

# TOWN OF SUDBURY

Massachusetts



## FY15 BUDGET AND FINANCING PLAN

July 1, 2014 – June 30, 2015

Celebrating our 375<sup>th</sup> Birthday in 2014

# Acknowledgements

Board of Selectmen:

Charles Woodard, Chair  
Pat Brown, Vice-Chair  
Robert C. Haarde  
Lawrence W. O'Brien  
Leonard A. Simon  
Charles Woodard

Finance Committee:

Susan L. Berry, Chair  
Joan M. Carlton, Vice-Chair  
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Primary Cost Centers:

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

Budget Prepared by:

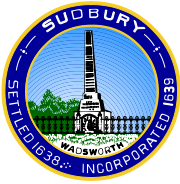
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Julia Cullen, Financial Analyst

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FY15 As Appropriated



# Town of Sudbury

## Town Manager's Office

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Maureen Valente, Town Manager

## The Town Manager's Introduction to the Budget Document

To the Residents of Sudbury,

Thank you for taking time to review this document.

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

In the few months leading up to Annual Town Meeting many of the financial data items contained in this document and in the Town Warrant are updated as information becomes available. After the Town Warrant is distributed to all residents 14 days before Town Meeting, further changes to the proposed budget are often required to reflect our most up-to-date information regarding revenues, in particular Local Aid, contract negotiations, or other various expenditures needing readdress. Any changes are published in a variety of ways up to and including "on the floor" of Town Meeting.

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

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

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

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

Sincerely

*Maureen G. Valente*

Maureen G. Valente  
Town Manager  
Town of Sudbury





## Town Mission and Values

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

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

*First adopted by the Board of Selectmen May 10, 2000*

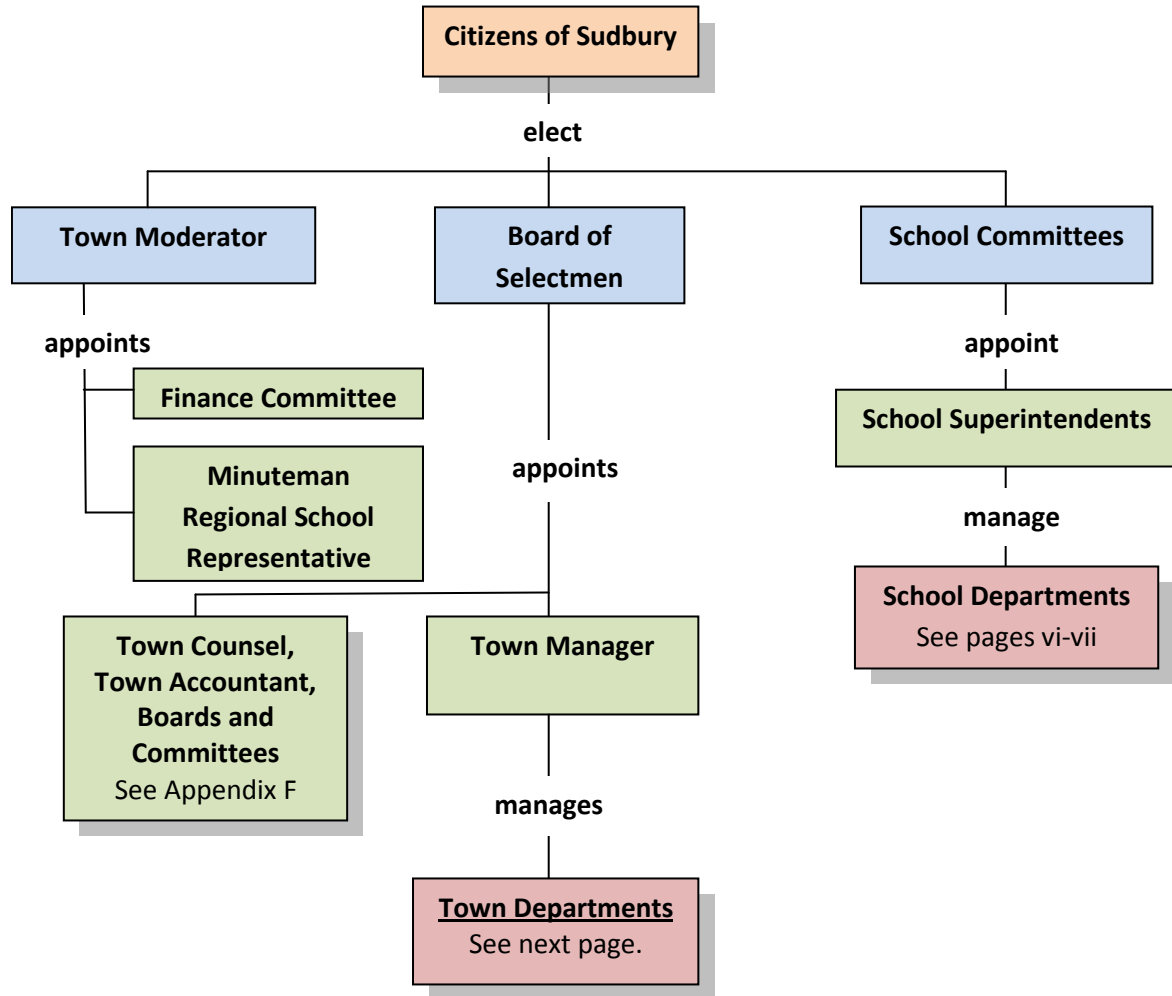
*Amended and reaffirmed by the Board of Selectmen, 5/23/02, 6/1/04, and 6/10/05*



# Organizational Charts

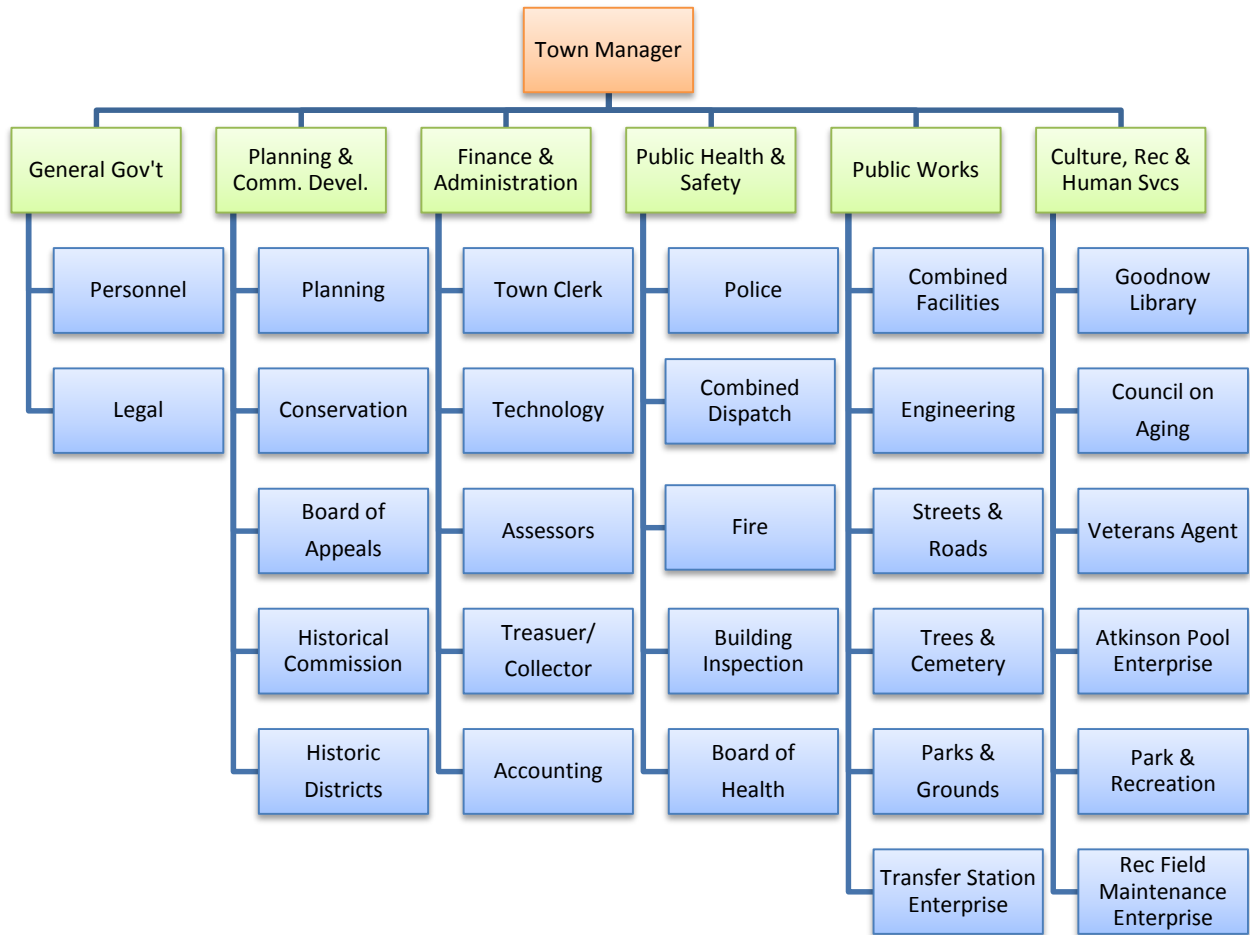
## Top Level

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



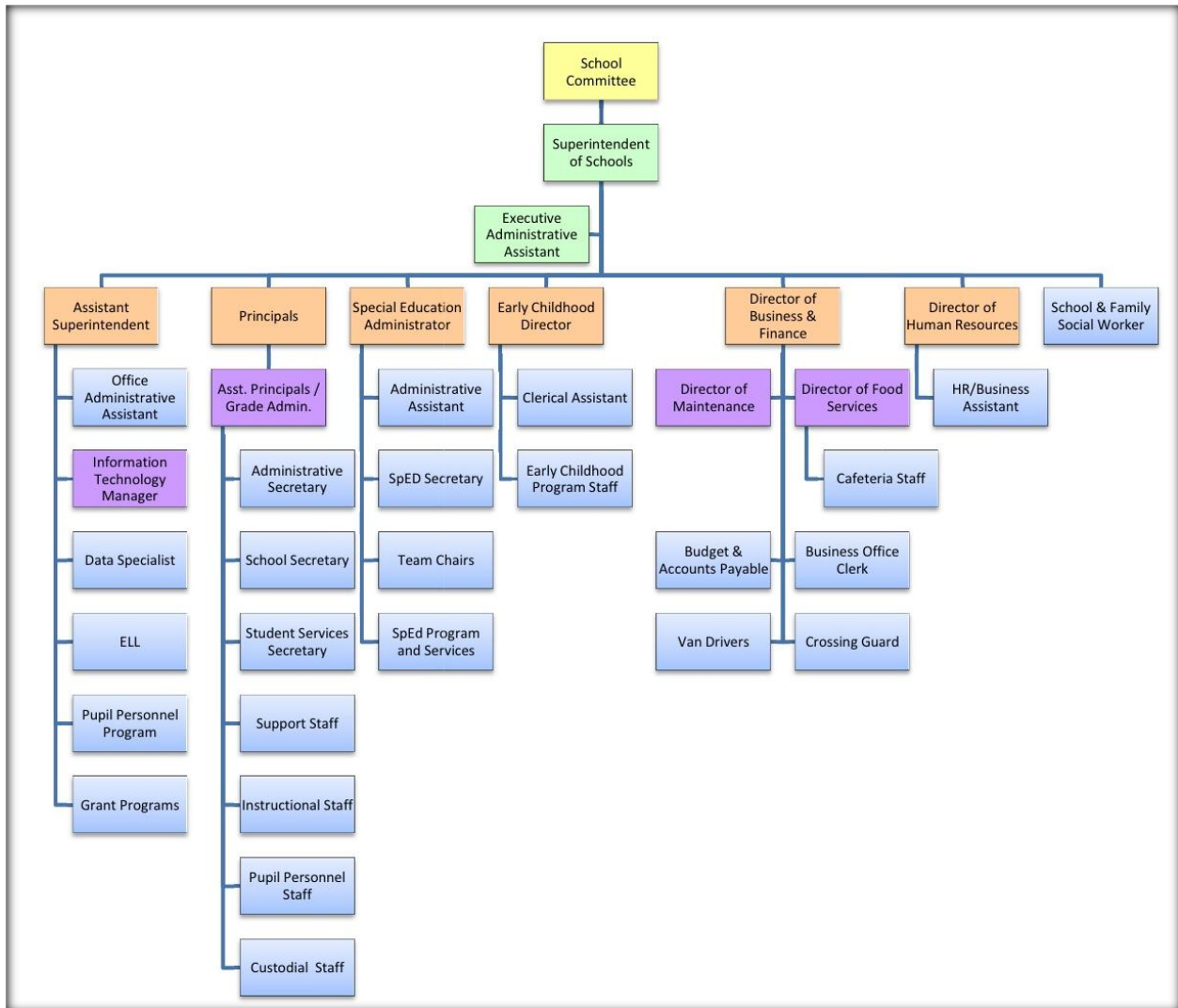
## Town Departments

The chart below outlines the general government structure established under the Town's current charter established July 1, 1996, as amended in 2013. This charter provided for appointment of a Town Manager by the Board of Selectmen. The Town Manager oversees all town departments including three enterprise organizations.



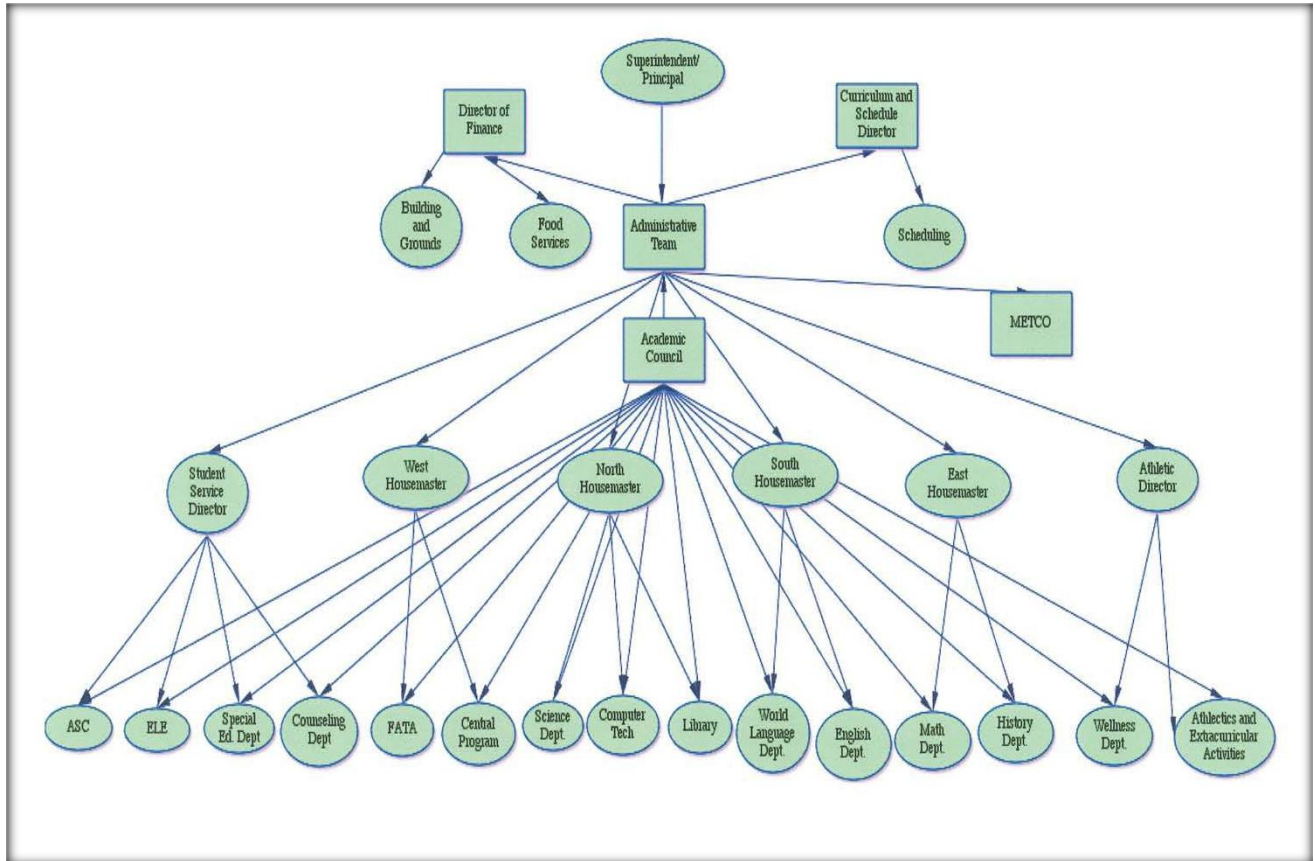
## Sudbury Public Schools

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



# Lincoln-Sudbury Regional High School

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



## A Reader's Guide to the Budget

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

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

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

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

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

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

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

## QUESTIONS AND ANSWERS ON USING THIS BUDGET DOCUMENT

- Question:** *Where can I find the bottom line for FY15 budget requests, and how do they compare with prior years?*  
**Answer:** Start with the Table on page 66 in **Section 3**. This summary sheet has the requested budgets for all cost centers plus other financial obligations of the Town that must be covered. The table also shows the actual and budget values for FY12 through FY15.
- Question:** *Where do I find information about the Town's current revenues?*  
**Answer:** Start with the Revenue Projections on page 34 in **Section 2**. This section includes a brief description of each revenue source along with our projected revenues.
- Question:** *How much does the Town's revenue base grow each year?*  
**Answer:** Beginning on page 26 in **Section 2** is a discussion of what has been happening in the Town's revenue base over the last ten years.
- Question:** *How much of the Town's budget is for the cost of benefits for employees such as Health Insurance and Pensions?*  
**Answer:** The detail in **Section 9** provides specific information for the Town and Sudbury Public Schools for these items starting on page 164. The total benefits amounts for the Lincoln-Sudbury Regional High School can be found in **Section 6** on page 140. You may also refer to charts starting on page **Error! Bookmark not defined.** in **Section 3**, which look specifically at a six-year history of these costs.
- Question:** *How can I find out the goals of the Town and how the budget is developed to try to accomplish those goals?*  
**Answer:** There are different goals set by different entities. The goals of the Board of Selectmen are found in **Appendix J** beginning on page 232. These goals provide direction to the Town Manager and Department Heads for the fiscal year and over the long-term. These goals filter through the organization, and help dictate departmental goals and budget requests. Departmental budget requests in **Section 5** include any financial consequences for particular departments or programs involved in accomplishing these master goals, or any tasks related thereto.
- Question:** *Where can I find information about budgeting for capital projects, such as building improvements and new DPW vehicles?*  
**Answer:** The capital budget is found in **Section 7** of this document. This section includes information on capital funding. Also included, is reference to Sudbury's Strategic Financial Plan for Capital.
- Question:** *How can I find out more about the budget balancing process?*  
**Answer:** See **Appendices C through E** of this document for a letter of instructions, a listing of the budget hearings held by the Finance Committee, and a description of the phases of budget preparation and development. Additionally the Finance Committee also posts a great deal of budget information on the Town's website. See [www.sudbury.ma.us](http://www.sudbury.ma.us).
- Question:** *Where can I find definitions for the budget terms and acronyms used in this document?*  
**Answer:** These can be found in **Appendices A and B in Section 13** of this document.
- Question:** *Where can I find more information about the Town?*  
**Answer:** See **Appendices F** for Sudbury's community profile which includes economic and demographic information as well as other useful references.





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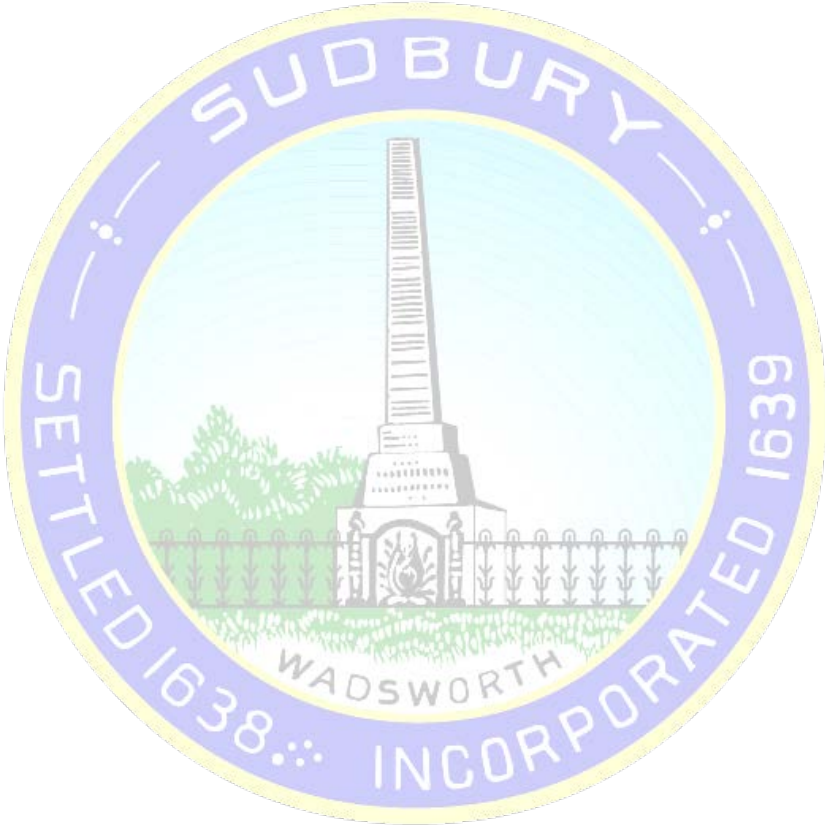
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# Section One

## Funding the Budget

A Consolidated Financial Overview and Funds Analysis



# Financial Funds and the Budgeting Process

## Sudbury's Financial Funds Structure Overview

Sudbury's financial system consists of over 600 individual funds (see figure to right), the majority of which fall into the category of Governmental funds. The General Fund alone consists of nearly 400 sub-funds for internal accounting purposes. Maintaining this many separate funds is essential for compliance and reporting purposes. It ensures proper fund management across the Town's vast financial and operational segments on a constant and consistent basis. Advanced technology and integrated financial systems aid in effectively managing, budgeting and reporting at all levels of the organization.

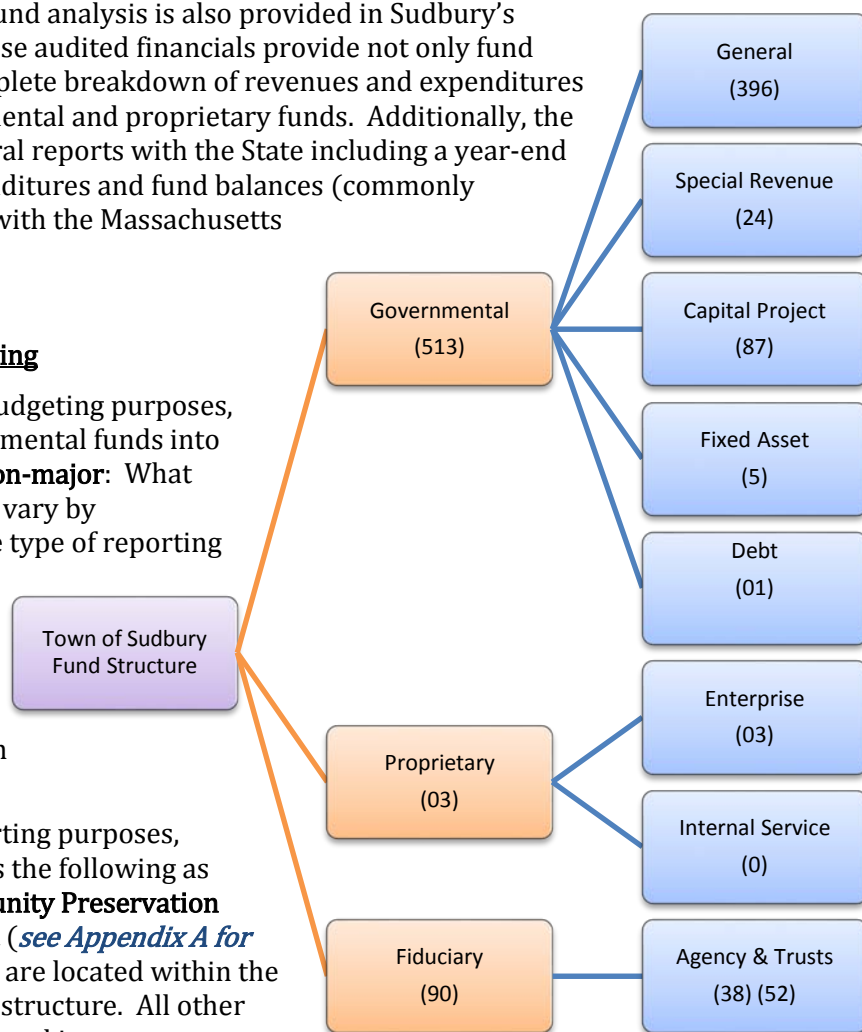
Government-wide financial fund analysis is also provided in Sudbury's annual financial reports. These audited financials provide not only fund balance detail but also a complete breakdown of revenues and expenditures for all of the Town's governmental and proprietary funds. Additionally, the Town is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

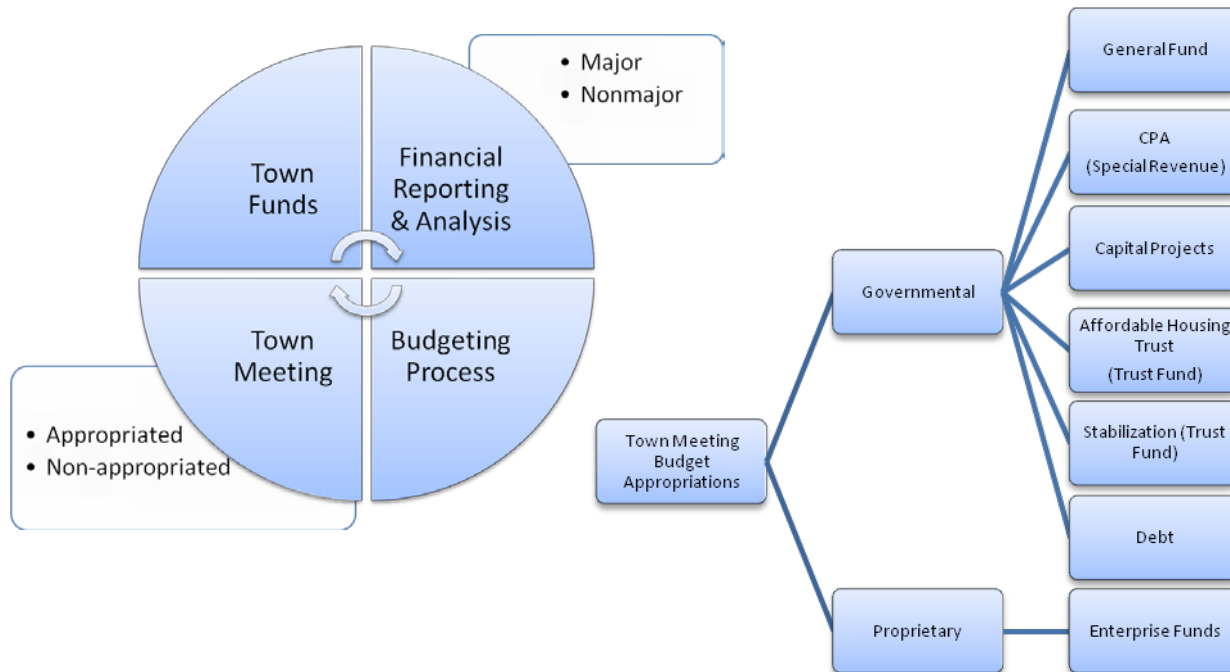
### Major Funds Financial Reporting

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

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

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





**Fund Cycle and Town Meeting Budget Appropriations**

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

**GASB Statement No. 54 – Fund Balance Reporting**

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

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

According to the summary memorandum issued by the GASB, the new guidelines will improve financial reporting by providing fund balance categories and classifications that will be more easily understood. Elimination of the reserved component of fund balance in favor of a restricted

classification will enhance the consistency between information reported in the government-wide statements and information in the governmental fund financial statements and avoid confusion about the relationship between reserved fund balance and restricted net assets. The fund balance classification approach in this pronouncement requires governments to classify amounts consistently, regardless of the fund type or column in which they are presented. As a result, an amount cannot be classified as restricted in one fund but unrestricted in another. The fund balance disclosures give users information necessary to understand the processes under which constraints are imposed upon the use of resources and how those constraints may be modified or eliminated. The clarifications of the governmental fund type definitions will reduce uncertainty about which resources can or should be reported in the respective fund types. The Town's GASB 54 Fund Balance table is published in the ***Comprehensive Annual Financial Report*** statement. A latest example of this exhibit along with category descriptions is located in Section 13 – Appendices.

### **New Individual Fund Balance Components**

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

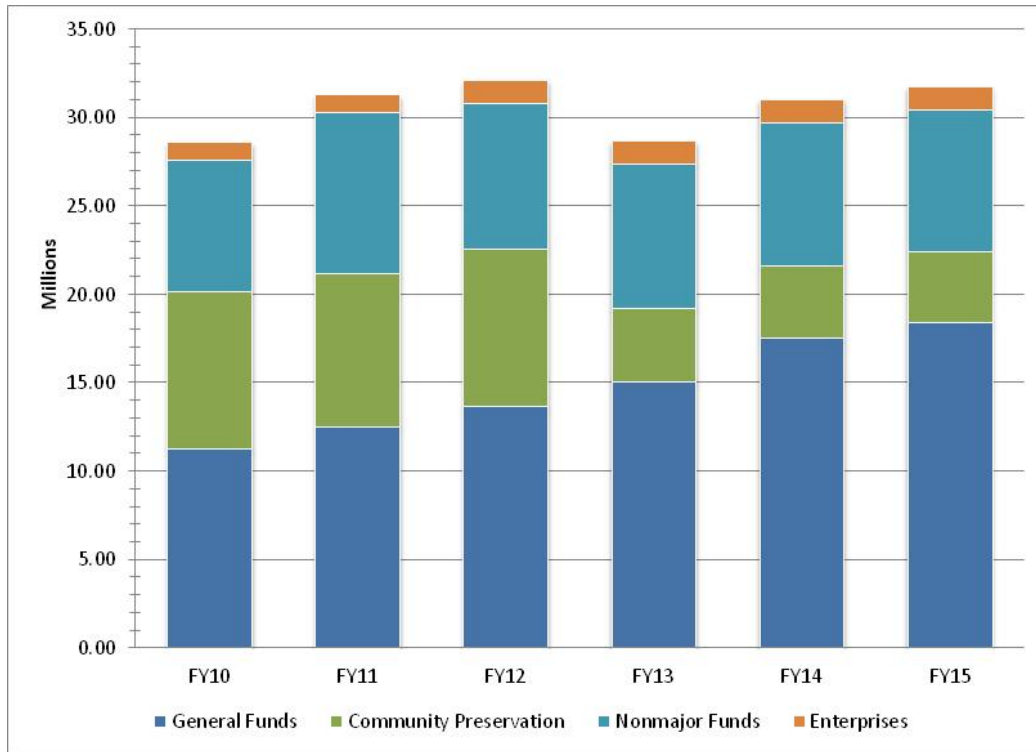
### **Top-Level Funds Management**

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

order to fund expenditures. Budgeting must consider all sources and uses of funds in order to avoid deficits and ideally be in a position to build fund equity for the future.

Below is the recent history of the Town’s aggregate balance for all governmental and proprietary funds. Total fund balance is expected to remain in the \$32 million range by the end of FY15.

**Sudbury’s Recent All Funds Balance History**



**Unassigned fund balance** may only be used in the General Fund. The table below shows a recent history of **unassigned fund balance** for the Town’s General fund. The latest projections indicate that the Town will approach an **unassigned fund balance** of approximately \$9.8 million by the end of fiscal year 2015.

<b>General Fund Balances</b>	<b>Actual FY10</b>	<b>Actual FY11</b>	<b>Actual FY12</b>	<b>Actual FY13</b>	<b>Projected FY14</b>	<b>Budget FY15</b>
Unassigned	3,146,115	3,961,520	5,603,341	7,721,185	9,500,000	9,800,000
Restricted/Committed	8,139,048	8,581,552	8,053,987	7,352,254	8,044,373	8,654,995
<b>Total</b>	<b>11,285,163</b>	<b>12,543,072</b>	<b>13,657,328</b>	<b>15,073,439</b>	<b>17,544,373</b>	<b>18,454,995</b>
<b>Balance Changes</b>						
Unassigned		815,405	1,641,821	2,117,844	1,778,815	300,000
Restricted/Committed		442,504	(527,565)	(701,733)	692,119	610,623
<b>Total</b>		<b>1,257,909</b>	<b>1,114,256</b>	<b>1,416,111</b>	<b>2,470,934</b>	<b>910,623</b>



## The General Fund versus Special Revenue Funds

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

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

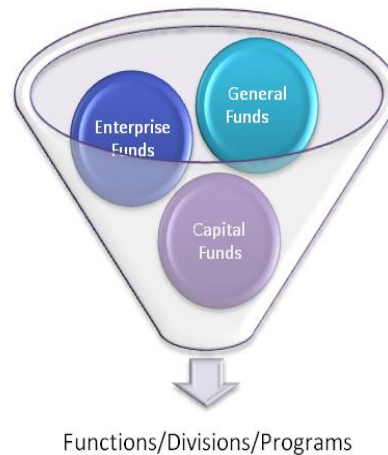
## **The Budgeting Process**

### From Funds to Functions

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

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

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



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

### The Major Role of Non-major Funding

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

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



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

**Receipts Reserved for Appropriation:** Massachusetts General Laws (M.G.L.’s) allow for only a handful of Receipts Reserved for Appropriation (RRA’s). At present, the Town has only one active RRA, for Ambulance Service Receipts, which is accounted for separately from the General fund. Transfers can be made from this fund to offset ambulance service expenses incurred within the General operating budget. Town Meeting may only authorize a special budget article transfer of RRA funds to the General fund specifically for offset to ambulance service expenditures incurred within the Fire Department. In recent years annual ambulance receipts have been approaching \$0.9 million. This may change in the future depending on the costs and reimbursement structure of providing ambulance services, including the addition of advanced life support (ALS) services by Sudbury’s Fire Department.

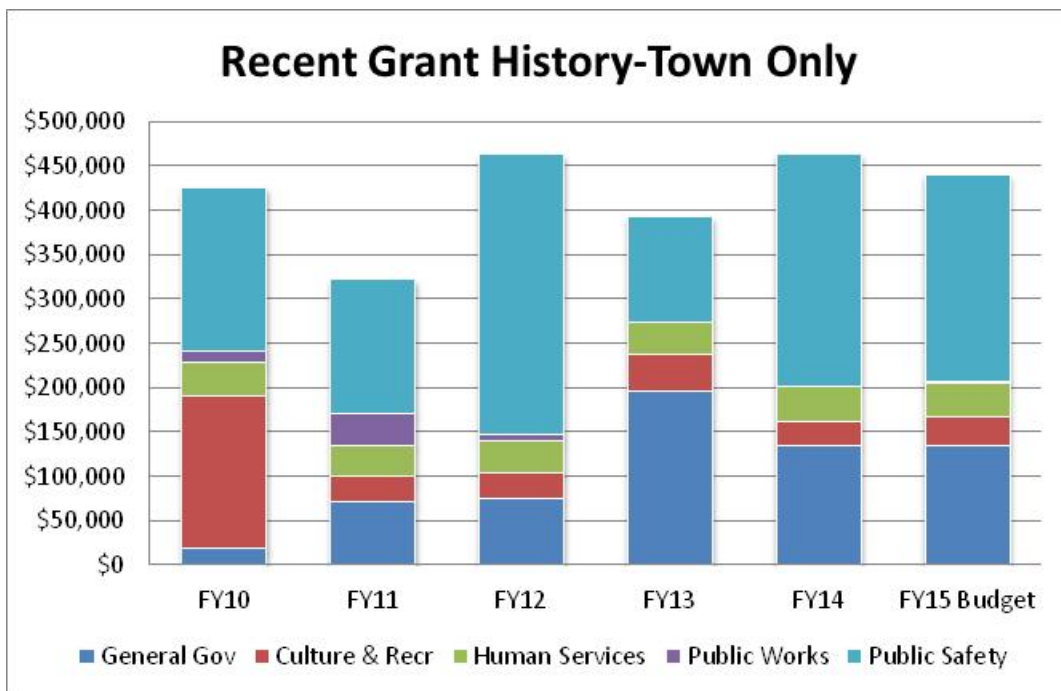
Contribution to the General Fund Budget each year: \$0.8 million (revenue transfer)  
Contribution to other specific purposes each year: zero

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

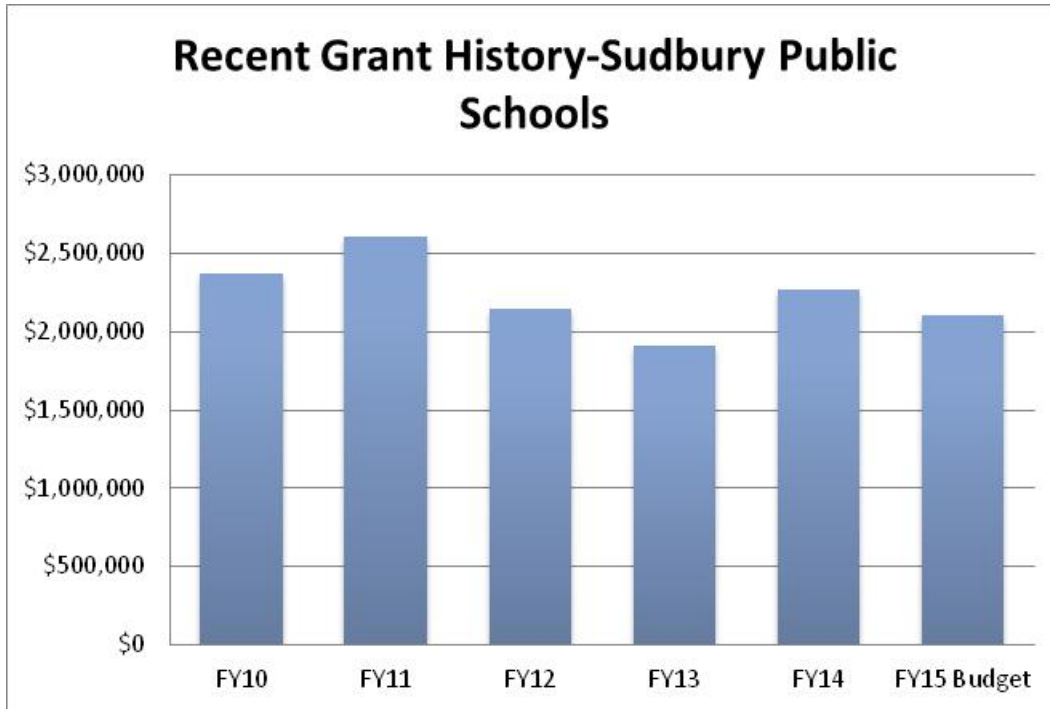
Contribution to the General Fund Budget each year: zero  
Contribution to other specific purposes each year: \$0.2 million

The last two Special Revenue streams within the **Non-major** category always play a significant role in the Town’s annual budgeting process due to their size and nature. Grants and Revolving Fund revenues are expected to generate \$6.2 Million in FY15, or nearly 7% of all revenues generated by the Town’s governmental funds for the same period. Together these two revenue streams account roughly 79% of all revenues in the Non-major category.

**Grants:** Grants revenue can be difficult to predict from year to year which makes program-funding decisions extremely difficult. Before the Town may accept grant monies all costs within a specific program or project need to be considered. Single grants that establish new ongoing costs for the town (e.g. additional personnel, benefits, maintenance, etc.) are considered carefully because without additional grant funding, program expenses either fall onto the tax levy, or risk elimination. Some grants may reimburse for up to three to five years for special expenditure; however, most do not exceed one year in nature and may only cover one specific incident, special equipment purchase, or short duration project. The Town has been very successful in the last few years obtaining grants for a variety of purposes that would otherwise have to be paid for by the General fund's tax levy or cease to exist. FY10 in particular included a few rather large one-time grants including reimbursements for severe storm damages and monies to establish the Metro west's first Boundless Playground. Similarly FY12-FY14 includes large grants for severe storm damages and "Green" energy projects.



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



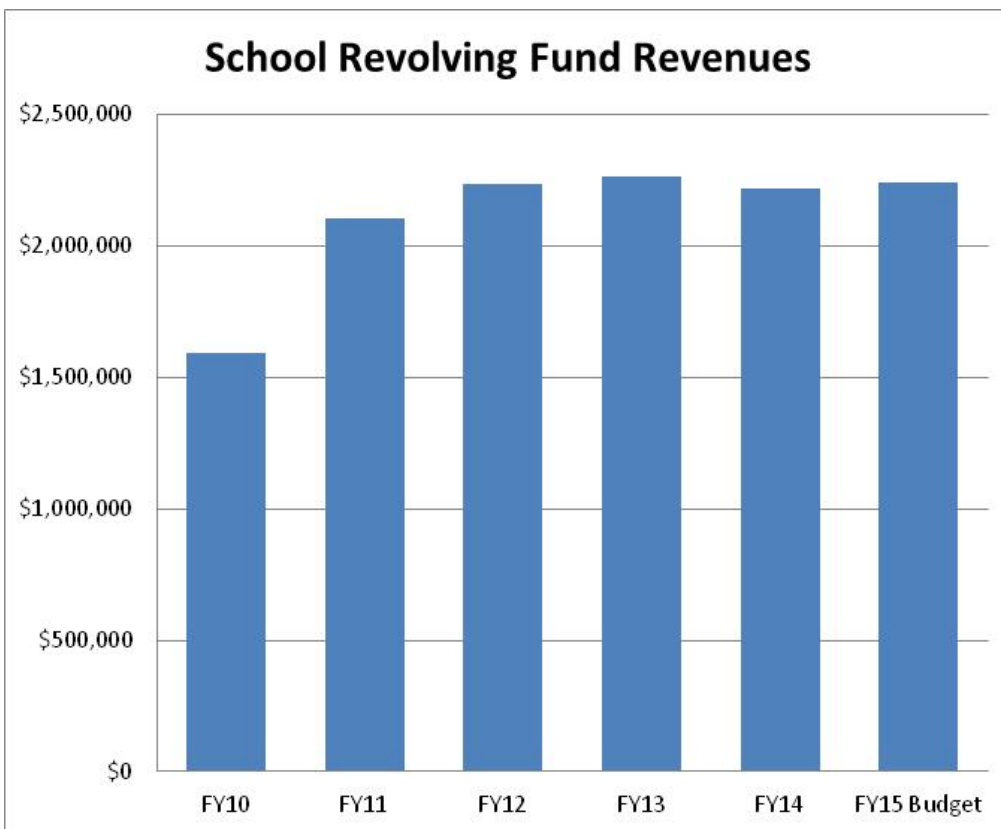
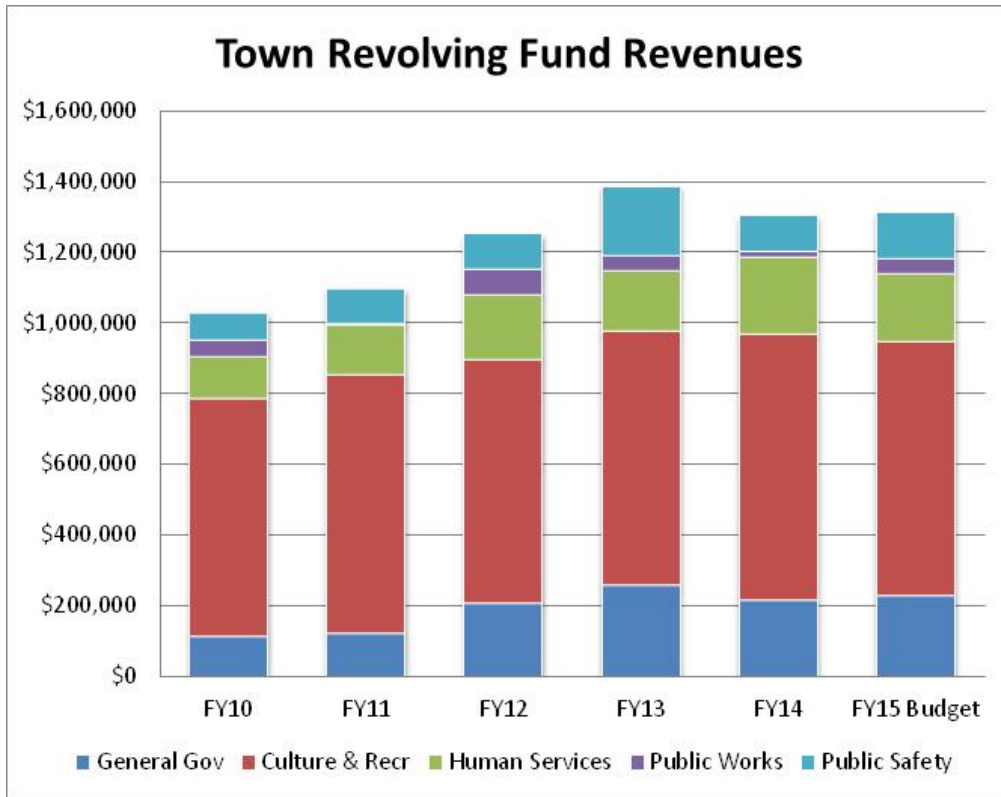
Even though many of the services that the Town and Schools provide are mandated (i.e., required by Federal or State laws) much of what we do remains underfunded or unreimbursed by the mandating authorities. Grants go a long way to reducing the burden of unfunded mandates on the tax levy. Since grants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

Contribution to the General Fund Budget each year: zero

Contribution to other specific purposes each year: \$2.1 million

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

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



Revolving Fund information is included as part of the annual tax rate certification process. Most (but not all revolving funds) require annual Town Meeting spending authorization. For example, the total spending limit set for Revolving Fund expenditures for FY15 is \$1.7M. However, nearly \$1.9M more in Revolving Fund revenues (mostly having to do with school operations governed by M.G.L. Ch. 71, S 47, 71E, etc.) will also be expended without specific appropriation.

Contribution to the General Fund Budget each year: zero  
Contribution to other specific purposes each year: \$3.5 million

## Total Funding Sources and Uses

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

All fund balance information for the remainder of this section is comprised of the following calculations: Balances and activities up to fiscal year 2010 (FY10) through fiscal year 2013 (FY13) reflect **actual** results. Activities for fiscal year 2014 (FY13) are based on **projected** revenues, expenses and transfers for the year which is still pending our annual audit process. Activities for fiscal year 2015 (FY15) are similarly estimated using revenues, expenses and transfers from the FY15 budget cycle process. *(FY14 and FY15 activities also include estimates of GAAP adjustments for comparison and balance projection purposes, prior to annual audit)*

### Governmental Funds Balance Highlights

#### 2010:

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

#### 2011:

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

- All *governmental* funds with the exception of CPA trust fund increased in value. The largest increase in balance was in Non-major 25.3%. The General Fund showed a moderate increase of 11.1%.

**2012:**

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

**2013:**

- As of the close of the fiscal year, the Town's *governmental* funds reported combined ending fund balances totaling \$27,390,629, a decrease of 11.1% in comparison with the prior year.
- At the end of the fiscal year, unassigned fund balance for the general fund totaled \$7,721,185 or 8.8% of total general fund expenditures and transfers out.
- Conservative spending against budgeted appropriations produced a positive variance of \$2,822,375 before continuing appropriations.
- No available fund balance has been reserved for funding a portion of the fiscal year 2014.
- The General Fund showed a moderate increase of 10.4%. CPA decreased significantly by 53.5% due to a major conservation restriction purchase.
- Non-major fund balance declined slightly by .6%

**2014 (Projected):**

- As of the close of the fiscal year, the Town's *governmental* funds reported combined ending fund balances is projected to be \$29.7 Million, an increase of 8.6% in comparison with the prior year.
- No available fund balance has been reserved for funding a portion of the fiscal year 2015.
- The General fund is expected to increase by 16.5%.
- No major variances are expected in CPA or non-major fund balances as compared to FY14.

**2015 (Projected):**

- As of the close of the fiscal year, the Town's *governmental* funds reported combined ending fund balances is projected to be \$30.5 Million, an increase of 2.6% in comparison with the prior year.
- No available fund balance are expected to be reserved for funding a portion of the fiscal year 2016.
- The General fund is expected to increase by 5.2%.
- No major variances are expected in CPA or non-major fund balances as compared to FY15.

## Governmental Funds Balances

GOVERNMENTAL ACTIVITIES						
	Actual FY10	Actual FY11	Actual FY12	Actual FY13	Projected FY14	Budget FY15
<u>General Funds</u>						
Begin. Bal.	11,059,704	11,285,163	12,543,072	13,657,328	15,073,439	17,544,373
Revenues	80,677,323	83,036,260	85,659,390	87,954,469	91,631,198	90,771,259
Expenditures	81,294,418	82,373,139	85,135,961	87,470,832	90,173,010	90,940,708
Excess/(Deficiency)	(617,095)	663,121	523,429	483,637	1,458,188	(169,450)
Transfers In/(Out)	842,554	594,788	590,827	932,474	1,012,745	1,080,072
Ending Bal.	11,285,163	12,543,072	13,657,328	15,073,439	17,544,373	18,454,995
% over prior		11.1%	8.9%	10.4%	16.4%	5.2%
<u>Community Preservation(CPA)</u>						
Begin. Bal.	8,509,267	8,922,552	8,620,708	8,952,251	4,165,166	4,092,414
Revenues	2,182,483	2,086,429	2,063,884	2,474,559	2,075,000	2,075,000
Expenditures	1,561,198	4,239,828	1,542,341	11,759,052	1,804,956	2,110,135
Excess/(Deficiency)	621,285	(2,153,399)	521,543	(9,284,493)	270,044	(35,135)
Transfers In/(Out)	(208,000)	1,851,555	(190,000)	4,497,408	(342,796)	(100,000)
Ending Bal.	8,922,552	8,620,708	8,952,251	4,165,166	4,092,414	3,957,279
% over prior		-3.4%	3.8%	-53.5%	-1.7%	-3.3%
<u>Non-major Funds</u>						
Begin. Bal.	7,353,766	7,414,338	9,143,352	8,199,577	8,152,024	8,104,471
Revenues	6,795,582	7,859,705	8,437,594	7,718,084	7,718,084	7,718,084
Expenditures	6,545,630	7,607,182	8,983,777	7,732,784	7,732,784	7,732,784
Excess/(Deficiency)	249,952	252,523	(546,183)	(14,700)	(14,700)	(14,700)
Transfers In/(Out)	(189,380)	1,476,491	(397,592)	(32,853)	(32,853)	(32,853)
Ending Bal.	7,414,338	9,143,352	8,199,577	8,152,024	8,104,471	8,056,918
% over prior		23.3%	-10.3%	-0.6%	-0.6%	-0.6%
<u>Total Governmental Funds</u>						
Begin. Bal.	26,922,737	27,622,053	30,307,132	30,809,156	27,390,629	29,741,258
Revenues	89,655,388	92,982,394	96,160,868	98,147,112	101,424,282	100,564,343
Expenditures	89,401,246	94,220,149	95,662,079	106,962,668	99,710,750	100,783,627
Excess/(Deficiency)	254,142	(1,237,755)	498,789	(8,815,556)	1,713,532	(219,285)
Transfers In/(Out)	445,174	3,922,834	3,235	5,397,029	637,096	947,219
Ending Bal.	27,622,053	30,307,132	30,809,156	27,390,629	29,741,258	30,469,192
% over prior		9.7%	1.7%	-11.1%	8.6%	2.4%

## Governmental Funds by Major Category

ALL GOVERNMENTAL - MULTI-YEAR SUMMARY						
	Actual FY10	Actual FY11	Actual FY12	Actual FY13	Projected FY14	Budget FY15
<b>Expenditure Category</b>						
General government	3,155,148	6,148,845	3,242,101	11,686,201	2,870,902	2,976,059
Public safety	6,538,020	7,007,846	7,140,784	7,631,877	7,201,097	7,447,926
Education	50,813,562	52,710,026	56,079,405	56,325,461	57,411,532	58,012,270
Public works	4,757,379	4,734,423	4,197,544	4,709,953	6,857,602	6,341,213
Health and human services	912,367	853,183	1,100,346	1,846,680	1,282,859	1,341,004
Culture and recreation	2,302,329	2,076,690	2,005,940	2,065,764	2,445,158	2,728,821
Pension benefits	7,706,478	7,877,511	8,184,635	8,612,651	9,507,976	9,744,181
Employee benefits	7,470,540	7,173,083	8,245,029	7,163,045	7,382,423	7,413,493
Property and liability insurance	199,420	213,481	218,576	224,452	310,092	319,395
State and county charges	164,445	192,672	186,114	179,483	161,434	180,968
Debt Service: <sup>1</sup>	5,381,558	5,232,389	5,061,605	6,517,101	4,279,675	4,278,298
Total Expenditures	89,401,246	94,220,149	95,662,079	106,962,668	99,710,750	100,783,627
<b>Revenue Category</b>						
Real estate and personal property taxes	64,346,930	66,299,399	68,328,105	69,936,527	72,501,707	73,123,768
Motor vehicle and other excise taxes	2,633,406	2,824,879	2,953,422	3,137,442	3,135,000	3,135,000
Tax liens	123,646	330,168	476,967	522,311	450,000	450,000
Payment in lieu of taxes	56,102	64,515	31,030	53,377	54,000	54,000
Community preservation surcharges	1,457,336	1,494,706	1,529,460	1,582,040	1,600,000	1,600,000
Charges for services	547,245	679,786	745,467	646,323	646,323	646,323
Intergovernmental	16,269,765	16,350,975	16,897,919	16,962,299	16,405,941	16,405,941
Penalties and interest on taxes	163,826	204,686	288,058	255,978	255,000	255,000
Licenses, permits and fees	477,972	511,537	554,433	778,448	680,785	693,785
Fines and forfeitures	106,952	91,472	89,439	76,302	67,380	67,380
Departmental and other	2,727,664	3,372,975	3,770,842	3,718,554	5,198,109	3,703,109
Contributions	216,832	208,744	227,708	246,187	246,187	246,187
Investment income	527,712	548,552	268,018	231,324	183,850	183,850
Total Revenues	89,655,388	92,982,394	96,160,868	98,147,112	101,424,282	100,564,343
Other Financing Sources (Uses)	445,174	3,922,834	3,235	5,397,029	637,096	947,219
Net Change in Fund Balance	699,316	2,685,079	502,024	(3,418,527)	2,350,629	727,935

\* Long-term debt service declining significantly as of FY14.

### GENERAL FUND

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

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

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



GENERAL FUND MULTI-YEAR SUMMARY						
	Actual FY10	Actual FY11	Actual FY12	Actual FY13	Projected FY14	Budget FY15
<b>Expenditure Category</b>						
General government	2,854,770	2,845,812	2,821,585	3,083,117	2,524,815	2,629,972
Public safety	6,333,361	6,666,121	6,827,002	7,349,030	6,918,250	7,165,079
Education	46,874,048	47,838,582	49,914,189	51,519,761	52,605,832	53,206,570
Public works	3,795,464	3,715,135	3,272,429	3,828,766	5,904,371	5,387,982
Health and human services	520,281	507,899	503,270	562,391	598,570	656,715
Culture and recreation	1,114,007	1,162,489	1,128,083	1,149,615	1,116,228	1,175,691
Pension benefits	7,706,478	7,877,511	8,184,635	8,612,651	9,507,976	9,744,181
Employee benefits	7,470,540	7,173,083	8,245,029	7,163,045	7,382,423	7,413,493
Property and liability insurance	199,420	213,481	218,576	224,452	310,092	319,395
State and county charges	164,445	192,672	186,114	179,483	161,434	180,968
Debt Service: <sup>1</sup>	4,261,604	4,180,354	3,835,049	3,798,521	3,143,019	3,060,663
<b>Total Expenditures</b>	<b>81,294,418</b>	<b>82,373,139</b>	<b>85,135,961</b>	<b>87,470,832</b>	<b>90,173,010</b>	<b>90,940,708</b>
		1.3%	3.4%	2.7%	3.1%	0.9%
<b>Revenue Category</b>						
Real estate and personal property taxes	64,346,930	66,299,399	68,328,105	69,936,527	72,501,707	73,123,768
Motor vehicle and other excise taxes	2,633,406	2,824,879	2,953,422	3,137,442	3,135,000	3,135,000
Tax liens	123,646	330,168	476,967	522,311	450,000	450,000
Payment in lieu of taxes	56,102	64,515	31,030	53,377	54,000	54,000
Intergovernmental	12,288,236	12,319,275	12,394,547	12,796,896	12,659,491	12,659,491
Penalties and interest on taxes	163,826	204,686	288,058	255,978	255,000	255,000
Licenses, permits and fees	420,612	429,384	483,012	707,663	610,000	623,000
Fines and forfeitures	96,569	77,551	80,659	63,922	55,000	55,000
Departmental and other	296,121	264,817	496,572	411,445	1,891,000	396,000
Investment income	251,875	221,586	127,018	68,908	20,000	20,000
<b>Total Revenues</b>	<b>80,677,323</b>	<b>83,036,260</b>	<b>85,659,390</b>	<b>87,954,469</b>	<b>91,631,198</b>	<b>90,771,259</b>
		2.9%	3.2%	2.7%	4.2%	-0.9%
Other Financing Sources (Uses)	842,554	594,788	590,827	932,474	1,012,745	1,080,072
<b>Net Change in Fund Balance</b>	<b>225,459</b>	<b>1,257,909</b>	<b>1,114,256</b>	<b>1,416,111</b>	<b>2,470,934</b>	<b>910,623</b>

### **COMMUNITY PRESERVATION ACT (CPA) FUND**

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

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

<b>CPA - MULTI-YEAR SUMMARY</b>						
	<b>Actual FY10</b>	<b>Actual FY11</b>	<b>Actual FY12</b>	<b>Actual FY13</b>	<b>Projected FY14</b>	<b>Budget FY15</b>
<b>Expenditure Category</b>						
General government	69,263	2,938,168	140,059	8,336,997	80,000	80,000
Public works	107,124	154,492	132,332	27,956	100,000	100,000
Health and human services	-	-	-	600,000	-	-
Culture and recreation	264,857	95,133	43,394	75,519	488,300	712,500
Debt Service	1,119,954	1,052,035	1,226,556	2,718,580	1,136,656	1,217,635
<b>Total Expenditures</b>	<b>1,561,198</b>	<b>4,239,828</b>	<b>1,542,341</b>	<b>11,759,052</b>	<b>1,804,956</b>	<b>2,110,135</b>
		171.6%	-63.6%	662.4%	-84.7%	16.9%
<b>Revenue Category</b>						
Community preservation surcharges	1,457,336	1,494,706	1,529,460	1,582,040	1,600,000	1,600,000
Intergovernmental	539,676	431,234	431,743	843,953	425,000	425,000
Investment Income	185,471	160,489	102,681	48,566	50,000	50,000
<b>Total Revenues</b>	<b>2,182,483</b>	<b>2,086,429</b>	<b>2,063,884</b>	<b>2,474,559</b>	<b>2,075,000</b>	<b>2,075,000</b>
		-4.4%	-1.1%	19.9%	-16.1%	0.0%
Other Financing Sources (Uses)	(208,000)	1,851,555	(190,000)	4,497,408	(342,796)	(100,000)
<b>Net Change in Fund Balance</b>	<b>413,285</b>	<b>(301,844)</b>	<b>331,543</b>	<b>(4,787,085)</b>	<b>(72,752)</b>	<b>(135,135)</b>

### **NON-MAJOR FUNDS**

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

<b>NON-MAJOR FUNDS - MULTI-YEAR SUMMARY</b>						
	<b>Actual FY10</b>	<b>Actual FY11</b>	<b>Actual FY12</b>	<b>Actual FY13</b>	<b>Projected FY14</b>	<b>Budget FY15</b>
<b>Expenditure Category</b>						
General government	231,115	364,865	280,457	266,087	266,087	266,087
Public safety	204,659	341,725	313,782	282,847	282,847	282,847
Education	3,939,514	4,871,444	6,165,216	4,805,700	4,805,700	4,805,700
Public works	854,791	864,796	792,783	853,231	853,231	853,231
Health and human services	392,086	345,284	597,076	684,289	684,289	684,289
Culture and recreation	923,465	819,068	834,463	840,630	840,630	840,630
Employee benefits	-	-	-	-	-	-
<b>Total Expenditures</b>	<b>6,545,630</b>	<b>7,607,182</b>	<b>8,983,777</b>	<b>7,732,784</b>	<b>7,732,784</b>	<b>7,732,784</b>
		16.2%	18.1%	-13.9%	0.0%	0.0%
<b>Revenue Category</b>						
Charges for services	547,245	679,786	745,467	646,323	646,323	646,323
Intergovernmental	3,441,853	3,600,466	4,071,629	3,321,450	3,321,450	3,321,450
Licenses, permits and fees	57,360	82,153	71,421	70,785	70,785	70,785
Fines and forfeitures	10,383	13,921	8,780	12,380	12,380	12,380
Departmental and other	2,431,543	3,108,158	3,274,270	3,307,109	3,307,109	3,307,109
Contributions	216,832	208,744	227,708	246,187	246,187	246,187
Investment Income	90,366	166,477	38,319	113,850	113,850	113,850
<b>Total Revenues</b>	<b>6,795,582</b>	<b>7,859,705</b>	<b>8,437,594</b>	<b>7,718,084</b>	<b>7,718,084</b>	<b>7,718,084</b>
		15.7%	7.4%	-8.5%	0.0%	0.0%
Other Financing Sources (Uses)	(189,380)	1,476,491	(397,592)	(32,853)	(32,853)	(32,853)
<b>Net Change in Fund Balance</b>	<b>60,572</b>	<b>1,729,014</b>	<b>(943,775)</b>	<b>(47,553)</b>	<b>(47,553)</b>	<b>(47,553)</b>

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

## Proprietary Funds Balances

PROPRIETARY ACTIVITIES						
	Actual FY10	Actual FY11	Actual FY12	Actual FY13	Projected FY14	Budget FY15
<u>Enterprises</u>						
Begin. Bal.	974,286	986,824	978,646	1,332,054	1,320,594	1,320,594
Revenues	952,724	1,035,069	914,936	1,050,980	1,217,954	1,217,954
Expenditures	919,233	1,013,652	849,662	1,042,378	1,173,887	1,173,887
Excess/(Deficiency)	33,491	21,417	65,274	8,602	44,067	44,067
Transfers In/(Out)	(20,953)	(29,595)	288,134	(20,062)	(44,067)	(44,067)
Ending Bal.	986,824	978,646	1,332,054	1,320,594	1,320,594	1,320,595
% over prior		-0.8%	36.1%	-0.9%	0.0%	0.0%

### ENTERPRISES

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

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

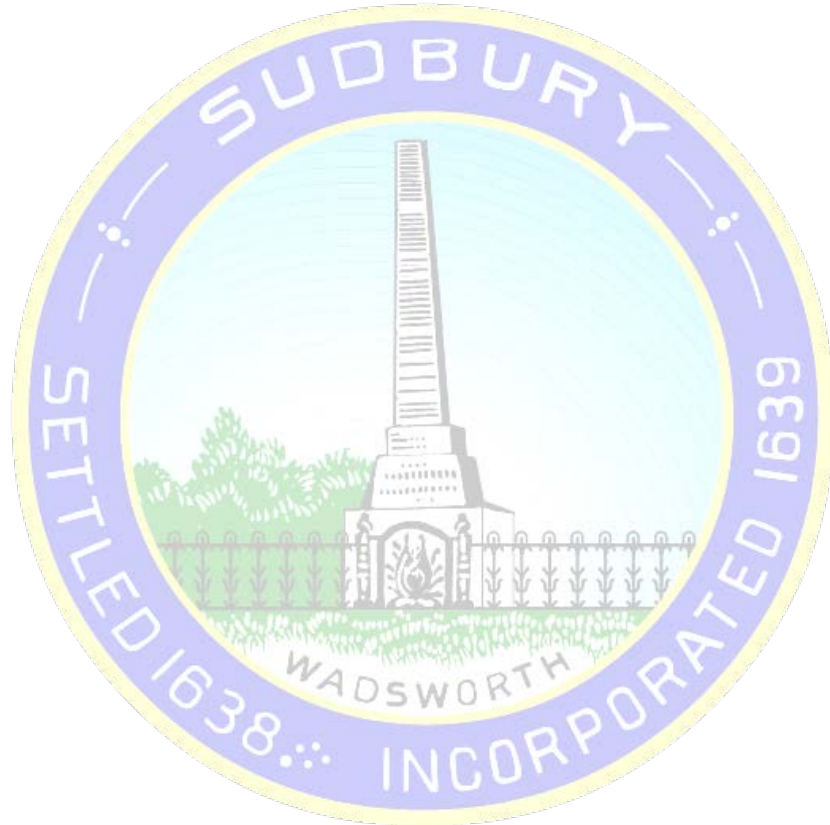
ENTERPRISES - MULTI-YEAR SUMMARY						
	Actual FY10	Actual FY11	Actual FY12	Actual FY13	Projected FY14	Budget FY15
<u>Expenditure Category</u>						
Cost of Services	919,233	1,013,652	849,662	919,233	1,042,378	1,173,887
Total Expenditures	919,233	1,013,652	849,662	919,233	1,042,378	1,173,887
		10.3%	-16.2%	8.2%	13.4%	12.6%
<u>Revenue Category</u>						
Charges for Service	950,940	1,033,801	914,155	950,940	1,049,980	1,216,954
Investment Income	1,784	1,268	781	1,784	1,000	1,000
Total Revenues	952,724	1,035,069	914,936	952,724	1,050,980	1,217,954
		8.6%	-11.6%	4.1%	10.3%	15.9%
Other Financing Sources (Uses)	(20,953)	(29,595)	288,134	(20,953)	(20,062)	(44,067)
Net Change in Fund Balance	12,538	(8,178)	353,408	12,538	(11,460)	0



## Section Two

# Financial Resources

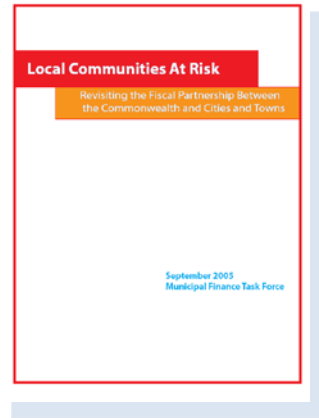
Funds revenue history and forecasts



# Revenue Forecasting

## Long-term Revenue Outlook-Structural Flaws in Fiscal Partnership

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



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

## Budget and Economic Outlook for State still an Uphill Battle



In a recent update on the state of 'Working Massachusetts' by the Center on Budget and Policy (CBP), analysts indicate that while the economy has been growing and the median income has inched upward, statewide poverty rate remains stubbornly high.<sup>1</sup> According to the Center, state income and local taxes represent approximately 10.4% of personal income.

