

SUDBURY SELECT BOARD
TUESDAY, DECEMBER 2, 2025
7:00 PM, HYBRID MEETING
POLICE STATION, 75 HUDSON ROAD
SUDBURY, MA 01776

REVISED AGENDA

Originally posted 11/24/2025 at 3:47 pm
Revision Date: 11/25/2025

Click the link below to join the Select Board meeting via Zoom:

<https://zoom.us/j/360217080>

For audio only, call the number below and enter the meeting ID on your telephone keypad.

Dial-in number: 978-639-3366 or 470-250-9358

Item #	Time	Action	Item
	7:00 PM		CALL TO ORDER
			Opening remarks by Chair
			Reports from Town Manager
			Reports from Select Board
			Public comments
PUBLIC HEARING			
1.	7:15 PM	VOTE	Annual Tax Classification hearing - In accordance with General Laws Ch. 40, sec. 56, as amended, to determine the percentage of local tax levy which will be borne by each class of real and personal property, relative to setting the Fiscal Year 2026 tax rate. In attendance will be the Board of Assessors (Liam J. Vesley, Chair; Trevor A. Haydon, Joshua M. Fox, Esq.), Cynthia Gerry, Director of Assessing, and presenting will be Harald Scheid and Alex Cervone, Principal Regional Assessors.
MISCELLANEOUS			
2.		VOTE	Open Annual Town Meeting warrant and announce Annual Town Meeting will commence Monday, May 4, 2026 at 7:00 PM at Lincoln-Sudbury Regional High School Auditorium. Town Meeting articles are due at the Select Board/Town Manager's office by 12:00 Noon Friday, Jan. 30, 2026.
3.		VOTE	Review and discuss Financial Management Review prepared at the Town's request by the Division of Local Services (DLS)

These agenda items are those reasonably anticipated by the Chair which may be discussed at the meeting. Not all items listed may in fact be discussed and other items not listed may also be brought up for discussion to the extent permitted by law. Some items may be taken out of order or not be taken up at all. The Chair will strive to honor timed items as best as possible. The Chair reserves the right to accept public comment on any item and may establish time limits.

Item #	Time	Action	Item
4.			Continue Discussion of Financial Condition of the Town
5.			Discussion and Review of December 1, 2025 Special Town Meeting
6.		VOTE	Discussion of potential 2026 Annual Town Meeting articles
7.			Upcoming agenda items
8.		VOTE	Review and approve meeting minutes
EXECUTIVE SESSION			
9.		VOTE	Vote to close Open Session and enter Executive Session: • pursuant to G.L. c. 30A, § 21(a)(7) to review and approve executive session meeting minutes “[t]o comply with, or act under the authority of, any general or special law or federal grant-in-aid requirements” (Purpose 7); and • pursuant to General Laws chapter 30A, §21(a)(2), to conduct strategy session in preparation for negotiations with nonunion personnel and/or to conduct contract negotiations with nonunion personnel, namely the Town Manager, (Purpose 2). The Board will not return to Open Session

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**FISCAL YEAR 2026
CLASSIFICATION HEARING**

December 2, 2025

Select Board

Lisa V. Kouchakdjian, Chair

Janie W. Dretler, Vice-Chair

Daniel E. Carty

Radha R. Gargeya

Charles G. Russo

Board of Assessors

Liam J. Vesely, Chair

Trevor Haydon

Joshua M. Fox

Harald Scheid & Steven Boucher Consulting Assessors

Cynthia Gerry, Director of Assessing

Introduction

Each year, prior to the mailing of 3rd quarter tax bills, a public hearing is held by the Select Board in conjunction with the Board of Assessors. The public hearing known as the Classification Hearing provides an opportunity for the Select Board to discuss and decide on the distribution of the tax burden to be allocated among the major classes of property. Chapter 40, Section 56 of the Massachusetts General Laws, dictates the hearing procedure.

Prior to the Hearing, all properties must be assessed at their full and fair cash value as of the January 1st assessment date. The Fiscal Year 2026 assessment date is January 1, 2025.

The steps necessary to complete the Classification Hearing and Tax Rate Setting process are defined below:

Pre-classification Hearing Steps

- Step 1: Determination of the property tax levy (Budget Process)
- Step 2: Determine assessed valuations (Assessors)
- Step 3: Tabulate assessed valuations by class (Assessors)
- Step 4: Obtain DOR value certification (Assessors)
- Step 5: Obtain certification of new growth revenues (Assessors)

Classification Hearing Steps

- Step 6: Classification hearing presentation (Assessors & Select Board)
- Step 7: Review and discuss tax shift options (Select Board)
- Step 8: Voting a tax shift factor (Select Board)

Post Classification Hearing Steps

- Step 9: Sign the LA-5 Classification Form (Select Board)
- Step 10: Send annual recap to DOR for tax rate approval (Assessors)
- Step 11: Obtain DOR approval of tax rates (DOR)

Terminology

The following represents frequently used tax discussion terminology:

Levy: The tax levy (or levy) is the amount of property taxes to be raised. The levy amount is determined by the budget process. The total amount of the approved budget less revenues from other sources like motor vehicle excise, municipal fees, and state aid is the amount to be raised through property taxation. In Sudbury, for Fiscal Year 2026, the levy to be raised is \$112,623,871. This represents a 2.7% increase over last year's levy of \$109,643,754.

Levy Ceiling: The levy ceiling is 2.5 percent of the full value of the town and represents the maximum property tax revenue that can be raised under Proposition 2 ½. Based on Sudbury's Fiscal Year 2026 total valuation of \$7,635,516,679 the town cannot levy taxes in excess of \$190,887,917.

New Growth Revenue: Property taxes derived from newly taxable properties like new construction, additions, subdivisions, and personal property. The Department of Revenue has certified Sudbury's new growth revenue for fiscal year 2026 at \$1,620,098.

Levy Limit: Also referred to as the "maximum allowable levy," the levy limit is calculated by adding 2.5 percent of the previous year's levy limit, (which was \$105,269,360) plus new growth revenue, and proposition 2½ overrides, capital expenditure exclusions, and debt exclusions. The certified maximum allowable levy for fiscal year 2026 is \$113,991,388 .

Excess Levy Capacity: Excess levy capacity is the difference between the levy and the levy limit. Sudbury's excess levy capacity is an estimated \$1,367,517.

The Fiscal Year 2026 Levy Limit and Amount to be Raised

The following is a calculation of Sudbury's estimated levy for Fiscal Year 2026.

Fiscal year 2025 levy limit	\$ 105,269,360
Levy increase allowed under Prop. 2 ½	2,631,734
New growth revenue	1,620,098
Debt excluded under Prop. 2 ½	4,470,196
Fiscal year 2026 Maximum Allowable Levy	\$113,991,388
Levy to be raised (rounded by tax rate)	\$112,623,871
Excess levy capacity	\$1,367,517

Valuations by Class Before Tax Shift (LA-5)

<u>Major Property Class</u>	<u>Valuation</u>	<u>Percent</u>	<u>Res vs CIP%</u>
Residential	7,080,759,867	92.7345%	92.7345%
Commercial	274,293,628	3.5923%	
Industrial	41,373,900	0.5419%	7.2655%
Personal Property	239,089,284	3.1313%	
TOTAL	7,635,516,679	100.0000%	

Assessed Valuations

Sudbury's valuations are adjusted annually to reflect changes in the real estate market. An assessment-to-sale ratio study comparing calendar year 2024 sales with fiscal year 2025 assessments indicates that most residential property valuations were assessed below fair market value. As a group single-family residential valuation rose an average 4.2 percent.

A similar study of assessments and sale prices for commercial and industrial properties indicated that property valuations for these property classes remained flat.

Aggregate Value Increases by Major Property Class

(Note – figures are not adjusted to account for new growth revenue)

Property Class	26 Valuation	25 Valuation	Change(apx.)
Single-family	6,374,156,934	6,115,869,870	4.2%
Condominiums	471,609,769	442,340,658	6.6%
2 Family	15,146,600	14,797,100	2.4%
Multi-family	121,106,100	121,213,000	0.0%
Commercial	262,579,400	264,795,200	-.08%
Industrial	41,373,900	41,374,300	0.0%
Personal Property	239,089,284	183,553,167	30%

Shifting the Tax Burden

Municipalities with a large commercial/industrial tax base often see fit to shift the tax burden to help maintain lower residential taxes. Sudbury, though having a relatively small commercial tax base, has historically chosen to adopt a split tax rate.

In recent years, the Select Board has adopted a shift factor that has yielded relatively uniform tax rate increases in both the residential and commercial sectors. Though the commercial, industrial, and personal property (CIP) sector makes up approximately 7 percent of the taxable valuation base, adoption of the classification shift factor (see below) has resulted in this sector paying about 10 percent of Sudbury's property taxes.

Tax Rates and Options

Sudbury's uniform, single tax rate, without applying shift factors, is estimated at \$14.75 per thousand.

There are any number of tax rate options the Select Board might chose. Several that might be considered are as follows:

Option	CIP Shift	Res. Shift	CIP Tax Rate	Res. Tax Rate
Single Tax Rate	1.0000	1.0000	14.75	14.75
10% Shift	1.1000	0.9922	16.22	14.63
20% Shift	1.2000	0.9843	17.70	14.52
30% Shift	1.3000	0.9765	19.17	14.40
40% Shift	1.4000	0.9687	20.65	14.29
46% Shift *	1.4600	0.9640	21.53	14.22
50% Shift (maximum allowed)	1.5000	0.9608	22.12	14.17

*46-percent shift factor results in comparable tax increases across both residential & CIP classes

If the Select Board were to vote for a uniform tax rate increase, the Board of Assessors has calculated the following tax rates. The following FY2026 rates for Residential class properties do not account for the means-tested exemption.

<u>Property Class</u>	<u>FY2026</u>	<u>FY2025</u>
Residential	14.22	14.61
Commercial	21.53	21.04
Industrial	21.53	21.04
Personal Property	21.53	21.04

Tax Impacts

The average residential tax bill calculation would change as follows if a CIP shift factor of 1.46 were adopted:

	Average
	Single-Family Value
Fiscal Year 2025	\$1,122,000
FY25 Tax Rate	\$14.64
RE Tax Payable	\$16,426
Fiscal Year 2026	\$1,168,700
FY26 Tax Rate	\$14.22
RE Tax Payable	\$16,619
Avg. SF Home Value Incr.	4.1%
Avg. Dollar Tax Increase	\$193
% Tax Increase	1.17%

	Median
	Single-Family Value
Fiscal Year 2025	\$1,028,600
FY25 Tax Rate	\$14.64
RE Tax Payable	\$15,059
Fiscal Year 2026	\$1,071,350
FY26 Tax Rate	\$14.22
RE Tax Payable	\$15,235
Med. SF Home Value Incr.	4.2%
Med. Dollar Tax Increase	\$176
% Tax Increase	1.16%

The Board of Assessors point out that a CIP shift factor of 1.46 with a corresponding residential shift factor of 0.9640 would result in a “relatively” uniform tax increase across the residential, commercial and industrial sectors.

Sudbury's Tax Shift Votes (18 Year History)

Fiscal Year	CIP Value	Total Value	R/O % of Total Value	CIP % of Total Value	Lowest Residential Factor Allowed	Max CIP Shift Allowed	Residential Factor Selected	CIP Shift
2008	270,083,278	4,162,959,799	93.5122	6.4878	0.965310	1.500000	0.981268	1.26999
2009	278,781,214	4,064,434,979	93.1410	6.8590	0.963179	1.500000	0.982326	1.24000
2010	284,018,864	4,003,661,467	92.9060	7.0940	0.961822	1.500000	0.982438	1.23000
2011	274,711,172	3,874,281,828	92.9094	7.0906	0.961841	1.500000	0.978631	1.28000
2012	271,556,419	3,838,335,540	92.9251	7.0749	0.961932	1.500000	0.978938	1.27664
2013	273,337,212	3,864,083,107	92.9262	7.0738	0.961939	1.500000	0.978714	1.27963
2014	265,094,234	3,960,584,137	93.3067	6.6933	0.964132	1.500000	0.974606	1.35400
2015	263,058,002	4,088,915,905	93.5666	6.4334	0.965621	1.500000	0.973663	1.38304
2016	277,216,608	4,230,884,307	93.4478	6.5522	0.964942	1.500000	0.973356	1.38000
2017	280,876,280	4,408,953,695	93.6294	6.3706	0.965980	1.500000	0.974145	1.37999
2018	308,262,538	4,560,675,215	93.2409	6.7591	0.963754	1.500000	0.976078	1.33000
2019	331,554,958	4,728,363,583	92.9880	7.0120	0.962296	1.500000	0.975100	1.33021
2020	321,263,656	4,773,073,156	93.2692	6.7308	0.963917	1.500000	0.976300	1.32842
2021	335,996,650	4,812,305,728	93.0180	6.9820	0.962470	1.500000	0.975230	1.33001
2022	393,863,578	5,198,464,866	92.4235	7.5765	0.959012	1.500000	0.972900	1.33000
2023	464,680,708	6,171,026,965	90.5505	9.4495	0.959472	1.500000	0.978900	1.26030
2024	480,869,916	7,008,938,614	90.3264	9.6736	0.963169	1.500000	0.969800	1.40990
2025	501,844,487	7,292,687,571	93.1185	6.8815	0.970500	1.500000	0.970500	1.39919

Voting a Tax Shift Factor

If the Select Board were to balance the impact of the tax increase equally between CIP and Residential, the Board may vote as follows:

Motion: [To] adopt in accordance with M.G.L., Ch. 40, Sec. 56, as amended, the percentage of local tax levy which will be borne by each class of real and personal property, relative to setting the Fiscal Year 2026 tax rate, and sets the Residential Factor at 0.9640, (or other selected Factor) with a corresponding CIP shift of 1.46 (or other corresponding CIP shift).

Optional Exemptions:

Residential Exemption:

Adopting the Residential Exemption (conferred pursuant to M.G.L. c. 59, § 5C) would allow the Select Board to exempt from qualified residential properties a percentage of the average assessed value for the class. The intent of this exemption is to promote owner occupancy. The residential exemption has the effect of shifting the tax burden from the lower valued properties to higher valued properties, and those, which are not owner-occupied.

An exemption of up to 35% of the average assessed value for Class I (Residential) properties is possible. If adopted a flat, uniform valuation reduction is applied to all qualifying owner-occupied residential home valuations. The tax levy in the community does not change based on adoption of this exemption. However, to compensate for the loss in residential valuation associated with this exemption, the residential tax rate increases. The exemption will reduce property taxes on the lower valued owner-occupied residential properties, while increasing property taxes on higher valued properties, and those residential properties, which are not owner-occupied.

For discussion purposes, looking at a 20% exemption and using last year's tax rate Sudbury's fiscal year 2026 residential tax rate could possibly increase by \$3. Approximately 3,270 single family parcels are assessed below the break-even value, while 2,184 are assessed above the breakeven value

Twenty Massachusetts communities have adopted the Residential Exemption. Historically, the exemption has been adopted in those communities with a high percentage of apartments and other investment property or seasonal homes. In general terms, the exemption shifts real estate taxes onto Class I properties that are not occupied as the owner's principal residence and those which may be held for investment.

