

Town of Sudbury, Massachusetts
Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2012

Town of Sudbury, Massachusetts

Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2012



Sudbury
Massachusetts

Prepared by the Finance Division

TOWN OF SUDBURY, MASSACHUSETTS
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

TABLE OF CONTENTS	Page
Introductory Section.....	1
Letter of Transmittal.....	2
Organizational Chart.....	8
Elected Officials	9
Principal Officials	10
Financial Section	12
Independent Auditors' Report.....	13
Management's Discussion and Analysis.....	15
Basic Financial Statements.....	25
Statement of Net Assets	26
Statement of Activities	27
Governmental Funds – Balance Sheet.....	29
Reconciliation of the Governmental Funds Total Fund Balances to the Statement of Net Assets	30
Governmental Funds – Statement of Revenues, Expenditures and Changes in Fund Balances	31
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	32
Proprietary Funds – Statement of Fund Net Assets.....	33
Proprietary Funds – Statement of Revenues, Expenses and Changes in Fund Net Assets	34
Proprietary Funds – Statement of Cash Flows	35
Fiduciary Funds – Statement of Fiduciary Net Assets	36
Fiduciary Funds – Statement of Changes in Fiduciary Net Assets.....	37
Notes to Basic Financial Statements.....	38
Required Supplementary Information	64
General Fund – Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual.....	65
Community Preservation Fund – Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual.....	75
Pension Plan Schedules	77
Schedules of Funding Progress (System)	77
Schedule of Employer Contributions (System)	77
Town Share of System ARC	77
Other Postemployment Benefits Schedules	78
Schedules of Funding Progress.....	78
Notes to Required Supplementary Information.....	79
Combining and Individual Fund Statements and Schedules	82

Nonmajor Governmental Funds.....	83
Narrative.....	83
Combining Balance Sheet.....	85
Combining Statement of Revenues, Expenditures and Changes in Fund Balances.....	87
Nonmajor Enterprise Funds.....	89
Narrative.....	89
Combining Statement of Fund Net Assets.....	91
Combining Statement of Revenues, Expenses and Changes in Fund Net Assets.....	92
Combining Statement of Cash Flows.....	93
Private Purpose Trust Funds.....	94
Narrative.....	94
Combining Statement of Net Assets.....	95
Combining Statement of Changes in Net Assets.....	97
Agency Funds.....	100
Narrative.....	100
Statement of Changes in Assets and Liabilities.....	101
Statistical Section.....	102
Table of Contents.....	103
Net Assets by Component.....	105
Governmental Activities – Changes in Net Assets.....	107
Business-Type Activities – Changes in Net Assets.....	109
Primary Government – Changes in Net Assets.....	111
Governmental Funds – Fund Balances.....	113
Governmental Funds – Changes in Fund Balances.....	115
Assessed Value and Estimated Actual Value of Taxable Property.....	117
Direct Property Tax Rates.....	118
Principal Property Taxpayers.....	119
Property Tax Levies and Collections.....	120
Ratios of Outstanding Debt by Type.....	121
Ratios of Net General Bonded Debt Outstanding.....	122
Legal Debt Margin Information.....	123
Direct and Overlapping Governmental Activities Debt.....	125
Demographic and Economic Statistics.....	126
Principal Employers.....	127
Employees by Function/Program.....	128
Operating Indicators by Function/Program.....	129
Capital Asset Statistics by Function/Program.....	131

Introductory Section



Town of Sudbury

278 Old Sudbury Road

Sudbury, MA 01776

Finance Director's Office

978-639-3376

Andrea Terkelsen, Finance Director

December 7, 2012

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

I am pleased to transmit to you the Town of Sudbury's Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2012. This report has been prepared by Sudbury's Finance Division in conformity with accounting principles generally accepted in the United States of America (GAAP) as prescribed by the Government Accounting Standards Board (GASB).

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

The Town's financial statements have been audited by Sullivan, Rogers & Company, LLC, a firm of licensed certified public accountants, who have been hired by and report to the Town's Board of Selectmen. The independent auditors' unqualified ("clean") opinion on the Town's financial statements for the fiscal year ended June 30, 2012, is presented as the first component of the financial section of this report on pages 13 and 14.

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

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

History and Profile of the Town

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

The Town has a current population of 18,160 and occupies a land area of 24.7 square miles. Sudbury is categorized by the Metropolitan Area Planning Council (MAPC) as an Established Suburb. These residential suburbs are characterized by single-family homes on moderately-sized lots, with a relatively affluent population. Multi-unit housing and commercial developments are limited in their extent, although Sudbury does have some major employment and retail centers primarily located along the Town's Route 20 Corridor.

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

Organizational Structure

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

The Town provides education in grades K-8 through the Sudbury Public Schools; the Lincoln-Sudbury Regional 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 been significantly increased in recent years. Each District's School Committee is elected and responsible for appointing the Superintendent of Schools, who has responsibility for the daily administration of the school system.

Services

The Town provides a complete range of municipal services including education, public safety, public works, recreation, library, cultural and health and human services.

The Sudbury Water District, which is entirely separate from the Town, provides water services to 87% of the territory located within the Town.

Reporting Entity

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

Financial Management

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

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.

Accounting System and Budgetary Control

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

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

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

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

An analysis of all legally adopted budgets are presented on pages 65 – 76 of this report.

Cash Management

Quarterly billing of real estate and personal property taxes along with timely motor vehicle excise billing eliminates the need for the Town to borrow in anticipation of revenue. Idle cash is invested by the Treasurer/Collector and governed by the Municipal Finance Laws of the Commonwealth of Massachusetts.

Trust Fund and Permanent Fund assets, which the Town does not expect to liquidate for current operations, are invested in U.S. Government, fixed income and/or equity securities. The Treasurer/Collector is also responsible for the management of the Town's long-term investments.

Risk Management

As of June 30, 2012, the Town (including Sudbury Public Schools) went from being self-insured for group health insurance to purchasing medical health benefits through the State's Group Insurance Commission (GIC). However, Sudbury's Health Trust will remain in place for purposes of accumulating sufficient assets to meet residual fund liabilities for the next eighteen to twenty four months after which the Town may decide to dissolve the Trust. The Town also purchases insurance coverage for property and general liability. All other risk exposures, including workers' compensation, are self-insured by the Town.

For the year ending June 30, 2009, in accordance with the requirements of Governmental Accounting Standards Board (GASB) Statement 45, the Town began to report Other Post-Employment Benefits (OPEB), primarily the cost of retiree health benefits. This means that instead of recognizing the cost of retiree health benefits as they are being paid out (Pay-As-You-Go), the cost of these benefits is now recognized as they are earned. Although there are no requirements that the Town change the method of funding these benefits, the cumulative impact of the change in financial reporting is now reflected in the government-wide financial statements and a corresponding decline in unrestricted net assets.

Sudbury, like most communities in Massachusetts and for that matter New England, does not currently have a plan for funding retiree health benefits on a basis other than the historical pay as you go (PAYG) approach. However, in an effort to start a discussion about this critical issue, the fiscal year 2012 budget included an appropriation for actual retiree health benefit expenditures made to the Town's OPEB fund. The positive variance of budgeted retiree health benefit expenditures for the fiscal year resulted in a small residual balance of approximately \$128,000. Over the course of the next several months the Town will evaluate the feasibility of beginning to fund retiree health care benefits for all new hires on an actuarial basis, or some other measures to systematically add to the fund. Please refer to note 12 (pages 57 - 59) for more detailed information on the Town's retiree health benefit obligations.

Collective Bargaining Agreements

Town employees (other than managerial and confidential employees) are entitled to join unions and to bargain collectively on questions of wages, hours and other terms and conditions of employment. The Town currently has approximately 540 full and part-time employees, of which approximately 87% percent belong to unions or other collective bargaining groups. Most collective bargaining agreements expired as of June 30, 2012, with the exceptions of Public Works and Engineering which will expire at the end of fiscal year 2013.

Subsequent to June 30, 2012, the Town entered into three-year collective bargaining agreements with the Police union and most of the Sudbury Public School employees. The terms of the new contracts will be in effect from July 1, 2012 through June 30, 2015.

Awards and Acknowledgments

The Government Finance Officers Association (GFOA)'s Distinguished Budget Presentation Awards Program (Budget Awards Program) awarded certificates to Sudbury for the Town's Budget and Financing Plan for the fiscal years ending June 30, 2007 through June 30, 2012. We believe that our budget and financing plan documents continue to meet the GFOA's best practices on budgeting and may resume submission to the GFOA in the future to determine eligibility for another certificate.

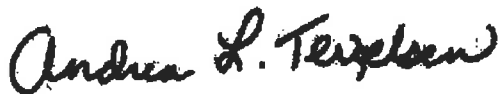
We are pleased to submit for the first time the Town of Sudbury's CAFR to the GFOA for the fiscal year ending June 30, 2012 for consideration of the Certificate of Achievement for Excellence in Financial Reporting. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports. In order to be awarded a Certificate, a government must publish an easily readable and efficiently organized CAFR, whose contents conform to program standards. Such CAFR must satisfy both accounting principles generally accepted in the United States of America and applicable legal requirements. We believe our CAFR conforms to the Certificate of Achievement program requirements.

The Town maintains 'AAA' credit rating with Standard & Poor's Ratings Services as most recently assigned on November 30, 2011, for the Town's last long-term bond issuance and reaffirming all existing general obligation debt.

On January 21, 2012, Sudbury was awarded the Massachusetts Municipal Association's Innovation Award for the implementation of the Regional Housing Services Office (RHSO) – an Inter-Municipal Agreement between Bedford, Concord, Lexington, Lincoln, Sudbury and Weston, with Sudbury as host community. The RHSO provides regional municipal administrative housing services for the member towns and residents.

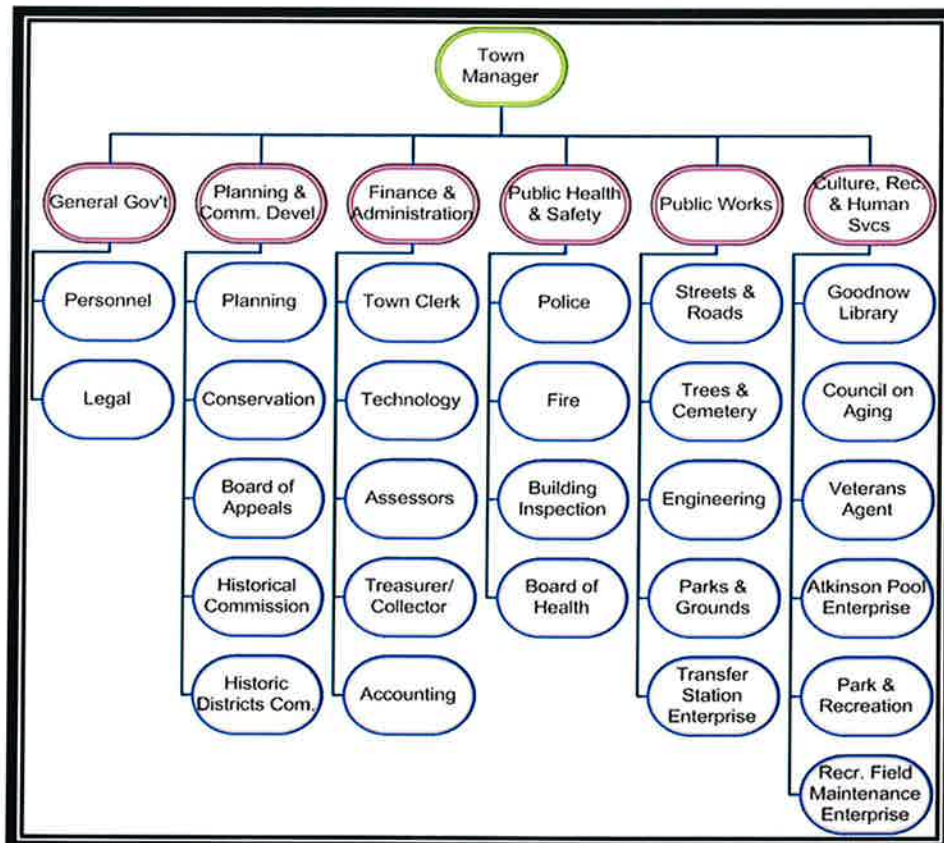
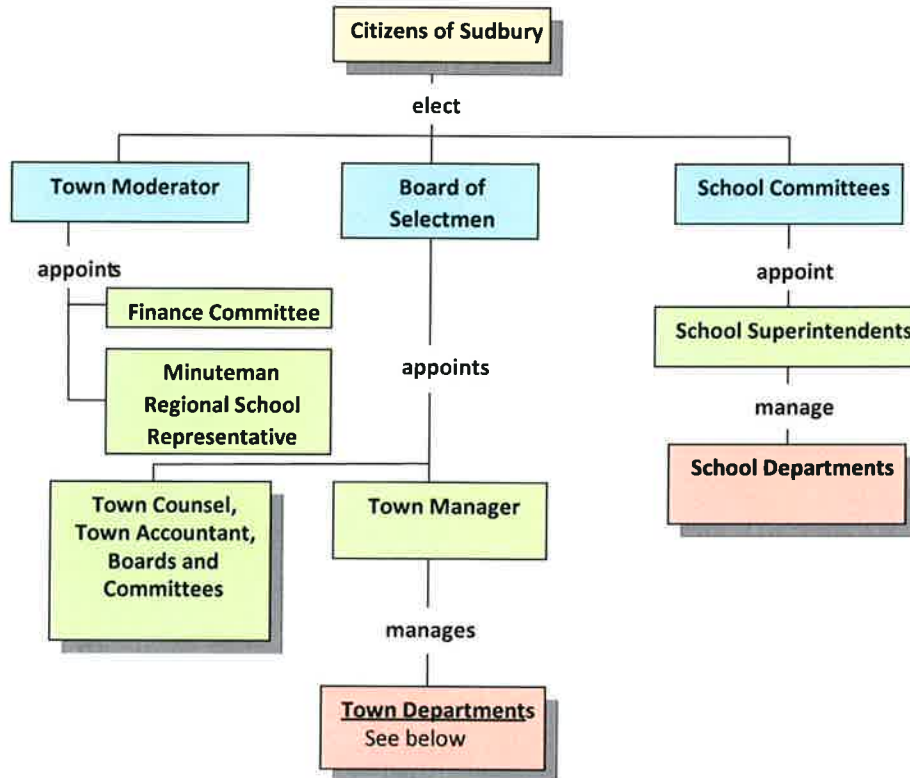
Before concluding, I would like to take this opportunity to acknowledge the tremendous leadership and guidance of Town Manager, Maureen Valente. I would also like to express my sincere gratitude to each and every staff member of the Finance and Public Records Division, for your exceptional work, professionalism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

Respectfully,

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

Andrea L. Terkelsen
Finance Director, Town of Sudbury

TOWN OF SUDBURY ORGANIZATIONAL CHART



Elected Officials – Board of Selectmen

Chairman Mr. Lawrence W. O'Brien

Vice Chairman Mr. Robert C. Haarde

Member Mr. John C. Drobinski

Elected Officials – School Committee

Chair Dr. Richard J Robison

Vice Chair Ms. Lisa Gutch

Member Ms. Ellen Winer Joachim

Member Ms. Lucie St. George

Member Mr. Bob Armour

Principal Officials

Department	Department Head	Title
Town Manager	Maureen Valente	Town Manager
Finance and Treasurer/Collector	Andrea Terkelsen	Finance Director/Treasurer/Collector
Accounting	Barbara Chisholm	Town Accountant
Assessors	Cynthia Gerry	Acting Assessor
Clerk	Rosemary Harvell	Town Clerk
Conservation	Deborah Dineen	Conservation Coordinator
Planning and Community Development	Jody Kablack	Director of Planning and Community Development
Information Systems	Mark Thompson	Technology Administrator
Police	Richard Glavin	Police Chief
Fire	William Miles	Fire Chief
Building	James Kelly	Combined Facilities Director
School Department	Anne Wilson, Ph.D.	Superintendent
Public Works	William Place	Director of Public Works
Health	Robert Leupold	Health Director
Council on Aging	Debra Galloway	Council on Aging Director
Veterans Affairs	Brian Stearns	Veteran's Agent
Goodnow Library	Esme Green	Library Director
Park and Recreation	Nancy McShea	Park and Recreation Director
Atkinson Pool	Timothy Goulding	Aquatic Facility Director

This page left intentionally blank.

Financial Section



Certified Public Accountants

SULLIVAN, ROGERS & COMPANY, LLC

Corporate Place I, Suite 204 • 99 South Bedford Street

Burlington, Massachusetts 01803

P • 781-229-5600 F • 781-229-5610 www.sullivan-rogers.com

Independent Auditors' Report

To the Honorable Board of Selectmen
Town of Sudbury, Massachusetts

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Sudbury, Massachusetts, as of and for the fiscal year ended June 30, 2012, which collectively comprise the Town of Sudbury, Massachusetts' basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town of Sudbury, Massachusetts' management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Sudbury, Massachusetts as of June 30, 2012, and the respective changes in financial position and cash flows, where applicable, thereof for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated December 7, 2012, on our consideration of the Town of Sudbury, Massachusetts' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that management's discussion and analysis (located on pages 15 through 24) and budgetary comparison, pension and other postemployment benefits information (located on pages 64 through 80) be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Sudbury, Massachusetts' financial statements as a whole. The introductory section, combining statements, and statistical section are presented for purposes of additional analysis and are not a required part of the financial statements. The combining statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Sullivan, Ray & Company, LLC

December 7, 2012

Management's Discussion and Analysis

As management of the Town of Sudbury, Massachusetts (Town), we offer readers of these financial statements this narrative overview and analysis of the Town's financial activities for the fiscal year ended June 30, 2012.

Financial Highlights

- The assets of the Town exceeded its liabilities at the close of the most recent fiscal year by \$95,487,423 (net assets). Of this amount, \$12,364,140 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.
- The Town's total net assets increased \$1,462,642.
- At the end of the fiscal year, unassigned fund balance for the general fund totaled \$5,603,341 or 6.6 percent of total general fund expenditures and transfers out.
- The Town's total bonded debt decreased by \$3,790,000 during the fiscal year.

Overview of the Basic Financial Statements

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

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

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

Government-wide financial statements

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

The **statement of net assets** presents information on all of the Town's non-fiduciary assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

The **statement of activities** presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes, earned but unused vacation leave, etc.).

Both of the government-wide financial statements distinguish functions of the Town that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). Governmental activities include general government, public safety, education, public works, health and human services, culture and recreation and debt service (interest). Business-type activities include the Town's swimming pool, transfer station and recreation field maintenance operations.

The government-wide financial statements can be found on pages 26-28 of this report.

Fund financial statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds can be divided into the following categories and are described below:

1. Governmental funds
2. Proprietary funds
3. Fiduciary funds

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental funds financial statements focus on near-term inflows and outflows of expendable resources, as well as on balances of expendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term effect of the government's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Town maintains 13 individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the general, community preservation (special revenue) and affordable housing (special revenue) funds, each of which are considered to be major funds. Data from the other 10 governmental funds are combined into a single, aggregated presentation titled *nonmajor governmental funds*. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements on pages 83-88.

The basic governmental funds financial statements can be found on pages 29-32 of this report.

Proprietary funds

The Town maintains one type of proprietary fund.

Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Town uses enterprise funds to account for its swimming pool, transfer station and recreation field maintenance activities, each of which are considered to be nonmajor funds. Individual fund data for each of these nonmajor enterprise funds is provided in the form of combining statements on pages 89-93.

The basic proprietary funds financial statements can be found on pages 33-35 of this report.

Fiduciary funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Town's programs. The accounting used for fiduciary funds is similar to that used for proprietary funds.

Private-purpose trust funds and agency funds are reported and combined into a single, aggregate presentation in the fiduciary fund financial statements under the captions "private purpose trust funds" and "agency funds", respectively. Individual fund data for each of the private purpose trust funds is provided in the form of combining statements on pages 94-98.

The basic fiduciary funds financial statements can be found on pages 36-37 of this report.

Notes to the basic financial statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 38-63 of this report.

Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information. Presented in this information is the budget comparison for the general fund and community preservation fund and certain pension and other postemployment benefits information, which can be found on pages 64-80 of this report.