Major tax cuts between 1998 and 2003 have re-positioned Massachusetts as a moderate tax state; slightly below the national average. According to the CBP, while the perception of Massachusetts being a taxing mecca hasn't changed the state's budget has been dealt a very real, profound blow to its bottom-line; significantly contributing to the ongoing budget gap despite deep cuts across the board. However, increasing taxes is not the answer to building a better future for Massachusetts.

The Center suggests that real progress in securing a future is in educating and developing our work force. Research has shown that economic growth has a strong relationship to providing quality education, health and human services to all who live, work and spend towards our economy. Although the CBP indicates Massachusetts is doing better than most states in this regard we can and should do better.

The big concern is "how"? How can the state afford to put more towards these vital programs and services instead of the much less we have seen over the last decade or more? How can the state's short-term economic struggles, ongoing budget deficits and latest tax cuts enable the required long-term investment in its citizens? How can the state also address a crumbling infrastructure and transportation funding crisis which arguably represent the base or basis for long-term economic strength?

These are all difficult questions that the current administration and Legislature continue to debate. The state's latest budget promises progress on all three fronts – Education, Infrastructure and Critical Services.

<sup>1</sup> See [www.massbudget.org](http://www.massbudget.org)



**For Immediate Release - July 11, 2014**

## **Governor Patrick Signs Fiscal Year 2015 Budget**

### **\$36.5 Billion Budget Continues Proven Strategy of Investing In Education, Innovation and Infrastructure to Create Growth and Opportunity; Provides Funding to Support Critical Services**

BOSTON – Friday, July 11, 2014 – Governor Deval Patrick today signed a \$36.5 billion Fiscal Year 2015 (FY15) budget that supports the Patrick Administration’s proven growth strategy of investing in education, innovation and infrastructure to create growth and opportunity across the Commonwealth, and also supports the critical programs and services Massachusetts residents want and deserve.

“When we invest in education, innovation and infrastructure, we create jobs and opportunity in the near term and strengthen our Commonwealth for the long term,” said Governor Patrick. “This budget continues to support that strategy and to fund the services necessary to improve the quality of people’s lives.”

The FY15 budget includes a \$100 million increase in Chapter 70 local education aid, reflecting the Administration’s view that nothing is more important than strengthening our schools and providing every child in Massachusetts with access to a high-quality education. Funding for Chapter 70 local aid is now at \$4.4 billion, the highest level in state history and an increase of 26 percent since Governor Patrick took office.

This budget builds on the Patrick Administration’s unprecedented support for early education, providing an additional \$24 million for early education to move 1,700 children off the waitlist for early education programs in FY15. Together with last year’s investments in early education, 5,000 more children will have access to the high-quality early education opportunities that are critical for their future academic and economic success. The budget also invests in the Commonwealth’s public universities and colleges to promote future growth and prosperity, including a significant increase in funding for public higher education, which will allow the University of Massachusetts to freeze tuition and fee increases for students for the second consecutive academic year.

The FY15 budget includes investments to make the Commonwealth’s communities stronger and safer and provides supporting services and opportunities for our most vulnerable residents, including \$10.2 million for the summer jobs program for at-risk youth, \$8.2 million for Shannon Grants and \$4.6 million for the Safe and Successful Youth Initiative.

The FY15 budget also reflects the Patrick Administration’s efforts to reduce the state’s reliance on one-time solutions. It includes a withdrawal from the Stabilization Fund of \$140 million, less than half of the \$350 million withdrawal in FY14, keeping the Commonwealth on track to finish next year with one of the highest rainy day accounts in the Nation, at more than \$1.2 billion.

“This budget continues to build on the Patrick Administration’s record of reforming government while continuing to provide the funding to deliver quality services for the residents of the Commonwealth,” said Secretary of Administration and Finance Glen Shor.

The budget also includes supports for other key areas funded in the Governor’s FY15 budget proposal, including:

- A \$48 million increase for the Department of Children and Families above the FY14 General Appropriations Act, of which \$14.6 million is included for capacity building and operational improvements at the Department to better serve families in need;



- \$1.7 million to support Governor Patrick’s sustainable, cost-effective criminal justice reforms which will dramatically improve inmates’ reentry into their communities, increasing opportunities for formerly incarcerated individuals and enhancing public safety; and
- \$200,000 for the establishment of an office of the state climatologist and \$1 million to coordinate and implement strategies for climate change adaptation and preparedness, part of the Governor’s more than \$50 million investment in climate change preparedness outlined in January 2014. The budget also includes \$20 million to address the regional opioid epidemic through an emphasis on prevention, intervention, treatment and recovery; as well as \$13 million in funding to ensure that non-convicted patients treated at Bridgewater State Hospital receive mental health services in appropriate settings.

### **Advancing the Governor’s Four Priorities**

The FY15 budget reflects the Patrick Administration’s enduring commitment to creating jobs and opportunity in every corner of the Commonwealth, closing the achievement gap in our schools, controlling health care costs and addressing youth violence to support safer communities.

- **Investing in Education to Close the Achievement Gap:** The FY15 budget provides increased funding for education – from early education through college – to help close achievement gaps and better prepare our young people for academic and career success. These investments include:
  - \$75 million in increased funding for the Commonwealth’s public universities and colleges;
  - \$100 million in increased Chapter 70 funding, bringing total Chapter 70 aid to the highest level in state history;
  - \$24 million in new investments in early education to reduce the waitlist for high-quality early education programs, newly providing access for over 1,700 children in FY15;
  - \$18.7 million for regional school transportation, for a total of \$70 million, the highest level of state investment ever;
  - \$3 million in increased investments for scholarships for Massachusetts students pursuing higher education, bringing the total investment to \$93.6 million;
  - \$5 million in increased funding for the Special Education Circuit Breaker to cover costs associated with providing special education for students, bringing the total investment to \$257 million;
  - \$3.9 million in increased funding for the Children’s Trust Fund which will provide an additional 1,200 families with home visitation services that support young first-time parents, bringing the total investment to \$15.6 million;
  - \$450,000 in increased funding for Extended Learning time grants for school districts, bringing the total investment to \$14.7 million; and
  - \$6.5 million in salary increases for Child Care Workers at Center-Based providers.
- **Investing in Innovation to Create Jobs, Expand Opportunity:** The FY15 budget funds a number of initiatives to support job creation in key growth sectors of the state’s economy, including life sciences, manufacturing, local infrastructure and innovation. These investments include:
  - \$25 million for the Massachusetts Life Sciences Center (MLSC) to provide research grants and accelerator loans to researchers and early-stage companies and support workforce development efforts in the life sciences; and
  - \$10.4 million in funding to support the tourism industry, with funding dedicated to expanding domestic and international marketing initiatives in emerging markets such as China, India and Brazil.
- **Expanding Access to Affordable, Quality Health Care:** The FY15 budget makes investments to strengthen the Commonwealth’s national leadership in expanding health care access and improving quality including:
  - Funding to support implementation of the first full fiscal year of the Affordable Care Act (ACA). The FY15 budget enables more low- income adults to access subsidized coverage through an

expanded Medicaid program, and keeps Health Connector coverage for other low-and-moderate income families as affordable as it is today.

- Restoration of coverage of denture benefits for adult MassHealth members; and
  - \$153 million in additional funding for human service providers, allowing the Administration to make continued progress in implementing Chapter 257.
- **Building Stronger, Safer Communities through Positive Youth Development & Youth Violence Prevention:** The FY15 budget contains funding for positive youth development and violence prevention programs that will positively impact the lives of young people across the Commonwealth and help build stronger, safer communities. Funding includes:
    - \$10.2 million for summer jobs for At-Risk Youth;
    - \$8.2 million for Shannon Grants;
    - \$4.6 million for the Administration's Safe and Successful Youth Initiative;
    - \$4.1 million for Youth-at-Risk Matching Grants;
    - \$2 million for YouthBuild Grants;
    - \$1.7 million for After-School/Out-of-School Grants;
    - \$1.3 million for Youth-Violence Prevention Grants; and
    - \$200,000 for the School Safety Task Force

**Furthering the Patrick Administration's Efforts to Improve the Way Government Does Business:** The FY15 budget includes key reforms proposed by the Patrick Administration, including:

- Information technology reforms, consistent with Governor Patrick's Executive Order 549, which enhance the role of the Commonwealth's Chief Information Officer and refashions the current Information Technology Division into a new Massachusetts Office of Information Technology to improve information technology oversight, project selection and implementation. The Administration's implementation of E.O. 549 has already produced major improvements in how we select and deploy technology solutions for delivering core public services.
- An end to the practice of paying for transportation staff on the capital budget, creating more room for spending capital dollars on better roads, rail and bridges across the Commonwealth.
- The new Interagency Data Services (IDS) model, which will provide authorized agencies with access to targeted information necessary to more effectively detect and prevent fraud, waste and abuse across government programs. This new model has the potential to save the state \$20 million annually.
- A new phase of human resource modernization, including the development of Commonwealth Workforce Plans, which will ensure the state is well-positioned to attract and retain a world-class workforce.

### **Veto**

The Governor vetoed a limited number of items from the Legislature's budget totaling \$16.1 million in spending. Examples include several earmarks at the Department of Correction, the Executive Office for Administration and Finance, the Department of Conservation and Recreation and other agencies.

The Governor also vetoed or returned for amendment a small number of outside sections, including a section that would have removed the MBTA retirement system and similar entities from the Public Records Law. This veto preserves an important tool to promote a more transparent and open government.

### **Proposed Supplemental Budget**

In conjunction with signing the FY15 budget, Governor Patrick has also filed FY14 year-end supplemental legislation, which proposes creating additional fiscal management tools to ensure that the Commonwealth is well-positioned to capitalize on opportunities and solve problems while maintaining a balanced budget. The proposal allows the Governor to make spending reductions at all Executive agencies, including those that do not report to the Governor, if the Executive Office of Administration and Finance determines that

budgeted revenues will be insufficient to meet anticipated expenditures. Today's supplemental bill also addresses unfunded needs in FY14, providing \$32 million for FY14 snow and ice costs. The bill also appropriates \$10 million for implementation of Administration's Bridgewater State Hospital recommendations, funding additional clinical staff at Bridgewater State Hospital. The supplemental bill allows select prior appropriations to be continued into FY15. "In our FY15 budget agreement, we bolster our commitment to strengthening vital state services while maintaining responsible fiscal policies," said Representative Brian S. Dempsey, Chairman of the House Committee on Ways and Means. "The FY15 budget looks to the future, both our immediate future - through funding for critical programs like higher education and substance abuse treatment - and our long-term future - through careful financial practices that acknowledge the current challenging economic landscape. This budget strikes a judicious balance that will help to prepare us for the fiscal year ahead."

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## Sudbury's Economic Condition and Outlook

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

The town's property tax base has decreased over the past few years due to the effects of the nationwide housing market downturn, but the tax base is diverse, and market values remain extremely strong. Assessed value (AV) is primarily residential, at 93%, and the 10 leading tax payers account for only 5%. AV began declining in 2008 but has rebounded to \$3.9 billion in fiscal 2013. In addition, per capita market value remains extremely strong. The median home value in Sudbury remains 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. Property taxes are the Town's leading revenue source, and tax collections remain very stable.

## Primary Governmental and Proprietary Financial Resources

This section provides details on the Town's major and minor financial resources that may be used to fund all of the FY15 budgets and wherever possible build upon the various reserves.

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

Operating resources consist of a wide variety of revenues that are earned or received within general government functions. The Town has hundreds of operating revenue streams that are produced or received across all facets of government. Virtually every division of the government brings in revenues of some kind. Finance & Administration for example is responsible for property and excise taxes, along with various licenses, permits, permanent records, penalties, rebates,

rentals, reimbursements, etc. Public Safety generates a wide variety of permits, details, alarms, etc. Public Works also generates various permits, document fees, maps, penalties and internment revenues. The Schools generate a tremendous amount of State aid for education, as well as revenues for building rentals, lunch programs, activity fees, etc. The majority of all operating resources fall under (or are generated within) the General fund. Operating resources are **high and recurring in frequency, collectively big in value and high in volume.**

Capital resources consist of bond proceeds used for capital asset acquisitions or projects (e.g. school building renovations, town building construction, development of new roadways, sewers, etc.) Capital resources may also come in the form of capital project debt reimbursement by State authorities. For example, the Town receives \$1.7 million in school project debt reimbursement each year from the Mass. School Buildings Authority (MSBA) covering approximately 60% of all outstanding debt for Sudbury school construction and renovations done prior to 2003. Now, the MSBA provides us reimbursement upfront thereby reducing the final amount we need to borrow long-term. The capital resources primarily fall under (or are generated within) the General fund. Capital resources are **low in frequency, typically big in value and low in volume.**

Reserves or Other Available Funds resources require appropriation or transfer in from another area. Other available funding sources for the General fund typically come from Free Cash and Abatement Overlay Surplus. On occasion, the Town may also choose to fund current or future budgets with certain grant proceeds, or by re-appropriating balances from existing continuing articles at Town Meeting. The creation of reserves and other available funds is **low in frequency, typically varied in value and low in volume.**

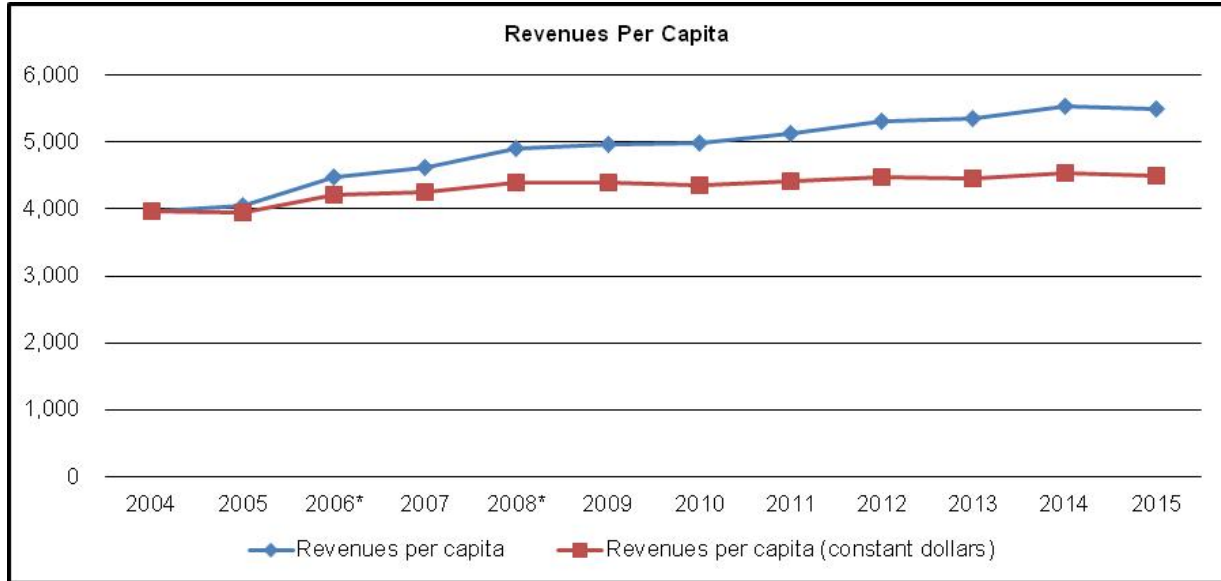
Enterprises have been described already. For budget and planning purposes, you will find Enterprises reported along with the Town's main General Fund budget. Further details on Enterprise budgets can be found in **Section 11**. Since Enterprise revenues are used solely to fund enterprise operations, it is important to note there is relatively very little interaction between Enterprises and the Town's General Fund Budget. Even so, since Enterprises typically represent 1% of all revenues and must be reported along with all other operations for tax rate certification purposes, they deserve attention in our budgeting and financial planning documentation. Enterprise resources are **high and recurring in frequency, big in value and high in volume.**

## Primary Financial Resource Trends and Indicators

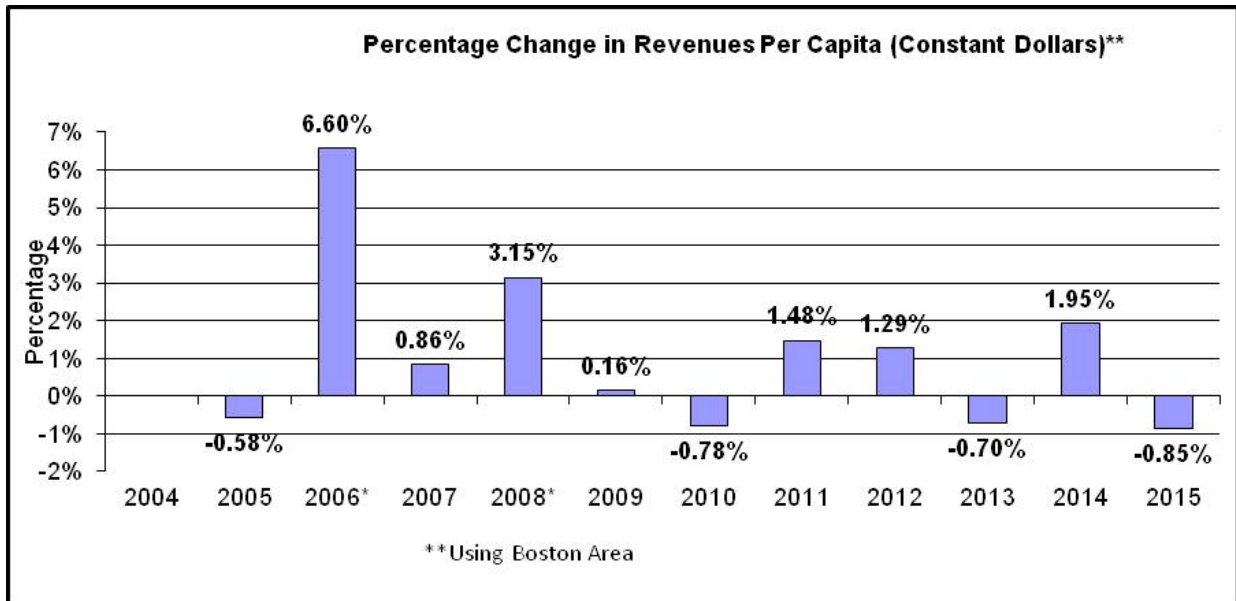
We discuss the basis for our projections for budget cycle, as a combination of Town-specific historical data and local economic factors. Each year, Town staff conducts a review of Sudbury's financial conditions. Several charts and tables are included here for further discussion.

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

**Indicator 1: All Revenues Per Capita.** This indicator shows that while operating revenues have increased over the last several years, when the effects of inflation are factored in and adjusted for growth in population, revenues per capita in constant dollars have remained relatively flat near the \$4.5 thousand mark. We are expecting this trend to continue.

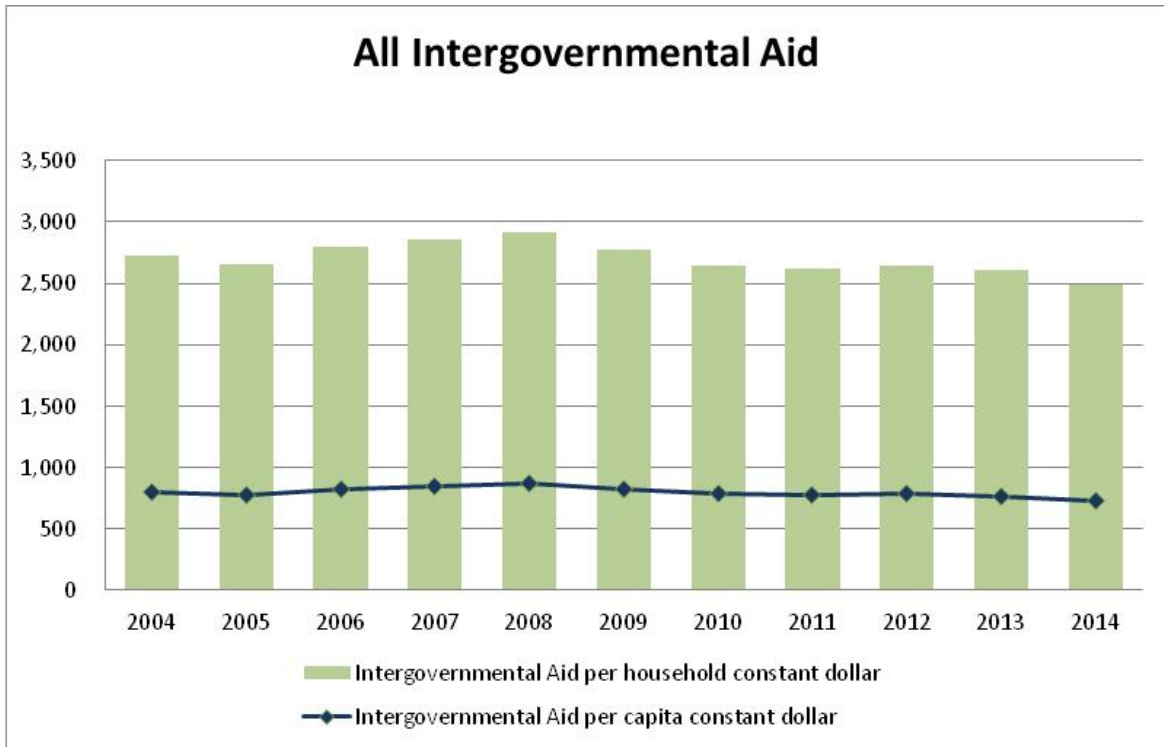


An asterisk denotes those years in which there was an override. Overall, the annual growth in constant dollar revenues per capita average has ranged from a high of 6.60% to as low as -.85% in recent years. The chart below shows that in those years in which there is no override, there is very little growth in operating revenues to support budgets while there are steady increases in payroll, pensions, health insurance, and energy costs.

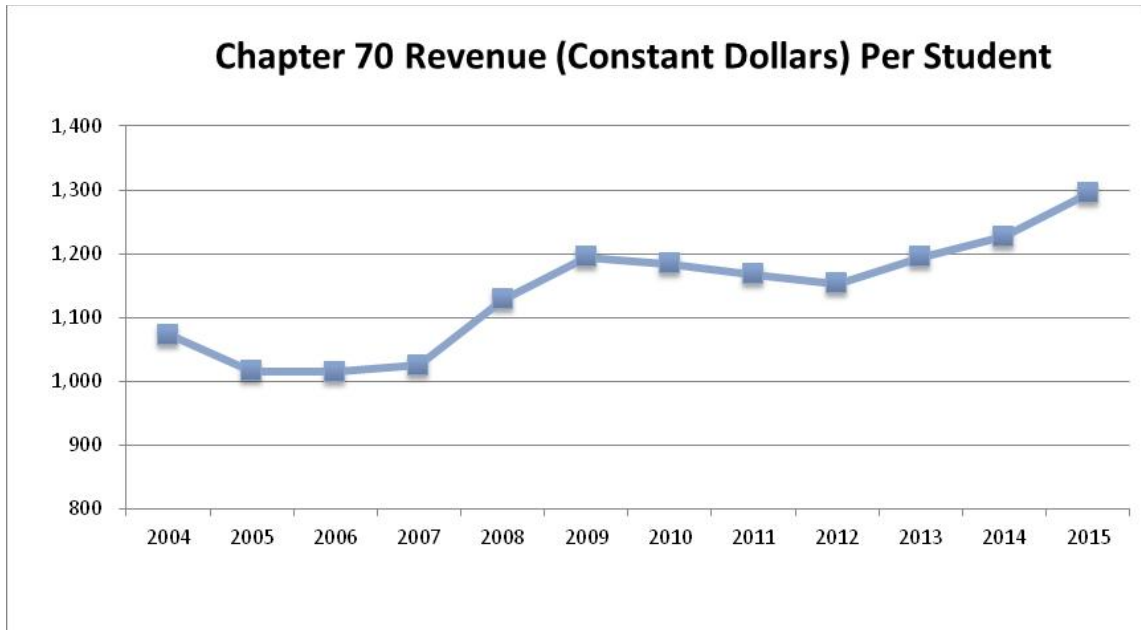


**Indicator 2: All Intergovernmental Aid per Household and per Capita.** Intergovernmental aid is comprised of State and Federal aid, grants and other reimbursements. Over the past decade, Intergovernmental Aid represents an average 18-20% of the Town’s total governmental operating

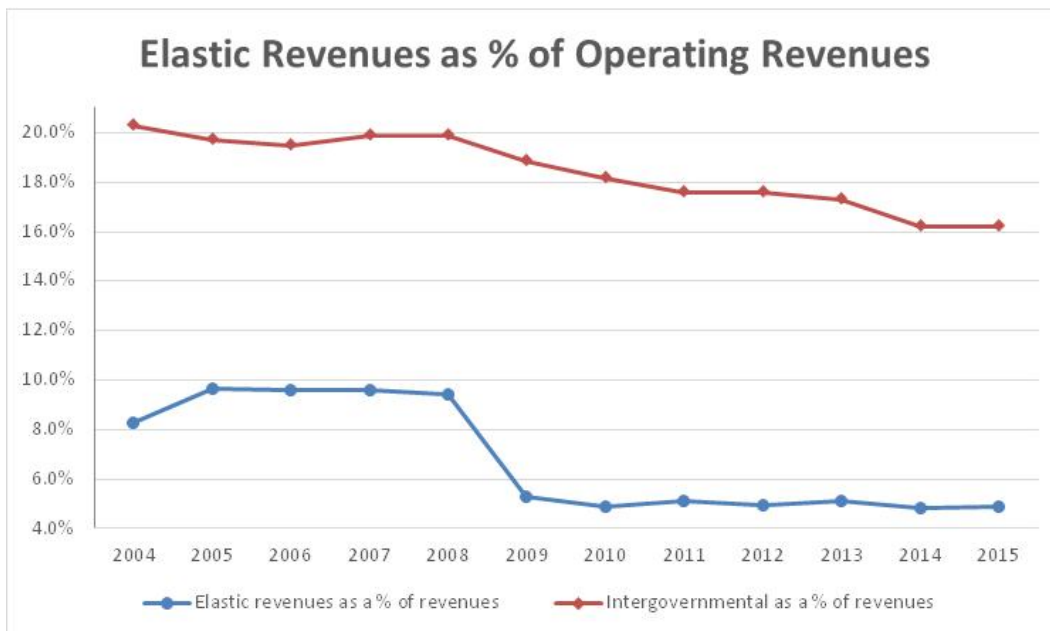
revenues. In terms of per household and per capita for FY13, the Town received \$2,613 and \$769 in all intergovernmental aid, respectively. We are expecting this trend to continue.



Indicator 3: Chapter 70 School Aid per student (SPS only). This indicator focuses on the largest component of State aid for Sudbury: the Chapter 70 program. This type of State aid has consistently represented 5%-6% of total net operating revenues over the past decade. On a per student basis, Sudbury received steady annual increases in this type of aid up until FY2001. However, since then the State’s own financial difficulties resulted in formula changes. As a percentage of our enrollments, there have been dramatic and rather erratic changes in reimbursement. Our Chapter 70 reimbursement represents only a small percentage of what it costs to educate a Sudbury student. Our reimbursement per student (adjusted for inflation) surpassed \$1,200 in 2013. This indicator is showing a slight increase over the next few years primarily due to a lag in formula adjustment for declining (forecasted) enrollment.



**Indicator 4: Elastic Revenues.** This indicator identifies the primary reason for the Town’s dramatic and at times erratic fluctuations in financial resources. Elastic revenues are those items that change as the economy changes. Sudbury’s elastic revenues include items such as motor vehicle excise, investment earnings and building permit fees. As a lagging indicator, we expect to feel the negative effects by as much as 12-24 months after the economy recovers at a national or State level. This next chart shows the decline in elastic revenues as a percentage of total operating revenues since 2004. As you can see the decline has been even more dramatic than what we have experienced with intergovernmental aid during the same timeframe.

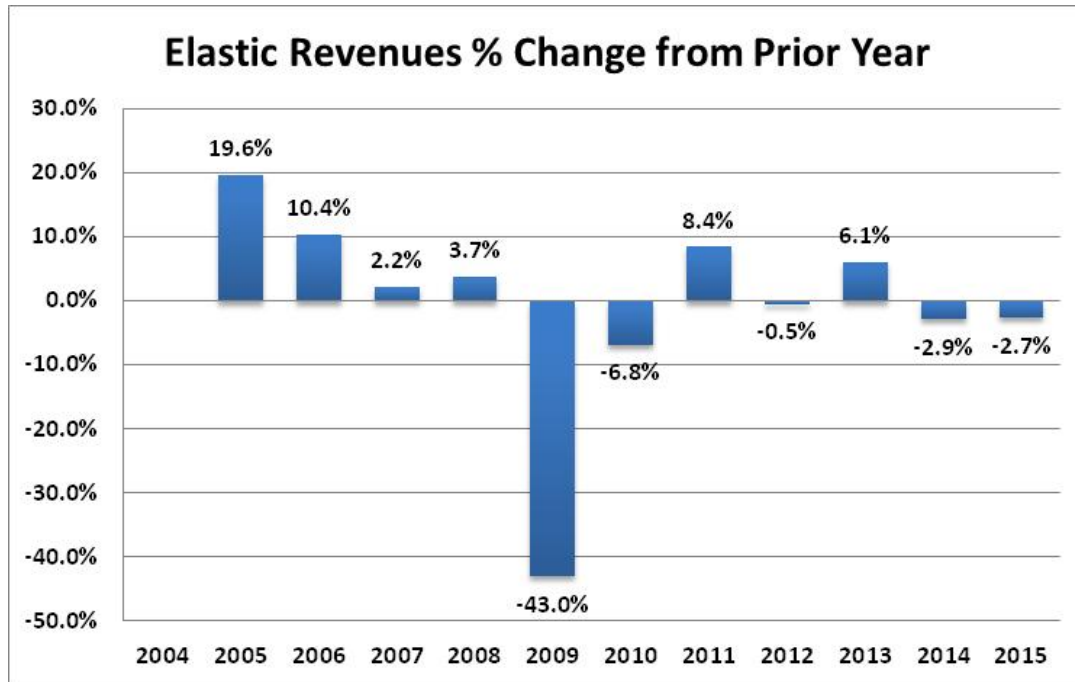


Recent results indicate that several of our elastic revenue streams are finally starting to rebound. It is unlikely that we will reach the same high watermark predating the Nation’s 2009 economic



collapse, especially since any investment earnings potential has all but become extinct even for municipalities that have available surplus.

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



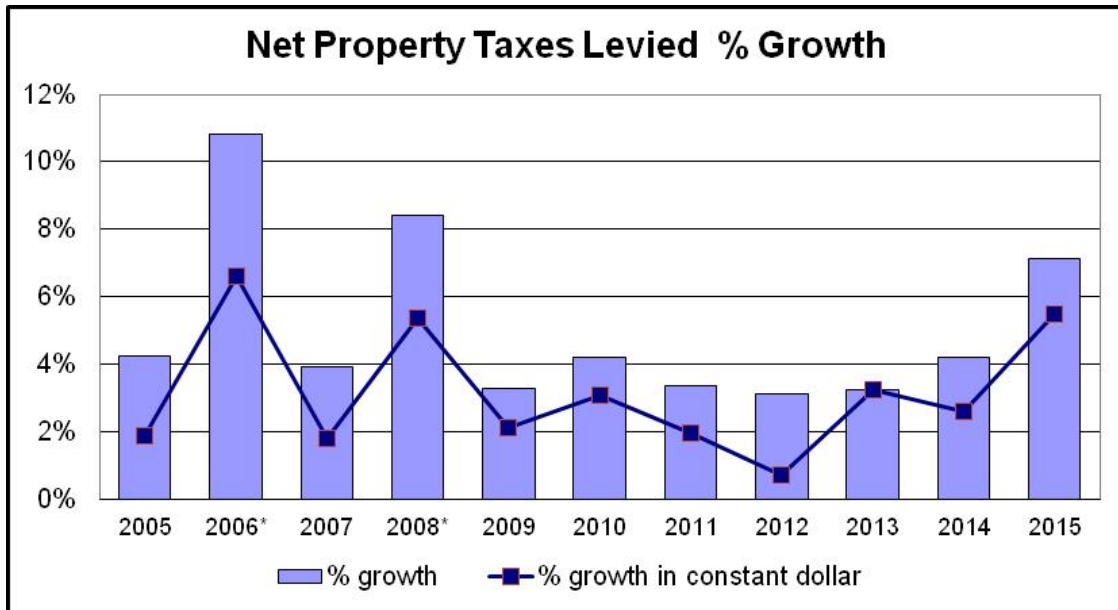
Because of the unpredictable nature of some revenues, we must carefully monitor receipts throughout the year to avoid revenue shortfalls. Shortfalls can lead to revenue deficits, which must be raised on the next year’s tax recap or negative Free Cash, which is an indication of poor financial management with possible credit rating implications. The chart shows a 6.1% increase in FY13 elastic revenues as compared to final FY12. However, unaudited results for FY14 currently show a reduction from the prior year. The estimates for elastic revenues for FY15 may be adjusted upwards once we reach the current tax rate setting season.

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

The trend line below shows that, on a constant dollar basis, Sudbury sees significant annual growth in the net (raised for debt service) tax levy only when there is an operating override. Since FY04, the Town has added a total of \$5.6 million in overrides to the permanent tax levy base. Even so, without overrides, the amount of revenue on a constant dollar basis generated by this revenue source sometimes surpasses the 2.5% annual allowance under the rules of Proposition 2 ½.

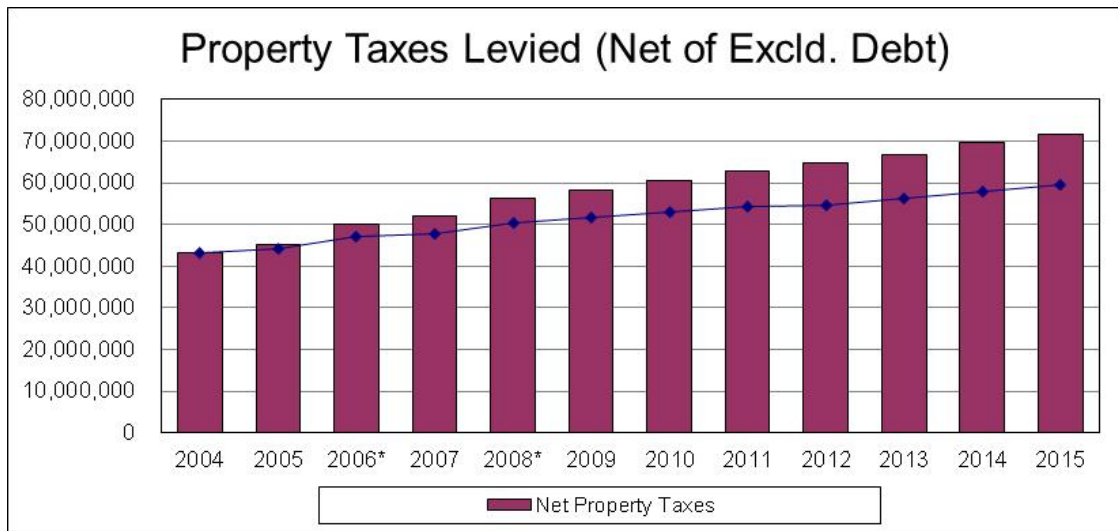


(Massachusetts' Division of Local Services has developed a primer on the mechanics of Proposition 2 ½ [DOR's Guide on levy limits: A Primer of Proposition 2 ½](#)).



\*Years with a Prop 2 ½ override.

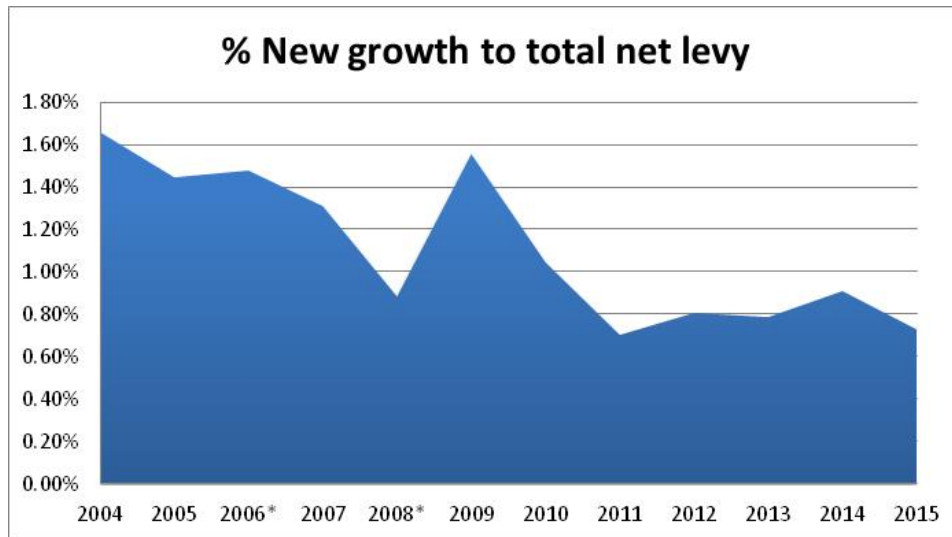
**Indicator 5B: Property Tax Levy Growth.** The following chart shows total property taxes collected and used to fund the operating budget each year. Actual property tax revenues are expected to increase on an annual basis in excess of 2.5% due largely in part by the compounding effect of new growth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



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

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

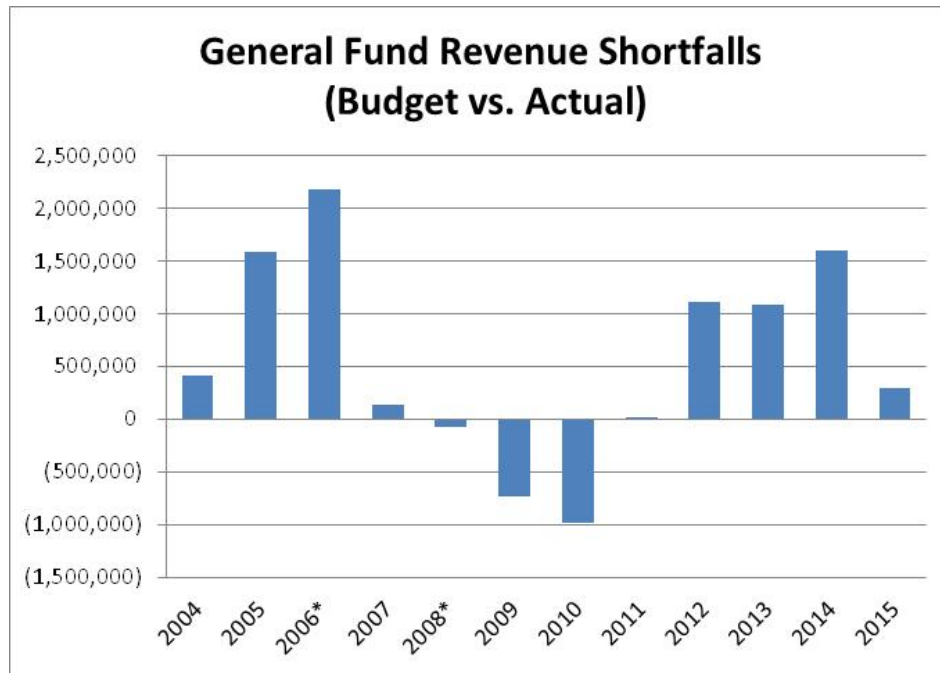
This next chart isolates new growth in the Tax Levy since 2005. Annual new growth for the Town's Tax Levy has declined over the last 10 years. The lower the value in new growth the greater the burden shift of higher tax rates onto an existing taxpayer base. We are expecting this trend to continue beyond FY14, at or around .80% of total levy value.



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

Indicator 6: Revenue Shortfalls. The Town is conservative when making revenue forecasts which is particularly important since the Town relies on state aid and other elastic sources of income that can fluctuate dramatically unlike the mechanics behind the property tax levy. Even so, the impact on local revenues during the current economic crisis has been difficult to predict. We are enduring a period where we are balancing budgets on revenue sources that may not produce growth for quite some time, if at all. We need to remain diligent and conservative in our forecasting to avoid unexpected shortfalls. Estimating unpredictable non-tax receipts too low adds pressure to a burdened tax levy. Estimating too high relieves some of that burden but, only temporarily as it can

cause a revenue deficit that would require Sudbury to raise the loss on the next year's levy. While the Town has experienced revenue shortfalls since the economy began to fall in 2008, the Town has effectively managed midyear cost cutting measures to avoid any revenue deficits. While midyear cuts may be painful or detrimental to programs and services, we are able to correct for budget difficulties in the year they occur rather than push the problems onto the following year's levy. We are expecting this current trend to continue.



## Revenue Indicator Summary and Conclusions

### Revenue Indicator Summary

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

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

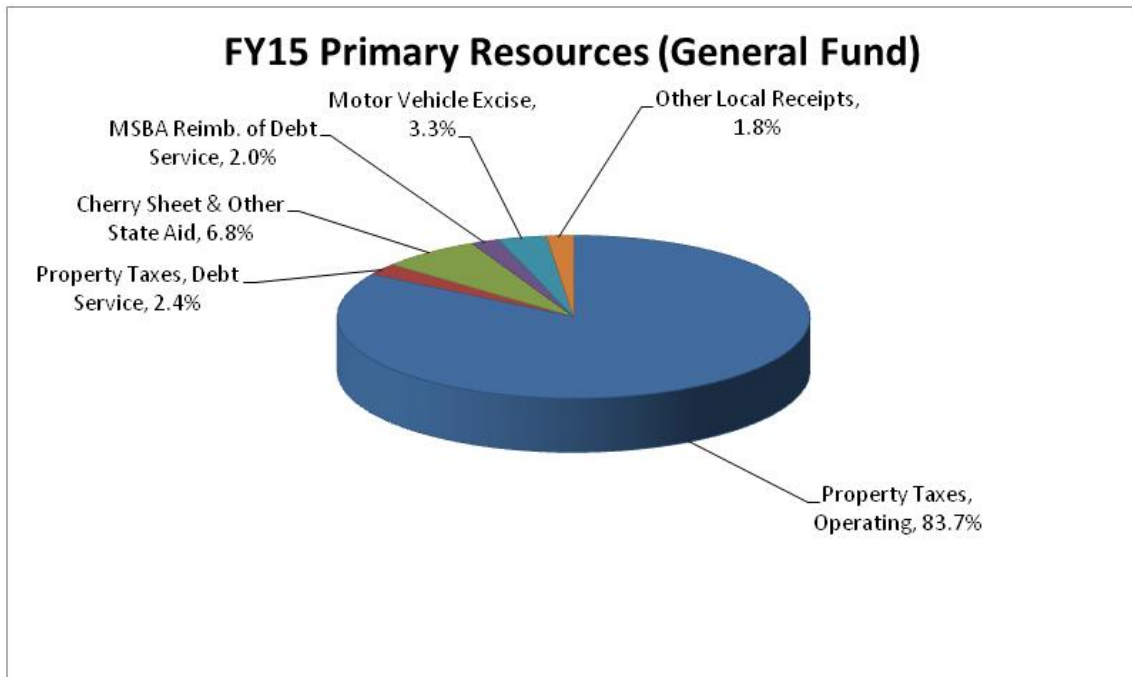
The revenue indicator analysis shows that growth in total revenues has been steady (averaging 3.8% per year since 2003), but mostly due to property taxes, in particular because of two overrides totaling \$5.6 million in the past decade. We will continue to be heavily reliant on taxes to make up

for the sluggish or declining trends in all other revenue streams. Since we can expect only minimal growth in financial resources for the foreseeable future, we must continue with our efforts to cut a new path of operating within the confines of Proposition 2 ½.

## Primary Financial Resource Projections

### Snapshot

The majority of all funding resources reside in the Town’s General fund. Below is a snapshot of the Town’s Primary Governmental Resource projections for FY15. These primary financial resources (from the General fund) represent approximately 90% of all revenues.



| Revenue Sources                | FY15              |
|--------------------------------|-------------------|
| Property Taxes, Operating      | 72,210,991        |
| Property Taxes, Debt Service   | 2,047,777         |
| Cherry Sheet & Other State Aid | 5,883,395         |
| MSBA Reimb. of Debt Service    | 1,681,224         |
| Motor Vehicle Excise           | 2,850,000         |
| Other Local Receipts           | 1,588,000         |
| Free Cash Appropriated         | -                 |
| Other Reserves Appropriated    | -                 |
| <b>Total Primary Resources</b> | <b>86,261,387</b> |

Note: A significant amount of Free Cash was appropriated for FY15 for capital expenditures (see [section 7](#) for further details). The information presented in this section focusses on the general fund operating budget only.

**Primary Financial Resources for Operating Budget by Categories**

|                                       | <b>FY13<br/>Actual</b> | <b>FY14<br/>Projected</b> | <b>FY15<br/>Budget</b> | <b>Dollar<br/>Change</b> | <b>Percent<br/>Change</b> |
|---------------------------------------|------------------------|---------------------------|------------------------|--------------------------|---------------------------|
| Property Tax Levy (net of exclusions) | 66,777,559             | 69,571,232                | 72,210,991             | 2,639,759                | 3.79%                     |
| Cherry Sheet & Other State Aid        | 5,587,339              | 5,728,267                 | 5,883,395              | 155,128                  | 2.71%                     |
| Local Receipts                        | 4,678,893              | 4,420,000                 | 4,438,000              | 18,000                   | 0.41%                     |
| Free Cash                             | -                      | -                         | -                      | -                        | 0.00%                     |
| Other Reserves                        | 300                    | 38,891                    | -                      | (38,891)                 | 0.00%                     |
| Subtotal: General Operating Fund      | 77,044,091             | 79,758,390                | 82,532,386             | 2,773,996                | 3.48%                     |
| Property Tax Levy for Debt Service    | 4,248,851              | 3,380,475                 | 2,047,777              | (1,332,698)              | -39.42%                   |
| MSBA Reimbursement for Debt Service   | 1,681,224              | 1,681,224                 | 1,681,224              | -                        | 0.00%                     |
| <b>Total Revenue</b>                  | <b>82,974,166</b>      | <b>84,820,089</b>         | <b>86,261,387</b>      | <b>1,441,298</b>         | <b>1.70%</b>              |

**Revenue Projection Details**

**Largest Source of General Fund Revenue: The Property Tax Levy**

|                        | <b>FY13<br/>Actual</b> | <b>FY14<br/>Projected</b> | <b>FY15<br/>Budget</b> | <b>Dollar<br/>Change</b> | <b>Percent<br/>Change</b> |
|------------------------|------------------------|---------------------------|------------------------|--------------------------|---------------------------|
| Previous Year Levy     | 64,819,175             | 66,965,941                | 69,274,138             | 2,308,197                | 3.45%                     |
| 2.5% over prior levy   | 1,620,479              | 1,674,149                 | 1,731,853              | 57,704                   | 3.45%                     |
| New Growth             | 526,287                | 634,048                   | 520,000                | (114,048)                | -17.99%                   |
| Override               | -                      | -                         | -                      | -                        | 0.00%                     |
| Capital Exclusion      | -                      | 700,000                   | 685,000                | (15,000)                 | 0.00%                     |
| Taxes for Debt Service | 4,248,851              | 3,380,475                 | 2,047,777              | (1,332,698)              | -39.42%                   |
| <b>Tax Levy Limit</b>  | <b>71,214,792</b>      | <b>73,354,613</b>         | <b>74,258,768</b>      | <b>904,155</b>           | <b>1.23%</b>              |
| Taxes Raised           | 71,026,410             | 72,951,707                | 74,258,768             | 1,307,061                | 1.79%                     |
| Levy Surplus           | 188,382                | 402,906                   | -                      | (402,906)                | -100.00%                  |

**Property Tax Levy**

**FY15 Estimate: \$74,258,768**

Sudbury's property tax levy is expected to increase by a total of \$1,307,061 or 1.79% percent over FY14's taxes raised.

Projected new tax levy growth for FY15 is estimated by the Board of Assessors at \$520,000, based on residential and commercial construction permit information occurring during the previous calendar year. This reflects a \$114,048 decrease from what was certified during the FY14 tax rate setting process.

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

| Fiscal Year      | Total Tax Levy | New Growth Levy | Impact on tax base before new growth |                          |                         |
|------------------|----------------|-----------------|--------------------------------------|--------------------------|-------------------------|
|                  |                |                 | Net Levy                             | \$ over prior total levy | % over prior total levy |
| 2008             | \$ 60,539,786  | 498,878         | \$ 60,040,908                        | 2,794,150                | 4.88%                   |
| 2009             | 63,263,124     | 906,709         | 62,356,415                           | 1,816,629                | 3.00%                   |
| 2010             | 65,529,153     | 634,221         | 64,894,932                           | 1,631,808                | 2.58%                   |
| 2011             | 67,418,506     | 440,537         | 66,977,969                           | 1,448,816                | 2.21%                   |
| 2012             | 69,007,532     | 520,929         | 68,486,603                           | 1,068,097                | 1.58%                   |
| 2013             | 71,026,410     | 526,287         | 70,500,123                           | 1,492,591                | 2.16%                   |
| 2014             | 72,951,707     | 634,048         | 72,317,659                           | 1,291,249                | 1.82%                   |
| Forecasted 2015* | 74,258,768     | 520,000         | 73,738,768                           | 2,712,357                | 3.82%                   |

\*Forecasted tax levy includes \$685,000 capital exclusion

The estimated average residential tax bill for FY15 is \$11,700 or 1.35% higher than FY14.

| Fiscal Year      | Average Residential Parcel | Tax Rate | Avg. Tax Bill | % over prior |
|------------------|----------------------------|----------|---------------|--------------|
| 2008             | \$ 683,800                 | \$ 14.27 | \$ 9,758      | 5.82%        |
| 2009             | \$ 662,100                 | \$ 15.29 | 10,124        | 3.75%        |
| 2010             | \$ 650,508                 | \$ 16.08 | 10,460        | 3.33%        |
| 2011             | \$ 628,000                 | \$ 17.03 | 10,695        | 2.24%        |
| 2012             | \$ 621,410                 | \$ 17.60 | 10,937        | 2.26%        |
| 2013             | \$ 622,862                 | \$ 17.99 | 11,205        | 2.45%        |
| 2014             | \$ 640,277                 | \$ 18.03 | 11,544        | 3.02%        |
| Forecasted 2015* | \$ 640,277                 | \$ 18.27 | 11,700        | 1.35%        |

\*Forecasted tax levy includes \$685,000 capital exclusion

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

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

|                                             | <b>FY13<br/>Actual</b> | <b>FY14<br/>Projected</b> | <b>FY15<br/>Budget</b> | <b>Dollar<br/>Change</b> | <b>Percent<br/>Change</b> |
|---------------------------------------------|------------------------|---------------------------|------------------------|--------------------------|---------------------------|
| Chapter 70 (school aid)                     | 4,325,145              | 4,397,070                 | 4,466,220              | 69,150                   | 1.57%                     |
| General Government Aid                      | 1,184,015              | 1,212,003                 | 1,212,003              | -                        | 0.00%                     |
| Other Receipts                              | 78,179                 | 119,194                   | 205,172                | 85,978                   | 72.13%                    |
| <b>Subtotal: General Purpose State Aid</b>  | <b>5,587,339</b>       | <b>5,728,267</b>          | <b>5,883,395</b>       | <b>155,128</b>           | <b>2.71%</b>              |
| MSBA School Debt Reimbursement <sup>1</sup> | 1,681,224              | 1,681,224                 | 1,681,224              | -                        | 0.00%                     |
| <b>Total State Aid</b>                      | <b>7,268,563</b>       | <b>7,409,491</b>          | <b>7,564,619</b>       | <b>155,128</b>           | <b>2.09%</b>              |

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

**State Aid**

**FY15 Estimate: \$5,883,395\***

State aid, which is commonly referred to as “local aid”, comes directly from the State’s budget. Our first indication of State aid for the next year comes when the Governor files his version of the State budget with the Legislature in January. This budget, known as **House 1 or 2** includes his recommendations for school aid (Chapter 70) and general governmental distributions. In order to move forward with the budgeting process, we must make our own judgments as to whether or not these initial estimates will hold true during the revision process by the House and Senate. Heading into Town Meeting our best estimate of \$5,725,842 general purpose aid was somewhat lower than the Governor’s proposal. Our estimate heading into Town Meeting represents a modest increase of 1.9% from FY13. The final estimate above reflects the final budget signed by the Governor on July 11, 2014\*. It should also be noted that Sudbury receives a portion of Lincoln-Sudbury Regional High School State Aid through the assessment reapportionment process. That revenue share is netted against our Regional Operating Assessment (expense). **See Section 6** for LSRHS revenue and expenditure information.

**1. Chapter 70 Aid**

**FY15 Estimate: \$4,466,220**

Chapter 70 assistance is Sudbury’s largest category of State aid. In general, Chapter 70, also known as **Educational Assistance**, is based on a complicated formula involving a variety of enrollment and community factors. Because Sudbury’s educational spending exceeds the State’s minimum requirements, our Chapter 70 aid increases have been limited to per pupil minimum aid amounts in recent years. Now that the State is having great difficulty funding education in total, we have also started to see a decrease in our per pupil reimbursement. This type of aid represents a modest increase from FY14 of \$69,150 or 1.57%.

**2. General Governmental Aid**

**FY15 Estimate: \$1,212,003**

Starting in FY10, the State combined the Lottery and Additional Assistance programs into one general reimbursement category. This category also includes a few other small State payment streams such as the Quinn Bill (Police Career Incentives), State Owned Land, Veterans and



Other Exemption reimbursements. It is difficult to say what the future holds in terms of general allocations to Sudbury. For now, Sudbury's projected share for FY15 represents zero growth FY14.

**3. Other Receipts**

**FY 15 Estimate: \$205, 172**

This category is made up of six small state reimbursements, some of which are offset by state assessments. It includes two special offset revenues that are required to be spent directly by Schools and Library. FY15 represents an increase of \$85,978 or 72.13% from FY14.

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

|                             | <b>FY13<br/>Actual</b> | <b>FY14<br/>Projected</b> | <b>FY15<br/>Budget</b> | <b>Dollar<br/>Change</b> | <b>Percent<br/>Change</b> |
|-----------------------------|------------------------|---------------------------|------------------------|--------------------------|---------------------------|
| Motor Vehicle Excise        | 2,931,570              | 2,850,000                 | 2,850,000              | -                        | 0.00%                     |
| Other Excise                | 273,347                | 285,000                   | 285,000                | -                        | 0.00%                     |
| Penalties & Interest        | 255,434                | 255,000                   | 255,000                | -                        | 0.00%                     |
| PILOT                       | 53,377                 | 54,000                    | 54,000                 | -                        | 0.00%                     |
| Fees                        | 89,130                 | 90,000                    | 90,000                 | -                        | 0.00%                     |
| Rentals                     | 218,984                | 151,000                   | 156,000                | 5,000                    | 3.31%                     |
| Library                     | 23,135                 | 25,000                    | 25,000                 | -                        | 0.00%                     |
| Other Departmental          | 14,779                 | 15,000                    | 15,000                 | -                        | 0.00%                     |
| Licenses & Permits          | 702,663                | 610,000                   | 623,000                | 13,000                   | 2.13%                     |
| Fines & Forfeits            | 43,803                 | 55,000                    | 55,000                 | -                        | 0.00%                     |
| Investment Income           | 21,992                 | 20,000                    | 20,000                 | -                        | 0.00%                     |
| Misc. Non-Recurring         | 50,679                 | 10,000                    | 10,000                 | -                        | 0.00%                     |
| <b>Total Local Receipts</b> | <b>4,678,893</b>       | <b>4,420,000</b>          | <b>4,438,000</b>       | <b>18,000</b>            | <b>0.41%</b>              |

**Local Receipts**

**FY15 Estimate: \$4,438,000**

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

**1. Motor vehicle excise**

**FY15 Estimate: \$2,850,000**

We are projecting this component to show a modest increase over FY14. The FY14 year-end results are higher than expected. All indications now suggest we may be able to increase our FY15 projection during tax rate setting.

**2. Other excise**

**FY15 Estimate: \$285,000**

Until recently, this revenue stream came solely from local hotel/motel taxes. However, in FY10, the State allowed municipalities to pass a new local option to charge local meals tax (.75%) as well as increase existing local room tax to 6% (previously limited to 4%). Sudbury



approved both changes at Town Meeting and began receiving the monies on a quarterly basis from the State starting in January 2011. At this juncture, we are not projecting any increase over our FY14 estimate.

- 3. Penalties and interest** **FY15 Estimate: \$255,000**  
The Town continues its efforts to keep tax title balances at a minimum. However, due to economic conditions we are not expecting an increase in tax title payoffs in FY15. More delinquent homeowners (and mortgage companies) are expected to wait for the Town to petition for foreclosure before paying overdue balances. This process can extend collections 10-18 months.
- 4. Payment in lieu of taxes (PILOT)** **FY15 Estimate: \$54,000**  
This revenue is primarily limited to the three accounts with which the Town has agreements for PILOT (Wayside Inn, US Fish and Wildlife Service, Sudbury Public Housing Authority). We are not projecting any increase over our FY14 estimate.
- 5. Fees** **FY15 Estimate: \$90,000**  
Fees include charges for applications, tax administration, municipal lien certificates, tax redemptions, and administration fees for police detail. We are not projecting any increase over our FY14 estimate.
- 6. Rentals** **FY15 Estimate \$156,000**  
We have projected receipts in this area to be \$5,000 above our FY14 estimate. The major fee in this category is for cell tower leases. Cell tower contact payments are expected to increase slightly in FY15.
- 7. Library and Other Departmental Revenues.** **FY15 Estimate: \$40,000**  
We are projecting a Library income for late fees and other departmental revenues will remain flat in FY15. Generally speaking small amounts are expected to be collected by departments for such things as photocopy charges, sale of voter lists, etc. All other estimates remain flat in this category.
- 8. Licenses and permits** **FY15 Estimate: \$623,000**  
Licenses and permit receipts fell since FY08 but actual receipts in this category for FY13 showed marked improvement. Building permits make up the largest portion of this category.
- 9. Fines and forfeits** **FY15 Estimate: \$55,000**  
Fines include charges for false alarms, parking tickets and court fees. We are not projecting an increase in this category.
- 10. Investment income** **FY15 Estimate: \$20,000**  
We are projecting the same level in investment income for FY15. General fund investment income has plummeted over the last few years for two reasons: short-term interest rates have dropped nearly to zero and we do not have as much General Fund balance(s) available for investment.
- 11. Miscellaneous, Non-recurring** **FY15 Estimate: \$10,000**  
As the title suggests, these receipts are for the most part unexpected and therefore difficult to project within the budget cycle. We are estimating a modest amount for Medicaid reimbursements during the school year.

**Non-Cash Capital Resources:**

**FY15 Estimate: \$1,681,224**

**1. MSBA School Debt Reimbursement**

**FY15 Estimate: \$1,681,224**

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

**2. Bond Proceeds for Capital Projects**

**FY Estimate: \$0**

Larger, long-term capital projects for the Town are funded through bond issues typically ranging anywhere from 5-20 years. Bond proceeds in the year received represent an additional funding source for the Town. Long-term Debt service (payments of principal and interest) is paid annually and budgeted by the Town as operating expense requiring additional taxes to be levied for the duration of the bonds. The timing for any new general obligation bonds is not expected to produce any additional debt service for FY15. However, the Town is likely to receive \$8 million in long-term debt proceeds during FY16, if approved, to pay for general fund projects submitted for Special Town Meeting(s) and Town Election(s) throughout the year.

**Reserves and Other Available Funds:**

|                                                                   | <b>FY13<br/>Actual</b> | <b>FY14<br/>Projected</b> | <b>FY15<br/>Budget</b> | <b>Dollar<br/>Change</b> | <b>Percent<br/>Change</b> |
|-------------------------------------------------------------------|------------------------|---------------------------|------------------------|--------------------------|---------------------------|
| Free Cash Appropriation                                           | -                      | -                         | -                      | -                        |                           |
| Tax Levy Overlay Surplus                                          | -                      | -                         | -                      | -                        |                           |
| Town Meeting Continuing Articles -<br>Reappropriation of Balances | 300                    | 38,891                    | -                      | (38,891)                 | -100.0%                   |
| <b>Total Free Cash &amp; Other Reserves</b>                       | <b>300</b>             | <b>38,891</b>             | <b>-</b>               | <b>(38,891)</b>          | <b>-100.00%</b>           |

**1. Free Cash Use for Operating Budget**

**FY15 Estimate : \$0**

Addition to Free Cash (undesignated fund balance available for appropriation) is a function of prior year revenue collections in excess of estimates and prior year expenditures less than appropriations. The Town's Certified Free Cash balance as of July 1, 2013 was \$2,380,250. As a non-recurring revenue source, the DOR recommends that communities only use Free Cash to fund one-time expenditures, a capital purpose or to replenish other reserves. Up until FY2009, the Town had used virtually all of its Free Cash each year to fund the next year's budget. The Town has ended this practice and intends to build up Free Cash for future additions to Stabilization or other special reserves. However, Town Meeting voted to use \$1,618,400 of Free Cash in FY15 for major capital asset purchases. See [section 7](#) for further details.

**2. Abatement Overlay Surplus Use**

**FY15 Estimate \$0**

A reserve for property tax abatements and exemptions is created each year as what is called an Overlay account. Overlay Surplus becomes available when the Board of Assessors determine that all claims for abatements and exemptions of a specific fiscal year have been resolved for less than what was reserved. Only then may overlay surplus be used to fund current or next year's operating budget by Town Meeting vote.

**3. Other Available Funds Use**

**FY15 Estimate: \$0**

Occasionally the Town may create miscellaneous available resources for funding the general operating budget by identifying prior year article balances, trust or grant monies that may be used. Such funds are appropriated or re-appropriated by Town Meeting.

**Enterprise Funds:**

|                              | <b>FY13<br/>Actual</b> | <b>FY14<br/>Projected</b> | <b>FY15<br/>Budget</b> | <b>Dollar<br/>Change</b> | <b>Percent<br/>Change</b> |
|------------------------------|------------------------|---------------------------|------------------------|--------------------------|---------------------------|
| Transfer Station             | 335,720                | 447,924                   | 328,441                | (119,483)                | -26.7%                    |
| Atkinson Pool                | 526,319                | 539,808                   | 547,891                | 8,083                    | 1.5%                      |
| Recreation Field Maintenance | 231,936                | 230,222                   | 242,007                | 11,785                   | 5.1%                      |
| <b>Total Enterprises</b>     | <b>1,093,975</b>       | <b>1,217,954</b>          | <b>1,118,339</b>       | <b>(99,615)</b>          | <b>-8.2%</b>              |

**Enterprise Resources:**

**FY15 Estimate: \$1,118,339**

**1. Enterprise Revenues Use**

**FY15 Estimate: \$1,059,441**

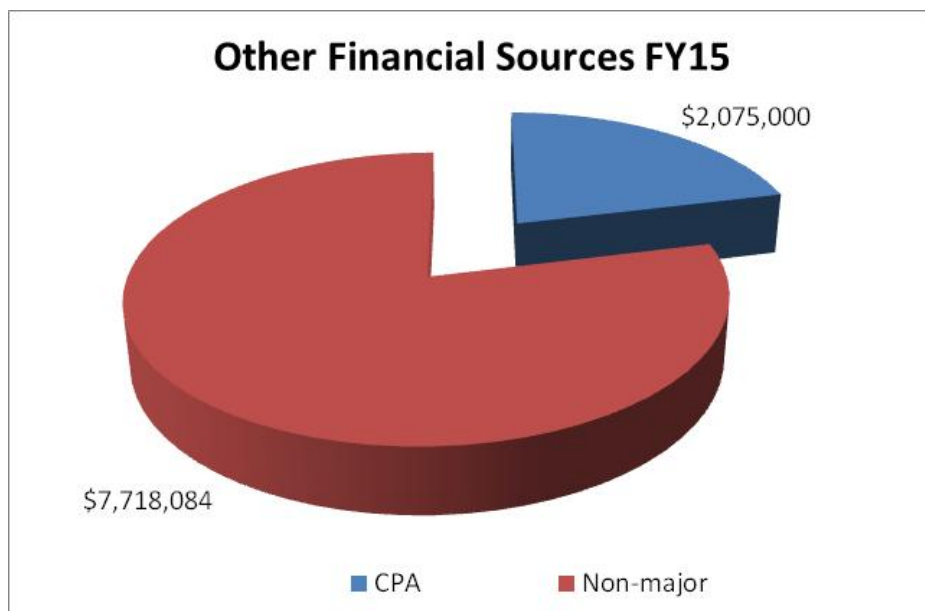
All estimated Enterprise receipts for FY14 are available to fund their operating budgets (subject to appropriation limits set at Town Meeting). Estimated receipts for all three Enterprises for FY14 total \$1,030,000. During the year, the Enterprises must closely monitor actual receipts. Should actual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

**2. Retained Earnings Use**

**FY15 Estimate: \$58,898**

Revenues in excess of expenses from the prior year produce additions to retained earnings. Once certified, retained earnings may be available for use to help fund next year's Enterprise budgets. The Pool and Recreation Field Maintenance Enterprises anticipate the need to use \$58,898 in retained earnings to supplement operations during FY15.