Municipality	Residential Exemption Percentage
Barnstable	25%
Boston	35%
Brookline	20%
Cambridge	30%
Chelsea	35%
Concord	10%
Eastham	3%
Everett	25%
Malden	35%
Mashpee	20%
Nantucket	25%
Oak Bluffs	15%
Provincetown	35%
Somerville	35%
Tisbury	22%
Truro	35%
Waltham	35%
Watertown	33%
West Tisbury	30%
Wellfleet	33%

Small Commercial Exemption

An exemption (conferred pursuant to M.G.L. c. 59, § 5I) of up to 10% of the property valuation can be granted to commercial properties (not industrial) having one or more businesses employing 10 or fewer employees in total, and an assessed value of less than \$1,000,000. Implementing this exemption requires increasing the CIP tax rate to offset lost revenues from qualifying properties.

For fiscal year 2026, 46 properties in the Town have been identified as meeting qualifying standards. Sudbury's nominal commercial class for fiscal year 2026 hosts 187 accounts. In addition, there are 7-mixed use/part commercial, 41-chapter land, and 19 industrial properties all of which would be subject to an increased tax rate generated by the adoption of a small commercial exemption. The class 3 value reduction for those qualifying properties if a 10% small commercial exemption is adopted equals \$2,132,420.

The average tax savings for the 46 accounts is approximately \$935.

Considerations:

The qualifying 46 taxpayers will receive a tax benefit. Other small businesses (not qualifying) will bear the increased burden along with larger commercial and industrial properties.

Many of the small businesses appearing on the Department of Unemployment Assistance (DET) list as qualifying will not benefit from the exemption, as they are tenants in larger commercial properties with assessed values exceeding the allowable \$1,000,000 cap.

The majority of Sudbury's small businesses will not stand to benefit by adoption of this exemption, as they are tenants in strip malls, and other large commercial buildings.

They in fact will be penalized with an increased tax rate.

Municipality	Small Commercial Exemption Percentage
Auburn	10%
Avon	10%
Bellingham	10%
Berlin	10%
Braintree	10%
Chelmsford	10%
Dartmouth	10%
Erving	10%
New Ashford	10%
North Attleborough	10%
Seekonk	10%
Swampscott	10%
Westford	10%
Wrentham	10%

Open Space Exemption

In addition to the above-mentioned options, there is one more option, to discuss briefly since this exemption is not applicable in Sudbury at this time. It is known as the Open Space Exemption.

In order for a municipality to utilize an open space exemption, the community must first have adopted the Open Space Class. While most residential land is Class 1, there is an additional classification which may be created for some vacant land (Class 2). The definition of open space in this context is: *land which is not otherwise classified and which is not taxable under provisions of chapters 61, 61A or 61B, or taxable under a permanent conservation restriction, and which land is not held for the production of income but is maintained in an open or natural condition and which contributes significantly to the benefit and enjoyment of the public.*

The Open Space Class was developed to provide a tax break to landowners, as incentive to preserve open land or at least slow development. Adopting this classification would result in a discount of the residential tax obligation of up to 25% for those parcels classified as open space.

Any tax savings awarded to open space property owners will be subsidized by all other residential property owners. Commercial, Industrial, and Personal Property will not be affected. Sudbury currently has 64 parcels of land enrolled in the various chapter land programs. Chapter land enrollment carries certain program withdrawal restrictions which are described below.

If a community were to adopt this open space classification, any property classified as open space (*not enrolled in chapter land programs*) would receive the benefit of the favorable tax structure without any of the restrictions associated with the existing chapter land programs. Implementation of the Open Space Classification would take up to a year following written request of the Select Board.

Classified Land - Chapters 61, 61A and 61B

There are three "Chapter Land" programs available: Forestry (M.G.L. Chapter 61), Agriculture / Horticulture (M.G.L. Chapter 61A), and Recreation (M.G.L. Chapter 61B).

Chapter 61 - Forestry Land is designed to encourage the preservation and enhancement of the Commonwealth's forests. A parcel must consist of at least 10 contiguous acres of land under the same ownership and be managed under a 10-year management plan approved and certified by the State Forester in order to qualify for and retain classification as forest land under Chapter 61.

Chapter 61A - Agricultural and Horticultural Land is designed to encourage the preservation of the Commonwealth's valuable farmland and promote active agricultural and horticultural land use. The property must consist of at least 5 contiguous acres of land under the same ownership and be "actively devoted" to agricultural or horticultural use in order to qualify for and retain classification as agricultural or horticultural land under Chapter 61A. An equal amount of contiguous non-productive land may also qualify for classification.

For the land to be considered "actively devoted" to a farm use, it must have been farmed for the two years prior to the year of classification and must have produced a certain amount of sales. The minimum gross sales requirement is \$500 for the first 5 acres of productive land being classified.

Chapter 61B - Recreational Land is designed to encourage the preservation of the Commonwealth's open space and promote recreational land uses. Property must consist of at least 5 contiguous acres of land under the same ownership in order to qualify for and retain classification as recreational land under Chapter 61B. The land must fall into one of the following two categories to qualify:

It must be maintained in a substantially natural, wild or open condition or must be maintained in a landscaped condition permitting the preservation of wildlife and natural resources. It does not have to be open to the public, but can be held as private, undeveloped, open space land.

Liens

Once an initial application for classification has been approved, the local assessors will record a statement at the Registry of Deeds indicating that the land has been classified as forestry under Chapter 61, agricultural / horticultural land under Chapter 61A or recreational land under Chapter 61B. The statement will constitute a lien on the land for all taxes due under the respective chapters.

Municipal Option to Purchase

The city or town has an option to purchase any classified land whenever the owner plans to sell or convert it to a residential, commercial, or industrial use. The owner must notify by certified mail the select board, assessors, planning board and conservation commission of the town of any intention to sell or convert the land to those uses. If the owner plans to sell the land, the town has the right to match a bona fide offer to purchase it. If the owner plans to convert it, the city or town has the right to purchase it at its fair market value, which is determined by an impartial appraisal. The city or town may also assign its option to a non-profit, conservation organization. The owner cannot sell or convert the land until at least 120 days have passed since the mailing of the required notices or until the owner has been notified in writing that the option will not be exercised, whichever is earlier.

Withdrawal Tax

With each of these programs, there is a conveyance tax penalty for withdrawing land. Whenever land which is valued, assessed and taxed under this chapter no longer meets the definition of forest land, agricultural / horticultural land, or recreational land it shall be subject to additional taxes, called roll-back taxes, in the tax year in which it is disqualified and in each of the four immediately preceding tax years in which the land was so valued, assessed and taxed. For each tax year, the roll-back tax shall be an amount equal to the difference, if any, between the taxes paid or payable for that tax year in accordance with this chapter and the taxes that would have been paid or payable in that tax year had the land been valued, assessed and taxed without regard to these provisions.

A summary of Sudbury's use of the Chapter Land programs follows.

Program	Number of Properties	Total No. of Acres Enrolled	Average Acres Per Property
Agriculture/Horticulture	50	701	14.02
Forestry	1 property (consisting of 5 lots)	11.64	11.64
Recreation	9	258	28.67
Totals	64	971	

Bedford, which was the sole community in Massachusetts to utilize the Open Space Classification, discontinued that Classification in 2017. They attribute their decision to the fact that a very small number of parcels representing a small fraction of the Town's value qualified for this classification.

In Sudbury, many of the Town's taxable large land tracts are currently enrolled in at least one of the Special Chapter Land Programs conferred under M.G.L. Chapter 61, 61A and 61B.

As shown above, we currently have 64 parcels of land enrolled in the Special Chapter land programs representing just under 971 acres.

Although there is a tax benefit associated with Chapter land program enrollment, there are also associated program withdrawal implications. One of the associated implications is the municipality's right to purchase the property should it become available for sale. In addition, there is a property tax recapture period when the property is withdrawn from its special classification whereby the municipality can recoup some of the lowered taxes.

There are no such restrictions or implications associated with the Open Space Classification designation. An owner is not restricted in developing or selling the property; the open space tax benefit would simply end.

By comparison with the chapter land programs, summarized below is the vacant land NOT in a chapter land program.

Vacant Land Summary						
				Assessed	Average Assessed Value	
Land Type	Land Use Code	Number	Acres	Value	Per Property	Per Acre
Residential Land	130	31	106.43	15,738,000	507,677	147,871
Residential Land (Secondary)	131	10	35.52	3,220,000	322,000	90,653
Residential Land (Unusable)	132	316	602.53	4,218,300	13,349	7,000
Totals		357	744.48	23,176,300		

The town's current wetlands pricing of \$500/acre and residual land pricing of \$20,000/acre are also significant when considering adoption of the Open Space classification.

Implementation of the Classification takes up to a year following written request of the Select Board.

VOTING THE EXEMPTIONS

Example Motions/Vote(s): Residential and Small Commercial Exemption Options:

The following sample motions are presented in the affirmative.

Motion: [To] adopt a Residential Exemption for Fiscal Year 2026 for eligible residential properties, which will shift the tax burden within the Residential Class.

Motion: [To] adopt the Small Commercial Exemption for Fiscal Year 2026 for eligible commercial properties, which will shift the tax burden within the Commercial & Industrial Classes.

The Open Space exemption cannot presently be implemented, and therefore, no vote need be taken by the Select Board with respect to this exemption.

ADDENDUM A

SUDBURY'S MEANS TESTED SENIOR TAX EXEMPTION

Finally, we are asking this evening that the Board vote on the cap to be used to fund the Sudbury Senior Means Tested Exemption Program for Fiscal year 2026. Section 3 of Chapter 169 of the Acts of 2012, specifies that the total cap on the exemptions granted by the act shall be set annually by the Select Board, within a range of .5 to 1 per cent of the residential property tax levy for the town of Sudbury. The vote is traditionally taken following the mandatory Classification Hearing votes.

Massachusetts Chapter 169 of the Acts of 2012 established, and Chapter 10 of the Acts of 2016 renewed a pilot program in Sudbury for granting certain qualified senior residents a measure property tax relief. Fiscal year 2026 is year thirteen of the program. The exemption is similar to the Residential Tax Exemption in that it shifts the tax burden from qualified residential property owners to other residential property owners. For Fiscal year 2014, the statute limited the total exemptions granted under the pilot program to a dollar cap equal to 0.5% of the residential levy (after any CIP shift). For Fiscal year 2025, the Select Board voted the cap to 0.50%.

For fiscal year 2026, Select Board have the option, if needed, to increase this percentage up to and including 1.0%. This year's analysis does not indicate a need to increase the cap above the .5% level.

Applications are required, and the Assessors administer this program for all applicants deemed qualified by the Board of Assessors. For fiscal year 2026, the Assessors received 76 applications and the Board of Assessors identified 76 applicants tentatively qualified to receive the exemption. In order for the Assessors to complete the necessary calculations, Select Board must first vote the Residential Factor and CIP shift values for fiscal year 2026 at the Classification Hearing. That vote will determine a tentative residential tax rate, which will then be used in the calculations and result in an increase in the tentative residential tax rate. For fiscal year 2026, the indicated need seems to point to a cap on the percentage of residential tax levy required to fund the program to be approximately the same as last year. Our calculations indicate the cap on the exemption percentage of the residential tax levy of .5% is sufficient to fund the program for Fiscal year 2026. The exact percentage will be based upon the voted residential factor.

If needed, the Act also provides an alternative to increasing the cap, whereby the income threshold may be adjusted above the nominal 10.0% until the need is reduced to fall within the cap.

Suggested Motion:

Vote in accordance with Chapter 169 of the Acts of 2012, the total FY2026 cap on the exemptions granted by the Means Tested Senior Tax Exemption shall be .5% (**half of one percent**) of the residential property tax levy.

Addendum B - More Tax Rate Options

CIP Shift	Res Factor	Res ET	Comm ET	Ind ET
1.2000	0.9843	14.52	17.70	17.70
1.2050	0.9839	14.51	17.77	17.77
1.2100	0.9835	14.51	17.85	17.85
1.2150	0.9832	14.50	17.92	17.92
1.2200	0.9828	14.50	17.99	17.99
1.2250	0.9824	14.49	18.07	18.07
1.2300	0.9820	14.48	18.14	18.14
1.2350	0.9816	14.48	18.22	18.22
1.2400	0.9812	14.47	18.29	18.29
1.2450	0.9808	14.47	18.36	18.36
1.2500	0.9804	14.46	18.44	18.44
1.2550	0.9800	14.46	18.51	18.51
1.2600	0.9796	14.45	18.58	18.58
1.2650	0.9792	14.44	18.66	18.66
1.2700	0.9788	14.44	18.73	18.73
1.2750	0.9785	14.43	18.81	18.81
1.2800	0.9781	14.43	18.88	18.88
1.2850	0.9777	14.42	18.95	18.95
1.2900	0.9773	14.41	19.03	19.03
1.2950	0.9769	14.41	19.10	19.10
1.3000	0.9765	14.40	19.17	19.17
1.3050	0.9761	14.40	19.25	19.25
1.3100	0.9757	14.39	19.32	19.32
1.3150	0.9753	14.39	19.40	19.40
1.3200	0.9749	14.38	19.47	19.47
1.3250	0.9745	14.37	19.54	19.54
1.3300	0.9741	14.37	19.62	19.62
1.3350	0.9738	14.36	19.69	19.69
1.3400	0.9734	14.36	19.76	19.76
1.3450	0.9730	14.35	19.84	19.84
1.3500	0.9726	14.35	19.91	19.91
1.3550	0.9722	14.34	19.99	19.99
1.3600	0.9718	14.33	20.06	20.06
1.3650	0.9714	14.33	20.13	20.13
1.3700	0.9710	14.32	20.21	20.21
1.3750	0.9706	14.32	20.28	20.28
1.3800	0.9702	14.31	20.35	20.35
1.3850	0.9698	14.31	20.43	20.43
1.3900	0.9694	14.30	20.50	20.50
1.3950	0.9691	14.29	20.58	20.58
1.4000	0.9687	14.29	20.65	20.65
1.4050	0.9683	14.28	20.72	20.72
1.4100	0.9679	14.28	20.80	20.80
1.4150	0.9675	14.27	20.87	20.87
1.4200	0.9671	14.26	20.94	20.94
1.4250	0.9667	14.26	21.02	21.02
1.4300	0.9663	14.25	21.09	21.09
1.4350	0.9659	14.25	21.17	21.17
1.4400	0.9655	14.24	21.24	21.24
1.4450	0.9651	14.24	21.31	21.31
1.4500	0.9647	14.23	21.39	21.39
1.4550	0.9644	14.22	21.46	21.46
1.4600	0.9640	14.22	21.53	21.53

1.4650	0.9636	14.21	21.61	21.61
1.4700	0.9632	14.21	21.68	21.68
1.4750	0.9628	14.20	21.76	21.76
1.4800	0.9624	14.20	21.83	21.83
1.4850	0.9620	14.19	21.90	21.90
1.4900	0.9616	14.18	21.98	21.98
1.4950	0.9612	14.18	22.05	22.05
1.5000	0.9608	14.17	22.12	22.12

ADDENDUM C

12 Year Commercial Tax History

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Residential Factor (Vote)	0.970500	.969800	0.97890	0.9729	0.9752	0.9763	0.9751	0.9761	0.9741	0.9734	0.9737	0.9746
CIP Shift (Vote)	1.40	1.40	1.26	1.33	1.33	1.33	1.33	1.33	1.38	1.38	1.38	1.35
Single Tax Rate (Calculate)	15.06	15.00	16.05	18.47	19.21	18.8	18.27	18.27	18.12	18.19	17.99	18.42
CIP Tax Rate following Shift (Vote)	21.04	21.16	20.23	24.57	25.55	24.97	24.3	24.3	25.01	25.11	24.88	24.94
Residential Tax Rate following Shift including Senior Means	14.64	14.61	15.77	18.05	18.83	18.45	17.91	17.93	17.74	17.8	17.6	18.03
Small Commercial Exemption (Vote)	No	No	No	No	No	No	No	No	No	No	No	No
Residential Exemption (Vote)	No	No	No	No	No	No	No	No	No	No	No	No
Open Space Classification (Vote)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Average All Residential (not just SFR)	1050401	1,015,725	906,518	761,788	710,074	708,436	703,602	679,625	660,704	634,923	616,378	598,557
Average Nominal Commercial Value	1416017	1,365,142	1,372,149	1,090,362	968,017	906,245	951,245	862,037	817,572	773,195	746,102	743,816
Nominal Commercial Value	264795200	256,646,700	257,064,100	204,988,100	183,923,300	170,374,100	179,785,300	163,787,100	152,885,900	145,360,600	138,774,900	138,349,700
Nominal Commercial Property Count	187	188	188	188	190	188	189	190	187	188	186	186
*SMTE Program utilizes the traditional residential exemption module to calculate the tax impact due to the exemption												

TOWN OF SUDBURY

FINANCIAL MANAGEMENT REVIEW

OCTOBER 2025

STAFF RESPONSES IN RED



DLS
DIVISION OF LOCAL SERVICES
MA DEPARTMENT OF REVENUE



DLS

DIVISION OF LOCAL SERVICES
MA DEPARTMENT OF REVENUE

Geoffrey E. Snyder
Commissioner of Revenue

Sean R. Cronin
Senior Deputy Commissioner

October 21, 2025

Select Board
Town of Sudbury
322 Concord Rd
Sudbury, MA 01776

Dear Board Members,

I am pleased to present the enclosed report summarizing our financial management review of the Town of Sudbury. The Division of Local Services is committed to assisting municipalities in achieving effective fiscal stewardship, and it is my belief the recommendations presented here will help the community become better positioned for the future.

