

TOWN OF SUDBURY

Massachusetts



FY14 BUDGET AND FINANCING PLAN

July 1, 2013 – June 30, 2014

Celebrating our 375th Birthday in 2014

Acknowledgements

Board of Selectmen:

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

Finance Committee:

Douglas Kohen, Chairman
Susan L. Berry
Tammie R. Dufault
Robert N. Jacobson
William E. Kneeland, Jr.
Mark Minassian
Robert G. Stein
Andrew R. Sullivan
Joan M. Carlton

Primary Cost Centers:

General Town Government
Sudbury Public Schools
Lincoln-Sudbury Regional High School

Budget Prepared by:

Maureen G. Valente, Town Manager
Andrea L. Terkelsen, Finance Director
Peter Anderson, Financial Analyst

Issue date:

August 2013

Version:

FY14 As Appropriated



Town of Sudbury

Town Manager's Office

278 Old Sudbury Road
Sudbury, MA 01776
978-639-3381
Maureen Valente, Town Manager

The Town Manager's Introduction to the Budget Document

To the Residents of Sudbury,

Thank you for taking time to review this document.

As you may know, there are one or more other budget documents circulated during each fiscal year for the Town of Sudbury. The first document you will typically see during the eight-to-nine month budget cycle is commonly referred to as the ***preliminary*** budget (issued at the end of January to the Board of Selectmen, Finance Committee and to the public via our website). It is typically not a balanced budget proposal, but rather the compilation of all the budget requests, along with very preliminary revenue estimates. The preliminary budget document is where you can find all the financial obligations, requests and resources that are the building blocks for constructing a balanced budget to be presented to Town Meeting for appropriation and enactment.

In the few months leading up to Annual Town Meeting many of the financial data items contained in this document and in the Town Warrant are updated as information becomes available. After the Town Warrant is distributed to all residents 30 days before Town Meeting, further changes to the proposed budget are often required to reflect our most up-to-date information regarding revenues, in particular Local Aid, contract negotiations, or other various expenditures needing readdress. Any changes are published in a variety of ways up until and including "on the floor" of Town Meeting.

One or more levels of budgets may be presented to you, the residents of Sudbury, to consider. After Town Meeting (and Town-wide elections, when necessary) concludes, we produce the ***Town of Sudbury Budget and Financing Plan***. It is this document that contains the **balanced** budget "as appropriated" for the upcoming fiscal year.

Sudbury is fortunate to have a group of elected and appointed officials who believe in the concept of working together to arrive at the best possible final budget. Developing a budget always represents a series of balances that must be achieved: between the needs of the Town departments and the School departments, between operating needs and capital needs, between meeting today's services demands and protecting our future by preserving our reserves and hard won financial security, and most of all between maintaining the critical investments in our quality of life, and being mindful of the tax burden such an investment puts on our citizens and businesses. I would like to recognize the Sudbury Board of Selectmen, Finance Committee, Sudbury Public School Committee and the Lincoln-Sudbury Regional School Committee for their commitment to working to achieve a budget to present to Town Meeting each year that balances these competing needs for the entire community.

One of our most important obligations in this process is to be as transparent and comprehensive as we can to our residents as to: **why** the level of financial resources is needed each year, and **what** is accomplished with those resources; **who** is responsible for delivering those services, and **where** do we see our greatest strengths and challenges now and in the future. This comprehensive budget and financing plan document, is one of our best ways of meeting that obligation. We hope that readers and users of the budget will find it useful for these purposes.

A document of this size and detail represents an enormous amount of effort. My deepest thanks to Andrea Terkelsen, Finance Director/Treasurer/Collector/Budget Director for Sudbury, and Peter Anderson of her staff, for the tremendous amount of work they put into preparing, updating and finalizing all the Sudbury budget documents from the beginning of the process through to final appropriation. In addition, my sincere gratitude to all Town staff, Boards and Committee members who work so diligently on developing and preparing budget requests that always look to use public resources as efficiently and carefully as possible while accomplishing their mission of serving the residents of Sudbury.

Sincerely

Maureen G. Valente

Maureen G. Valente
Town Manager
Town of Sudbury



Town Mission and Values

The Mission of the Town of Sudbury is to ensure the safety and well-being of the community, to protect and enhance the financial health, education excellence, and environmental quality of our Town by relying on the professionalism of our staff and volunteers, and use of long-term, strategic planning and enhanced communications in our governance. The Board of Selectmen is dedicated to protecting and enhancing the unique sense of place found in Sudbury and protecting and encouraging tolerance and diversity. The Board, as the chief policy making and governance body of the Town of Sudbury, will provide leadership for staff, volunteers, residents and other stakeholders in the Town by advancing goals, programs and decisions that are based on these values.

- A. Ensure the Safety and Well-being of the Community
- B. Protect and Enhance the Financial Health of the Town
- C. Protect and Enhance the Educational Excellence offered by the Town, without jeopardizing the Town's financial health
- D. Protect and Enhance the Environmental Quality of the Town
- E. Protect and Enhance the Professionalism of the Town's Staff, Boards and Committees
- F. Enhance Relationships and Communications
- G. Emphasize Long-Term, Strategic Planning
- H. Protect and Enhance the Unique Sense of Place and Historical Heritage offered by the Town
- I. Protect and Enhance a Climate of Acceptance and Tolerance within the Community
- J. Encourage Diversity of Housing Opportunities within the Community

First adopted by the Board of Selectmen May 10, 2000

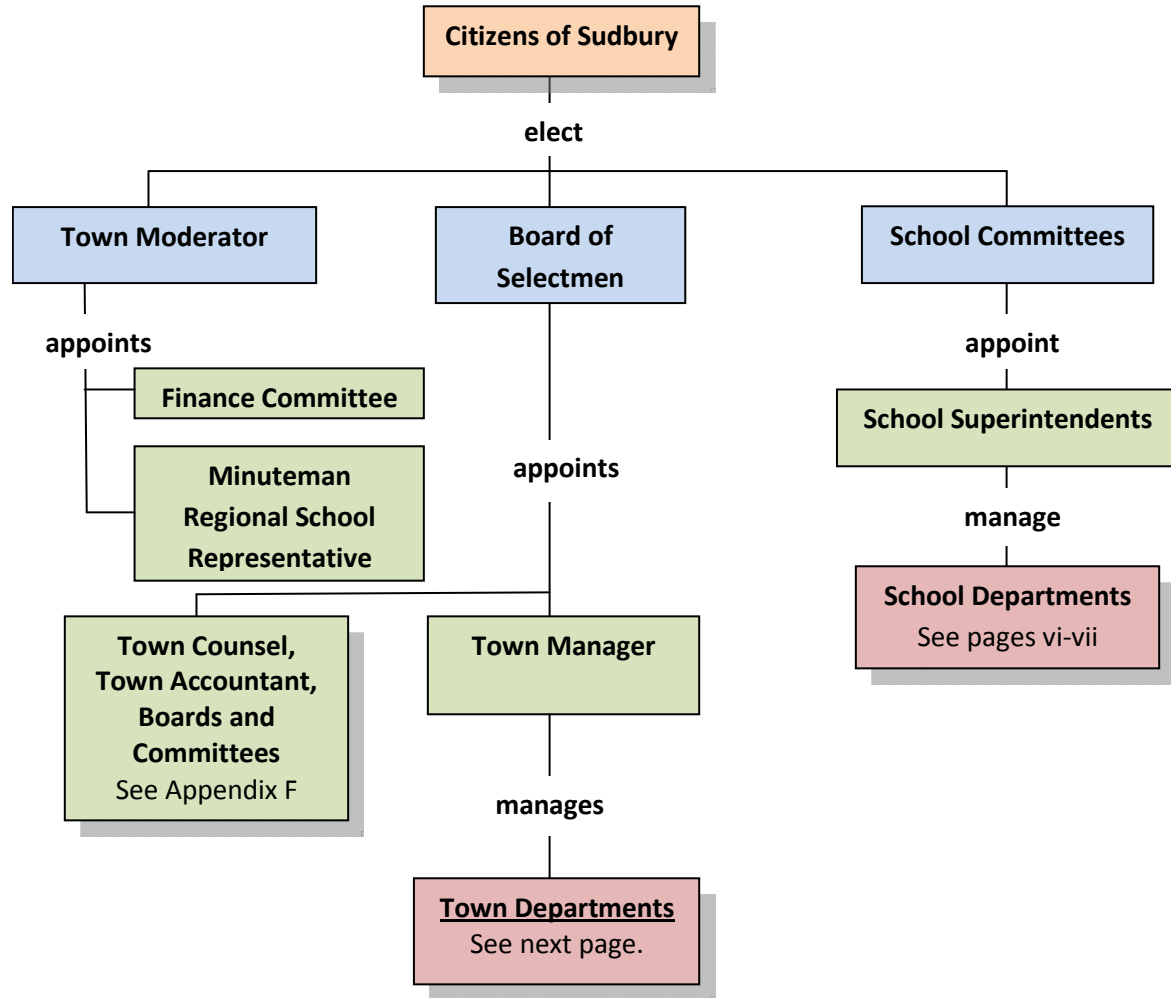
Amended and reaffirmed by the Board of Selectmen, 5/23/02, 6/1/04, and 6/10/05



Organizational Charts

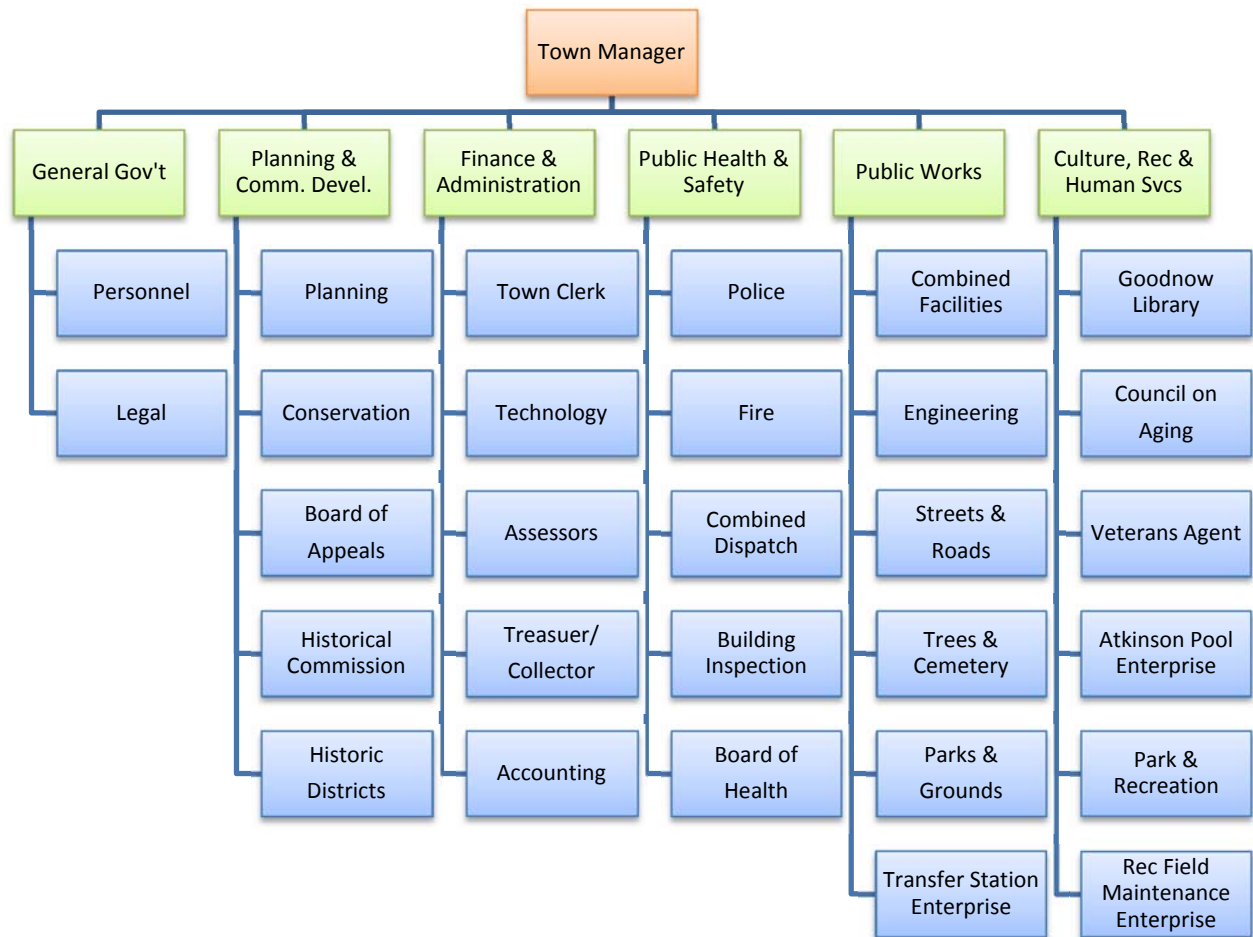
Top Level

The chart below outlines the top-level view of Sudbury's government. Citizenry may take on an active role in their government by electing officials, through Town Meeting vote and by appointment to the more than forty permanent boards and committees.



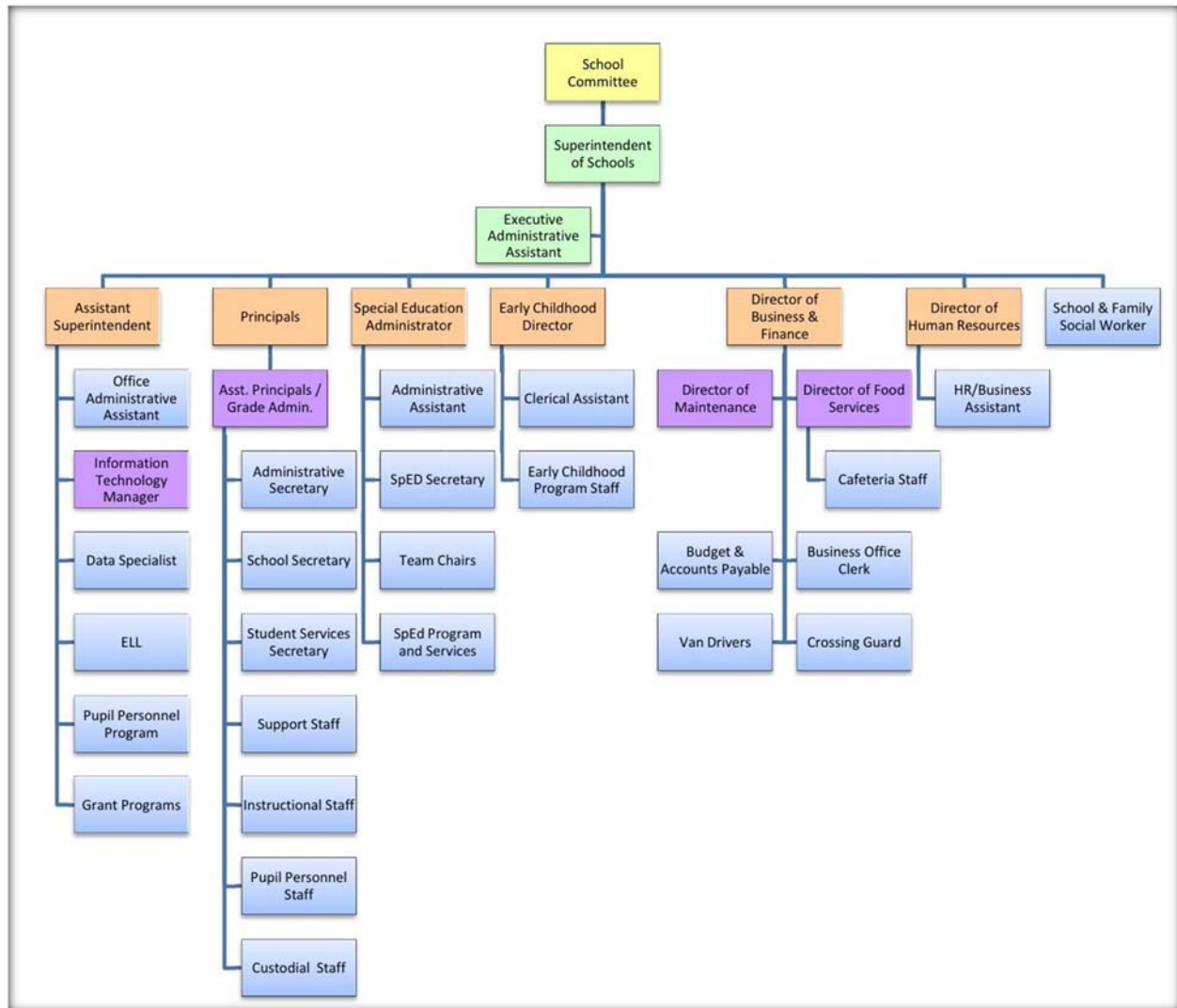
Town Departments

The chart below outlines the general government structure established under the Town's current charter (July 1, 1996). This charter provided for appointment of a Town Manager by the Board of Selectmen. The Town Manager oversees all town departments including three enterprise organizations.



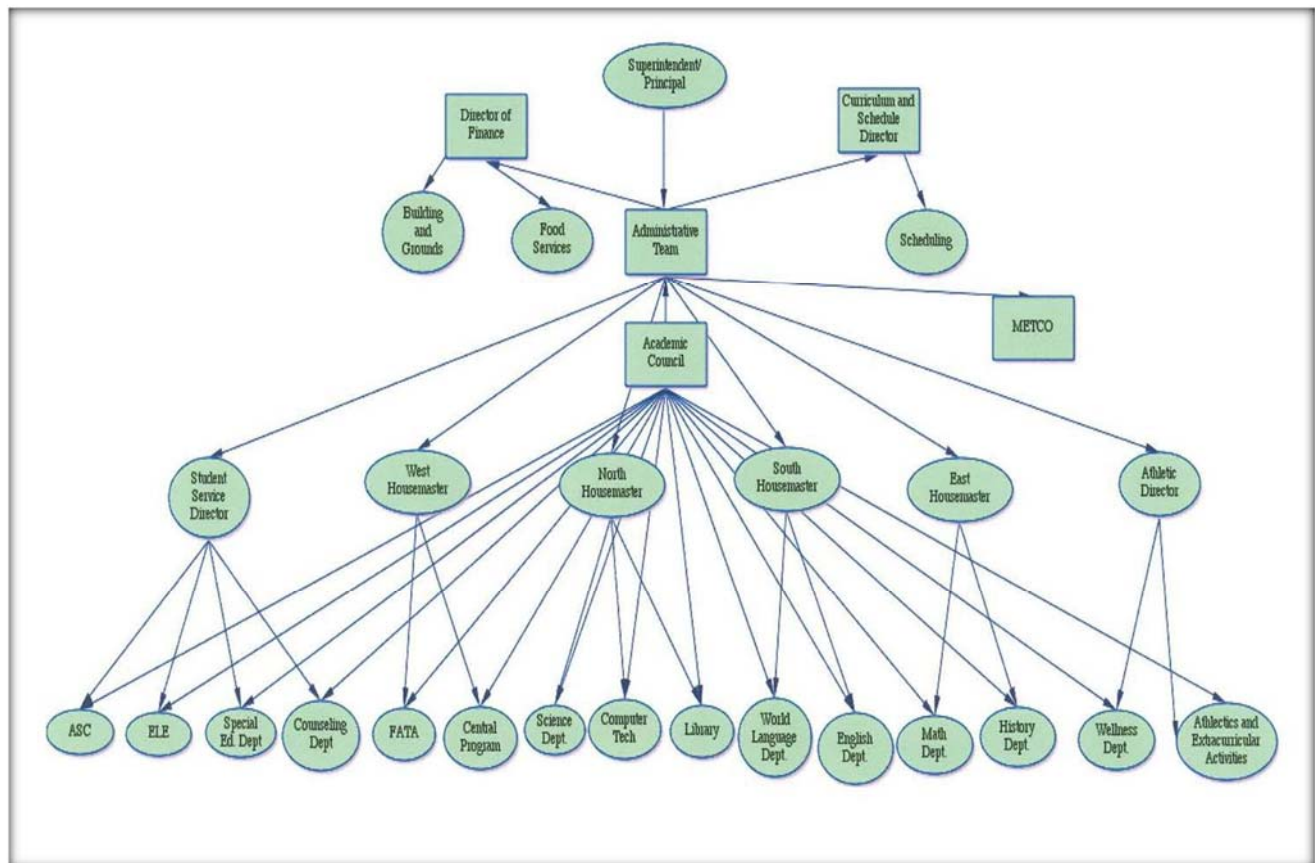
Sudbury Public Schools

The chart below outlines the structure for the Sudbury Public Schools (Grades K-8) system. The Superintendent of Schools oversees all school departments including five elementary school locations and central administration.



Lincoln-Sudbury Regional High School

The chart below outlines the structure for the LSRHS (Grades 9-12) system. The Superintendent oversees all departments.



A Reader's Guide to the Budget

This budget document contains tables, charts, and narratives that provide context for the important budget deliberations and decisions for the Town. The budget of a municipality has many parts to it. Different cost centers operate under different state laws. They have their own leadership and management structure. Each has revenue sources that are dedicated to specific programs and are not transferable to other parts of the budget. Each has mandated activities and services that cannot be discontinued. Each has employees working under collective bargaining agreements, and the provisions and requirements for each group differ from others. In addition, in two cases – the Lincoln-Sudbury Regional High School and the Minuteman Vocational Technical High School – other towns have a role and a say in the budget requests and spending priorities of the cost center. Readers hoping for a budget that is similar to that of a private company will be disappointed. It takes a great deal of effort to gain an understanding of the milieu in which the Town of Sudbury's budget and financing plan is put together.

Municipal budget documents can be a challenge to read and understand, especially for those who do not deal with them often. This is true for a number of reasons: first, they involve numbers, often in lengthy tables. Second, a municipal government is responsible for a large and diverse set of operations and services, many of them complex in nature, so even at a summary level there is still a great deal of detail to digest. Lastly, budget documents must serve a number of purposes.

- A Planning Tool. A budget should be a blueprint for the services that the Town will offer in the fiscal year, consistent with the values and goals that have been set by the Board of Selectmen.
- A Communication Tool. Within the budget pages, the reader should be able to find out how the resources of the Town have been allocated. Performance data is also included to show how the Town has been using the resources to achieve the mission and goals of the organization.
- Link to Town Meeting Warrant. A budget's layout should be consistent with the Town Warrant, which is organized according to the Town's organizational chart and chain of command. So, for example, funds appropriated within the Town's Public Safety cluster can only be expended for a public safety purpose with the approval of the Town Manager.
- Link to Different Funds. Governmental accounting is fund accounting unlike private sector accounting where there is usually only one fund for all the financial transactions of the entity. In the Town of Sudbury, there is the General Fund and three Enterprise funds that support most of the annual budget activities. The Community Preservation Fund does not support General Fund operations, but rather contributes to eligible one-time projects that meet State determined criteria.

To help the reader navigate this budget document, below is an explanation of different parts of the budget document that may be helpful in interpreting and understanding its detailed content.

- **Section 1 *Funding the Budget*** contains an overview of financial funds and what the overall fund structure for Sudbury looks like. Here the reader can see the financial structure that drives Sudbury's budgeting process. Readers are introduced to fund history and various fund statistics. Readers are provided a framework of where we stand financially, which is an important starting point for any budget cycle. We develop operating budgets by division, department, programs and services rather than solely by fund. However, funding the budgets each year (which starts with forecasting hundreds of revenue streams) takes place within the intricate context of our 'Funds Structure'.
- **Section 2 *Financial Resources*** brings the reader into the main layers of our 'Funds Structure' starting with financial resources. Funding budgets requires revenues, or in a broader sense "financial resources", all of which need to be reassessed each year in order to identify trends and react accordingly to economic influences. New laws, new economic opportunities, or new policy changes may give rise to additional resources, or conversely result in the erosion or elimination of revenue streams that we have come to rely on. This section explains what our various funding resources are and what we are projecting through the latest budget cycle.

- **Section 3 *Financial Uses*** continues to the other important layer of our Funds Structure which is “financial uses”. Developing all the budgets each year requires a coordinated effort that begins with a clear understanding of the needs and wants of several financial users (consumer groups of the budgets), such as residents, students, business owners, program users, and service stakeholders to name a few. From there, Town management and staff along with elected officials and committees must determine the costs associated with everything, and prioritize and present well-balanced solutions. This section of the budget document provides the reader with an overview of how and where we are spending funds now. It also provides an assessment of various cost drivers or “budget busters” as we prepare base-line budget estimates for all major expenditure categories as well as by funds and cost centers.
- **Section 4 *Current Year Budget Issues and Transmittal*** brings all that is discussed up to this point into specific context with current budget cycle issues. It provides the reader with the budget priorities for the coming year as determined by the elected officials and committees, along with an executive and administrative response. The response, which is summarized by the Town Manager, serves as a consolidated view of the budget(s) presented for consideration at Town Meeting. Highlights of major changes in/to the major cost centers are also discussed.
- **Sections 5 through 12 *Budget Details*** contain detailed operational budget data and commentary. Here the reader can find the explanation of what services are being provided, the level of staffing involved and other information. Readers may use this information to dig deeper into each specific budget request. The three school systems develop separate budget detail documents that are available upon request; **Section 6** of this budget document includes their budget data at an intermediate level.
- **Section 13 *Appendices*** contains a number of appendices to this budget document.

<u>Appendix</u>	<u>Title</u>
A	Budget Terms and Definitions
B	Acronyms
C	Budget Process
D	Budget Schedule
E	Budget Instructions
F	Community Profile
G	Budget and Financial Policies
H	Funds Structure and Descriptions
I	Basis of Accounting and Budgeting
J	Planning and Goal Setting

Questions and Answers on Using this Budget Document

Question: *Where can I find the bottom line for FY14 budget requests, and how do they compare with prior years?*

Answer: Start with the Table on page 68 in Section 3. This summary sheet has the requested budgets for all cost centers plus other financial obligations of the Town that must be covered. The table also shows the actual and budget values for FY11 through FY13.

Question: *Where do I find information about the Town's current revenues?*

Answer: Start with the Revenue Projections on page 35 in Section 2. This section includes a brief description of each revenue source along with our projected revenues.

Question: *How much does the Town's revenue base grow each year?*

Answer: Beginning on page 20 is a discussion of what has been happening in the Town's revenue base for the period FY2003-FY2013.

Question: *How much of the Town's budget is for the cost of benefits for employees such as Health Insurance and Pensions?*

Answer: The detail in **Section 9** provides specific information for the Town and Sudbury Public Schools for these items starting on page 166. The total benefits amounts for the Lincoln-Sudbury Regional High School can be found in **Section 6** on page 145. You may also refer to charts starting on page 55, which look specifically at a six-year history of these costs.

Question: *How can I find out the goals of the Town and how the budget is developed to try to accomplish those goals?*

Answer: There are different goals set by different entities. The goals of the Board of Selectmen are found in **Appendix J** beginning on page 238. These goals provide direction to the Town Manager and Department Heads for the fiscal year and over the long-term. These goals filter through the organization, and help dictate departmental goals and budget requests. Departmental budget requests in **Section 5** include any financial consequences for particular departments or programs involved in accomplishing these master goals, or any tasks related thereto.

Question: *Where can I find information about budgeting for capital projects, such as building improvements and new DPW vehicles?*

Answer: The capital budget is found in **Section 7** of this document. This section includes information on capital funding. Also included, is the 5-year capital plan, which is updated every year.

Question: *How can I find out more about the budget balancing process?*

Answer: See **Appendices C through E** of this document for a letter of instructions, a listing of the budget hearings held by the Finance Committee, and a description of the phases of budget preparation and development. Additionally the Finance Committee also posts a great deal of budget information on the Town's website. See www.sudbury.ma.us.

Question: *Where can I find definitions for the budget terms and acronyms used in this document?*

Answer: These can be found in **Appendices A and B in Section 13** of this document.

Question: *Where can I find more information about the Town?*

Answer: See **Appendices F** for Sudbury's community profile which includes economic and demographic information as well as other useful references.



TABLE OF CONTENTS

SECTION	PAGE
FRONT MATTER:	
The Town Manager's Introduction to the Budget Document	i
Town Mission and Values	iii
Organizational Charts	iv
A Reader's Guide to the Budget	viii
ONE:	
Funding the Budget	1
Financial Funds and the Budgeting Process	2
Sudbury's Financial Funds Structure Overview	2
The Budgeting Process	6
Total Funding Sources and Uses	11
Governmental Funds Balances	12
Governmental Funds by Major Category	14
Proprietary Funds Balances	17
TWO:	
Financial Resources	19
Revenue Forecasting	20
Primary Governmental and Proprietary Financial Resources	26
Primary Financial Resource Trends and Indicators	27
Primary Financial Resource Projections	35
Snapshot	35
Revenue Projection Details	36
THREE:	
Financial Uses	45
Primary Governmental and Proprietary Financial Uses	46
Primary Financial Use Trends and Indicators	46
Primary Financial Use Projections	68
FOUR:	
Budget FY14 Issues and Transmittal	71
Finance Committee Advisory Overview	72
Finance Committee Report	73
The Town Manager's Budget Transmittal	79
FIVE:	
Budget Detail – Town Government	85
General Government Services	87
GENERAL GOVERNMENT: Selectmen/Town Manager	88
GENERAL GOVERNMENT: Assistant Town Manager/Human Resources Director	89
GENERAL GOVERNMENT: Law	91
GENERAL GOVERNMENT: Finance Department – Finance Committee	92
GENERAL GOVERNMENT: Finance Department – Accounting	93
GENERAL GOVERNMENT: Finance Department – Assessors	95
GENERAL GOVERNMENT: Finance Department – Treasurer/Collector	96
GENERAL GOVERNMENT: Finance Department – Information Systems	98
GENERAL GOVERNMENT: Town Clerk, Registrars and Document Preservation	101
GENERAL GOVERNMENT: Conservation	102
GENERAL GOVERNMENT: Planning and Community Development Department	104
Public Safety Services	106
PUBLIC SAFETY: Police Department	107
PUBLIC SAFETY: Fire Department	109
PUBLIC SAFETY: Public Safety Communications Center	111
PUBLIC SAFETY: Building Inspection	112
Public Works Department	115
PUBLIC WORKS: Engineering and Administration	116
PUBLIC WORKS: Streets and Roads	118

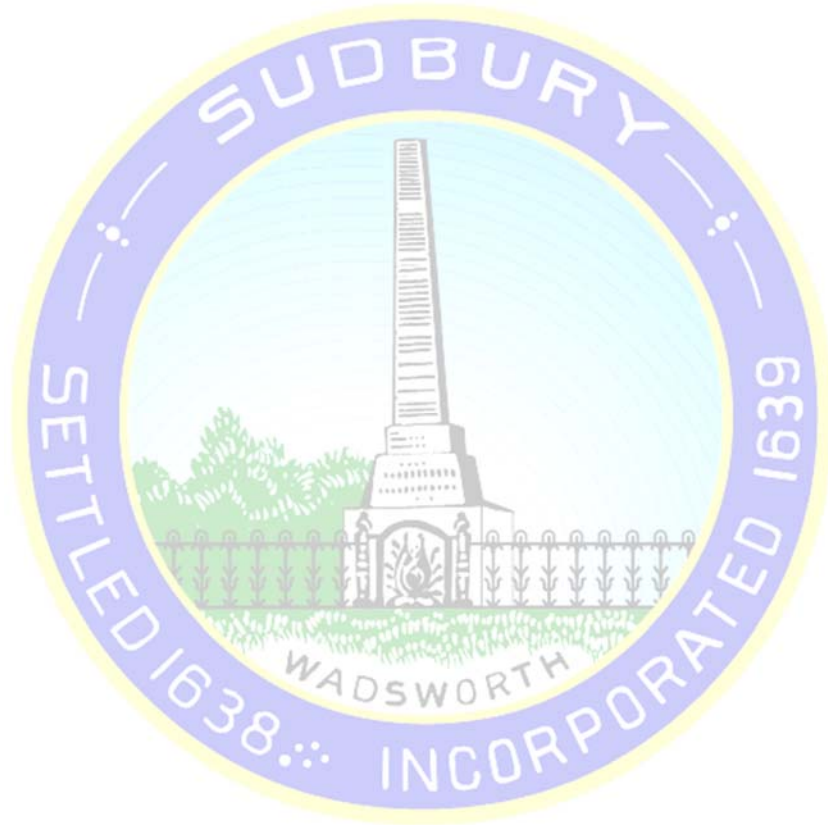
PUBLIC WORKS: Trees and Cemetery	120
PUBLIC WORKS: Parks and Grounds	122
PUBLIC WORKS: Combined Facilities.....	124
Human Services	126
HUMAN SERVICES: Board of Health	127
HUMAN SERVICES: Council on Aging	128
HUMAN SERVICES: Veterans' Affairs	130
Culture & Recreational Services	132
CULTURE & RECREATION: Goodnow Library	133
CULTURE & RECREATION: Park & Recreation.....	134
CULTURE & RECREATION: Historical Commission	136
CULTURE & RECREATION: Historic Districts Commission	137
SIX:	
Budget Detail – Education.....	139
Education.....	140
Sudbury Public Schools.....	141
Lincoln-Sudbury Regional High School Assessment	143
Minuteman Regional Vocational Technical High School Assessment	146
SEVEN:	
Capital Investment Budget.....	147
FY14 CAPITAL BUDGET	148
5-YEAR CAPITAL PLAN – Starting Point for a Comprehensive Strategic Plan	152
EIGHT:	
Unclassified & Transfer Expenses	159
UNCLASSIFIED – Town Wide Operating Expenses	160
UNCLASSIFIED – Transfer Accounts	160
NINE:	
Shared Programs & Costs.....	163
DEBT SERVICE	164
BENEFITS AND INSURANCE	166
STABILIZATION FUND	169
TEN:	
Unappropriated Accounts	171
OTHER CHARGES TO BE RAISED (OR UNAPPROPRIATED ACCOUNTS)	172
ELEVEN:	
Enterprise Funds.....	175
ENTERPRISE FUNDS: Transfer Station/Recycling Center.....	177
ENTERPRISE FUNDS: Atkinson Pool	179
ENTERPRISE FUNDS: Recreation Field Maintenance.....	181
TWELVE:	
Budget Detail – Other Major Funds	183
other major funds: Sudbury's Community Preservation Fund	184
other major funds: Sudbury's AFFORDABLE Housing Trust	186
THIRTEEN:	
Appendices.....	189
A. Budget Terms and Definitions	190
B. Acronyms	196
C. Budget Process.....	200
Phases of Budget Preparation and Development	200
Description of Phases	200
D. Budget Schedule	201
FY14 Budget Calendar -	201
E. Budget Instructions.....	204
Sudbury Finance Committee Instruction Letter for FY14	204
F. Community Profile	209
Sudbury at a Glance	Error! Bookmark not defined.
Sudbury Government Structure	211
Elected Town Officials.....	212
Permanent Town Boards and Committees	213
Federal, State and County Officials	214
Economic and Demographic Characteristics	215
Employee Headcount Information.....	221

Residential Tax Rate History, 2000-2013.....	226
G. Budget and Financial Policies.....	227
Board of Selectmen Budget and Financial Management Policies.....	227
H. Funds Structure and Descriptions	234
Municipal Fund Structure	234
Municipal Fund descriptions.....	234
I. Basis of Accounting and Budgeting	237
Appropriation and Budget Amendment Procedures	237
J. Planning and Goal Setting	238
Sudbury's Master Plan and Goal Setting Process	238
FOURTEEN:	
Notes	243

Section One

Funding the Budget

A Consolidated Financial Overview and Funds Analysis



Financial Funds and the Budgeting Process

Sudbury's Financial Funds Structure Overview

Sudbury currently maintains over 550 individual funds (see figure to right), the majority of which fall into the category of Governmental funds. The General Fund consists of nearly 400 sub-funds for internal accounting purposes. Maintaining this many separate funds is essential for compliance and reporting purposes. It ensures proper fund management across the Town's vast financial and operational segments on a constant and consistent basis. Advanced technology and integrated financial systems aid in effectively managing, budgeting and reporting at all levels of the organization.

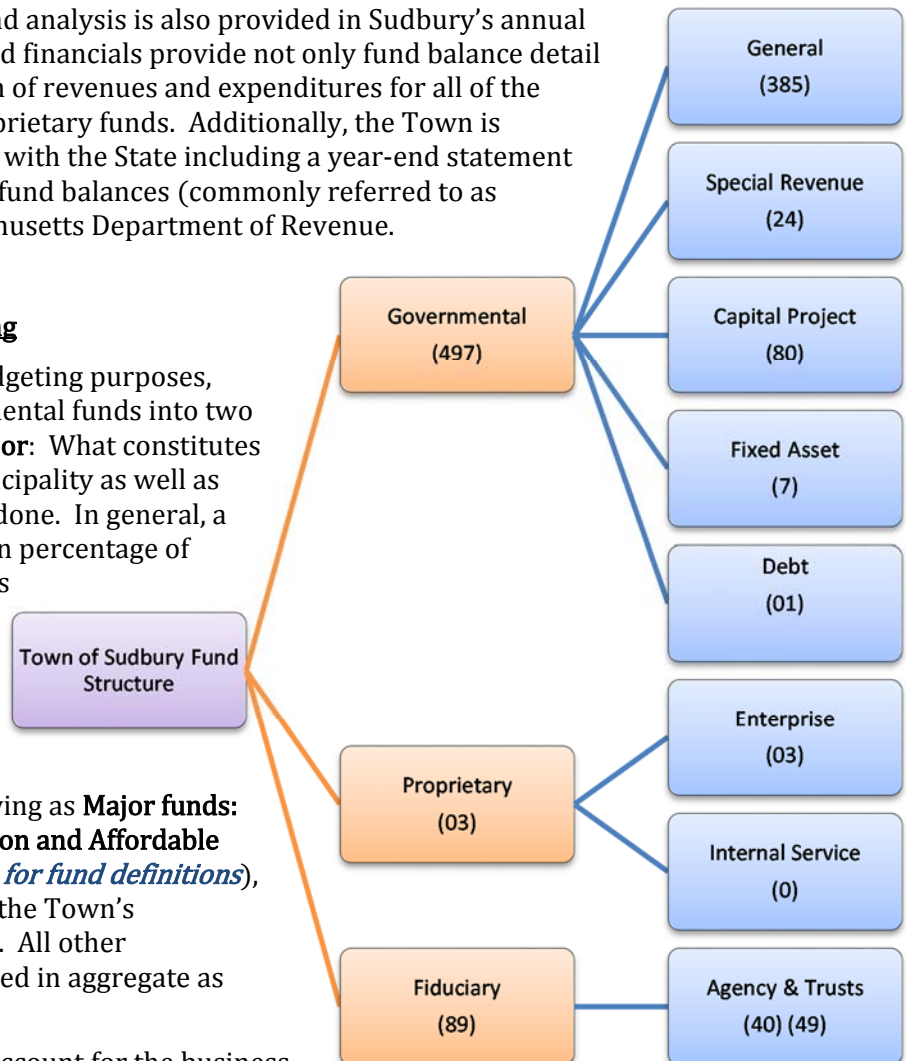
Government-wide financial fund analysis is also provided in Sudbury's annual financial reports. These audited financials provide not only fund balance detail but also a complete breakdown of revenues and expenditures for all of the Town's governmental and proprietary funds. Additionally, the Town is required to file several reports with the State including a year-end statement of revenues, expenditures and fund balances (commonly referred to as "Schedule A") with the Massachusetts Department of Revenue.

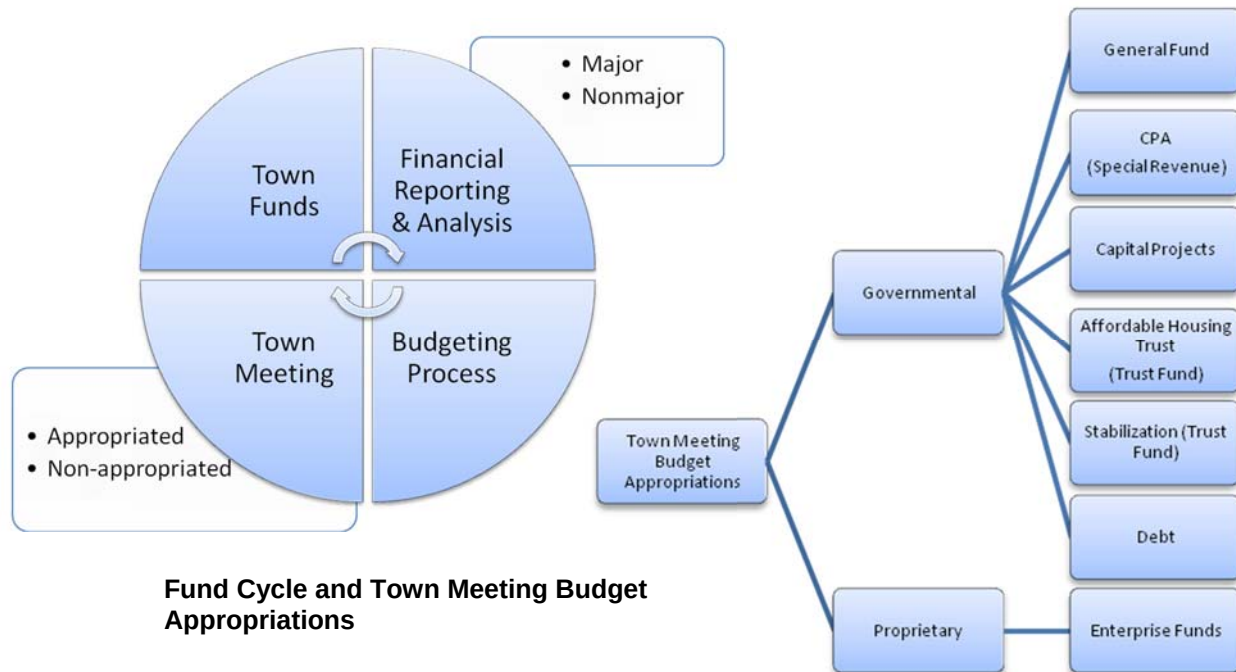
Major Funds Financial Reporting

For financial reporting and budgeting purposes, Sudbury separates all governmental funds into two categories: **Major and Non-major**: What constitutes a **Major fund** may vary by municipality as well as by the type of reporting being done. In general, a major fund constitutes a certain percentage of total assets, liabilities, revenues or expenditures. Some funds may switch designation from year-to-year.

For financial statement reporting purposes, Sudbury currently recognizes the following as **Major funds**: **General, Community Preservation and Affordable Housing Trust** (*see Appendix A for fund definitions*), all of which are located within the Town's Governmental fund's structure. All other governmental funds are reported in aggregate as **Non-major**.

Proprietary funds are used to account for the business-type activities of the Town's three enterprises. **Fiduciary** funds are used to account for assets held in a trustee capacity for others that cannot be used to support governmental programs. As such, fiduciary fund information is not included in this book but is reported in the Town's annual financial audit statements.





As the previous discussion and charts indicate, the Town manages and budgets for all of its governmental and proprietary funds. The cycle between ongoing financial concerns and the budgetary process is primarily connected by the appropriating actions of Sudbury's Annual Town Meeting. The reporting of information (along with the many data sets constructed) throughout the year is vast and varied in nature. Our consolidated fund structure funnels down to support the Town's numerous services and programs. Not all of the Town's financial funds are required to be officially adopted or appropriated at Town Meeting (see right side of figure above). Regardless of the funding mechanism all fund balances and projections play an important role in the Town's short and long-term financial planning process.

GASB Statement No. 54

In February 2009, the Governmental Accounting Standards Board (GASB) issued Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, which is effective for periods that begin after June 15, 2010. The objective of GASB 54 is to enhance the usefulness of fund balance information by 1) clarifying existing governmental fund type definitions, and 2) providing clearer fund balance classifications that can be more consistently applied. Implementation of GASB 54 is required for the first fiscal year ending June 30, 2011.

The new components of fund balance for all **governmental funds** are as follows: non-spendable, restricted, committed, assigned, and unassigned. Unassigned fund balance is further defined as "total fund balance in the general fund in excess of all other designations" also known as **residual net resources**.

According to the summary memorandum issued by the GASB, the new guidelines will improve financial reporting by providing fund balance categories and classifications that will be more easily understood. Elimination of the reserved component of fund balance in favor of a restricted classification will enhance the consistency between information reported in the government-wide statements and information in the governmental fund financial statements and avoid confusion

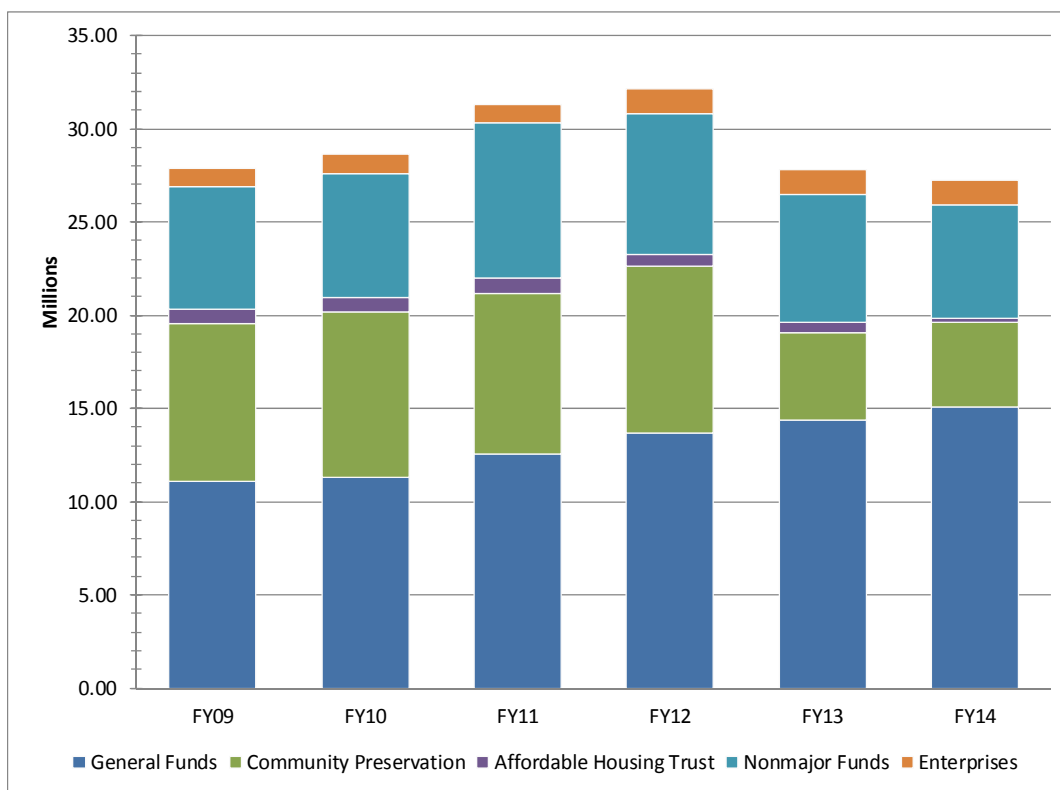
about the relationship between reserved fund balance and restricted net assets. The fund balance classification approach in this Statement will require governments to classify amounts consistently, regardless of the fund type or column in which they are presented. As a result, an amount cannot be classified as restricted in one fund but unrestricted in another. The fund balance disclosures will give users information necessary to understand the processes under which constraints are imposed upon the use of resources and how those constraints may be modified or eliminated. The clarifications of the governmental fund type definitions will reduce uncertainty about which resources can or should be reported in the respective fund types.

Top-Level Funds Management

Fund balance is the difference between a fund's assets and liabilities. Also commonly referred to as "fund equity", it represents the balance that remains for future use. To the extent that fund balance is not earmarked or reserved for a special purpose, it may also be used to offset unexpected costs or revenue shortfalls. Each fund must be able to support its own activities and obligations. **Fund liquidity** refers to a fund's ability to meet near-term obligations with expendable resources. A lack of liquidity requires inter-fund balance transfers (when possible) or the postponement of expenditures. Even when funds have been appropriated for use in the coming year the town must remain cognizant of any circumstances (i.e. economic conditions, financial health of grantors, legal situations, extraordinary events, etc.) that may reduce or delay the receipt of expected revenues in order to fund expenditures. Budgeting must consider all sources and uses of funds in order to avoid deficits and ideally be in a position to build fund equity for the future.

Below is the recent history of the Town's aggregate balance for all governmental and proprietary funds. Total fund balance is expected to remain in the \$27 million range by the end of FY14.

Sudbury's Recent All Funds Balance History



As of June 30, 2012 the Town's the **Stabilization Trust** fund has been reclassified for financial reporting purposes as part of the **General Fund's unassigned fund balance**. All prior year information has also been restated. It should however be noted that the regulations for using Stabilization have not changed.

New Individual Fund Balance Components

1. Non-spendable fund balance (inherently non-spendable)
 - a) Portion of net resources that cannot be spent because of their form
 - b) Portion of net resources that cannot be spent because they must be maintained intact
2. Restricted fund balance (externally enforceable limitation on use)
 - a) Limitations imposed by creditors, grantors, contributors, or laws and regulations of other governments
 - b) Limitations imposed by law through constitutional provisions or enabling legislation
3. Committed fund balance (self-imposed limitations set in place prior to the end of the period)
 - a) Limitation imposed at highest level of decision making that requires formal action at the same level to remove
4. Assigned fund balance (limitation resulting from intended use)
 - a) Intended use established by highest level of decision making
 - b) Intended use established by body designated for that purpose
 - c) Intended use established by official designated for that purpose
5. Unassigned fund balance (residual net resources)
 - a) Total fund balance in the general fund in excess of non-spendable, restricted, committed and assigned fund balance (i.e., surplus)
 - b) Excess of non-spendable, restricted and committed fund balance over total fund balance (i.e., deficit)

Unassigned fund balance may only be used in the General Fund. The table below shows a recent history of **unassigned fund balance** for the Town's General fund. The latest projections indicate that the Town will maintain an **unassigned fund balance** of approximately \$6.4 million by the end of fiscal year 2014.

General Fund Balances	Actual FY09	Actual FY10	Actual FY11	Actual FY12	Projected FY13	Projected FY14
Unassigned *	2,895,803	3,146,115	3,961,520	5,603,341	6,000,000	6,400,000
Restricted/Committed	8,163,901	8,139,048	8,581,552	8,053,987	8,368,528	8,653,528
Total	11,059,704	11,285,163	12,543,072	13,657,328	14,368,528	15,053,528

*As of FY11 Stabilization fund is considered part of General Fund unassigned balance

<u>Balance Changes</u>						
Unassigned		250,312	815,405	1,641,821	396,659	400,000
Restricted/Committed		(24,853)	442,504	(527,565)	314,541	285,000
Total		225,459	1,257,909	1,114,256	711,200	685,000

The General Fund versus Special Revenue Funds

All revenue belongs to the General Treasury of the Town unless otherwise provided for by State statute. Governmental funds that reside “outside” the General Fund are commonly referred to as **Special Revenue Funds**. The Town maintains several Special Revenue (or Special Purpose funds), some of which we have already identified individually as Major (e.g. CPA, Affordable Housing Trust and Enterprises). Several other Special Revenue funds are categorized as Non-major.

Special Revenues are defined as revenues that are earmarked for and restricted to a particular expenditure or use. Special revenues may be allowed to accumulate reserves (revenues in excess of expenditures). However, once earmarked as Special Revenue these funds may not be used for anything outside its designated “special” purpose or use.

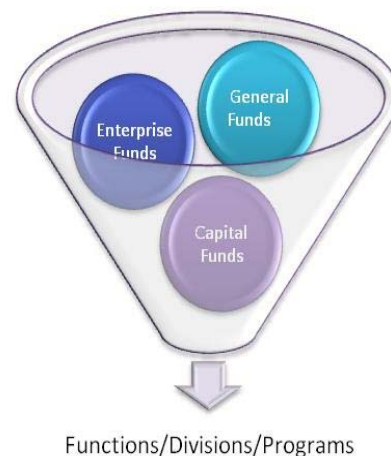
The Budgeting Process

From Funds to Functions

The budgeting process hinges on available resources: new revenues generated during the coming year plus any accumulated unassigned reserves that the Town may wish to use to supplement operations.

Below the top-level view of our funds’ structure lies an immense detail for all sources and uses.

We continue our discussion of the budget cycle by identifying the main sources we have come to rely on each year.



While all governmental and proprietary funds find their way one way or another into an annual budgeting process, it is important to note that the General fund pays for nearly 90% of the Town’s total expenditures and remains the focal point of every annual Town Meeting.

The Major Role of Non-major Funding

Collectively the Town’s **Non-major** funds category contributes more than 8% of all revenues each year. The Non-major category currently consists of the Town’s Employee Benefits Trusts, Receipts Reserved for Appropriation, Revolving funds, Grants and Gifts. In recent years the label of Non-major funds has become a bit of a misnomer. Compared to other General fund revenue sources (e.g. State Aid or Local Receipts) the Town’s Non-major (Special) revenue category has taken on a major role in the budgeting process.

Why then do municipalities bother with creating and maintaining special revenue funds? Why not simply run everything through the General fund? The decision-making process to segregate a particular revenue stream from the General fund is twofold:

1. Is segregation mandatory? If so, we must adhere to the limitations and or circumstances on spending as well as the additional accounting/reporting procedures involved in maintaining a special revenue fund. For example, M.G.L. Chapter 44B, which regulates all aspects of a Community Preservation Fund, dictates that a city or town that collects CPA surcharge “shall establish a separate account to be known as the Community Preservation Fund of which the municipal treasurer shall be the custodian. The authority to approve expenditures from the fund shall be limited to the legislative body and the municipal treasurer shall pay such expenses in accordance with chapter 41”.
2. Is segregation beneficial to further a specific program or purpose by earmarking new or existing revenues that would otherwise be part of the General fund tax levy and appropriation processes? Knowing that certain revolving funds are allowable is it fiscally prudent to charge a fee for service vis-à-vis a recreational or permit revolving fund rather than providing a service to some users that is paid for by all taxpayers (or other General fund revenues)? For example in recent years, by creating kindergarten tuition revolving fund and passport application processing revolving fund the Town has been able to provide new services without impacting the tax levy.

Receipts Reserved for Appropriation

Massachusetts General Laws (M.G.L.’s) allow for only a handful of **Receipts Reserved for Appropriation** (RRA’s). At present, the Town has only one active RRA, for Ambulance Service Receipts, which is accounted for separately from the General fund. Transfers can be made from this fund to offset ambulance service expenses incurred within the General operating budget. Town Meeting may only authorize a special budget article transfer of RRA funds to the General fund specifically for offset to ambulance service expenditures incurred within the Fire Department. In recent years annual ambulance receipts have been approaching \$0.7 million. This may change in the future depending on the costs and reimbursement structure of providing ambulance services, including the addition of advanced life support (ALS) services by Sudbury’s Fire Department.

Contribution to the General Fund Budget each year: \$0.7 million (revenue transfer)
Contribution to other specific purposes each year: \$0.7million for equipment, as needed

Gifts

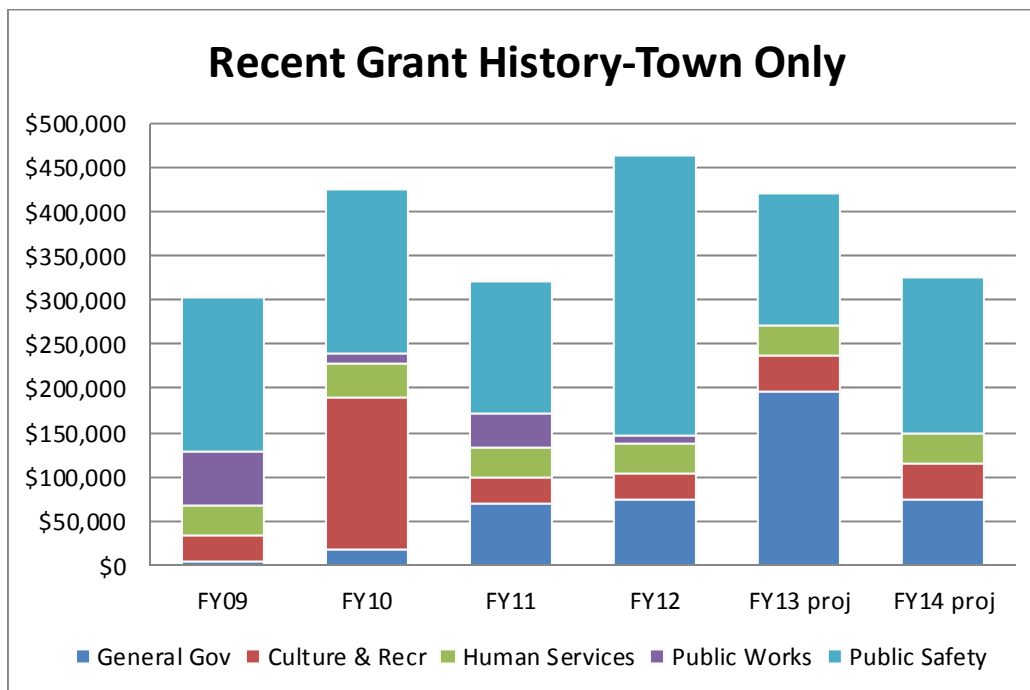
Gifts come in all shapes and sizes. Gifts are often received for a specific purpose either as a one-time payment, or in some cases as endowments or trusts. The Town maintains these funds as ‘pooled’ or individually invested accounts depending on size and/or type. Expenditures from gift accounts do not require Town Meeting appropriation. In some cases, new programs, services or assets funded by gifts may require future subsidy by the tax levy. Therefore, the Town must carefully consider what if any incremental costs a gift may have on future operating budgets for such things as installation, maintenance, personnel, or insurances. If the tax levy cannot absorb any incremental costs then the program or asset to be paid for by donation may prove unsustainable.

Contribution to the General Fund Budget each year: zero
Contribution to other specific purposes each year: \$0.2 million

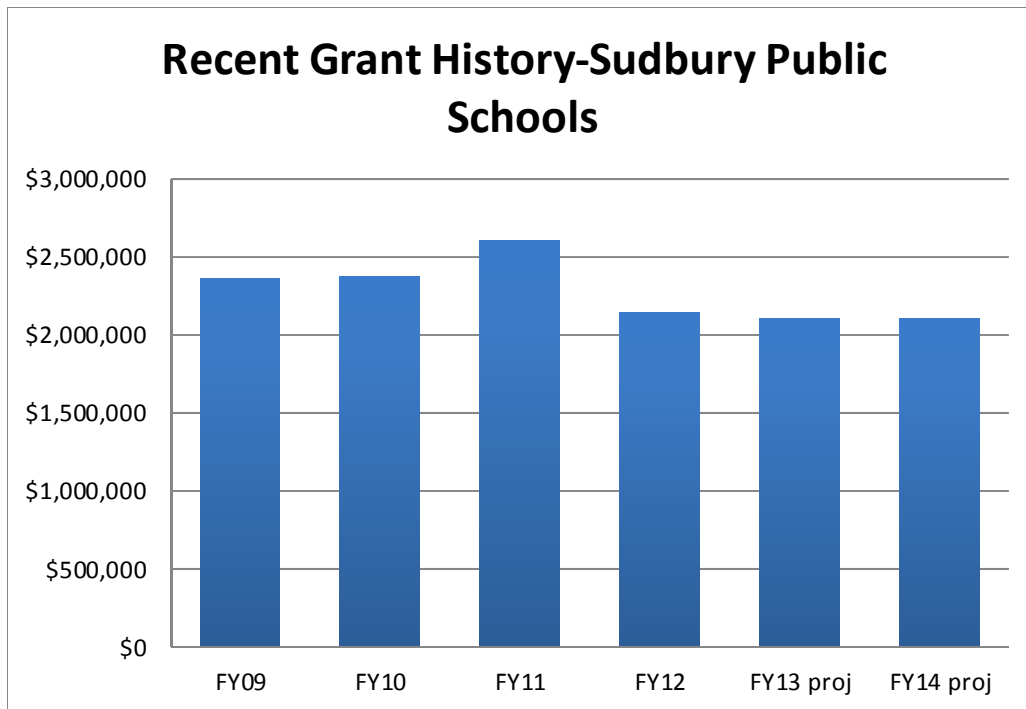
The last two Special Revenue streams within the **Non-major** category always play a significant role in the Town's annual budgeting process due to their size and nature. **Grants** and **Revolving Fund** revenues are projected to generate nearly \$6 Million in FY14, or about 6% of all revenues generated by the Town's governmental funds for the same period. Together these two revenue streams account roughly 71% of all revenues in the Non-major category.

Grants

Grants revenue can be difficult to predict from year to year which makes program-funding decisions extremely difficult. Before the Town may accept grant monies all costs within a specific program or project need to be considered. Single grants that establish new ongoing costs for the town (e.g. additional personnel, benefits, maintenance, etc.) are considered carefully because without additional grant funding, program expenses either fall onto the tax levy, or risk elimination. Some grants may reimburse for up to three to five years for special expenditure; however, most do not exceed one year in nature and may only cover one specific incident, special equipment purchase, or short duration project. The Town has been very successful in the last few years obtaining grants for a variety of purposes that would otherwise have to be paid for by the General fund's tax levy or cease to exist. FY10 in particular included a few rather large one-time grants including reimbursements for severe storm damages and monies to establish the Metro west's first Boundless Playground. Similarly FY12 included large grants for severe storm damages and "Green" energy projects.



Grants for public education are more plentiful and recurrent in nature. Sudbury Public Schools maintains a sizable complement of Federal, State and local grant revenues that pay for education expenditures.



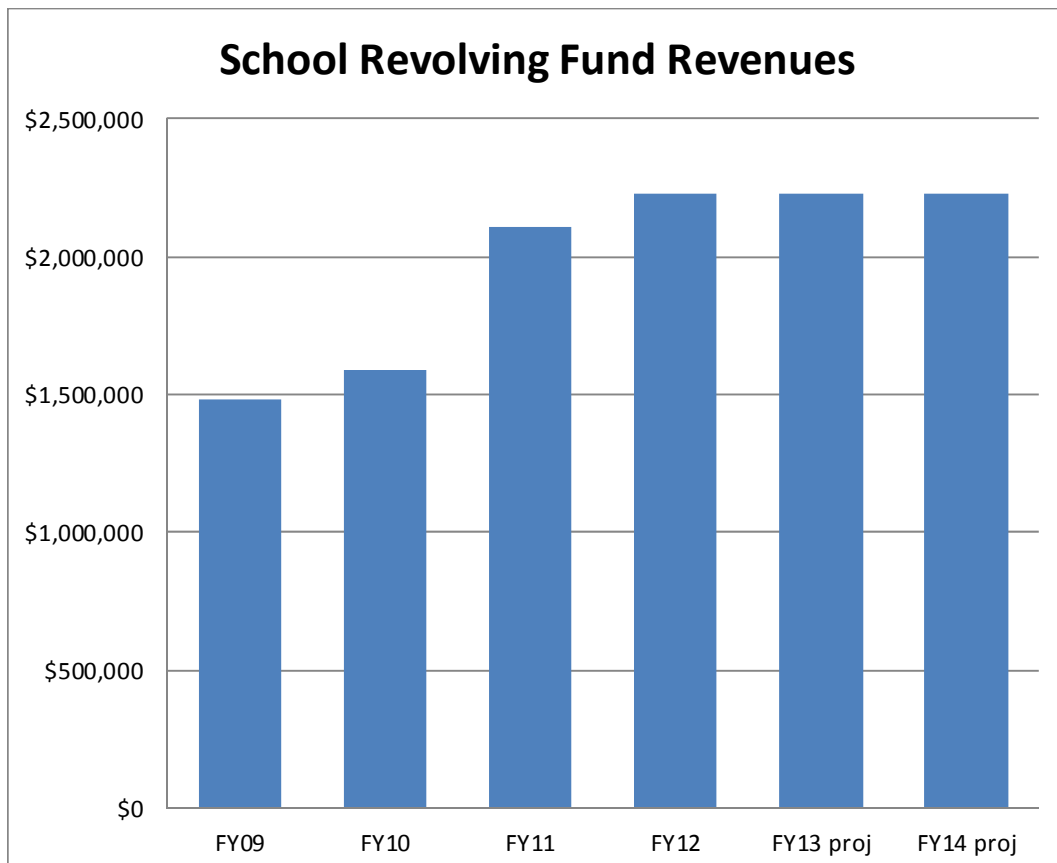
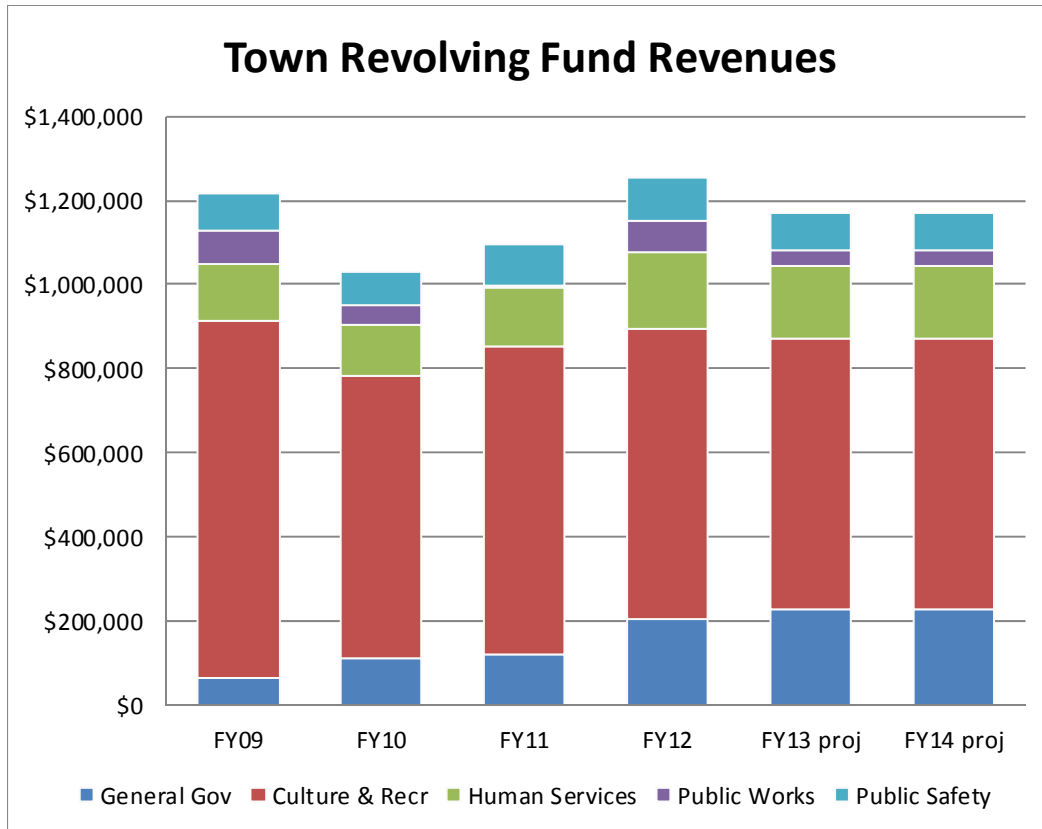
Even though many of the services that the Town and Schools provide are mandated (i.e., required by Federal or State laws) much of what we do remains underfunded or unreimbursed by the mandating authorities. Grants go a long way to reducing the burden of unfunded mandates on the tax levy. Since grants may be spent without appropriation they do not take on a visible role at Town Meeting. However, grants most certainly play a big role in the budgeting process each year. Grants pay for a variety of program expenditures (i.e. salaries & wages, other operating expenditures and capital improvements) that would otherwise need to be carried on the tax levy.

Contribution to the General Fund Budget each year: zero

Contribution to other specific purposes each year: \$2.5 million

Revolving Funds

Revolving Funds currently produce the largest Special Revenue stream each year. A Revolving Fund provides a fiscal mechanism for matching user fee revenues to a variety of program or service related expenditures. Revolving Funds, which are governed by various State laws, segregate revenues (away) from the General fund. However, they also take with it, the direct expenses associated with running fee based programs and services. Revolving funds match user fees for programs and services that not all taxpayers use or benefit from with the costs that would otherwise fall onto the general tax levy or might otherwise cease to exist due to a lack of funding.



Revolving Funds vary by function, size and program location. For the most part, Revolving Fund revenues are fully expended during the year received since fees are set (and periodically adjusted) to cover all costs associated with providing a service. Any surplus that exists in revolving funds remains outside of the General treasury until such time as the programs or services have ended. Revolving funds experienced a big bump in value in FY11 due to the School's new full-day kindergarten program.

Revolving Fund information is included as part of the annual tax rate certification process. Most (but not all revolving funds) require annual Town Meeting spending authorization. For example, the total spending limit set for Revolving Fund expenditures for FY14 is \$1.8M. However, nearly \$1.6M more in Revolving Fund revenues (mostly having to do with school operations governed by M.G.L. Ch 71, S 47, 71E, etc.) will also be expended without specific appropriation.

Contribution to the General Fund Budget each year: zero

Contribution to other specific purposes each year: \$3.4 million

Total Funding Sources and Uses

The following tables provide a historical overview of the Town's total financial funds (**governmental and proprietary**) structure. At this top level, you are able to see a total picture of the Town's financial sources and uses by the funding groups we have been discussing thus far. While adequate projections for each budget cycle begin at a much lower level, a macro funding sources and uses framework is particularly helpful, for example, when the Board of Selectmen meets to review and set goals (both near and long-term) for the entire organization.

All fund balance information for the remainder of this section is comprised of the following calculations: Balances and activities up to fiscal year 2009 (FY09) through fiscal year 2012 (FY12) reflect **actual** results. Activities for fiscal year 2013 (FY13) are based on **projected** revenues, expenses and transfers for the year which is still pending our annual audit process. Activities for fiscal year 2014 (FY14) are similarly estimated using revenues, expenses and transfers from the FY14 budget cycle process. *(FY13 and FY14 activities also include estimates of GAAP adjustments for comparison and balance projection purposes, prior to annual audit)*

Governmental Funds Balances

	Actual FY09	Actual FY10	Actual FY11	Actual FY12	Projected FY13	Projected FY14
General Funds						
Begin. Bal.	10,839,502	11,059,704	11,285,163	12,543,072	13,657,328	14,368,528
Revenues	79,264,871	80,677,323	83,036,260	85,659,390	87,452,046	90,093,852
Expenditures	80,170,596	81,294,418	82,373,139	85,135,961	87,703,520	90,396,597
Excess/(Deficiency)	(905,725)	(617,095)	663,121	523,429	(251,473)	(302,745)
Transfers In/(Out)	1,125,927	842,554	594,788	590,827	962,673	987,745
Ending Bal.	11,059,704	11,285,163	12,543,072	13,657,328	14,368,528	15,053,528
% over prior		2.0%	11.1%	8.9%	5.2%	4.8%
Community Preservation(CPA)						
Begin. Bal.	8,218,022	8,509,267	8,922,552	8,620,708	8,952,251	4,668,946
Revenues	3,146,771	2,182,483	2,086,429	2,063,884	2,143,943	2,075,000
Expenditures	7,180,139	1,561,198	4,239,828	1,542,341	9,699,748	1,804,956
Excess/(Deficiency)	(4,033,368)	621,285	(2,153,399)	521,543	(7,555,805)	270,044
Transfers In/(Out)	4,324,613	(208,000)	1,851,555	(190,000)	3,272,500	(342,796)
Ending Bal.	8,509,267	8,922,552	8,620,708	8,952,251	4,668,946	4,596,194
% over prior		4.9%	-3.4%	3.8%	-47.8%	-1.6%
Affordabl Housing Trust						
Begin. Bal.	380,364	759,810	769,464	820,046	617,881	574,881
Revenues	34,251	66,852	97,983	82,706	282,000	51,000
Expenditures	404,805	265,198	227,401	474,871	525,000	780,000
Excess/(Deficiency)	(370,554)	(198,346)	(129,418)	(392,165)	(243,000)	(729,000)
Transfers In/(Out)	750,000	208,000	180,000	190,000	200,000	342,796
Ending Bal.	759,810	769,464	820,046	617,881	574,881	188,677
% over prior		1.3%	6.6%	-24.7%	-7.0%	-67.2%
Non-major Funds						
Begin. Bal.	6,879,997	6,593,956	6,644,874	8,323,306	7,581,696	6,831,696
Revenues	6,745,072	6,728,730	7,761,722	8,354,888	8,200,000	8,200,000
Expenditures	6,172,555	6,280,432	7,379,781	8,508,906	8,500,000	8,500,000
Excess/(Deficiency)	572,517	448,298	381,941	(154,018)	(300,000)	(300,000)
Transfers In/(Out)	(858,558)	(397,380)	1,296,491	(587,592)	(450,000)	(450,000)
Ending Bal.	6,593,956	6,644,874	8,323,306	7,581,696	6,831,696	6,081,696
% over prior		0.8%	25.3%	-8.9%	-9.9%	-11.0%
Total Governmental Funds						
Begin. Bal.	26,317,885	26,922,737	27,622,053	30,307,132	30,809,156	26,444,050
Revenues	89,190,965	89,655,388	92,982,394	96,160,868	98,077,989	100,419,852
Expenditures	93,928,095	89,401,246	94,220,149	95,662,079	106,428,268	101,481,553
Excess/(Deficiency)	(4,737,130)	254,142	(1,237,755)	498,789	(8,350,278)	(1,061,701)
Transfers In/(Out)	5,341,982	445,174	3,922,834	3,235	3,985,173	537,745
Ending Bal.	26,922,737	27,622,053	30,307,132	30,809,156	26,444,050	25,920,095
% over prior		2.6%	9.7%	1.7%	-14.2%	-2.0%

Governmental Funds Balance Highlights

2009:

- As of the close of the fiscal year, the Town's *governmental* funds reported combined ending fund balances totaling \$26,922,737, an increase of 2.3% in comparison with the prior year. Approximately \$7,289,000 represents unreserved *governmental* fund balance.
- At the end of the fiscal year, undesignated fund balance for the general fund totaled \$1,038,246 or 1.3% of total general fund expenditures and transfers out.
- Conservative spending against budgeted appropriations produced a positive variance of \$1,508,645 before continuing appropriations.
- A small portion of available fund balance was reserved to fund a portion of the fiscal year 2010 budget \$321,000.
- Largest % decline in balance *governmental* funds was in the Non-major (-4.2%). The General Fund showed modest increase of 1.8%.

2010:

- As of the close of the fiscal year, the Town's *governmental* funds reported combined ending fund balances totaling \$27,622,053 an increase of 2.6% in comparison with the prior year. Approximately \$7,754,000 represents unreserved *governmental* fund balance.
- At the end of the fiscal year, undesignated fund balance for the general fund totaled \$1,236,002 or 1.5% of total general fund expenditures and transfers out.
- Conservative spending against budgeted appropriations produced a positive variance of \$1,108,104 before continuing appropriations.
- No available fund balance has been reserved to fund a portion of the fiscal year 2011.
- All *governmental* funds increased in value. The smallest increase in balance was in Non-major (.8%). The General Fund showed another modest increase of 1.9%.