**Resources Outside of the General fund**



**Other Resources (outside General Fund):**

**FY15 Estimate: \$9,793,084**

Approximately 90% of all Town annual revenues are generated within General (Governmental) and Enterprises (Proprietary) funds. The remaining 10% of financial resources come from the four categories shown in the figure above. Not all these other resources are expended each year. Only some of these funds require appropriation at Town Meeting. Almost none of this revenue is transferred to/used for the Town's regular operating budget. For more information on Other Resources, [see Section 1](#).

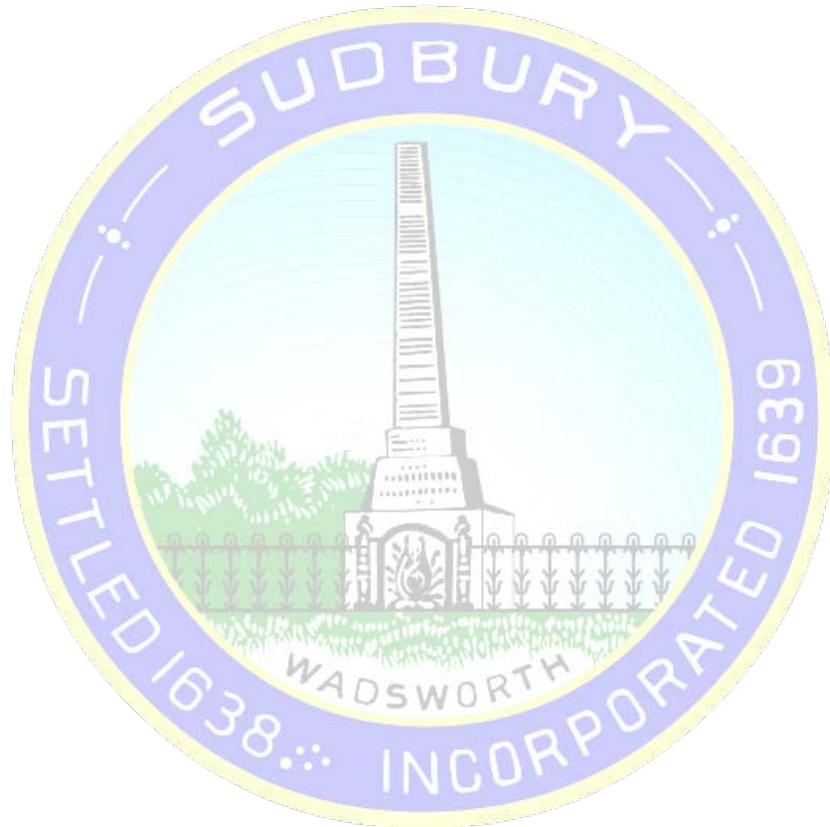
Community Preservation Fund (CPA). CPA surcharges are levied annually and at a rate of 3% of residents' real estate tax bills with exemptions for the first \$100,000 of residential property and property owned by qualified persons with low income and seniors (60+) with low or moderate income as defined by Department of Revenue guidelines. Surcharge projections are based on current tax rolls. Our Intergovernmental match started at 100% of surcharge levied but has started to decline significantly due to a decline in available State funding. The Community Preservation Committee (CPC) adjusts its estimates for this particular revenue each year based on formula input from the State. Total CPA Fund Revenue is projected to be \$2,075,000 for FY15.

Non-major Special Revenue Funds. These are funds that have specific purposes that are restricted by law. Town Meeting does not make annual appropriations of all items in this category (i.e. benefits trusts, grants or gifts). However, any transfers into the General Fund budget (i.e. Ambulance Receipts Reserve for Appropriation) must be authorized by the Town. Income/revenues for each fund are estimated individually based on historical trending, fee schedules or most recent activities, etc. Total revenues for Non-major Special Revenue Funds are projected to be \$7,718,084 for FY15.

## Section Three

# Financial Uses

Expenditure drivers: history and forecasts



## Primary Governmental and Proprietary Financial Uses

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

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

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

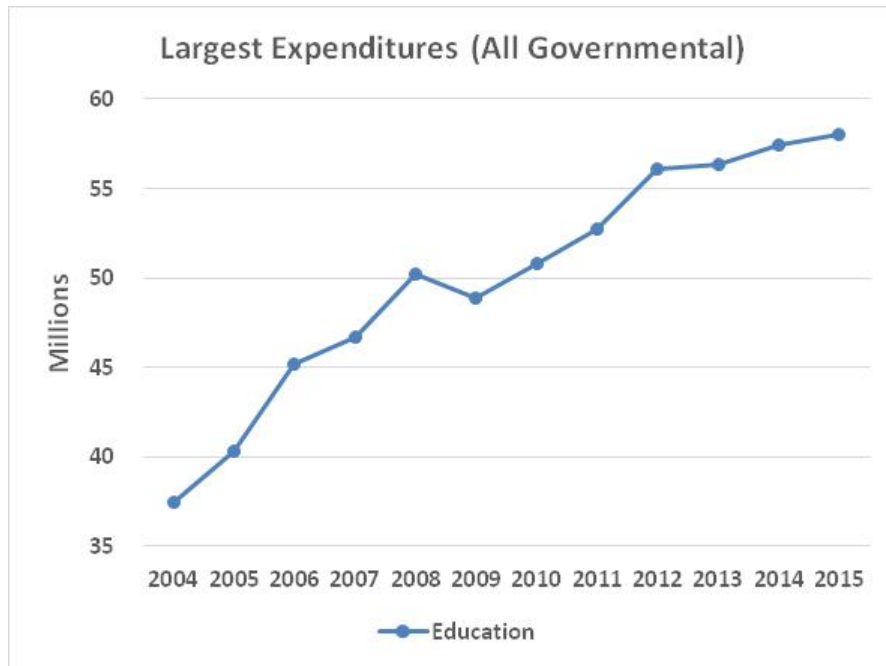
Reserves or Other Available Fund uses require appropriation or transfer into the General fund from another area. Uses may be designated (by Town Meeting) specifically to somewhere within the General fund budget (e.g. RRA from Ambulance Services fund to Public Safety) or simply released as a resource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

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

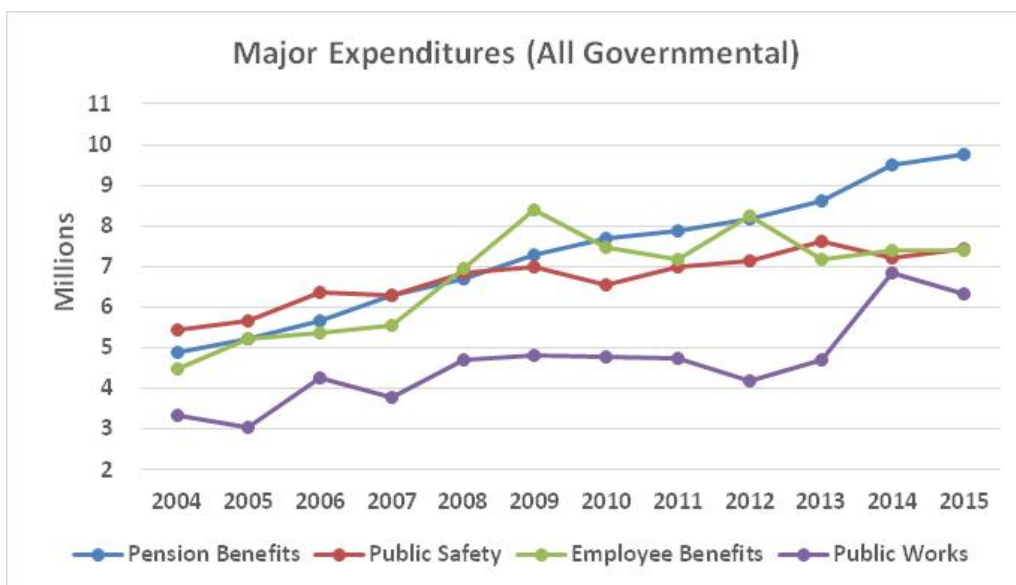
## Primary Financial Use Trends and Indicators

The following charts provide a macro view of the Town's financial major and minor uses (expenditure) streams, over the last decade. FY14 and FY15 data are projections. Growth may vary significantly depending on the type of expenditure. These charts show operating, capital and other expenditures for all **Governmental Funds** including CPA, grants, revolving and other funds. At a macro level it is important to note that major swings from year-to-year typically occur outside of the General fund operating budget. For example, significant changes in recent years have been caused by major CPA purchases, Federal grants (i.e. ARRA stimulus) and new programs or services paid for outside of the tax levy.

The cost of education has increased significantly over the last decade. This graphic represents the total cost in absolute dollars for all funds (including grants and other special revenues). The General fund budget allocation for Education has remained relatively stable during this same time period. For more details on school expenditures see [section 6](#). For information regarding costs per pupil and other school system metrics see <http://www.sudbury.k12.ma.us/> and <http://www.doe.mass.edu/finance/statistics/>.

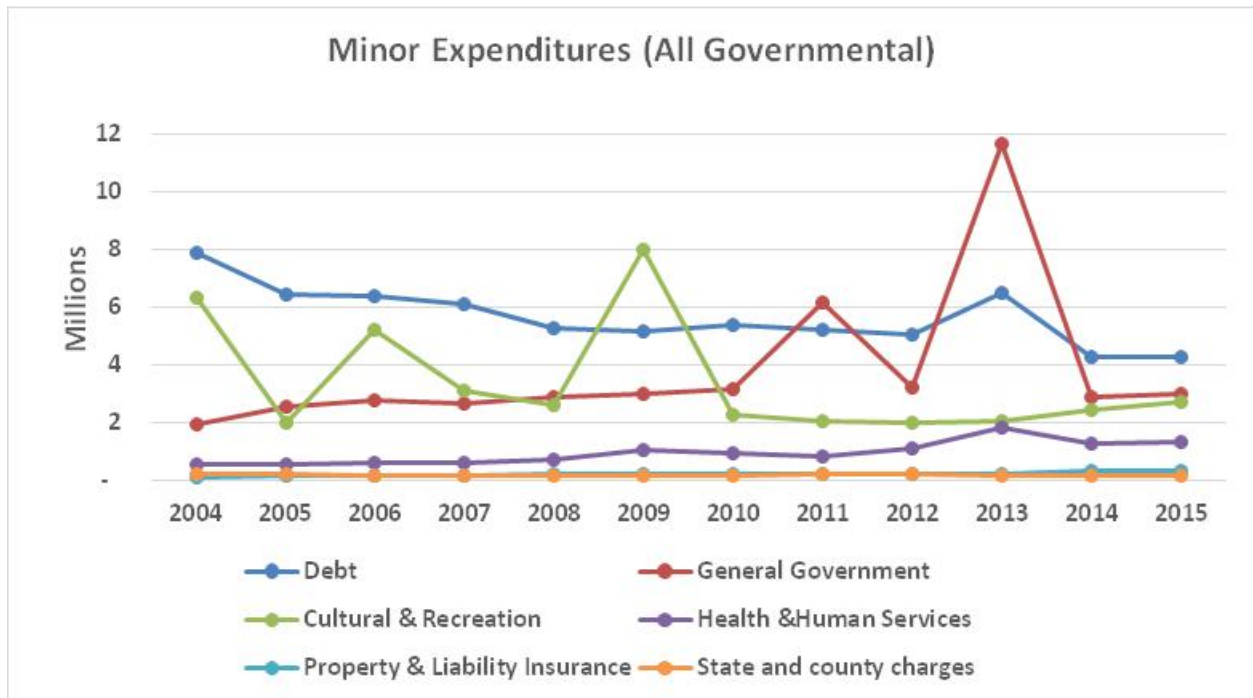


The rate of growth for benefits & insurances has leveled off in the last couple of years after switching to the GIC and making significant changes in plan and contribution rates. The total cost for Public Works has been relatively steady since 2008 aside from capital expenditures. Growth in all other major use categories has remained relatively flat over the past twelve years.

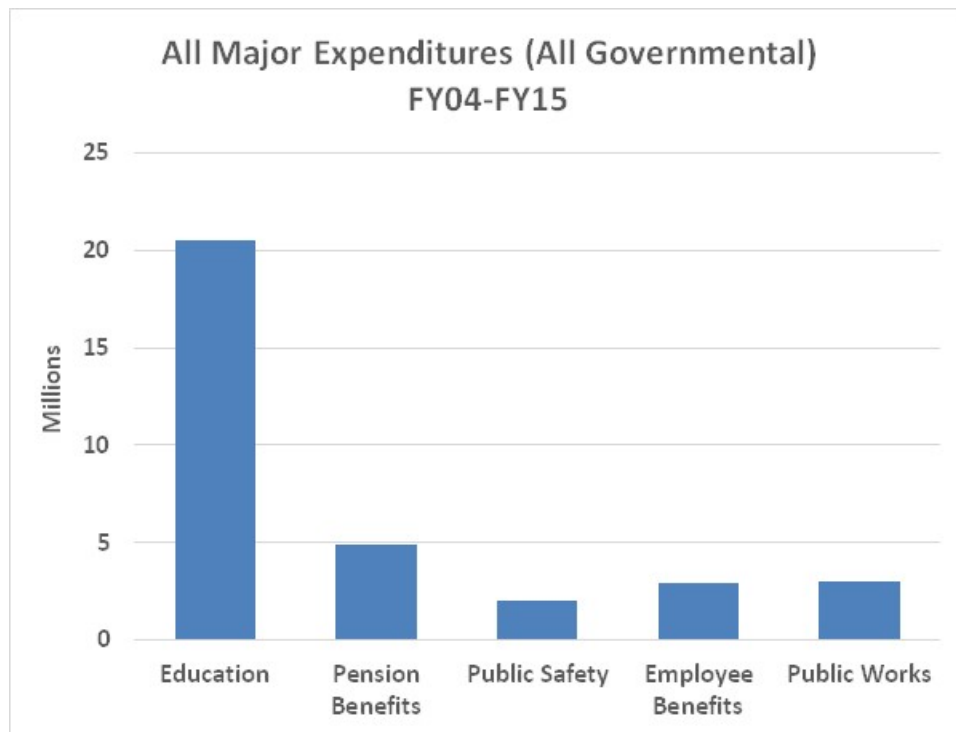




Within minor use categories, the variations in Culture & Recreation and General Government are associated with major land acquisitions (within the CPA fund). Debt service is the only category that has declined significantly in the last several years.

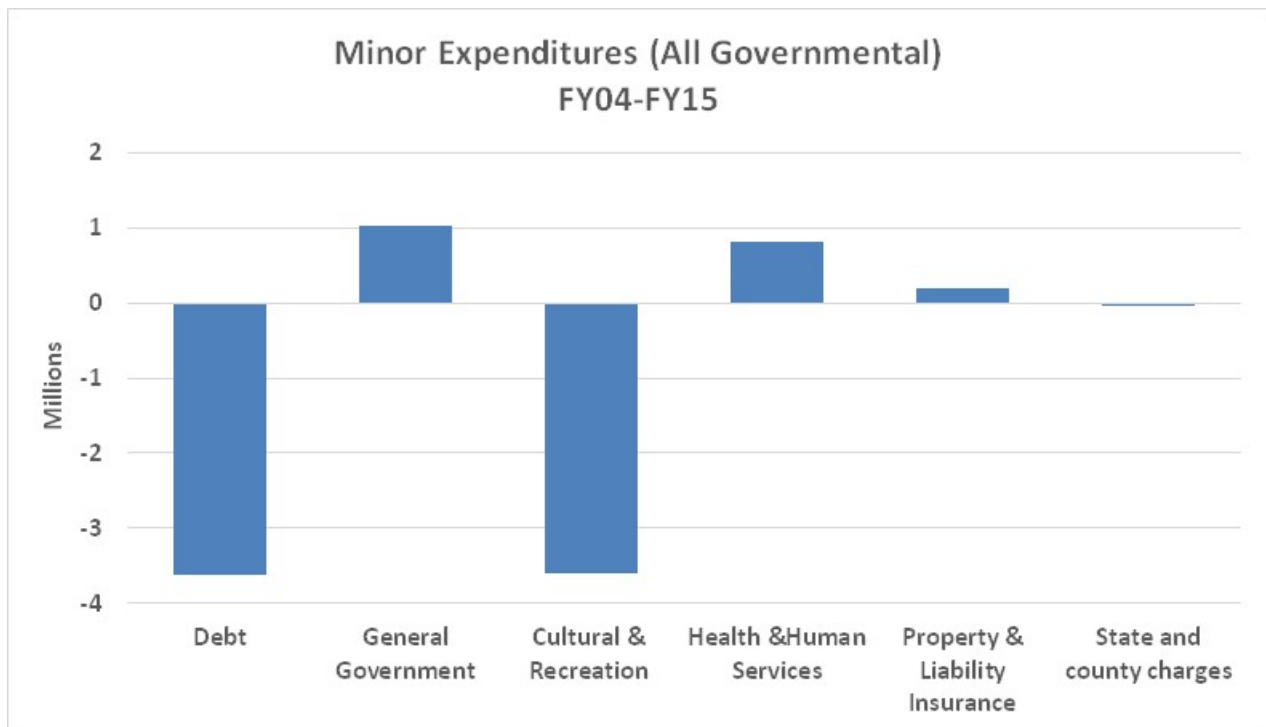


The next two charts show how major and minor expenditures have grown since 2004. For further details on all these categories see [sections 5 through 10](#).





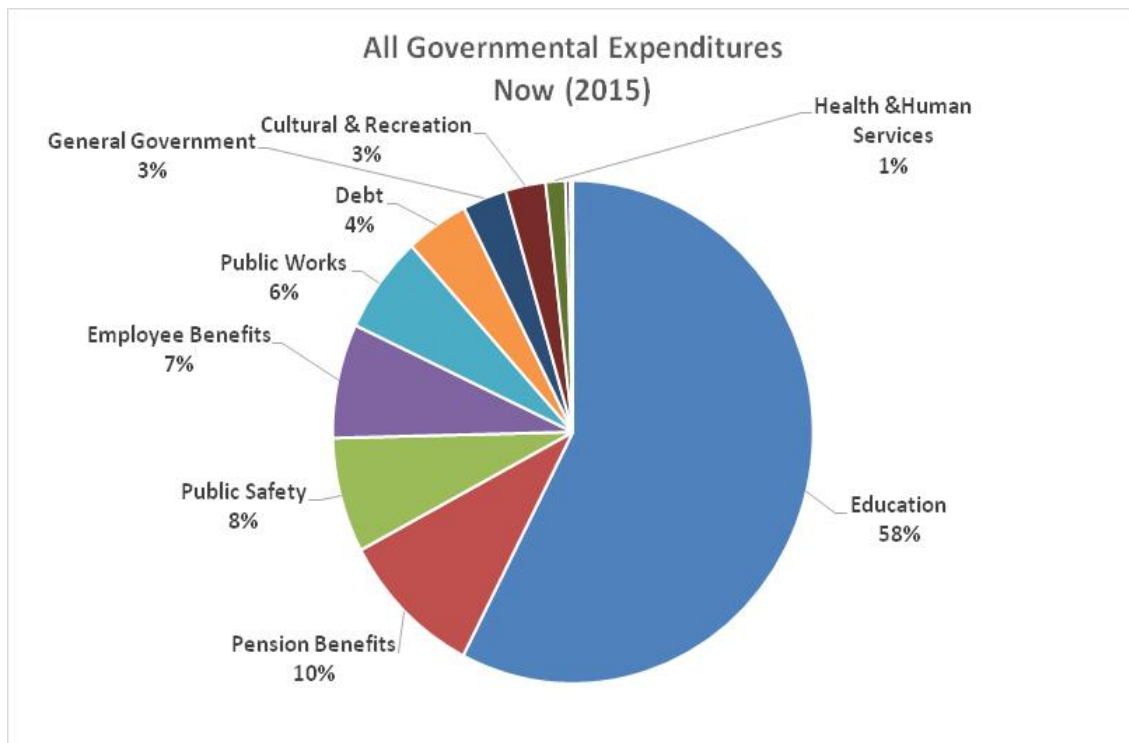
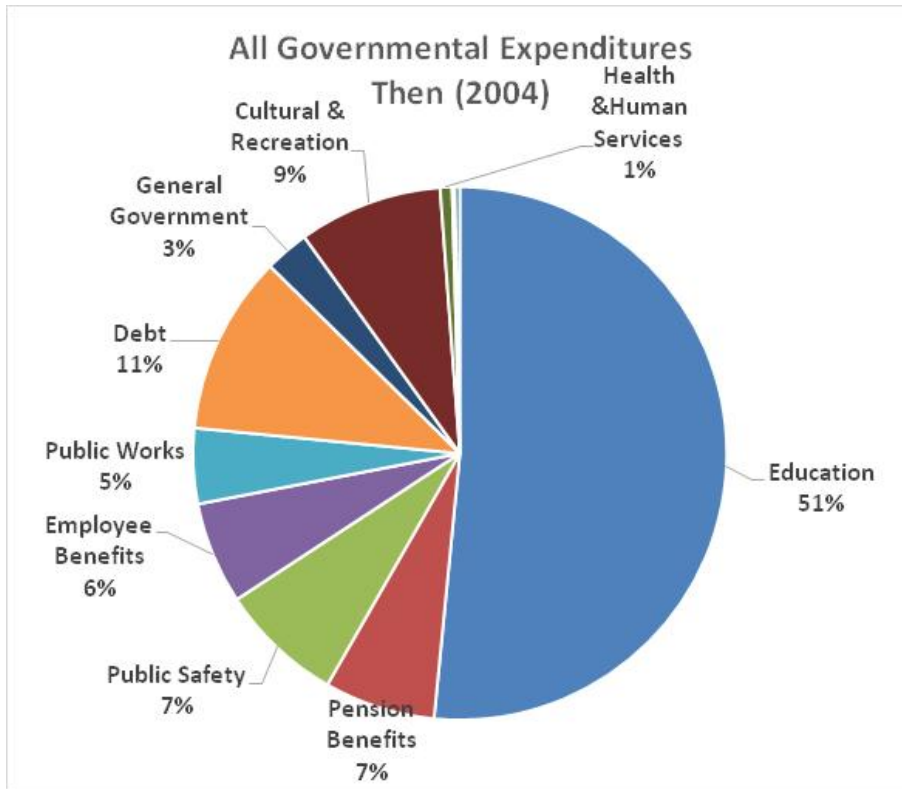
Within the major use categories, pension benefits have increased by nearly 100%. For financial statement purposes, we must report both contributions (employee deductions) and assessments (appropriations) for pension benefits as expenditures. As such, pension benefits here represent total amounts turned over to Massachusetts’ Teachers Retirement System and Middlesex Retirement System (for non-teachers). Further details on pension benefits are provided later in this section along with other employee benefits. It should also be noted that the Public Works category includes all capital expenditures, snow and ice and other expenditures directly related to DPW operations, maintenance of equipment and infrastructure.



Changes in minor uses (current expenditure categories of less than \$5 million) over the last twelve years are shown above. Debt service has decreased dramatically. The largest increases have been in Health and Human Services and Property & Liability Insurance, both at approximately 156%. General Government has increased by 51%, while Cultural & Recreation expenditures have decreased by 57%. State assessments & charges have declined slightly, but it should be noted that this category has long since represented a very small percentage (less than 1%) of the General Fund’s total budget.

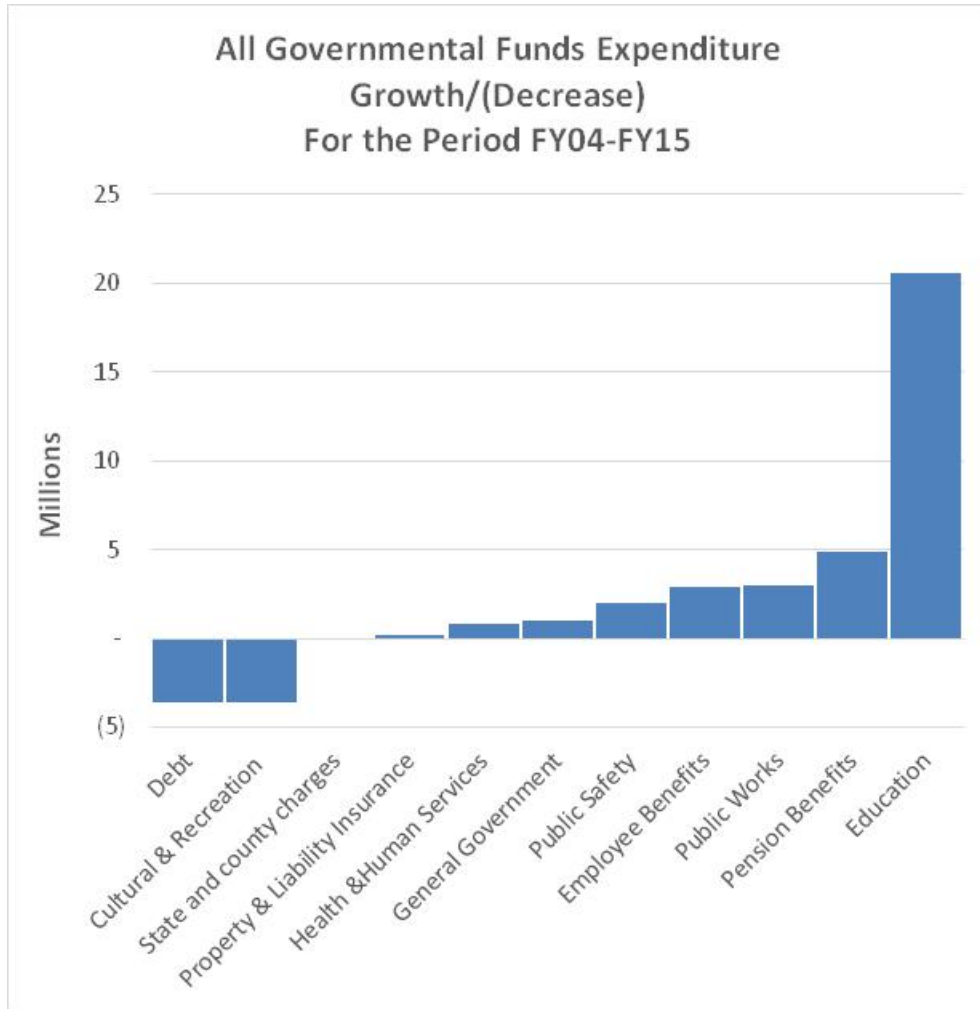
### *Then and Now*

The next two charts show how the relative composition of **all** Governmental Funds expenditures has changed from FY04 to FY15. Allocations to Education, Pension & Employee Benefits, Public Works and Health & Human Services expenditures have all increased over the last decade, while the proportion of Debt and Cultural & Recreation expenditures have decreased. Allocations to Public Safety and General Government expenditures have remained relatively unchanged.



## How things stack up

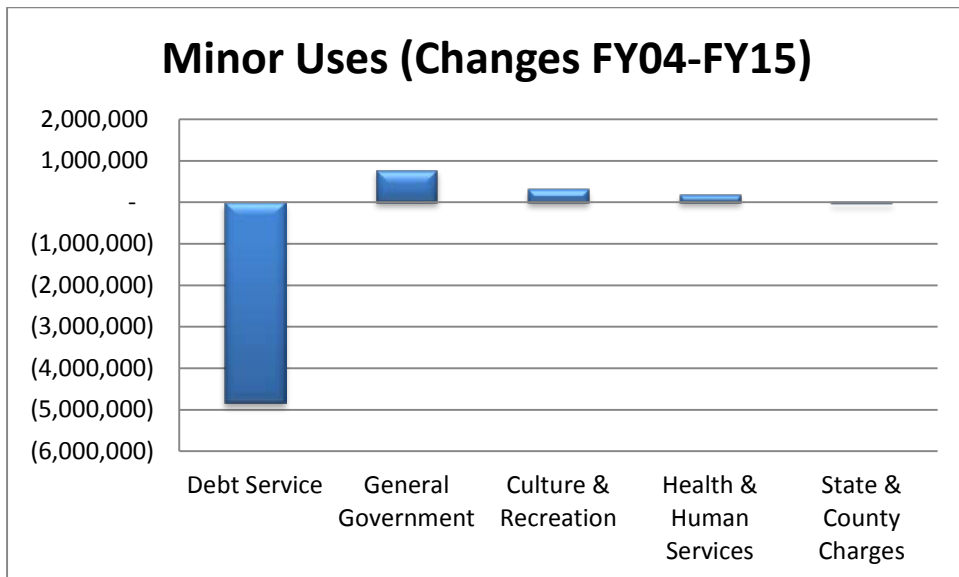
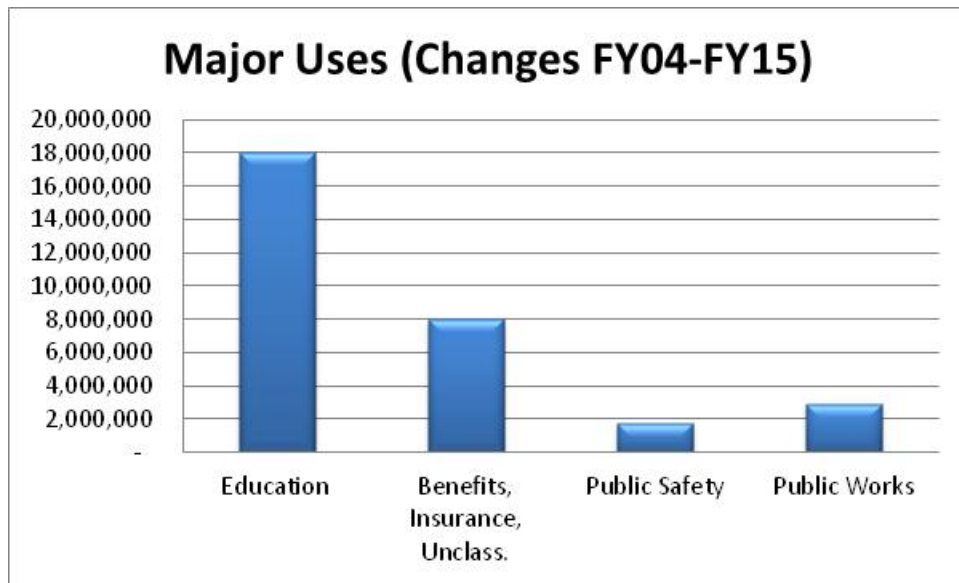
Since 2004, **all** Governmental Fund expenditures have grown by a total of \$28.1 million. Many of these main categories cover a broad spectrum of expenditures and require further examination to understand what the key cost drivers of the organization are and what can be expected in the future.



All but debt service and the costs within the cultural & recreation division have increased since 2004. The reason annual debt service has declined so much since 2004 is simply because we have much less debt outstanding. It is important to note that Cultural & Recreation programs and services have not decreased as a whole since 2004 but rather the base year in this comparison includes a major land acquisition for open space/recreational purposes totaling \$4.7 million; similarly, **all** funds expenditures (which includes CPA) may fluctuate in this category from year to year. Whereas, all of the other categories shown above are primarily paid for by the tax levy. You'll recall that the category of Education receives sizable grants and revolving fund revenues that are relatively constant. Consequently, the increases in total Education are heavily weighted on the tax levy and primarily relate to the direct and fixed costs of education at all three school systems.

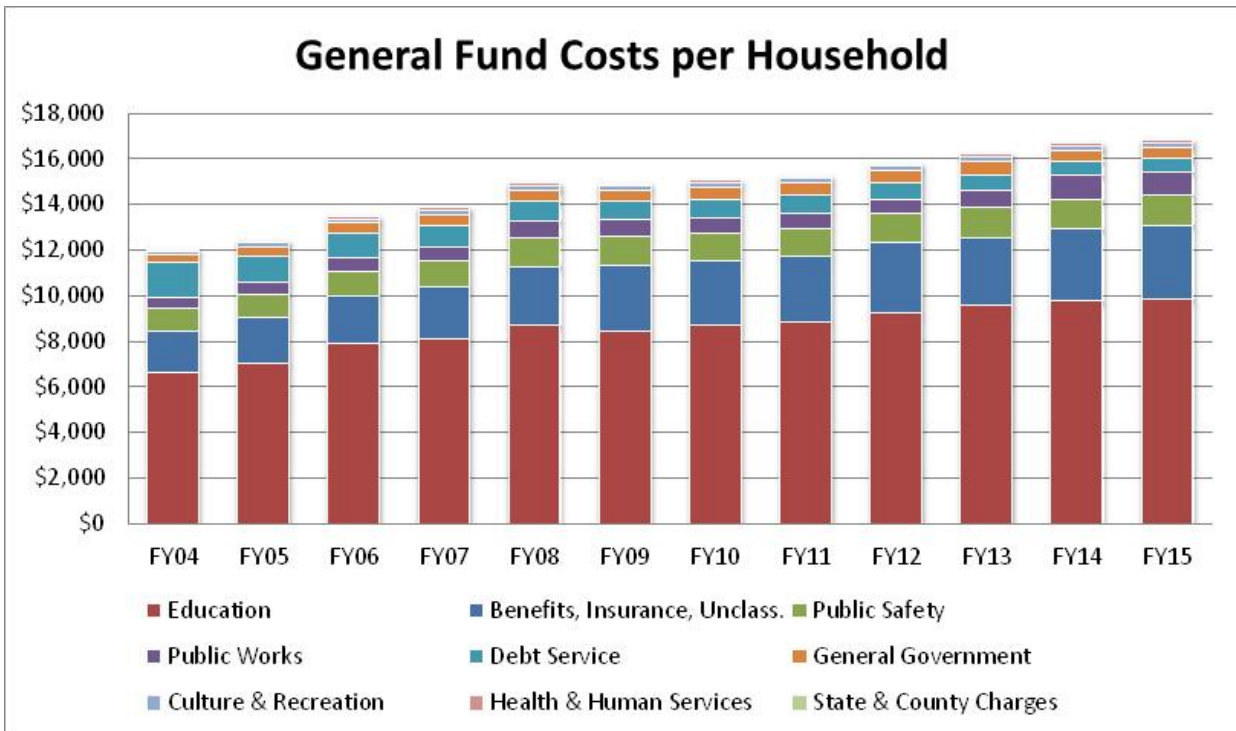
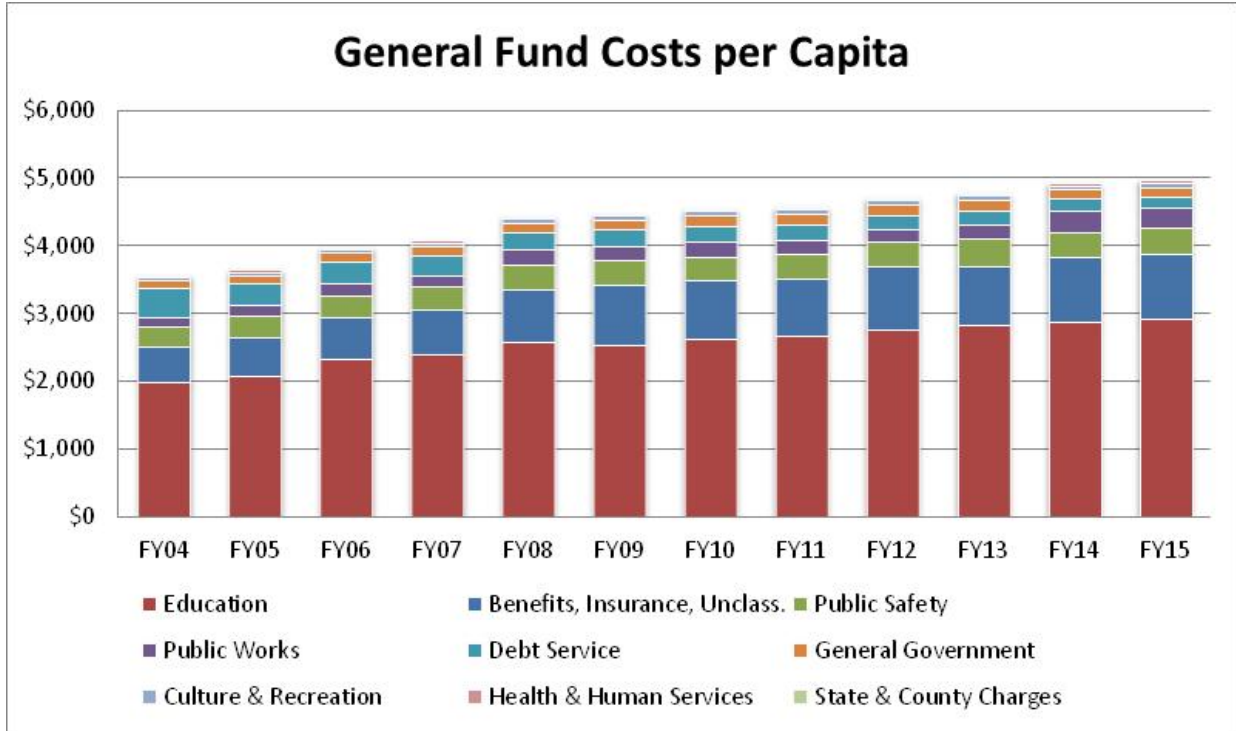
## General Fund Financial Use Trends and Indicators

The General fund is the fund used to account for most financial resources and activities governed by the normal town meeting appropriation process. The following charts provide a macro view of the major and minor uses with the General fund for the last twelve years. FY14 and FY15 data are projections. Growth may vary significantly depending on the type of expenditure.



## General Fund Costs per Capita and Household

The next two charts show the General Fund Costs for each major expense category on a per capita and per household basis. *Note: General fund Education includes LSRHS and MRHS assessments.*



## Financial Use Indicators Executive Summary

The ICMA publication *Evaluating Financial Condition – a Handbook for Local Government* (Original text by S. Groves and M. Valente, 4th Edition -2003) defines financial condition as the ability to continue to provide the kind of services the community desires and are necessary for the health, safety, and welfare of the community. This is known as service level solvency. This is more than cash solvency (enough cash to pay bills for the next 60 days) and more than budgetary solvency (enough revenues to pay this year's appropriations). It focuses on a balance between available revenues and expenditure decisions on a continuing, sustainable basis, without deferring any costs to the future, or depleting reserves in the process.

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

### Extending the Positives

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

### Addressing the Challenges

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

A **structural budget deficit** means different things for different government entities. That is to say structural deficits are caused by many different factors and may also be addressed in different ways depending on the type of government (and the myriad of regulations it must follow). For example, the Federal government and States, to a lesser extent, may deal with a structural deficit by continually borrowing money to help pay for ongoing operations, whereas a municipality like Sudbury must instead look repeatedly to its taxpayer base for tax overrides for sustainability.

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

Municipalities face several challenges on both sides of the structural budget deficit equation. In addition to any political and social dimensions that may influence how a municipality addresses these challenges, there are hundreds if not thousands of regulations to consider. Some regulations may change over time and some may be overcome by special legislation. However, any decision to increase revenue or decrease expenditure will ultimately succeed or fail based on legal merits.

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

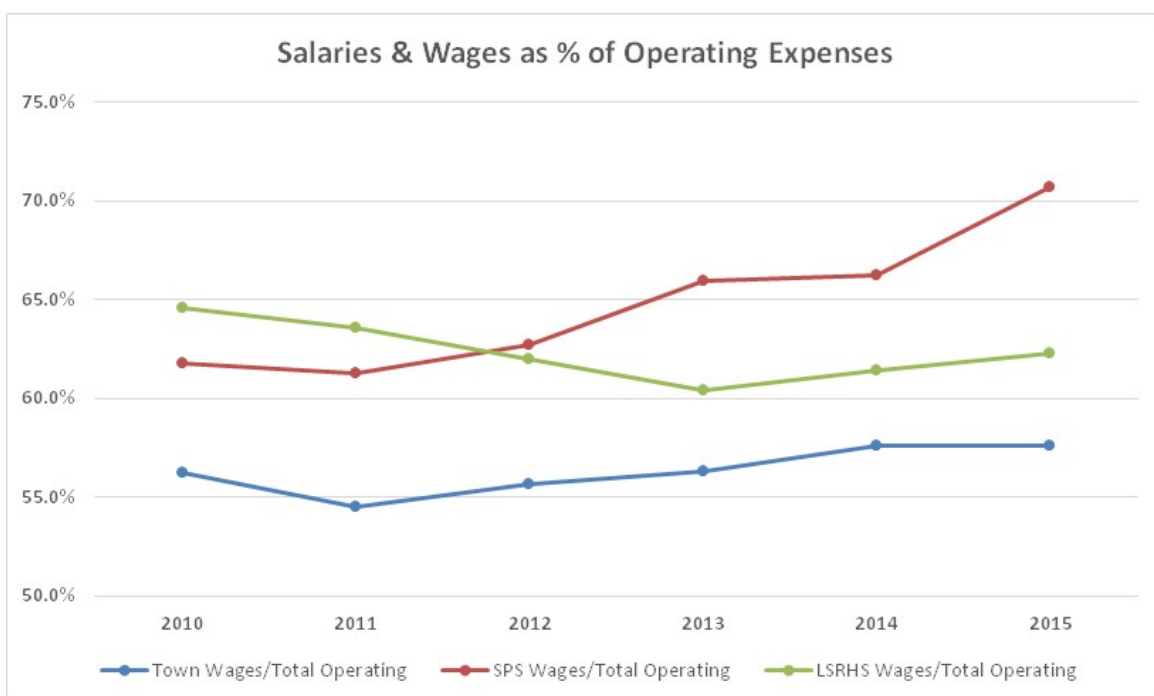
### Understanding Expenditure Pressure Points

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

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

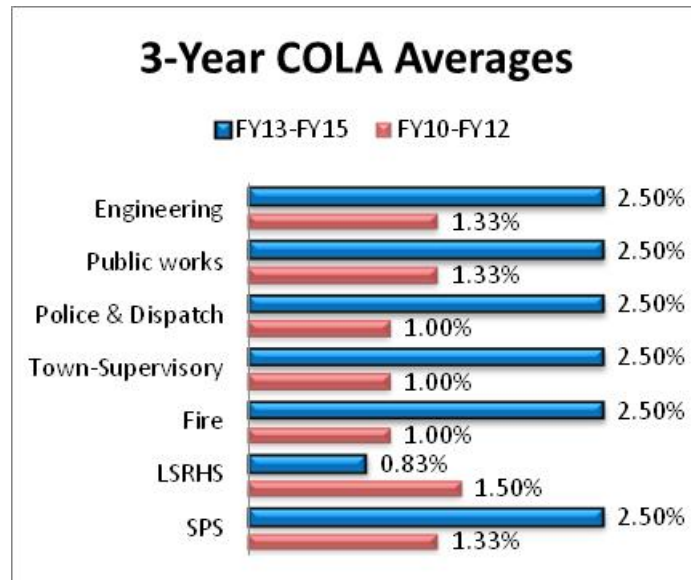
**Indicator 1: Salaries & Wages.** This is the **largest component** of the operating budgets for all three major cost centers. Wages and salaries in cash consist of wages or salaries payable at regular intervals; plus allowances such as those for working overtime; plus amounts paid to employees away from work for short periods (e.g., on holiday); stipends and other cash compensation.

This chart shows salaries and wages as a percentage of each cost center’s total operating expenses for a six-year period (with FY14 and FY15 reflecting budget projections).





The majority of positions for the Town, SPS and LSRHS fall within a uniform classification and pay system commonly known as “salary grids”. Each grid consists of many grade levels, steps and in some cases lanes. Salaries and wages increase year to year as a result of normal movements along salary grids. Cost-of-Living Adjustment (COLA)’s may also be uniformly applied to salary grids on a fiscal year basis. Below is a chart showing the 3-year COLA’s average for the latest contract cycles.



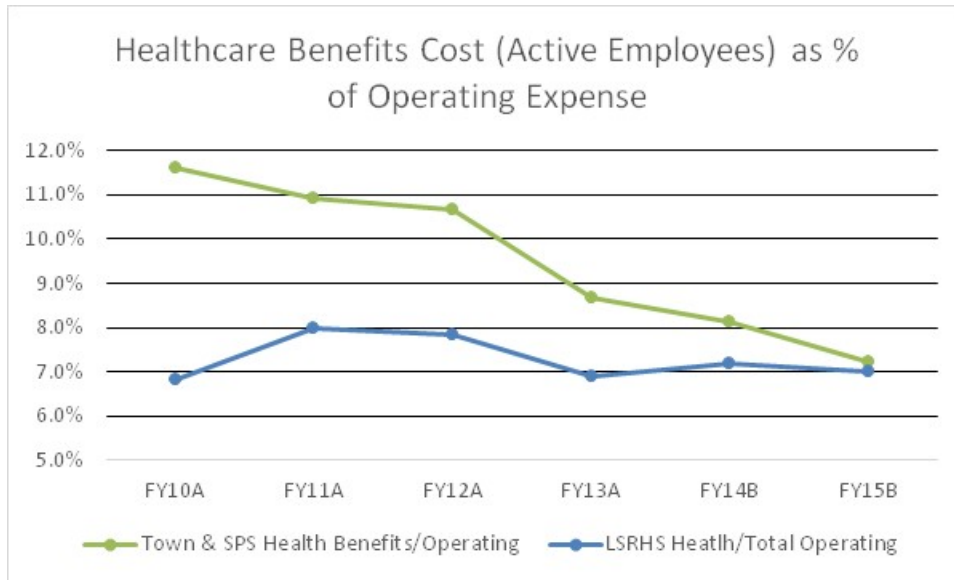
**Budget Assessment:** Overall percentage COLA increases for contracts and in spending growth for salaries and wages – **Losing ground.** Amidst continuing economic constraints higher COLA’s (for Town and SPS employees only) for the FY13-FY15 contract cycle as compared to prior were made possible in exchange for the significant savings in health insurance costs (to be discussed later in this section). It remains to be seen what savings in benefits or elsewhere may be available for providing any COLA’s during the next contract cycle set to begin for FY16. Each cost center is independently responsible for meeting all of its obligations: employee wages and benefits, fixed charges and any other operating expenditures. To the extent that salaries and wages may be growing faster than other expense categories, each cost center may find it increasingly difficult to develop a balanced budget without being given a greater share of available revenues.

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

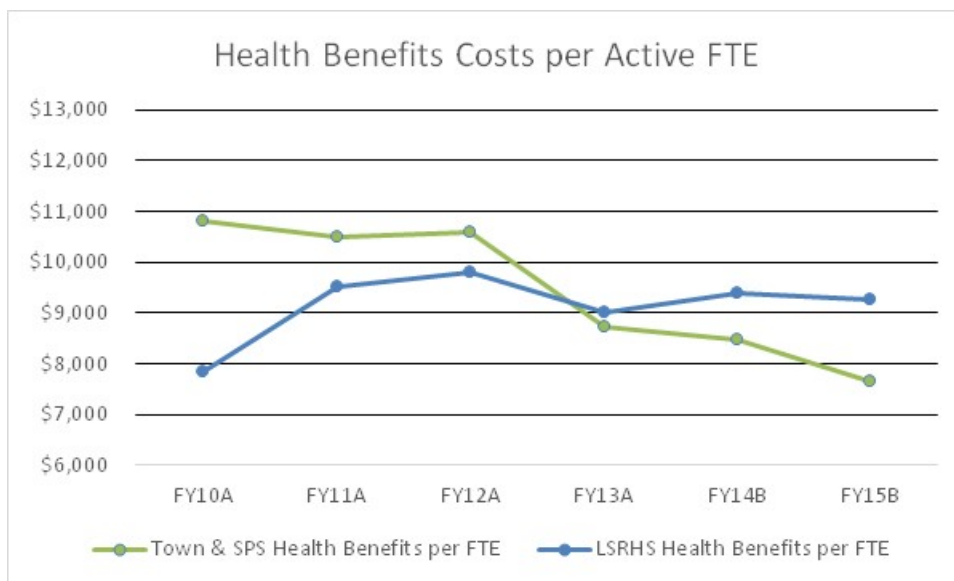
Health insurance benefits for active employees represent a significant share of operating costs and require immediate cash outlays. The Town (including SPS) has been able to reduce the rate of growth in healthcare costs since FY07 by, in order of adoption/implementation: (1) adopting M.G.L. C.32B S.18,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



The graph below shows health insurance benefits (for active employees) as a percentage of operating expense. As much as cost centers may reduce the size and/or growth in active healthcare benefits relative to other expenditures, it may reduce budgetary constraints elsewhere.



The next graph shows the cost of health insurance benefits (for active employees) per active Full-Time Equivalents (FTE's). This metric shows the progress made in controlling healthcare benefits across an entire workforce; not only those employees that qualify for and opt for coverage. With relatively few changes expected to be made in (the denominator) workforce from this point forward, changes from year to year may be significant due to: coverage opt-out incentives or other economic and financial factors leading to increased enrollment, increases in premiums or conversely increases in employees' contribution rates and/or out-of-pocket expenses.



**Budget Assessment:** Overall cost structure and percentage growth in **health insurance benefits costs** – **Gaining ground.** Most of the health insurance savings realized particularly in recent years has been used elsewhere by each cost center to operate on balanced budgets within the confines of “Prop 2 ½”. Absent any further significant healthcare reforms or local initiatives to further reduce health insurance appropriation levels, it will be incumbent upon all three cost centers to continue to find ways to hold the line on expenses elsewhere in their budgets. What this means is that we can expect the percent to total operating expenses for health insurance benefits to grow from here but hopefully at a more moderate rate than before; allowing for careful consideration for a better long-term solution to limited financial resources for all expenditures.

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

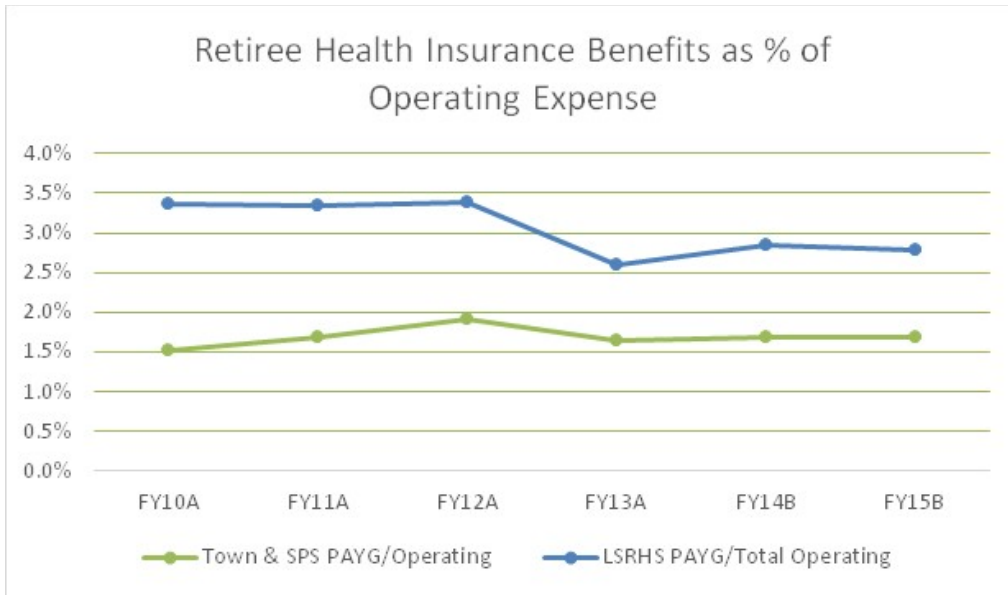
The financial reality is that this type of benefit has created an astronomical liability that remains unfunded and will continue to grow in size if we are unable to start setting aside even a portion of our estimated annual required contribution (ARC). “Pay-as-you-go” only pays for current actual OPEB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

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

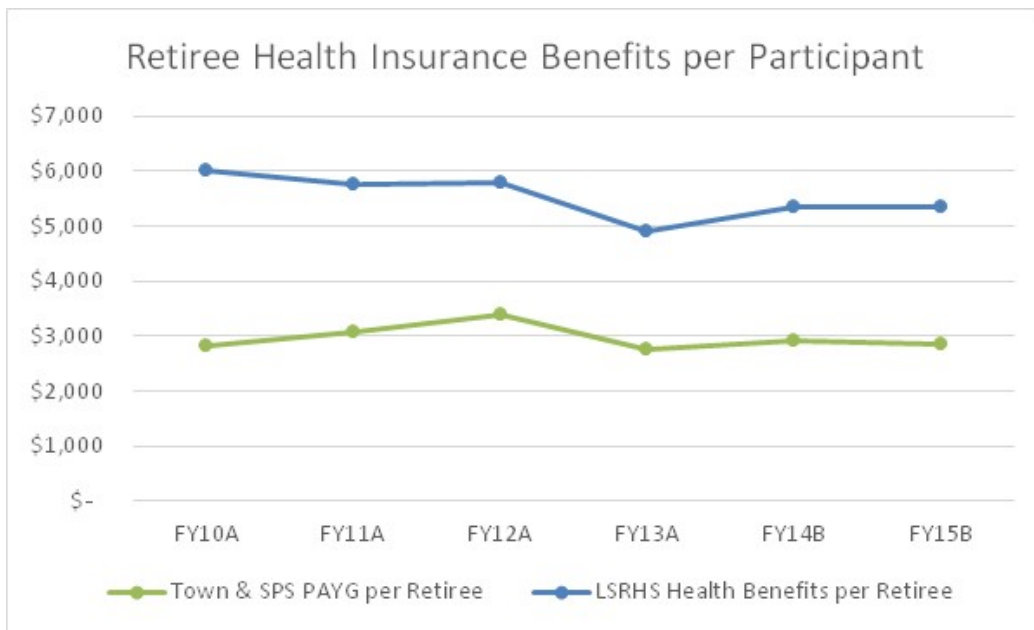
**a) Current “Pay as You Go” (PAYG) results**

“Pay as you go” (PAYG) contributions represent the Town and Schools’ payments for actual retiree benefits costs. This includes all employer contributions for retiree health insurance premiums and any other non-pension benefits. The appropriation for retiree health insurance premiums are recorded as part of unclassified benefits for budgeting and financial reporting purposes.

This next graph shows the progress made by each cost center in containing current PAYG retiree benefits as a steady percentage of overall operating expenses.



Whereas the Town and SPS share the same employee benefit programs for retired employees the results (trajectory) for both cost centers closely mirror one another. LSRHSD maintains all of its benefits programs, separately.



The graph above shows the employer's cost of health and other insurance benefits per retiree. This metric shows the progress made by each cost center in controlling these benefits costs. Over time, one can expect this metric to continue to increase barring further healthcare benefits reform that would affect employer's contribution or otherwise reduce the amount of appropriations required to meet future obligations for retiree health insurance premiums.

b) **OPEB Actuarial Accrued Liabilities**

Both the Town and L-S have taken initial steps to address the challenge of unfunded retiree health care liabilities but recognize the need for additional policy measures. In this section of the report are noted the amount of the unfunded liabilities for the Town/SPS and L-S.

Amount of unfunded liabilities

The table below shows the amounts of the unfunded liability and the annual required contribution for both the Town/SPS and L-S according to consultant Linda L. Bournival<sup>3</sup> from the last actuarial study. The FY13 amounts appropriated for retiree health care is also shown, and the delta between the ARC and this amount represents the additional funds necessary if the objective is to fully fund the ARC.

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

\*Additional amount needed to fully fund the Pay-as-you-go or Pre-funded ARC.

**Budget Assessment:** Unfunded liability and potential future escalation as a “pay as you go” system in **OPEB costs – Losing ground.** However, the Town has taken many steps in the right direction. On November 5, 2013 the Board of Selectmen voted on the final version of their fiscal year 2014 goals. Goals 4 and 5a speak directly to a shared commitment in developing a disciplined strategy for Sudbury’s long-term liabilities and needs. The Board has appointed staff from all three cost centers to two new committees dedicated to/for this purpose.

The Strategic Financial Planning Committee for OPEB Liabilities (SFPCOL) will generate, evaluate and report on strategies and options, both short and long term, for dealing with the unfunded OPEB liabilities facing the Town of Sudbury (including the Sudbury Public Schools) and Lincoln Sudbury Regional High School District (LSRHSD).

These liabilities for each entity may require separate strategies for Town/Sudbury Public Schools than L-S Regional High School, due to the different historic and current benefit packages offered that caused the different levels of liability. In addition to this, the strategy for LSRHSD will also require the approval and commitment, and need the involvement of the Town of Lincoln. The committee shall work to create and submit to the Board of Selectmen a report consisting of the overall "big picture" strategies and fundamental philosophies that may be applicable to both entities.

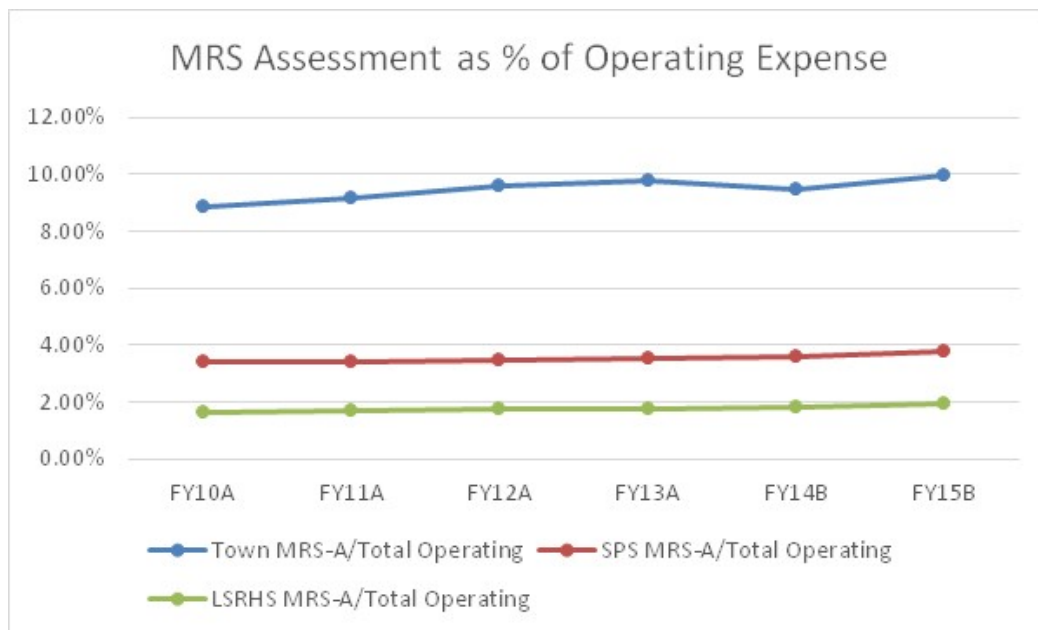
<sup>3</sup> See Town website for latest actuarial reports and presentations.

Key OPEB items to watch for in FY15:

- The latest GASB 45 actuarial study for all cost centers
- Report by the SFPCOL to the Board of Selectmen and others on preliminary findings, policy recommendations and alternative funding strategies
- Article(s) for the 2015 Annual Town Meeting regarding alternative funding strategies

**Indicator 4: Pension Costs.** The Town of Sudbury, the Sudbury Public Schools and L-S are all required to contribute to the Middlesex Retirement System (MRS) <http://www.middlesexretirement.org/> on behalf of all Town and school employees who work at least 20 hours per week except for teachers. All teachers are covered by and contribute to the Massachusetts Teachers Retirement System (MTRS) <http://www.mass.gov/mtrs/>; therefore the State pays the employer portion of their current and future pension liability. Pension assessment costs continue to increase. Pension assessment goes toward funding future pension benefits as active employees earn them. Both of these pension systems have significant unfunded pension liability along with mandates to work towards reducing these amounts to zero by a new target date of 2040.

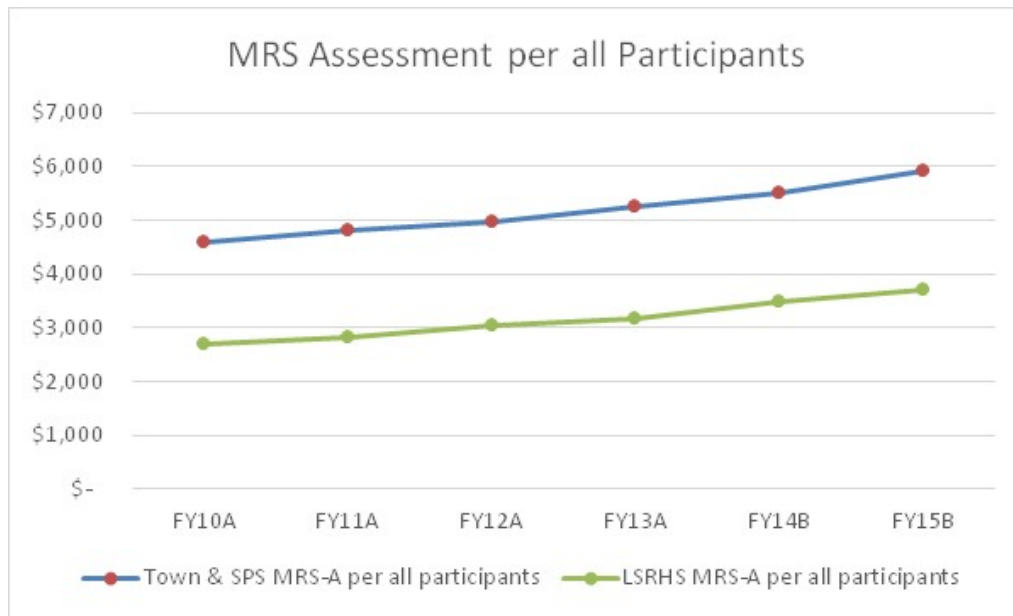
The following tables focus on annual assessment payments to MRS only. And these payments represent the annual appropriations for employer’s share of pension costs for current and future retirees.



In the short-term, assessments are holding steady for all cost centers as a percentage of total operating expense. The percentage differences relative to one cost center to another is due to the number of participants in the MRS and historical budget share.

The MRS pension system is a **defined benefit plan**, with set contributions rates from employees depending on their date of hire: Before Jan 1, 1975: 5% of compensation; Jan 1975 - Dec 1983: 7%; Jan 1984 - June 30, 1996: 8%; after July 1, 1996: 9%. Additionally, all employees who earn over \$30,000 annually are required to pay a 2% surcharge on the amount over that threshold. Thus, some employees are paying 11% on earnings over \$30,000 toward their own pensions. Due

to recent investment returns and prior unfunded liability issues, program sponsors have been asked to contribute in assessments more than what would otherwise be required pay for future benefits of future retirees subject to normal retirement age. Most employees hired after 1996 are in fact funding the majority of their own pension through their own contributions.



Over time, one can expect this metric to continue to increase for all members of the MRS in order to meet its 2040 funding goal. However, in the short-term, assessments are holding relatively steady for all cost centers due to system investment valuation and participation level.

**MRS Unfunded Pension Liability (UAAL)**-Both the MRS and the MTRS have significant unfunded liabilities that are borne by all program sponsors. MRS sponsors (member towns and districts) are currently paying towards a completion date of 2040. Should circumstances change (e.g. amortization schedule, asset performance, etc.) we can expect significant increases in pension assessment costs for UAAL in the future. **Sudbury's** share for both Town and SPS non-teacher employees for unfunded actuarial accrued liability of MRS is approximately \$35 million and we contribute \$2.8 million in FY15 or 74% of our current assessment towards this accrued liability. **LSRHS'** share non-teacher employees for unfunded actuarial accrued liability of MRS is approximately \$7 million and they will contribute \$436 thousand in FY15 or 78% of their current assessment towards this accrued liability. Since MRS assessments are determined on a 2-year cycle, we may expect our next significant jump in pension system costs for the FY16-FY17 timeframe. However, the outlook for UAAL funding remains stable. The Funding Ratio for the systems total benefits earned to date (AAL) for MRS is holding steady at approximately 50%.

**MTRS Pension for SPS and LSRHS Teachers**-As mentioned earlier, all teachers are covered by and contribute to the Massachusetts Teachers Retirement System (MTRS). The MTRS pension system is a **defined benefit plan**, with set contributions rates from employees depending on their date of hire.