Please contact me if you have any questions regarding the report.

Sincerely,

A handwritten signature in black ink, appearing to read "Sean R. Cronin".

Sean R. Cronin
Senior Deputy Commissioner

617-626-2381
croninse@dor.state.ma.us

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INTRODUCTION

At the select board's request, the Division of Local Services (DLS) Financial Management Resource Bureau (FMRB) completed a financial management review for the Town of Sudbury. The review's scope encompassed government structure, fiscal planning, financial policies, information technology, and operational practices in the town's central financial offices.

This is the second study that FMRB has done for Sudbury in recent years, the previous being a review of the town's capital improvement program, which resulted in a report issued in [April 2020](#). To the extent that local leaders have tried to implement any of the report's advice related to capital funding sources, including the tax levy, reserves, and debt, the effects would be gradual. With the passage of only five fiscal years, this report will not revisit any of the same territory, and for the most part it will not include much analysis of fiscal trends. Another reason for this decision is that, in April 2025, Sudbury's finance director issued a 166-page [report](#) that presents a comprehensive analysis of the town's finances, budgetary history, and fiscal indicators from the past 10 years to the present.

This review has taken place at a time when there have been several changeovers in positions that play critical roles in shepherding the town's long-term fiscal health and day-to-day finances, starting with the town manager and including the finance director, treasurer/collector, town accountant, and human resources director. As policy officials and the new management team collectively reconsider the established ways of doing things, we present recommendations designed to help them make the most of their resources, guide budgetary planning, and promote prudent financial practices. Foremost among these, we suggest that Sudbury conduct a charter review; expand and revise financial policies; improve internal controls in daily financial operations; and enhance employee development.

Background

A MetroWest suburb of 19,394 residents lying less than 20 miles from Boston, Sudbury is a convenient bedroom community set in a rural atmosphere. Its per capita income of \$120,396 and per capita equalized property valuation of \$289,287 rank it among the state's more affluent towns. Also elite is the town's AAA bond rating from S&P Global Inc., which it has held since 2001. The firm's most recent ratings report in January 2024, cited the town's "very high" income levels, stable residential property values, and broad, diverse economic environs. Also noted were the town's "strong financial management practices," strong reserve levels, balanced finances, and manageable fixed costs.

In FY2025, the town had a general fund budget of \$125M, 87% of which was funded by the property tax levy, with the other revenue sources being state aid at 6%, local receipts 5%, and other available funds 2%. Under the Community Preservation Act (CPA), Sudbury assesses a property tax surcharge at the highest allowable limit of 3% and receives a small percentage reimbursement from the state (18%

in FY2025). CPA revenues, which may only be used to support historic property, open space, recreation, and affordable housing projects, added \$9M to the town's omnibus budget. Also separate from the general fund were the town's three, user-supported, enterprise fund operations (pool, transfer station, and field maintenance), which together totaled just over \$1M.

The budget supports a range of services typical to similar towns in the state, including full-time public safety departments, consolidated public works, health services, library, council on aging, and recreational programs. The town provides no public utilities, however, and property owners receive water services through the separate Sudbury Water District. Education is by far the town's largest expenditure category, comprising 64% of general fund spending in FY2025. The town operates its own Sudbury Public School (SPS) district for kindergarten through eighth grade students and pays annual assessments for its membership in the Lincoln-Sudbury Regional High School (LSRHS).

Between the SPS and other town departments, the town employs about 200 people year-round, making it the third largest employer in the community, after Sudbury Farms Supermarket (250 employees) and the LSRHS (225). The lack of sewer services is a significant hindrance to greater commercial growth, and there has also been friction at times between those in town who would like to see more diverse, revenue-generating property development and others who would rather preserve open space and recreational lands. There were two large projects, Cold Brook Crossing and Meadow Walk, that had recently been providing multiyear boosts to the property tax levy and building permit revenues. However, those buildouts have now been completed, and no similar developments are anticipated in the near future.

With its limited commercial development, Sudbury must rely heavily on residential property taxes to fund annual budgets. To help ease the burden on homeowners, the town splits the tax rate to apply a different, higher rate to the commercial, industrial and personal (CIP) property classes. In FY2025, this tax rate shift meant that 10% of the total levy was assessed to CIP property owners even though their properties collectively made up only 7% of the town's total valuation.

As inflation and other economic factors continue to drive up fixed costs faster than the revenue growth delimited by Proposition 2½, town officials have been straining to formulate budgets that have long-term structural sustainability, with adequate room for sound reserve levels and capital capacity. For many years, Sudbury's annual tax levy has stayed close to the maximum levy limit

Fiscal Year	Max Levy Limit	Total Tax Levy	Excess Levy Capacity	Excess % of Max Levy Limit
2016	\$77,317,863	\$76,997,530	\$320,333	0.41%
2017	\$80,027,697	\$79,892,487	\$135,210	0.17%
2018	\$83,524,281	\$83,323,444	\$200,837	0.24%
2019	\$86,600,617	\$86,384,635	\$215,982	0.25%
2020	\$89,741,650	\$89,733,894	\$7,756	0.01%
2021	\$93,076,677	\$92,444,615	\$632,062	0.68%
2022	\$96,516,552	\$95,995,345	\$521,207	0.54%
2023	\$99,485,516	\$99,049,389	\$436,127	0.44%
2024	\$106,581,243	\$105,189,118	\$1,392,125	1.31%
2025	\$109,658,448	\$109,643,754	\$14,694	0.01%

allowed by Prop 2½, and its excess levy capacity was virtually nil in FY2025.¹ This means that any significant expansion in the town's budget would require a levy limit override.

On top of the base property tax levy, Sudbury's annual levy includes amounts that have been added to pay off the debt service obligations of capital projects that town meeting and at-large voters approved for debt exclusions. Nine such projects were still being paid in FY2025. In FY2025, Sudbury's average single-family tax bill of \$16,343 ranked 13th highest in the state. However, when that amount is measured as a percentage of the average single-family home (1.46%) it was only the 78th highest and as a percentage of the town's per capita income (10.54%), its ranking was at 284.

As officials seek a future in which Sudbury can maximize the efficiency, effectiveness, and accountability of its financial practices and overall management operations, we hope that they consider the advice provided here as a guide. On the following pages, we present our observations and recommendations divided into two sections: Overall Financial Management and Finance Department Operations. As we did for the 2020 Capital Report, in parts of this report, we reference Sudbury's peer communities, a group that was determined based on similarities in size, as well as economic and socioeconomic factors. Refer to the Appendix to see a table listing the peer towns with their comparison data.

¹ On an annual basis, local decision makers determine whether and how much to increase the tax levy within the levy limit, which increases automatically each year by 2.5%, plus an allowance for new growth or other additions to the tax rolls. The difference between the levied amount and levy limit is known as excess levy capacity, i.e., the amount of taxes the town opted not to levy.

OVERALL FINANCIAL MANAGEMENT

The executive branch of Sudbury's government is an elected, five-member select board, while an open town meeting constitutes the legislature. Day-to-day operations are overseen by a town manager, whom the select board appoints to act on its behalf according to duties and authority laid out in [Ch. 131, Acts of 1994: An Act Establishing a Board of Selectman/Town Manager Form of Administration](#).² As defined by the act, the town manager is Sudbury's chief administrative and financial officer, with overall human resources responsibility and management oversight of all departments reporting under the select board.

The current town manager was appointed in February 2023, following a seven-year tenure as Middleton's town administrator and five years in that role in Townsend. In the three years before his hiring, the select board had become more involved in administrative matters than would be expected in a town with a formally codified strong town manager position, primarily due to the inexperience of the officeholder at that time. However, based on our conversations, select board members have steadily gained confidence in the incumbent's administrative and budgetary skills, which has consequently helped to reverse that trend. In addition, since his arrival, the town manager has successfully navigated through a series of turnovers in managerial positions in numerous departments throughout town. Thus, early on he has gotten the opportunity to assemble a leadership team largely of his own choosing, one that can bring new energies and perspectives to service provision in Sudbury.

The charter authorizes the town manager to "reorganize, consolidate or abolish, create, merge, or divide, alter the term of office, the manner of selection of any town department, office, agency or function" under the position's jurisdiction. A town manager in the late 1990s created a consolidated finance department composed of these divisions: accounting, combined treasury and collections, assessing, information systems, and town clerk. Historically, this department has been led by a finance director-treasurer/collector. The prior person to hold that position worked for the town from 2016 until leaving for another opportunity and was replaced by a highly experienced new director in July 2024.

For many years, the town had an assistant town manager/human resources (HR) director, but the last person to hold that position retired in June 2025. As her retirement approached, a few reorganizing decisions were made. The assistant town manager was detached from HR, and a new HR director was hired. The finance director-treasurer/collector transitioned to become the new assistant town

² Throughout this report, we will refer to this special act as the town charter, even though in the strictest technical sense that is a misnomer. [M.G.L. c. 4, § 7, clause 5](#) defines a charter as a document "*adopted, amended or revised pursuant to the provisions of M.G.L. c. 43B which establishes and defines the structure of city and town government.*" Sudbury's 1994 act was not done under 43B. However, a special act that establishes a framework of government has equivalent standing to a charter and is also commonly referred to as such.

manager-finance director, and that position now also oversees the veterans services, library, park and recreation, and senior center departments.

In another change, the finance director was detached from the treasurer/collector, and the assistant in that office was promoted to become the new treasurer/collector. To bring added attention to procurement and special projects, a new financial analyst position was created. With the elimination of a vacated, part-time position in the town manager's office, the total full-time-equivalent employee headcount and overall salary costs among these departments remain virtually the same for the new fiscal year. Also, as of this writing, the town has not yet backfilled the vacant positions in the accountant and treasurer/collector offices that occurred when the assistants in each of those offices were promoted.

The Finance Department recently promoted an internal employee to the Assistant Treasurer/Collector role. In the near future, we anticipate making an internal staffing change to fill the Assistant Town Accountant position. These adjustments are part of our ongoing efforts to strengthen internal operations and career development opportunities within the department. No additional positions are being added to the Finance Department as a result of these changes.

Sudbury's town charter places into the town manager's hands the authority for managing the annual budget process and devising the operating and capital budget proposals presented to town meeting. As part of the overall process, [Chapter 5, Article II](#) of the general bylaws calls for a nine-member, moderator-appointed finance committee to provide an independent assessment of all finance-related town meeting warrant articles. There is also a capital improvement advisory committee (CIAC), appointed by the select board and finance committee, which reviews and makes recommendations to those boards on all capital proposals costing over \$100,000 ([Chapter 11](#)).

As a practical matter, the town manager has delegated to the assistant town manager-finance director many of the duties related to the annual budget process, such as developing a three-year financial forecast; distributing data and forms to departments for them to reply with their budget and capital requests; and assembling the returned information into a preliminary budget. The two of them then work together through all the steps along the way to the budget presentation at annual town meeting, including meeting with department heads to discuss their needs, keeping the select board apprised of progress and receiving its feedback, and interacting with the finance committee and CIAC.

Following the 2020 Capital Report, local leaders have continued to take a steady, systematic approach to investigating the town's long-range challenges, as well as opportunities. A master plan was done in 2022, and in 2025 Sudbury completed a study of the conditions of its facilities, which should further enhance the quality of capital planning. Every year in September the select board dedicates a meeting to setting fiscal year goals and reviewing those of the prior year. This session is typically facilitated by a consultant from the UMass Collins Center for Public Management. In pursuit of those objectives, as

well as others that are perennially part of doing town business, the town manager holds monthly meetings of all department heads to discuss ongoing matters and ensure good coordination of efforts.

Two full budget years have now been completed under the current town manager, and the assistant town manager-finance director has been on the budget team for one. Together, they identified a need to raise awareness among town officials, and the public in general, of the full range of fiscal trends that inform and constrain budget decisions, and that was a rationale behind the creation of the comprehensive financial report referred to in the Introduction. As a community not prone to burgeoning commercial development and with no major real estate developments on the horizon, the town cannot expect to have budget revenues padded by significant new growth in the tax levy or increased local receipts. This will be one of the biggest challenges for the town going into the future.

Despite the difficulties of sustaining desired service levels within the town's revenue constraints, local leaders have found ways to do that, while making progress in developing and funding the capital plan. They have also wisely continued to make room within budget plans to make sure the town can achieve and maintain adequate levels of reserves to manage a range of risks. As we discuss further on, the town has recently realized some year-to-year increases in certified free cash, largely thanks to revenues that outperformed the town's conservative estimates, along with continued careful management of departmental budgets. To help Sudbury's officials to further enhance efficiency, coordination, and accountability in its financial practices, we offer the following recommendations.

1. Conduct a Charter Review

We recommend the town conduct a charter review. Thirty-one years have passed since Sudbury's first charter was established, and the town has not undertaken any other formal examinations of its governing framework since then. DLS consistently promotes the concept that communities should reassess their government structure at roughly 10-year intervals. This best practice helps ensure that as a town grows, changes, and contends with new challenges, it will not default to a calcified status quo when there may be potential to enhance the effectiveness and efficiency of municipal governance through some thoughtfully considered modifications.