2011:

- GASB Statement no. 54 went into effect as of June 30, 2011. Consequently Stabilization reserve is now combined with the General fund and all governmental fund balances given new designations.
- As of the close of the fiscal year, the Town's *governmental* funds reported combined ending fund balances totaling \$30,307,132, an increase of 9.7% in comparison with the prior year.
- At the end of the fiscal year, unassigned fund balance for the general fund totaled \$3,961,520 or 4.8% of total general fund expenditures and transfers out.
- Conservative spending against budgeted appropriations produced a positive variance of \$2,407,529 before continuing appropriations.
- No available fund balance has been reserved to fund a portion of the fiscal year 2012.
- All *governmental* funds with the exception of CPA trust fund increased in value. The largest increase in balance was in Non-major 25.3%. The General Fund showed a moderate increase of 11.1%.

2012:

- As of the close of the fiscal year, the Town's *governmental* funds reported combined ending fund balances totaling \$30,809,156, an increase of 1.7% in comparison with the prior year.
- At the end of the fiscal year, unassigned fund balance for the general fund totaled \$5,603,341 or 6.6% of total general fund expenditures and transfers out.
- Conservative spending against budgeted appropriations produced a positive variance of \$2,409,492 before continuing appropriations.
- No available fund balance has been reserved to fund a portion of the fiscal year 2013.
- The General Fund showed a moderate increase of 8.9%. CPA also increased by 3.8% without having any major land or conservation restriction purchases in FY12.
- Non-major fund balance declined by 8.9%

2013 (projected):

- As of the close of the fiscal year, the Town's *governmental* funds reported combined ending fund balances is projected to be \$26.4 Million, a decrease of 14.2% in comparison with the prior year.

- No available fund balance has been reserved for funding a portion of the fiscal year 2014.
- The General fund is expected to increase again by as much as 5.2%.
- The large decreases elsewhere are expected due to rather large atypical expenditures including the purchase of Pantry Brook Farm conservation restriction and affordable housing projects.

Governmental Funds by Major Category

ALL GOVERNMENTAL - MULTI-YEAR SUMMARY						
	Actual FY09	Actual FY10	Projected FY11	Actual FY12	Projected FY13	Projected FY14
<u>Expenditure Category</u>						
General government	2,979,703	3,155,148	6,148,845	3,242,101	2,850,429	2,884,815
Public safety	6,982,021	6,538,020	7,007,846	7,140,784	7,093,043	7,418,250
Education	48,860,537	50,813,562	52,710,026	56,079,405	55,851,778	58,455,832
Public works	4,795,544	4,757,379	4,734,423	4,197,544	5,890,443	6,811,371
Health and human services	1,075,681	912,367	853,183	1,100,346	1,225,289	1,508,570
Culture and recreation	8,022,450	2,302,329	2,076,690	2,005,940	10,467,378	2,637,528
Pension benefits	7,272,633	7,706,478	7,877,511	8,184,635	9,371,597	9,507,976
Employee benefits	8,400,859	7,470,540	7,173,083	8,245,029	8,236,766	7,477,173
Property and liability insurance	215,912	199,420	213,481	218,576	310,092	319,395
State and county charges	166,240	164,445	192,672	186,114	161,434	180,968
Debt Service: ¹	5,156,515	5,381,558	5,232,389	5,061,605	4,970,019	4,279,675
Total Expenditures	93,928,095	89,401,246	94,220,149	95,662,079	106,428,268	101,481,553
<u>Revenue Category</u>						
Real estate and personal property tax	62,447,823	64,346,930	66,299,399	68,328,105	70,611,410	72,850,001
Motor vehicle and other excise taxes	2,805,055	2,633,406	2,824,879	2,953,422	2,876,864	2,976,864
Tax liens	336,130	123,646	330,168	476,967	450,000	450,000
Payment in lieu of taxes	57,494	56,102	64,515	31,030	57,000	57,000
Community preservation surcharges	1,430,652	1,457,336	1,494,706	1,529,460	1,600,000	1,600,000
Charges for services	359,443	547,245	679,786	745,467	750,000	750,000
Intergovernmental	16,817,428	16,269,765	16,350,975	16,897,919	16,791,824	16,882,066
Penalties and interest on taxes	168,382	163,826	204,686	288,058	175,000	250,000
Licenses, permits and fees	533,534	477,972	511,537	554,433	490,000	567,921
Fines and forfeitures	114,037	106,952	91,472	89,439	62,000	70,000
Departmental and other	3,094,353	2,727,664	3,372,975	3,770,842	3,825,891	3,618,000
Contributions	349,619	216,832	208,744	227,708	250,000	250,000
Investment income	677,015	527,712	548,552	268,018	138,000	98,000
Total Revenues	89,190,965	89,655,388	92,982,394	96,160,868	98,077,989	100,419,852
Other Financing Sources (Uses)	5,341,982	445,174	3,922,834	3,235	3,985,173	537,745
Net Change in Fund Balance	604,852	699,316	2,685,079	502,024	(4,365,105)	(523,956)

*FY09 and FY11 activity include long-term bond issues for major projects/acquisitions.

GENERAL FUND

The General Fund is the main operating fund for the Town. General Fund budgeting and accounting is done on a ***modified accrual basis*** meaning that revenues are recognized when they become measurable or available (cash basis), while expenditures are accounted for in the accounting period incurred (accrual basis).

The General Fund covers between 85-95% of all expenditures. The main budget article appropriated at Town Meeting covers a wide variety of programs and services. The majority of all departments, divisions and programs throughout the Town depend on tax dollars generated within the General fund.

The detail sections for the various cost centers reported later in this book will therefore focus on operations designated the Town's General Fund Budget. The following table provides this Fund's total financial sources and uses over a 6-year period.

GENERAL FUND MULTI-YEAR SUMMARY						
	Actual FY09	Actual FY10	Projected FY11	Actual FY12	Projected FY13	Projected FY14
Expenditure Category						
General government	2,529,341	2,854,770	2,845,812	2,821,585	2,512,679	2,549,815
Public safety	6,744,733	6,333,361	6,666,121	6,827,002	6,643,043	6,968,250
Education	45,156,609	46,874,048	47,838,582	49,914,189	50,001,778	52,605,832
Public works	3,847,177	3,795,464	3,715,135	3,272,429	4,925,443	5,846,371
Health and human services	560,600	520,281	507,899	503,270	570,289	598,570
Culture and recreation	1,049,432	1,114,007	1,162,489	1,128,083	1,171,878	1,199,228
Pension benefits	7,272,633	7,706,478	7,877,511	8,184,635	9,371,597	9,507,976
Employee benefits	8,280,859	7,470,540	7,173,083	8,245,029	8,236,766	7,477,173
Property and liability insurance	215,912	199,420	213,481	218,576	310,092	319,395
State and county charges	166,240	164,445	192,672	186,114	161,434	180,968
Debt Service: ¹	4,347,060	4,261,604	4,180,354	3,835,049	3,798,521	3,143,019
Total Expenditures	80,170,596	81,294,418	82,373,139	85,135,961	87,703,520	90,396,597
		1.4%	1.3%	3.4%	3.0%	3.1%
Revenue Category						(0)
Real estate and personal property tax	62,447,823	64,346,930	66,299,399	68,328,105	70,611,410	72,850,001
Motor vehicle and other excise taxes	2,805,055	2,633,406	2,824,879	2,953,422	2,876,864	2,976,864
Tax liens	336,130	123,646	330,168	476,967	450,000	450,000
Payment in lieu of taxes	57,494	56,102	64,515	31,030	57,000	57,000
Intergovernmental	12,030,554	12,288,236	12,319,275	12,394,547	12,547,881	12,657,066
Penalties and interest on taxes	168,382	163,826	204,686	288,058	175,000	250,000
Licenses, permits and fees	471,819	420,612	429,384	483,012	400,000	477,921
Fines and forfeitures	105,004	96,569	77,551	80,659	47,000	55,000
Departmental and other	402,154	296,121	264,817	496,572	276,891	300,000
Investment income	440,456	251,875	221,586	127,018	10,000	20,000
Total Revenues	79,264,871	80,677,323	83,036,260	85,659,390	87,452,046	90,093,852
		1.8%	2.9%	3.2%	2.1%	3.0%
					-	-
Other Financing Sources (Uses)	1,125,927	842,554	594,788	590,827	962,673	987,745
Net Change in Fund Balance	220,202	225,459	1,257,909	1,114,256	711,200	685,000
	-	-	-	-	(0.00)	(0.00)
¹ For Fund Balance expense reporting, Education includes LSRHS Assessment for Debt Service otherwise reported in budget documentation combined with Sudbury Town Debt.						
² For Fund Balance expense reporting, Education includes School-related benefits & insurances otherwise reported in budget documentation combined with Sudbury Town benefits & Insurances.						
*For Prior Year Actuals GAAP is used. Projected columns include GAAP estimates for comparison purposes. All other budget exhibits are on budgetary basis reporting (which uses the Uniform Massachusetts Accounting System basis of accounting. See section text for further information).						

AFFORDABLE HOUSING TRUST

The Affordable Housing Trust (AHT) is used solely to record the revenues and expenses relating to the Town's affordable housing efforts. The majority of income for the fund is attributable to transfers from the CPA Fund. The AHT trustees evaluate available housing stock and land parcels for purchase on the open market and resale/conversion into affordable housing units. The AHT also funds small home repair projects to qualifying residents in town. Due to the limited nature of this fund, you will not see much discussion about Affordable Housing Trust elsewhere in this document. A budget for the Trust is developed each year and administered by the trustees. However, trusts may spend without appropriation by Town Meeting.

The following table provides this Fund's total financial sources and uses over a 6-year period.

AFFORDABLE HOUSING TRUST - MULTI-YEAR SUMMARY						
	Actual FY09	Actual FY10	Actual FY11	Actual FY12	Projected FY13	Projected FY14
<u>Expenditure Category</u>						
Health and human services	404,805	265,198	227,401	474,871	525,000	780,000
Total Expenditures	404,805	265,198	227,401	474,871	525,000	780,000
		-34.5%	-14.3%	108.8%	10.6%	48.6%
<u>Revenue Category</u>						
Departmental and other	25,439	63,096	94,238	74,087	279,000	48,000
Investment Income	8,812	3,756	3,745	8,619	3,000	3,000
Total Revenues	34,251	66,852	97,983	82,706	282,000	51,000
				-	-	-
		95.2%	46.6%	-15.6%	241.0%	-81.9%
Other Financing Sources (Uses)	750,000	208,000	180,000	190,000	200,000	342,796
Net Change in Fund Balance	379,446	9,654	50,582	(202,165)	(43,000)	(386,204)

COMMUNITY PRESERVATION ACT (CPA) FUND

The CPA Fund is used solely to record the revenues and expenses relating to the Town's community preservation efforts. The majority of income for the fund is attributable to tax surcharges on real estate and intergovernmental revenues. These funds are limited to specific types of projects – open space preservation, historical preservation, affordable housing, and recreation – and cannot be used for Town general operating purposes.

The Community Preservation Committee (CPC) may designate some capital expenditures used or managed within general government: repairs to historic buildings, recreation field renovations or new construction of walkways, for example. In such cases, various divisions of general government are responsible for project oversight or completion. However, since these financial uses fall outside the General fund, you will not see much discussion about CPA elsewhere in this document. Further CPA budget details may be found in [Section 12](#).

CPA - MULTI-YEAR SUMMARY						
	Actual FY09	Actual FY10	Projected FY11	Actual FY12	Projected FY13	Projected FY14
<u>Expenditure Category</u>						
General government	198,819	69,263	2,938,168	140,059	82,750	80,000
Public works	90,208	107,124	154,492	132,332	100,000	100,000
Culture and recreation	6,081,657	264,857	95,133	43,394	8,345,500	488,300
Debt Service	809,455	1,119,954	1,052,035	1,226,556	1,171,498	1,136,656
Total Expenditures	7,180,139	1,561,198	4,239,828	1,542,341	9,699,748	1,804,956
		-78.3%	171.6%	-63.6%	528.9%	-81.4%
<u>Revenue Category</u>						
Community preservation surcharges	1,430,652	1,457,336	1,494,706	1,529,460	1,600,000	1,600,000
Intergovernmental	1,465,898	539,676	431,234	431,743	443,943	425,000
Investment Income	250,221	185,471	160,489	102,681	100,000	50,000
Total Revenues	3,146,771	2,182,483	2,086,429	2,063,884	2,143,943	2,075,000
				-	-	-
		-30.6%	-4.4%	-1.1%	3.9%	-3.2%
Other Financing Sources (Uses)	4,324,613	(208,000)	1,851,555	(190,000)	3,272,500	(342,796)
Net Change in Fund Balance	291,245	413,285	(301,844)	331,543	(4,283,305)	(72,752)

NON-MAJOR FUNDS

This is a catchall category for those governmental funds not deemed major for financial reporting purposes. The group consists of employee benefits trusts, receipts reserved for appropriation, revolving funds, grants and gifts. (See previous pages in this section for further fund details). Due to the limited nature of these individual funds, you will not see much discussion about them elsewhere in this document, except where noted by departments whose use of Special Revenues meet or exceed use of General Fund monies for budgeting and operational purposes.

NON-MAJOR FUNDS - MULTI-YEAR SUMMARY						
	Actual	Actual	Projected	Actual	Projected	Projected
	FY09	FY10	FY11	FY12	FY13	FY14
<u>Expenditure Category</u>						
General government	251,543	231,115	364,865	280,457	255,000	255,000
Public safety	237,288	204,659	341,725	313,782	450,000	450,000
Education	3,703,928	3,939,514	4,871,444	6,165,216	5,850,000	5,850,000
Public works	858,159	854,791	864,796	792,783	865,000	865,000
Health and human services	110,276	126,888	117,883	122,205	130,000	130,000
Culture and recreation	891,361	923,465	819,068	834,463	950,000	950,000
Employee benefits	120,000	-	-	-	-	-
Total Expenditures	6,172,555	6,280,432	7,379,781	8,508,906	8,500,000	8,500,000
		1.7%	17.5%	15.3%	-0.1%	0.0%
<u>Revenue Category</u>						
Charges for services	359,443	547,245	679,786	745,467	750,000	750,000
Intergovernmental	3,320,976	3,441,853	3,600,466	4,071,629	3,800,000	3,800,000
Licenses, permits and fees	61,715	57,360	82,153	71,421	90,000	90,000
Fines and forfeitures	9,033	10,383	13,921	8,780	15,000	15,000
Departmental and other	2,666,760	2,368,447	3,013,920	3,200,183	3,270,000	3,270,000
Contributions	349,619	216,832	208,744	227,708	250,000	250,000
Investment Income	(22,474)	86,610	162,732	29,700	25,000	25,000
Total Revenues	6,745,072	6,728,730	7,761,722	8,354,888	8,200,000	8,200,000
		-0.2%	15.4%	7.6%	-1.9%	0.0%
				-	-	-
Other Financing Sources (Uses)	(858,558)	(397,380)	1,296,491	(587,592)	(450,000)	(450,000)
Net Change in Fund Balance	(286,041)	50,918	1,678,432	(741,610)	(750,000)	(750,000)

Note: Annual activities for Employee Benefits Trusts (EBT's) are excluded from the above fund exhibit. Only the fund balances for EBT's are reported for financial statement purposes (as restricted).

Proprietary Funds Balances

	Actual	Actual	Actual	Actual	Projected	Projected
	FY09	FY10	FY11	FY12	FY13	FY14
<u>Enterprises</u>						
Begin. Bal.	1,134,134	974,286	986,824	978,646	1,332,054	1,320,594
Revenues	744,343	952,724	1,035,069	914,936	1,050,980	1,217,954
Expenditures	876,517	919,233	1,013,652	849,662	1,042,378	1,173,887
Excess/(Deficiency)	(132,174)	33,491	21,417	65,274	8,602	44,067
Transfers In/(Out)	(27,674)	(20,953)	(29,595)	288,134	(20,062)	(44,067)
Ending Bal.	974,286	986,824	978,646	1,332,054	1,320,594	1,320,594

ENTERPRISES

Enterprises (or proprietary funds) represent all Business-Type activities for the Town, which for the most part operate completely independently from the tax levy. Activities for the Town's two oldest Enterprise funds are not expected to change much from previous years. The introduction of the new Recreational Field Maintenance Enterprise in FY10 is responsible for a large increase in revenues and expenses, as compared to prior years.

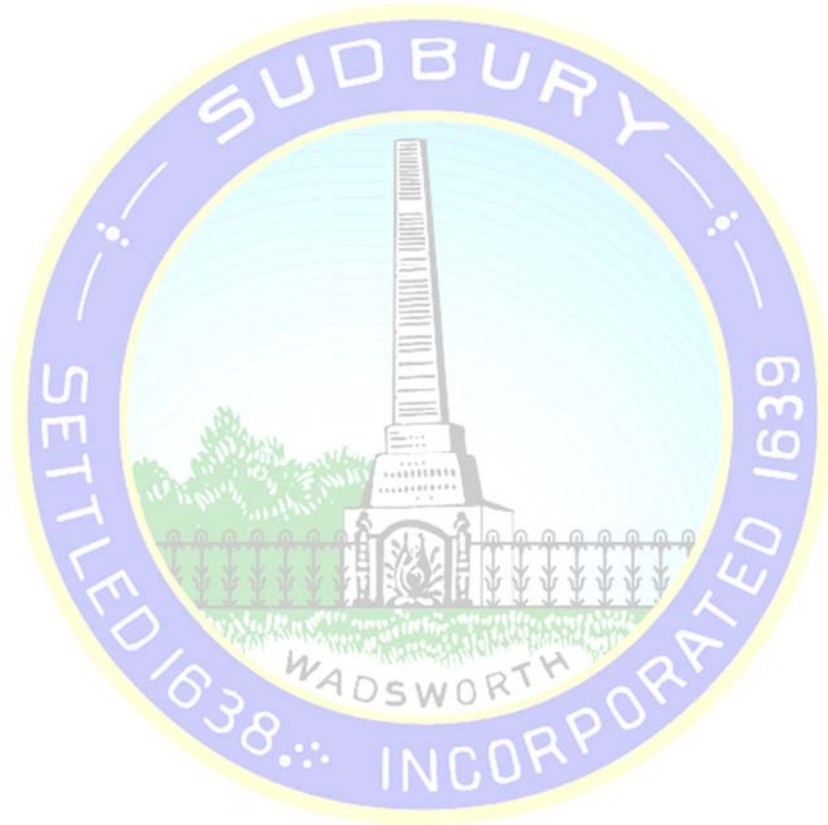
Enterprises on a limited basis may receive some funds from the General fund to assist in the acquisition of capital assets, or in the case of Atkinson Pool receive some offset to benefit costs for employees that work mainly for the proprietary operation. In such cases, these transfers from the Town's General Fund Budget are discussed and appropriated at Town Meeting. Further Enterprise budget details may be found in [Section 11](#).

ENTERPRISES - MULTI-YEAR SUMMARY						
	Actual	Actual	Actual	Actual	Projected	Projected
	FY09	FY10	FY11	FY12	FY13	FY14
<u>Expenditure Category</u>						
Cost of Services	876,517	919,233	1,013,652	849,662	1,042,378	1,173,887
Total Expenditures	876,517	919,233	1,013,652	849,662	1,042,378	1,173,887
		4.9%	10.3%	-16.2%	22.7%	12.6%
<u>Revenue Category</u>						
Charges for Service	736,405	950,940	1,033,801	914,155	1,049,980	1,216,954
Investment Income	7,938	1,784	1,268	781	1,000	1,000
Total Revenues	744,343	952,724	1,035,069	914,936	1,050,980	1,217,954
		28.0%	8.6%	-11.6%	14.9%	15.9%
Other Financing Sources (Uses)	(27,674)	(20,953)	(29,595)	288,134	(20,062)	(44,067)
Net Change in Fund Balance	(159,848)	12,538	(8,178)	353,408	(11,460)	0

Section Two

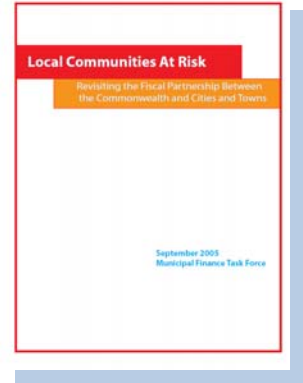
Financial Resources

Funds revenue history and forecasts



Revenue Forecasting

Long-term Revenue Outlook-Structural Flaws in Fiscal Partnership
Sudbury officials are faced with a great deal of uncertainty about the level of state aid we should count on going forward. Significant studies conducted during 2005 documented the reductions in aid and the devastating affect this has had on communities. The first, entitled **“Communities at Risk: Revisiting the Fiscal Partnership between the Commonwealth and Cities and Towns”** was developed by a Municipal Task Force chaired by John Hamill, Chairman of the Sovereign Bank New England. This report documented that property taxes have been rising steeply and that unless the state stepped in with more state aid, deterioration in services or even higher property taxes were in the future. The Task Force concluded that local leaders have generally done a good job of controlling costs and it is not wasteful spending but reductions in support from the state that are forcing local officials to rely more on the property tax, a levy that is particularly burdensome for homeowners on fixed incomes. The report concludes that revenue sharing from the state should be increased, back to the level it was at in 1988 on a percentage basis, that local officials should be given flexibility in having other revenue sources available to us, and that we should be given more flexibility to control costs by reducing many of the constraints of state law. A copy of this report is on the Town’s web site.



The second report continues this same theme. Entitled **“Revenue Sharing and the Future of our Massachusetts Economy”**, it also documents the decline in spending on municipal services, particularly public works, as state aid for all but educational purposes has declined. This leaves municipalities such as Sudbury with few alternatives to increasing property taxes rather than allow town and educational services to decline in quality and quantity. This report also focuses on the long-term implication of the continuation of the trend of high property taxes and declining services on the State’s economy, concluding that the State needs to provide more state aid, and give communities more flexibility in revenue options because this will help drive the overall economic engine of the Commonwealth.

Despite knowing where the breakdowns or gaps exist in the partnership between State and local governments, very little is being done to change things when it comes to meaningful long-term revenue sharing, reason being that states continue to feel the enormous impact of what has been deemed the longest, worst economic recession since the Great Depression. However, the financial stabilization and fiscal stimulus policies enacted in late 2008 and early 2009 helped to put the Nation’s economy on the road to recovery. The American Recovery and Reinvestment Act (ARRA), signed into law by President Barack Obama on February 17, 2009, provided \$787 billion nationally for economic recovery and growth. As of June 30, 2011, Massachusetts had received over \$7.4 billion and expended approximately \$6.5 billion on various initiatives to create and maintain jobs, rebuild infrastructure and assist those in greatest need. The Town of Sudbury has received \$3.0

million in funding for education and energy conservation along with another \$2.7 million in 'Safety Net' assistance going to recipients in Sudbury.

Short-term Revenue Outlook-States Remain Hobbled by Slow Economic Growth



In a recent update on State Budget and Tax issues by the Center on Budget and Policy priorities, analysts indicate that states remain hobbled by slow economic growth.¹ While there has been some progress made in closing budget gaps the vast majority of these shortfalls have been closed by making extraordinary spending cuts as opposed to seeing improvements in weak tax collections. The report goes on to say that these gaps will continue to be a drag on the national

economy. For how long? According to the report, it really depends on whether or not state tax collections can maintain a sustained growth that is significantly higher than the historical rate of 5 percent. Already, the revenue growth for 2012 has slowed compared to 2011. To make matters worse, the majority of emergency aid to states has largely dried up along with the federal government's fiscal tolerance to support customary state and local programs moving forward.

All of this suggests that while Massachusetts seems to be making progress in coming out of a deep economic hole, municipalities need to brace themselves against the likelihood of tremendous after-shocks to state aid levels of years to come if the current projected gap of \$1.3 billion (or 3.8% shortfall as a percent of the Commonwealth's FY13 budget) is not closed. Consequently, any recovery we might see in our local receipts in the next couple of budget cycles could be balanced out if not outdone by cuts in State aid.



For Immediate Release - July 12, 2013

Governor Patrick Signs Fiscal Year 2014 Budget

\$33.6 Billion budget supports core programs and policies that will help build a better, stronger Commonwealth

BOSTON – Friday, July 12, 2013 – Governor Deval Patrick today signed a \$33.6 billion Fiscal Year 2014 (FY14) balanced budget that makes significant investments in education, health care cost containment and youth violence prevention.

The FY14 budget increases Chapter 70 education funding by \$130 million over FY13 to \$4.3 billion, bringing funding for Chapter 70 aid to the highest level in state history. The budget also includes a significant investment in the Commonwealth's public universities and colleges, moving the state towards funding 50 percent of public higher education costs within the UMass system, and thus avoiding tuition and fee increases for students at our public campuses across the

¹ See www.cbpp.org

state in the coming year. Additionally, \$15 million in new investments for early education will help reduce the waitlist for high-quality early education programs, providing access for over 1,000 new eligible children in FY14.

“This budget invests in many of our most important needs as a Commonwealth, especially education, reforms government in ways that make it perform better, and is balanced,” said Governor Patrick. “I look forward to continuing to work with the Legislature to get a good transportation bill, and through it accelerating our job growth.”

The FY14 budget also reflects the Patrick Administration’s efforts to reduce the state’s reliance on one-time budget solutions. It includes a withdrawal from the Stabilization Fund of \$350 million, leaving the fund with a balance of at least \$1.25 billion, and positioning the Commonwealth to have one of the nation’s largest reserve fund balances.

The Governor also took action today to ensure that the budget is in balance, in light of the currently unresolved status of the transportation finance bill, which raises revenue to support not only transportation, but also other needs in the FY14 budget. In order to balance the budget, the Governor vetoed \$240 million in transportation funding and \$177 million in Unrestricted General Government Aid. The Governor strongly supports local aid to our cities and towns, but must also fulfill his responsibility to produce a balanced budget.

The Governor filed a FY14 supplemental budget as well today, which includes a provision to automatically restore full funding for transportation and unrestricted local aid, should the Legislature accept his amendment to the transportation finance bill.

"This budget is both balanced and fiscally responsible and positions us well for the future," said Secretary of Administration and Finance Glen Shor. "This budget protects services for the most vulnerable and makes critical investments for the long-term in education, job creation and health care."

Advancing the Patrick Administration’s Key Priorities

The FY14 budget furthers the Patrick Administration’s commitment to creating jobs, closing the achievement gap in our schools, controlling health care costs and addressing youth violence.

- **Investing in Education to Close the Achievement Gap:** The FY14 budget provides new funding for education – from early education through college - to help close achievement gaps and better prepare our young people for academic and career success. These investments include:
- A \$97 million investment in the Commonwealth’s public universities and colleges, moving the state towards funding 50 percent of public higher education costs, thus avoiding tuition and fee increases for thousands of students across the state in the coming year;
- \$3 million in increased funding for financial aid programs, including the MassGrant scholarship program;

- \$15 million in new investments in early education to reduce the waitlist for high-quality early education programs, providing access for over 1,000 new eligible children in FY14;
- \$130 million in increased Chapter 70 funding, bringing total Chapter 70 aid to the highest level in state history;
- \$1 million in increased funding for Innovation Schools; and
- \$22 million in increased funding for Special Education.
- **Investing in Innovation to Create Jobs and Expand Opportunity:** The FY14 budget funds a number of programs to support job creation in key growth sectors of the state's economy including of life sciences, manufacturing, local infrastructure and innovation. These investments include:
 - \$19.5 million for the Massachusetts Life Sciences Center (MLSC) to provide research grants and accelerator loans to researchers and early-state companies and support workforce development efforts in the life sciences, funded through any FY13 consolidated net surplus;
 - \$18.75 million for MassDevelopment's Advanced Manufacturing Futures Program, created in the 2012 Jobs Bill, to engage in small-to-medium-enterprise lending, drive workforce development, and provide competitive grants and contracts to facilitate growth and competitiveness in the field of manufacturing;
 - \$2 million for Workforce Development Grants to help job seekers gain the skills needed for today's manufacturing jobs; and
 - \$2 million for the Mass Manufacturing Extension Partnership, which promotes manufacturing as an integral part of the economy of the Commonwealth, and supports programs designed to assist small and mid-sized manufacturing companies.
- **Expanding Access to Affordable, Quality Health Care:** The FY14 budget makes investments to maintain the Commonwealth's national leadership in health care access and quality, and supports successful implementation of the Commonwealth's health care cost containment law:
 - The FY14 budget fully supports implementation of the Affordable Care Act (ACA). It enables more low-income adults to access subsidized coverage through an expanded Medicaid program, and invests \$118 million to keep Health Connector coverage for other low-and-moderate income families as affordable as it is today.
 - Due to Medicaid expansion and the restructuring of state health insurance programs, the FY14 budget benefits from \$205 million in enhanced federal matching funds and savings.
 - The FY14 budget also includes:
 - o The most significant increases in recent years in MassHealth hospital rates;
 - o \$17 million to restore full coverage for dental fillings for MassHealth adult members;

- o \$4 million to streamline MassHealth operations and improve program integrity in order to prevent fraud and abuse of the system; and
- o More than \$2.1 million to facilitate implementation of Chapter 224 cost containment legislation
- **Building Stronger, Safer Communities through Positive Youth Development & Youth Violence Prevention:** The FY14 budget contains \$31.5 million, an increase of \$7.7 million over FY13, for positive youth development and violence prevention programs, including:
 - \$9 million for summer jobs for At-Risk Youth;
 - \$4 million for the Patrick Administration’s Safe and Successful Youth Initiative;
 - \$7 million for Shannon Grants;
 - \$2 million for YouthBuild Grants;
 - \$1.6 million for After-School/Out-of-School Grants;
 - \$1.5 million for Youth-Violence Prevention Grants; and
 - \$3.6 million for Youth-at-Risk Matching Grants.

Furthering the Patrick Administration’s Reform Agenda

The FY14 budget includes several key reforms proposed by the Patrick Administration, including:

- **Employer Medical Assistance Contribution** – The FY14 budget replaces two outdated programs – the Fair Share Contribution Program and the Medical Security Program – with a single Employer Medical Assistance Contribution to provide \$95 million in FY14, and over \$130 million in subsequent years, to maintain affordable coverage for low-income residents through the Health Connector. The budget streamlines health insurance programs and the state’s mechanisms to promote employer responsibility, benefiting employers, consumers and providers.
- **DOR Enhanced Revenue Initiatives** – The FY14 budget includes \$1.4 million at the Department of Revenue for revenue initiatives including criminal investigations and enhanced collections. DOR was able to capture \$20 million in tax revenue that would otherwise have been fraudulently refunded through increased efforts over the course of FY13.
- **Family Access Centers** – The FY14 budget expands the network of Family Access Centers to provide one-stop access to social and health services targeted to the needs of children, youth and families across the state.
- **Pharmacy Reform** – Investments in the FY14 budget will enable the Pharmacy Board to increase inspections of all sterile compounding pharmacies in the Commonwealth to improve monitoring and accountability.

In addition to other actions taken today on the budget, the Governor returned for amendment a study of taxation of carbon fuels, adding legislation expanding the Bottle Bill to cover water and non-carbonated soft drinks. Under the proposed changes, consumers will be required to pay an additional \$0.05 cents on water, flavored waters, iced teas, coffee based drinks and sports drinks, and the amounts paid for deposits for expanded beverages will be returned to consumers if they return the empty bottles for recycling. By adopting these changes, the state will collect at least \$22 million in additional revenues in FY14.

He is also sending back for amendment an increase in compensation of judges and clerk-magistrates throughout the Judicial Branch, which last was increased 7 ½ years ago. Under the proposed changes, the Commonwealth's judicial officers will see their full increase in pay on January 1, 2014, rather by July 1, 2015, as proposed by the Legislature. The Governor is proposing necessary funding for this initiative in the FY14 supplemental appropriation bill filed today.

The Governor also proposed using \$18.3 million in savings from vetoing non-essential Legislative projects from the budget, along with revenue generated from the Bottle Bill, to address unfunded needs in FY14, including:

- \$2.5 million in funding to pay for the implementation of placing photo identification on EBT cards proposed by the Legislature and signed by the Governor in the FY13 supplemental budget;
- \$5.7 million to accelerate Judicial Pay Increases;
- \$7 million for financial aid programs, including the MassGrant scholarship program; and
- \$21.8 million for the Commonwealth's information technology needs.

Sudbury's Economic Condition and Outlook

Sudbury's economic base is limited but remains steady with approximately 8,400 individuals employed in 660 establishments within the boundaries of the Town, with an estimated annual payroll of \$0.5 billion. Businesses are generally small and service oriented with retail, professional and technical services and public administration accounting for 60% of all jobs. Local unemployment remains below state and national rates, and the median household effective buying income is among the highest in Massachusetts.

The town's property tax base has decreased over the past few years due to the effects of the nationwide housing market downturn, but the tax base is diverse, and market values remain extremely strong. Assessed value (AV) is primarily residential, at 93%, and the 10 leading tax payers account for only 5%. AV has decreased over the last six years by 8% to \$3.8 billion in fiscal 2012. Nonetheless, per capital market value remains extremely strong which is indicative of the already strong real estate values of the town. The median home value is estimated to be roughly four times the national level.

While Sudbury is not immune to regional and national economic development trends, the Town is characterized as a self-sustaining and stable local economy. The recent state fiscal problems have

had a moderate impact on the delivery of services, as the Town is not highly dependent on state aid; accordingly, the Town has not been as adversely affected as other communities in Massachusetts. The Town continues to rely mainly on property taxes and other local revenues to cover the increasing cost of providing services and replace any revenue lost from the state. Fundamentally, the town's main revenues are consistent and strong. Property taxes are the Town's leading revenue source, and tax collections remain stable, with current-year collections typically exceeding 98% of the tax levy.

Primary Governmental and Proprietary Financial Resources

This section provides details on the Town's major and minor financial resources that may be used to fund all of the FY14 budgets and wherever possible build upon the various reserves.

The Town's primary governmental and proprietary financial resources can be broken down into four broad categories: operating, capital, reserve and enterprise.

Operating resources consist of a wide variety of revenues that are earned or received within general government functions. The Town has hundreds of operating revenue streams that are produced or received across all facets of government. Virtually every division of the government brings in revenues of some kind. [Finance & Administration for example is responsible for property and excise taxes, along with various licenses, permits, permanent records, penalties, rebates, rentals, reimbursements, etc. Public Safety generates a wide variety of permits, details, alarms, etc. Public Works also generates various permits, document fees, maps, penalties and internment revenues. The Schools generate a tremendous amount of State aid for education, as well as revenues for building rentals, lunch programs, activity fees, etc.] The majority of all operating resources fall under (or are generated within) the General fund. Operating resources are **high and recurring in frequency, collectively big in value and high in volume**.

Capital resources consist of bond proceeds used for capital asset acquisitions or projects (e.g. school building renovations, town building construction, development of new roadways, sewers, etc.) Capital resources may also come in the form of capital project debt reimbursement by State authorities. For example, the Town receives \$1.7 million in school project debt reimbursement each year from the Mass. School Buildings Authority (MSBA) covering approximately 60% of all outstanding debt for Sudbury school construction and renovations. The capital resources primarily fall under (or are generated within) the General fund. Capital resources are **low in frequency, typically big in value and low in volume**.

Reserves or Other Available Funds resources require appropriation or transfer in from another area. Other available funding sources for the General fund typically come from Free Cash and Abatement Overlay Surplus. On occasion, the Town may also choose to fund current or future budgets with certain grant proceeds, or by re-appropriating balances from existing continuing articles that if unused in their entirety do not revert to Free Cash without further Town Meeting actions. Reserves are **low in frequency, typically small to moderate in value and low in volume**.

Enterprises have been described already. For budget and planning purposes, you will find Enterprises reported along with the Town's main General Fund budget. Further details on Enterprise budgets can be found in [Section 11](#). Since Enterprise revenues are used solely to fund enterprise operations, it is important to note there is relatively very little interaction between Enterprises and the Town's General Fund Budget. Even so, since Enterprises typically represent

1% of all revenues and must be reported along with all other operations for tax rate certification purposes, they deserve attention in our budgeting and financial planning documentation. Enterprise resources are **high and recurring in frequency, big in value and high in volume**.

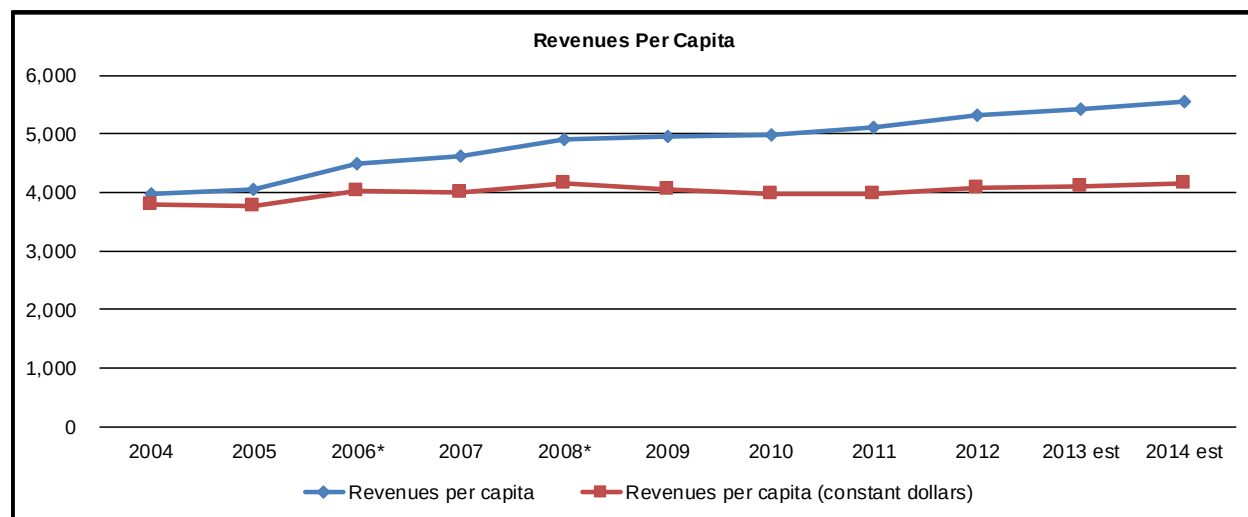
Primary Financial Resource Trends and Indicators

We discuss the basis for our projections for FY14, as a combination of Town-specific historical data and local economic factors. Each year, Town officials and Town staff conduct a review of Sudbury's financial condition. We reproduce several charts and tables here for further discussion.

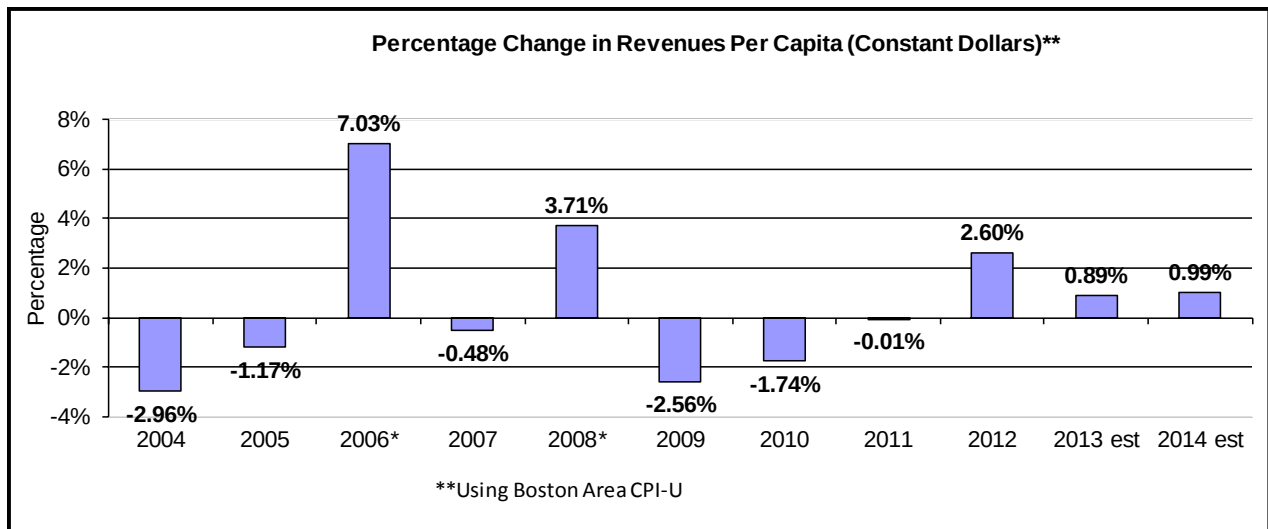
All revenue streams particularly within the General fund may be compared to what is happening at the State level. Many revenue streams are impacted by persistent or pervasive economic conditions. Changes in Federal and State legislation may result in rapid or drastic consequences on revenue forecasts. "Local options" that exist in Massachusetts' General Law (and require that a community affirmatively accept the statute by town meeting or city council action before availing itself of the provisions of the particular law) may also result in significant changes to ongoing or future revenues. There are several indicators the Town uses to develop its revenue forecasts.

The following two charts provide a macro view of the Town's major and minor revenue streams over the last several years.

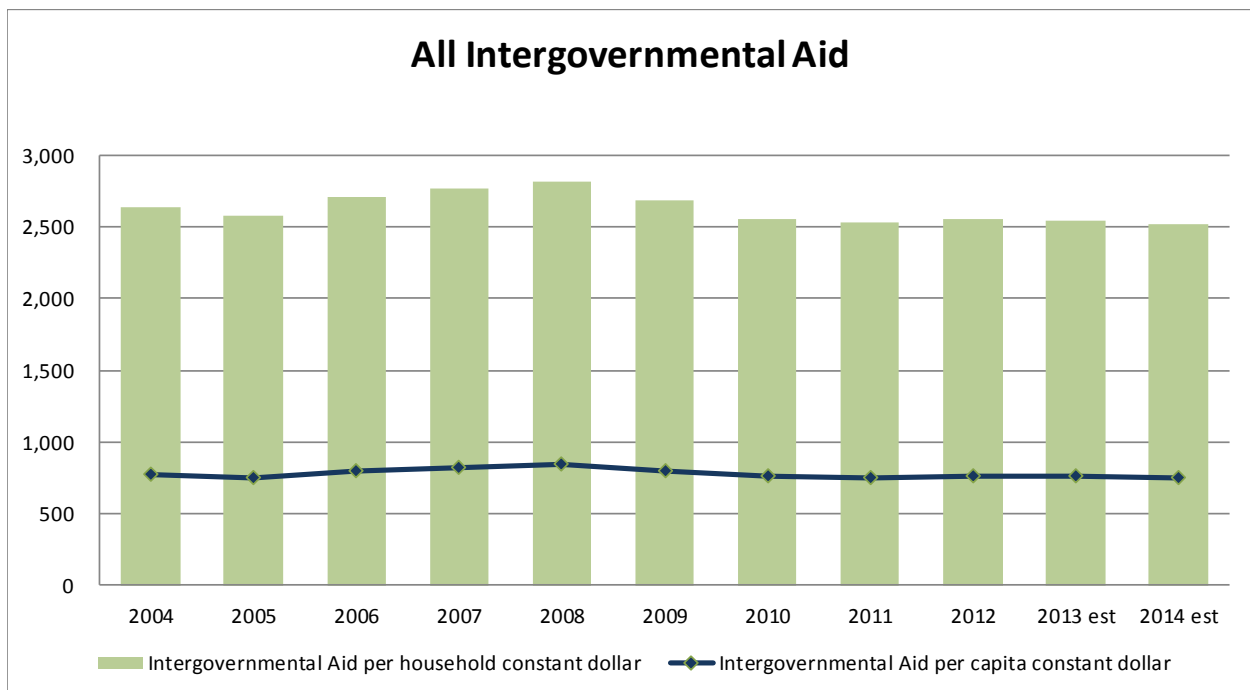
Indicator 1: All Revenues Per Capita. This indicator shows that while operating revenues have increased over the last several years, when the effects of inflation are factored in and adjusted for growth in population, revenues per capita in constant dollars have remained relatively flat near the \$4 thousand mark. All things considered, we are expecting this trend to continue.



An asterisk denotes those years in which there was an override. Overall, the annual growth in constant dollar revenues per capita average has ranged from a high of 7.03% to as low as -2.96% in recent years. The chart below shows that in those years in which there is no override, there is very little growth in operating revenues to support budgets while there are steady increases in payroll, pensions, health insurance, and energy costs.

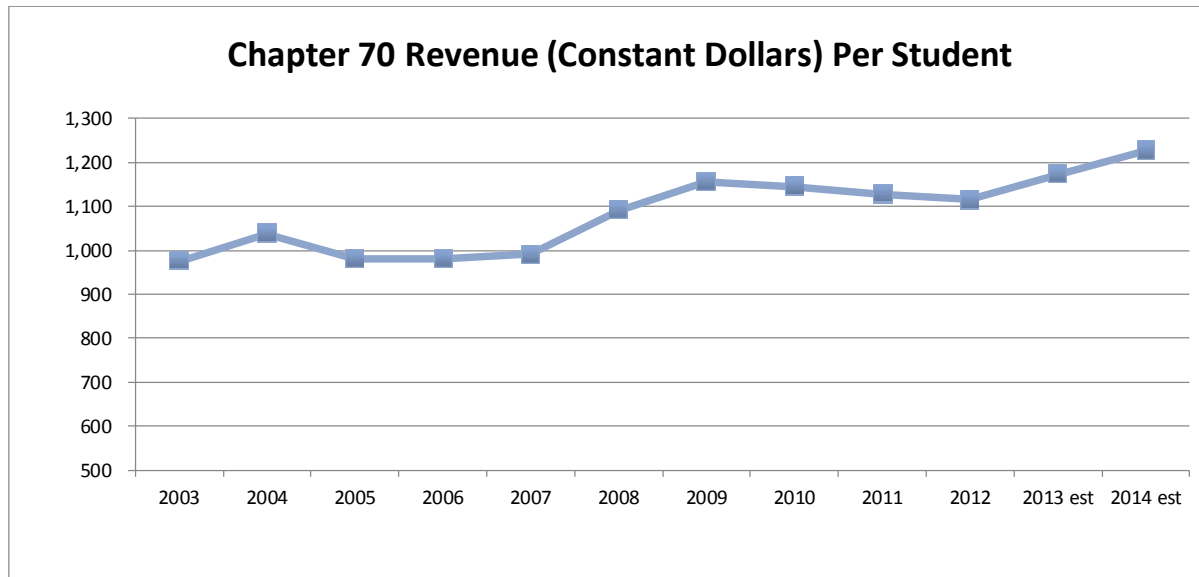


Indicator 2: All Intergovernmental Aid per Household and per Capita. Intergovernmental aid is comprised of both State and Federal aid, grants and other reimbursements. Over the past decade, Intergovernmental Aid represents an average 18-20% of the Town's total governmental operating revenues. In terms of per household and per capita for FY12, the Town received \$2,567 and \$761 in all intergovernmental aid, respectively. All things considered, we are expecting this trend to continue.



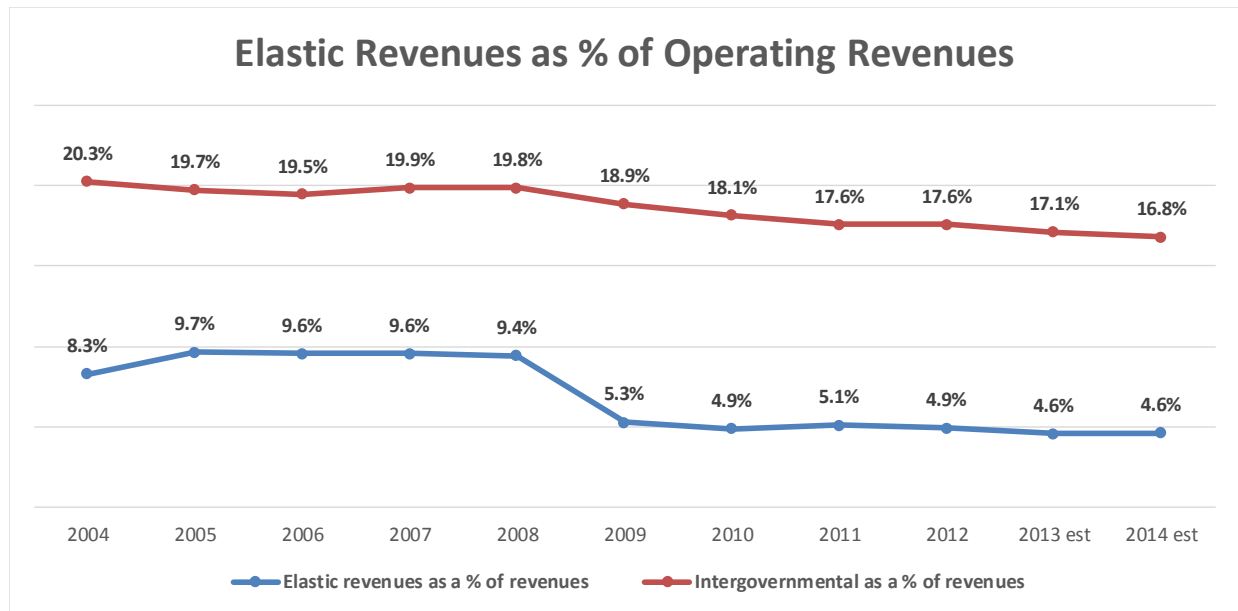
Indicator 3: Chapter 70 School Aid per student. This indicator focuses on the largest component of State aid for Sudbury: the Chapter 70 program. This type of State aid has consistently represented 5%-6% of total net operating revenues over the past decade. On a per student basis, Sudbury received steady annual increases in this type of aid up until FY2001. However, since then the State's own financial difficulties resulted in formula changes. As a percentage of our enrollments,

there have been dramatic and rather erratic changes in reimbursement. Chapter 70 reimbursement represents only a small percentage of what it costs to educate a Sudbury student. Our reimbursement per student (adjusted for inflation) surpassed \$1,000 back in 2004. This indicator is showing a slight increase over the next few years primarily due to a lag in formula adjustment for declining (forecasted) enrollment.



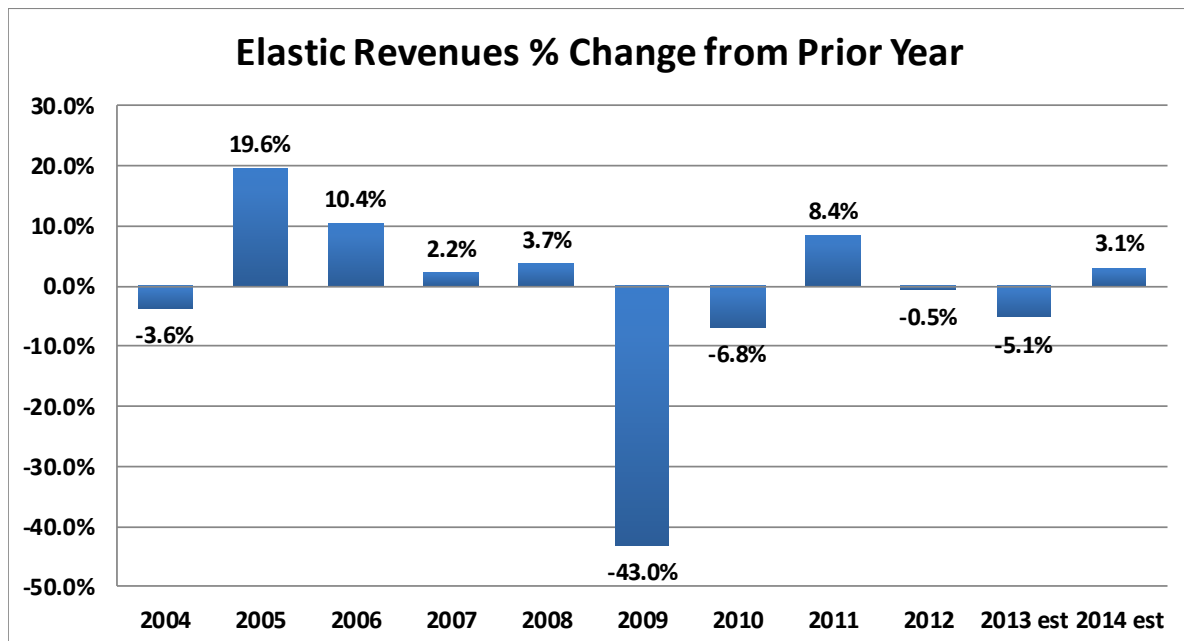
Indicator 4: Elastic Revenues. This indicator identifies the primary reason for the Town's dramatic and at times erratic fluctuations in financial resources. Elastic revenues are those items that change as the economy changes. Sudbury's elastic revenues include items such as motor vehicle excise, investment earnings and building permit fees. As a lagging indicator, we expect to feel the negative effects by as much as 12-24 months after the economy recovers at a national or State level. The decrease in these revenues since FY03 (\$1.5M) has not been easy to endure. The sharp decline in FY09 was almost unbearable but we have managed well since then to operate within what has become the new "normal" for municipalities.

This next chart shows the decline in elastic revenues as a percentage of total operating revenues since 2004. As you can see the decline has been even more dramatic than what we have experienced with intergovernmental aid during the same timeframe.



Recent results indicate that several of our elastic revenue streams are finally starting to rebound. It is unlikely that we will reach the same high watermark predating the Nation's 2009 economic collapse, especially since any investment earnings potential has all but become extinct even for municipalities that have available surplus.

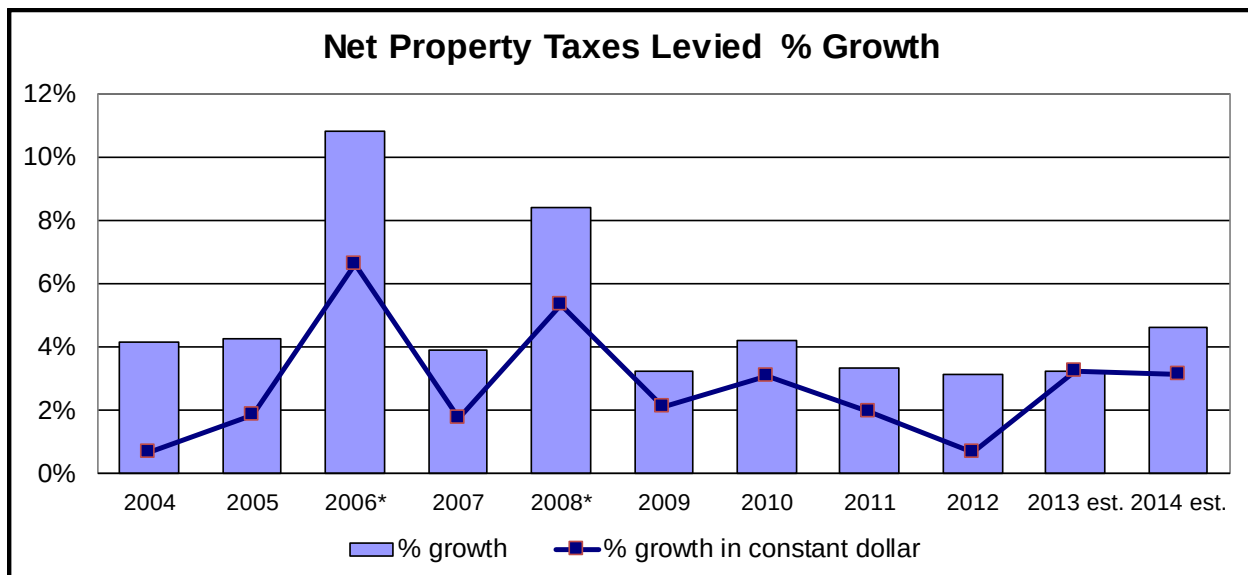
Trends in elastic revenues as a percentage of total operating revenues and with respect overall budget to actual revenue results help us to see where we might expect changes in Free Cash and fund balance in general. Free cash will be discussed in detail later in this section. However, it is interesting to note that how well we do in forecasting elastic revenues is always our first indication of what we can expect to generate in Free Cash. The next chart shows just how difficult it can be to predict elastic revenues.



Because of the unpredictable nature of some revenues, we must carefully monitor receipts throughout the year to avoid revenue shortfalls. Shortfalls can lead to revenue deficits, which must be raised on the next year's tax recap or negative Free Cash, which is an indication of poor financial management with possible credit rating implications. The chart shows a 5.1% drop in FY13 in elastic revenues as compared to final FY12 results. However, unaudited results for FY13 currently show a significant improvement from the prior year. Consequently, the estimates for elastic revenues for FY14 may be adjusted upwards once we reach the current tax rate setting season.

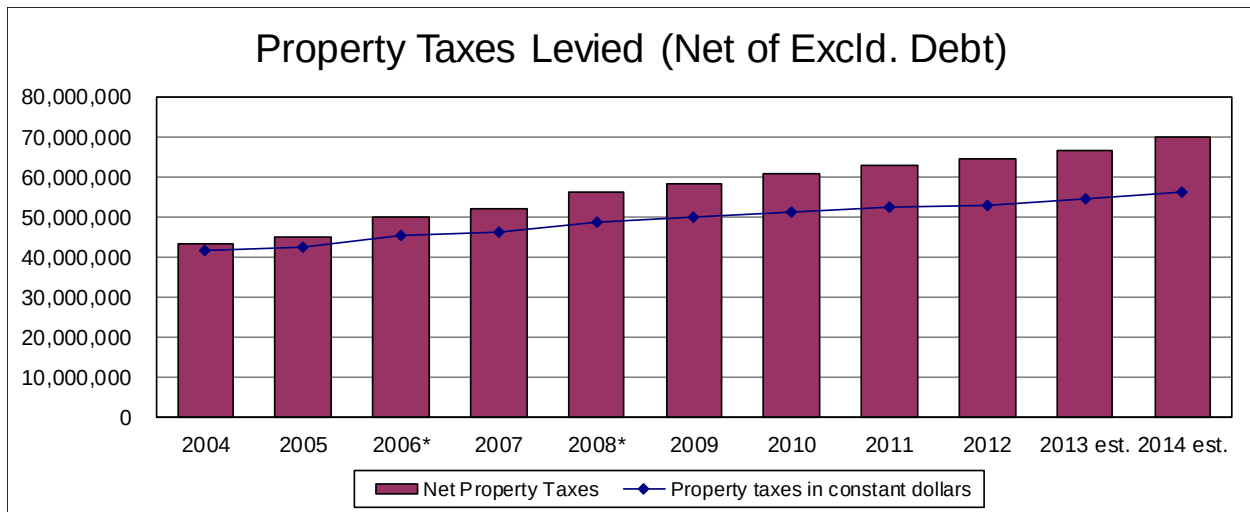
Indicator 5A: Property Tax Levy Growth. Real estate and personal property taxes account for more than 72% of Sudbury's total governmental revenues or more than 82% within the General fund alone. The next two charts show **actual** property taxes paid (collected) during each fiscal year. A decline or a diminished growth rate in property taxes levied or collected can have a number of causes. Fortunately Sudbury benefits from the diversity and strength of its tax base.

The trend line below shows that, on a constant dollar basis, Sudbury sees significant annual growth in the net (raised for debt service) tax levy only when there is an operating override. Since FY04, the Town has added a total of \$5.6 million in overrides to the permanent tax levy base. Even so, without overrides, the amount of revenue on a constant dollar basis generated by this revenue source sometimes surpasses the 2.5% annual allowance under the rules of Proposition 2 ½. (Massachusetts' Division of Local Services has developed a primer on the mechanics of Proposition 2 ½ [DOR's Guide on levy limits: A Primer of Proposition 2 ½](#)).



*Years with a Prop 2 ½ override.

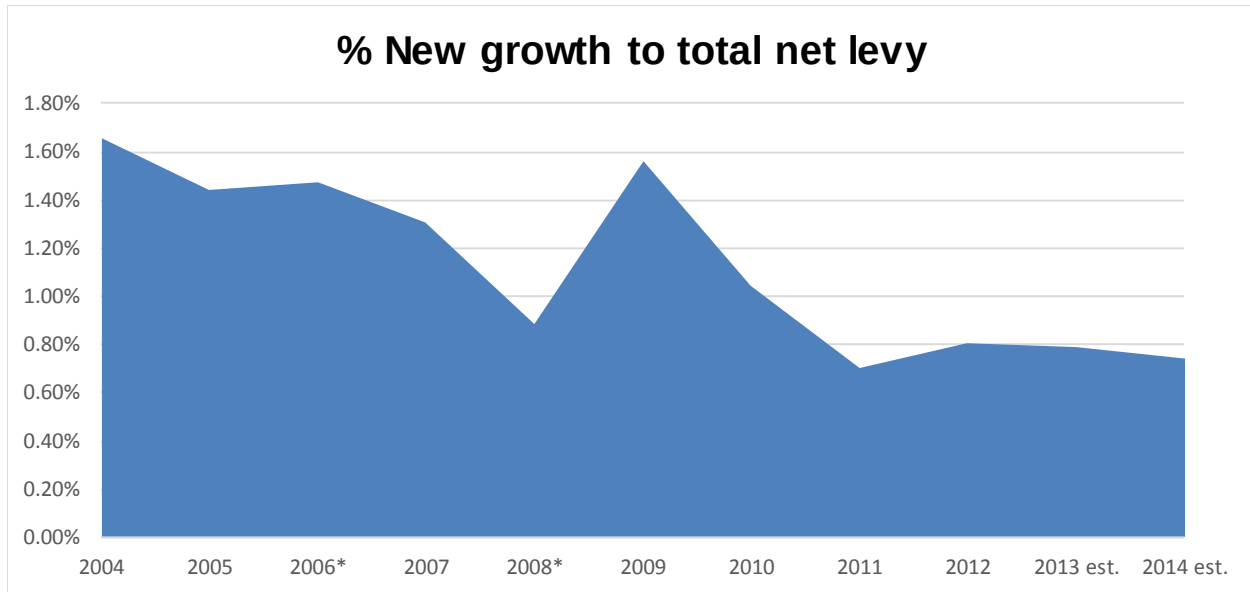
Indicator 5B: Property Tax Levy Growth. The following chart shows total property taxes collected and used to fund the operating budget each year. Actual property tax revenues are expected to increase on an annual basis in excess of 2.5% due largely in part by the compounding effect of new growth in the levy. Excellent collections and efficient appraisal practices also help to ensure the steady, constant upward mobility of this most critical revenue source.



Indicator 5C: New Growth. Because **new growth** enables a municipality to increase the tax levy beyond or above the statutory limit of 2.5% (Proposition 2 ½), one of the first and most frequently asked question when setting the budget for the next year is “what is new growth”? In simplest terms it is new taxable value added to the prior year’s tax levy due to construction, development and improvement activities but not due to a revaluation program.

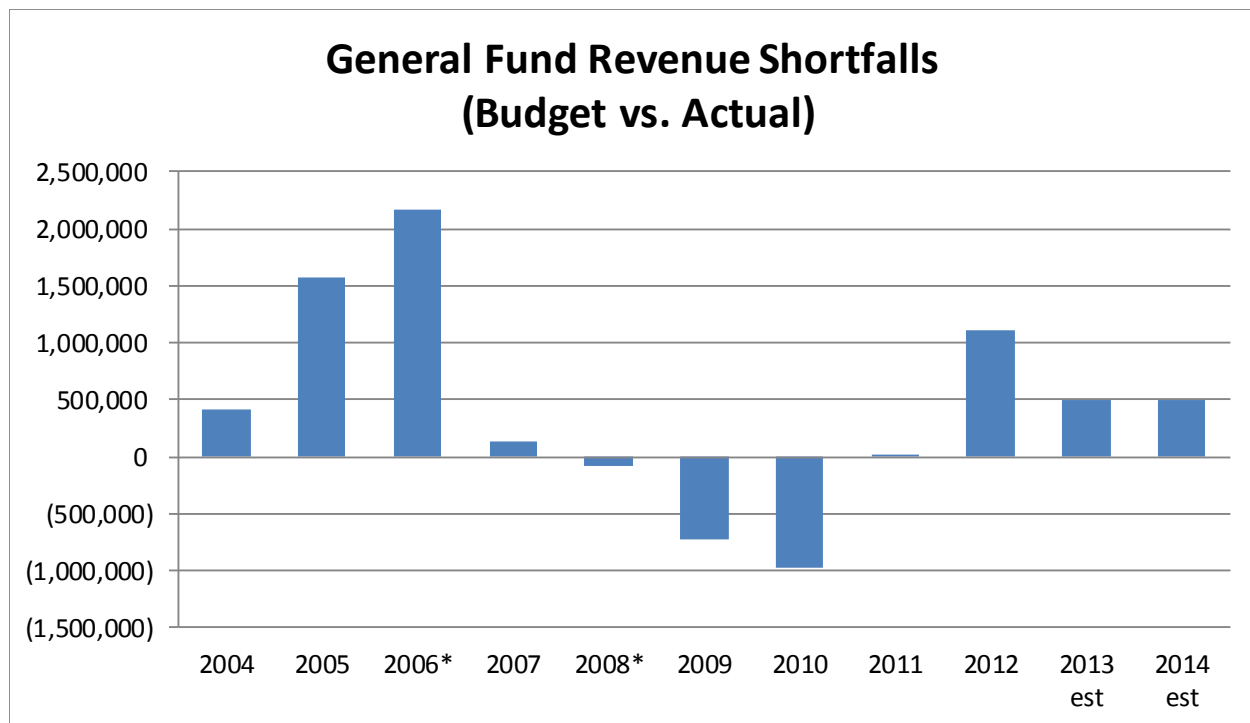
In Sudbury, the total number of taxable parcels has increased slowly over the last ten years (less than 245 new parcels, representing an average annual increase of just 0.4% since 2003). However, we have seen a dramatic change in parcel type and class. In addition to limited new development of existing land parcels, we have seen some development of special chapter land. Chapter land (held for recreational or agricultural use) is taxed at a reduced rate. Undevelopable or undeveloped land is taxed at the full residential rate but is lower in value absent any dwellings. Therefore, when there is a conversion from undeveloped land or existing Chapter land to include residential or commercial buildings it produces new growth in tax revenues for the Town. With fewer parcels left in special chapter status, new growth from additional conversion is expected to be limited from here on. We have also experienced modest new growth in the last few years as existing properties have converted from one residential class to another. For example, since 2001, residential condominiums have increased by 188 units while multi-family parcels have dropped by 46. The net sum gain between these two classes represents approximately \$60 million increase in taxable property value. New growth in the permanent tax base for the Town is also generated when existing properties are expanded or otherwise improved for increased value. With the number and value of building permits once again increasing we are expecting steady new growth from construction as well as class conversions.

This next chart isolates new growth in the Tax Levy since 2004. Annual new growth for the Town’s Tax Levy has declined over the last 10 years. The lower the value in new growth the greater the burden shift of higher tax rates onto an existing taxpayer base. We are expecting this trend to continue beyond FY13, at or around .80% of total levy value.



*Growth in FY09 included a onetime bump in personal property values due changes in tax regulations concerning utility company equipment.

Indicator 6: Revenue Shortfalls. The Town is conservative when making revenue forecasts which is particularly important since the Town relies on state aid and other elastic sources of income that can fluctuate dramatically unlike the mechanics behind the property tax levy. Even so, the impact on local revenues during the current economic crisis has been difficult to predict. We are enduring a period where we are balancing budgets on revenue sources that may not produce growth for quite some time, if at all. We need to remain diligent and conservative in our forecasting to avoid unexpected shortfalls. Estimating unpredictable non-tax receipts too low adds pressure to a burdened tax levy. Estimating too high relieves some of that burden but, only temporarily as it can cause a revenue deficit that would require Sudbury to raise the loss on the next year's levy. While the Town has experienced revenue shortfalls since the economy began to free fall in 2008, the Town has effectively managed midyear cost cutting measures to avoid any revenue deficits. While midyear cuts may be painful or detrimental to programs and services, we are able to correct for budget difficulties in the year they occur rather than push the problems onto the following year's levy. We are expecting this current trend to continue.



Revenue Indicator Summary and Conclusions

Revenue Indicator Summary

Indicator	Budget Assessment
1 – Revenues Per Capita	Flat
2 – Intergovernmental Aid per Household and per Capita	Decreasing
3 – Chapter 70 School Aid per Student	Increasing Slightly
4 – Elastic Revenues	Flat
5 – Property Tax Growth	Flat except for override years
6 – Revenue Shortfalls	Flat

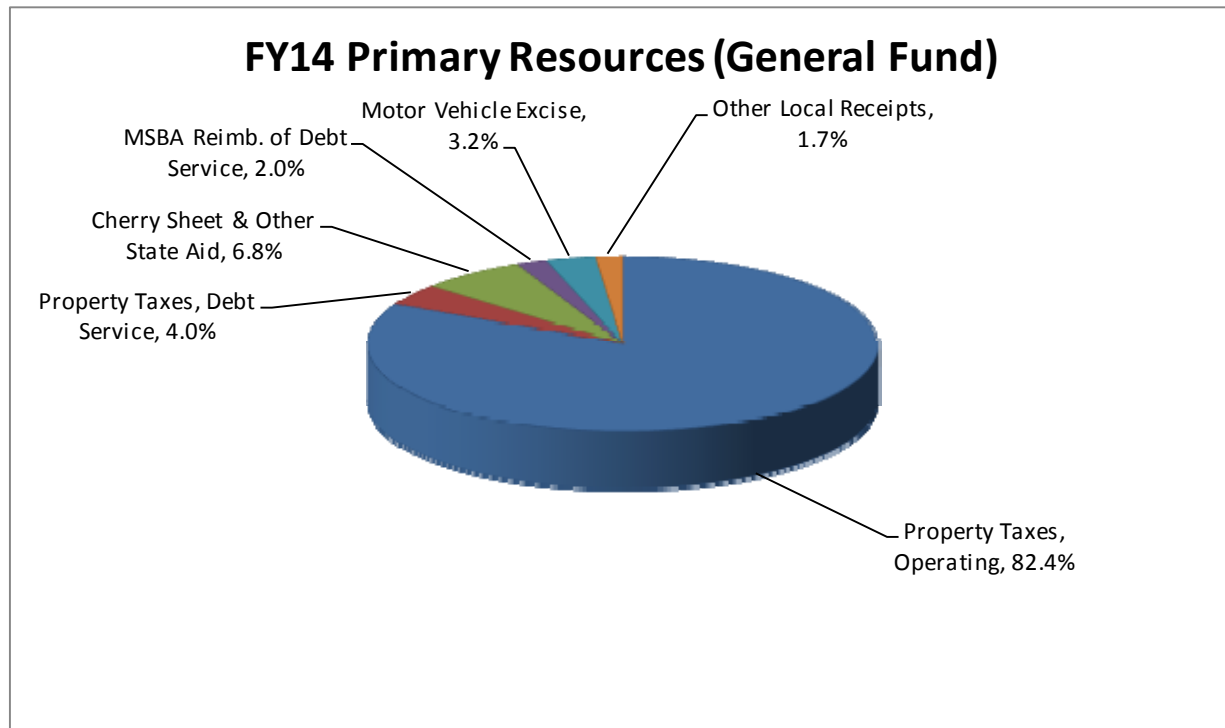
Sudbury has seen many changes in our revenue sources over the past decade. Financially we have seen some resources grow while others have dropped off significantly. Some trends are enduring and predictable regardless of general economic conditions whereas others are not.

The revenue indicator analysis shows that growth in total revenues has been steady (averaging 3.8% per year since 2003), but mostly due to property taxes, in particular because of two overrides totaling \$5.6 million in the past decade. We will continue to be heavily reliant on taxes to make up for the sluggish or declining trends in all other revenue streams. Since we can expect only minimal growth in financial resources for the foreseeable future, we must continue with our efforts to cut a new path of operating within the confines of Proposition 2 ½.

Primary Financial Resource Projections

Snapshot

The majority of all funding resources reside in the Town's General fund. Below is a snapshot of the Town's Primary Governmental Resource projections for FY14. These primary financial resources (from the General fund) represent approximately 85% of all revenues for the Town.



Revenue Sources	FY14
Property Taxes, Operating	69,860,090
Property Taxes, Debt Service	3,404,911
Cherry Sheet & Other State Aid	5,728,267
MSBA Reimb. of Debt Service	1,681,224
Motor Vehicle Excise	2,700,000
Other Local Receipts	1,436,785
Free Cash Appropriated	-
Other Reserves Appropriated	-
Total Primary Resources	84,811,277

Primary Financial Resources by Categories

	FY12 Actual	FY13 Projected	FY14 Budget	Dollar Change	Percent Change
Property Tax Levy (net of exclusions)	64,672,472	66,777,559	69,860,090	3,082,531	4.62%
Cherry Sheet & Other State Aid	5,367,649	5,616,657	5,728,267	111,610	1.99%
Local Receipts	4,480,402	3,803,864	4,136,785	332,921	8.75%
Free Cash	-	-	-	-	0.00%
Other Reserves	300	38,891	-	(38,891)	0.00%
Subtotal: General Operating Fund	74,520,823	76,236,972	79,725,142	3,488,171	4.58%
Property Tax Levy for Debt Service	4,335,060	4,248,851	3,404,911	(843,940)	-19.86%
MSBA Reimbursement for Debt Service	1,681,224	1,681,224	1,681,224	-	0.00%
Total Revenue	80,537,107	82,167,046	84,811,277	2,644,231	3.22%

Revenue Projection Details

Biggest Source of General Fund Revenue: The Property Tax Levy

	FY12 Actual	FY13 Projected	FY14 Budget	Dollar Change	Percent Change
Previous Year Levy	62,729,996	64,819,175	66,965,941	2,146,766	3.31%
2.5% over prior levy	1,568,250	1,620,479	1,674,149	53,669	3.31%
New Growth	520,929	526,287	520,000	(6,287)	-1.19%
Override	-	-	-	-	0.00%
Capital Exclusion	-	-	700,000	700,000	0.00%
Taxes for Debt Service	4,335,060	4,248,851	3,404,911	(843,940)	-19.86%
Tax Levy Limit	69,154,235	71,214,792	73,265,001	2,050,209	2.88%
Taxes Raised	69,007,532	71,026,410	73,265,001	2,238,591	3.15%
Levy Surplus	146,703	188,382	-	(188,382)	-100.00%

Property Tax Levy

FY13 Estimate: \$73,265,001

Sudbury's property tax levy is expected to increase by a total of \$2,238,591 or 3.15% percent over FY13's taxes raised.

Projected new tax levy growth for FY14 is estimated by the Board of Assessors at \$520,000, based on residential and commercial construction permit information occurring during the previous calendar year. This reflects a \$6,287 decrease from what was certified during the FY13 tax rate setting process.

It is important to note that not all elements of the levy grow at the same rate, or in perpetuity. Furthermore, the Town has a split tax rate, which can shift up to a 150% share of tax levy from residential to commercial and industrial property. The shift as well as the tax rates are voted each year by the Board of Selectmen. Below is a six-year history and one-year projection of tax levy. The high actual new growth of \$906,709 shown for FY09 was due to a change in tax regulations on personal property for various utility/communications companies. Net levy refers to the tax base for each year, which excludes new growth.

Fiscal Year			Impact on tax base before new growth		
	Total Tax Levy	New Growth Levy	Net Levy	% over	
				\$ over prior total levy	prior total levy
2008	\$ 60,539,786	498,878	\$ 60,040,908	2,794,150	4.88%
2009	63,263,124	906,709	62,356,415	1,816,629	3.00%
2010	65,529,153	634,221	64,894,932	1,631,808	2.58%
2011	67,418,506	440,537	66,977,969	1,448,816	2.21%
2012	69,007,532	520,929	68,486,603	1,068,097	1.58%
2013	71,026,410	526,287	70,500,123	1,492,591	2.16%
Forecasted 2014*	73,265,001	520,000	72,745,001	1,718,591	2.42%

*Forecasted tax levy includes \$700,000 capital exclusion

The estimated average residential tax bill for FY14 is \$11,558 or 3.15% higher than FY13.