- 2013 Pension benefit payments made by MTRS for SPS retirees was \$5,501,261
- 2013 Pension benefit payments made by MTRS for LSRHS retirees was \$3,105,535

None of the current pension benefits paid out on behalf of SPS and LSRHS retirees is paid for by the Districts; consequently there is no direct financial or budgetary impact. All active teachers in both

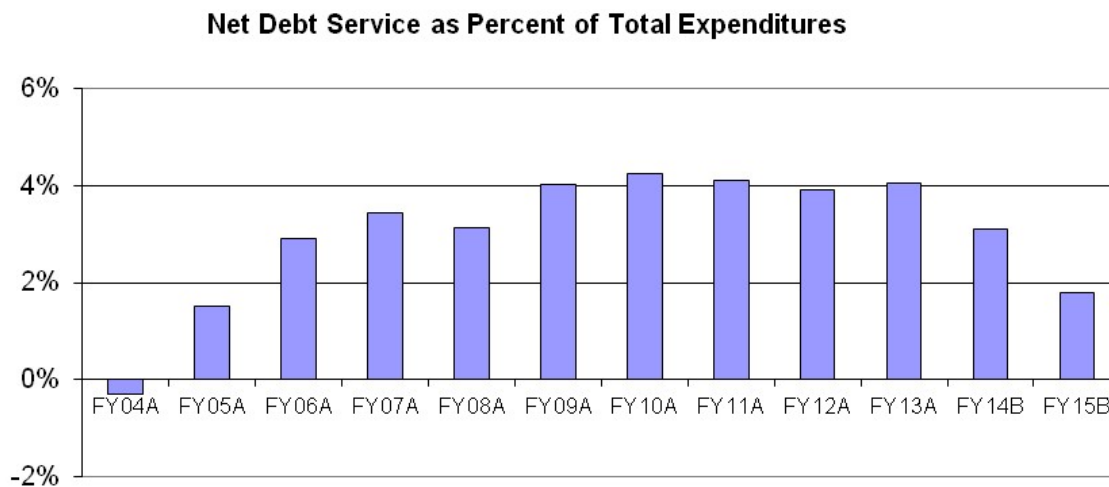


school systems contribute towards their retirement via regular payroll withholdings which are turned over to the MTRS.

**MTRS Unfunded Pension Liability (UAAL)** –The Commonwealth makes an annual appropriation from tax revenues for the payment of public employee retirement benefits. For the purposes of retirement benefits, the Commonwealth is the “employer” for public teachers. Local school district employers do not contribute toward their teachers’ retirement benefits. However, cities and towns ultimately share in the unexpected or unfunded liabilities at the State level through reductions in Chapter 70 and other vital State aid programs. Any escalating pension costs for MTRS \$17.3 billion unfunded liability will most certainly trickle down to us at the local level. The Funding Ratio for AAL for MTRS as of January 1, 2013 was reported at 55.7%.

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

**Indicator 5: Debt Service Costs.** The Town issues debt, pursuant to bond authorization votes of Town Meeting and voters’ approval to exclude all long-term debt from the limits of Proposition 2 1/2. Debt service costs for Town and SPS projects has declined significantly since FY07 when debt service for the new LSRHS building reached its highest point. The Town has also performed several ‘bond refundings’ since 2001 for a total net savings in interest payments of approximately \$1.96 million. The chart below shows how debt service has changed as a percent of total expenditures since 2004.

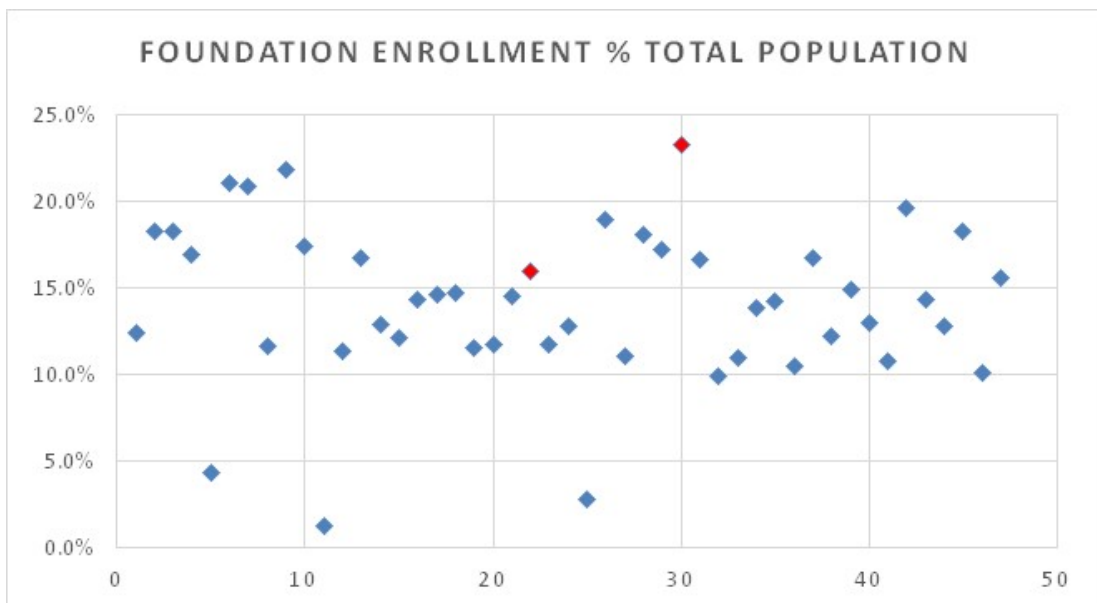


Debt service will continue to decline from here with a significant drop off in FY15 until future capital projects are accepted and new bonds are issued.

**Budget Assessment:** Outstanding liability and annual expenditures in **Debt Service – Gaining ground.** We are gaining ground in the sense that that part of the tax levy has been dropping. Debt service continues to drop both in absolute dollars spent and as a percent of total expenditures. However, even as excluded debt service declines this does not mean that taxpayers will see a decline in their tax bills but rather can expect the overall increase in taxes from one year to the next to be lessened

because of debt retirement. Exclusions for debt service and capital operate in the same manner with respect to municipal finance and our tax rate setting process. Consequently, both options may be considered together as part of a long-term strategy for capital planning; also, protecting against the effects of creating major peaks or valleys within that part of the tax levy. Changes in debt service and capital exclusions do not impact the regular operating tax levy.

**Indicator 6: School Enrollment and Cost per Student.** Sudbury continues to have a high school age population but our demographics have changed in recent years. The following chart is a scatter sampling of communities with between 14,000 and 22,000 citizens. Foundation enrollment (FE) is a Department of Elementary and Secondary Education (DESE) metric used in the calculation for Chapter 70 State Aid. For further information on school system metrics see <http://www.doe.mass.edu/finance/statistics/>. Sudbury is well above the mean at 23.3% FE per capita when including its share of enrollment as LSRHS<sup>1</sup>. When looking at just enrollment in SPS (K-8) Sudbury is still above the mean<sup>2</sup> at 15.3%.

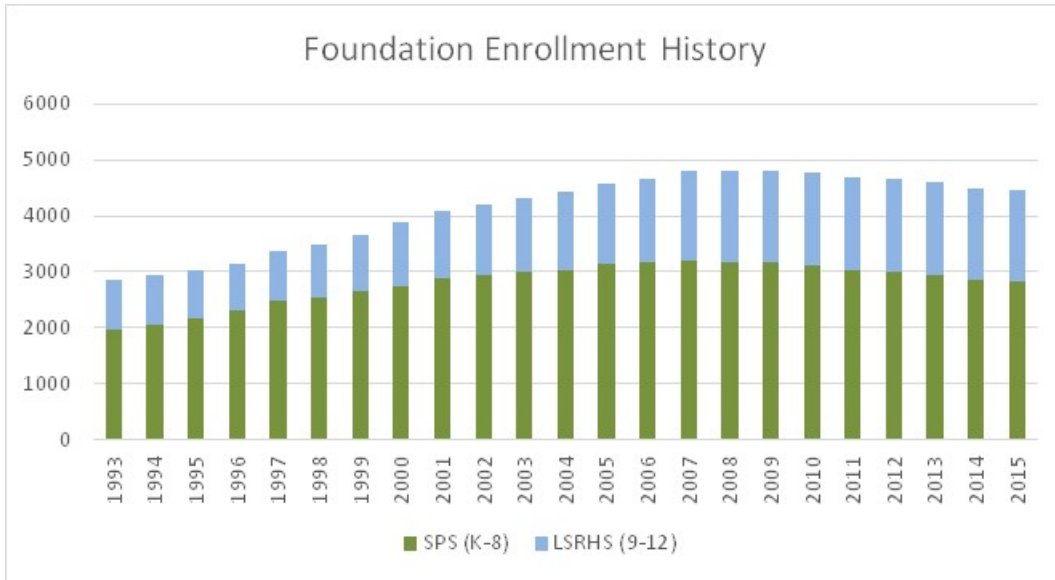


<sup>1</sup> and <sup>2</sup> positions depicted above as red diamonds

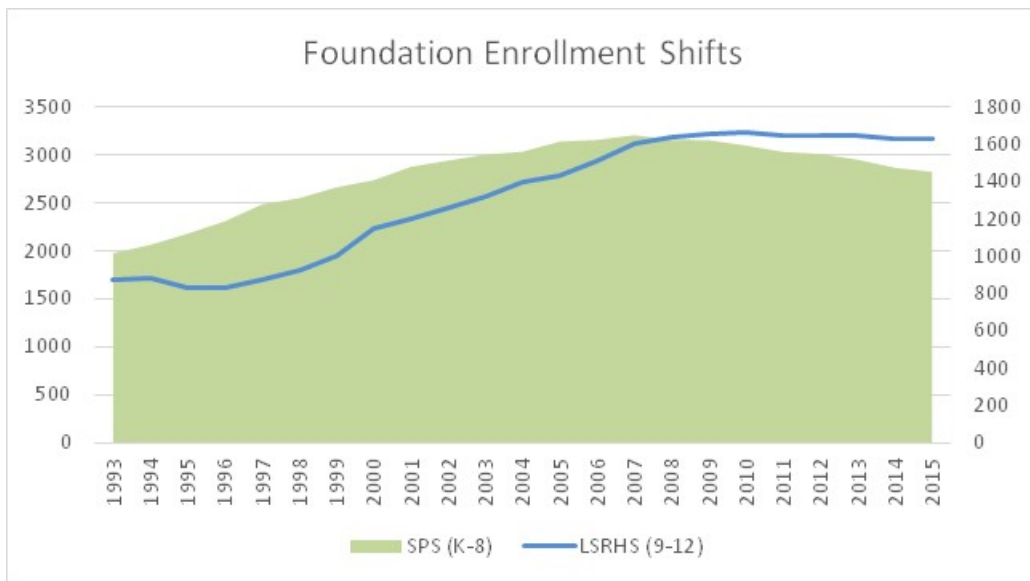
### **Enrollment Trends and Cost of Education**

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

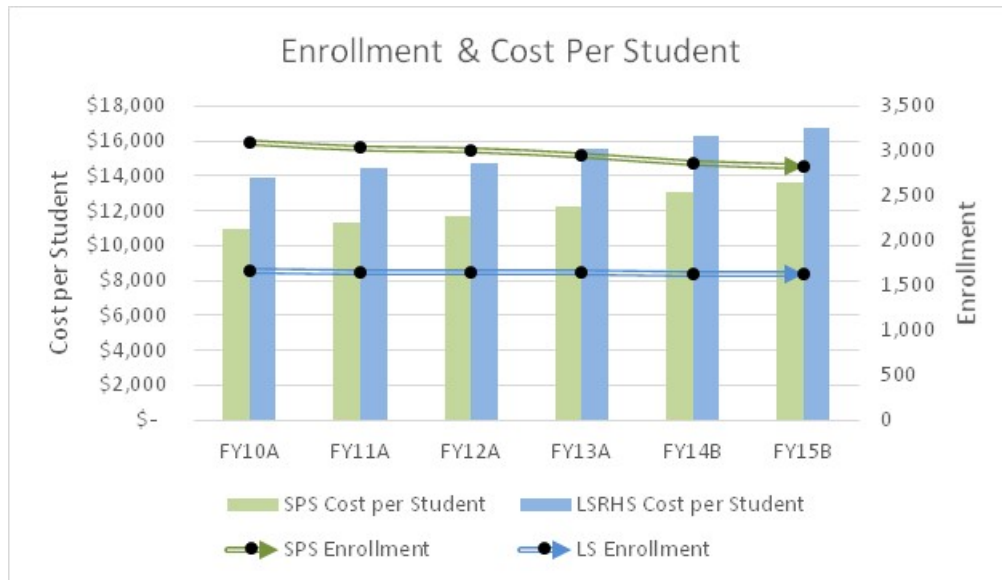




Reciprocal changes in enrollment within school systems; even when due to a shift from one to the other do not necessarily translate into an immediate shifting of budget capacity or available resources.



The following chart provides a recent history of enrollment and operating cost per student for both systems. Combined student enrollment represented approximately 24% of the Town's total population for the same period. System-wide enrollment over the next few years is expected to stay below FY07 (which was the historical high for both systems).



**Budget Assessment: Student population and cost of education – Holding ground.**

**Expense Indicator Summary:**

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

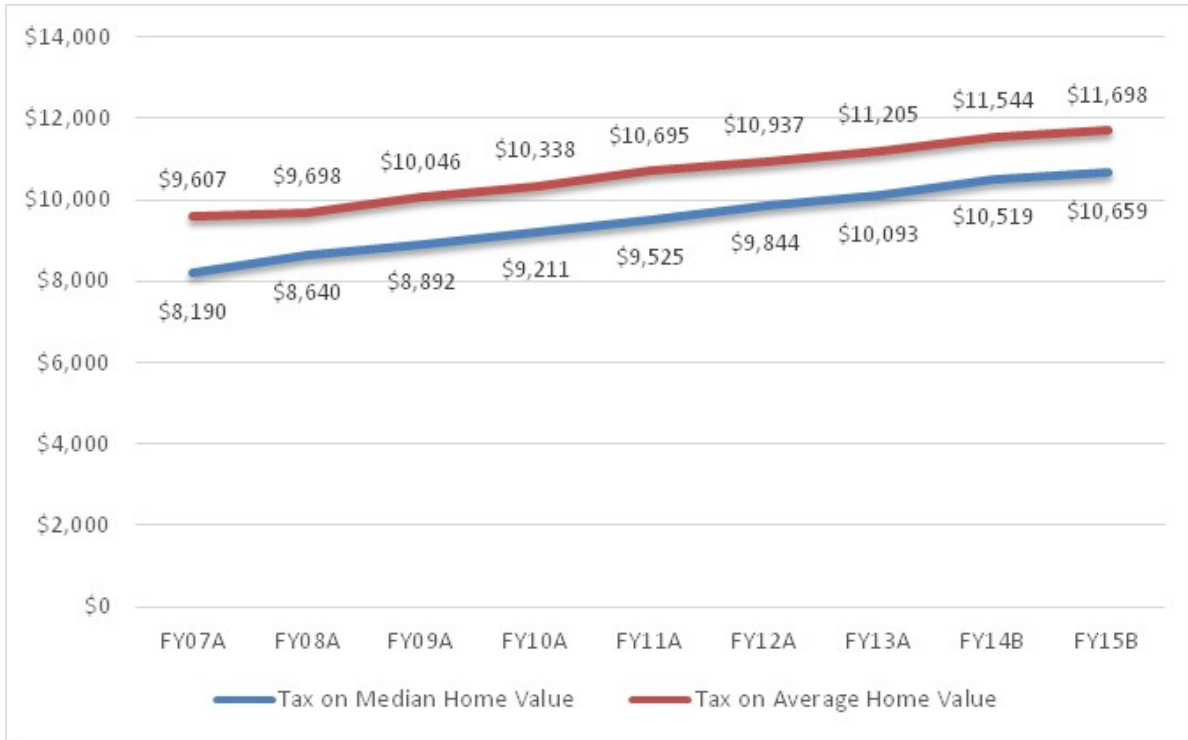
For additional budget cycle information see the FinCom’s section of the Annual Town Meeting Warrant: [http://sudbury.ma.us/departments/Selectmen/doc8594/2013ATMWarrant\\_final.pdf](http://sudbury.ma.us/departments/Selectmen/doc8594/2013ATMWarrant_final.pdf). For more on historical trends, see Sudbury’s Comprehensive Annual Financial Report (CAFR) for 10 years of financial data and other statistics: <http://sudbury.ma.us/departments/finance/doc9769/SudburyFY13CAFR-Final.pdf>.

**Closing comments and metrics used throughout the budget cycle:**

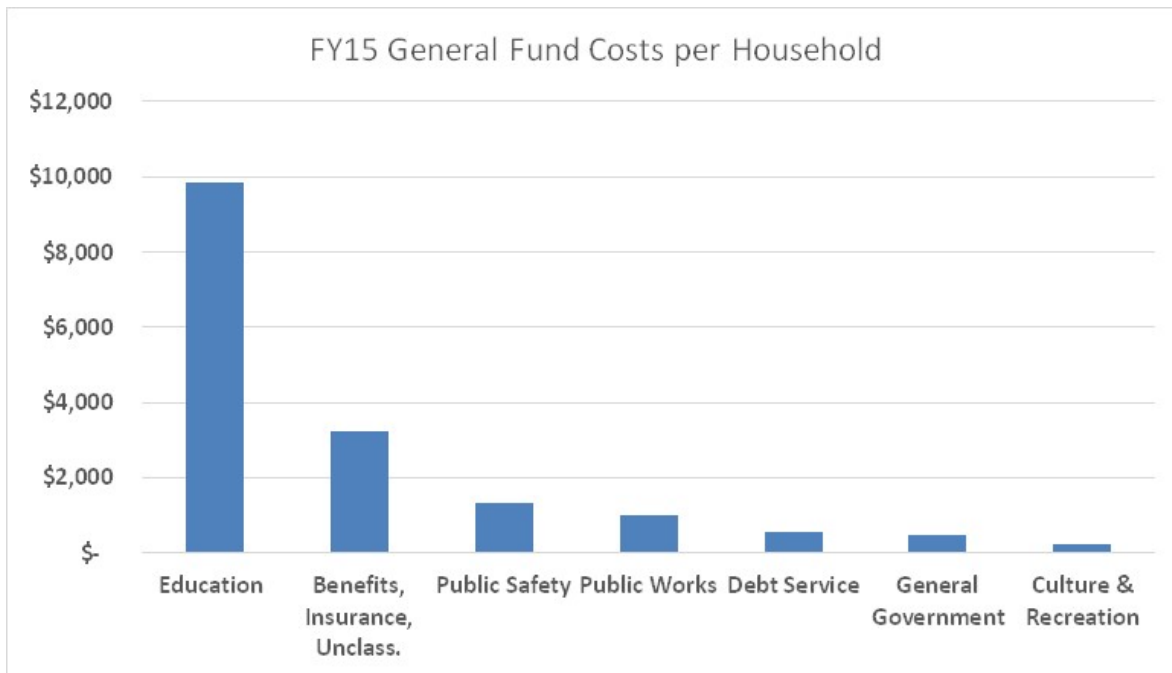
All Massachusetts communities continue to operate within an environment of increasing expenses and slower-paced or even shrinking revenues. The expenditure pressures Sudbury faces loom larger with every passing budget cycle. Wages, benefits and the costs of educating a large population of school-aged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

These last few exhibits show metrics that are commonly found and referenced throughout each budget cycle.

**Property Tax Bills for Single Family Parcels**



**FY15 General Fund Operating Expenditures per Household**



**General Fund Operating Budget Categories**

| <b>OPERATING EXPENDITURES</b>                | <b>FY14<br/>Appropriated</b> | <b>FY15<br/>Appropriated</b> | <b>FY14-FY15<br/>Chg</b> |
|----------------------------------------------|------------------------------|------------------------------|--------------------------|
| Lincoln-Sudbury RHS (Assessment)             | 19,791,903                   | 20,726,735                   | 4.72%                    |
| Sudbury Public School                        | 37,581,756                   | 38,521,300                   | 2.50%                    |
| Minuteman Tech Assessment                    | 444,837                      | 549,340                      | 23.49%                   |
| Town Government                              | 20,048,663                   | 20,549,880                   | 2.50%                    |
| Town & LS Debt Service                       | 5,090,013                    | 3,749,276                    | -26.34%                  |
| Operating Budget Article                     | 82,957,172                   | 84,096,531                   | 1.37%                    |
| Operating Capital Expenditures Article       | 284,062                      | 296,000                      | 4.20%                    |
| Total General Fund Operating Budget Articles | 83,241,234                   | 84,392,531                   | 1.38%                    |

| <b>OPERATING EXPENDITURES % TOTAL</b>        | <b>FY14<br/>Appropriated</b> | <b>FY15<br/>Appropriated</b> | <b>FY14-FY15<br/>Chg</b> |
|----------------------------------------------|------------------------------|------------------------------|--------------------------|
| Lincoln-Sudbury RHS (Assessment)             | 23.78%                       | 24.56%                       | 0.78%                    |
| Sudbury Public School                        | 45.15%                       | 45.65%                       | 0.50%                    |
| Minuteman Tech Assessment                    | 0.53%                        | 0.65%                        | 0.12%                    |
| Town Government                              | 24.09%                       | 24.35%                       | 0.27%                    |
| Town & LS Debt Service                       | 6.11%                        | 4.44%                        | -1.67%                   |
| Total General Fund Operating Budget Article  | 99.66%                       | 99.65%                       | -0.01%                   |
| Operating Capital Expenditures Article       | 0.34%                        | 0.35%                        | 0.01%                    |
| Total General Fund Operating Budget Articles | 100.00%                      | 100.00%                      | 0.00%                    |

| <b>NON-DEBT OPERATING<br/>EXPENDITURES % TOTAL</b> | <b>FY14<br/>Appropriated</b> | <b>FY5<br/>Appropriated</b> | <b>FY14-FY15<br/>Chg</b> |
|----------------------------------------------------|------------------------------|-----------------------------|--------------------------|
| Lincoln-Sudbury RHS (Assessment)                   | 25.33%                       | 25.70%                      | 0.38%                    |
| Sudbury Public School                              | 48.09%                       | 47.77%                      | -0.32%                   |
| Minuteman Tech Assessment                          | 0.57%                        | 0.68%                       | 0.11%                    |
| Town Government                                    | 25.65%                       | 25.48%                      | -0.17%                   |
| Total General Fund Operating Budget Article        | 99.64%                       | 99.63%                      | 0.00%                    |
| Operating Capital Expenditures Article             | 0.36%                        | 0.37%                       | 0.00%                    |
| Total General Fund Operating Budget Articles       | 100.00%                      | 100.00%                     | 0.00%                    |

**FY12-FY15 Consolidated Budget Summary**

Below is a budget summary for all General Fund expenditures including all capital and special stabilization funding, as appropriated for FY15 during Sudbury’s Annual Town Meeting (May 2014). The total FY15 budget for general operating, capital and stabilization is increasing by \$667,721 or .77% over the FY14 budgets.

Please note that some of the information below and in the remaining sections of this document may differ from what is published in the Annual Town Meeting Warrants. Documentation issued after Annual Town Meetings and once the new fiscal year commences may also be updated periodically to reflect subsequent budget adjustments, transfers, updates and/or reclassifications in accordance with all Town, State and Federal regulations.

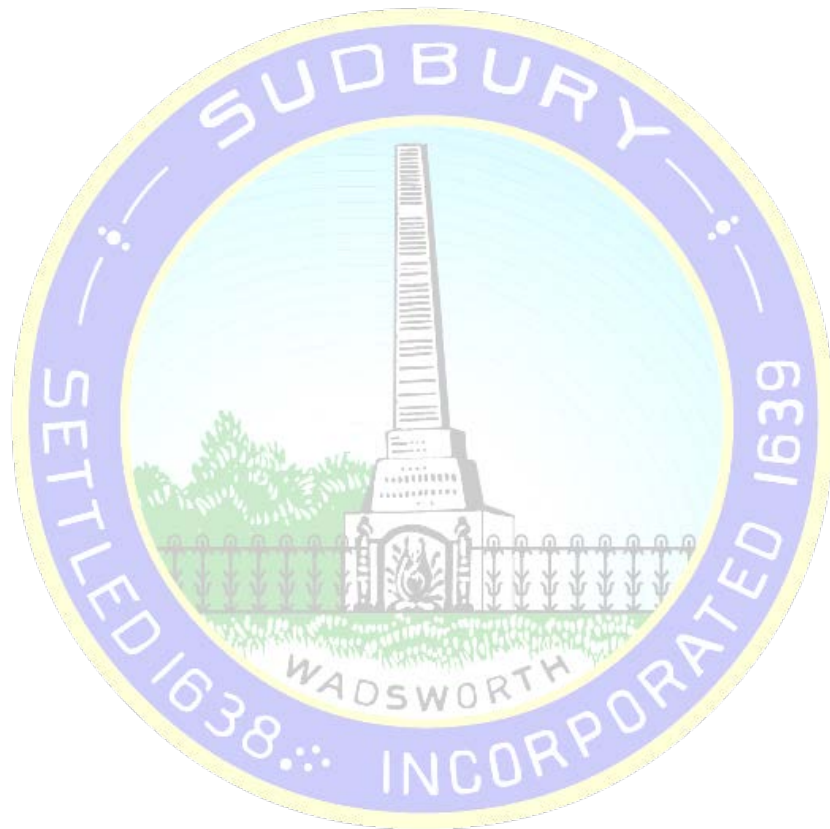
| <b>USES/EXPENDITURES</b>                   | <b>FY12<br/>Actual</b> | <b>FY13<br/>Actual</b> | <b>FY14<br/>Appropriated</b> | <b>FY15<br/>Appropriated</b> |
|--------------------------------------------|------------------------|------------------------|------------------------------|------------------------------|
| LSRHS NET Operating Assessment             | 18,079,955             | 18,694,852             | 19,791,903                   | 20,726,735                   |
| SPS Expenses                               | 31,842,964             | 33,316,417             | 34,721,206                   | 35,565,576                   |
| SPS Offsets                                | (2,798,688)            | (2,775,371)            | (2,801,108)                  | (2,748,694)                  |
| SPS Employee Benefits & Insurances         | 6,137,947              | 5,553,866              | 5,661,658                    | 5,704,418                    |
| SPS NET                                    | 35,182,223             | 36,094,911             | 37,581,756                   | 38,521,300                   |
| Minuteman Regional Assessment              | 338,031                | 274,416                | 444,837                      | 549,340                      |
| <b>Total: Schools</b>                      | <b>53,600,209</b>      | <b>55,064,179</b>      | <b>57,818,496</b>            | <b>59,797,376</b>            |
| General Government                         | 2,228,130              | 2,449,954              | 2,549,815                    | 2,629,972                    |
| Public Safety                              | 6,231,393              | 6,497,843              | 6,948,250                    | 7,125,079                    |
| Public Works                               | 4,174,576              | 4,677,526              | 4,892,309                    | 4,956,982                    |
| Human Services                             | 527,514                | 537,514                | 598,570                      | 656,715                      |
| Culture & Recreation                       | 1,050,858              | 1,070,203              | 1,116,228                    | 1,175,691                    |
| Unclassified & Transfer Accounts           | 135,774                | 118,732                | 397,699                      | 456,902                      |
| Town Employee Benefits & Insurances        | 4,270,969              | 4,040,502              | 4,308,537                    | 4,378,611                    |
| subtotal, town services                    | 18,619,215             | 19,392,274             | 20,811,408                   | 21,379,952                   |
| Town Operating Offsets                     | (587,592)              | (711,673)              | (762,745)                    | (830,072)                    |
| <b>Total: Town Departments</b>             | <b>18,031,623</b>      | <b>18,680,601</b>      | <b>20,048,663</b>            | <b>20,549,880</b>            |
| Town Debt Service                          | 3,826,949              | 3,798,521              | 3,143,019                    | 3,060,663                    |
| LSRHS (Debt Assessment)                    | 2,193,072              | 2,139,028              | 1,946,994                    | 688,613                      |
| <b>Total: Debt Budget</b>                  | <b>6,020,021</b>       | <b>5,937,549</b>       | <b>5,090,013</b>             | <b>3,749,276</b>             |
| <b>Subtotal: Operating Budget Article</b>  | <b>77,651,853</b>      | <b>79,682,330</b>      | <b>82,957,172</b>            | <b>84,096,531</b>            |
| Capital Expenditures                       | 222,003                | 255,584                | 284,062                      | 296,000                      |
| <b>Subtotal: Operating Capital Article</b> | <b>222,003</b>         | <b>255,584</b>         | <b>284,062</b>               | <b>296,000</b>               |
| Capital by Exclusions                      | -                      | -                      | 700,000                      | 685,000                      |
| Capital by Available Funds                 | -                      | -                      | -                            | 1,618,300                    |
| Stabilization Fund Contributions           | -                      | -                      | 2,091,051                    | 20,100                       |
| Prior Year Articles/Recoveries             | 300                    | 38,891                 | -                            | -                            |
| Other Charges to be raised                 | 739,994                | 824,249                | 884,031                      | 868,105                      |
| <b>Total: Other Amounts To Be Raised</b>   | <b>740,294</b>         | <b>863,140</b>         | <b>3,675,082</b>             | <b>3,191,505</b>             |
| <b>Total: Uses/Expenditures</b>            | <b>78,614,150</b>      | <b>80,801,054</b>      | <b>86,916,315</b>            | <b>87,584,036</b>            |



## Section Four

# **Budget Issues and Transmittal-**

**Current budget concerns and top-level impacts**



## The Finance Committee's FY15 Budget Transmittal

### Finance Committee Report<sup>4</sup>

Dear Resident of Sudbury,

This report will assist you in understanding Sudbury's fiscal year 2015 ("FY15") budget – from July 1, 2014 through June 30, 2015 - and the related financial articles that will be presented to you at Town Meeting beginning on May 5<sup>th</sup>. We believe, above all, that the participation of an informed voter is essential for the success of Sudbury's democratic process and continued fiscal health.

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

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

This report is the culmination of a six month budget process. In October 2013, the FinCom issued budget guidelines to the leaders of the three principal Sudbury cost centers - the Town, SPS and the High School. In preparation for the budget hearing process in February 2014, we asked each cost center to prepare two budget scenarios for FY15:

- a No Override Budget that allows for annual growth up to 2.5% for each cost center and was based upon expectations regarding State aid and local receipts; and
- an optional Level Services (or roll-up) budget that assumes each cost center maintains the same service levels in FY15 as funded through their FY14 budgets

While we recognized that each cost center has certain unique characteristics, FinCom believed it important that a level of consistency exist in all budget submissions. As a result, we asked each cost center to make the following assumptions when constructing their FY15 budget submissions:

- for all cost centers, salary and other cash compensation was relatively straightforward as it was based on the final year of the recent contract negotiations;
- best estimates of expected health and benefit costs increases; and
- best estimates of utilities and, where applicable, transportation and special education cost increases or decreases.

As health and benefit cost increases have become known figures, FinCom has provided guidance to the cost centers to revise budgets based on differences to initial assumptions. The Town and SPS assumed +5% growth in GIC rates and built budgets accordingly. Actual GIC growth rates were only +1%, and so

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<sup>4</sup> The following is excerpted from the official warrant for the 2014 Annual Town Meeting.



FinCom is presenting an operating budget that is reduced accordingly by \$128,711 for SPS and \$39,790 for The Town.

### Recommended No Override Budget

For FY15, we are recommending only a No Override Budget of approximately \$85.2 million. The No Override Budget represents a residential tax increase of approximately 0.41% (\$48) on the average assessed home value of \$640,277 and a total increase in taxes of approximately \$622,000, including new growth and commercial property taxes, as compared to the FY14 tax levy.

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

The FY15 No Override Budget represents a 2.5% increase in the operating budget for each cost center compared to the FY14 budget. The difference in growth between the residential property tax increase of 0.41% and the allowable growth in the operating budgets of each cost center is due to the expiration of a one-time \$700K capital exclusion in FY14, a significant reduction, a decrease in the debt exclusion of \$1.36 million and a shift in assessment for LSRHS from Sudbury to Lincoln as compared to FY14.

In the case of the High School, the percentage of students did not shift materially between Sudbury and Lincoln from FY14 to FY15. The principal reason for the decrease in the assessment was an increase in Lincoln’s required statutory minimum contribution as calculated by the DOR. The determination of the overall assessment to each town has two major components in the calculation. The first component is a statutory minimum contribution as calculated by the DOR, which measures relative changes of member towns and incorporates those relative changes into a formula to calculate each member town’s contribution. The second component is based on average student enrollment and is governed by the specific regional agreement between the member towns. As shown in the table set forth below, Lincoln’s statutory minimum contribution increased by nearly 17% from FY14 to FY15 as compared to a more modest +9% increase for Sudbury.

In round numbers, Sudbury funded roughly 86% of the LS operating budget in FY14 and now will fund roughly 85% of the LS budget in FY15, with the net result that the LSRHS operating budget assessment to Sudbury has increased by +4.72%. This increase should not be confused with the High School’s overall budget, which in the context of an FY15 No Override Budget, has the same allowable growth of 2.5% as the other cost centers. The reason for the increase from FY14 to FY15 is that LS used \$666K of E&D as a budget offset in FY14, and is not planning to apply any of the E&D balance to fund FY15 operations.

Sources of revenue and changes from FY14 are set forth below:

- Under Proposition 2 ½, the tax increase is limited to 2 ½% of the overall tax levy; for FY15, this increase is approximately \$1.73 million.
- New growth, the tax on new and upgraded properties, is estimated to generate \$520,000 of new revenue in addition to the allowed increase in the levy (bringing the total levy increase to

approximately \$2.3 million or 3.25%), which is consistent with the FY14 assumption on new growth; this number assumes a continued recovery in new home construction and renovation activity from the recent economic downturn.

- The capital exclusion portion of the tax levy is decreasing by \$700K to \$0 as the capital exclusion was a one-time exclusion in FY14 to fund the Town Center traffic improvements.
- The debt exclusion portion of the tax levy (for payment of principal and interest costs) is decreasing by approximately \$1.36 million, or 40%, from FY14 due to maturing debt on prior borrowings and refinancing of existing debt.
- State aid revenue is estimated to increase by approximately \$250,000 from FY14 levels, comprised of no increase in State Aid to Sudbury and an increase in state aid to LSRHS of approximately \$250,000. This projection is based on the Governor's proposed budget and represents our best estimate at the time of publication of the warrant. To date, discussions regarding state aid from the state legislature are still evolving. Should new information be provided we will update our assumption for state aid heading into Town Meeting as we've done in previous years.
- Local receipts, primarily motor vehicle excise taxes and fees charged for certain town services, are currently estimated at \$4.4 million, an increase of +7.3% from the FY14 budget level of approximately \$4.1 million. Local receipts have rebounded in recent years from the recession to healthy levels, and Sudbury has raised its conservative forecasts of local receipts to align with recent actual growth.
- The annual school debt reimbursement represents aid from the State and is the same as FY14 as this amount will not change for the remainder of the payments scheduled through FY21 (unless the outstanding debt is refinanced); this aid must be used to reduce the amount of school debt issued and is excluded from the normal Proposition 2 ½ tax levy limit.

#### Ongoing Savings from Healthcare Changes

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

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

The Board of Selectmen voted to accept the provisions of sections 21-23 of Chapter 32B of the General Laws in November 2011. After following the prescribed process, the outcome for the Town and SPS was a decision to join the GIC. On July 1, 2012, all active employees and retirees for the Town and SPS migrated to the Commonwealth's GIC health benefits system. Collectively, the move to the GIC generated savings of more than \$2 million in FY14. Similarly, as we head into FY15, the GIC announced in March 2014 that health insurance premium rate increases would be held to an average increase of 1% across its offering of health plans, below both the state and national averages.

Similarly, the LSRHS School Committee embarked on a process in FY12 to determine what changes to make to their health insurance coverage. The outcome of this process was for the School Committee to drive savings by making GIC-like changes to the local plans offered by their current purchasing coalition, Minuteman Nashoba Health Group (“MNHG”). In addition, the High School made other changes in cooperation with the LSRHS teachers by decreasing the contribution rate on the high cost indemnity plans and implementing an opt-out incentive to drive further savings. Collectively, these changes along with the MNHG announcement have resulted in the High School budgeting flat healthcare expense growth in FY15, and these costs have been flat going back to FY12.

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

### OPEB Liabilities

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

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

As of the last actuarial report as of July 1, 2011, the estimated OPEB liability for the Town/SPS employees is \$34.3 million. Due to the move to the GIC, the OPEB liability actually decreased by nearly \$16 million as compared to the prior actuarial assumptions. The estimated OPEB liability for LSRHS is \$46.1 million. These amounts assume that the Town/SPS and LS continue the current practice with regard to retiree healthcare liabilities of “Pay-As-You-Go” (i.e. - pay the bills for retirees’ health costs as they are presented without setting aside funds for future costs). In addition to the specific plans available to each cost center’s employees, differences in per employee liabilities for a cost center are also impacted by employee contribution levels towards their insurance costs.

The Town/SPS and LSRHS are in the very early stages of looking at funding mechanisms to address this potential future burden, having established an OPEB working group in 2013 to review this issue. While the Commonwealth has not mandated that communities with OPEB trusts make their ARC each year, the Finance Committee believes it is prudent to determine a mechanism to begin to fund the OPEB trust on a sustainable basis.

Analysis of Free Cash

The accumulation and subsequent usage of free cash is a central issue to the FY15 budgeting process. The Mass Division of Local Services defines Free Cash as follows:

“Free cash is a revenue source which results from the calculation, as of July 1, of a community's remaining, unrestricted funds from operations of the previous fiscal year based on the balance sheet as of June 30. It typically includes actual receipts in excess of revenue estimates and unspent amounts in departmental budget line-items for the year just ending, plus unexpended free cash from the previous year.”

Free cash in and of itself is not a bad thing – sound fiscal budgeting ensures that revenues are being forecasted conservatively, and expense budgets plan for potential overages in items like health care, overtime, and other items – rather than have to either go back to the taxpayers mid-year to ask for more money, or make unexpected and disruptive midyear budget cuts. However, the amount of free cash that is generated should be monitored to ensure that the taxpayers are not unnecessarily bearing the cost of tax increases without proper justification.

| <u>Certified as of July 1,</u> | <u>Results from</u> | <u>Certified Amount</u> |
|--------------------------------|---------------------|-------------------------|
| 2008                           | FY08                | \$15,235                |
| 2009                           | FY09                | \$488,595               |
| 2010                           | FY10                | \$249,418               |
| 2011                           | FY11                | \$674,860               |
| 2012                           | FY12                | \$2,388,556             |
| 2013                           | FY13                | \$2,380,250             |

In FY12 and FY13, Sudbury generated significant amounts of free cash, and that pattern is expected to persist in FY14. The reason for this surplus free cash is due both to under-forecasting of revenues and over-forecasting of expenses. On the revenue side, in FY08-FY11, there had been a precipitous drop in both state aid and local receipts. Both sources of revenue rebounded by FY12, however budgeting happens a year and a half before results are known, and the FY12 and FY13 budgets were developed with a high amount of conservatism as that rebound had not yet been observed. The result was a revenue forecast that was below actuals by \$1.11 million for FY12 and \$1.08 million for FY13. Assumptions on local receipts increased for FY14, although it is still expected that free cash will be generated. In the current FY15 budget, assumptions for local receipts have been increased significantly, which suggests that Sudbury will no longer see free cash from conservative revenue forecasting after FY14.

On the expense side, it should be expected that Sudbury should generate some free cash each year, due to conservative budgeting and contingency planning. In FY13, this amount was significantly higher than previous years due to uncertainty around health care costs. Beginning July 1, 2012, the Town and SPS moved to the GIC health plan. The savings from this move were largely unknown, as the number of employees that would subscribe to various plans or opt out of any health plan was unknown. Because of these unknowns, there was a lot of conservatism built into the budgeting process, which resulted in \$555K of free cash from FY13 health care, for a total of \$1.13 million in free cash from expenses. It is expected that additional free cash will be generated for similar reasons from FY14, however the insurance

assumptions are much more grounded in actual historical results for the FY15 budget and there should be a much lower amount of free cash generated.

FY12 was the first year in several years in which there was a significant amount of free cash generated. At Town Meeting in 2013, the Town voted to move \$2.09 million to the stabilization fund, the first such contribution in many years. At Town Meeting in 2014, the voters will need to decide what to do with the sizable balance of free cash that was generated in FY13. Some of the options include using the cash for one-time expenses such as capital purchases, using it to fund the growing OPEB liability, continuing to build reserve balances, or even applying it as revenue in the operating budget, which effectively returns the cash to the taxpayers by lowering the increase on the tax levy.

Following extensive debate, opinions on FinCom were split as to how to best deploy this free cash. Some members advocated for using free cash for one-time capital expenses as presented by the Town Manager in the Warrant. Other FinCom members advocated for an alternative approach that would still fund much of the capital expenses but would also apply \$850-\$900K of free cash towards the operating budget to reduce the tax levy.

As the voters evaluate these options, it is important to take a historical view on how Sudbury has used free cash in the past. In the 2000's, Sudbury would regularly generate a healthy amount of free cash, and then would apply that free cash to the operating budget. Because the free cash was generated with consistency and regularity, this practice was not a problem as free cash was viewed a dependable source of revenue. However, in FY08 and FY09, the revenues from local receipts and state aid dropped precipitously, and free cash was not generated. This created a significant hole in the revenue side of the budget, and combined with mid-year cuts to state aid forced the Town to make very painful and broad-based mid-year budget cuts.

Since FY10, FinCom and the Town have followed a policy of not applying free cash towards the operating budget, recognizing that due to budget to actual variances, it is unreliable and therefore should be appropriated in budget planning with great caution. This philosophy has allowed Sudbury to recover from the great recession, build up appropriate reserves for a town of our size, and put conservative budgeting policies in place to ensure that future budget shortfalls are avoided.

With the appropriation of Free Cash in recent years, the stabilization fund is now considered to be a healthy balance which should provide Sudbury with a safety net not felt in many years. With free cash from 2013 of \$2.3 million and some free cash also expected to be generated in FY14, voters must decide what to do with the free cash. Whether the utilization of free cash is done via investing in capital assets, lowering overall debt obligations, reducing the tax levy, or retained to begin addressing the OPEB liability, voters should be informed and make this decision with great consideration. If the voters choose to use free cash to reduce the tax levy, effectively, Sudbury must continue to generate the same levels of free cash in order to support recurring expenses. If the level of free cash drops, the only other two alternatives are to fund the shortfall via an operating override or cut the budget by the amount of free cash previously used.

### Conclusions

Within the context of what is still an uncertain economic environment, and like many other communities across the Commonwealth, achieving a balanced budget in Sudbury is not without its challenges. Over the past several years, the Town's fiscal situation has been constrained by negotiated increases in the cost of wages and benefits which have risen faster than the rate of inflation. As is common to towns where education is placed at a priority in investment, our student population, though in decline, is still considered sizeable. Our schools as well as other town assets and resources must be preserved.

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

Fortunately, changes negotiated in our labor contracts several years ago helped to decrease that rate of growth in wages and benefits, particularly healthcare, significantly. These changes helped to lessen the collective impact of lower State Aid and non-property tax related revenues during the economic downturn. To be clear, layoffs and the elimination of services were still required in many areas to collectively allow us to balance our budget during the downturn. However, on a relative basis, Sudbury still fared better than many other communities in the Commonwealth during this time. More recently, the move to the GIC by the Town and SPS as well as healthcare changes made at the High School have yielded significant cost savings. The Finance Committee expresses great appreciation to the cost centers in their initiatives to help manage healthcare expenses. This was an enormous step in addressing Sudbury's structural deficit.

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

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

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

Lastly, the Finance Committee would like to recognize and extend thanks to the employees of the Town, SPS and LSRHS, and the various committees for their support and contributions during the preparation of the FY15 budget.

Respectfully yours,  
Sudbury Finance Committee

Douglas Kohen, Chair  
Joan Carlton, Vice Chair  
Susan Berry  
Tammie Dufault  
Robert Jacobson

William Kneeland, Jr.  
Mark Minassian  
Robert Stein  
Andrew Sullivan

## Town Manager's FY15 Budget Transmittal

The Honorable Board of Selectmen and Finance Committee,

I hereby submit to you the consolidated As Appropriated budget and financing plan for Fiscal Year 2015(July 1, 2014 – June 30, 2015). This budget document contains the amounts appropriated for the municipal government, the schools, and the enterprises as they materially appear in the articles of the 2014 Annual town Meeting warrant, with final amounts as approved at Town Meeting. This budget document also contains background information regarding revenue and expenditures trends, organizational goals, and other financial data, by way of explanation and in support of the FY15 budget decisions.

The following priorities continue to guide budget decisions for operation of the Town government.

1. **Live within available revenue.** The Town continues to take steps to restrain the growth in the cost of municipal services so that the total increase does not exceed that available without a Proposition 2 ½ operating override. This does not mean that the annual budget will grow automatically by 2 ½% or that careful scrutiny will not be made on all requested budget amounts. To recap several of the key actions that has contributed to meeting this priority.
  - a. Enrollment of employees and retirees of the Town/SPS in the state sponsored Group Insurance Commission (GIC) health plans. Overall, the Town's health insurance costs for our employees and retirees decreased substantially as a result of this change – funds that allowed preservation of other services and positions for the Town and SPS.
  - b. Beginning a coordinated approach to our facilities management with SPS, and becoming more effective in protecting our buildings and spending limited maintenance funds as effectively as possible.
  - c. Making the Town's buildings as energy efficient as possible and seeking grants to do as much of this work as possible. The Town's Energy & Sustainability Green Ribbon Committee continues to pursue a number of grants and projects related to energy generation and/or savings. Sudbury has been designated a Green Community by the state, one of the first in the Commonwealth. One major project was finalized in FY14: installation of a large scale (approximately 2 megawatt) solar field on the Town's closed landfill on Boston Post Road to generate energy savings for Town use. The installation went into operation. This facility generates savings for the Town/SPS (savings are split equally between the two entities) which the Energy Committee is looking to use to fund future energy projects. And Town Meeting approved a new Energy Services Company Energy Improvement Program, which will implement a number of energy savings construction projects in Town and School buildings and use the savings generated from these measures to pay the costs of making the improvements.
  
2. **Maintain highest priority services.** Initiatives of the FY15 budget include the following:
  - a. Creating a new program coordinator position in the Council on Aging/Senior Center budget. The number of seniors in Sudbury has been increasing, and this is welcome news and follows the efforts of the Board of Selectmen on a number of fronts to encourage

seniors to stay in Sudbury – through initiatives such as the Tax Deferral program, the senior tax-work off program, and the Means Tested Senior Tax Exemption – as well as attract more seniors to Sudbury – through the zoning changes that encouraged the development of Senior Condominium development projects. But with the success in increasing the number of seniors in Town came the need to increase programming and staffing to meet the needs of these seniors.

- b. Continue to develop the combined public safety dispatch/communications center. The FY15 budget moves the dispatch/communications budget into the Police Services budget, so that the Police Chief has overall authority and responsibility for both budgets.
  - c. Continues the Advanced Life Support (paramedic) program within the Fire Department. Since 2010, the Town has hired only certified paramedics to train as firefighters and by the end of FY13, 10 of the 32 Sudbury firefighters have these enhanced emergency medical skills. Beginning in FY14, the Town began sending two of its firefighter/EMT employees to train to become paramedics, so that the Town will increase to at least 12 paramedics, ensuring that there will be at least two paramedics present on each of the Town's four shifts, even accounting for use of vacation or sick leave.
3. **Continue to address major long term financial challenges.** These challenges are addressed in the Strategic Financial Planning Report, dated April 2013. Continuing efforts are as follows:
- a. Development of an overall policy/program to provide sufficient funding for maintenance or replacement of the Town's capital assets. Members of the Strategic Financial Planning Committee for Capital Funding developed and unanimously approved recommendations to use one-time Free Cash to fund replacing a number of old and failing DPW vehicles and heavy equipment items, repairing the Nixon school parking lot and sidewalks, replacing an antiquated phone system at one elementary school, acquiring laptops for Curtis students, and replacing the outdated technology infrastructure at L-S. The Board of Selectmen also unanimously approved these recommendations. All of these projects were approved as capital articles at the 2014 Annual Town Meeting. Additional information and detailed reports can be found on the town web site at [www.sudbury.ma.us](http://www.sudbury.ma.us) The FY15 municipal budget was developed partially based on the premise that Free Cash generated in FY13 (at least half came from savings generated from health insurance changes and by Town departments), would be used to make significant investments in capital projects that were delayed as part of coping with the challenges of the recession.
  - b. Development of a one-time effort to get caught up on the backlog of DPW vehicles needing replacement. Article 16 included replacement of 10 old pieces of DPW equipment, including 6 trucks, one wood chipper, one front-end loader, one 11 foot plow and one installed sander. There are five immediate consequences of delaying replacement of the 8 DPW vehicles and two pieces of related equipment requested under article 16. This action saved taxpayers from continuing to pay for the costs of putting new parts into very old vehicles. For example, to pay for new transmissions for heavily used 10 year old one-ton trucks with significant frame damage and rust along with other mechanical issues is not a good use of limited budget dollars. And even as money and time are put into repairing these older vehicles, they will sit in the shop for longer periods of time, out



of service. Further, it was questionable if several of these vehicles could be kept in running condition even with new parts. Projects that rely on DPW vehicles, such as drainage projects, repairs and maintenance in cemeteries and more, will be delayed. There are also significant public safety aspects of the DPW having reliable vehicles. Snow plowing routes will be impacted and it will take longer to get the roads cleared, sanded and safe for residents, police and fire vehicles and school buses to travel. This affects the potential number of accidents that police, fire and emergency medical services must respond to as well as how long it takes to arrive at the scene once called. And it affects the ability of the schools to open on snow days. Lastly, by not replacing these vehicles when there are funds to do so, DPW employees would continue driving vehicles that, due to their age and condition, will inevitably stop functioning properly, perhaps at a critical time. Effective and productive use of our employees requires they have the tools to do their work when needed. The problem of the backlog of DPW vehicles needing replacement could be kicked down the road to next year, but it won't go away. In FY13, 8 vehicles/equipment items were requested but only 3 were funded. In FY14, 13 items were requested and only 3 were funded. Further delay would have made a bad situation worse.

- c. Address our unfunded OPEB liability costs. OPEB (Other Postemployment Benefits) costs are currently funded through annual appropriations within Sudbury's budget, known as a "pay-as-you-go basis". Yet due to rising life expectancies, increasing health care costs and the accompanying rising OPEB liabilities, the pay-as-you-go funding option is unsustainable. The pension reform bill signed by Governor Patrick November 2011 established a Retiree Health Care Commission to consider the range of benefits that are or should be provided as well as the current and anticipated future cost of providing them; hopefully assist with our ability to set aside funds. Sudbury has taken a number of steps to address this issue already: we provide a 50% contribution toward the health insurance costs for our retirees (the lowest match allowed by state law); established a trust fund with residual from the retiree healthcare appropriations for retirees, adopted Section 18 so that our retirees must join Medicare when eligible, and transferred all our employees and retirees to the GIC for health insurance. The Board of Selectmen created a new committee to begin looking at alternatives for managing this unfunded liability and providing financing for this obligation.
4. **Address unfunded mandates from the Federal EPA/State DEP for Stormwater Permit.** Towns and cities across the country are required to develop expensive efforts to comply with this permit. Sudbury would be required to develop a 5-year management plan, develop a program for ongoing illicit discharge testing, develop written operation and maintenance procedures for all town-owned land facilities, and many more requirements that we do not perform now and will be costly to develop and implement. For FY15, \$100,000 was appropriated to be able to begin implementing the plan developed by a stormwater consultant.
  5. **Begin construction on the new Police Station, as approved by voters at both Annual and special elections and Annual and special Town Meetings.** With these approvals, development

of this project will be a very time consuming project for the Permanent Building Committee, the Police Chief and Facilities Director, as well as other Town employees including the Finance Director, DPW Director, Fire Chief and myself.

There are a number of issues that the Board of Selectmen has voted to work on in FY15, and each will affect future budgets.

1. **Route 20 Wastewater Project.** The committees created by the Board of Selectmen are nearing recommendations for going forward with this project. Two alternatives have emerged as preferred alternatives.
2. **Determining best options for several recreation projects.** There are a number of major recreational projects that will be discussed in-depth during FY15: the Selectmen are looking at what kind of rail trail they might want to develop on the state owned abandoned rail line known as the Bruce Freeman Rail Trail as well as the Mass Central Rail Trail. Davis field could be expanded and see greater use and staff are working with the Recreation Commission on that project.
3. **Keep making progress relative to three older Town Buildings.** The Town Hall project, the Fairbank Community Center project and the Loring Parsonage (for potential lease to and use of the Sudbury Historical Society) are in the feasibility of design stage and the Board of Selectmen has committed to keeping these projects moving along.
4. **Future use of the Melone gravel pit.** The Board is investigating, with the use of CPC funding, the potential for development of rental housing on the gravel pit property. Results of this study and efforts will help the Town decide how it wants to use this major parcel of land in north Sudbury.
5. **Best options for vocational education for Sudbury students.** The board has established a committee to look closely at the issue of continuing as member of Minuteman Regional Vocational Technical High School District. The large capital project that will likely be undertaken by that school could mean substantially higher costs for Sudbury students interested in pursuing a vocational education.

All of these projects are multi-dimensional and will involve major financial decisions. They need to be prioritized and scheduled; including an overall strategic, multi-year plan developed. On the positive side, our 'AAA' Credit Rating was reaffirmed twice in 2013 by Standard & Poor's. Maintaining the highest credit rating for the Town continues to provide significant savings for the Sudbury's taxpayers. In addition to being able to obtain best, lowest rates for new critical capital investment, the Town has refinanced six bond issues since 2001, for a net total savings of \$1.9 million.

## FY15 BUDGET IN SUMMARY

FY15 appropriations for the general fund operating articles increased by a total of \$1.51 million or 1.38% over FY14. As you can see below all segments of the operating budget is increasing in FY15 with the exception of debt service. For further details see [sections 5 through 7](#) of this document.

| <b>EXPENDITURES</b>                                 | <b>FY14<br/>Appropriated</b> | <b>FY15<br/>Appropriated</b> | <b>FY14-FY15<br/>Chg</b> |
|-----------------------------------------------------|------------------------------|------------------------------|--------------------------|
| Lincoln-Sudbury RHS (Assessment)                    | 19,791,903                   | 20,726,735                   | 4.72%                    |
| Sudbury Public School                               | 37,581,756                   | 38,521,300                   | 2.50%                    |
| Minuteman Tech Assessment                           | 444,837                      | 549,340                      | 23.49%                   |
| Town Government                                     | 20,048,663                   | 20,549,880                   | 2.50%                    |
| Town & LS Debt Service                              | 5,090,013                    | 3,749,276                    | -26.34%                  |
| Operating Budget Article                            | 82,957,172                   | 84,096,531                   | 1.37%                    |
| Operating Capital Expenditures Article              | 284,062                      | 296,000                      | 4.20%                    |
| <b>Total General Fund Operating Budget Articles</b> | <b>83,241,234</b>            | <b>84,392,531</b>            | <b>1.38%</b>             |

Despite variation in growth amongst all areas of the general operating budget, the overall size or share of total revenues except for debt service for FY15 is relatively the same as the prior year. In as much as total available revenues for general operating expenditures may not be sufficient to sustain equal cost center allocation moving forward, all stakeholders involved in the budgeting process will need to develop an alternate strategy that would shift financial resources when and where they are needed most while at the same time protecting against precipitous erosion in programs and services elsewhere.

| <b>NON-DEBT OPERATING<br/>EXPENDITURES % TOTAL</b>  | <b>FY14<br/>Appropriated</b> | <b>FY5<br/>Appropriated</b> | <b>FY14-FY15<br/>Chg</b> |
|-----------------------------------------------------|------------------------------|-----------------------------|--------------------------|
| Lincoln-Sudbury RHS (Assessment)                    | 25.33%                       | 25.70%                      | 0.38%                    |
| Sudbury Public School                               | 48.09%                       | 47.77%                      | -0.32%                   |
| Minuteman Tech Assessment                           | 0.57%                        | 0.68%                       | 0.11%                    |
| Town Government                                     | 25.65%                       | 25.48%                      | -0.17%                   |
| Total General Fund Operating Budget Article         | 99.64%                       | 99.63%                      | 0.00%                    |
| Operating Capital Expenditures Article              | 0.36%                        | 0.37%                       | 0.00%                    |
| <b>Total General Fund Operating Budget Articles</b> | <b>100.00%</b>               | <b>100.00%</b>              | <b>0.00%</b>             |

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

Sincerely

*Maureen G. Valente*

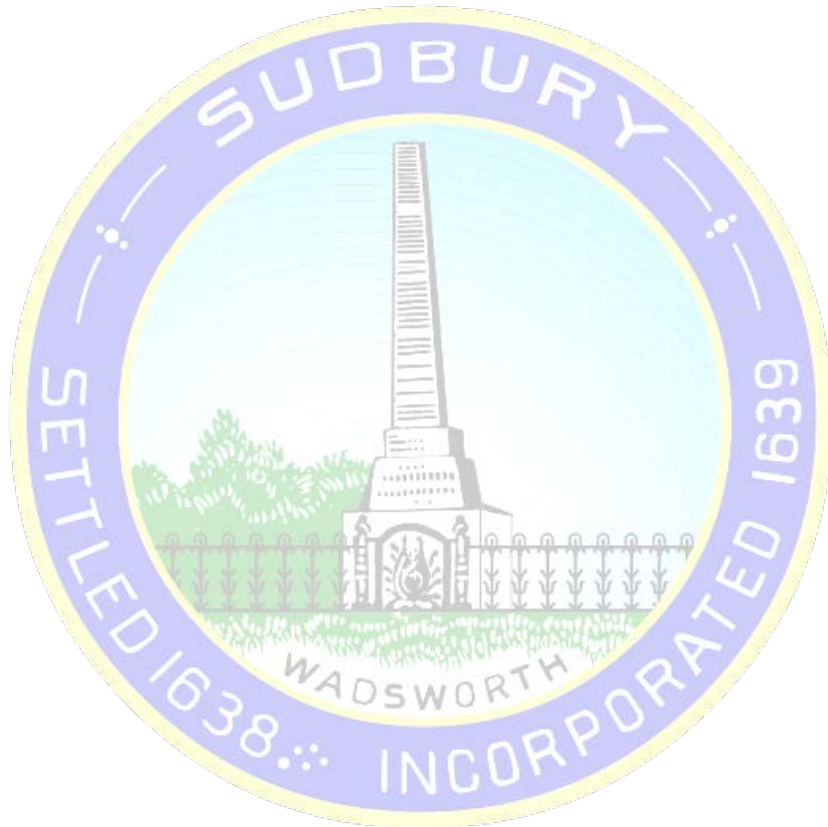
Maureen G. Valente  
Town Manager  
Town of Sudbury



## Section Five

# **Budget Detail – Town Government**

**Budget accounts under the direction of the Town Manager**



## Town Services Budget Summary

Costs:

|                                     | FY12              | FY13              | FY14              | FY15              |
|-------------------------------------|-------------------|-------------------|-------------------|-------------------|
|                                     | Actual            | Actual            | Appropriated      | Appropriated      |
| General Government                  | 2,228,130         | 2,449,954         | 2,549,815         | 2,629,972         |
| Public Safety                       | 6,231,393         | 6,497,843         | 6,948,250         | 7,125,079         |
| Public Works                        | 4,174,576         | 4,677,526         | 4,892,309         | 4,956,982         |
| Human Services                      | 527,514           | 537,514           | 598,570           | 656,715           |
| Culture & Recreation                | 1,050,858         | 1,070,203         | 1,116,228         | 1,175,691         |
| Unclassified & Transfer Accounts    | 135,774           | 118,732           | 397,699           | 456,902           |
| Town Employee Benefits & Insurances | 4,270,969         | 4,040,502         | 4,308,537         | 4,378,611         |
| <b>Subtotal</b>                     | <b>18,619,215</b> | <b>19,392,274</b> | <b>20,811,408</b> | <b>21,379,952</b> |
| Town Offsets                        | (587,592)         | (711,673)         | (762,745)         | (830,072)         |
| <b>Total Town Services</b>          | <b>18,031,623</b> | <b>18,680,601</b> | <b>20,048,663</b> | <b>20,549,880</b> |
| <br>                                |                   |                   |                   |                   |
| Town Personal Service               | 10,032,770        | 10,520,301        | 11,550,436        | 11,842,213        |
| Town Benefits                       | 4,270,969         | 4,040,502         | 4,308,537         | 4,378,611         |
| Town Expenses                       | 3,635,238         | 3,759,080         | 4,109,411         | 4,307,838         |
| Town Capital                        | 418,697           | 420,545           | 418,274           | 426,540           |
| Town Snow & Ice                     | 261,542           | 651,846           | 424,750           | 424,750           |
| Town Offsets                        | (587,592)         | (711,673)         | (762,745)         | (830,072)         |
|                                     | <b>18,031,623</b> | <b>18,680,601</b> | <b>20,048,663</b> | <b>20,549,880</b> |

Workforce:

| <b>EMPLOYEE HEADCOUNT</b>      |               |               |               |               |
|--------------------------------|---------------|---------------|---------------|---------------|
| <b>(Full Time Equivalents)</b> |               |               |               |               |
|                                | FY12          | FY13          | FY14          | FY15          |
| <b>Cost Center</b>             | <b>Actual</b> | <b>Actual</b> | <b>Actual</b> | <b>Budget</b> |
| Public Safety                  | 74.42         | 76.29         | 76.73         | 76.73         |
| Public Works                   | 33.03         | 33.53         | 33.55         | 33.55         |
| General Government             | 29.38         | 29.72         | 29.72         | 28.71         |
| Human Services                 | 6.09          | 6.09          | 6.65          | 7.22          |
| Culture & Recreation           | 13.55         | 13.94         | 13.98         | 14.17         |
| <b>Total Town Operating</b>    | <b>156.47</b> | <b>159.57</b> | <b>160.63</b> | <b>160.38</b> |
|                                | 0.0%          | 2.0%          | 0.7%          | -0.2%         |

### Town Manager's Budget Report

Overall, the budget provides essentially the same level of services as is provided in FY14, but it is important to point out it still does not restore services to levels which were available in past years, before the reductions that were made in FY09 and FY10. The \$39,000 difference between the actual budget and the submitted requests is a result of a lower than expected increase in health insurance premiums for FY15. The long-standing understanding of the Town and SPS from the Finance Committee was that if health insurance premiums were lower than expected the difference could be used to fund areas where reductions were previously made, such as in the Finance Department, the Goodnow Library, the Recreation Department, the Senior Center, the Police Department and the DPW. While the Town reduced staffing by over 10 positions during those years, we were able to prevent further reductions and keep the dedicated staff that we have due to the positive, cooperative work between the Board of Selectmen and the Town employees, which allowed the Town to make changes in how health insurance was provided to employees in exchange for keeping any savings from making these changes dedicated to the Town budget. In addition, the number of Sudbury residents using Town Services has increased but the service capacity has not kept pace, particularly in areas such as the Senior Center, Recreational Services, and Cultural Services.

Other highlights of the FY15 Budget for Town Government as appropriated:

- There is one new benefit eligible position compared to FY14 – I have added a Program Coordinator Position in the Senior Center/Council on Aging budget. This department is providing an increasing number of services to the growing population. A goal of the Board of Selectmen had been to increase the number of seniors as a percent of the Town's population, in an effort to more evenly balance out the demographics of the Town and slow down the educational costs. Significant progress has been made toward that goal: the Town now has 12.2% of its population over 65 according to the latest Federal Census compared to 9.8% in 2000. Stated another way, the number of residents over 60 is now 19% of the Town's population, per the Council on Aging. The staffing in this department has not kept pace with this growing population and service demands.
- Offsetting this increase is a reduction in the number of benefit eligible employees in the Assessor's Office as I have reconfigured that office to use specialized consulting services to assist with the appraisal and data collection requirements this office must perform. Overall, the number of FTE Town employees is staying nearly the same as in FY14, at 160.38.
- A cost of living increase has been included for all union and non-union Town employees who do not have an individual employment agreement. The increase is 2.0% for employees who are receiving a step increase, but is 2.5% for those employees who have reached the top step.
- Salary step increases are applied for all groups where applicable. 55.9% of Town employees are at the maximum step in their grade and will not receive a step increase. 44.1% will still receive a step increase. Town employees receive step increases for 5 to 8 years of their careers with the Town (depending on their group) unless they are promoted into new positions.
- Retirement costs are based on the assessment provided by the Middlesex Retirement Board.
- We continue to transfer financial resources out of various departments and into the Facilities Department as we continue to analyze how best to budget for the new Facilities Department. In FY14, the balance of the staffing and expenses dedicated to maintaining, repairing, cleaning and heating many Town buildings were transferred from the Building Department Budget and

placed here. This year I have moved \$83,000 in a utilities line item from the Goodnow Library to the Facilities Department who will assume responsibility for payment of the utility bills of the Library. When we make these changes, prior year amounts have been restated for both budgets for consistency purposes.

- This will be the second budget year for Combined Public Safety Dispatch Center. This budget will provide staffing sufficient to cover two dispatchers per shift on 24/7 operations, to comply with the state mandate to provide emergency medical dispatch (EMD) services and to achieve a better public safety outcome for residents. This budget has been included with the Police budget going forward.
- The total budgeted for leases for DPW vehicles in the DPW budget for FY15 is \$271,040. This includes the first year cost of three new leases to replace two large trucks and one mower. Due to a significant investment of Free Cash put towards replacing several other pieces of equipment, we hope to eliminate our need for new equipment leases starting in FY16.
- Fire Department/ALS operations. We officially began to offer Advanced Life Support service using our 10 Firefighter/Paramedics on November 1, 2013. With this change, we have eliminated the separate the line item for contracted ALS services, and instead are incorporating the expense aspects of running an ALS program (e.g. medical oversight services, quality assurance services, backup ALS providers) into the overall contracted services line item. Since we only have sufficient paramedics to run one ALS ambulance per shift, we still are anticipating that we will need to use outside ALS services when multiple calls are received. The emergency medical services responsibilities of the Fire Department continues to rely on offsets from the Ambulance Receipts Reserved for Appropriations account and this year that offset amount is \$795,072.