As written, the special act of 1994 is quite extensive and detailed in defining a strong town manager. Beyond delineating the select board's and town manager's respective authorities and defining the manager's specific powers and duties, the act's scope covered just two other areas. It established a consolidated department of public works, and it stipulated the continued elected statuses of the moderator, select board, board of assessors, board of health, school committee, library trustees, planning board, housing authority, and park and recreation commission. Compared to other special acts in the state that establish town structures, Sudbury's lands somewhere in the middle, between a more fleshed out town charter (i.e., one that includes more information about legislative and

budgetary procedures, and the roles of additional town officers and boards) and a town manager act that focuses entirely on defining that position.

We recommend the select board initiate a charter review by appointing a charter committee of seven to eleven residents. The appointees should have varying backgrounds and include some individuals who have served in town government, though we discourage the select board from appointing any of its own members. This would allow the board to retain a responsive, policy-analytical position relative to the committee's progress reports and any end-product document. It is important that the charter committee members approach their work as an open fact-finding mission without any advanced agendas and welcome differing opinions as opportunities to enhance discussion. The select board should set a time frame to complete the committee's charge, such as one year, and require the committee chair to make quarterly progress reports. In carrying out its work, we suggest that the committee do the following:

- Meet with department heads, employees, and appointed officials to hear their perspectives.
- Research and review the charters of similar communities, including the towns in our selected peer group, all of which have charters that have undergone review in recent years.
- Speak with officials from other communities about their experiences with making changes in their local governments.
- Encourage input from members of the community through surveys and public forums.
- Seek assistance from town counsel or a consultant familiar with implementing structural changes in local government, including drafting charters.
- Formally report the committee's recommendations about revising the charter or adding amendments, and if further charged by the select board, draft the text for same.

Areas of discussion for the charter committee to anticipate may include the following:

- Should any elected boards become appointed?
- Should the finance department be formally codified in the charter?
- Should the charter consolidate any other departments? Although, as we noted, the town manager can do this of his own volition, and there may be department consolidations that the community desires to make more permanent through a charter amendment.
- What is the finance committee's role in relation to the budgetary powers of the town manager, and does it have the right membership size for Sudbury? Although a finance committee bylaw exists, it is not uncommon for a town charter to incorporate information on the finance committee's role.

If the committee's work results in the town moving forward to revise or amend the charter, it would then be done through a special act, as with the original, after receiving majority approval by town meeting. Although a special act charter does not also require approval from the town's voters at large

to go into effect, as a matter of practice, either the legislature or town meeting almost always makes that a contingency.

To support this important initiative, the Town could consider engaging the Edward J. Collins, Jr. Center for Public Management at UMass Boston, or another qualified consulting firm, to assist in guiding the review process. The Collins Center has extensive experience working with Massachusetts municipalities on charter development, governance assessments, and organizational structure reviews, and could provide both technical expertise and a valuable outside perspective.

The Town could consider appropriating funds at a future Town Meeting to retain such professional assistance. This would ensure that the review process is objective, well-informed, and aligned with best practices in municipal governance. A consultant could help facilitate the committee's discussions, provide comparative analyses of similar communities, and assist in drafting any proposed charter amendments or revisions for consideration by Town Meeting and the Legislature.

Ultimately, investing in a structured and supported charter review process will help ensure that Sudbury's governing framework continues to reflect the community's values, promote transparency and accountability, and provide a strong foundation for effective management and citizen engagement in the decades ahead.

2. Conduct a Comprehensive Review of the General Bylaws

As a follow-up to the charter committee, we recommend Sudbury conduct a substantive review of its general bylaws. The bylaws serve as a supplemental document to the town charter, filling in further details about government structure and procedures, while also setting forth local prohibitions. To effectively inform town residents and employees and promote consistent governmental procedures, a community should review its bylaws on a periodic basis. Therefore, even if the charter committee's work does not result in a revised town charter, we still recommend a comprehensive bylaw review.

Accordingly, we suggest the select board appoint a bylaw review committee of three to five people, comprising a mix of residents and town officials. The town recently completed a project to digitize the charter and bylaws, so that they could be made available on the [eCode360](#) platform. That process involved a recodification, which assigned sequential section and subsection numbers to all the bylaws and inserted new placeholder sections for future use. With this logical structure established, bylaw committee members have a good starting framework from which to work.

The bylaw committee's goals should be to (1) remove inconsistencies and clarify vagaries within the bylaws and between them and the charter, (2) modify bylaws as necessary to reflect the town's actual

structure and procedures, and (3) propose new bylaws that are informative and directive of the town's existing or desired practices and allowances. For guidance, committee members can examine the bylaws of other towns and seek input from residents, employees, and officials through public forums. A revised code will need to be approved by town meeting and the state attorney general.

To support this important initiative, the Town could consider engaging the Edward J. Collins, Jr. Center for Public Management at UMass Boston, or another qualified consulting firm, to assist in guiding the review process. The Collins Center has extensive experience working with Massachusetts municipalities on charter development, governance assessments, and organizational structure reviews, and could provide both technical expertise and a valuable outside perspective.

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Ultimately, investing in a structured and supported charter review process will help ensure that Sudbury's governing framework continues to reflect the community's values, promote transparency and accountability, and provide a strong foundation for effective management and citizen engagement in the decades ahead.

3. Adopt Additional Financial Policies

In response to policy-related suggestions in the 2020 Capital Report, the select board formed a subcommittee to draft revised policies and subsequently adopted a new manual covering these topics: Financial Reserves, Overlay, Capital Assets, Forecasting, Debt Management, Investments, and Other Postemployment Benefits Liability. These are among the policies that FMRB considers essential for every community to have, as determined through the bureau's many years conducting financial management reviews. But beyond those fiscal planning topics, there are also some financial operations policies we consider to be just as core to manage risks effectively and promote the town's long-term financial health. We therefore recommend the select board charge the policy subcommittee to expand the manual to include all the core policies we advocate. The table on the next page lists all of FMRB's core policies, with the yet-to-be-adopted topics indicated by italics.

FMRB's Recommended Core Policies

Financial Planning	Financial Operations
Capital Planning Debt Management Financial Reserves Forecasting Investments OPEB <i>Indirect Cost Allocation</i>	Procurement Conflict of Interest <i>Antifraud</i> <i>Reconciliations</i> <i>Revenue Turnover</i> <i>Tax Enforcement</i>

As material to work from, under separate cover, we are providing a Word version of sample policy drafts for the core topics. As time goes on, the town might consider adopting other policy topics in addition to those above, such as Grants Management, Employee Reimbursement, or Annual Audit, to provide just a few examples. Samples for those may be found within the manuals that FMRB has created for roughly 40 cities and towns, which are available on the [DLS website](#). Upon request, we can provide the town with any policies in Word format.

- Staff is currently reviewing its financial policies and will present recommendations in the future to enhance and update them as appropriate.
- An internal Procurement Handbook, aligned with Massachusetts General Laws, has recently been adopted and distributed to all department heads to ensure consistency and compliance in purchasing practices.
- The Finance Department plans to develop a Financial Operations Policy that will formalize procedures for bank reconciliations, revenue turnover, and tax enforcement. While these processes are already in place, formal documentation will help strengthen internal controls and ensure procedural consistency.
- The Town allocates indirect costs to its Enterprise Funds and will be formalizing this practice through an operations policy to provide clarity and transparency in cost allocation.
- Policies relating to fraud prevention and conflict of interest are currently addressed through existing employee ethics and conduct requirements. The Human Resources Director is looking to update its Employee Handbook to further strengthen and modernize these standards.
- Staff will also evaluate the need for additional policies as part of ongoing policy development and best practice alignment.

4. Refine the Town's Free Cash Strategy

We recommend the town consider revising its Financial Reserves policy to refine the town's strategies related to free cash. Free cash is liable to fluctuate from year to year for a variety of reasons, and when it is certified at a larger amount than the usual trend, it can be helpful for communities to have

preestablished, broadly understood plans for the additional funds. Apart from defining appropriate usage, a free cash strategy should also include regular analyses and communication of what lies behind the certification figures, so that policy officials can try to anticipate the occurrence of up or down years.

What is free cash?

Free cash is a term that only exists in the world of Massachusetts municipal finance, and its cynical-sounding label might contribute to the sometimes confusing and contentious debates that take place at the local level about its nature and function. Elsewhere, free cash most closely corresponds to the unassigned, or unrestricted, portion of a government's "fund balance," which is the year-end difference in assets versus liabilities. A government's fund balance is similar to the working capital of a private company; however, the distinction with public sector balance sheets is that they require separate, self-balancing entries to track each fund's revenues and expenditures. Ultimately, unassigned fund balance provides a means to measure a community's fiscal health, particularly in relation to the year-to-year levels at which it is maintained and the ways in which it is used.

To be more specific in a Massachusetts context, free cash represents the remaining, unrestricted funds from the previous fiscal year's operations. It includes the unexpended balance of prior year free cash, actual receipts that exceeded revenue estimates, and unspent amounts in budget line items. Free cash is reduced by property tax receivables and certain deficits, and it can therefore be a negative number. Before the town may appropriate free cash, DLS must certify the amount based on the town's submitted June 30 balance sheet.

Goals Related to Free Cash

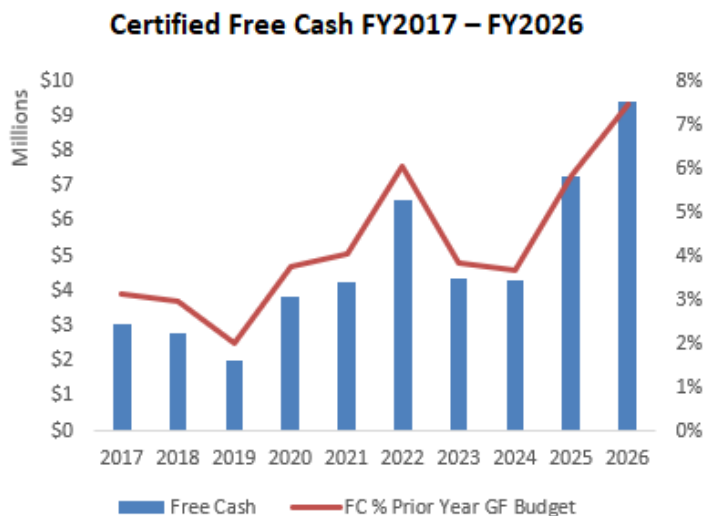
To promote sound fiscal management, there are multiple reasons why a town would engineer budgets to achieve a certain level of fund balance, which may be certified as free cash after the year-end. At the most basic level, local budget makers must be careful to avoid overestimating expected revenues for the new year in all the main categories (tax levy, local receipts, state aid, other available funds) or risk experiencing revenue deficits that could compromise service delivery and the budget's future sustainability. This provides the logic in purposefully underestimating revenue projections by at least a few percentage points. Beyond the need to adequately manage the risk of revenue shortfalls, the other reasons for budgeting with an eye toward fund balance include:

- To maintain a strong fiscal position by having free cash and stabilization reserves adequate to weather negative economic trends and unforeseen circumstances
- To provide a cash funding source for items in the capital plan that are not suitable for bonding
- To ensure sufficient, on-hand cash flow to cover year-round operational expenses despite the inflows from large revenue sources occurring only at specific times

- To obtain and maintain a strong bond rating and thus achieve lower interest payments on bonded capital projects

Statewide and Local Trends in Free Cash

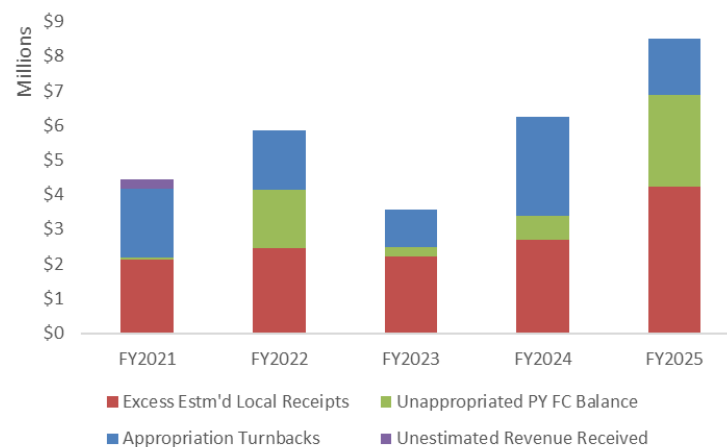
At the statewide level, DLS has observed an overall surge in certified free cash amounts in the last few years. Although not every city and town has experienced significant upswings in free cash, the majority have been seeing increased certifications,³ including Sudbury, whose recent history is displayed to the right.



³ See [Another Look at Free Cash](#) from the June 5, 2025 edition of *City & Town*.

Based on data reported to DLS, investment interest has been the most common driver of the trend in increased free cash among communities around the state. Investment interest is a subcategory of the local receipts portion of annual budgets, and as the chart below shows, excess local receipts was proportionally a high contributor to the free cash increases in Sudbury's certifications in the last two years. Permits constitute another local receipts subcategory, and Sudbury experienced significant increases in building permit revenues largely because of the now completed Cold Brook Crossing and Meadow Walk construction projects. The DLS website provides this [reporting tool](#) to query the budgeted and actual local receipts in each category by community and fiscal year.

Free Cash Components, FY2021 – FY2025



Sudbury's Policy

As a prudent provision, Sudbury's Financial Reserves policy restricts the use of free cash to one-time expenditures only, such as capital projects and emergencies. The policy goes on to say that any free cash that is certified at a level above the policy target of five percent of the prior year general fund budget may be appropriated to build reserves or offset unfunded liabilities, or it may be "set aside for existing debt." We advise the town to reconsider that last phrase, as it seems to refer to multiyear debt service obligations, which should be considered as a recurring fixed cost. As such, the town should avoid using free cash to pay so-called "permanent debt" to avoid the potential for creating a structurally unbalanced budget, which could eventually lead to defaulting on the debt.

At the select board's direction, the town manager and finance director have recently initiated a review of the town's financial policy manual, the periodic review of policies being a best practice that FMRB very much promotes. When reassessing the Financial Reserves policy, the town might want to consider adding further text regarding how the town would plan to use free cash amounts that exceed a specified level. Many communities do this by directing certain percentages of the certified free cash to stipulated purposes, such as 20% to deferred capital projects, 10% toward achieving the general

stabilization fund's target level, 10% to unfunded liabilities, and so on. For an example of how this was done in one town's Financial Reserves policy, review the manual that FMRB created for [Berlin](#).

As part of the Financial Policy Review, the Town will review its reserves and Free Cash Balance, and the recommended % the Town should use going forward, as well as a usage policy.

5. Adopt a Policy on Special Purpose Appropriations

We recommend the town adopt a policy to guide the efficient management of special purpose appropriations, and we are separately transmitting to the town a Word version of a sample policy. "Special purpose" refers to an appropriation whose purpose completion time may extend beyond a single fiscal year. Typically, they provide funding for capital projects and are presented to town meeting in warrant articles separate from the town-wide budget article. At fiscal year-end, if a special purpose expenditure is still pending, the town accountant creates a continuing appropriation account in the next year's general ledger to carry the balance forward into the new year's operating budget.

In the new finance director's first year, he identified balances in numerous special appropriation accounts from past fiscal years, which he had to research to determine if their purposes were still pending or if they were only residual balances that should be closed out. Closing out static appropriation balances efficiently helps to ensure that any unused funds can be readily available to appropriate to new purposes or to augment the next free cash certification.