Fiscal Year	Average Residential Parcel	Tax Rate	Avg. Tax Bill	% over prior
2008	\$ 683,800	\$ 14.27	\$ 9,758	5.82%
2009	\$ 662,100	\$ 15.29	10,124	3.75%
2010	\$ 650,508	\$ 16.08	10,460	3.33%
2011	\$ 628,000	\$ 17.03	10,695	2.24%
2012	\$ 621,410	\$ 17.60	10,937	2.26%
2013	\$ 622,862	\$ 17.99	11,205	2.45%
Forecasted 2014*	\$ 622,862	\$ 18.56	11,558	3.15%

*Forecasted tax levy includes \$700,000 capital exclusion

The FY14 forecast assumes same property values and no new growth for residential base.

For more tax rate history information, [see appendix F](#).

Second Largest Source of General Fund Revenue: Cherry Sheet and Other State Aid

	FY12 Actual	FY13 Projected	FY14 Budget	Dollar Change	Percent Change
Chapter 70 (school aid)	4,206,945	4,325,145	4,397,070	71,925	1.66%
General Government Aid	1,098,406	1,184,015	1,212,003	27,988	2.36%
Other Receipts	62,298	107,497	119,194	11,697	10.88%
Subtotal: General Purpose State Aid	5,367,649	5,616,657	5,728,267	111,610	1.99%
MSBA School Debt Reimbursement ¹	1,681,224	1,681,224	1,681,224	-	0.00%
Total State Aid	7,048,873	7,297,881	7,409,491	111,610	1.53%

1. While MSBA reimbursement is reported as State Aid it may only be used to offset related debt service. Therefore, it also may be referred to as a capital financial resource.

State Aid

FY14 Estimate: \$5,728,267*

State aid, which is commonly referred to as “local aid”, comes directly from the State’s budget. Our first indication of State aid for the next year comes when the Governor files his version of the State budget with the Legislature in January. This budget, known as **House 1 or 2** includes his recommendations for school aid (Chapter 70) and general governmental distributions. In order to move forward with the budgeting process, we must make our own judgments as to whether or not these initial estimates will hold true during the revision process by the House and Senate. Heading into Town Meeting our best estimate of \$5,725,842 general purpose aid was somewhat lower than the Governor’s proposal. Our estimate heading into Town Meeting represents a modest increase of 1.9% from FY13. It should also be noted that Sudbury receives a portion of Lincoln-Sudbury Regional High School State Aid through the assessment reapportionment process. That revenue share is netted against our Regional Operating Assessment (expense). [See Section 6](#) for LSRHS revenue and expenditure information.

**PostScript - The Conference Committee’s FY14 budget was released more than two months after Town Meeting, in July, 2013. Based on this, Sudbury’s current state aid estimate at \$5,728,267 is only slightly higher than our Town Meeting projection by \$2,425; therefore, no reductions to the budget are required at this time.*

1. Chapter 70 Aid

Projection: \$4,397,070

Chapter 70 assistance is Sudbury’s largest category of State aid. In general, Chapter 70, also known as **Educational Assistance**, is based on a complicated formula involving a variety of enrollment and community factors. Because Sudbury’s educational spending exceeds the State’s minimum requirements, our Chapter 70 aid increases have been limited to per pupil minimum aid amounts in recent years. Now that the State is having great difficulty funding education in total, we have also started to see a decrease in our per pupil reimbursement. This type of aid represents a modest increase from FY13 of \$71,925 or 1.66%.

2. General Governmental Aid**Projection: \$1,212,003**

Starting in FY10, the State combined the Lottery and Additional Assistance programs into one general reimbursement category. This category also includes a few other small State payment streams such as the Quinn Bill (Police Career Incentives), State Owned Land, Veterans and Other Exemption reimbursements. It is difficult to say what the future holds in terms of general allocations to Sudbury. For now, Sudbury's projected share for FY14 represents a slight increase of \$27,988 or 2.36% from FY13.

3. Other Receipts**Projection: \$119,194**

This category is made up of six small state reimbursements, some of which are offset by state assessments. It includes two special offset revenues that are required to be spent directly by Schools and Library. FY14 represents an increase of \$11,697 or 10.88% from FY13.

Smallest Category of Operating Resources (General Fund Revenue): Local Receipts

	FY12 Actual	FY13 Projected	FY14 Budget	Dollar Change	Percent Change
Motor Vehicle Excise	2,752,363	2,600,000	2,700,000	100,000	3.85%
Other Excise	260,543	276,864	276,864	-	0.00%
Penalties & Interest	287,310	175,000	250,000	75,000	42.86%
PILOT	31,030	57,000	57,000	-	0.00%
Fees	109,530	100,000	100,000	-	0.00%
Rentals	159,571	95,000	150,000	55,000	57.89%
Library	22,571	25,000	25,000	-	0.00%
Cemeteries*	401	-	-	-	0.00%
Other Departmental	27,994	18,000	25,000	7,000	38.89%
Licenses & Permits	477,162	400,000	477,921	77,921	19.48%
Fines & Forfeits	61,822	47,000	55,000	8,000	17.02%
Investment Income	16,410	10,000	20,000	10,000	100.00%
Misc. Non-Recurring	273,695	-	-	-	0.00%
Total Local Receipts	4,480,402	3,803,864	4,136,785	332,921	8.75%
*This revenue moved to revolving funds.					

Local Receipts**FY13 Estimate: \$4,136,785**

Local Receipts are those fees and charges, which may be imposed by a municipality. Massachusetts General Law Chapter 40 Section 22(f) provides that *"any municipal board or officer empowered to issue a license, permit, and certificate or to render a service to perform work for a person or class of persons may, from time to time, fix reasonable fees..."* This is a local acceptance statute, which was approved at the 1992 Annual Town Meeting. Previous indicator results illustrate how local receipts remained stable and hovered around \$5 million up through FY03. Since the Great Recession which started in 2007, local revenues have begun to grow again but are still far from fully recovered. Heading into Town Meeting our forecast for total local receipts reflected a modest increase for FY14 pending further adjustments as necessary during the annual tax rate setting process.

1. Motor vehicle excise**Projection: \$2,700,000**

We are projecting this component to show a modest increase over FY13. The FY13 year-end results are higher than FY12 actual receipts. All indications now suggest we may be able to increase our FY14 projection during tax rate setting.

- 2. Other excise** **Projection: \$276,864**
Until recently, this revenue stream came solely from local hotel/motel taxes. However, in FY10, the State allowed municipalities to pass a new local option to charge local meals tax (.75%) as well as increase existing local room tax to 6% (previously limited to 4%). Sudbury approved both changes at Town Meeting and began receiving the monies on a quarterly basis from the State starting in January 2011. At this juncture, we do not have sufficient trend data to project any increase over our FY13 estimate.
- 3. Penalties and interest** **Projection: \$250,000**
The Town continues its efforts to keep tax title balances at a minimum. However, due to economic conditions we are expecting no increase in tax title payoffs in FY14. More delinquent homeowners (and mortgage companies) are expected to wait for the Town to petition for foreclosure before paying overdue balances. This process can extend collections 10-18 months.
- 4. Payment in lieu of taxes (PILOT)** **Projection: \$57,000**
This revenue is primarily limited to the three accounts with which the Town has agreements for PILOT (Wayside Inn, US Fish and Wildlife Service, Sudbury Public Housing Authority). We are not projecting any increase over our FY13 estimate.
- 5. Fees** **Projection: \$100,000**
Fees include charges for applications, tax administration, municipal lien certificates, tax redemptions, and administration fees for police detail. We are not projecting any increase over our FY13 estimate.
- 6. Rentals** **Projection: \$150,000**
We have projected receipts in this area to be \$55,000 above our FY13 estimate. The major fee in this category is for cell tower leases. Cell tower activity and Town-owned property rentals have leveled off. The Town is exploring new options to increase cell tower and other rental revenues.
- 7. Library, Cemeteries and Other Departmental Revenues.** **Projection: \$50,000**
We are projecting a Library income for late fees and other departmental revenues will remain flat in FY14. Generally speaking small amounts are expected to be collected by departments for such things as photocopy charges, sale of voter lists, etc. Although projecting an increase in this area over FY13, our estimate remains slightly below FY12 actuals. Revenues from cemetery fees have been moved to a revolving fund starting in for FY12.
- 8. Licenses and permits** **Projection: \$477,921**
Licenses and permit receipts have fallen since FY08. Actual receipts in this category for FY11 totaled only \$424,034. Building permits make up the largest portion of this category. Based on the dollar value of permits issued during the last 6 months we may consider increasing our estimate for the first time since bottoming out in 2010.
- 9. Fines and forfeits** **Projection: \$55,000**
Fines include charges for false alarms, parking tickets and court fees. Current collections in FY13 suggest FY14 may be about \$6,800 lower than FY12 actual results.

10. Investment income **Projection \$20,000**

We are projecting an increase in investment income for FY14, modestly above FY12 actual levels. General fund investment income has plummeted over the last few years for two reasons: short-term interest rates have dropped nearly to zero and we do not have as much General Fund balance(s) available for investment.

11. Miscellaneous, Non-recurring **Projection \$0**

As the title suggests, these receipts are for the most part unexpected and therefore difficult to project within the budget cycle.

Capital Resources: Bond proceeds and bond debt service reimbursement

Capital Resources: **FY14 Estimate: \$1,681,224**

1. MSBA School Debt Reimbursement **Projection: \$1,681,224**

MSBA (Massachusetts School Building Authority) aid is reimbursement for the Sudbury Public School construction and renovation projects. This annual reimbursement (for all completed school projects) will not change for the remainder of the payments scheduled through FY21 unless the Town is able to refinance the outstanding debt at lower interest rates. MSBA reimbursement must be used to reduce the amount of the school debt issued (and excluded from the normal Proposition 2 ½ tax levy limit). Since this revenue may only be used to pay off project debt service, it is considered a Capital Resource rather than Operating (unlike all other State aid previously noted).

2. Bond Proceeds for Capital Projects **Projection: \$0.6-\$1M**

Larger, long-term capital projects for the Town are funded through bond issues typically ranging anywhere from 5-20 years. Bond proceeds in the year received represent an additional funding source for the Town. Long-term Debt service (payments of principal and interest) is paid annually and budgeted by the Town as operating expense requiring additional taxes to be levied for the duration of the bonds. The timing for any new general obligation bonds is not expected to produce any additional debt service for FY14. However, the Town is likely to receive \$0.6 and \$1 million in long-term debt proceeds during FY14, if approved, to pay for general fund projects submitted for Special Town Meeting(s) and Town Election(s) throughout the year.

Reserves or Other Available Funds: Free Cash, Overlay Surplus or other available funds

	FY12 Actual	FY13 Projected	FY14 Budget	Dollar Change	Percent Change
Free Cash Appropriation	-	-	-	-	
Tax Levy Overlay Surplus	-	-	-	-	
Town Meeting Continuing Articles - Reappropriation of Balances	300	38,891	-	(38,891)	-100.0%
Total Free Cash & Other Reserves	300	38,891	-	(38,891)	-100.00%

1. Free Cash Use

Projection: \$0

Addition to Free Cash (undesignated fund balance available for appropriation) is a function of prior year revenue collections in excess of estimates and prior year expenditures less than appropriations. The Town's Certified Free Cash balance as of July 1, 2012 was \$2,388,556. As a non-recurring revenue source, the DOR recommends that communities only use Free Cash to fund one-time expenditures, a capital purpose or to replenish other reserves. Up until FY2009, the Town had used virtually all of its Free Cash each year to fund the next year's budget. The Town has ended this practice and intends to build up Free Cash for future additions to Stabilization or other special reserves. For FY14, Town Meeting voted to move \$2,091,051 of the Free Cash balance to the Stabilization Fund.

2. Abatement Overlay Surplus Use

Projection: \$0

A reserve for property tax abatements and exemptions is created each year as what is called an Overlay account. Overlay Surplus becomes available when the Board of Assessors determine that all claims for abatements and exemptions of a specific fiscal year have been resolved for less than what was reserved. Only then may overlay surplus be used to fund current or next year's operating budget by Town Meeting vote. We do not expect to use any overlay surplus amounts in FY14.

3. Other Available Funds Use

Projection: \$0

Occasionally the Town may create miscellaneous available resources for funding the general operating budget by identifying prior year article balances, trust or grant monies that may be used. Such funds are appropriated or re-appropriated by Town Meeting. The Town did not anticipate any miscellaneous funds available for use by the FY14 operating budget.

Enterprise Resources: Revenues and Enterprise Retained Earnings used to fund the budget

	FY12 Actual	FY13 Projected	FY14 Budget	Dollar Change	Percent Change
Transfer Station	226,157	317,523	447,924	130,401	41.1%
Atkinson Pool	513,190	516,197	539,808	23,611	4.6%
Recreation Field Maintenance	218,320	217,260	230,222	12,962	6.0%
Total Enterprises	957,666	1,050,980	1,217,954	166,974	15.9%

Enterprise Resources:

FY14 Estimate: \$1,217,954

1. Enterprise Revenues Use

Projection: \$1,030,000

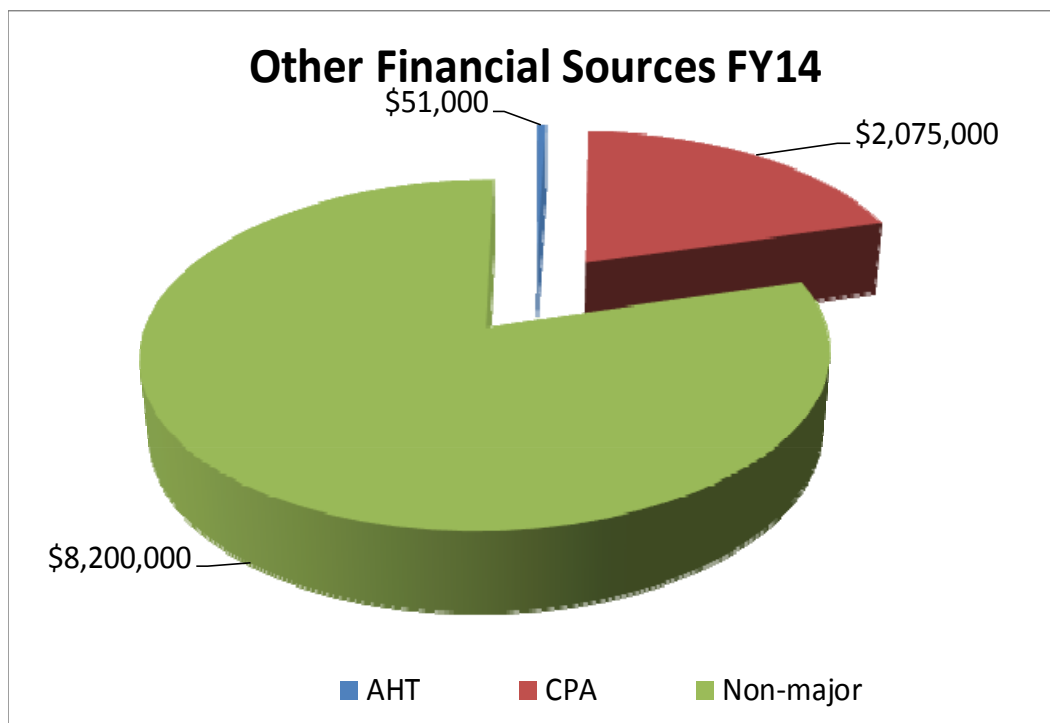
All estimated Enterprise receipts for FY14 are available to fund their operating budgets (subject to appropriation limits set at Town Meeting). Estimated receipts for all three Enterprises for FY14 total \$1,030,000. During the year, the Enterprises must closely monitor actual receipts. Should actual receipts not meet expectations, the Enterprises must reduce spending to avoid revenue deficits.

2. Retained Earnings Use

Projection: \$187,954

Revenues in excess of expenses from the prior year produce additions to retained earnings. Once certified, retained earnings may be available for use to help fund next year's Enterprise budgets. The Pool and Recreation Field Maintenance Enterprises anticipate the need to use approximately \$65,000 in retained earnings to supplement operations during FY14. The Transfer Station Enterprise expect to use approximately \$122,000 to purchase new compactors.

Outside Resources: Available resources outside the General fund



Other Resources (outside General Fund):

FY14 Estimate: \$10,326,000

Approximately 90% of all Town annual revenues are generated within General (Governmental) and Enterprises (Proprietary) funds. The remaining 10% of financial resources come from the four categories shown in the figure above. Not all these other resources are expended each year. Only some of these funds require appropriation at Town Meeting. Almost none of this revenue is

transferred to/used for the Town's regular operating budget. For more information on Other Resources, [see Section 1](#).

Community Preservation Fund (CPA). CPA surcharges are levied annually and at a rate of 3% of residents' real estate tax bills with exemptions for the first \$100,000 of residential property and property owned by qualified persons with low income and seniors (60+) with low or moderate income as defined by Department of Revenue guidelines. Surcharge projections are based on current tax rolls. Our Intergovernmental match started at 100% of surcharge levied but has started to decline significantly due to a decline in available State funding. The Community Preservation Committee (CPC) adjusts its estimates for this particular revenue each year based on formula input from the State. Total CPA Fund Revenue is projected to be **\$2,075,000** for FY14.

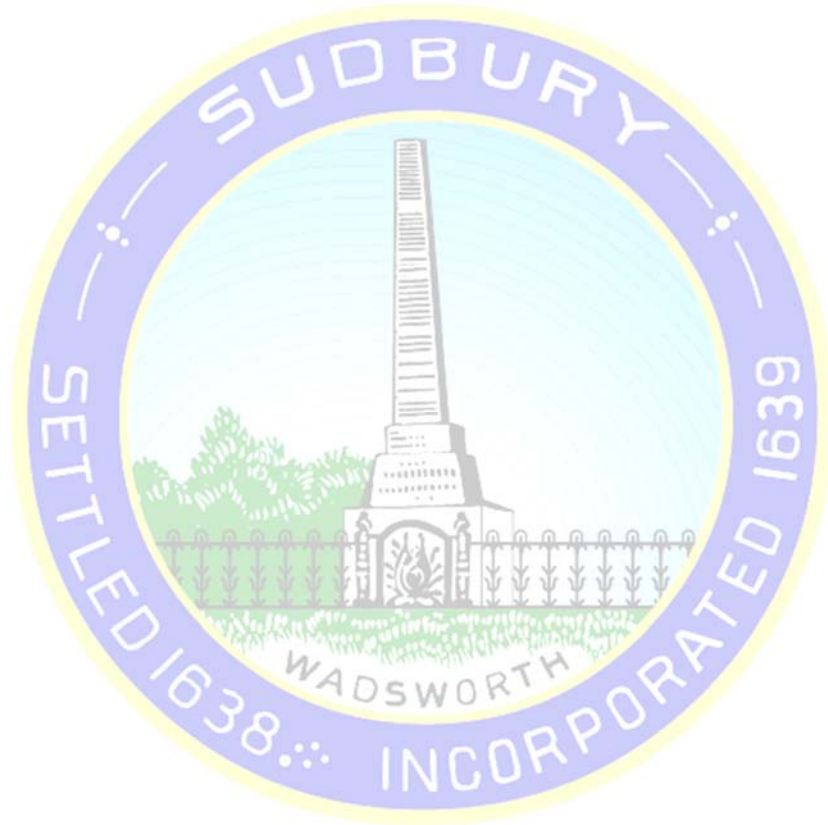
Affordable Housing Trust Fund (AHT). To date the majority of fund balance associated with the AHT is attributable to transfers from the CPA (as opposed to revenues generated or income earned by the AHT fund directly). Total AHT Revenue is projected to be **\$51,000** for FY14.

Non-major Special Revenue Funds. These are funds that have specific purposes that are restricted by law. Town Meeting does not make annual appropriations of all items in this category (i.e. benefits trusts, grants or gifts). However, any transfers into the General Fund budget (i.e. Ambulance Receipts Reserve for Appropriation) must be authorized by the Town. Income/revenues for each fund are estimated individually based on historical trending, fee schedules or most recent activities, etc. Total revenues for Non-major Special Revenue Funds are projected to be **\$8,200,000** for FY14.

Section Three

Financial Uses

Expenditure drivers' history and forecasts



Primary Governmental and Proprietary Financial Uses

The Town's primary governmental and proprietary financial uses can be broken down into the same four broad categories discussed in [Section 2](#): operating, capital, reserve and enterprise.

Operating uses consist of a wide variety of expenditures within all general government functions. Virtually every division, program or department that provides services to the community survives (substantially) on funding from the general tax levy. Operating expenses (and transfer out to other funds or areas outside General fund) represent 94% of all General fund expenditures and approximately 93% of **all** fund expenditures each year. Examples of operating expenditures: Salaries and benefits, utilities, maintenance, contracted services, office supplies, postage, gasoline, legal fees, educational supplies, property and liability insurance, bank charges, etc. Operating uses, (expenditures) are **high and recurring in frequency, big or small in value and high in volume**.

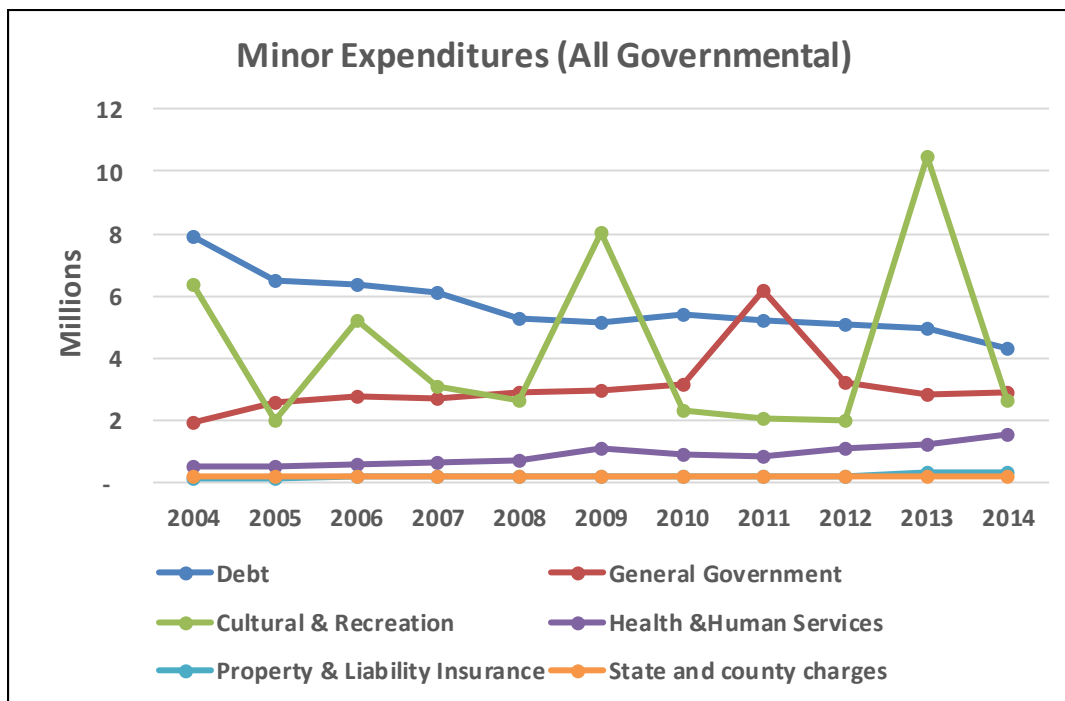
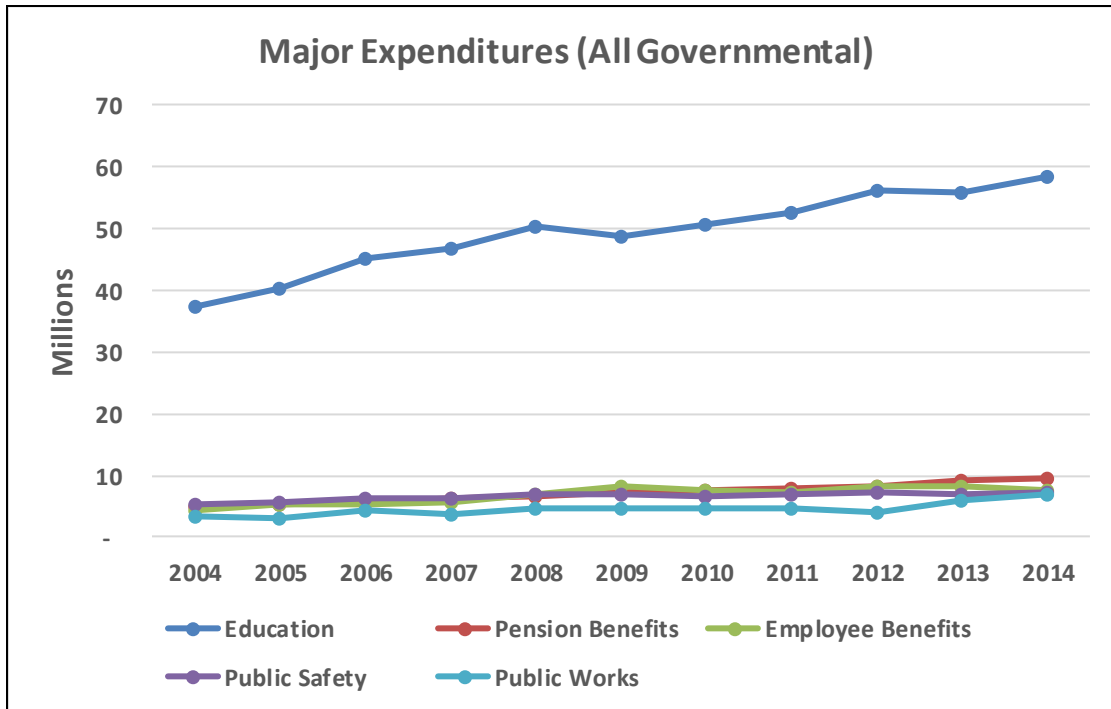
Capital uses consist of all costs associated with capital asset acquisitions or completion of capital projects (e.g. school building renovations, town building construction, development of new roadways, sewers, etc.) Capital uses may also constitute debt service payments relating to capital asset acquisition or project development. Capital uses for CPA projects are kept separate from that which is levied and paid for by the General fund tax levy. Capital uses are **low in frequency (except for annual debt service), typically big in value and low in volume**.

Reserves or Other Available Fund uses require appropriation or transfer into the General fund from another area. Uses may be designated (by Town Meeting) specifically to somewhere within the General fund budget (e.g. RRA from Ambulance Services fund to Public Safety) or simply released as a resource to be shared by all cost centers (e.g. Free Cash or Abatement Surplus as available resources released). Reserve uses are **low in frequency, typically moderate in value and low in volume**.

Enterprises uses represent *operating* expenditures specifically for (within) Enterprise funds. Further details on Enterprise budgets can be found in [Section 11](#). It is important to remember that with very few exceptions, all operating expenditures within an Enterprise fund must be supported or paid for by the Enterprise's revenues. That is to say, little or no subsidy from the general tax levy is allowed nor expected given the legal and functional structure of Enterprise funds. Enterprise uses are **high and recurring in frequency, big or small in value and high in volume**.

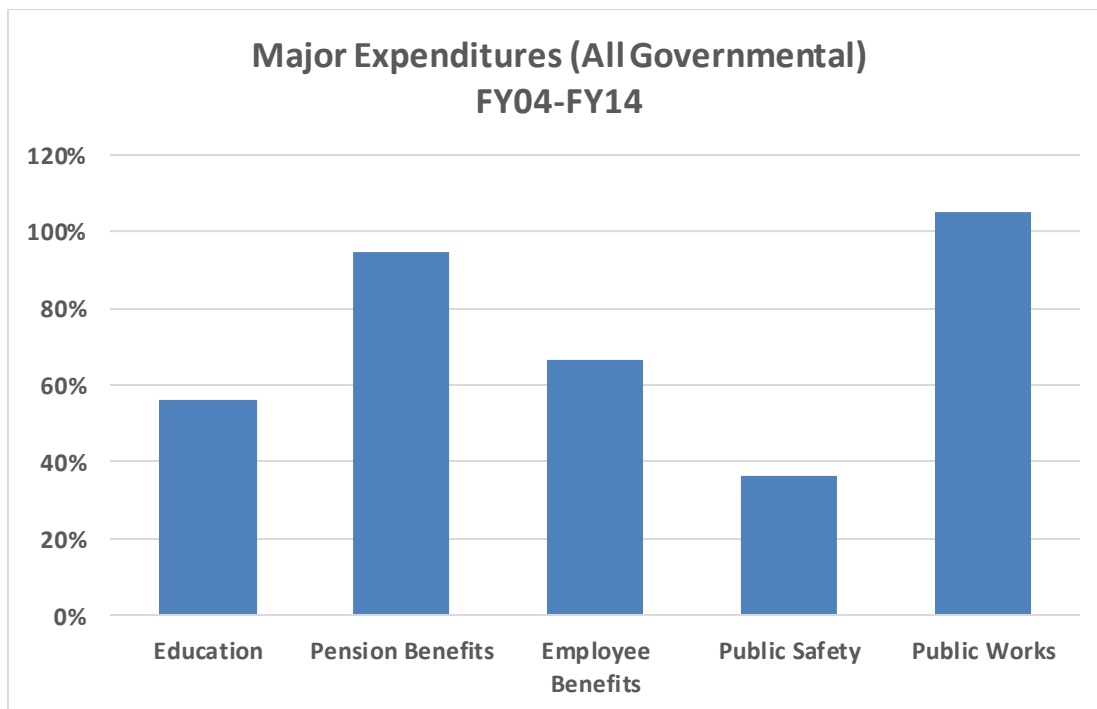
Primary Financial Use Trends and Indicators

The following charts provide a macro view of the Town's financial major and minor uses (expenditure) streams, over the last decade. FY13 and FY14 data are projections. Growth may vary significantly depending on the type of expenditure. These charts show all operating, capital and reserve uses for all **Governmental Funds**.

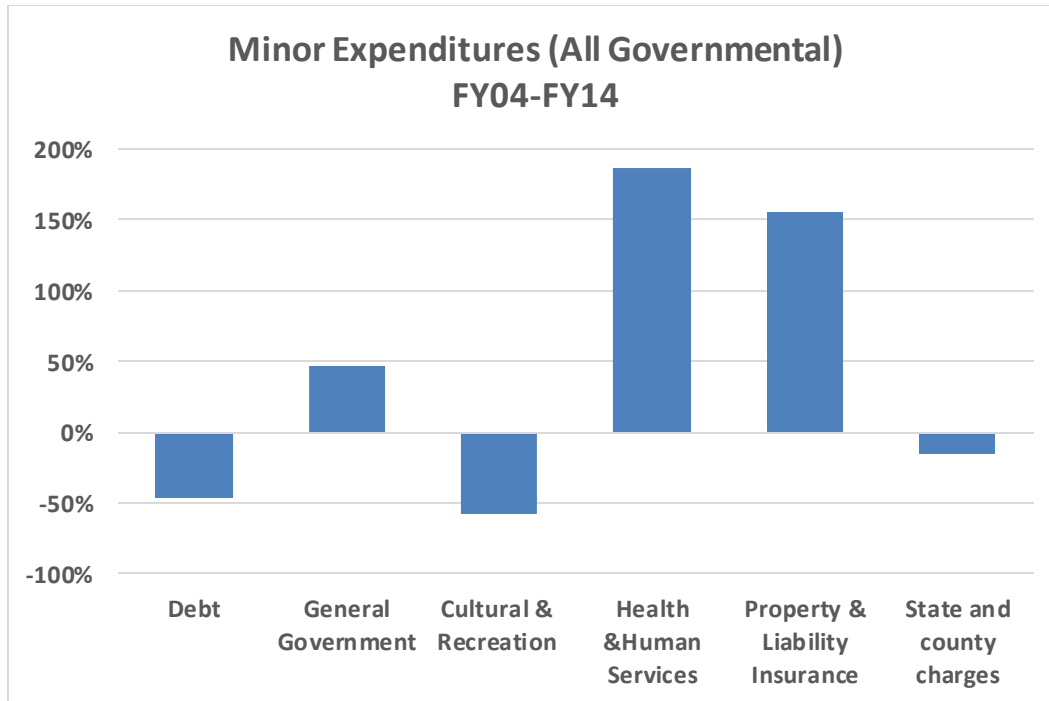


The dollar cost of education has increased significantly over the last decade. The rate of growth for benefits & insurances has leveled off in the last couple of years. The total cost for Public Works has been relatively steady since 2008. All other major use categories have remained relatively flat over the past ten years. For minor use categories, the variation in Culture & Recreation and General Government is associated with one-time major land acquisitions. Debt service is the only category that has declined significantly in the last 10 years.

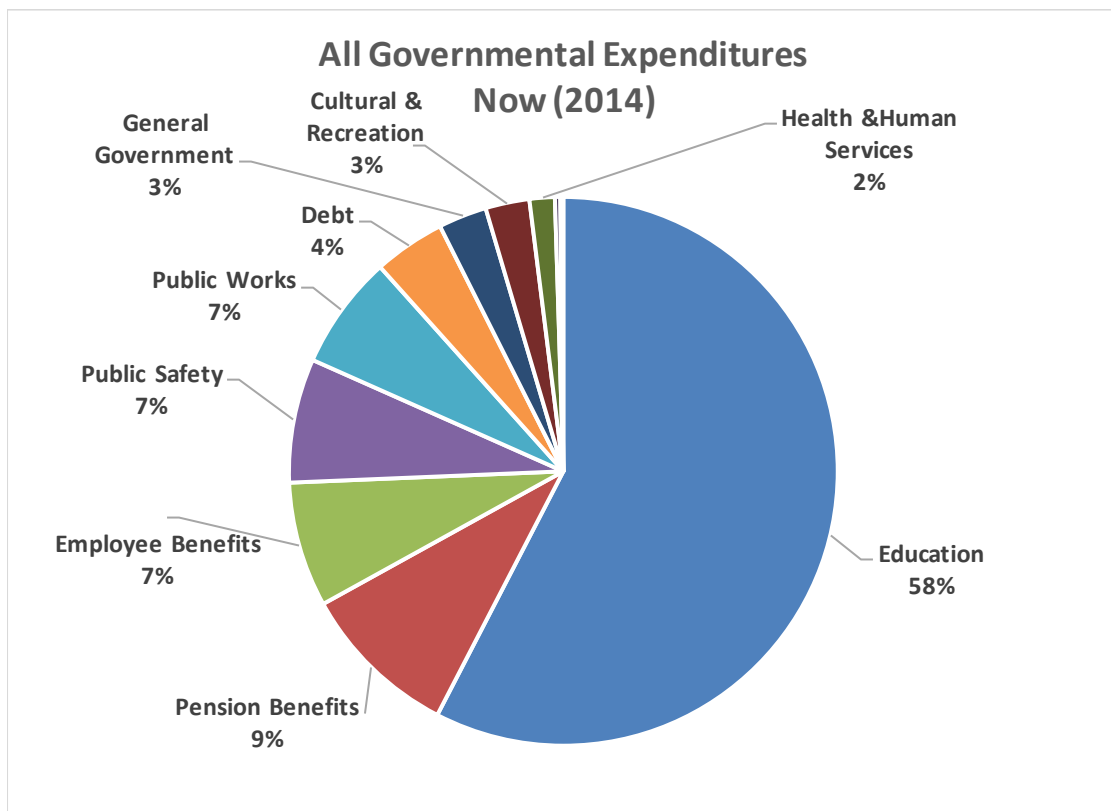
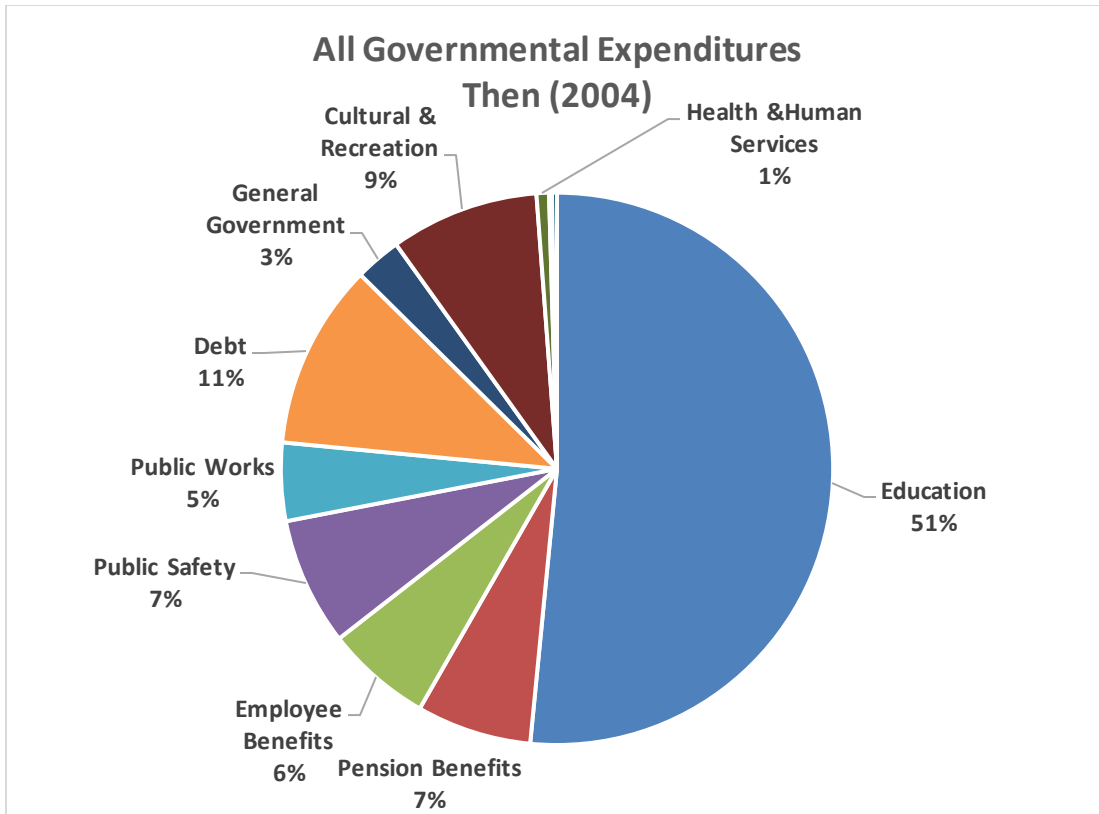
The next two charts show where major and minor Governmental Funds expenditures have changed over the past decade. Within the major use categories, both Benefits and Insurances costs and Public Works costs (including snow & ice) have surpassed even Education in terms of percentage growth over the past ten years. Public safety dollars expended during the same timeframe has increased by about 36%.



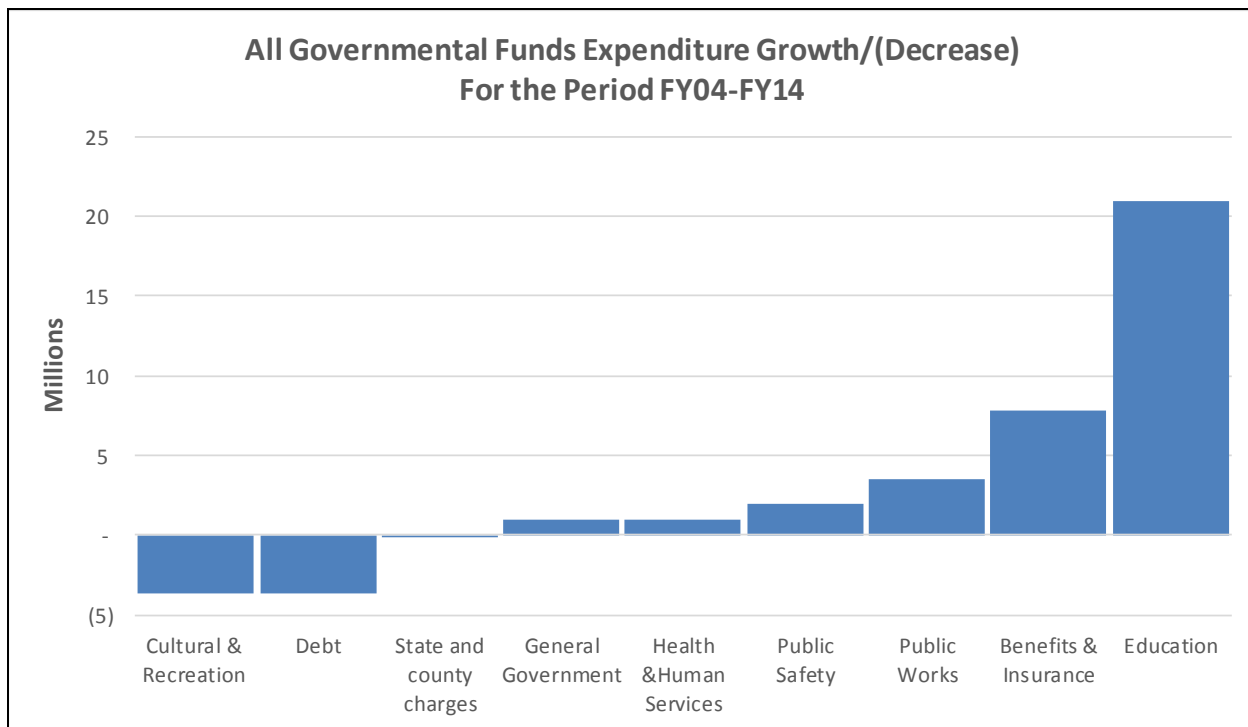
Changes in minor uses (current expenditure categories of less than \$5 million) over the last decade are shown below. Debt service has decreased dramatically to pre-FY01 levels. The largest increases have been in Health and Human Services and Property & Liability Insurance, 187% and 156%, respectively. General Government has increased by 47%, while Cultural & Recreation expenditures have decreased by 58% over the decade. State assessments & charges have declined slightly, but it should be noted that this category has long since represented a very small percentage (less than 1%) of the General Fund's total budget.



The next two charts show how the relative composition of all Governmental Funds expenditures has changed from FY04 to FY14. The share of Education, Pension & Employee Benefits, Public Works and Health & Human Services expenditures have all increased over the last decade, while the proportion of Debt and Cultural & Recreation expenditures have decreased. The share of Public Safety and General Government expenditures has remained relatively unchanged.



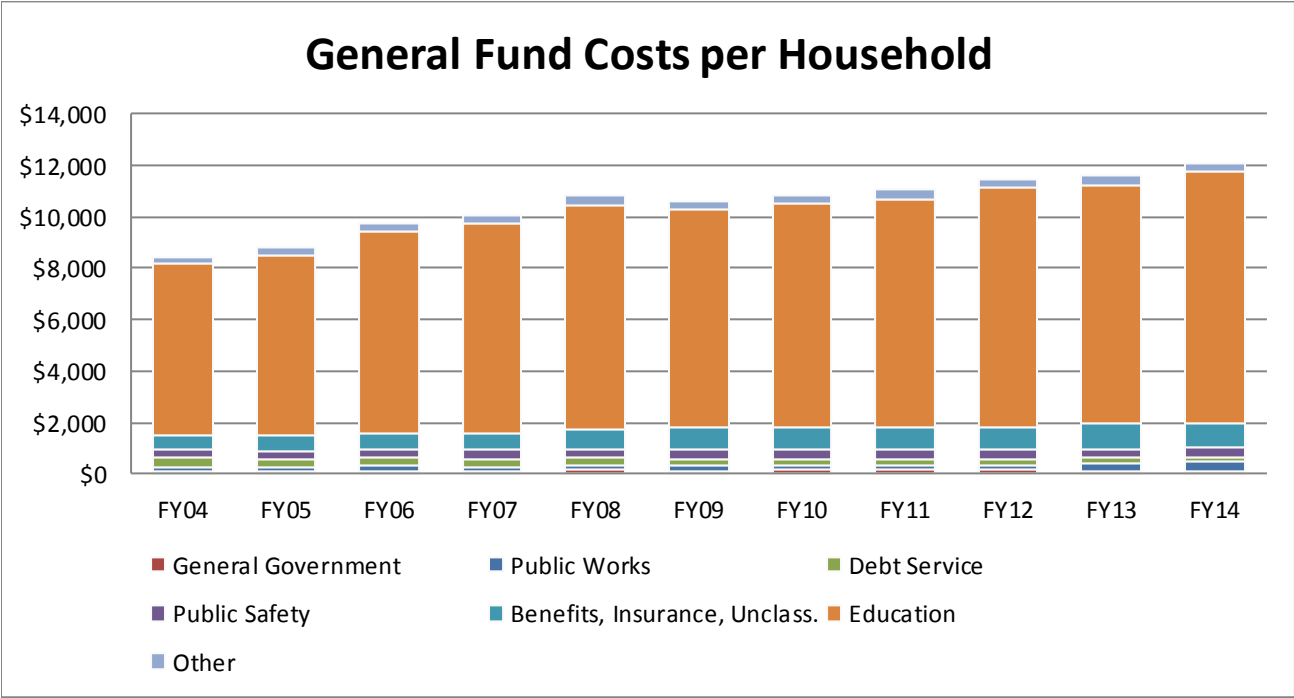
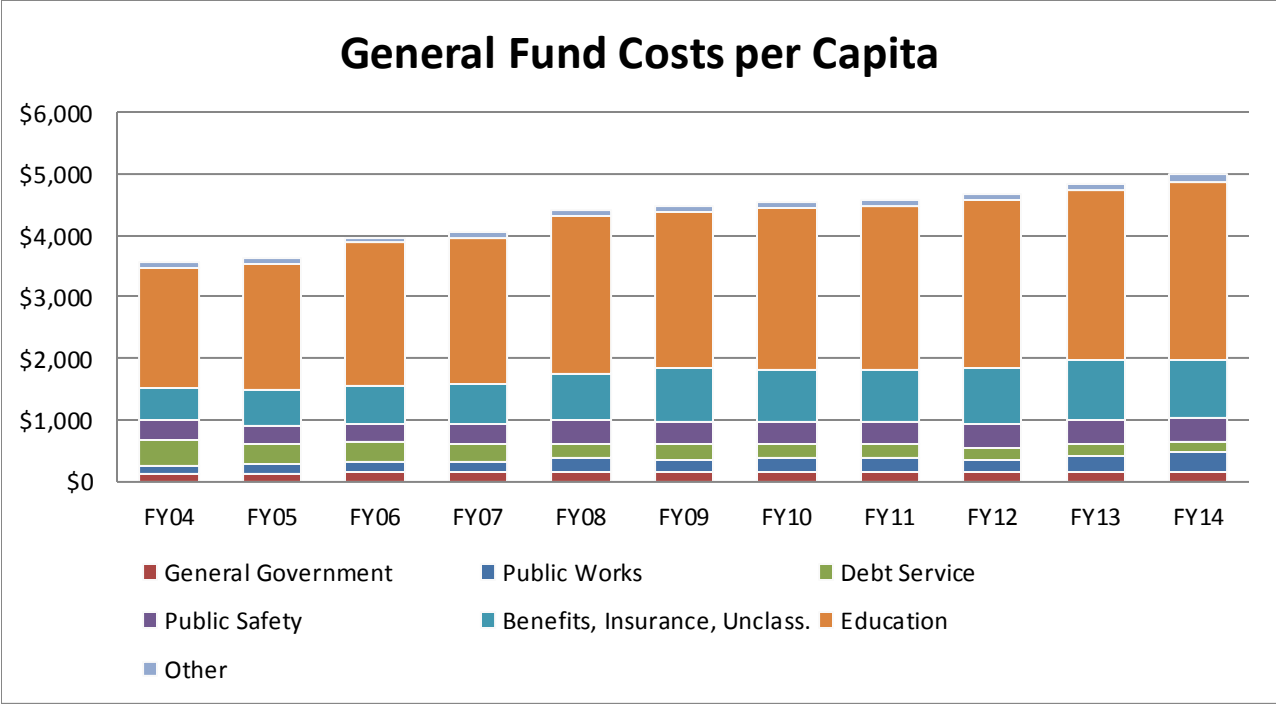
In the past decade, all Governmental Fund expenditures have grown by a total of \$28.8 million. While most expense categories have shown growth during that time, as shown in the chart below several categories stand out as requiring the largest dollar increases during the past ten years – Education, Benefits & Insurance, and Public Works (including snow/ice). Many of these main categories cover a broad spectrum of expenditures and require further examination to understand what the key cost drivers of the organization are and what can be expected in the future.



Since the General Fund accounts for about 89% of all Governmental Fund expenditures, the remainder of this section focusses on expenditure trends and issues within the General Fund.

General Fund Costs per Capita and Household

The next two charts show the General Fund Costs for each major expense category on a per capita and per household basis.



Financial Use Indicators Executive Summary

The ICMA publication *Evaluating Financial Condition – a Handbook for Local Government* (Original text by S. Groves and M. Valente, 4th Edition -2003) defines financial condition as the ability to continue to provide the kind of services the community desires and are necessary for the health, safety, and welfare of the community. This is known as service level solvency. This is more than

cash solvency (enough cash to pay bills for the next 60 days) and more than budgetary solvency (enough revenues to pay this year's appropriations). It focuses on a balance between available revenues and expenditure decisions on a continuing, sustainable basis, without deferring any costs to the future, or depleting reserves in the process.

Along these lines, the Town uses the recommended Financial Trend Monitoring System (FTMS) to identify factors that affect financial condition and alert us to future problems. The FTMS considers a combination of environmental, organizational and financial factors to create more than 30 indicators which are considered most practical for local governments to develop.

Extending the Positives

By these standards and analysis of all key indicators, the Town of Sudbury remains in sound financial health. This favorable assessment is also reflected by the Town's continuing 'AAA' bond credit rating.² The Town continues to: a) meet or exceed all credit and liquidity requirements, b) produce net revenues exceeding expenditures, c) maintain a strong tax levy and equalized values (EQV is a measure of the relative property values in each municipality), and d) maintain appropriate levels of spending each year to meet the ongoing demand for services within available resources. Ongoing evaluation of these indicators enables us to extend the many positives associated with maintaining sound financial health.

Addressing the Challenges

Sudbury's residents have very high expectations of the level and quality of public services. From an operational standpoint, the government has been able to maintain an enduring tradition of meeting the changing needs of community. However, from a financial perspective, it has become more and more difficult over the years to expand or enhance some services. More recently, we have all seen how difficult it has become to protect the levels of services that Sudbury residents have enjoyed and come to expect irrespective of economic developments, State and Federal influences, or other factors that dictate we operate in an environment of more (operating costs) with less (non-tax revenues). The budget constraints during the last four years in particular have focused the attention of Sudbury's citizens and government alike on ways to cut costs (produce one-time savings) and slow the growth (produce recurring impacts) especially in areas deemed key to our structural budget deficit.

A **structural budget deficit** means different things for different government entities. That is to say structural deficits are caused by many different factors and may also be addressed in different ways depending on the type of government (and the myriad of regulations it must follow). For example, the Federal government and States to a lesser extent may deal with a structural deficit by continually borrowing money to help pay for ongoing operations, whereas a municipality like Sudbury must instead look repeatedly to its taxpayer base for tax overrides for sustainability. Absent sufficient revenues even when the economy is operating at its peak, the Town must develop new ways of operating or cut costs that may or may not also result in deteriorating existing programs and services.

Municipalities face several challenges on both sides of the structural budget deficit equation. In addition to any political and social dimensions that may influence how a municipality addresses

² Sudbury's 'AAA' rating was most recently reaffirmed in August 2013 by Standard & Poor's, known to investors worldwide as a leader in financial market intelligence.

these challenges, there are hundreds if not thousands of regulations to consider. Some regulations may change over time and some may be overcome by special legislation. However, any decision to increase revenue or decrease expenditure will ultimately succeed or fail based on legal merits.

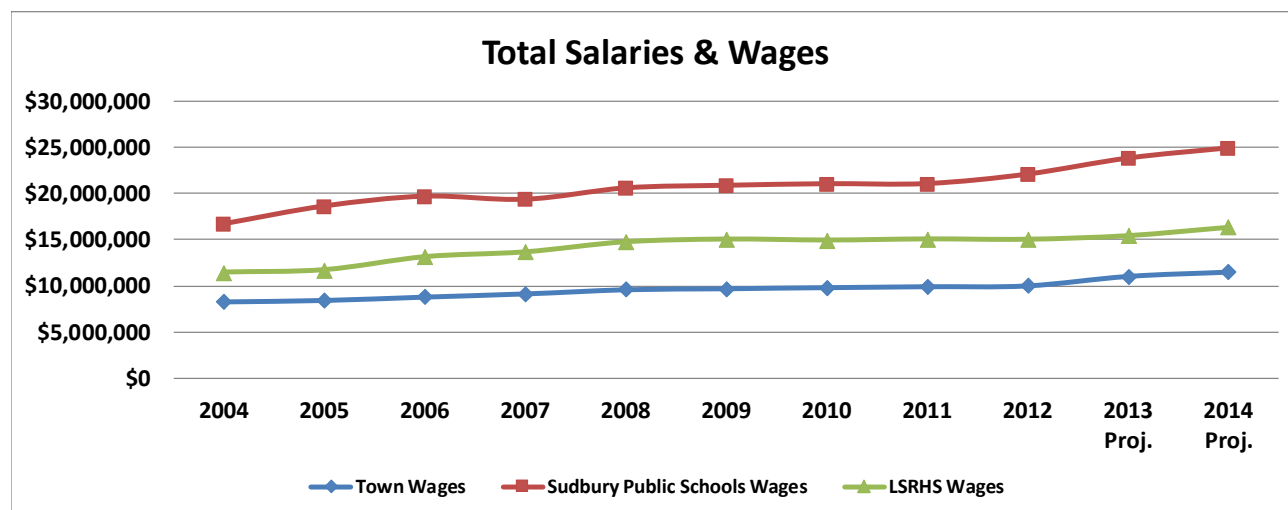
Despite all of the hurdles, both elected and appointed town and school officials are working to protect all of what makes Sudbury such an attractive, vibrant place to: live, teach, play, invest, learn, share, grow, and work. Ideas for closing the revenue-expense gap are actively explored and implemented where feasible. Efforts to increase revenues or decrease expenditures can take several months, if not years to develop (see [Appendix J](#) for further information regarding Sudbury's financial and non-financial goals).

Understanding Expenditure Pressure Points

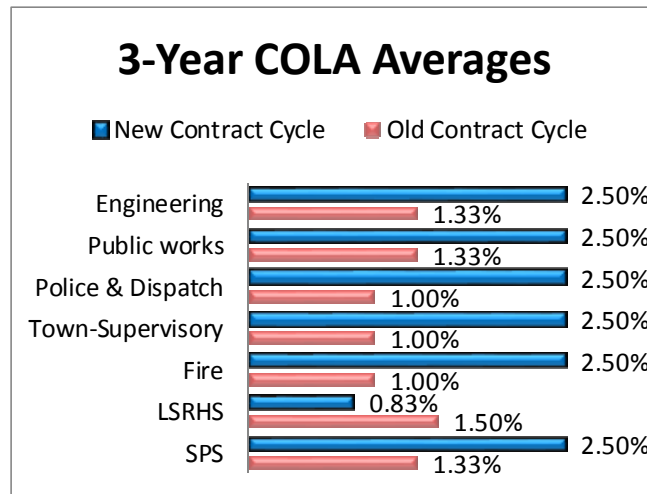
Several “budget busters” can drive high rates of spending growth. In order to know what we can expect for the next fiscal year and beyond, we monitor these areas to see *where we might be gaining, losing or holding steady*.

[Note that all references to LSRHS reflect total costs of the regional district rather than that which is only allocated to Sudbury through the assessment process].

Indicator 1: Salaries and wages. Salaries and wages are the **largest component** of the operating budgets for all three major cost centers. All three major cost centers must consider the multi-year impact of contracts. Most contracts run on the same 3-year cycle, currently FY13-FY15. The following chart shows total (net) salaries and wages for a ten-year period.



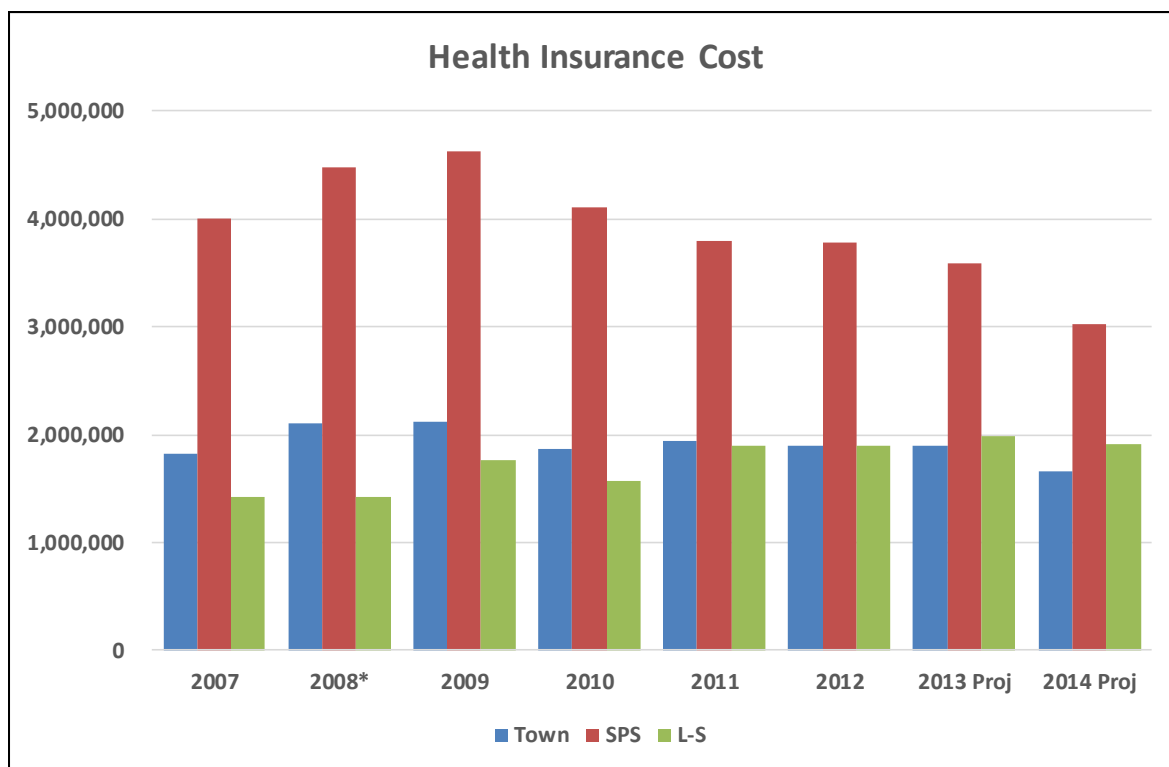
Since the cost of labor is the largest expense for the organization, the rate of growth is always of primary concern. Below is a chart showing the 3-year COLA averages for the latest contract cycles. Heading into FY14, wages and salaries for all cost centers combined is expected to increase due to COLA's as well as the normal movements along salary grid steps and lanes.



Budget Assessment: Overall percentage COLA increases for contracts and in spending growth for **salaries and wages – Holding ground.** Increases in FY14 are expected to be covered by significant savings in health insurance. *COLA changes for the current LSRHS contract cycle are on an adjusted cash basis and are in conjunction with the restructuring of health plans to mirror that of GIC.

Indicator 2: Health Insurance Costs. Municipalities provide health insurance for both active employees and retirees. State statute and case law provide strict guidelines for public employers in Massachusetts as to what benefits must be offered and how changes in such plans can be achieved.

This first chart shows the historical trend for health insurance costs since FY07.



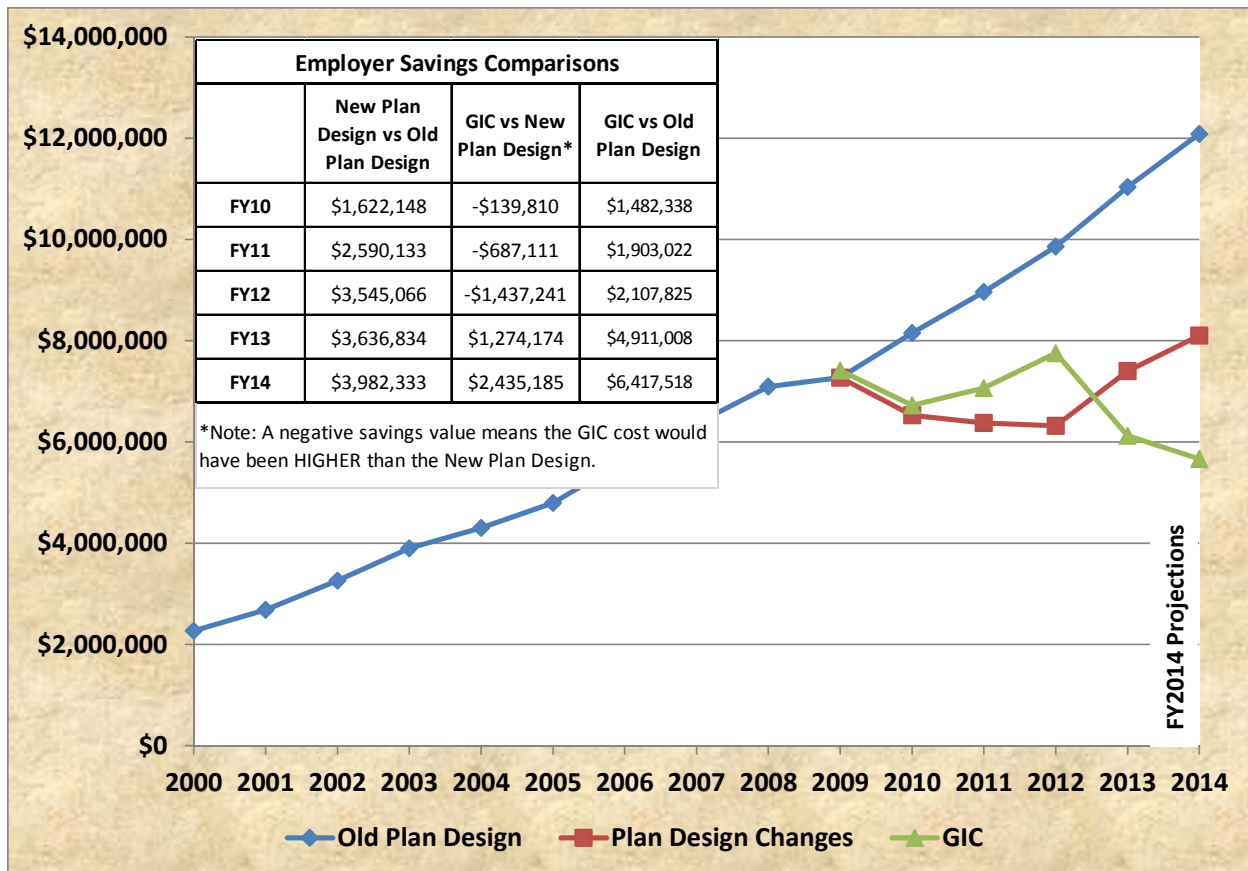
The Town (including SPS) has been able to reduce the rate of growth in healthcare costs since FY07 by, in order of adoption/implementation: (1) adopting M.G.L. C.32B S.18, (2) making significant plan design changes, (3) negotiating new contribution splits with all collective bargaining groups*, (4) successfully adding a new, lower cost alternative, (5) offering existing active employees opt-out incentives and most recently (5) migrating to the GIC health insurance program as of July 1, 2012. (See [Section 9](#) for further details)

Table: Changes in contribution splits since FY10*

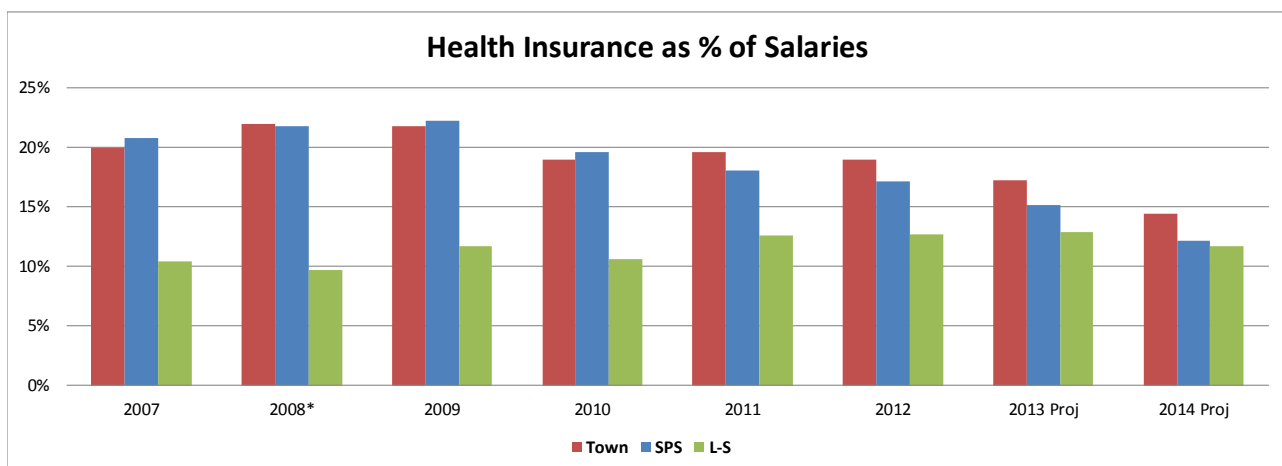
Employer Contribution Rates for Health Insurance		
	HMO Plans	PPO or Indemnity Plans
For Employees Prior to 7/1/09	90%	75%
For Employees Hired before 7/1/09:		
FY10	85%	70%
FY11	82.50%	67.50%
FY12 and Beyond	80%	65%
For Employees Hired on or after 7/1/09	70%	55%

As mentioned, on July 1, 2012, all active employees and retirees for the Town and SPS migrated to the State's GIC (Group Insurance Commission) health benefits system. Migration for Sudbury and similar communities was finally made possible due to the major health benefit reform enacted as Chapter 69 of the Acts of 2011 (Chapter 32B – Sections 21-23).

Before the Municipal Healthcare Reform legislature was passed in 2011, in order to join the GIC, communities were required to contribute the same percent towards all employees/retirees enrolled in the same health plan. In addition to this, communities were also required to adopt Section 19 (of MGL Chapter 32B) and coalition bargain with the Unions, which required a seventy percent (70%) weighted vote of the representatives on the Public Employees Committee (PEC), in order to execute an agreement to join. For both these reasons migration prior to FY13 would have actually cost the Town more than the self-insured system in place since the GIC option was made available to municipalities in FY08. The following provides a progression of Sudbury's total health benefits costs and more recent history of savings achieved (costs avoided) by remaining self-insured until FY13.



Health benefits represent a significant share of operating costs and require immediate cash outlays. This last chart shows the historical trend for health insurance costs as a percent of total salaries & wages by each major cost center. Prior to FY09 this indicator showed a warning trend of increasing costs (%). Since then changes in the benefits structures for each cost center are beginning to show signs of improvement.



Although these indicators are focusing on immediate cash outlays it is important to note that the significant changes to health benefits now will continue to pay dividends in the future by freeing up valuable resources that may be used towards funding much larger deferred fringe benefits.

Budget Assessment: Overall cost structure and percentage growth in **health insurance costs – Gaining ground.** LSRHS teachers also agreed to restructuring health plans to mirror that of the GIC while maintaining coverage through a regional program.

Indicator 3: OPEB Costs. Municipalities offer health and other insurance benefits for all retirees, commonly referred to as **Other Post-Employment Benefits or simply, OPEB.** OPEB is paid out in similar fashion to government pension benefits only instead of paying the employee (% of premium cost), compensation is paid out directly to their insurance benefit provider(s). Also like pension benefits, governments are now expected to account for their current and future OPEB liability. Up until a few years ago, most public agencies were using a “pay-as-you-go” method of expensing OPEB retiree benefits and were not reporting them as liabilities on their financial statements. Starting in 2006, new regulations issued by the Governmental Accounting Standards Board, commonly known as “GASB 45”, dramatically changed the way public agencies must account for and report OPEBs. Governments must now use actuarial evaluations to determine the final accounting and reporting amounts expected in the future. OPEB costs also must be reported over the working lifetime of employees. This premise is known as financial “intergenerational equity” where compensation is either paid for or set aside *as earned* rather than pushing the financial responsibility into the future and onto a new generation of tax levies. The information provided in financial statements must include the funding, costs and provisions in an OPEB plan. While GASB 45 does not require that OPEB plans be funded, it requires disclosure of net OPEB obligations (NOO).

The financial reality is that this type of benefit has created an astronomical liability that remains unfunded and will continue to grow in size if we are unable to start setting aside even a portion of our estimated annual required contribution (ARC). “Pay-as-you-go” only pays for current actual OPEB expenses. It does not address *one* dollar of the previously earned or future earnings of these benefits by all participants (active and retired employees).

Each entity will conduct periodic actuarial studies to monitor progress, adjust assumptions as necessary and meet all current GASB requirements. The following OPEB management exhibits and notes provide further important details into our current as well as future expected costs.

a) Current “pay as you go” results

"Pay as you go" contributions					
	FY10	FY11	FY12	FY13 Proj	FY14 Proj
Town	295,076	333,075	385,081	350,406	394,606
SPS	487,618	550,413	636,315	554,478	581,799
LSRHS	516,177	795,696	823,533	818,708	758,966

“Pay as you go” contributions represent Town and Schools costs for actual retiree health benefits costs. This includes all employer contributions for retiree health insurances and any other non-pension benefits. These payments are recorded as part of unclassified benefits as an operating expense.

b) OPEB Actuarial Accrued Liabilities

Both the Town and L-S have taken initial steps to address the challenge of unfunded retiree health care liabilities but recognize the need for additional policy measures. In this section of the report are noted the amount of the unfunded liabilities for the Town/SPS and L-S, steps already taken locally to address the liabilities, as well as what the state has done and is contemplating to help municipalities with this issue, and options for funding the costs of this liability as well as reducing these costs for the future.

Overall, there is an increasing recognition that doing nothing is not an option, for several reasons:

1. These liabilities are now being taken into account by the credit rating firms and those municipalities who have not developed a plan will find their credit rating negatively impacted.
2. Delaying funding, which for the liability delays the ability to earn interest on funds set aside, further losing the benefits interest compounding can generate.
3. Delaying funding continues to make future generations responsible for services being provided today.

Amount of unfunded liabilities

The table below shows the amounts of the unfunded liability and the annual required contribution for both the Town/SPS and L-S according to consultant Linda L. Bournival³. The FY13 amounts appropriated for retiree health care is also shown, and the delta between the ARC and this amount represents the additional funds necessary if the objective is to fully fund the ARC.

Total Unfunded Liability for Town/SPS (K-8) and Lincoln Sudbury Regional High School as of 7/1/11				
	Lincoln Sudbury Regional High School		Town and SPS	
	Pay-as-you-go (3.5% interest rate)	Pre-funded (8% interest rate)	Pay-as-you-go (3.5% interest rate)	Pre-funded (8% interest rate)
Active Employees:	\$28,534,290	\$11,068,347	\$20,105,392	\$8,156,099
Retirees:	\$17,589,873	\$11,273,952	\$14,169,849	\$9,017,626
Total Actuarial Accrued Liability:	\$46,124,163	\$22,342,299	\$34,275,241	\$17,173,725
ARC (Annual Required Contribution):	\$4,457,705	\$2,595,815	\$3,663,686	\$2,116,656
FY 13 Contribution Towards Retirees	\$818,708	\$818,708	\$904,884	\$904,884
FY13 Difference*	\$3,638,997	\$1,777,107	\$2,758,802	\$1,211,772
*Additional amount needed to fully fund the Pay-as-you-go or Pre-funded ARC.				

Table 1 - Town/SPS and LSHRS Unfunded Liability

Steps already taken by Town/SPS

1. Special Act created through legislature in 2006 to set up Town/SPS OPEB Fund for future OPEB obligations;

³ See Town website for the actuarial reports.

2. Retiree and active employees' health insurance costs are now budgeted into two separate line items. Unused money left in the Retiree health insurance budget remains in the Fund for future OPEB obligations;
3. 2009: Town/SPS employees accepted plan design changes, increased contribution rates for current employees and even higher contribution rates for new employees;
4. 2012: Town/SPS employees joined Group Insurance Commission, reducing Town/SPS unfunded liability by \$15 million;
5. Surveyed peer communities as to how they fund their OPEB obligations (see Appendix B);
6. Town/SPS and L-S cooperatively retained consultant in procuring actuarial analysis so as to contain costs of the analysis and apply same reporting assumptions resulting in better comparatives;
7. Town/SPS requested supplemental report from actuarial consultant with recommendations as to what Town should be putting aside each year for new hires;
8. On November 20 , 2012, Actuarial consultant made a presentations to Board of Selectmen, L-S and SPS School Committees and FinCom to raise awareness;
9. The Regional Housing Trust is being charged for OPEB Obligations for employees who provide services to other towns.

Steps already taken by L-S:

1. Trust fund set up in 2011;
2. Town/SPS and L-S cooperatively retained consultant in procuring actuarial analysis so as to contain costs of the analysis and apply same reporting assumptions resulting in better comparatives;
3. On November 20 , 2012, Actuarial consultant made a presentations to Board of Selectmen, L-S and SPS School Committees and FinCom to raise awareness;
4. L-S requested supplemental report from actuarial consultant with recommendations as to what Town should be putting aside each for new hires;
5. 2012: LS employees accepted plan design changes and remained in the MNHG group;
6. 2012: LS employees accepted contribution rate changes for new enrollees after January 2012 in the more expensive PPO and POS indemnity plans from a 70%-30% employer to employee split to a 60% -40% contribution rate effective June 2012 and to a 51% -49% contribution rate effective June 2013;
7. Surveyed peer regional school districts as to how they hand their OPEB obligations (In process)

Steps already taken by the State

1. Pension Reform extended the retirement age for employees hired after April 1, 2012;

2. OPEB Reform legislation filed by Governor in February 2013. This would extend the time a municipal employee must work before being eligible for Retiree health insurance benefits. It also extends the age at which employees may retire.

Options for future steps by the Town/SPS and L-S:

A. Potential Funding Actions

1. Annually fund the entire required contribution (ARC). This would require approximately \$2.7 million more for the Town/SPS and \$3.6 million more for L-S beyond the amounts that are currently appropriated for the benefits of current employees. This funding would have to come out of current revenues and displace other current expenditures or the Town would have to develop new revenues for this annual on-going cost.
2. Annually fund a portion of the ARC. Efforts could be made to develop a methodology for targeting an amount that is less than the full ARC amount but still establishes a targeted amount each year to set aside for OPEB liabilities. This funding would have to come out of current revenues and displace other current expenditures or the Town would have to develop new revenues for this annual on-going cost.
3. Following the Wellesley model, ask voters to exceed Proposition 2 ½ limits to generate new property taxes to fund the delta between the ARC and current pay as you go amounts.
4. Annually put the amount of a targeted existing revenue source aside for OPEB, such as is proposed in article 10 of the 2013 Annual Town Meeting to dedicate the annual proceeds of the meals tax to OPEB liabilities.
5. Starting in 2035, re-direct to OPEB the annual payments that previously went toward the unfunded pension liability. Both the Town/SPS and L-S are members of the Middlesex Retirement System and pay an amount toward fully funding the unfunded pension liability by 2035. Once that date is reached, the Town/SPS and L-S will no longer be required to pay that additional assessment and can instead pay those amounts toward the unfunded OPEB obligations. The projected FY13 unfunded actuarial accrued liability that was paid to the Middlesex Retirement System for Town/SPS was \$2,356,613.
6. For Town/SPS only, as a one-time contribution to the OPEB fund, allocate the close-out balances on June 30, 2014 (net of what is paid to employees/retirees for their share of the balance) from the Health Insurance Claims trust fund
7. For L-S only, as a one-time contribution to the L-S OPEB fund, allocate the close-out balance from the former health claims trust fund (net of what is to be paid to employees/retirees for their share of the balance).
8. Begin setting aside funds for the OPEB costs of new hires as they begin working for the Town/SPS and L-S. A supplemental report was provided to both Town/SPS and L-S with this information.
9. Continue to have required actuarial valuations conducted.