There were several key items that could not be addressed under FinCom's recommended 2.5% growth for FY15. I recommended a total of \$254,794 to be added to my level staff budget, which would have brought the overall increase to 3.77% over FY14. It is important to note that because these items were not funded in FY15, the overall level and quality of services offered by Town departments and expected by Sudbury residents will be affected.

- Police Department. \$56,665. This would provide for a 29th patrol officer position to be added to the department. This 29th position was eliminated as part of budget reductions when the Town was making numerous cuts to operating budgets and staffing levels. Chief Nix has been working with the school systems to develop a program to assign a police officer to be in the schools as a School Resource Liaison, and I believe this is a very important initiative to begin seriously talking about and funding when resources become available. I remind all readers that Sudbury was noted in the October 17, 2013 Boston Globe West as having the lowest spending for police services in the Globe West area (covering 53 communities) at 3.8% of municipal spending, compared to a state median of 7.5%. Many other towns and schools have made this commitment with very good results.
- DPW/Engineering/Contracted Services. \$45,000. It is anticipated that the EPA NDPES stormwater permit will finally be issued in June of this year, with many new requirements for municipal compliance requirements. In expectations of this, I requested the overall line item



for consulting services be increased to \$100,000 to meet the anticipated significant requirements.

- Combined Facilities Department/Town Building Maintenance. \$25,000. As the Strategic Financial Planning Report made clear, the Town has not been able to allocate a proper amount of funding for maintenance of its buildings. This additional amount would allow the Facilities Director to be even more proactive in taking steps to repair and replace items in the buildings that need attention.
- DPW/Trees & Cemeteries/Tree Contractors. \$25,000. This would provide additional funds to catch up on the backlog of dead and dying trees to be removed each year. The DPW Director believes the Town should have been spending at least \$90,000 each year for the past 5 years for this work. However due to budget restrictions he was allotted an average of \$45,650 annually. The Ash and Oak trees are continuing to die along the roadway and should be removed as they become problematic.
- DPW/Parks and Grounds/Contracted Services. \$10,000. Before the budget cutbacks, the Town was able to use contracted services to maintain the grounds of Town buildings as well as that of other public spaces in the Town. Town staff in the Parks and Grounds division of the DPW does not have the time or equipment to do general landscaping type work. The staff focus is on mowing and maintaining the large number of playing fields used in connection with Recreation activities and programs.
- Goodnow Library. \$22,495. This is a request to upgrade a part-time young adult librarian position to full-time. The Library Director would like to increase services and programming for this population group and feels it cannot be done adequately with only part-time hours.
- Human Resources/Assistant Town Manager. \$30,000. The Town's goal is to attract and retain high quality staff and one aspect of this that has not been funded in recent years is professional development funds to allow staff to take courses to keep and upgrade their skills. \$5,000 is allocated to restore the ability to do this. And \$25,000 is allocated to perform a classification study to insure the Town's employee's job descriptions are up to date and properly classified for compensation purposes.
- Reserve Fund. \$25,000 is recommended to allow the Town to add to the ability to meet snow and ice spending in case of a severe winter. In recent years, the Town has had to strip funds from other departments when there is a bad snow year. For reasons of how the state law works regarding deficit spending for excess snow and ice costs, it is not prudent to put the extra funds directly into the snow and ice account, but rather put them into the reserve fund.
- Fire Department. \$12,434 would have been added to various expense line items in anticipation of cost increases due to inflation.
- DPW. \$3,200 for various items to keep pace with the effects of inflation and where additional overtime has been required in recent years.

All of Sudbury's residents depend on and benefit from the broad array of Town services that a community requires and their government delivers for their safety, health and quality of life needs. Our ability to deliver these services both in the short and the long term will depend on having excellent Town employees provided with the proper equipment to perform their jobs. Our focus will be on fiscally sustainable strategies that protect the capacity of Sudbury's government to consistently meet these service responsibilities.

# General Government Services



## General Government Budget Summary

|                                 | <b>FY12</b>      | <b>FY13</b>      | <b>FY14</b>         | <b>FY15</b>         |
|---------------------------------|------------------|------------------|---------------------|---------------------|
|                                 | <b>Actual</b>    | <b>Actual</b>    | <b>Appropriated</b> | <b>Appropriated</b> |
| <b>GENERAL GOVERNMENT</b>       |                  |                  |                     |                     |
| Selectmen/Town Manager          | 326,239          | 335,385          | 354,047             | 365,636             |
| ATM/Personnel                   | 72,444           | 149,670          | 164,726             | 173,987             |
| Law                             | 143,280          | 166,520          | 172,108             | 155,716             |
| Finance Committee               | 1,308            | 172              | 2,169               | 1,583               |
| Accounting                      | 268,286          | 284,210          | 306,070             | 319,478             |
| Assessors                       | 283,892          | 257,598          | 284,678             | 239,078             |
| Treasurer/Collector             | 294,806          | 368,500          | 324,163             | 348,158             |
| Information Systems             | 346,470          | 343,757          | 376,118             | 408,780             |
| Town Clerk & Registrars         | 229,632          | 279,036          | 253,142             | 260,084             |
| Conservation                    | 100,666          | 95,087           | 119,538             | 101,963             |
| Planning & Board of Appeals     | 161,109          | 170,020          | 193,056             | 255,509             |
|                                 | <b>2,228,130</b> | <b>2,449,954</b> | <b>2,549,815</b>    | <b>2,629,972</b>    |
| Offsets                         | -                | -                | -                   | -                   |
| <b>Total General Government</b> | <b>2,228,130</b> | <b>2,449,954</b> | <b>2,549,815</b>    | <b>2,629,972</b>    |
| Personal Services               | 1,853,055        | 1,935,402        | 2,125,883           | 2,129,306           |
| Expenses                        | 375,076          | 514,552          | 423,932             | 500,666             |
| Offsets                         | -                | -                | -                   | -                   |
| Total General Government        | <b>2,228,130</b> | <b>2,449,954</b> | <b>2,549,815</b>    | <b>2,629,972</b>    |

## **GENERAL GOVERNMENT: Selectmen/Town Manager**

### **MISSION OF THE OFFICE**

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

### **DESCRIPTION OF SERVICES**

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

### **STAFFING (FTE's 3.49)**

Staff in the Selectmen/Town Manager's office includes the Town Manager, the Executive Assistant to the Board and Town Manager, an office supervisor, part-time assistant and a part-time recording secretary.

### **BUDGET ISSUES**

*Personal Services* - The FY15 Budget is increasing by \$9,775 compared to the FY14 budget. This budget provides for the same level of personnel as the FY14 budget, except a part-time clerical position has been relocated from the Law office. The Town Manager salary is set by contract. All other department employees will receive a 2.0% COLA (cost of living adjustment) or 2.5% at top step in FY15. Some employees in this department will receive a step increase in FY15.

*Expenses* - The FY15 Budget is increasing by \$1,814 compared to the FY14 budget. The Town remains limited in the regional purchase and performance groups we can belong to since membership usually requires a fee. The office is also limited in acquiring adequate office supplies, such as paper, toners for printers and copiers, etc. Professional development opportunities will continue to be curtailed for this office's staff, as well as for other departments whose travel to educational events is often covered under this budget.

|                                     | <b>FY12</b>    | <b>FY13</b>    | <b>FY14</b>         | <b>FY15</b>         |
|-------------------------------------|----------------|----------------|---------------------|---------------------|
|                                     | <b>Actual</b>  | <b>Actual</b>  | <b>Appropriated</b> | <b>Appropriated</b> |
| <b>SELECTMEN/TOWN MANAGER</b>       |                |                |                     |                     |
| Town Manager                        | 156,972        | 170,162        | 170,800             | 174,700             |
| Administration                      | 70,130         | 75,026         | 79,897              | 73,739              |
| Overtime                            | -              | -              | -                   | -                   |
| Clerical                            | 65,693         | 69,750         | 80,848              | 92,680              |
| Executive Incentive Program         | -              | -              | -                   | -                   |
| Non-accountable Travel              | 5,500          | 5,500          | 5,500               | 5,500               |
| Sick Leave Buy Back                 | 2,737          | 3,133          | 2,922               | 3,123               |
| <b>Sub Total: Personal Services</b> | <b>301,032</b> | <b>323,570</b> | <b>339,967</b>      | <b>349,742</b>      |
| General Expense                     | 9,496          | 10,661         | 12,830              | 14,514              |
| Equipment Maint                     | 179            | 190            | 200                 | 220                 |
| Travel                              | 153            | 213            | 300                 | 310                 |
| Out of State Travel                 | -              | 750            | 750                 | 850                 |
| Prior Year Encumbrances             | 15,378         | -              | -                   | -                   |
| <b>Sub Total: Expenses</b>          | <b>25,207</b>  | <b>11,814</b>  | <b>14,080</b>       | <b>15,894</b>       |
| <b>Total: Selectmen</b>             | <b>326,239</b> | <b>335,385</b> | <b>354,047</b>      | <b>365,636</b>      |

**GENERAL GOVERNMENT: Assistant Town Manager/Human Resources Director**

**MISSION OF THE OFFICE**

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

**DESCRIPTION OF SERVICES**

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

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

**STAFFING (FTE's 1.94)**

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

**BUDGET ISSUES**

*Personal Services* – The FY15 budget is increasing by \$7,859, compared to the FY14 budget. This budget provides for the same level of personnel as the FY14 budget. All department employees will receive a 2.0% COLA (cost of living adjustment) or 2.5% at top step in FY15. Some employees in this department will receive a step increase in FY15.

*Expenses* - The FY15 budget is increasing by \$1,402 compared to the FY14 budget. The modest increase is still a very austere level of expense for recruiting, training, and evaluation of employees. The small amount for professional development included here does not adequately support our commitment to provide ongoing training for our supervisory staff and our employees, or the Selectmen’s ongoing value of protecting and enhancing the professionalism of the Town’s staff.

|                                          | <b>FY12<br/>Actual</b> | <b>FY13<br/>Actual</b> | <b>FY14<br/>Appropriated</b> | <b>FY15<br/>Appropriated</b> |
|------------------------------------------|------------------------|------------------------|------------------------------|------------------------------|
| <b>ASSIST. TOWN MGR./HUMAN RESOURCES</b> |                        |                        |                              |                              |
| Human Resources Director                 | 45,092                 | 91,029                 | 100,810                      | 107,053                      |
| Benefits Coordinator                     | 18,324                 | 48,825                 | 52,095                       | 53,384                       |
| Personnel Salaries                       |                        |                        |                              |                              |
| Clerical                                 | 4,097                  | 4,659                  | 5,081                        | 5,408                        |
| <b>Sub Total: Personal Services</b>      | <b>67,513</b>          | <b>144,514</b>         | <b>157,986</b>               | <b>165,845</b>               |
| General Expense                          | 2,428                  | 1,806                  | 2,100                        | 2,163                        |
| Travel                                   | 551                    | 827                    | 500                          | 715                          |
| Contracted Services                      | -                      | -                      | 2,050                        | 2,112                        |
| Employee Profess. Develop.               | 1,607                  | 2,279                  | 2,090                        | 3,153                        |
| Prior Year Encumbrances                  | 345                    | 245                    | -                            | -                            |
| <b>Sub Total: Expenses</b>               | <b>4,932</b>           | <b>5,156</b>           | <b>6,740</b>                 | <b>8,142</b>                 |
| <b>Total: ATM/HR</b>                     | <b>72,444</b>          | <b>149,670</b>         | <b>164,726</b>               | <b>173,987</b>               |

**GENERAL GOVERNMENT: Law**

**MISSION OF THE OFFICE**

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

**DESCRIPTION OF SERVICES**

The Town Counsel’s office performs an intermediary function by providing legal opinions upon request from Town Departments. These requests involve issues such as conflicts of interest,

interpretation and understanding of various rules, regulations, procedures, and state law and statutes in connection with Town programs and projects. The Town Counsel's office also provides legal review and drafting services for town acts, articles and bylaws, contracts and lease agreements, as well as the preparation of documents and filing, and representing the Town in all court actions and Appellate Tax Board matters. Additionally, Town Counsel is involved in land acquisition matters including negotiation and document drafting.

**STAFFING (FTE's 1.03)**

Personnel under this budget includes a Town Counsel, who is a contracted employee to the Town and a part-time legal assistant. Town Counsel is appointed by the Board of Selectmen, but supervised by the Town Manager. The Town Manager appoints other office staff.

**BUDGET ISSUES**

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

*Personal Services* - The FY14 budget is decreasing by \$17,958, compared to the FY14 budget. This budget reflects a transfer of in a part-time clerk to the Board of Selectmen's office. The Town Counsel salary is set by contract.

*Expenses* - The FY15 budget is increasing by \$1,566, compared to the FY14 budget. It is difficult to predict costs for litigation. Should circumstances change, this department may request additional funds from the Town's reserve fund.

|                                     | <b>FY12<br/>Actual</b> | <b>FY13<br/>Actual</b> | <b>FY14<br/>Appropriated</b> | <b>FY15<br/>Appropriated</b> |
|-------------------------------------|------------------------|------------------------|------------------------------|------------------------------|
| <b>LAW</b>                          |                        |                        |                              |                              |
| Town Counsel                        | 43,829                 | 43,829                 | 46,177                       | 47,198                       |
| Clerical                            | 38,542                 | 40,174                 | 46,272                       | 27,293                       |
| <b>Sub Total: Personal Services</b> | <b>82,371</b>          | <b>84,003</b>          | <b>92,449</b>                | <b>74,491</b>                |
| General Expense                     | 4,693                  | 4,944                  | 5,409                        | 5,606                        |
| Legal Expense                       | 55,840                 | 74,770                 | 74,250                       | 75,619                       |
| Prior Year Encumbrances             | 376                    | 2,803                  | -                            | -                            |
| <b>Sub Total: Expenses</b>          | <b>60,909</b>          | <b>82,517</b>          | <b>79,659</b>                | <b>81,225</b>                |
| <b>Total: Law</b>                   | <b>143,280</b>         | <b>166,520</b>         | <b>172,108</b>               | <b>155,716</b>               |

**GENERAL GOVERNMENT: Finance Department – Finance Committee**

**MISSION OF THE COMMITTEE**

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

**DESCRIPTION OF SERVICES**

The Finance Committee (FinCom) is comprised of nine members appointed by the Town Moderator. They serve without compensation. Approximately nine months before the Annual Town Meeting, the FinCom issues guidelines for development of the operating budget requests from the various cost centers, based upon revenue expectations and information needs of the FinCom. During the year, members of the FinCom serve as liaisons to the cost centers and attend monthly planning meetings with them. During January and early February of each year, the FinCom conducts detailed budget hearings, leading to a recommended budget that is balanced within the limits of Proposition 2½. The Finance Committee may also recommend a budget that exceeds these limits, requiring a Proposition 2½ override question be placed on a ballot at the annual or a special election if approved by the Board of Selectmen and Town Meeting

**STAFFING**

The only Town staff for this committee is a part-time recording secretary. The Finance Director is an ex-officio member of the FinCom.

**BUDGET ISSUES**

*Personal Services* - The FY14 budget is decreasing by \$586, compared to the FY14 budget. This budget provides for similar hours by a recording secretary as for the FY14 budget. Finance Department staff heavily support FinCom activities particularly relating to the budget and Town Warrant publications.

*Expenses* - General expense in this department consists of office supplies used to publish and distribute budget materials. As in FY14, the cost of materials for FY15 will be paid for out of the Treasurer/Collector’s budget.

|                                     | <b>FY12<br/>Actual</b> | <b>FY13<br/>Actual</b> | <b>FY14<br/>Appropriated</b> | <b>FY15<br/>Appropriated</b> |
|-------------------------------------|------------------------|------------------------|------------------------------|------------------------------|
| <b>FINANCE COMMITTEE</b>            |                        |                        |                              |                              |
| Clerical                            | 1,232                  | 172                    | 2,169                        | 1,583                        |
| <b>Sub Total: Personal Services</b> | <b>1,232</b>           | <b>172</b>             | <b>2,169</b>                 | <b>1,583</b>                 |
| General Expense                     | 76                     | -                      | -                            | -                            |
| <b>Sub Total: Expenses</b>          | <b>76</b>              | <b>-</b>               | <b>-</b>                     | <b>-</b>                     |
| <b>Total: Finance Committee</b>     | <b>1,308</b>           | <b>172</b>             | <b>2,169</b>                 | <b>1,583</b>                 |

## GENERAL GOVERNMENT: Finance Department – Accounting

### MISSION OF THE OFFICE

The Mission of the Town Accountant's Office is to protect the Town's financial interests and ensure that Town resources are expended and received according to local bylaws, General Laws of the Commonwealth and sound accounting practices. Charged with maintaining and examining all financial records, the Accounting Office provides Town officials and the public accurate information to facilitate the effective management of the Town.

### DESCRIPTION OF SERVICES

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

### STAFFING (FTE's 4.00)

The Accounting division of the Finance Department consists of the Town Accountant, the Assistant Town Accountant and two clerical positions.

### BUDGET ISSUES

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

*Personal Services* - The FY15 Budget is increasing by \$11,956, compared to the FY14 budget. This budget provides for the same level of personnel as the FY14 budget. All department employees will receive a 2.0% COLA (cost of living adjustment) or 2.5% at top step in FY15. Some employees in this department will receive a step increase in FY15.

*Expenses* - The FY15 Budget is increasing by \$1,452, compared to the FY14 budget. This budget seeks to maintain an adequate supply of consumables such as check stock, envelopes and print toners used to carry out this department's mission. Computer maintenance is required for the Town's integrated accounting systems. Travel includes the cost for annual certification classes for both the Town Accountant and Assistant Town Accountant.



|                                     | <b>FY12<br/>Actual</b> | <b>FY13<br/>Actual</b> | <b>FY14<br/>Appropriated</b> | <b>FY15<br/>Appropriated</b> |
|-------------------------------------|------------------------|------------------------|------------------------------|------------------------------|
| <b>ACCOUNTING</b>                   |                        |                        |                              |                              |
| Town Accountant                     | 85,264                 | 90,940                 | 96,618                       | 103,120                      |
| Salaries                            | 141,752                | 150,196                | 162,733                      | 167,841                      |
| Sick Leave Buy Back                 | 3,248                  | 3,476                  | 3,541                        | 3,887                        |
| Overtime                            | 919                    | -                      | -                            | -                            |
| <b>Sub Total: Personal Services</b> | <b>231,183</b>         | <b>244,612</b>         | <b>262,892</b>               | <b>274,848</b>               |
| General Expense                     | 2,140                  | 4,040                  | 4,900                        | 4,900                        |
| Computer                            | 32,679                 | 34,312                 | 36,428                       | 37,830                       |
| Equipment Maint                     | 948                    | 360                    | 1,000                        | 1,000                        |
| Travel                              | 813                    | 886                    | 850                          | 900                          |
| Prior Year Encumbrances             | 523                    | -                      | -                            | -                            |
| <b>Sub Total: Expenses</b>          | <b>37,102</b>          | <b>39,598</b>          | <b>43,178</b>                | <b>44,630</b>                |
| <b>Total: Accounting</b>            | <b>268,286</b>         | <b>284,210</b>         | <b>306,070</b>               | <b>319,478</b>               |

**GENERAL GOVERNMENT: Finance Department – Assessors**

**MISSION OF THE OFFICE**

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

**DESCRIPTION OF SERVICES**

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

**STAFFING (FTE's 4.0)**

The personnel in this office include the Director of Assessing, an Associate Assessor-Data Collector and Data Analyst. The Town Manager appoints all staff.

**BUDGET ISSUES**

The town depends heavily on property taxes for our primary source of revenue. Therefore, this is a mission critical office. The budget for this office is for the staff, materials and contracts needed to perform their mission. General expenses for this department consists primarily of recording fees for documents at the Middlesex Registry of Deeds and costs associated with property inspections.

Also included in this line item are office supplies such as toner and other consumables as well as membership and attendance fees for various meetings of state assessing organizations.

*Personal Services* – The FY15 budget is decreasing by \$70,350 compared to the FY14 budget. This budget provides for a reduction in FTE’s and outsourcing of certain assessing and valuation services. All department employees will receive a 2.0% COLA (cost of living adjustment) or 2.5% at top step in FY15. Some employees in this department will receive a step increase in FY15.

*Expenses* - The FY15 budget is increasing by \$24,750, compared to the FY14 budget. Contracted services include funding for special assessment activities and appellate board cases.

|                                     | <b>FY12<br/>Actual</b> | <b>FY13<br/>Actual</b> | <b>FY14<br/>Appropriated</b> | <b>FY15<br/>Appropriated</b> |
|-------------------------------------|------------------------|------------------------|------------------------------|------------------------------|
| <b>ASSESSORS</b>                    |                        |                        |                              |                              |
| Assessor                            | 89,954                 | 17,888                 | 73,696                       | 76,401                       |
| Clerical                            | 175,405                | 156,940                | 177,075                      | 104,774                      |
| Stipend                             | 1,000                  | -                      | 1,000                        | -                            |
| Sick Buy Back                       | 4,349                  | 4,575                  | 3,657                        | 3,903                        |
| <b>Sub Total: Personal Services</b> | <b>270,709</b>         | <b>179,402</b>         | <b>255,428</b>               | <b>185,078</b>               |
| General Expense                     | 5,858                  | 5,110                  | 6,000                        | 6,000                        |
| Contracted Services                 | 7,325                  | 73,085                 | 23,250                       | 48,000                       |
| Prior Year Encumbrances             | -                      | -                      | -                            | -                            |
| <b>Sub Total: Expenses</b>          | <b>13,183</b>          | <b>78,195</b>          | <b>29,250</b>                | <b>54,000</b>                |
| <b>Total: Assessors</b>             | <b>283,892</b>         | <b>257,598</b>         | <b>284,678</b>               | <b>239,078</b>               |
| <b>OFFSET Overlay Surplus</b>       | <b>-</b>               | <b>-</b>               | <b>-</b>                     | <b>-</b>                     |
| <b>Net Assessors</b>                | <b>283,892</b>         | <b>257,598</b>         | <b>284,678</b>               | <b>239,078</b>               |

**GENERAL GOVERNMENT: Finance Department – Treasurer/Collector**

**MISSION OF THE OFFICE**

To provide collection, deposit, investment and financial reporting for all funds due to the Town in an efficient and effective manner. To provide all financial custodial services for the Town in compliance with all State and local regulations, in a manner that that best meets the needs of the individual taxpayer and the community as a whole.

**DESCRIPTION OF SERVICES**

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

and invests and reports on all Trust Fund Activities. The department also provides notary services for the public.

**STAFFING (FTE's 4.57)**

The personnel in this department includes the Finance Director/Treasurer-Collector, the Assistant Treasurer-Collector, 2 full-time clerks and a Financial Analyst position. Additionally, some clerical hours are provided by a senior who is earning a reduction in property taxes through the Town's Tax Work-Off Program.

**BUDGET ISSUES**

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

*Personal Services* - The FY15 budget is increasing by \$10,045, compared to the FY14 budget. This budget provides for the same level of personnel as the FY14 budget. All department employees will receive a 2.0% COLA (cost of living adjustment) or 2.5% at top step in FY15. Some employees in this department will receive a step increase in FY15.

*Expenses* - The FY15 budget is increasing by \$13,950, compared to the FY14 budget. This budget restores tax title expense which includes legal services and other collection costs relating to pending and ongoing foreclosure cases.

|                                     | <b>FY12<br/>Actual</b> | <b>FY13<br/>Actual</b> | <b>FY14<br/>Appropriated</b> | <b>FY15<br/>Appropriated</b> |
|-------------------------------------|------------------------|------------------------|------------------------------|------------------------------|
| <b>TREASURER/COLLECTOR</b>          |                        |                        |                              |                              |
| Fin. Director/Treas.-Collector      | 108,547                | 116,200                | 119,095                      | 122,212                      |
| Clerical                            | 154,204                | 160,797                | 173,950                      | 181,021                      |
| Stipends                            | 2,500                  | 2,500                  | 2,500                        | 2,500                        |
| Sick Buy Back                       | 1,249                  | 1,337                  | 1,568                        | 1,425                        |
| <b>Sub Total: Personal Services</b> | <b>266,500</b>         | <b>280,835</b>         | <b>297,113</b>               | <b>307,158</b>               |
| General Expense                     | 12,881                 | 14,659                 | 10,000                       | 10,000                       |
| Equipment Maint                     | 1,287                  | 1,842                  | 1,800                        | 1,900                        |
| Travel                              | 556                    | 512                    | 1,250                        | 1,000                        |
| Tax Collection                      | 10,737                 | 12,127                 | 14,000                       | 16,000                       |
| Tax Title Expense                   | 1,791                  | 58,509                 | -                            | 12,100                       |
| Prior Year Encumbrances             | 1,054                  | 15                     | -                            | -                            |
| <b>Sub Total: Expenses</b>          | <b>28,306</b>          | <b>87,665</b>          | <b>27,050</b>                | <b>41,000</b>                |
| <b>Total: Treasurer-Collector</b>   | <b>294,806</b>         | <b>368,500</b>         | <b>324,163</b>               | <b>348,158</b>               |

## GENERAL GOVERNMENT: Finance Department – Information Systems

### MISSION OF THE OFFICE

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

### DESCRIPTION OF SERVICES

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

### STAFFING (FTE's 2.00)

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

### BUDGET ISSUES

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

*Personal Services* - The FY15 budget is increasing by \$4,872, compared to the FY14 budget. This budget provides for the same level of personnel as the FY14 budget. All department employees will receive a 2.0% COLA (cost of living adjustment) or 2.5% at top step in FY15. Some employees in this department will receive a step increase in FY15.

*Expenses* - The FY15 budget is increasing by \$27,790, compared to the FY14 budget. The increase will go towards updating software and replacing some of the Town's failing or obsolete desktop inventory and network servers, along with improvements to WAN/telephone systems. Currently the oldest computers and servers in use are 10 years old. The budget inadequately funds efforts to maintain and expand GIS. Also included in the equipment line are funds for an email archiving system for the Town.

|                                     | <b>FY12<br/>Actual</b> | <b>FY13<br/>Actual</b> | <b>FY14<br/>Appropriated</b> | <b>FY15<br/>Appropriated</b> |
|-------------------------------------|------------------------|------------------------|------------------------------|------------------------------|
| <b>INFORMATION SYSTEMS</b>          |                        |                        |                              |                              |
| Technology Administrator            | 93,180                 | 95,970                 | 97,617                       | 100,054                      |
| Non-clerical                        | 64,890                 | 66,832                 | 68,488                       | 70,194                       |
| Sick Leave Buy Back                 | 3,110                  | 3,713                  | 4,422                        | 4,629                        |
| Summer Help                         | 10,574                 | 10,787                 | 11,581                       | 12,103                       |
| <b>Sub Total: Personal Services</b> | <b>171,754</b>         | <b>177,302</b>         | <b>182,108</b>               | <b>186,980</b>               |
| General Expense                     | 2,679                  | 3,803                  | 4,000                        | 5,000                        |
| Software                            | 46,734                 | 52,546                 | 51,500                       | 51,500                       |
| Equipment Maint                     | 6,335                  | 5,839                  | 7,000                        | 7,000                        |
| Travel                              | 188                    | 470                    | 400                          | 400                          |
| Contracted Services                 | 33,308                 | 30,992                 | 42,700                       | 42,700                       |
| Equipment                           | 60,291                 | 51,240                 | 65,000                       | 86,000                       |
| Professional Development            | 2,549                  | 1,945                  | 2,750                        | 2,700                        |
| WAN/Telephone Connections           | 12,194                 | 6,152                  | 6,660                        | 11,500                       |
| Network                             | 2,838                  | 3,437                  | 4,000                        | 5,000                        |
| Internet                            | 7,602                  | 7,225                  | 10,000                       | 10,000                       |
| Prior Year Encumbrances             | -                      | 2,806                  | -                            | -                            |
| <b>Sub Total: Expenses</b>          | <b>174,716</b>         | <b>166,455</b>         | <b>194,010</b>               | <b>221,800</b>               |
| <b>Total: Information Systems</b>   | <b>346,470</b>         | <b>343,757</b>         | <b>376,118</b>               | <b>408,780</b>               |

|                                                                             |
|-----------------------------------------------------------------------------|
| <b>GENERAL GOVERNMENT: Town Clerk, Registrars and Document Preservation</b> |
|-----------------------------------------------------------------------------|

### MISSION OF THE OFFICE

The Town Clerk's office serves as a central information center for the Town by collecting, maintaining and disseminating public records; providing a direct link between the residents of Sudbury and their local government. The mission of this office is to preserve and protect the Town records, including vital records, and to conduct fair and impartial elections for registered voters, in accordance with Massachusetts General Laws.

### DESCRIPTION OF SERVICES

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

Other duties include the following:

- Records and certifies all official actions of the Town, including Town Meeting legislation and appropriations, Planning, Zoning Board and Board of Appeals decisions and signs all notes for borrowing.
- Chief election official, overseeing polling places, election officers, and the general conduct of all elections.

- Administers campaign finance laws, certifies nomination papers and initiative petitions and serves on the local Board of Registrars.
- Conducts the annual Town census and prepares the street list of residents.
- Custodian of Town records and official documents, responsible for the maintenance, preservation, public inspection of and disposition of Town records.
- Administers dog-licensing program and provides notary services to the public.

**STAFFING (FTE's 3.94)**

Staffing includes a Town Clerk, an Assistant Town Clerk, one full-time Census and Documentation Coordinator, and two part-time clerical positions.

**BUDGET ISSUES**

*Personal Services* - The FY15 budget is increasing by \$6,912, compared to the FY14 budget. This budget provides for the same level of personnel as the FY14 budget. All department employees will receive a 2.0% COLA (cost of living adjustment) or 2.5% at top step in FY15. Some employees in this department will receive a step increase in FY15.

*Expenses* - The FY15 budget remains almost the same as the FY14 budget. This level of budget does not allow for adequate investment in archival storage materials or other tasks that preserve the Towns' vital records. General expense provides for only a minimal amount of microfilming of permanent records. It should also be noted that the Town held several unexpected (special) State and local elections during FY13 which required additional funds from the Town's Reserve Fund account. Similar circumstance may arise again this year.

|                                           | <b>FY12<br/>Actual</b> | <b>FY13<br/>Actual</b> | <b>FY14<br/>Appropriated</b> | <b>FY15<br/>Appropriated</b> |
|-------------------------------------------|------------------------|------------------------|------------------------------|------------------------------|
| <b>TOWN CLERK &amp; REGISTRARS</b>        |                        |                        |                              |                              |
| Town Clerk                                | 69,249                 | 74,310                 | 78,558                       | 80,512                       |
| Overtime                                  | 652                    | 237                    | 1,584                        | 1,600                        |
| Clerical                                  | 125,010                | 138,099                | 138,805                      | 141,340                      |
| Election Workers                          | 11,839                 | 27,949                 | 11,085                       | 13,500                       |
| Sick Leave Buy Back                       | -                      | -                      | -                            | -                            |
| Registrars                                | 832                    | 832                    | 940                          | 932                          |
| <b>Sub Total: Personal Services</b>       | <b>207,581</b>         | <b>241,427</b>         | <b>230,972</b>               | <b>237,884</b>               |
| General Expense                           | 12,019                 | 3,726                  | 9,234                        | 9,300                        |
| Equipment Maint                           | -                      | 1,000                  | 1,000                        | 1,000                        |
| Travel                                    | 522                    | 239                    | 550                          | 500                          |
| Tuition                                   | 50                     | 336                    | 500                          | 500                          |
| Elections                                 | 8,870                  | 30,847                 | 10,886                       | 10,900                       |
| Prior Year Encumbrances                   | 590                    | 1,460                  | -                            | -                            |
| <b>Sub Total: Expenses</b>                | <b>22,051</b>          | <b>37,609</b>          | <b>22,170</b>                | <b>22,200</b>                |
| <b>Total: Town Clerk &amp; Registrars</b> | <b>229,632</b>         | <b>279,036</b>         | <b>253,142</b>               | <b>260,084</b>               |

## **GENERAL GOVERNMENT: Conservation**

### **MISSION OF THE OFFICE**

The Sudbury Conservation Commission was established in 1962 to protect local natural resources and features and to act as stewards of the Town's conservation properties. The Conservation Commission's primary mission is to protect the ecological integrity of Sudbury's wetlands and the surrounding landscape.

### **DESCRIPTION OF SERVICES**

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

### **STAFFING (FTE's 1.26)**

Current staffing includes a full-time Conservation Coordinator and a part-time clerical position.

### **BUDGET ISSUES**

Besides personnel costs, this office has very limited expenses. General expense primarily consists of required membership and training provided by state conservation organizations, for both Commissioners and staff. Travel expense consists of reimbursements to staff for using their own vehicles to attend training and when visiting sites in Town for inspection, enforcement, etc. Funds are also budgeted each year to maintain and improve the trails on all conservation land in Town.

*Personal Services* - The FY14 budget is decreasing by \$17,675 compared to the FY14 budget. This budget reflects the removal of a technical assistant position previously shared with the Board of Health. All department employees will receive a 2.0% COLA (cost of living adjustment) or 2.5% at top step in FY15. Some employees in this department will receive a step increase in FY15.

*Expenses* - The FY15 budget is almost the same compared to the FY14 budget. The general expense category now supports newly required stormwater testing. This department will continue to rely on grants or other sources of funding or else forego normal levels of activities.

|                                     | <b>FY12<br/>Actual</b> | <b>FY13<br/>Actual</b> | <b>FY14<br/>Appropriated</b> | <b>FY15<br/>Appropriated</b> |
|-------------------------------------|------------------------|------------------------|------------------------------|------------------------------|
| <b>CONSERVATION</b>                 |                        |                        |                              |                              |
| Conservation Coordinator            | 77,192                 | 79,910                 | 81,484                       | 83,516                       |
| Non Clerical                        | 4,987                  | -                      | 20,118                       | -                            |
| Clerical                            | 11,663                 | 12,378                 | 12,567                       | 12,870                       |
| Sick Leave Buy Back                 | 1,770                  | 1,823                  | 1,819                        | 1,927                        |
| <b>Sub Total: Personal Services</b> | <b>95,613</b>          | <b>94,111</b>          | <b>115,988</b>               | <b>98,313</b>                |
| General Expense                     | 4,373                  | 268                    | 2,000                        | 2,250                        |
| Clothing                            | 300                    | 300                    | 450                          | 300                          |
| Trail Equipment Maint               | 34                     | 109                    | 500                          | 500                          |
| Travel                              | 346                    | 248                    | 600                          | 600                          |
| Prior Year Encumbrances             | -                      | 50                     | -                            | -                            |
| <b>Sub Total: Expenses</b>          | <b>5,053</b>           | <b>976</b>             | <b>3,550</b>                 | <b>3,650</b>                 |
| <b>Total: Conservation</b>          | <b>100,666</b>         | <b>95,087</b>          | <b>119,538</b>               | <b>101,963</b>               |

|                                                                          |
|--------------------------------------------------------------------------|
| <b>GENERAL GOVERNMENT: Planning and Community Development Department</b> |
|--------------------------------------------------------------------------|

### MISSION OF THE DEPARTMENT

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

### DESCRIPTION OF SERVICES

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

### STAFFING (FTE's 3.48)

The personnel in the department include a Director of Planning and Community Development, an Assistant Planner, part-time administrative assistant, part-time planning/zoning coordinator and some hours for office assistance on an as needed basis.

### BUDGET ISSUES

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



*Personal Services* - The FY15 budget is increasing by \$58,573 compared to the FY14 budget. This budget provides for the restoration of a full-time Assistant Planner position which had been eliminated several years ago due to budgetary constraints. All department employees will receive a 2.0% COLA (cost of living adjustment) or 2.5% at top step in FY15. Some employees in this department will receive a step increase in FY15.

*Expenses* - The FY15 budget is increasing by \$3,880, as compared to the FY14 budget. Aside from maintaining a modest budget for professional development, this department continues to operate using a minimal amount of supplies and other office consumables. The FY15 budget restores funds for contracted services which will be used to support new stormwater regulations.

|                                             | <b>FY12<br/>Actual</b> | <b>FY13<br/>Actual</b> | <b>FY14<br/>Appropriated</b> | <b>FY15<br/>Appropriated</b> |
|---------------------------------------------|------------------------|------------------------|------------------------------|------------------------------|
| <b>PLANNING &amp; COMMUNITY DEVELOPMENT</b> |                        |                        |                              |                              |
| Planning Director                           | 96,499                 | 99,373                 | 109,605                      | 112,328                      |
| Staff Planner                               | -                      | -                      | -                            | 48,230                       |
| Clerical                                    | 57,895                 | 63,146                 | 75,776                       | 83,260                       |
| Stipend                                     | 1,000                  | 1,000                  | 1,000                        | 1,000                        |
| Sick Leave Buy Back                         | 2,174                  | 1,934                  | 2,430                        | 2,566                        |
| <b>Sub Total: Personal Services</b>         | <b>157,568</b>         | <b>165,453</b>         | <b>188,811</b>               | <b>247,384</b>               |
| General Expense                             | 799                    | 4,001                  | 3,620                        | 2,500                        |
| Professional Development                    | 380                    | 495                    | 500                          | 500                          |
| Clothing Allowance                          | 112                    | 70                     | 125                          | 125                          |
| Contracted Services                         | 2,193                  | -                      | -                            | 5,000                        |
| Prior Year Encumbrances                     | 57                     | -                      | -                            | -                            |
| <b>Sub Total: Expenses</b>                  | <b>3,541</b>           | <b>4,566</b>           | <b>4,245</b>                 | <b>8,125</b>                 |
| <b>Total: Planning</b>                      | <b>161,109</b>         | <b>170,020</b>         | <b>193,056</b>               | <b>255,509</b>               |

# Public Safety Services



**Sudbury Fire  
Headquarters**

**Sudbury Police  
Station**

## Public Safety Budget Summary

|                                    | <b>FY12<br/>Actual</b>  | <b>FY13<br/>Actual</b>  | <b>FY14<br/>Appropriated</b> | <b>FY15<br/>Appropriated</b> |
|------------------------------------|-------------------------|-------------------------|------------------------------|------------------------------|
| <b>PUBLIC SAFETY</b>               |                         |                         |                              |                              |
| Police                             | 2,907,581               | 3,073,995               | 3,323,829                    | 3,406,330                    |
| Fire                               | 3,101,072               | 3,244,872               | 3,397,065                    | 3,497,492                    |
| Building Inspection                | 222,740                 | 178,976                 | 227,356                      | 221,257                      |
|                                    | <u>6,231,393</u>        | <u>6,497,843</u>        | <u>6,948,250</u>             | <u>7,125,079</u>             |
| Offsets                            | (587,592)               | (711,673)               | (762,745)                    | (830,072)                    |
| <b>Total Public Safety</b>         | <b><u>5,643,801</u></b> | <b><u>5,786,170</u></b> | <b><u>6,185,505</u></b>      | <b><u>6,295,007</u></b>      |
| Personal Services                  | 5,307,523               | 5,619,747               | 6,091,688                    | 6,273,797                    |
| Expenses                           | 822,117                 | 749,296                 | 721,562                      | 695,782                      |
| Capital                            | 101,753                 | 128,800                 | 135,000                      | 155,500                      |
| Offsets                            | (587,592)               | (711,673)               | (762,745)                    | (830,072)                    |
| <b>Total Public Safety</b>         | <b><u>5,643,801</u></b> | <b><u>5,786,170</u></b> | <b><u>6,185,505</u></b>      | <b><u>6,295,007</u></b>      |
| Salary                             | 4,107,612               | 4,122,851               | 4,613,543                    | 4,739,360                    |
| Overtime                           | 764,453                 | 925,173                 | 890,487                      | 949,739                      |
| Other payroll-related compensation | 435,457                 | 571,723                 | 587,658                      | 584,698                      |
| <b>Total Personal Services</b>     | <b><u>5,307,523</u></b> | <b><u>5,619,747</u></b> | <b><u>6,091,688</u></b>      | <b><u>6,273,797</u></b>      |

## **PUBLIC SAFETY: Police Department**

### **MISSION OF THE DEPARTMENT**

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

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

### **DESCRIPTION OF SERVICES**

The Sudbury Police Department provides a complete range of public safety and community-based services including criminal investigation, motor vehicle law enforcement, preventive patrol and emergency response. The Department provides crime prevention programs, services to youth, D.A.R.E., and the processing of permits including firearms, door-to-door solicitors', raffles and public assembly. The Public Safety Communications Center is the Town of Sudbury's Public Safety Answering Point (PSAP) for all emergencies (9-1-1) and public safety requests for assistance.

### **STAFFING (FTE's 38.86)**

The Sudbury Police Department has a total of 25 sworn police personnel, 9 civilian dispatchers and 2 administrative positions.

### **BUDGET ISSUES**

*Personal Services* - The FY15 budget is increasing by \$46,076 compared to the FY14 budget. The budget provides for a slight increase in dispatch personnel as compared to the FY14 budget. All department employees will receive a 2.0% COLA (cost of living adjustment) or 2.5% at top step in FY15. Some employees in this department will receive a step increase in FY15.

*Expenses* - The FY15 budget is increasing by \$15,925 compared to the FY14 budget. The department has reduced equipment replacement purchases significantly in recent years in order to maintain adequate budget for those supplies and general expenses considered most vital to sustaining operations.

*Operating Capital* - The FY15 budget is increasing by \$20,500 compared to the FY14 budget. This additional budget allows for the replacement of all (5) frontline vehicles; accommodating Ford's replacement of all Crown Victoria models for the superior but more costly Ford Interceptor sedans and SUV's. Timely replacement of police cruisers ensures the vehicles are not spending much time in the repair shop and are available for use, and that unmarked vehicles can continue to be passed down to other departments. Sector vehicles are operational 24 hours a day, 7 days a week and therefore their useful life does not extend much beyond one year.

*Ambulance Services Offset* – The FY15 budget is the same as FY14. This line item will be used to offset payroll expenses relating to the Town’s emergency dispatch services which is now centrally located at Police Station headquarters.

*Dispatch Grant Direct Offset*–The FY15 budget is the same as FY14. Sudbury also receives a Public Safety Answering Point (PSAP) grant from the MA State911 Department disbursed according to a formula that weighs both 911 call volume and population. These funds are shown separately for budgeting purposes and may only be used towards Public Safety dispatching operations.

|                                     | <b>FY12</b>      | <b>FY13</b>      | <b>FY14</b>         | <b>FY15</b>         |
|-------------------------------------|------------------|------------------|---------------------|---------------------|
|                                     | <b>Actual</b>    | <b>Actual</b>    | <b>Appropriated</b> | <b>Appropriated</b> |
| <b>POLICE</b>                       |                  |                  |                     |                     |
| Police Chief                        | 128,022          | 133,129          | 143,133             | 146,275             |
| Lieutenants                         | 215,914          | 207,296          | 235,815             | 220,391             |
| Patrol Officers                     | 1,395,653        | 1,358,286        | 1,580,901           | 1,602,848           |
| Dispatchers                         | 282,506          | 378,317          | 438,884             | 435,336             |
| Night Differential                  | 23,512           | 28,684           | 30,341              | 29,229              |
| Overtime                            | 291,543          | 409,344          | 361,898             | 399,189             |
| Clerical                            | 100,393          | 105,472          | 109,268             | 113,048             |
| Sick Leave Buy Back                 | 5,114            | 5,362            | 5,857               | 5,857               |
| Holiday Pay                         | 18,543           | 15,020           | 15,329              | 15,329              |
| Non-accountable Clothing            | 11,340           | 10,430           | 11,760              | 11,760              |
| Retirement Sick Buy Back            | -                | 31,945           | -                   | -                   |
| Stipend                             | 30,348           | 29,147           | 30,550              | 30,550              |
| <b>Sub Total: Personal Services</b> | <b>2,502,887</b> | <b>2,712,432</b> | <b>2,963,736</b>    | <b>3,009,812</b>    |
| Dispatchers Grant                   | -                | -                | (25,000)            | (25,000)            |
| <b>Sub Total: Net Personal Serv</b> | <b>2,502,887</b> | <b>2,712,432</b> | <b>2,938,736</b>    | <b>2,984,812</b>    |
| General Expense                     | 49,675           | 56,605           | 59,258              | 67,258              |
| Maintenance                         | 77,316           | 60,972           | 75,330              | 80,330              |
| Travel                              | 614              | 895              | 3,000               | 3,000               |
| Clothing                            | 19,659           | 19,222           | 23,005              | 23,430              |
| Tuition                             | 135              | 380              | 5,000               | 5,000               |
| Equipment                           | 32,058           | 20,329           | 7,500               | 10,000              |
| Gasoline                            | 66,095           | 63,388           | 77,000              | 77,000              |
| Prior Year Encumbrances             | 57,390           | 10,973           | -                   | -                   |
| <b>Sub Total: Expenses</b>          | <b>302,941</b>   | <b>232,763</b>   | <b>250,093</b>      | <b>266,018</b>      |
| Police Cruisers                     | 101,753          | 128,800          | 135,000             | 155,500             |
| <b>Sub Total: Capital</b>           | <b>101,753</b>   | <b>128,800</b>   | <b>135,000</b>      | <b>155,500</b>      |
| <b>Total Police</b>                 | <b>2,907,581</b> | <b>3,073,995</b> | <b>3,323,829</b>    | <b>3,406,330</b>    |
| <b>OFFSET Ambulance RRA</b>         | -                | (35,000)         | (35,000)            | (35,000)            |
| <b>Net: Police</b>                  | <b>2,907,581</b> | <b>3,038,995</b> | <b>3,288,829</b>    | <b>3,371,330</b>    |

## **PUBLIC SAFETY: Fire Department**

### **MISSION OF THE DEPARTMENT**

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

### **DESCRIPTION OF SERVICES**

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

### **STAFFING (FTE's 34.86)**

Currently the Department consists of 1 Chief, 1 Assistant Chief, 4 Captains, 4 Lieutenants and 24 firefighters, and an administrative assistant. The Captains, Lieutenants and firefighters are organized into four groups, with each group comprising one Captain, 1 Lieutenant and 6 firefighters. Thirty-four personnel are certified Emergency Medical Technicians, and, as of the end of FY14, ten of these are also certified Paramedics. Two other staff members are expected to complete paramedic certification shortly.

### **BUDGET ISSUES**

*Personal Services* - The FY15 budget is increasing by \$142,157 compared to the FY14 budget. This budget provides for the same level of personnel as the FY14 budget. All department employees will receive a 2.0% COLA (cost of living adjustment) or 2.5% at top step in FY15. Some employees in this department will receive a step increase in FY15.

*Expenses* - The FY14 budget is decreasing by \$41,730, compared to the FY14 budget. This budget level anticipates lower costs for contracted services as a result of implementing ALS with our own paramedics.

*Ambulance Services Offset* - The FY15 budget is increasing by \$67,327 compared to the FY14 budget. This line item will be used to offset increased payroll and general expenses relating to the Town's enhanced ambulance services.

|                                     | <b>FY12<br/>Actual</b> | <b>FY13<br/>Actual</b> | <b>FY14<br/>Appropriated</b> | <b>FY15<br/>Appropriated</b> |
|-------------------------------------|------------------------|------------------------|------------------------------|------------------------------|
| <b>FIRE</b>                         |                        |                        |                              |                              |
| Fire Chief                          | 110,911                | 119,651                | 131,289                      | 139,348                      |
| Deputy Chief                        | 83,946                 | 89,828                 | 98,658                       | 104,619                      |
| Firefighters/EMTs/Paramedics        | 1,820,043              | 1,904,336              | 2,049,061                    | 2,159,693                    |
| Overtime                            | 472,911                | 515,829                | 528,589                      | 550,550                      |
| Weekend Differential                | 5,066                  | 5,098                  | 5,220                        | 5,220                        |
| Clerical                            | 40,345                 | 43,011                 | 53,332                       | 48,276                       |
| Non-accountable Clothing            | 23,800                 | 21,625                 | 23,800                       | 25,400                       |
| Sick Buy Back                       | 6,671                  | 10,909                 | 8,667                        | 8,667                        |
| Fire Stipends                       | 28,558                 | 28,925                 | 42,250                       | 41,250                       |
| <b>Sub Total: Personal Services</b> | <b>2,592,250</b>       | <b>2,739,211</b>       | <b>2,940,866</b>             | <b>3,083,023</b>             |
| General Expense                     | 41,663                 | 33,422                 | 65,072                       | 65,072                       |
| Maintenance                         | 45,183                 | 69,679                 | 70,136                       | 70,136                       |
| Alarm Maint.                        | 3,042                  | 201                    | 4,504                        | 4,504                        |
| Travel                              | 1,459                  | 2,375                  | 2,130                        | 2,130                        |
| Utilities                           | 41,760                 | 44,084                 | 52,770                       | 52,770                       |
| Clothing                            | 4,999                  | 8,897                  | 17,426                       | 17,426                       |
| Tuition                             | 15,401                 | 39,314                 | 35,768                       | 35,768                       |
| CERT Expense                        | -                      | 423                    | 515                          | 515                          |
| Contracted Services                 | 194,469                | 194,847                | 137,730                      | 96,000                       |
| Equipment                           | 40,590                 | 25,483                 | 37,338                       | 37,338                       |
| Gasoline/Diesel Fuel                | 35,175                 | 32,411                 | 32,810                       | 32,810                       |
| Prior Year Encumbrances             | 85,082                 | 54,526                 | -                            | -                            |
| <b>Sub Total: Expenses</b>          | <b>508,822</b>         | <b>505,662</b>         | <b>456,199</b>               | <b>414,469</b>               |
| <b>Total: Fire</b>                  | <b>3,101,072</b>       | <b>3,244,872</b>       | <b>3,397,065</b>             | <b>3,497,492</b>             |
| <b>OFFSET Ambulance RRA</b>         | <b>(587,592)</b>       | <b>(676,673)</b>       | <b>(727,745)</b>             | <b>(795,072)</b>             |
| <b>Net Fire</b>                     | <b>2,513,480</b>       | <b>2,568,199</b>       | <b>2,669,320</b>             | <b>2,702,420</b>             |

**PUBLIC SAFETY: Building Inspection**

**MISSION OF THE DEPARTMENT**

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

**DESCRIPTION OF SERVICES**

The Building Department staff enforces State building, electrical, plumbing, gas and mechanical codes, as well as local zoning by-laws and Architectural Access Board Regulations. The Commonwealth of Massachusetts, including enforcement and implementation of the State building code, the State-zoning act, the State gas and plumbing codes, and the State architectural access code, mandates many of the functions of the Department. Additional local codes and standards must also be enforced. Staff issue permits, inspect construction sites, conduct periodic safety

inspections of restaurants, schools, religious institutions, and other places of assembly, and levy fines or prosecute when necessary to obtain code compliance. This office processes more than 2,000 permits a year.

**STAFFING (FTE's 3.01)**

This office consists of the Building Inspector, an Assistant Building Inspector, one full-time administrative assistant shared with Combine Facilities and one part-time clerical position.

**BUDGET ISSUES**

*Personal Services* - The FY15 budget is decreasing by \$6,124 compared to the FY14. This budget provides for the same level of personnel as the FY14 budget. All department employees will receive a 2.0% COLA (cost of living adjustment) or 2.5% at top step in FY15. Some employees in this department will receive a step increase in FY15.

*Expenses* - The FY15 budget is almost the same as FY14 budget.

|                                     | <b>FY12<br/>Actual</b> | <b>FY13<br/>Actual</b> | <b>FY14<br/>Appropriated</b> | <b>FY15<br/>Appropriated</b> |
|-------------------------------------|------------------------|------------------------|------------------------------|------------------------------|
| <b>BUILDING INSPECTION</b>          |                        |                        |                              |                              |
| Building Inspector                  | 84,346                 | 70,977                 | 82,906                       | 85,196                       |
| Asst. Bldg Inspector                | 61,819                 | 7,165                  | 58,428                       | 59,597                       |
| Clerical                            | 49,281                 | 53,729                 | 55,063                       | 44,327                       |
| Stipend                             | -                      | 6,263                  | -                            | -                            |
| Deputy Inspector                    | 1,740                  | 16,920                 | 2,639                        | 2,692                        |
| Sealer of Weights                   | 2,150                  | -                      | -                            | -                            |
| Wiring Inspector                    | 13,050                 | 13,050                 | 13,050                       | 13,050                       |
| Sick Buyback                        | -                      | -                      | -                            | 1,100                        |
| <b>Sub Total: Personal Services</b> | <b>212,386</b>         | <b>168,104</b>         | <b>212,086</b>               | <b>205,962</b>               |
| General Expense                     | 7,133                  | 6,569                  | 9,000                        | 9,000                        |
| Town Vehicle Maintenance            | 859                    | 1,172                  | 920                          | 920                          |
| Contracted services                 | -                      | 1,500                  | 3,000                        | 3,000                        |
| Clothing allowance                  | 550                    | 275                    | 550                          | 575                          |
| In-State Travel                     | 1,812                  | 1,356                  | 1,800                        | 1,800                        |
| Prior Year Encumbrances             | -                      | -                      | -                            | -                            |
| <b>Sub Total: Expenses</b>          | <b>10,354</b>          | <b>10,872</b>          | <b>15,270</b>                | <b>15,295</b>                |
| <b>Total: Building</b>              | <b>222,740</b>         | <b>178,976</b>         | <b>227,356</b>               | <b>221,257</b>               |

# Public Works Department



**Public Works  
Building**

## Public Works Budget Summary

|                                    | FY12<br>Actual   | FY13<br>Actual   | FY14<br>Appropriated | FY15<br>Appropriated |
|------------------------------------|------------------|------------------|----------------------|----------------------|
| <b>PUBLIC WORKS</b>                |                  |                  |                      |                      |
| Engineering                        | 353,939          | 333,935          | 507,413              | 517,031              |
| Streets & Roads                    | 2,512,376        | 2,952,982        | 2,827,792            | 2,884,861            |
| Trees and Cemetery                 | 373,179          | 349,009          | 393,152              | 396,600              |
| Parks and Grounds                  | 175,901          | 192,131          | 252,652              | 223,751              |
| Combined Facilities                | 759,182          | 849,469          | 911,300              | 934,740              |
| <b>Total Public Works</b>          | <b>4,174,576</b> | <b>4,677,526</b> | <b>4,892,309</b>     | <b>4,956,982</b>     |
| Personal Services                  | 1,769,404        | 1,838,403        | 2,128,443            | 2,136,878            |
| Expenses                           | 1,826,686        | 1,895,531        | 2,055,842            | 2,124,315            |
| Capital                            | 316,944          | 291,745          | 283,274              | 271,040              |
| All Snow & Ice                     | 261,542          | 651,846          | 424,750              | 424,750              |
| Total Public Works                 | 4,174,576        | 4,677,526        | 4,892,309            | 4,956,982            |
| Salary                             | 1,692,081        | 1,751,290        | 2,042,243            | 2,048,677            |
| Overtime (excl'd Snow & Ice)       | 32,378           | 45,736           | 35,020               | 36,260               |
| Temporary/Seasonal                 | 17,269           | 18,218           | 18,284               | 18,649               |
| Other payroll-related compensation | 27,676           | 23,160           | 32,896               | 33,292               |
|                                    | 1,769,404        | 1,838,403        | 2,128,443            | 2,136,878            |



## **PUBLIC WORKS: Engineering and Administration**

### **MISSION OF THE OFFICE**

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

### **DESCRIPTION OF SERVICES**

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

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

### **STAFFING (FTE's 6.00)**

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

### **BUDGET ISSUES**

*Personal Services* – The FY15 budget is increasing by \$4,618 compared to the FY14 budget. Employees who are members of the engineers union will receive a 2.5% COLA (cost of living adjustment) in FY15. All other department employees will receive a 2.0% COLA or 2.5% at top step in FY15. Some employees in this department will receive a step increase in FY15.

*Expenses* – The FY15 budget is increasing by \$5,000, compared to the FY14 budget. The contracted services line is for a consultant to help develop a 5-year stormwater management plan for Sudbury as part of a new EPA/DEP permit system expected to be released later this year. Among the challenges to be met by municipalities in their new Stormwater Management Program (SWMP) is that they must implement stormwater outfall monitoring programs, and develop strategies to meet bacteria and nitrogen Total Maximum Daily Loads (TMDLs). The total cost of administering a plan in Massachusetts under a new municipal MS4 (stormwater) permit is unknown at this time.

|                                     | FY12<br>Actual | FY13<br>Actual | FY14<br>Appropriated | FY15<br>Appropriated |
|-------------------------------------|----------------|----------------|----------------------|----------------------|
| <b>ENGINEERING DEPARTMENT</b>       |                |                |                      |                      |
| Dir. of Public Works                | 120,124        | 123,554        | 126,643              | 129,728              |
| Non-Clerical                        | 131,410        | 111,600        | 251,779              | 251,779              |
| Clerical                            | 52,174         | 53,807         | 55,213               | 56,581               |
| Summer Help                         | 4,596          | -              | 8,098                | 8,098                |
| Sick Leave Buy Back                 | 2,688          | 2,769          | 2,755                | 2,920                |
| <b>Sub Total: Personal Services</b> | <b>310,992</b> | <b>291,730</b> | <b>444,488</b>       | <b>449,106</b>       |
| General Expense                     | 16,240         | 6,972          | 7,700                | 7,700                |
| Maintenance                         | 1,078          | 1,382          | 1,500                | 1,500                |
| Contracted Services                 | -              | 8,694          | 50,000               | 55,000               |
| Travel                              | 100            | 77             | 100                  | 100                  |
| Clothing                            | -              | -              | 3,625                | 3,625                |
| Prior Year Encumbrances             | 25,528         | 25,080         | -                    | -                    |
| <b>Sub Total: Expenses</b>          | <b>42,947</b>  | <b>42,205</b>  | <b>62,925</b>        | <b>67,925</b>        |
| <b>Total: Engineering</b>           | <b>353,939</b> | <b>333,935</b> | <b>507,413</b>       | <b>517,031</b>       |

## **PUBLIC WORKS: Streets and Roads**

### **MISSION OF THE OFFICE**

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

### **DESCRIPTION OF SERVICES**

The Streets and Roads Division is responsible for maintenance, construction, and snow removal of Town ways, including streets, curbing, walkways, drain systems, guardrails and signs. Priority snow removal is given to all school parking lots and driveways. Additional duties include roadside and sidewalk mowing, brush clearance, litter control, seasonal support to other Town departments (parades, elections, facility maintenance, celebrations). The department maintains approximately 140 miles of roads and 45 miles of walkways. This division annually evaluates street and walkway conditions as part of the pavement management plan.

### **STAFFING (FTE's 16.40)**

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

## **BUDGET ISSUES**

*Personal Services* - The FY15 budget is increasing by \$25,843, compared to the FY14 budget. This budget provides for the same level of staffing as FY14. Employees who are members of the DPW workers union will receive a 2.5% COLA (cost of living adjustment) in FY15. All other department employees will receive a 2% COLA or 2.5% on top step in FY15. Some employees in this department will receive a step increase in FY15.

*Expenses* - The FY15 budget is increasing by \$49,400, compared to the FY14 budget. Under this budget request, more has been added to the vehicle maintenance, roadwork and police detail line items. All of these items have been underfunded, over the last few years especially, resulting in these accounts being depleted long before the end of the fiscal year.

*Capital* - The FY15 budget for equipment leases is decreasing by \$18,174, compared to the FY14 budget. This budget will pay for ongoing and (3) new leases for large DPW trucks and other rolling stock.

*Snow & Ice Expense* - The FY15 Snow and Ice expense is the same, compared to the FY14 budget. Snow and ice expense is one of the more complicated aspects of municipal budgeting, given the unpredictability of winter weather. State law allows towns to 'deficit spend' in this area, so long as we appropriate *at least* what was originally appropriated in the previous year. Sudbury has used the approach of budgeting snow and ice using the average of the past several years' expenses, and setting aside funds into the Reserve Fund to augment the regular snow and ice budget, as needed. If snow and ice expense exceeds the Reserve Fund's capacity, then the Town can either carry the deficit into the next year, or reduce spending in other lines to transfer to the deficit in the current year, or some combination of the two.

|                                     | FY12<br>Actual   | FY13<br>Actual   | FY14<br>Appropriated | FY15<br>Appropriated |
|-------------------------------------|------------------|------------------|----------------------|----------------------|
| <b>STREETS &amp; ROADS</b>          |                  |                  |                      |                      |
| Highway Dir. of Operations          | 83,918           | 86,435           | 88,796               | 91,012               |
| Management Analyst                  | 80,030           | 82,420           | 84,472               | 86,725               |
| Non-Clerical                        | 637,644          | 655,191          | 694,767              | 712,372              |
| Overtime                            | 18,901           | 35,259           | 22,660               | 22,660               |
| Clerical                            | 57,976           | 61,708           | 66,331               | 69,896               |
| Stipends                            | 9,194            | 8,190            | 8,190                | 8,190                |
| Summer Temp. Labor                  | 6,005            | 7,436            | 5,068                | 5,169                |
| Sick Leave Buy Back                 | 1,447            | 1,447            | 1,991                | 2,094                |
| <b>Sub Total: Personal Services</b> | <b>895,115</b>   | <b>938,086</b>   | <b>972,275</b>       | <b>998,118</b>       |
| General Expense                     | 13,043           | 7,210            | 12,000               | 12,000               |
| Gasoline                            | 121,765          | 139,313          | 166,000              | 166,000              |
| Bldg. Maintenance                   | 15,714           | 9,015            | 16,000               | 16,000               |
| Vehicle Maintenance                 | 179,799          | 235,338          | 213,500              | 219,900              |
| Utilities                           | 9,650            | 8,645            | 14,000               | 12,000               |
| Street Lighting                     | 36,471           | 46,107           | 41,000               | 43,000               |
| Travel                              | 338              | 306              | 400                  | 400                  |
| Clothing                            | 17,247           | 15,017           | 18,000               | 18,000               |
| Tuition                             | -                | 450              | 1,500                | 1,500                |
| Police detail                       | 57,144           | 46,518           | 48,000               | 55,000               |
| Roadwork                            | 533,625          | 543,907          | 630,000              | 666,000              |
| Prior Year Encumbrances             | 67,238           | 32,385           | -                    | -                    |
| <b>Sub Total: Expenses</b>          | <b>1,052,035</b> | <b>1,084,212</b> | <b>1,160,400</b>     | <b>1,209,800</b>     |
| Equipment leases                    | 303,684          | 278,838          | 270,367              | 252,193              |
| <b>Sub Total: Capital</b>           | <b>303,684</b>   | <b>278,838</b>   | <b>270,367</b>       | <b>252,193</b>       |
| Snow & Ice Overtime                 | 54,070           | 160,926          | 120,750              | 120,750              |
| Snow & Ice Contractors              | 36,800           | 160,791          | 109,000              | 109,000              |
| Snow & Ice Materials                | 170,672          | 330,129          | 195,000              | 195,000              |
| <b>Sub Total: Snow &amp; Ice</b>    | <b>261,542</b>   | <b>651,846</b>   | <b>424,750</b>       | <b>424,750</b>       |
| <b>Total: Streets &amp; Roads</b>   | <b>2,512,376</b> | <b>2,952,982</b> | <b>2,827,792</b>     | <b>2,884,861</b>     |

|                                         |
|-----------------------------------------|
| <b>PUBLIC WORKS: Trees and Cemetery</b> |
|-----------------------------------------|

#### MISSION OF THE DIVISION

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

**DESCRIPTION OF SERVICES**

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

**STAFFING (FTE’s 5.20)**

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

**BUDGET ISSUES**

*Personal Services* - The FY15 budget is decreasing by \$4,592, compared to the FY14 budget. This budget provides for the same level of staffing as FY14. Employees who are members of the DPW workers union will receive a 2.5% COLA (cost of living adjustment) in FY15. All other department employees will receive a 2% COLA or 2.5% at top step in FY15. Some employees in this department will receive a step increase in FY15.

*Expenses* - The FY15 budget is increasing by \$8,040, compared to the FY14 budget. Additional funding for tree contractor expense is meant to address the growing backlog of dead and dying trees along Town roadways. The budget of materials has been relocated to tree contractors so that the Town can put additional resources into catching up with tree removal work.

|                                     | <b>FY12<br/>Actual</b> | <b>FY13<br/>Actual</b> | <b>FY14<br/>Appropriated</b> | <b>FY15<br/>Appropriated</b> |
|-------------------------------------|------------------------|------------------------|------------------------------|------------------------------|
| <b>TREES &amp; CEMETERY</b>         |                        |                        |                              |                              |
| Non-Clerical                        | 252,098                | 247,388                | 273,173                      | 267,480                      |
| Overtime                            | 10,130                 | 7,332                  | 8,240                        | 9,000                        |
| Clerical                            | 9,001                  | 9,002                  | 9,386                        | 9,621                        |
| Stipends                            | 4,095                  | 4,095                  | 4,095                        | 4,095                        |
| Summer help                         | 4,672                  | 2,833                  | 5,298                        | 5,404                        |
| <b>Sub Total: Personal Services</b> | <b>279,996</b>         | <b>270,650</b>         | <b>300,192</b>               | <b>295,600</b>               |
| Cemetery Materials                  | 16,859                 | 16,091                 | 30,500                       | 16,000                       |
| Tree Contractors                    | 74,590                 | 56,868                 | 62,460                       | 85,000                       |
| Prior Year Encumbrances             | 1,734                  | 5,400                  | -                            | -                            |
| <b>Sub-Total: Expenses</b>          | <b>93,183</b>          | <b>78,359</b>          | <b>92,960</b>                | <b>101,000</b>               |
| <b>Total: Trees &amp; Cemetery</b>  | <b>373,179</b>         | <b>349,009</b>         | <b>393,152</b>               | <b>396,600</b>               |

**PUBLIC WORKS: Parks and Grounds**

**MISSION OF THE OFFICE**

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

**DESCRIPTION OF SERVICES**

The Parks and Grounds division is responsible for maintenance of all Town parks, recreation fields, and playgrounds. Maintenance of these facilities includes mowing, aerating, fertilizing, irrigation, line striping and system maintenance, weed and insect control, litter clean-up, leaf removal, leveling, grading and marking fields, fence and vandalism repairs, shrub and tree care, and support for civic activities.