Staff recognizes the importance of formalizing its approach to managing special purpose appropriations. In FY2025, the Town proactively closed out more than \$700,000 in completed capital articles and established a standardized process for regularly monitoring all active capital appropriations. This process includes coordination with departments to review project status, confirm documentation, and identify any delays. Through ongoing review and timely closeout of completed appropriations, the Town ensures that unused funds are returned to free cash enhancing transparency, strengthening financial management, and supporting long-term capital planning.

6. Guidance for Departmental Revolving Funds Established Under M.G.L. c. 44, § 53E½

At the annual town meeting in May 2025, voters approved the establishment of three, new, § 53E½ departmental revolving funds, bringing to 25 the total number of such funds in effect for FY2026. Collectively, the total FY2026 spending that town meeting authorized for these funds is \$3.5M. As the town continues to manage its revolving funds, and may consider creating new ones in the future, officials must exercise caution to ensure that the funds comply with statutes, their related financial activities are monitored and approved accurately, and they effectively accomplish their purposes.

The programs or services suitable for departmental revolving funds are those the town offers on a discretionary basis. Typically, these programs have expenses that fluctuate with demand but that are easily segregated from other departmental expenses and can be paid for with revenues received and on-hand during the fiscal year. A revolving fund is not appropriate to support nondiscretionary activities that are part of ongoing operations to provide regular governmental or regulatory functions.

Used properly, revolving funds can provide a measure of relief to general fund budgetary pressures because they enable a town to source the financing for certain services directly from the voluntary users of those services. As another advantage, the balance in a revolving fund does not close out to the general fund at year-end but instead carries forward into the new fiscal year. This allows for smooth continuity in managing the given program's cashflow as fiscal years change over.

An excessive number of revolving funds can have some drawbacks, however. They involve extra time and effort, by the department and the accounting office, to correctly identify, track, approve, and report appropriate receipts and valid expenditures as they relate to the fund's authorization. Each one requires a bylaw, which involves some additional documentary efforts (i.e., town meeting warrants, submission to the Attorney General's Municipal Law Unit for review, updating the general bylaws document). Directing certain departmental receipts to a revolving fund decreases the fund balance in the general fund, thus reducing the total amount that can be certified as free cash, which might otherwise be available for other needs.

With all these considerations, the extent to which different towns that provide a similar array of services create revolving funds can vary widely, and it often just depends on the local appetite for them. This is demonstrated in a review of Sudbury's peers, as shown below.

**Peer Communities:
Numbers of Departmental Revolving
Funds**

Town	Acton	Bedford	Concord	Duxbury	Hingham	Hopkinton	Scituate	Wayland	Westwood	Sudbury	Avg.
# Dept. RFs	10	14	5	3	14	20	16	7	14	25	13

Data sources: Each town's general bylaws and/or combined balance sheet submitted to DLS

A revolving fund created pursuant to [M.G.L. c. 44, § 53E½](#) establishes an account separate from the general fund in which are retained the fees charged for a particular service or program to be used to support the same. Revolving fund revenue may be spent without further appropriation. However, a program cannot be supported by a revolving fund unless it meets three conditions:

1. The service or program must provide a specific, tangible benefit to the payer;
2. It must be voluntary - participation cannot be required; and

3. The fee charged must directly pay for the service in the appropriate amount to offset the cost of providing the service.

Based on the language in Sudbury's bylaws and the May 2025 annual town meeting warrant, there appear to be six revolving funds that include revenue streams that are inappropriate for departmental revolving funds, as indicated below.

Revolving Fund	Non-fee-type Revenues
Local Access TV	Fees "and other income collected" It is unclear what these revenues are, and the options for setting aside cable license/franchise fees are either a receipts reserved fund M.G.L. c. 44, § 53F¾ or enterprise fund c. 44, § 53F½ . See IGR 2016-102 .
Solar energy	Savings from renewables, solar arrays, or similar equipment. Unclear what these receipts are, and also not clear what the supported program or activity is.
Revolving Fund	Non-fee-type Revenues
Forestry activities	"Funds generated from forestry activities" Unclear what these funds are.
Regulation of dogs	Fines and penalties imposed under bylaw Ch. 117, Art. II. Fines and penalties are nonvoluntary, and they have a regulatory purpose.
Cemetery	"Sale of lots and other fees" Revenue from the sales of cemetery lots must be directed to a receipts reserved account under M.G.L. c. 114, § 15 .
Public Health (new for FY2026)	"Revenues from the public health excellence grant and other shared services fees." True grant monies must be deposited in a dedicated grant account, M.G.L. c. 44, § 53A . However, it seems likely this is more of a shared service agreement, in which case, the revenues should be directed to the general fund. The payments from the other accounts would be estimated receipts, and the town should budget the entire cost of the operation through the annual budget.

In light of the above, we advise the town manager and finance director to reexamine all the town's revolving funds. For any found to be inappropriate under § 53E½, the accountant must treat the program receipts as general fund revenue unless a different treatment applies under another statute. The town manager would also need to submit a warrant article to update the town bylaws.

We note that Sudbury has two valid fee-for-service revolving funds even though their listed revenues do not say "fees." In both cases, the indicated receipts are, in effect, fee reimbursements from third parties; namely Medicare/Medicaid and MassHealth for the Vaccinations revolving fund and Metrowest Regional Transit Authority for Council on Aging Van Transportation. Also allowable are the revenues from "fines" in the Library revolving fund because their purpose is to replace books rather than being regulatory.

More information about departmental revolving funds can be found in [Informational Guideline Release 2021-23](#).

Staff recognizes the guidance provided by DLS regarding the statutory requirements and appropriate use of M.G.L. c. 44, § 53E½ revolving funds. We agree that it is important to ensure that the Town's revolving funds are structured and administered in accordance with state law, that revenues deposited into these funds are limited to true fee-for-service receipts, and that other types of revenue are directed to the appropriate fund types.

Accordingly, staff will be undertaking a review of all existing departmental revolving funds in consultation with the Town Manager, Assistant Town Manager/Finance Director, Town Accountant, Treasurer/Collector, Town Counsel, and relevant department heads. Where funds are found to include revenue sources that are not permissible under § 53E½, the Town will take corrective action to reclassify those revenues and, where applicable, propose Town Meeting warrant articles to amend or dissolve the affected revolving funds.

As an initial step, the Town intends to proceed as follows:

1. Cable Television Revolving Fund

The Cable Television Revolving Fund will be closed at a future Town Meeting, and a special revenue account will be established for cable access revenues in accordance with M.G.L. c. 44, § 53F¾. This will ensure that cable-related receipts are tracked and expended consistent with statutory requirements and the Town's cable licensing agreements.

2. Cemetery Revolving Fund

The Cemetery Revolving Fund will be closed at a Future Town Meeting, and the Town will establish a Receipts Reserved for Appropriation account pursuant to M.G.L. c. 114, § 15 for the sale of lots and related cemetery receipts. This will align the treatment of cemetery-related revenues with state law while maintaining the ability to appropriate funds for cemetery purposes as needed.

3. Solar Revolving Fund

The Solar Revolving Fund, originally authorized under Article 11 of the 2016 Annual Town Meeting and amended under Article 30 of the 2023 Annual Town Meeting, will continue to operate pursuant to M.G.L. c. 44, § 53E½. Revenues from the solar field at the Town landfill will continue to be deposited into this fund. Expenditures are limited to payment of Town electrical costs and energy efficiency and sustainability initiatives as recommended by the Energy and Sustainability Committee. In speaking with DLS, they were okay with this approach once we provided them with this information. There is not further change needed to this.

4. Dog Control Fund

In accordance with the Town's General Bylaws, Section 3-6, a Dog Control Revolving Fund has been established under M.G.L. c. 44, § 53E½. Fees, fines, and penalties collected under the dog regulation bylaw are deposited into this fund. The fund is administered by the Treasurer/Collector, and expenditures do not require prior appropriation, but must be approved by the Town Clerk and must relate directly to the enforcement and administration of the dog bylaw. Expenditures may not exceed the available balance in the fund. In speaking with DLS, they were okay with this approach once we provided them with this information. There is not further change needed to this.

5. Public Health Fund

This article seeks to establish a dedicated Public Health Revolving Fund to allow the Health Department to respond more effectively and flexibly to public health emergencies and emerging community health needs. By utilizing revenues from the public health excellence grant and other shared services fees, the fund will enable the department to quickly implement necessary programs, outreach efforts, and educational initiatives without delay, both regionally and locally. In addition to strengthening emergency response capabilities, this revolving fund will also support the expansion of public health and wellness programming, ensuring the department can proactively address long-term health priorities. This mechanism ensures that resources are readily available to address urgent public health concerns and promote the well-being of the community in a timely manner. Revenues deposited into this fund shall include fees collected from the Public Health Excellence Grant for shared services through the Massachusetts Department of Public Health, and other proceeds, charges or other receipts received from activities or programs to support cross-jurisdictional regional shared services and/or fees for service. In speaking with DLS, they were okay with this approach once we provided them with this information. There is not further change needed to this.

6. Staff will be looking to close the following Revolving Funds

- Forestry Activities – no activity in this account
- Teen Center – no activity in this account
- Youth Program – no activity in this account

As part of this review, staff will continue to evaluate the remaining revolving funds to determine whether their revenue sources and expenditures are consistent with the fee-for-service requirements of § 53E½, and whether other special revenue mechanisms (e.g., § 53A grant accounts or enterprise fund treatment) may be more appropriate in certain cases.

7. Annually Review Fee Schedules

We recommend the finance director review the town's various fee schedules on a staggered, annual basis. Based on our conservations, the town has not had a standard routine for periodically reassessing service fees, and therefore, sometimes many years have passed between updates.

The director should work out a schedule to ensure that every program that charges a fee(s) is reviewed at least once every three years. This rotating schedule will help make sure that all fees stay aligned with inflation and any other conditions that impact a particular program's service cost. At the same time, other tasks associated with fee updates, such as bylaw revisions, can be broken up into separate years as well. The review of fees should be done in the preliminary stages of the budget process and involve a fresh calculation of each program's expenses and a survey of the fees assessed for the same programs in other communities for benchmarking purposes. Furthermore, the town should be aware

of the ruling in [*Emerson v. City of Boston, et al \(391 Mass 415\)*](#) that a municipal fee must reasonably reflect the cost to provide the service to which it applies.

If the town wants to ensure that its three enterprise funds are truly self-supporting, the review of their fee schedules must take into consideration each operation's indirect costs attributable to the general fund. It can be challenging to identify all types of these indirect costs and to determine the appropriate method for calculating each one, and this is why we consider Indirect Cost Allocation to be a core policy topic. It is our understanding that, in the past, certain types of indirect costs may not have been captured, like the enterprise funds' proportional costs for some town-wide vendor contracts, for instance, or the enterprise-related work performed by certain non-finance-department staff, such as the town manager. In addition to indirect costs, enterprise fund fees should factor in the need to generate a surplus (or retained earnings) to support current and anticipated capital projects or to cover a revenue shortfall.

Staff has recently undertaken a comprehensive review of multiple fee schedules. Cemetery, Select Board permit, Fire Department, Town Clerk, and Street Opening fees were reviewed and approved by the Select Board. Ambulance fees were reviewed and increased in June, and the Board of Health has confirmed that its fee schedule was recently updated. Building permit, Conservation, and Weights & Measures fees were previously adjusted through Town Meeting approval.

Going forward, staff is committed to conducting annual reviews of all municipal fees and will make adjustments as needed to ensure they remain aligned with the cost of providing each service. The next set of fees to be reviewed will include Pool and Field use fees, with Transfer Station fees scheduled for review as part of the FY27 budget cycle. Staff will also establish a staggered review schedule so that each

program's fees are assessed at least once every three years and benchmarked against comparable communities.

For enterprise fund operations, fee analyses will continue to consider indirect costs and the need to maintain adequate retained earnings to support future capital projects and financial sustainability.

8. Improve Communications in the Annual Budget Process

We recommend the town adopt some new protocols to enhance communications related to the annual budget process. Specifically, we suggest the town manager and finance director incorporate into their annual budget calendar a joint meeting of the select board, finance committee, and school committees to kick off the process for the new fiscal year. At this meeting, they would present fiscal trends and challenges and also review key guidelines and goals laid out in the town's fiscal planning policies. These meetings would enable these policymaking bodies to hear and discuss critical information at the same time, which may help prevent misunderstandings as the process moves forward. Communications would also be enhanced through quarterly budget reports to the select board and finance committee, which we detail further in the next recommendation.

We believe that instituting these new practices can help the finance committee in fulfilling its role. Among very small and traditional towns in Massachusetts, it is not that unusual to find the local finance committee coordinating or even finalizing the annual budget proposal. But as modern, larger, and more complex communities have justifiably transferred that budget leadership to full-time, professional managers, finance committee members can have difficulties in defining their mission and understanding how the committee can best add value in service to the town. The specific details of exactly how a finance committee participates in the annual budget process will be different in every town, but success in the process often depends on how information is circulated, including the degree of awareness of financial policies and ongoing fiscal trends.

What is important in any town is for the finance committee to understand its crucial role in being an instrument to ensure an open, transparent budget process. When reviewing a budget proposal, the committee should probe the rationale behind the town manager's decisions to assess their adherence with the town's adopted financial policies and consider any future ramifications as well. Sometimes this leads to a back-and-forth that helps the town budget team to better hone its message and present its justifications. In its formal report to town meeting, the finance committee can also comment on the degree to which the operating and capital budget proposals reflected the provisions for their development as laid out in either charter, bylaws or formally adopted procedures.

By actively seeking the information to understand the town's fiscal challenges, in context with long-term goals and ongoing operations, as well as the nature and purpose various appropriations,

committee members can also make well-informed decisions on managing the committee's reserve and its duties related to approving year-end transfers. The fulfillment of these aspects of the committee's role is thereby a true extension of its mission to act as a watchdog for the interests of town meeting because it helps ensure that the will of the voters does not get compromised later in the year.

The Town Manager and Assistant Town Manager/Finance Director is committed to maintaining an open and transparent budget process that promotes collaboration among the Select Board, Finance Committee, and School Committee. During this past budget cycle, and going forward, the Town Manager and Assistant Town Manager/Finance Director have taken steps to strengthen communication throughout the budget process, including the development of a detailed annual budget calendar and the distribution of clear financial guidance and assumptions early in the fiscal cycle.

The Town Manager and Assistant Town Manager/Finance Director continue to work closely with both Sudbury Public Schools and Lincoln-Sudbury Regional High School throughout the budget process to ensure alignment of priorities and transparency in financial planning.

Again, in FY27, the Town will invite the Finance Committee and School Committee to the Select Board meeting at which the Financial Condition of the Town is presented. This meeting includes an overview of fiscal trends, revenue projections, and policy guidelines at the outset of budget development. It includes a three-year look ahead based on information currently available. This collaborative discussion will help ensure that all policymaking bodies receive consistent information simultaneously and maintain a shared understanding of the Town's fiscal challenges and priorities.

In addition, staff will enhance ongoing communication during the fiscal year through quarterly budget reports to the Select Board and Finance Committee, providing updates on revenues, expenditures, and emerging financial pressures.

Together, these practices will strengthen coordination among boards, deepen understanding of long-term fiscal trends, and continue to advance the Town's commitment to sound financial management and open government.