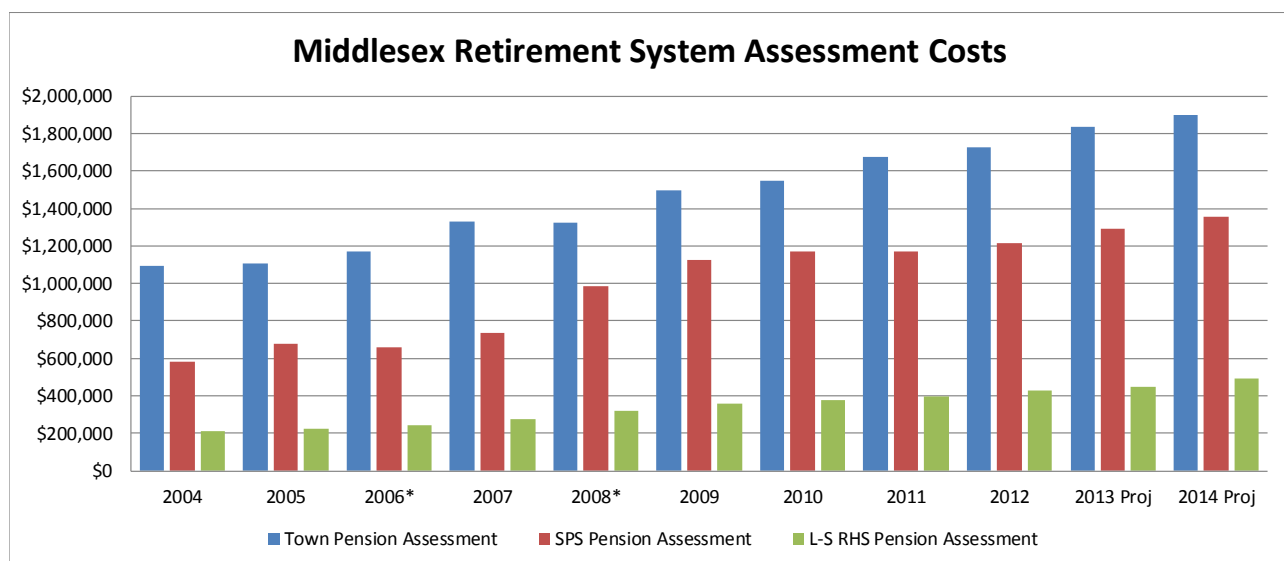
B. Options for Cost Management Responses

1. Consistently looking at outsourcing and regionalization where applicable.

2. Careful management of full-time versus part-time employees.

Budget Assessment: Unfunded liability and potential future escalation as a “pay as you go” system in **OPEB costs – Losing ground.**

Indicator 4: Pension Costs. The Town of Sudbury, the Sudbury Public Schools and L-S are all required to contribute to the Middlesex Retirement System (MRS) on behalf of all Town and school employees who work at least 20 hours per week except for teachers. [Teachers are covered by and contribute to the Massachusetts Teachers Retirement System (MTRS); therefore the State pays the employer portion of their current and future pension liability]. Pension assessment costs continue to increase. Pension assessment goes toward funding future pension benefits as active employees earn them. Like OPEB we do have unfunded pension liability, but we have been slowly working toward reducing this amount to zero by a new target date of 2040. The following table focuses on annual assessment payments into MRS only.



The MRS pension system is a **defined benefit plan**, with set contributions rates from employees depending on their date of hire: Before Jan 1, 1975: 5% of compensation; Jan 1975 - Dec 1983: 7%; Jan 1984 - June 30, 1996: 8%; after July 1, 1996: 9%. Additionally, all employees who earn over \$30,000 annually are required to pay a 2% surcharge on the amount over that threshold. Thus, some employees are paying 11% on earnings over \$30,000 toward their own pensions. Due to recent investment returns and prior unfunded liability issues, program sponsors have been asked to contribute in assessments more than what would otherwise be required pay for future benefits of future retirees subject to normal retirement age. Most employees hired after 1996 are in fact funding the majority of their own pension through their own contributions.

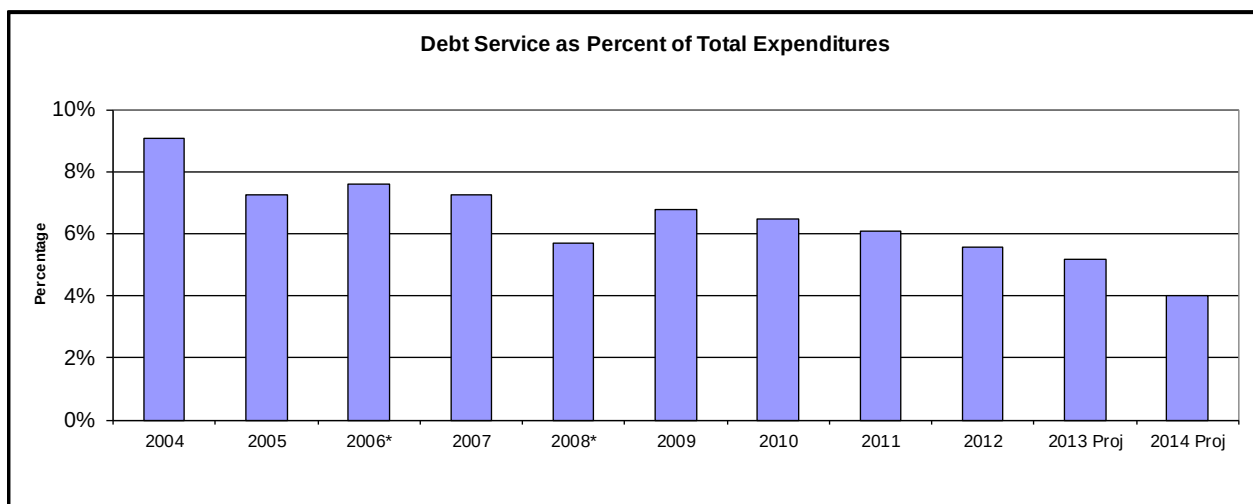
MRS Unfunded Pension Liability (UAAL)-Both the MRS and the MTRS have significant unfunded liabilities that are borne by all program sponsors. MRS sponsors (member towns and districts) are currently paying towards a completion date of 2040. Should circumstances change (e.g. amortization schedule, asset performance, etc.) we can expect significant increases in pension assessment costs for UAAL in the future. Sudbury’s share of the estimated unfunded actuarial accrued liability of MRS is approximately \$35 million and we contribute \$2.28 million annually or 83% of our current assessment towards this accrued liability. Since MRS assessments are

determined on a 2-year cycle, we may expect our next significant jump in pension system costs for the FY14-FY15 timeframe. However, the outlook for UAAL funding remains stable. The Funding Ratio for the systems total benefits earned to date (AAL) for MRS is holding steady at approximately 50%.

MTRS Unfunded Pension Liability (UAAL) – Since SPS and LSRHS retirees are mostly supported by the MTRS we must also be concerned with the State sponsored plan. While local school districts do not contribute or bear responsibility for their teachers’ retirement benefits, we have already seen how the State’s *current* budget problems have woefully affected Local Aid payments over the last few years. Cities and towns ultimately share in the unexpected or unfunded liabilities at the State level through reductions (in what is left) to spend towards Chapter 70 and other vital State aid programs. Therefore, any escalating pension costs for MTRS \$12.5 billion unfunded liability most certainly trickles down to us at the local level one way or another. How the System manages their UAAL from here on in will determine the severity (upward slope or curve to escalation for contributions) placed on plan sponsors going forward. However the State is making changes for pension benefits of future employees that will help to reduce growth from here. The Funding Ratio for AAL for MTRS as of January 1, 2010 was reported at 63% (down from 75% in the last actuarial study).

Budget Assessment: Unfunded liability and potential future escalation in **MRS Pension System Costs and MTRS vis-à-vis declining State Aid – Losing ground.**

Indicator 5: Debt Service Costs. The Town issues debt, pursuant to bond authorization votes of Town Meeting and voters’ approval to exclude all long-term debt from the limits of Proposition 2 1/2. Debt service costs for Town and SPS projects has declined significantly since FY07 when debt service for the new LSRHS building reached its highest point. The Town has also performed several ‘bond refundings’ since 2001 for a total net savings in interest payments of approximately \$1.95 million. The chart below shows how debt service has changed as a percent of total spending since 2004.

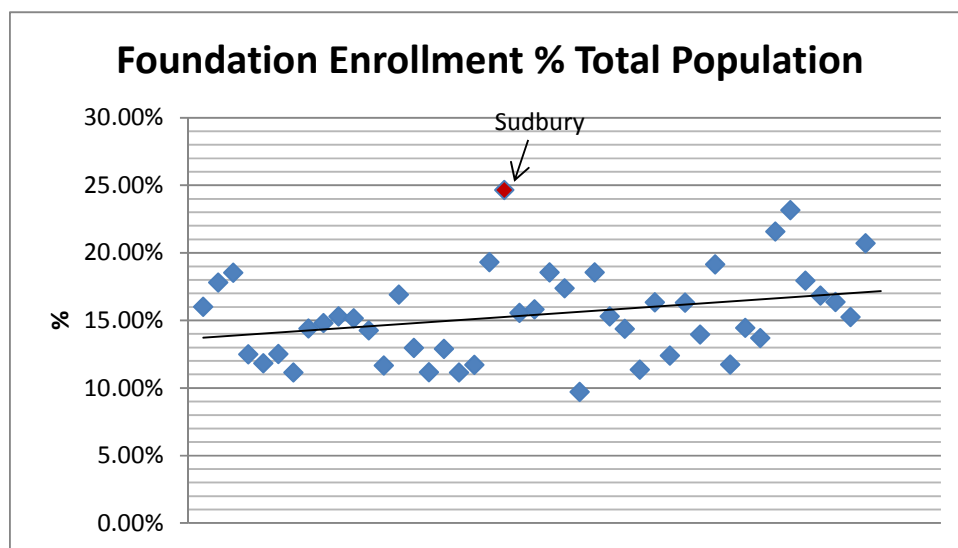


Debt service will continue to decline from here with a significant drop off in FY16 when debt expense will fall below \$2 million or approximately \$400 less on the average residential tax bill for debt in FY12 (unless or until future capital projects are accepted and bonded).

Budget Assessment: Outstanding liability and annual expenditures in **Debt Service – Gaining ground.**

Indicator 6: Impacts of Population Growth and School Age Children. Finally, we must acknowledge the impact of rapid service population growth on our budget in recent years. Such growth creates more demand for Town services, most acutely felt on our two school systems, public safety, library, recreation, and human services departments.

Since 2001, Sudbury's population has grown by 5.3%, households by 3.9% and school enrollments by 10.8%. Sudbury continues to have one of the highest school age populations in the State. The following chart is a scatter sampling of communities with between 12,000 and 24,000 citizens. Foundation enrollment (FE) is a Department of Education (DOE) metric used in the calculation for Chapter 70 State Aid. Sudbury is well above the mean % FE per capita.



The next table looks at total enrollment (school age children) % per population for comparable communities. If other communities on the list had the school age population density as Sudbury, they would be faced with educating between 302 to 8,817 more students than they educate now. With that, their total cost for education would be a much larger percentage of total operating expense.

School Age Children as a Percent of Overall Population

Municipality	2010 Census	DOE FY12 Enrollment	% School Age Children	Student Pop. Differential
Sudbury*	17,659	4,351	24.6%	-
Arlington	42,844	4,713	11.0%	5,842
Bedford	13,320	2,465	18.5%	817
Concord*	17,668	2,751	15.6%	1,601
Framingham	68,318	8,014	11.7%	8,817
Hopkinton	14,925	3,375	22.6%	302
Hudson	19,063	2,744	14.4%	1,952
Lexington	31,394	6,228	19.8%	1,506
Lincoln*	6,362	861	13.5%	706
Needham	28,886	5,184	17.9%	1,932
Wayland	12,994	2,641	20.3%	560
Wellesley	27,982	4,917	17.6%	1,977
Weston	11,261	2,342	20.8%	432
Winchester	21,374	4,096	19.2%	1,170

*Sudbury, Lincoln and Concord enrollments adjusted to include their portion of regional high school districts

Large increases in student population, as occurred in Sudbury (late 1990's-early 2,000's) require major changes to infrastructure. Teacher staffing, section management and course offerings may be adversely affected by changes in total or school specific population, as well as overall budget constraints. Since education is by far the largest segment of all operating expenditures any changes to this service population may have a dramatic effect on our ability to fund other areas of the budget.

In FY12, it cost SPS (K-8) and LSRHS, \$12,181 and \$16,572 per pupils for education, respectively. Combined student enrollment represented approximately 24% of the Town's total population for the same period. System-wide enrollment over the next few years is expected to stay below FY07 (when systems peaked).

Budget Assessment: Changes in service populations: **number of residents, households and school age children – Holding ground.**

Expense Indicator Summary and Conclusions

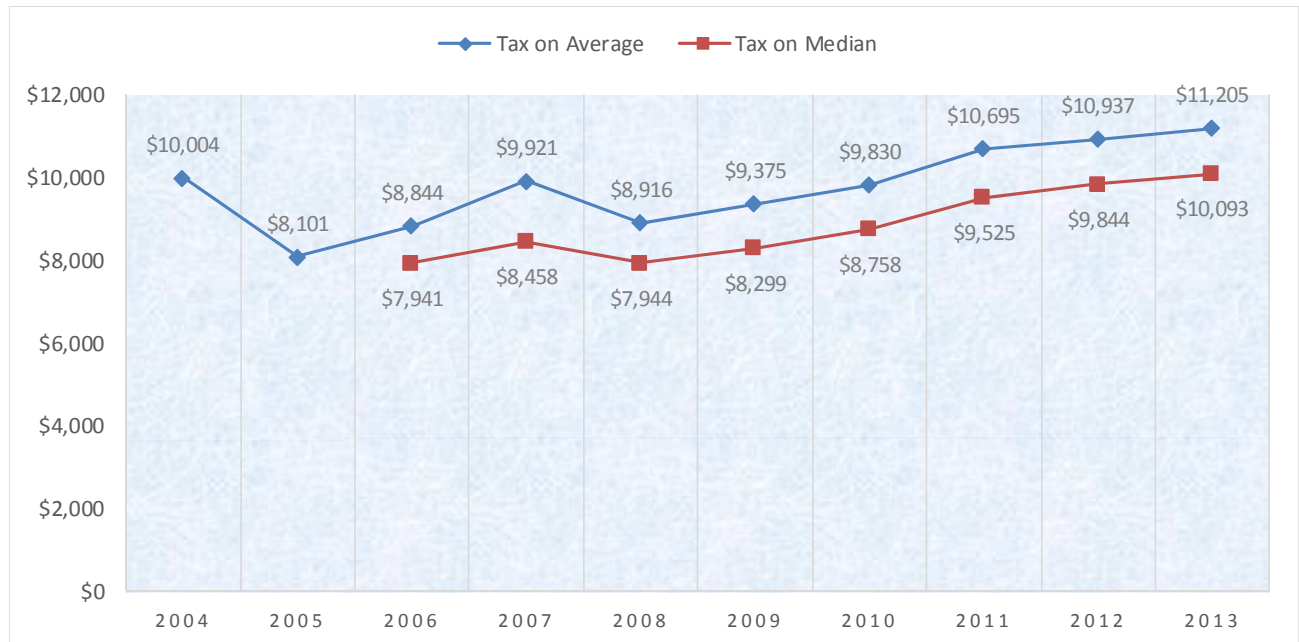
Expense Indicator Summary

Indicator	Budget Assessment
1 – Salaries and Wages	Holding Ground
2 – Health Insurance Costs	Gaining Ground
3 – OPEB	Losing Ground
4 – Pension Costs	Losing Ground
5 – Debt Service Costs	Gaining Ground
6 – Impact of Population Growth and School Age Children	Holding Ground

All Massachusetts communities continue to operate within an environment of increasing expenses and slower-paced or even shrinking revenues. The expenditure pressures Sudbury faces loom larger with every passing budget cycle. Wages, benefits and the costs of educating a large population of school-aged children, continue to produce our biggest challenges. The chart below

shows the recent history of Sudbury property tax bills on average and median value single family residential parcels.

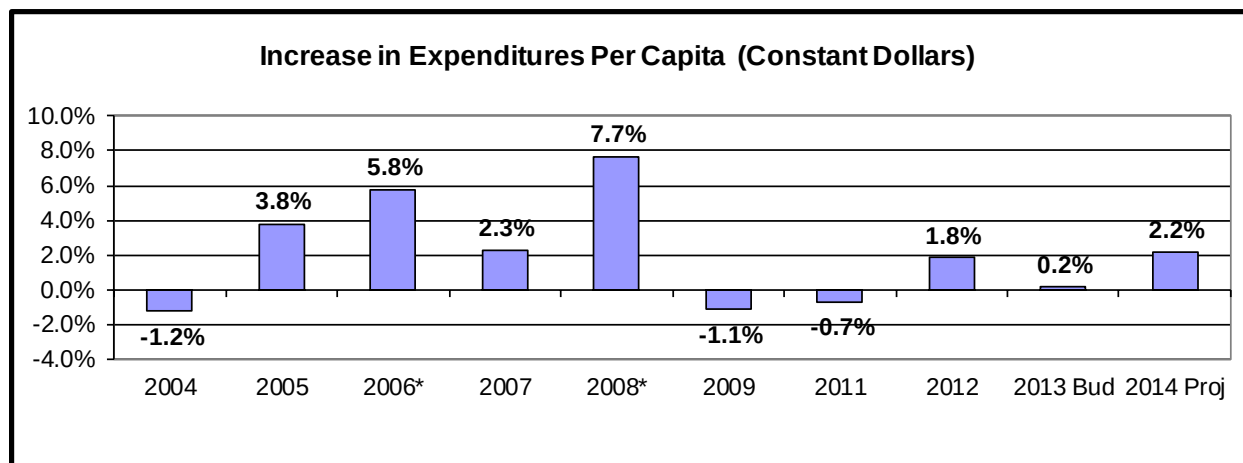
Property Tax Bills on Single Family Parcels



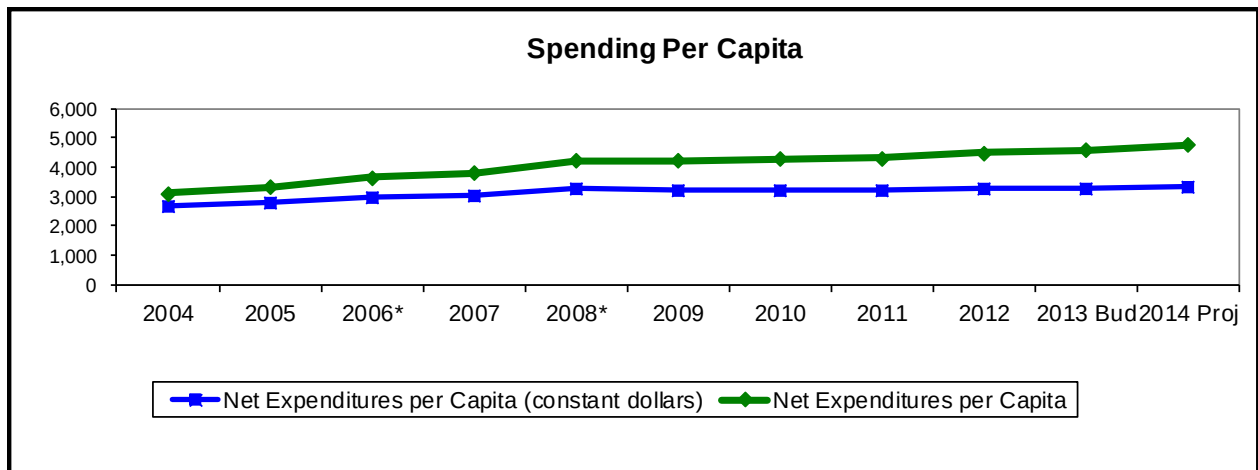
Note: Median Values not available for fiscal years before 2006

General Fund Cost Metrics

The following charts and tables provide additional macro views of General Fund activities over the last several years.



*Asterisks indicate years with tax overrides.



Cost Centers	Operating Expenditures				Per Capita			
	FY11	FY12	FY13 Bud	FY14 Proj	FY11	FY12	FY13 Bud	FY14 Proj
LS Assessment	\$ 17,577,379	\$ 18,079,955	\$ 18,694,852	\$ 19,791,903	\$968	\$999	\$1,021	\$1,081
SPS	\$ 34,291,049	\$ 35,077,842	\$ 36,593,725	\$ 37,581,756	\$1,888	\$1,938	\$1,998	\$2,052
Town	\$ 18,120,890	\$ 17,715,593	\$ 19,521,581	\$ 20,048,663	\$998	\$979	\$1,066	\$1,095
Total	\$ 69,989,318	\$ 70,873,390	\$ 74,810,158	\$ 77,422,322	\$3,854	\$3,915	\$4,084	\$4,227

*Operating expenditures exclude capital and debt service. Operating expenditure patterns may change differ as compared to budget due to timing of carry-forward expenses.

Primary Financial Use Projections

FY11-FY14 Budget Summaries

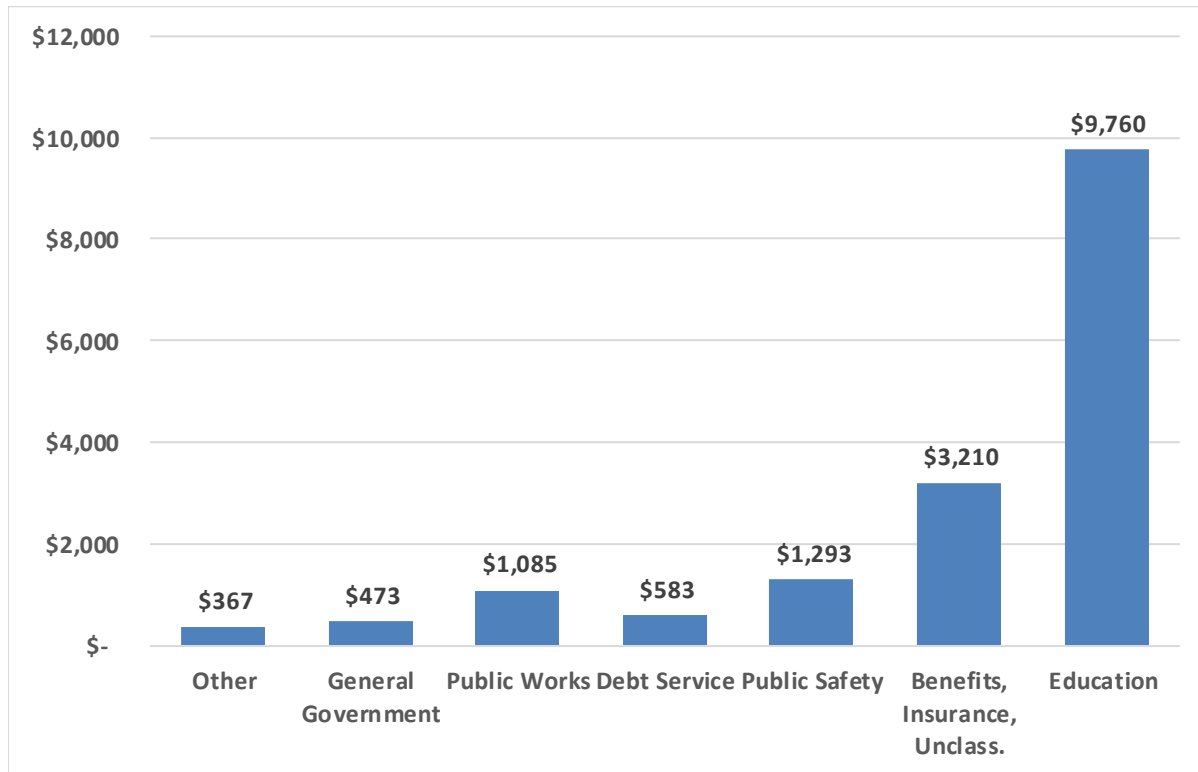
Below is a budget summary for all General Fund expenditures as appropriated for FY14 during Sudbury's Annual Town Meeting (May 2013). Please note that some of the information below and in the remaining sections of this document may differ from what is published in the Annual Town Meeting Warrants. Documentation issued after Annual Town Meetings and once the new fiscal year commences may also be updated periodically to reflect subsequent budget adjustments, transfers, updates and/or reclassifications in accordance with all Town, State and Federal regulations.

GENERAL FUND BUDGET

EXPENDITURES	FY11 Actual	FY12 Actual	FY13 Budget	FY14 Appropriated
LSRHS NET Operating Assessment	17,577,379	18,079,955	18,694,852	19,791,903
SPS Expenses	28,303,287	29,044,276	33,263,853	34,721,206
SPS Offsets	-	-	(2,775,371)	(2,801,108)
SPS Employee Benefits & Insurances	6,032,762	6,137,090	6,105,243	5,661,658
SPS Employee Benefits Reserve	-	-	-	-
SPS NET	34,336,049	35,181,366	36,593,725	37,581,756
Minuteman Regional Assessment	195,498	338,031	274,416	444,837
Total: Schools	52,108,926	53,599,352	55,562,993	57,818,496
General Government	2,244,846	2,209,807	2,475,679	2,549,815
Public Safety	5,845,322	6,088,922	6,581,384	6,948,250
Public Works	4,454,109	3,989,083	4,598,518	4,809,309
Human Services	507,899	502,637	570,289	598,570
Culture & Recreation	1,148,014	1,128,083	1,171,878	1,199,228
Unclassified & Transfer Accounts	118,700	114,542	366,136	397,699
Town Employee Benefits & Insurances	4,231,089	4,270,111	4,420,370	4,308,537
Town Employee Benefits Reserve	-	-	75,000	-
subtotal, town services	18,549,979	18,303,185	20,259,254	20,811,408
Town Operating Offsets	(429,089)	(587,592)	(737,673)	(762,745)
Total: Town Departments	18,120,890	17,715,593	19,521,581	20,048,663
Capital Expenditures	230,726	222,003	255,584	284,062
Capital Exclusions	-	-	-	700,000
Total: Capital Budget	230,726	222,003	255,584	984,062
Subtotal: Operating Budget	70,460,542	71,536,948	75,340,158	78,851,221
Town Debt Service	4,180,354	3,826,949	3,798,521	3,143,019
LSRHS (Debt Assessment)	2,237,147	2,193,072	2,139,028	1,946,994
Total: Debt Budget	6,417,501	6,020,021	5,937,549	5,090,013
Stabilization Fund	-	-	-	-
Prior Year Articles/Recoveries	-	300	38,891	-
Other Charges to be raised	662,842	739,994	824,249	868,105
Total: Other To Be Raised	662,842	740,294	863,140	868,105
Total: General Fund Expenditures	77,540,885	78,297,263	82,140,847	84,809,339

The total FY14 General Fund budget is increasing by \$2.67 million or 3.2% over the FY13 budget. All amounts were recommended by the Finance Committee, supported by the Board of Selectmen and duly authorized at Town Meeting.

FY14 General Fund Expenditures per Household



The above chart shows an estimated breakdown in per household costs for FY14 General Fund expenses.

The table below has been reproduced from Town Warrant materials; showing % of total operating expenditures (excluding debt service).

FY14 Operating Categories % to Total

OPERATING BUDGET*	FY13 Budget	FY14 Appropriated	FY14 % of Total
Lincoln-Sudbury RHS (Assessment)	18,694,852	19,791,903	25.1%
Sudbury Public Schools (K-8)	36,593,725	37,581,756	47.7%
Minuteman Vocational HS	274,416	444,837	0.6%
Town Government	19,521,581	20,048,663	25.4%
Capital & Capital Exclusions	255,584	984,062	1.2%
TOTAL	75,340,158	78,851,221	100.0%
*Operating cost centers only. Excludes debt service and Enterprise Funds.			

In addition to the General Fund budget, each Enterprise Fund is presented at Town Meeting for appropriation. The table below has been reproduced from Town Warrant materials; showing % to all General fund and Enterprise expenditures for FY14.

FY14 All Budget Category % to Total

ALL LINE ITEMS - ALL FUNDS*	FY13 Budget	FY14 Appropriated	FY14 % of Total
Lincoln-Sudbury RHS (Assessment)	\$ 18,694,852	\$ 19,791,903	23.0%
Sudbury Public Schools (K-8)	\$ 36,593,725	\$ 37,581,756	43.7%
Minuteman Vocational HS	\$ 274,416	\$ 444,837	0.5%
Town Government	\$ 19,521,581	\$ 20,048,663	23.3%
Capital & Capital Exclusions	\$ 255,584	\$ 984,062	1.1%
Debt Service - Town, SPS and LSRHS	\$ 5,937,549	\$ 5,090,013	5.9%
Transfer Station Enterprise Fund	\$ 317,790	\$ 447,924	0.5%
Atkinson Pool Enterprise Fund	\$ 526,450	\$ 539,808	0.6%
Field Maintenance Enterprise Fund	\$ 218,200	\$ 230,222	0.3%
Prior Year Articles/Recoveries	\$ 38,891	\$ -	0.0%
State and Local Charges	\$ 824,249	\$ 868,105	1.0%
TOTAL BUDGET*	\$ 83,203,287	\$ 86,027,293	100.0%

*Total budget includes all cost centers and all funds to be budgeted or expended except for revolving funds.

Cost Awareness and Avoidance

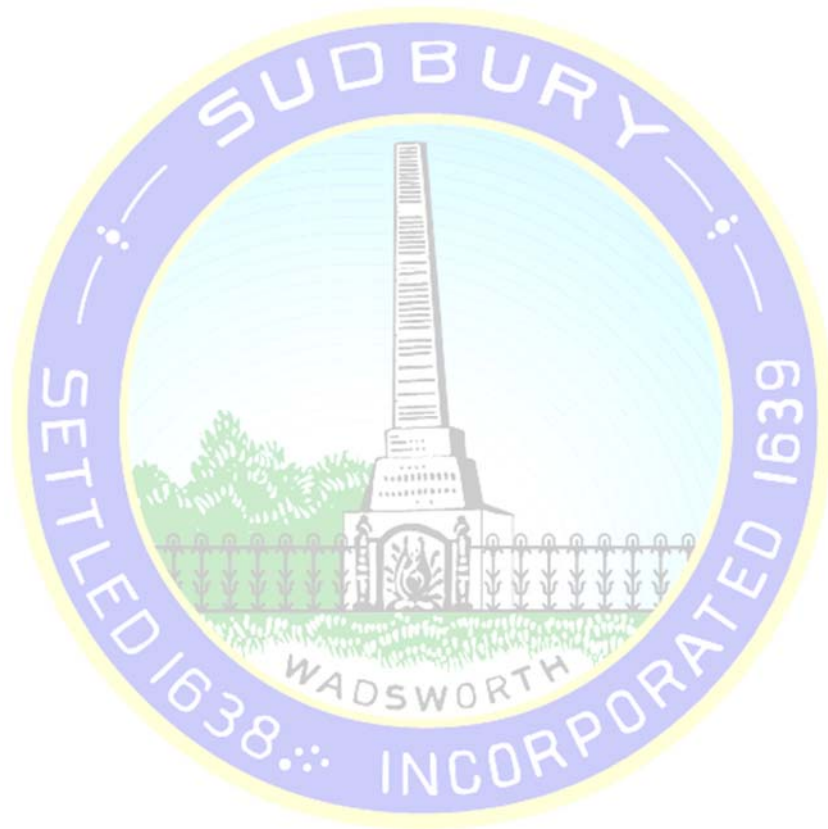
Town management initiated the C.A.R.E. program (Cost Avoidance and Revenue Enhancement) several years ago as a means of documenting the Town's efforts to shrink the gap between the revenue and expenditure pressures discussed in this section. Last year the Town Manager and SPS School Superintendent began the C.O.R.E. program, (Consolidation/Coordination, Outsourcing, Regionalization, Evaluation) as a means to closely study the structure and processes for many "back room" and administrative type activities and determine if through using one of these strategies we could improve the efficiency and reduce the cost of such tasks. Thus far there have been a number of successes, including the town taking over payroll for SPS, sharing of a Recreation Director with another town, among others. Finally, the Board of Selectmen created the citizens Budget Review Task Force and town and school staff have studied and implemented many of the suggestions that came out of this group.

The collaborative efforts underway will continue to serve the Town well as we search for the difficult answers to providing all of the services that taxpayers need, want, and have come to expect, for the least amount of cost possible; within the confines of the Massachusetts municipal revenue structure.

Section Four

Budget FY14 Issues and Transmittal

Current budget concerns and top-level impacts



FINANCE COMMITTEE ADVISORY OVERVIEW

The Sudbury Finance Committee remains focused on the following primary financial drivers of the budget. The following is excerpted from the Finance Committee remarks as well as FinCom's report issued in the official warrant for Town Meeting 2013.

Operating the Town and schools is a service business so people, and therefore employee compensation, is by far our largest cost. Wages account for 60% of the operating budget and benefits and insurance comprise another 19%, so that compensation totals 79% of the Sudbury operating budget. For FY14, all of the labor contracts for our three principal cost centers have been settled through 2015. From a longer term planning perspective, the conditions surrounding our collective revenue forecast are not expected to show much improvement given continued economic certainty.

Within the context of what is still a difficult economic environment, and like many other communities across the Commonwealth, achieving a balanced budget in Sudbury is not without its challenges. Over the past several years, the Town's fiscal situation has been severely constrained by increases in the cost of wages and benefits which have risen much faster than the rate of inflation. Moreover, with one of the highest levels of households with school age children in the State, we have a much higher demand for education services relative to other communities. On a comparative basis, Sudbury has amongst the highest per capita spending on education in the entire State. That said, our spending on schools and services as measured on a per student basis is in line with, or lower than, many of our peers. In fact, per pupil expenditures in the Sudbury Public Schools are well under the State average.

However, our cost structure is constrained by the fact that our revenue structure is heavily dependent on property taxes with only 7% of Sudbury's total revenues coming from commercial property taxes and 70% coming from residential taxes. As a result, residents bear the brunt of any tax increases.

In the short-term, it is unlikely that our non-residential tax revenues will see any meaningful increases given the current economic climate and the potential continued decreases in state aid and stagnation of local receipts. For the past three years, these non-residential tax revenues have decreased substantially. As a result, the Finance Committee believes the Town will increasingly be confronted with three alternatives:

- Additional overrides needed to fund our ongoing level of services given current organizations and cost structures;
- Reductions to staff, and therefore services, within our current organizations and cost structures in order to fit within the constraints of Proposition 2 ½ and avoid overrides; or
- Changes to our current organizations and cost structures that enable our Town to deliver substantially (but perhaps not completely) the same level of services at a lower overall cost.

The Finance Committee believes that achieving the latter of these three alternatives is imperative if we are to avoid or limit either of the former alternatives. To that end, we encourage the Selectmen and the School Committees to continue their efforts to reduce our structural costs. Several initiatives have already been implemented - including reductions in the rate of growth of employee health insurance, enhanced cooperation among school administrations, and sharing of staff with neighboring communities to reduce overall costs. In addition to these cost initiatives, we support

the Selectmen's on-going efforts to sustain and grow our commercial sector. Over the long-term, diversifying our tax base and securing revenue opportunities beyond the traditional residential property tax is critical.

FINANCE COMMITTEE REPORT

The Finance Committee is responsible for reviewing budgets for the town and schools and making recommendations to the Board of Selectmen and to the taxpayers at Town Meeting. In this role, we have no authority to make spending decisions as that is the responsibility of our various elected bodies. Rather, our role is to examine those budgets on your behalf and make independent and informed recommendations regarding the budget and other financial issues. We do so by gathering data and asking numerous questions prior to forming a recommendation.

This diligence process happens throughout the year as we meet with the Sudbury Town Departments (the "Town"), the Sudbury Public School K-8 School System ("SPS"), and the Lincoln-Sudbury Regional High School ("LSRHS" or the "High School") and other entities in regularly scheduled Finance Committee meetings as well as in smaller liaison meetings between one or two FinCom members and the management teams for each cost center.

This report is the culmination of a six month budget process. In November 2012, the FinCom issued budget guidelines to the leaders of the three principal Sudbury cost centers - the Town, SPS and the High School. In preparation for the budget hearing process in February 2013, we asked each cost center to prepare two budget scenarios for FY14:

- a No Override Budget that allows for annual growth up to 2.7% for each cost center and was based upon expectations regarding State aid and local receipts; and
- a Level Services (or roll-up) budget that assumes each cost center maintains the same service levels in FY14 as funded through their FY13 budgets

While we recognized that each cost center has certain unique characteristics, FinCom believed it important that a level of consistency exist in all budget submissions. As a result, we asked each cost center to make the following assumptions when constructing their FY14 budget submissions:

- for SPS (and any other cost center that had completed contract negotiations), salary and other cash compensation was relatively straightforward as it was based on their new contract(s);
- for cost centers that had yet to enter into a new contract, we asked them to assume the following:
 - no cost of living increase (i.e. COLAs) when forecasting compensation costs for FY14;
 - normal salary steps given their current employee demographic and expiring contracts;
- best estimates of expected health and benefit costs increases; and
- best estimates of utilities and, where applicable, transportation and special education cost increases or decreases.

At the time the Warrant was prepared, several additional contract negotiations have been completed including, but not limited to, the LSRHS teachers. Fortunately, these contracts fit within

the guidelines issued by FinCom last November and do not require tax overrides to accommodate current staff levels for FY14.

Recommended Budget

For FY14, we are recommending only a No Override Budget of approximately \$82.7 million. The No Override Budget represents a tax increase of approximately 3.15% (\$353) on the average assessed home value of \$622,862 and a total increase in taxes of approximately \$2.2 million, including new growth and commercial property taxes, as compared to the FY13 budget.

	FY13 Appropriated	FY14 Budget	Increase/ (Decrease)	%
Tax Levy	\$ 71,026,410	\$ 73,265,001	\$ 2,238,591	3.15%
SBAB School Debt Reimbursement	1,681,224	1,681,224	0	0.00%
State Aid ^(a)	5,616,657	5,752,053	135,396	2.41%
Local Receipts	3,657,000	3,859,034	202,034	5.52%
TOTAL REVENUE	\$ 81,981,291	\$ 84,557,312	\$ 2,576,021	3.14%

(a) Reflects State Aid for Sudbury only; LSRHS State Aid included in “Offsets/Re-apportionments”.

The No Override Budget is in compliance with Proposition 2½ (“Prop 2 ½”), which was approved by Massachusetts voters in 1980 and first implemented in fiscal year 1982 (M.G.L. Ch. 59, sec. 21c). It limits the amount of revenue a city or town may raise, or levy, from local property taxes each year to fund municipal operations without the approval of taxpayers at the ballot box. Prop 2 ½ is not meant to be a “fiscally responsible spending benchmark”. Exceeding this level should not necessarily be construed with negative implications towards a town’s or a schools’ financial management. It is meant to reflect a “check and balance” point at the local level: town officials cannot raise taxes more than allowed under Prop 2 ½ without an affirmative vote of the taxpayers. To spend more money, town officials have to “make their case” to the taxpayers who can apply their own test of reasonableness by their votes at Town Meeting and the polls.

The FY14 No Override Budget represents a 2.7% increase in the operating budget for each cost center compared to the FY13 budget. The difference in growth between the property tax increase of 3.15% and the allowable growth in the operating budgets of each cost center is due to increased assessments from Minuteman Vocational Technical School District (“Minuteman”) and LSRHS as compared to FY13. For Minuteman, the increase in the assessment to Sudbury was due to changes in the enrollment mix of Sudbury students, increasing from 11 students to 16 students from FY13 to FY14, respectively. In the case of the High School, while the percentage of students did shift slightly towards Sudbury from FY13 to FY14, the principal reason for the increase in the assessment was a significant decline in Lincoln’s required statutory minimum contribution as calculated by the DOR. The determination of the overall assessment to each town has two major components in the calculation. The first component is a statutory minimum contribution as calculated by the DOR, which measures relative changes of member towns and incorporates those relative changes into a formula to calculate each member town’s contribution. The second component is based on average student enrollment and is governed by the specific regional agreement between the member towns. As shown in the table set forth below, Lincoln’s statutory minimum contribution declined by nearly 18% from FY13 to FY14 as compared to a more modest

2% decline for Sudbury. This resulted in a swing of approximately 160 basis points in the funding model from Lincoln to Sudbury.

\$ in Thousands	FY13			FY14			Growth: FY13 vs. FY14		
	Lincoln	Sudbury	Total	Lincoln	Sudbury	Total	Lincoln	Sudbury	Total
Student Ratio Calculation	14.93%	85.07%	100.00%	14.33%	85.67%	100.00%			
LSRHS Operating Budget within Levy			\$25,707			\$26,642			3.64%
LSRHS Offsets ^(a)			<u>(3,533)</u>			<u>(3,906)</u>			10.56%
Sub-Total After Offsets			<u>\$22,173</u>			<u>\$22,735</u>			2.53%
Statutory Minimum Contribution ^(b)	\$2,336	\$12,187	\$14,523	\$ 1,925	\$11,952	\$13,878	-17.59%	-1.92%	-4.44%
Budget in Excess of Minimum ^(c)	<u>1,142</u>	<u>6,508</u>	<u>7,651</u>	<u>1,269</u>	<u>7,588</u>	<u>8,858</u>	<u>11.13%</u>	<u>16.60%</u>	<u>15.78%</u>
Operating Budget Assessment	\$3,479	\$18,695	\$22,173	\$ 3,195	\$19,541	\$22,735	-8.16%	4.52%	2.53%
Share of Total Operating Budget	15.7%	84.3%	100.0%	14.1%	85.9%	100.0%			

(a) Offsets include, but are not limited to, State Aid, receipt of fees, E&D usage and regional transportation reimbursement.

(b) The minimum contribution required from each town is calculated by the DOR (called the Statutory Method).

(c) Assessment of the Budget in Excess of Minimum is calculated as per the regional school agreement based on number of students from each respective town.

In round numbers, Sudbury funded roughly 84% of the LS operating budget in FY13 and now will fund roughly 86% of the LS budget in FY14, with the net result that the LSRHS operating budget assessment to Sudbury has increased by 4.52%. This increase should not be confused with the High School's overall budget, which in the context of an FY14 No Override Budget, has the same allowable growth of 2.7% as the other cost centers. In addition to this allowable growth rate, the High School is contributing an additional \$240,954 from their excess & deficiency ("E&D") fund, an account similar to free cash for the Town, to supplement their FY14 budget. These additional funds for FY14 will increase their year-over-year growth rate to 3.64%. The additional funding was needed to hire additional teachers to accommodate the increase in students forecasted for next year, thereby maintaining class sizes comparable to FY13 levels. While generally we do not recommend using free cash to support operating budgets, the Finance Committee supports the decision of the LSRHS School Committee to use E&D funds to supplement the FY14 budget to help maintain service levels and class sizes.

Sources of revenue and changes from FY13 are set forth below.

- Under Proposition 2 ½, the tax increase is limited to 2 ½% of the overall tax levy; for FY14, this increase is approximately \$2.2 million.
- New growth, the tax on new and upgraded properties, is estimated to generate \$520,000 of new revenue in addition to the allowed increase in the levy (bringing the total levy increase to approximately \$2.3 million or 3.15%), an increase from the estimated \$400,000 assumed in the FY13 budget; this number assumes a continued recovery in new home construction and renovation activity from the recent economic downturn.
- The debt exclusion portion of the tax levy (for payment of principal and interest costs) is decreasing by approximately \$844,000, or 20%, from FY13 due to maturing debt on prior borrowings and refinancing of existing debt.

- State aid revenue is estimated to increase by approximately 6% from FY13 levels, resulting in an increase of approximately \$499,000 (comprised of an increase in State Aid to Sudbury and LSRHS of approximately \$135,000 and \$364,000, respectively). This projection is based on the Governor's proposed budget and represents our best estimate at the time of publication of the warrant. To date, discussions regarding state aid from the state legislature are still evolving. Should new information be provided we will update our assumption for state aid heading into Town Meeting as we've done in previous years.
- Local receipts, primarily motor vehicle excise taxes and fees charged for certain town services, are currently estimated at \$3.9 million, an increase of 5.5% from the FY13 budget level of approximately \$3.7 million. While still well below pre-recession levels, local receipts have grown modestly over the past few years.
- The annual school debt reimbursement represents aid from the State and is the same as FY13 as this amount will not change for the remainder of the payments scheduled through FY21 (unless the outstanding debt is refinanced); this aid must be used to reduce the amount of school debt issued and is excluded from the normal Proposition 2 ½ tax levy limit.

Ongoing Savings from Healthcare Changes

The significant rate of growth in health insurance costs for current and retired employees over the past decade has placed significant pressure on municipal operating budgets. Historically, making changes to these plans has been constrained by the requirements of collective bargaining. Fortunately, changes negotiated in our labor contracts four years ago helped to decrease that rate of growth in healthcare from prior levels. This resulted in significant savings from prior budget levels for the Town and SPS as well as for the High School.

Two years ago, the Legislature provided municipalities with an important tool to continue to reign in the significant growth of healthcare costs and provide significant and immediate savings to local governments. On July 12, 2011, Governor Duval Patrick signed An Act Relative to Municipal Health Insurance which amends Massachusetts General Laws Chapter 32B. This legislation provided a mechanism for municipalities to move to the Group Insurance Commission (the "GIC") outside the collective bargaining process. Prior to this recent change in legislation, entry into the GIC was subject to approval by all labor unions.

The Board of Selectmen voted to accept the provisions of sections 21-23 of Chapter 32B of the General Laws in November 2011. After following the prescribed process, the outcome for the Town and SPS was a decision to join the GIC. On July 1, 2012, all active employees and retirees for the Town and SPS migrated to the Commonwealth's GIC health benefits system. Collectively, the move to the GIC generated savings of more than \$2 million in FY13. Similarly, as we head into FY14, the GIC announced on March 6th that health insurance premium rate increases would be held to an average increase of 3.5% across its offering of health plans, below both the state and national averages.

Similarly, the LSRHS School Committee embarked on a process in FY12 to determine what changes to make to their health insurance coverage. The outcome of this process was for the School Committee to drive savings by making GIC-like changes to the local plans offered by their current purchasing coalition, Minuteman Nashoba Health Group ("MNHG"). By making these changes year-over-year savings for FY13 were approximately \$339,000, or a reduction of approximately 11%, as

compared to FY12 budget levels. Heading into FY14, MNHG announced on January 31st that health insurance premium rates would actually be held flat vs. FY13. In addition, the High School made other changes in cooperation with the LSRHS teachers by decreasing the contribution rate on the high cost indemnity plans and implementing an opt-out incentive to drive further savings. Collectively, these changes along with the MNHG announcement have resulted in savings of approximately \$255,000 in their FY14 budget as compared to previous assumptions.

The Finance Committee commends the actions taken by the Town, SPS and the High School to implement these healthcare changes over the past several years. These savings have been a critical piece of lessening any potential adverse impacts that might result from the constraints of operating within a No Override budget.

OPEB Liabilities

The Commonwealth's Department of Revenue defines OPEB as post-employment benefits other than pensions which generally take the form of health insurance and dental, vision, prescription, or other healthcare benefits provided to eligible retirees, including in some cases their beneficiaries. They may also include some type of life insurance. For decades, state and local governments have promised defined benefit pensions together with retiree healthcare benefits as part of the compensation package provided to government employees. While funds were often set aside to cover the cost of the pension payments when they came due, generally no funds were set aside to cover the cost of the promised healthcare premiums. As a result, most towns today (including Sudbury) have an operating budget that includes salaries and healthcare benefits for active employees, plus healthcare benefits for retired employees who are no longer actively employed. Operating budgets are paying for the cost of operating government today plus part of the cost of operating government in the past - that unfunded liability to pay for healthcare in retirement. It has only been in the last five years that the Government Accounting Standards Board ("GASB"), which governs municipal accounting, required municipalities to calculate the amount of this liability and include it in the footnotes to their financial statements.

The Town and SPS ("Town/SPS") and LSRHS obtained actuarial valuation reports from KMS Actuaries (copies of which are available on the Town's website) to determine the estimated value of their respective OPEB liabilities. These reports also determined the Town/SPS's and LSRHS' annual required contribution ("ARC") for OPEB purposes. The ARC represents a level of funding that, if paid on an ongoing basis, is projected (i) to cover the normal cost per year (the cost that year of the promises of retiree healthcare benefits made to active employees) and (ii) amortize the actuarial accrued liability (the unfunded cost of the promises of retiree healthcare benefits made in prior years to employees now retired) over a period of thirty years. As of the last actuarial report as of July 1, 2011, the ARC for the Town/SPS and LSRHS was \$3,663,686 and \$4,457,705, respectively.

The estimated OPEB liability for the Town/SPS employees is \$34.3 million, or roughly \$37,400 per active employee and \$64,400 per retired employee (the amount of the obligation attributable to active employees divided by the number of active employees and the amount of the obligation attributable to retiree employees divided by the number of retired employees). Due to the move to the GIC, the OPEB liability actually decreased by nearly \$16 million as compared to the prior actuarial assumptions. The estimated OPEB liability for LSRHS is \$46.1 million, or roughly \$181,700 per active employee and \$161,400 per retired employee. These amounts assume that the Town/SPS and LS continue the current practice with regard to retiree healthcare liabilities of "Pay-As-You-Go" (i.e. - pay the bills for retirees' health costs as they are presented without setting aside funds for future costs). In addition to the specific plans available to each cost center's

employees, differences in per employee liabilities for a cost center are also impacted by employee contribution levels towards their insurance costs.

The Town/SPS and LSRHS are in the very early stages of looking at funding mechanisms to address this potential future burden. While the Commonwealth has not mandated that communities with OPEB trusts make their ARC each year, the Finance Committee believes it is prudent to determine a mechanism to begin to fund the OPEB trust on a sustainable basis.

Conclusions

Within the context of what is still an uncertain economic environment, and like many other communities across the Commonwealth, achieving a balanced budget in Sudbury is not without its challenges. Over the past several years, the Town's fiscal situation has been constrained by increases in the cost of wages and benefits which have risen faster than the rate of inflation. Moreover, with one of the highest levels of households with school age children in the State, we have a much higher demand for education services relative to other communities. On a comparative basis, Sudbury has amongst the highest per capita spending on education in the entire State. That said, our spending on schools and services as measured on a per student basis is in line with, or lower than, many of our peers. In fact, per pupil expenditures in the Sudbury Public Schools are well under the State average.

However, our cost structure is constrained by the fact that our revenue structure is heavily dependent on property taxes with only 7% of Sudbury's total revenues coming from commercial property taxes and 70% coming from residential taxes. As a result, residents bear the brunt of any tax increases.

Fortunately, changes negotiated in our labor contracts four years ago helped to decrease that rate of growth of growth in wages and benefits, particularly healthcare, significantly. These changes helped to lessen the collective impact of lower State Aid and non-property tax related revenues during the economic downturn. To be clear, layoffs and the elimination of services were still required in many areas to collectively allow us to balance our budget during the downturn. However, on a relative basis, Sudbury still fared better than many other communities in the Commonwealth during this time. More recently, the move to the GIC by the Town and SPS as well as healthcare changes made at the High School have yielded significant cost savings.

We encourage the Selectmen and School Committees to continue their efforts to reduce our structural costs. They have already begun the process of implementing several initiatives including reductions in the rate of growth in wages, reductions in the cost of employee health insurance, enhancing cooperation among school administrations, achieving clean energy benefits through the Green Ribbon Energy and Sustainability Committee, and sharing staff with neighboring communities. Moreover, we continue to support the Selectmen's on-going efforts to sustain and grow our commercial sector so that we might diversify our tax base and secure revenue opportunities beyond the traditional residential property tax, which we believe is critical.

We strongly urge you to be informed on the budgets being presented for your consideration. You have several avenues to increase your understanding of how each budget will affect the level of services, schooling and quality of life in Sudbury. Please review the Finance Committee Report section of the Town Warrant; attend budget forums; watch the Finance Committee budget hearings, which will be rebroadcast on Channels 8 (Comcast) and 31 (Verizon) during March and April; and review the vast array of budget materials available on the town and school websites. Also, do not hesitate to ask questions of your elected officials and committee members.

Whether or not you agree with our findings and recommendations, please make sure that when you cast your vote, it is an informed one.

Lastly, the Finance Committee would like to recognize and extend thanks to the employees of the Town, SPS and LSRHS, and the various committees for their support and contributions during the preparation of the FY14 budget.

Respectfully yours,
Sudbury Finance Committee



Town of Sudbury

Town Manager's Office

278 Old Sudbury Road
Sudbury, MA 01776
978-639-3381
Maureen Valente, Town Manager

THE TOWN MANAGER'S BUDGET TRANSMITTAL

The Honorable Board of Selectmen and Finance Committee

I hereby submit to you the consolidated As Appropriated budget and financing plan for Fiscal Year 2014 (July 1, 2013 – June 30, 2014). This budget document contains the amounts appropriated for the municipal government, the schools, and the enterprises as they materially appear in the articles of the 2013 Annual town Meeting warrant, with final amounts as approved at Town Meeting. This budget document also contains background information regarding revenue and expenditures trends, organizational goals, and other financial data, by way of explanation and in support of the FY14 budget decisions.

The consolidated budget approved at Town Meeting represents the funding plan to achieve many of the priorities and goals set by the Board of Selectmen in previous fiscal years and still being worked on by staff of the Town. The overall priorities continue to guide budget decisions:

1. **Live within available revenue.** The Town continues to take steps to restrain the growth in the cost of our municipal and school services. For example:
 - a. Adopted the new state legislation on employee health care and enrolled the employees and retirees of the Town/SPS in the state sponsored Group Insurance Commission health plans. The Board of Selectmen long advocated for changes in state law to either allow towns to make changes to their health care plan offerings, just as the state can do for their employees through the Group Insurance Commission (GIC) or allow municipalities to join the GIC without all the onerous requirements that would cause towns such as Sudbury to incur more costs and obligations by joining. The state finally enacted the desired reform legislation in 2011, and the Board of Selectmen voted to begin the process for enrolling Town and

SPS employees in the GIC. Overall, the Town's health insurance costs for our employees and retirees decreased by a net amount of \$1.2 million as a result of this change – funds that allowed preservation of other services and positions for the Town and SPS.

- b. Began building on the opportunity achieved by creating a Combined Facilities Department and hiring a Director for this position. Jim Kelly, Sudbury's Building Inspector, was appointed to this position and reports to the SPS Superintendent and me. With this coordinated approach to our facilities management, we have become more effective in protecting our buildings and spending our limited maintenance funds as effectively as possible.
- c. Continuing shared services with other towns. We continue our successful sharing of staff with the Town of Wayland, for Recreational services, began a new initiative with the City of Marlborough by creating a new Veteran's Services District, and recently began using a regional service for preparing for the triennial property revaluation as required by the state Department of Revenue. We continue to host a regional housing services office.
- d. Operate at lower staffing levels. When vacancies have occurred in town departments, we have not filled them right away, asking existing staff to handle more work for a period, in order to be sure that we can reduce spending in the event state aid was cut in the mid-year. And we have fully investigated whether through regionalizing or contracting we can provide some services in a manner that keeps staffing levels from growing.
- e. Make the Town's buildings as energy efficient as possible. The Town's Energy & Sustainability Green Ribbon Committee continues to pursue a number of grants and projects related to energy generation and/or savings. Sudbury has been designated a Green Community by the state, one of the first in the Commonwealth. Since then, working with staff and officials from the Town and Sudbury Public Schools and the Permanent Building Committee, a number of major projects have been initiated, including: Stretch Energy Code implemented in Building Inspector's office; funds were secured to help purchase a hybrid vehicle for the Police Department; a solar photovoltaic array was installed on the Atkinson Pool/Fairbank Community Center; and hot water heating panels were installed on Atkinson Pool/Fairbank Community Center. The Sudbury Public School Committee and the Permanent Building Committee worked with the Energy Committee to obtain a grant to help finance the installation of a new roof with rooftop solar panels, double pane, low E windows and a new boiler plant at Noyes Elementary School, saving nearly \$731,000 through a state grant. And currently the SPS committee has submitted a grant request to obtain a second energy related grant to help offset the costs of installing a new energy efficient roof on the Nixon Elementary School. Two other major projects are currently in progress. Recently the Board of Selectmen approved installing a large scale (approximately 2 megawatt) solar field on the Town's closed landfill on Boston Post Road to generate energy savings for Town use. Working with MAPC (the Metropolitan Area Planning Council) a study was conducted that verified that such a solar field is feasible, and discussions continue with the Department of Environmental Protection (DEP) to finalize the issuance of a post closure permit allowing such a solar field to be installed. Second, the Green Committee is evaluating if a performance contract (energy services agreement) would be in the Town's best interest. Working with an MAPC qualified vendor, the committee and

Town and SPS staff are looking at conducting an energy audit of town and SPS facilities to determine if there are improvements that reduce the energy costs of operating Town and school buildings.

2. **Maintain highest priority services.** Some of the year's key initiatives to preserve and enhance these services includes:
 - a. Created a new combined public safety dispatch/communications center. New state regulations require that Sudbury public safety dispatchers be prepared and able to provide emergency medical information to callers experiencing a medical emergency. Such information would include how to conduct CPR, clear airways, and other pre-arrival directions. Careful review by Sudbury public safety officials led to a recommendation that Sudbury merge the two currently separate dispatch offices, one in the Police Department and one in the Fire Department, into one dispatch center and locate it in the Police Station, in order to best meet this emergency medical dispatch (EMD) requirement. A budget proposal was presented at the 2012 Annual Town Meeting to supplement the current funding so Sudbury, like most of the towns in the Metrowest area, could move to a Combined Dispatch Center with two civilian dispatchers on most shifts. This ends the former "ring down" system, where Sudbury's dispatch services were provided in two different buildings which had to rely on transfer of emergency calls to be sure all police and fire/ems services were properly dispatched. With this change, the Town is in compliance with state regulations and is now able to provide pre-arrival emergency medical information to those who call our 911 emergency communications number.
 - b. Hired only paramedics to fill vacant firefighter positions. Since 2010, the Town has hired only certified paramedics to train as firefighters and by the end of FY13, 10 of the 32 Sudbury firefighters will have these enhanced emergency medical skills. Beginning in the late fall of 2013, the Town will begin offering our own fire department based Advanced Life Support Services rather than using private ambulance companies as the primary source of paramedic level emergency medical response.
3. **Address our unfunded OPEB liability costs.** OPEB (Other Postemployment Benefits) costs are currently funded through annual appropriations within Sudbury's budget, known as a "pay-as-you-go basis". Yet due to rising life expectancies, increasing health care costs and the accompanying rising OPEB liabilities, the pay-as-you-go funding system is unsustainable. The pension reform bill signed by Governor Patrick November 2011 established a Retiree Health Care Commission to consider the range of benefits that are or should be provided as well as the current and anticipated future cost of providing them; hopefully assist with our abilities to set aside funds. Sudbury has taken a number of steps to address this issue already: we provide a 50% contribution toward the health insurance costs for our retirees (the lowest match allowed by state law); established a trust fund with residual from the retiree healthcare appropriations of \$126,000 from FY12, adopted Section 18 so that our retirees must join Medicare when eligible, and transferred our employees and retirees to the GIC for health insurance. Staff produced a very comprehensive Strategic Financial Planning Report packed with information on the OPEB challenge facing the Town and encouraging the Board of Selectmen to establish a special committee to work on developing a strategy for the Town and L-S to follow to address these liability costs. And if the state enacts new legislative proposals to help Towns address these costs, we can begin to incorporate those new laws into our planning.

4. **Address unfunded mandates from the Federal EPA/State DEP for Stormwater Permit.** Towns and cities across Massachusetts are waiting for the final permit regulations to be issued. The draft version of the permit has been deemed by local officials to be very burdensome and some have estimated the inflexible regulations could cost a total of \$21 billion across the state and could bankrupt cities and towns. In the first year alone, Sudbury would be required to develop a 5 year management plan, develop a program for ongoing illicit discharge testing, develop written operation and maintenance procedures for all town-owned land facilities, and many more requirements that we do not perform now and will be costly to develop and implement. For FY14, \$50,000 was appropriated within the Engineering Department to hire a consultant to develop the Stormwater management plan (and this may not be sufficient), but until the permit is finalized, it is difficult to plan at this stage.

There are a number of issues that the Board of Selectmen have voted to work on in FY14, and each will affect future budgets.

1. **Route 20 Wastewater Project** The committees created by the Board of Selectmen are nearing recommendations for going forward with this project. Two alternatives have emerged as preferred alternatives.
2. **Acting on the Strategic Financial Planning Report.** The Selectmen, Finance Committee, Sudbury Public School Committee, Lincoln-Sudbury Regional School Committee and Capital Improvement Advisory Committee have all committed to putting in time and resources toward developing long term strategies for addressing the capital financing and OPEB challenges
3. **Closing out the Health Claims Trust Fund.** Now that the Town and SPS employees and retirees are members of the GIC, as of June 30, 2014 the Town can dissolve the balances in the HCTF, except for a small amount that will be retained for any final run out claims incurred before July 1, 2012. Employees and retirees are due a share back of the funds as they contributed to balances. The Board of Selectmen will be working on developing options for future use of the employer share of the balance remaining.
4. **Determining best options for several recreation projects. There are three major recreational projects that will likely be addressed in FY14:** the Selectmen are looking at what kind of rail trail they might want to develop on the state owned abandoned rail line known as the Bruce Freeman Rail Trail. The Davis field could be expanded and see greater use and staff are working with the Recreation Commission on that project. And playing fields at L-S will be evaluated as the Town has expanded the existing inter-municipal Agreement with L-S school committee to include a newly created softball field on the high school property.
5. **Keep making progress relative to three older Town Buildings.** The Police Station project, the Town Hall project and the Fairbank Community Center project all are in a feasibility of design stage and the Board of Selectmen have committed to keeping these projects moving along. They have not yet determined if more funds will be asked for at the 2014 Town Meeting for the projects but meanwhile staff and committees are working on all three projects.

As can be seen, all of these projects are multi-dimensional and will involve major financial decisions. They need to be prioritized and scheduled and an overall strategic, multi-year plan developed. On the positive side, our AAA Credit Rating was reaffirmed twice during the past year. Standard & Poor's corporation reaffirmed the Town's AAA highest credit rating when the Town

refinanced an existing CPA bond issue for a net total savings of \$585,346. The Town also earned the AAA credit rating when we sold bonds in August 2013, to finance the purchase of a conservation restriction of Pantry Brook Farm, the Nixon Elementary School roof repair project and a refinancing of a CPA bond issue from 2005. Since 2001, the Town of Sudbury has refinanced six bond issues for a net total savings of \$1.9 million.

Below is a summary of the FY14 appropriated budget compared to the FY13 appropriated budget. The FY14 budget for all General fund appropriations increased by 3.25% over FY13; Enterprise funds appropriations increased by 14.64%, largely due to the Transfer Station purchase of new compactors.

	FY13 Budget	FY14 Appropriated	Increase/ (Decrease)	%
Lincoln-Sudbury RHS (Assessment)	18,694,852	19,791,903	1,097,051	5.87%
Sudbury Public Schools (K-8)	36,593,725	37,581,756	988,031	2.70%
Minuteman Vocational HS	274,416	444,837	170,421	62.10%
Town Government	19,521,581	20,048,663	527,082	2.70%
Capital & Capital Exclusions	255,584	984,062	728,478	285.02%
SUBTOTAL OPERATING BUDGET	75,340,158	78,851,221	3,511,063	4.66%
Debt Service	5,937,549	5,090,013	(847,536)	-14.27%
Other Charges to be Raised	863,140	868,105	4,965	0.58%
SUBTOTAL	6,800,689	5,958,118	(842,571)	-12.39%
TOTAL GENERAL FUND	82,140,847	84,809,339	2,668,492	3.25%
Transfer Station	317,790	447,924	130,134	40.95%
Atkinson Pool	526,450	539,808	13,358	2.54%
Recreation Field Maintenance	218,200	230,222	12,022	5.51%
TOTAL ENTERPRISE FUNDS	1,062,440	1,217,954	155,514	14.64%

We continue to point out that the Town of Sudbury and the Sudbury Public Schools spend less per household or per student than most of our peers, as measured by size of community, demographics of our residents or physical size of the town assets we maintain. We feel we have an impressive track record of steps we have taken to reduce costs while preserving core services, including regionalization of some programs, significant reductions in employee health insurance, automation and use of technology where possible, and shifting to user fees where appropriate. We thank the residents of Sudbury for their support of their Town and school services.

Sincerely

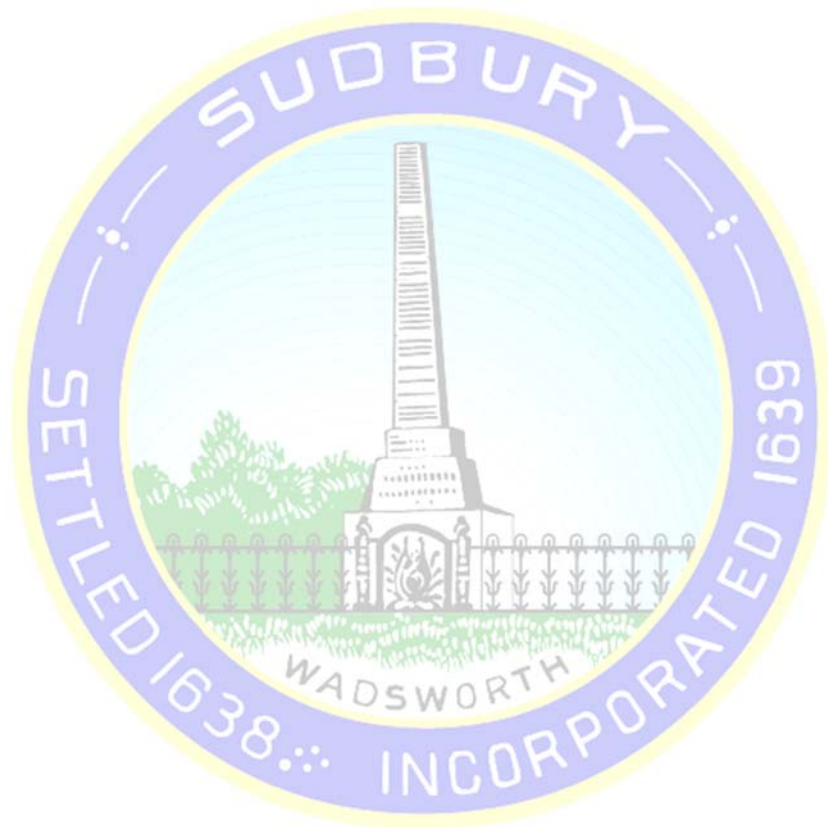
Maureen G. Valente

Maureen G. Valente
Town Manager
Town of Sudbury

Section Five

Budget Detail – Town Government

Budget accounts under the direction of the Town Manager



Town Services Budget Summary

Costs:

	FY11	FY12	FY13	FY14
	Actual	Actual	Appropriated	Appropriated
General Government	2,244,846	2,209,807	2,475,679	2,549,815
Public Safety	5,845,322	6,088,922	6,581,384	6,948,250
Public Works	4,454,109	3,989,083	4,598,518	4,809,309
Human Services	507,899	502,637	570,289	598,570
Culture & Recreation	1,148,014	1,128,083	1,171,878	1,199,228
Unclassified & Transfer Accounts	118,700	114,542	366,136	397,699
Town Employee Benefits & Insurances	4,231,089	4,270,111	4,495,370	4,308,537
Subtotal	18,549,979	18,303,185	20,259,254	20,811,408
Town Offsets	(429,089)	(587,592)	(737,673)	(762,745)
Total Town Services	18,120,890	17,715,593	19,521,581	20,048,663
Town Personal Service*	9,948,387	10,032,770	11,077,192	11,550,436
Town Benefits	4,231,089	4,270,111	4,495,370	4,308,537
Town Expenses	3,271,206	3,320,066	3,836,305	4,109,411
Town Capital	386,264	418,697	425,637	418,274
Town Snow & Ice	713,033	261,542	424,750	424,750
Town Offsets	(429,089)	(587,592)	(737,673)	(762,745)
	18,120,890	17,715,593	19,521,581	20,048,663
* Incl. Contingency Reserve				

Workforce:

EMPLOYEE HEADCOUNT					
(Full Time Equivalents)					
	FY10	FY11	FY12	FY13	FY14
Cost Center	Actual	Actual	Actual	Budget	Budget
Public Safety	74.85	74.85	74.85	76.86	76.72
Public Works	34.60	32.60	32.60	33.37	33.64
General Government	29.82	29.82	29.82	30.16	29.63
Human Services	6.09	6.09	6.09	6.09	6.65
Culture & Recreation	16.62	16.11	16.11	15.97	16.08
Total Town Operating	161.98	159.47	159.47	162.45	162.72
	-3.4%	-1.5%	0.0%	1.9%	0.2%

General Government Services



General Government Budget Summary

	FY11	FY12	FY13	FY14
	Actual	Actual	Appropriated	Appropriated
GENERAL GOVERNMENT				
Selectmen/Town Manager	302,092	310,861	339,862	354,047
ATM/Personnel	109,077	72,099	151,084	164,726
Law	181,079	142,904	163,231	172,108
Finance Committee	1,485	1,308	2,054	2,169
Accounting	258,389	267,763	290,090	306,070
Assessors	278,444	283,892	322,233	284,678
Treasurer/Collector	285,717	293,751	313,554	324,163
Information Systems	322,331	346,470	344,334	376,118
Town Clerk & Registrars	238,210	229,042	248,280	253,142
Conservation	110,440	100,666	115,762	119,538
Planning & Board of Appeals	157,581	161,051	185,195	193,056
	2,244,846	2,209,807	2,475,679	2,549,815
Offsets	-	-	(26,000)	-
Total General Government	2,244,846	2,209,807	2,449,679	2,549,815
Personal Services	1,848,005	1,853,055	2,031,548	2,125,883
Expenses	396,841	356,752	444,131	423,932
Offsets	-	-	(26,000)	-
Total General Government	2,244,846	2,209,807	2,449,679	2,549,815
Salary	1,793,384	1,812,273	1,988,372	2,082,359
Overtime	2,296	1,571	1,500	1,584
Temporary/Seasonal	17,260	10,574	10,969	11,581
Other payroll-related compensation	35,064	28,638	30,707	30,359
	1,848,005	1,853,055	2,031,548	2,125,883

GENERAL GOVERNMENT: Selectmen/Town Manager

MISSION OF THE OFFICE

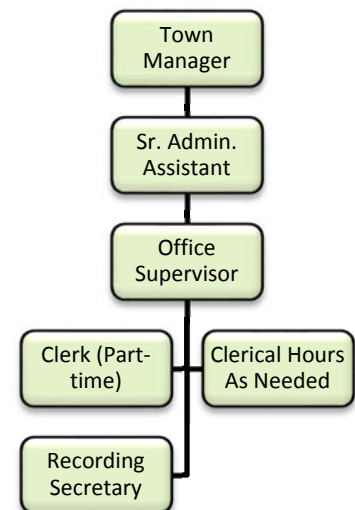
The Board of Selectmen and Town Manager provide executive leadership for the Town of Sudbury. Together, we pursue collaborative processes, ethical, and professional procedures to insure that Town resources are directed to providing the best services possible to protect public safety, public assets and a special quality of life in Sudbury. This office supports the Board and the Town Manager as they work toward this mission.

DESCRIPTION OF SERVICES

The Board of Selectmen is the executive branch of the Town government. The Board consists of five members, each elected for a three-year term.⁴ They serve without compensation. The Selectmen act as the primary policy-making body for the Town. They provide oversight for matters in litigation, act as the licensing authority for a wide variety of licenses, conduct site plan reviews, and enact rules and regulations for such matters as traffic control, and serve, along with the Town Treasurer, as Trustees of Town Trusts. The Town Manager is appointed by the Board of Selectmen, and is responsible for the management of all Town departments. The Town Manager is the appointing and contracting authority for all departments except the schools and the health department, and is responsible for overseeing all budgetary, financial and personnel administration activities of the Town. This includes preparing the annual budget, appointing all new staff and setting compensation, formulating and implementing personnel policies, and negotiating all contracts with the Town's union employees. Administrative staff in the office serves as liaison between the public and the Board, handles all telephone calls, visitors and correspondence directed to the office, and maintains all records of Board of Selectmen's meetings and the database of all Boards and Committees appointments and resignations. The office staff prepares the warrants for all annual and special Town Meetings, and coordinates production of the Town's Annual Report. They maintain the Selectmen's section of the Town's web site.

STAFFING (FTE's 3.34)

Staff in the Selectmen/Town Manager's office includes the Town Manager, the Senior Administrative Assistant to the Board and Town Manager, an office supervisor, a part-time recording secretary and hours for part-time assistance as needed at peak work times. Additionally, some clerical hours are provided by seniors who earn a reduction in property taxes through the Town's Tax Work-Off Program.



⁴ For the FY14 transition from a three member board to a five member board, one of the selectmen is elected to a two-year term.

	FY11	FY12	FY13	FY14
	Actual	Actual	Appropriated	Appropriated
SELECTMEN/TOWN MANAGER				
Town Manager	148,583	156,972	167,500	170,800
Administration	66,682	70,130	75,089	79,897
Overtime	1,127	-	-	-
Clerical	62,386	65,693	76,052	80,848
Executive Incentive Program	748	-	-	-
Non-accountable Travel	5,500	5,500	5,500	5,500
Sick Leave Buy Back	8,250	2,737	2,851	2,922
Sub Total: Personal Services	293,275	301,032	326,992	339,967
General Expense	7,958	9,496	11,670	12,830
Equipment Maint	169	179	200	200
Travel	-	153	250	300
Out of State Travel	690	-	750	750
Sub Total: Expenses	8,817	9,829	12,870	14,080
Total: Selectmen	302,092	310,861	339,862	354,047

BUDGET ISSUES

Personal Services - The FY14 Budget is increasing by \$12,975 compared to the FY13 budget. This budget provides for the same level of personnel as the FY13 budget. The Town Manager salary is set by contract. All other department employees will receive a 2.5% COLA (cost of living adjustment) in FY14. Some employees in this department will receive a step increase in FY14.