Government-Wide Financial Analysis

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

Net Assets

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. The Town's assets exceeded liabilities by \$95,487,423 at the close of the fiscal year and are summarized as follows:

	<i>Governmental Activities</i>		<i>Business-Type Activities</i>		<i>Total</i>	
	2012	2011	2012	2011	2012	2011
Assets						
Current assets.....	\$ 38,162,964	\$ 38,449,684	\$ 910,166	\$ 496,382	\$ 39,073,130	\$ 38,946,066
Noncurrent assets (excluding capital assets).....	13,809,687	14,744,789	-	-	13,809,687	14,744,789
Capital assets (net).....	90,752,379	90,227,875	749,902	664,801	91,502,281	90,892,676
Total assets.....	142,725,030	143,422,348	1,660,068	1,161,183	144,385,098	144,583,531
Liabilities						
Current liabilities (excluding debt).....	5,118,673	5,507,394	166,510	58,614	5,285,183	5,566,008
Noncurrent liabilities (excluding debt).....	11,480,988	8,888,819	161,504	123,923	11,642,492	9,012,742
Current debt.....	3,820,000	4,010,000	-	-	3,820,000	4,010,000
Noncurrent debt.....	28,150,000	31,970,000	-	-	28,150,000	31,970,000
Total liabilities.....	48,569,661	50,376,213	328,014	182,537	48,897,675	50,558,750
Net Assets						
Invested in capital assets (net of related debt).....	58,397,014	55,452,411	749,902	664,801	59,146,916	56,117,212
Restricted.....	23,976,367	23,923,074	-	-	23,976,367	23,923,074
Unrestricted.....	11,781,988	13,670,650	582,152	313,845	12,364,140	13,984,495
Total net assets.....	\$ 94,155,369	\$ 93,046,135	\$ 1,332,054	\$ 978,646	\$ 95,487,423	\$ 94,024,781

A significant portion of the Town's net assets (61.9%) reflects its investment in capital assets (e.g., land, intangible assets, land improvements, buildings and improvements, machinery and equipment, vehicles and infrastructure), less any related outstanding debt used to acquire those assets. These capital assets are used to provide services to citizens; consequently, these assets are not available for future spending. Although the investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the Town's net assets (25.2%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets (12.9% or \$12,364,140) may be used to meet the Town's ongoing obligations to citizens and creditors. Of this amount, \$11,781,988 may be used to support governmental activities and \$582,152 may be used to support business-type activities.

Changes in Net Assets

The Town's total net assets increased by \$1,462,642 during the current fiscal year and are summarized as follows:

	<i>Governmental Activities</i>		<i>Business-Type Activities</i>		<i>Total</i>	
	2012	2011	2012	2011	2012	2011
Revenues						
<i>Program Revenues:</i>						
Charges for services.....	\$ 5,240,672	\$ 4,666,239	\$ 914,155	\$ 1,033,801	\$ 6,154,827	\$ 5,700,040
Operating grants and contributions.....	13,247,930	13,821,768	781	1,268	13,248,711	13,823,036
Capital grants and contributions.....	1,824,885	892,330	21,280	-	1,846,165	892,330
<i>General Revenues:</i>						
Real estate and personal property taxes.....	68,762,270	67,178,824	-	-	68,762,270	67,178,824
Motor vehicle and other excise taxes.....	2,992,057	2,886,859	-	-	2,992,057	2,886,859
Penalties and interest on taxes.....	288,058	204,686	-	-	288,058	204,686
Payments in lieu of taxes.....	31,030	64,515	-	-	31,030	64,515
Community preservation surcharges.....	1,527,275	1,492,938	-	-	1,527,275	1,492,938
Grants and contributions not restricted to specific programs.....	1,062,794	1,238,505	-	-	1,062,794	1,238,505
Unrestricted investment income.....	109,456	175,476	-	-	109,456	175,476
Premium from issuance of bonds and notes.....	-	-	-	-	-	-
Total revenues.....	<u>95,086,427</u>	<u>92,622,140</u>	<u>936,216</u>	<u>1,035,069</u>	<u>96,022,643</u>	<u>93,657,209</u>
Expenses						
General government.....	4,355,961	4,428,038	-	-	4,355,961	4,428,038
Public safety.....	10,387,335	10,073,036	-	-	10,387,335	10,073,036
Education.....	68,899,135	66,646,480	-	-	68,899,135	66,646,480
Public works.....	4,778,930	5,325,052	-	-	4,778,930	5,325,052
Health and human services.....	1,419,463	1,167,143	-	-	1,419,463	1,167,143
Culture and recreation.....	2,593,202	2,520,748	-	-	2,593,202	2,520,748
Debt service - interest.....	1,276,313	1,476,258	-	-	1,276,313	1,476,258
Swimming pool.....	-	-	453,150	550,289	453,150	550,289
Transfer station.....	-	-	266,437	271,114	266,437	271,114
Recreation field maintenance.....	-	-	130,075	192,249	130,075	192,249
Total expenses.....	<u>93,710,339</u>	<u>91,636,755</u>	<u>849,662</u>	<u>1,013,652</u>	<u>94,560,001</u>	<u>92,650,407</u>
Change in net assets before transfers.....	1,376,088	985,385	86,554	21,417	1,462,642	1,006,802
Transfers, net.....	<u>(266,854)</u>	<u>29,595</u>	<u>266,854</u>	<u>(29,595)</u>	<u>-</u>	<u>-</u>
Change in net assets.....	1,109,234	1,014,980	353,408	(8,178)	1,462,642	1,006,802
Net assets - beginning of year.....	<u>93,046,135</u>	<u>92,031,155</u>	<u>978,646</u>	<u>986,824</u>	<u>94,024,781</u>	<u>93,017,979</u>
Net assets - end of year.....	<u>\$ 94,155,369</u>	<u>\$ 93,046,135</u>	<u>\$ 1,332,054</u>	<u>\$ 978,646</u>	<u>\$ 95,487,423</u>	<u>\$ 94,024,781</u>

Governmental activities increased the Town's net assets by \$1,109,234, which is consistent with the prior year when governmental activities increased the Town's net assets by \$1,014,980.

Business-type activities increased the Town's net assets by \$353,408. In the prior year, business-type activities decreased the Town's net assets by \$8,178. The key element of this change is the fiscal year 2012 transfer of \$300,000 from the general fund to the swimming pool enterprise fund for a capital project.

Fund Financial Statement Analysis

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

Governmental funds

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

At the end of the current fiscal year, the governmental funds reported combined ending fund balances totaling \$30,809,156, an increase of \$502,024 in comparison with the prior year. Approximately \$5,603,000 represents unassigned fund balance. The remainder of fund balance includes the following constraints:

- Nonspendable (\$1,034,051)
- Restricted (\$22,457,390)
- Committed (\$303,086)
- Assigned (\$1,411,288)

The general fund is the chief operating fund of the Town. At the end of the current fiscal year, unassigned fund balance of the general fund totaled \$5,603,341, while total fund balance was \$13,657,328. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total general fund expenditures and transfers out. Unassigned fund balance represents 6.6% of total general fund expenditures and transfers out, while total fund balance represents 16.0% of that same amount.

The fund balance of the Town's general fund increased \$1,114,256 during the current fiscal year. This is primarily attributable to the following:

- Use of unassigned fund balance (\$1,790,091)
- Positive variance in budgeted revenues of \$1,107,466
- Conservative spending against budgeted appropriations (positive budget to actual variance of \$2,409,492 before encumbrances and continuing appropriations)

Financial highlights of the Town's other major governmental funds are as follows:

The fund balance of the community preservation fund (special revenue) increased by \$331,543 during the current fiscal year. The fund recognized \$1,529,460 in surcharges, \$431,743 in intergovernmental revenues and \$102,681 in investment income. Expenditures of \$1,542,341 were incurred during the fiscal year. Transfers out of \$190,000 to the affordable housing special revenue fund were made during the fiscal year.

The fund balance of the affordable housing fund (special revenue) decreased by \$202,165 during the current fiscal year. The fund recognized \$82,706 in revenues, incurred \$474,871 of expenditures and received \$190,000 of transfers from the community preservation fund.

Proprietary funds

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

Total unrestricted net assets of the nonmajor enterprise funds at the end of the year amounted to \$582,152. This consists of unrestricted net assets of the swimming pool, transfer station and recreation field maintenance enterprise funds of \$272,886, \$172,407 and \$136,859, respectively. The nonmajor enterprise funds had changes in net assets for the year of \$353,408. This consisted of changes in net assets of the swimming pool, transfer station and recreation field maintenance enterprise funds of \$344,090, (\$78,927) and \$88,245, respectively. Other factors concerning the finances of these three funds have already been addressed in the discussion of the Town's business-type activities.

General Fund Budgetary Highlights

The Town's original (including prior year encumbrances and continuing appropriations) and final approved budget was \$81,624,340. During the year, revenues and other financing sources were higher than budgetary estimates and expenditures and encumbrances and continuing appropriations were less than budgetary estimates resulting in a positive budget to actual variance of \$1,946,720.

Capital Asset and Debt Administration

Capital assets

The Town's investment in capital assets for its governmental and business type activities at the end of the fiscal year totaled \$91,502,281 (net of accumulated depreciation). This investment in capital assets includes land, intangible assets, land improvements, buildings and improvements, machinery and equipment, vehicles and infrastructure. The total increase in the investment in capital assets for the current fiscal year totaled \$609,605 or 0.67% (a 0.58% increase for governmental activities and a 0.09% increase for business-type activities).

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

- Noyes School improvements (approximately \$1,770,000)
- Various roadway and infrastructure improvements (approximately \$857,000)
- Purchases/leases of vehicles (approximately \$271,000)

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

	<i>Governmental Activities</i>		<i>Business-Type Activities</i>		<i>Total</i>	
	2012	2011	2012	2011	2012	2011
Land.....	\$ 26,689,602	\$ 26,634,101	\$ 192,500	\$ 192,500	\$ 26,882,102	\$ 26,826,601
Land improvements.....	1,674,053	1,745,435	-	-	1,674,053	1,745,435
Buildings and improvements.....	45,125,589	44,629,058	550,619	464,162	45,676,208	45,093,220
Machinery and equipment.....	1,995,408	2,216,683	6,783	8,139	2,002,191	2,224,822
Vehicles.....	610,638	608,050	-	-	610,638	608,050
Infrastructure.....	6,338,359	6,075,818	-	-	6,338,359	6,075,818
Intangible assets.....	8,318,730	8,318,730	-	-	8,318,730	8,318,730
Total capital assets.....	<u>\$ 90,752,379</u>	<u>\$ 90,227,875</u>	<u>\$ 749,902</u>	<u>\$ 664,801</u>	<u>\$ 91,502,281</u>	<u>\$ 90,892,676</u>

Additional information on the Town's capital assets can be found in Note 5 on pages 51-52 of this report.

Long-Term Debt

At the end of the current fiscal year, the total bonded debt outstanding was \$31,970,000, which is backed by the full faith and credit of the Town and consists entirely of general obligation bonds. The Town's total bonded debt decreased \$3,790,000 (10.6%) during the current fiscal year. Additional information on the Town's long-term debt can be found in Note 10 on pages 55-56 of this report.

Economic Factors and Next Year's Budgets and Rates

On September 26, 2012, the Massachusetts Department of Revenue certified the Town's June 30, 2012 free cash (the General Fund's fund balance available for appropriation) at \$2,388,556. The Town's previous year free cash certification was \$674,860. The significant increase in free cash during the fiscal year is attributable to the positive variance in budgeted revenues of \$1,107,466 and conservative spending against budgeted appropriations and expenditures (for further details see the General Fund's Schedule of Revenues, Expenditures and Change in Fund Balance presented in this report). The Town establishes target balances for our stabilization fund, annual free cash and other reserves in a total dollar amount or as a percentage of the total annual budget. Sudbury's minimum target for reserves is 5% of the annual budget. The Town's June 30, 2012 free cash amount along with the Town's Stabilization Fund balance of \$1.9 million meets that target.

The fiscal year 2013 projection for General Fund revenues currently stands at \$81.9 million. Property taxes remain the primary source of revenue for the Town. Property taxes in Massachusetts are limited by 'Proposition 2 1/2' to a levy growth of 2.5% plus a value for new construction, unless the voters at an election approve an increase for operating expenses or debt service for a specific project. The last override approved by Sudbury taxpayers was for \$2.5 million or 4.7% more than the normal levy for fiscal year 2008. Since then, the Town has operated without the additional revenues from an override.

State Aid (which includes Chapter 70 school reimbursement, general assistance and a small number of other distributions or offsets) represents our second largest source of revenue. This type of revenue is distributed to municipalities based on a variety of formulas and metrics. Sudbury's fiscal year 2013 allotment of \$5.6 million, its largest revenue share since fiscal year 2009, promises to afford us some relief from the tremendous budgetary constraints in the last few years so long as the State's own revenue picture does not dictate making any midyear cuts in local aid. In October 2012, State Secretary Jay Gonzalez certified that projected revenues continue to be sufficient to meet projected expenditures for fiscal year 2013. However, there are a number of potential risks to the current revenue estimate that already have the Secretary tightening spending controls and initiating a contingency planning process in the event that midyear budget reductions are necessary. Midyear spending cuts at the State level may prove significant enough to include commensurate reductions in local aid unless the Administration and the Legislature opt to dip into the State's Stabilization Fund.

Non-tax local receipts (e.g. motor vehicle excise, departmental revenues, licensing and permits), are elastic revenues meaning they are sensitive to economic conditions. The "Lesser Depression" of 2008 delivered a crushing blow to Sudbury's local receipts, which had reached an historic high of \$5.2 million in fiscal year 2007. By the end of fiscal year 2010, Sudbury's local receipts contracted by nearly \$1.5 million. Since then, local receipts have made marked improvements most notably in our two largest segments: motor vehicle excise and building permits. While other local receipt categories have plateaued, and just as interest income has all but disappeared completely, Sudbury adopted and implemented two new local option taxes (on meals and room occupancy excise) which despite ongoing economic conditions, produced over \$235,000 in new revenue in fiscal year 2012. Early indications suggest that we are on track to meet our fiscal year 2013 local receipts estimate. Should local receipts continue to improve over the next several months, the Town would be in a better position to limit midyear cuts despite what could be happening at the State level. The Town would also consider increasing the local receipts budget for fiscal year 2014 for the first time in several years.

For fiscal year 2013, the Town's General Fund budget for expenses stands at \$81.9 million (including all town, school and shared expenses). The budget is allocated across four major cost centers (in descending order of relative size of operating resources: Sudbury Public Schools, Town Services, Lincoln-Sudbury Regional High School, and Operating Capital Budget), with the rest providing for shared expenses and other charges to be raised. Our largest segments of annual operating expenditures continue to consist of salaries, wages and employee benefits. Another primary use of operating funds goes to fixed costs or charges. These costs commonly exist in the form of service contracts, utilities, fuel, leases and insurances. They are all recurring in nature and generally increase annually due to market and inflationary factors.

Sudbury's residents have very high expectations of the level and quality of public services. From an operational standpoint, the town government and schools have struggled to maintain the enduring tradition of meeting the changing needs of the community given the local economy, State and Federal mandates and influences, and other factors dictate we operate increasingly in an environment of doing more (operating costs) with less (non-tax revenues) in delivering high quality services.

The budget outlook for the next fiscal year remains murky at best. At the local level we continue to face several challenges on both sides of the structural budget deficit equation. We tentatively expect the recovery in local receipts to continue in fiscal year 2014 but only if the economy stays the present course. At the Federal level, according to the Congressional Budget Office, if the Nation falls off the "fiscal cliff" the impact on the economy will likely mean a new recession that could easily reduce growth next year alone from 4.4% to just 0.5%. One thing for certain, however, is that 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 coming out of a deep economic hole, municipalities need to brace themselves against the likelihood of tremendous aftershocks to state aid levels if the current gap of \$1.3 billion is not closed. Consequently we have to consider that any recovery we might see in our local receipts in the coming year could be balanced out if not outdone by cuts in State aid.

Management continues to take steps to protect the Town's long-term financial stability. The financial policies of the Town require making prudent decisions not only to meet today's challenges but also to secure the Town for the future. The key to maintaining our excellent financial health and top credit rating is to continue to make decisions with multi-year sustainability in mind. Ideas for closing the revenue-expense gap are actively explored and implemented where feasible. Additionally, in fiscal year 2013, the Town is launching a comprehensive strategic plan to address all long-term capital and financial needs as well as explore all funding options. 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.

Requests for Information

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

Basic Financial Statements

STATEMENT OF NET ASSETS

JUNE 30, 2012

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Current assets:			
Cash and cash equivalents.....	\$ 8,054,555	\$ 766,192	\$ 8,820,747
Restricted cash and cash equivalents.....	12,157,380	138,474	12,295,854
Investments.....	2,621,469	-	2,621,469
Restricted investments.....	11,482,807	-	11,482,807
Receivables, net of allowance for uncollectible amounts:			
Real estate and personal property taxes.....	793,831	-	793,831
Tax liens.....	646,910	-	646,910
Motor vehicle and other excise taxes.....	207,440	-	207,440
Community preservation surcharges.....	17,805	-	17,805
Departmental and other.....	299,759	5,500	305,259
Intergovernmental.....	1,108,354	-	1,108,354
Working capital deposit.....	772,654	-	772,654
Total current assets.....	38,162,964	910,166	39,073,130
Noncurrent assets:			
Receivables, net of allowance for uncollectible amounts:			
Real estate tax deferrals.....	2,293,633	-	2,293,633
Intergovernmental.....	11,026,457	-	11,026,457
Tax foreclosures.....	257,442	-	257,442
Investment in joint venture.....	232,155	-	232,155
Capital assets not being depreciated.....	35,008,332	192,500	35,200,832
Capital assets, net of accumulated depreciation.....	55,744,047	557,402	56,301,449
Total noncurrent assets.....	104,562,066	749,902	105,311,968
Total assets.....	142,725,030	1,660,068	144,385,098
LIABILITIES			
Current liabilities:			
Warrants payable.....	383,664	19,887	403,551
Accrued payroll.....	2,365,493	6,055	2,371,548
Tax refunds payable.....	252,874	-	252,874
Other liabilities.....	1,025,730	-	1,025,730
Customer deposits.....	-	138,474	138,474
Accrued interest.....	144,533	-	144,533
Accrued health claims payable.....	643,771	-	643,771
Capital lease obligations.....	220,203	-	220,203
Workers' compensation claims.....	18,952	-	18,952
Compensated absences.....	63,453	2,094	65,547
Long-term bonds and notes payable.....	3,820,000	-	3,820,000
Total current liabilities.....	8,938,673	166,510	9,105,183
Noncurrent liabilities:			
Capital lease obligations.....	313,945	-	313,945
Compensated absences.....	571,073	18,846	589,919
Net OPEB obligation.....	10,595,970	142,658	10,738,628
Long-term bonds and notes payable.....	28,150,000	-	28,150,000
Total noncurrent liabilities.....	39,630,988	161,504	39,792,492
Total liabilities.....	48,569,661	328,014	48,897,675
NET ASSETS			
Invested in capital assets, net of related debt.....	58,397,014	749,902	59,146,916
Restricted for:			
Investment in joint venture.....	232,155	-	232,155
Employee benefits.....	6,271,135	-	6,271,135
OPEB.....	128,700	-	128,700
Community preservation.....	8,970,056	-	8,970,056
Affordable housing.....	617,881	-	617,881
Permanent funds:			
Expendable.....	269,104	-	269,104
Nonexpendable.....	1,034,051	-	1,034,051
Other specific purposes.....	6,453,285	-	6,453,285
Unrestricted.....	11,781,988	582,152	12,364,140
Total net assets.....	\$ 94,155,369	\$ 1,332,054	\$ 95,487,423

See notes to basic financial statements.

STATEMENT OF ACTIVITIES

FOR THE FISCAL YEAR ENDED JUNE 30, 2012

		Program Revenues			
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net (Expense)/ Revenue
Primary government:					
Governmental activities:					
General government.....	\$ 4,355,961	\$ 926,973	\$ 126,593	\$ -	\$ (3,302,395)
Public safety.....	10,387,335	1,307,851	289,557	-	(8,789,927)
Education.....	68,899,135	1,969,066	11,882,224	723,744	(54,324,101)
Public works.....	4,778,930	69,190	50,963	669,398	(3,989,379)
Health and human services.....	1,419,463	248,998	34,073	-	(1,136,392)
Culture and recreation.....	2,593,202	718,594	161,643	431,743	(1,281,222)
Debt service - interest.....	1,276,313	-	702,877	-	(573,436)
Total governmental activities.....	93,710,339	5,240,672	13,247,930	1,824,885	(73,396,852)
Business-type activities:					
Swimming pool.....	453,150	475,774	186	21,280	44,090
Transfer station.....	266,437	220,218	438	-	(45,781)
Recreation field maintenance.....	130,075	218,163	157	-	88,245
Total business-type activities.....	849,662	914,155	781	21,280	86,554
Total primary government.....	\$ 94,560,001	\$ 6,154,827	\$ 13,248,711	\$ 1,846,165	\$ (73,310,298)

See notes to basic financial statements.