9. Produce Quarterly Budget Reports

We recommend the finance director produce quarterly budget reports and present them in budget update meetings to the select board and finance committee. With data that benchmarks year-to-date revenues and spending against adopted budgets, decisionmakers are informed of any evolving financial challenges or positive developments that warrant their attention. These reports create opportunities to make adjustments if revenues are not hitting expectations or departments are spending more than expected. The finance team should collaborate to create the reports each October, January, and April using the latest quarter-end Munis data and any pertinent operational

information from departments heads as well. The report should present:

- Expenditures: Departmental budgets by line-item juxtaposed with YTD expenditures and projections of positive or negative year-end balances.
- Revenues: YTD receipts by revenue category juxtaposed with budgeted estimates, actuals from the prior year through that quarter, and refreshed projections through year-end.

To be most effective, the report should include projections for each fund type (i.e., general, capital, enterprise, revolving, grant, trust, and special revenue). The finance director should include explanations of the fiscal picture, including any issues that could cause budget deviations. Bar charts with paired columns of YTD estimated and actual amounts for revenues and expenditures by category will show progress through the year and highlight any potential impending issues.

Staff agrees that producing quarterly budget reports is an important component of sound financial management and will strengthen communication with both the Select Board and Finance Committee. Beginning with the quarter ending December 2025, the Assistant Town Manager, Finance Director will prepare and present quarterly budget reports that provide a comprehensive overview of revenues and expenditures benchmarked against adopted budgets.

These reports will be prepared once the quarter has been closed in Munis and year-end entries finalized, ensuring that the information is accurate and complete. Each report will include analysis of major revenue and expenditure trends, updated year-end projections, and explanatory notes regarding any variances or emerging financial issues.

We are committed to implementing this practice as a regular part of our budget monitoring and reporting process to enhance transparency and support timely decision-making.

FINANCE DEPARTMENT OPERATIONS

The consolidated finance department includes five divisions or offices. While the scope of this review did not include the town clerk's office, below we provide a summary of the current staffing within each of the other four divisions. Except for the board of assessors, all of the employees work full-time.

Accounting: This office has a staff of three, including the town accountant and two accounting assistants, one focused on processing accounts payables (AP) and the other on payroll. There is a vacant assistant accountant position.

Treasury/Collections: This office consists of a treasurer/collector, assistant treasurer/collector, and a department assistant, with one vacant department assistant position. A large portion of the processing of motor vehicle excise collections is outsourced to a lockbox vendor, and the

office also contracts with a deputy collector to pursue enforcement of delinquent motor vehicle excise accounts.

Assessing: A director of assessing oversees the office's daily activities and manages two staff members, an associate assessor and an assessing analyst. The vendor Regional Resource Group, Inc. (RRG) performs a substantial amount of the office's valuation work. To make the various approval decisions called for in state statutes, there is also a part-time, elected, three-member board of assessors, which meets monthly.

Information Systems (IS): An IS director supervises an assistant IS manager and a web developer/systems analyst. This office manages all the town's technology needs, including network infrastructure, cybersecurity, data backups, hardware and software procurements, and user support. Except for the SPS central offices, which are located in a building on the town hall campus, the office's scope of responsibilities only includes town-side departments, with an SPS employee handling the IS needs of the local school district.

Sudbury's town-wide financial management software system is Munis, a Tyler Technologies product.⁴ The town also employs a few software products from other vendors to manage some key financial functions that are not currently done in Munis. The town had formerly used the Munis payroll module to complete all aspects of payroll processing and leave time management. About two years ago, the decision was made to contract with Harpers Payroll Services, Inc., to do this instead, through its PayrollForward application.

Within the marketplace of municipal financial management software systems, Munis is one of the more prominent options in Massachusetts, particularly among larger, more complex municipalities. It is notably more expensive than the other competitors in the state as well. Its regional prevalence is helpful when recruiting for vacant positions, and many communities justify the higher contract cost based on this factor in combination with the system's level of features and capabilities. Having had

⁴ Since 2022, this product's official name is Enterprise ERP; however, as do most communities in the state, Sudbury still refers to it as Munis.

Munis for many years, however, Sudbury has been slow to maximize its full potential. Within the suite of Munis modules that the town already pays for are unimplemented functions that would streamline procedures without compromising internal controls, and we discuss them further in our recommendations in this section. The table below presents the various software products currently implemented in Sudbury and how they are being used.

Sudbury's Financial Software

Software Product	Used By	For These Functions	
Munis	Accountant	- General ledger - Create vendor and payroll warrants	Does a Munis ERP Option Exist?
	Treasurer/Collector	- Control records for accounts receivable (property tax and motor vehicle excise) - Record treasury receipts	
	Assessors	Record tax and excise abatements	
	SPS & Town Departments	- Review dept's budget status - Create requisitions and purchase orders <u>SPS, police and treasurer/collector depts only</u>: data enter accounts payable invoices	
	Town Manager, Finance Director	- Review global budget status - Assemble data for forecast projections and annual budget process	
QuickBooks	Treas/ Coll	Maintain cashbook	Yes
Harpers PayrollForward	SPS & Town Departments	Data enter payroll reports	Yes
	Accountant	- Process payroll - Track leave time accruals and usage	Yes
MS Excel	SPS & Town Departments	- Create triplicate revenue turnover form <u>Some departments</u>: create batch cover sheets for submittals of AP invoices	Yes
Catalis	Assessors	Maintain computer-assisted mass appraisal (CAMA) database	No*

* Although Tyler has a CAMA product, it is not included as part of the Munis ERP contract, unlike the other functions noted within this column.

Since FY2017, Sudbury has contracted with Powers & Sullivan LLC (acquired by CBIZ, Inc. in late 2024) for annual audits of its financial reports. In recent years, the firm has not issued any management letters in conjunction with its audit reports. Although CBIZ is contracted to do the FY2026 audit, the town intends to conduct a new procurement process for FY2027. This is an apt decision given that periodically seeking out new auditors can gain fresh perspectives for the town and foster greater independence, which is why it is promoted as a best practice by the Government Finance Officers Association.⁵

⁵ <https://www.gfoa.org/materials/audit-procurement>

In just his first year, the finance director⁶ and his team completed an impressive number of projects, some of which involved identifying, prioritizing, and resolving longstanding issues in the finance department. As already mentioned, he put together the comprehensive financial analysis report and researched and resolved static balances in various old special article accounts. There was also a project to address the town's large inventory of neglected tax titles, which has borne fruit in the form of payments. New procedures with more aggressive timelines to secure future tax takings and add subsequent taxes have now been established as well. The finance director worked with town counsel to overhaul procurement procedures and create a new template for contracts. The finance team also completed a successful conversion of the leave time tracking database from Munis to PayrollForward.

Beyond all the energies involved with the targeted projects accomplished during the past year, other challenges for the new finance director have included learning Munis, which did not exist in his prior municipalities, and managing through staff transitions. Two out of the department's three finance office managers, the town accountant and treasurer/collector, have been newly promoted to their roles, and there are vacant positions for which the town may hire in the coming months. With the town also having a new HR director, this presents an especially good time to reconsider the individual task assignments of all the finance employees. Our review revealed that there are opportunities to increase process efficiencies in the department and town-wide, to reconfigure some duties to improve internal controls, and to amplify employee professional development. The following recommendations were designed with all these goals in mind.

10. Transfer Payroll Processing Duties to the Treasurer/Collector's Office

To ensure compliance with related statutes, we recommend reassigning payroll processing duties to the treasurer/collector's office. Although Sudbury's accounting office has been processing payroll for many years, the General Laws are explicit in assigning to municipal treasurers the sole responsibility for accurately deducting a range of payroll withholdings (M.G.L. [c. 44, § 67](#); [c. 44, § 67A](#); [c. 180, § 17A, 17B, 17D, 17H, 17I, and 17J](#)). The legal liability for properly performing these actions thus rests with the treasurer/collector, but the position in Sudbury lacks the agency to do so under the town's current procedures. Presently, the treasurer/collector's only payroll-related duties are making bank transfers to fund the warrant and subsequently initiating the disbursements.

This change would also improve internal controls. Divorcing the accounting office from playing an active hand in payroll processing tasks puts it in a more viable position to audit payroll activities. The process to assemble a vendor warrant is inherently different from payroll because in that case, the financial activities related to the items submitted for warrant inclusion (i.e., procurement; purchase;

⁶ For simplicity, throughout the remainder of this report, we will refer to assistant town manager-finance director as finance director.

receipt of service or item; and receipt, tracking, and submission of invoices) have already occurred at the department level, outside of the accountant's office. We also note that the responsibility for creating employees in PayrollForward and for making changes to pay rates and adding bonus pay, such as longevity, are other incompatible duties that currently reside within the accounting office.

Per [M.G.L. c. 41, § 56](#), a town accountant shall "examine" all "bills, drafts, orders and pay rolls" to determine whether specific items should be approved for the warrant or disallowed. A rejection should be based on either the item being unlawful (i.e., it disagrees with the purpose of the appropriation, or it contravenes one or more statutory provisions, such as those in the Uniform Procurement Act, for example) or excessive (i.e., the item exceeds the amount appropriated or the terms of a contract), or because there is an indication of fraud. This change in procedures would have no effect on the town accountant's ability to perform this review, which would now be based on a payroll warrant created and submitted to the accountant by the treasurer/collector.

In Sudbury, employee time and attendance data is entered into PayrollForward by staff within town departments, and department heads submit printed-out, signed summary reports to the accounting office. The rest of the process unfolds as follows:

The PayrollForward data gets reviewed by an accounting department assistant, who checks for any issues with the accounts being charged, significant changes in payouts, or discrepancies with the departments' printed reports.

Next the assistant creates a preprocess register (like a prefinal warrant), as well as vouchers for all the withholding payees, and provides them to the accountant. She also records the withholdings data in a spreadsheet for tracking and audit purposes. (Along with the actual disbursements, these are the key parts of the process that come under the statutory purview of municipal treasurers.)

The town accountant reviews the preprocess report, and after she approves it, it goes to the town manager for review and approval. A copy of the finalized warrant signed by the accountant and town manager is given to the treasurer/collector, who does a bank transfer to the payroll pass-through account in the warrant amount. The accounting department assistant then uploads the electronic warrant file from PayrollForward to the Munis general ledger (GL).

Under the procedural changes we recommend, the process would happen in much the same fashion, except:

- (1) Departments would submit their payroll reports to the treasurer/collector's office and duplicates to the town accountant.
- (2) The duties performed by the accounting department assistant would be done by an assigned employee within the treasurer/collector's office, with another employee trained to provide

back-up. The exception would be uploading the PayrollForward warrant file to the Munis GL, which would be done by the accountant upon receipt from the treasurer/collector's office.

- (3) The treasurer/collector would review and approve the preprocess register and vouchers before providing them to the accountant.
- (4) The accountant would compare the documents from the treasurer/collector and the department summary reports before approving the warrant and uploading it to Munis.

Obviously, this recommendation cannot be accomplished overnight since it will necessitate changes in either employee titles, office assignments, job descriptions, or all of these. Regardless, we believe that it is worth doing as part of overall fresh analysis of the way financial responsibilities are configured among all finance department staff in order to improve internal controls and adhere with statutes.

The Town Manager and Assistant Town Manager/Finance Director met with representatives from the Division of Local Services (DLS) to discuss this recommendation and related concerns. During this discussion, Town staff noted that across the Commonwealth, responsibility for payroll processing varies by community, where some assign it to the Accounting Office, others to Human Resources, and others to the Treasurer/Collector's Office. Sudbury's current model aligns with accepted municipal practices and incorporates multiple checks and balances to ensure accuracy, accountability, and statutory compliance.

In Sudbury, departments enter biweekly payroll information, which is reviewed and approved by the respective department heads. The payroll staff member within the Accounting Office then reviews this information for accuracy and confirms it within the payroll system. This multi-step process establishes a strong internal control framework, ensuring that both the originating department and the payroll reviewer validate all data prior to final processing.

While M.G.L. assigns Treasurers the responsibility for remitting deductions, this statutory requirement is fully satisfied through Sudbury's current payroll process and the subsequent funding of payroll. Shifting the entire payroll function to the Treasurer/Collector's Office would not enhance compliance or internal controls; rather, it would introduce operational inefficiencies. Under the present structure, payroll staff within the Accounting Office are cross-trained in Accounts Payable, ensuring continuity and backup coverage across key financial operations. Likewise, the Assistant Treasurer/Collector is being cross-trained in payroll procedures, providing an additional layer of redundancy within the Treasurer's Office.

Transferring payroll oversight entirely to the Treasurer/Collector would diminish these cross-training and redundancy benefits due to the statutory separation between Accounting and Treasury functions, potentially creating gaps in coverage and reducing operational flexibility.

The Town's independent auditors also review Sudbury's payroll and financial operations annually to ensure compliance with statutory requirements and the adequacy of internal controls. They have not identified any deficiencies or concerns with the Town's current payroll structure or related processes.

In summary, while the Town recognizes the rationale behind DLS's recommendation, Sudbury's existing structure achieves compliance with statutory requirements while maintaining strong internal controls, operational resilience, and auditor-verified sound practices. Accordingly, the Town does not intend to modify its current approach to payroll processing.

11. HR Department Create New Employees in PayrollForward

If and when the town moves to act on our prior recommendation, we also suggest that town management consider assigning the HR department with the responsibility for maintaining the master file of employees in PayrollForward. The rationale for this is that the office responsible for disbursing payroll should not also have responsibility for creating new employees in the system. This duty could be assigned to the HR benefits coordinator, with the HR director trained to provide back-up for her. Another benefit of this change is that related confidential employee forms would not have to be copied and stored in two places, which increases the risks of improper disclosures.

Under an ideal control structure, HR staff would also exclusively have system profiles that can edit pay rates or add any longevity or other bonus payments. However, the regular complexities in ongoing municipal payrolls, combined with limited staffing in the HR department, might make it impractical to shift those responsibilities. As a compensating control in that case, the finance director should, at least quarterly, review system reports for any changes in active employee lists and all increases in pay.

The Town Manager and Assistant Town Manager/Finance Director met with representatives from the Division of Local Services (DLS) to discuss this recommendation and related concerns. At this time, we are not considering transferring this function from the Accounting Office to Human Resources. As with payroll processing, there is variation across the Commonwealth, where some communities assign this responsibility to HR, others to Accounting, and some to the Treasurer/Collector. Sudbury's current structure is consistent with accepted practice and includes multiple layers of review to ensure both accuracy and confidentiality.

Currently, employee information is entered and maintained within the Accounting Office, with changes verified through established review procedures and department-level approvals. This structure provides an effective internal control environment, while also allowing for operational efficiency and coordination with payroll processing.

We also acknowledge the importance of ensuring that confidential employee documentation is stored appropriately and consistently. Staff has begun reviewing procedures in this area to ensure we are following best practices for document security and retention. For example, staff has discussed the location and management of I-9 forms, and staff will continue to meet to evaluate whether current

practices should be updated. Protecting confidential employee information remains a priority, and we will continue to strengthen practices where improvements are warranted.

