>2016</u>
<b>REVENUES</b>		
Fees	\$ 63,095	\$ 49,482
Interest and other income	1,456	2,343
	<u>64,551</u>	<u>51,825</u>
<b>EXPENDITURES</b>		
Payroll	3,308	30,751
Lottery/Monitoring agent expenses	10,785	19,715
Administrative expenses	39,455	38,924
Small grant expenses	20,671	14,099
Project expenses -		
Maynard Road	21,679	559,923
Home preservation	4,216	221,036
	<u>100,114</u>	<u>884,448</u>
Excess (deficiency) of revenues over expenditures	(35,563)	(832,623)
<b>OTHER FINANCING SOURCES (USES)</b>		
Transfers in	<u>202,600</u>	<u>202,600</u>
Net change in fund balance	167,037	(630,023)
Fund balance, beginning of year	<u>271,435</u>	<u>901,458</u>
Fund balance, end of year	<u>\$ 438,472</u>	<u>\$ 271,435</u>

The accompanying notes are an integral part of the financial statements

TOWN OF SUDBURY, MASSACHUSETTS  
SUDBURY HOUSING TRUST

NOTES TO BASIC FINANCIAL STATEMENTS

**1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

A. General Statement

The Sudbury Housing Trust is a Municipal Affordable Housing Trust Fund, established under Massachusetts General Laws, Chapter 44, Section 55C and authorized pursuant to town meeting of the Town of Sudbury, Massachusetts in 2006.

The purpose of the Trust is to provide for the preservation and creation of affordable housing in the Town of Sudbury, Massachusetts for the benefit of low and moderate income households.

The Trust is governed by a Board of Trustees consisting of not less than five and not more than nine Trustees appointed by the Town of Sudbury Board of Selectmen. At least one of the Trustees shall be a member of the Board of Selectmen, who shall serve as the representative of the Board of Selectmen.

The Town of Sudbury Treasurer/Collector is the custodian of the Trust's funds and maintains separate accounts and records for said funds. The Treasurer/Collector shall invest the Trust's funds in the manner authorized by MGL Chapter 44, Section 55, Public Funds on Deposit; Limitations; Investments, Section 55A, Liability of Depositor for Losses Due to Bankruptcy, and 55B, Investment of Public Funds.

The Trust shall continue so long as authorized under the laws of the Commonwealth of Massachusetts. Notwithstanding the foregoing, the Trust may be terminated by a majority vote of the Town Meeting in accordance with MGL Chapter 4, Section 4B.

B. Accounting Method

The accounting and reporting policies of the Trust conform to accounting principles generally accepted in the United States of America applicable to state and local governments. Generally accepted accounting principles for local governments include those principles prescribed by the Government Accounting Standards Board (GASB), the American Institute of Certified Public Accountants in the publication entitled Audits of State and Local Governmental units, and by the Financial Accounting Standards Board (when applicable).

TOWN OF SUDBURY, MASSACHUSETTS  
SUDBURY HOUSING TRUST

NOTES TO BASIC FINANCIAL STATEMENTS  
(Continued)

C. Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the Trust is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

Nonspendable - The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of interfund loans.

Restricted - Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or is imposed by law through constitutional provisions or enabling legislation (Trust Agreement).

Enabling legislation authorizes the Trust to assess, levy, charge, or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation. Legal enforceability means that the Trust can be compelled by an external party, such as citizens, public interest groups, or the judiciary to use resources created by enabling legislation only for the purposes specified by the legislation.

Committed - The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action (ordinance or resolution) of Trust Board. Those committed amounts cannot be used for any other purpose unless the Trust Board removes or changes the specified use by taking the same type of action (ordinance or resolution) it employed to previously commit those amounts. In contrast to fund balance that is restricted by enabling legislation, committed fund balance classifications may be redeployed for other purposes with appropriate due process.



TOWN OF SUDBURY, MASSACHUSETTS  
SUDBURY HOUSING TRUST

NOTES TO BASIC FINANCIAL STATEMENTS  
(Continued)

Constraints imposed on the use of committed amounts by Trust Board, separate from the authorization to raise the underlying revenue; therefore, compliance with these constraints is not considered to be legally enforceable. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned - Amounts in the assigned fund balance classification are intended to be used by the Trust for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by Trust Board, or a Trust official delegated that authority by the Trust Agreement or ordinance.

Unassigned - Unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

The Trust applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

D. Cash and Cash Equivalents

The Trust fund's pooled Cash and Cash Investments are available upon demand and are considered to be "cash equivalents" when preparing these financial statements. In addition, any marketable securities not included in the common pooled accounts that are purchased with a maturity of ninety days or less is also considered being "cash equivalents".

All investments are recorded at fair value based on quoted market prices. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties.

TOWN OF SUDBURY, MASSACHUSETTS  
SUDBURY HOUSING TRUST

NOTES TO BASIC FINANCIAL STATEMENTS  
(Continued)

E. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

2. DUE TO/FROM TOWN OF SUDBURY

This represents amounts net to/from the Town at year end to settle up on the year's activities. This difference is transferred by the Town Treasurer in July each year.

3. LAND

In 2007, the Trust acquired a parcel of land (Maynard Road) with the intention of deeding the land to a developer who would then develop the property into three units of affordable housing. The existing house on the land has been demolished and a comprehensive permit was issued in 2010. The land was conveyed to 278 Maynard Rd. LLC in 2016.

4. COMMITMENTS AND CONTINGENCIES

The Trust granted the developer of the Coolidge of Sudbury \$250,000 in 2014 towards the development of 64 units of age-restricted senior housing at 189 Boston Post Road. The grant was awarded with no repayment due provided that the provisions of the Regulatory Agreement have been continuously satisfied for a period of five years.

The Trust voted on January 27, 2017, to grant \$100,000 to B'nai B'rith Housing New England, Inc. for Coolidge at Sudbury, Phase 2.

The Trust voted on March 28, 2017, to grant \$115,000 to Maynard Road 278 Development, LLC for completion of three affordable housing units.

5. EVALUATION OF SUBSEQUENT EVENTS

The Trust has evaluated subsequent events through September 20, 2017, the date which the financial statements were available to be issued.