STATEMENT OF ACTIVITIES (Continued)

FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Changes in net assets:			
Net (expense)/revenue (from previous page).....	\$ (73,396,852)	\$ 86,554	\$ (73,310,298)
<i>General revenues:</i>			
Real estate and personal property taxes.....	68,762,270	-	68,762,270
Motor vehicle and other excise taxes.....	2,992,057	-	2,992,057
Penalties and interest on taxes.....	288,058	-	288,058
Payments in lieu of taxes.....	31,030	-	31,030
Community preservation surcharges.....	1,527,275	-	1,527,275
Grants and contributions not restricted to specific programs.....	1,062,794	-	1,062,794
Unrestricted investment income.....	109,456	-	109,456
Transfers, net	(266,854)	266,854	-
Total general revenues and transfers.....	74,506,086	266,854	74,772,940
Change in net assets.....	1,109,234	353,408	1,462,642
Net assets - beginning of year.....	93,046,135	978,646	94,024,781
Net assets - end of year.....	\$ 94,155,369	\$ 1,332,054	\$ 95,487,423

**GOVERNMENTAL FUNDS
BALANCE SHEET**

JUNE 30, 2012

ASSETS	General	Community Preservation	Affordable Housing	Nonmajor Governmental Funds	Total Governmental Funds
Cash and cash equivalents.....	\$ 8,054,555	\$ -	\$ -	\$ -	\$ 8,054,555
Investments.....	2,621,469	-	-	-	2,621,469
Receivables, net of allowance for uncollectible amounts:					
Real estate and personal property taxes.....	793,831	-	-	-	793,831
Real estate tax deferrals.....	2,293,633	-	-	-	2,293,633
Tax liens.....	646,910	-	-	-	646,910
Motor vehicle and other excise taxes.....	207,440	-	-	-	207,440
Community preservation surcharges.....	-	17,805	-	-	17,805
Departmental and other.....	-	-	-	299,759	299,759
Intergovernmental.....	12,108,436	-	-	26,375	12,134,811
Tax foreclosures.....	257,442	-	-	-	257,442
Working capital deposit.....	772,654	-	-	-	772,654
Restricted assets:					
Cash and cash equivalents.....	370,704	5,280,494	154,869	6,351,313	12,157,380
Investments.....	5,919,200	3,679,460	463,012	1,421,135	11,482,807
TOTAL ASSETS.....	\$ 34,046,274	\$ 8,977,759	\$ 617,881	\$ 8,098,582	\$ 51,740,496
LIABILITIES AND FUND BALANCES					
LIABILITIES:					
Warrants payable.....	\$ 284,414	\$ 3,400	\$ -	\$ 95,850	\$ 383,664
Accrued payroll.....	2,365,268	-	-	225	2,365,493
Tax refunds payable.....	252,874	-	-	-	252,874
Other liabilities.....	926,750	4,303	-	94,677	1,025,730
Deferred revenue.....	15,896,917	17,805	-	326,134	16,240,856
Accrued health claims payable.....	643,771	-	-	-	643,771
Workers' compensation claims.....	18,952	-	-	-	18,952
TOTAL LIABILITIES.....	20,388,946	25,508	-	516,886	20,931,340
FUND BALANCES:					
Nonspendable.....	-	-	-	1,034,051	1,034,051
Restricted.....	6,399,835	8,952,251	617,881	6,487,423	22,457,390
Committed.....	242,864	-	-	60,222	303,086
Assigned.....	1,411,288	-	-	-	1,411,288
Unassigned.....	5,603,341	-	-	-	5,603,341
TOTAL FUND BALANCES.....	13,657,328	8,952,251	617,881	7,581,696	30,809,156
TOTAL LIABILITIES AND FUND BALANCES.....	\$ 34,046,274	\$ 8,977,759	\$ 617,881	\$ 8,098,582	\$ 51,740,496

See notes to basic financial statements.

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

JUNE 30, 2012

Total governmental fund balances (page 29).....	\$ 30,809,156
Capital assets (net of accumulated depreciation) used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.....	90,752,379
The equity interest in the assets of the governmental joint venture is not reported in the governmental funds.....	232,155
Other assets are not available to pay for current period expenditures and, therefore, are deferred in the governmental funds.....	16,240,856
In the statement of net assets, interest is accrued on outstanding long-term debt, whereas in the governmental funds interest is not reported until due.....	(144,533)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds.	
Bonds and notes payable.....	(31,970,000)
Capital lease obligations.....	(534,148)
Compensated absences.....	(634,526)
Net OPEB obligation.....	<u>(10,595,970)</u>
Net assets of governmental activities (page 26).....	<u>\$ 94,155,369</u>

See notes to basic financial statements.

GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	General	Community Preservation	Affordable Housing	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES					
Real estate and personal property taxes.....	\$ 68,328,105	\$ -	\$ -	\$ -	\$ 68,328,105
Motor vehicle and other excise taxes.....	2,953,422	-	-	-	2,953,422
Tax liens.....	476,967	-	-	-	476,967
Payments in lieu of taxes.....	31,030	-	-	-	31,030
Community preservation surcharges.....	-	1,529,460	-	-	1,529,460
Charges for services.....	-	-	-	745,467	745,467
Intergovernmental.....	12,394,547	431,743	-	4,071,629	16,897,919
Penalties and interest on taxes.....	288,058	-	-	-	288,058
Licenses and permits.....	483,012	-	-	71,421	554,433
Fines and forfeitures.....	80,659	-	-	8,780	89,439
Departmental and other.....	496,572	-	74,087	3,200,183	3,770,842
Contributions.....	-	-	-	227,708	227,708
Investment income.....	127,018	102,681	8,619	29,700	268,018
TOTAL REVENUES.....	85,659,390	2,063,884	82,706	8,354,888	96,160,868
EXPENDITURES					
Current:					
General government.....	2,821,585	140,059	-	280,457	3,242,101
Public safety.....	6,827,002	-	-	313,782	7,140,784
Education.....	49,914,189	-	-	6,165,216	56,079,405
Public works.....	3,272,429	132,332	-	792,783	4,197,544
Health and human services.....	503,270	-	474,871	122,205	1,100,346
Culture and recreation.....	1,128,083	43,394	-	834,463	2,005,940
Pension benefits.....	8,184,635	-	-	-	8,184,635
Employee benefits.....	8,245,029	-	-	-	8,245,029
Property and liability insurance.....	218,576	-	-	-	218,576
State and county charges.....	186,114	-	-	-	186,114
Debt service:					
Principal.....	2,980,000	810,000	-	-	3,790,000
Interest.....	855,049	416,556	-	-	1,271,605
TOTAL EXPENDITURES.....	85,135,961	1,542,341	474,871	8,508,906	95,662,079
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES.....	523,429	521,543	(392,165)	(154,018)	498,789
OTHER FINANCING SOURCES (USES)					
Transfers in.....	620,738	-	190,000	-	810,738
Premium from issuance of bonds and notes.....	48,974	-	-	-	48,974
Proceeds from capital leases.....	221,115	-	-	-	221,115
Transfers out.....	(300,000)	(190,000)	-	(587,592)	(1,077,592)
TOTAL OTHER FINANCING SOURCES (USES).....	590,827	(190,000)	190,000	(587,592)	3,235
NET CHANGE IN FUND BALANCES.....	1,114,256	331,543	(202,165)	(741,610)	502,024
FUND BALANCES AT BEGINNING OF YEAR.....	12,543,072	8,620,708	820,046	8,323,306	30,307,132
FUND BALANCES AT END OF YEAR.....	\$ 13,657,328	\$ 8,952,251	\$ 617,881	\$ 7,581,696	\$ 30,809,156

See notes to basic financial statements.

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2012

Net change in fund balances - total governmental funds (page 31).....	\$ 502,024
The statement of activities reports the investment in joint venture however the governmental funds do not.	
This amount represents the net change in the investment in joint venture.....	(55,509)
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. These amounts represent the related activity of the current period.	
Capital outlays.....	3,630,892
Depreciation.....	(3,043,728)
In the statement of activities, the <i>gain</i> or <i>loss</i> on the disposal of capital assets is reported, whereas in the governmental funds, the disposal is not reported. As a result, the change in net assets differs from the change in fund balance by the net book value of the capital assets disposed.....	
	(62,660)
Revenues in the statement of activities that do not provide current financial resources are fully deferred in the statement of revenues, expenditures and changes in fund balances. Therefore, the recognition of revenue for various types of accounts receivable (i.e., real estate and personal property, motor vehicle excise, etc.) differ between the two statements. This amount represents the net change in deferred revenue.....	
	(1,067,906)
The issuance of long-term debt (e.g., bonds and leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the financial resources of governmental funds. Neither transaction, however, has any impact on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. These amounts represent the related activity of the current period.	
Bond maturities.....	3,790,000
Capital lease proceeds.....	(221,115)
Capital lease maturities.....	284,048
In the statement of activities, interest is accrued on outstanding long-term debt, whereas in the governmental funds interest is not reported until due. This amount represents the net change in accrued interest payable.....	
	(4,708)
Some expenses reported in the statement activities do not require the use of current financial resources and, therefore, are not reported in the governmental funds.	
These amounts represent the net changes:	
Compensated absences.....	(42,975)
Net OPEB obligation.....	(2,599,129)
Changes in net assets of governmental activities (page 28).....	\$ <u>1,109,234</u>

See notes to basic financial statements.

PROPRIETARY FUNDS
STATEMENT OF FUND NET ASSETS

JUNE 30, 2012

	Business-Type Activities - Enterprise Funds
	Nonmajor Funds
ASSETS	
Current assets:	
Cash and cash equivalents.....	\$ 766,192
Restricted cash and cash equivalents.....	138,474
Receivables, net of allowance for uncollectible amounts:	
Departmental and other.....	5,500
Total current assets.....	910,166
Noncurrent assets:	
Capital assets not being depreciated.....	192,500
Capital assets, net of accumulated depreciation.....	557,402
Total noncurrent assets.....	749,902
Total assets.....	1,660,068
LIABILITIES	
Current liabilities:	
Warrants payable.....	19,887
Accrued payroll.....	6,055
Unearned revenue.....	138,474
Compensated absences.....	2,094
Total current liabilities.....	166,510
Noncurrent liabilities:	
Compensated absences.....	18,846
Net OPEB obligation.....	142,658
Total noncurrent liabilities.....	161,504
Total liabilities.....	328,014
FUND NET ASSETS	
Invested in capital assets, net of related debt.....	749,902
Unrestricted.....	582,152
Total fund net assets.....	\$ 1,332,054

See notes to basic financial statements.

PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Business-Type Activities - Enterprise Funds
	Nonmajor Funds
OPERATING REVENUES	
Charges for services.....	\$ 914,155
OPERATING EXPENSES	
Cost of service and administration.....	749,686
Repairs and maintenance.....	62,711
Depreciation.....	37,265
TOTAL OPERATING EXPENSES.....	849,662
OPERATING INCOME (LOSS).....	64,493
NONOPERATING REVENUES (EXPENSES)	
Investment income.....	781
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS.....	65,274
Capital contributions.....	21,280
Transfers in.....	300,000
Transfers out.....	(33,146)
CHANGES IN FUND NET ASSETS.....	353,408
FUND NET ASSETS AT BEGINNING OF YEAR.....	978,646
FUND NET ASSETS AT END OF YEAR.....	\$ 1,332,054

See notes to basic financial statements.

PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS

FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Business-Type Activities - Enterprise Funds	Nonmajor Funds
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers and users.....	\$ 1,058,129	
Payments to vendors.....	(405,399)	
Payments to employees.....	(467,314)	
NET CASH FROM OPERATING ACTIVITIES.....	185,416	
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Transfers in.....	300,000	
Transfers out.....	(33,146)	
NET CASH FROM NONCAPITAL FINANCING ACTIVITIES.....	266,854	
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Capital contributions.....	21,280	
Acquisition and construction of capital assets.....	(55,047)	
NET CASH FROM CAPITAL AND RELATED FINANCING ACTIVITIES.....	(33,767)	
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment income.....	781	
NET CHANGE IN CASH AND CASH EQUIVALENTS.....	419,284	
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR.....	485,382	
CASH AND CASH EQUIVALENTS AT END OF YEAR (Includes \$138,474 reported as restricted).....	\$ 904,666	
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES		
Operating income (loss).....	\$ 64,493	
Adjustments to reconcile operating income (loss) to net cash from operating activities:		
Adjustments not requiring current cash flows:		
Depreciation.....	37,265	
Net OPEB obligation.....	37,560	
Adjustments requiring current cash flows:		
Departmental and other.....	5,500	
Warrants payable.....	(96,586)	
Accrued payroll.....	(1,314)	
Unearned revenue.....	138,474	
Compensated absences.....	24	
Total adjustments.....	120,923	
NET CASH FROM OPERATING ACTIVITIES.....	\$ 185,416	

See notes to basic financial statements.

FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET ASSETS

JUNE 30, 2012

ASSETS	Private Purpose Trust Funds	Agency Funds
Cash and cash equivalents.....	\$ 147,657	\$ 509,460
Receivables, net of allowance for uncollectible amounts:		
Departmental and other.....	-	111,874
Total assets.....	147,657	621,334
 LIABILITIES		
Liabilities due depositors.....	-	621,334
 NET ASSETS		
Held in trust for other purposes.....	\$ 147,657	\$ -

See notes to basic financial statements.

FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	<u>Private Purpose Trust Funds</u>
ADDITIONS	
Contributions:	
Private donations.....	\$ 860
Net investment income:	
Net appreciation/(depreciation) in fair value of investments.....	(714)
Interest.....	<u>2,754</u>
Total investment income (loss).....	<u>2,040</u>
TOTAL ADDITIONS.....	2,900
DEDUCTIONS	
Scholarships awarded.....	500
Other.....	<u>4,220</u>
TOTAL DEDUCTIONS.....	<u>4,720</u>
CHANGE IN NET ASSETS.....	(1,820)
NET ASSETS AT BEGINNING OF YEAR.....	<u>149,477</u>
NET ASSETS AT END OF YEAR.....	<u>\$ 147,657</u>

See notes to basic financial statements.

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

The basic financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). The Governmental Accounting Standards Board (GASB) is the standard-setting body for establishing governmental accounting and financial reporting principles. The significant accounting policies are described herein.

B. Reporting Entity

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

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

The Town has also considered all potential component units for which it is financially accountable as well as other organizations for which the nature and/or significance of their relationship with the Town are such that exclusion would cause the Town's basic financial statements to be misleading or incomplete. It has been determined that there are no component units that require inclusion in the basic financial statements.

Joint Ventures

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

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

Wayland-Sudbury Septage Disposal Facility (Facility)

The Town is a participant in a joint venture with the Town of Wayland for a septage disposal facility (Facility). Each Town has a 50 percent interest in the venture. The Facility was decommissioned in October 2009 and its operations were ceased as of December 1, 2009. All further administrative actions relative to the Facility are now the responsibility of the Boards of Selectmen of the Towns of Wayland and Sudbury. As of June 30, 2012, there had been no equity distributions of the Facility's net assets to either Town and the joint venture agreement had not been formally dissolved. The joint venture agreement is scheduled to end on normal terms in 2017. The Town of Sudbury continues to serve as the custodian of the Facility's cash and accounts receivable, which are reported in the Agency Fund. As of June 30, 2012, the Town's equity interest in the Facility totaled \$232,155 and is reported in governmental activities. The Facility does not issue a stand alone, GAAP-basis audited financial report.

Lincoln Sudbury Regional High School District (LSRHSD)

The LSRHSD is governed by a six member school district committee consisting of three elected representatives of the Town. The Town is indirectly liable for the LSRHSD debt and expenditures and is assessed annually for its share of operating and capital costs. For the fiscal year ended June 30, 2012, the Town's assessment totaled \$20,273,027. Separate financial statements may be obtained by writing to the Treasurer of the LSRHSD at 390 Lincoln Road, Sudbury, MA 01776.

Minuteman Regional High School (MRHS)

The MRHS is governed by a seventeen member school committee consisting of one elected representative from the Town. The Town is indirectly liable for the MRHS debt and expenditures and is assessed annually for its share of operating and capital costs. For the fiscal year ended June 30, 2012, the Town's assessment totaled \$338,031. Separate financial statements may be obtained by writing to the Treasurer of the MRHS at 758 Marrett Road, Lexington, MA 02421-7313.

C. Government-Wide and Fund Financial StatementsGovernment-Wide Financial Statements

The government-wide financial statements (statement of net assets and the statement activities) report information on all non-fiduciary activities of the primary government and its component units. *Governmental activities*, which are primarily supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which are primarily supported by user fees.

Fund Financial Statements

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though fiduciary funds are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. Nonmajor funds are aggregated and displayed in a single column. Fiduciary funds are reported by fund type.

D. Measurement Focus, Basis of Accounting and Basis of PresentationGovernment-Wide and Fund Financial Statements

The government-wide and enterprise fund financial statements apply all applicable Financial Accounting Standards Board (FASB) pronouncements issued on or prior to November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements.

Government-Wide Financial Statements

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded when the liabilities are incurred. Real estate and personal property taxes are recognized as revenues in the fiscal year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The statement of activities demonstrates the degree to which the direct expenses of a function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include the following:

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

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

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

Fund Financial Statements

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

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

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

The following major governmental funds are reported:

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

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

The *affordable housing fund* is a special revenue fund (established in accordance with MGL, Chapter 44, Section 55C) used to provide for the creation and preservation of affordable housing within the Town.

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

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

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

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

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

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the proprietary funds principal ongoing operations. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

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

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

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

Fiduciary funds financial statements are reported using the flow of economic resources measurement focus and use the accrual basis of accounting. Fiduciary funds are used to account for assets held in a trustee capacity for others that cannot be used to support the government's programs.

The following fiduciary fund types are reported:

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

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

E. Deposits and Investments

Government-Wide and Fund Financial Statements

Cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with an original maturity of three months or less from the date of acquisition. Investments are carried at fair value.

F. Accounts Receivable

Government-Wide and Fund Financial Statements

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

Real Estate Taxes, Real Estate Tax Deferrals, Personal Property Taxes and Tax Liens

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

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

Motor Vehicle and Other Excise Taxes

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

Community Preservation Surcharges

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

Departmental and Other

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

Intergovernmental

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

G. Allowance for Uncollectible Accounts

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

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

As of June 30, 2012, the allowance for uncollectible amounts for departmental and other receivables is immaterial and therefore not reported.

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

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

Intergovernmental receivables are considered 100% collectible.

H. Inventories

Government-Wide and Fund Financial Statements

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

I. Restricted Assets

Government-Wide and Fund Financial Statements

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

J. Capital Assets

Government-Wide and Proprietary Fund Financial Statements

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

Capital assets are recorded at historical cost or at estimated historical cost if actual historical cost is not available. Donated capital assets are recorded at the estimated fair market value at the date of donation.

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

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

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

The cost of normal maintenance and repairs that do not add to the value of the assets or materially extend asset lives are not capitalized and are treated as expenses when incurred. Improvements are capitalized.

Governmental Fund Financial Statements

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

K. Interfund Receivables and Payables

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

Government-Wide Financial Statements

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

Fund Financial Statements

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

L. Interfund Transfers

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

Government-Wide Financial Statements

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

Fund Financial Statements

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

M. Deferred Revenue

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

N. Unearned Revenue

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

*O. Net Assets and Fund Balances*Government-Wide Financial Statements (Net Assets)

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

Net assets have been “restricted” for the following:

“Investment in joint venture” represents the Town’s equity interest in the operation of the Facility.

“Employee benefits” represents amounts accumulated for self-insurance activities.

“OPEB” represents amounts accumulated for other postemployment benefits.

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

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

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

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

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

Governmental Funds Financial Statements (Fund Balances)

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

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

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

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

Assigned — represents amounts that do not meet the criteria to be classified as restricted or committed but are intended to be used for specific purposes. Under the Town’s structure, only authorized assignments for non-contractual encumbrances can be made by individual department heads.

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

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

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

P. Long-term Debt

Government-Wide and Proprietary Fund Financial Statements

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

Governmental Funds Financial Statements

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

Q. Investment Income

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

Investment income from proprietary funds is retained in the funds.

R. Compensated Absences

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

Government-Wide and Proprietary Fund Financial Statements

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

Governmental Funds Financial Statements

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

S. Post Retirement Benefits

Government-Wide and Fund Financial Statements

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

T. Use of Estimates

Government-Wide and Fund Financial Statements

The preparation of basic financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure for contingent assets and liabilities at the date of the basic financial statements and the reported amounts of the revenues and expenditures/expenses during the fiscal year. Actual results could vary from estimates that were used.

U. Total Column**Government-Wide Financial Statements**

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

Fund Financial Statements

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

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

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

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

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

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

An annual budget is adopted for the general fund in conformity with the guidelines described above. The original fiscal year 2012 approved budget for the general fund authorized \$79,822,415 in appropriations and other amounts to be raised. No additional appropriations were authorized during the fiscal year.

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

B. Excess of Expenditures Over Appropriations

During the fiscal year ended June 30, 2012, expenditures and encumbrances and continuing appropriations exceeded appropriations for state and county charges.