We understand that decentralization of certain financial and administrative functions is an option the Town may consider in the future. However, at this time, the controls we have in place, combined with the fact that we have a dedicated Payroll employee performing and monitoring these functions, support maintaining responsibility for the master employee file within Payroll. This structure promotes consistency, accuracy, and appropriate oversight, and continues to align well with our operational needs and internal control environment. In the meantime, the Town's existing procedures provide adequate separation of duties, documentation controls, and oversight by the Finance Director, including regular reviews of payroll changes and employee records to ensure ongoing compliance and integrity.

12. Restrict Munis General Ledger Access to Accounting Staff Only

We recommend revising the Munis user profiles of treasurer/collector employees to turn off all edit permissions connected with the general ledger (GL). [M.G.L. c. 41, §57](#) assigns the town accountant the responsibility to maintain a complete, accurate, and up-to-date record of the town's appropriations, expenditures, and revenues. This obliges the accountant to maintain an independent book of record (i.e., the GL) that only she and members of her staff can access. Only by keeping a complete separation of the financial recordkeeping done by the accounting and treasurer/collector employees can true account reconciliations occur between the two offices.

The profiles of all the treasurer/collector employees should be updated so that they do not have access to the command button that is the last step in their current procedures for recording collections and turnover revenues in Munis -- and which has the effect of posting the revenue data to the general ledger. Instead, this user permission should only be associated with the user profiles of the accountant and a back-up in her office. In addition, on a weekly basis, the treasurer/collector should provide the accountant with Munis summary reports of her office's turnover and collections batches.

After implementing these changes, the accountant would review the batch data entered in Munis and compare it to the treasurer's schedules and the reports received independently from departments. When the accountant is satisfied, she would execute the command to post the data to the GL. The Revenue Turnover policy included in the sample policy manual we are providing to the town reflects these procedures as well. The IS manager could consult with the town's Munis representative for help in properly configuring Munis user profiles to implement this recommendation as well as the next one.

Staff agrees with this recommendation and that the Munis user profiles for Treasurer/Collector staff should be revised to restrict general ledger (GL) edit permissions in accordance with M.G.L. c. 41, §57.

We acknowledge that under best practices, the Accounting Office should maintain exclusive authority to post transactions to the GL to ensure the integrity and independence of financial records.

The current practice where Treasurer/Collector staff post turnover revenues directly into the GL has been in place for more than 20 years, dating back to the Town's original implementation of Munis. We have already initiated efforts to revise this process and reconfigure how general receipts are entered into the system. Because this represents a significant operational and system change, we are approaching the transition carefully to ensure a smooth and secure implementation.

As part of this process, the Town will consult with other municipalities to review how they manage turnover entries within Munis and will work directly with our Munis representative and IT staff to properly configure permissions and workflows. Our goal is to have the new process fully implemented by the start of next fiscal year, at which time Treasurer/Collector access in Munis will be restricted to reflect appropriate permissions, and all GL postings will be completed solely by the Accounting Office.

This phased approach will ensure that internal controls are strengthened while maintaining operational continuity during the transition period.

13. Decentralize Munis Data Entry

We recommend Sudbury initiate a project to transfer the responsibility for the initial entry of invoice and receipt data in Munis away from the accountant and treasurer/collector offices, respectively, to the originating departments around the town. By design, Munis allows for a flow of data between offices from various origins and system functions, to eventually funnel it into the general ledger. Our experience has shown that the communities that broadly decentralize data entry tasks out to the department level exhibit greater overall efficiencies in everyday financial tasks. The dread of a trial-and-error transition period can make towns reluctant to initiate this change. But ultimately it is worth the pursuit, and it seems that most Munis communities get there eventually. With this in mind, we recommend the town implement the following procedures.

Entry of Accounts Payable: As the police, treasurer/collector, and SPS departments already do, the rest of the departments in Sudbury should enter invoice data in Munis. After a departmental employee enters an invoice batch in the system, the department head reviews it along with the actual invoice(s), and when validated to be correct, approves the batch with an electronic signature. The department head should also add a wet signature to the original invoice(s). These would be submitted to the town accountant's office, along with a printout of the Munis batch report as a coversheet, and photocopies of the originals retained on file in the department. Alternatively, the department could scan the invoices, attach them to the Munis batch, and retain the originals on file in the department for the audit retention period. The accounting office would review the invoice entries and their back-up documents for accuracy and compliance before adding the data within Munis to a vendor warrant.

Entry of Receipts: Similar to initiating the vendor warrant at the department level, designated staff in each department that receives payments could be trained to enter payment data in Munis. Three printouts of the entered Munis batch would become the new turnover forms to be signed by the department head and presented to the treasurer/collector, along with the receipt(s) themselves, thus eliminating separate data entry in Excel by departmental staff to create these schedules.

Departmental staff would deliver the physical receipts (checks and cash) to the treasurer/collector's office with the Munis reports. Treasurer/collector staff will verify the turnover package received from the department and sign for it when accepted. Treasurer/collector staff would then review the data in Munis and ensure it is the same as the printed turnover before releasing the batch in Munis, for the accountant's review. Sudbury's procedures should require departments to deliver copies of accepted turnover reports to the town accountant as dictated by [MGL c. 41, § 54](#). Using the reports received from the departments, the accountant should match their turnover information with the related Munis batch before accepting the data into the general ledger.

We suggest implementing these Munis workflow changes gradually, department by department. Although it will initially involve more diligence by finance department personnel to manage input errors, with a strong commitment from town management to see it through, Sudbury can become like so many other communities for whom these practices are routine.

Staff appreciates DLS's recommendation to further decentralize accounts payable and receipt entry processes within Munis. We recognize that the Munis system is designed to support distributed workflow at the departmental level and agree that, over time, broader participation in data entry functions can yield operational efficiencies and improve transparency.

Sudbury has already begun implementing this approach. The Police Department currently enters its own accounts payable data directly into Munis, and the Town is evaluating opportunities to expand this model to additional departments. Most recently, staff has initiated the process to decentralize data entry for the Department of Public Works, with the Finance team actively collaborating with that division to implement the change.

That said, full decentralization represents a significant shift in responsibilities for many departments. Several have limited administrative capacity, and redistributing accounts payable and receipt entry tasks could create additional workload that current staffing levels may not be able to absorb. At present, the Town maintains a dedicated Accounts Payable and Clerk position that centrally manages these functions with a high level of accuracy and efficiency.

Staff acknowledges, however, that a phased decentralization strategy is beneficial. The Town intends to continue assessing departmental readiness, providing targeted training and support, and developing a

multi-year implementation plan that expands decentralized entry where it is practical and sustainable. This deliberate, gradual approach will ensure continued accuracy, accountability, and compliance while realizing long-term efficiency gains.

14. Convert to the Munis Cashbook

After the Munis user profiles have been appropriately revised and the new decentralized data entry processes are working smoothly, we suggest that Sudbury consider replacing the current QuickBooks cashbook with the one already provided in Munis. The revenue data entered into the Munis Payment Entry module, once accepted by the treasurer/collector's staff, automatically carries over to the system's cashbook. Therefore, this change will streamline recordkeeping by eliminating a dual data entry task while also preventing an additional opportunity for human error. Furthermore, the town accountant could be given view-only access to the Munis cashbook to facilitate general ledger reconciliations.

The Town Manager and Assistant Town Manager/Finance Director followed up with DLS regarding this comment. The reference originated during the interview process with the Assistant Town Manager/Finance Director, during which he noted that he was open to exploring potential efficiencies within the Munis system. Following that discussion, staff conducted a detailed review of the Munis cashbook module and determined that it does not function effectively for the Town's operational needs.

To further validate this assessment, the Assistant Town Manager/Finance Director contacted several other Massachusetts communities that also use Munis. Many reported that they do not utilize the Munis cashbook module due to similar functional limitations. Instead, like Sudbury, they rely on other financial tools to manage cashbook activity more efficiently.

Sudbury currently uses QuickBooks for its cashbook management. QuickBooks is a widely adopted and reliable financial software solution that has been successfully implemented in other municipalities where the Assistant Town Manager/Finance Director has served. The Town's auditors have expressed no concerns with this approach, as the QuickBooks cashbook is fully reconciled to the Munis general ledger on a monthly basis, ensuring accuracy, consistency, and strong financial control.

At this time, the Town believes that continuing to use QuickBooks provides the most efficient, dependable, and compliant method for maintaining its cashbook, while fully meeting the objectives of accuracy, transparency, and accountability in financial reporting.

15. Improve Controls Associated with the Treasurer/Collector's Safe and Checks

We recommend the town improve controls over access to the treasurer/collector's safe and checks.

The employees of the accounting and treasurer/collector divisions do not have separate offices but instead occupy a single shared area, an arrangement that is unusual and less than ideal. If at all practical, the town should consider relocating one of these divisions to a different part of the building. Until that happens, the town should establish new protocols that restrict the accounting employees from having any access to the treasurer's safe.

A digital image of the treasurer/collector's signature is stored in Munis, and we were told that the accounting staff can run check printing jobs, based on the approved warrants, using the check stock taken from the safe. [M.G.L. c. 41, § 35](#) designates the treasurer as the official given "charge of all money belonging to the town." It is therefore appropriate that blank check stock and any printed-out checks should be in that office's secure custody until its employees mail them to payees. Besides the blank check stock, there is a problem with non-treasurer/collector employees being able to access a safe that is used to store received cash or checks that have not yet been deposited.

If the town wants to have the town accountant involved with the production of checks, as a check-and-balance with the treasurer/collector, a procedure we have seen in some communities involves the treasurer/collector releasing to the accounting department only the specific number of requested checks necessary to cover the warrant. The accounting department then returns the printed checks to the treasurer/collector's office for staff there to review against the signed warrant, by amounts and payees, before mailing them out. Furthermore, check-printing jobs should only happen after the warrant has been approved by both the town accountant and town manager.

Staff agrees with the importance of maintaining strong internal controls over access to the Treasurer/Collector's safe, check stock, and printed checks. We have already begun implementing measures to strengthen physical security and procedural oversight in this area. Specifically, access to the safe is now restricted, and new internal protocols require that all checks, cash, and related financial instruments be securely locked when not in use. The safe itself remains locked at all times, and access is limited to authorized Treasurer/Collector staff.

Regarding blank check stock, the Town recognizes the value of additional safeguards. We will be reviewing available options within Munis for implementing enhanced controls, such as check stock tracking or restricted printing permissions. However, these changes may require specialized forms or system modifications that could increase the Town's annual Munis costs. Further research and consultation with our Munis representative will be undertaken before proceeding.

It is important to note that the Town already employs Positive Pay for all checks issued. This system, managed by the Treasurer/Collector, provides a significant level of protection against unauthorized or altered checks. Under Positive Pay, no check can be cashed or cleared unless it appears on the official transmission file sent directly from the Town's system to the bank, ensuring that any fraudulent or altered items are automatically rejected.

In addition, the Town's independent auditors review internal controls surrounding cash handling, check issuance, and related Treasurer/Collector operations as part of their annual audit. Their reviews have not identified any deficiencies or concerns with the Town's control structure in this area, and they have affirmed that existing procedures are consistent with sound municipal financial practices.

Together with the physical and procedural safeguards now in place, the combination of locked secure storage, controlled access, and Positive Pay functionality provides a robust control environment that protects the Town's financial assets and maintains compliance with statutory requirements.

16. Implement Remote Bank Deposits

Sudbury still delivers checks to the bank for deposit at a time when most towns of similar size take advantage of remote deposit capture machines, which banks often provide at no additional cost. While the machines may not be glitch-free, their popularity would seem to indicate they provide an overall increase in efficiency, as well as other benefits. This tool would eliminate the tasks of manually writing out, and retaining copies of, deposit slips, and it creates immediate, digital images of both sides of the scanned checks, viewable by office staff within the related bank app and website. Once scanned, the physical checks should be retained in a locked cabinet until the expiration of the retention schedule, and the town could also inquire with the bank to see if it includes a shredding service at no or low cost.

Staff agrees with this recommendation and recognizes the efficiencies and internal control benefits associated with implementing remote deposit capture technology. We have already engaged our depository bank to discuss what would be involved in transitioning to a remote deposit process.

Our current banking partner is in the process of upgrading its systems to support this functionality. Once those upgrades are complete, the Town plans to begin implementation of remote deposit capture, with a target date of FY2027.

This transition will streamline deposit processing, reduce manual handling, and enhance recordkeeping by providing immediate digital images of scanned checks. The Town will also review appropriate retention and secure storage practices for physical checks and explore available bank-provided shredding services once the new process is in place.

17. Enhance Cross-Training within Divisions and Foster Professional Development

Based on our conversations, it appears that Sudbury would benefit from pursuing a more proactive and systematic approach than has existed in the past to develop the knowledge and skillsets of its

finance department employees. This is important to promote effective operations in general but also as a strategy for future succession planning, considering that most of the finance division managers are at or nearing the traditional age for retirement. By investing time, energy, and funds, the town can better assure service continuity, delegate tasks appropriately, and plan for employment transitions. To these ends, we recommend the following:

Inventory divisional tasks and assignments: Through a combination of existing job descriptions and conversations with divisional managers, the finance director should compile a top-to-bottom inventory of all the tasks that must be completed to achieve each division's objectives, along with the skills and knowledge needed to perform them. He should then map out a hierarchical, interdivisional structure for carrying out these tasks, taking into consideration the related recommendations we present in this report.

Assess employee competencies: The director should meet with employees individually to discuss their present skills and knowledge gaps to get a clear picture of training needs. The director should review information gained through this process against the inventory of tasks and assignments to ensure that there will always be at least two staff members competently trained to carry out each task and thereby avoid any single-point-of-failure liabilities. To address any discovered gaps, the director should instruct division managers to schedule time for on-the-job task shadowing, as well as duty rotations.

Encourage active participation in professional organizations. Within Massachusetts, there are professional organizations related to each of the finance divisions.⁷ These groups all run annual conferences, or "schools," to provide ongoing education. They include courses geared toward attaining certification in the given statutory position but also lectures on changes in the regulatory or economic landscapes and emerging practices on how to do jobs better. By attending these conferences and other trainings, participating employees can gain concrete, functional information, hear about new practices developing in their fields, and interact with peers to exchange practical tips. In turn, they can pass knowledge on to their coworkers as well.

We encourage Sudbury to pursue a policy of sending at least one person from each division to each conference annually. It is particularly important for the department assistants to work toward their certifications, to enable them to perform their supervisor's critical tasks during absences and to potentially step into a vacated role when managers leave town service.

Staff agrees with the importance of structured cross-training and professional development within the finance divisions, as well as all division, both to promote operational continuity and to support long-term succession planning. We have already taken steps in this direction and will continue to expand these efforts.

Within the Finance Department, cross-training is actively underway. The Assistant Treasurer/Collector is being trained in payroll and all treasury functions to ensure coverage across key responsibilities. The Payroll Administrator is being cross-trained in accounts payable and has assumed additional accounting-related duties under the Town Accountant. These efforts help to ensure redundancy and mitigate single-point-of-failure risks.

Professional development and continuing education are also a priority. The new Treasurer/Collector attended the Massachusetts Treasurer/Collector School this past August and will continue to do so annually. The Town Accountant attended a three-day state training on annual reporting requirements and plans to participate in additional trainings offered by state professional associations. The Assistant Treasurer/Collector and Payroll Administrator are scheduled to begin attending MCTA and MMAAA trainings to support knowledge growth and certification opportunities. The Assistant Town Manager/Finance Director participates regularly in ICMA, MMA, procurement, accounting, and treasurer association trainings to remain current on best practices and regulatory changes.