**STAFFING (FTE's 2.70)**

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

**BUDGET ISSUES**

*Personal Services* - The FY15 budget is decreasing by \$34,841, compared to the FY14 budget. Employees who are members of the DPW workers union will receive a 2.5% COLA (cost of living adjustment) in FY15. All other department employees will receive a 2% COLA or 2.5% on top step in FY15. Some employees in this department will receive a step increase in FY15.

*Expenses* - The FY15 budget is the same as the FY14 budget. This will allow for grounds work around Town and school buildings. This budget remains significantly lower than what is needed for maintaining all parks and grounds.

*Capital* - The FY15 budget for equipment leases is increasing by \$5,940, compared to the FY14 budget. This budget will pay for ongoing and (1) new leases for equipment shared with the Field Maintenance Enterprise.

|                                     | <b>FY12<br/>Actual</b> | <b>FY13<br/>Actual</b> | <b>FY14<br/>Appropriated</b> | <b>FY15<br/>Appropriated</b> |
|-------------------------------------|------------------------|------------------------|------------------------------|------------------------------|
| <b>PARKS &amp; GROUNDS</b>          |                        |                        |                              |                              |
| Non-Clerical                        | 98,269                 | 98,092                 | 145,526                      | 109,812                      |
| Overtime                            | 3,347                  | 3,145                  | 4,120                        | 4,600                        |
| Clerical                            | 8,889                  | 9,002                  | 9,386                        | 9,621                        |
| Stipends                            | 4,095                  | 2,605                  | 4,095                        | 4,095                        |
| Summer help                         | 6,592                  | 7,948                  | 7,918                        | 8,076                        |
| <b>Sub Total: Personal Services</b> | <b>121,193</b>         | <b>120,792</b>         | <b>171,045</b>               | <b>136,204</b>               |
| Maintenance                         | 39,607                 | 56,267                 | 45,500                       | 45,500                       |
| Contracted services                 | -                      | -                      | 20,000                       | 20,000                       |
| Clothing                            | 1,842                  | 2,165                  | 3,200                        | 3,200                        |
| <b>Sub Total: Expenses</b>          | <b>41,449</b>          | <b>58,432</b>          | <b>68,700</b>                | <b>68,700</b>                |
| Equipment leases                    | 13,260                 | 12,907                 | 12,907                       | 18,847                       |
| <b>Sub Total: Capital</b>           | <b>13,260</b>          | <b>12,907</b>          | <b>12,907</b>                | <b>18,847</b>                |
| <b>Total: Parks &amp; Grounds</b>   | <b>175,901</b>         | <b>192,131</b>         | <b>252,652</b>               | <b>223,751</b>               |

## **PUBLIC WORKS: Combined Facilities**

### **MISSION OF THE OFFICE**

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

### **DESCRIPTION OF SERVICES**

The Combined Facilities department plans and budgets for the energy needs of buildings, secures contracted cleaning services and performs preventative maintenance and minor repairs on buildings. Staff maintains the exterior walkways, including leaf pick up, snow removal, and sanding of these buildings as well. Additionally this department maintains three residential structures owned by the Town.

### **STAFFING (FTE's 3.75)**

Staffing consists of a Combined Facilities Director, a Supervisor of Buildings, two Custodians for Town facilities and part-time clerical support.

### **BUDGET ISSUES**

*Personal Services* – The FY15 budget is increasing by \$17,407, compared to the FY14 budget. All department employees will receive a 2% COLA (cost of living adjustment) or 2.5% on top step in FY15. Some employees in this department will receive a step increase in FY15.

*Expenses* – The FY15 budget is increasing by \$6,033, compared to the FY14 budget. Maintenance of the many older Town buildings continues to require significant attention in order to preserve and protect these important assets. Increases in both maintenance expense and contracted services will help with the required effort.

|                                     | <b>FY12<br/>Actual</b> | <b>FY13<br/>Actual</b> | <b>FY14<br/>Appropriated</b> | <b>FY15<br/>Appropriated</b> |
|-------------------------------------|------------------------|------------------------|------------------------------|------------------------------|
| <b>COMBINED FACILITIES</b>          |                        |                        |                              |                              |
| Facilities Director*                | -                      | 44,351                 | 48,858                       | 56,438                       |
| Supv. of Town Bldgs.                | 65,462                 | 71,185                 | 72,398                       | 74,191                       |
| Clerical*                           | -                      | -                      | 14,464                       | 14,110                       |
| Town Custodial                      | 95,085                 | 97,555                 | 101,051                      | 109,311                      |
| Non-Accountable Travel Allowance    | -                      | 363                    | -                            | -                            |
| Sick Buyback                        | 1,561                  | 3,692                  | 3,672                        | 3,800                        |
| <b>Sub Total: Personal Services</b> | <b>162,108</b>         | <b>217,145</b>         | <b>240,443</b>               | <b>257,850</b>               |
| General Expense                     | 3,963                  | 5,953                  | 5,000                        | 5,000                        |
| Town Bldg. Utilities                | 355,492                | 366,238                | 398,000                      | 383,000                      |
| Town Bldg. Maint.                   | 163,244                | 189,004                | 190,000                      | 209,390                      |
| Town Vehicle Maintenance            | 1,288                  | 1,108                  | 1,380                        | 2,400                        |
| Contracted services                 | 55,697                 | 56,142                 | 69,877                       | 70,100                       |
| Clothing allowance                  | 913                    | 1,200                  | 1,200                        | 1,400                        |
| In-State Travel                     | 2,719                  | 3,095                  | 2,700                        | 2,700                        |
| Vehicle Allowance                   | -                      | -                      | 2,700                        | 2,900                        |
| Encumbrances                        | 13,757                 | 9,585                  | -                            | -                            |
| <b>Sub Total: Expenses</b>          | <b>597,074</b>         | <b>632,324</b>         | <b>670,857</b>               | <b>676,890</b>               |
| <b>Total: Combined Facilities</b>   | <b>759,182</b>         | <b>849,469</b>         | <b>911,300</b>               | <b>934,740</b>               |

\* 50% of these salaries are budgeted and paid for by SPS.



# Human Services



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

## Human Services Budget Summary

|                                    | FY12<br>Actual | FY13<br>Actual | FY14<br>Appropriated | FY15<br>Appropriated |
|------------------------------------|----------------|----------------|----------------------|----------------------|
| <b>HUMAN SERVICES</b>              |                |                |                      |                      |
| Board of Health                    | 367,840        | 357,173        | 391,714              | 397,568              |
| Council on Aging                   | 132,109        | 140,641        | 152,390              | 200,216              |
| Veterans Affairs                   | 27,566         | 39,700         | 54,466               | 58,931               |
| <b>Total Human Services</b>        | <b>527,514</b> | <b>537,514</b> | <b>598,570</b>       | <b>656,715</b>       |
| Personal Services                  | 343,891        | 343,454        | 391,335              | 436,940              |
| Expenses                           | 183,623        | 194,060        | 207,235              | 219,775              |
| Total Human Services               | 527,514        | 537,514        | 598,570              | 656,715              |
| Salary                             | 341,787        | 341,287        | 389,177              | 434,660              |
| Other payroll-related compensation | 2,104          | 2,168          | 2,158                | 2,280                |
|                                    | 343,891        | 343,454        | 391,335              | 436,940              |

## HUMAN SERVICES: Board of Health

### MISSION OF THE OFFICE

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

### DESCRIPTION OF SERVICES

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

### STAFFING (FTE's 3.30)

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

### BUDGET ISSUES

*Personal Services* - The FY15 budget is increasing by \$6,554, compared to the FY14 budget. This budget provides for the same level of personnel as the FY14 budget. All department employees will receive a 2% COLA (cost of living adjustment) or 2.5% on top step in FY15. Some employees in this department will receive a step increase in FY15.

*Expenses* - The FY15 budget is almost the same the FY14 budget. This budget is expected to provide for similar services as in FY14.

|                                     | <b>FY12<br/>Actual</b> | <b>FY13<br/>Actual</b> | <b>FY14<br/>Appropriated</b> | <b>FY15<br/>Appropriated</b> |
|-------------------------------------|------------------------|------------------------|------------------------------|------------------------------|
| <b>BOARD OF HEALTH</b>              |                        |                        |                              |                              |
| Director                            | 92,244                 | 95,012                 | 96,847                       | 99,263                       |
| Town Social Worker                  | 65,427                 | 60,747                 | 62,254                       | 63,787                       |
| Non-Clerical                        | -                      | -                      | 19,356                       | 20,517                       |
| Clerical                            | 44,796                 | 46,129                 | 47,274                       | 48,596                       |
| Sick Buy Back                       | 2,104                  | 2,168                  | 2,158                        | 2,280                        |
| <b>Sub Total: Personal Services</b> | <b>204,571</b>         | <b>204,056</b>         | <b>227,889</b>               | <b>234,443</b>               |
| General Expense                     | 3,604                  | 5,793                  | 4,750                        | 5,750                        |
| Mental Health                       | 5,660                  | 5,840                  | 7,000                        | 7,000                        |
| Nursing Services                    | 38,510                 | 51,860                 | 53,415                       | 53,415                       |
| Contracted Services                 | 7,930                  | 8,135                  | 9,700                        | 9,200                        |
| Mosquito Control                    | 45,415                 | 45,870                 | 45,870                       | 46,330                       |
| Animal/ Rabies Control              | 8,500                  | 8,500                  | 8,800                        | 8,800                        |
| Animal Inspector                    | 2,695                  | 2,241                  | 4,000                        | 3,000                        |
| Senior Outreach                     | 25,625                 | 24,450                 | 28,490                       | 28,030                       |
| Community Outreach Prog             | 783                    | 428                    | 1,800                        | 1,600                        |
| Prior Year Encumbrances             | 24,546                 | -                      | -                            | -                            |
| <b>Sub Total: Expenses</b>          | <b>163,269</b>         | <b>153,117</b>         | <b>163,825</b>               | <b>163,125</b>               |
| <b>Total: Board of Health</b>       | <b>367,840</b>         | <b>357,173</b>         | <b>391,714</b>               | <b>397,568</b>               |

## **HUMAN SERVICES: Council on Aging**

### **MISSION OF THE DEPARTMENT**

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

### **DESCRIPTION OF SERVICES**

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

### **STAFFING (FTE's 3.49)**

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

**BUDGET ISSUES**

*Personal Services* - The FY15 budget is increasing by \$46,826, compared to the FY14 budget. This budget provides for a new Program Director. All department employees will receive a 2% COLA (cost of living adjustment) or 2.5% at top step in FY15. Some employees in this department will receive a step increase in FY15.

*Expenses* - The FY15 budget is increasing by \$1,000, compared to the FY14 budget. The general expense line includes a variety of supplies used to operate and advertise the Center’s many programs and reference services.

|                                     | <b>FY12<br/>Actual</b> | <b>FY13<br/>Actual</b> | <b>FY14<br/>Appropriated</b> | <b>FY15<br/>Appropriated</b> |
|-------------------------------------|------------------------|------------------------|------------------------------|------------------------------|
| <b>COUNCIL ON AGING</b>             |                        |                        |                              |                              |
| Director                            | 64,241                 | 69,212                 | 73,216                       | 77,797                       |
| Clerical                            | 44,796                 | 46,129                 | 47,274                       | 48,596                       |
| Program Coordinator                 | -                      | -                      | -                            | 39,487                       |
| Information/Reference               | 18,318                 | 19,474                 | 23,900                       | 25,336                       |
| <b>Sub Total: Personal Services</b> | <b>127,355</b>         | <b>134,814</b>         | <b>144,390</b>               | <b>191,216</b>               |
| General Expense                     | 4,422                  | 5,826                  | 8,000                        | 9,000                        |
| Prior Year Encumbrances             | 331                    | -                      | -                            | -                            |
| <b>Sub Total: Expenses</b>          | <b>4,754</b>           | <b>5,826</b>           | <b>8,000</b>                 | <b>9,000</b>                 |
| <b>Total: Council on Aging</b>      | <b>132,109</b>         | <b>140,641</b>         | <b>152,390</b>               | <b>200,216</b>               |

**HUMAN SERVICES: Veterans’ Affairs**

**MISSION OF THE OFFICE**

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

**DESCRIPTION OF SERVICES**

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

**STAFFING (FTE’s 0.43)**

Staff consists of one part-time administrative assistant.

**BUDGET ISSUES**

*Personal Services* - The FY15 budget is decreasing by \$7,775, compared to the FY14 budget. This budget provides the addition of a part-time administrative assistant and conversion of the Veteran

Agent position to contracted VA services with the City of Marlborough. The clerical position will receive a 2% COLA (cost of living adjustment) and step increase in FY15.

*Expenses* – The FY15 budget increasing by \$12,240, compared to the FY14 budget. Benefits claims can be difficult to predict from year to year. An unexpected increase in Veteran’s benefits expense for FY15 will require a budget transfer from the Town’s Reserve Fund account. Contracted services has been re-established to pay for a part-time coverage under contract with the City of Marlborough.

|                                     | <b>FY12<br/>Actual</b> | <b>FY13<br/>Actual</b> | <b>FY14<br/>Appropriated</b> | <b>FY15<br/>Appropriated</b> |
|-------------------------------------|------------------------|------------------------|------------------------------|------------------------------|
| <b>VETERANS AFFAIRS</b>             |                        |                        |                              |                              |
| Veteran Agent                       | 11,965                 | 3,759                  | 19,056                       | -                            |
| Clerical                            |                        | 825                    | -                            | 11,281                       |
| <b>Sub Total: Personal Services</b> | <b>11,965</b>          | <b>4,584</b>           | <b>19,056</b>                | <b>11,281</b>                |
| General Expense                     | 121                    | 6,334                  | 550                          | 450                          |
| Contracted Services                 | -                      | -                      | -                            | 10,200                       |
| Veteran's Grave Markers             | 811                    | 854                    | 900                          | 1,000                        |
| Veteran's Benefits                  | 14,668                 | 27,929                 | 33,960                       | 36,000                       |
| <b>Sub Total: Expenses</b>          | <b>15,601</b>          | <b>35,117</b>          | <b>35,410</b>                | <b>47,650</b>                |
| <b>Total: Veterans Affairs</b>      | <b>27,566</b>          | <b>39,700</b>          | <b>54,466</b>                | <b>58,931</b>                |

# Culture & Recreational Services



**Goodnow Library**

**Hosmer House**

## Culture & Recreational Services Budget Summary

|                                       | <b>FY12<br/>Actual</b> | <b>FY13<br/>Actual</b> | <b>FY14<br/>Appropriated</b> | <b>FY15<br/>Appropriated</b> |
|---------------------------------------|------------------------|------------------------|------------------------------|------------------------------|
| <b>CULTURE &amp; RECREATION</b>       |                        |                        |                              |                              |
| Goodnow Library                       | 916,222                | 934,023                | 974,828                      | 1,030,039                    |
| Recreation                            | 126,569                | 128,232                | 133,039                      | 137,188                      |
| Historical Commission                 | 5,258                  | 5,295                  | 5,500                        | 5,568                        |
| Historic Districts Commission         | 2,809                  | 2,653                  | 2,861                        | 2,896                        |
| <b>Total Culture &amp; Recreation</b> | <b>1,050,858</b>       | <b>1,070,203</b>       | <b>1,116,228</b>             | <b>1,175,691</b>             |
| Personal Services                     | 758,897                | 783,295                | 803,087                      | 840,834                      |
| Expenses                              | 291,961                | 286,908                | 313,141                      | 334,857                      |
| <b>Total Culture &amp; Recreation</b> | <b>1,050,858</b>       | <b>1,070,203</b>       | <b>1,116,228</b>             | <b>1,175,691</b>             |
| Salary                                | 726,664                | 746,506                | 781,972                      | 818,834                      |
| Temporary/Seasonal                    | 32,233                 | 36,789                 | 21,115                       | 22,000                       |
|                                       | <b>758,897</b>         | <b>783,295</b>         | <b>803,087</b>               | <b>840,834</b>               |

## CULTURE & RECREATION: Goodnow Library

### MISSION OF THE DEPARTMENT

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

### DESCRIPTION OF SERVICES

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

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

### STAFFING (FTE's 12.60)

Staffing consists of 4 full-time positions (Director, Assistant Director, Head of Circulation, and Children's Librarian), 4 permanent part-time positions, multiple page positions (shelvers), several additional library clerk hours on an as needed basis, and more than 20 volunteers.

### BUDGET ISSUES

*Personal Services* - The FY15 budget is increasing by \$38,551 compared to the FY14 budget. This budget provides for a similar level of personnel as the FY14 budget. All permanent department employees will receive a 2% COLA (cost of living adjustment) or 2.5% on top step in FY15. Some permanent employees in this department will receive a step increase in FY15.

*Expenses* - The FY14 budget is increasing by \$16,660, compared to the FY15 budget. The additional funds will be used for books and materials and there is also a modest increase in maintenance. It should be noted that all utilities costs for the Library building have been shifted to Combined Facilities department.

|                                     | <b>FY12<br/>Actual</b> | <b>FY13<br/>Actual</b> | <b>FY14<br/>Appropriated</b> | <b>FY15<br/>Appropriated</b> |
|-------------------------------------|------------------------|------------------------|------------------------------|------------------------------|
| <b>GOODNOW LIBRARY</b>              |                        |                        |                              |                              |
| Library Director                    | 76,288                 | 81,642                 | 86,950                       | 92,156                       |
| Non-Clerical                        | 561,300                | 567,362                | 608,923                      | 641,383                      |
| Temporary/Seasonal                  | 32,233                 | 36,789                 | 21,115                       | 22,000                       |
| <b>Sub Total: Personal Services</b> | <b>669,821</b>         | <b>685,793</b>         | <b>716,988</b>               | <b>755,539</b>               |
| General Expense                     | 8,233                  | 6,916                  | 8,500                        | 8,500                        |
| Automation                          | 43,595                 | 43,469                 | 46,000                       | 46,000                       |
| Books and Materials                 | 131,607                | 135,984                | 145,000                      | 160,000                      |
| Maintenance                         | 23,702                 | 20,349                 | 23,340                       | 25,000                       |
| Contracted Services                 | 39,264                 | 41,512                 | 35,000                       | 35,000                       |
| <b>Sub Total: Expenses</b>          | <b>246,400</b>         | <b>248,230</b>         | <b>257,840</b>               | <b>274,500</b>               |
| <b>Total: Goodnow Library</b>       | <b>916,222</b>         | <b>934,023</b>         | <b>974,828</b>               | <b>1,030,039</b>             |

## **CULTURE & RECREATION: Park & Recreation**

### **MISSION OF THE OFFICE**

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

### **DESCRIPTION OF SERVICES**

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

Program offerings include the following:

- Summer camp, pre-school and after-school programs
- Youth services and activities for teens
- Community service for all age groups
- Adapted recreation, and Paralympics development recreational programs for children and adults within the town



**STAFFING (FTE's 2.32)**

Staffing in this department has changed as July 1, 2014. Staffing now consists of 5 full-time employees but salaries for only 2.32 FTE's are paid by the General fund (tax levy): Park, Recreation and Aquatics Director, an Assistant Recreation Director/Adaptive Sports & Recreation Specialist, Youth Coordinator, an office coordinator, and program coordinator. Currently, the salaries combined for 2.68 FTE's of all the staff mentioned above are paid for by revolving and enterprise funds. Wages and benefits for several other employees in this Division are paid completely through various revolving funds (outside the tax levy).

**BUDGET ISSUES**

*Personal Services* - The FY15 budget almost the same as the FY14 budget. This budget will require a transfer from contracted services up to personal services to reflect the restoration of a full-time Director which had been eliminated several years ago due to budgetary constraints. All department employees will receive a 2% COLA (cost of living adjustment) or 2.5% at top step in FY15. Some employees in this department will receive a step increase in FY15.

*Expenses* - The FY15 budget is increasing by \$5,000, compared to the FY14 budget. However, all of this expense line item will be transferred to personal services to cover payroll expenses. All other general expenses were eliminated or shifted to revolving funds several years ago.

|                                     | <b>FY12<br/>Actual</b> | <b>FY13<br/>Actual</b> | <b>FY14<br/>Appropriated</b> | <b>FY15<br/>Appropriated</b> |
|-------------------------------------|------------------------|------------------------|------------------------------|------------------------------|
| <b>RECREATION</b>                   |                        |                        |                              |                              |
| Directors and Assistant Directors   | 43,524                 | 45,774                 | 29,822                       | 28,122                       |
| Program Coordinators                | 23,986                 | 26,010                 | 27,605                       | 28,407                       |
| Clerical                            | 18,958                 | 23,187                 | 26,097                       | 26,144                       |
| <b>Sub Total: Personal Services</b> | <b>86,468</b>          | <b>94,971</b>          | <b>83,524</b>                | <b>82,673</b>                |
| Contracted Services                 | 40,102                 | 33,261                 | 49,515                       | 54,515                       |
| <b>Sub Total: Expenses</b>          | <b>40,102</b>          | <b>33,261</b>          | <b>49,515</b>                | <b>54,515</b>                |
| <b>Total: Recreation</b>            | <b>126,569</b>         | <b>128,232</b>         | <b>133,039</b>               | <b>137,188</b>               |

**CULTURE & RECREATION: Historical Commission**

**MISSION OF THE PROGRAM**

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

**DESCRIPTION OF SERVICES**

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

**STAFFING**

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

**BUDGET ISSUES**

There are no Town personal service expenses. The FY15 general expense budget is almost the same as the FY14 budget. General expenses consists mostly of supplies, maintenance and for events at the Hosmer House and other historic properties.

|                                     | <b>FY12</b><br><b>Actual</b> | <b>FY13</b><br><b>Actual</b> | <b>FY14</b><br><b>Appropriated</b> | <b>FY15</b><br><b>Appropriated</b> |
|-------------------------------------|------------------------------|------------------------------|------------------------------------|------------------------------------|
| <b>HISTORICAL COMMISSION</b>        |                              |                              |                                    |                                    |
| General Expenses                    | 5,249                        | 5,271                        | 5,500                              | 5,568                              |
| Encumbrances                        | 10                           | 24                           | -                                  | -                                  |
| <b>Sub Total: Expenses</b>          | <b>5,258</b>                 | <b>5,295</b>                 | <b>5,500</b>                       | <b>5,568</b>                       |
| <b>Total: Historical Commission</b> | <b>5,258</b>                 | <b>5,295</b>                 | <b>5,500</b>                       | <b>5,568</b>                       |

**CULTURE & RECREATION: Historic Districts Commission**

**MISSION OF THE OFFICE**

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

**DESCRIPTION OF SERVICES**

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

**STAFFING:** Staffing is provided by a part-time clerical position in Planning & Community Development, on an as needed basis.

**BUDGET ISSUES**

The FY15 budget is almost the same as the FY14 budget.

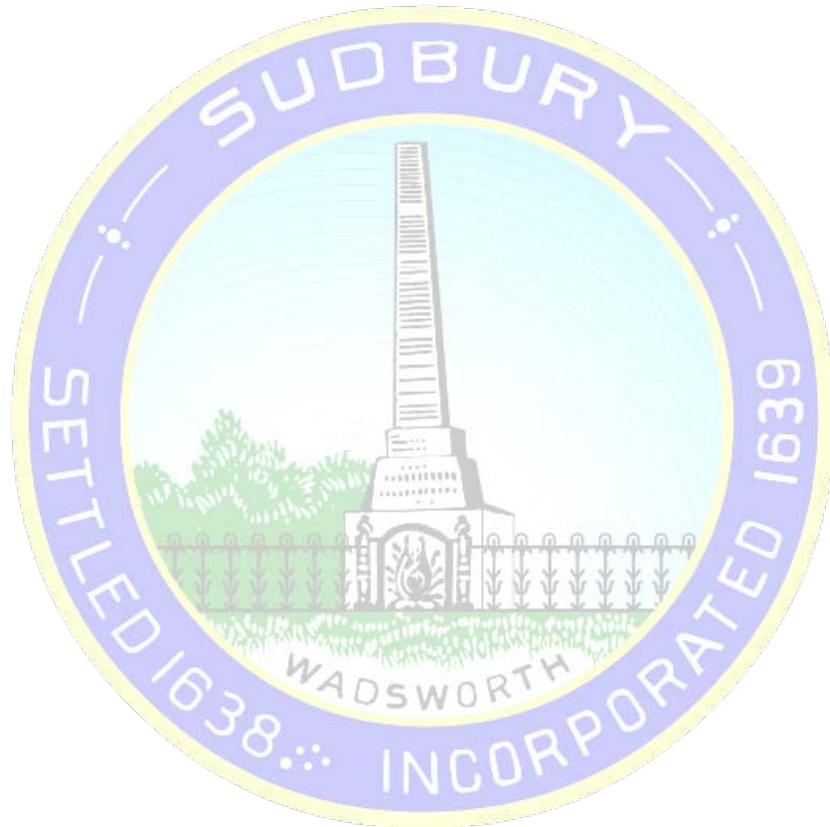
|                                      | <b>FY12<br/>Actual</b> | <b>FY13<br/>Actual</b> | <b>FY14<br/>Appropriated</b> | <b>FY15<br/>Appropriated</b> |
|--------------------------------------|------------------------|------------------------|------------------------------|------------------------------|
| <b>HISTORIC DISTRICTS COMMISSION</b> |                        |                        |                              |                              |
| Clerical                             | 2,608                  | 2,531                  | 2,575                        | 2,622                        |
| <b>Sub Total: Personal Services</b>  | <b>2,608</b>           | <b>2,531</b>           | <b>2,575</b>                 | <b>2,622</b>                 |
| General Expenses                     | 201                    | 122                    | 286                          | 274                          |
| <b>Sub Total: Expenses</b>           | <b>201</b>             | <b>122</b>             | <b>286</b>                   | <b>274</b>                   |
| <b>Total: Hist Dist Commission</b>   | <b>2,809</b>           | <b>2,653</b>           | <b>2,861</b>                 | <b>2,896</b>                 |



## Section Six

# Budget Detail – Education

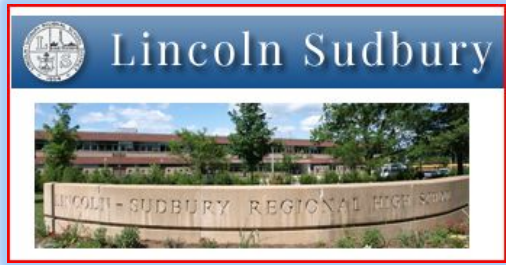
Budget requests for all education cost centers



# Education



**Sudbury Public Schools**



**Lincoln-Sudbury Regional High School**



**Minuteman Regional High School**

## Education Cost Centers Budget Summary

|                            | <b>FY12<br/>Actual</b> | <b>FY13<br/>Actual</b> | <b>FY14<br/>Appropriated</b> | <b>FY15<br/>Appropriated</b> |
|----------------------------|------------------------|------------------------|------------------------------|------------------------------|
| <b>SCHOOLS</b>             |                        |                        |                              |                              |
| SPS Operating Expenses     | 35,182,223             | 36,094,911             | 37,581,756                   | 38,521,300                   |
| LSRH Operating Assessments | 18,079,955             | 18,694,852             | 19,791,903                   | 20,726,735                   |
| Minuteman                  | 338,031                | 274,416                | 444,837                      | 549,340                      |
| <b>Total Schools</b>       | <b>53,600,209</b>      | <b>55,064,179</b>      | <b>57,818,496</b>            | <b>59,797,376</b>            |

# Sudbury Public Schools

## MISSION OF THE DISTRICT

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

## Core Values

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

## DESCRIPTION OF SERVICES

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

## [Sudbury Public Schools Superintendent's 2014 ATM Warrant Report](#)

The FY15 No Override budget is projected to be 2.16% greater than FY14. The SPS administration along with the School Committee developed a budget that is responsive to the needs of our students, supports the work of our teachers, and takes into account our obligations to comply with mandates to align our curriculum to the Common Core and to continue implementation of the new Educator Evaluation System.

The FY15 No Override budget that is presented in this warrant totals \$38,392,589, an increase of \$810,833 over the current year. This budget reflects a level increase in state and local revenue sources compared to the current year. This assumption, as well as others, remains somewhat fluid and uncertain at this point in time. We anticipate that this fluidity may continue up until Town Meeting.

We continue to implement two significant mandates; Common Core Standards in Mathematics and ELA and the new Educator Evaluation system. Both mandates require ongoing professional development and time for staff across the district to collaborate. In FY13 we took the first steps toward restoring and rebuilding system capacity in the area of Teaching and Learning through the implementation of Curriculum Coordinators for ELA (previously cut ELA CIT) and Mathematics (formerly Mathematics CIT) and 2.0 FTE Mathematics Instructional Coaches (.5FTE at each of our

elementary schools.) The FY14 budget included minimal steps toward continuing to build this system capacity through the inclusion of an additional 1.0 FTE Mathematics Instructional Coach allowing for 1.0 FTE at the larger schools (Loring, Noyes) with .5 FTE remaining at the two smaller schools (Haynes, Nixon). In addition, in order to meet student needs, we included 1.0 FTE School Psychologist and 1.0 FTE Middle School Intervention Teacher.

In order to continue to respond to the needs of our students, as determined by review of a variety of data, to support the work of our teachers, and to enhance instructional opportunities through the use of technology, we include the following in the FY15 budget: .5 FTE Middle School Co-Teaching, 3.34 FTE Lunchroom Monitors across elementary schools, 1.0 FTE Middle School Technology Integration Specialist, 1.0 FTE Middle School Technician, and 1:1 technology devices (Chromebooks) for one grade level at Curtis Middle School.

Our enrollment directly impacts our budget planning and SPS enrollment is projected to decline in FY15 by approximately 114 students (-3.9%) across the district. All three grade levels at the middle school will have enrollments in excess of 300 (6<sup>th</sup>-331, 7<sup>th</sup>-328, 8<sup>th</sup>-360) students while our incoming Kindergarten class was 263 for FY14 and is projected to be approximately 250 for FY15. The uncertainty of the real estate market and, in particular, the number of homes “on the market,” continues to be an additional factor which impacts our ability to plan in a programmatically and fiscally responsible manner. Our enrollment projections for FY15, while addressing factors that are known to us, allow for little flexibility if we should experience an influx of school aged children. Therefore, if there is an increase in student population due to “move-ins”, we will need to add class sections/FTEs if we are to remain within reasonable proximity to the class size guidelines established by the School Committee.

A key budget driver is special education. This federal and state mandated program requires us to provide a level of service that meets the needs of each identified student starting at age 3. Over the past few years we have developed programs within our schools that allow us to serve the students in Sudbury with lower costs than serving them in out-of-district placements. The creation of additional in-district special education programs allows Sudbury students to be educated with their peers in Sudbury and although requiring additional staffing, these programs are more cost effective than out-of-district placements. At this time, we project our total net special education expenses (exclusive of salaries) will be 4.5% less in FY15 than FY14. This is a significant decline from the 10% growth experienced in this category for the past several budgets. Because special education accounts for nearly 28% of our operating budget, we are continually seeking every efficiency and economy possible while maintaining a quality, mandated level of service.

The SPS School Committee and administration seek to provide all Sudbury students with an exceptional educational experience, in a safe environment, that allows them to reach their academic and personal goals and become educated, confident, well-rounded, and thoughtful contributors in our society. We will continue to offer leadership to achieve these goals in a fiscally responsible manner.



**STAFFING: (FTE's 397.52)**

Staffing consists of the following:

|                                     | Actual<br>FY2012 | Actual<br>FY2013 | Actual<br>FY2014 | Budget<br>FY2015 |
|-------------------------------------|------------------|------------------|------------------|------------------|
| System Administration               | 14.00            | 16.00            | 16.00            | 16.00            |
| Elementary Instruction              | 154.69           | 153.44           | 156.42           | 158.76           |
| Middle School Instruction           | 78.77            | 81.26            | 80.11            | 76.11            |
| Curriculum, Instruction, Technology | 9.00             | 7.00             | 7.40             | 9.40             |
| Special Ed Instruction              | 98.75            | 103.57           | 111.60           | 112.10           |
| Health, Transportation & Cafeteria  | 9.00             | 9.15             | 9.15             | 9.15             |
| Plant Maintenance                   | 15.00            | 15.50            | 15.50            | 16.00            |
| Total:                              | 379.21           | 385.92           | 396.18           | 397.52           |

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

**BUDGET ISSUES**

*Salaries & Wages* -The FY15 budget is increasing by \$861,123, compared to the FY14 budget. This budget provides for the same level of personnel as the FY14 budget. All teachers will receive a 2% wage COLA (cost of living adjustment) or 2.5% on top step in FY15. Some employees will receive step, lane and other increases in FY15. For further details regarding this budget grouping, see **SPS budget information located on their website**.

*Expenses* - The FY15 budget is decreasing by \$145,465, compared to the FY15 budget. The decreases are within PS/Special Education Instruction and utilities. For further details regarding this budget grouping, see **SPS budget information located on their website**.

*Offsets* - The FY15 total offsets (salary and expense) budget is decreasing by \$52,414, compared to the FY14 budget. Offsets are made up of grants, fees and other special revenues that may be directly applied to expenses without appropriation. Throughout the year, these offsets will be used and consequently allocated to the various salaries and other expense line items shown above. Actual results for prior years reflect these allocations whereas for budgetary purposes, offsets are shown separately in aggregate. For further details regarding this budget grouping, see **SPS budget information located on their website**.

*Benefits and Insurances*-The FY15 budget is decreasing by \$42,762, compared to the FY14 budget. The decrease is within medical benefits. The Town and SPS share all benefits and insurance programs. For further details regarding this budget grouping, see **Section 9**.

|                                  | <b>FY12</b>       | <b>FY13</b>       | <b>FY14</b>         | <b>FY15</b>         |
|----------------------------------|-------------------|-------------------|---------------------|---------------------|
|                                  | <b>Actual</b>     | <b>Actual</b>     | <b>Appropriated</b> | <b>Appropriated</b> |
| <b>Summary - Salaries</b>        |                   |                   |                     |                     |
| System Administration            | 910,503           | 991,526           | 1,033,485           | 1,056,100           |
| Elementary Instruction           | 9,953,424         | 10,187,057        | 10,796,372          | 11,334,694          |
| Middle School Instruction        | 5,242,543         | 5,429,941         | 5,793,553           | 5,557,486           |
| Curriculum, Library, Media       | 529,363           | 711,893           | 772,659             | 925,192             |
| PS/Special Education Instruction | 5,293,624         | 5,538,046         | 5,936,636           | 6,377,881           |
| Health & Transportation          | 649,534           | 394,429           | 386,450             | 407,612             |
| Plant Maintenance                | 883,905           | 899,233           | 933,592             | 968,905             |
| Other                            | 614,263           | 651,982           | 714,263             | 600,263             |
| Total Salaries:                  | 24,077,159        | 24,804,107        | 26,367,010          | 27,228,133          |
| <b>Summary - Expenses</b>        |                   |                   |                     |                     |
| System Administration            | 303,762           | 541,311           | 455,689             | 466,360             |
| Elementary Instruction           | 333,491           | 329,955           | 348,673             | 359,133             |
| Middle School Instruction        | 172,637           | 188,453           | 188,280             | 193,928             |
| Curriculum, Library, Media       | 329,785           | 431,599           | 424,229             | 545,531             |
| PS/Special Education Instruction | 3,621,118         | 4,126,163         | 4,225,700           | 3,946,562           |
| Health & Transportation          | 1,092,098         | 997,642           | 1,037,419           | 1,068,542           |
| Utilities                        | 1,191,882         | 935,360           | 1,191,882           | 1,131,882           |
| Plant Maintenance                | 454,637           | 961,828           | 482,325             | 496,794             |
| Total Expenses:                  | 7,499,411         | 8,512,311         | 8,354,197           | 8,208,732           |
| Total Expense & Salary:          | 31,576,569        | 33,316,418        | 34,721,207          | 35,436,865          |
| Less: Total Offsets              | (2,841,775)       | (2,775,371)       | (2,801,108)         | (2,748,694)         |
| Total Net Operating Budget:      | 28,734,794        | 30,541,047        | 31,920,099          | 32,688,171          |
| Benefits:                        | 6,672,777         | 5,553,866         | 5,661,657           | 5,704,419           |
|                                  | <u>35,407,571</u> | <u>36,094,913</u> | <u>37,581,756</u>   | <u>38,392,590</u>   |

# Lincoln-Sudbury Regional High School

## MISSION OF THE DISTRICT

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

## Core Values

In addition, the following core values are adhered to:

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

## DESCRIPTION OF SERVICES

Lincoln-Sudbury Regional High School views itself as "a different kind of place" -- a place that not only tolerates but truly values diversity in style and substance. This quality manifests itself in the academic program and in the general atmosphere of the school, and may best be seen in the respectful and warm relationships between students and adults, the high degree of autonomy for and participation by the faculty in decisions, and a school culture marked by commitment to innovation and experimentation. Through a challenging academic program and a wide variety of school activities, students are expected to make choices and to have a degree of power over their own education. The ability to make good choices requires the development of a sense of responsibility and an understanding of the ethical implications of their actions. Formality and standardization are less important than creativity, originality, and critical thinking skills. The school culture also seeks to join academic skills to an active civic concern for the Lincoln-Sudbury community, American society, and the world beyond.

### [LSRHS Superintendent's 2014 ATM Warrant Report](#)

The High School's core values emphasize cooperative and caring relationships, respect for differences, and maintenance of a purposeful and rigorous academic program. Our school culture strives to personalize education for all students in order to enhance achievement by building on individual talents and creating an educational environment where students want to learn and discover their passions. Our teachers develop engaging courses, foster strong connections with students, and produce well-rounded graduates who are prepared for the best colleges and other post-graduate endeavors.

2013 brought new leadership opportunities to the school with Bella Wong hired as Interim Superintendent/Principal to succeed Scott Carpenter, Glenn Fratto hired as Business Administrator to succeed Michael Connelly, Aida Ramos hired as Director of Student Services to succeed Rhonda Taft-Farrell, and Virginia Blake hired as Curriculum Coordinator to succeed Leslie Belcher. Additionally, a fourth House Administrator, Jason Medeiros, was increased from .5 to full-time status to accommodate anticipated enrollment increases. These administrative hires were effective

for the FY14 school year, along with the hiring of 18 new faculty members for an effective increase of 4.16 full time equivalent teaching positions. The School Committee views the change in leadership and teaching staff as an opportunity for new ideas and fresh approaches.

In cooperation with our Teachers Association, the School Committee completed negotiations of a three year contract agreement that will extend through June 30, 2015. In addition, the Teachers and School Committee continued to collaborate to implement the redesign of the health plans for employees, retirees, and dependents that mirror plan designs of the State's Group Insurance Commission (GIC). The school participates in Minuteman Nashoba Health Group, a coalition of Massachusetts towns and school districts that have joined together to more affordably purchase health benefits. Also, the Teachers and School Committee agreed on a new teacher evaluation system.

While the number and cost of out-of-district placements for students with profound learning needs has leveled off, in-school enrollment increased significantly this year. As of October 1, 2013, the school's total enrollment reached 1,699 students, with 1,640 enrolled in-school and 59 students in out-of-district placements. The in-school enrollment represents an increase of 62 students from the prior year, with the 9<sup>th</sup> grade class of 452 students being the highest grade level enrollment in over three decades. Fortunately, we were able to add 4.16 full time equivalent teaching positions to help service growing enrollment. Unfortunately, most class sizes remain between 24 to 28 students.

2013 extended the recent stretch of challenging financial limitations for the school. Despite budget challenges, the high school continues to provide a rigorous and challenging academic program and maintains a wealth of extracurricular options for all students. In addition to the successful implementation of the ACE Program and specialized programming to better serve in-school students with Language-Based Learning Differences (LBD), we have engaged the services of Walker Partnerships Inc. to conduct a review of services provided to students with learning challenges. Ideally, we will continue to expand our capacity to provide sufficient services at the high school in order to limit the number of students in certain "out-of-district" placements.

Along with our two "feeder" districts, the Lincoln and Sudbury Public Schools, the High School continues to serve disadvantaged students from Boston. The Metropolitan Council for Educational Opportunity, Inc. (METCO) program was established to provide the opportunity for children from racially-imbalanced schools in Boston and children from relatively isolated suburban schools to learn together in an integrated public school setting. This year we continue to serve 91 students from Boston. We share a METCO Director with Sudbury Public Schools.

During 2013, the School Committee continued its goal of improving the technology infrastructure at the school. Intermittent wireless and hard wire connectivity to the intranet and internet at Lincoln-Sudbury is currently a significant barrier to student and educator access to global networks for the purpose of supporting teaching and learning. Network backbone and critical server adjustments necessary to improve this service are being evaluated by an external consultant to support a request for a one-time capital funding expenditure of approximately \$740,000 to be presented for proportionate consideration between Lincoln and Sudbury at the upcoming 2014 Town Meetings.

We recently decided to proceed with the installation of a solar canopy above the main parking lot pending successful contract amendment negotiations with SunEdison. In addition to reducing our "carbon footprint", the project will yield approximately \$100,000 in energy savings for the school district. Over the 20-year life of the contract, it's projected that the district will realize in excess of

\$2 million in energy savings. In similar fashion to reduce energy costs, we are pursuing various opportunities to reduce energy consumption within the complex.

We appreciate the continued support of the Towns of Lincoln and Sudbury of our annual operating costs. We also appreciate the supplemental supports of FELS and SERF that provide mini grants to fund teacher initiated projects to benefit teaching and learning in the school. We could also not provide service at the current level of excellence without the financial support and hard work of our many parent organization groups.

**STAFFING: (FTE's 216.22)**

Staffing consists of the following:

|                               | FY12<br>Actual | FY13<br>Actual | FY14<br>Actual | FY15<br>Budget |
|-------------------------------|----------------|----------------|----------------|----------------|
| Administrators                | 8.00           | 8.50           | 9.00           | 9.00           |
| Administrative Support        | 15.75          | 15.92          | 17.24          | 17.24          |
| Teachers (excluding SPED)     | 119.36         | 118.71         | 123.54         | 125.60         |
| Classroom & Teaching Support  | 3.40           | 3.40           | 3.40           | 3.40           |
| SPED Teachers                 | 15.70          | 17.25          | 18.30          | 18.30          |
| SPED Support                  | 13.82          | 13.82          | 14.30          | 14.30          |
| Custodial/Grounds/Maintenance | 10.00          | 10.00          | 10.00          | 10.00          |
| All Other                     | 8.43           | 8.43           | 7.60           | 8.85           |
| <b>Total FTEs</b>             | <b>194.46</b>  | <b>196.03</b>  | <b>203.38</b>  | <b>206.69</b>  |
| Federal and State grants      | 11.12          | 9.53           | 9.53           | 9.53           |
| <b>Total FTEs with grants</b> | <b>205.58</b>  | <b>205.56</b>  | <b>212.91</b>  | <b>216.22</b>  |

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

**DESCRIPTION OF REGIONAL ASSESSMENTS**

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

**BUDGET ASSESSMENT (SUDBURY'S SHARE)**

|                                    | FY12<br>Actual    | FY13<br>Actual    | FY14<br>Appropriated | FY15<br>Appropriated |
|------------------------------------|-------------------|-------------------|----------------------|----------------------|
| <b>LINCOLN-SUDBURY REGIONAL HS</b> |                   |                   |                      |                      |
| Sudbury Operating Assessment       | 18,079,955        | 18,694,852        | 19,791,903           | 20,726,735           |
| Sudbury Debt Assessment            | 2,193,072         | 2,139,028         | 1,946,994            | 688,613              |
| <b>Sudbury Total Assessments</b>   | <b>20,273,027</b> | <b>20,833,880</b> | <b>21,738,897</b>    | <b>21,415,348</b>    |

## **BUDGET ISSUES**

*Operating Assessment* - The FY15 budget is increasing by \$934,832, compared to the FY14 budget. This represents Sudbury's share of all operating expenses except debt for the District.

*Debt Assessment* - The FY15 budget is decreasing by \$1,258,381, compared to the FY14 budget. This represents Sudbury's share of all debt service for the District.

## **TOTAL LSRHS DISTRICT BUDGET**

### **BUDGET ISSUES**

*Salaries & Wages* - The FY15 budget is increasing by \$645,082, compared to the FY14 budget. This budget provides for an increase of 3.31 FTE's, compared to FY14. All teachers will receive a 1.35% wage COLA (cost of living adjustment) in FY15. Some employees will receive step, lane and other increases in FY15. For further details regarding this budget grouping, see LSRHSD budget information located on their website.

*Expenses* - The FY15 budget is increasing by \$240,461, compared to the FY14 budget. All line items have been increased with the exception of utilities. For further details regarding this budget grouping, see LSRHSD budget information located on their website.

*Benefits and Insurances* - The FY14 budget is increasing by \$30,500, compared to the FY14 budget. For further details regarding this budget grouping, see LSRHSD budget information located on their website.

*Offsets* - The FY15 total offsets budget is increasing by \$250,000, compared to the FY14 budget. Offsets are made up of grants, fees and other special revenues that may be directly applied to expenses without appropriation. For further details regarding this budget grouping, see LSRHSD budget information located on their website.

*Debt* - The FY15 budget is decreasing by \$1,478,688, compared to the FY14 budget. For further details regarding this budget grouping, see LSRHSD budget information located on their website.

|                                               | <b>FY12<br/>Actual</b> | <b>FY13<br/>Actual</b> | <b>FY14<br/>Appropriated</b> | <b>FY15<br/>Appropriated</b> |
|-----------------------------------------------|------------------------|------------------------|------------------------------|------------------------------|
| <b>Salaries &amp; Other Cash Compensation</b> |                        |                        |                              |                              |
| Administration                                | 1,053,123              | 1,117,896              | 1,164,936                    | 1,196,244                    |
| Instruction                                   | 10,207,692             | 10,366,061             | 10,892,266                   | 11,341,403                   |
| Special Education Instruction                 | 1,414,194              | 1,524,594              | 1,781,449                    | 1,838,455                    |
| Educational Support                           | 501,441                | 511,814                | 493,954                      | 531,303                      |
| Special Education Support                     | 394,164                | 439,256                | 334,395                      | 342,755                      |
| Clerical/Administrative Support               | 836,288                | 884,691                | 892,471                      | 914,783                      |
| Grounds/Maintenance                           | 558,296                | 569,439                | 589,492                      | 604,229                      |
| Coaches                                       | 415,811                | 369,586                | 391,581                      | 411,581                      |
| All Other                                     | 148,612                | 219,930                | 243,639                      | 248,512                      |
| Total Salaries                                | 15,529,620             | 16,003,267             | 16,784,183                   | 17,429,265                   |
| <b>Expenses</b>                               |                        |                        |                              |                              |
| Instruction                                   | 338,535                | 352,526                | 386,312                      | 397,901                      |
| Special Education Instruction                 | 4,743,214              | 5,546,638              | 5,343,716                    | 5,365,817                    |
| Educational Support                           | 868,967                | 875,088                | 958,772                      | 991,791                      |
| Operations                                    | 431,647                | 461,829                | 458,407                      | 472,159                      |
| Utilities                                     | 698,058                | 681,540                | 736,800                      | 736,800                      |
| All Other Expenses                            | 145,839                | 199,771                | 162,850                      | 322,850                      |
| Total Expenses                                | 7,226,259              | 8,117,392              | 8,046,857                    | 8,287,318                    |
| Subtotal before Benefits                      | 22,755,879             | 24,120,659             | 24,831,040                   | 25,716,583                   |
| Total Benefits                                | 3,759,909              | 3,369,470              | 3,654,154                    | 3,684,654                    |
| Total LSRHS Operating Expenses                | 26,515,788             | 27,490,129             | 28,485,194                   | 29,401,236                   |
| Grants, Fees & Other Offsets                  | (2,231,188)            | (1,910,261)            | (1,843,507)                  | (2,093,507)                  |
| Net LSRHS Operating Expenses                  | 24,284,600             | 25,579,868             | 26,641,687                   | 27,307,729                   |
| Debt Principal                                | 2,150,000              | 2,150,000              | 1,950,000                    | 550,000                      |
| Debt Interest                                 | 489,950                | 410,800                | 333,613                      | 254,925                      |
| Total Debt                                    | 2,639,950              | 2,560,800              | 2,283,613                    | 804,925                      |
| Total Budget                                  | 26,924,550             | 28,140,668             | 28,925,300                   | 28,112,654                   |

## Minuteman Regional Vocational Technical High School Assessment

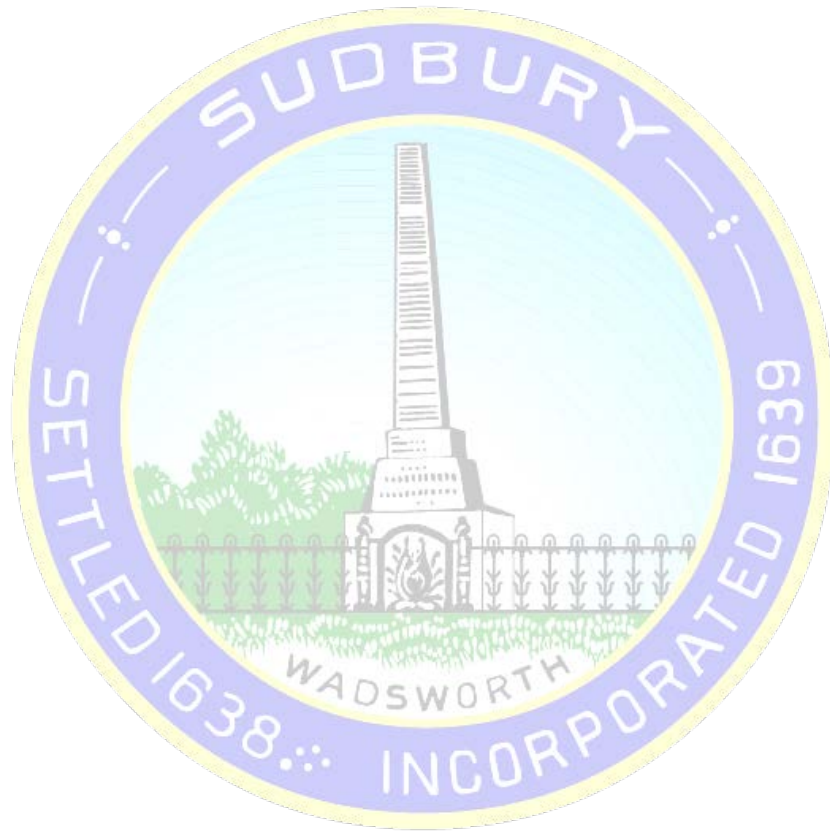
|                                    | FY12<br>Actual | FY13<br>Actual | FY14<br>Appropriated | FY15<br>Appropriated |
|------------------------------------|----------------|----------------|----------------------|----------------------|
| <b>MINUTEMAN VOCATIONAL</b>        |                |                |                      |                      |
| Operating Assessment               | 338,031        | 274,416        | 444,837              | 549,340              |
| <b>Total: Minuteman Vocational</b> | <b>338,031</b> | <b>274,416</b> | <b>444,837</b>       | <b>549,340</b>       |

### BUDGET ISSUES

The FY15 budget assessment for Sudbury is increasing by \$104,503, compared to the FY14 budget. The increase in Sudbury's assessment is due to changes in enrollment. Sudbury student enrollment at Minuteman is expected to increase from 17 to 22 students in FY15. The total budget for the District is increasing by \$1,097,967 or 5.9%, compared to the FY14 budget. For further details regarding this budget grouping, see the District's budget information located on their website.



Section Seven  
**Capital Investment Budget**



# Capital



## Capital Budget Summary

|                                     | FY12<br>Actual | FY13<br>Actual | FY14<br>Appropriated | FY15<br>No-Override |
|-------------------------------------|----------------|----------------|----------------------|---------------------|
| <b>CAPITAL</b>                      |                |                |                      |                     |
| Operating Capital Expenditures*     | 222,003        | 255,584        | 284,062              | 296,000             |
| Capital Exclusions                  | -              | -              | 700,000              | 685,000             |
| Available Funds                     | -              | -              | -                    | 1,618,300           |
| <b>Total Capital &amp; Articles</b> | <b>222,003</b> | <b>255,584</b> | <b>984,062</b>       | <b>2,599,300</b>    |

\* Excludes leases for equipment & police cruisers.

|                                | FY12<br>Actual | FY13<br>Actual | FY14<br>Appropriated | FY15<br>No-Override |
|--------------------------------|----------------|----------------|----------------------|---------------------|
| <b>CAPITAL BY CATEGORY</b>     |                |                |                      |                     |
| Town Buildings                 | 59,607         | 51,925         | 62,062               | 40,000              |
| General Government             | -              | 37,000         | -                    | -                   |
| Public Safety                  | 72,396         | 61,659         | 20,000               | 725,000             |
| Public Works                   | -              | 50,000         | 750,000              | 699,300             |
| Sudbury Public Schools         | 90,000         | 55,000         | 152,000              | 515,000             |
| LS District (Sudbury Share)    | -              | -              | -                    | 620,000             |
| <b>Total: Capital Expenses</b> | <b>222,003</b> | <b>255,584</b> | <b>984,062</b>       | <b>2,599,300</b>    |

## REPORT ON CAPITAL SPENDING

The Town of Sudbury owns capital assets valued at over \$164 million dollars. That includes all Town buildings and other major assets, SPS buildings, and 85% of the Lincoln-Sudbury Regional High School. This is a huge investment taxpayers have made in the assets that support the Town and educational services they want for a valued quality of life. Planning for the maintenance, replacement, expansion, and improvement of these assets is a critical component of the Town's work and requires careful planning and coordination from all Town and school officials. This report covers two critical aspects of this responsibility: The amounts which were appropriated for spending at the 2014 Annual Town Meeting (ATM) for spending in FY15 (July 1, 2014 – June 30, 2015) and a preliminary five year capital improvement program (CIP).

## BACKGROUND

The Town has a Capital Improvement Advisory Committee (CIAC) that works hard to bring order and priorities and due diligence to the many requests from Town, SPS and L-S. But their efforts have been hampered by the lack of a financing framework agreed upon among the many stakeholders and service providers in Sudbury. The statement of that problem can be found in the Strategic Financial Planning Report, dated April 4, 2013 and found on the Town's website. <http://sudbury.ma.us/departments/BoardOfSelectmen/doc8579/StrategicFinancialPlanningReport-4-9-13.pdf>. To address that problem, the Board of Selectmen formed a committee (the Strategic Financing Planning Committee for Capital - SFPCC) to make recommendations about how the Town should make financing decisions for capital expenditures, both for FY15 and for the subsequent years. The SFPCC developed a policy, unanimously endorsed it, and presented it to the Board of Selectmen, Finance Committee and Capital Improvement Advisory Committee for their consideration. This policy formed the structure for the FY15 capital budget and eight capital articles brought to the 2014 Annual Town Meeting.

### **Capital Funding Policy (v.02-10-2014)**

The Capital Funding Policy is a recommendation with regard to the funding of those capital requests that may be recommended by the CIAC. It is not an endorsement of the future requests that are likely as a result of the inventory of capital needs prepared by Town and School staff that was delivered in April 2013.

### FY15

- Continue with the “capital budget within tax levy” to pay for small items.
- To the extent recommended by the CIAC, use a portion of Free Cash in FY15 to catch up on the large backlog of rolling stock needs (\$558K), several important SPS and Town facility needs (\$440K), and fund Sudbury's share of the LS network need (\$620K).
- Set up a Rolling Stock Stabilization Fund as a means to enable the purchase of rolling stock for cash in the future and discontinue leasing.
- Use a capital exclusion to pay for public safety equipment (fire truck and ambulance).
- Consider a capital exclusion for those projects that the CIAC determines should not be deferred. Defer the remainder of Small Project needs.
- Use a debt exclusion to bond the Police Station project.

### Post FY15

- Continue with the “capital budget within tax levy” to pay for small items.
- Fund the Rolling Stock Stabilization Fund with annual contributions to be determined and plan to pay cash for rolling stock. No more new leasing.

- Use capital exclusions to pay for occasional very large rolling stock purchases (e.g. fire trucks).
- Generally use capital exclusions to pay for Small Projects except: Consider financing some of the 2016-2018 bulge in Small Projects over a period not to exceed ten years to get past the backlog and avoid spikes in capital exclusion requests of the taxpayers.
- Generally try to reserve debt usage for Large Projects.
- Use debt exclusions to bond large projects over the term permitted by State law.

Timing to be Determined: Consider the ESCO approach to funding the cost of some energy and infrastructure projects with the energy savings produced by those projects.

Still under Discussion: The establishment of special purpose stabilization funds as permitted under State law to smooth the funding and tax impact of specific types of capital needs.

## **SOURCE OF FUNDING FOR CAPITAL SPENDING**

There are six different funding methods/types of capital spending appropriations that Sudbury has used for capital projects. This description of the financing method is very brief – for more information see [Presenting and Funding Capital Expenditures](#) on the Town of Sudbury’s website. A key element to be aware of involves timing for projects authorized for debt financing. Typically, the first debt service payment does not occur in the same year the project is approved at Town Meeting. The tables in this section of the report focus on the debt service payments owed in each fiscal year, NOT the debt authorizations that might have been made in that year. A later section of this report will track the debt authorizations.

1. Issuance of Bonds/Debt exemption. Bonds refer to expenditures that are financed through borrowing money and paying it back over time. These bonds are limited by state law to certain types of projects, and the laws further limit the amount of time for payback of the bond by type of project. Bonds are typically issued for very large projects that would otherwise have a disruptive effect on the operating budget as well as provide benefits to the town and taxpayers for many years in the future, typically well after the bond is paid off. Examples of projects for which bonds are issued include construction of a building, purchase of land, or major improvements to a building. Traditionally, Sudbury Board of Selectmen has asked that each bond be approved by Town Meeting and by voters via a debt exemption for raising taxes to repay the debt. NOTE: Sudbury had issued debt for land acquisition for open space/conservation purposes before adoption of the Community Preservation Act (CPA).
2. Capital exclusion. This is also a method that requires approval at Town Meeting and an affirmative vote at a Town Election to exempt the taxes for a project from the limits of Proposition 2 ½. The taxes are not increased to pay for debt service for a bond, however. Instead additional taxes are raised in one fiscal year to allow the Town to pay cash for a capital project, and then the following fiscal year, the additional tax levy goes away.
3. Leasing. Leasing is another way of financing a large project over time. The Town has been leasing major Public Works equipment for five year terms. Funds for the annual payback of the lease are budgeted within the levy, as part of the Department of Public Works budget.

4. Capital Budget Cash. This refers to capital expenditures for which the funds are raised entirely within the levy in one fiscal year in a separate article after approval by Town Meeting. The projects within the capital budget may take several years to complete, but the budget is charged the entire amount within one fiscal year. This is limited by policy to smaller cost projects that can be accomplished in a short time period as well.
5. Free Cash. A budget surplus from prior years' budgets that is certified by the State Department of Revenue and can be used for capital purposes is Free Cash. Free Cash is considered one-time revenue, and as such is proposed for one time uses such as capital projects. At the 2014 Annual Town Meeting, \$1,618,300 in Free Cash was appropriated for capital purposes.
6. Other. These are funds that typically are not recurring and are outside of the general fund and the tax levy. Examples are grants, gifts, user fees, enterprise funds, private donations, trust funds, etc. There was no capital spending authorized in FY14 from "other" sources, but there has been in prior years.

#### **2014 ANNUAL TOWN MEETING CAPITAL SPENDING AUTHORIZATIONS**

Sudbury's overall capital spending authorized by the 2014 Annual Town Meeting is a combination of the spending in these six categories.

1. Debt service – the amount appropriated under Article 4 for principal repayment and interest on previously issued bonds, from taxes outside the tax levy as approved at previous Town Meetings and election votes
2. Capital exclusions – the amount appropriated under Article 15, to be raised in FY15, from extra taxes voted outside the tax levy
3. Lease payments – the amount paid for principal and interest for DPW heavy equipment, appropriated under Article 4
4. Capital budget – the amount appropriated under Article 13, from within the tax levy
5. Capital articles from Free Cash – the amounts appropriated under capital Articles 16, 17, 18, 19, and 20, and funded by Free Cash
6. Capital spending in articles from Other sources – none appropriated at 2014 ATM

NOTE: the 2014 Annual Town Meeting also authorized two major projects that will obligate the Town to budget for debt and lease payments in future years. This includes the Article 14: Construct Police Headquarters and Article 22: Energy Services company Energy Improvement Program. Since the debt service and lease payments are not known until the bonds and leases have been issued and finalized, they are not included as part of capital spending for FY15.

Table 1 provides this capital spending authorized by the 2014 Annual Town Meeting for FY15 capital spending by these 6 categories of capital spending.

|                                       | <b>FY15<br/>Appropriated</b> |
|---------------------------------------|------------------------------|
| <b>CAPITAL BY SPENDING CATEGORIES</b> |                              |
| Debt Service (net)                    | 2,047,777                    |
| Capital Exclusions                    | 685,000                      |
| Lease Payments                        | 271,040                      |
| Operating Budget                      | 296,000                      |
| Articles using Free Cash              | 1,618,300                    |
| Other Sources                         | -                            |
| <b>Total Capital Spending</b>         | <b><u>4,918,116</u></b>      |

Table 2 provides a comparison of the FY15 capital expenditures compared to FY14 by these same 6 categories of capital spending.

|                                       | <b>FY14<br/>Appropriated</b> | <b>FY15<br/>Appropriated</b> | <b>Difference<br/>FY14-FY15</b> |
|---------------------------------------|------------------------------|------------------------------|---------------------------------|
| <b>CAPITAL BY SPENDING CATEGORIES</b> |                              |                              |                                 |
| Debt Service (net)                    | 3,380,475                    | 2,047,777                    | (1,332,698)                     |
| Capital Exclusions                    | 700,000                      | 685,000                      | (15,000)                        |
| Lease Payments                        | 283,274                      | 271,040                      | (12,234)                        |
| Operating Budget                      | 284,062                      | 296,000                      | 11,938                          |
| Articles using Free Cash              | -                            | 1,618,300                    | 1,618,300                       |
| Other Sources                         | -                            | -                            | -                               |
| <b>Total Capital Spending</b>         | <b><u>4,647,811</u></b>      | <b><u>4,918,116</u></b>      | <b><u>270,306</u></b>           |

#### **FY15 CAPITAL SPENDING BY PROJECT AREA/ARTICLE**

Each article from the 2014 Annual Town Meeting authorizing capital projects and capital spending is described below.

##### Article 4: All non-CPA Debt Service

All debt service for the coming year is appropriated as part of operating budget article. The total principal and interest for debt previously issued for Town, SPS and LSRHS (Sudbury's share) for FY15 is \$3,749,276 gross or (shown above) \$2,068,052 net of MSBA project reimbursement. For further details regarding this budget grouping, see **Section 9**.

##### Article 13: FY15 Capital Budget

As noted previously, this is the spending for capital that is within levy and is set aside for relatively smaller capital projects – generally those under \$50,000 that can be approved by the Town Manager and not reviewed by the CIAC.

Table 3 lists the capital projects approved for FY15 by Sudbury Town Meeting for a total of \$296,000, as well as and spending for FY13 and FY14.

|                                                | <b>FY13</b>    | <b>FY14</b>         | <b>FY15</b>         |
|------------------------------------------------|----------------|---------------------|---------------------|
|                                                | <b>Actual</b>  | <b>Appropriated</b> | <b>Appropriated</b> |
| <b>OPERATING CAPITAL ARTICLE BY DEPARTMENT</b> |                |                     |                     |
| DPW/Highway                                    | 50,000         | 50,000              | 96,000              |
| DPW/Parks & Grounds                            | -              | -                   | 45,000              |
| Facilities/SPS                                 | 55,000         | 152,000             | 75,000              |
| Facilities/Town                                | 51,925         | 62,062              | 40,000              |
| Fire                                           | 30,909         | 20,000              | 40,000              |
| Information Systems                            | 37,000         | -                   | -                   |
| Police                                         | 30,750         | -                   | -                   |
| <b>Total</b>                                   | <b>255,584</b> | <b>284,062</b>      | <b>296,000</b>      |

Article 14: Construct Police Headquarters

Under this article, Town Meeting and Sudbury voters approved the issuance of bonds for \$7,200,000 to construct a new police station on land on Hudson Road, adjacent to the Fire Headquarters. It is not anticipated that bonds will be issued for this large project prior to FY16 therefore zero costs are attributed to FY15.

Article 15: Purchase of Fire Department Ambulance and Fire Engine

Under this article, Town Meeting and Sudbury voters approved the spending of \$685,000 to acquire a new fire engine and a new ambulance. The additional funds will be raised by capital exclusion in FY15, meaning that taxes will be raised to pay this amount for one year only. The entire expenditure of \$685,000 is therefore attributed to FY15.