NOTE 3 - DEPOSITS AND INVESTMENTS

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

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

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

Deposits - Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of a bank failure, the Town's deposits may not be recovered. The Town's policy for custodial credit risk is to rely on FDIC and DIF insurance coverage. As of June 30, 2012, \$4,541,365 of the Town's bank balance of \$20,361,760 was uninsured, uncollateralized and exposed to custodial credit risk.

Investments Summary

The Town's investments at June 30, 2012 are presented below. All investments are presented by investment type, with debt securities presented by maturity.

Investment Type	Fair Value	Investment Maturities (in Years)	
		Less Than 1	1 - 5
<u>Debt Securities:</u>			
U.S. Agencies.....	\$ 655,144	\$ -	\$ 655,144
Money market mutual funds.....	1,550,622	1,550,622	-
Debt security mutual funds.....	822,653	822,653	-
Certificates of deposit.....	11,957,607	6,356,872	5,600,735
External investment pools.....	212,673	212,673	-
Total debt securities.....	15,198,699	\$ 8,942,820	\$ 6,255,879
<u>Other Investments:</u>			
Equity mutual funds.....	668,872		
Total investments.....	\$ 15,867,571		

Investments - Interest Rate Risk of Debt Securities

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

Investments - Custodial Credit Risk

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty, the Town will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Town does not have a policy for custodial credit risk of investments. As of June 30, 2012, the Town's investments were not exposed to custodial credit risk.

Investments - Credit Risk of Debt Securities

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

As of June 30, 2012, the Town's debt securities were unrated by national credit rating organizations.

Deposits and Investments - Foreign Currency Risk

Foreign currency risk is the risk that fluctuations in exchange rates will adversely affect the fair value of an investment or a deposit. The Town does not have a policy for foreign currency risk. As of June 30, 2012, the Town was not exposed to foreign currency risk.

Investments - Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of the Town's investment in a single issuer. The Town does not have a policy for concentration of credit risk. As of June 30, 2012, the Town was not exposed to concentration of credit risk.

NOTE 4 - ACCOUNTS RECEIVABLE

At June 30, 2012, receivables for the individual major governmental funds and nonmajor governmental and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	Gross Amount	Allowance for Uncollectibles	Net Amount
<u>Receivables:</u>			
Real estate and personal property taxes.....	\$ 837,210	\$ (43,379)	\$ 793,831
Real estate tax deferrals.....	2,293,633	-	2,293,633
Tax liens.....	646,910	-	646,910
Motor vehicle and other excise taxes.....	247,029	(39,589)	207,440
Community preservation surcharges.....	17,805	-	17,805
Departmental and other.....	411,633	-	411,633
Intergovernmental.....	12,134,811	-	12,134,811
	<u>\$ 16,589,031</u>	<u>\$ (82,968)</u>	<u>\$ 16,506,063</u>

At June 30, 2012, receivables for the transfer station enterprise fund consist of the following:

	Gross Amount	Allowance for Uncollectibles	Net Amount
<u>Receivables:</u>			
Departmental and other.....	\$ 5,500	\$ -	\$ 5,500

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

	General Fund	Other Governmental Funds	Total
<u>Receivable type:</u>			
Real estate and personal property taxes.....	\$ 383,056	\$ -	\$ 383,056
Real estate tax deferrals.....	2,293,633	-	2,293,633
Tax liens.....	646,910	-	646,910
Motor vehicle and other excise taxes.....	207,440	-	207,440
Community preservation surcharges.....	-	17,805 (a)	17,805
Departmental and other.....	-	299,759 (b)	299,759
Intergovernmental (state school construction).....	12,108,436	-	12,108,436
Intergovernmental (other state and federal).....	-	26,375 (b)	26,375
Tax foreclosures.....	257,442	-	257,442
Total.....	\$ 15,896,917	\$ 343,939	\$ 16,240,856

(a) Community preservation major fund

(b) Nonmajor governmental funds

The Massachusetts School Building Authority (MSBA) provides contract assistance to the Town for the completed Haynes Elementary, Loring Elementary and Curtis Middle School construction projects. The assistance program provides resources for future debt service of general obligation school bonds outstanding. During fiscal year 2012, approximately \$1,681,000 of such assistance was received. \$15,131,016 will be received in future fiscal years. Of this amount, \$3,022,580 represents reimbursement of long-term interest costs, and \$12,108,436 represents reimbursement of approved construction costs. Accordingly, a \$12,108,436 intergovernmental receivable and corresponding deferred revenue have been reported in the governmental fund financial statements. The deferred revenue has been recognized as revenue in the conversion to the government-wide financial statements.

NOTE 5 - CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2012, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
<u>Capital assets not being depreciated:</u>				
Land.....	\$ 26,634,101	\$ 55,501	\$ -	\$ 26,689,602
Intangible assets.....	8,318,730	-	-	8,318,730
Total capital assets not being depreciated.....	34,952,831	55,501	-	35,008,332
<u>Capital assets being depreciated:</u>				
Land improvements.....	2,516,461	-	-	2,516,461
Buildings and improvements.....	67,674,845	2,295,585	-	69,970,430
Machinery and equipment.....	7,456,791	151,455	(23,000)	7,585,246
Vehicles.....	3,152,770	271,111	(347,749)	3,076,132
Infrastructure.....	14,430,801	857,240	-	15,288,041
Total capital assets being depreciated.....	95,231,668	3,575,391	(370,749)	98,436,310
<u>Less accumulated depreciation for:</u>				
Land improvements.....	(771,026)	(71,382)	-	(842,408)
Buildings and improvements.....	(23,045,787)	(1,799,054)	-	(24,844,841)
Machinery and equipment.....	(5,240,108)	(372,730)	23,000	(5,589,838)
Vehicles.....	(2,544,720)	(205,863)	285,089	(2,465,494)
Infrastructure.....	(8,354,983)	(594,699)	-	(8,949,682)
Total accumulated depreciation.....	(39,956,624)	(3,043,728)	308,089	(42,692,263)
Total capital assets being depreciated, net.....	55,275,044	531,663	(62,660)	55,744,047
Total governmental activities capital assets, net.....	\$ 90,227,875	\$ 587,164	\$ (62,660)	\$ 90,752,379

	Beginning Balance	Increases	Decreases	Ending Balance
Business-Type Activities:				
<u>Capital assets not being depreciated:</u>				
Land.....	\$ 192,500	\$ -	\$ -	\$ 192,500
<u>Capital assets being depreciated:</u>				
Buildings and improvements.....	1,160,406	122,366	-	1,282,772
Machinery and equipment.....	13,564	-	-	13,564
Vehicles.....	136,640	-	-	136,640
Total capital assets being depreciated.....	1,310,610	122,366	-	1,432,976
<u>Less accumulated depreciation for:</u>				
Buildings and improvements.....	(696,244)	(35,909)	-	(732,153)
Machinery and equipment.....	(5,425)	(1,356)	-	(6,781)
Vehicles.....	(136,640)	-	-	(136,640)
Total accumulated depreciation.....	(838,309)	(37,265)	-	(875,574)
Total capital assets being depreciated, net.....	472,301	85,101	-	557,402
Total business-type activities capital assets, net.....	\$ 664,801	\$ 85,101	\$ -	\$ 749,902

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

Governmental Activities:

General government.....	\$ 127,788
Public safety.....	336,993
Education.....	1,431,569
Public works.....	979,687
Health and human services.....	13,447
Culture and recreation.....	154,243

Total depreciation expense - governmental activities..... \$ 3,043,728

Business-Type Activities:

Swimming pool.....	\$ 37,265
--------------------	-----------

NOTE 6 - INVESTED IN CAPITAL ASSETS, NET OF RELATED DEBT

Invested in capital assets, net of related debt at June 30, 2012 is summarized as follows:

Governmental Activities

Capital assets.....	\$ 133,444,642
Less accumulated depreciation.....	(42,692,263)
Less outstanding bonds and notes payable.....	(31,970,000)
Less outstanding capital leases.....	(534,148)
Add unspent proceeds of capital related debt.....	<u>148,783</u>
Invested in capital assets, net of related debt.....	<u>\$ 58,397,014</u>

Business-Type Activities

Capital assets.....	\$ 1,625,476
Less accumulated depreciation.....	<u>(875,574)</u>
Invested in capital assets, net of related debt.....	<u>\$ 749,902</u>

NOTE 7 - INTERFUND TRANSFERS

Interfund transfers for the fiscal year ended June 30, 2012, are summarized as follows:

Transfers Out:	Transfers In:			
	General Fund	Affordable Housing Fund	Nonmajor Enterprise Funds	Total
General Fund.....	\$ -	\$ -	\$ 300,000	\$ 300,000 (1)
Community Preservation Fund.....	-	190,000	-	190,000 (2)
Nonmajor Governmental Funds.....	587,592	-	-	587,592 (3)
Nonmajor Enterprise Funds.....	<u>33,146</u>	<u>-</u>	<u>-</u>	<u>33,146 (4)</u>
	<u>\$ 620,738</u>	<u>\$ 190,000</u>	<u>\$ 300,000</u>	<u>\$ 1,110,738</u>

- (1) Represents budgeted transfer to the swimming pool enterprise fund for a capital project
- (2) Represents budgeted transfer to the affordable housing fund
- (3) Represents budgeted transfer from the ambulance receipts reserved special revenue fund to fund the fiscal year 2012 operating budget
- (4) Represents budgeted transfer of indirect costs from the transfer station enterprise fund

NOTE 8 - SHORT-TERM FINANCING

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

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

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

Details related to the short-term debt activity for the fiscal year ended June 30, 2012, is as follows:

Type	Description	Origination Date	Maturity Date	Interest Rate	Balance at June 30, 2011	Increases	Decreases	Balance at June 30, 2012
BAN	School Construction.....	6/22/11	12/22/11	0.90%	\$ 220,000	\$ -	\$ (220,000)	\$ -

NOTE 9 - LONG-TERM OBLIGATIONS

The following represents a summary of changes that occurred in long-term obligations during the fiscal year ended June 30, 2012:

	Balance June 30, 2011	Increases	Decreases	Balance June 30, 2012	Current Portion
Governmental Activities:					
Bonds and notes payable.....	\$ 35,760,000	\$ -	\$ (3,790,000)	\$ 31,970,000	\$ 3,820,000
Capital lease obligations.....	597,081	221,115	(284,048)	534,148	220,203
Net OPEB obligation.....	7,996,842	3,469,042	(869,914)	10,595,970	-
Compensated absences.....	591,550	81,199	(38,223)	634,526	63,453
Total.....	\$ 44,945,473	\$ 3,771,356	\$ (4,982,185)	\$ 43,734,644	\$ 4,103,656
Business-type Activities:					
Net OPEB obligation.....	\$ 105,098	\$ 50,131	\$ (12,571)	\$ 142,658	\$ -
Compensated absences.....	20,916	650	(626)	20,940	2,094
Total.....	\$ 126,014	\$ 50,781	\$ (13,197)	\$ 163,598	\$ 2,094

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

NOTE 10 - LONG-TERM DEBT

Details related to the outstanding indebtedness at June 30, 2012, and the debt service requirements are as follows:

Bonds and Notes Payable – Governmental Funds

Project	Interest Rate (%)	Outstanding at June 30, 2011	Additions	Reductions	Outstanding at June 30, 2012
School & Public Works Construction.....	2.89	\$ 1,050,000	\$ -	\$ (525,000)	\$ 525,000
Land Acquisition.....	4.18	3,235,000	-	(295,000)	2,940,000
School Construction Refunding.....	3.81	13,225,000	-	(1,405,000)	11,820,000
Land Acquisition Refunding.....	3.60	3,385,000	-	(475,000)	2,910,000
Municipal Purpose.....	3.93	1,850,000	-	(135,000)	1,715,000
Land Development Rights.....	2.00 - 4.00	4,535,000	-	(255,000)	4,280,000
Land Development Rights.....	2.00 - 4.00	2,030,000	-	(125,000)	1,905,000
School Construction Refunding.....	2.00 - 4.00	4,870,000	-	(575,000)	4,295,000
School Construction.....	2.00 - 3.00	1,580,000	-	-	1,580,000
Total governmental funds		\$ 35,760,000	\$ -	\$ (3,790,000)	\$ 31,970,000

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

Fiscal Year	Principal	Interest	Total
2013.....	\$ 3,820,000	\$ 1,131,352	\$ 4,951,352
2014.....	3,260,000	1,014,907	4,274,907
2015.....	3,185,000	900,580	4,085,580
2016.....	3,065,000	786,546	3,851,546
2017.....	2,985,000	675,553	3,660,553
2018.....	2,965,000	561,971	3,526,971
2019.....	2,705,000	456,234	3,161,234
2020.....	2,770,000	361,180	3,131,180
2021.....	2,835,000	228,920	3,063,920
2022.....	870,000	154,068	1,024,068
2023.....	715,000	123,333	838,333
2024.....	715,000	95,644	810,644
2025.....	480,000	67,527	547,527
2026.....	350,000	50,094	400,094
2027.....	350,000	37,875	387,875
2028.....	350,000	25,344	375,344
2029.....	350,000	12,500	362,500
2030.....	100,000	4,500	104,500
2031.....	100,000	1,500	101,500
Total.....	\$ 31,970,000	\$ 6,689,628	\$ 38,659,628

Authorized and Unissued Debt

The Town is subject to various debt limits by statute and may issue additional general obligation debt under the normal debt limit. At June 30, 2012, the Town had the following authorized and unissued debt:

<u>Purpose</u>	<u>Amount</u>
Noyes green repair.....	\$ 1,060,000
Nobscot.....	510,000
Total.....	<u>\$ 1,570,000</u>

NOTE 11 - CAPITAL LEASES

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

The following schedule presents future minimum lease payments as of June 30, 2012:

<u>Fiscal Years Ending June 30</u>	<u>Governmental Activities</u>
2013.....	\$ 241,996
2014.....	189,425
2015.....	95,445
2016.....	<u>46,546</u>
Total minimum lease payments.....	573,412
Less: amounts representing interest.....	<u>(39,264)</u>
Present value of minimum lease payments.....	<u>\$ 534,148</u>

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

<u>Asset:</u>	<u>Governmental Activities</u>
Machinery and equipment and vehicles.....	\$ 1,111,135
Less: accumulated amortization.....	<u>(309,076)</u>
Total.....	<u>\$ 802,059</u>

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

NOTE 12 - OTHER POST EMPLOYMENT BENEFITS

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

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

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

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

Annual OPEB Cost and Net OPEB Obligation - The Town’s annual OPEB cost (expense) is calculated based on the annual required contribution (ARC) of the employer, an actuarially determined amount that is calculated in accordance with the parameters set forth in GASB Statement #45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

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

	<u>Amount</u>
Annual required contribution.....	\$ 3,663,686
Interest on net OPEB obligation.....	324,078
Adjustment to annual required contribution.....	<u>(468,591)</u>
Annual OPEB cost.....	3,519,173
Contributions made.....	<u>(882,485)</u>
Increase in net OPEB obligation.....	2,636,688
Net OPEB obligation at beginning of year.....	<u>8,101,940</u>
Net OPEB obligation at end of year.....	<u><u>\$ 10,738,628</u></u>

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

<u>Fiscal Year Ending</u>	<u>Annual OPEB Cost (AOPEBC)</u>	<u>Percentage of AOPEBC Contributed</u>	<u>Net OPEB Obligation</u>
June 30, 2010.....	\$ 3,588,748	22.0%	\$ 5,345,202
June 30, 2011.....	3,602,071	23.5%	8,101,940
June 30, 2012.....	3,519,173	25.1%	10,738,628

Funded Status and Funding Progress – The funded status of the Plan at July 1, 2011, the most recent actuarial valuation, was as follows:

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

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedules of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

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

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

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

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

Governmental Activities:

General government.....	\$ 192,661
Public safety.....	599,271
Education.....	2,371,391
Public works.....	169,512
Health and human services.....	38,959
Culture and recreation.....	97,247

Total AOPEBC - governmental activities.....	<u>3,469,042</u>
---	------------------

Business-Type Activities:

Swimming pool.....	32,420
Transfer station.....	11,370
Recreation field maintenance.....	<u>6,341</u>

Total AOPEBC - business-type activities.....	<u>50,131</u>
--	---------------

Total AOPEBC.....	<u>\$ 3,519,173</u>
-------------------	---------------------

NOTE 13 – RISK FINANCING

The Town is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the Town carries commercial insurance. The amount of claim settlements has not exceeded insurance coverage in any of the previous three fiscal years.

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

A. Health Insurance

The estimated "Incurred But Not Reported (IBNR)" claims are based on actual and historical lag claims. The liability at June 30, 2012 totaled \$643,771. Changes in the reported liability since July 1, 2010, are as follows:

	Balance at Beginning of Fiscal Year	Current Year Claims and Changes in Estimate	Claims Payments	Balance at Fiscal Year-end
Fiscal year 2011.....	\$ 585,260	\$ 8,085,564	\$ (8,056,821)	\$ 614,003
Fiscal year 2012.....	614,003	9,364,430	(9,334,662)	643,771

Subsequent Events

On July 1, 2012, the Town began participating in the Commonwealth's Group Insurance Commission (GIC), which offers a variety of premium based health insurance plans for the Town's employees and retirees.

B. Workers' Compensation

Workers' compensation claims are administered by a third party administrator and are funded on a pay-as-you-go basis from annual appropriations. The Town has recorded a liability of \$18,952 at June 30, 2012, which represents an estimate of all outstanding claims as of that date. Changes in the reported liability since July 1, 2010, are as follows:

	Balance at Beginning of Fiscal Year	Current Year Claims and Changes in Estimate	Claims Payments	Balance at Fiscal Year-end
Fiscal year 2011.....	\$ 108,851	\$ 64,514	\$ (83,417)	\$ 89,948
Fiscal year 2012.....	89,948	129,176	(200,172)	18,952

C. Municipal Building Insurance

Municipal building insurance claims are immaterial at June 30, 2012 and, therefore, no liability is reported.

NOTE 14 - FUND BALANCES

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

	General	Community Preservation	Affordable Housing	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable:					
Permanent fund principal.....	\$ -	\$ -	\$ -	\$ 1,034,051	\$ 1,034,051
Restricted:					
Employee benefits.....	6,271,135	-	-	-	6,271,135
OPEB.....	128,700	-	-	-	128,700
Community preservation.....	-	8,952,251	-	-	8,952,251
Affordable housing.....	-	-	617,881	-	617,881
School lunch.....	-	-	-	189,027	189,027
Revolving.....	-	-	-	2,979,173	2,979,173
Receipts reserved.....	-	-	-	1,546,051	1,546,051
Grants.....	-	-	-	523,737	523,737
Other special revenue.....	-	-	-	665,805	665,805
Streets and sidewalks.....	-	-	-	5,198	5,198
School construction.....	-	-	-	64,959	64,959
Other capital projects.....	-	-	-	23,603	23,603
Cemetery perpetual care.....	-	-	-	84,652	84,652
Other permanent funds.....	-	-	-	405,218	405,218
Sub-total - Restricted.....	6,399,835	8,952,251	617,881	6,487,423	22,457,390
Committed:					
Continuing appropriations.....	216,864	-	-	-	216,864
Subsequent year's expenditures....	26,000	-	-	-	26,000
Other capital projects.....	-	-	-	60,222	60,222
Sub-total - Committed.....	242,864	-	-	60,222	303,086
Assigned:					
Encumbrances - school.....	1,054,380	-	-	-	1,054,380
Encumbrances - other.....	356,908	-	-	-	356,908
Sub-total - Assigned.....	1,411,288	-	-	-	1,411,288
Unassigned.....	5,603,341	-	-	-	5,603,341
Total fund balance.....	\$ 13,657,328	\$ 8,952,251	\$ 617,881	\$ 7,581,696	\$ 30,809,156

NOTE 15 - STABILIZATION FUNDS

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

The balance of the stabilization fund at June 30, 2012 totals \$1,972,834 and is reported in the general fund as unassigned fund balance.

NOTE 16 – PENSION PLAN

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

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

Funding Policy – Chapter 32 of MGL governs the contributions of plan members and the Town. Plan members are required to contribute to the System at rates ranging from 5% to 11% of annual covered compensation. The Town is required to pay into the System its share of the system-wide actuarial determined contribution that is apportioned among the employers based on annual covered payroll. The Town's contributions to the System for the fiscal years ended June 30, 2012, 2011, and 2010 were \$2,981,011, \$2,789,175, and \$2,670,190, respectively, which equaled its required contribution for each fiscal year.

NOTE 17 – MASSACHUSETTS TEACHERS RETIREMENT SYSTEM

Public school teachers and certain administrators are members of the Massachusetts Teachers Retirement System, to which the Town does not contribute. Pension benefits and administrative expenses paid by the Teachers Retirement Board are the legal responsibility of the Commonwealth. The amount of these on-behalf payments totaled approximately \$5,243,000 for the fiscal year ended June 30, 2012, and, accordingly, are reported in the general fund as intergovernmental revenues and pension expenditures.