Beyond the Finance Department, we are also supporting expanded training and cross-training within the Assessors Office to strengthen operations and prepare staff for future advancement.

The Town remains committed to investing in the professional development of staff and fostering a work environment where learning and shared knowledge are encouraged. We will continue to formalize and expand these efforts over time in alignment with organizational needs and succession planning goals.

18. Develop Plans to Enhance the Assessing Department's In-house Capacity

We recommend the finance director develop plans to gradually reorganize the assessing department's operations to decrease the range of activities being completed by consultants in favor of in-house staff. Sudbury has had a service contract with RRG for the last 12 years, a period coinciding with the time since the current assessing director was appointed. And the town just signed a three-year contract renewal with RRG effective through FY2028. We believe that, with proper planning, training, and support, by the time this contract expires, many of the services listed in it should be doable by a department staffed by three full-time employees.

⁷ [Massachusetts Collectors and Treasurers Association](#), [Massachusetts Municipal Auditors and Accountants Association](#), and [Massachusetts Association of Assessing Officers](#)

Although many towns will always contract out for very specialized types of assessment work, such as commercial, industrial, and personal property valuations, and five-year revaluations, it is not usually beyond the expectations of a typical, midsized, full-time assessment office to wholly own such duties as completing inspections related to building permits, sales, and abatements of real property; and compiling and submitting the numerous forms and reports that must be provided annually to DLS – as examples of some of the duties now listed in the RRG contract.

In addition to potentially saving money, another reason for planning this type of reorganization is to support continuity of operations in case the vendor cannot renew the contract again, or at least not at the same service level. It also helps the town to remain an employer that staff want to work for by developing their potential and giving them interesting, responsible work, which will thereby also support the town's succession planning efforts. Furthermore, the RRG associates that fulfill the contract do not remain the same over multiple years, whereas a greater reliance on in-house valuations would lead to assessors who better understand the specific aspects of Sudbury's real estate. Finally, in terms of effective oversight, the current contract terms can create difficulties in ensuring that the town gets what it pays for. Although it says that an RRG associate will work 320 hours a year for the town, most of that is not done at town hall, and the contract does not say how that time is to be validated and assessed.

We agree that succession planning and developing the department's internal capacity are important goals. While the Director of Assessing has not indicated any plans for retirement at this time, we will begin working with the Director to evaluate the current structure of the Assessing Department and identify opportunities to enhance staff training and professional development.

As part of this process, we will develop a succession plan that ensures the continuity of operations and positions the Town to assume a greater portion of assessing functions in-house over time. This will include reviewing the scope of services currently provided under the RRG contract and determining which functions could reasonably be transitioned to Town staff through training, certification, or procedural improvements during the remaining term of the current agreement.

Our goal is to balance cost-effectiveness, operational stability, and staff development to ensure the Assessing Department remains well-prepared for the future needs of the community.

19. Take Steps to Bolster the Town's Cybersecurity Posture and Overall IS Management

The exponential pace of technological advancements means that cyberthreats are continually evolving. With greater frequency, news outlets have reported on municipalities that have been the victims of cyberattacks. With an eye toward enhancing the town's IS resiliency and overall management, we therefore offer the following advice.

Refresh and expand the set of IS policies

IS policies are critical for the town to protect itself from a wide range of risks, and all employees and officials using the town's tech need to know what is expected and required of them. Policies that have already been developed and adopted in Sudbury include Computer Use, Internet Use, Work From Home, Remote Participation, Disposal of Media, and Social Media. These policies have adoption dates ranging from five to 10 years ago. The IS office should ensure that the IS policies are reviewed at least every two to three years to see if they should be revised and reissued based on changing circumstances or any new best practice guidance that has come to light. If the review does not result in any revision, the policy should still be updated to show the latest review date.

Additionally, we suggest that the IS office consider drafting policies on other topics that are widely recommended for organizations to have, such as password protection, data management, security awareness and training, incident response, vulnerability management, and disaster recovery. The town should also ensure that users sign acknowledgment forms attesting that they have read all the policies relevant to them, and those forms should be maintained in personnel folders.

Plan for periodic IT risk assessments

In FY2017, a consultant performed a cybersecurity assessment of Sudbury's IS operations, paid for in part by a grant from the state's Community Compact Cabinet. Such an assessment provides a valuable snapshot, but over time, new challenges or threats arise, and new solutions are identified as well. For this reason, ISACA, the leading information technology professional group, recommends organizations conduct biennial risk assessments.⁸

The town could develop in-house capacity to do the next risk assessment, but another option might be the MA Office of Municipal and School Technology's [Cybersecurity Health Check](#), which connects towns with vendors for a free assessment. In any case, local leaders should understand the importance of repeating these comprehensive assessments at least every few years and the potential need for associated expenditures in the event that grant programs for them may not be available then.

Take advantage of offerings from state agencies

We recommend the IS manager and other town officials regularly review the following sites for their available guidance, trainings, and potential grant opportunities:

- MA Office of Municipal and School Technology: [Municipal Cybersecurity Awareness](#) grant program for employee training
- MassCyberCenter: [Municipal Cybersecurity Toolkit](#), [Minimum Baseline of Cybersecurity for](#)

[Municipalities](#) guidance, and list of [agencies and resources](#) that can help improve cyber resiliency

- MA Office of the Inspector General: [Off-Boarding and Banking Controls Protect Public Funds from Fraud](#) advisory on cyber threats to financial operations, with recommended controls

IS Policy Review and Expansion: The Town's existing IS-related policies were originally developed in partnership with Human Resources. HR conducted comparative reviews of policies in peer municipalities and drafted documents tailored to Sudbury's organizational structure and workforce. IS then refined these drafts to ensure they reflected our operational environment, technology expectations, and security requirements. Going forward, IT will reestablish this collaborative HR/IS process to refresh our current policy set, ensure alignment with current best practices, and develop additional policies in areas such as password protection, incident response, data management, vulnerability management, and disaster recovery. We may also consider engaging a third-party vendor to support policy development and staff training materials if capacity is constrained internally.

Biennial Risk Assessments: IT fully support the recommendation to conduct comprehensive cybersecurity risk assessments on a biennial cycle. We will explore participation in the Cybersecurity Health Check program offered through the Massachusetts Office of Municipal and School Technology as an initial, cost-effective approach. If grant-based options are unavailable in a future cycle, we should plan to include funding for an external, third-party assessment in the FY27 budget to ensure continuity of this important practice.

Leveraging State Resources: IT will compile a reference sheet summarizing relevant state programs, training resources, and technical guidance, and will subscribe to update notifications from the MassCyberCenter and the Office of Municipal and School Technology. These resources will provide useful support for ongoing employee training, policy development, and broader cyber resiliency efforts.

20. Assign Systems Administration Responsibilities to the IS Director

Because most towns in Massachusetts are rather small and lack a full-time IS department, it is more common than not for the local town accountant, or other finance department manager, to act as the administrator for the community's financial management systems. However, for the strongest control environment, this authority should be separated from the employees who actually use the applications. Whereas Sudbury has been fortunate to have a dedicated, well-staffed, and experienced

⁸ For further guidance, see [Performing a Security Risk Assessment \(isaca.org\)](#)

IS office, we recommend shifting the systems administration responsibilities for Munis and PayrollForward to the IS division.

The town manager, finance director, and IS director (in consultation with department heads as necessary) should review Munis and PayrollForward reports of all the individual system users and their associated permissions to determine whether or not the current edit and/or view-only access rights are appropriate for each employee. Each user should only have permissions for the functions that directly relate to their job duties and that do not constitute incompatible duties. Based on their analyses, the three should then determine which profiles should be revised.

Once this process is complete, the town accountant's permissions to update user profiles should be turned off and the IS manager's user profile should be configured, so that only he, and a back-up, have the rights to create and change user profiles and that their profiles include no edit permissions to any of the financial modules themselves. As a check-and-balance to validate this going forward, the finance director should periodically review user profile reports from the two systems, as well as their audit logs. A user profile request form should be implemented to document the creation and revision of profiles. Department heads would submit this form for the town manager's and finance director's signatures and then submit it to the IS manager.

Not only would this change improve financial controls and harden the security of these applications, but the IT department would become a more effective manager of the town's relationship with these important software vendors, especially during system upgrades or new module implementations. As a corollary to this recommendation, we also advise the town to consider placing the IS office under the direct management of the town manager rather than the finance director.

Regarding the recommendation to assign systems administration responsibilities for Munis and PayrollForward to the IS Department, we recognize the intent to strengthen internal controls and reinforce separation of duties. We also understand that, in many municipalities, responsibility for these systems is shared differently based on staffing levels and organizational structure.

At present, the Information Systems Department coordinates all Munis software upgrades with Tyler Technologies and manages access to the system by assigning users to the Munis User Group. No user can access Munis without the IS Department granting permissions at this level.

However, the Munis Accounting system is highly modular and requires detailed familiarity with account structures, workflow approvals, and user-specific functional needs. Determining which users should have access to particular accounting modules, funds, or cross-departmental functions requires specialized knowledge held by the Finance Department particularly the Town Accountant and Treasurer/Collector. The IS Department does not have visibility into how financial accounts are

structured or the functional responsibilities of individual users that drive the need for specific access rights. Accordingly, Finance currently determines the appropriate permissions for its systems, while IS ensures that access is provisioned and technically maintained.

Similarly, PayrollForward is fully administered by the Finance Department. IS involvement is limited to assisting employees with account access and general troubleshooting. The IS Department does not possess the institutional knowledge to manage Town or School payroll workflows, nor the compliance considerations associated with payroll processing. Any change to this responsibility would require a coordinated review between Finance and IS to ensure operational continuity and appropriate internal controls.

That said, we agree that access management procedures can be improved. The Assistant Town Manager/Finance Director and IT Department can take the lead on developing and implementing a standardized user profile request form and an associated workflow, which would require department head justification and both Town Manager and Finance Director authorization before IS provisions or modifies system access. This would enhance documentation, auditability, and separation of approval authority, while maintaining subject-matter oversight where it currently resides.

APPENDIX

Peer Communities

Town	2023 Pop.	Pop. Density	2024 PC Income	2025 PC EQV	% of Value		FY2025 Total Operating Budget	FY2025 Avg SF TB*	% of Total Operating Budget						Bond Rating
					Resid.	CIP			Levy	Aid	Local Receipts	Other	EFs	CPA	
Acton	23,846	1,200	\$81,081	\$220,535	90%	10%	\$133,767,624	\$14,918	86%	2%	5%	2%	4%	3%	S&P: AAA
Bedford	14,155	1,036	\$82,483	\$327,126	77%	23%	\$127,992,304	\$11,876	68%	8%	14%	7%	1%	2%	S&P: AAA
Concord	18,184	742	\$166,197	\$408,691	93%	7%	\$145,712,897	\$19,585	80%	5%	8%	4%	2%	1%	M: Aaa
Duxbury	16,116	679	\$100,256	\$334,605	97%	3%	\$109,807,760	\$12,595	67%	8%	8%	6%	9%	3%	S&P: AAA
Hingham	24,311	1,095	\$140,318	\$359,408	89%	11%	\$168,893,406	\$13,610	68%	7%	11%	4%	10%	1%	S&P: AAA
Hopkinton	18,943	721	\$94,319	\$268,771	82%	18%	\$131,384,815	\$13,007	73%	9%	6%	5%	4%	2%	S&P: AAA
Scituate	19,185	1,088	\$79,111	\$310,189	96%	4%	\$138,078,982	\$9,833	60%	7%	4%	11%	15%	3%	S&P: AAA
Wayland	13,724	912	\$177,727	\$322,092	96%	4%	\$116,058,950	\$17,854	77%	8%	5%	3%	5%	2%	M: Aaa
Westwood	16,213	1,490	\$133,029	\$337,575	85%	15%	\$122,931,209	\$15,412	81%	7%	4%	4%	4%	0%	S&P: AAA
Sudbury	19,059	785	\$120,396	\$290,721	93%	7%	\$135,916,628	\$16,343	81%	6%	4%	2%	1%	7%	S&P: AAA
Averages	18,374	975	\$117,492	\$317,971	90%	10%	\$133,054,457	\$14,503	74%	7%	7%	5%	6%	2%	AAA-Aaa

PC EQV: per capita equalized valuation

Resid.: residential properties

CIP: commercial, industrial and personal properties

Avg SF TB: average single-family tax bill

EFs: enterprise funds

CPA: Community Preservation Act funds

S&P: S&P Global, Inc.

M: Moody's Corporation

ACKNOWLEDGMENTS

This report was prepared by the Division of Local Services:

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DLS spoke with the following individuals as part of this review:

Select Board Chair	Jennifer Roberts
Select Board Vice-Chair	Daniel Carty
Select Board Member	Janie Dretler
Select Board Member	Charles Russo
Select Board Member	Lisa Kouchakdjian
Finance Committee Co-Chair	Michael Ferrari
Finance Committee Co-Chair	Michael Joachim
Town Manager	Andrew Sheehan
Assistant TM-HR Director, former	Maryanne Bilodeau
Assistant TM-Finance Director	Victor Garofalo
Town Accountant, former	Laurie Dellolio
Town Accountant	Robin Porcella
Acct. Assistant, Accounts Payable	Rosalynn Silva
Acct. Assistant, Payroll Coordinator	Kristina Rowe
Treasurer/Collector	Kathleen Laporte
Treas/Coll Dept. Assistant	Joanne Peterson
Treas/Coll Dept. Assistant	Kelly Kirmelewicz
Director of Assessing	Cynthia Gerry
Associate Assessor	Mary-Ann Wohlfarth
Assessing Analyst	John Irish
Information Services Manager	Mark Thompson

POTENTIAL UPCOMING AGENDA ITEMS/MEETINGS

MEETING/EVENT	DESCRIPTION
Dec. 2	Call 2026 ATM and open warrant
	Annual Tax Classification Hearing
Dec. 16	Town Manager report on Camp Sewataro
	Sidewalks Discussion
January 2026	Joint meeting with DEIC
Future items/TBD	Camp Sewataro financial review
	Vocational Education discussion
	State Police crime lab
	Town Manager project portfolio
	Annual goal setting
	Combined facilities working group update
	Steps for embarking on a new school building
	School civics projects (Jan 2026)
	Fairbank Community Center utilization and optimization
	ADA transition plan
	Quarterly meeting and update with key Select Board formed committees including Transportation Committee, DEIC, Sudbury 250 Committee, RTAC, E&S Committee, Cable Advisor, Memorial Day Committee, September 11 Committee. Other SB appointed committees include PBC, Ponds and Waterways, Housing Trust, HDC, ZBA, Traffic Safety Coordinating Committee, Board of Registrars, CIAC, COD, Cultural Council, Earth Removal Board, LARC, LEPC.
	KPI policy discussion follow up
	MWRA Expansion Study
	Broadacres Property: next steps
	Bike shuttle program
	Pets in cemeteries
	Review/approve/release Executive Session minutes re: Eversource
	Quarterly review of approved Executive Session Minutes for possible release (February, May, August and November).
	Solar Panels
	Town Hall renovation
	Work Session with Town Counsel: Select Board/Town Manager Code of Conduct and other procedural training - Policy Subcommittee
	Remote Meeting Policy (not needed until June 2027)

Attachment 7.a: Upcoming agenda.items 11.18.25 (6714 : Upcoming agenda items)