Article 16: DPW Rolling Stock Replacement

Under this article Town Meeting approved \$558,300 spending to replace 10 old pieces of DPW equipment. This includes 6 trucks, one wood chipper, one front-end loader, one 11-foot plow, and one installed sander. Free Cash was the funding source for this expenditure. The entire expenditure of \$558,300 is attributed to FY15.

Article 17: Technology Infrastructure Improvements for LSRHS

Under this article Town Meeting approved spending \$620,000 for spending to purchase new technology infrastructure equipment at the LS. This amount represents Sudbury's share of the project. The Town of Lincoln is contributing their share to the project, as well. Free Cash was the funding source for this expenditure. The entire expenditure of \$620,000 is attributed to FY15.

Article 18: Purchase of New Phone System at Loring Elementary School

Under this article Town Meeting approved spending \$40,000 to replace the aged phone systems at this elementary school. Free Cash was the funding source for this expenditure. The entire expenditure of \$40,000 will be attributed to FY15.

Article 19: School Driveways, parking lots and sidewalk improvements

Under this article Town Meeting approved spending \$330,000 to construct and make repairs to the sidewalks, driveways and parking lots of the elementary schools, primarily at Nixon Elementary

School and Curtis Middle School. Free Cash was the funding source for this expenditure. The entire expenditure of \$330,000 is attributed to FY15.

Article 20: Purchase of technology devices at Curtis Middle School

Under this article Town Meeting approved spending \$70,000 to purchase technology devices for the Curtis Middle School. Free Cash was the funding source for this expenditure. The entire expenditure of \$70,000 is attributed to FY15.

Article 21: Fairbank Community Center Roof Project

Under this article Town Meeting approved spending \$100,000 for the purpose of making repairs to the flat roof areas at the Fairbank Community Center. The entire amount was raised from a transfer of funds from an existing 2012 ATM capital article. Consequently, zero costs are attributed FY15; instead the \$100,000 as it is spent will be attribute to FY13.

Article 22: Energy Services Company Energy Improvement Program (ESCO)

Under this article Town Meeting approved the agreement to incur \$1,092,073 in lease payments to be repaid over a 15 year period, for the purpose of making energy related improvements to public buildings owned by the Town of Sudbury. The payment of the annual lease obligations is not anticipated to begin prior to FY16 therefore no costs are attributed to FY15.

**FY15 CAPITAL REQUESTS DEFERRED**

Approximately \$5.1 million in capital expenditures were submitted for the FY15 budget cycle. Even with all articles passed at Town Meeting, there were still a number of capital project requests that were not recommended for funding in the current budget cycle. Most if not all of these deferred items will be resubmitted for the FY16 capital budget cycle therefore they have been moved into the FY16 column for the preceding exhibit.

**FIVE YEAR CAPITAL IMPROVEMENT PLAN (CIP)**

As noted earlier the Town, SPS and L-S staff worked closely together to produce a report Strategic Financial Planning Report in April 2013 that summarized long term capital needs for the Town and the schools. In a very in-depth manner, staff made projections of capital needs through 2027 in three categories: major projects (Group A on page 20 of the report), smaller projects (Group B on page 86 in the report), and DPW rolling stock and equipment, Fire Department Apparatus, and School vehicles (Group C on page 88 in the report), and a final listing of uncertain projects. Further, the report recommended that the Town try to spend \$340,000 annually for the capital budget (cash) article.

The five year capital improvement plan is the total of the capital spending for FY15 plus staff's best projection of the projects that will be brought forth in FY16–FY19 in these three areas, plus the annual capital budget, plus spending for debt service and leases for both existing projects and those which have been authorized by Town Meeting but the debt has not yet been issued. Finally, it includes estimates for those projects that are in discussion stages now but have not yet been submitted to Sudbury's Annual Town Meeting for authorization. For planning and discussion purposes, the five year capital improvement plan keeps all of these items together in one spreadsheet so that priorities and choices can be established where projects exceed anticipated funding available.



| CID                              | Project Description                                                  | Strategic Plan Group | Start/Duration   | 5-Year Total      |                   |                   |                   |                   |                     |
|----------------------------------|----------------------------------------------------------------------|----------------------|------------------|-------------------|-------------------|-------------------|-------------------|-------------------|---------------------|
|                                  |                                                                      |                      |                  | FY15              | FY16              | FY17              | FY18              | FY19              |                     |
| <b>Facilities/Town buildings</b> |                                                                      |                      |                  |                   |                   |                   |                   |                   |                     |
| <b>1013</b>                      | <b>ESCO Project estimated cost \$1,093,073)</b>                      | <b>B</b>             | <b>FY15</b>      | <b>\$ 110,000</b> | <b>\$ 110,000</b> | <b>\$ 110,000</b> | <b>\$ 110,000</b> | <b>\$ 110,000</b> | <b>\$ 550,000</b>   |
| 5092                             | Various Building Improvements                                        | D                    | FY15-FY30        | \$ 40,000         | \$ 50,000         | \$ 50,000         | \$ 50,000         | \$ 50,000         | \$ 240,000          |
| 5016                             | Fairbank Center - Flat Roof                                          | B                    | FY16             |                   | 700,000           |                   |                   |                   | 700,000             |
| 5127                             | DPW Cold Storage Addition                                            | B                    | FY16             |                   | 325,000           |                   |                   |                   | 325,000             |
| 5157                             | Underground Fuel Storage Replacement                                 | B                    | FY16             |                   | 200,000           |                   |                   |                   | 200,000             |
| 5158                             | Energy Improvements                                                  | B                    | FY16             |                   | 100,000           |                   |                   |                   | 100,000             |
| 5142                             | Infrared Radiant Heat for DPW                                        | B                    | FY16             |                   | 64,000            |                   |                   |                   | 64,000              |
| 5136                             | Lighting System Improvements for Library                             | B                    | FY16             |                   | 62,000            |                   |                   |                   | 62,000              |
| 5033                             | Goodnow Library Re-carpeting                                         | B                    | FY16             |                   | 59,000            |                   |                   |                   | 59,000              |
| 5030                             | DPW Highway Garage Roof                                              | B                    | FY16             |                   | 124,743           |                   |                   |                   | 124,743             |
| 5128                             | Library Roof Replacement (areas 2,3,6,7 and slate repairs)           | B                    | FY16             |                   | 124,379           |                   |                   |                   | 124,379             |
| 5022                             | Fairbank Center - HVAC controls                                      | B                    | FY16             |                   | 120,000           |                   |                   |                   | 120,000             |
| 5156                             | Replace Kitchen at Headquarters                                      | B                    | FY16             |                   | 100,000           |                   |                   |                   | 100,000             |
| 5038                             | Fire HQ Roof                                                         | B                    | FY16             |                   | 90,295            |                   |                   |                   | 90,295              |
| <b>1001</b>                      | <b>Construct Police Station (Project estimated cost \$8,527,000)</b> | <b>A</b>             | <b>FY16-FY35</b> | <b>\$ 620,000</b> | <b>\$ 620,000</b> | <b>\$ 620,000</b> | <b>\$ 620,000</b> | <b>\$ 620,000</b> | <b>\$ 2,480,000</b> |
| 5015                             | Fairbank Window Replacement                                          | B                    | FY17             |                   | 230,000           |                   |                   |                   | 230,000             |
| 5137                             | Lighting System Improvements for Curtis                              | B                    | FY17             |                   | 176,000           |                   |                   |                   | 176,000             |
| 5132                             | New Energy Management System for DPW                                 | B                    | FY17             |                   | 170,000           |                   |                   |                   | 170,000             |
| 1009                             | DPW Garage Floor Replacement                                         | B                    | FY17             |                   | 150,000           |                   |                   |                   | 150,000             |
| 5037                             | Fire Station 3 Roof                                                  | B                    | FY17             |                   | 63,430            |                   |                   |                   | 63,430              |
| 5134                             | New Energy Management System for Library                             | B                    | FY17             |                   | 62,000            |                   |                   |                   | 62,000              |
| 5041                             | Hosmer House Roof                                                    | D                    | FY17             |                   | 36,400            |                   |                   |                   | 36,400              |
| 5024                             | Flynn Building Exterior Paint                                        | D                    | FY17             |                   | 36,000            |                   |                   |                   | 36,000              |
| 5027                             | Flynn Building Roof Repair                                           | D                    | FY17             |                   | 33,746            |                   |                   |                   | 33,746              |
| 5025                             | Flynn Building - 2nd floor bathroom                                  | D                    | FY17             |                   | 30,000            |                   |                   |                   | 30,000              |
| 5044                             | Haynes Meadow House - boiler                                         | D                    | FY17             |                   | 10,000            |                   |                   |                   | 10,000              |
| 5084                             | Fairbanks/Senior Center Fire Alarm/Sprinkler                         | B                    | FY18             |                   |                   | 350,000           |                   |                   | 350,000             |
| 5144                             | DPW underground fuel tanks and pump replacements                     | B                    | FY18             |                   |                   | 120,000           |                   |                   | 120,000             |
| 5095                             | Flynn Building - Int. alterations                                    | B                    | FY18             |                   |                   | 80,000            |                   |                   | 80,000              |
| 1006                             | Parks and Grounds Storage Building                                   | B                    | FY18             |                   |                   | 80,000            |                   |                   | 80,000              |
| 5133                             | New Energy Management System for Flynn                               | B                    | FY18             |                   |                   | 76,000            |                   |                   | 76,000              |
| 5138                             | Lighting System Improvements for Haynes                              | B                    | FY18             |                   |                   | 69,000            |                   |                   | 69,000              |
| 5139                             | Lighting System Improvements for Loring                              | B                    | FY18             |                   |                   | 51,000            |                   |                   | 51,000              |
| 5036                             | South Fire Station Roof                                              | D                    | FY18             |                   |                   | 41,057            |                   |                   | 41,057              |
| 5032                             | Goodnow Library Roof                                                 | D                    | FY18             |                   |                   | 38,890            |                   |                   | 38,890              |
| 5034                             | Goodnow Library Painting Interior                                    | D                    | FY18             |                   |                   | 35,000            |                   |                   | 35,000              |

| CID                   | Project Description                                                    | Strategic Plan |                  | Start/Duration | FY15              | FY16              | FY17              | FY18              | FY19              | 5-Year Total      |
|-----------------------|------------------------------------------------------------------------|----------------|------------------|----------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
|                       |                                                                        | Group          | Duration         |                |                   |                   |                   |                   |                   |                   |
| 5035                  | Fire Station Painting                                                  | D              | FY18             |                |                   |                   |                   | \$ 28,000         |                   | \$ 28,000         |
| 5040                  | Loring Parsonage Painting                                              | D              | FY18             |                |                   |                   |                   | \$ 16,000         |                   | \$ 16,000         |
| 5026                  | Flynn Building HVAC                                                    | B              | FY19             |                |                   |                   |                   |                   | \$ 180,000        | \$ 180,000        |
| 5129                  | Library Roof Replacement (areas 4 & 5)                                 | B              | FY19             |                |                   |                   |                   |                   | \$ 143,700        | \$ 143,700        |
| 5140                  | Lighting System Improvements for Nixon                                 | B              | FY19             |                |                   |                   |                   |                   | \$ 80,000         | \$ 80,000         |
|                       | <b>Existing Debt Service</b>                                           |                |                  |                |                   |                   |                   |                   |                   |                   |
|                       |                                                                        |                |                  |                | \$ -              | \$ -              | \$ -              | \$ -              | \$ -              | \$ -              |
|                       |                                                                        |                |                  |                | \$ 150,000        | \$ 2,849,417      | \$ 1,777,576      | \$ 1,764,947      | \$ 1,183,700      | \$ 7,725,640      |
| <b>Facilities/SPS</b> |                                                                        |                |                  |                |                   |                   |                   |                   |                   |                   |
| 5107                  | Nixon Parking Lot Replacement and repairs                              | B              | FY15             |                | \$ 330,000        |                   |                   |                   |                   | \$ 330,000        |
| 5111                  | School Phone Systems (4 schools: Curtis, Noyes, Loring & Haynes)       | B              | FY15-FY19        |                | \$ 40,000         | \$ 27,000         | \$ 27,000         | \$ 28,000         | \$ 28,000         | \$ 150,000        |
| 5097                  | Schools Carpet/Flooring Replacement                                    | B              | FY15-FY21        |                | \$ 75,000         | \$ 50,000         | \$ 75,000         | \$ 75,000         | \$ 75,000         | \$ 350,000        |
| 5146                  | Nixon Cafeterium Roof/windows and exterior doors                       | B              | FY16             |                | \$ 400,000        |                   |                   |                   |                   | \$ 400,000        |
| 5145                  | Nixon Envelope and Waterproofing                                       | B              | FY16             |                | \$ 60,000         |                   |                   |                   |                   | \$ 60,000         |
| 5143                  | Demand Control Ventilation for Curtis                                  | B              | FY16             |                | \$ 51,000         |                   |                   |                   |                   | \$ 51,000         |
| 5054                  | Curtis Inside/Outside Door Replacements                                | D              | FY16             |                | \$ 40,000         |                   |                   |                   |                   | \$ 40,000         |
| 5057                  | Haynes, Nixon, & Noyes Heating System Control Upgrade                  | B              | FY16             |                | \$ 349,000        |                   |                   |                   |                   | \$ 349,000        |
| 5104                  | Nixon Replace windows (1960)                                           | B              | FY16             |                | \$ 215,000        |                   |                   |                   |                   | \$ 215,000        |
| 5052                  | Curtis, Nixon, & Loring Parking Lot & Walk-way patching & repair       | B              | FY16             |                | \$ 100,000        |                   |                   |                   |                   | \$ 100,000        |
| 5065                  | Loring Boiler Control w/Johnson DDC & modulating boiler control        | B              | FY16             |                | \$ 100,000        |                   |                   |                   |                   | \$ 100,000        |
| 5098                  | Loring School Roof Top Unit #1                                         | B              | FY16             |                | \$ 75,000         |                   |                   |                   |                   | \$ 75,000         |
| 5105                  | Haynes, Nixon & Noyes HVAC                                             | B              | FY16             |                | \$ 60,000         |                   |                   |                   |                   | \$ 60,000         |
| 5085                  | Nixon Cafeterium Roof Repair/Replacement (FY18)                        | B              | FY16             |                | \$ 60,000         |                   |                   |                   |                   | \$ 60,000         |
| <b>5086</b>           | <b>Nixon Roof Areas 1,2,4,5,6 (Project estimated cost \$1,000,000)</b> | <b>A</b>       | <b>FY16-FY25</b> |                | <b>\$ 117,000</b> | <b>\$ 117,000</b> | <b>\$ 117,000</b> | <b>\$ 117,000</b> | <b>\$ 117,000</b> | <b>\$ 468,000</b> |
| 5091                  | Nixon Fire Sprinkler                                                   | B              | FY17             |                | \$ 275,000        |                   |                   |                   |                   | \$ 275,000        |
| 5100                  | Curtis School RTU HVAC #7                                              | B              | FY17             |                | \$ 70,000         |                   |                   |                   |                   | \$ 70,000         |
| 5099                  | Curtis School RTU HVAC #8                                              | B              | FY17             |                | \$ 70,000         |                   |                   |                   |                   | \$ 70,000         |
| 5082                  | Noyes Fire Sprinkler System                                            | B              | FY18             |                |                   | \$ 490,000        |                   |                   |                   | \$ 490,000        |
| 5106                  | Curtis Parking Lot & Walkway                                           | B              | FY18             |                |                   | \$ 225,000        |                   |                   |                   | \$ 225,000        |
| 5108                  | Loring Parking Lot & Walkway                                           | B              | FY18             |                |                   | \$ 175,000        |                   |                   |                   | \$ 175,000        |
| 5101                  | Curtis School RTU HVAC #9, #12                                         | B              | FY18             |                |                   | \$ 105,000        |                   |                   |                   | \$ 105,000        |
| 5135                  | New Energy Management System for Curtis                                | B              | FY19             |                |                   |                   | \$ 230,000        |                   |                   | \$ 230,000        |
| 5109                  | Generator Replacement - Noyes                                          | B              | FY19             |                |                   |                   | \$ 85,000         |                   |                   | \$ 85,000         |
|                       | <b>Existing Debt Service-SPS</b>                                       |                |                  |                |                   |                   |                   |                   |                   |                   |
|                       |                                                                        |                |                  |                | \$ 2,567,013      | \$ 2,372,313      | \$ 2,221,325      | \$ 2,144,400      | \$ 2,052,125      | \$ 11,357,175     |
|                       |                                                                        |                |                  |                | \$ 3,012,013      | \$ 4,076,313      | \$ 2,855,325      | \$ 3,359,400      | \$ 2,587,125      | \$ 15,890,175     |

| CID                  | Project Description                                | Strategic Plan Group | Start/Duration | 5-Year            |                   |                   |                   |                   | 5-Year Total        |
|----------------------|----------------------------------------------------|----------------------|----------------|-------------------|-------------------|-------------------|-------------------|-------------------|---------------------|
|                      |                                                    |                      |                | FY15              | FY16              | FY17              | FY18              | FY19              |                     |
| <b>Facilities-LS</b> |                                                    |                      |                |                   |                   |                   |                   |                   |                     |
| 7029                 | Boiler Building-Cold Storage Conversion            | B                    | FY16           | \$ 200,000        |                   |                   |                   |                   | \$ 200,000          |
| 7028                 | Rooftop Units (16)                                 | B                    | FY17-FY20      |                   | \$ 40,000         | \$ 40,000         | \$ 40,000         | \$ 40,000         | \$ 120,000          |
| 7022                 | Hot water Heaters (2)                              | B                    | FY18-FY19      |                   |                   | \$ 50,000         | \$ 50,000         | \$ 50,000         | \$ 100,000          |
|                      | <b>Existing Debt Service-LS (Sudbury share)</b>    |                      |                | <b>\$ 688,613</b> | <b>\$ 668,616</b> | <b>\$ 650,383</b> | <b>\$ 632,150</b> | <b>\$ 613,329</b> | <b>\$ 3,253,092</b> |
|                      |                                                    |                      |                | <b>\$ 688,613</b> | <b>\$ 868,616</b> | <b>\$ 690,383</b> | <b>\$ 722,150</b> | <b>\$ 703,329</b> | <b>\$ 3,673,092</b> |
| <b>DPW Equipment</b> |                                                    |                      |                |                   |                   |                   |                   |                   |                     |
| 3073                 | 2013 Chevy 1 Ton 6 Wheel Dump                      | C                    | FY12           | \$ 10,015         | \$ 10,015         |                   |                   |                   | \$ 20,030           |
| 3024                 | 2010 Elgin Pelican Sweeper                         | C                    | FY13           | \$ 33,236         |                   |                   |                   |                   | \$ 33,236           |
| 3071                 | 2012 Prinoth Multi-Purpose Tractor                 | C                    | FY13           | \$ 29,041         | \$ 29,041         | \$ 29,041         |                   |                   | \$ 87,123           |
| 3084                 | 2012 Freightliner 10-Wheel Dump                    | C                    | FY13           | \$ 28,187         | \$ 28,187         |                   |                   |                   | \$ 56,374           |
| 3081                 | 2013 Freightliner 6-Wheel Dump Truck - New in FY13 | C                    | FY13           | \$ 25,321         | \$ 25,321         | \$ 25,321         |                   |                   | \$ 75,963           |
| 3070                 | 2010 Kubota Tractor/Boom Flail Mower               | C                    | FY13           | \$ 15,664         |                   |                   |                   |                   | \$ 15,664           |
| 3082                 | 2011 Chevrolet 6 Wheel Dump                        | C                    | FY13           | \$ 8,347          | \$ 8,347          |                   |                   |                   | \$ 16,694           |
| 3007                 | 1991 Mack Dump 6-Wheel                             | C                    | FY14           | \$ 34,300         | \$ 34,300         | \$ 34,300         | \$ 34,300         |                   | \$ 137,200          |
| 3026                 | 2014 Bombardier Tractor                            | C                    | FY14           | \$ 27,493         | \$ 27,493         | \$ 27,493         | \$ 27,493         |                   | \$ 109,972          |
| 3035                 | 1997 Bandit Chipper                                | C                    | FY15           | \$ 56,000         |                   |                   |                   |                   | \$ 56,000           |
| 3028                 | 2005 Chevy Silverado 1 Ton                         | C                    | FY15           | \$ 48,000         |                   |                   |                   |                   | \$ 48,000           |
| 3016                 | 2001 Chevy Silverado 1 Ton                         | C                    | FY15           | \$ 48,000         |                   |                   |                   |                   | \$ 48,000           |
| 3022                 | 2002 Chevy 1 Ton P/U                               | C                    | FY15           | \$ 48,000         |                   |                   |                   |                   | \$ 48,000           |
| 3030                 | 2004 GM 2400 Utility Truck                         | C                    | FY15           | \$ 48,000         |                   |                   |                   |                   | \$ 48,000           |
| 3017                 | 2006 Chevy Silverado 3/4 Ton                       | C                    | FY15           | \$ 45,000         |                   |                   |                   |                   | \$ 45,000           |
| 3020                 | 2006 Chevy Silverado Pick-Up                       | C                    | FY15           | \$ 45,000         |                   |                   |                   |                   | \$ 45,000           |
| 3021                 | 2005 Chevy Pick Up                                 | C                    | FY15           | \$ 45,000         |                   |                   |                   |                   | \$ 45,000           |
| 3049                 | 2001 Chevy Six Wheel Pickup                        | C                    | FY15           | \$ 45,000         |                   |                   |                   |                   | \$ 45,000           |
| 3048                 | 2002 Chevrolet 1-Ton Pick-Up                       | C                    | FY15           | \$ 45,000         |                   |                   |                   |                   | \$ 45,000           |
| 3010                 | 2000 Volvo Loader                                  | C                    | FY15           | \$ 194,000        |                   |                   |                   |                   | \$ 194,000          |
| 3008                 | 1999 John Deere Backhoe                            | C                    | FY15           | \$ 30,000         | \$ 30,000         | \$ 30,000         | \$ 30,000         |                   | \$ 150,000          |
| 3009                 | 1991 GMC Top Kick - Convert w/Clamshell & Crane    | C                    | FY15           | \$ 24,000         | \$ 24,000         | \$ 24,000         | \$ 24,000         |                   | \$ 120,000          |
| 3052                 | 1974 Toro Park Power                               | C                    | FY15           | \$ 21,000         | \$ 21,000         | \$ 21,000         | \$ 21,000         |                   | \$ 105,000          |
| 3092                 | 10-foot Stainless Steel Sander                     | C                    | FY15           | \$ 20,000         |                   |                   |                   |                   | \$ 20,000           |
| 3091                 | 11-foot Hydraulic Plow                             | C                    | FY15           | \$ 12,300         |                   |                   |                   |                   | \$ 12,300           |
| 3027                 | 2000 Chevy 1 Ton Dump Truck                        | C                    | FY16           |                   | \$ 50,000         |                   |                   |                   | \$ 50,000           |
| 3050                 | 2005 Chevy One Ton Pick-Up Truck                   | C                    | FY16           |                   | \$ 45,000         |                   |                   |                   | \$ 45,000           |
| 3029                 | 2004 Bandit Chipper                                | C                    | FY16           |                   | \$ 40,000         |                   |                   |                   | \$ 40,000           |
| 3032                 | 2000 Mack 10 Wheel Dump                            | C                    | FY16           |                   | \$ 160,000        |                   |                   |                   | \$ 160,000          |
| 3023                 | 2002 Chevy Silverado - 1 Ton                       | C                    | FY16           |                   | \$ 45,000         |                   |                   |                   | \$ 45,000           |

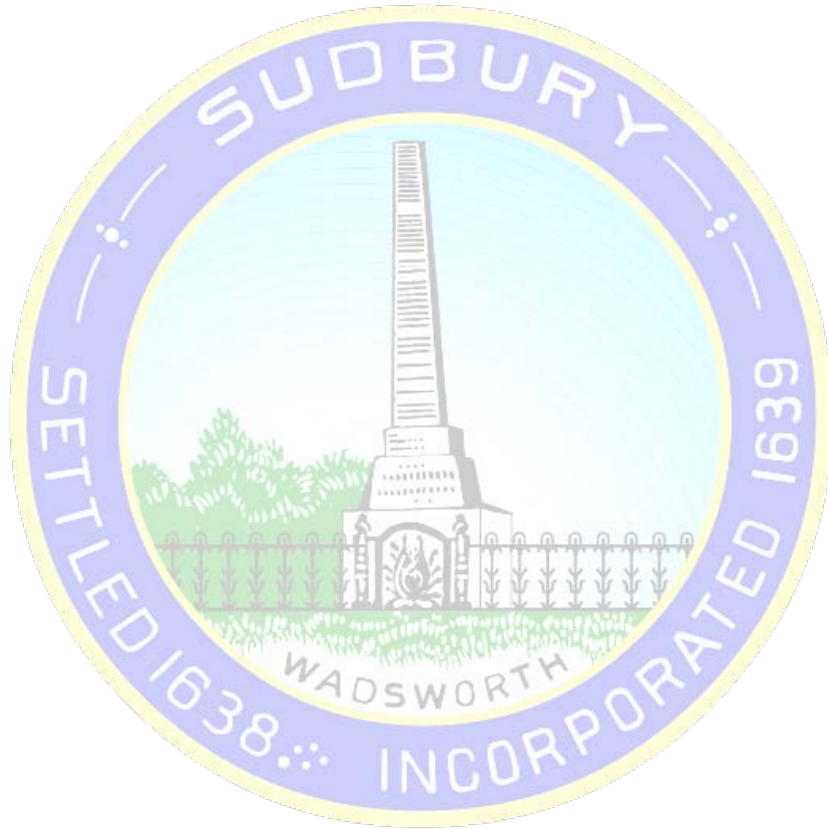
| CID   | Project Description                                            | Strategic Plan |           | Start/Duration | FY15       | FY16       | FY17       | FY18       | FY19       | 5-Year Total |
|-------|----------------------------------------------------------------|----------------|-----------|----------------|------------|------------|------------|------------|------------|--------------|
|       |                                                                | Group          | Duration  |                |            |            |            |            |            |              |
| 3051  | 2007 Chevy 1-Ton Pick-Up Truck                                 | C              | FY16      |                | \$ 45,000  |            |            |            |            | \$ 45,000    |
| 3036  | 2006 Mack 10-Wheel Dump                                        | C              | FY17      |                |            | \$ 160,000 |            |            |            | \$ 160,000   |
| 3033  | 2008 Volvo 10 Wheel Dump Truck                                 | C              | FY18      |                |            |            | \$ 160,000 |            |            | \$ 160,000   |
| 3053  | 1998 Jacobsen Gangmower                                        | C              | FY18      |                |            |            | \$ 80,000  |            |            | \$ 80,000    |
| 3024  | 2003 Bobcat or Equivalent                                      | C              | FY18      |                |            |            | \$ 55,000  |            |            | \$ 55,000    |
| 3025  | 2008 Chevy Silverado Flat Bed                                  | C              | FY18      |                |            |            | \$ 48,000  |            |            | \$ 48,000    |
| 3040  | 2004 Volvo L90E Loader                                         | C              | FY19      |                |            |            | \$ 145,000 |            |            | \$ 145,000   |
|       | <b>Start DPW Rolling Stock Stabilization Fund</b>              | C              | FY15      |                | \$ 100     |            |            |            |            | \$ 100       |
|       |                                                                |                |           |                | \$ 986,004 | \$ 622,704 | \$ 351,155 | \$ 479,793 | \$ 220,000 | \$ 2,659,656 |
|       | <b>Fire Equipment</b>                                          |                |           |                |            |            |            |            |            |              |
| 3002  | Fire Engine 1                                                  | C              | FY15      |                | \$ 465,000 |            |            |            |            | \$ 465,000   |
| 3060  | Ambulance F1                                                   | C              | FY15      |                | \$ 220,000 |            |            |            |            | \$ 220,000   |
| 3056  | Car 2 (Fire Dept.)                                             | C              | FY15      |                | \$ 40,000  |            |            |            |            | \$ 40,000    |
| 3001  | Ladder Truck                                                   | C              | FY16      |                | \$ 850,000 |            |            |            |            | \$ 850,000   |
| 3057  | Fire Engine 4                                                  | C              | FY17      |                | \$ 500,000 |            |            |            |            | \$ 500,000   |
| 5126  | Self Contained Breathing Apparatus (SCBA)                      | B              | FY17      |                | \$ 200,000 |            |            |            |            | \$ 200,000   |
| 3061  | Car 3 (Fire Dept.)                                             | C              | FY17      |                | \$ 45,000  |            |            |            |            | \$ 45,000    |
| 3062  | Car 1(Fire Dept.)                                              | C              | FY18      |                |            | \$ 40,000  |            |            |            | \$ 40,000    |
|       |                                                                |                |           |                | \$ 725,000 | \$ 850,000 | \$ 745,000 | \$ 40,000  | \$ -       | \$ 2,360,000 |
|       | <b>Town Technology &amp; Other</b>                             |                |           |                |            |            |            |            |            |              |
| 5151  | Town Clerk Copier TASKalfa 6551 ci                             | B              | FY16      |                | \$ 18,079  |            |            |            |            | \$ 18,079    |
| 3005  | Town Technology Plan                                           | B              | FY16-FY20 |                | \$ 100,000 | \$ 100,000 | \$ 100,000 | \$ 100,000 | \$ 100,000 | \$ 400,000   |
|       |                                                                |                |           |                | \$ -       | \$ 118,079 | \$ 100,000 | \$ 100,000 | \$ 100,000 | \$ 418,079   |
|       | <b>SPS Technology &amp; Other</b>                              |                |           |                |            |            |            |            |            |              |
| 3004  | SPS Technology Plan                                            | B              | FY15-FY20 |                | \$ 70,000  | \$ 100,000 | \$ 100,000 | \$ 100,000 | \$ 100,000 | \$ 470,000   |
| 3087  | 2000 Chevy One ton Diesel Truck w/ Lift-gate & Plow            | C              | FY16      |                | \$ 50,000  |            |            |            |            | \$ 50,000    |
| 3088  | 2005 7-Passenger Van #1 (Wheelchair)                           | C              | FY16      |                | \$ 40,000  |            |            |            |            | \$ 40,000    |
| 3089  | 2005 7-Passenger Van #2                                        | C              | FY17      |                | \$ 30,000  |            |            |            |            | \$ 30,000    |
|       |                                                                |                |           |                | \$ 70,000  | \$ 190,000 | \$ 130,000 | \$ 100,000 | \$ 100,000 | \$ 590,000   |
|       | <b>LS Technology &amp; Other</b>                               |                |           |                |            |            |            |            |            |              |
| 7004  | Upgrade Technology - Network Infrastructure and Wi-Fi Capacity | B              | FY15      |                | \$ 500,000 |            |            |            |            | \$ 500,000   |
| 7042  | Replace Aging Computers and Servers                            | B              | FY15      |                | \$ 120,000 |            |            |            |            | \$ 120,000   |
| 7045  | Scheduled Replacement of Laptops, Student Labs, and Servers    | B              | FY16      |                | \$ 320,000 |            |            |            |            | \$ 320,000   |
| 7003a | Buildings & Grounds Vehicle-1999 Ford F350 Dump Truck          | C              | FY16      |                | \$ 50,500  |            |            |            |            | \$ 50,500    |
| 7043  | Expand Fitness Area and Replace Equipment                      | B              | FY16      |                | \$ 50,000  | \$ 20,000  | \$ 20,000  | \$ 20,000  | \$ 20,000  | \$ 110,000   |
| 7001a | Athletic Van - 2003 Ford E350 Van - 12 Passenger               | FY16           |           |                | \$ 44,000  |            |            |            |            | \$ 44,000    |
| 7010  | Audio-Visual/Media Equipment                                   | D              | FY16      |                | \$ 35,000  |            |            |            |            | \$ 35,000    |

| CID                                              | Project Description                                              | Strategic Plan Group | Start/Duration | Funding      |                |                |                |                | 5-Year Total    |
|--------------------------------------------------|------------------------------------------------------------------|----------------------|----------------|--------------|----------------|----------------|----------------|----------------|-----------------|
|                                                  |                                                                  |                      |                | FY15         | FY16           | FY17           | FY18           | FY19           |                 |
| 3090                                             | 1999 Ransomes A250 Mower                                         | C                    | FY16           | \$ 16,500    | \$ 16,500      |                |                |                | \$ 16,500       |
| 7011                                             | Fine, Applied, Theater Arts Equipment                            | B                    | FY16-FY18      | \$ 25,000    | \$ 25,000      | \$ 20,000      | \$ 20,000      |                | \$ 70,000       |
| 7012                                             | Music Equipment                                                  | B                    | FY16-FY18      | \$ 20,000    | \$ 20,000      | \$ 20,000      | \$ 20,000      |                | \$ 60,000       |
| 7013                                             | Wellness Equipment                                               | B                    | FY16-FY19      | \$ 23,775    | \$ 18,965      | \$ 35,071      | \$ 7,440       |                | \$ 85,251       |
| 7044                                             | Applied Technology Lab Cart                                      | D                    | FY16           | \$ 25,000    |                |                |                |                | \$ 25,000       |
| 7001b                                            | Athletic Van - 2009-Chevrolet Express Van- 15 Passenger          | C                    | FY19           | \$ 620,000   | \$ 609,775     | \$ 83,965      | \$ 95,071      | \$ 77,440      | \$ 1,486,251    |
| <b>(Non-CPA) Recreation &amp; Open Space</b>     |                                                                  |                      |                |              |                |                |                |                |                 |
| 3085                                             | Recreation Van #2                                                | C                    | FY16           | \$ 28,000    |                |                |                |                | \$ 28,000       |
| 6014                                             | Featherland Field Redesign                                       | D                    | FY16           | \$ 40,000    |                |                |                |                | \$ 40,000       |
| 6018                                             | Feeley Field Reconstruction (Project estimated cost \$1,815,000) | A                    | FY16-FY35      | \$ 133,000   | \$ 133,000     | \$ 133,000     | \$ 133,000     | \$ 133,000     | \$ 532,000      |
| 1012                                             | Mult. Field Development (Project estimated cost \$1,865,000)     | B                    | FY17-FY36      | \$ 493,650   | \$ 479,600     | \$ 455,750     | \$ 430,100     | \$ 191,900     | \$ 1,919,000    |
|                                                  | Existing Debt Service                                            |                      |                | \$ 493,650   | \$ 680,600     | \$ 588,750     | \$ 703,100     | \$ 464,900     | \$ 1,071,900    |
| <b>Enterprises</b>                               |                                                                  |                      |                |              |                |                |                |                |                 |
| 3044                                             | 2006 Mack 10 Wheel Roll-Off (Transfer Stn)                       | C                    | FY16           | \$ 155,000   |                |                |                |                | \$ 155,000      |
| 5014                                             | Atkinson Pool Roof and Facade Improvements                       | B                    | FY16           | \$ 380,000   |                |                |                |                | \$ 380,000      |
| 5155                                             | Pool Maintenance                                                 | D                    | FY16           | \$ 40,000    |                |                |                |                | \$ 40,000       |
|                                                  |                                                                  |                      |                | \$ -         | \$ 575,000     | \$ -           | \$ -           | \$ -           | \$ 575,000      |
| <b>Other Town-wide</b>                           |                                                                  |                      |                |              |                |                |                |                |                 |
| 6005                                             | EPA Stormwater Improvements/Stormwater Management Plan           | B                    | FY16-FY20      | \$ 100,000   | \$ 100,000     | \$ 100,000     | \$ 100,000     | \$ 100,000     | \$ 400,000      |
| 6001                                             | Route 20 Intersections                                           | B                    | FY18-FY20      | \$ -         | \$ 250,000     | \$ -           | \$ -           | \$ -           | \$ 250,000      |
|                                                  |                                                                  |                      |                | \$ -         | \$ 100,000     | \$ 100,000     | \$ 350,000     | \$ 100,000     | \$ 650,000      |
|                                                  | <b>Total Capital Spending Plan</b>                               |                      |                | \$ 6,745,280 | \$ 11,540,504  | \$ 7,422,154   | \$ 7,714,461   | \$ 5,536,494   | \$ 37,099,793   |
| <b>Funding Sources for Capital Spending Plan</b> |                                                                  |                      |                |              |                |                |                |                |                 |
|                                                  | Exempt taxes for debt service                                    |                      |                | \$ 2,068,052 | \$ 1,839,305   | \$ 1,646,234   | \$ 1,525,426   | \$ 1,176,130   | \$ 8,255,147    |
|                                                  | Exempt taxes for capital exclusions                              |                      |                | \$ 685,000   | \$ -           | \$ -           | \$ -           | \$ -           | \$ 685,000      |
|                                                  | State MSBA grants for SPS facilities                             |                      |                | \$ 1,681,224 | \$ 1,681,224   | \$ 1,681,224   | \$ 1,681,224   | \$ 1,681,224   | \$ 8,406,120    |
|                                                  | Operating Budget Leases, Rolling Stock & ESCO                    |                      |                | \$ 396,604   | \$ 347,704     | \$ 301,155     | \$ 246,793     | \$ 185,000     | \$ 1,477,256    |
|                                                  | Operating Capital Budget article                                 |                      |                | \$ 296,000   | \$ 303,400     | \$ 310,985     | \$ 318,760     | \$ 326,729     | \$ 1,555,873    |
|                                                  | Free Cash, Town Meeting articles                                 |                      |                | \$ 1,618,400 | \$ -           | \$ -           | \$ -           | \$ -           | \$ 1,618,400    |
|                                                  | Other identified funding sources                                 |                      |                | \$ -         | \$ -           | \$ -           | \$ -           | \$ -           | \$ -            |
|                                                  | <b>Total Funding for Capital Spending Plan</b>                   |                      |                | \$ 6,745,280 | \$ 4,171,633   | \$ 3,939,598   | \$ 3,772,203   | \$ 3,369,083   | \$ 21,997,796   |
|                                                  | Difference (unidentified funding sources)                        |                      |                | \$ -         | \$ (7,368,871) | \$ (3,482,556) | \$ (3,942,258) | \$ (2,167,411) | \$ (15,101,997) |



## Section Eight

# Unclassified & Transfer Expenses



**UNCLASSIFIED – Town Wide Operating Expenses**

**MISSION OF THE PROGRAM**

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

**DESCRIPTION OF SERVICES**

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

**STAFFING**

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

**BUDGET ISSUES**

The FY15 budget is increasing by \$4,954, compared to the FY14 budget, primarily reflecting increases in Town costs for copier service, postage and financial audits.

|                                     | <b>FY12</b>    | <b>FY13</b>    | <b>FY14</b>         | <b>FY15</b>         |
|-------------------------------------|----------------|----------------|---------------------|---------------------|
|                                     | <b>Actual</b>  | <b>Actual</b>  | <b>Appropriated</b> | <b>Appropriated</b> |
| <b>TOWN-WIDE OPERATING EXPENSES</b> |                |                |                     |                     |
| Copier Supplies & Service           | 14,632         | 8,792          | 15,000              | 15,430              |
| Postage                             | 37,007         | 38,314         | 41,000              | 42,300              |
| Town Audit Fees                     | 33,000         | 23,500         | 35,000              | 37,000              |
| Telephone                           | 15,327         | 22,573         | 33,300              | 34,000              |
| Town Meetings and Elections         | 8,626          | 18,823         | 17,449              | 17,973              |
| Memorial Day                        | 1,950          | 1,700          | 1,950               | 1,950               |
| July 4th Celebration                | 4,000          | 4,000          | 4,000               | 4,000               |
| Encumbrances                        | 21,232         | 1,030          | -                   | -                   |
| <b>Total: Operating Expenses</b>    | <b>135,774</b> | <b>118,732</b> | <b>147,699</b>      | <b>152,653</b>      |

**UNCLASSIFIED – Transfer Accounts**

**MISSION OF THE PROGRAM**

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



## DESCRIPTION OF SERVICES

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

### Reserve Fund

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

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

### Salary Contingency Fund

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

## BUDGET ISSUES

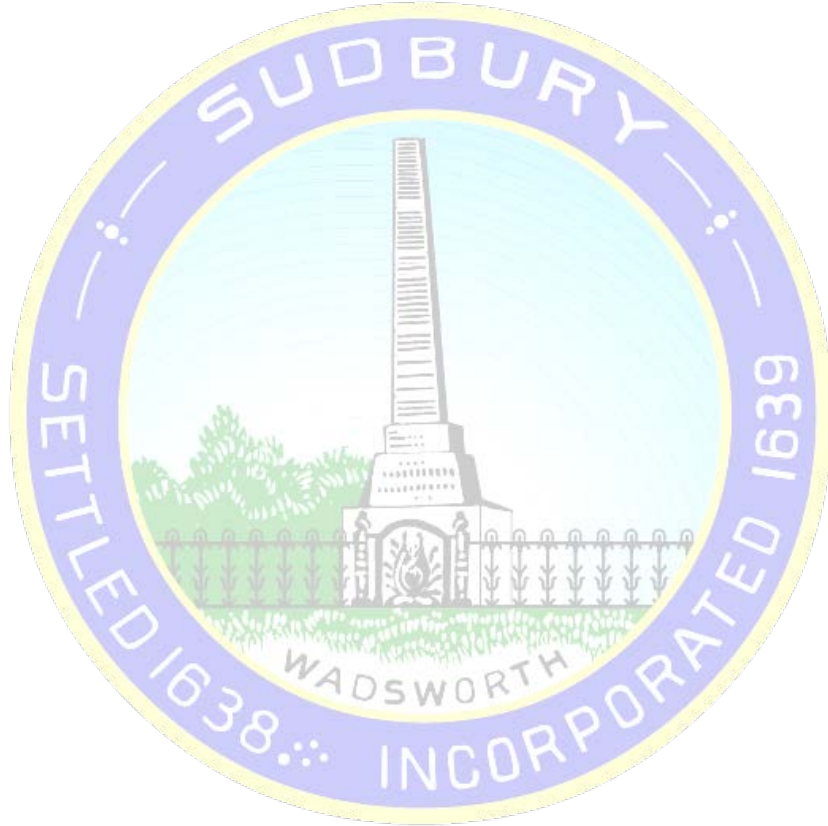
**Reserve Fund** - The FY15 budget is increasing by \$39,790, compared to FY14. As reserves are used during the year, budget transfers are posted from the reserve account to the expense line items requiring additional funding. At the time of ATM 2014 the balance in the account was \$239,537. Subsequently, much of the remainder was used to cover snow & ice expenditures. Reserve appropriations that are not expended during the fiscal year close out to Free Cash.

**Salary Contingency** - All collective bargaining groups have settled for FY15. This budget provides a nominal amount for any unforeseen salary actions that may occur during the year due to changes in personnel or other wage related items. Salary contingency, like all other payroll items (except for teachers' salaries), may not be carried-forward from one year to the next.

|                                 | <b>FY12</b>   | <b>FY13</b>   | <b>FY14</b>         | <b>FY15</b>         |
|---------------------------------|---------------|---------------|---------------------|---------------------|
|                                 | <b>Actual</b> | <b>Actual</b> | <b>Appropriated</b> | <b>Appropriated</b> |
| <b>Transfer Accounts</b>        |               |               |                     |                     |
| Reserve Fund                    | 0             | 0             | 240,000             | 279,790             |
| Unclassified Salary Contingency | 0             | 0             | 10,000              | 24,459              |
| <b>Total Transfer Accounts</b>  | <b>0</b>      | <b>0</b>      | <b>250,000</b>      | <b>304,249</b>      |

## Section Nine

# Shared Programs & Costs



## DEBT SERVICE

### MISSION OF THE PROGRAM

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

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

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

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

### DESCRIPTION OF SERVICES

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

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

The General Debt Limit of a city or town consists of a Normal Debt Limit and a Double Debt Limit. The Normal Debt Limit is 5 percent of the valuation of taxable property as last equalized by the State Department of Revenue. According to the most recent statistics, the Town of Sudbury's EQV as of January 2014 is \$4,154,472,500. The normal debt limit (of 5% EQV) is therefore, \$207,723,625. As of June 30, 2014, the Town's permanent debt outstanding was \$28,350,000 (including CPA debt, which is also guaranteed by the Town) or only about 14% of the allowable normal debt limit.

A city or town can authorize debt up to this amount without State approval. It can authorize debt up to twice this amount (the Double Debt Limit) with the approval of the state Municipal Finance

Oversight Board composed of the State Treasurer, the State Auditor, the Attorney General and the Director of Accounts.

There are many categories of general obligation debt which are exempt from and do not count against the General Debt Limit. Among others, these exempt categories include revenue anticipation notes and grant anticipation notes, emergency loans, loans exempted by special laws, certain school bonds, sewer bonds, and solid waste disposal facility bonds and economic development bonds supported by tax increment financing. As of June 30, 2014, the Town has \$12,365,000 in long-term debt “*outside*” the debt limit all of which pertains to various school building projects for K-8.

The Town reached a high in terms of debt service payments in FY03 due to the combination of outstanding bond issues for school construction, land acquisition, and various other projects. Since then however, debt has leveled off and is now declining as several Town-related bond issues have been paid in full. Additionally, the Town has taken advantage of lower interest rates to refinance outstanding bonds at lower interest costs. Refinancing of debt issues conducted since 2001 have produced \$1.96 million in net projected interest cost savings.

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

## **BUDGET ISSUES**

Total debt service including Sudbury’s share of LSRHS debt continues to decline. The FY15 budget is decreasing in total by \$1,340,737, compared to the FY14 budget. This represents the amount of debt service (principal and interest) that Sudbury has to pay in FY15. The FY15 exempt debt calculation represents the net taxes be raised (in addition to proposition 2 ½). The tax levy for exempt debt only lasts as long as the debt service to be paid. Therefore, an increase in taxes due to exempt debt is temporary unlike an override.

|                                               | <b>FY12<br/>Actual</b> | <b>FY13<br/>Actual</b> | <b>FY14<br/>Appropriated</b> | <b>FY15<br/>No Override</b> |
|-----------------------------------------------|------------------------|------------------------|------------------------------|-----------------------------|
| <b>DEBT SERVICE</b>                           |                        |                        |                              |                             |
| Short-term Loan Interest (non-exempt)         | -                      | -                      | 15,125                       | -                           |
| New Issues (estimate)                         | -                      | -                      | -                            | -                           |
| Existing Long Term Bond Int.                  | 846,949                | 768,521                | 647,894                      | 550,663                     |
| Existing Long Term Bond Principal             | 2,980,000              | 3,030,000              | 2,480,000                    | 2,510,000                   |
| New issues for capital items                  | -                      | -                      | -                            | -                           |
| <b>Town Debt Service Subtotal</b>             | <b>3,826,949</b>       | <b>3,798,521</b>       | <b>3,143,019</b>             | <b>3,060,663</b>            |
| LSRHS Debt Service, Sudbury Portion           | 2,193,072              | 2,139,028              | 1,946,994                    | 688,613                     |
| <b>Total: Debt Service</b>                    | <b>6,020,021</b>       | <b>5,937,549</b>       | <b>5,090,013</b>             | <b>3,749,276</b>            |
| <b>NON-EXEMPT DEBT/ADJUSTMENTS</b>            |                        |                        |                              |                             |
| Non-Exempt Debt Service                       | -                      | -                      | (15,125)                     | -                           |
| Premium on Bonds                              | (3,737)                | (7,474)                | (13,189)                     | (20,275)                    |
| SBAB Debt Reimbursement                       | (1,681,224)            | (1,681,224)            | (1,681,224)                  | (1,681,224)                 |
| <b>Sub-Total: Non-exempt debt adjustments</b> | <b>(1,684,961)</b>     | <b>(1,688,698)</b>     | <b>(1,709,538)</b>           | <b>(1,701,499)</b>          |
| <b>Total Exempt Debt to be raised</b>         | <b>4,335,060</b>       | <b>4,248,851</b>       | <b>3,380,475</b>             | <b>2,047,777</b>            |

## **BENEFITS AND INSURANCE**

### **MISSION OF THE PROGRAM**

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

### **DESCRIPTION OF SERVICES**

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

### **BUDGET ISSUES**

*Workers' Compensation* – The FY15 budget is decreasing by \$137,453, compared to the FY14 budget. Sudbury switched to a premium-based policy in FY14.

*Unemployment* – The FY15 budget is increasing by a total of \$24,012, compared to the FY14 budget. Actual unemployment costs may exceed budget due to reductions in force. Any shortfalls in this category must be covered by other areas of the budget.

*Medicare Tax* – The FY15 budget is increasing by \$10,000, compared to the FY14 budget. This line item represents the employer share of payroll tax mandated by the federal government. Annual increases in this tax liability have been reflective of a rise in total Town payroll subject to this tax, as more senior employees whose wages were not subject to the tax depart and are replaced by newly hired employees whose wages are now fully subject to this tax liability.

*Life Insurance* – The FY15 budget is the same, compared to the FY14 budget.

*Employee Medical Premiums* – The FY15 budget is decreasing by \$349,278, compared to the FY14 budget. The projected decrease is based on our recent experience with plan selection, enrollment levels and opt-outs. Unexpected changes during the year, particularly having to do with enrollment decisions made by new hires or employees needing to re-enroll Town (and Schools) medical insurance plans, may result in reserve fund transfers or budget adjustment requests at Town Meeting.

*Retiree Medical Premiums* – The FY15 budget is increasing by \$92,885, compared to the FY14 budget. This appropriation is transferred in full to the OPEB Trust account for both Town and School retirees. Consequently, any budget surplus remains; adding to the residual balance towards our unfunded OPEB liability rather than closing out to the General fund as Free Cash.

*Retirement Program* – The FY15 budget is increasing in by \$236,205, compared to the FY14 budget. This line item of the budget pays for Sudbury’s annual assessment from the Middlesex Retirement System (MRS). As mentioned in a previous section of this document, all pension eligible employees that work for Sudbury (with the exception of teachers) will receive benefits from the MRS. Sudbury’s assessment is the funding mechanism for our proportionate share of the retirement systems costs over time. The assessment is determined on a biannual basis (by actuarial valuation) as the required contribution for – actual pension benefits to be paid to Sudbury retirees during the year, -pension benefits being earned by active employees and, - a portion of the previous unfunded pension liability (primarily caused by insufficient contributions by member units over a number of years ago). Since new actuarial studies are conducted every two years, we can expect any significant changes in our assessment to happen at the beginning of each cycle. Since we cannot control or set our assessment, we must look to the MRS to provide best estimates during our budget cycle and plan accordingly.

*Property/Liability Insurance* – The FY15 budget is increasing by \$9,582, compared to the FY14 budget. The increase is predicated on the general property and liability insurance market, adjustments to the value of Town and SPS properties and facilities, and higher claims trends in fire and police accident coverage. Fire and police personnel are not eligible under Massachusetts law for regular workers’ compensation coverage, however, municipalities are required to pay regular salary and medical bills for public safety employees injured in the line of duty (LOD) **under M.G.L. C. 41 § 111F**. Sudbury maintains an insurance policy for public safety employees. The premiums are based largely on claims experience, which have been higher recently.

|                                          | <b>FY12</b>       | <b>FY13</b>      | <b>FY14</b>         | <b>FY15</b>         |
|------------------------------------------|-------------------|------------------|---------------------|---------------------|
|                                          | <b>Actual</b>     | <b>Actual</b>    | <b>Appropriated</b> | <b>Appropriated</b> |
| <b>EMPLOYEE BENEFITS &amp; INSURANCE</b> |                   |                  |                     |                     |
| Workers' Compensation                    | <b>41,055</b>     | <b>49,566</b>    | <b>51,131</b>       | <b>188,584</b>      |
| Town:                                    | 13,138            | 15,861           | 16,362              | 60,347              |
| School:                                  | 27,917            | 33,705           | 34,769              | 128,237             |
| Unemploy. Compensation                   | <b>63,058</b>     | <b>59,165</b>    | <b>144,200</b>      | <b>120,188</b>      |
| Town:                                    | 3,724             | 3,536            | 20,188              | 20,188              |
| School:                                  | 59,334            | 55,629           | 124,012             | 100,000             |
| Medicare Tax                             | <b>440,589</b>    | <b>482,271</b>   | <b>525,000</b>      | <b>535,000</b>      |
| Town:                                    | 135,530           | 146,116          | 152,250             | 155,150             |
| School:                                  | 305,059           | 336,155          | 372,750             | 379,849             |
| Life Insurance                           | <b>2,887</b>      | <b>2,969</b>     | <b>4,563</b>        | <b>4,563</b>        |
| Town:                                    | 1,097             | 1,143            | 1,734               | 1,734               |
| School:                                  | 1,790             | 1,826            | 2,829               | 2,829               |
| Employee Medical Premiums                | <b>5,678,319</b>  | <b>4,758,203</b> | <b>4,691,525</b>    | <b>4,342,247</b>    |
| Town:                                    | 1,895,698         | 1,584,094        | 1,663,419           | 1,516,682           |
| School:                                  | 3,782,621         | 3,174,109        | 3,028,106           | 2,825,565           |
| Retiree Medical Premiums/ OPEB           | <b>1,021,396</b>  | <b>904,884</b>   | <b>976,405</b>      | <b>1,069,290</b>    |
| Town:                                    | 385,081           | 350,406          | 394,606             | 418,276             |
| School:                                  | 636,315           | 554,478          | 581,799             | 651,014             |
| Retirement Assessment                    | <b>2,941,321</b>  | <b>3,111,390</b> | <b>3,257,976</b>    | <b>3,494,181</b>    |
| Town:                                    | 1,726,555         | 1,826,386        | 1,900,281           | 2,041,745           |
| School:                                  | 1,214,765         | 1,285,004        | 1,357,695           | 1,452,436           |
| Benefits Encumberances                   | 1,715             | 1,468            | -                   | -                   |
| Town:                                    | 858               | 734              | -                   | -                   |
| School:                                  | 858               | 734              | -                   | -                   |
| Property/Liab. Insurance                 | <b>218,576</b>    | <b>224,452</b>   | <b>319,395</b>      | <b>328,977</b>      |
| Town:                                    | 109,288           | 112,226          | 159,697             | 164,489             |
| School:                                  | 109,288           | 112,226          | 159,697             | 164,488             |
| <b>Total: Employee Benefits</b>          | <b>10,408,916</b> | <b>9,594,368</b> | <b>9,970,195</b>    | <b>10,083,030</b>   |
| Town:                                    | 4,270,969         | 4,040,502        | 4,308,537           | 4,378,611           |
| School:                                  | 6,137,947         | 5,553,866        | 5,661,658           | 5,704,418           |



|                            |
|----------------------------|
| <b>STABILIZATION FUNDS</b> |
|----------------------------|

**DESCRIPTION OF SERVICES**

The 1945 statute that initially authorized cities and towns to establish a *general purpose* stabilization fund restricted the use of any fund balance to capital expenditures. In 1991, permitted uses were expanded to include any lawful purpose, but funds could still not be reserved for a specific purpose. However, with the adoption of legislative amendments in 2003 to M.G.L. Ch. 40 s.5B municipalities can now create multiple stabilization funds, assign a different purpose to each and take advantage of a new funding option. A *special purpose* stabilization fund can be an effective planning tool.

**BUDGET ISSUES**

There were no contributions made during the FY15 budget cycle to the Town’s *general purpose* stabilization fund. During the previous budget cycle, Town Meeting voted to transfer \$2,091,051 into this fund using Free Cash (available funds). This transfer put our general purpose Stabilization Fund balance at 5% of Sudbury’s total operating budget. Up until that point, the Town has added very small amounts to Stabilization.

At the 2014 Annual Town Meeting, two new *special purpose* stabilization funds were created for - DPW Rolling Stock Replacement and Energy Saving Programs/Projects. Initial funding for these special purpose funds came from \$100 of Free Cash and FY14 \$20,000 in electric utility savings, respectively.

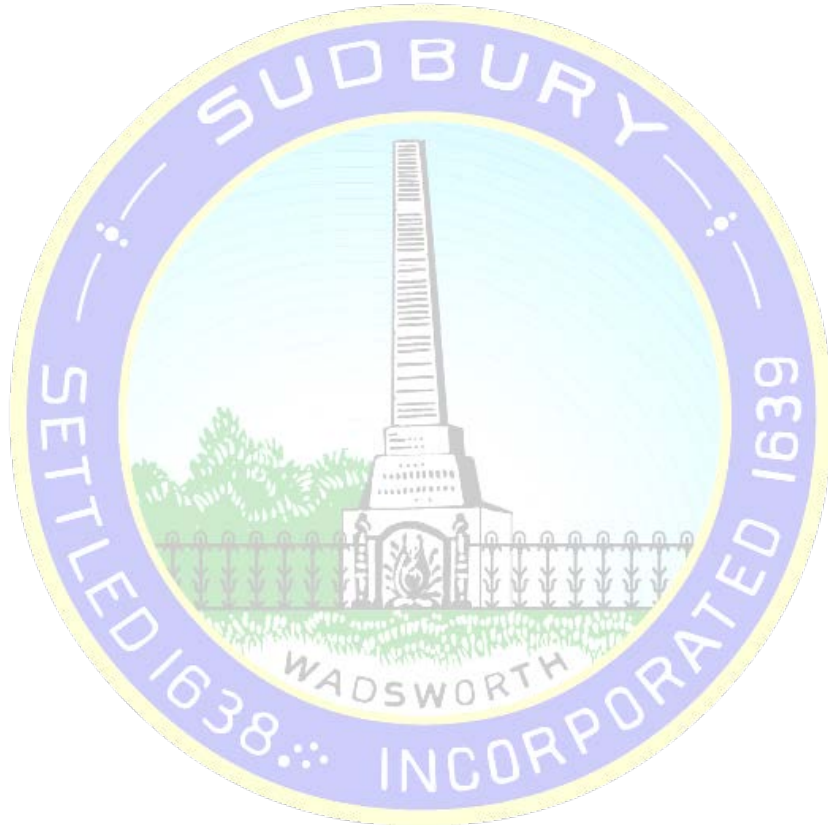
|                                     | <b>FY12</b>   | <b>FY13</b>   | <b>FY14</b>         | <b>FY15</b>         |
|-------------------------------------|---------------|---------------|---------------------|---------------------|
|                                     | <b>Actual</b> | <b>Actual</b> | <b>Appropriated</b> | <b>Appropriated</b> |
| <b>STABILIZATION FUNDS</b>          |               |               |                     |                     |
| General Stabilization               | -             | -             | 2,091,051           | -                   |
| Special Purpose - DPW Rolling Stock | -             | -             | -                   | 100                 |
| Special Purpose - Energy Savings    | -             | -             | -                   | 20,000              |
| <b>Total Stabilization Funds</b>    | <b>-</b>      | <b>-</b>      | <b>2,091,051</b>    | <b>20,100</b>       |



## Section Ten

# Unappropriated Accounts

– All other charges to be raised



**OTHER CHARGES TO BE RAISED (OR UNAPPROPRIATED ACCOUNTS)**

**DESCRIPTION OF SERVICES**

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

|                                       | <b>FY12<br/>Actual</b> | <b>FY13<br/>Actual</b> | <b>FY14<br/>Appropriated</b> | <b>FY15<br/>Appropriated</b> |
|---------------------------------------|------------------------|------------------------|------------------------------|------------------------------|
| <b>OTHER AMOUNTS TO BE RAISED</b>     |                        |                        |                              |                              |
| Cherry Sheet Assessments              | 186,114                | 161,434                | 181,455                      | 181,455                      |
| Cherry Sheet Offsets                  | 34,013                 | 32,672                 | 32,250                       | 32,250                       |
| Recap. Snow & Ice Deficits            | -                      | -                      | -                            | 100,000                      |
| Abatements & Exemptions               | 508,032                | 630,143                | 593,665                      | 554,400                      |
| Overlay deficits of prior years       | 11,835                 | -                      | 76,661                       | -                            |
| <b>Other Charges to be Raised</b>     | <b>739,994</b>         | <b>824,249</b>         | <b>884,031</b>               | <b>868,105</b>               |
| Miscellaneous funded from prior years | 300                    | 38,891                 | -                            | -                            |
| <b>Total Other Charges</b>            | <b>740,294</b>         | <b>863,140</b>         | <b>884,031</b>               | <b>868,105</b>               |

**BUDGET ISSUES**

**Cherry Sheet Charges**

**FY15 Estimate: \$181,455**

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

**Cherry Sheet Offsets****FY15 Estimate: \$32,250**

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

**Snow & Ice Deficit****FY15 Estimate: \$100,000**

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

**Abatements & Exemptions****FY15 Estimate: \$554,400**

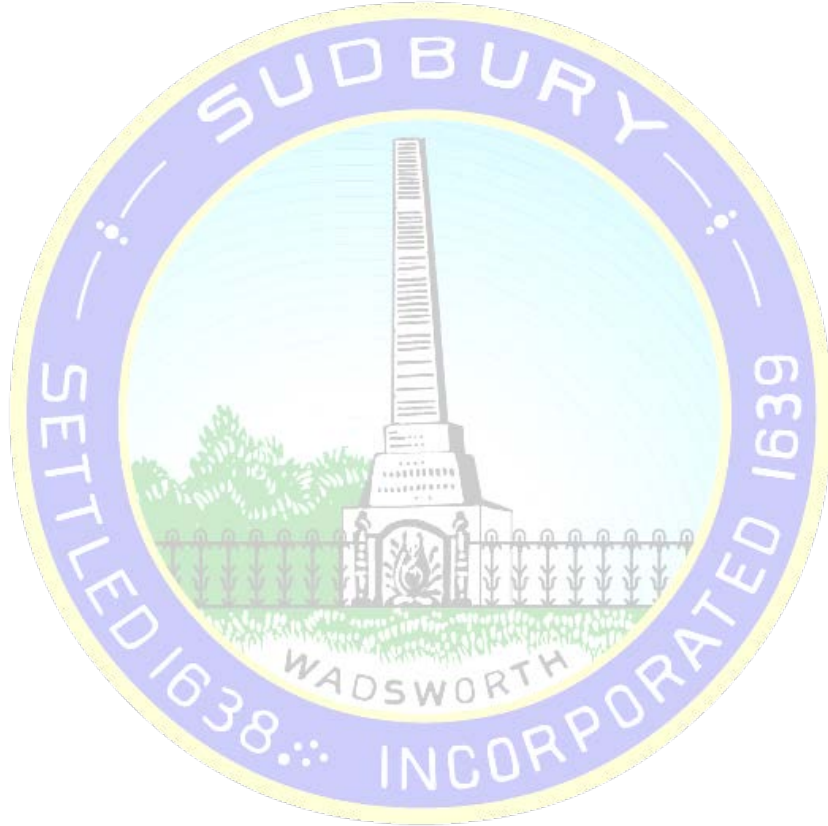
This is an amount, also known as "Overlay", which is added to the property tax levy in excess of the sum required to meet appropriations, state assessments and deficits. It cannot exceed 5% of the levy and is used to cover abatements and exemptions granted by the Board of Assessors or because of appeals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

**Overlay Deficits from Prior Years****FY15 Estimate: \$0**

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



Section Eleven  
**Enterprise Funds**





**Transfer Station/Recycle Center**



**Atkinson Pool**



**Recreational Field Maintenance**

| <b>EXPENDITURES</b>          | <b>FY12<br/>Actual</b> | <b>FY13<br/>Actual</b> | <b>FY14<br/>Appropriated</b> | <b>FY15<br/>No-Override</b> |
|------------------------------|------------------------|------------------------|------------------------------|-----------------------------|
| Transfer Station             | 260,098                | 226,643                | 426,357                      | 312,186                     |
| Atkinson Pool                | 491,103                | 512,766                | 539,808                      | 547,891                     |
| Recreation Field Maintenance | 125,324                | 146,760                | 207,722                      | 221,128                     |
| <b>Total: Direct</b>         | <b>876,525</b>         | <b>886,170</b>         | <b>1,173,887</b>             | <b>1,081,205</b>            |
| Transfer Station             | 33,146                 | 20,062                 | 21,567                       | 16,255                      |
| Recreation Field Maintenance | -                      | -                      | 22,500                       | 20,879                      |
| <b>Total: Indirect</b>       | <b>33,146</b>          | <b>20,062</b>          | <b>44,067</b>                | <b>37,134</b>               |
| <b>Total: Expenditures</b>   | <b>909,671</b>         | <b>906,232</b>         | <b>1,217,954</b>             | <b>1,118,339</b>            |

| <b>RECEIPTS &amp; RESERVES</b>        | <b>FY12<br/>Actual</b> | <b>FY13<br/>Actual</b> | <b>FY14<br/>Appropriated</b> | <b>FY15<br/>No-Override</b> |
|---------------------------------------|------------------------|------------------------|------------------------------|-----------------------------|
| Transfer Station                      | 335,987                | 335,720                | 447,924                      | 328,441                     |
| Atkinson Pool                         | 572,606                | 526,319                | 539,808                      | 547,891                     |
| Recreation Field Maintenance          | 204,416                | 231,936                | 230,222                      | 242,007                     |
| <b>Total: Receipts &amp; Reserves</b> | <b>1,113,009</b>       | <b>1,093,975</b>       | <b>1,217,954</b>             | <b>1,118,339</b>            |

Total Surplus/Deficit

|                      |                |          |          |
|----------------------|----------------|----------|----------|
| <b>Over/(Under)*</b> | <b>187,743</b> | <b>-</b> | <b>-</b> |
|----------------------|----------------|----------|----------|

\*Over/(Under) for budget reporting purposes only. For complete UMAS/GAAP adjusted prior year actual results for Enterprise funds see audit financial statements.