NOTE 18 – COMMITMENTS

The Town's significant commitments consist of the encumbrances and continuing appropriations outstanding for the general fund, which totaled \$1,628,152 at June 30, 2012.

NOTE 19 – CONTINGENCIES

Various legal actions and claims are pending against the Town. Litigation is subject to many uncertainties, and the outcome of individual litigated matters is not always predictable. Although the amount of liability, if any, at June 30, 2012, cannot be ascertained, management believes any resulting liability should not materially affect the financial position of the Town at June 30, 2012.

The Town participates in a number of federal award programs. Although the grant programs have been audited in accordance with the provisions of the Single Audit Act Amendments of 1996 through June 30, 2012, these programs are still subject to financial and compliance audits. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the Town expects such amounts, if any, to be immaterial.

NOTE 20 – FUTURE IMPLEMENTATION OF GASB PRONOUNCEMENTS

The GASB has issued the following statements:

- Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*, which is required to be implemented during fiscal year 2013. Management does not believe the implementation of this Statement will impact the basic financial statements.
- Statement No. 61, *The Financial Reporting Entity: Omnibus – an amendment of GASB Statements No. 14 and No. 34*, which is required to be implemented during fiscal year 2013. Management does not believe the implementation of this Statement will impact the basic financial statements.
- Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, which is required to be implemented during fiscal year 2013. Management does not believe the implementation of this Statement will impact the basic financial statements.
- Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, which is required to be implemented during fiscal year 2013. The implementation of this Statement will require a change to the title of the Statement of Net Assets to the Statement of Net Position.
- Statement No. 65, *Items Previously Reported as Assets and Liabilities*, which is required to be implemented during fiscal year 2014. Management does not believe the implementation of this Statement will significantly impact the basic financial statements.
- Statement No. 66, *Technical Corrections – 2012 – an amendment of GASB Statements No. 10 and No. 62*, which is required to be implemented during fiscal year 2014. Management does not believe the implementation of this Statement will impact the basic financial statements.
- Statement No. 67, *Financial Reporting for Pension Plans – an Amendment of GASB Statement No. 25*, which is required to be implemented during fiscal year 2014. Management has determined that the implementation of this Statement will not impact the basic financial statements.
- Statement No. 68, *Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27*, which is required to be implemented during fiscal year 2015. The implementation of this Statement will represent a significant change in the accounting and reporting of pension expense and the related liability. For the first time, the Town will be required to recognize its long-term obligation for pension benefits as a liability and to more comprehensively measure the annual costs of pension benefits. The implementation of this Statement also expands pension related note disclosures and required supplementary information.

These pronouncements will be implemented by their respective implementation dates.

Required Supplementary Information

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Prior Year Encumbrances and Continuing Appropriations	Original Budget	Supplemental Appropriations and Transfers	Final Budget
REVENUES				
Real estate and personal property taxes.....	\$ -	\$ 68,499,500	\$ -	\$ 68,499,500
Motor vehicle and other excise taxes.....	-	2,682,000	-	2,682,000
Tax liens.....	-	-	-	-
Payments in lieu of taxes.....	-	55,000	-	55,000
Intergovernmental.....	-	7,057,011	-	7,057,011
Penalties and interest on taxes.....	-	175,000	-	175,000
Licenses and permits.....	-	400,000	-	400,000
Fines and forfeitures.....	-	55,000	-	55,000
Departmental and other.....	-	270,000	-	270,000
Investment income.....	-	20,000	-	20,000
TOTAL REVENUES.....	-	79,213,511	-	79,213,511
EXPENDITURES				
GENERAL GOVERNMENT				
Selectmen/Town Manager				
Personal services.....	-	303,135	-	303,135
Expenditures.....	219,770	459,617	14,749	694,136
Total.....	219,770	762,752	14,749	997,271
Assistant Town Manager/Personnel				
Personal services.....	-	116,007	(9,600)	106,407
Expenditures.....	2,265	4,150	9,600	16,015
Total.....	2,265	120,157	-	122,422
Accounting				
Personal services.....	-	234,477	-	234,477
Expenditures.....	436	39,080	-	39,516
Total.....	436	273,557	-	273,993
Finance Committee				
Personal services.....	-	1,851	-	1,851
Expenditures.....	-	204	-	204
Total.....	-	2,055	-	2,055
Assessors				
Personal services.....	-	269,235	1,474	270,709
Expenditures.....	218	15,212	(1,473)	13,957
Total.....	218	284,447	1	284,666
Finance Director/Treasurer/Collector				
Personal services.....	-	271,536	-	271,536
Expenditures.....	-	29,869	-	29,869
Total.....	-	301,405	-	301,405
Information Systems				
Personal services.....	-	171,755	1	171,756
Expenditures.....	-	158,416	16,300	174,716
Total.....	-	330,171	16,301	346,472

<u>Actual</u>	<u>Current Year Encumbrances and Continuing Appropriations</u>	<u>Actual and Encumbrances and Continuing Appropriations</u>	<u>Variance Positive/ (Negative)</u>
\$ 68,343,615	\$ -	\$ 68,343,615	\$ (155,885)
2,953,422	-	2,953,422	271,422
476,967	-	476,967	476,967
31,030	-	31,030	(23,970)
7,151,233	-	7,151,233	94,222
288,058	-	288,058	113,058
483,012	-	483,012	83,012
80,659	-	80,659	25,659
496,572	-	496,572	226,572
16,409	-	16,409	(3,591)
<u>80,320,977</u>	<u>-</u>	<u>80,320,977</u>	<u>1,107,466</u>
301,032	-	301,032	2,103
473,003	220,920	693,923	213
<u>774,035</u>	<u>220,920</u>	<u>994,955</u>	<u>2,316</u>
67,513	-	67,513	38,894
6,852	345	7,197	8,818
<u>74,365</u>	<u>345</u>	<u>74,710</u>	<u>47,712</u>
231,183	-	231,183	3,294
37,001	523	37,524	1,992
<u>268,184</u>	<u>523</u>	<u>268,707</u>	<u>5,286</u>
1,232	-	1,232	619
76	-	76	128
<u>1,308</u>	<u>-</u>	<u>1,308</u>	<u>747</u>
270,709	-	270,709	-
13,401	-	13,401	556
<u>284,110</u>	<u>-</u>	<u>284,110</u>	<u>556</u>
266,500	-	266,500	5,036
27,251	1,080	28,331	1,538
<u>293,751</u>	<u>1,080</u>	<u>294,831</u>	<u>6,574</u>
171,754	-	171,754	2
174,716	-	174,716	-
<u>346,470</u>	<u>-</u>	<u>346,470</u>	<u>2</u>

(continued)

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Prior Year Encumbrances and Continuing Appropriations	Original Budget	Supplemental Appropriations and Transfers	Final Budget
Law				
Personal services.....	-	85,529	(180)	85,349
Expenditures.....	12,329	75,137	-	87,466
Total.....	12,329	160,666	(180)	172,815
Town Clerk and Registrars				
Personal services.....	-	219,712	-	219,712
Expenditures.....	619	22,051	-	22,670
Total.....	619	241,763	-	242,382
Conservation				
Personal services.....	-	111,738	(4,049)	107,689
Expenditures.....	-	2,930	4,050	6,980
Total.....	-	114,668	1	114,669
Planning and Board of Appeals				
Personal services.....	-	181,195	(2,395)	178,800
Expenditures.....	-	1,745	2,394	4,139
Total.....	-	182,940	(1)	182,939
Town-Wide Operations				
Expenditures.....	204	142,100	13,293	155,597
Reserve Fund	-	259,048	(228,035)	31,013
TOTAL GENERAL GOVERNMENT	235,841	3,175,729	(183,871)	3,227,699
PUBLIC SAFETY				
Police				
Personal services.....	-	2,460,169	(33,000)	2,427,169
Expenditures.....	7,936	298,968	111,409	418,313
Total.....	7,936	2,759,137	78,409	2,845,482
Fire				
Personal services.....	-	2,813,109	(103,948)	2,709,161
Expenditures.....	49,635	410,928	99,266	559,829
Total.....	49,635	3,224,037	(4,682)	3,268,990
Building				
Personal services.....	-	444,505	(9,999)	434,506
Expenditures.....	27,367	564,255	(22,443)	569,179
Total.....	27,367	1,008,760	(32,442)	1,003,685
TOTAL PUBLIC SAFETY	84,938	6,991,934	41,285	7,118,157
EDUCATION				
School Department.....	1,396,365	49,419,415	238,025	51,053,805

<u>Actual</u>	<u>Current Year Encumbrances and Continuing Appropriations</u>	<u>Actual and Encumbrances and Continuing Appropriations</u>	<u>Variance Positive/ (Negative)</u>
82,371	-	82,371	2,978
60,863	376	61,239	26,227
143,234	376	143,610	29,205
207,581	-	207,581	12,131
22,076	590	22,666	4
229,657	590	230,247	12,135
95,613	-	95,613	12,076
5,053	1,900	6,953	27
100,666	1,900	102,566	12,103
157,568	-	157,568	21,232
3,484	57	3,541	598
161,052	57	161,109	21,830
114,746	21,232	135,978	19,619
-	-	-	31,013
2,791,578	247,023	3,038,601	189,098
2,393,773	-	2,393,773	33,396
353,793	58,725	412,518	5,795
2,747,566	58,725	2,806,291	39,191
2,701,365	-	2,701,365	7,796
471,833	86,453	558,286	1,543
3,173,198	86,453	3,259,651	9,339
374,494	-	374,494	60,012
531,745	36,273	568,018	1,161
906,239	36,273	942,512	61,173
6,827,003	181,451	7,008,454	109,703
49,914,189	1,054,380	50,968,569	85,236

(continued)

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Prior Year Encumbrances and Continuing Appropriations	Original Budget	Supplemental Appropriations and Transfers	Final Budget
PUBLIC WORKS				
Engineering				
Personal services.....	-	398,600	(36,845)	361,755
Expenditures.....	7,235	12,386	31,845	51,466
Total.....	7,235	410,986	(5,000)	413,221
Streets and Roads				
Personal services.....	-	932,100	-	932,100
Expenditures.....	33,331	1,025,543	33,300	1,092,174
Total.....	33,331	1,957,643	33,300	2,024,274
Snow and Ice				
Expenditures.....	-	424,750	(163,050)	261,700
Trees and Cemetery				
Personal services.....	-	289,607	-	289,607
Expenditures.....	10,500	48,378	45,000	103,878
Total.....	10,500	337,985	45,000	393,485
Parks and Grounds				
Personal services.....	-	130,257	-	130,257
Expenditures.....	2,999	42,525	-	45,524
Total.....	2,999	172,782	-	175,781
TOTAL PUBLIC WORKS.....	54,065	3,304,146	(89,750)	3,268,461
HEALTH AND HUMAN SERVICES				
Board of Health				
Personal services.....	-	218,794	-	218,794
Expenditures.....	367	158,842	18,001	177,210
Total.....	367	377,636	18,001	396,004
Council on Aging				
Personal services.....	-	133,187	-	133,187
Expenditures.....	266	6,000	-	6,266
Total.....	266	139,187	-	139,453
Veterans Affairs				
Personal services.....	-	11,965	-	11,965
Expenditures.....	-	5,450	11,442	16,892
Total.....	-	17,415	11,442	28,857
TOTAL HEALTH AND HUMAN SERVICES.....	633	534,238	29,443	564,314

<u>Actual</u>	<u>Current Year Encumbrances and Continuing Appropriations</u>	<u>Actual and Encumbrances and Continuing Appropriations</u>	<u>Variance Positive/ (Negative)</u>
310,992	-	310,992	50,763
24,653	26,412	51,065	401
335,645	26,412	362,057	51,164
895,115	-	895,115	36,985
1,011,627	68,877	1,080,504	11,670
1,906,742	68,877	1,975,619	48,655
261,542	-	261,542	158
279,996	-	279,996	9,611
101,749	1,734	103,483	395
381,745	1,734	383,479	10,006
121,193	-	121,193	9,064
44,447	-	44,447	1,077
165,640	-	165,640	10,141
3,051,314	97,023	3,148,337	120,124
204,571	-	204,571	14,223
139,090	33,109	172,199	5,011
343,661	33,109	376,770	19,234
127,355	-	127,355	5,832
4,688	331	5,019	1,247
132,043	331	132,374	7,079
11,965	-	11,965	-
15,601	-	15,601	1,291
27,566	-	27,566	1,291
503,270	33,440	536,710	27,604

(continued)

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Prior Year Encumbrances and Continuing Appropriations	Original Budget	Supplemental Appropriations and Transfers	Final Budget
CULTURE AND RECREATION				
Goodnow Library				
Personal services.....	-	691,673	-	691,673
Expenditures.....	-	323,635	-	323,635
Total.....	-	1,015,308	-	1,015,308
Recreation				
Personal services.....	-	94,753	-	94,753
Expenditures.....	-	47,888	-	47,888
Total.....	-	142,641	-	142,641
Historical Commission				
Expenditures.....	-	5,309	-	5,309
Historic Districts Commission				
Personal services.....	-	2,465	180	2,645
Expenditures.....	-	286	-	286
Total.....	-	2,751	180	2,931
TOTAL CULTURE AND RECREATION.....	-	1,166,009	180	1,166,189
PENSION BENEFITS				
County Retirement System				
Expenditures.....	-	2,961,642	-	2,961,642
EMPLOYEE BENEFITS				
Worker's Compensation				
Expenditures.....	239	41,055	-	41,294
Unemployment Compensation				
Expenditures.....	10,805	121,905	(50,000)	82,710
Medical Premiums				
Expenditures.....	17,486	6,005,418	(220,312)	5,802,592
Life Insurance				
Expenditures.....	325	4,343	-	4,668
Medicare Tax				
Expenditures.....	1,228	483,624	-	484,852
TOTAL EMPLOYEE BENEFITS.....	30,083	6,656,345	(270,312)	6,416,116
PROPERTY AND LIABILITY INSURANCE				
Expenditures.....	-	284,096	(65,000)	219,096
STATE AND COUNTY CHARGES				
Expenditures.....	-	183,605	-	183,605

<u>Actual</u>	<u>Current Year Encumbrances and Continuing Appropriations</u>	<u>Actual and Encumbrances and Continuing Appropriations</u>	<u>Variance Positive/ (Negative)</u>
669,821	-	669,821	21,852
323,635	-	323,635	-
993,456	-	993,456	21,852
86,468	-	86,468	8,285
40,102	-	40,102	7,786
126,570	-	126,570	16,071
5,249	-	5,249	60
2,608	-	2,608	37
201	10	211	75
2,809	10	2,819	112
1,128,084	10	1,128,094	38,095
2,941,321	-	2,941,321	20,321
41,294	-	41,294	-
63,058	4,500	67,558	15,152
5,678,804	10,000	5,688,804	113,788
3,204	325	3,529	1,139
440,589	-	440,589	44,263
6,226,949	14,825	6,241,774	174,342
218,576	-	218,576	520
186,114	-	186,114	(2,509)
			(continued)

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Prior Year Encumbrances and Continuing Appropriations	Original Budget	Supplemental Appropriations and Transfers	Final Budget
DEBT SERVICE PRINCIPAL				
Expenditures.....	-	2,990,000	-	2,990,000
DEBT SERVICE INTEREST				
Expenditures.....	-	893,860	-	893,860
TOTAL EXPENDITURES.....	1,801,925	78,561,019	(300,000)	80,062,944
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES.....	(1,801,925)	652,492	300,000	(849,433)
OTHER FINANCING SOURCES (USES):				
Premium from issuance of bonds.....	-	-	-	-
Transfers in.....	-	620,738	-	620,738
Transfers out.....	-	(1,261,396)	(300,000)	(1,561,396)
Total other financing sources (uses).....	-	(640,658)	(300,000)	(940,658)
NET CHANGE IN FUND BALANCE.....	(1,801,925)	11,834	-	(1,790,091)
FUND BALANCE AT BEGINNING OF YEAR.....	3,433,808	3,433,808	3,433,808	3,433,808
FUND BALANCE AT END OF YEAR.....	\$ 1,631,883	\$ 3,445,642	\$ 3,433,808	\$ 1,643,717

See notes to required supplementary information.

<u>Actual</u>	<u>Current Year Encumbrances and Continuing Appropriations</u>	<u>Actual and Encumbrances and Continuing Appropriations</u>	<u>Variance Positive/ (Negative)</u>
<u>2,980,000</u>	<u>-</u>	<u>2,980,000</u>	<u>10,000</u>
<u>885,057</u>	<u>-</u>	<u>885,057</u>	<u>8,803</u>
<u>77,653,455</u>	<u>1,628,152</u>	<u>79,281,607</u>	<u>781,337</u>
<u>2,667,522</u>	<u>(1,628,152)</u>	<u>1,039,370</u>	<u>1,888,803</u>
<u>48,974</u>	<u>-</u>	<u>48,974</u>	<u>48,974</u>
<u>629,681</u>	<u>-</u>	<u>629,681</u>	<u>8,943</u>
<u>(1,561,396)</u>	<u>-</u>	<u>(1,561,396)</u>	<u>-</u>
<u>(882,741)</u>	<u>-</u>	<u>(882,741)</u>	<u>57,917</u>
<u>1,784,781</u>	<u>(1,628,152)</u>	<u>156,629</u>	<u>1,946,720</u>
<u>3,433,808</u>	<u>3,433,808</u>	<u>3,433,808</u>	<u>-</u>
<u>\$ 5,218,589</u>	<u>\$ 1,805,656</u>	<u>\$ 3,590,437</u>	<u>\$ 1,946,720</u>

(concluded)

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Prior Year Encumbrances and Continuing Appropriations	Original Budget	Supplemental Appropriations and Transfers	Final Budget
REVENUES				
Community preservation surcharges.....	\$ -	\$ 1,468,257	\$ -	\$ 1,468,257
Intergovernmental	-	431,743	-	431,743
Investment income.....	-	-	-	-
TOTAL REVENUES.....	-	1,900,000	-	1,900,000
EXPENDITURES				
Current:				
Administrative.....	-	85,000	-	85,000
Acquisitions and projects.....	1,453,068	1,020,000	-	2,473,068
Debt service:				
Principal.....	-	810,000	-	810,000
Interest.....	-	416,556	-	416,556
TOTAL EXPENDITURES.....	1,453,068	2,331,556	-	3,784,624
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES.....	(1,453,068)	(431,556)	-	(1,884,624)
OTHER FINANCING SOURCES (USES)				
Transfers out.....	-	(190,000)	-	(190,000)
NET CHANGE IN FUND BALANCE.....	(1,453,068)	(621,556)	-	(2,074,624)
FUND BALANCE AT BEGINNING OF YEAR...	8,620,708	8,620,708	8,620,708	8,620,708
FUND BALANCE AT END OF YEAR.....	\$ 7,167,640	\$ 7,999,152	\$ 8,620,708	\$ 6,546,084

See notes to required supplementary information.