Expenses - The FY14 Budget is increasing by \$1,210 compared to the FY13 budget. The Town remains limited in the regional purchase and performance groups we can belong to since membership usually requires a fee. The office is also limited in acquiring adequate office supplies, such as paper, toners for printers and copiers, etc. Professional development opportunities will continue to be curtailed for this office's staff, as well as for other departments whose travel to educational events is often covered under this budget.

GENERAL GOVERNMENT: Assistant Town Manager/Human Resources Director

MISSION OF THE OFFICE

To ensure the most effective administration of Town government by employing human resources practices and policies that promote and sustain a high performance Town organization through hiring, developing and retaining high caliber employees.

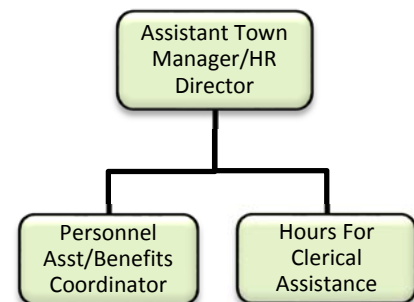
DESCRIPTION OF SERVICES

The Assistant Town Manager/Human Resources Director is responsible for personnel, risk and benefit management for over 700 employees and 200 retirees of the Town and the Sudbury Public Schools. Specific responsibilities include:

- Compliance with Labor Laws & Regulations
- Personnel Policies and Procedures
- Classification and Compensation Plans
- Personnel Records and Data
- Employee Insurance Benefits
- Management of Self-Insured Group Health Insurance Program
- Workers' Compensation Administration
- Property and Liability Insurance Administration
- Collective Bargaining
- Recruitment and Hiring
- Training
- Performance Evaluation Programs
- Supervisor Support
- Employee Relations and Communications
- Employee Recognition

STAFFING (FTE's 1.94)

Staffing consists of the Assistant Town Manager and part-time Personnel Assistant/Benefits Coordinator. In addition, a small amount is allocated for limited hours of clerical assistance as needed.



	FY11	FY12	FY13	FY14
	Actual	Actual	Appropriated	Appropriated
ASSIST. TOWN MGR./HUMAN RESOURCES				
Human Resources Director	61,788	45,092	95,082	100,810
Benefits Coordinator	21,245	18,324	46,945	52,095
Clerical	3,503	4,097	4,907	5,081
Sub Total: Personal Services	86,536	67,513	146,934	157,986
General Expense	11,546	2,428	1,750	2,100
Travel	286	551	400	500
Contracted Services	8,900	-	1,250	2,050
Employee Profess. Develop.	1,808	1,607	750	2,090
Sub Total: Expenses	22,540	4,587	4,150	6,740
Total: ATM/HR	109,077	72,099	151,084	164,726

BUDGET ISSUES

Personal Services – The FY14 budget is increasing by \$11,052, compared to the FY13 budget. This budget provides for the same level of personnel as the FY13 budget. All other department employees will receive a 2.5% COLA (cost of living adjustment) in FY14. Some employees in this department will receive a step increase in FY14.

Expenses - The FY14 budget is increasing by \$2,590, compared to the FY13 budget. The modest increase is still a very austere level of expense for recruiting, training, and evaluation of employees. The small amount for professional development included here does not adequately support our commitment to provide ongoing training for our supervisory staff and our employees, or the Selectmen's ongoing value of protecting and enhancing the professionalism of the Town's staff.

GENERAL GOVERNMENT: Law

MISSION OF THE OFFICE

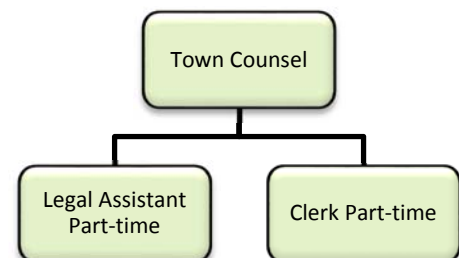
To support the Board of Selectmen, the Town Manager and the Town's departments and committees by providing legal advice and activities which sustain a Town organization that always acts ethically and professionally and avoids unnecessary and costly consequences.

DESCRIPTION OF SERVICES

The Town Counsel's office performs an intermediary function by providing legal opinions upon request from Town Departments. These requests involve issues such as conflicts of interest, interpretation and understanding of various rules, regulations, procedures, and state law and statutes in connection with Town programs and projects. The Town Counsel's office also provides legal review and drafting services for town acts, articles and bylaws, contracts and lease agreements, as well as the preparation of documents and filing, and representing the Town in all court actions and Appellate Tax Board matters. Additionally, Town Counsel is involved in land acquisition matters including negotiation and document drafting.

STAFFING (FTE's 1.46)

Personnel under this budget includes a Town Counsel, who is a contracted employee to the Town, a part-time legal assistant and one part-time clerk, who are employees of the Town, and job-share this position, neither requiring benefits. The Town Counsel is appointed by the Board of Selectmen, but supervised by the Town Manager. The Town Manager appoints other office staff.



	FY11	FY12	FY13	FY14
	Actual	Actual	Appropriated	Appropriated
LAW				
Town Counsel	43,829	43,829	45,144	46,177
Clerical	37,284	38,542	42,950	46,272
Sub Total: Personal Services	81,113	82,371	88,094	92,449
General Expense	4,373	4,693	5,230	5,409
Legal Expense	95,593	55,840	69,907	74,250
Sub Total: Expenses	99,966	60,534	75,137	79,659
Total: Law	181,079	142,904	163,231	172,108

BUDGET ISSUES

The Board of Selectmen relies on reserve fund transfers to supplement this budget if any costly legal matters within the year exceed this department's appropriation. It is difficult to anticipate litigation and appellate tax board matters. Litigation to defend the decisions of the various Town boards can be expensive and difficult to predict. Also included in this budget is the cost for specialized labor counsel. Collective bargaining, which is a time consuming process involves detailed knowledge of labor law at both the federal and state level.

Personal Services - The FY14 budget is increasing by \$4,355, compared to the FY13 budget. This budget provides for the same level of personnel as the FY13 budget. The Town Counsel salary is set by contract. All other department employees will receive a 2.5% COLA (cost of living adjustment) in FY14.

Expenses - The FY14 budget is increasing by \$4,522, compared to the FY13 budget. It is difficult to predict costs for litigation. Should circumstances change, this department may request additional funds from the Town's reserve fund.

GENERAL GOVERNMENT: Finance Department – Finance Committee

MISSION OF THE COMMITTEE

The Mission of the Finance Committee is to advise Town Meeting on all budgetary and financial matters that come before Town Meeting, and to consider requests from the Town Manager for allocations from the Reserve Fund.

DESCRIPTION OF SERVICES

The Finance Committee (FinCom) is comprised of nine members appointed by the Town Moderator. They serve without compensation. Approximately nine months before the Annual Town Meeting, the

FinCom issues guidelines for development of the operating budget requests from the various cost centers, based upon revenue expectations and information needs of the FinCom. During the year, members of the FinCom serve as liaisons to the cost centers and attend monthly planning meetings with them. During January and early February of each year, the FinCom conducts detailed budget hearings, leading to a recommended budget that is balanced within the limits of Proposition 2½. The Finance Committee may also recommend a budget that exceeds these limits, requiring a Proposition 2½ override question be placed on a ballot at the annual or a special election if approved by the Board of Selectmen and Town Meeting

STAFFING

The only Town staff for this committee is a part-time recording secretary.

	FY11	FY12	FY13	FY14
	Actual	Actual	Appropriated	Appropriated
FINANCE COMMITTEE				
Clerical	1,475	1,232	2,054	2,169
Sub Total: Personal Services	1,475	1,232	2,054	2,169
General Expense	11	76	-	-
Sub Total: Expenses	11	76	-	-
Total: Finance Committee	1,485	1,308	2,054	2,169

BUDGET ISSUES

Personal Services - The FY14 budget is increasing by \$115, compared to the FY13 budget. This budget provides for the same level of personnel as the FY13 budget. Finance Department staff heavily support FinCom activities particularly relating to the budget and Town Warrant publications.

Expenses - The FY14 budget is remains zero. General expense in this department consists of office supplies used to publish and distribute budget materials. As in FY13, the cost of materials for FY14 will be paid for out of the Treasurer/Collector's budget.

GENERAL GOVERNMENT: Finance Department – Accounting

MISSION OF THE OFFICE

The Mission of the Town Accountant's Office is to protect the Town's financial interests and ensure that Town resources are expended and received according to local bylaws, General Laws of the Commonwealth and sound accounting practices. Charged with maintaining and examining all

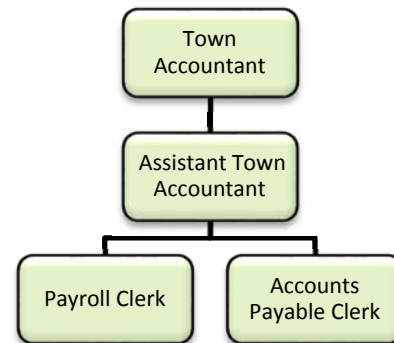
financial records, the Accounting Office provides Town officials and the public accurate information to facilitate the effective management of the Town.

DESCRIPTION OF SERVICES

The Town Accountant's Office maintains all the financial records for the Town. Payroll for all Town and school employees and accounts payable for all departments are processed through this office. As mandated by law, the Town Accountant examines and approves all financial transactions verifying compliance with all local and state laws. The office maintains the Town's general ledger, and monitors all budgets and provides a monthly budget statement to all departments and boards. It is also responsible for managing the Town's annual audit process and for filing of a myriad reports with the Department of Revenue and various governmental agencies.

STAFFING (FTE's 4.00)

The Accounting division of the Finance Department consists of the Town Accountant, the Assistant Town Accountant and two clerical positions. Additionally, a senior who is earning a reduction in property taxes through the Town's Tax Work-Off Program provides some clerical hours.



	FY11	FY12	FY13	FY14
	Actual	Actual	Appropriated	Appropriated
ACCOUNTING				
Town Accountant	81,648	85,264	90,962	96,618
Salaries	135,440	141,752	154,786	162,733
Sick Leave Buy Back	3,107	3,248	3,429	3,541
Overtime	170	919	-	-
Sub Total: Personal Services	220,364	231,183	249,177	262,892
General Expense	5,478	2,140	4,750	4,900
Computer	31,027	32,679	34,313	36,428
Equipment Maint	696	948	1,000	1,000
Travel	824	813	850	850
Sub Total: Expenses	38,025	36,579	40,913	43,178
Total: Accounting	258,389	267,763	290,090	306,070

BUDGET ISSUES

This office provides accounting and payroll services for both the Sudbury Public Schools (SPS) and all Town departments. By volume of payroll and vouchers processed, tax filings, retirement activity, remittances, vendor maintenance, and so on, the larger percentage of activities of this office is attributable to supporting Sudbury Public Schools.

Personal Services - The FY14 Budget is increasing by \$13,715, compared to the FY13 budget. This budget provides for the same level of personnel as the FY13 budget. All department employees will receive a 2.5% COLA (cost of living adjustment) in FY14. Some employees in this department will receive a step increase in FY14.

Expenses - The FY14 Budget is increasing by \$2,265, compared to the FY13 budget. This budget seeks to maintain adequate supply of consumables such as check stock, envelopes and print toners used to carry out this department's mission. Computer maintenance is required for the Town's integrated accounting systems. Travel includes the cost for annual certification classes for both the Town Accountant and Assistant Town Accountant.

GENERAL GOVERNMENT: Finance Department – Assessors

MISSION OF THE OFFICE

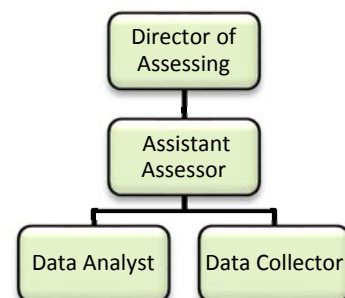
To ensure an equitable share of the tax burden to all taxable real and personal property entities, by regular review and analysis.

DESCRIPTION OF SERVICES

The Assessor's Office is responsible for the valuation and assessment of property taxes. To accomplish this, all real and personal property is re-valued annually. The valuations are used to fairly allocate the taxes necessary to fund the Town's annual budget. Additionally, this office is responsible for calculating the annual new growth and other factors to determine the Town's tax levy limit. The Assessors' set the annual tax levy and rate(s) for the year, prepare the annual tax rolls, and administer the State's (RMV) Motor Vehicle Excise tax program. This office is also responsible for administering the tax exemption/deferral program and act on all abatement and exemption applications, including those administered within the Community Preservation Act Surcharge program. The Assessing Department interacts constantly with the public, and provides a variety of data to numerous Town Departments, committees and State agencies.

STAFFING (FTE's 4.0)

The personnel in this office include the Director of Assessing, an Assistant Assessor, one full-time data analyst, and one full-time data collector. The Town Manager appoints all staff.



	FY11	FY12	FY13	FY14
	Actual	Actual	Appropriated	Appropriated
ASSESSORS				
Assessor	87,401	89,954	45,624	73,696
Clerical	169,519	175,405	182,247	177,075
Stipend	1,000	1,000	1,000	1,000
Sick Buy Back	3,511	4,349	4,458	3,657
Sub Total: Personal Services	261,431	270,709	233,329	255,428
General Expense	5,408	5,858	3,904	6,000
Contracted Services	11,605	7,325	85,000	23,250
Sub Total: Expenses	17,014	13,183	88,904	29,250
Total: Assessors	278,444	283,892	322,233	284,678
OFFSET Overlay Surplus	-	-	(26,000)	-
Net Assessors	278,444	283,892	296,233	284,678

BUDGET ISSUES

The town depends heavily on property taxes for our primary source of revenue. Therefore, this is a mission critical office. The budget for this office is for the staff, materials and contracts needed to perform their mission. General expense for this department consists primarily of recording fees for documents at the Middlesex Registry of Deeds and costs associated with property inspections. Also included in this line item are office supplies such as toner and other consumables as well as membership and attendance fees for various meetings of state assessing organizations.

Personal Services – The FY14 budget is increasing by \$22,099 compared to the FY13 budget. This budget provides for filling the Director of Assessing position which became vacant part way through FY13. All department employees will receive a 2.5% COLA (cost of living adjustment) in FY14. Some employees in this department will receive a step increase in FY14.

Expenses - The FY14 budget is decreasing by \$59,654, compared to the FY13 budget. Contracted services include funding for special assessment activities and appellate board cases. In FY13, this line item also paid for outside services for the Town's interim and triennial revaluation programs required for state DOR tax rate setting purposes.

GENERAL GOVERNMENT: Finance Department – Treasurer/Collector

MISSION OF THE OFFICE

To provide collection, deposit, investment and financial reporting for all funds due to the Town in an efficient and effective manner. To provide all financial custodial services for the Town in compliance

with all State and local regulations, in a manner that that best meets the needs of the individual taxpayer and the community as a whole.

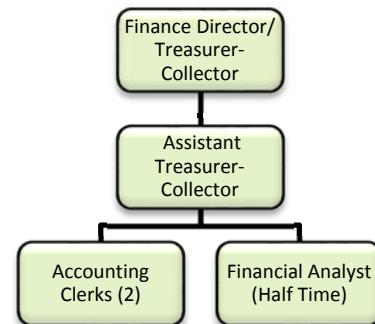
DESCRIPTION OF SERVICES

The Treasurer/Collector office issues over 20,000 new bills each fiscal year, including real estate and personal property taxes (quarterly), and motor vehicle excise tax (annually). The office pursues timely collection of all bills and maintains a collection rate of nearly 99% of all property tax bills. The Treasurer/Collector establishes and maintains Tax Title accounts on all delinquent tax accounts. In the area of Treasury management, the Treasurer's office is responsible for the receipt, investment and disbursement of all Town funds. Staff manages all Town bank accounts, conducts both short term and long term borrowing for the Town and invests all available funds to produce investment income. The Treasurer, along with the Board of Selectmen, is a Trustee of Town Trusts, and invests and reports on all Trust Fund Activities. The department also provides notary and passport agency services for the public.

STAFFING (FTE's 4.57)

The personnel in this department includes the Finance Director/Treasurer-Collector, the Assistant Treasurer-Collector, 2 full-time clerks and a half time Financial Analyst position.

Additionally, some clerical hours are provided by a senior who is earning a reduction in property taxes through the Town's Tax Work-Off Program.



	FY11	FY12	FY13	FY14
	Actual	Actual	Appropriated	Appropriated
TREASURER/COLLECTOR				
Fin. Director/Treas.-Collector	103,242	108,547	116,212	119,095
Clerical	146,544	154,204	167,055	173,950
Stipends	2,500	2,500	2,500	2,500
Sick Buy Back	1,091	1,249	1,485	1,568
Sub Total: Personal Services	253,377	266,500	287,252	297,113
General Expense	16,572	12,881	8,000	10,000
Equipment Maint	1,339	1,287	1,800	1,800
Travel	536	556	1,069	1,250
Tax Collection	13,893	10,737	14,000	14,000
Tax Title Expense	-	1,791	1,433	-
Sub Total: Expenses	32,340	27,251	26,302	27,050
Total: Treasurer-Collector	285,717	293,751	313,554	324,163

BUDGET ISSUES

This is a mission critical office, as are all the offices in the Finance Department. The budget for this office is for the staff, materials and contracts needed to perform their mission. Tax collection expense consists of bill processing costs, document-recording fees at the Registry of Deeds, advertising and other collection costs. General expense for this department consists primarily of office supplies, banking and other service fees. Mandated personnel in this department also maintain memberships and attend meetings of state collection and treasury management organizations.

Personal Services - The FY14 budget is increasing by \$9,861, compared to the FY13 budget. This budget provides for the same level of personnel as the FY13 budget. All department employees will receive a 2.5% COLA (cost of living adjustment) in FY14. Some employees in this department will receive a step increase in FY14.

Expenses - The FY14 budget is increasing by \$748, compared to the FY13 budget. This budget may not be sufficient to maintain operations, particularly with respect to tax billing and collections. Tax title expense includes legal services and other collection costs relating to pending and ongoing foreclosure cases. As of the printing of this document, we are not projecting any new foreclosure cases in FY14.

GENERAL GOVERNMENT: Finance Department – Information Systems

MISSION OF THE OFFICE

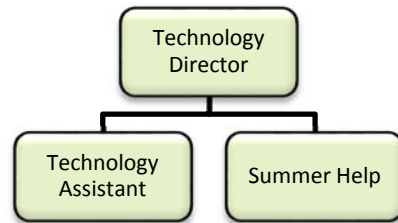
The mission of the Information Systems Office is to increase productivity by streamlining the flow of information through the Town's internal and external network, website and document stores, and provide technical support and training to all Town offices.

DESCRIPTION OF SERVICES

The Information Systems division of the Finance Department is responsible for administering and maintaining the Town's network infrastructure, which includes all network and wireless connectivity, users, servers, computers, software, backup, data stores and security. The IT Department manages the Town's website as well as telecommunications, including all telephone systems, email, cellular technology, fax operations, pagers and cable television. The IT Department also provides all computer training, software support, system maintenance and repairs. The department is also responsible for GIS administration and the overall management of the Town's electronic documents, providing the capability to archive documents securely while offering efficient access when needed.

STAFFING (FTE's 2.00)

Staff in the Information Systems Office includes the Technology Director, Technology Assistant with some summer help and a consultant to work on the Town's website. Additionally, a senior who is earning a reduction in property taxes through the Town's Tax Work-Off Program provides some clerical hours.



	FY11	FY12	FY13	FY14
	Actual	Actual	Appropriated	Appropriated
INFORMATION SYSTEMS				
Technology Administrator	90,526	93,180	95,686	97,617
Non-clerical	63,053	64,890	66,840	68,488
Sick Leave Buy Back	2,061	3,110	4,329	4,422
Summer Help	17,260	10,574	10,969	11,581
Sub Total: Personal Services	172,899	171,754	177,824	182,108
General Expense	3,987	2,679	4,000	4,000
Software	43,599	46,734	47,500	51,500
Equipment Maint	10,795	6,335	7,000	7,000
Travel	101	188	400	400
Contracted Services	25,534	33,308	36,200	42,700
Equipment	44,497	60,291	50,000	65,000
Professional Development	1,950	2,549	2,750	2,750
WAN/Telephone Connections	10,455	12,194	6,660	6,660
Network	6,359	2,838	4,000	4,000
Internet	2,154	7,602	8,000	10,000
Sub Total: Expenses	149,432	174,716	166,510	194,010
Total: Information Systems	322,331	346,470	344,334	376,118

BUDGET ISSUES

This is a mission critical office, as are all the offices in the Finance Department. The cuts made in this budget in FY09 and FY10 have substantially affected the department's ability to replace failing or obsolete computer desktop inventory and network servers. A half time GIS Administrator approved for FY08 was never filled due to subsequent financial constraints. In FY09 this position was eliminated from the Town's budget. Progress continues with vital GIS initiatives without the aid of a GIS Administrator. However, it places a growing burden on existing staff to accomplish this department's many other duties, most of which are critical to continued operation of all other Town departments.

Personal Services - The FY14 budget is increasing by \$4,284, compared to the FY13 budget. This budget provides for the same level of personnel as the FY13 budget. All department employees will receive a 2.5% COLA (cost of living adjustment) in FY14.

Expenses - The FY14 budget is increasing by \$27,500, compared to the FY13 budget. The increase will go towards updating software and replacing some of the Town's failing or obsolete desktop inventory and network servers. Currently the oldest computers and servers in use are 10 years old. The budget inadequately funds efforts to maintain and expand GIS.

GENERAL GOVERNMENT: Town Clerk, Registrars and Document Preservation

MISSION OF THE OFFICE

The Town Clerk's office serves as a central information center for the Town by collecting, maintaining and disseminating public records; providing a direct link between the residents of Sudbury and their local government. The mission of this office is to preserve and protect the Town records, including vital records, and to conduct fair and impartial elections for registered voters, in accordance with Massachusetts General Laws, and rendering equal service to all. The office strives to serve the public and all Town departments by being versatile, alert, accurate and patient, thereby meriting public confidence.

DESCRIPTION OF SERVICES

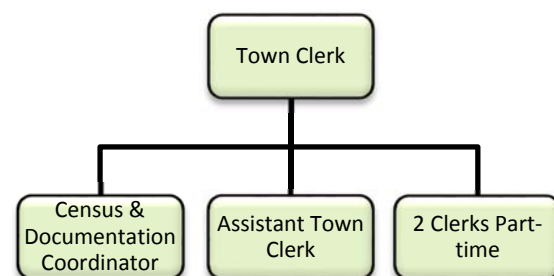
The Town Clerk is the official keeper of the Town Seal and the Town's Oath Book. The Town Clerk oversees and ensures statutory and by-law required functions are performed correctly and efficiently. In conjunction with the Board of Selectmen's Administrative Assistant, Town Moderator and Town Counsel, the Town Clerk insures well run Town Meetings and submits general and zoning bylaw amendments at the close of Town Meeting to the Attorney General for approval.

Other duties include the following:

- Records and certifies all official actions of the Town, including Town Meeting legislation and appropriations, Planning, Zoning Board and Board of Appeals decisions and signs all notes for borrowing.
- Chief election official, overseeing polling places, election officers, and the general conduct of all elections.
- Administers campaign finance laws, certifies nomination papers and initiative petitions and serves on the local Board of Registrars.
- Conducts the annual Town census and prepares the street list of residents.
- Custodian of Town records and official documents, responsible for the maintenance, preservation, public inspection of and disposition of Town records.
- Administers dog-licensing program and provides notary services to the public.

STAFFING (FTE's 3.94)

Staffing includes a Town Clerk, an Assistant Town Clerk, one full-time Census and Documentation Coordinator, and two part-time clerical positions. The Town Clerk, along with the Board of Registrars, oversees all elections held in Sudbury, and her office includes the salaries for part-time poll workers and police details associated with elections. Office staff completes the



work of the Committee for the Preservation of Town Documents.

	FY11	FY12	FY13	FY14
	Actual	Actual	Appropriated	Appropriated
TOWN CLERK & REGISTRARS				
Town Clerk	65,989	69,249	73,760	78,558
Overtime	999	652	1,500	1,584
Clerical	129,665	125,010	133,918	138,805
Election Workers	12,496	11,839	16,000	11,085
Sick Leave Buy Back	3,023	-	-	-
Registrars	882	832	932	940
Sub Total: Personal Services	213,054	207,581	226,110	230,972
General Expense	11,119	12,019	9,234	9,234
Equipment Maint	-	-	1,000	1,000
Travel	203	522	550	550
Tuition	309	50	500	500
Elections	13,525	8,870	10,886	10,886
Sub Total: Expenses	25,156	21,461	22,170	22,170
Total: Town Clerk & Registrar	238,210	229,042	248,280	253,142

BUDGET ISSUES

Personal Services - The FY14 budget is increasing by \$4,862, compared to the FY13 budget. This budget provides for the same level of personnel as the FY13 budget. All department employees will receive a 2.5% COLA (cost of living adjustment) in FY14. Some employees in this department will receive a step increase in FY14.

Expenses - The FY14 budget remains the same as the FY13 budget. This level of budget does not allow for adequate investment in archival storage materials or other tasks that preserve the Towns' vital records. General expense provides for only a minimal amount of microfilming of permanent records. It should also be noted that the Town held several unexpected (special) State and local elections during FY13 which required additional funds from the Town's Reserve Fund account.

GENERAL GOVERNMENT: Conservation

MISSION OF THE OFFICE

The Sudbury Conservation Commission was established in 1962 to protect local natural resources and features and to act as stewards of the Town's conservation properties. The Conservation

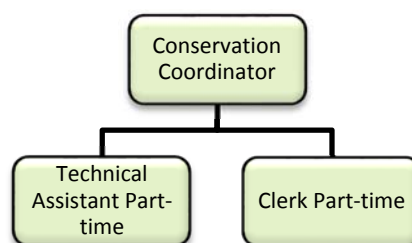
Commission's primary mission is to protect the ecological integrity of Sudbury's wetlands and the surrounding landscape.

DESCRIPTION OF SERVICES

The Commission is responsible for implementing and enforcing the Massachusetts Wetlands Protection Act and the Sudbury Wetlands Administration Bylaw. The Conservation Commission manages the Town's eleven major conservation lands for public enjoyment. These properties and the Sudbury River offer many opportunities for outdoor recreation. One major goal is to increase public awareness and appreciation of the many ways in which our local plants, wildlife, and natural landscape add to the quality of life in our community. As part of educational efforts, the Conservation Commission leads public walks, speaks to elementary school science classes, and teaches field workshops for local scout groups. The Conservation Coordinator is responsible for preparing the Open Space and Recreation Plan for the Town, which enables the Town to receive state reimbursement for land acquisition projects, and assists in review and negotiations for new land purchases.

STAFFING (FTE's 1.76)

Current staffing includes a full-time Conservation Coordinator, a part-time clerical position, and a part-time Technical Assistant shared with the Board of Health.



	FY11	FY12	FY13	FY14
	Actual	Actual	Appropriated	Appropriated
CONSERVATION				
Conservation Coordinator	75,567	77,192	79,571	81,484
Non Clerical	20,204	4,987	19,056	20,118
Clerical	11,409	11,663	12,430	12,567
Sick Leave Buy Back	1,719	1,770	1,775	1,819
Sub Total: Personal Services	108,899	95,613	112,832	115,988
General Expense	124	4,373	2,000	2,000
Clothing	415	300	450	450
Trail Equipment Maint	472	34	240	500
Travel	531	346	240	600
Sub Total: Expenses	1,541	5,053	2,930	3,550
Total: Conservation	110,440	100,666	115,762	119,538

BUDGET ISSUES

Besides personnel costs, this office has very limited expenses. General expense primarily consists of required membership and training provided by state conservation organizations, for both

Commissioners and staff. Travel expense consists of reimbursements to staff for using their own vehicles to attend training and when visiting sites in Town for inspection, enforcement, etc. Funds are also budgeted each year to maintain and improve the trails on all conservation land in Town.

Personal Services - The FY14 budget is increasing by \$3,156 compared to the FY13 budget. This budget provides for the same level of personnel as the FY13 budget. All department employees will receive a 2.5% COLA (cost of living adjustment) in FY14.

Expenses - The FY14 budget is increasing by \$620, compared to the FY13 budget. The general expense category now supports newly required stormwater testing. Small increases are included to support trail maintenance and travel for onsite review. This department will continue to rely on grants or other sources of funding or else forego normal levels of activities.

GENERAL GOVERNMENT: Planning and Community Development Department

MISSION OF THE DEPARTMENT

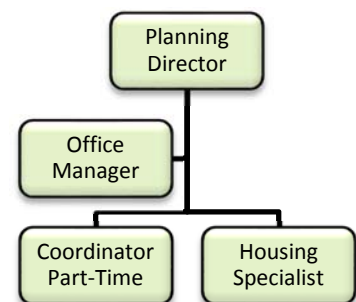
The mission of the department is to provide technical advisory services and coordination of Town officials, committees, and commissions on issues involving planning, zoning, land management, development/re-development and affordable housing.

DESCRIPTION OF SERVICES

The department provides staff services on a regular basis, directly to the Planning Board, Zoning Board, Board of Selectmen, Community Preservation Committee, Design Review Board, Sudbury Housing Trust, Historical Commission, and Historic Districts Commission. Staff also provides services for the Conservation Commission and the Board of Health. The department processes and reviews development application, coordinates land acquisition projects, and communicates Town projects and goals to the public via the website and other media. Additionally, this department assists with budget preparations for the various boards and committees, coordinates data collection and serves as advisors to the Town Manager on all issues relating to land use, planning, zoning and development.

STAFFING (FTE's 2.62)

The personnel in the department include a full-time Director of Planning and Community Development, a part-time Planning and Zoning Coordinator (funded partially with CPA funds), a full-time Community Housing Specialist (funded entirely with CPA funds and Housing Trust revenue) and a part-time office manager.



	FY11	FY12	FY13	FY14
	Actual	Actual	Appropriated	Appropriated
PLANNING & COMMUNITY DEVELOPMENT				
Planning Director	98,036	96,499	106,970	109,605
Clerical	54,243	57,895	70,600	75,776
Stipend	1,000	1,000	1,000	1,000
Sick Leave Buy Back	2,304	2,174	2,380	2,430
Sub Total: Personal Services	155,583	157,568	180,950	188,811
General Expense	1,299	799	3,620	3,620
Professional Development	700	380	500	500
Clothing Allowance	-	112	125	125
Contracted Services		2,193		
Sub Total: Expenses	1,999	3,484	4,245	4,245
Total: Planning	157,581	161,051	185,195	193,056

BUDGET ISSUES

Besides personnel costs, this office has very limited expenses. General expense primarily consists of standard office supplies and advertising costs for public hearings.

Personal Services - The FY14 budget is increasing by \$7,861 compared to the FY13 budget. This budget provides for the same level of personnel as the FY13 budget. All department employees will receive a 2.5% COLA (cost of living adjustment) in FY14. Some employees in this department will receive a step increase in FY14.

Expenses - The FY14 budget remains the same as the FY13 budget. Aside from maintaining a modest budget for professional development, this department continues to operate using a minimal amount of supplies and other office consumables.

Public Safety Services



**Sudbury Fire
Headquarters**



**Sudbury Police
Station**

Public Safety Budget Summary

	FY11	FY12	FY13	FY14
	Actual	Actual	Appropriated	Appropriated
PUBLIC SAFETY				
Police	2,498,376	2,567,685	2,673,031	2,800,973
Fire	2,919,610	3,015,991	3,216,385	3,397,065
Combined Dispatch	215,918	282,506	454,222	522,856
Building Inspection	211,418	222,740	237,746	227,356
	5,845,322	6,088,922	6,581,384	6,948,250
Offsets	(429,089)	(587,592)	(711,673)	(762,745)
Total Public Safety	5,416,233	5,501,330	5,869,711	6,185,505
Personal Services	5,198,662	5,307,523	5,832,259	6,091,688
Expenses	558,723	679,646	620,325	721,562
Capital	87,936	101,753	128,800	135,000
Offsets	(429,089)	(587,592)	(711,673)	(762,745)
Total Public Safety	5,416,233	5,501,330	5,869,711	6,185,505
Salary	4,199,787	4,390,118	4,810,331	5,052,427
Overtime	824,611	764,453	867,097	890,487
Temporary/Seasonal				
Other payroll-related compensation	174,264	152,952	154,831	148,774
Total Personal Services	5,198,662	5,307,523	5,832,259	6,091,688

PUBLIC SAFETY: Police Department

MISSION OF THE DEPARTMENT

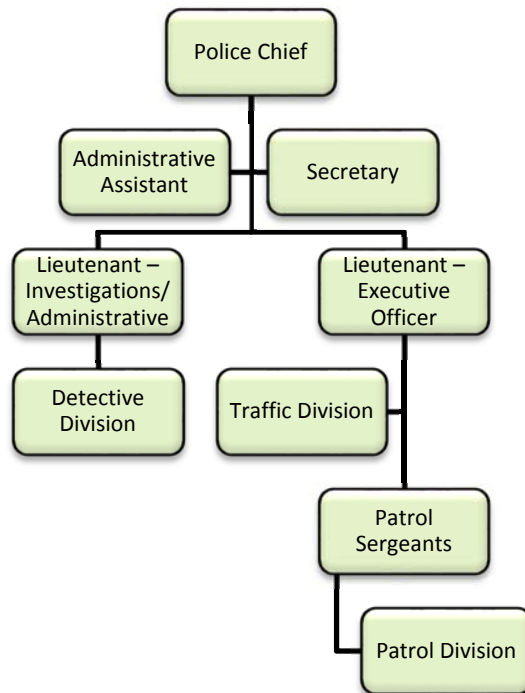
The mission of the Sudbury Police Department is to work with all residents of the community to create a positive partnership emphasizing equality, fairness, integrity and professionalism. Our objective is to provide the most responsive and highest quality police services possible by working in a collaborative proactive manner with the community to identify and solve problems, prevent crime, and apprehend offenders in a manner consistent with established State and local laws.

DESCRIPTION OF SERVICES

The Sudbury Police Department provides a complete range of public safety and community-based services including criminal investigation, motor vehicle law enforcement, preventive patrol and emergency response. The Department provides crime prevention programs, services to youth, D.A.R.E., and the processing of permits including firearms, door-to-door solicitors', raffles and public assembly.

STAFFING (FTE's 30.00)

The Sudbury Police Department has a sworn staff of 25 personnel (one chief, two lieutenants, five sergeants, and twenty patrol officers) plus 2 administrative positions.



	FY11	FY12	FY13	FY14
	Actual	Actual	Appropriated	Appropriated
POLICE				
Police Chief	121,994	128,022	137,026	143,133
Lieutenants	205,705	215,914	226,259	235,815
Patrol Officers	1,401,678	1,395,653	1,538,286	1,580,901
Night Differential	26,142	23,512	22,646	23,212
Overtime	272,528	291,543	227,845	266,880
Clerical	96,698	100,393	104,942	109,268
Sick Leave Buy Back	3,525	5,114	5,714	5,857
Holiday Pay	16,379	18,543	15,329	15,329
Non-accountable Clothing	11,130	11,340	11,760	11,760
Stipend	28,612	30,348	30,550	30,550
Sub Total: Personal Services	2,184,392	2,220,381	2,320,357	2,422,705
General Expense	62,228	49,675	51,008	56,258
Maintenance	57,583	77,316	60,080	75,330
Travel	3,852	614	3,000	3,000
Clothing	17,355	19,659	19,286	19,180
Tuition	2,173	135	6,000	5,000
Equipment	20,820	32,058	7,500	7,500
Gasoline	62,036	66,095	77,000	77,000
Sub Total: Expenses	226,048	245,551	223,874	243,268
Police Cruisers	87,936	101,753	128,800	135,000
Sub Total: Capital	87,936	101,753	128,800	135,000
Total Police	2,498,376	2,567,685	2,673,031	2,800,973

BUDGET ISSUES

Personal Services - The FY14 budget is increasing by \$102,348 compared to the FY13 budget. As of FY13, all civilian police and fire dispatch wage and salary expenditure line items were moved to a new combined dispatch department. The budget remaining in the Police department provides for the same level of personnel as the FY13 budget. All department employees will receive a 2.5% COLA (cost of living adjustment) in FY14. Some employees in this department will receive a step increase in FY14.

Expenses - The FY14 budget is increasing by \$19,394 compared to the FY13 budget. The department continues its cutback in equipment purchases made in FY13 in order to maintain

adequate budget for those supplies and general expenses considered most vital to sustaining operations in FY14.

Operating Capital - The FY14 budget is increasing by \$6,200 compared to the FY13 budget. The timely replacement of police cruisers ensures the vehicles are not spending much time in the repair shop and are available for use, and that unmarked vehicles can continue to be passed down to other departments. Sector vehicles are operational 24 hours a day, 7 days a week and therefore their useful life does not extend much beyond one year. The FY14 budget provides enough funding for vehicle replacements so long as pricing for these specially equipped items remains relatively steady.

PUBLIC SAFETY: Fire Department

MISSION OF THE DEPARTMENT

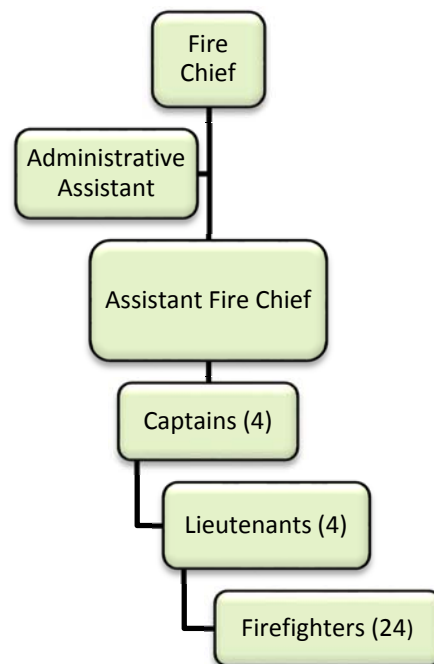
The mission of the Sudbury Fire Department is to protect the lives and property of the community from emergencies involving fire, medical, hazardous materials, and environmental causes.

DESCRIPTION OF SERVICES

The Fire Department is responsible for fire prevention/education, fire suppression, ambulance and emergency medical services, as well as fire inspections, disaster preparedness and mitigation. Beginning in winter 2013, it is anticipated that the SFD will begin offering a department-based Advanced Life Support (ALS) service. The budget has been set to pay the additional costs associated with this service.

STAFFING (FTE's 34.86)

Currently the Department consists of 1 Chief, 1 Assistant Chief, 4 Captains, 4 Lieutenants and 24 firefighters, and an administrative assistant. The Captains, Lieutenants and firefighters are organized into four groups, with each group comprising one Captain, 1 Lieutenant and 6 firefighters. Thirty-four personnel are certified Emergency Medical Technicians, and, as of the end of FY13, ten of these are also certified Paramedics.



	FY11	FY12	FY13	FY14
	Actual	Actual	Appropriated	Appropriated
FIRE				
Fire Chief	119,493	110,911	123,861	131,289
Deputy Chief	75,992	83,946	92,708	98,658
Firefighters/EMTs/Paramedics	1,715,004	1,820,043	1,925,822	2,049,061
Overtime	552,082	472,911	556,752	528,589
Weekend Differential	5,185	5,066	5,220	5,220
Clerical	38,437	40,345	50,379	53,332
Non-accountable Clothing	21,800	23,800	25,400	23,800
Sick Buy Back	33,699	6,671	8,209	8,667
Fire Stipends	27,792	28,558	48,250	42,250
Sub Total: Personal Services	2,589,485	2,592,250	2,836,601	2,940,866
General Expense	36,618	41,663	63,177	65,072
Maintenance	64,868	45,183	68,093	70,136
Alarm Maint.	3,353	3,042	4,373	4,504
Travel	704	1,459	2,130	2,130
Utilities	49,610	41,760	52,770	52,770
Clothing	22,668	4,999	17,426	17,426
Tuition	1,069	15,401	35,768	35,768
CERT Expense	-	-	500	515
Contracted Services	82,690	194,469	67,443	44,000
ALS Operations	-	-	-	93,730
Equipment	38,482	40,590	36,250	37,338
Gasoline/Diesel Fuel	30,064	35,175	31,854	32,810
Sub Total: Expenses	330,125	423,741	379,784	456,199
Total: Fire	2,919,610	3,015,991	3,216,385	3,397,065
OFFSET Ambulance RRA	(429,089)	(587,592)	(676,673)	(727,745)
Net Fire	2,490,521	2,428,399	2,539,712	2,669,320

BUDGET ISSUES

Personal Services - The FY14 budget is increasing by \$104,265 compared to the FY13 budget. As of FY13, all civilian police and fire dispatch wage and salary expenditure line items were moved to a new combined dispatch department. The budget remaining in the Fire department provides for the same level of personnel as the FY13 budget. All department employees will receive a 2.5% COLA (cost of living adjustment) in FY14. Some employees in this department will receive a step increase in FY14.

Expenses – The FY14 budget is increasing by \$76,415, compared to the FY13 budget. This budget level will support the expected startup of ALS operations in mid-FY14.

Ambulance Services Offset – The FY14 budget is increasing by \$51,072 compared to the FY13 budget. This line item will be used to offset payroll and general expenses relating to the Town’s enhanced ambulance services.

PUBLIC SAFETY: Public Safety Communications Center

MISSION OF THE DEPARTMENT

The mission of the Public Safety Communications Center (commonly referred to as “Combined Dispatch”) is to provide the public with a vital link to public safety emergency services through use of certified and professional public safety dispatchers. As of July 1, 2012, this includes providing emergency medical dispatch services, as required by state law.

DESCRIPTION OF SERVICES

The Public Safety Communications Center is the Town of Sudbury’s Public Safety Answering Point (PSAP) for all emergencies (9-1-1) and public safety requests for assistance.

STAFFING (FTE’s 8.43)

FY14 staffing consists of eight full time civilian public safety dispatchers and one part-time civilian public safety dispatcher.

	FY11	FY12	FY13	FY14
	Actual	Actual	Appropriated	Appropriated
COMBINED DISPATCH				
Dispatchers	215,918	282,506	386,031	438,884
Overtime	-	-	82,500	95,018
Night Differential	-	-	6,753	7,129
Sub Total: Personal Serv	215,918	282,506	475,284	541,031
Dispatchers Grant	-	-	(25,000)	(25,000)
Sub Total: Net Personal Serv	215,918	282,506	450,284	516,031
General Expense	-	-	-	3,000
Clothing allowance	-	-	3,938	3,825
Sub Total: Expenses	-	-	3,938	6,825
Total: Combined Dispatch	215,918	282,506	454,222	522,856
OFFSET Ambulance RRA	-	-	(35,000)	(35,000)
Net: Combined Dispatch	215,918	282,506	419,222	487,856

BUDGET ISSUES

Personal Services – The FY14 budget is increasing by \$65,747, compared to the FY13 budget. As of FY13, all civilian dispatch wage and salary expenditure line items (from police and fire) are reflected in the budget for the new Public Safety Communications Center. All department employees will receive a 2.5% COLA (cost of living adjustment) in FY14. Some employees in this department will receive a step increase in FY14.

Expenses – The FY14 budget is increasing by \$2,887, compared to the FY13 budget. The communications center is currently located within Police Headquarters.

Services Offset – The FY14 budget includes the same level of offsets from other sources outside the General fund to support this budget.

PUBLIC SAFETY: Building Inspection

MISSION OF THE DEPARTMENT

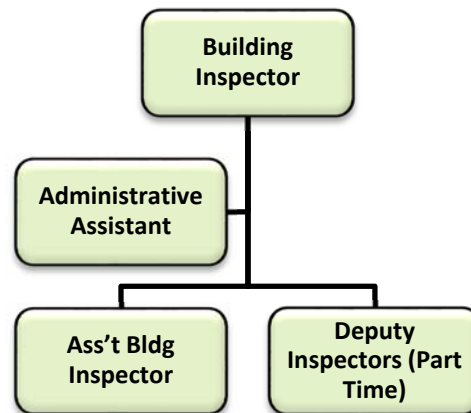
The mission of the Building Inspection Department is to contribute to the protection of the public through the enforcement of building codes and zoning bylaws.

DESCRIPTION OF SERVICES

The Building Department staff enforces State building, electrical, plumbing, gas and mechanical codes, as well as local zoning by-laws and Architectural Access Board Regulations. The Commonwealth of Massachusetts, including enforcement and implementation of the State building code, the State-zoning act, the State gas and plumbing codes, and the State architectural access code, mandates many of the functions of the Department. Additional local codes and standards must also be enforced. Staff issue permits, inspect construction sites, conduct periodic safety inspections of restaurants, schools, religious institutions, and other places of assembly, and levy fines or prosecute when necessary to obtain code compliance. This office processes more than 2,000 permits a year.

STAFFING (FTE's 3.43)

This office consists of the Building Inspector, an Assistant Building Inspector, part-time Deputy Inspectors (Plumbing & Wiring), and an administrative assistant.



	FY11	FY12	FY13	FY14
	Actual	Actual	Appropriated	Appropriated
BUILDING INSPECTION				
Building Inspector	86,643	84,346	90,999	82,906
Asst. Bldg Inspector	54,502	61,819	64,728	58,428
Clerical	50,544	49,281	53,740	55,063
Deputy Inspector	1,980	1,740	2,500	2,639
Sealer of Weights	2,150	2,150	-	-
Wiring Inspector	13,050	13,050	13,050	13,050
Sub Total: Personal Services	208,868	212,386	225,017	212,086
General Expense	1,000	7,133	6,429	9,000
Town Vehicle Maintenance	500	859	1,000	920
Contracted services	-	-	2,150	3,000
Clothing allowance	550	550	550	550
In-State Travel	500	1,812	2,600	1,800
Sub Total: Expenses	2,550	10,354	12,729	15,270
Total: Building	211,418	222,740	237,746	227,356

BUDGET ISSUES

Personal Services - The FY14 budget is decreasing by \$12,931 compared to the FY13 budget due to some personnel reorganization. All department employees will receive a 2.5% COLA (cost of living adjustment) in FY14. Some employees in this department will receive a step increase in FY14. It should also be noted that some expenses have been restated and moved to the new Combined Facilities department as of FY14.

Expenses - The FY14 budget is increasing by \$2,541, compared to the FY13 budget. It should also be noted that some expenses have been restated and moved to the new Combined Facilities department as of FY14.

Public Works Department



**Public Works
Building**

Public Works Budget Summary

	FY11	FY12	FY13	FY14
	Actual	Actual	Appropriated	Appropriated
PUBLIC WORKS				
Engineering	310,106	328,410	473,505	507,413
Streets & Roads	2,861,516	2,445,137	2,742,641	2,827,792
Trees and Cemetery	343,368	371,445	367,983	393,152
Parks and Grounds	229,799	175,901	225,164	252,652
Combined Facilities	709,319	668,189	789,225	828,300
Total Public Works	4,454,109	3,989,083	4,598,518	4,809,309
Personal Services	1,784,934	1,769,404	2,046,216	2,128,443
Expenses	1,657,814	1,641,193	1,830,715	1,972,842
Capital	298,328	316,944	296,837	283,274
Snow & Ice	713,033	261,542	424,750	424,750
Total Public Works	4,454,109	3,989,083	4,598,518	4,809,309
Salary	1,720,602	1,692,081	1,965,038	2,042,243
Overtime	29,141	32,378	39,000	35,020
Temporary/Seasonal	13,570	17,269	17,586	18,284
Other payroll-related compensation	21,621	27,676	24,592	32,896
	1,784,934	1,769,404	2,046,216	2,128,443

PUBLIC WORKS: Engineering and Administration

MISSION OF THE OFFICE

The Department of Public Works is a professional team committed to improving the quality of life in Sudbury and supporting the Town's core values. We make every effort to maximize the efficient, effective use of our resources in the support, maintenance and upkeep of the infrastructure, public lands and programs. We are committed to public safety and providing prompt, courteous quality service to our customers and each other.

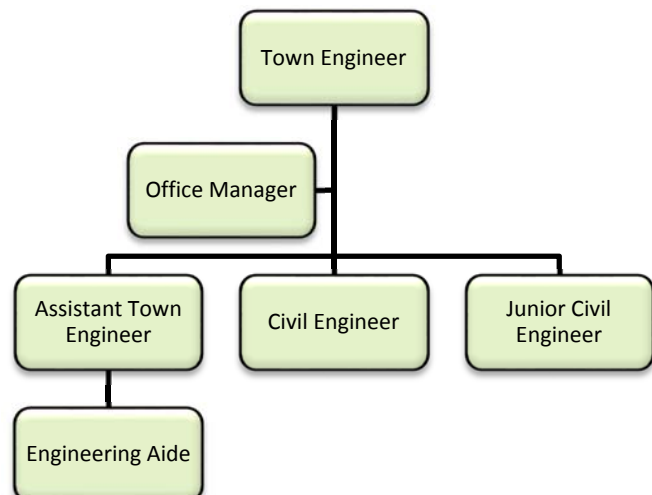
DESCRIPTION OF SERVICES

The Engineering division of this department is responsible for the design of public works projects, plan review of proposed developments, implementation of a GIS system, and assistance on Town and School building projects. The Division also provides a wide range of technical assistance to other departments and committees, including the Planning Department, Building Inspection Department, Conservation Department, Recreation Department, Police and Fire Departments and the Town Manager's office. Many other customers are supported as well, including residents, businesses, contractors, consultants, and realtors as well as State and Federal entities. The Engineering Division stores, maintains and updates public records and plans, and designs and administers public works projects of all kinds. Construction plans and documents are prepared, reviewed, and bid; construction inspections are performed and overseen by staff.

The Town Engineer also serves as the Director of the Public Works Department and as such reports directly to the Town Manager and serves on the Town Manager's Senior Management Team. As DPW Director, he oversees the management of \$3.3 million in appropriations, and provides executive level planning and direction to 5 divisions, and 34 employees. Services provided by these employees affect the Town's public safety, community character, property values and quality of life. Further, he serves on the Town's land use planning working group, a staff task force chaired by the Planning and Community Development Director, to evaluate and help guide all development proposals made to various offices of the Town.

STAFFING (FTE's 6.00)

The engineering division staff consists of the Town Engineer/DPW Director, an Assistant Town Engineer, 1 Civil Engineer, 1 Junior Civil Engineer, 1 Engineering Aide, and an Office Manager.



	FY11	FY12	FY13	FY14
	Actual	Actual	Appropriated	Appropriated
ENGINEERING DEPARTMENT				
Dir. of Public Works	116,586	120,124	123,702	126,643
Non-Clerical	126,997	131,410	230,990	251,779
Clerical	50,894	52,174	53,739	55,213
Summer Help	-	4,596	-	8,098
Sick Leave Buy Back	2,611	2,688	2,688	2,755
Sub Total: Personal Services	297,088	310,992	411,119	444,488
General Expense	7,078	16,240	7,161	7,700
Maintenance	1,499	1,078	1,500	1,500
Contracted Services	-	-	50,000	50,000
Travel	-	100	100	100
Clothing	4,440	-	3,625	3,625
Sub Total: Expenses	13,018	17,418	62,386	62,925
Total: Engineering	310,106	328,410	473,505	507,413

BUDGET ISSUES

Personal Services – The FY14 budget is increasing by \$33,369 compared to the FY13 budget. Employees who are members of the engineers union will receive a 3% COLA (cost of living adjustment) in FY14. All other department employees will receive a 2.5% COLA in FY14. Some employees in this department will receive a step increase in FY14.

Expenses – The FY14 budget is increasing by \$539 compared to the FY13 budget. The contracted services line is for a consultant to help develop a 5-year stormwater management plan for Sudbury as part of a new EPA/DEP permit system expected to be released later this year. Among the challenges to be met by municipalities in their new Stormwater Management Program (SWMP), they must implement stormwater outfall monitoring programs, and develop strategies to meet bacteria and nitrogen Total Maximum Daily Loads (TMDLs). The latest estimate for implementation of the new permit is in the fall 2013. However, we suspect it may get pushed back even further due to the delay in the final promulgation of the New Hampshire permit. The due date for comments on that permit was extended twice from Feb. 12 to Aug. 15 2013, after which the EPA Region I Administration will need to review and respond to all comments. The total cost of administering a plan in Massachusetts under a new municipal MS4 (stormwater) permit is unknown at this time.

PUBLIC WORKS: Streets and Roads

MISSION OF THE OFFICE

The mission of the Streets and Roads Division is to protect the safety, health and welfare of the Town Residents by maintaining the Town streets, walkways and storm water system in a safe and clean condition. This department also provides for the safe movement of vehicular traffic by performing minor construction repairs, removing snow and ice from streets, sweeping of streets, installing traffic signs and lane or line markers and supervising the work of contractual service providers who perform repairs, cleaning or maintenance work. In addition, the Road Machinery Division ensures that the Town's equipment fleet (90 plus pieces of apparatus) is always operational and well maintained by providing an efficient and effective maintenance and repair program and fuel management system.

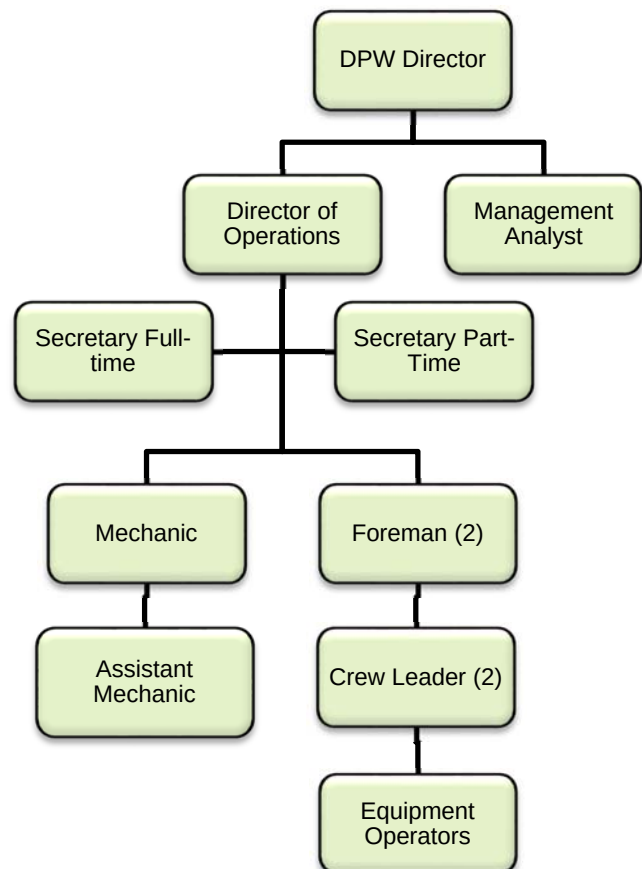
DESCRIPTION OF SERVICES

The Streets and Roads Division is responsible for maintenance, construction, and snow removal of Town ways, including streets, curbing, walkways, drain systems, guardrails and signs. Priority snow removal is given to all school parking lots and driveways.

Additional duties include roadside and sidewalk mowing, brush clearance, litter control, seasonal support to other Town departments (parades, elections, facility maintenance, celebrations). The department maintains approximately 140 miles of roads and 45 miles of walkways. This division annually evaluates street and walkway conditions as part of the pavement management plan.

STAFFING (FTE's 16.40)

Division staffing includes a Director of Operations, a Management Analyst, 1 Full-time Secretary, 1 Part-time Secretary, 1 Mechanic, 1 Assistant Mechanic, 2 Foremen, 2 Crew Leader/Heavy Equipment Operators, 5 Heavy Equipment Operators, and 2 Light Equipment Operators.



	FY11	FY12	FY13	FY14
	Actual	Actual	Appropriated	Appropriated
STREETS & ROADS				
Highway Dir. of Operations	81,447	83,918	86,695	88,796
Management Analyst	77,755	80,030	82,431	84,472
Non-Clerical	615,567	637,644	678,061	694,767
Overtime	16,996	18,901	22,000	22,660
Clerical	55,574	57,976	60,340	66,331
Stipends	8,190	9,194	8,190	8,190
Summer Temp. Labor	5,664	6,005	5,068	5,068
Sick Leave Buy Back	1,158	1,447	1,942	1,991
Sub Total: Personal Services	862,351	895,115	944,727	972,275
General Expense	10,240	13,043	10,000	12,000
Gasoline	131,532	121,765	166,070	166,000
Bldg. Maintenance	13,556	15,714	16,000	16,000
Vehicle Maintenance	185,651	179,799	190,500	213,500
Utilities	8,020	9,650	15,150	14,000
Street Lighting	33,443	36,471	43,000	41,000
Travel	286	338	300	400
Clothing	15,581	17,247	18,000	18,000
Tuition	-	-	1,500	1,500
Police detail	46,858	57,144	38,000	48,000
Roadwork	547,197	533,625	590,714	630,000
Sub Total: Expenses	992,364	984,796	1,089,234	1,160,400
Equipment leases	293,768	303,684	283,930	270,367
Sub Total: Capital	293,768	303,684	283,930	270,367
Snow & Ice Overtime	170,795	54,070	120,750	120,750
Snow & Ice Contractors	224,412	36,800	109,000	109,000
Snow & Ice Materials	317,826	170,672	195,000	195,000
Sub Total: Snow & Ice	713,033	261,542	424,750	424,750
Total: Streets & Roads	2,861,516	2,445,137	2,742,641	2,827,792

BUDGET ISSUES

Personal Services - The FY14 budget is increasing by \$27,548, compared to the FY13 budget. This budget provides for the same level of staffing as FY13. Employees who are members of the DPW workers union will receive a 3% COLA (cost of living adjustment) in FY14. All other department employees will receive a 2.5% COLA in FY14. Some employees in this department will receive a step increase in FY14.

Expenses - The FY14 budget is increasing by \$71,166, compared to the FY13 budget. Under this budget request, more has been added to the vehicle maintenance, roadwork and police detail line items. All of these items have been underfunded over the last few years especially, resulting in these accounts being depleted long before the end of the fiscal year.

Capital - The FY14 budget for equipment leases is decreasing by \$13,563, compared to the FY13 budget. This budget will pay for ongoing and new leases for large DPW trucks and other rolling stock.

Snow & Ice Expense - The FY14 Snow and Ice expense is the same, compared to the FY13 budget. Snow and ice expense is one of the more complicated aspects of municipal budgeting, given the unpredictability of winter weather. State law allows towns to 'deficit spend' in this area, so long as we appropriate *at least* what was originally appropriated in the previous year. Sudbury has used the approach of budgeting snow and ice using the average of the past several years' expenses, and setting aside funds into the Reserve Fund to augment the regular snow and ice budget, as needed. If snow and ice expense exceeds the Reserve Fund's capacity, then the Town can either carry the deficit into the next year, or reduce spending in other lines to transfer to the deficit in the current year, or some combination of the two.

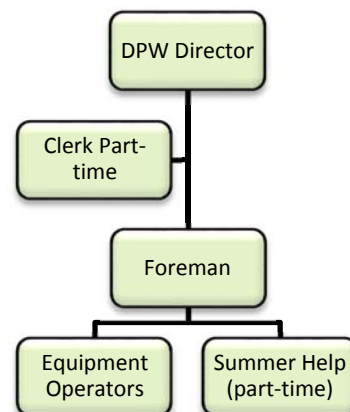
PUBLIC WORKS: Trees and Cemetery

MISSION OF THE DIVISION

The Mission of this division is twofold: to protect and keep in a healthy state an important public asset of the Town – the beautiful shade trees that are found in the Town's public ways and that staff provide compassionate, courteous and professional service to bereaved families and strive to maintain a tranquil, well-maintained environment with perpetual care and beautiful historic cemetery grounds.

DESCRIPTION OF SERVICES

The Trees and Cemetery Division is responsible for maintenance and interments at the Town's five cemeteries. Tree responsibilities include maintenance and removal of trees in the public way, with attention to plantings, trimming, storm damage repairs, vandalism repairs, tree and stump removals, as well as care and watering of newly planted trees.



STAFFING (FTE's 5.20)

Division staffing includes a Foreman, 1 Crew Leader/Heavy Equipment Operator, 2 Heavy Equipment Operators, 1 Light Equipment Operator, and 1 part-time clerical position.

	FY11	FY12	FY13	FY14
	Actual	Actual	Appropriated	Appropriated
TREES & CEMETERY				
Non-Clerical	244,802	252,098	265,267	273,173
Overtime	9,567	10,130	8,000	8,240
Clerical	10,480	9,001	17,225	9,386
Stipends	4,252	4,095	4,095	4,095
Summer help	7,906	4,672	5,018	5,298
Sub Total: Personal Services	277,006	279,996	299,605	300,192
Cemetery Materials	22,388	16,859	16,500	30,500
Tree Planting	-	-	-	
Tree Contractors	43,975	74,590	51,878	62,460
Sub-Total: Expenses	66,363	91,449	68,378	92,960
Total: Trees & Cemetery	343,368	371,445	367,983	393,152

BUDGET ISSUES

Personal Services - The FY14 budget is increasing by \$587 compared to the FY13 budget. This budget provides for the same level of staffing as FY13, albeit with some personnel changes. Employees who are members of the DPW workers union will receive a 3% COLA (cost of living adjustment) in FY14. All other department employees will receive a 2.5% COLA in FY14. Some employees in this department will receive a step increase in FY14.

Expenses - The FY14 budget is increasing by \$24,582, compared to the FY13 budget. Funding for tree contractor expense addresses the growing backlog of dead and dying trees along Town roadways. The budget of materials has been nearly doubled from the prior year in an effort to address the dramatic decline in funding from the Perpetual Care Trust, for the routine upkeep and appearance of all five public cemeteries.

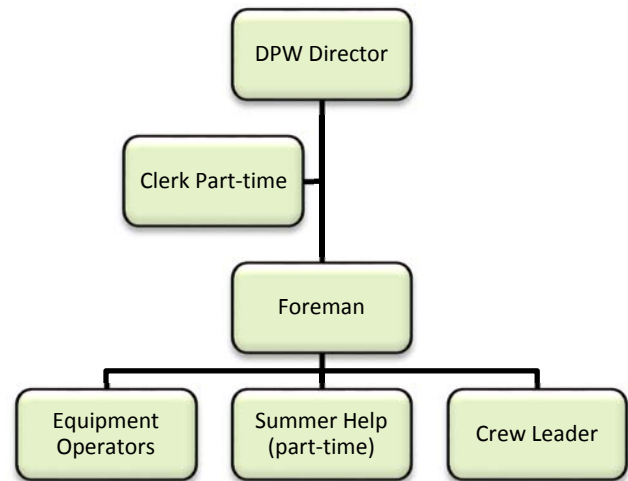
PUBLIC WORKS: Parks and Grounds

MISSION OF THE OFFICE

The Mission of this division is to maintain landscaping throughout the Town in park and field areas, public right-of-ways and around all public buildings and school grounds.

DESCRIPTION OF SERVICES

The Parks and Grounds division is responsible for maintenance of all Town parks, fields, and playgrounds. This includes Josiah Haynes, Peter Noyes, General John Nixon, Israel Loring, and Ephraim Curtis Middle Schools; Featherland Park, Davis Field, Frank Grinnell Veterans Memorial Park, Haskell Field, Fairbank Community Center, Frank G. Feeley Field, Cutting Field, Horse Pond Play Field, Training Field, Heritage Park, Central Fire Station, North Fire Station, DPW Building, Police Station, Goodnow Library, Town Common, Frost Farm, Piper Farm, Meachen Field, Davis Farm, Barton Farm, Mahoney Farm and Carding Mill Conservation areas. Maintenance of these facilities includes mowing, aerating, fertilizing, irrigation, line striping and system maintenance, weed and insect control; litter clean-up, leaf removal, leveling, grading and marking fields, fence and vandalism repairs; shrub and tree care, and support for civic activities.



STAFFING (FTE's 2.70)

Division staffing includes a Foreman, 1 Crew Leader/Assistant Mechanic, 1 Heavy Equipment Operator, 1 Light Equipment Operator, 1 part-time clerical position, and part-time summer help. The positions are shared with the Field Maintenance Enterprise.

	FY11	FY12	FY13	FY14
	Actual	Actual	Appropriated	Appropriated
PARKS & GROUNDS				
Non-Clerical	172,382	98,269	129,030	145,526
Overtime	2,578	3,347	4,000	4,120
Clerical	8,528	8,889	9,157	9,386
Stipends	4,210	4,095	4,095	4,095
Summer help	-	6,592	7,500	7,918
Sick Leave Buy Back	-	-	-	-
Sub Total: Personal Services	187,698	121,193	153,782	171,045
Maintenance	35,097	39,607	55,275	45,500
Contracted services	-	-	-	20,000
Clothing	2,445	1,842	3,200	3,200
Sub Total: Expenses	37,542	41,449	58,475	68,700
Equipment leases	4,560	13,260	12,907	12,907
Sub Total: Capital	4,560	13,260	12,907	12,907
Total: Parks & Grounds	229,799	175,901	225,164	252,652

BUDGET ISSUES

Personal Services - The FY14 budget is increasing by \$17,263, compared to the FY13 budget. This budget reflects having to add back a portion of personnel costs previously allocated to the Recreational Field Maintenance Enterprise fund. Employees who are members of the DPW workers union will receive a 3% COLA (cost of living adjustment) in FY14. All other department employees will receive a 2.5% COLA in FY14. Some employees in this department will receive a step increase in FY14.

Expenses – The FY14 budget is increasing by \$10,225 compared to the FY13 budget. This will provide for much needed grounds work around Town and school buildings. The budget for this line item remains significantly lower than what is needed for maintaining all parks and grounds.

Capital – The FY14 budget continues the same equipment lease in effect in FY13.

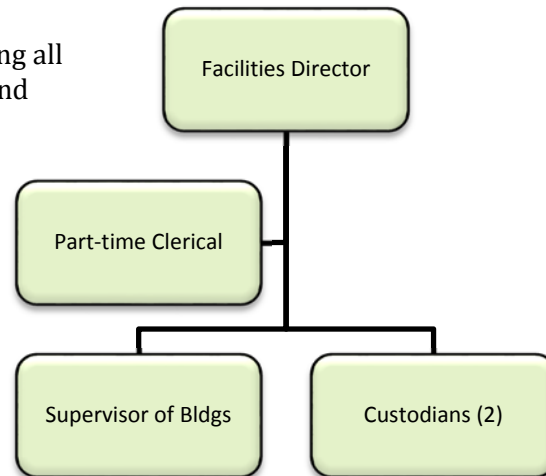
PUBLIC WORKS: Combined Facilities

MISSION OF THE OFFICE

The Combined Facilities is responsible for keeping all Town and School buildings safe, clean, healthy and energy-efficient for use by the public and Town employees.

DESCRIPTION OF SERVICES

The Combined Facilities department plans and budgets for the energy needs of buildings, secures contracted cleaning services and performs preventative maintenance and minor repairs on buildings. Staff maintains the exterior walkways, including leaf pick up, snow removal, and sanding of these buildings as well. Additionally this department maintains three residential structures owned by the Town: the Haynes Meadow House, the Carding Mill House, and the Frost Farmhouse. Finally, they are responsible for daily distribution of U.S. mail and interoffice mail to all departments and the processing of outgoing mail.



STAFFING (FTE's 3.34)

Staffing consists of a Combined Facilities Director, a Supervisor of Buildings, two Custodians and part-time clerical support. Custodians at all Sudbury Public School facilities remain union employees under the direction of SPS Administration. The cost of the Combined Facilities Director is split 50/50 between the Town and SPS.

	FY11	FY12	FY13	FY14
	Actual	Actual	Appropriated	Appropriated
COMBINED FACILITIES				
Facilities Director*	-	-	50,083	48,858
Supv. of Town Bldgs.	67,178	65,462	70,673	72,398
Clerical*	-	-	8,964	14,464
Town Custodial	92,413	95,085	98,681	101,051
Overtime	-	-	5,000	-
Sick Buyback	1,201	1,561	3,582	3,672
Sub Total: Personal Services	160,792	162,108	236,983	240,443
General Expense	7,325	3,963	3,571	5,000
Town Bldg. Utilities	312,056	278,257	322,713	315,000
Town Bldg. Maint.	176,623	163,244	164,347	190,000
Town Vehicle Maintenance	2,714	1,288	1,500	1,380
Contracted services	44,975	55,697	55,286	69,877
Clothing allowance	925	913	925	1,200
In-State Travel	3,911	2,719	3,900	2,700
Vehicle Allowance	-	-	-	2,700
Sub Total: Expenses	548,528	506,081	552,242	587,857
Total: Combined Facilities	709,319	668,189	789,225	828,300
* 50% of these salaries are budgeted and paid for by SPS.				

BUDGET ISSUES

Personal Services – The FY14 budget is increasing by \$3,460, compared to the FY13 budget. All department employees will receive a 2.5% COLA (cost of living adjustment) in FY14. Some employees in this department will receive a step increase in FY14.

Expenses – The FY14 budget is increasing by \$35,615, compared to the FY13 budget. Maintenance of the many older Town buildings continues to require significant attention in order to preserve and protect these important assets. Increases in both maintenance expense and contracted services will help with the required effort.

Human Services



**Sudbury Senior Center at the
Fairbank Community Building**

Human Services Budget Summary

	FY11	FY12	FY13	FY14
	Actual	Actual	Appropriated	Appropriated
HUMAN SERVICES				
Board of Health	369,430	343,294	384,102	391,714
Council on Aging	119,611	131,778	140,641	152,390
Veterans Affairs	18,858	27,566	45,546	54,466
Total Human Services	507,899	502,637	570,289	598,570
Personal Services	340,448	343,891	361,921	391,335
Expenses	167,451	158,746	208,368	207,235
Total Human Services	507,899	502,637	570,289	598,570
Salary	338,403	341,787	359,816	389,177
Other payroll-related compensation	2,044	2,104	2,105	2,158
	340,448	343,891	361,921	391,335

HUMAN SERVICES: Board of Health

MISSION OF THE OFFICE

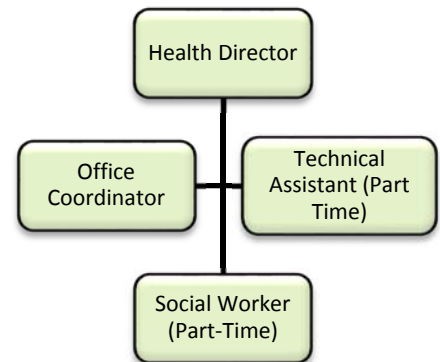
Mission of this office is to assess and address the health needs of the community and to contribute to the safety and quality of life through a variety of health programs, public outreach, services and enforcement of Town and State public health regulations.

DESCRIPTION OF SERVICES

The Board of Health is responsible for addressing the health needs of the community. Traditional duties include site evaluation for subsurface sewage disposal, permitting and inspections for food service establishments, summer camps, public swimming pools, septic installers and haulers, septic system and private well installations, supplying community nursing and mental healthcare services, as well as involvement in environmental health issues such as housing code violations, mosquito control, hazardous waste, animal/rabies control, ground water supplies and emergency preparedness.

STAFFING (FTE's 3.30)

This department consists of the Health Director, 1 part-time social worker, 1 part-time technical assistant shared with the Conservation Department, and a full-time office coordinator.



	FY11	FY12	FY13	FY14
	Actual	Actual	Appropriated	Appropriated
BOARD OF HEALTH				
Director	89,611	92,244	94,766	96,847
Town Social Worker	77,516	65,427	61,094	62,254
Non-Clerical	-	-	19,056	19,356
Clerical	43,527	44,796	46,141	47,274
Sick Buy Back	2,044	2,104	2,105	2,158
Sub Total: Personal Services	212,698	204,571	223,162	227,889
General Expense	5,347	3,604	4,650	4,750
Maintenance	-	-	-	-
Mental Health	6,210	5,660	7,000	7,000
Nursing Services	51,347	38,510	51,860	53,415
Contracted Services	7,945	7,930	11,300	9,700
Mosquito Control	45,415	45,415	45,870	45,870
Animal/ Rabies Control	8,400	8,500	8,800	8,800
Animal Inspector	1,779	2,695	2,000	4,000
Senior Outreach	29,750	25,625	27,660	28,490
Community Outreach Prog	538	783	1,800	1,800
Sub Total: Expenses	156,731	138,723	160,940	163,825
Total: Board of Health	369,430	343,294	384,102	391,714

BUDGET ISSUES

Personal Services - The FY14 budget is increasing by \$4727, compared to the FY13 budget. This budget provides for the same level of personnel as the FY13 budget. All department employees will receive a 2.5% COLA (cost of living adjustment) in FY14. Some employees in this department will receive a step increase in FY14.

Expenses - The FY14 budget is increasing by \$2,885 compared to the FY13 budget. This budget is expected to provide for similar services as in FY13.

HUMAN SERVICES: Council on Aging

MISSION OF THE DEPARTMENT

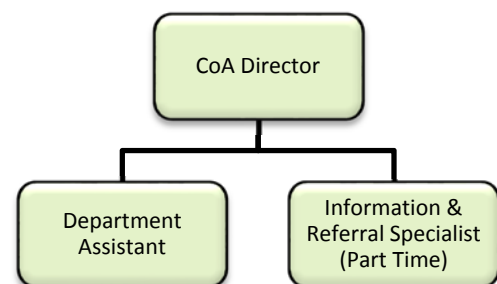
The mission of the Council on Aging (COA) is dedicated to serving the social, recreational, health and educational needs of older adults in the community. The Sudbury Senior Center has been a fully accredited center since December 2003, (one of only twelve in Massachusetts).

DESCRIPTION OF SERVICES

The Council on Aging supports programs at the Sudbury Senior Center, provides van services for elders and people with disabilities, serves as an information resource for seniors and their families, offers a wide variety of recreational and educational programs as well as health-related exercise, information, and nutrition, coordinates numerous volunteer services to elders in the community, and plays an advocacy role for seniors at the local, state, and federal level.

STAFFING (FTE's 2.49)

The department currently consists of the Council on Aging Director, a full-time department assistant and a part-time Information and Referral Specialist, all appointed by the Town Manager. In addition, many Sudbury residents volunteer countless hours helping to run the many programs at the Senior Center. The activities of the COA are overseen by a 9-member volunteer Council on Aging, appointed by the Board of Selectmen.



	FY11	FY12	FY13	FY14
	Actual	Actual	Appropriated	Appropriated
COUNCIL ON AGING				
Director	62,645	64,241	68,961	73,216
Clerical	43,763	44,796	46,140	47,274
Information/Reference	9,494	18,318	19,540	23,900
Sub Total: Personal Services	115,902	127,355	134,641	144,390
General Expense	3,709	4,422	6,000	8,000
Sub Total: Expenses	3,709	4,422	6,000	8,000
Total: Council on Aging	119,611	131,778	140,641	152,390

BUDGET ISSUES

Personal Services - The FY14 budget is increasing by \$9,749, compared to the FY13 budget. This budget provides for the same level of personnel as the FY13 budget. All department employees will receive a 2.5% COLA (cost of living adjustment) in FY14. Some employees in this department will receive a step increase in FY14.

Expenses – The FY14 budget is increasing by \$2,000, compared to the FY13 budget. The general expense line includes a variety of supplies used to operate and advertise the Center’s many programs and reference services.

HUMAN SERVICES: Veterans’ Affairs

MISSION OF THE OFFICE

The Mission of the Veterans’ Affairs office is to help address the financial and medical needs of Sudbury’s veterans and their dependents. The Veterans Agent also provides information and support to family members of Service personnel currently in the Armed Forces.