<u>Actual</u>	<u>Current Year Encumbrances and Continuing Appropriations</u>	<u>Actual and Encumbrances and Continuing Appropriations</u>	<u>Variance Positive/ (Negative)</u>
\$ 1,529,460	\$ -	\$ 1,529,460	\$ 61,203
431,743	-	431,743	-
<u>102,681</u>	<u>-</u>	<u>102,681</u>	<u>102,681</u>
<u>2,063,884</u>	<u>-</u>	<u>2,063,884</u>	<u>163,884</u>
66,133	-	66,133	18,867
249,652	805,999	1,055,651	1,417,417
810,000	-	810,000	-
<u>416,556</u>	<u>-</u>	<u>416,556</u>	<u>-</u>
<u>1,542,341</u>	<u>805,999</u>	<u>2,348,340</u>	<u>1,436,284</u>
521,543	(805,999)	(284,456)	1,600,168
<u>(190,000)</u>	<u>-</u>	<u>(190,000)</u>	<u>-</u>
331,543	(805,999)	(474,456)	1,600,168
<u>8,620,708</u>	<u>8,620,708</u>	<u>8,620,708</u>	<u>-</u>
<u>\$ 8,952,251</u>	<u>\$ 7,814,709</u>	<u>\$ 8,146,252</u>	<u>\$ 1,600,168</u>

PENSION PLAN SCHEDULES

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

SCHEDULES OF FUNDING PROGRESS (SYSTEM)

Actuarial Valuation Date	Actuarial Value of Assets (A)	Actuarial Accrued Liability (AAL) Entry Age (B)	Unfunded AAL (UAAL) (B-A)	Funded Ratio (A/B)	Covered Payroll (C)	UAAL as a Percentage of Covered Payroll ((B-A)/C)
01/01/10	\$ 819,987,914	\$ 1,742,380,855	\$ 922,392,941	47.1%	\$ 384,598,692	239.8%
01/01/08	774,863,669	1,529,806,307	754,942,638	50.7%	360,206,302	209.6%
01/01/06	653,156,866	1,364,582,969	711,426,103	47.9%	330,999,861	214.9%
01/01/04	618,163,380	1,223,828,127	605,664,747	50.5%	306,025,949	197.9%
01/01/02	599,699,143	1,020,828,178	421,129,035	58.7%	280,740,439	150.0%
01/01/00	570,263,467	905,280,472	335,017,005	63.0%	253,228,818	132.3%

SCHEDULE OF EMPLOYER CONTRIBUTIONS (SYSTEM)

Year Ended December 31	Annually Required Contributions (ARC)	Percentage of ARC Contributed (%)
2006	\$ 57,553,642	100
2007	64,053,064	100
2008	71,233,749	100
2009	74,126,190	100
2010	76,270,263	100
2011	79,640,599	100

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

TOWN SHARE OF SYSTEM ARC

Fiscal Year Ended	ARC	Percentage of ARC Contributed (%)	Town ARC as a Percentage of System ARC (%)
2007	\$ 2,065,921	100	3.6%
2008	2,308,957	100	3.6%
2009	2,621,713	100	3.7%
2010	2,670,190	100	3.6%
2011	2,789,175	100	3.7%
2012	2,981,011	100	3.7%

OTHER POSTEMPLOYMENT BENEFITS SCHEDULES

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

SCHEDULES OF FUNDING PROGRESS

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

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

- The actuarial cost method was changed from entry age normal (07/01/07 valuation) to project unit credit (07/01/09 valuation)
- The interest discount rate was changed from 5.0% (07/01/07 valuation) to 4.0% (07/01/09 valuation) and 3.5% (07/01/11 valuation), respectively
- The 07/01/11 valuation reflects the Town's change in health insurance coverage to the GIC beginning in fiscal year 2013

NOTE A - BUDGETARY - GAAP RECONCILIATION

For budgetary financial reporting purposes, the Uniform Massachusetts Accounting System basis of accounting (established by the Commonwealth) is followed, which differs from the GAAP basis of accounting. A reconciliation of budgetary-basis to GAAP-basis results for the general fund and community preservation fund for the fiscal year ended June 30, 2012, is presented below:

General Fund

	<u>Revenues</u>	<u>Expenditures</u>	<u>Other Financing Sources (Uses)</u>
Budgetary basis as reported on the schedule of revenues, expenditures and changes in fund balance - budget and actual.....	\$ 80,320,977	\$ 79,281,607	\$ (882,741)
<u>Reclassifications</u>			
Activity of stabilization fund recorded in the general fund for GAAP purposes.....	16,611	-	-
Activity of health insurance, workers' compensation and OPEB retiree trusts recorded in the general fund for GAAP purposes.....	93,998	2,018,077	1,252,453
<u>Adjustments</u>			
Net change in recording 60-day receipts.....	1,253	-	-
Net change in recording tax refunds payable.....	(16,763)	-	-
To record MTRS on-behalf payments.....	5,243,314	5,243,314	-
To record capital leases.....	-	221,115	221,115
To record encumbrances and continuing appropriations.....	-	(1,628,152)	-
GAAP basis as reported on the statement of revenues, expenditures and changes in fund balances.....	\$ <u>85,659,390</u>	\$ <u>85,135,961</u>	\$ <u>590,827</u>

Community Preservation Fund

	<u>Expenditures</u>
Budgetary basis as reported on the schedule of revenues, expenditures and changes in fund balance - budget and actual.....	\$ 2,348,340
<u>Adjustments</u>	
To record encumbrances and continuing appropriations.....	(805,999)
GAAP basis as reported on the statement of revenues, expenditures and changes in fund balances.....	\$ <u>1,542,341</u>

NOTE B - PENSION PLAN

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

Valuation date:	January 1, 2010
Actuarial cost method:	Entry age normal
Amortization method:	Level dollar for the 2002 and 2003 ERIs and increasing amortization for the remaining unfunded liability
Remaining amortization period (open):	As of July 1, 2010, 9 years remaining for 2002 ERI liability, 10 years remaining for the 2003 ERI liability and 25 years for remaining unfunded liability
Asset valuation method:	The difference between the expected return and the actual investment return on a market value basis is recognized over a five-year period as described by Revenue Procedure 2000-40
<u>Actuarial assumptions:</u>	
Investment rate of return:	8.125%
Projected salary increases:	4.75% for Group 1 and 5.25% for Group 4
Cost of living adjustments:	3.00% of first \$12,000 of retirement income, increasing to \$13,000 on July 1, 2011 and to \$14,000 on July 1, 2012

This page left intentionally blank.

Combining and Individual Fund Statements and Schedules

Nonmajor Governmental Funds

Narrative

Special Revenue Funds

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

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

Revolving – accounts for the activity of revolving funds established in accordance with Massachusetts General Laws (MGL).

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

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

Other – accounts for all other special revenue funds.

Capital Projects Funds

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

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

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

Other – accounts for all other capital projects funds.

Permanent Funds

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

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

Other - accounts for all other permanent funds.

**NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET**

JUNE 30, 2012

<i>Special Revenue Funds</i>						
	School Lunch	Revolving	Receipts Reserved	Grants	Other	Sub-total
ASSETS						
Restricted cash and cash equivalents.....	\$ 284,877	\$ 3,074,075	\$ 1,546,051	\$ 523,737	\$ 665,805	\$ 6,094,545
Restricted investments.....	-	-	-	-	-	-
Receivables, net of allowance for uncollectible amounts:						
Departmental and other.....	-	-	299,759	-	-	299,759
Intergovernmental.....	-	-	-	26,375	-	26,375
TOTAL ASSETS.....	\$ 284,877	\$ 3,074,075	\$ 1,845,810	\$ 550,112	\$ 665,805	\$ 6,420,679
LIABILITIES AND FUND BALANCES						
LIABILITIES:						
Warrants payable.....	\$ 95,850	\$ -	\$ -	\$ -	\$ -	95,850
Accrued payroll.....	-	225	-	-	-	225
Other liabilities.....	-	94,677	-	-	-	94,677
Deferred revenue.....	-	-	299,759	26,375	-	326,134
TOTAL LIABILITIES.....	95,850	94,902	299,759	26,375	-	516,886
FUND BALANCES:						
Nonspendable.....	-	-	-	-	-	-
Restricted.....	189,027	2,979,173	1,546,051	523,737	665,805	5,903,793
Committed.....	-	-	-	-	-	-
TOTAL FUND BALANCES.....	189,027	2,979,173	1,546,051	523,737	665,805	5,903,793
TOTAL LIABILITIES AND FUND BALANCES.....	\$ 284,877	\$ 3,074,075	\$ 1,845,810	\$ 550,112	\$ 665,805	\$ 6,420,679

<i>Capital Projects Funds</i>				<i>Permanent Funds</i>			Total Nonmajor Governmental Funds
Streets and Sidewalks	School	Other	Sub-total	Cemetery Perpetual Care	Other	Sub-total	
\$ 5,198	\$ 64,959	\$ 83,825	\$ 153,982	\$ 57,491	\$ 45,295	\$ 102,786	\$ 6,351,313
-	-	-	-	794,884	626,251	1,421,135	1,421,135
-	-	-	-	-	-	-	299,759
-	-	-	-	-	-	-	26,375
<u>\$ 5,198</u>	<u>\$ 64,959</u>	<u>\$ 83,825</u>	<u>\$ 153,982</u>	<u>\$ 852,375</u>	<u>\$ 671,546</u>	<u>\$ 1,523,921</u>	<u>\$ 8,098,582</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 95,850
-	-	-	-	-	-	-	225
-	-	-	-	-	-	-	94,677
-	-	-	-	-	-	-	326,134
-	-	-	-	-	-	-	516,886
-	-	-	-	767,723	266,328	1,034,051	1,034,051
5,198	64,959	23,603	93,760	84,652	405,218	489,870	6,487,423
-	-	60,222	60,222	-	-	-	60,222
<u>5,198</u>	<u>64,959</u>	<u>83,825</u>	<u>153,982</u>	<u>852,375</u>	<u>671,546</u>	<u>1,523,921</u>	<u>7,581,696</u>
<u>\$ 5,198</u>	<u>\$ 64,959</u>	<u>\$ 83,825</u>	<u>\$ 153,982</u>	<u>\$ 852,375</u>	<u>\$ 671,546</u>	<u>\$ 1,523,921</u>	<u>\$ 8,098,582</u>

NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	<i>Special Revenue Funds</i>					
	<u>School Lunch</u>	<u>Revolving</u>	<u>Receipts Reserved</u>	<u>Grants</u>	<u>Other</u>	<u>Sub-total</u>
REVENUES						
Charges for services.....	\$ -	\$ -	\$ 745,467	\$ -	\$ -	\$ 745,467
Intergovernmental	88,197	122,195	-	2,412,586	-	2,622,978
Licenses and permits.....	-	71,421	-	-	-	71,421
Fines and forfeitures.....	-	8,780	-	-	-	8,780
Departmental and other.....	640,761	2,547,722	-	-	11,700	3,200,183
Contributions.....	-	3,335	-	-	216,017	219,352
Investment income.....	-	-	-	8	7	15
TOTAL REVENUES.....	728,958	2,753,453	745,467	2,412,594	227,724	6,868,196
EXPENDITURES						
Current:						
General government.....	-	150,856	-	90,497	38,523	279,876
Public safety.....	-	73,208	-	235,025	5,549	313,782
Education.....	822,817	1,368,073	-	2,027,771	176,457	4,395,118
Public works.....	-	17,156	-	17,348	7,050	41,554
Health and human services.....	-	87,405	-	18,028	11,781	117,214
Culture and recreation.....	-	791,864	-	17,256	1,795	810,915
TOTAL EXPENDITURES.....	822,817	2,488,562	-	2,405,925	241,155	5,958,459
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES.....	(93,859)	264,891	745,467	6,669	(13,431)	909,737
OTHER FINANCING SOURCES (USES)						
Transfers out.....	-	-	(587,592)	-	-	(587,592)
NET CHANGE IN FUND BALANCES.....	(93,859)	264,891	157,875	6,669	(13,431)	322,145
FUND BALANCES AT BEGINNING OF YEAR.....	282,886	2,714,282	1,388,176	517,068	679,236	5,581,648
FUND BALANCES AT END OF YEAR.....	\$ 189,027	\$ 2,979,173	\$ 1,546,051	\$ 523,737	\$ 665,805	\$ 5,903,793

<i>Capital Projects Funds</i>				<i>Permanent Funds</i>			Total Nonmajor Governmental Funds
Streets and Sidewalks	School	Other	Sub-total	Cemetery Perpetual Care	Other	Sub-total	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 745,467
724,907	723,744	-	1,448,651	-	-	-	4,071,629
-	-	-	-	-	-	-	71,421
-	-	-	-	-	-	-	8,780
-	-	-	-	-	-	-	3,200,183
-	-	-	-	825	7,531	8,356	227,708
-	489	-	489	16,455	12,741	29,196	29,700
<u>724,907</u>	<u>724,233</u>	<u>-</u>	<u>1,449,140</u>	<u>17,280</u>	<u>20,272</u>	<u>37,552</u>	<u>8,354,888</u>
-	-	201	201	-	380	380	280,457
-	-	-	-	-	-	-	313,782
-	1,770,098	-	1,770,098	-	-	-	6,165,216
724,907	-	2,322	727,229	24,000	-	24,000	792,783
-	-	-	-	-	4,991	4,991	122,205
-	-	7,439	7,439	-	16,109	16,109	834,463
<u>724,907</u>	<u>1,770,098</u>	<u>9,962</u>	<u>2,504,967</u>	<u>24,000</u>	<u>21,480</u>	<u>45,480</u>	<u>8,508,906</u>
-	(1,045,865)	(9,962)	(1,055,827)	(6,720)	(1,208)	(7,928)	(154,018)
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(587,592)</u>
-	(1,045,865)	(9,962)	(1,055,827)	(6,720)	(1,208)	(7,928)	(741,610)
<u>5,198</u>	<u>1,110,824</u>	<u>93,787</u>	<u>1,209,809</u>	<u>859,095</u>	<u>672,754</u>	<u>1,531,849</u>	<u>8,323,306</u>
<u>\$ 5,198</u>	<u>\$ 64,959</u>	<u>\$ 83,825</u>	<u>\$ 153,982</u>	<u>\$ 852,375</u>	<u>\$ 671,546</u>	<u>\$ 1,523,921</u>	<u>\$ 7,581,696</u>

Nonmajor Enterprise Funds

Narrative

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

Enterprise funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the proprietary funds principal ongoing operations. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The following nonmajor enterprise funds are reported:

Swimming Pool Enterprise - accounts for recreational swimming pool activities.

Transfer Station Enterprise - accounts for transfer station activities.

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

This page left intentionally blank.

ENTERPRISE FUNDS
COMBINING STATEMENT OF FUND NET ASSETS

JUNE 30, 2012

	Swimming Pool	Transfer Station	Recreation Field Maintenance	Total Nonmajor Enterprise Funds
ASSETS				
Current assets:				
Cash and cash equivalents.....	\$ 404,222	\$ 211,619	\$ 150,351	\$ 766,192
Restricted cash and cash equivalents.....	9,286	129,188	-	138,474
Receivables, net of allowance for uncollectible amounts:				
Departmental and other.....	-	5,500	-	5,500
Total current assets.....	413,508	346,307	150,351	910,166
Noncurrent assets:				
Capital assets not being depreciated.....	-	192,500	-	192,500
Capital assets, net of accumulated depreciation.....	557,402	-	-	557,402
Total noncurrent assets.....	557,402	192,500	-	749,902
Total assets.....	970,910	538,807	150,351	1,660,068
LIABILITIES				
Current liabilities:				
Warrants payable.....	9,800	5,567	4,520	19,887
Accrued payroll.....	3,399	2,656	-	6,055
Unearned revenue.....	9,286	129,188	-	138,474
Compensated absences.....	1,944	150	-	2,094
Total current liabilities.....	24,429	137,561	4,520	166,510
Noncurrent liabilities:				
Compensated absences.....	17,494	1,352	-	18,846
Net OPEB obligation.....	98,699	34,987	8,972	142,658
Total noncurrent liabilities.....	116,193	36,339	8,972	161,504
Total liabilities.....	140,622	173,900	13,492	328,014
FUND NET ASSETS				
Invested in capital assets, net of related debt.....	557,402	192,500	-	749,902
Unrestricted.....	272,886	172,407	136,859	582,152
Total fund net assets.....	\$ 830,288	\$ 364,907	\$ 136,859	\$ 1,332,054

ENTERPRISE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Swimming Pool	Transfer Station	Recreation Field Maintenance	Total Nonmajor Enterprise Funds
OPERATING REVENUES				
Charges for services.....	\$ 475,774	\$ 220,218	\$ 218,163	\$ 914,155
OPERATING EXPENSES				
Cost of service and administration.....	415,885	233,705	100,096	749,686
Repairs and maintenance.....	-	32,732	29,979	62,711
Depreciation.....	37,265	-	-	37,265
TOTAL OPERATING EXPENSES.....	453,150	266,437	130,075	849,662
OPERATING INCOME (LOSS).....	22,624	(46,219)	88,088	64,493
NONOPERATING REVENUES (EXPENSES)				
Investment income.....	186	438	157	781
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS.....	22,810	(45,781)	88,245	65,274
Capital contributions.....	21,280	-	-	21,280
Transfers in.....	300,000	-	-	300,000
Transfers out.....	-	(33,146)	-	(33,146)
CHANGES IN FUND NET ASSETS.....	344,090	(78,927)	88,245	353,408
FUND NET ASSETS AT BEGINNING OF YEAR.....	486,198	443,834	48,614	978,646
FUND NET ASSETS AT END OF YEAR.....	\$ 830,288	\$ 364,907	\$ 136,859	\$ 1,332,054

ENTERPRISE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Swimming Pool	Transfer Station	Recreation Field Maintenance	Total Nonmajor Enterprise Funds
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers and users.....	\$ 485,060	\$ 354,906	\$ 218,163	\$ 1,058,129
Payments to vendors.....	(155,351)	(165,010)	(85,038)	(405,399)
Payments to employees.....	(298,971)	(107,238)	(61,105)	(467,314)
NET CASH FROM OPERATING ACTIVITIES.....	30,738	82,658	72,020	185,416
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers in.....	300,000	-	-	300,000
Transfers out.....	-	(33,146)	-	(33,146)
NET CASH FROM NONCAPITAL FINANCING ACTIVITIES.....	300,000	(33,146)	-	266,854
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Capital contributions.....	21,280	-	-	21,280
Acquisition and construction of capital assets.....	(55,047)	-	-	(55,047)
NET CASH FROM CAPITAL AND RELATED FINANCING ACTIVITIES.....	(33,767)	-	-	(33,767)
CASH FLOWS FROM INVESTING ACTIVITIES				
Investment income.....	186	438	157	781
NET CHANGE IN CASH AND CASH EQUIVALENTS.....	297,157	49,950	72,177	419,284
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR.....	116,351	290,857	78,174	485,382
CASH AND CASH EQUIVALENTS AT END OF YEAR (Includes \$9,286 and \$129,188 reported as restricted in the Swimming Pool and Transfer Station enterprise funds, respectively).....	\$ 413,508	\$ 340,807	\$ 150,351	\$ 904,666
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES				
Operating income (loss).....	\$ 22,624	\$ (46,219)	\$ 88,088	\$ 64,493
Adjustments to reconcile operating income (loss) to net cash from operating activities:				
Adjustments not requiring current cash flows:				
Depreciation.....	37,265	-	-	37,265
Net OPEB obligation.....	24,290	8,519	4,751	37,560
Adjustments requiring current cash flows:				
Departmental and other.....	-	5,500	-	5,500
Warrants payable.....	(65,134)	(12,791)	(18,661)	(96,586)
Accrued payroll.....	204	640	(2,158)	(1,314)
Unearned revenue.....	9,286	129,188	-	138,474
Compensated absences.....	2,203	(2,179)	-	24
Total adjustments.....	8,114	128,877	(16,068)	120,923
NET CASH FROM OPERATING ACTIVITIES.....	\$ 30,738	\$ 82,658	\$ 72,020	\$ 185,416

Private Purpose Trust Funds

Narrative

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

The following private purpose trust funds are reported:

Walker Walsh Alumni – this fund provides small scholarships.

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

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

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

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

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

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

PRIVATE PURPOSE TRUST FUNDS
COMBINING STATEMENT OF NET ASSETS

JUNE 30, 2012

	<u>Walker Walsh Alumni</u>	<u>Outdoor Classroom</u>	<u>Discretionary</u>	<u>Raymond Scholarship</u>
ASSETS				
Cash and cash equivalents.....	\$ <u>3,785</u>	\$ <u>480</u>	\$ <u>59,023</u>	\$ <u>14,956</u>
NET ASSETS				
Held in trust for other purposes.....	\$ <u><u>3,785</u></u>	\$ <u><u>480</u></u>	\$ <u><u>59,023</u></u>	\$ <u><u>14,956</u></u>

<u>Cavanaugh</u>	<u>Garfield</u>	<u>Boundless Playground Maintenance</u>	<u>Total Private Purpose Trust Funds</u>
\$ <u>11,100</u>	\$ <u>43,476</u>	\$ <u>14,837</u>	\$ <u>147,657</u>
\$ <u><u>11,100</u></u>	\$ <u><u>43,476</u></u>	\$ <u><u>14,837</u></u>	\$ <u><u>147,657</u></u>

PRIVATE PURPOSE TRUST FUNDS
COMBINING STATEMENT OF CHANGES IN NET ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	<u>Walker Walsh Alumni</u>	<u>Outdoor Classroom</u>	<u>Discretionary</u>	<u>Raymond Scholarship</u>
ADDITIONS				
Contributions:				
Private donations.....	\$ -	\$ -	\$ -	\$ -
Net investment income:				
Net appreciation/(depreciation) in fair value of investments.....	-	-	(331)	(123)
Interest.....	<u>10</u>	<u>1</u>	<u>1,494</u>	<u>386</u>
Total investment income (loss).....	<u>10</u>	<u>1</u>	<u>1,163</u>	<u>263</u>
TOTAL ADDITIONS.....	10	1	1,163	263
DEDUCTIONS				
Scholarships awarded.....	-	-	-	500
Other.....	<u>-</u>	<u>-</u>	<u>2,300</u>	<u>-</u>
TOTAL DEDUCTIONS.....	<u>-</u>	<u>-</u>	<u>2,300</u>	<u>500</u>
CHANGE IN NET ASSETS.....	10	1	(1,137)	(237)
NET ASSETS AT BEGINNING OF YEAR.....	<u>3,775</u>	<u>479</u>	<u>60,160</u>	<u>15,193</u>
NET ASSETS AT END OF YEAR.....	<u>\$ 3,785</u>	<u>\$ 480</u>	<u>\$ 59,023</u>	<u>\$ 14,956</u>

<u>Cavanaugh</u>	<u>Garfield</u>	<u>Boundless Playground Maintenance</u>	<u>Total Private Purpose Trust Funds</u>
\$ 860	\$ -	\$ -	\$ 860
(260)	-	-	(714)
<u>309</u>	<u>274</u>	<u>280</u>	<u>2,754</u>
<u>49</u>	<u>274</u>	<u>280</u>	<u>2,040</u>
909	274	280	2,900
-	-	-	500
<u>1,920</u>	<u>-</u>	<u>-</u>	<u>4,220</u>
<u>1,920</u>	<u>-</u>	<u>-</u>	<u>4,720</u>
(1,011)	274	280	(1,820)
<u>12,111</u>	<u>43,202</u>	<u>14,557</u>	<u>149,477</u>
<u>\$ 11,100</u>	<u>\$ 43,476</u>	<u>\$ 14,837</u>	<u>\$ 147,657</u>

This page left intentionally blank.