DESCRIPTION OF SERVICES

The Agent assists veterans in applying for State and Federal services. The office also offers assistance and referrals in the areas of Federal compensation and pensions, State and Federal educational benefits, tax exemptions, annuities, home loans, counseling and job training. The Veterans Agent also serves as the Veterans’ Graves Agent.

STAFFING (FTE’s 0.86)

Staff consists of one part-time Veteran’s agent and part-time administrative assistant.

	FY11	FY12	FY13	FY14
	Actual	Actual	Appropriated	Appropriated
VETERANS AFFAIRS				
Veteran Agent	11,847	11,965	4,118	19,056
Sub Total: Personal Services	11,847	11,965	4,118	19,056
General Expense	112	121	6,150	550
Veteran's Grave Markers	790	811	900	900
Veteran's Benefits	6,109	14,668	34,378	33,960
Sub Total: Expenses	7,011	15,601	41,428	35,410
Total: Veterans Affairs	18,858	27,566	45,546	54,466

BUDGET ISSUES

Personal Services - The FY14 budget is increasing by \$14,938, compared to the FY13 budget. This budget provides for an increase in hours for a part-time Veteran’s agent and the addition of a part-time administrative assistant. All department employees will receive a 2.5% COLA (cost of living adjustment) in FY14. Some employees in this department will receive a step increase in FY14.

Expenses – The FY14 budget decreasing by \$6,018, compared to the FY13 budget. Benefits claims can be difficult to predict from year to year. An unexpected increase in Veteran's benefits expense for FY14 will require a budget transfer from the Town's Reserve Fund account.

Culture & Recreational Services



Goodnow Library



Hosmer House

Culture & Recreational Services Budget Summary

	FY11	FY12	FY13	FY14
	Actual	Actual	Appropriated	Appropriated
CULTURE & RECREATION				
Goodnow Library	1,010,602	993,456	1,035,020	1,057,828
Recreation	129,956	126,569	128,739	133,039
Historical Commission	5,308	5,249	5,309	5,500
Historic Districts Commission	2,148	2,809	2,810	2,861
Total Culture & Recreation	1,148,014	1,128,083	1,171,878	1,199,228
Personal Services	776,337	758,897	805,248	803,087
Expenses	371,677	369,186	366,630	396,141
Total Culture & Recreation	1,148,014	1,128,083	1,171,878	1,199,228
Salary	773,339	726,664	786,708	781,972
Overtime	-	32,233	18,540	21,115
Other payroll-related compensation	2,998	-	-	-
	776,337	758,897	805,248	803,087

CULTURE & RECREATION: Goodnow Library

MISSION OF THE DEPARTMENT

The Goodnow library strives to enhance the quality of life of all users, to strengthen the fabric of the Sudbury community and to promote a well-informed and enlightened citizenry. Goodnow's mission is to provide convenient and effective access to a wide array of print and electronic resources, direct and remote services and facilities that support the diverse recreational, informational, educational, social and cultural interests of the community. The Library also serves as a point of access (gateway) to materials and services beyond those it is able to offer locally. The trustees and staff strive to create a welcoming, stimulating and comfortable environment for people of all ages, interests and abilities.

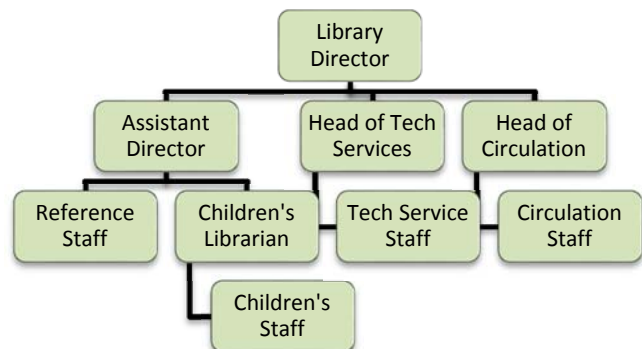
DESCRIPTION OF SERVICES

The Goodnow Library is an automated library, a member of the Minuteman Library Network. The Library's most prominent role is that of **Popular Materials Center**. From leisure reading and viewing to pursuing hobbies and cultural interests, use of library resources and activities is increasing for all ages. As a **Formal Education Center and an Independent Learning Center**, the Library supports the personal learning and formal educational pursuits of residents. From strengthening job skills, researching consumer, health and financial information, to completing school assignments, the information and education needs of residents are expanding and becoming more sophisticated and diverse.

In recent years, the Library has committed more resources towards being a **Pre-School Door to Learning** for younger children. It has introduced programs and resources to encourage and reinforce reading, listening and socializing skills to toddlers. Lastly, Goodnow is a thriving **Community Center**. The Library is used as a place for socializing, as a formal meeting center and for sharing experiences and ideas.

STAFFING (FTE's 14.52)

Staffing consists of 4 full-time positions (Director, Assistant Director, Head of Circulation, and Children's Librarian), 22 adult part-time positions, 5 page positions (shelvers), and 22 volunteers.



	FY11	FY12	FY13	FY14
	Actual	Actual	Appropriated	Appropriated
GOODNOW LIBRARY				
Library Director	91,817	76,288	81,648	86,950
Non-Clerical	598,607	561,300	607,565	608,923
Other	-	32,233	18,540	21,115
Sick Leave Buy Back	2,998	-	-	-
Sub Total: Personal Services	693,422	669,821	707,753	716,988
General Expense	7,173	8,233	8,500	8,500
Automation	42,000	43,595	43,560	46,000
Books and Materials	128,800	131,607	131,802	145,000
Maintenance	20,398	23,702	23,340	23,340
Utilities	83,242	77,235	83,000	83,000
Travel	66	-	270	-
Contracted Services	35,501	39,264	36,795	35,000
Sub Total: Expenses	317,180	323,635	327,267	340,840
Total: Goodnow Library	1,010,602	993,456	1,035,020	1,057,828

BUDGET ISSUES

Personal Services - The FY14 budget is increasing by \$9,235 compared to the FY13 budget. This budget provides for the same level of personnel as the FY13 budget. All permanent department employees will receive a 2.5% COLA (cost of living adjustment) in FY14. Some permanent employees in this department will receive a step increase in FY14.

Expenses - The FY14 budget is increasing by \$13,573, compared to the FY13 budget. The additional funds will be used primarily for books and materials.

CULTURE & RECREATION: Park & Recreation

MISSION OF THE OFFICE

The Mission of The Sudbury Park & Recreation Department is to provide recreation activities, leisure services, facilities and general amenities to the public. The Department strives to enhance the quality of life for the Town of Sudbury residents by providing clean, safe and attractive parks and recreation facilities that promote a strong sense of community. The mission of the Sudbury Youth Coordinator Department is to provide youth with activities that are appealing, safe, easily accessible and ultimately empowering. The goal is to offer support and education to the parents of

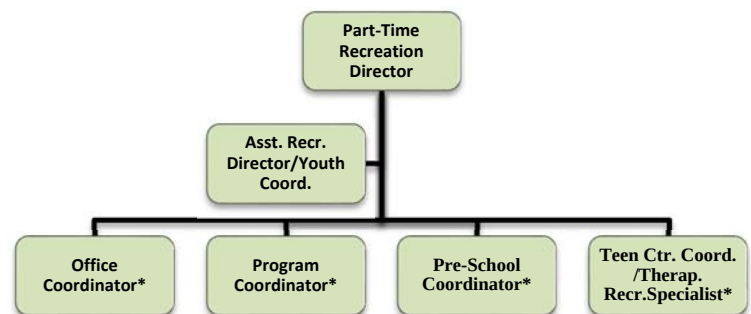
the community. Communication with students, parents, youth boards, and established groups is vital to providing these activities.

DESCRIPTION OF SERVICES

The Park & Recreation Department offers a comprehensive and varied program of public recreation activities, services, and resources for Sudbury residents. Programs are self-sustaining and offer an opportunity for quality use of leisure time in a productive and healthy manner. Major activity areas include Davis Field, Featherland Park, Frank G. Feeley Field, Cutting Field (Turf Field), LSHS-Community Field and the Haskell Recreation area. This division of the Town provides programs and activities that are safe as well as educational during the so-called non-learning hours. Teen Center and Youth Programs are designed to provide safe and positive events for older teens, and the teens use these activities to raise funds for charity.

Program offerings include the following:

- Summer Camp
- Pre-school Pals continue
- After school programs
- Youth services and activities for teens
- Community service for all age groups
- *New* adapted recreation, and Paralympics development recreational programs for children and adults within the town



*denotes part or all of the position paid for by fee based revolving funds rather than general tax levy dollars.

STAFFING (FTE's 1.56)

Staffing in this department consists only of 1.56 FTE's supported by the General fund (tax levy): a halftime Recreation Director (shared with the Town of Wayland), an Assistant Recreation Director/Youth Coordinator, an office coordinator, and program coordinator. Other staffing wages and benefits are paid completely or partially through various revolving funds (outside the tax levy). These positions include the newly combined Teen Center Coordinator/Therapeutic Recreation Specialist, a pre-school coordinator and other staff members, many of which are part-time positions that are paid by revolving funds. Note: Currently, approximately half of the office coordinator and program coordinator's salary is also paid for by revolving funds thereby reducing expenses on the general tax levy.

	FY11	FY12	FY13	FY14
	Actual	Actual	Appropriated	Appropriated
RECREATION				
Assistant Director/Youth Serv	40,198	43,524	24,217	29,822
Program Coordinator	22,338	23,986	26,152	27,605
Clerical	18,347	18,958	44,602	26,097
Sub Total: Personal Services	80,883	86,468	94,971	83,524
General Expense	2,948	-	-	-
Contracted Services	46,125	40,102	33,768	49,515
Sub Total: Expenses	49,073	40,102	33,768	49,515
Total: Recreation	129,956	126,569	128,739	133,039

BUDGET ISSUES

Personal Services - The FY14 budget is decreasing by \$11,447 compared to the FY13 budget. This budget provides for fewer clerical hours being charged against the tax levy as the FY13 budget. All department employees will receive a 2.5% COLA (cost of living adjustment) in FY14. Some employees in this department will receive a step increase in FY14.

Expenses - The FY14 budget is increasing by \$15,747, compared to the FY13 budget. In FY13, Sudbury provided part-time services to Wayland which produced a net savings in Contracted Services. As of FY14, Contracted Services reflects (only) the cost of the halftime Recreation Director (shared with the Town of Wayland). All other general expenses have been eliminated or shifted to revolving funds.

CULTURE & RECREATION: Historical Commission

MISSION OF THE PROGRAM

The Historical Commission is responsible for oversight of all Town-owned historic properties including the Hosmer House, Loring Parsonage, Haynes-Garrison site, Revolutionary Training Field and the Revolutionary Cemetery in the Center of Town. The SHC works with the Town Manager, Planning Board, Building Department and DPW to implement efforts to maintain and protect these properties. The demolition by-law reviews and scenic road hearings also come under the domain of the Commission and Planning Board. In addition, the Commission maintains records for the Massachusetts Historical Commission and attends their presentations and educational programs.

DESCRIPTION OF SERVICES

The Historical Commission plans and carries out a variety of activities to preserve our historic culture and help the community of Sudbury enjoy the Hosmer House and other historic properties owned by the Town.

STAFFING

The Commission receives no staffing from the Town. The volunteer Commission members do all budgets, goals, town report, financial recordings, etc. Manual labor is accomplished by the members or by hiring professional services. Hundreds of volunteer hours are put into the documentation, rentals, upkeep both inside and out of the properties. Boy Scout troops have attained their Eagle Badges by installing patios, walkways, fences and repairing foundations, which has saved the Town money and labor for such projects.

	FY11	FY12	FY13	FY14
	Actual	Actual	Appropriated	Appropriated
HISTORICAL COMMISSION				
General Expenses	5,308	5,249	5,309	5,500
Sub Total: Expenses	5,308	5,249	5,309	5,500
Total: Historical Commission	5,308	5,249	5,309	5,500

BUDGET ISSUES

There are no Town personal service expenses required. The FY14 general expense budget is increasing by \$191 compared to the FY13 budget.

CULTURE & RECREATION: Historic Districts Commission

MISSION OF THE OFFICE

The Historic Districts Commission is responsible for assuring the appropriateness of building improvement in the Town's Historic Districts.

DESCRIPTION OF SERVICES

Upon request from homeowners in three historic districts, the Commission approves Certificates of Appropriateness for construction, paint colors, and demolition.

STAFFING: Staffing is provided by a part-time clerical position within the Selectmen's Office.

	FY11	FY12	FY13	FY14
	Actual	Actual	Appropriated	Appropriated
HISTORIC DISTRICTS COMMISSION				
Clerical	2,032	2,608	2,524	2,575
Sub Total: Personal Services	2,032	2,608	2,524	2,575
General Expenses	116	201	286	286
Sub Total: Expenses	116	201	286	286
Total: Hist Dist Commission	2,148	2,809	2,810	2,861

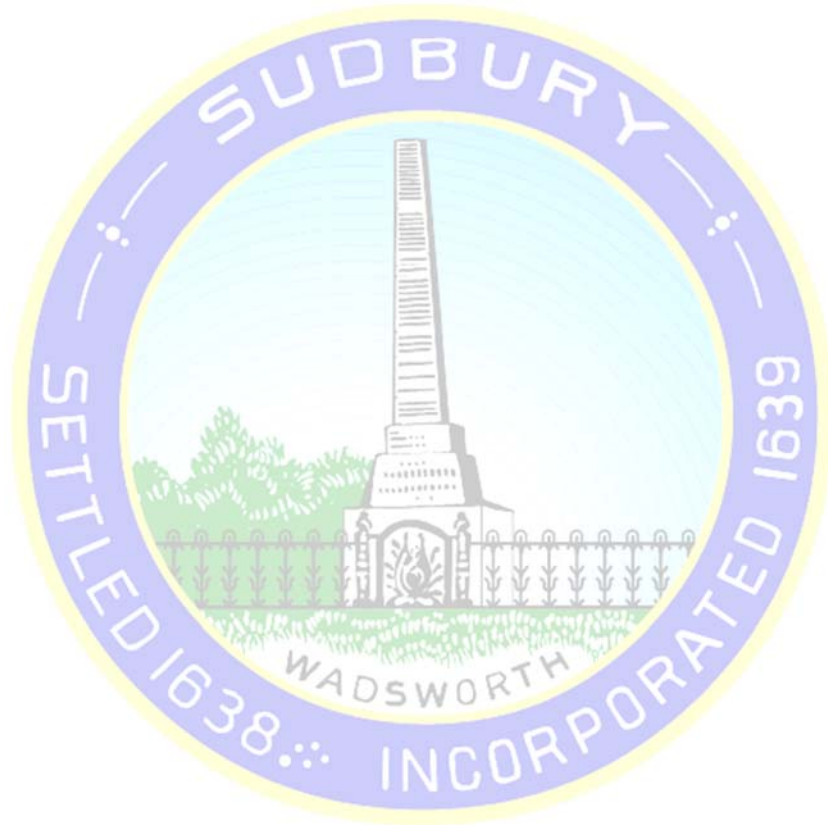
BUDGET ISSUES

The FY14 personal services budget is increasing by \$51, compared to the FY13 budget.

Section Six

Budget Detail – Education

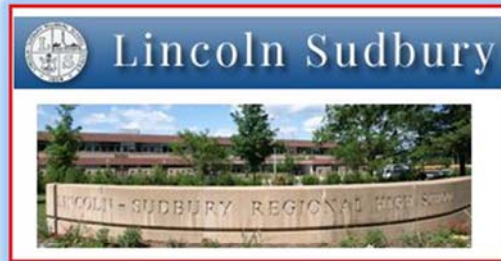
Budget requests for all education cost centers



Education



**Sudbury Public
Schools**



**Lincoln-Sudbury
Regional High School**



**Minuteman Regional
High School**

Education Cost Centers Budget Summary

	FY11	FY12	FY13	FY14
	Actual	Actual	Appropriated	Appropriated
SCHOOLS				
SPS Operating Expenses	34,336,049	35,181,366	36,593,725	37,581,756
LSRH Operating Assessments	17,577,379	18,079,955	18,694,852	19,791,903
Minuteman	195,498	338,031	274,416	444,837
Total Schools	52,108,926	53,599,352	55,562,993	57,818,496

Sudbury Public Schools

MISSION OF THE DISTRICT

The Sudbury Public Schools strive to enable all students to reach their intellectual and personal potential. The school system, in partnership with families and the community, will work with integrity and respect to realize the shared vision of enabling students to become life-long learners and effective contributors to society.

Core Values

- Enhance the learning and teaching processes to enable and inspire students to achieve their potential
- Actively promote personal responsibility and integrity
- Seek and promote opportunities to advance equity
- Cultivate a life-long commitment to community

DESCRIPTION OF SERVICES

Sudbury Public Schools District (K-8) encompasses the Ephraim Curtis Middle School and four elementary learning facilities – Josiah Haynes, Israel Loring, General John Nixon and Peter Noyes Elementary Schools. Each school represents a dynamic community of teachers and learners, which invites and needs student involvement. In addition to a core curriculum of Mathematics, English and Science, a student's quest for knowledge is enriched by music, art, drama, world languages, physical education, technology, family-consumer arts and research skills development. All schools offer excellent library and technology resources. Students can take part in after-school athletics as well as activities like computer club, Science Olympiad, yearbook, Theatre Troupe, and others. These are only a few ways for students to learn and practice sportsmanship, cooperative task accomplishment, and learn new lifelong skills.

STAFFING: (FTE's 389.91)

Staffing consists of the following:

	Actual FY2011	Actual FY2012	Actual FY2013	Non-Override FY2014
System Administration	14.00	14.00	16.00	16.00
Elementary Instruction	155.83	154.69	153.44	155.11
Middle School Instruction	78.38	78.77	81.26	82.58
Curriculum, Instruction, Technology	7.00	9.00	7.00	7.00
Special Ed Instruction	100.50	98.75	103.57	104.57
Health, Transportation & Cafeteria	19.86	9.00	9.15	9.15
Plant Maintenance	15.00	15.00	15.50	15.50
Total:	390.57	379.21	385.92	389.91

Staffing includes all grant positions, which may vary considerably year-to-year depending on funding.

	FY11	FY12	FY13	FY14
	Actual	Actual	Appropriated	Appropriated
Salaries & Other Cash Compensation (Steps Only)				
Administration	793,751	765,845	1,006,869	1,033,485
Elementary Instruction	8,852,613	9,347,141	10,279,669	10,796,372
Middle School Instruction	4,919,712	5,168,246	5,620,652	5,793,553
Curriculum/Instr/Technology	496,571	553,863	713,122	772,659
Special Ed Instruction	4,340,086	4,483,207	5,602,290	5,936,636
Health, Transportation & Food Service	339,550	364,587	368,542	386,450
Plant Maintenance	777,787	808,331	931,194	933,592
All Other	506,653	559,146	714,263	714,263
Total Salaries & Other Cash Compensation	21,026,723	22,050,366	25,236,601	26,367,010
Salary Offsets			(1,499,931)	(1,470,668)
Net Salaries	21,026,723	22,050,366	23,736,670	24,896,342
Expenses				
Administration	617,266	435,118	412,875	455,689
Elementary Instruction	357,722	299,772	333,640	343,649
Middle School Instruction	156,774	163,714	187,673	193,303
Curriculum/Instr/Technology	315,033	488,191	411,873	424,229
Special Ed Instruction	3,356,945	3,304,945	4,013,830	4,225,700
Health, Transportation & Food Service	600,599	571,875	1,007,203	1,037,419
Utilities	973,580	918,919	1,191,882	1,191,882
Plant Maintenance	898,645	811,376	468,276	482,325
Total Expenses	7,276,564	6,993,910	8,027,252	8,354,196
Expense Offsets			(1,275,440)	(1,330,440)
Net Expenses	7,276,564	6,993,910	6,751,812	7,023,756
Total Net Salaries & Expenses before Benefits	28,303,287	29,044,276	30,488,482	31,920,098
Healthcare Benefits				
Active Employees	3,790,533	3,782,621	3,595,070	3,028,106
Retired Employees	550,413	636,315	554,478	581,799
Total Healthcare Benefits	4,340,946	4,418,936	4,149,548	3,609,905
Retirement & Other Benefits				
Active Employees	521,364	503,389	665,624	694,057
Retirement Assessment	1,170,452	1,214,765	1,290,071	1,357,695
Total Retirement & Other Benefits	1,691,816	1,718,154	1,955,695	2,051,752
Total Benefits	6,032,762	6,137,090	6,105,243	5,661,657
Total SPS Net Operating Budget	34,336,049	35,181,366	36,593,725	37,581,755

BUDGET ISSUES

Salaries & Wages (net)-The FY14 budget is increasing by \$1,159,672 compared to the FY13 budget. This budget level supports an increase of four FTE's. All Teachers Union employees of SPS will receive a 2.5% wage COLA in FY14. Additionally, the increase in personal services relates to all steps, lane and other wage components for the anticipated level of staffing. For further details regarding this budget grouping, see **SPS budget information located on their website**.

Expenses (net) - The FY14 budget is increasing by \$271,944, compared to the FY13 budget. The majority of this increase is within PS/Special Education Instruction. For further details regarding this budget grouping, see **SPS budget information located on their website**.

Offsets - The FY14 total offsets (salary and expense) budget is increasing by \$25,737, compared to the FY13 budget. Offsets are made up of grants, fees and other special revenues that may be directly applied to expenses without appropriation. Throughout the year, these offsets will be used and consequently allocated to the various salaries and other expense line items shown above. Actual results for prior years reflect these allocations whereas for budgetary purposes, offsets are shown separately in aggregate. For further details regarding this budget grouping, see **SPS budget information located on their website**.

Benefits and Insurances (net) - The FY14 budget is decreasing by \$443,586, compared to the FY13 budget. The majority of this decrease is within medical benefits as a result of switching to the GIC system as of July 1, 2012. (The Town and SPS share all benefits and insurance programs). For further details regarding this budget grouping, see **Section 9**.

Lincoln-Sudbury Regional High School Assessment

MISSION OF THE DISTRICT

The Lincoln-Sudbury Regional High School mission is as follows: Promotion of cooperative and caring relationships between adults and students; respect for human differences; and satisfaction with excellence only, particularly in academics.

Core Values

In addition, the following core values are adhered to:

- Fostering of cooperative and caring relationships
- Respect for human differences
- Development and maintenance of a purposeful and rigorous academic program that constitute the foundation of the operation of Lincoln-Sudbury Regional High School.
- Provide opportunities for students to develop a strong knowledge base in the various disciplines and program areas; reflected in our graduation requirements.

DESCRIPTION OF SERVICES

Lincoln-Sudbury Regional High School views itself as "a different kind of place" -- a place that not only tolerates but truly values diversity in style and substance. This quality manifests itself in the academic program and in the general atmosphere of the school, and may best be seen in the respectful and warm relationships between students and adults, the high degree of autonomy for and participation by the faculty in decisions, and a school culture marked by commitment to innovation and experimentation. Through a challenging academic program and a wide variety of school activities, students are expected to make choices and to have a degree of power over their own education. The ability to make good choices requires the development of a sense of

responsibility and an understanding of the ethical implications of their actions. Formality and standardization are less important than creativity, originality, and critical thinking skills. The school culture also seeks to join academic skills to an active civic concern for the Lincoln-Sudbury community, American society, and the world beyond.

STAFFING: (FTE's 210.06)

Staffing consists of the following:

	FY11 Actual	FY12 Actual	FY13 Budget	FY14 Budget
Headcount (FTEs)				
Administrators	8.00	8.00	8.50	8.50
Administrative Support	15.94	15.75	15.92	15.92
Teachers (excl SPED)	122.28	119.36	118.71	123.21
Classroom & Teaching Support (excl SPED)	4.70	3.40	3.40	3.40
SPED Teachers	15.50	15.70	17.25	17.25
SPED Support	13.82	13.82	13.82	13.82
Custodial/Grounds/Maintenance (0.20 is offset to Building Use)	11.00	10.00	10.00	10.00
All Other	8.46	8.43	8.43	8.43
Total FTEs, excluding non-operating grant funded positions	199.70	194.46	196.03	200.53
Federal and State Grant Funded FTE Positions	13.48	11.12	9.53	9.53
Total FTE Count including Grant Funded Positions	213.18	205.58	205.56	210.06

Staffing includes all grant positions, which may vary considerably year-to-year depending on funding.

DESCRIPTION OF REGIONAL ASSESSMENTS

All operating expenses for the District are offset (reduced) by regional State Aid, fees, other district receipts and reapportionment (which is similar to Free Cash for municipalities as an available source for future budgets). The net amount is then allocated to District members based on a three-year student enrollment ratio. Debt service is separately allocated to District members based on a similar ratio.

BUDGET ASSESSMENT (SUDBURY SHARE)

	FY11 Actual	FY12 Actual	FY13 Appropriated	FY14 Appropriated
LINCOLN-SUDBURY REGIONAL HS				
Sudbury Operating Assessment	17,577,379	18,079,955	18,694,852	19,791,903
Sudbury Debt Assessment	2,237,147	2,193,072	2,139,028	1,946,994
Sudbury Total Assessments	19,814,526	20,273,027	20,833,880	21,738,897

BUDGET ISSUES

Operating Assessment - The FY14 budget is increasing by \$1,097,051 compared to the FY13 budget. This represents Sudbury's share of all other operating expenses for the District.

Debt Assessment - The FY14 budget is decreasing by \$192,034 compared to the FY13 budget. This represents Sudbury's share of all debt service for the District.

TOTAL LSRHS DISTRICT BUDGET

This summary represents all operating expenses for the District prior to debt service and assessment allocation to members (Sudbury and Lincoln) and net of all offsets.

	FY11 Actual	FY12 Actual	FY13 Appropriated	FY14 Appropriated
Total Salaries & Other Cash Compensation	15,320,449	15,529,620	15,876,118	16,784,183
Total Expenses	6,129,460	7,226,259	8,039,076	8,046,857
Total Benefits	3,498,678	3,759,909	3,691,207	3,654,154
Total LSRHS Operating Expenses, including grant funding	24,948,587	26,515,788	27,606,401	28,485,194
LSRHS Grants, Fees & Other Offsets, incl circuit breaker	(1,176,004)	(2,231,188)	(1,899,748)	(1,843,507)
Net LSRHS Operating Expenses	23,772,583	24,284,600	25,706,652	26,641,687

BUDGET ISSUES

Salaries & Wages - The FY14 budget is increasing by \$908,065, compared to the FY13 budget. This budget level provides for an increase of 4.50 FTE's (including grant positions) as compared to FY13. Additional increase in personal services relates to all steps, lane and other wage components for the same or similar level of staffing as in FY12. All Teachers will receive a 1.15% COLA (cost of living adjustment) in FY14. For further details regarding this budget grouping, see **LSRHSD budget information located on their website.**

Expenses - The FY14 budget is increasing by \$7,781, compared to the FY13 budget. For further details regarding this budget grouping, see **LSRHSD budget information located on their website.**

Benefits and Insurances - The FY14 budget is decreasing by \$37,053, compared to the FY13 budget. Savings in medical benefits cost continue as a result of plan significant design changes adopted as of July 1, 2012. For further details regarding this budget grouping, see **LSRHSD budget information located on their website.**

Offsets - The FY14 total offsets budget is decreasing by \$56,241, compared to the FY13 budget. Offsets are made up of grants, fees and other special revenues that may be directly applied to expenses without appropriation. For further details regarding this budget grouping, see **LSRHSD budget information located on their website.**

Minuteman Regional Vocational Technical High School Assessment

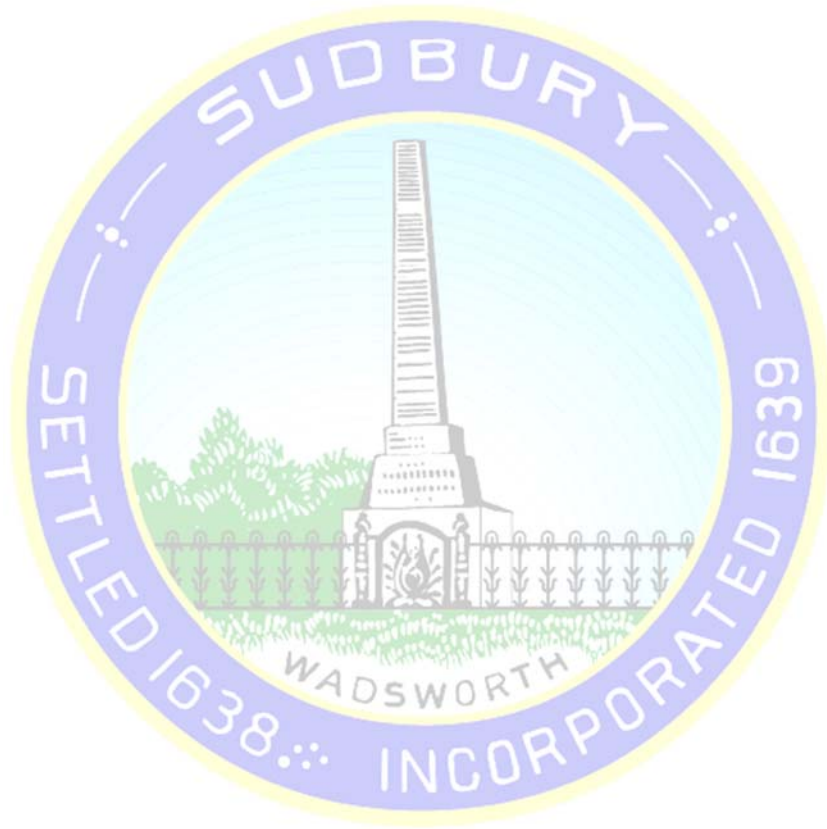
	FY11	FY12	FY13	FY14
	Actual	Actual	Appropriated	Appropriated
MINUTEMAN VOCATIONAL				
Operating Assessment	195,498	338,031	274,416	444,837
Total: Minuteman Vocational	195,498	338,031	274,416	444,837

BUDGET ISSUES

The total FY14 budget assessment for Sudbury is increasing by \$170,421, compared to the FY13 budget. The increase in Sudbury's assessment is due to changes in enrollment. Sudbury student enrollment at Minuteman is expected to increase from 11 to 16 students in FY14. For further details regarding this budget grouping, see **MRVTHS budget information located on their website**.

Section Seven

Capital Investment Budget



FY14 CAPITAL BUDGET

MISSION OF THE PROGRAM

For the Town of Sudbury to accomplish its mission, Town and School departments need to acquire, maintain and replace large items such as infrastructure, buildings, equipment and technology. A significant portion of the Town's net assets (more than \$80 million in total) reflects its investment in capital assets less any related outstanding debt used to acquire those assets. The Annual Capital Budget is designed to be sure there is an orderly process for evaluating the Town's assets and their expected useful lives, projecting replacement costs, and assigning priorities among such projects when resources cannot fund all requested projects. Further, the Five-Year Capital Plan is designed to ensure that the Town develops annual operating and capital plans in awareness of the long-range needs and plans of the Town (see next subsection).

DESCRIPTION OF SERVICES

The Town's Capital Improvement Planning Committee facilitates the capital budgeting process. A **capital expenditure** is defined as major, non-recurring costs involving land acquisition, construction or major rehabilitation of a facility, or purchase of equipment costing \$10,000 or more with a useful life of five years or more. In 2005, the Board of Selectmen approved a capital budgeting and planning policy to complement the capital bylaw. For further details see [Appendix G](#) for all Selectmen's budgeting and financial management policies.

STAFFING

For developing the current plan, the Town's Finance Director and Assistant Town Manager were ex-officio members of the **Capital Improvement Planning Committee (CIPC)** and provided technical advice and support to that committee. The committee consisted of citizens who served without compensation.

The 2013 Annual Town Meeting approved a revised capital bylaw establishing a **Capital Improvement Advisory Committee (CIAC)** composed of seven members: six members appointed by the Selectmen and one member appointed by the Finance Committee. This revision (shown in Appendix C) precludes members of standing boards and committees and Town or School employees from membership on the CIAC.

Once projects have been approved, Town staff works with Counsel to initiate the public bidding process, secure contracts and oversee purchase or implementation to completion. Sudbury's nine-member **Permanent Building Committee** has general supervision over the design and construction of all public buildings, including the authority to employ professional assistance and, subject to specific authorization by the Town, to enter into contracts on behalf of the Town for the preparation of construction plans and specifications and for the construction of buildings and other structures.

FY14 CAPITAL BUDGET PROPOSALS AND APPROPRIATIONS

For FY14, the CIPC reviewed capital improvement project proposals requesting a total of \$11,773,621 and voted to support projects totaling \$10,438,896. Proposed funding for the supported projects was contained in multiple articles submitted for the 2013 Annual Town Meeting. The FY14 appropriated budget for DPW capital equipment leases totaling \$283,274 now

appears as part of the departmental operation budget in Section 4; the FY14 appropriated budget for the Enterprise capital equipment appears in Section 11. The table below shows the FY14 appropriated budget for other operating “cash capital” and a capital exclusion item that partly funds the Town Center Traffic Improvement project.

	FY11	FY12	FY13	FY14
	Actual	Actual	Appropriated	Appropriated
CAPITAL & CAPITAL EXCLUSIONS				
Operating Capital Expenditures*	230,726	222,003	255,584	284,062
Capital Exclusions	0	0	0	700,000
Total Capital & Articles	230,726	222,003	255,584	984,062
<i>* Excludes leases for equipment & police cruisers.</i>				
	FY11	FY12	FY13	FY14
	Actual	Actual	Appropriated	Appropriated
CAPITAL BY CATEGORY				
Town Buildings	116,771	59,607	51,925	62,062
General Government	11,955	0	37,000	0
Public Safety	10,000	72,396	61,659	20,000
Public Works	0	0	50,000	750,000
Sudbury Public Schools	50,000	90,000	55,000	152,000
Total: Capital Expenses	230,726	222,003	255,584	984,062

The following projects comprise the FY14 operating “cash capital” budget:

Department	Description	FY14 Approved
Facilities	Various Building Improvements	62,062
Facilities	Peter Noyes School Septic Engineering	20,000
Facilities	Capital Roof Repairs (Schools)	32,000
Facilities	School Classroom Flooring Replacement	100,000
Fire	Skid Tank and Pump Unit	20,000
Highway	2001 Chevy 1 ton (Unit 6)	50,000
Total		284,062
Note: Leased capital items are included in departmental operating budgets		

Additional FY14 capital articles (which were supported by the CIPC) approved at the 2013 Annual Town Meeting were as follows: \$627,000 for design of a new Police Headquarters, \$75,000 for a Fairbank Community Center Master Plan, \$50,000 for Fairbank Center roof repairs, and \$100,000 for walkway construction.

The remaining capital project requests totaling \$1,334,725 submitted to the CIPC but not supported for FY14 due to limited funding have been postponed to FY15 or beyond. Most of these items are considered vital replacements or improvements and therefore find their way back into the capital request system year after year. 2013 ATM Article 15 for the Ambulance was withdrawn prior to publishing the warrant, but the request is expected again next year. Approval of Article 16 for \$627,000 for just the Police Station design phase leaves an estimated \$6,873,000 for construction costs needing approval in FY15. Several other capital projects are listed in the April 4, 2013, Strategic Financial Planning Report available on the town website, <http://www.sudbury.ma.us/>.

BUDGET ISSUES

Budget issues associated with DPW equipment leases and Police cruisers are discussed in the individual department narratives in Section 5. The FY14 budget for Operating Capital Expenditures is increasing by \$28,478. This funding will provide funding for the “cash capital” items listed on the previous page.

Other project details may be found in Community Preservation Act fund **Section 12**. Also, it should be noted that the Town invests a significant amount of capital each year for various roadway and infrastructure improvements. We are able to do so with an annual allotment of State infrastructure funding (Chapter 90 grant program). In FY14, the Chapter 90 apportionment for Sudbury is \$567,545. These funds may only be used for Capital Improvement Projects for Highway Construction, Preservation and Improvement Projects that create or extend the life of our roadways. The FY14 Chapter 90 funds will be used to partly support a Town Center traffic improvement project approved by the 2013 Annual Town Meeting. Another portion of support for this project will be provided via a \$700,000 Capital Exclusion that was approved in a June 25, 2013 Town Election.

By far, the biggest capital budget problem facing the Town is the large backlog of projects that have been postponed due to limited funding combined with large new projects on the horizon that will need funding. Issues relating to this problem are examined in the aforementioned Strategic Financial Planning Report along with possible funding approaches.

ALL-CAPITAL MATRIX FOR FY14

The matrix on the following page lists all the capital-related FY14 budget items and identifies their incremental operational costs, if any. Capital projects to be paid for by CPA funds have also been included. Most items for FY14 are to be paid for with cash. The town has not bonded for capital expenditures since FY08. Funds for the Police Station Design will come from bond anticipation notes, with the expectation that the cost for the construction phase will be bonded. Interest costs related to equipment leases is included in the FY2014 Cost column. Anticipated savings generation for capital projects are included in the budget issues sections of sponsoring departments. None of the capital projects approved in FY14 will generate any material cost savings or new revenues for the Town.

All Capital Matrix for FY14

CLUSTER	DESCRIPTION	FY2014 COST	FUNDING SOURCE	FUNDING HORIZON	TAX LEVY	OPERATIONAL COSTS (INCREMENTAL) *
Facilities	Various Bldg Improvements	\$ 62,062	GF-Cash	1 yr	Yes	None, replacement of existing items. No add'l maintenance
Facilities	Peter Noyes School Septic Engineering	\$ 20,000	GF-Cash	1 yr	Yes	None, design study
Facilities	Capital Roof Repairs (Schools)	\$ 32,000	GF-Cash	1 yr	Yes	None, extends functionality
Facilities	School Classroom Flooring Replacement	\$ 100,000	GF-Cash	1 yr	Yes	None, replacement of existing items. No add'l maintenance
Fire	Skid Tank and Pump Unit	\$ 20,000	GF-Cash	1 yr	Yes	None, replacement of existing items. No add'l maintenance
Public Works	2001 Chevy 1 ton (Unit 6) ¹	\$ 50,000	GF-Cash	1 yr	Yes	Replaced existing units. No new rolling stock
	Article 5 Capital Program Budget Sub-total	\$ 284,062				
Facilities	New Police Station Design	\$ 627,000	GF-Bonded	20 yrs	Yes	None, replacement of existing items. No add'l maintenance.
Facilities	Fairbank Community Center Master Plan	\$ 75,000	Multiple ²	1 yr	Yes	None, design study
Facilities	Fairbank Roof Repair	\$ 50,000	GF-Cash	1 yr	Yes	None, extends functionality
Public Works	Town Center Traffic Improvements	\$ 1,800,000	Multiple ³	2 yrs	Yes	None, improves functionality
	Other Articles Capital Items Sub-total	\$ 2,552,000				
Public Works	Fleet & Equipment Leases ¹	\$ 283,273	GF-Cash	1-5 yrs	Yes	None, extends functionality
Enterprise	Transfer Station Compactors	\$ 122,000	ENT-Cash	1 yr	No	None, replacement of existing items. No add'l maintenance
Enterprise	Share of Lawn Tractor Lease	\$ 4,560	ENT-Cash	1 yr	No	None, extends functionality
	Operating Budget Sub-total	\$ 409,833				
CPA	New Walkway Construction	\$ 100,000	CPA-Cash	1 yr	No	None. Additional plowing negligible cost given location.
	CPA Budget Sub-total	\$ 100,000				
	Total Capital Related Budget Items FY14	\$ 3,345,895				
*Operational costs (ongoing) are to be absorbed and budgeted for annually by department/division users. Capital cluster is only responsible for project costs submitted and approved via the capital program budgeting process (e.g., Equipment purchases, leases and improvement costs).						
¹ DPW operating budget includes maintenance costs for entire fleet at \$213,500. DPW responsible for all maintenance costs incld. capital leases.						
² \$10,000 GF-Cash, \$65,000 private funds						
³ \$700,000 GF-Capital Exclusion, \$1,000,000 Chapter 90 & \$100,000 CPA						

5-YEAR CAPITAL PLAN – Starting Point for a Comprehensive Strategic Plan

The tables on the following pages show all capital projects that have been requested and scheduled for municipal departments over the next five years, irrespective of funding source (e.g., normal capital budget, separate Town Meeting article, CPA funds, bonding, grants, or other).

Information related to projects for renovating or constructing the Town's buildings is taken from the Town-wide Comprehensive Facility Study. As always, Town Meeting has the final appropriating authority for all capital projects. However, barring extraordinary circumstances, all significant capital projects make their way to the Town's long-range capital plan. The ranking process is similar in nature to the annual capital process in terms of priorities and specific needs. In addition, the Town must consider placement on the long-term grid based on 5-year projections of revenues, debt service and other expenditures. Consequently, some items may be shifted backwards or forwards, as new financial and economic information becomes known.

The Town of Sudbury maintains over \$80 million dollars' worth of depreciable Capital Assets. The useful life of all these items, range anywhere from four to forty years in duration. At any given time, the Town may have in upwards of \$20 to \$30 million dollars identified for purchase or construction over the next five-year period. Planning in this way helps stagger overall costs to the Town, gauge availability of public funding, seek grants or alternate sources of capital, coordinate resources and obtain all required approvals.

In the last five years, the majority of approved capital requests involved the replacement of older public safety and public works equipment, ranging from multi-purpose trucks to one fire engine. The remaining capital appropriations were on a variety of building improvements primarily focused on some of the Town's older building stock where community preservation funds did not apply.

In the next five years, the Town faces significant building renovations and improvements within Public Safety, Sudbury Public Schools and General Government. Large building projects require significant planning and long-term financing. Spreading building projects apart has always helped the Town to minimize large spikes in the tax levy related to debt service. However, doing so now also requires the forward escalation of total project costs due to a continued rise in building inflation. General economic conditions and a lack of appetite by taxpayers for Town-related building projects since FY2008 have indefinitely postponed the construction of a new police headquarters. Plans for renovating the Town Hall have been postponed pending the completion of an architectural and design study.

Items submitted but not approved for FY14 have been postponed to FY15 or beyond. Most items are considered vital replacements or improvements and therefore find their way back into our long-range capital plans. Typically, any items with a project cost greater than \$100,000 (and certainly all building renovations going forward) are candidates for either 1-year capital exclusions or long-term debt exclusions simply because the Town does not have sufficient operating resources to fund outright large asset/infrastructure development.

The following table provides a departmental summary of all five-year capital project requests submitted during the FY14 budgeting cycle with their proposed schedule. For this table, the projects originally proposed for FY14 that were not promulgated for 2013 ATM consideration have been shifted to FY15.

DEPARTMENT	FY14	FY15	FY16	FY17	FY18
DPW	1,900,000	100,000	100,000	100,000	100,000
Facilities	966,062	15,755,883	3,241,647	2,364,952	1,604,780
Fire	20,000	910,000	850,000		
Parks & Grounds	12,907	175,847	72,847	18,500	18,500
Recreation	4,560	2,036,537	500,000	1,000,000	1,010,000
Streets & Roads	320,367	612,467	490,768	479,566	561,525
Transfer Station	122,000	150,000			
TOTAL	3,345,896	19,740,734	5,255,262	3,963,018	3,294,805

During FY13, Town staff and others worked on a comprehensive strategic financial plan that includes all of the existing 5-year Capital Plan projects and all other significant long-term financial obligations (i.e., large capital projects yet to be scheduled, unfunded OPEB liability, stabilization, special purpose reserves, etc.) In addition to identifying all of Sudbury's longer-term financial expenditures it will be imperative to identify and/or develop funding solutions. This work is expected to continue during FY14.

The tables on the following pages provide a detailed listing of all scheduled project requests currently on Sudbury's five-year Capital Improvement Plan. It should be noted that none of the projects listed here have been approved. The new CIAC⁵ will be studying any FY15 proposals which involve a total project cost of more than \$50,000 in a single year or over \$100,000 in multiple years and which would likely require an article at Town Meeting for the project's authorization. They will report their recommendations to the Finance Committee and Board of Selectmen. The Town Manager will develop an operating budget for proposed capital expenditures for FY15 containing those items whose costs do not meet this threshold and are to be included in the annual budget and financing plan.

⁵ As of this writing, the Bylaw revision establishing the new CIAC is pending approval by the Massachusetts Attorney General's Office.

Dept.	Project Description	Total Cost	FY14	FY15	FY16	FY17	FY18
DPW	Town Center Traffic Improve	\$ 1,800,000.00	\$ 1,800,000.00				
DPW	Walkway Construction	\$ 500,000.00	\$ 100,000.00	\$ 100,000.00	\$ 100,000.00	\$ 100,000.00	\$ 100,000.00
Facilities	Various Building Improvements	\$ 337,062.00	\$ 62,062.00	\$ 60,000.00	\$ 70,000.00	\$ 70,000.00	\$ 75,000.00
Facilities	Fairbank Center Roof Repairs	\$ 50,000.00	\$ 50,000.00				
Facilities	Community Ctr Facility Design	\$ 75,000.00	\$ 75,000.00				
Facilities	Peter Noyes Septic Engineer	\$ 20,000.00	\$ 20,000.00				
Facilities	Town Rods Capital Repairs	\$ 96,000.00	\$ 32,000.00		\$ 46,000.00		
Facilities	Schools Carpet Replacement	\$ 500,000.00	\$ 100,000.00	\$ 100,000.00	\$ 100,000.00	\$ 100,000.00	\$ 100,000.00
Facilities	New Police Station Construction	\$ 7,500,000.00	\$ 627,000	\$ 6,873,000			
Fire	Skid Tank & Pump Replacement	\$ 20,000.00	\$ 20,000.00				
Parks & Grounds	2011 Chevrolet Pick-Up (# PR-2)	\$ 41,734.30	\$ 8,346.86	\$ 8,346.86			
Parks & Grounds	2010 John Deere Tractor (# PR-6)	\$ 22,800.80	\$ 4,560.16				
Recreation	2010 John Deere Tractor (Unit PR-6)	\$ 22,800.80	\$ 4,560.16				
Streets & Roads	2001 Chevy Silverado 1 Ton (Unit #6)	\$ 50,000.00	\$ 50,000.00				
Streets & Roads	1988 Bombadier Tractor (Unit #33)	\$ 156,500.00	\$ 31,300.00	\$ 31,300.00	\$ 31,300.00	\$ 31,300.00	\$ 31,300.00
Streets & Roads	1991 Mack Dump 6-Wheel (Unit #11)	\$ 171,500.00	\$ 34,300.00	\$ 34,300.00	\$ 34,300.00	\$ 34,300.00	\$ 34,300.00
Streets & Roads	2012 Freightliner 6-Wheel Dump Truck (Unit #4)	\$ 145,000.00	\$ 29,000.00	\$ 29,000.00	\$ 29,000.00	\$ 29,000.00	
Streets & Roads	2012 Prinoth Multi-Purpose Tractor (Unit #21)	\$ 145,205.00	\$ 29,041.00	\$ 29,041.00	\$ 29,041.00	\$ 29,041.00	
Streets & Roads	2011 Freightliner 10-Wheel Dump (Unit #10)	\$ 140,933.00	\$ 28,187.00	\$ 28,187.00	\$ 28,187.00	\$ 28,187.00	
Streets & Roads	2011 Chevy 1 Ton (Unit #37)	\$ 50,074.00	\$ 10,014.87	\$ 10,014.87	\$ 10,014.87		
Streets & Roads	Kubota Tractor/Boom Flail Mower (Unit #35)	\$ 78,317.55	\$ 15,663.51	\$ 15,663.51			
Streets & Roads	Elgin Pelican Sweeper (Unit #54)	\$ 166,177.65	\$ 33,235.53	\$ 33,235.53			
Streets & Roads	2009 John Deere 544K Loader (Unit #8)	\$ 136,573.00	\$ 27,314.68				
Streets & Roads	2009 Chevy Pick-Up (Unit #14)	\$ 33,577.30	\$ 6,715.46				
Streets & Roads	2009 6-Wheel Dump Truck (Unit #20)	\$ 127,974.40	\$ 25,594.88				
Transfer Station	Trash Compactor - 3 Yard - #1	\$ 45,000.00	\$ 45,000.00				
Transfer Station	Trash Compactor - 3 Yard - #2	\$ 45,000.00	\$ 45,000.00				
Transfer Station	Cardboard Compactor - 4 Yard	\$ 32,000.00	\$ 32,000.00				
Facilities	Police Station Roof/Insulate	\$ 77,840.00		\$ 77,840.00			
Facilities	Town Hall Boiler Replacement	\$ 60,000.00		\$ 60,000.00			
Facilities	Atkinson Pool Roof & gutters	\$ 214,003.00		\$ 214,003.00			
Facilities	Fairbank Window Replacement	\$ 230,000.00	\$ 230,000.00				
Facilities	Fairbank Center - Flat Roof	\$ 608,000	\$ 608,000				
Facilities	Flynn Bldg - 2nd floor bathroom	\$ 30,000.00	\$ 30,000.00				
Facilities	Police Sta Painting/wood repair	\$ 11,000.00	\$ 11,000.00				
Facilities	Town Hall Insulation	\$ 18,000.00	\$ 18,000.00				
Facilities	Fairbanks - School Dept. HVAC	\$ 30,000.00	\$ 30,000.00				
Facilities	Haynes Meadow House - boiler	\$ 10,000.00	\$ 10,000.00				
Facilities	Fairbank Center - HVAC controls	\$ 120,000.00	\$ 40,000.00	\$ 40,000.00	\$ 40,000.00		
Facilities	Hosmer House Roof	\$ 36,400.00	\$ 36,400.00				
Facilities	Goodnow Library Roof	\$ 38,890.00	\$ 17,548.00				\$ 21,350.00
Facilities	DPW Hiway Garage Roof	\$ 124,743.00	\$ 101,346.00	\$ 23,397.00			
Facilities	Flynn Building Roof	\$ 33,746.00	\$ 33,746.00				
Facilities	DPW Office HVAC	\$ 30,000.00	\$ 30,000.00				

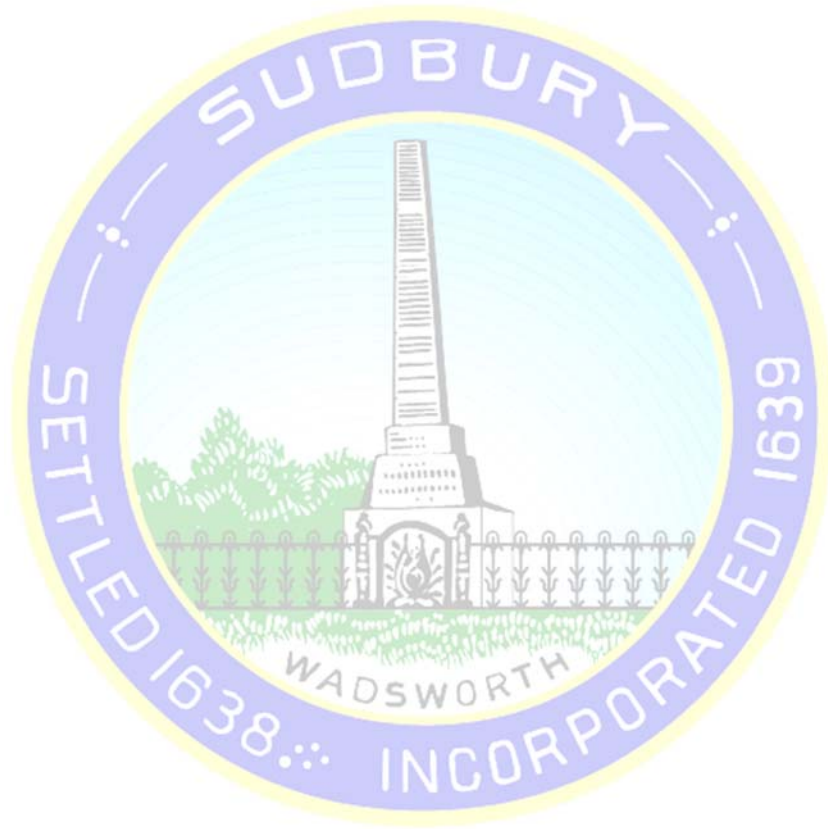
Dept.	Project Description	Total Cost	FY14	FY15	FY16	FY17	FY18
Facilities	Town Hall Reconstruction	\$ 6,000,000.00		\$ 6,000,000.00			
Facilities	Fairbank HVAC upgrade	\$ 151,000.00		\$ 151,000.00			
Facilities	Fairbank - SPS HVAC Replaced	\$ 36,000.00		\$ 36,000.00			
Facilities	Shed roof Storage - DPW	\$ 325,000		\$ 325,000			
Facilities	Park & Rec Storage Bldg	\$ 80,000		\$ 80,000			
Facilities	Goodnow Lib. - Carpet replace.	\$ 75,000.00		\$ 75,000.00			
Facilities	Curtis School Doors Replace.	\$ 40,000.00		\$ 20,000.00	\$ 20,000.00		
Facilities	Peter Noyes Septic Replace.	\$ 200,000.00		\$ 200,000.00			
Facilities	Curtis School RTU HVAC #8	\$ 70,000.00		\$ 70,000.00			
Facilities	Loring School Water Heater	\$ 50,000.00		\$ 50,000.00			
Facilities	Nixon Parking Lot & Walkway	\$ 150,000.00		\$ 150,000.00			
Facilities	Lawn riding tractor	\$ 18,000.00		\$ 18,000.00			
Fire	Ambulance Replacement	\$ 220,000.00		\$ 220,000.00			
Fire	Engine 1 Replacement	\$ 450,000.00		\$ 450,000.00			
Fire	Car 2 Replacement	\$ 40,000.00		\$ 40,000.00			
Fire	SCBA Packs	\$ 200,000.00		\$ 200,000.00			
Parks & Grounds	Chevrolet Pick-Up (#PR-3)	\$ 45,500.00		\$ 45,500.00			
Parks & Grounds	Six Wheel Dump Truck (#PR-1)	\$ 48,000.00		\$ 48,000.00			
Parks & Grounds	One Ton Pick-Up Truck (#PR-4)	\$ 45,000.00		\$ 45,000.00			
Parks & Grounds	Rotary Mower w/Cab (#PR-7)	\$ 105,000.00		\$ 21,000.00	\$ 10,500.00	\$ 10,500.00	\$ 10,500.00
Parks & Grounds	Gangmower (#PR-9)	\$ 40,000.00		\$ 8,000.00	\$ 8,000.00	\$ 8,000.00	\$ 8,000.00
Recreation	Feeley Field Improvements	\$ 542,590.00		\$ 542,590.00			
Recreation	Davis Field Improvements	\$ 1,293,947.00		\$ 1,293,947.00			
Recreation	Field Capital Improvement - TBA	\$ 1,700,000.00		\$ 200,000.00	\$ 500,000.00	\$ 1,000,000.00	
Streets & Roads	2001 Chevy Silverado 1 Ton (Unit #28)	\$ 53,000.00		\$ 53,000.00			
Streets & Roads	2006 Chevy Silverado 3/4 Ton (Unit #1)	\$ 45,500.00		\$ 45,500			
Streets & Roads	11 ft Hydraulic Reversible Trip-Edge Plow	\$ 12,300.00		\$ 12,300			
Streets & Roads	10' Stainless Steel Sander Installed	\$ 20,000.00		\$ 20,000			
Streets & Roads	2008 Chevy Silverado Pick-Up (Unit #2)	\$ 43,000.00		\$ 45,500.00			
Streets & Roads	2005 Chevy Pick Up (Unit 17)	\$ 43,000.00		\$ 45,500.00			
Streets & Roads	2002 Chevy 1 Ton P/U (Unit #38)	\$ 48,000.00		\$ 48,000.00			
Streets & Roads	1991 GMC Top Kick (Unit #19)	\$ 110,500.00		\$ 22,100	\$ 22,100	\$ 22,100	\$ 22,100
Streets & Roads	2000 Chevy 1 Ton Dump Truck (Unit #29)	\$ 64,625.00		\$ 12,925	\$ 12,925	\$ 12,925	\$ 12,925
Streets & Roads	2000 Volvo Loader (Unit #15)	\$ 194,000.00		\$ 38,800	\$ 38,800	\$ 38,800	\$ 38,800
Streets & Roads	1999 John Deere Backhoe (Unit #16)	\$ 153,000.00		\$ 30,600	\$ 30,600	\$ 30,600	\$ 30,600
Streets & Roads	2005 Chevy Silverado 1 Ton (Unit #7)	\$ 50,000.00		\$ 10,000.00	\$ 10,000.00	\$ 10,000.00	\$ 10,000.00
Streets & Roads	2004 Bandit Chipper (Unit #49)	\$ 45,000.00		\$ 9,000.00	\$ 9,000.00	\$ 9,000.00	\$ 9,000.00
Streets & Roads	2004 GM 2400 Utility Truck (Unit #45)	\$ 42,500.00		\$ 8,500.00	\$ 8,500.00	\$ 8,500.00	\$ 8,500.00
Transfer Station	Hauling Roll-Off Truck (#L-1)	\$ 150,000.00		\$ 150,000.00			
Facilities	Town Hall Bathrooms	\$ 40,000.00			\$ 40,000.00		
Facilities	Town Hall Roof Repairs	\$ 85,600.00			\$ 18,250.00	\$ 21,350.00	\$ 46,000.00
Facilities	Town Hall Painting/Trim Repairs	\$ 56,000.00			\$ 56,000.00		
Facilities	Interior Painting of DPW	\$ 18,000.00			\$ 18,000.00		
Facilities	Paint Exterior Fairbanks Center	\$ 20,000.00			\$ 20,000.00		

Dept.	Project Description	Total Cost	FY14	FY15	FY16	FY17	FY18
Facilities	Police Station Window Replace	\$ 55,000.00			\$ 55,000.00		
Facilities	Solar Panel Installation	\$ 50,000.00			\$ 50,000.00		
Facilities	Senior Center Painting	\$ 10,000.00			\$ 10,000.00		
Facilities	Carding Mill House Painting	\$ 41,000.00			\$ 41,000.00		
Facilities	Flynn Building HVAC	\$ 180,000.00			\$ 180,000.00		
Facilities	Carding Mill House Roof	\$ 19,000.00			\$ 19,000.00		
Facilities	Fairbank - Fire Sprinkler System	\$ 200,000.00			\$ 200,000.00		
Facilities	Town Hall Fire Sprinkler System	\$ 550,000			\$ 550,000		
Facilities	Flynn Building - Int. alterations	\$ 80,000.00			\$ 80,000.00		
Facilities	Goodnow Library Painting	\$ 35,000.00			\$ 35,000.00		
Facilities	Curtis School RTU HVAC #7	\$ 70,000.00			\$ 70,000.00		
Facilities	Curtis Parking Lot & Walkway	\$ 225,000.00			\$ 225,000.00		
Facilities	Haynes Partial Roof Replacement	\$ 1,000,000.00			\$ 1,000,000.00		
Facilities	1ton Truck w/lift gate	\$ 50,000.00			\$ 50,000.00		
Facilities	Renovate Police Locker Rooms	\$ 225,000.00			\$ 225,000.00		
Fire	Ladder 1 Replacement	\$ 850,000.00			\$ 850,000.00		
Parks & Grounds	One Ton Pick-Up Truck (#PR-11)	\$ 46,000.00			\$ 46,000.00		
Streets & Roads	2002 Chevy Silverado - 1 Ton (Unit #40)	\$ 53,000.00			\$ 53,000.00		
Streets & Roads	2003 Bobcat or Equivalent (Unit #41)	\$ 53,000.00			\$ 53,000.00		
Streets & Roads	2004 Mack 6 Wheel Dump Truck (Unit #9)	\$ 145,000.00			\$ 29,000.00	\$ 29,000.00	\$ 29,000.00
Streets & Roads	2004 Mack 6 Wheel Dump Truck (Unit #44)	\$ 145,000.00			\$ 29,000.00	\$ 29,000.00	\$ 29,000.00
Streets & Roads	2000 Mack 10 Whl Dump (Unit #34)	\$ 165,000.00			\$ 33,000.00	\$ 33,000.00	\$ 33,000.00
Facilities	Town Hall Fire Alarm/Sprinkler	\$ 225,000.00				\$ 225,000.00	
Facilities	Loring Parsonage Painting	\$ 16,000.00				\$ 16,000.00	
Facilities	Fire Station Painting	\$ 28,000.00				\$ 28,000.00	
Facilities	DPW Garage Roof	\$ 38,330.00				\$ 18,250.00	
Facilities	South Fire Station Roof - B.Post Rd	\$ 41,057.00				\$ 41,057.00	
Facilities	Main Fire Station Roof - Hudson Rd	\$ 90,295.00				\$ 90,295.00	
Facilities	Fairbank Fire Alarm replacement	\$ 105,000.00				\$ 105,000.00	
Facilities	Fairbank Bldg - Int. alterations	\$ 390,000.00				\$ 390,000.00	
Facilities	Curtis School RTU HVAC #9, #12	\$ 105,000.00				\$ 105,000.00	
Facilities	Town Hall ADA elevator	\$ 750,000.00				\$ 750,000.00	
Facilities	Nixon Replace windows (1960)	\$ 215,000.00				\$ 215,000.00	
Facilities	Generator Replacement - Noyes	\$ 85,000.00				\$ 85,000.00	
Facilities	Renovate Police Sta Kitchen	\$ 65,000.00				\$ 65,000.00	
Streets & Roads	2008 Volvo 10 Wheel Dump Truck (Unit #5)	\$ 165,000.00				\$ 33,000.00	\$ 33,000.00
Streets & Roads	2007 Mack 6-Wheel Dump Truck (Unit #18)	\$ 145,000.00				\$ 29,000.00	\$ 29,000.00
Streets & Roads	1997 Bandit Chipper (Unit #31)	\$ 45,000.00				\$ 9,000.00	\$ 9,000.00
Streets & Roads	2006 Mack 10-Wheel Dump (Unit #12)	\$ 165,000.00				\$ 33,000.00	\$ 33,000.00
Streets & Roads	2005 Multi-Purpose Tractor (Unit #46)	\$ 145,000.00				\$ 29,000.00	\$ 29,000.00
Facilities	Town Hall Windows (1st floor)	\$ 108,000.00					\$ 108,000.00
Facilities	Town Hall - Clerk's Bathroom	\$ 38,000.00					\$ 38,000.00
Facilities	Sr Ctr Carpet/Tile Replacement	\$ 18,000.00					\$ 18,000.00
Facilities	North Fire Sta Roof - North Rd	\$ 63,430.00					\$ 63,430.00

Dept.	Project Description	Total Cost	FY14	FY15	FY16	FY17	FY18
Facilities	Peter Noyes Fire Sprinkler Sys	\$ 490,000.00					\$ 490,000.00
Facilities	Loring School Roof Top Unit # 1	\$ 75,000.00					\$ 75,000.00
Facilities	Haynes, Nixon & Noyes HVAC	\$ 60,000.00					\$ 60,000.00
Facilities	Loring Parking Lot & Walkway	\$ 175,000.00					\$ 175,000.00
Facilities	Generator - Curtis	\$ 100,000.00					\$ 100,000.00
Facilities	Haynes Circulating Pump	\$ 25,000.00					\$ 25,000.00
Facilities	Nixon Septic Repairs	\$ 50,000.00					\$ 50,000.00
Facilities	School Phone Sys (comp w/town)	\$ 125,000.00					\$ 125,000.00
Facilities	Police Station Septic Repairs	\$ 35,000.00					\$ 35,000.00
Recreation	Diving Boards	\$ 10,000.00					\$ 10,000.00
Recreation	New Field Development	\$ 1,000,000.00					\$ 1,000,000.00
Streets & Roads	2008 Chevy Silverado Flat Bed (Unit # 13)	\$ 50,000.00					\$ 50,000.00
Streets & Roads	2008 International 6-Wheel Dump (Unit # 23)	\$ 150,000.00					\$ 30,000.00
Streets & Roads	2008 International 4x4 Truck (Unit # 24)	\$ 145,000.00					\$ 29,000.00
Streets & Roads	2004 Volvo L90E Loader (Unit # 48)	\$ 155,000.00					\$ 31,000.00
Facilities	Fairbank Rooftop HVAC (gym)	\$ 65,000.00					
Facilities	Flynn Building Exterior Paint	\$ 36,000.00					
Facilities	Noyes Switch Gear Replacement	\$ 105,000.00					
Facilities	ADA compliance - Police Station	tbd					tbd
Info Systems	Email Archiving	\$ 16,022.00					
Recreation	Featherland Tennis Court Rehab.	\$ -					
	Total	\$ 37,561,047.80	\$ 3,345,896.11	\$ 19,740,733.77	\$ 5,255,261.73	\$ 3,963,018.00	\$ 3,294,805.00

Section Eight

Unclassified & Transfer Expenses



UNCLASSIFIED – Town Wide Operating Expenses

MISSION OF THE PROGRAM

This budget provides a place to accommodate those costs that do not fit precisely into other cost centers and are generally shared by many departments.

DESCRIPTION OF SERVICES

Town-wide expenses include supplies and services for shared copier systems, postage, telephone system repairs and charges, Town Meetings, Memorial Day and the July 4th parade.

STAFFING

These items are overseen by the Selectmen's Office. All spending from this budget requires the approval of the Town Manager.

	FY11	FY12	FY13	FY14
	Actual	Actual	Appropriated	Appropriated
TOWN-WIDE OPERATING EXPENSES				
Copier Supplies & Service	8,883	14,632	9,500	15,000
Postage	37,938	37,007	38,900	41,000
Town Audit Fees	30,000	33,000	30,000	35,000
Telephone	19,679	15,327	32,325	33,300
Town Meetings and Elections	16,500	8,626	16,500	17,449
Memorial Day	1,700	1,950	1,700	1,950
July 4th Celebration	4,000	4,000	4,000	4,000
Total: Operating Expenses	118,700	114,542	132,925	147,699

BUDGET ISSUES

The FY14 budget is increasing by \$14,774, compared to the FY13 budget, primarily reflecting increases in Town costs for copier service, postage and financial audits.

UNCLASSIFIED – Transfer Accounts

MISSION OF THE PROGRAM

Town Meeting is the appropriating body for the Town budget, and yet it usually only meets in April or May of each year. The School Departments have the ability at any time to move funds around within their appropriation, by a vote of the School Committee, as needed. The two transfer accounts shown here provide the Town side of government with reserves, should the need arise during the year without having to call a Special Town Meeting.

DESCRIPTION OF SERVICES

This budget category is comprised of two types of extraordinary or unpredictable costs facing the Town Departments: a) Reserve fund expenditures, and b) Salary Contingency fund expenditure. Transfers from either reserve require prior approval by the Finance Committee.

Reserve Fund

Despite careful planning, there is always a risk of unforeseen events or issues that can arise during the year that warrants immediate attention. The Reserve fund sets aside a moderate sum (1-2% of general operating costs excluding benefits & insurances) to cover as many of these unforeseen items as possible. Any surplus (unexpended) from this line item closes out to Free Cash. Some potential areas of additional funding required during the year are as follows:

1. **Legal expenses:** Funding for the law budget is set at a minimum level, but it is likely the Town either will be sued or will initiate legal proceedings to protect its rights and to defend the decisions of its Boards and Commissions.
2. **Equipment failure:** The Town relies on aging equipment. Items such as boilers in buildings, and some trucks and heavy equipment are currently beyond their useful life, but we have not been able to budget to replace them. If a failure occurs during the fiscal year, we look to this fund for replacement.
3. **Snow and Ice Removal costs:** It is impossible to budget accurately for the costs of snow and ice removal. Per state law, we budget the minimum and if that amount is exceeded, we look to the reserve fund to cover any overages.
4. **Veterans' benefits:** The Town is required to pay for such benefits, but at budget preparation time, we do not know with certainty how many veterans might need assistance. Thus, we keep funds against that possibility in the Reserve Fund.
5. **Fire and Police department staff injuries:** In these two critical departments, lengthy health related absences create the demand for shifts to be filled through overtime. We do not budget for this possibility in these departments, but instead assume that all employees will be healthy and able to work all scheduled shifts. Often, a long-term injury or illness does occur, and reserve fund transfers are needed to cover these overtime costs.
6. **The unexpected:** With every department's budget so tightly managed to sustain operations, there simply is nowhere else to look to cover costs for any unexpected event or issue that may arise. Maintaining a reserve allows the Town to cover most of these unforeseen costs with exceptional oversight rather than having to build up individual budgets based on uncertainties rather than need.

Salary Contingency Fund

The Salary Contingency Fund holds aside funds for salary increases whenever contracts with collective bargaining groups are still in negotiation, or for any increases, which non-unionized employees might receive but is still to be determined while the budget cycle is underway. This amount may be adjusted during the budget cycle, as certain information becomes known. The Contingency fund budget will fluctuate year to year depending on the level of contracts still pending.

	FY11	FY12	FY13	FY14
	Actual	Actual	Appropriated	Appropriated
Transfer Accounts				
Reserve Fund	0	0	233,211	240,000
Unclassified Salary Contingency	0	0	0	10,000
Total Transfer Accounts	0	0	233,211	250,000

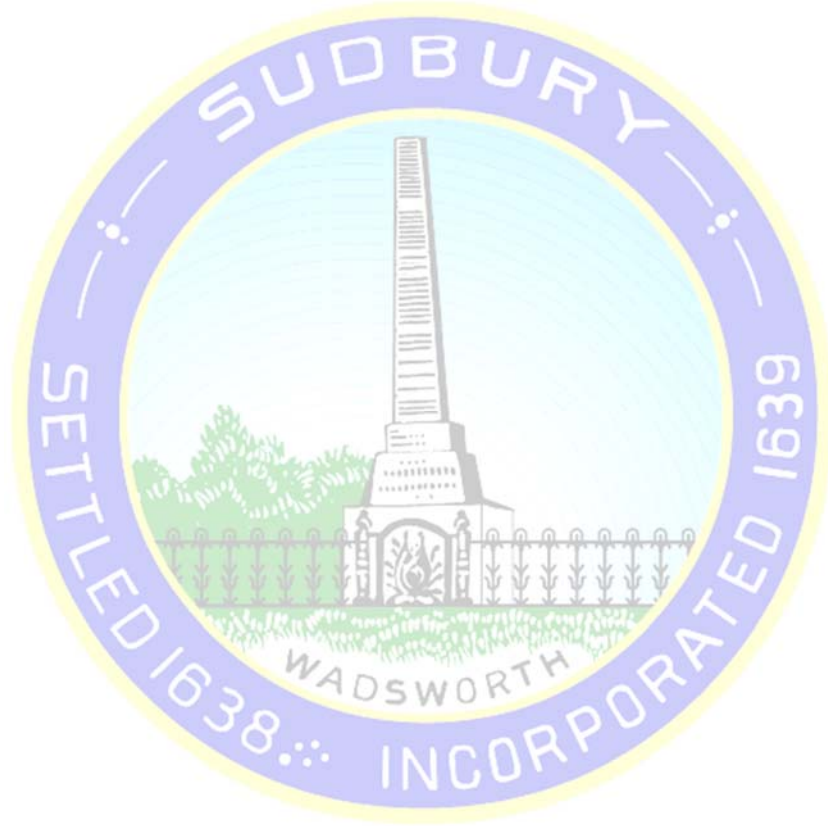
BUDGET ISSUES

Reserve Fund - The FY14 budget is decreasing by \$8,983, compared to the **original** budget of \$248,983 for FY13. As reserves are used during the year, budget transfers are posted from the reserve account to the expense line items requiring additional funding. At the time of ATM 2013 the balance in the account was \$233,211 (shown above). Subsequently, the remainder was used mostly to cover snow & ice expenditures. Reserve appropriations that are not expended during the fiscal year are closed out to Free Cash.

Salary Contingency – All collective bargaining groups have settled for FY14. This budget provides a nominal amount for any unforeseen salary actions that may occur during the year due to changes in personnel or other wage related items. Salary contingency, like all other payroll items (except for teachers' salaries), may not be carried-forward from one year to the next.

Section Nine

Shared Programs & Costs



	FY11	FY12	FY13	FY14
	Actual	Actual	Appropriated	Appropriated
SHARED PROGRAMS & COSTS				
Debt Service (Gross)	6,417,501	6,020,021	5,937,549	5,090,013
Town/SPS Benefits & Insurance	10,263,851	10,407,201	10,600,613	9,970,195
Total Shared Programs & Costs	16,681,352	16,427,222	16,538,162	15,060,208

DEBT SERVICE

MISSION OF THE PROGRAM

Debt financing is the primary means of financing large capital projects in Sudbury. The use of debt allows the Town to afford the construction of large-scale capital assets in a systematic and planned manner.

The mission of the Town as regards to debt management has five components:

1. To achieve the best possible true interest cost associated with the debt.
2. To maintain an amount of debt to be issued and retired each year that results in the impact on the tax rate that is consistent year to year.
3. To maintain the AAA credit rating that was first issued to the Town in 2000 by Standard & Poor's.
4. To keep the average weighted maturities of outstanding debt as low as possible, to hold down the amount of debt service that is allocated to interest costs, and to allow for the issuance of new debt as newly recognized capital needs emerge.
5. To integrate any borrowing authorized under the Community Preservation Act into the overall debt financing plans of the Town.

[See Appendix G](#) for Debt as well as all other financial and planning policies.

DESCRIPTION OF SERVICES

This budget provides for the repayment of principal and interest on the Town's long-term General Fund debt. (Debt service funded through the Community Preservation Act (CPA) is not considered part of the Town's annual budget, but is shown within the Community Preservation Committee submitted articles at Town Meeting). The Town does not issue any enterprise debt. All of Sudbury's non-CPA debt is exempt from the limits of Proposition 2 ½. This designation allows for the value of such debt service payments (net of any premiums or State reimbursements) to be added to the levy limit for the life of the borrowings/bond issues.

The Town issues debt pursuant to votes of Town Meeting to provide funding for major projects, in accordance with Massachusetts General Laws, Chapter 44, section 7 and 8. The maximum amount of debt for each project is authorized by Town Meeting, and then the Town Treasurer issues the bond after working with the Town Manager and the Town's Financial Advisor to design and structure the bond, and with the approval of the Board of Selectmen.

The General Debt Limit of a city or town consists of a Normal Debt Limit and a Double Debt Limit. The Normal Debt Limit is 5 percent of the valuation of taxable property as last equalized by the State Department of Revenue. According to the most recent statistics, the Town of Sudbury's EQV as of January 15, 2013 is \$4,110,402,700. The normal debt limit (of 5% EQV) is therefore, \$205,520,135. As of June 30, 2013, the Town's permanent debt outstanding was \$28,265,000 (including CPA debt, which is also guaranteed by the Town) or only about 14% of the allowable normal debt limit.

A city or town can authorize debt up to this amount without State approval. It can authorize debt up to twice this amount (the Double Debt Limit) with the approval of the state Municipal Finance Oversight Board composed of the State Treasurer, the State Auditor, the Attorney General and the Director of Accounts.

There are many categories of general obligation debt which are exempt from and do not count against the General Debt Limit. Among others, these exempt categories include revenue anticipation notes and grant anticipation notes, emergency loans, loans exempted by special laws, certain school bonds, sewer bonds, and solid waste disposal facility bonds and economic development bonds supported by tax increment financing. As of June 30, 2013, the Town has \$14,230,000 in long-term debt "*outside*" the debt limit all of which pertains to various school building projects for K-8.

The Town reached a high in terms of debt service payments in FY03 due to the combination of outstanding bond issues for school construction, land acquisition, and various other projects. Since then however, debt has leveled off and is now declining as several Town-related bond issues have been paid in full. Additionally, the Town has taken advantage of lower interest rates to refinance outstanding bonds at lower interest costs. Refinancing of debt issues conducted since 2001 have produced \$1.9 million in net projected interest cost savings.

The Town also pays a prorated share of the debt service for bonds issued in connection with the Lincoln-Sudbury Regional School High School. The Regional School District issues and manages its own debt. Sudbury taxpayers will be expected to pay approximately 85% of that new debt, after grant reimbursements. The School District recently issued the remaining long-term debt for the new building complex. The total debt service for this project started to decline in FY09. In turn, the Town may expect decreases in their LS assessment for LS debt with the largest reductions starting in FY09 and dropping off significantly in FY2015 through completion in FY2021. It should be noted that the Town's portion of LS debt service is also considered exempt debt for purposes of tax levy calculation.

	FY11	FY12	FY13	FY14
	Actual	Actual	Appropriated	Appropriated
DEBT SERVICE				
Short-term Loan Interest	-	-	-	-
New issues estimated debt service	-	-	-	3,500
Existing Long Term Bond Int.	1,025,354	846,949	768,521	659,519
Existing Long Term Bond Principal	3,155,000	2,980,000	3,030,000	2,480,000
Town Debt Service Subtotal	4,180,354	3,826,949	3,798,521	3,143,019
LSRHS Debt Service, Sudbury Portion	2,237,147	2,193,072	2,139,028	1,946,994
Total: Debt Service	6,417,501	6,020,021	5,937,549	5,090,013
NON-EXEMPT DEBT/ADJUSTMENTS				
Non-Exempt Debt Service	-	-	-	-
Premium on Bonds	(5,605)	(3,737)	(7,474)	(3,878)
SBAB Debt Reimbursement	(1,702,596)	(1,681,224)	(1,681,224)	(1,681,224)
Sub-Total: Non-exempt debt adjustments	(1,708,201)	(1,684,961)	(1,688,698)	(1,685,102)
Total Exempt Debt to be raised	4,709,300	4,335,060	4,248,851	3,404,911

BUDGET ISSUES

Total debt service including Sudbury's share of LSRHS debt continues to decline. The FY14 budget is decreasing in total by \$847,536, compared to the FY13 budget. This represents the amount of debt service (principal and interest) that Sudbury has to pay in FY14. The FY14 exempt debt calculation represents the net taxes be raised (in addition to proposition 2 ½). Tax levy for exempt debt only lasts as long as the debt service to be paid. Therefore, an increase in taxes due to exempt debt is temporary unlike an override for the operating budget.

BENEFITS AND INSURANCE

MISSION OF THE PROGRAM

To provide to the employees of the Town of Sudbury (including those who work for the Sudbury Public Schools) both the required and contractually agreed upon benefits to protect their health, provide for their income security if they are injured on the job, and provide for their eventual separation from the Town, either through retirement or leaving before retirement is reached.

DESCRIPTION OF SERVICES

Employee benefits represents the cost of providing health and life insurance for Town and Sudbury Public School employees as well as for Worker's Compensation, unemployment, Medicare Tax, and the Town's assessment from the Middlesex Retirement System. This budget category also includes property and liability coverage for all Town owned property as well as all Town officials, elected and appointed.

	FY11	FY12	FY13	FY14
	Actual	Actual	Appropriated	Appropriated
EMPLOYEE BENEFITS & INSURANCE				
Workers' Compensation	30,123	41,055	49,642	51,131
Town:	15,062	13,138	15,885	16,362
School:	15,062	27,917	33,757	34,769
Unemploy. Compensation	106,599	63,058	140,000	144,200
Town:	15,030	3,724	19,600	20,188
School:	91,569	59,334	120,400	124,012
Medicare Tax	442,938	440,589	498,133	525,000
Town:	137,311	135,530	144,459	152,250
School:	305,627	305,059	353,674	372,750
Life Insurance	3,531	2,887	4,430	4,563
Town:	1,165	1,097	1,683	1,734
School:	2,365	1,790	2,747	2,829
Employee Medical Premiums	5,735,876	5,678,319	5,496,835	4,691,525
Town:	1,945,343	1,895,698	1,901,765	1,663,419
School:	3,790,533	3,782,621	3,595,070	3,028,106
Retiree Medical Premiums/ OPEB	883,488	1,021,396	904,884	976,405
Town:	333,075	385,081	350,406	394,606
School:	550,413	636,315	554,478	581,799
Employee Benefits Reserve	-	-	75,000	-
Town:	-	-	75,000	-
School:	-	-	-	-
Retirement Assessment	2,847,815	2,941,321	3,121,597	3,257,976
Town:	1,677,363	1,726,555	1,831,526	1,900,281
School:	1,170,452	1,214,765	1,290,071	1,357,695
Property/Liab. Insurance	213,481	218,576	310,092	319,395
Town:	106,740	109,288	155,046	159,697
School:	106,740	109,288	155,046	159,697
Total: Employee Benefits	10,263,850	10,407,201	10,600,613	9,970,195
Town:	4,231,089	4,270,111	4,495,370	4,308,537
School:	6,032,762	6,137,090	6,105,243	5,661,658

	FY11	FY12	FY13	FY14
	Actual	Actual	Appropriated	Appropriated
BENEFITS & INSURANCE				
Workers' Compensation	30,123	41,055	49,642	51,131
Unemployment Compensation	106,599	63,058	140,000	144,200
Medicare Tax	442,938	440,589	498,133	525,000
Life Insurance	3,531	2,887	4,430	4,563
Employee Medical Premiums	5,735,876	5,678,319	5,496,835	4,691,525
Retiree Medical Premiums/ OPEB	883,488	1,021,396	904,884	976,405
Employee Benefits Reserve	-	-	75,000	-
Retirement Assessment	2,847,815	2,941,321	3,121,597	3,257,976
Property/Liab. Insurance	213,481	218,576	310,092	319,395
	10,263,851	10,407,201	10,600,613	9,970,195
	FY11	FY12	FY13	FY14
	Actual	Actual	Appropriated	Appropriated
BENEFITS & INSURANCE				
Town	4,231,089	4,270,111	4,495,370	4,308,537
Schools	6,032,762	6,137,090	6,105,243	5,661,658
	10,263,851	10,407,201	10,600,613	9,970,195

BUDGET ISSUES

Workers' Compensation – The FY14 budget is increasing by \$1,489, compared to the FY13 budget. Sudbury runs this type of insurance program on a self-insurance basis but will likely switch to a premium-based policy in FY14.

Unemployment – The FY14 budget is increasing by a total of \$4,200, compared to the FY13 budget. Actual unemployment costs may exceed budget due to reductions in force. Any shortfalls in this category must be covered by other areas of the budget.

Life Insurance – The FY14 budget is increasing by \$133 compared to the FY13 budget.

Medicare Tax – The FY14 budget is increasing by \$26,867, compared to the FY13 budget. This line item represents the employer share of payroll tax mandated by the federal government. Annual increases in this tax liability have been reflective of a rise in total Town payroll subject to this tax, as more senior employees whose wages were not subject to the tax depart and are replaced by newly hired employees whose wages are now fully subject to this tax liability.

Medical Claims/Insurance/OPEB – The FY14 budget is decreasing by \$733,789, compared to the FY13 budget. The Town (including SPS) has been able to reduce the rate of growth in healthcare costs since FY07 by, in order of adoption/implementation: (1) adopting M.G.L. C.32B S.18, (2) making significant plan design changes, (3) negotiating new contribution splits with all collective bargaining groups, (4) successfully adding a new, lower cost alternative, (5) offering existing active employees opt-out incentives and most recently (6) migrating to the GIC health insurance program as of July 1, 2012.

Employee Benefits Reserve - The FY14 budget is zero. In FY13, the Town and SPS set aside \$75,000 in reserve, which represented further potential savings in health insurance. Any remaining balance in reserve will go towards paying for various benefit categories, or else may be transferred elsewhere within the Town (and SPS).

Retirement Program – The FY14 budget is increasing in by \$136,379, compared to the FY13 budget. This line item of the budget pays for Sudbury’s annual assessment from the Middlesex Retirement System (MRS). As mentioned in a previous section of this document, all pension eligible employees that work for Sudbury (with the exception of teachers) will receive benefits from the MRS. Sudbury’s assessment is the funding mechanism for our proportionate share of the retirement systems costs over time. The assessment is determined on a biannual basis (by actuarial valuation) as the required contribution for – actual pension benefits to be paid to Sudbury retirees during the year, -pension benefits being earned by active employees and, - a portion of the previous unfunded pension liability (primarily caused by insufficient contributions by member units over a number of years ago). Since new actuarial studies are conducted every two years, we can expect any significant changes in our assessment to happen at the beginning of each cycle. Since we cannot control or set our assessment, we must look to the MRS to provide best estimates during our budget cycle and plan accordingly.

Property/Liability Insurance – The FY14 budget is increasing by \$9,303, compared to the FY13 budget. The increase is predicated on the general property and liability insurance market, adjustments to the value of Town and SPS properties and facilities, and higher claims trends in fire and police accident coverage. Fire and police personnel are not eligible under Massachusetts law for regular workers’ compensation coverage; however, municipalities are required to pay regular salary and medical bills for public safety employees injured in the line of duty (LOD) ***under M.G.L. C. 41 § 111F***. Sudbury maintains an insurance policy for public safety employees. The premiums are based largely on claims experience, which have been higher recently.

STABILIZATION FUND

DESCRIPTION OF SERVICES

This is a fund maintained by the Town for several purposes. First, it is the Town's primary reserves for emergencies that occur after the year’s annual budget has been approved by Town Meeting. There are really only two state approved mechanisms for building reserves for a source of funds if some large disaster hit the Town. One is to build up Free Cash, and the other is the Stabilization Fund. The Town has not had to use any funds from Stabilization since its inception several years ago.

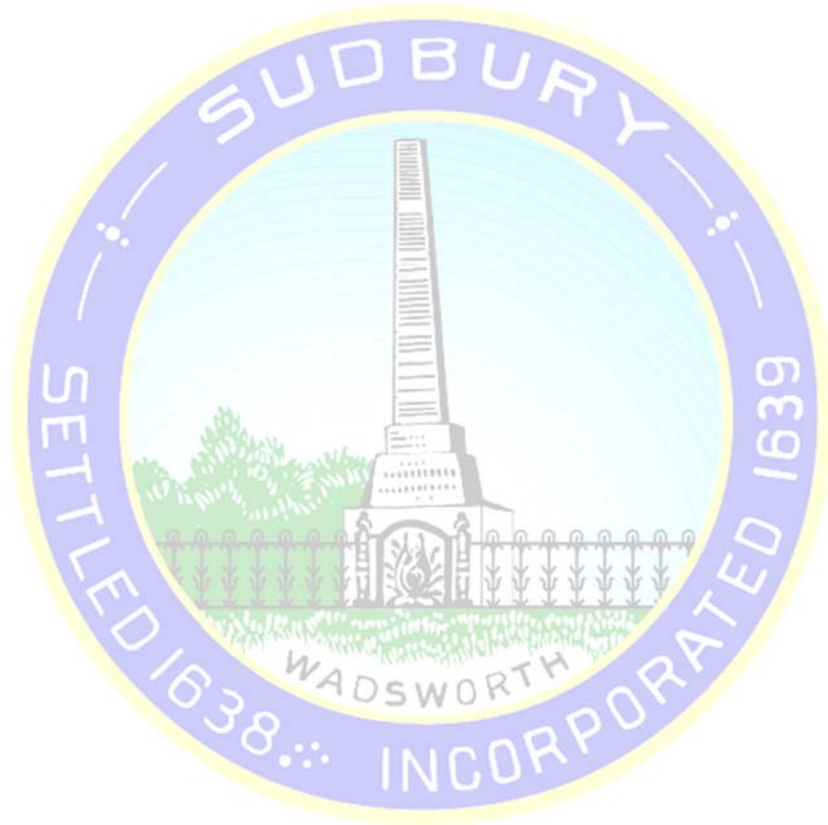
BUDGET ISSUES

The 2013 Annual Town Meeting voted to transfer \$2,091,051 into this fund directly from Free Cash. Over the years, the Town has added small amounts to Stabilization from/through the General fund budget. This last occurred during the FY08 budget cycle. This transfer from Free Cash puts our Stabilization Fund balance at 5% of Sudbury’s total operating budget.

Section Ten

Unappropriated Accounts

– All other charges to be raised



OTHER CHARGES TO BE RAISED (OR UNAPPROPRIATED ACCOUNTS)

DESCRIPTION OF SERVICES

As we have seen throughout this document, almost everything Sudbury does is paid for by the General fund (which becomes part of the tax levy and part of your tax bill). Everything that Sudbury spends from General fund (and most funds, in fact) must be budgeted for. Going one-step further, almost everything Sudbury budgets for must be appropriated (authorized for expenditure) by Town Meeting. There are however, a few exceptions to the rules that govern the General fund and by extension the tax levy. This handful of items must be raised as part of the tax levy, but do not require appropriation. Instead, municipalities make their best estimates during the budgeting cycle, adjust as needed during tax rate certification process and accept any positive or negative outcomes during the year.

	FY11	FY12	FY13	FY14
	Actual	Actual	Appropriated	Appropriated
Other amounts to be raised				
Cherry Sheet Assessments	192,672	186,114	161,434	181,455
Cherry Sheet Offsets	31,509	34,013	32,672	32,250
Recap. Snow & Ice Deficits	-	-	-	100,000
Abatements & Exemptions	428,876	508,032	630,143	554,400
Overlay deficits of prior years	9,785	11,835	-	-
Other Charges to be Raised	662,842	739,994	824,249	868,105
Miscellaneous funded from prior years	-	300	38,891	-
Total Other Charges	662,842	740,294	863,140	868,105

BUDGET ISSUES

Cherry Sheet Charges

FY14 Estimate: \$181,455

Each municipality must pay certain charges to the State. These charges must in turn be raised on the tax levy but are **not** subject to Town Meeting appropriation. Instead of us paying the State for these charges (which are assessments or cost sharing mechanisms formulated by the State on behalf of quasi-state organizations (e.g. the MBTA, Metropolitan Area Planning Council, or RMV), or for education mandates for things like Special Education and School Choice, the State simply nets these items against our Local Aid receipts. In some cases, the charge amounts listed on the Cherry Sheet are only estimates, such as with line items for School Choice. Any increases in actual charges after budgeting or tax rate certification must be accommodated for by either taking in additional revenues or reducing expenditures elsewhere. Cherry Sheet charges typically do not fluctuate much from year to year, and we are able to cover differences in estimates with little difficulty. However, should the State decide to alter the means of calculation, or increase the total amount of charges required to subsidize its budget structure, we may have greater difficulty accommodating this line item in our budget in the future.

Cherry Sheet Offsets**FY14 Estimate: \$32,250**

Sudbury currently receives two small Cherry Sheet Offsets. Offsets represent revenue streams that are to be spent directly against expenditures (without appropriation) within specific areas of the government – in our case, for public libraries and SPS' school lunch program. The mechanics of municipal budgeting and accounting require us to show the offsets coming in as revenue (due to their inclusion on the Cherry Sheet); therefore, we must also show these special offsets as expenditures to the General fund budget (as other charges to be raised). This essentially negates the impact of special revenue coming into the General fund during the tax rate setting process thereby allowing us to raise the proper amount of taxes specifically for the General fund – absent of revenues coming in from the State that for all intents and purpose would be better left off the Cherry Sheet to begin with.

Snow & Ice Deficit**FY14 Estimate: \$100,000**

Snow removal expense is unpredictable from year to year, and subject to wide variations. The budget strategy is to recognize long-term trends without assuming a "worst-case" situation. As long as the amount appropriated is at least equal to the prior year's appropriation, state law permits deficit spending for this purpose. The amount of deficit is then added onto the following year's tax levy before any *new* appropriations can be voted. The larger the unexpected deficit, the less room on the levy you have for the new budget (before reaching the "levy limit" or the maximum amount a community can levy in a given year).

Abatements & Exemptions**FY14 Estimate: \$554,000**

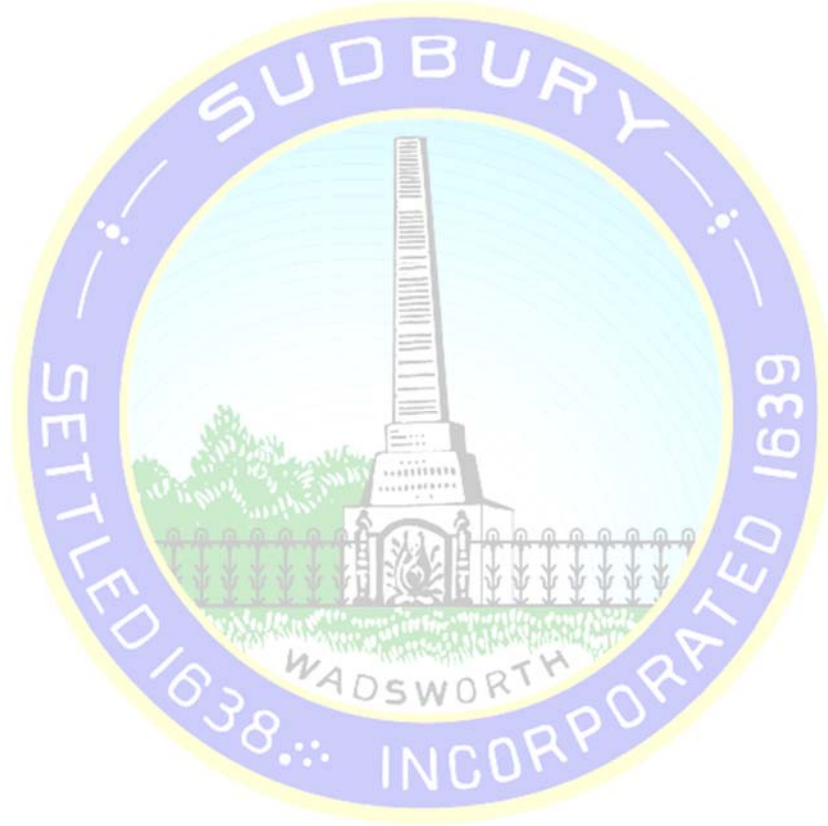
This is an amount, also known as "Overlay", which is added to the property tax levy in excess of the sum required to meet appropriations, state assessments and deficits. It cannot exceed 5% of the levy and is used to cover abatements and exemptions granted by the Board of Assessors or because of appeals to the State Appellate Tax Board or to the courts. This budget item is counted (raised) in the total tax levy and subject to the regular limitations of "Proposition 2 ½". Budgeting for Overlay is akin to estimates made by other organizations for uncollectible receivables. Actual abatements and exemptions granted for a particular tax levy year count against (reduce) the amount of tax revenues we will receive. However, since this reserve for tax receivables is recognized in total against the tax levy each year, we may benefit in future years if and when it is determined that any remaining reserve can be closed out. This surplus (or unspent budget for abatements & exemptions) increases the General fund balance, which means it can be used as an available resource to fund future budgets (see previous section of this document for more information on Overlay Surplus).

Overlay Deficits from Prior Years**FY13 Estimate: \$0**

This is an amount which is added to the property tax levy when request for abatements or exemptions exceeds the overlay reserve for any prior year's tax levy. Such instances are rare and typically involve amounts of personal property taxes deemed uncollectible.

Section Eleven

Enterprise Funds





Transfer Station/Recycle Center



Atkinson Pool



Recreational Field Maintenance

EXPENDITURES	FY11 Actual	FY12 Actual	FY13 Appropriated	FY14 Appropriated
Transfer Station	260,805	260,098	297,728	426,357
Atkinson Pool	485,381	491,103	526,450	539,808
Recreation Field Maintenance	150,908	125,324	218,200	207,722
Total: Direct	897,094	876,525	1,042,378	1,173,887
Transfer Station	29,595	33,146	20,062	21,567
Recreation Field Maintenance	-	-	-	22,500
Total: Indirect	29,595	33,146	20,062	44,067
Total: Expenditures	926,689	909,671	1,062,440	1,217,954

RECEIPTS & RESERVES	FY11 Actual	FY12 Actual	FY13 Appropriated	FY14 Appropriated
Transfer Station	360,239	226,157	317,523	447,924
Atkinson Pool	487,506	513,190	516,197	539,808
Recreation Field Maintenance	183,976	218,320	217,260	230,222
Total: Receipts & Reserves	1,031,720	957,666	1,050,980	1,217,954

ENTERPRISE FUNDS: Transfer Station/Recycling Center

MISSION OF THE ENTERPRISE

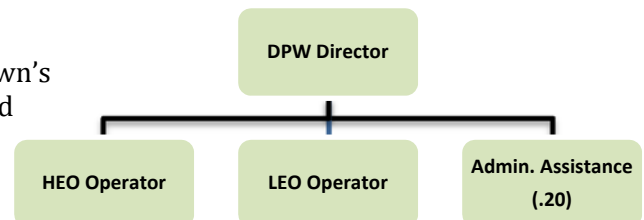
The Enterprise mission is to operate a secure, safe and environmentally friendly Transfer Facility for the residents of Sudbury to properly dispose of and/or recycle common household items and non-hazardous waste. The station provides excellent recycling opportunities in which residents can exercise environmental stewardship of resources and help reduce the bulk amount of trash.

DESCRIPTION OF SERVICES

The Town of Sudbury does not offer curbside solid waste pickup, but rather operates a Transfer Station/Recycling Center at the site of the former Sand Hill Sanitary Landfill located at 20 Boston Post Road. The Transfer Station is the receiving point for approximately one fourth of the town's residential waste, which is then hauled by the Town to a transfer station in Hudson, Mass. Private contractors hired by residents pick up and haul the remaining residential waste. The Transfer Station also operates an extensive recycling center for glass, plastic, paper, CRT's, tires and oil. To cover the costs of operations, residents who wish to use the Transfer Station are charged an annual fee for a sticker; plus through a "pay as you throw" system, residents pay for each bag of waste they bring to the facility. The bags are purchased at a number of retail locations in Sudbury. This "pay as you throw" encourages recycling and allocates the true cost of waste handling to the users with the greater volume of waste produced.

STAFFING (2.20 FTE's)

Transfer Station/Recycling Center staff report to the Town's DPW Director. There are 2 employees regularly assigned to the Transfer Station operations. Part-time administrative duties are also provided by a DPW employee.



	FY11	FY12	FY13	FY14
	Actual	Actual	Appropriated	Appropriated
TRANSFER STATION ENTERPRISE FUND				
Non-Clerical	95,774	94,198	99,876	105,716
Overtime	5,851	7,172	7,000	7,210
Stipends	4,095	3,958	4,095	4,095
Clerical	8,686	8,889	9,157	9,386
Sub Total: Personal Services	114,406	114,218	120,128	126,407
General Expense	18,591	19,598	20,150	22,000
Maintenance	18,228	32,732	30,450	30,450
Hauling & Disposal	95,331	71,870	107,000	104,000
Resource Recovery	14,249	21,679	20,000	21,500
Sub Total: Expenses	146,399	145,880	177,600	177,950
Capital Expense	0	0	0	122,000
Sub Total: Capital Expenses	0	0	0	122,000
Direct Costs	260,805	260,098	297,728	426,357
INDIRECT COSTS:				
Benefits/Insurance	29,595	33,146	20,062	21,567
Indirect Costs*	29,595	33,146	20,062	21,567
Total Costs	290,400	293,244	317,790	447,924

* Budget within unclassified benefits budget.

BUDGET ISSUES

Personal Services - The FY14 budget is increasing by \$6,279, compared to the FY13 budget. This budget provides for the same level of staffing as FY13.

Expenses - The FY14 budget for direct expenses is increasing by \$350, compared to the FY13 budget. The budget for indirect costs of \$21,567 represents benefits for enterprise employees, which are to be paid for on behalf of the Transfer Station out of Sudbury's unclassified benefits.

Capital - The FY14 budget provides funding to replace three compacting units.

ENTERPRISE FUNDS: Atkinson Pool

MISSION OF THE ENTERPRISE

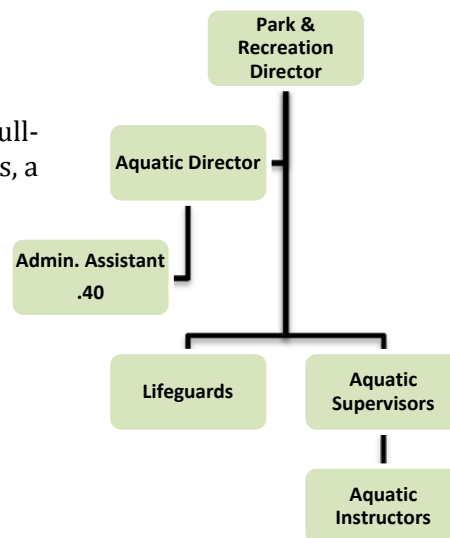
The mission of the Atkinson Pool is to provide aquatic activities, fitness swimming, and leisure services to the public. The Pool strives to enhance the quality of life for Town of Sudbury residents by providing a clean, safe and attractive aquatic facility that promotes a strong sense of community.

DESCRIPTION OF SERVICES

The Atkinson Pool is a Town owned year round indoor aquatic facility, which opened in January 1988. There is an eight-lane 25-yard pool and a separate dive well with two one-meter boards. The pool offers a variety of aquatic programs and events throughout the year. Programs include swim lessons (ages 3 through adult), parent and child classes, spring board diving lessons, aquatic exercise, deep water workout, therapeutic use, masters swimming, family swimming, lap swimming, adult and youth SCUBA lessons, first aid and CPR, Lifeguard Training and Water Safety Instructor classes. The pool also hosts a number of swim teams, including the Sudbury Youth Swim Team, the Lincoln Sudbury Regional High School Swim Team, and other community teams such as Wayland, Framingham, Chelmsford, Westford, and the Bromfield school swimming and diving teams.

STAFFING (6.34 FTE's)

Atkinson Pool staff report to the Town's Park and Recreation Director. The department consists of a full-time aquatic director, 2 full-time aquatic supervisors, a head lifeguard and many aquatic staff, mostly part-time, who are paid out of the Enterprise Fund. Part-time administrative duties are also provided by a Park & Recreation employee.



	FY11	FY12	FY13	FY14
	Actual	Actual	Appropriated	Appropriated
POOL ENTERPRISE FUND				
Non-Clerical	159,627	165,684	177,517	178,523
Head Lifeguards	36,189	37,199	37,875	39,959
Overtime	0	355	1,200	1,056
Clerical	18,487	19,102	18,855	25,335
Part Time Supervisors	6,652	7,640	8,092	8,543
Receptionists	20,184	19,789	24,143	25,489
WSI Lifeguards	59,751	62,959	68,000	71,791
Sick Leave Buyback	578	626	1,943	3,572
Instructors	12,150	12,312	12,825	13,540
Sub Total: Personal Services	313,619	325,668	350,450	367,808
General Expense	16,680	37,217	38,000	38,000
Utilities	97,651	94,581	98,000	98,000
Maintenance	50,999	25,436	30,000	30,000
Programs	1,797	2,958	4,000	3,000
Equipment	4,636	625	6,000	3,000
Sub Total: Expenses	171,762	160,817	176,000	172,000
Capital Expense	0	4,618	0	0
Sub Total: Capital Expenses	0	4,618	0	0
Direct Costs	485,381	491,103	526,450	539,808
Total Costs	485,381	491,103	526,450	539,808

* Budget within unclassified benefits budget.

BUDGET ISSUES

Personal Services – The FY14 budget is increasing by \$17,358, compared to the FY13 budget. This budget provides for the same level of personnel as the FY13 budget but does shift more clerical hours into the Enterprise, as needed.

Expenses – The FY14 budget for direct expenses is decreasing by \$4,000, compared to the FY13 budget. The budget for indirect costs representing benefits for enterprise employees will be paid for on behalf of the Atkinson Pool Enterprise out of Sudbury's unclassified benefits.

ENTERPRISE FUNDS: Recreation Field Maintenance

MISSION OF THE ENTERPRISE

The mission is to insure the availability of adequate staffing and resources to preserve the Town's investment in its recreational and playing fields and to maintain quality facilities, programs and services for our citizens.

DESCRIPTION OF SERVICES

The enterprise provides repair and maintenance services for all public recreation fields. This includes mowing, seeding, turf repair, field lining and other care required to make the fields safe and presentable for use. This enterprise fund replaced a previously existing revolving fund, which is also a mechanism for running a fee for service town program.

STAFFING (2.01 FTE's Allocated)

Currently, the Enterprise does not have any permanent employees. Wages are allocated from the Town's Parks & Grounds department on a seasonal basis. In the future, one part time employee may be hired to manage the scheduling of field usage. In the meantime, all scheduling continues to be done by personnel in the Recreation Department.

	FY11	FY12	FY13	FY14
	Actual	Actual	Appropriated	Appropriated
RECREATION FIELD MAINTENANCE ENTERPRISE FUND				
Non-Clerical ¹	32,495	55,526	91,770	81,120
Summer Help	16,665	8,172	6,869	7,041
Sub Total: Personal Services	49,160	63,698	98,639	88,161
Field Maintenance	53,009	34,809	75,000	74,000
Park Maintenance	26,403	14,161	30,000	30,000
Utilities	8,846	7,086	10,000	10,000
Office Expense	0	0	0	1,000
General Expense	8,930	1,009	0	0
Sub Total: Expenses	97,189	57,066	115,000	115,000
Capital Expense	4,559	4,560	4,561	4,561
Sub Total: Capital Expenses	4,559	4,560	4,561	4,561
Direct Costs	150,908	125,324	218,200	207,722
INDIRECT COSTS:				
Benefits/Insurance	0	0	0	22,500
Indirect Costs*	0	0	0	22,500
Total Costs	150,908	125,324	218,200	230,222

1 All non-clerical staff wages are allocated from the Town's Parks & Grounds Department based on usage for Enterprise activities.

*Budget within unclassified benefits budget.

BUDGET ISSUES

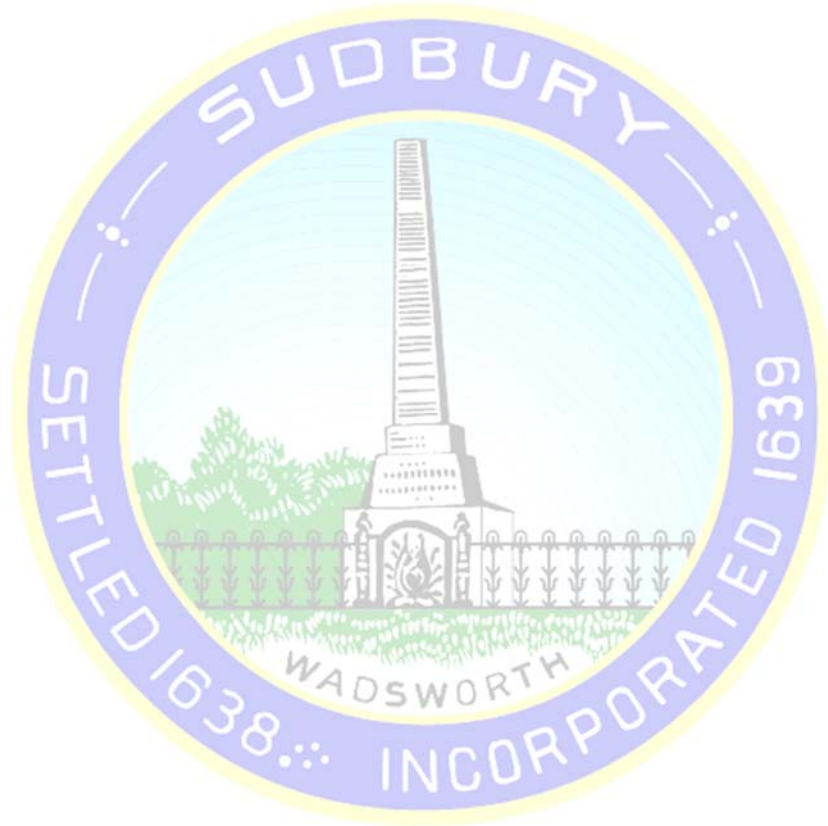
Personal Services – The FY14 budget is decreasing by \$10,478, compared to the FY13 budget. This budget provides seasonal work provided by DPW staff specifically for public recreational field maintenance. The allocation of wages for DPW personnel is decreasing slightly for FY14.

Expenses – The FY14 budget for direct expenses remains the same as the FY13 budget. At the present level of user fees, the Enterprise does not have enough revenue to pay for a portion of benefits.

Capital – The FY14 budget remains the same as FY13 to provide funding for leased equipment.

Section Twelve

Budget Detail – Other Major Funds



OTHER MAJOR FUNDS: SUDBURY'S COMMUNITY PRESERVATION FUND

MISSION OF THE PROGRAM

The Community Preservation Fund (CPF) also referred to as CPA was created to further the Town's community preservation efforts. Under the direction of the Community Preservation Committee (CPC), the Town may consider using CPA funds for acquisition, creation or preservation of recreational space, community housing and historic resources.

DESCRIPTION OF CPA

Below is an excerpt from the Massachusetts Department of Revenue that explains the Community Preservation Act of 2000:

The CPA allows communities to create a local Community Preservation Fund to raise money through a surcharge of up to 3% of the real estate tax levy on real property for open space protection, historic preservation and the provision of affordable housing. The act also creates a significant state matching fund, which serves as an incentive to communities to pass the CPA. Municipalities must adopt the Act by ballot referendum.

The Community Preservation Act (CPA) is an innovative tool for communities to address important community needs and finance specific community preservation acquisitions and initiatives. Once adopted locally, the Act requires the legislative body to annually appropriate, or reserve for future appropriation, at least 10% of the estimated annual fund revenues for acquisitions or initiatives in each of the following three categories of allowable community preservation purposes: open space (excluding recreational uses), historic resources, and community housing. This allows the community flexibility in distributing the majority of the money for any of the three categories as determined by the community.

STAFFING (FTE's 0.79)

The CPC, appointed by the Board of Selectmen, includes nine standing members, with representatives from the Town's Conservation Commission, Finance Committee, Historical Commission, Housing Authority, Planning Board, Park and Recreation Commission, Board of Selectmen, and two at-large citizen members. CPC operations are supported by employees in Planning & Community Development, including .50 FTE Housing Specialist, .29 FTE allocation for the Assistant Planner, and the Director of Planning and Community Development, as needed.

	FY11	FY12	FY13	FY14
CPA Operating	Actual	Actual	Appropriated	Appropriated
Salaries & Wages	45,095	49,658	24,000	54,000
Administrative Expenses	14,939	16,475	30,121	28,750
Debt Service	1,052,035	1,226,556	5,521,498	1,171,498
Total: CPA Operating Expense ¹	1,112,068	1,292,689	5,575,619	1,254,248
	FY11	FY12	FY13	FY14
CPA Capital Projects	Actual	Actual	Appropriated	Appropriated
Capital Project Expense	1,622,246	249,653	9,022,500	925,556
Total: CPA Capital Projects ²	1,622,246	249,653	9,022,500	925,556
Total CPA Expenses Only ¹	2,734,314	1,542,342	14,598,119	2,179,804
1. Excludes monies given to Sudbury's AHT. Treated as interfund transfer not expense. 2. Capital articles may stay open for several years. Budget for expenditures may vary greatly from actual capital expenditures depending on project progress.				
	FY11	FY12	FY13	FY14
CPA Articles	Actual	Actual	Appropriated	Appropriated
Open/Recreational Space	200,000	136,332	8,222,500	443,406
Historic Resources	167,795	113,321	223,000	259,650
Community Housing	180,000		200,000	222,500
Total: CPA Articles	547,795	249,653	8,645,500	925,556

BUDGET ISSUES

Personal Services – The FY14 budget is increasing by \$30,000, compared to the FY13 budget. This budget provides for an increase in salary allocation to CPA, if needed in FY14.

Expenses – The FY14 budget for administrative and debt service expenses is decreasing by \$4,351,371, compared to the FY13 budget. The significant decrease in debt service is due to a planned FY13 bond defeasement that did not occur. Instead the Town was recently able to refinance all CPA debt originally issued in 2004 and 2005, for a combined net savings of approximately \$724,000.

Capital Project Expenditures – The FY14 capital expense is expected to decrease by \$8,096,944, compared to the FY13 budget. It is important to note that CPA capital is appropriated as individual articles at Town Meeting. The FY13 budget included a \$7.8 million capital expense associated with the purchase of development rights for Pantry Brook Farm. Capital expenditures from year to year represent the progress made (funds expended) for capital projects. Therefore, the budget for

capital expenditures is an estimate only for purposes of forecasting total fund balances, as needed. Actual capital expenditures may vary greatly from budget from year to year.

Capital Article Appropriations—The CPC receives dozens of project requests each year. Of those submitted, the Committee votes to recommend several new projects for approval as articles at Town Meeting. For further details on CPA capital projects and strategic planning see the CPC's website.

OTHER MAJOR FUNDS: SUDBURY'S AFFORDABLE HOUSING TRUST

MISSION OF THE PROGRAM

The purpose of the Affordable Housing Trust (AHT) is to provide for the creation and preservation of affordable housing in the Town of Sudbury for the benefit of low and moderate income households.

DESCRIPTION OF SHT

The Trust implements the recommendations set forth in the Sudbury Community Housing Plan for the purpose of aiding the Town of Sudbury, private enterprises and non-profit organizations, and other public agencies in the speedy and orderly acquisition, rehabilitation, renovation, construction, financing or refinancing of property within the Town so that such property will be substantially available as residential property for low and moderate income persons and to further provide mechanisms to ensure such use.

STAFFING (FTE's 0.50)

The AHT which is appointed by the Board of Selectmen, includes nine standing members, with representatives from various Town Boards and Committees as well as at-large citizen members. The AHT operations are supported by .50 FTE Housing Specialists along with assistance from the Director of Planning & Community Development, as needed.

	FY11	FY12	FY13	FY14
SUDBURY HOUSING TRS	Actual	Actual	Appropriated	Appropriated
Salaries & Wages	34,957	7,660	30,000	30,000
General Expenses	192,444	467,212	495,000	750,000
Total: SHT Operating Expense ¹	227,401	474,872	525,000	780,000
1. Represents expenditures made year-to-year not capital appropriations made at Town Meeting Capital articles may stay open for several years. Budget for expenditures may vary greatly from actual capital expenditures depending on project progress.				

BUDGET ISSUES

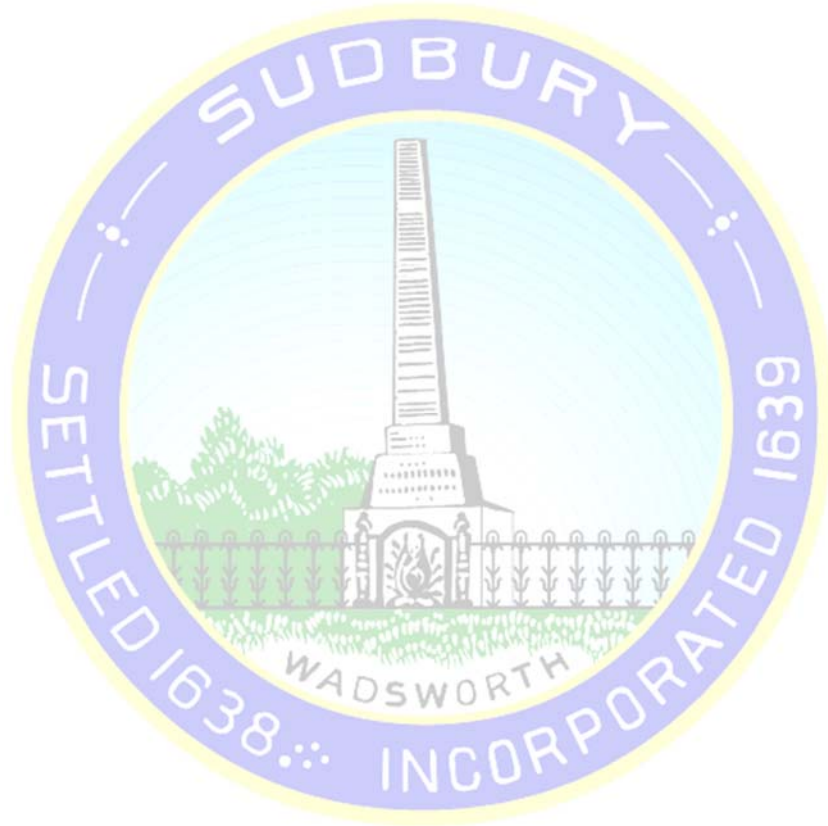
Personal Services – The FY14 budget is the same as the FY13 budget.

Expenses – The FY14 budget for expenses is increasing in total by \$255,000, compared to the FY13 budget. Approximately \$50,000 of expenses for FY14 is budgeted for general expenses such as small home repair grants for Sudbury citizens. The remaining balance may be spent to purchase developable land or existing housing stock, although nothing certain has been identified. Unspent budget for this Trust reverts to available reserves.

Capital Article Appropriations–The AHT may receive funding each year from the CPA specifically for potential affordable housing projects known at time of Town Meeting, or else a general amount representing a percentage of reserves for community housing. This funding is handled as inter-fund transfers (**see Section 1 for further details**). Transfers given to AHT do not need to be spent in the year received and remain available for use, for as long as necessary. Unspent transfers of funds do not revert to the source of transfer (i.e. the CPA fund).

Section Thirteen

Appendices



A. Budget Terms and Definitions

Abatements and Exemptions (previously called Overlay): An amount set by the Assessors to create a fund to cover abatements of (and exemptions from) real and personal tax assessments for the current year, and raised on the tax levy. An abatement is a reduction provided by the Assessors in the assessed tax because of bona fide specific conditions or situations not considered when the tax was levied. An exemption is provided for a variety of purposes, which include, but are not limited to: buildings/property used for religious, government, charity, or pollution control. In addition, exemptions may also be provided to the elderly, handicapped, and veterans under certain conditions.

Abatement Surplus: Accumulation of the surplus amounts of Abatements and Exemptions set aside by the Assessors each year to cover abatements of (and exemptions from) real estate and personal property tax assessments. The accumulated amount for previous years no longer committed for abatements may be used by vote of the Town Meeting.

Accounting System: A system of financial recordkeeping which records classifies and reports information on the financial status and operation of an organization.

Accrual Basis for Accounting: A method of accounting that recognizes revenue when earned, rather than when collected, and recognizes expenses when incurred, rather than when paid.

Sudbury Housing Trust Fund: A special revenue fund used to provide for the creation and preservation of affordable housing within the Town.

Allocation: The distribution of available monies, personnel, buildings and equipment among various Town departments, divisions or cost centers.

Appropriation: An authorization granted by the Town Meeting to make expenditures and to incur obligations for specific purposes. Appropriations for any expenditure specify dollar amounts,

funding sources, and a period of time within which the funds must be spent. Any funds not expended within the specified time (usually one fiscal year) revert to the Unreserved Fund Balance.

Article: An article or item on the Warrant of the Annual Town Meeting. There are seven standard budget related articles that appear in the Warrant every year as follows:

- Operating Budget (for the upcoming fiscal year),
- Budget Adjustment (for adjustments to the current fiscal year's budget that was appropriated at the previous year's Town Meeting)
- Prior Year Unpaid Bills
- Enterprise Fund Budgets (one for each enterprise fund)
- Capital Budget (an omnibus article for capital items funded within the levy)
- Capital Projects (for any capital item funded through a request for an override of Proposition 2 ½ limits. This can be an omnibus article for multiple projects or a separate article for a significant project).
- Stabilization Fund (for adding to the Town's Stabilization Reserve Account)

Assessed Valuation: The valuation of real estate or other property determined by the Town Assessor for tax levying purposes. The Commonwealth certifies the values and methodology in determining those values every three years.

Assets: Property, plant and equipment owned by the Town.

Audit: A comprehensive examination as to the manner in which the government's resources were actually utilized concluding in a written report of its findings. An accounting audit is intended to ascertain whether financial statements fairly present the financial position and results of operations of the Town. The Town is required to conduct an audit annually.

Available Funds (Free Cash): Free cash is the available, undesignated fund balance of the General Fund and is generated when actual revenue collections are in excess of estimates,

when expenditures are less than appropriated, or both. A free cash balance is certified as of July 1 each year by the Department of Revenue and once certified, any or the entire certified amount may be used to defray Town expenses by a vote of the Town Meeting (see Available Fund).

Balanced Budget: A plan of financial operation embodying an estimate of proposed expenditures for a given period that does not exceed a proposed means of financing; where operating revenues are used to fund operating expenditures/expenses. Sudbury's budget is a financial plan that is established for a single fiscal year that begins on July 1 and ends on June 30.

Bond: A means to raise money through the issuance of debt. A bond issuer/borrower promises in writing to repay a specified sum of money, alternately referred to as face value, par value or bond principal, to the buyer of the bond on a specified future date (maturity date), together with periodic interest at a specified rate. The term of a bond is always greater than one year.

Bond Refunding: A transaction where one bond issue is redeemed and replaced by a new bond issue under conditions generally more favorable to the issuer.

Budget Message: A general discussion of the submitted budget presented in writing by the Town Manager as part of the budget document.

Capital Budget: A plan of major, non-recurring expenditures involving land acquisition, construction or major rehabilitation of a facility, or purchase of equipment costing \$10,000 or more with a useful life of five years or more.

Capital Expenditure/Improvement: Items generally found in the capital budget such as construction or major repairs to municipal buildings. The fees for architects, engineers, lawyers, and other professional services, plus the cost of financing advance planning, may be included in addition to the cost of materials and installation/construction.

Capital Improvement Plan: A financial planning and management tool which identifies new public facility and equipment requirements, or improvements; places these requirements in

order of priority; and schedules them for funding and implementation.

Carry-Forward Expenditures: Amounts corresponding to unpaid bills that remain at the close of the fiscal year.

Charter: A founding document bestowing certain rights on an incorporated Town or City.

Cherry Sheet: An annual statement received from the Department of Revenue detailing estimated receipts for the next fiscal year from the various state aid accounts as well as estimated state and county government charges payable to the state. The name "Cherry Sheet" derives from the color of the paper used.

COLA: Cost of Living Adjustment. General referred to as a component of salaries & wages.

Collective Bargaining: A collective bargaining agreement is a labor contract between an employer and one or more labor unions. Collective bargaining consists of the process of negotiation between representatives of the union and the employer having to do with terms and conditions of employment.

Community Preservation Fund: A special revenue fund used to account for the 3% local real estate tax surcharge on nonexempt property (and matching state trust fund distribution) that can be used for open space, historic resource and affordable housing purposes.

County: A legal or geographical grouping of Towns and Cities. Sudbury resides in Middlesex County.

Cost Center: The three major governmental entities funded by the operating budget – the Town of Sudbury Operating Departments, the Sudbury Public Schools, and the Lincoln-Sudbury Regional High School – which together account for over 92% of the annual operating budget.

CPC: Under the provisions of the Community Preservation Act (CPA), Sudbury established a Community Preservation Committee.

Debt Exemption: An override to Proposition 2 ½ for the purpose of raising funds for debt service costs.

Debt Service: Payment of interest and principal on an obligation resulting from the issuance of bonds.

Deficit: The excess of expenditures over revenues during an accounting period. Also refers to the excess of the liabilities of a fund over its assets.

Deficit Spending: Municipalities may deficit spend for emergency purposes, public safety issues such as snow & ice expenditures and tax abatements in excess of appropriation. Prior approval by the DOR is often required and/or local authorization obtained before spending may occur. Typically deficit spending must be raised on the next year's tax levy.

Department: A principal, functional, and administrative entity created by statute and the Town Manager to carry out specified public services.

Depreciation: Allocating the cost of a tangible asset over its estimated useful life. Depreciation is a non-cash expense that lowers reported earnings.

Economic Indicator: A statistic about the economy. Economic indicators allow analysis of economic performance and predictions of future performance.

Enterprise Fund: A separate fund, set up to provide a specific Town service, whereby all direct and indirect/overhead costs of providing the service are funded in total from user charges. An appropriation for an enterprise fund is funded in total from enterprise fund revenue unless otherwise noted. Enterprise fund revenue used to fund services provided by other Town departments will be shown in the warrant after the appropriation total for the department. An enterprise fund is required to fully disclose all costs and all revenue sources needed to provide a service.

Expenditure: Decrease in net financial resources for the purpose of acquiring or providing goods and services.

Expenses: The cost of delivering or producing goods, rendering services or carrying out other activities that constitute the entity's ongoing major or central operations. Expenses consist of the following objects of expenditure: Utilities, Supplies and Materials, Contractual Services, and Equipment.

Excess Taxing Capacity: The difference between actual real and personal property taxes levied in any given year and the amount authorized to be assessed under Proposition 2-½.

FinCom: Finance Committee. A group of duly appointed citizens whose purpose is to make recommendation at Town Meeting on all of Sudbury's financial matters.

Financing Plan: The estimate of revenues and their sources that will pay for the service programs outlined in the annual budget.

Fiscal Year: A 12-month period over which an organization conducts business and budgets its spending. Sudbury's fiscal year runs from July 1 through June 30th. The fiscal year is commonly referred to by the date (year) in which it ends.

Free Cash: Free cash is the available, undesignated fund balance of the General Fund and is generated when actual revenue collections are in excess of estimates, when expenditures are less than appropriated, or both. A free cash balance is certified as of July 1 each year by the Department of Revenue and once certified, any or the entire certified amount may be used to defray Town expenses by a vote of the Town Meeting (see Available Fund).

FTE: Full-time Equivalent. Reference commonly used to quantify the number of Full-time employees; calculated by converting part-time hours into what is considered the full-time hours per annum for a particular department or function.

Fund Accounting: Governmental accounting systems should be organized and operated on a fund basis. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitation.

Fund Balance: The specifically identified funds allocated to meet budget requirements/ expenses.

Funding Source: The excess of assets over liabilities also known as surplus funds. A negative fund balance is a deficit.

Funding Sources for Expenditures: Authorizations for the Town to expend monies are made in the form of a motion at Town Meeting. The wording of the motions will specify the funding source; that is, the place from where money is going to come or will be raised. When a motion reads, "to appropriate a sum of money" without a source being identified, that amount will be included in the tax calculation, whereby the total of all sums to be appropriated will be reduced by an estimate of local and state revenue. The balance needed will be provided by property taxes. When items in the warrant are offset or raised from available funds, those items will also appear as offsets in the determination of the tax rate.

General Fund: Revenues derived from the tax levy, state aid, local receipts and available funds are considered General Fund revenues. The General Fund is distinguished from Enterprise Funds and Special Revenue Funds.

Generally Accepted Accounting Principles (GAAP): A set of uniform accounting and financial reporting rules and procedures that define accepted accounting practice.

GIS: Geographical Information Systems.

Goal: A proposed course of action in which departmental effort is directed.

Governmental Funds. Funds generally used to account for tax supported activities. There are five different types of governmental funds: the general fund, special revenue funds, debt service funds, capital projects funds and permanent funds.

Grant: A contribution of assets by one governmental unit or other organization to another. Typically, these contributions are made to local governments from the State and Federal government. Grants are usually made for specific purposes.

Inter-fund Transactions: Payments from one administrative budget fund to another, which results in the recording of a receipt.

Lease Purchase Agreement: A financial contract that transfers ownership of an asset to the lessee at the end of the leasing period.

Levy Limit: The maximum amount a community can levy in any given year.

Local Receipts: This is the third largest source of revenue for the Town after property taxes and Cherry Sheet receipts. While it is comprised of a number of different items, the largest source is the auto excise tax.

Modified Accrual Basis for Accounting: A method of accounting that recognizes revenue when it is actually received and recognizes expenditures when a commitment is made.

New Growth: Proposition 2 ½ allows a community to increase its levy limit annually by an amount based upon the valuation of certain new construction and other growth in the tax base that is not the result of property revaluation. New growth becomes part of the levy limit and thus increases at the rate of 2.5% each year as the levy limit increases.

Operating Budget: The portion of the budget that pertains to daily operations, or providing basic services throughout the fiscal year. The operating budget contains appropriations for such expenditures as personnel, supplies, utilities, materials, travel, and fuel and the proposed means of financing them.

Operating Expenditure: An ongoing or recurring cost of performing a function or providing a service. Operating expenditures include personal services, supplies and materials, utilities, contractual services, minor equipment, and debt service.

Overlay: The amount raised in the tax levy for funding abatements granted by the Board of Assessors due to overvaluation or uncollectible tax bills.

Override: An override is passed by a majority vote at Town Meeting and at the ballot. There are three types of overrides: An Operating Override, which permanently increases the levy limit; a Debt Exclusion, which increases the levy limit only for the life of the debt; and a Capital Project Override, which increases the levy only for the year in which the project is undertaken.

Performance/Workload Indicators: Specific quantitative and qualitative measures of work performed as an objective of the department. Sudbury departments typically use of the following types of indicators: workload measures, efficiency measures and outcome measures.

PILOT: Payments In Lieu of Taxes. Compensation paid by the State to local governments for tax-exempt properties within.

Policy: A plan of action to guide decisions and actions of a particular function or group.

Procedure: A method used in carrying out a policy or plan of action.

Program: Collections of work-related activities initiated to accomplish a desired end.

Proposition 2½: A Massachusetts General Law enacted in 1980 to limit property taxes.

Public Meeting/Hearing: A forum in which citizens may attend and participate in a particular purpose or concern of the Town. By law, public meetings must follow certain rules of public notice and conduct.

Rating Agencies: This term usually refers to Moody's Investors Service, Standard and Poor's Corporation, and Fitch ICBA, Inc. These are the three major agencies which issue credit ratings on municipal bonds.

Reserve Fund: An amount appropriated by the Annual Town Meeting for emergency or unforeseen purposes. The Finance Committee, by state law, is the sole custodian of the Reserve Fund and approves transfers from the Fund into the operating budgets throughout the year if: (1) the need for funds is of an emergency and/or unforeseen nature, and (2) if, in the judgment of the Finance Committee, the Town Meeting would approve such an expenditure if such a meeting was held. The Reserve Fund is, therefore, a mechanism for avoiding the necessity of frequent Special Town Meetings.

Retained Earnings: The equity account reflecting the accumulated earnings of the enterprise funds.

Revenue: Budgetary resources. The various revenues the Town receives are listed in the Revenue Summary in the Budget Overview section.

Revolving Fund: Funds that may be used without appropriation and that are established for special uses. Recreation fees, for example, may be paid into a revolving fund. Revolving funds are established by state law or Town bylaw.

Risk Management: Recognition of a risk, development of strategies to manage it, and mitigation, as needed.

Special Revenue Funds: Particular revenues that are earmarked for and restricted expenditure for specified purposes. Special revenues must be established by statute.

Stabilization Fund: Similar to a savings account, this account has been used to fund large capital projects such as fire trucks and school roofs. A recent amendment to state law allows the Stabilization Fund to be used for the operating budget, as well as capital purchases; however, the Finance Committee would generally be reluctant to recommend doing so. Placing money into this fund requires a majority vote of Town Meeting while withdrawing from the Stabilization Fund requires a 2/3 vote of Town Meeting.

Tax Levy: The property tax levy is the revenue a community can raise through real and personal property taxes. In Massachusetts, municipal revenues to support local spending for schools, public safety, general government and other public services are raised through the property tax levy, state aid, local receipts and other sources. The property tax levy is the largest source of revenue for most cities and towns.

Tax Levy Limit: The maximum amount that can be raised within Proposition 2 ½.

Tax Rate: The amount of tax levied for each \$1,000 of assessed valuation.

Town Counsel: Legal representative for the Town. Town Counsel is appointed by the Board of Selectmen, but supervised by the Town Manager.

Town Meeting: The Town's legislative body that has appropriation authority. It enacts bylaws and other measures to provide for the operation of municipal government and the administration of Town affairs.

Unclassified Operating Expenses: This account in the general government section of the budget is comprised primarily of operating expenses such as postage, telephone and property liability insurance, that support town-wide operations and are not assigned to any one department or cost center.

User Fees: Fees paid for direct receipt of a public service by the user or beneficiary of the service.

Valuation (100%): Requirement that the assessed valuation must be the same as the market value for all properties.

B. Acronyms

AAL	Actuarial Accrued Liability
AHT	Affordable Housing Trust
ALS	Advanced Life Support (Paramedic)
ARC	Annual Required Contribution
ATB	Appellate Tax Board
ATM	Assistant Town Manager
BLS	Basic Life Support (Emergency Medical Technician)
BLA	Bureau of Local Assessment (a subdivision of the DOR)
BOA	Bureau of Accounts (a subdivision of the DOR)
BRTF	Budget Review Task Force
CAFR	Comprehensive Annual Financial Report
C.A.R.E.	Cost Avoidance and Revenue Enhancement
CDMA	Code Division Multiple Access
CERT	Community Emergency Response Team
CIB	Capital Improvement Budget
CIP	Capital Improvement Plan
CIPC	Capital Improvement Planning Committee
CMR	Code of Massachusetts Regulations
COA	Council on Aging
COBRA	Consolidated Omnibus Budget Reconciliation Act
COLA	Cost of Living Adjustment
C.O.R.E	Consolidation/Cooperation, Outsourcing, Regionalization, Evaluation
CPA	Community Preservation Act
CPC	Community Preservation Committee
CPR	Cardiopulmonary resuscitation
CRT	Cathode Ray Tube
D.A.R.E.	Drug Abuse Resistance Education
DEP	Department of Environmental Protection
DNS	Domain Name Server
DOE	Department of Education
DOR	Department of Revenue for Massachusetts. Various subdivisions thereto regulate the financial operations and reporting of all MA municipalities
DLS	Department of Local Services (as subdivision of the DOR)

DPW	Department of Public Works
EBT	Employee Benefits Trust
eCEMP	Electronic Comprehensive Emergency Management Plan
EMD	Emergency Management Director
EMS	Emergency Medical Services
EMT	Emergency Medical Technician
EOC	Emergency Operations Center
EOEA	Executive Office of Elder Affairs
EPA	Environmental Protection Agency
EQV	Equalized Valuation
FCC	Federal Communications Commission
FE	Foundation Enrollment
FEMA	Federal Emergency Management Agency
FinCom	Finance Committee
FTE	Full Time Equivalents
FTMS	Financial Trend Monitoring System
FY	Fiscal Year
GAAP	Generally Accepted Accounting Principles
GASB	Governmental Accounting Standards Board
GFOA	Government Finance Officers Association
GIC	Group Insurance Commission
GIS	Geographic Information System
HAVA	Help America Vote Act
HMO	Health Maintenance Organization
HVAC	Heating, Ventilation, Air Conditioning
ICMA	International City/County Management Association
IP	Internet Protocol
IPM	Integrated Pest Management
ISD	Incentive Senior Development
IT	Information Technology
K-8	Kindergarten through Grade Eight
LAN	Local Area Network
LED	Light Emitting Diode
LEPC	Local Emergency Planning Committee
LOD	Line of Duty

L-S	Lincoln-Sudbury
LSRHSD	Lincoln-Sudbury Regional High School District
L.S.R.H.S	Lincoln-Sudbury Regional High School (also abbreviated LSRHS)
MBTA	Metropolitan Boston Transit Authority
MEMA	Massachusetts Emergency Management Agency
METCO	Metropolitan Council for Educational Opportunity
MEWTP	Marlboro Easterly Wastewater Treatment Plant
M.G.L.	Massachusetts General Laws
MLN	Minuteman Library Network
MRC	Medical Reserve Corps
MRS	Middlesex Retirement System
MRVTHS	Minuteman Regional Vocational Technical High School
MRVTSD	Minuteman Regional Vocational Technical School District
MSBA	Massachusetts School Building Authority
MTRS	Massachusetts Teachers Retirement System
MUNIS	Municipal Information System
MVE	Motor Vehicle Excise
NIMS	National Incident Management System
NOO	Net OPEB Obligation
NYSE	New York Stock Exchange
OFS	Operating Funding Sources
OPEB	Other Post-Employment Benefits
PC	Personal Computer
PEC	Public Employees Committee
PERAC	Public Employee Retirement Administration Commission
PILOT	Payment in Lieu of Taxes
PPO	Preferred Provider Organization
PRIM	Pension Reserve Investment Management
PRIT	Pension Reserve Investment Trust
PVPB	Present Value of Projected Benefits
P-T	Part-Time
R & D	Research and Development
RBL	Real-time Black hole List
REPC	Regional Emergency Planning Committee
RFB	Restricted Fund Balance

RFID	Radio Frequency Identification
RFP	Request for Proposal
RMV	Registry of Motor Vehicles
RRA	Receipts Reserved for Appropriation
S & P	Standard and Poor's
SBA	School Building Authority
SBAB	School Building Authority Board
SHC	Sudbury Historical Commission
SHDSL	Symmetric High-speed Digital Subscriber Line
SHT	Sudbury Housing Trust
SPED	Special Education
SPS	Sudbury Public Schools
SQL	Structured Query Language
SRC	Senior Residential Community
SUV	Sports Utility Vehicle
SWMP	Storm Water Management Program
TAC	Technical Advisory Committee
TMDL	Total Maximum Daily Load
UAAL	Unfunded Actuarial Accrued Liability
UFB	Unreserved Fund Balance
UMAS	Uniform Municipal Accounting System
URL	Uniform Resource Locator
US	United States
VLAN	Virtual Local Area Network
VoC	Vocational
VOIP	Voice-Over-Internet-Protocol
VPN	Virtual Private Network
WAN	Wide Area Network
ZBA	Zoning Board of Appeals

C. Budget Process

PHASES OF BUDGET PREPARATION AND DEVELOPMENT

Phase	CY 2012						CY 2013						
	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul
Policy/Strategy													
Financial Capacity													
Needs Assessment													
Town Budget Development/Review													
Consolidated Budget and Financing Plan Development													
FinCom Review													
Appropriation													
Enactment													

The chart above illustrates the overall timeframes associated with eight phases of Sudbury's budget preparation and development cycle, and the paragraphs below list some of the major activities and participants in each phase. Page 201 lists key milestone dates for the FY14 budget development.

DESCRIPTION OF PHASES

Policy/Strategy Phase

- Based on long range planning efforts of the Town, such as the Master Plan, as well as current needs, the Board of Selectmen sets goals for next fiscal year. Planning includes joint meetings with the Town Manager and Town's Senior Management

Financial Capacity Phase

- Review of progress vis-à-vis policies and projects from prior years
 - Town Manager
 - Follows established format
- Short range forecast/sensitivity analysis conducted by FinCom
 - Used in FinCom Instructions
 - Follows established format
- Long range forecast/sensitivity analysis updated (3 year forecast)
 - Finance Director and Town Manager
 - Used in Financial Summit and Financial Condition Analysis
 - Follows established format
- Financial condition analysis updated
 - Finance Director and Town Manager
 - Format evolving based on key indicators
 - Presentation to Board of Selectmen
 - Shapes next phase of Budget Cycle
- Budget document template updated
 - Finance Director
 - Format established for new fiscal year

Needs Assessment Phase

- Budget request forms prepared and distributed to departments & committees
 - Finance Director
- Town Manager's budget memo finalized
- Departments review their current condition, goals, programs and needs
- Departments prepare workload indicators, performance indicators, other statistics
 - Finance Director and Town Manager work with selected department heads
- Departments submit operating budget requests to Town Manager
 - Departments submit budget request to Finance Director
- Schools submit budget requests to School Committees
- Town Manager Seeks CIP requests from all department and committees
- Finance Director provides debt information
- Determine CIP priorities, and recommend funded projects to Town Manager
- Update CIP based on staff committee and capital improvement planning committee

Review/Development Phase for Town Budget

- Town Manager and Finance Director review requests
- Town Manager holds Departmental hearings
 - Departmental budget hearings with Finance Director and Town Manager
- Preliminary Town operating budget developed, presented to Selectmen
- Final Town operating budget assembled and published
- Schools hold budget hearings
- School Committees vote final school budgets

Development of Consolidated Fiscal Year Annual Budget and Financing Plan

- Town Manager and Finance Director receive School budget requests
 - Sudbury Public Schools
 - Lincoln-Sudbury Regional High School
 - Minuteman Regional Vocational- Technical High School
- Town Manager and Finance Director finalize revenue projections, state aid projections
- Town Manager and Finance Director finalize charges from state, Assessors overlay etc.
- Proposed Fiscal Year Annual Budget and Financing Plan delivered to FinCom, published on web

FinCom Review Phase

- FinCom holds hearings on Town, School, capital budget requests
- FinCom holds hearing on all money articles
- FinCom votes on budget
- FinCom votes on all money articles

Appropriation Phase

- Prepare Warrant and FinCom Report for the Annual Town Meeting
- Town Meeting begins, votes appropriations, approves all bonding and capital articles
- Town Meeting approves any budget amendments for current fiscal year, if any

Enactment Phase

- As Appropriated Budgets prepared, distributed to all cost centers, department heads
- Final Fiscal Year Budget and Financing Plan published

D. Budget Schedule

FY14 BUDGET CALENDAR -

This calendar describes the key milestone dates leading to adoption of the budget for those accounts overseen by the Town Manager and requiring appropriation by the Town Meeting. The School Superintendents and

School Committees carry out similar steps leading to their budget submissions and preparation for Town Meeting.

2012

Sep 10	Town Manager issues capital budget letter to town departments and SPS
Oct 1	Capital requests due to Town Manager
Oct 5	CIP draft compilation report completed, distributed to department heads
Oct 12	CIP staff committee meets
Nov 1	Town Manager submits capital request report to CIPC
Nov 2	Finance Committee Budget memorandum distributed to all cost centers
Nov 21	Finance Director issues budget instructions to department heads, committee chairs
Dec 14	Municipal Department & Committee Operating budget requests due at Finance Director's Office

2013

Jan 16	CIP Committee holds public hearing & votes a recommended CIPC budget/ project list
Jan 13	CIP Committee submits recommended capital budget/project list, due to Town Manager, Selectmen and Finance Committee
Jan 13	Town, Lincoln-Sudbury Regional High School, Sudbury Public Schools operating budgets due to Finance Director
Jan 31	Town Finance Director delivers comprehensive <i>FY2014 Proposed Budget and Financing Plan</i> delivered to Finance Committee, Board of Selectmen
Feb 14	CIP Committee meet with Selectmen to review submitted CIPC budget and projects list
Feb 6-Feb 29	Finance Committee holds public hearings on operating and capital budget requests
Mar 1	Finance Committee votes operating and capital budget recommendations
Mar 5	All Finance Committee reports due to Finance Director
Mar 12	All Finance Committee reports due to Selectmen's Office
April 13	Town Meeting Warrant and Report of the Finance Committee mailed to residents
May 7-9	Town Meeting - consideration of FY13 operating and capital budget; enactment of appropriations, budget amendments to FY12 budget, if any
July 1	FY2014 Budget takes effect

SUDBURY FINANCE COMMITTEE
FY14 Budget Hearing Schedule-

Sudbury Finance Committee
FY14 Budget Hearings Schedule

(All Hearings/Meetings begin @ 7:30pm unless otherwise noted)

Day	Date	Meeting Description	Location
Monday	February 4, 2013 - 7:30 PM	Minuteman, CPA & CIPC Hearings	Town Hall
Thursday	February 7, 2013 - 7:00 PM	* Presentation of level staff budgets by the 3 cost centers.	Town Hall
Monday	February 11, 2013 - 7:00 PM	Presentation of the no override budgets by the 3 cost centers.	Town Hall
Wednesday	February 13, 2013 - 7:30 PM	Other Articles; Finance Committee deliberations	Town Hall
Tuesday	February 26, 2013 - 7:30 PM	Finance Committee deliberations	Flynn
Wednesday	February 27, 2013 - 7:30 PM	Joint Board of Selectmen / Finance Committee meeting	Town Hall
	February 27, 2013 - 8:30 PM	Finance Committee final deliberations and votes	Flynn
Thursday	February 28, 2013 - 7:30 PM	Joint Meeting with Lincoln FinCom; Finance Committee final deliberations and votes	Town Hall
Friday	March 8, 2013	FinCom reports and all warrant materials delivered to the Town Manager	N/A

* FinCom Chair and Town Manager to make recorded opening remarks at 6:00PM

E. Budget Instructions

Sudbury Finance Committee Instruction Letter for FY14



Town of Sudbury

Finance Committee

To: Board of Selectmen of the Town of Sudbury
Dr. Richard J. Robison, Chair of the Sudbury Public School Committee
Mr. Scott Carpenter, Superintendent of Lincoln-Sudbury Regional High School
Mr. David R. Manjarrez, Minuteman Regional High School Representative
Ms. Nancy Marshall, Chair of the Lincoln Sudbury Regional School District Committee
Ms. Maureen Valente, Town Manager for the Town of Sudbury
Dr. Anne Wilson, Superintendent of the Sudbury Public Schools

RE: Fiscal Year 2014 Budget Guidelines

Dear Town and School Officials and Administrators:

The Finance Committee (the "FinCom" or the "Committee") looks forward to working with you on the FY14 budget. The municipal budgeting process follows up a challenging but productive FY13 process with a budget year that currently projects to be just as challenging given continued economic uncertainty at the state and federal level. We thank all of you and your various committees for past efforts that put the best interests of Sudbury first. It is the Committee's desire to continue in this vein as we begin this year's budget process.

The deadline for submitting a budget to Andrea Terkelsen is **January 11th**, to be provided on 3-hole punched paper. For FY14, the FinCom requests that an initial "No Override" budget submission be prepared that assumes an increase no greater than 2.7% over the FY13 budget (including pension and insurance costs). This preliminary projection will be refined throughout the budget process as we obtain additional information regarding State Aid and other revenue assumptions leading up to our Annual Town Meeting in May 2013. Please refer to Exhibit I for a summary of the drivers of the current estimate for FY14 No Override allowable budget growth. Consistent with past budgets, cost centers may also submit a "Roll-Up" or "Level Staff" budget for consideration.

While we recognize that each cost center has certain unique characteristics, it is important that there be a level of consistency in which all budget submissions are prepared. As a result, we ask that you assume the following when constructing your budget submissions:

- for SPS (and any other cost center that has completed contract negotiations), salary and other cash compensation is relatively straightforward and will be based on their new contract(s);
- for cost centers that have yet to enter into a new contract please assume the following:
 - o no cost of living increase (i.e. COLAs) when forecasting your compensation costs for

FY14;

- o normal salary steps given your current employee demographic;
- your best estimate of expected health and benefit costs increases - please clearly document those assumptions in your submission; and
- your best estimate of utilities and, where applicable, transportation and special education cost increases or decreases – again, please clearly document those assumptions in your submission.

As with last year, we expect the budget liaison meetings to play a continuing role in the budget review process. Rather than wait until budget submissions, the Committee has compiled a standard list of questions and information requests (see Exhibit II enclosed) to be reviewed at these budget liaison meetings. Moreover, similar to past years, we are also asking for budget data to be summarized in a spreadsheet format that will better enable us to understand the underlying trends in the cost of various services provided by the Town and Schools.

It is our intention to have the FinCom liaisons present the answers and information requested in this letter to the Committee at its meeting on **December 17th**. We also request that the cost centers have their own representatives at this meeting to elaborate or clarify, as necessary, and insure a thorough understanding by the entire Committee of the information requested.

We would like to proceed with the following schedule:

By **December 7th**: FinCom budget liaisons to meet with their respective Cost Centers to review the answers and information requested above. If the meeting cannot be scheduled prior to December 7th, please plan to provide the information to your Liaison in electronic form by that date so that they can make it available to the full Finance Committee so that everyone may begin reviewing it in advance of the next FinCom meeting. From this information, the Committee will look to review cost trends and determine if costs are tracking in line with budgeted expectations, what unexpected costs or events have occurred, and what impacts these may have on FY14 budget requests.

December 17th: Regularly scheduled FinCom meeting will include a review and discussion of the results of the liaison meetings.

We also suggest that a follow up liaison meeting be scheduled subsequent to December 17th and prior to any budget presentations that may need to be made to others so that all parties have the opportunity to discuss issues that may have been raised at the December 17th FinCom meeting.

By January 11th, submission of the FY14 No Override and, if applicable, the FY14 Roll- Up/Level Staff budget.

By January 31st, the addition of FY14 No Override and, if applicable, the FY14 Roll- Up/Level Staff budget numbers to the FinCom spreadsheet, to be delivered in electronic form.

We hope that this process will again allow for greater input and information flow prior to formal hearings in 2013. Your cooperation is very much appreciated.

Respectfully,

Members of the Sudbury Finance Committee

Cc: Michael Connelly, Business Manager, Lincoln-Sudbury Regional High School
Theodore H. Fedynyshyn, Chair of the Capital Improvement Planning
Committee Myron Fox, Moderator, Town of Sudbury
Laura Sander, Finance Committee Chair, Town of Lincoln
Andrea Terkelsen, Finance Director/Treasurer, Town of Sudbury
Mary Will, Director of Business & Finance, Sudbury Public Schools

Exhibit I: FY14 No Override Revenue Forecast Assumptions

Set forth below in Table I is a summary of the drivers that result in FinCom's initial estimate for allowable, No Override budget growth of 2.5% for FY14.

Table 1

	FY11 Actual	FY12 Projected	FY13 Projected	FY14 Forecast	AGR FY13 to FY14	CAGR FY11 to FY14
State Aid ^(a)	\$ 5,491,075	\$ 5,410,602	\$ 5,616,657	\$ 5,616,657	0.00%	0.76%
Levy for General Use	62,739,459	64,819,175	66,839,654	68,910,646	3.10%	3.18%
Local Receipts	3,975,554	3,657,000	3,657,000	3,657,000	0.00%	-2.75%
	\$ 72,206,088	\$ 73,886,777	\$ 76,113,311	\$ 78,184,303	2.72%	2.69%
<i>Annual Growth</i>		2.33%	3.01%	2.72%		

^(a) Actual Cherry Sheet data for FY11, FY12 and FY13.

While discussions continue regarding opportunities to diversify our tax base, as evidenced by Table 2 below the vast majority of tax revenues continue to come from property taxes, both residential and commercial. Fortunately, from a forecasting perspective, growth of these tax revenues has been fairly consistent over the past several years. Including new growth, revenues from property taxes have grown at an annual rate of approximately 3% per annum and are expected to continue to do so in FY14.

While difficult to forecast, the reality is that State Aid is a relatively small component of our overall tax base. Despite posting declines in each of the previous three fiscal years, state aid increased by approximately 4% from FY12 to FY13. However, we are entering a forecast period that contains a high degree of uncertainty given the November elections and pending "fiscal cliff" in January 2013. As a result, for FY14 we have assumed no growth in State Aid from FY13 to FY14 and will continue to review and revise these estimates throughout the budget process.

The last and smallest component of our tax base, local receipts, has been fairly flat over the past several years so we have assumed no growth in local receipts over the forecast period.

Table 2

<i>\$ in Millions</i>		
Property Taxes	68.9	95%
Local Receipts	3.7	5%
Total	<u>\$ 72.6</u>	100%

Exhibit II: Questions and information to discuss prior to the formal budget submission

- 1) An update on the impact of the FY13 appropriated budget, including specifics on any cuts in staff and services and the resulting budgeted average FTE count for the fiscal year.
- 2) Based upon the FY13 budget: a) the status and projected full year cost, including benefits, of all new positions hired within the budget, with specifics as to positions, b) new positions hired but not included in the budget, and c) the total number of actual and budgeted FTE's by position.
- 3) Details on grants in excess of \$25,000 received for FY13, including grantor, amount, use of these funds, likelihood of continuation and change from previous fiscal year.
- 4) Details of new costs and events, which were not anticipated and are impacting the FY13 budget and their potential to impact the FY14 budget.
- 5) An update of any new or existing cost savings/revenue enhancement programs or initiatives presented during the last budget process.
- 6) Any new cost savings/revenue enhancement programs or initiatives being contemplated for the FY14 budget and their projected monetary impacts, if available.
- 7) Actual student enrollment statistics vs. budget.
- 8) An update to the "FinCom Spreadsheet" (an electronic copy of which will be distributed separately).
- 9) An update to the compensation information on highly paid employees contained in Appendix III of the April 2012 Warrant to include FY12 data.