Agency Funds

Narrative

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

AGENCY FUND
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Balance at July 1, 2011	Additions	Deletions	Balance at June 30, 2012
ASSETS				
Cash and cash equivalents.....	\$ 376,575	\$ 1,498,224	\$ (1,365,339)	\$ 509,460
Receivables, net of allowance for uncollectibles:				
Departmental and other.....	78,242	88,457	(54,825)	111,874
TOTAL ASSETS.....	454,817	1,586,681	(1,420,164)	621,334
LIABILITIES				
Liabilities due depositors.....	\$ 454,817	\$ 1,531,856	\$ (1,365,339)	\$ 621,334

Statistical Section

Statistical Section

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

Financial Trends (pages 105 – 116)

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

Revenue Capacity (pages 117 – 120)

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

Debt Capacity (pages 121 – 125)

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

Demographic and Economic Information (pages 126 – 127)

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

Operating Information (pages 128 – 131)

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

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

This page left intentionally blank.

NET ASSETS BY COMPONENT
(ACCRUAL BASIS OF ACCOUNTING)

LAST TEN FISCAL YEARS

	2003	2004	2005
Governmental Activities			
Invested in capital assets, net of related debt.....	\$ 55,556,156	\$ 57,435,322	\$ 55,026,501
Restricted.....	4,856,887	5,236,360	10,149,495
Unrestricted.....	11,688,336	14,673,362	15,432,819
Total governmental activities net assets.....	<u>\$ 72,101,379</u>	<u>\$ 77,345,044</u>	<u>\$ 80,608,815</u>
Business-Type Activities			
Invested in capital assets, net of related debt.....	\$ 900,639	\$ 862,425	\$ 825,000
Unrestricted.....	175,474	194,777	265,266
Total business-type activities net assets.....	<u>\$ 1,076,113</u>	<u>\$ 1,057,202</u>	<u>\$ 1,090,266</u>
Primary Government			
Invested in capital assets, net of related debt.....	\$ 56,456,795	\$ 58,297,747	\$ 55,851,501
Restricted.....	4,856,887	5,236,360	10,149,495
Unrestricted.....	11,863,810	14,868,139	15,698,085
Total primary government net assets.....	<u>\$ 73,177,492</u>	<u>\$ 78,402,246</u>	<u>\$ 81,699,081</u>

<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
\$ 61,188,584	\$ 68,169,867	\$ 63,365,796	\$ 64,747,670	\$ 51,953,929	\$ 55,452,411	\$ 58,397,014
8,374,793	9,062,653	11,293,988	12,065,357	23,392,819	23,923,074	23,976,367
<u>16,448,505</u>	<u>16,942,180</u>	<u>16,901,816</u>	<u>14,470,714</u>	<u>16,684,407</u>	<u>13,670,650</u>	<u>11,781,988</u>
<u>\$ 86,011,882</u>	<u>\$ 94,174,700</u>	<u>\$ 91,561,600</u>	<u>\$ 91,283,741</u>	<u>\$ 92,031,155</u>	<u>\$ 93,046,135</u>	<u>\$ 94,155,369</u>
\$ 927,197	\$ 884,783	\$ 862,234	\$ 754,423	\$ 695,948	\$ 664,801	\$ 749,902
<u>219,036</u>	<u>259,548</u>	<u>271,900</u>	<u>219,863</u>	<u>290,876</u>	<u>313,845</u>	<u>582,152</u>
<u>\$ 1,146,233</u>	<u>\$ 1,144,331</u>	<u>\$ 1,134,134</u>	<u>\$ 974,286</u>	<u>\$ 986,824</u>	<u>\$ 978,646</u>	<u>\$ 1,332,054</u>
\$ 62,115,781	\$ 69,054,650	\$ 64,228,030	\$ 65,502,093	\$ 52,649,877	\$ 56,117,212	\$ 59,146,916
8,374,793	9,062,653	11,293,988	12,065,357	23,392,819	23,923,074	23,976,367
<u>16,667,541</u>	<u>17,201,728</u>	<u>17,173,716</u>	<u>14,690,577</u>	<u>16,975,283</u>	<u>13,984,495</u>	<u>12,364,140</u>
<u>\$ 87,158,115</u>	<u>\$ 95,319,031</u>	<u>\$ 92,695,734</u>	<u>\$ 92,258,027</u>	<u>\$ 93,017,979</u>	<u>\$ 94,024,781</u>	<u>\$ 95,487,423</u>

GOVERNMENTAL ACTIVITIES
CHANGES IN NET ASSETS (ACCRUAL BASIS OF ACCOUNTING)

LAST TEN FISCAL YEARS

	2003	2004	2005
Expenses			
General government.....	\$ 2,621,166	\$ 2,475,079	\$ 3,072,582
Public safety.....	6,717,894	6,661,738	7,443,552
Education.....	43,663,502	45,885,256	49,159,945
Public works.....	3,193,245	3,123,901	4,070,244
Health and human services.....	1,023,160	780,176	755,562
Culture and recreation.....	1,573,204	1,914,782	2,330,661
Debt service - interest.....	2,470,046	2,263,971	1,979,109
Total expenses.....	<u>61,262,217</u>	<u>63,104,903</u>	<u>68,811,655</u>
Program Revenues			
Charges for services:			
General government.....	1,180,006	1,038,099	1,095,741
Education.....	877,956	912,768	961,512
Other activities.....	1,039,673	1,191,400	1,634,945
Operating grants and contributions.....	9,130,153	9,738,357	10,402,448
Capital grants and contributions.....	724,193	1,030,840	1,178,729
Total program revenues.....	<u>12,951,981</u>	<u>13,911,464</u>	<u>15,273,375</u>
Net (expense)/revenue.....	<u>(48,310,236)</u>	<u>(49,193,439)</u>	<u>(53,538,280)</u>
General Revenues and Other Changes in Net Assets			
Real estate and personal property taxes.....	48,608,150	48,736,788	49,706,868
Motor vehicle and other excise taxes.....	2,704,426	2,606,528	2,854,988
Penalties and interest on taxes.....	172,237	183,035	253,752
Payments in lieu of taxes.....	72,573	94,772	70,688
Community preservation surcharges.....	1,034,367	1,099,776	1,099,476
Unrestricted grants and contributions.....	1,753,069	1,551,826	1,618,594
Unrestricted investment income.....	333,558	171,136	376,609
Gain (loss) on sale of capital assets.....	-	(74,529)	(48,606)
Miscellaneous.....	-	-	101,783
Transfers, net.....	(62,866)	67,772	5,899
Total general revenues and other changes in net assets.....	<u>54,615,514</u>	<u>54,437,104</u>	<u>56,040,051</u>
Change in net assets.....	<u>\$ 6,305,278</u>	<u>\$ 5,243,665</u>	<u>\$ 2,501,771</u>

	2006	2007	2008	2009	2010	2011	2012
\$	3,033,860	\$ 3,229,179	\$ 3,424,767	\$ 4,097,471	\$ 3,929,872	\$ 4,428,038	\$ 4,355,961
	7,547,355	7,929,198	8,864,947	9,689,559	9,586,346	10,073,036	10,387,335
	54,524,814	56,684,168	61,374,045	63,231,792	64,881,039	66,646,480	68,899,135
	4,070,174	4,281,069	5,071,976	5,989,846	5,220,049	5,325,052	4,778,930
	751,824	773,297	876,114	1,147,667	1,242,517	1,167,143	1,419,463
	1,942,628	2,480,583	3,043,768	2,990,312	2,707,935	2,520,748	2,593,202
	2,242,108	2,079,248	1,904,610	1,880,170	1,757,230	1,476,258	1,276,313
	<u>74,112,763</u>	<u>77,456,742</u>	<u>84,560,227</u>	<u>89,026,817</u>	<u>89,324,988</u>	<u>91,636,755</u>	<u>93,710,339</u>
	1,210,513	1,149,249	1,103,156	515,050	535,596	594,722	926,973
	1,098,293	1,172,865	1,182,533	1,285,944	1,394,706	1,925,602	1,969,066
	1,744,313	1,766,294	1,774,252	2,030,913	2,041,777	2,145,915	2,344,633
	10,993,718	11,926,642	12,642,966	13,141,248	13,341,758	13,821,768	13,247,930
	1,928,350	2,071,929	(2,388,625)	2,257,220	1,570,899	892,330	1,824,885
	<u>16,975,187</u>	<u>18,086,979</u>	<u>14,314,282</u>	<u>19,230,375</u>	<u>18,884,736</u>	<u>19,380,337</u>	<u>20,313,487</u>
	<u>(57,137,576)</u>	<u>(59,369,763)</u>	<u>(70,245,945)</u>	<u>(69,796,442)</u>	<u>(70,440,252)</u>	<u>(72,256,418)</u>	<u>(73,396,852)</u>
	55,696,151	57,330,784	60,406,373	63,077,062	65,259,091	67,178,824	68,762,270
	2,898,295	2,585,595	3,067,729	2,680,579	2,645,117	2,886,859	2,992,057
	338,103	200,005	143,367	168,382	163,826	204,686	288,058
	65,409	123,777	90,079	57,494	56,102	64,515	31,030
	1,243,198	1,305,841	1,374,922	1,430,828	1,465,694	1,492,938	1,527,275
	1,672,142	1,747,626	1,850,319	1,697,519	1,377,564	1,238,505	1,062,794
	620,763	857,260	671,911	379,045	199,319	175,476	109,456
	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
	<u>6,582</u>	<u>16,000</u>	<u>28,145</u>	<u>27,674</u>	<u>20,953</u>	<u>29,595</u>	<u>(266,854)</u>
	<u>62,540,643</u>	<u>64,166,888</u>	<u>67,632,845</u>	<u>69,518,583</u>	<u>71,187,666</u>	<u>73,271,398</u>	<u>74,506,086</u>
\$	<u>5,403,067</u>	\$ <u>4,797,125</u>	\$ <u>(2,613,100)</u>	\$ <u>(277,859)</u>	\$ <u>747,414</u>	\$ <u>1,014,980</u>	\$ <u>1,109,234</u>

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

LAST TEN FISCAL YEARS

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Expenses				
Pool.....	\$ 422,650	\$ 397,976	\$ 404,333	\$ 422,041
Transfer station.....	196,660	205,861	242,350	236,954
Recreation field maintenance.....	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenses.....	<u>619,310</u>	<u>603,837</u>	<u>646,683</u>	<u>658,995</u>
Program Revenues				
Charges for services.....				
Pool.....	357,005	410,758	410,241	421,076
Transfer station.....	251,708	241,940	275,405	300,468
Recreation field maintenance.....	-	-	-	-
Operating grants and contributions.....	-	-	-	-
Capital grants and contributions.....	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total program revenues.....	<u>608,713</u>	<u>652,698</u>	<u>685,646</u>	<u>721,544</u>
Net (expense)/ revenue.....	(10,597)	48,861	38,963	62,549
General Revenues and Transfers				
Transfers, net.....	<u>62,866</u>	<u>(67,772)</u>	<u>(5,899)</u>	<u>(6,582)</u>
Change in net assets.....	<u>\$ 52,269</u>	<u>\$ (18,911)</u>	<u>\$ 33,064</u>	<u>\$ 55,967</u>

<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
\$ 433,709	\$ 451,288	\$ 507,235	\$ 512,957	\$ 550,289	\$ 453,150
246,552	257,880	369,282	292,670	271,114	266,437
<u>-</u>	<u>-</u>	<u>-</u>	<u>113,606</u>	<u>192,249</u>	<u>130,075</u>
<u>680,261</u>	<u>709,168</u>	<u>876,517</u>	<u>919,233</u>	<u>1,013,652</u>	<u>849,662</u>
412,299	437,832	436,596	463,664	487,165	475,774
282,060	289,284	299,809	327,238	362,895	220,218
-	-	-	160,038	183,741	218,163
-	-	7,938	1,784	1,268	781
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>21,280</u>
<u>694,359</u>	<u>727,116</u>	<u>744,343</u>	<u>952,724</u>	<u>1,035,069</u>	<u>936,216</u>
14,098	17,948	(132,174)	33,491	21,417	86,554
<u>(16,000)</u>	<u>(28,145)</u>	<u>(27,674)</u>	<u>(20,953)</u>	<u>(29,595)</u>	<u>266,854</u>
<u>\$ (1,902)</u>	<u>\$ (10,197)</u>	<u>\$ (159,848)</u>	<u>\$ 12,538</u>	<u>\$ (8,178)</u>	<u>\$ 353,408</u>

PRIMARY GOVERNMENT
CHANGES IN NET ASSETS (ACCRUAL BASIS OF ACCOUNTING)

LAST TEN FISCAL YEARS

	<u>2003</u>	<u>2004</u>	<u>2005</u>
Total expenses.....	\$ 61,881,527	\$ 63,708,740	\$ 69,458,338
Total program revenues.....	<u>13,560,694</u>	<u>14,564,162</u>	<u>15,959,021</u>
Net (expense)/revenue.....	(48,320,833)	(49,144,578)	(53,499,317)
Total general revenues, transfers and other changes in net assets.....	<u>54,678,380</u>	<u>54,369,332</u>	<u>56,034,152</u>
Change in net assets.....	<u>\$ 6,357,547</u>	<u>\$ 5,224,754</u>	<u>\$ 2,534,835</u>

<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
\$ 74,771,758	\$ 78,137,003	\$ 85,269,395	\$ 89,903,334	\$ 90,244,221	\$ 92,650,407	\$ 94,560,001
<u>17,696,731</u>	<u>18,781,338</u>	<u>15,041,398</u>	<u>19,974,718</u>	<u>19,837,460</u>	<u>20,415,406</u>	<u>21,249,703</u>
(57,075,027)	(59,355,665)	(70,227,997)	(69,928,616)	(70,406,761)	(72,235,001)	(73,310,298)
<u>62,534,061</u>	<u>64,150,888</u>	<u>67,604,700</u>	<u>69,490,909</u>	<u>71,166,713</u>	<u>73,241,803</u>	<u>74,772,940</u>
<u>\$ 5,459,034</u>	<u>\$ 4,795,223</u>	<u>\$ (2,623,297)</u>	<u>\$ (437,707)</u>	<u>\$ 759,952</u>	<u>\$ 1,006,802</u>	<u>\$ 1,462,642</u>

GOVERNMENTAL FUNDS
FUND BALANCES (MODIFIED ACCRUAL BASIS OF ACCOUNTING)

LAST TEN FISCAL YEARS

	2003	2004	2005	2006
General Fund				
Reserved.....	\$ 3,581,974	\$ 4,386,267	\$ 4,406,977	\$ 4,975,753
Unreserved.....	3,053,242	3,313,940	3,459,054	4,439,640
Restricted.....	-	-	-	-
Committed.....	-	-	-	-
Assigned.....	-	-	-	-
Unassigned.....	-	-	-	-
Total general fund.....	<u>\$ 6,635,216</u>	<u>\$ 7,700,207</u>	<u>\$ 7,866,031</u>	<u>\$ 9,415,393</u>
All Other Governmental Funds				
Reserved.....	\$ 1,508,049	\$ 1,381,311	\$ 1,296,073	\$ 1,192,810
Unreserved, reported in:				
Special revenue funds.....	4,548,401	8,275,883	13,096,218	11,916,617
Capital projects funds.....	1,412,093	1,056,304	1,367,403	667,911
Permanent funds.....	257,833	257,266	325,880	299,418
Nonspendable.....	-	-	-	-
Restricted.....	-	-	-	-
Committed.....	-	-	-	-
Total all other governmental funds.....	<u>\$ 7,726,376</u>	<u>\$ 10,970,764</u>	<u>\$ 16,085,574</u>	<u>\$ 14,076,756</u>

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

<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>(1)</u> <u>2011</u>	<u>2012</u>
\$ 7,002,192	\$ 7,883,673	\$ 7,842,901	\$ 8,139,048	\$ -	\$ -
3,134,718	1,159,683	1,359,246	1,236,002	-	-
-	-	-	-	6,779,627	6,399,835
-	-	-	-	231,092	242,864
-	-	-	-	1,570,833	1,411,288
-	-	-	-	3,961,520	5,603,341
<u>\$ 10,136,910</u>	<u>\$ 9,043,356</u>	<u>\$ 9,202,147</u>	<u>\$ 9,375,050</u>	<u>\$ 12,543,072</u>	<u>\$ 13,657,328</u>
\$ 1,247,066	\$ 1,747,018	\$ 1,980,469	\$ 11,728,805	\$ -	\$ -
13,228,361	15,023,502	15,383,602	6,130,897	-	-
472,170	216,944	202,403	192,101	-	-
333,475	287,065	154,116	195,200	-	-
-	-	-	-	1,013,539	1,034,051
-	-	-	-	16,684,900	16,057,555
-	-	-	-	65,621	60,222
<u>\$ 15,281,072</u>	<u>\$ 17,274,529</u>	<u>\$ 17,720,590</u>	<u>\$ 18,247,003</u>	<u>\$ 17,764,060</u>	<u>\$ 17,151,828</u>

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

LAST TEN FISCAL YEARS

	2003	2004	2005	2006	2007
REVENUES					
Real estate and personal property taxes.....	\$ 48,385,196	\$ 48,914,601	\$ 49,439,489	\$ 55,331,010	\$ 56,629,289
Motor vehicle and other excise taxes.....	2,701,943	2,577,518	2,789,223	2,965,914	2,589,563
Tax liens.....	249,585	123,423	395,482	506,697	251,389
Payments in lieu of taxes.....	72,573	94,772	70,688	65,409	123,777
Community preservation surcharges.....	1,023,216	1,098,992	1,108,054	1,235,095	1,303,239
Charges for services.....	235,034	252,862	289,337	329,177	340,514
Intergovernmental	12,583,043	14,437,697	14,453,700	15,876,366	16,565,305
Penalties and interest on taxes.....	172,237	183,035	253,752	338,103	200,005
Licenses, permits and fees.....	2,583,420	2,648,310	3,138,178	3,446,787	3,447,489
Fines and forfeitures.....	102,443	118,977	131,741	173,742	164,371
Departmental and other.....	514,936	387,211	328,147	269,907	221,839
Contributions.....	219,648	182,781	265,523	134,088	238,484
Investment income.....	399,167	256,231	597,735	943,024	1,376,186
TOTAL REVENUES.....	69,242,441	71,276,410	73,261,049	81,615,319	83,451,450
EXPENDITURES					
Current:					
General government.....	2,124,475	1,958,327	2,549,470	2,763,500	2,679,753
Public safety.....	5,172,098	5,447,314	5,662,675	6,348,744	6,283,293
Education.....	35,969,442	37,464,817	40,344,770	45,165,136	46,732,328
Public works.....	7,315,450	3,324,133	3,028,115	4,253,132	3,789,252
Health and human services.....	523,251	525,396	535,979	577,231	619,979
Culture and recreation.....	1,802,863	6,334,403	1,983,871	5,220,149	3,095,329
Pension benefits.....	3,969,656	4,885,994	5,218,335	5,665,164	6,303,237
Employee benefits.....	4,578,740	4,496,359	5,224,482	5,363,527	5,560,952
Property and liability insurance.....	103,707	124,932	152,348	164,957	185,587
State and county charges.....	266,096	212,442	187,786	167,557	170,512
Debt service:					
Principal.....	7,120,000	5,645,000	4,370,000	4,395,000	4,265,000
Interest.....	2,504,358	2,255,686	2,103,446	1,997,260	1,856,395
TOTAL EXPENDITURES.....	71,450,136	72,674,803	71,361,277	82,081,357	81,541,617
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES.....	(2,207,695)	(1,398,393)	1,899,772	(466,038)	1,909,833
OTHER FINANCING SOURCES (USES)					
Transfers in.....	503,422	530,437	602,390	483,757	514,342
Issuance of bonds and notes.....	5,730,000	5,640,000	3,315,000	-	-
Premium from issuance of bonds and notes.....	-	-	-	-	-
Issuance of refunding bonds.....	-	-	17,750,000	-	-
Premium from issuance of refunding bonds.....	-	-	158,074	-	-
Capital leases.....	-	-	-	-	-
Transfers out.....	(566,288)	(462,665)	(596,491)	(477,175)	(498,342)
Refunded bonds redeemed.....	-	-	-	-	-
Payments to refunding bond escrow agent.....	-	-	(17,848,111)	-	-
TOTAL OTHER FINANCING SOURCES (USES).....	5,667,134	5,707,772	3,380,862	6,582	16,000
NET CHANGE IN FUND BALANCES.....	\$ 3,459,439	\$ 4,309,379	\$ 5,280,634	\$ (459,456)	\$ 1,925,833
DEBT SERVICE EXPENDITURES AS A PERCENTAGE OF NONCAPITAL EXPENDITURES.....					
	14.62%	11.94%	9.19%	8.44%	7.79%