F. Community Profile

SUDBURY AT A GLANCE

SETTLED:	1638 - Incorporated 1639; 373 years old in 2012	
POPULATION 2012:	18,103	VOTERS: 11,879
AREA:	24.7 Square Miles	DENSITY: 726 per Sq. Mile
ELEVATION:	190 Feet	
FY2013 BUDGET:	Operating Budget:	\$75,340,158
	Debt:	5,937,549
	Other items to be raised	<u>863,140</u>
	TOTAL BUDGET:	\$82,140,847
TAX RATES:	FY2013: \$17.99 Residential;	\$23.52 Commercial/Ind./Personal Property
	FY2012: \$17.60 Residential;	\$22.95 Commercial/Ind./Personal Property
	FY2011: \$17.03 Residential;	\$22.27 Commercial/Ind./Personal Property
GOVERNMENT:	Selectmen/Town Manager with open Town Meeting	
LIBRARIES/ MUSEUMS:	Goodnow Library, member of Minuteman Library Network Longfellow's Wayside Inn (American Assoc. of Museums)	
SCHOOLS:	Four elementary schools, one middle school, Lincoln-Sudbury Regional High School and Minuteman Regional Vocational Technical High School	
PUBLIC SAFETY:	Full-time Fire Department with three stations, also provides emergency ambulance service to hospitals Full-time Police Department	
RECREATION:	Programs offered year round; informational brochures mailed to all Sudbury residents four times a year. Recreation buildings include the Atkinson Town Pool, the Fairbank Community Center, which houses the Teen Center, Park and Recreation Office and the Fairbank Senior Center. Major recreation areas include Davis Field, Featherland Park, Feeley Field, and Haskell Recreation Area. Facilities include a toddler playground, tennis courts, basketball courts, golf putting green, sand volleyball court, outdoor ice skating area, and fields for: baseball, field hockey, lacrosse, softball, and soccer.	
PARKS:	Frank G. Feeley Park, Sudbury Center Historic District, Knox Boy Scout Reservation.	
PONDS/WATERWAYS:	Sudbury River, Blanford Pond, Bottomless Pond, Stearns Millpond, Carding Millpond, Grist Millpond, Willis Pond, Bridgework Swamp, Iron Ore Bog, Pantry Brook, Run Brook, Hazel Brook, Cold Brook, Landham Brook, Hop Brook, Dudley Brook and Bridge Brook.	
CEMETERIES:	New North Cemetery, Old North Cemetery, Mount Pleasant Cemetery, New Town Cemetery, Old Town Cemetery, Revolutionary Cemetery, Wadsworth Cemetery	
HOTELS/MOTELS:	Fairfield Inn Sudbury, Longfellow's Wayside Inn	
HOSPITALS WITHIN 10 MILES:	Emerson Hospital, Concord Metrowest Medical Center/Framingham Union Campus, Framingham UMASS Health System-Marlborough Hospital, Marlborough.	

Sudbury at a Glance CONT'D

HEALTH FACILITIES/ SERVICES:	Parmenter Health Services, Inc. Sudbury Pines Extended Care and Wingate Healthcare Facility Emerson Medical at Sudbury
HOUSES OF WORSHIP:	Baptist, Catholic (2), Congregational, Episcopal, Jewish (2), Lutheran, Methodist, Presbyterian, and Unitarian.
COLLEGES/UNIVERSITIES:	MIDDLESEX COMMUNITY COLLEGE (about 5 miles; BEDFORD, MA; Full-time enrollment: 4,501) BRANDEIS UNIVERSITY (about 5 miles; WALTHAM, MA; FT enrollment: 4,444) FRAMINGHAM STATE UNIVERSITY (about 5 miles; FRAMINGHAM, MA; FT enrollment: 4,185) WELLESLEY COLLEGE (about 10 miles; WELLESLEY, MA; FT enrollment: 2,241) MASSACHUSETTS BAY COMMUNITY COLLEGE (about 10 miles; WELLESLEY HILLS, MA; FT enrollment: 2,938) BENTLEY UNIVERSITY (about 11 miles; WALTHAM, MA; FT enrollment: 4,651) BOSTON COLLEGE (about 14 miles; CHESTNUT HILL, MA; FT enrollment: 13,341)
UTILITIES:	Electrical service: NSTAR Natural Gas service: National Grid and NSTAR Gas Water: Sudbury Water District Telephone/Cable service: Verizon and Comcast
PUBLIC TRANSPORTATION FINANCIAL INSTITUTIONS:	MetroWest Regional Transit Authority 1-888-996-9782. Bank of America, CitiBank, Citizens, Marlborough Savings, Middlesex, Salem Five, Sovereign and TD Banknorth.
POST OFFICE/SHIPPING:	US Post Office located at 517 Boston Post Road and UPS Store at Mill Village.
ZIP CODE:	01776

SUDBURY GOVERNMENT STRUCTURE



The Town of Sudbury, Massachusetts (the “Town”) was incorporated in 1639. It is located in Middlesex County, about 20 miles west of Boston. The Town is governed by an open Town Meeting, an elected 5-member Board of Selectmen, and an appointed Town Manager. Local legislative decisions for the Town are made by an open Town Meeting.

The Town implemented its current charter on July 1, 1996, and it was amended in 2013 to change from three to five selectmen.

This charter provided for appointment of a Town Manager by the Board of Selectmen. The Town Manager has broad responsibility for day-to-day management of Town affairs, as well as preparation of annual operating and capital budgets. The Town provides general governmental services for the territory within its boundaries, including police and fire protection, streets, library, parks and recreation. For budgeting purposes, the Town services are divided into six program areas, and the Town Manager has authority to move funds as needed within a program area, but not to transfer funds between these areas. These areas are as follows: General Government; Public Safety; Public Works; Human Services; Culture and Recreation; and Unclassified.

The Town provides education in grades K-8 through the Sudbury Public Schools; the Lincoln-Sudbury Regional School District provides education in grades 9 through 12. The Minuteman Regional Vocational Technical High School provides vocational technical education in grades 9 through 12. Capacity of the Town’s schools has significantly increased in recent years. Elementary school capacity increased from 1,804 to 2,486; capacity of the middle school increased from 769 to 1,135. The regional high school has built a new, larger facility to replace the existing building and the capacity of the new high school is 1,850. The older facility had 1,420 students enrolled in its final year.

The Sudbury Water District of Sudbury, which is entirely separate from the Town, provides water services to 87% of the territory located within the Town.

ELECTED TOWN OFFICIALS

Assessors, Board of

Joshua M. Fox, Esq
Trevor A. Haydon
Liam J. Vesely

Goodnow Library Trustees

Jill W. Browne
Sarah M. Sogigian
Lily A. Gordon
Carol Hull
Robert W. Iuliano
Barbara F. Pryor

Health, Board of

Carol J. Bradford
Linda Marie Huet-Clayton
Brian J. McNamara

Lincoln-Sudbury Reg. Sch. Dist. Comm.

Radha R. Gargeya
Elena M. Kleifges
Nancy F. Marshall
Kevin J. Matthews
Patricia M. Mostue
Gerald Quirk

Moderator

Myron J. Fox, Esq.

Park and Recreation Commission

Robert C. Beagan
Paul Griffin
Thaddeus Gozdeck
James J. Marotta
Richard C. Williamson

Planning Board

Patricia A. Brown
Craig Lizotte
Michael J. Hunter
Christopher Morely
Peter J. Abair

Selectmen, Board of

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

Sudbury Housing Authority

Sherrill P. Cline
Kaffee Kang
Lydia M. Pastuszek
Steven J. Swanger
Judith Deutsch (State Appointed)

Sudbury School Committee

Robert CG Armour
Scott B. Nassa
Richard J. Robison
Lucie S. St. George
Ellen W. Joachim

Sudbury Water District Commission

Michael Fee
Elizabeth Eggleston
Robert H. Sheldon
Clark Taylor

Permanent Town Boards and Committees

<u>Title</u>	<u>Appointed By</u>
Agricultural Commission	Selectmen
Board of Appeals	Selectmen
Board of Assessors	Elected
Board of Health	Elected
Board of Registrars	Selectmen
Board of Selectmen	Elected
Capital Improvement Planning Committee	Selectmen & Town Manager
Commission on Disability	Town Manager
Community Preservation Committee	Selectmen
Conservation Commission	Town Manager
Constables	Selectmen
Council on Aging	Selectmen
Earth Removal Board	Selectmen
Energy & Sustainability Green Ribbon Committee	Selectmen
Finance Committee	Moderator
Goodnow Library Trustees	Elected
Historic Districts Commission	Selectmen
Historical Commission	Town Manager
Land Acquisition Review Committee	Selectmen
Lincoln-Sudbury Regional School District Committee	Elected
Local Emergency Planning Committee	Selectmen
Memorial Day Committee	Selectmen
Park and Recreation Commission	Elected
Permanent Building Committee	Selectmen
Planning Board	Elected
Ponds and Waterways Committee	Selectmen
Rail Trail Conversion Advisory Committee	Selectmen
September 11 th Memorial Garden Oversight Committee	Town Manager
Route 20 Sewer Citizens' Advisory Committee	Selectmen
Sewer Assessment Technical Committee	Selectmen
Stormwater Compliance Committee	Town Manager
Sudbury Center Improvement Advisory Committee	Selectmen
Sudbury Cultural Council	Selectmen
Sudbury Employees Group Insurance Advisory Committee	Selectmen
Sudbury Housing Authority	Elected
Sudbury Housing Trust	Selectmen
Sudbury School Committee	Elected
Sudbury Water District Commission	Elected
Traffic Safety Coordinating Committee	Selectmen
Trench Permitting Authority	Town Manager

FEDERAL, STATE AND COUNTY OFFICIALS

<u>Title/Position</u>		<u>Residence</u>	<u>Office Tel. No.</u>
<u>United States of America</u>			
President	Barack H. Obama	Washington, DC	(202) 456-1414
Vice President	Joseph R. Biden, Jr.	Washington, DC	(202) 456-2326
Senators	Edward J. Markey	Boston	(617) 565-8519
	Elizabeth A. Warren	Boston	(617) 565-3170
Representative			
3 rd Congressional District	Nicola S. Tsongas (Pct. 1)	Lowell	(978) 459-0101
Representative			
5 th Congressional District	Vacant (Pct. 1A, 2, 3, 4 & 5)		(508)875-2900
<u>Commonwealth of Massachusetts</u>			
Governor	Deval Patrick	Milton	(617) 725-4000
Lt. Governor	Vacant		(617) 725-4005
Secretary of State	William F. Galvin	Boston	(617) 727-9180
Registrar of Deeds			
Middlesex Southern District	Maria C. Curtatone	Somerville	(617) 679-6300
Treasurer and Receiver General	Steven Grossman	Newton	(617) 367-6900
Middlesex Retirement Board Chairman	Thomas F. Gibson	Watertown	(978) 439-3006
Attorney General	Martha Coakley	Medford	(617) 727-2200
Auditor	Suzanne M. Bump	Great Barrington	(617) 727-2075
Clerk of Courts	Michael A. Sullivan	Cambridge	(617) 494-4047
Councillor			
3 rd District	Marilyn Petitto Devaney	Watertown	(617)727-2756
District Attorney			
Northern District	Gerard T. Leone, Jr.	Hopkinton	(617) 494-4050
Registry of Probate/Insolvency	Tara E. DeCristofaro	Medford	(617) 768-5800
Senators in General Court:			
3 rd Middlesex District	Michael J. Barrett (Pct. 1, 4 & 5)	Lexington	(617) 722-1572
Middlesex & Worcester	James G. Eldridge (Pct. 2 & 3)	Acton	(617) 722-1120
Representative in General Court:			
13 th Middlesex District	Thomas P. Conroy	Wayland	(617) 722-2000
Sheriff (of Middlesex County)	Peter J. Koutoujian	Waltham	(781)-960-2800

ECONOMIC AND DEMOGRAPHIC CHARACTERISTICS

Property Valuation

Property Classification	FY11 Assessed Valuation	% of Total Assessed Valuation	FY12 Assessed Valuation	% of Total Assessed Valuation	FY13 Assessed Valuation	% of Total Assessed Valuation
Residential	\$ 3,599,570,656	92.9%	\$ 3,566,779,121	92.9%	\$ 3,590,745,895	92.9%
Commercial	\$ 145,535,412	3.8%	\$ 145,365,519	3.8%	\$ 146,995,002	3.8%
Industrial	\$ 60,872,200	1.6%	\$ 59,764,900	1.6%	\$ 59,403,300	1.5%
Personal	\$ 68,303,560	1.8%	\$ 66,426,000	1.7%	\$ 66,938,910	1.7%
Total	\$ 3,874,281,828	100.0%	\$ 3,838,335,540	100.0%	\$ 3,864,083,107	100.0%

Largest Taxpayers

Largest Taxpayers, FY13	Nature of Business	Total Assessed Valuation, FY12	Amount of Tax	Percent of Levy
NSTAR ELECTRIC & GAS	Utility	30,586,720	719,400	1.04%
RAYTHEON CO	Research & Development	29,625,300	696,787	1.01%
VERIZON NEW ENGLAND	Utility	16,243,500	382,047	0.55%
PARIS TRUST LLC	Manufacturer	13,351,500	314,027	0.46%
SUDBURY CROSSING LIMITED PARTNERSHIP	Shopping Center	10,979,800	258,245	0.37%
WELLYN INC	Shopping Center	8,889,200	209,074	0.30%
PRI LONGFELLOW GLEN LLC	Apartments	11,552,100	207,822	0.30%
DOWIE WILLIAM JR TRS	Real Estate Holdings	10,606,400	190,809	0.28%
BOSTON GAS /NATIONAL GRID	Utility	7,510,140	176,638	0.26%
SNIDER STANLEY W	Car Dealership	6,890,900	162,074	0.23%
		\$146,235,560	\$3,316,923	4.81%

Largest Private Sector Employers

Largest Employers	Nature of Business	Approximate Current Employees
Raytheon Corporation	Defense Contractor	300
Sudbury Farms	Grocery Store	300
APC	Pest Control	200
Cavicchio Greenhouses, Inc. *	Wholesale Florists	200
Jones & Bartlett Publishers	Publishing	200
Sudbury Pines Extended Care	Nursing Home	200
Staples Industrial	Packaging Materials	175
Bosse Sports	Health Club/Gymnasium	110
Methods Machine Tools	Machine Tools Wholesaler	110
Shaw's Supermarket	Grocery Store	105
* Seasonal business.		

Industries, per 2007 Economic Census

Industry	Count
Professional, scientific, & technical services	116
Retail trade	69
Health care & social assistance	51
Wholesale trade	30
Other services (except public administration)	35
Administrative, support, waste management & remediation service	24
Accommodation & food services	23
Real estate, rental & leasing	24
Information	16
Arts, entertainment, & recreation	11
Educational services	2

Unemployment: State, County and Town

Location, Year	Labor Force	Unemployed	Percent
Massachusetts, FY09	3,451,480	287,402	8.3%
Massachusetts, FY10	3,495,864	284,882	8.1%
Massachusetts, FY11	3,487,160	286,943	8.2%
Massachusetts, May 2012*	3,458,700	209,200	6.0%
Massachusetts, April 2013**	3,452,000	219,200	6.3%
Middlesex County, June 2011*	835,670	53,102	6.4%
Middlesex County, May 2012*	831,104	38,238	4.6%
Middlesex County, April 2013**	836,723	41,476	5.0%
Sudbury, FY09	8,564	510	6.0%
Sudbury, FY10	8,634	507	5.9%
Sudbury, FY11	8,575	424	4.9%
Sudbury, May 2012*	8,696	335	3.9%
Sudbury, April 2013**	8,789	375	4.3%
*Seasonally adjusted, from	http://www.mass.gov/lwd/		
**Not seasonally adjusted			

Household Income Distribution

2007-2011 American Community Survey 5-Yr Estimates		
	Households	Percent
INCOME AND BENEFITS (IN 2011 INFLATION-ADJUSTED DOLLARS)		
Total households	5,613	
Less than \$10,000	123	2.2%
\$10,000 to \$14,999	79	1.4%
\$15,000 to \$24,999	113	2.0%
\$25,000 to \$34,999	137	2.4%
\$35,000 to \$49,999	143	2.5%
\$50,000 to \$74,999	478	8.5%
\$75,000 to \$99,999	499	8.9%
\$100,000 to \$149,999	968	17.2%
\$150,000 to \$199,999	954	17.0%
\$200,000 or more	2,119	37.8%
Median household income (dollars)	159,713	(X)
Mean household income (dollars)	197,157	(X)
With earnings	4,910	87.5%
Mean earnings (dollars)	198,970	(X)
With Social Security	1,419	25.3%
Mean Social Security income (dollars)	20,883	(X)
With retirement income	876	15.6%
Mean retirement income (dollars)	34,191	(X)

Population Composition

2007-2011 American Community Survey 5-Yr Estimates		
	Number	%
Male	8,537	48.8%
Female	8,945	51.2%
Under 5 years	1,011	5.8%
5 to 9 years	1,893	10.8%
10 to 14 years	1,653	9.5%
15 to 19 years	1,417	8.1%
20 to 24 years	514	2.9%
25 to 34 years	577	3.3%
35 to 44 years	2,658	15.2%
45 to 54 years	3,528	20.2%
55 to 59 years	1,085	6.2%
60 to 64 years	996	5.7%
65 to 74 years	1040	5.9%
75 to 84 years	874	5.0%
85 years and over	236	1.3%
Median age (years)	41.8	(X)
18 years and over	11,822	67.6%
21 years and over	11,359	65.0%
62 years and over	2,692	15.4%
65 years and over	2,150	12.3%

Educational Attainment, persons 25 and older.

2007-2011 American Community Survey 5-Yr Estimates		
Educational Attainment	Number	Percent
Population 25 years and over		
Less than 9th grade	74	0.7%
9th to 12th grade, no diploma	178	1.6%
High school graduate (includes equivalency)	819	7.4%
Some college, no degree	1,193	10.9%
Associate's degree	364	3.3%
Bachelor's degree	3,939	35.8%
Graduate or professional degree	4,427	40.3%
Total	10,994	100.0%
Percent high school graduate or higher	97.7%	(X)
Percent bachelor's degree or higher	76.1%	(X)

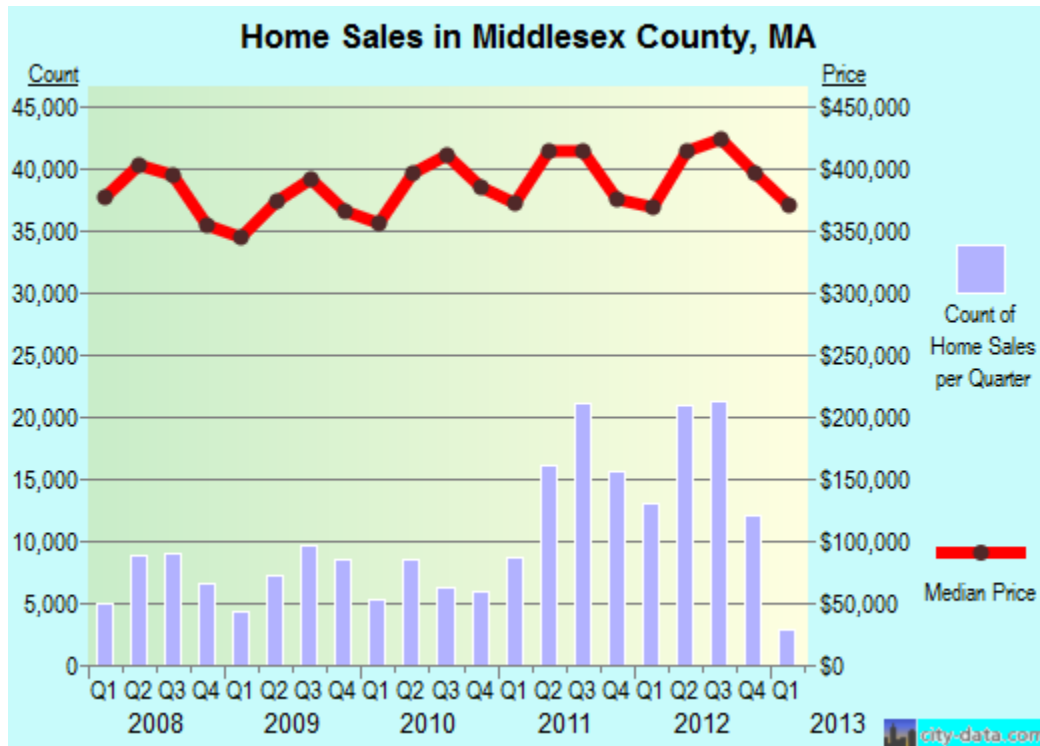
Population Characteristics

2007-2011 American Community Survey 5-Yr Estimates		Percent
<i>Race alone or in combination with one or more other races</i>		
White		92.4%
Black or African American		0.8%
American Indian and Alaska Native		0.1%
Asian		7.8%
Native Hawaiian and Other Pacific Islander		0.0%
Some other race		1.1%

Registered Voters and Party Enrollments As of June 24, 2013	
Total No. of Registered Voters	12,047
<u>Party Enrollments</u>	
Democrats	3,343
Republicans	1,954
Unenrolled	6,712
Green Rainbow	12
Libertarian	17
Other	9
<u>Individual Political Contributions 2011/2012*</u>	
Count Total Individual Contributions	948
Count <\$500	495
Count \$500-\$999	203
Count \$1000-\$4,999	225
Count \$5,000-\$10,000	14
Count >\$10,000	11
Total Amount of Individual Contributions	\$950,689
Lowest Single Contribution Reported	\$20
Highest Single Contribution Reported	\$35,800
<i>*Per Federal Election Commission</i>	

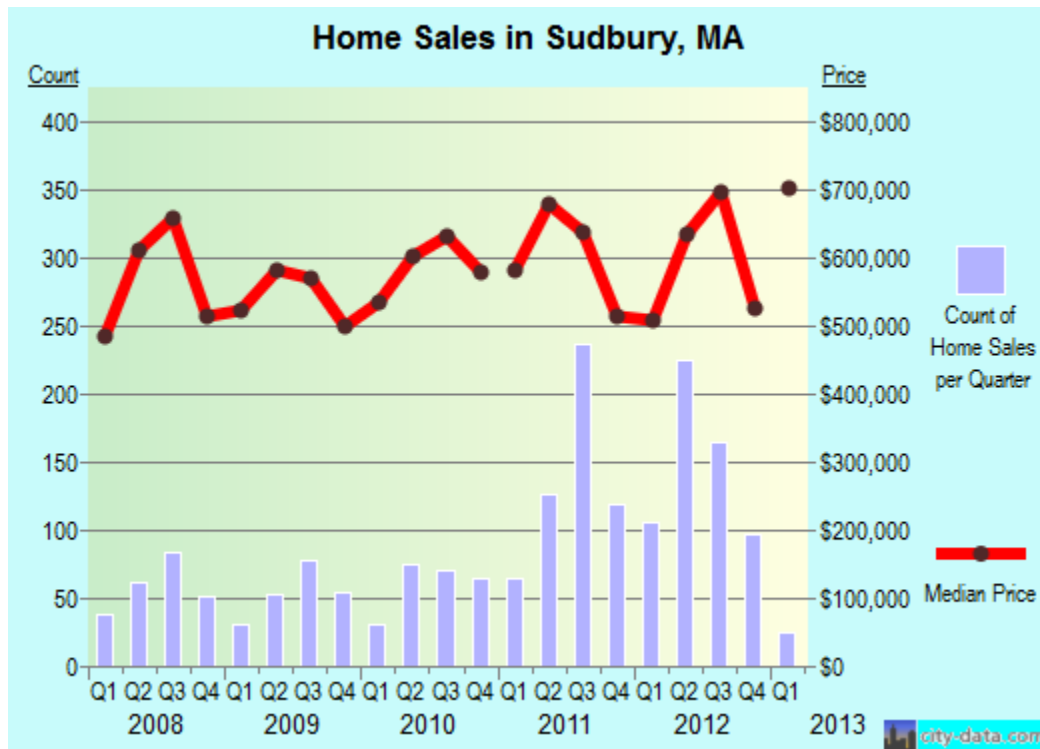
Home Sales, County

Source: http://www.city-data.com/county/Middlesex_County-MA.html



Home Sales, Town

Source: <http://www.city-data.com/zip/01776.html>



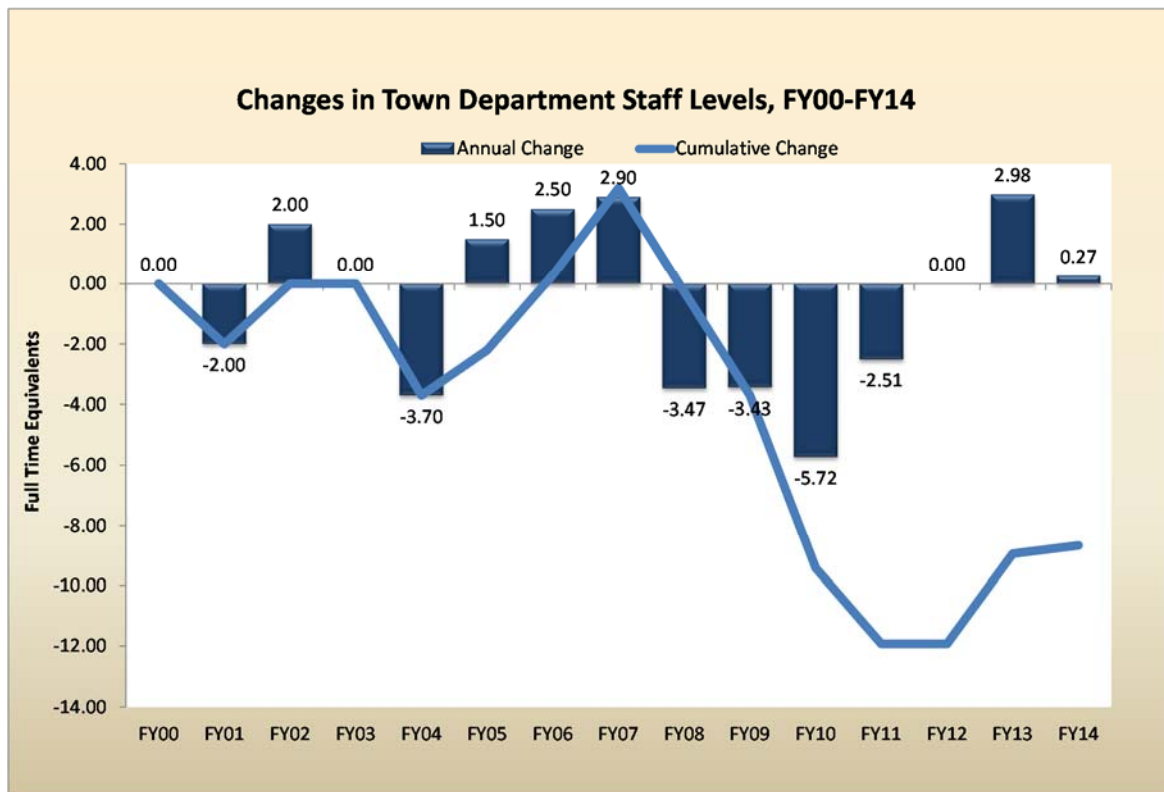
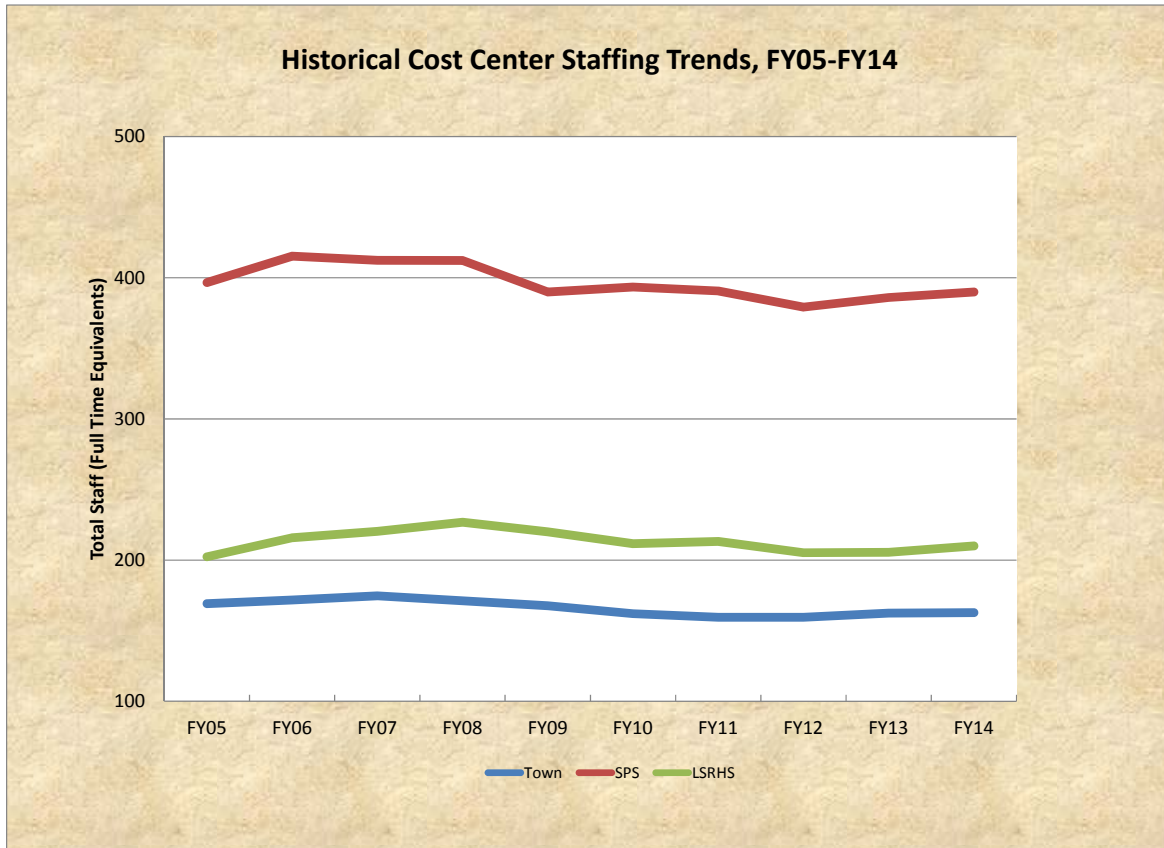
Employee Headcount Information

Headcount, Recent

EMPLOYEE HEADCOUNT (Full Time Equivalents)				
Cost Center	FY11 Actual	FY12 Actual	FY13 Current	FY14 Budget
LSRHS*	213.18	205.29	205.56	210.06
	0.8%	-3.7%	0.1%	2.2%
Sudbury K-8 Schools *	390.57	379.21	385.92	389.91
	-0.7%	-2.9%	1.8%	1.0%
Public Safety	74.85	74.85	76.86	76.72
Public Works	32.60	32.60	33.37	33.64
General Government	29.82	29.82	30.16	29.63
Human Services	6.09	6.09	6.09	6.65
Culture & Recreation	16.11	16.11	15.97	16.08
Town Operating Sub-total	159.47	159.47	162.45	162.72
	-1.5%	0.0%	1.9%	0.2%
Town Enterprises	10.94	10.94	10.94	10.55
	29.8%	0.0%	0.0%	-3.6%
TOTAL	774.16	754.91	764.87	773.24
% Change from Prior	-0.1%	-2.5%	1.3%	1.1%

*Includes positions covered in full or in part by grants. LSRHS figures represent full FTE's; they are not prorated by the regional assessment.

HEADCOUNT HISTORY

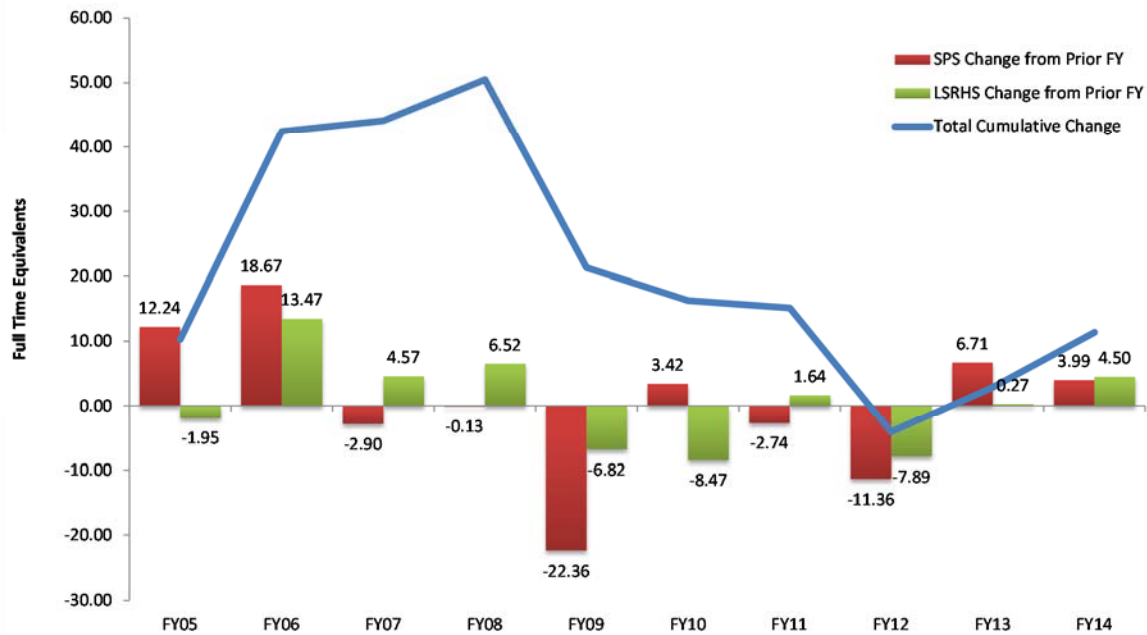


CHANGES IN TOWN DEPARTMENT STAFFING LEVELS*

		CHANGE	
FISCAL	TOTAL	FROM PRIOR	
YEAR	FTE'S	YEAR	NOTES
FY14	162.72	0.27	<i>Added:</i> 1.0 LEO, .50 P&G Foreman, .04 Record Secr, .56 Veteran's Agent, .11 P&R Admin. <i>Eliminated:</i> .57 Data Collector, .14 Fire Office Supv., 1.0 HEO, .23 Trees/Cem Clerk
FY13	162.45	2.98	<i>Added:</i> 1.87 FTE Dispatcher, .14 Fire Office Supv, .50 Comb Facil Dir, .27 Facil Assist., .52 Benef. Coord., .54 Planning Secr, .71 Planning Coord. <i>Eliminated:</i> 1.43 Planning Office Supv., .14 Library Clerks.
FY12	159.47	0.00	No changes from FY11
FY11	159.47	-2.51	<i>Eliminated:</i> 2.0 P&G alloc to Enterprises, .31 Library Page, .20 Teen Ctr. Coord.
FY10	161.98	-5.72	<i>Eliminated:</i> 1 Police Officer, .24 Police Clerical, .3 Fin Admin Clerical, 1 GIS Administrator, 1.48 Recreation (Revolving), 1 COA van driver (funded by RTA)
FY09	167.7	-3.43	<i>Added:</i> .43 Deputy Inspector. <i>Eliminated:</i> 1 Engineering Aide, .67 DPW Clerical, .64 Planner Assist, .80 Buildings Admin, .52 Other inspectors, .91 Other misc. clerical reductions
FY08	171.13	-3.47	<i>Added:</i> .86 BOH-Cons. Assistant, .6 Financial Analyst; <i>Eliminated:</i> 1 Police Officer, .6 Tax Clerk, .5 Benefits Admin (Trust), .5 Plumbing & Gas Insp (Revolving), .2 Town Clerk (Revolving), 1.0 Park & Rec Admin (Revolving), 1.13 Misc. Unspecified
FY07	174.60	2.90	<i>Added:</i> 1 Police Officer, .5 Asst. Building Inspector, 1 Mechanic DPW, .4 Engineering Aide
FY06	171.70	2.50	<i>Added:</i> 1 Asst. Fire Chief, 1 LEO/Asst. Mechanic DPW, .5 police clerk
FY05	169.20	1.50	<i>Added:</i> 1 police officer (grant), .5 Asst. Library Director
FY04	167.70	-3.70	<i>Eliminated:</i> 1 LEO DPW, 1 Supt. Park and Grounds, 1 Sr. Outreach Worker, .7 DPW crew
FY03	171.40	0.00	<i>No changes from FY02</i>
FY02	171.40	2.00	<i>Added:</i> 1 Accounting Clerk DPW, 1 Sr. Outreach Worker
FY01	169.40	-2.00	<i>Eliminated:</i> 1 LEO DPW, 1 Benefits Administrator
FY00	171.40		NET LOS FY00 - FY14 = (8.11) POSITIONS

*Excludes Enterprises

Changes in Schools Staff Levels, FY05-FY14



CHANGES IN LINCOLN-SUDBURY HIGH SCHOOL STAFFING LEVELS

FISCAL YEAR	TOTAL FTE'S	CHANGE FROM PRIOR YEAR	NOTES
FY14	210.06	4.50	<i>Added: 4.5 Teachers</i>
FY13	205.56	0.27	<i>Added: 3.37 Teachers, 1.48 Admin & Admin Support; Eliminated: 2.33 Educational support, .8 Buildings & Grounds, 1.45 grants</i>
FY12	205.29	-7.89	<i>Eliminated: 5.19, 2.70 grants</i>
FY11	213.18	1.64	<i>Eliminated: 2.07 Teachers, .2 Administrator, added: .66 all other, 3.25 grants</i>
FY10	211.54	-8.47	<i>Eliminated: 5.18 Teachers, 1 Headmaster, 2.79 all other, added: .50 grants</i>
FY09	220.01	-6.82	<i>Eliminated: 2.16 Teachers, 1.62 Teaching Assistants, 2.73 Clerical/Admin Support, 0.17 Nursing Services, .14 grants</i>
FY08	226.83	6.52	<i>Details contained in LSRHS budget documents.</i>
FY07	220.31	4.57	
FY06	215.74	13.47	
FY05	202.27	-1.95	
FY04	204.22		NET GAIN FY04 - FY14 = 5.84 POSITIONS

CHANGES IN SUDBURY PUBLIC SCHOOLS STAFFING LEVELS

FISCAL	TOTAL	CHANGE	
YEAR	FTE'S	FROM PRIOR	NOTES
FY14	389.91	3.99	<i>Add: 3.99 Teachers</i>
FY13	385.92	6.71	<i>Add: 2.0 Admin, 4.06 Teachers & 0.65 Other</i>
FY12	379.21	-11.36	<i>Add: 1.5 Administrator, 1.15 K-8 Teachers and, 3.0 Other Teachers; Eliminate: 17.01 All Other</i>
FY11	390.57	-2.74	<i>Add: 4.43 other teachers, Eliminated: 1.0 Administrator, 1.62 K-8 teachers, 4.55 all other</i>
FY10	393.31	3.42	<i>Add: 3 K-8 core classroom teachers, .42 admin/secretarial/maintenance</i>
FY09	389.89	-22.36	<i>Eliminated: 7.5 K-8 core classroom teachers, 4.0 K-8 other teachers, 7.55 K & 1st grade teaching assistants, 3.31 admin/secretarial/maintenance</i>
FY08	412.25	-0.13	<i>Eliminated: .42 Elementary Ed, 1.56 Special Ed; Add: 1.85 Middle School Ed</i>
FY07	412.38	-2.90	<i>Eliminated: .65 Elementary Ed, .3 Curriculum Specialist, 2.87 Special Ed; Add: .3 System Admin, .62 Middle School Ed</i>
FY06	415.28	18.67	<i>Eliminated: .89 METCO; Add: 5.82 Elementary Ed, 2.1 Middle School Ed, 10.18 Special Ed, .46 Health/Transportation/Food Service, 1.0 Maintenance</i>
FY05	396.61	12.24	<i>Eliminated: 1.64 Health/Transportation/Food Service, 1.0 Maintenance; Add: 1.0 System Admin, 6.19 Elementary Ed, .34 Middle School Ed, .28 Curriculum Specialist, 5.97 Special Ed, 1.1 METCO</i>
FY04	384.37		NET GAIN FY04 - FY14 = 5.54 POSITIONS

RESIDENTIAL TAX RATE HISTORY, 2000-2013

Residential Tax History Fiscal Year 2000 to 2013						
Fiscal Year	Number of Parcels	Average Single Family Value	RES Tax Rate	AVG SFD RES Tax Bill	AVG SFD RES % CHG	AVG SFD RES Dollar CHG
2000	5,141	359,388	\$16.66	5,987		
2001	5,192	426,486	\$15.56	6,636	10.8%	\$649
2002	5,235	432,961	\$17.09	7,399	11.5%	\$763
2003	5,251	479,865	\$16.78	8,052	8.8%	\$653
2004	5,292	596,200	\$13.46	8,025	-0.3%	(\$27)
2005	5,307	601,849	\$13.46	8,101	0.9%	\$76
2006	5,332	661,000	\$13.55	8,957	10.6%	\$856
2007	5,341	712,800	\$13.12	9,345	2.9%	\$264
2008	5,353	683,800	\$14.27	9,758	4.4%	\$414
2009	5,368	662,100	\$15.29	10,124	3.8%	\$366
2010	5,389	650,508	\$16.08	10,460	3.3%	\$336
2011	5,392	627,988	\$17.03	10,695	2.2%	\$235
2012	5,386	621,410	\$17.60	10,937	2.3%	\$242
2013	5,390	622,862	\$17.99	11,205	2.5%	\$268

G. Budget and Financial Policies

BOARD OF SELECTMEN BUDGET AND FINANCIAL MANAGEMENT POLICIES

Introduction

The Town of Sudbury has an important responsibility to carefully account for public funds, to manage municipal finances wisely, and to plan and provide for the adequate funding of services desired by the public and as required by laws, rules, or regulations, including the provision and maintenance of public facilities and improvements. The budget and financial goals and policies set forth by the Board of Selectmen in this document are intended to establish guidelines for the continued financial strength and stability of the Town of Sudbury.

Goals

Goals are broad, timeless statements of the financial position the Town seeks to attain. The financial goals for the Town of Sudbury are:

- To provide full value to the residents and business owners of Sudbury for each tax dollar by delivering quality services efficiently and on a cost-effective basis.
- To preserve our quality of life by providing and maintaining adequate financial resources necessary to sustain a sufficient level of municipal services, and to respond to changes in the economy, the priorities of governmental and non-governmental organizations, and other changes that may affect our financial well-being.
- To maintain our top level AAA credit rating
- To guide Town decision makers on management and policy decisions which have significant fiscal importance.
- To set forth operating principles that minimize the cost of government and financial risk.
- To employ balanced and fair revenue policies that provide adequate funding for desired programs.
- To maintain appropriate financial capacity for present and future needs.
- To promote sound financial management by providing accurate and timely information on the Town's financial condition.
- To ensure the legal use of financial resources through an effective system of internal controls.

To achieve these goals, the Board of Selectmen adopts the following policies.

Operating Budget Policy

Sound financial practice and the desire to maintain a strong credit rating dictate that our budgets be balanced, constantly monitored, and responsive to changes in service demands. With these concepts in mind, the Town of Sudbury has adopted the following budget policy statements:

- On or before January 20 of each year, the Town Manager will submit to the Board of Selectmen and Finance Committee a proposed budget plan for Town Operating Departments.

- On or before January 20 of each year, the Sudbury Public School Committee will submit to the Board of Selectmen and Finance Committee a proposed budget plan for the Sudbury Public Schools.
- On or before January 20 of each year, the Lincoln-Sudbury Regional High School Committee will submit to the Board of Selectmen and Finance Committee a proposed budget plan for the Lincoln-Sudbury Regional High School.
- On or before January 20 of each year, the Minuteman Regional Vocational-Technical High School Committee will submit to the Board of Selectmen and Finance Committee a proposed budget plan for the Minuteman Regional Vocational-Technical High School.
- On or before January 31 of each year, the Town Manager will prepare a comprehensive budget for the Town of Sudbury, covering all major cost centers, all spending plans and all anticipated revenues. This comprehensive budget will be submitted to the Finance Committee and to the Board of Selectmen.
- **Balanced Budget.** The annual operating budgets will be appropriated on a balanced basis, where operating revenues (estimated revenues) are used to fund operating expenditures/expenses (appropriations).
 - Operating revenues include property taxes, motor vehicle excises, charges for services, interest earnings, license and permit fees, fines and forfeitures, regularly recurring governmental aid, and transfers in from other funds established for operating purposes.
 - Operating expenditures/expenses include salaries and wages, employee benefits, equipment and improvements, depreciation (proprietary funds only), materials, supplies, and contractual costs. The Town of Sudbury traditionally votes to issue all debt exempt from the limits of Proposition of 2 ½, and thus debt service is not considered an operating expenditure.
- Nothing in this policy shall prohibit the use of operating revenues for capital expenditures/expenses
- The Town will avoid relying on Free Cash to fund on-going operating expenses.
- To the extent possible, one-time revenues that are not required by law or agreement to be expended for a particular purpose will only be used for capital purposes, augmenting of Town reserves or emergency expenditures/expense.
- The Town Manager will annually estimate the costs of the Town's obligations for providing benefits for Town and Sudbury Public School employees as part of the preparation of the annual operating budget.
- The operating budget will not be subsidized by the Stabilization Fund.

Revenue Policy

Revenues determine the capacity of the Town to provide services. To ensure that revenues for the Town are balanced and capable of supporting desired levels of services, the Town of Sudbury has adopted the following revenue policy statements:

- The Town Manager and Finance Director are responsible for estimating revenues for the upcoming fiscal year. They will consult with other officials of the town as well as state officials and others with knowledge of state and local finance.

- Revenue forecasts for local receipts and state aid shall be conservative, using generally accepted forecasting techniques and appropriate data. Revenue deficits will be avoided at all costs. To avoid any potential for such a deficit, estimates for local receipts will generally not exceed 100% of the prior year's actual collections.
- The Town Manager and Finance Director will project revenues for the next three years as part of the three-year financial forecast.
- Each year and whenever appropriate, existing revenues will be re-examined and possible new sources of revenues will be explored to ensure that we are maximizing our revenue potential. All fees are reviewed and periodically updated, as necessary
- Legally restricted revenues will be avoided when they adversely affect the short or long-term financial health of our government.
- The Town will strive to be informed and aware of all grants and other aid that may be available to us. All potential grants and other aid shall be carefully examined for matching requirements (both dollar and level-of-effort) and restrictive covenants, to ensure that our participation in such grants will be beneficial and cost-effective.
- Each year and whenever appropriate, intergovernmental revenues will be reviewed to determine their short and long-term stability, to minimize the impact of any adverse changes. Intergovernmental revenues shall be used as legally prescribed or otherwise set forth by policy.
- A balance will be sought in the revenue structure between elastic and inelastic revenues, to minimize any adverse effects caused by inflationary or economic changes.
- One-time revenues will be used for capital improvements, additions to reserves or as legally restricted to a specific purpose.
- The Town will carefully and routinely monitor all amounts due the Town. An aggressive policy of collection will be followed for all receivables, including property taxes. A target of 98% property tax collection rate by fiscal year end will be achieved.
- Recreational user charges and fees will be set to recover approximately 100% of total direct costs generated by revolving fund recreation programs.
- Enterprise fund (Transfer Station, Atkinson Pool and Recreation Field Maintenance) user charges and fees will be set to recover all direct and associated with the activities of these funds as well as the indirect costs for the Transfer Station Enterprise Fund.

Expenditure/Expense Policy

Expenditure/expenses are a rough measure of a local government's service output. While many expenditures/expenses can be easily controlled, emergencies, unfunded mandates, and unanticipated service demands may strain our ability to maintain a balanced budget. To ensure the proper control of expenditures/expenses and provide for a quick and effective response to adverse financial situations, the Town of Sudbury has adopted the following expenditure/expense policy statements:

- Expenditures/expenses and purchase commitments will be made in a form and process that is legal, appropriate, funded, authorized and sufficiently documented.
- Expenditures/expenses and purchase commitments will be recorded in an accurate and timely fashion.

- The review and approval process for all vouchers shall be followed at all times. Properly completed claims must be prepared and submitted to the accounting department by the department responsible for originating the claim. A “properly completed claim” must include, but is not limited to, the vendor’s name and address, date of claim, explanation, and accounts to be charged, department authorization signature and sufficient documentation. “Sufficient documentation” means that a person unfamiliar with the transaction could understand what was ordered, when, by whom, from what vendor, at what price, when the goods or services were delivered, who accepted delivery, and who authorized payment.
- The balances in appropriation accounts will be monitored regularly to ensure that the total of expenditures/expenses and purchase commitments in any account do not exceed the authorized budget for that account.
- Requests for competitive bids, proposals, formal and informal quotes, and other methods of seeking and encouraging vendor competition will be obtained as required by law and as otherwise established by the Town Manager or Town Counsel.
- Arrangements will be encouraged with other governments, private individuals, and firms, to contract out or cooperatively deliver services, in a manner that reduces cost and/or improves efficiency and effectiveness while maintaining service quality.
- The full direct and indirect costs will be calculated for any service provided for a fee or charge, or where there is a potential for the reimbursement of such costs.
- All appropriations shall lapse at the close of the fiscal year to the extent that they shall not have been expended or encumbered.

Reserves and Risk Management Policy

A municipality's fiscal policies should include a plan for maintaining reserves. Operating reserves (or fund balance) are a prudent fiscal management tool and an important credit factor in the analysis of financial flexibility. The Town of Sudbury will maintain a level of reserves that protect the Town from emergency conditions that require financial flexibility, contribute to sufficient liquidity to pay all Town expenses without short-term borrowing, and contribute to the high credit rating that the Town currently holds from Standard & Poor’s (AAA). To provide for adequate levels of reserves to protect the Town’s financial condition over the long-term, the Town of Sudbury has adopted the following financial reserves policy statements.

A. Risk Management

- The Town will maintain an effective risk management program that provides adequate coverage, minimizes losses, and reduces costs.
- The Town will annually work with the Town’s insurance carrier to update all listings of Town owned assets and the value of such covered assets.
- As the Town is self-insured for several of the benefits programs it offers, the Town will maintain adequate reserves for its Workers Compensation, Unemployment Compensation, and Health Insurance Programs, as follows:
 - Workers Compensation Fund, at the beginning of each fiscal year, at least 110 % of the average annual claims for the prior three years
 - For the Unemployment Compensation Fund, at the beginning of each fiscal year, at least 110% of the average annual claims for the prior three years

- For the Health Insurance Fund, at the beginning of each fiscal year, at least 150% of the estimated run-out claims for each insurance plan that is self-insured.

B. Stabilization Fund

- The Town of Sudbury shall maintain a Stabilization Fund to provide the reserves that are required to protect the financial condition of the Town.
- The Town will work toward the goal of maintaining in the Stabilization Fund an amount equal to five percent (5%) of the total projected General Fund operating revenues for the next previous fiscal year.
- Interest earned on Stabilization Fund balances will be retained in the Stabilization Fund.
- Withdrawals from the Stabilization Fund will only be used for sudden and unexpected events such as a loss of a revenue source after Annual Town Meeting has approved the operating budget for the next fiscal year. Withdrawals from the Stabilization Fund will only be made by a two-thirds vote of Town Meeting, only if the balances exceed the 5% target and will not draw the balance below that point.

Capital Budgeting and Planning Policy⁶

Capital assets include land, improvements to land, buildings, building improvements, vehicles, machinery, equipment, works of art and historical treasures, infrastructure, construction in progress and all other tangible and intangible assets that are used in operations and have initial useful lives extending beyond a single reporting period. Infrastructure assets are long-lived capital assets that normally are stationary in nature and can be preserved for a significantly greater number of years than most capital assets. Examples of infrastructure assets owned by the Town of Sudbury include roads, bridges, tunnels, dams and drainage systems. The Town of Sudbury has a capital planning and budget bylaw and process that require the following:

- On or before November 15 of each year, the Town Manager will submit a capital program to the Capital Improvement Planning Committee. The proposed program will detail each capital project, the estimated cost, description and funding source.
- The Town will update and readopt annually a five-year capital improvement plan ("CIP"), including the upcoming annual capital improvement budget ("CIB") and a four-year projection of capital needs and expenditures, which details the estimated cost, description and anticipated funding sources for capital projects.
- The first year of the five-year CIP will be the basis of formal fiscal year appropriation request during the annual budget process.
- Per the Town's capital bylaw, the Capital Improvement Budget and Plan will generally address capital purchases/projects/improvement with a value of more than \$10,000 and a useful life of over five (5) years.
- The Town will emphasize preventive maintenance as a cost-effective approach to infrastructure maintenance. Exhausted capital goods will be replaced as necessary.

⁶ Adopted in 2005; expected to be revised for consistency with new Capital Bylaw approved by 2013 Annual Town Meeting.

- The capital improvements plan should be tied to the Town's master facilities study to ensure that the capital items requested meet the future growth needs for the Town.

Capital Investment Categories, Prioritization and Decision-making Process

All submissions are categorized by following:

"A": Essential. Required for the safety and protection of Town residents, or required to prevent disruption, or significant reduction in Town services.

"B": Asset Maintenance. Required to maintain an important asset of the Town, which will deteriorate substantially without this expenditure.

"C": Enhancement. Provides significant net revenue or cost reduction to the Town, or is self-funding. Estimates of cost reduction or revenue enhancement, together with the assumptions supporting these estimates, should be provided on Form A, under the *Benefits* section.

"D": Needed. Item is needed, but can be postponed until a future year without major impact on Town services. Should be undertaken when funds are available.

Each department must rank or prioritize its own submissions based on specific needs for the coming year as well as long-term goals and new initiatives. Ranking and project specifications are then discussed as a group; the results of a staff committee's deliberations are submitted in detail to the CIPC.

Through a series of working group sessions, liaisons and public meetings the CIPC considers the merits of each project and makes its recommendation for capital outlay to both the Finance Committee and Board of Selectmen. The recommendation includes an overall ranking based on organizational priorities; it considers the financial impact on both the current budget cycle and long-term strategies. The CIPC also reports at Town Meeting.

Debt Management Policy

Debt is an effective way to finance capital improvements or to even out short-term revenue flows. Properly managed debt preserves our credit rating, provides flexibility in current and future operating budgets, and provides us with long-term assets that maintain or improve our quality of life. To provide for the appropriate issuance and responsible use of debt, the Board of Selectmen of the Town of Sudbury have adopted the following debt management policies.

- Long-term debt will be issued only for objects or purposes authorized by state law under Chapter 44, section 7 and 8.
- Short-term debt may be issued to finance current operating expenditures only in the event of extreme financial emergency.
- Debt maturity will not exceed the lesser of: the useful life (as established by the Town Treasurer-Collector), or the period of probable usefulness (as defined in Massachusetts State Local Finance Law), of the object or purpose so financed, whichever is shorter.

- Debt limits established by law and policy will be calculated by the Town's Finance Director and Treasurer-Collector at least once each year and whenever otherwise requested or appropriate (see Section 9 for further details).
- The Town will maintain good communications with bond rating agencies, bond counsel, banks, financial advisors and others involved in debt issuance and management.
- The Town's annual Town Report, Town Manager's Budget Request and annual town meeting warrant will give comprehensive summaries of the debt obligations of the Town.
- The Town will attempt to maintain a long-term debt schedule so that at least 50 percent of outstanding principal will be paid within ten years.
- The Town will attempt to vote all significant debt questions (over \$500,000) exempt from the limits of Proposition 2 1/2.

Protection of Credit Rating Policy

Maintenance of the highest-level credit rating possible is important to the continued financial health of Sudbury as it reduces the costs of issuing debt. Credit rating firms consider management practices to be very important factors. Several management practices can inadvertently jeopardize the financial health of a local government. To be proactive in assuring the Town of Sudbury does not engage in these practices, the Board of Selectmen of the Town of Sudbury has adopted the following credit rating protection policies.

- The Town will not rely on reserves to sustain operating deficits. Use of such reserves will be limited to helping the Town deal with short-term or emerging financial stress, but then the Town will either reduce spending to within the limits of recurring revenues, or seek approval for additional revenues from the voters of the Town.
- The Town will not defer current costs to a future date. This includes costs such as pension costs or benefits costs. From time to time, the State offers municipalities the option of deferring payments to their pension system, or other costs, as a short-term way of balancing a fiscal year's budget. However, it is the intention of the Town of Sudbury not to rely on these options.
- The Town will analyze the full-life costs of multi-year decisions. For example, acquiring or construction of new buildings will be conducted with an assessment of the operating costs of the building. Lease agreements will be conducted with an assessment of future budgets and the ability to make annual payments. Labor agreements will be negotiated with an analysis of the full costs associated with the terms of the agreement.
- The Town will follow the policies as outlined in this policy statement.

H. Funds Structure and Descriptions

MUNICIPAL FUND STRUCTURE

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds can be divided into the following categories and are described below:

1. Governmental funds
2. Proprietary funds
3. Fiduciary funds

Governmental Funds

Governmental funds reporting focuses on near-term inflows and outflows of expendable resources, as well as on balances of expendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements. Because the focus of governmental funds is narrower than that of the government function reporting, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term effect of the government's near-term financing decisions. The Town currently maintains 494 individual governmental funds which are broadly categorized into 6 separate functions or operational concerns – *General, Special Revenue, Capital Projects, Trust Funds, Fixed Assets/Infrastructure and Debt Service*.

Proprietary funds

Proprietary funds account for business-type activities (e.g. activities or services are funded primarily by user fees rather than tax levy dollars). Fund types in this area may be broken down into two categories: *Enterprise* and *Internal Services*. Enterprise funds which are governed by [Ch. 44 §53F1½](#) allow communities to recover costs associated with particular services. Internal Service funds serve as a vehicle for departmental cross charging or allocation of Town-wide expenses such as postage, data processing or fleet maintenance. *The Town does not use any Internal Service funds at this time*. The Town currently maintains 3 enterprise funds to account for its swimming pool facility, transfer station, and recreational fields' maintenance activities.

Fiduciary funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. The accounting used for fiduciary funds is similar to that used for proprietary funds. The Town currently maintains 37 fiduciary funds for individuals and other governmental agencies. Fiduciary funds are not reflected in the government-wide financial or budgeting statements because the resources of those funds are not available to support the Town's programs.

MUNICIPAL FUND DESCRIPTIONS

Governmental Funds

General Fund: The General Fund is the major operating fund of the Town government, and it accounts for the vast majority of Town operations. The General Fund is supported by revenues

from real estate and personal property taxes, state and federal aid, excise taxes, investment income, fines and forfeitures, and fees and charges. Most of the Town's departments, including the schools, are supported in whole or in part by the General Fund.

Special Revenue Funds: The Town maintains several Special Revenue Funds, which are used to account for those types of revenues that are legally restricted to being spent for a specific purpose (except expendable trusts, or major capital projects). These revenues must be accounted for separately from the General Fund for a variety of reasons, and do not necessarily follow the same fiscal year restrictions as the General Fund.

1. **Revolving Funds:** Revolving Funds allow the Town to raise revenues from a specific service, and use those revenues to support the service without appropriation. Revolving Funds are established by statute or bylaw, and may require re-authorization each year at Town Meeting. The Town maintains a number of Revolving Funds, such as the Recreation, Music Fees, All Day Kindergarten, and Fire Department Permit Fees.
2. **Receipts Reserved for Appropriation:** These receipts are special revenues that are restricted to a specific use, but also require appropriation by Town Meeting, such as sewer betterment fees, monies from the sale of cemetery lots and graves, conservation wetland protection fees, and the proceeds from the sale of Town property. At the present time, the Town's largest RRA fund is for Ambulance Service Fees.
3. **School Grants:** These grants account for several specially-financed education programs under grants received from the federal or state governments, including professional development, SPED early childhood development, drug-free school programs, and certain capital improvements.
4. **Other Intergovernmental Funds:** These funds account for several grants or monies received by the Town from the federal or state governments, including a variety of community policing grants, Chapter 90 highway monies, state election grants, state library aid, and various Council on Aging programs.
5. **Other Special Revenue Funds:** These funds account for miscellaneous special revenues often involving private donations and grants for a specific purpose, such as the Arts & Technology Education Fund, departmental gifts for police and fire, various Council on Aging programs, and Planning Board gifts from developers for infrastructure improvements related to proposed projects.

Capital Projects Fund: The Capital Projects Fund is used to account for monies used for the acquisition or construction of major capital facilities (buildings, roads, etc.) other than those financed by trust funds. The Town's Capital Projects Fund is funded primarily by the receipt of bond proceeds resulting from the Town's issuance of bonds for specific project grants, but may also be derived from private sources, grants, or transfers from other Town funds. The Community Preservation Act Fund has its own Capital Projects Fund to account for monies used for the acquisition or construction of major capital projects under the CPA program.

Proprietary Funds

Enterprise Funds: The Town maintains three Enterprise Funds: one for the Atkinson Pool, one for the Transfer Station, and one for Recreation Field Maintenance. An enterprise operation is a business-type activity supported primarily by charges for services received. Funds raised from charges are dedicated to the specific purpose of the enterprise operation, and cannot

be diverted to other unrelated uses. The concept of an enterprise operation also includes the maintenance of capital assets and facilities of the business. That is, fees for services are charged to recover not only the operating costs of the activity but also the “using up” (depreciation) of the capital investments supporting the service.

Budget and financial reports for enterprise operations utilize terms and concepts that differ significantly from those utilized for General Fund tax-supported reports that are the routine focus of public attention. The purpose of enterprise financial reporting is to measure with reasonable accuracy and consistency the net income derived from operations, and then to measure the availability and use of capital acquisition and construction financing. The presentation of the enterprise budgets utilizes budgetary terms and concepts, and the reporting structure found in the audited financial statements for the same enterprise funds. As such, the key measures are *Net Income* and *Capital Resource Availability*.

Fiduciary Funds

Fiduciary Funds are used to account for assets held by the Town in a trustee capacity, or as an agent for individuals, private organizations, other governmental units, or statutory trusts (e.g. health benefits, workers compensation, unemployment, etc.) Fiduciary Funds include expendable trusts, non-expendable trusts, and agency funds.

1. **Expendable Trusts:** Expendable Trusts are used to account for monies received by the Town in a trustee capacity where both the principal and the earnings of the fund may be expended. An example of an expendable trust fund is the Town’s Stabilization Fund.
2. **Non-expendable Trusts:** These trusts are used to account for trusts where the principal must remain intact (that is, cannot be expended). Generally, income earned on the non-expendable trust principal may be expended in accordance with the conditions of the trust. An example is the Cemetery Department’s Perpetual Care Trust or Goodnow Library Trust Funds.
3. **Agency Funds:** Agency Funds are used to account for funds that are custodial in nature, and do not involve the measurement of operations, such as the fund for the Town’s Performance Bond Escrow accounts.

Account Groups

Account Groups: The last category of funds maintained by the Town is the General Long-term Debt Account group, which accounts for the balances due on long-term debt that the Town has financed.

I. Basis of Accounting and Budgeting

BASIS OF ACCOUNTING AND BUDGETING

Generally Accepted Accounting Principles

The Town issues audited financial statements every year. This package is issued in accordance with generally accepted accounting principles (GAAP), as established by the Governmental Accounting Standards Board (GASB). In short, GAAP establishes the guidelines for the accounting of all municipal funds. There are several types of funds, all of which have certain rules regarding the recognition of revenues & expenses. It is essential that the Town maintain hundreds of separate funds to accurately record all activities in accordance with GAAP and to demonstrate compliance with all financial, regulatory and contractual obligations. However, for financial reporting and budgetary concerns, the town may group funds by function, location or purpose.

Budgetary Basis

Pursuant to Massachusetts General Laws (C44 S32), the Town adopts an annual budget for several governmental and proprietary funds. The budgetary process gives Town Meeting authority to appropriate funds and prohibits expenditures in excess of appropriations with few legal exceptions.

APPROPRIATION AND BUDGET AMENDMENT PROCEDURES

Town Meeting has the sole authority to appropriate funds for the operating budget and the capital budget, as well as for other money articles. The vote(s) of Town Meeting become the legal authorization to implement the budget. By Sudbury bylaw, the Annual Town Meeting begins on the first Monday in April. Prior to the first session of Annual Town Meeting, the Town Warrant, containing the proposed budget articles, is sent to every household in Town. The Finance Committee moves the Operating Budget Article. The Capital Improvement Planning Committee moves the Capital Budget Article. After appropriation by Town Meeting budgets can only be amended the following April at the next year's Annual Town Meeting under a Budget Adjustment Article or through a Special Town Meeting.

Budgetary Basis of Accounting for Tax Rate Setting Purposes and UMAS

It is important to note that all approved budget adjustments, funds transfers, or other inter- and intra-fund activities for the Town must be reported to Massachusetts' Department of Revenue (DOR) for property tax rate setting purposes and recorded internally in accordance with the Uniform Municipal Accounting System (UMAS). The budgetary basis of accounting differs from GAAP in some ways mostly having to do with the timing or recognition of certain revenues and expenses. Furthermore, there are certain differences in the classification of revenues, expenses and transfers. All adjustments to bring the financial information for budgetary reporting and statutory purposes, from the **budgetary basis** of accounting to **GAAP basis** accounting take place during the annual audit process and can be found in the Town's comprehensive annual financial (CAFR's)-in the supplemental information section.

NOTE: All financial information presented in the preceding sections of this document is reported in accordance with UMAS and Budgetary Basis of Accounting, except where noted.

J. Planning and Goal Setting

SUDBURY'S MASTER PLAN AND GOAL SETTING PROCESS

Fiscal Year 2013 marks twelve years since the adoption of the Town's Master Plan, *Sustainable Sudbury*, which lays out the Town's overarching strategic objectives. The Board of Selectmen continues to use these strategic objectives as touchstones for development of their annual goals. During the process, the Board draws from the Master Plan, Comprehensive Facilities Study and Five-Year Capital Program to consider the long-term needs and objectives of the Town. It draws from the Financial Management Policies, Five-Year Revenue Forecast, C.O.R.E and C.A.R.E Programs to consider the long-term financial outlook. The strategic objectives are:

1. Strive for comprehensive, integrated land use decisions, which attempt to achieve environmental, economic and aesthetic sustainability.
2. Promote economic development that sustains Sudbury's natural resources and traditional, semi-rural character and balances sources of revenue among residential, commercial and industrial sectors.
3. Create a centralized business district
4. Ensure the preservation of the town's natural resources.
5. Preserve the town's cultural and historic resources.
6. Support the existing recreational facilities, areas and programs, and create additional facilities, areas and programs to serve the needs of Sudbury residents while protecting our limited natural resources.
7. Encourage greater diversity of housing opportunities in Sudbury to meet the needs of a changing and diversified population with respect to age, household size and income.
8. Promote a transportation system that is safe, convenient, accessible and economical without affecting Sudbury's character.
9. Ensure that Sudbury's public facilities and services are adequate to meet the needs of the population as it grows toward full build-out.

Each year, the Board of Selectmen faces the task of tying resources allocation and strategy together, to further those incremental steps (annual goals) that lead to the achievement of the Town's strategic objectives. Indeed, we may never be able to say that any of the strategic objectives are "accomplished", but we can set targets, assign resources, and measure results, for the incremental steps that continue the Town making progress toward the ideal of each strategic objective. Inevitably, some goals are too large, or complex to complete within one or even several fiscal years. As such, the Town routinely distinguishes between Long-Term and Short-Term goals. In some cases, it makes sense to breakdown long-term goals into shorter-term objectives or phases in order to plan and allocate resources on an annual basis. Regardless of a project's life cycle, each item is revisited during the annual goal setting process to ensure: progress is being made, resources allocated remain adequate, and whether or not any unforeseen financial or managerial concerns justify altering the goals themselves, or re-prioritizing the resources to be used towards them, in the coming year.

The human and financial resources needed to accomplish those incremental steps are the substance of the Board of Selectmen's annual goal setting. To do this, they ask other committees, boards, and staff to draw upon these **strategic objectives** and, based on current opportunities, past efforts (both successful and unsuccessful) to present the Selectmen with recommendations for specific goals and action steps that will continue the Town's program toward achievement of these strategic objectives. Additionally, each year the Board of Selectmen hosts a Financial Summit, to bring together the two school committees (Sudbury Public School Committee and Lincoln-Sudbury Regional High School Committee) as well as the Town's Finance Committee to hear and discuss the following:

1. Sudbury's **Financial Trend Monitoring System**, a system of key financial indicators tracking the past 10 years;
2. The annual revenue forecast for the upcoming fiscal year;
3. Advance and refine the Town's 5-year revenue forecast; and
4. Identify key opportunities or concerns developing within the 5-year revenue picture with respect to the Town's Long-Term Planning programs (Sudbury's Strategic Plan and Capital program);

These efforts are brought together to help the Board of Selectmen make the difficult short and long-term budgetary decisions as to what resources can be devoted to accomplish the goals that support these strategic objectives. Implementation of these goals also requires the assignment of each to the appropriate departments and programs.

Beyond Sudbury's Borders

More than ever municipalities are reaching beyond their own borders to develop new ways to improve operational efficiencies, reduce costs and enhance services. **Program sharing, joint ventures, outsourcing and regionalization opportunities** are beginning to crop up everywhere. Combining efforts in this way may offer some relief from the growing operating budget pressures and financial duress individual communities are facing. Sudbury continues to look at innovative ways to achieve its budgetary, financial and strategic objectives. References are made elsewhere in this document about past and present collaborations with other communities such as the Town of Wayland. Sudbury also maintains association with countless regional groups, consortiums and committees that touch on all facets of municipal operations. Sudbury will continue to reach outside its borders to meet the needs of its citizens while preserving the Town's primary mission, goals and values.

Goals Progress and Assignments (See [Board of Selectmen's documents section on Town website](#)).

Completed Goals (See listing on the following pages).

COMPLETED GOAL LIST

When Goal Added	What	Deliverables	Substantially Completed
FY11	Expand RTA services/routes	Increase the use of the RTA services by seniors in Sudbury	Done - 2nd van being added due to increased demand for RTA services
FY11 added due to change in state law		BOS vote reform choice to go to GIC; negotiations with PEC completed; education sessions to help employees/retirees with choices; employees/retirees successfully enrolled	
FY12 and FY13 due to offer from land owners	Transition Town/SPS employees to GIC plan	Successfully negotiated agreement with land owners; Town Meeting approval, grants secured from state and private; state approval of CR;	Done
FY11	Preserve Pantry Brook Farm in perpetuity		Done
	Reduce energy costs in Town buildings by 10% over 5 years		Done - per Jim Kelly energy costs have been reduced by 11% already
Pre-FY10	Increase seniors as % of Town population	Make changes to options for Senior housing choices, offer more senior tax options	Done, and on-going. Over 65 population has grown from 9.82% of population to 12.20% (2010 census)
Special Town Meeting January 2011	Advocate for the Special Act for Senior Tax Relief	Town Meeting article approved, Special Act signed into law, Assessors office takes applications, exemption amounts calculated and awarded	
FY11	Create and staff a shared facilities department	A signed IMA with Sudbury Public Schools, a Director hired,	Done - Act approved Done - need to finalize staffing but that is administrative task for Town Manager and SPS Superintendent
Added due to work of Energy Committee FY12	Install solar panels on closed landfill	Signed agreement with Ameresco, site plan completed, closure permit issued, methane gas issues resolved, panels installed, facility opened	Done - facility due to open in FY14
FY11	Finalize town center design/signals plan	Plan finalized, article approved at Town Meeting, funding mechanism approved	Done - project will be completed within 2 years
FY11	Complete traffic corridor study for Boston Post Rd	Study completed, submitted to Board, and Mass Highway	Done

- COMPLETED GOAL LIST

When Goal Added	What	Deliverables	Substantially Completed
FY11	Traffic Safety at Landham/Boston Post Road	Funding for studies raised through mitigation efforts, application to Mass Highway approved, commitment from Mass Highway received	Done - state taking over the project
FY11 added during BOS meeting	Plan for 375th anniversary of Sudbury	Committee mission statement written, members appointed, plan for anniversary year ready	Done - Committee established
FY11	Implement fire department based Advanced Life Support (ALS)	Completion of negotiations with fire union, sufficient paramedics hired/trained;; affiliation agreement completed, equipment purchased; license received from state	Done, should go live in late 2013
FY11	Continue to study regional combined dispatch	Sudbury public safety leads process to hire consultant; secure grant; multi-town study process, draft report and final report issued and presented to policy makers in 8 towns	Done. Report was completed; no other towns have been interested enough to continue the process
FY12 added due to state mandate	Develop plan for EMD dispatch standard	Plan to meet goal with two side by side public safety dispatchers involved creating a combined fire/ems/police dispatch center in the Police Department, securing necessary equipment, training and union negotiations with dispatchers, police and firefighters unions	Done, combined dispatch was implemented
FY11	Plan how to establish an emergency operations center	The plan upon which the Town Meeting article for new Police Station was based included a multi-use room that will function as the Town's first Emergency Operations Center	Done, is included in plans for new Police Station
FY11	Begin Town Hall feasibility study	Approval from CPC and Town Meeting; issuance of an RFP, selection of consultant; development of draft and final feasibility report	Done
Town Migr asked Board to support fall 2012	Revise the Capital Imp. Planning Process, format	Working with capital committee, article drafted for Town Meeting. Approval received from Town Meeting	Done

- COMPLETED GOAL LIST

When Goal Added	What	Deliverables	Substantially Completed
FY11	Replace police station	Funds for design and construction are voted by Town Meeting and at ballot box	Design funds approved. Should list construction approval as a new goal
FY11	Develop Plan for building up reserves	Free cash exceeds \$2.1 million; \$ 2.09 million is voted into Stabilization Fund so that 5% target is met	Done
FY10	Change date of Town Meeting to May	Approval From Town Meeting	Done
FY11	Finalize Wayland-Sudbury Septage plant closure	Dissolve committee, close down operations and building, complete appraisal of building and contents; actuarial evaluation of remaining funds for pension and OPEB costs; final audit	Done
FY11	Develop a Master Field Plan for recreational fields	Plan developed from consultant and accepted by Recreation Commission	Done
FY12, as result of Master Field Study and user groups	Softball field improved at L-S	Bid awarded at L-S field	Done - bid to be awarded by August 4, 2013
FY11	Finalize emergency operations planning (COOP/COG); records disaster recovery	Draft documents completed and ready for use	Done
FY10	Have more Sudbury meetings on cable TV	Create a studio capacity in Flynn Building, encourage SudburyTV to cover more meetings	Done
FY10	Develop succession planning for Town staff	Training and coaching and hiring done with eye toward having staff ready for promotion and to assume greater responsibilities	Done but will continue

Section Fourteen

Notes

(Notes pages for your use)

NOTES

NOTES

NOTES