2008	2009	2010	2011	2012
\$ 59,955,625	\$ 62,447,823	\$ 64,346,930	\$ 66,299,400	\$ 68,328,105
2,957,725	2,805,055	2,633,406	2,824,879	2,953,422
163,593	336,130	123,646	330,168	476,967
90,079	57,494	56,102	64,515	31,030
1,375,761	1,430,652	1,457,336	1,494,705	1,529,460
329,379	359,443	547,245	679,786	745,467
17,430,198	16,817,428	16,269,765	16,350,975	16,897,919
143,367	168,382	163,826	204,686	288,058
3,502,926	533,534	477,972	511,537	554,433
123,360	114,037	106,952	91,472	89,439
242,711	3,094,353	2,727,664	3,372,975	3,770,842
408,346	349,619	216,832	208,744	227,708
1,087,882	677,015	527,712	548,552	268,018
87,810,952	89,190,965	89,655,388	92,982,394	96,160,868
2,903,375	2,979,703	3,155,148	6,148,845	3,242,101
6,835,206	6,982,021	6,538,020	7,007,846	7,140,784
50,217,825	48,860,537	50,813,562	52,710,026	56,079,405
4,687,959	4,795,544	4,757,379	4,734,423	4,197,544
705,502	1,075,681	912,367	853,183	1,100,346
2,614,784	8,022,450	2,302,329	2,076,690	2,005,940
6,687,188	7,272,633	7,706,478	7,877,511	8,184,635
6,967,279	8,400,859	7,470,540	7,173,083	8,245,029
209,144	215,912	199,420	213,481	218,576
169,420	166,240	164,445	192,672	186,114
3,585,000	3,500,000	3,795,000	3,840,000	3,790,000
1,680,452	1,656,515	1,586,558	1,392,389	1,271,605
87,263,134	93,928,095	89,401,246	94,220,149	95,662,079
547,818	(4,737,130)	254,142	(1,237,755)	498,789
726,342	1,639,470	626,333	728,684	810,738
-	5,045,000	-	3,610,000	-
-	29,613	-	1,555	48,974
-	-	-	4,870,000	-
-	-	-	270,580	-
323,940	239,695	424,221	226,104	221,115
(698,197)	(1,611,796)	(605,380)	(699,089)	(1,077,592)
-	-	-	(5,085,000)	-
-	-	-	-	-
352,085	5,341,982	445,174	3,922,834	3,235
\$ 899,903	\$ 604,852	\$ 699,316	\$ 2,685,079	\$ 502,024
6.18%	5.98%	6.23%	5.82%	5.50%

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

LAST TEN FISCAL YEARS

Fiscal Year	Assessed Value (2)			Total Assessed Value	Total Direct Tax Rate	Estimated Actual Value (3)	Assessed Value as a Percentage of Actual Value
	Residential Real Property	Commercial and Industrial Real Property	Personal Property				
2003	3,596,726,715	206,520,031	66,970,320	3,870,217,066	12.56	3,068,275,800	126.14%
2004	3,345,758,101	166,991,164	33,246,870	3,545,996,135	13.88	3,068,275,800	115.57%
2005	3,389,867,806	174,381,245	36,724,221	3,600,973,272	13.87	3,753,910,600	95.93%
2006	3,734,317,130	180,522,435	42,090,996	3,956,930,561	14.01	3,753,910,600	105.41%
2007	3,990,378,334	197,187,483	43,965,520	4,231,531,337	13.53	4,260,907,900	99.31%
2008	3,892,876,521	221,958,158	48,125,120	4,162,959,799	14.54	4,260,907,900	97.70%
2009	3,785,653,765	219,008,644	59,772,570	4,064,434,979	15.57	4,522,988,100	89.86%
2010	3,719,642,603	221,181,214	62,837,650	4,003,661,467	16.37	4,522,988,100	88.52%
2011	3,599,570,656	206,407,612	68,303,560	3,874,281,828	17.40	4,256,033,800	91.03%
2012	3,566,779,121	205,130,419	66,426,000	3,838,335,540	17.98	4,256,033,800	90.19%

Source: Assessing Department

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

DIRECT PROPERTY TAX RATES (1) (2)

LAST TEN FISCAL YEARS

Fiscal Year	Residential Real Property	Commercial and Industrial Real Property	Personal Property	Total Direct (3)
2003	\$ 16.78	\$ 22.26	\$ 22.26	\$ 12.56
2004	13.46	20.81	20.81	13.88
2005	13.46	20.53	20.53	13.87
2006	13.55	21.71	21.71	14.01
2007	13.12	20.29	20.29	13.53
2008	14.27	18.47	18.47	14.54
2009	15.29	19.30	19.30	15.57
2010	16.08	20.13	20.13	16.37
2011	17.03	22.27	22.27	17.40
2012	17.60	22.95	22.95	17.98

Source: Assessing Department

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

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

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

PRINCIPAL PROPERTY TAXPAYERS

CURRENT YEAR AND NINE YEARS AGO

Taxpayer	2012			2003		
	Amount of Tax	Rank	Percentage of Total Tax Levy	Amount of Tax	Rank	Percentage of Total Tax Levy
Boston Edison Company	\$ 687,505	1	1.00%	\$ 323,389	1	0.67%
Raytheon Company	681,298	2	0.99%	312,361	2	0.64%
Verizon New England Inc	395,050	3	0.57%	117,718	8	0.24%
Paris Trust LLC	308,354	4	0.45%	N/A	N/A	N/A
Sudbury Crossing Limited	253,012	5	0.37%	183,919	5	0.37%
Richardson Christine L Trs	204,345	6	0.30%	N/A	N/A	N/A
Pri-Longfellow Glenn LLC	200,950	7	0.29%	N/A	N/A	N/A
Dowie Willam J Trustee	181,574	8	0.26%	N/A	N/A	N/A
Boston Gas Company	174,134	9	0.25%	N/A	N/A	N/A
Richard J Bosse Holdings LLC	152,533	10	0.22%	N/A	N/A	N/A
David F Bolger	N/A	N/A	N/A	226,057	3	0.47%
Pasquarello & Spertner (Trustee)	N/A	N/A	N/A	209,527	4	0.43%
GPT-Longfellow Glenn LLC	N/A	N/A	N/A	137,421	6	0.28%
Der Manuelian Haig TRS	N/A	N/A	N/A	130,339	7	0.27%
1776 Plaza Limited Partnership	N/A	N/A	N/A	112,602	9	0.23%
Continental Healthcare VI	N/A	N/A	N/A	107,571	10	0.22%
Total	\$ 3,238,755		4.70%	\$ 1,860,904		3.82%

Source: Assessing Department

PROPERTY TAX LEVIES AND COLLECTIONS

LAST TEN FISCAL YEARS

Fiscal Year	Net Tax Levy	Collected within the Fiscal Year of the Levy		Actual Subsequent Collections	Total Collections to Date	
		Current Tax Collections (1)	Percent of Net Levy Collected		Total Tax Collections (1)	Total Collections as a % of Net Levy
2003	\$ 48,628,889	\$ 47,859,262	98.42%	\$ 277,139	\$ 48,136,401	98.99%
2004	49,200,858	48,396,414	98.36%	277,163	48,673,578	98.93%
2005	49,961,616	49,067,952	98.21%	351,159	49,419,111	98.91%
2006	55,432,935	54,468,106	98.26%	358,262	54,826,367	98.91%
2007	57,246,758	56,037,401	97.89%	472,666	56,510,067	98.71%
2008	60,539,786	59,381,429	98.09%	352,052	59,733,481	98.67%
2009	63,263,124	62,126,272	98.20%	323,525	62,449,797	98.71%
2010	65,529,153	63,936,979	97.57%	435,228	64,372,207	98.23%
2011	67,418,506	65,823,252	97.63%	560,056	66,383,307	98.46%
2012	69,007,532	67,608,625	97.97%	-	67,608,625	97.97%

Source: Department of the Treasurer/Collector

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

RATIOS OF OUTSTANDING DEBT BY TYPE

LAST TEN FISCAL YEARS

Fiscal Year	<u>Governmental Activities</u>		Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)
	General Obligation Bonds	Capital Leases			
2003	\$ 50,535,000	-	50,535,000	4.64%	\$ 2,900
2004	50,530,000	162,850	50,692,850	4.65%	2,868
2005	50,700,000	348,312	51,048,312	3.82%	2,848
2006	46,305,000	518,994	46,823,994	3.17%	2,586
2007	42,040,000	447,207	42,487,207	2.88%	2,334
2008	38,455,000	510,634	38,965,634	2.03%	2,155
2009	40,000,000	498,965	40,498,965	2.48%	2,259
2010	36,205,000	630,286	36,835,286	2.64%	2,049
2011	35,760,000	597,081	36,357,081	2.66%	2,018
2012	31,970,000	534,148	32,504,148	2.38%	1,790

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

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

RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING

LAST TEN FISCAL YEARS

Net General Bonded Debt Outstanding					
Fiscal Year	General Obligation Bonds	Less: Accumulated Resources	Total Net General Bonded Debt	(1) Percentage of Estimated Actual Property Values	(2) Per Capita
2003	\$ 50,535,000	\$ -	\$ 50,535,000	1.65%	\$ 2,900
2004	50,530,000	-	50,530,000	1.65%	2,858
2005	50,700,000	-	50,700,000	1.35%	2,828
2006	46,305,000	-	46,305,000	1.23%	2,557
2007	42,040,000	-	42,040,000	0.99%	2,309
2008	38,455,000	-	38,455,000	0.90%	2,127
2009	40,000,000	-	40,000,000	0.88%	2,232
2010	36,205,000	-	36,205,000	0.80%	2,014
2011	35,760,000	-	35,760,000	0.84%	1,985
2012	31,970,000	-	31,970,000	0.75%	1,760

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

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

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

LEGAL DEBT MARGIN INFORMATION

LAST TEN FISCAL YEARS

Legal Debt Margin Calculation for Fiscal Year 2012				
Fiscal year 2012 equalized valuation.....	\$	<u>4,256,033,800</u>		
Normal debt limit (5% of equalized valuation).....		<u>212,801,690</u>		
Debt applicable to limit:				
Total net debt applicable to limit.....		<u>31,970,000</u>		
Legal debt margin.....	\$	<u>180,831,690</u>		
		Fiscal Year		
		2003	2004	2005
Normal debt limit.....	\$	153,413,790	\$ 153,413,790	\$ 187,695,530
Total net debt applicable to limit.....		<u>50,535,000</u>	<u>50,530,000</u>	<u>50,700,000</u>
Legal debt margin.....	\$	<u>102,878,790</u>	<u>\$ 102,883,790</u>	<u>\$ 136,995,530</u>
Total net debt applicable to the limit as a percentage of normal debt limit.....				
		32.94%	32.94%	27.01%

Fiscal Year						
2006	2007	2008	2009	2010	2011	2012
\$ 187,695,530	\$ 213,045,395	\$ 213,045,395	\$ 226,149,405	\$ 226,149,405	\$ 212,801,690	212,801,690
<u>46,305,000</u>	<u>42,040,000</u>	<u>38,455,000</u>	<u>40,000,000</u>	<u>36,205,000</u>	<u>35,980,000</u>	<u>31,970,000</u>
\$ <u>141,390,530</u>	\$ <u>171,005,395</u>	\$ <u>174,590,395</u>	\$ <u>186,149,405</u>	\$ <u>189,944,405</u>	\$ <u>176,821,690</u>	\$ <u>180,831,690</u>
24.67%	19.73%	18.05%	17.69%	16.01%	16.91%	15.02%

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

JUNE 30, 2012

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable (1)	Estimated Share of Overlapping Debt
Lincoln Sudbury Regional High School District.....	\$ 10,700,000	84.88%	\$ 9,082,160
Town direct debt (2).....			<u>31,970,000</u>
Total direct and overlapping debt.....			<u><u>\$ 41,052,160</u></u>

Source: Lincoln Sudbury Regional High School District

(1) The percentage of total overlapping debt is derived from the Town's share of capital charges divided by the total debt of the overlapping unit at fiscal year end

(2) Direct debt includes debt outstanding and payable from the Town's Community Preservation Fund

DEMOGRAPHIC AND ECONOMIC STATISTICS

LAST TEN CALENDAR YEARS

Year	Population (1)	Personal Income (2)	Per Capita Personal Income (3)	Median Age (4)	Public School Enrollment (1)	Unemployment Rate (%) (5)
2002	17,423	\$ 1,089,431,000	\$ 62,528	43	4,072	4.7%
2003	17,678	1,089,431,000	61,626	43	4,186	4.8%
2004	17,925	1,335,483,000	74,504	43	4,267	3.8%
2005	18,107	1,476,323,000	81,533	43	4,503	3.4%
2006	18,207	1,476,323,000	81,085	43	4,583	3.7%
2007	18,080	1,923,614,000	106,395	43	4,678	3.1%
2008	17,924	1,634,561,000	91,194	43	4,619	3.8%
2009	17,977	1,395,132,000	77,606	43	4,634	6.0%
2010	18,015	1,368,233,485	75,950	43	4,537	5.9%
2011	18,160	1,368,233,485	75,343	43	4,464	5.0%

Sources: (1) Town of Sudbury

(2) Massachusetts Department of Revenue

(3) Calculated using Town population data

(4) 2010 Federal Census; also being used for 2002 through 2009 as a fair estimate of Median Age

(5) Massachusetts Labor and Workforce Development

PRINCIPAL EMPLOYERS

CURRENT YEAR AND TEN YEARS AGO

Employer	2012			2003		
	Employees	Rank	Percentage of Total Town Employment	Employees	Rank	Percentage of Total Town Employment
Raytheon	300	1	3.61%	2,000	1	24.58%
Sudbury Farms	300	2	3.61%	250	2	3.07%
APC	200	3	2.41%	N/A	N/A	N/A
Cavicchio Greenhouse, Inc.	200	4	2.41%	N/A	N/A	N/A
Jones & Bartlett Publishers	200	5	2.41%	N/A	N/A	N/A
Lincoln-Sudbury Regional High School	200	6	2.41%	190	3	2.34%
Staples Industrial	175	7	2.11%	N/A	N/A	N/A
Bosse Sports	110	8	1.32%	N/A	N/A	N/A
Methods Machine Tools, Inc.	110	9	1.32%	110	7	1.35%
Shaw's Supermarket	105	10	1.26%	N/A	N/A	N/A
Chiswick Trading Inc.	N/A	N/A	N/A	178	4	2.19%
Wayside Inn	N/A	N/A	N/A	150	5	1.84%
Star Market	N/A	N/A	N/A	135	6	1.66%
Sudbury Pines Nursing Home	N/A	N/A	N/A	104	8	1.28%
Wingate Nursing Home	N/A	N/A	N/A	57	9	0.70%
Blue Lion	N/A	N/A	N/A	40	10	0.49%
Total	1,900		22.88%	3,214		39.50%

Source: Town of Sudbury and Massachusetts Labor and Workforce Development

EMPLOYEES BY FUNCTION/PROGRAM

LAST TEN FISCAL YEARS

Function/Program	Full-Time Equivalent Employees as of June 30									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
General government.....	33	33	33	33	33	33	32	30	30	30
Public safety.....	78	78	79	81	82	81	79	78	78	78
Education.....	384	384	397	415	412	412	390	393	391	379
Public works	29	31	31	32	34	34	32	32	30	30
Health and human services.....	8	7	7	7	7	7	7	6	6	6
Culture and recreation.....	19	19	19	19	19	18	18	17	16	16
Total.....	<u>550</u>	<u>552</u>	<u>566</u>	<u>587</u>	<u>587</u>	<u>585</u>	<u>558</u>	<u>556</u>	<u>551</u>	<u>540</u>

Source: Town of Sudbury

OPERATING INDICATORS BY FUNCTION/PROGRAM

LAST TEN FISCAL YEARS

Function/Program	Fiscal Year			
	2003	2004	2005	2006
General government				
Selectmen's meetings.....	(1)	(1)	(1)	(1)
Licenses issued.....	(1)	(1)	(1)	(1)
Payroll processed.....	(1)	(1)	17,525	18,237
Invoices paid.....	(1)	(1)	15,430	16,023
Taxable property parcels.....	6,342	6,362	6,408	6,424
Certified vital records.....	(1)	(1)	1,352	1,242
Zoning board of appeals application filed.....	63	51	60	71
Public safety				
Police				
Calls for service.....	14,487	17,941	17,979	18,364
Arrests.....	152	270	285	253
Criminal complaint applications.....	(1)	(1)	(1)	552
Response to motor vehicle accidents.....	412	444	706	646
Alarms.....	1,222	1,220	(1)	1,126
Fire				
Calls for assistance.....	1,700	1,742	1,817	1,793
Structure fire responses.....	10	8	8	8
Emergency medical responses.....	918	921	988	952
Building Department				
Building inspections.....	(1)	(1)	(1)	(1)
Education				
Public school enrollment.....	4,186	4,267	4,503	4,583
Public works				
Depository of property plans.....	(1)	(1)	(1)	(1)
Transfer station stickers issued.....	(1)	(1)	(1)	(1)
Recyclables (tons).....	(1)	(1)	(1)	(1)
Health and human services				
Program attendance.....	1,576	1,941	1,880	2,100
Referrals.....	(1)	(1)	25	89
Veterans served.....	(1)	(1)	(1)	(1)
Culture and recreation				
Library circulation.....	304,629	340,585	304,629	340,585
Library resources sharing.....	45,200	56,500	48,000	60,000
Park & recreation programs.....	(1)	(1)	694	749
Pool attendance.....	(1)	(1)	78,079	83,789

Source: Various departments

(1) Data is not available

Fiscal Year					
2007	2008	2009	2010	2011	2012
27	24	30	30	33	31
77	77	77	77	78	78
18,313	18,801	17,842	17,850	18,009	19,134
18,467	19,529	18,394	18,490	18,601	18,500
6,498	6,470	6,484	6,505	6,507	6,556
1,236	1,226	1,230	995	1,152	1,100
64	44	27	27	35	40
18,445	18,130	18,385	18,812	17,716	18,602
232	194	181	178	148	155
556	428	476	425	294	309
557	634	562	526	606	636
1,036	918	776	805	804	844
1,833	1,812	1,983	2,026	2,071	2,071
9	13	13	10	10	10
992	1,033	1,063	1,106	1,151	1,151
1,332	1,301	1,300	1,217	1,211	1,400
4,678	4,619	4,634	4,537	4,464	4,431
3,950	3,975	4,000	5,425	5,450	5,475
1,763	1,763	1,568	1,569	1,569	1,477
1,160	1,160	1,052	1,908	1,900	1,500
1,730	1,981	2,000	2,000	2,150	2,150
102	133	130	130	110	110
1,221	1,221	1,221	1,221	1,220	1,220
333,735	354,754	389,026	397,113	408,000	395,000
63,608	70,322	84,713	93,899	139,789	140,000
640	660	660	660	680	700
77,560	70,881	78,388	84,618	83,293	84,000

CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM

LAST TEN FISCAL YEARS

Function/Program	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Public safety										
Police										
Stations.....	1	1	1	1	1	1	1	1	1	1
Fire										
Stations.....	3	3	3	3	3	3	3	3	3	3
Trucks.....	6	6	7	7	7	7	7	7	7	7
Education										
Public school buildings.....	5	5	5	5	5	5	5	5	5	5
Public works										
Streets (miles).....	141	141	141	141	141	141	141	141	141	141
Streetlights.....	627	627	627	627	627	627	627	627	627	627
Traffic signals.....	2	2	2	2	2	2	2	2	2	2
Trucks/rolling stock equipment.....	76	76	76	76	76	76	75	77	79	83
Culture and recreation										
Public libraries.....	1	1	1	1	1	1	1	1	1	1
Community centers.....	1	1	1	1	1	1	1	1	1	1
Town park and playground acreage.....	96	96	96	96	96	96	96	96	96	96

Source: Various departments