## ENTERPRISE FUNDS: Transfer Station/Recycling Center

### MISSION OF THE ENTERPRISE

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

### DESCRIPTION OF SERVICES

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

### STAFFING (2.20 FTE's)

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

### BUDGET ISSUES

*Personal Services* - The FY15 budget is increasing by \$5,279, compared to the FY14 budget. This budget provides for the same level of staffing as FY14. Employees who are members of the highway union will receive a 2.5% COLA (cost of living adjustment) in FY15. All other department employees will receive a 2.0% COLA or 2.5% at top step in FY15. Some employees in this department will receive a step increase in FY15.

*Expenses* - The FY14 budget for direct expenses is increasing by \$2,550, compared to the FY14 budget. The budget for indirect costs of represents benefits for enterprise employees, which are to be paid for on behalf of the Transfer Station out of Sudbury's unclassified benefits. Indirect costs are decreasing by \$5,312, compared to FY14.

*Capital* - The FY15 budget is zero.

|                                         | <b>FY12<br/>Actual</b> | <b>FY13<br/>Actual</b> | <b>FY14<br/>Appropriated</b> | <b>FY15<br/>No-Override</b> |
|-----------------------------------------|------------------------|------------------------|------------------------------|-----------------------------|
| <b>TRANSFER STATION ENTERPRISE FUND</b> |                        |                        |                              |                             |
| Non-Clerical                            | 94,198                 | 99,406                 | 105,716                      | 110,570                     |
| Overtime                                | 7,172                  | 6,866                  | 7,210                        | 7,400                       |
| Stipends                                | 3,958                  | 4,095                  | 4,095                        | 4,095                       |
| Clerical                                | 8,889                  | 9,255                  | 9,386                        | 9,621                       |
| <b>Sub Total: Personal Services</b>     | <b>114,218</b>         | <b>119,622</b>         | <b>126,407</b>               | <b>131,686</b>              |
| General Expense                         | 19,598                 | 24,080                 | 22,000                       | 25,000                      |
| Maintenance                             | 32,732                 | 18,314                 | 30,450                       | 32,000                      |
| Hauling & Disposal                      | 71,870                 | 49,019                 | 104,000                      | 102,000                     |
| Resource Recovery                       | 21,679                 | 15,608                 | 21,500                       | 21,500                      |
| <b>Sub Total: Expenses</b>              | <b>145,880</b>         | <b>107,021</b>         | <b>177,950</b>               | <b>180,500</b>              |
| Capital Expense                         | -                      | -                      | 122,000                      | -                           |
| <b>Sub Total: Capital Expenses</b>      | <b>-</b>               | <b>-</b>               | <b>122,000</b>               | <b>-</b>                    |
| <b>Direct Costs</b>                     | <b>260,098</b>         | <b>226,643</b>         | <b>426,357</b>               | <b>312,186</b>              |
| INDIRECT COSTS:                         |                        |                        |                              |                             |
| Benefits/Insurance                      | 33,146                 | 20,062                 | 21,567                       | 16,255                      |
| <b>Indirect Costs*</b>                  | <b>33,146</b>          | <b>20,062</b>          | <b>21,567</b>                | <b>16,255</b>               |
| <b>Total Costs</b>                      | <b>293,244</b>         | <b>246,705</b>         | <b>447,924</b>               | <b>328,441</b>              |
| Enterprise Receipts                     | 335,720                | 335,720                | 325,000                      | 328,441                     |
| Retained Earnings Used                  | -                      | -                      | 122,924                      | -                           |
| Transfers In                            | 267                    | -                      | -                            | -                           |
| <b>Total Revenue</b>                    | <b>335,987</b>         | <b>335,720</b>         | <b>447,924</b>               | <b>328,441</b>              |
| <b>Surplus/Deficit</b>                  | <b>42,743</b>          | <b>89,015</b>          | <b>-</b>                     | <b>-</b>                    |

\*Paid for by Enterprise Revenue Transfer to Unclassified Benefits (General Fund)

## ENTERPRISE FUNDS: Atkinson Pool

### MISSION OF THE ENTERPRISE

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

### DESCRIPTION OF SERVICES

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

### STAFFING (6.34 FTE's)

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

### BUDGET ISSUES

*Personal Services* – The FY15 budget is decreasing by \$6,809, compared to the FY14 budget. This budget provides for the same level of personnel as the FY14 budget. All employees will receive a 2.0% COLA or 2.5% at top step in FY15. Some employees in this department will receive a step increase in FY15.

*Expenses* – The FY15 budget for direct expenses is the same, compared to the FY14 budget.

*Capital* – The FY15 budget of \$14,892 is to be used for locker room upgrades.

|                                     | <b>FY12</b>    | <b>FY13</b>    | <b>FY14</b>         | <b>FY15</b>        |
|-------------------------------------|----------------|----------------|---------------------|--------------------|
|                                     | <b>Actual</b>  | <b>Actual</b>  | <b>Appropriated</b> | <b>No-Override</b> |
| <b>POOL ENTERPRISE FUND</b>         |                |                |                     |                    |
| Non-Clerical                        | 165,684        | 172,991        | 178,523             | 167,639            |
| Head Lifeguards                     | 37,199         | 38,543         | 39,959              | 40,945             |
| Overtime                            | 355            | -              | 1,056               | 1,056              |
| Clerical                            | 19,102         | 22,837         | 25,335              | 26,144             |
| Part Time Supervisors               | 7,640          | 7,821          | 8,543               | 8,714              |
| Receptionists                       | 19,789         | 18,565         | 25,489              | 25,999             |
| WSI Lifeguards                      | 62,959         | 63,517         | 71,791              | 73,227             |
| Sick Leave Buyback                  | 626            | 1,552          | 3,572               | 3,500              |
| Instructors                         | 12,312         | 12,353         | 13,540              | 13,775             |
| <b>Sub Total: Personal Services</b> | <b>325,668</b> | <b>338,179</b> | <b>367,808</b>      | <b>360,999</b>     |
| General Expense                     | 37,217         | 55,093         | 38,000              | 38,000             |
| Utilities                           | 94,581         | 95,122         | 98,000              | 98,000             |
| Maintenance                         | 25,436         | 20,624         | 30,000              | 30,000             |
| Programs                            | 2,958          | 1,987          | 3,000               | 3,000              |
| Equipment                           | 625            | 1,761          | 3,000               | 3,000              |
| <b>Sub Total: Expenses</b>          | <b>160,817</b> | <b>174,587</b> | <b>172,000</b>      | <b>172,000</b>     |
| Capital Expense                     | 4,618          | -              | -                   | 14,892             |
| <b>Sub Total: Capital Expenses</b>  | <b>4,618</b>   | <b>-</b>       | <b>-</b>            | <b>14,892</b>      |
| <b>Direct Costs</b>                 | <b>491,103</b> | <b>512,766</b> | <b>539,808</b>      | <b>547,891</b>     |
| <b>Total Costs</b>                  | <b>491,103</b> | <b>512,766</b> | <b>539,808</b>      | <b>547,891</b>     |
| Enterprise Receipts                 | 525,122        | 525,122        | 515,000             | 525,000            |
| Retained Earnings Used              | 37,230         | 1,197          | 24,808              | 22,891             |
| Transfers In                        | 10,253         | -              | -                   | -                  |
| <b>Total Revenue</b>                | <b>572,606</b> | <b>526,319</b> | <b>539,808</b>      | <b>547,891</b>     |
| Surplus/Deficit                     | 81,503         | 13,553         | -                   | -                  |

## ENTERPRISE FUNDS: Recreation Field Maintenance

### MISSION OF THE ENTERPRISE

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

### DESCRIPTION OF SERVICES

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

### STAFFING (2.01 FTE's Allocated)

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

### BUDGET ISSUES

*Personal Services* – The FY15 budget is increasing by \$28,833, compared to the FY14 budget. This budget provides seasonal work provided by DPW staff specifically for public recreational field maintenance. The allocation of wages for DPW personnel is the same as FY14; allocation for employees who are members of the highway union will include a 2.5% COLA (cost of living adjustment) in FY15.

*Expenses* – The FY15 budget for direct expenses is decreasing by \$21,366, compared to the FY14 budget. The budget for indirect costs of represents benefits allocated for employees, which are to be paid for on behalf of Field Maintenance out of Sudbury's unclassified benefits. Indirect costs are decreasing by \$1,621, compared to FY14.

*Capital* – The FY15 budget is increasing by \$5,939, compared to the FY14 budget. This increase provides for a new lease of equipment that will be shared with Parks and Grounds.

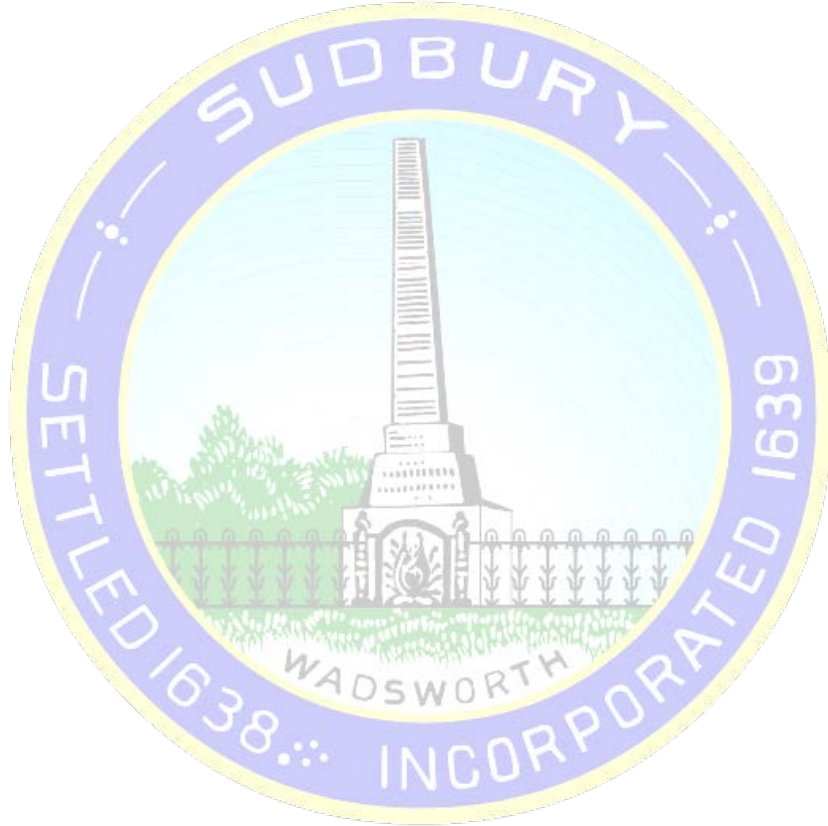
|                                                     | FY12<br>Actual | FY13<br>Actual | FY14<br>Appropriated | FY15<br>No-Override |
|-----------------------------------------------------|----------------|----------------|----------------------|---------------------|
| <b>RECREATION FIELD MAINTENANCE ENTERPRISE FUND</b> |                |                |                      |                     |
| Non-Clerical <sup>1</sup>                           | 55,526         | 49,266         | 81,120               | 109,812             |
| Summer Help                                         | 8,172          | 7,687          | 7,041                | 7,182               |
| <b>Sub Total: Personal Services</b>                 | <b>63,698</b>  | <b>56,954</b>  | <b>88,161</b>        | <b>116,994</b>      |
| Field Maintenance                                   | 34,809         | 35,588         | 74,000               | 62,634              |
| Park Maintenance                                    | 14,161         | 39,749         | 30,000               | 20,000              |
| Utilities                                           | 7,086          | 9,761          | 10,000               | 10,000              |
| Office Expense                                      | -              | -              | 1,000                | 1,000               |
| General Expense                                     | 1,009          | 148            | -                    | -                   |
| <b>Sub Total: Expenses</b>                          | <b>57,066</b>  | <b>85,247</b>  | <b>115,000</b>       | <b>93,634</b>       |
| Capital Expense                                     | 4,560          | 4,560          | 4,561                | 10,500              |
| <b>Sub Total: Capital Expenses</b>                  | <b>4,560</b>   | <b>4,560</b>   | <b>4,561</b>         | <b>10,500</b>       |
| <b>Direct Costs</b>                                 | <b>125,324</b> | <b>146,760</b> | <b>207,722</b>       | <b>221,128</b>      |
| INDIRECT COSTS:                                     |                |                |                      |                     |
| Benefits/Insurance                                  | -              | -              | 22,500               | 20,879              |
| <b>Indirect Costs*</b>                              | <b>-</b>       | <b>-</b>       | <b>22,500</b>        | <b>20,879</b>       |
| <b>Total Costs</b>                                  | <b>125,324</b> | <b>146,760</b> | <b>230,222</b>       | <b>242,007</b>      |
| Enterprise Receipts                                 | 203,676        | 203,676        | 190,000              | 206,000             |
| Transfers In                                        | 740            | -              | 0                    | 0                   |
| Retained Earnings Used                              | 0              | 28,260         | 40,222               | 36,007              |
| <b>Total Revenue</b>                                | <b>204,416</b> | <b>231,936</b> | <b>230,222</b>       | <b>242,007</b>      |
| Surplus/Deficit                                     | 79,093         | 85,176         | -                    | -                   |

\*Paid for by Enterprise Revenue Transfer to Unclassified Benefits (General Fund)

<sup>1</sup> Wage allocation for employees from Parks & Grounds Division

## Section Twelve

### **Budget Detail – Other Major Funds**



## OTHER MAJOR FUNDS: SUDBURY'S COMMUNITY PRESERVATION FUND

### MISSION OF THE PROGRAM

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

### DESCRIPTION OF CPA

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

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

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

### STAFFING (FTE's 0.79)

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

### BUDGET ISSUES

*Personal Services* – The FY15 budget is the same, compared to the FY14 budget. This budget provides for the same salary allocation to CPA, if needed in FY15.

*Expenses* – The FY15 budget is increasing \$305,179, compared to the FY14 budget. This increase reflects the additional value of articles submitted at the 2014 ATM. However, since most of these articles represent capital projects the actual timing of these expenses is difficult to predict.

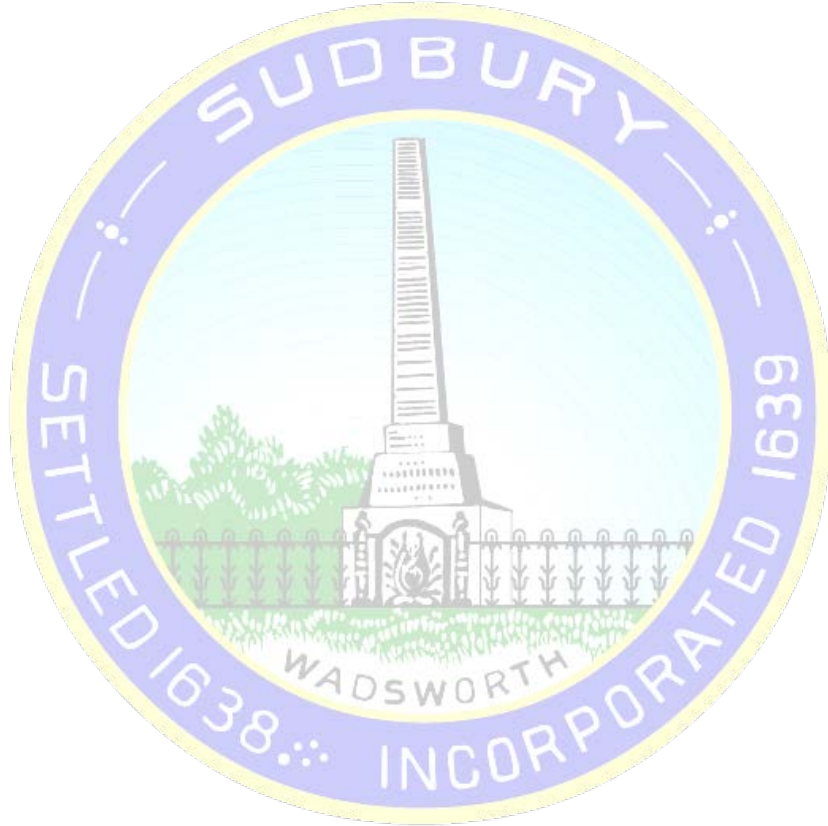


|                                    | FY13<br>Actual      | FY14<br>Appropriated | FY15<br>Appropriated |
|------------------------------------|---------------------|----------------------|----------------------|
| <u>CPA FUNDS #2044 &amp; #3400</u> |                     |                      |                      |
| Beginning Fund Balances            | \$ 8,952,251        | \$ 4,165,166         | \$ 4,092,414         |
| <u>Revenues:</u>                   |                     |                      |                      |
| CPA Surcharge & Fees               | 1,582,040           | 1,600,000            | 1,600,000            |
| Intergovernmental                  | 843,953             | 425,000              | 425,000              |
| Investment Income                  | 48,566              | 50,000               | 50,000               |
| Bond/BAN Issues                    | 4,697,408           | -                    | -                    |
| Total Revenues                     | <u>7,171,967</u>    | <u>2,075,000</u>     | <u>2,075,000</u>     |
| <u>Expenditures</u>                |                     |                      |                      |
| Major Land Purchases               | 7,760,000           | -                    | -                    |
| Debt Service                       | 2,718,580           | 1,136,656            | 1,217,635            |
| Administrative                     | 59,040              | 80,000               | 80,000               |
| Other                              | 1,221,432           | 588,300              | 812,500              |
| Total Expenditures                 | <u>11,759,052</u>   | <u>1,804,956</u>     | <u>2,110,135</u>     |
| Excess/(Deficiency)                | <u>(4,587,085)</u>  | <u>270,044</u>       | <u>(35,135)</u>      |
| Transfers In/(Out)                 | <u>(200,000)</u>    | <u>(342,796)</u>     | <u>(100,000)</u>     |
| Ending CPA Operating Fund Balance  | <u>\$ 4,165,166</u> | <u>\$ 4,092,414</u>  | <u>\$ 3,957,279</u>  |
|                                    | -                   |                      |                      |
|                                    | FY13<br>Actual      | FY14<br>Appropriated | FY15<br>Appropriated |
| <u>ENDING FUNDS BALANCE</u>        |                     |                      |                      |
| Projects (in-use)                  | \$ 138,487          | \$ 150,000           | \$ 200,000           |
| Unassigned                         | \$ 4,026,679        | \$ 3,942,414         | \$ 3,757,279         |
|                                    | <u>\$ 4,165,166</u> | <u>\$ 4,092,414</u>  | <u>\$ 3,957,279</u>  |



# Section Thirteen

## **Appendices**



## A. Budget Terms and Definitions

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

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

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

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

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

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

**Appropriation:** An authorization granted by the Town Meeting to make expenditures and to incur obligations for specific purposes. Appropriations for any expenditure specify dollar amounts, funding sources, and a period of time within which the funds must be spent. Any funds not expended

within the specified time (usually one fiscal year) revert to the Unreserved Fund Balance.

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

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

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

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

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

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

defray Town expenses by a vote of the Town Meeting (see Available Fund).

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

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

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

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

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

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

**Capital Improvement Plan:** A financial planning and management tool which identifies new public facility and equipment requirements, or improvements, places these requirements in order of priority, and schedules them for funding and implementation.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**Funding Sources for Expenditures:** Authorizations for the Town to expend monies are made in the form of a motion at Town Meeting. The wording of the motions will specify the funding source; that is,

the place from where money is going to come or will be raised. When a motion reads, "to appropriate a sum of money" without a source being identified, that amount will be included in the tax calculation, whereby the total of all sums to be appropriated will be reduced by an estimate of local and state revenue. The balance needed will be provided by property taxes. When items in the warrant are offset or raised from available funds, those items will also appear as offsets in the determination of the tax rate.

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

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

**GIS:** Geographical Information Systems.

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

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

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

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

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

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

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

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

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

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

**Operating Expenditure:** An ongoing or recurring cost of performing a function or providing a service. Operating expenditures include personal services, supplies and materials, utilities, contractual services, minor equipment, and debt service.

**Overlay:** The amount raised in the tax levy for funding abatements granted by the Board of Assessors due to overvaluation or uncollectible tax bills.

**Override:** An override is passed by a majority vote at Town Meeting and at the ballot. There are three types of overrides: An Operating Override, which permanently increases the levy limit; a Debt Exclusion, which increases the levy limit only for the life of the debt; and a Capital Project Override, which increases the levy only for the year in which the project is undertaken.

**Performance/Workload Indicators:** Specific quantitative and qualitative measures of work performed as an objective of the department. Sudbury departments typically use of the following types of indicators: workload measures, efficiency measures and outcome measures.

**PILOT:** Payments In Lieu of Taxes. Compensation paid by the State to local governments for tax-exempt properties within.

**Policy:** A plan of action to guide decisions and actions of a particular function or group.

**Procedure:** A method used in carrying out a policy or plan of action.

**Program:** Collections of work related activities initiated to accomplish a desired end.

**Proposition 2½:** A Massachusetts General Law enacted in 1980 to limit property taxes.

**Public Meeting/Hearing:** A forum in which citizens may attend and participate in a particular purpose or concern of the Town. By law, public meetings must follow certain rules of public notice and conduct.

**Rating Agencies:** This term usually refers to Moody's Investors Service, Standard and Poor's Corporation, and Fitch ICBA, Inc. These are the three major agencies which issue credit ratings on municipal bonds.

**Reserve Fund:** An amount appropriated by the Annual Town Meeting for emergency or unforeseen purposes. The Finance Committee, by state law, is the sole custodian of the Reserve Fund and approves transfers from the Fund into the operating budgets throughout the year if: (1) the need for funds is of an emergency and/or unforeseen nature, and (2) if, in the judgment of the Finance Committee, the Town Meeting would approve such an expenditure if such a meeting was held. The Reserve Fund is, therefore, a mechanism for avoiding the necessity of frequent Special Town Meetings.

**Retained Earnings:** The equity account reflecting the accumulated earnings of the enterprise funds.

**Revenue:** Budgetary resources. The various revenues the Town receives are listed in the Revenue Summary in the Budget Overview section.

**Revolving Fund:** Funds that may be used without appropriation and that are established for special uses. Recreation fees, for example, may be paid into a revolving fund. Revolving funds are established by state law or Town bylaw.

**Risk Management:** Recognition of a risk, development of strategies to manage it, and mitigation, as needed.

**Special Revenue Funds:** Particular revenues that are earmarked for and restricted expenditure for specified purposes. Special revenues must be established by statute.

**Stabilization Fund:** Similar to a savings account, this account has been used to fund large capital projects such as fire trucks and school roofs. A recent amendment to state law allows the Stabilization Fund to be used for the operating budget, as well as capital purchases, however, the Finance Committee would generally be reluctant to recommend doing so. Placing money into this fund requires a majority vote of Town Meeting while withdrawing from the Stabilization Fund requires a 2/3 vote of Town Meeting.

**Tax Levy:** The property tax levy is the revenue a community can raise through real and personal property taxes. In Massachusetts, municipal revenues to support local spending for schools, public safety, general government and other public services are raised through the property tax levy, state aid, local receipts and other sources. The property tax levy is the largest source of revenue for most cities and towns.

**Tax Levy Limit:** The maximum amount that can be raised within Proposition 2 ½.

**Tax Rate:** The amount of tax levied for each \$1,000 of assessed valuation.

**Town Counsel:** Legal representative for the Town. Town Counsel is appointed by the Board of Selectmen, but supervised by the Town Manager.

**Town Meeting:** The Town's legislative body that has appropriation authority. It enacts bylaws and other measures to provide for the operation of municipal government and the administration of Town affairs.

**Unclassified Operating Expenses:** This account in the general government section of the budget is comprised primarily of operating expenses such as postage, telephone and property liability insurance that support town-wide operations and are not assigned to any one department or cost center.



**User Fees:** Fees paid for direct receipt of a public service by the user or beneficiary of the service.

**Valuation (100%):** Requirement that the assessed valuation must be the same as the market value for all properties.

## B. Acronyms

|          |                                                                                                                                                |
|----------|------------------------------------------------------------------------------------------------------------------------------------------------|
| AAL      | Actuarial Accrued Liability                                                                                                                    |
| AHT      | Affordable Housing Trust                                                                                                                       |
| ALS      | Advanced Life Support (Paramedic)                                                                                                              |
| ARC      | Annual Required Contribution                                                                                                                   |
| ATB      | Appellate Tax Board                                                                                                                            |
| ATM      | Assistant Town Manager                                                                                                                         |
| BLS      | Basic Life Support (Emergency Medical Technician)                                                                                              |
| BLA      | Bureau of Local Assessment (a subdivision of the DOR)                                                                                          |
| BOA      | Bureau of Accounts (a subdivision of the DOR)                                                                                                  |
| BRTF     | Budget Review Task Force                                                                                                                       |
| CAFR     | Comprehensive Annual Financial Report                                                                                                          |
| C.A.R.E. | Cost Avoidance and Revenue Enhancement                                                                                                         |
| CDMA     | Code Division Multiple Access                                                                                                                  |
| CERT     | Community Emergency Response Team                                                                                                              |
| CIB      | Capital Improvement Budget                                                                                                                     |
| CIP      | Capital Improvement Plan                                                                                                                       |
| CIPC     | Capital Improvement Planning Committee                                                                                                         |
| CMR      | Code of Massachusetts Regulations                                                                                                              |
| COA      | Council on Aging                                                                                                                               |
| COBRA    | Consolidated Omnibus Budget Reconciliation Act                                                                                                 |
| COLA     | Cost of Living Adjustment                                                                                                                      |
| C.O.R.E  | Consolidation/Cooperation, Outsourcing, Regionalization, Evaluation                                                                            |
| CPA      | Community Preservation Act                                                                                                                     |
| CPC      | Community Preservation Committee                                                                                                               |
| CPR      | Cardiopulmonary resuscitation                                                                                                                  |
| CRT      | Cathode Ray Tube                                                                                                                               |
| D.A.R.E. | Drug Abuse Resistance Education                                                                                                                |
| DEP      | Department of Environmental Protection                                                                                                         |
| DNS      | Domain Name Server                                                                                                                             |
| DOE      | Department of Education                                                                                                                        |
| DOR      | Department of Revenue for Massachusetts. Various subdivisions thereto regulate the financial operations and reporting of all MA municipalities |

|        |                                                          |
|--------|----------------------------------------------------------|
| DLS    | Department of Local Services (as subdivision of the DOR) |
| DPW    | Department of Public Works                               |
| EBT    | Employee Benefits Trust                                  |
| eCEMP  | Electronic Comprehensive Emergency Management Plan       |
| EMD    | Emergency Management Director                            |
| EMS    | Emergency Medical Services                               |
| EMT    | Emergency Medical Technician                             |
| EOC    | Emergency Operations Center                              |
| EOEA   | Executive Office of Elder Affairs                        |
| EPA    | Environmental Protection Agency                          |
| EQV    | Equalized Valuation                                      |
| FCC    | Federal Communications Commission                        |
| FE     | Foundation Enrollment                                    |
| FEMA   | Federal Emergency Management Agency                      |
| FinCom | Finance Committee                                        |
| FTE    | Full Time Equivalents                                    |
| FTMS   | Financial Trend Monitoring System                        |
| FY     | Fiscal Year                                              |
| GAAP   | Generally Accepted Accounting Principles                 |
| GASB   | Governmental Accounting Standards Board                  |
| GFOA   | Government Finance Officers Association                  |
| GIC    | Group Insurance Commission                               |
| GIS    | Geographic Information System                            |
| HAVA   | Help America Vote Act                                    |
| HMO    | Health Maintenance Organization                          |
| HVAC   | Heating, Ventilation, Air Conditioning                   |
| ICMA   | International City/County Management Association         |
| IP     | Internet Protocol                                        |
| IPM    | Integrated Pest Management                               |
| ISD    | Incentive Senior Development                             |
| IT     | Information Technology                                   |
| K-8    | Kindergarten through Grade Eight                         |
| LAN    | Local Area Network                                       |
| LED    | Light Emitting Diode                                     |

|           |                                                               |
|-----------|---------------------------------------------------------------|
| LEPC      | Local Emergency Planning Committee                            |
| LOD       | Line of Duty                                                  |
| L-S       | Lincoln-Sudbury                                               |
| LSRHSD    | Lincoln-Sudbury Regional High School District                 |
| L.S.R.H.S | Lincoln-Sudbury Regional High School (also abbreviated LSRHS) |
| MBTA      | Metropolitan Boston Transit Authority                         |
| MEMA      | Massachusetts Emergency Management Agency                     |
| METCO     | Metropolitan Council for Educational Opportunity              |
| MEWTP     | Marlboro Easterly Wastewater Treatment Plant                  |
| M.G.L.    | Massachusetts General Laws                                    |
| MLN       | Minuteman Library Network                                     |
| MRC       | Medical Reserve Corps                                         |
| MRS       | Middlesex Retirement System                                   |
| MRVTHS    | Minuteman Regional Vocational Technical High School           |
| MRVTSD    | Minuteman Regional Vocational Technical School District       |
| MSBA      | Massachusetts School Building Authority                       |
| MTRS      | Massachusetts Teachers Retirement System                      |
| MUNIS     | Municipal Information System                                  |
| MVE       | Motor Vehicle Excise                                          |
| NIMS      | National Incident Management System                           |
| NOO       | Net OPEB Obligation                                           |
| NYSE      | New York Stock Exchange                                       |
| OFS       | Operating Funding Sources                                     |
| OPEB      | Other Post-Employment Benefits                                |
| PC        | Personal Computer                                             |
| PEC       | Public Employees Committee                                    |
| PERAC     | Public Employee Retirement Administration Commission          |
| PILOT     | Payment in Lieu of Taxes                                      |
| PPO       | Preferred Provider Organization                               |
| PRIM      | Pension Reserve Investment Management                         |
| PRIT      | Pension Reserve Investment Trust                              |
| PVPB      | Present Value of Projected Benefits                           |
| P-T       | Part-Time                                                     |
| R & D     | Research and Development                                      |

|       |                                              |
|-------|----------------------------------------------|
| RBL   | Real-time Black hole List                    |
| REPC  | Regional Emergency Planning Committee        |
| RFB   | Restricted Fund Balance                      |
| RFID  | Radio Frequency Identification               |
| RFP   | Request for Proposal                         |
| RMV   | Registry of Motor Vehicles                   |
| RRA   | Receipts Reserved for Appropriation          |
| S & P | Standard and Poor's                          |
| SBA   | School Building Authority                    |
| SBAB  | School Building Authority Board              |
| SHC   | Sudbury Historical Commission                |
| SHDSL | Symmetric High-speed Digital Subscriber Line |
| SHT   | Sudbury Housing Trust                        |
| SPED  | Special Education                            |
| SPS   | Sudbury Public Schools                       |
| SQL   | Structured Query Language                    |
| SRC   | Senior Residential Community                 |
| SUV   | Sport Utility Vehicle                        |
| SWMP  | Storm Water Management Program               |
| TAC   | Technical Advisory Committee                 |
| TMDL  | Total Maximum Daily Load                     |
| UAAL  | Unfunded Actuarial Accrued Liability         |
| UFB   | Unreserved Fund Balance                      |
| UMAS  | Uniform Municipal Accounting System          |
| URL   | Uniform Resource Locator                     |
| US    | United States                                |
| VLAN  | Virtual Local Area Network                   |
| VOC   | Vocational                                   |
| VOIP  | Voice-Over-Internet-Protocol                 |
| VPN   | Virtual Private Network                      |
| WAN   | Wide Area Network                            |
| ZBA   | Zoning Board of Appeals                      |

## C. Budget Process

### PHASES OF BUDGET PREPARATION AND DEVELOPMENT

| ID | Phase                                              | CY 2013 |     |     |     |     |     | CY 2014 |     |     |     |     |     |     |
|----|----------------------------------------------------|---------|-----|-----|-----|-----|-----|---------|-----|-----|-----|-----|-----|-----|
|    |                                                    | Jul     | Aug | Sep | Oct | Nov | Dec | Jan     | Feb | Mar | Apr | May | Jun | Jul |
| 1  | Policy/Strategy                                    | ■       |     |     |     |     |     |         |     |     |     |     |     |     |
| 2  | Financial Capacity                                 |         | ■   | ■   | ■   | ■   | ■   | ■       | ■   |     |     |     |     |     |
| 3  | Needs Assessment                                   |         |     |     | ■   | ■   | ■   |         |     |     |     |     |     |     |
| 4  | Town Budget Development/Review                     |         |     |     |     |     | ■   | ■       |     |     |     |     |     |     |
| 5  | Consolidated Budget and Financing Plan Development |         |     |     |     |     |     | ■       | ■   |     |     |     |     |     |
| 6  | FinCom Review                                      |         |     |     |     |     |     |         | ■   | ■   |     |     |     |     |
| 7  | Appropriation                                      |         |     |     |     |     |     |         |     | ■   | ■   | ■   |     |     |
| 8  | Enactment                                          |         |     |     |     |     |     |         |     |     |     |     | ■   | ■   |

The chart above illustrates the overall timeframes associated with eight phases of Sudbury’s budget preparation and development cycle, and the paragraphs below list some of the major activities and participants in each phase. Page **Error! Bookmark not defined.** lists key milestone dates for the FY15 budget development.

### BUDGET PHASES

#### *Policy/Strategy Phase*

- Based on long range planning efforts of the Town, such as the Master Plan, as well as current needs, the Board of Selectmen set goals for next fiscal year. Planning includes joint meetings with the Town Manager and Town’s Senior Management

#### *Financial Capacity Phase*

- Review of progress vis-à-vis policies and projects from prior years
  - Town Manager
  - Follows established format
- Short range forecast/sensitivity analysis conducted by FinCom
  - Used in FinCom Instructions
  - Follows established format
- Long range forecast/sensitivity analysis updated (3 year forecast)
  - Finance Director and Town Manager
  - Used in Financial Summit and Financial Condition Analysis
  - Follows established format
- Financial condition analysis updated
  - Finance Director and Town Manager
  - Format evolving based on key indicators
  - Presentation to Board of Selectmen
  - Shapes next phase of Budget Cycle
- Budget document template updated
  - Finance Director

- Format established for new fiscal year

#### ***Needs Assessment Phase***

- Budget request forms prepared and distributed to departments & committees
  - Finance Director
- Town Manager's budget memo finalized
- Departments review their current condition, goals, programs and needs
- Departments prepare workload indicators, performance indicators, other statistics
  - Finance Director and Town Manager work with selected department heads
- Departments submit operating budget requests to Town Manager
  - Departments submit budget request to Finance Director
- Schools submit budget requests to School Committees
- Town Manager Seeks CIP requests from all department and committees
- Finance Director provides debt information
- Determine CIP priorities, and recommend funded projects to Town Manager
- Update CIP based on staff committee and capital improvement planning committee

#### ***Review/Development Phase for Town Budget***

- Town Manager and Finance Director review requests
- Town Manager holds Departmental hearings
  - Departmental budget hearings with Finance Director and Town Manager
- Preliminary Town operating budget developed, presented to Selectmen
- Final Town operating budget assembled and published
- Schools hold budget hearings
- School Committees vote final school budgets

#### ***Development of Consolidated Fiscal Year Annual Budget and Financing Plan***

- Town Manager and Finance Director receive School budget requests
  - Sudbury Public Schools
  - Lincoln-Sudbury Regional High School
  - Minuteman Regional Vocational- Technical High School
- Town Manager and Finance Director finalize revenue projections, state aid projections
- Town Manager and Finance Director finalize charges from state, Assessors overlay etc.
- Proposed Fiscal Year Annual Budget and Financing Plan delivered to FinCom, published on web

#### ***FinCom Review Phase***

- FinCom holds hearings on Town, School, capital budget requests
- FinCom holds hearing on all money articles
- FinCom votes on budget
- FinCom votes on all money articles

#### ***Appropriation Phase***

- Prepare Warrant and FinCom Report for the Annual Town Meeting
- Town Meeting begins, votes appropriations, approves all bonding and capital articles
- Town Meeting approves any budget amendments for current fiscal year, if any

#### ***Enactment Phase***

- As Appropriated Budgets prepared, distributed to all cost centers, department heads
- Final Fiscal Year Budget and Financing Plan published

## **D. Budget Schedule**

### **FY15 BUDGET CALENDAR –**

This calendar describes the key milestone dates leading to adoption of the budget for those accounts overseen by the Town Manager and requiring appropriation by the Town Meeting. The School Superintendents and School Committees carry out similar steps leading to their budget submissions and preparation for Town Meeting.

**2013**

Sep 10 Town Manager issues capital budget letter to town departments and SPS

Oct 1 Capital requests due to Town Manager

Oct 7 CIP draft compilation report completed, distributed to department heads

Oct 11 CIP staff committee meets

Nov 1 Town Manager submits capital request report to CIAC

Nov 11 Finance Committee Budget memorandum distributed to all cost centers

Nov 21 Finance Director issues budget instructions to department heads, committee chairs

Dec 13 Municipal Department & Committee Operating budget requests due at Finance Director's Office

**2014**

Jan 9 CIAC holds public hearing & votes a recommended CIPC budget/ project list

Jan 17 CIAC submits recommended capital budget/project list, due to Town Manager, Selectmen and Finance Committee

Jan 15 Town, Lincoln-Sudbury Regional High School, Sudbury Public Schools operating budgets due to Finance Director

Jan 31 Town Finance Director delivers comprehensive FY2015 Proposed Budget and Financing Plan delivered to Finance Committee, Board of Selectmen

Feb 10-Feb 20 Finance Committee holds public hearings on operating and capital budget requests

Mar 3 Finance Committee votes operating and capital budget recommendations

Mar 6 All Finance Committee reports due to Finance Director

Mar 14 All Finance Committee reports due to Selectmen's Office

April 14 Town Meeting Warrant and Report of the Finance Committee mailed to residents

May 5-7 Town Meeting - consideration of FY15 operating and capital budget; enactment of appropriations, budget amendments to FY14 budget, if any

July 1 FY2015 Budget takes effect



**SUDBURY FINANCE COMMITTEE-FY15 BUDGET HEARING SCHEDULE**

**Sudbury Finance Committee  
FY15 Budget Hearings Schedule**

(All Hearings/Meetings begin @ 7:30pm unless otherwise noted)

| Day      | Date                        | Meeting Description                                                                                                 | Location                                        |
|----------|-----------------------------|---------------------------------------------------------------------------------------------------------------------|-------------------------------------------------|
| Monday   | February 3, 2014 - 7:30 PM  | Joint Meeting with Lincoln FinCom                                                                                   | Lincoln Town Offices<br>16 Lincoln Rd., Lincoln |
| Tuesday  | February 4, 2014 - 7:00 PM  | *Opening Remarks by FinCom Chair & Town Manager; Presentation of No Override and Level Service budgets by SPS, Town | Town Hall                                       |
| Thursday | February 6, 2014 - 7:30 PM  | Minuteman and CPA Hearings; Other articles                                                                          | Flynn                                           |
| Monday   | February 10, 2014 - 7:00 PM | Presentation of No Override and Level Service budgets by LS; Finance Committee deliberations                        | Town Hall                                       |
| Thursday | February 13, 2014 - 7:30 PM | Additional Q&A with the three cost centers                                                                          | Town Hall                                       |
| Monday   | February 24, 2014 - 7:30 PM | Finance Committee deliberations                                                                                     | Flynn                                           |
| Tuesday  | February 25, 2014 - 7:30 PM | Joint Board of Selectmen / Finance Committee meeting                                                                | Town Hall                                       |
|          | February 25, 2014 - 8:30 PM | Finance Committee deliberations and votes                                                                           | Flynn                                           |
| Thursday | February 27, 2014 - 7:30 PM | Finance Committee deliberations and votes                                                                           | Flynn                                           |
| Monday   | March 17, 2014              | Finance Committee deliberations and votes                                                                           | Flynn                                           |

\* FinCom Chair and Town Manager to make recorded opening remarks at 6:30PM

## E. Budget Instructions



### Town of Sudbury Finance Committee

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278 Old Sudbury Rd  
Sudbury, MA 01776  
(978) 639-3376

October 25, 2013

To: Board of Selectmen of the Town of Sudbury  
Mr. Radha Gargeya, Chair of the Lincoln Sudbury Regional School District Committee  
Dr. Richard J. Robison, Chair of the Sudbury Public School Committee  
Mr. David R. Manjarrez, Minuteman Regional High School Representative  
Ms. Bella Wong, Superintendent of Lincoln-Sudbury Regional High School  
Ms. Maureen Valente, Town Manager for the Town of Sudbury  
Dr. Anne Wilson, Superintendent of the Sudbury Public Schools

RE: Fiscal Year 2015 Budget Guidelines

Dear Town and School Officials and Administrators:

The Finance Committee (the “FinCom” or the “Committee”) looks forward to working with you on the FY15 budget. Having all labor contracts resolved for this budgeting process will remove much of the uncertainty we experienced in the FY14 process, however the FY15 budgeting process could prove to be just as challenging given continued economic uncertainty at the state and federal level. We thank all of you and your various committees for past efforts that put the best interests of Sudbury and the Regional District first. It is the Committee’s desire to continue in this vein as we begin this year’s budget process.

The deadline for submitting a budget to Andrea Terkelsen is **January 11<sup>th</sup>**, to be provided on 3-hole punched paper. For FY15, the FinCom requests that an initial “No Override” budget submission be prepared that assumes an increase no greater than 2.50% over the FY14 budget (including pension and insurance costs). This preliminary projection will be refined throughout the budget process as we obtain additional information regarding State Aid and other revenue assumptions leading up to our Annual Town Meeting in May 2014. Please refer to Exhibit I for a summary of the drivers of the current estimate for FY15 No Override allowable budget growth.

Consistent with past budget submissions, cost centers may also submit a “Level Service” budget for consideration. Please note that the “Level Service” budget could increase or decrease in response to changing budget drivers such as enrollment and population – and the “Level Service” budget may be one and the same with the “No Override” budget.

While we recognize that each cost center has certain unique characteristics, it is important that there be a level of consistency in which all budget submissions are prepared. As a result, we ask that you assume the following when constructing your budget submissions:

- for each cost center, salary and other cash compensation should include any contractually obligated cost of living increase (i.e. COLA) as well as normal salary steps and lanes given your current employee demographic;
- your best estimate of expected health and benefit costs increases - please clearly document those assumptions in your submission; and
- your best estimate of utilities and, where applicable, transportation and special education cost increases or decreases – again, please clearly document those assumptions in your submission.

As with previous years, we expect the budget liaison meetings to play a continuing role in the budget review process. Rather than wait until budget submissions, the Committee has compiled a standard list of questions and information requests (see Exhibit II enclosed) to be reviewed at these budget liaison meetings. Moreover, similar to past years, we are also asking for budget data to be summarized in a spreadsheet format that will better enable us to understand the underlying trends in the cost of various services provided by the Town and Schools.

It is our intention to have the FinCom liaisons present the answers and information requested in this letter to the Committee at its meeting on **December 16<sup>th</sup>**. We also request that the cost centers have their own representatives at this meeting to elaborate or clarify, as necessary, and insure a thorough understanding by the entire Committee of the information requested.

We would like to proceed with the following schedule:

- By **December 6<sup>th</sup>**: FinCom budget liaisons to meet with their respective Cost Centers to review the answers and information requested above. **If the meeting cannot be scheduled prior to December 6<sup>th</sup>, please plan to provide the information to your Liaison in electronic form by that date so that they can make it available to the full Finance Committee so that everyone may begin reviewing it in advance of the next FinCom meeting.** From this information, the Committee will look to review cost trends and determine if costs are tracking in line with budgeted expectations, what unexpected costs or events have occurred, and what impacts these may have on FY15 budget requests.
- **December 16<sup>th</sup>**: Regularly scheduled FinCom meeting will include a review and discussion of the results of the liaison meetings.
- We also suggest that a follow up liaison meeting be scheduled **subsequent to December 16<sup>th</sup> and prior to any budget presentations that may need to be made to others** so that all parties have the opportunity to discuss issues that may arise at the December 16<sup>th</sup> FinCom meeting.

- By **January 11<sup>th</sup>**, submission of the FY15 No Override and, if applicable, the FY15 Level Service budget.
- By **January 31<sup>st</sup>**, the addition of FY15 No Override and, if applicable, the FY15 Level Service budget numbers to the FinCom spreadsheet, to be delivered in electronic form.

We hope that this process will again allow for greater input and information flow prior to formal hearings in 2014. Your cooperation is very much appreciated.

Respectfully,

Members of the Sudbury Finance Committee

Cc: Glenn Fratto, Business Manager, Lincoln-Sudbury Regional High School  
Eric Greece, Chair of the Capital Improvement Advisory Committee  
Myron Fox, Moderator, Town of Sudbury  
Laura Sander, Finance Committee Chair, Town of Lincoln  
Andrea Terkelsen, Finance Director/Treasurer, Town of Sudbury  
Mary Will, Director of Business & Finance, Sudbury Public Schools

**Exhibit I: FY15 No Override Revenue Forecast Assumptions**

Set forth below in Table I is a summary of the drivers that result in FinCom's initial estimate for allowable, No Override budget growth of 2.5% for FY15.

Table I

*Dollars in Millions*

| Revenue Source                                 | FY14<br>ATM    | FY15           | Annual<br>Growth Rate |
|------------------------------------------------|----------------|----------------|-----------------------|
| Tax Levy for General Use                       | \$69.16        | \$71.41        | 3.3%                  |
| State Aid - SPS (Cherry Sheet)                 | \$5.73         | \$5.73         | 0.0%                  |
| Sudbury portion of LS Offsets/Reapportionments | \$3.10         | \$2.59         | -16.2%                |
| Local Receipts                                 | \$4.14         | \$4.44         | 7.4%                  |
| <b>Total</b>                                   | <b>\$82.12</b> | <b>\$84.17</b> | <b>2.5%</b>           |

While discussions continue regarding opportunities to diversify our tax base, the vast majority of tax revenues continue to come from property taxes, both residential and commercial. Fortunately, from a forecasting perspective, growth of these tax revenues has been fairly consistent over the past several years. Including new growth, and excluding tax revenue from capital exclusions or other debt service, revenues from property taxes have grown at an annual rate of approximately 3% per annum over the last three years and are expected to continue to do so in FY15.

While difficult to forecast, the reality is that State Aid is a relatively small component of our overall tax base. Despite posting declines in each of FY09 to FY11, state aid increased by approximately 4% from FY12 to FY14. However, we are entering a forecast period that contains a high degree of uncertainty given the government impasse on funding and the debt limit. As a result, for FY15 we have assumed no growth in State Aid from FY14 to FY15 and will continue to review and revise these estimates throughout the budget process.

Offsets to the Lincoln Sudbury (LS) operating budget are netted out prior to calculating the assessment to each member town. That being said, there are some material changes to LS offsets that need to be factored into the growth calculus for Sudbury overall. LS is expecting an additional \$84K of revenue from state aid and regional transportation reimbursements. However, LS utilized \$666K of its Excess and Deficiency (E&D) account to fund its FY14 operating budget, and will no longer be reapportioning excess funds from previous budget years. This results in a net shortfall to the LS budget of \$583K. Sudbury portion (85.55%) of this shortfall is \$503K, which negatively impacts the FY15 growth percentage.

The last and smallest component of our tax base, local receipts, had declined significantly during the recession in 2007-2008, and then remained relatively flat through FY10. Beginning in FY11, we have seen a significant increase in local receipts, with revenues consistently coming in at +10-20% above budget. In FY14, we assumed \$4.14MM in local receipts, however current data suggests that FY14 local receipts will be closer to \$4.42MM. We are therefore projecting a slight increase of 0.5% in local receipts from the FY14 projected amount, which translates to a +7.4% increase from FY14 budget.

**Exhibit II: Questions and information to discuss prior to the formal budget submission**

- 1) An update on the impact of the FY14 appropriated budget, including specifics on any cuts in staff and services and the resulting budgeted average FTE count for the fiscal year.
- 2) Based upon the FY14 budget: a) the status and projected full year cost, including benefits, of all new positions hired within the budget, with specifics as to positions, b) new positions hired but not included in the budget, and c) the total number of actual and budgeted FTE's by position.
- 3) Details on grants in excess of \$25,000 received for FY14, including grantor, amount, use of these funds, likelihood of continuation and change from previous fiscal year.
- 4) Details of new costs and events, which were not anticipated and are impacting the FY14 budget and their potential to impact the FY15 budget.
- 5) An update of any new or existing cost savings/revenue enhancement programs or initiatives presented during the last budget process.
- 6) Any new cost savings/revenue enhancement programs or initiatives being contemplated for the FY15 budget and their projected monetary impacts, if available.
- 7) Actual student enrollment statistics vs. budget.
- 8) An update to the "FinCom Spreadsheet" (an electronic copy of which will be distributed separately).
- 9) An update to the compensation information on highly paid employees contained in Appendix III of the May 2013 Warrant to include FY14 data.

## F. Community Profile

### At A Glance Report for Sudbury

| Socioeconomic                             |                   |
|-------------------------------------------|-------------------|
| County                                    | MIDDLESEX         |
| School Structure                          | K-08              |
| Form of Government                        | OPEN TOWN MEETING |
| 2012 Population                           | 18,119            |
| 2012 Labor Force                          | 8,791             |
| 2012 Unemployment Rate                    | 4.50              |
| 2011 DOR Income Per Capita                | 93,407            |
| 2009 Housing Units per Sq Mile            | 229.38            |
| 2011 Road Miles                           | 145.57            |
| EQV Per Capita (2012 EQV/2012 Population) | 226,856           |
| Number of Registered Vehicles (2012)      | 15,601            |
| 2012 Number of Registered Voters          | 12,412            |

| Bond Ratings                                          |     |
|-------------------------------------------------------|-----|
| Moody's Bond Ratings as of December 2012*             |     |
| Standard and Poor's Bond Ratings as of December 2012* | AAA |

\*Blank indicates the community has not been rated by the bond agency

| Fiscal Year 2014 Estimated Cherry Sheet Aid |           |
|---------------------------------------------|-----------|
| Education Aid                               | 4,414,906 |
| General Government                          | 1,313,361 |
| Total Receipts                              | 5,728,267 |
| Total Assessments                           | 181,455   |
| Net State Aid                               | 5,546,812 |

| Fiscal Year 2014 Tax Classification |                      |                   |          |
|-------------------------------------|----------------------|-------------------|----------|
| Tax Classification                  | Assessed Values      | Tax Levy          | Tax Rate |
| Residential                         | 3,695,489,903        | 66,340,257        | 18.03    |
| Open Space                          | 0                    | 0                 | 0        |
| Commercial                          | 146,588,764          | 3,655,924         | 24.94    |
| Industrial                          | 51,549,800           | 1,285,652         | 24.94    |
| Personal Property                   | 66,955,670           | 1,669,874         | 24.94    |
| <b>Total</b>                        | <b>3,960,584,137</b> | <b>72,951,707</b> |          |

| Fiscal Year 2014 Revenue by Source |                   |            |
|------------------------------------|-------------------|------------|
| Revenue Source                     | Amount            | % of Total |
| Tax Levy                           | 72,951,707        | 80.04      |
| State Aid                          | 7,409,491         | 8.13       |
| Local Receipts                     | 7,871,854         | 8.64       |
| Other Available                    | 2,913,796         | 3.20       |
| <b>Total</b>                       | <b>91,146,848</b> |            |

| Fiscal Year 2014 Proposition 2 1/2 Levy Capacity |            |
|--------------------------------------------------|------------|
| New Growth                                       | 634,048    |
| Override                                         |            |
| Debt Exclusion                                   | 3,380,476  |
| Levy Limit                                       | 73,354,615 |

|                   |            |
|-------------------|------------|
| Excess Capacity   | 402,908    |
| Ceiling           | 99,014,603 |
| Override Capacity | 29,740,464 |

| Other Available Funds |                           |                        |
|-----------------------|---------------------------|------------------------|
| 2014 Free Cash        | FY2013 Stabilization Fund | FY2014 Overlay Reserve |
| 2,380,250             | 1,971,721                 | 593,665                |

| Fiscal Year 2014 Average Single Family Tax Bill** |         |
|---------------------------------------------------|---------|
| Number of Single Family Parcels                   | 5,397   |
| Assessed Value of Single Family                   | 640,277 |
| Average Single Family Tax Bill                    | 11,544  |

| State Average Family Tax Bill |       |
|-------------------------------|-------|
| Fiscal Year 2011              | 4,537 |
| Fiscal Year 2012              | 4,711 |
| Fiscal Year 2013              | 4,846 |

**Sudbury Issues tax bills on a Quarterly basis**

\*\*For the communities granting the residential exemptions, DLS does not collect enough information to calculate an average single family tax bill. In FY13, those communities are Barnstable, Boston, Brookline, Cambridge, Chelsea, Everett, Malden, Nantucket, Somerville, Somerset, Tisbury, Waltham and Watertown. Therefore, the average single family tax bill information in this report will be blank.

| Fiscal Year 2013 Schedule A - Actual Revenues and Expenditures |              |                 |                  |                  |               |                 |
|----------------------------------------------------------------|--------------|-----------------|------------------|------------------|---------------|-----------------|
|                                                                | General Fund | Special Revenue | Capital Projects | Enterprise Funds | Trust Revenue | Total All Funds |
| Revenues                                                       | 82,464,586   | 8,724,186       | 843,788          | 1,064,518        | 1,420,783     | 94,517,861      |
| Expenditures                                                   | 79,083,981   | 7,436,727       | 9,991,779        | 886,270          | 3,166,217     | 100,564,974     |
| Police                                                         | 2,652,649    | 0               | 0                | 0                | 0             | 2,652,649       |
| Fire                                                           | 3,312,811    | 0               | 0                | 0                | 0             | 3,312,811       |
| Education                                                      | 51,391,056   | 4,565,600       | 59,514           | 0                | 0             | 56,016,170      |
| Public Works                                                   | 3,731,907    | 1,200           | 787,984          | 0                | 0             | 4,521,091       |
| Debt Service                                                   | 3,798,521    |                 |                  |                  |               | 3,798,521       |
| Health Ins                                                     | 4,758,203    |                 |                  |                  |               | 4,758,203       |
| Pension                                                        | 3,111,390    |                 |                  |                  |               | 3,111,390       |
| All Other                                                      | 6,327,444    | 2,869,927       | 9,144,281        | 886,270          | 3,166,217     | 22,394,139      |

| Total Revenues and Expenditures per Capita |              |                 |                  |                  |               |                 |
|--------------------------------------------|--------------|-----------------|------------------|------------------|---------------|-----------------|
|                                            | General Fund | Special Revenue | Capital Projects | Enterprise Funds | Trust Revenue | Total All Funds |
| Revenues                                   | 4,551.3      | 481.5           | 46.6             | 58.8             | 78.4          | 5,216.5         |
| Expenditures                               | 4,364.7      | 410.4           | 551.5            | 48.9             | 174.7         | 5,550.2         |

This data only represents the revenues and expenditures occurring in these funds and does not reflect and transfers to or from other funds. Therefore, this data should not be used to calculate an ending fund balance.

If you have questions regarding the data contained in this report, please contact the Municipal Databank/Local Aid Section at (617) 626-2384 or databank@dor.state.ma.us

[Click here to see if the Division of Local Services' Technical Assistance Section has conducted a financial management review or other analysis for Sudbury.](#)

For this and many other useful information about Massachusetts' Cities & Towns go to:  
<http://www.mass.gov/dor/local-officials/>



# DATA...DATA.....DATA.....The DOR/DLS has got it all! Top 10 Reasons to Visit

The screenshot shows the official website of the Massachusetts Department of Revenue (DOR). The header includes the 'Mass.gov' logo, navigation links for 'State Offices & Courts', 'State A-Z Topics', and 'State Forms', and a notification for 'No Active Alerts'. The main content area features the DOR logo, the text 'The Official Website of the Department of Revenue (DOR)', and the title 'Department of Revenue' with a search bar. A navigation menu includes 'Individuals', 'Businesses', 'Tax Professionals', 'Taxes & Rates', 'Child Support', and 'Local Officials'. The breadcrumb trail reads: Home > Local Officials > Municipal Data Management and Technical Assistance Bureau > Data Bank Reports. The main heading is 'Data Bank Reports', followed by the name and contact information of Lisa Juskiewicz, Director. A paragraph describes the Municipal Databank's role in collecting and analyzing financial, demographic, and economic data. Below this, there are links for 'New Community Comparison Report' and 'Property Tax Information' (with a sub-note about tax rates, levies, parcel counts, etc.).

Some key points of interest:

1. [At-A-Glance-Report](#)
2. [S&P Credit Ratings in Massachusetts](#)
3. [City & Town Free Cash Report](#)
4. [Regional Districts Excess & Deficiency \(Free Cash\) Report](#)
5. [City & Town Tax Rate Recap Report](#)
6. [Cherry Sheet State Aid Reports](#)
7. [Massachusetts Municipal Finance Glossary](#)
8. [Uniform Mass Municipal Accounting System \(UMAS\)](#)
9. [Property Value Data Report](#)
10. [DLS Real Estate Sales Report](#)

## ABOUT SUDBURY

For more information about Sudbury go to:

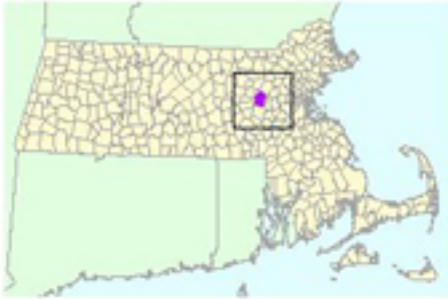
<http://sudbury.ma.us/page/glance/>



The screenshot shows the official website for the Town of Sudbury, Massachusetts. At the top left is the town seal, which is circular and features a building and the text 'SUDBURY MASSACHUSETTS' and 'INCORPORATED 1642'. To the right of the seal is the text 'Sudbury Massachusetts' in a large, bold font, with 'Sudbury, Massachusetts' in a smaller font below it. Further right, there are links for 'Internal Website', 'Maps', 'Historic Archives', 'Sudbury Trust', and 'W'. Below this is a dark blue navigation bar with white text for 'About Sudbury', 'Calendars', 'Committees', 'Departments', 'Schools', and 'Regis'. The main content area has a light gray background and is titled 'About Sudbury' in a large blue font. Below the title are four columns of links under the following headings: 'Town Government', 'Town Directories', 'Sudbury Maps', and 'Interesting Facts'. The 'Town Government' column includes links for 'Appointed Town Officials', 'Elected Town Officials', 'State and Federal Representatives', and 'Election Results Archive'. The 'Town Directories' column includes 'Town Building Directory', 'Town Services Telephone Directory', 'Town Committees Telephone Directory', and 'Town Map Building Locator'. The 'Sudbury Maps' column includes 'Interactive Streetmap', 'Sudbury MapsOnline', 'Historic maps', 'Conservation Land Maps', 'Precinct Map', and 'Zoning and Buildout maps'. The 'Interesting Facts' column includes 'Sudbury Community Profile', 'Sudbury Trust Funds (PDF)', 'Breeds of Licensed Dogs', and 'Community Preservation Act Information'.

Updated listings of appointed and elected Town officials, election results archives, directories and much more can be found on the official website for the Town of Sudbury.

## SUDBURY GOVERNMENT STRUCTURE



The Town of Sudbury, Massachusetts (the “Town”) was incorporated in 1639. It is located in Middlesex County, about 20 miles west of Boston. The Town is governed by an open Town Meeting, an elected 5-member Board of Selectmen, and an appointed Town Manager. Local legislative decisions for the Town are made by an open Town Meeting.

The Town implemented its current charter on July 1, 1996, and it was amended in 2013 to change from three to five selectmen.

This charter provided for appointment of a Town Manager by the Board of Selectmen. The Town Manager has broad responsibility for day-to-day management of Town affairs, as well as preparation of annual operating and capital budgets. The Town provides general governmental services for the territory within its boundaries, including police and fire protection, streets, library, parks and recreation. For budgeting purposes, the Town services are divided into six program areas, and the Town Manager has authority to move funds as needed within a program area, but not to transfer funds between these areas. These areas are as follows: General Government; Public Safety; Public Works; Human Services; Culture and Recreation; and Unclassified.

The Town provides education in grades K-8 through the Sudbury Public Schools; the Lincoln-Sudbury Regional School District provides education in grades 9 through 12. The Minuteman Regional Vocational Technical High School provides vocational technical education in grades 9 through 12. Capacity of the Town’s schools has significantly increased in recent years. Elementary school capacity increased from 1,804 to 2,486; capacity of the middle school increased from 769 to 1,135. The regional high school has built a new, larger facility to replace the existing building and the capacity of the new high school is 1,850. The older facility had 1,420 students enrolled in its final year.

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

## PRINCIPAL OFFICIALS

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

**SUDBURY POPULATION HISTORY**  
1790-Present

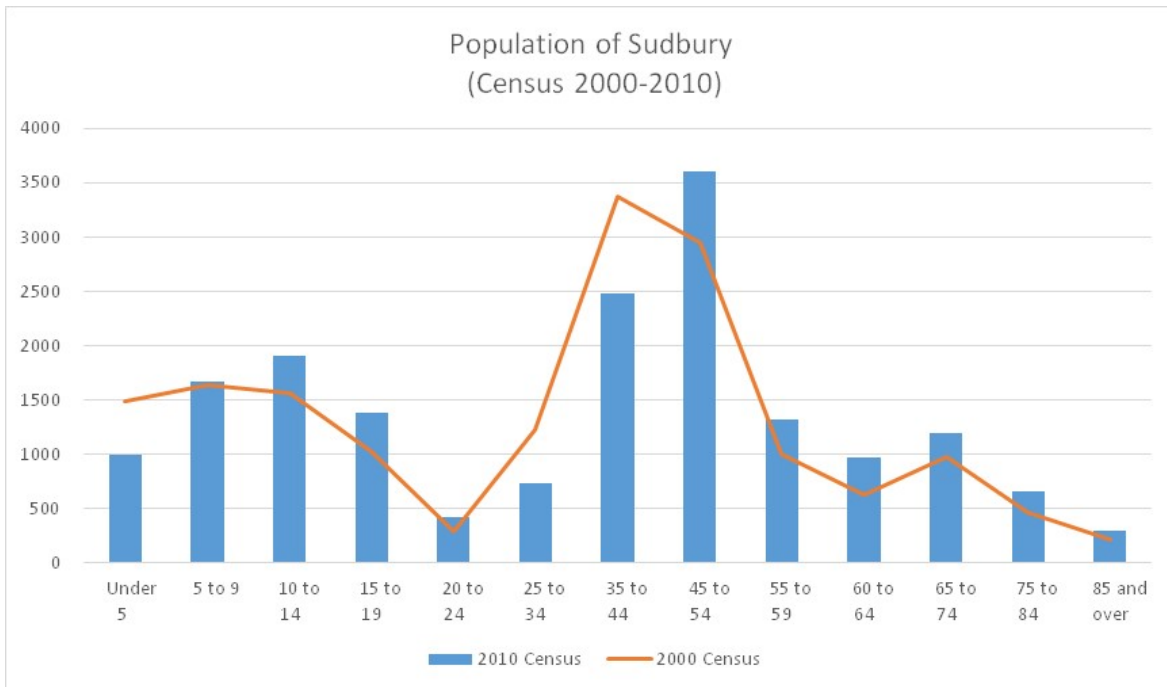
| <u>YEAR</u> | <u>POPULATION</u> | <u>YEAR</u> | <u>POPULATION</u> |
|-------------|-------------------|-------------|-------------------|
| 1790        | 1,290             | 1971        | 13,882            |
| 1800        | 1,303             | 1972        | 14,460            |
| 1810        | 1,287             | 1973        | 14,872            |
| 1820        | 1,417             | 1974        | 15,047            |
| 1830        | 1,423             | 1975        | 15,092            |
| 1840        | 1,422             | 1976        | 14,923            |
| 1850        | 1,578             | 1977        | 15,047            |
| 1855        | 1,673             | 1978        | 14,930            |
| 1860        | 1,691             | 1979        | 15,023            |
| 1875        | 1,177             | 1980        | 14,972            |
| 1880        | 1,178             | 1981        | 14,726            |
| 1885        | 1,165             | 1982        | 14,599            |
| 1890        | 1,197             | 1983        | 14,548            |
| 1895        | 1,141             | 1984        | 14,444            |
| 1900        | 1,150             | 1985        | 14,242            |
| 1910        | 1,120             | 1986        | 14,395            |
| 1915        | 1,206             | 1987        | 14,561            |
| 1920        | 1,121             | 1988        | 15,390            |
| 1925        | 1,394             | 1989        | 15,662            |
| 1930        | 1,182             | 1990        | 15,800            |
| 1935        | 1,638             | 1991        | 14,891            |
| 1940        | 1,754             | 1992        | 14,543            |
| 1945        | 2,051             | 1993        | 15,325            |
| 1948        | 2,241             | 1994        | 15,713            |
| 1949        | 2,431             | 1995        | 15,510            |
| 1950        | 2,597             | 1996        | 16,079            |
| 1951        | 2,733             | 1997        | 16,542            |
| 1952        | 2,898             | 1998        | 16,506            |
| 1953        | 2,946             | 1999        | 16,532            |
| 1954        | 3,415             | 2000        | 16,929            |
| 1955        | 3,646*            | 2001        | 17,245            |
| 1956        | 4,251             | 2002        | 17,423            |
| 1957        | 5,204             | 2003        | 17,678            |
| 1958        | 5,793             | 2004        | 17,925            |
| 1959        | 6,592             | 2005        | 18,107            |
| 1960        | 7,450             | 2006        | 18,207            |
| 1964        | 10,492            | 2007        | 18,080            |
| 1965        | 10,894            | 2008        | 17,924            |
| 1966        | 11,275            | 2009        | 17,977            |
| 1967        | 11,869            | 2010        | 18,015            |
| 1968        | 12,200            | 2011        | 18,160            |
| 1969        | 12,823            | 2012        | 18,103            |
| 1970        | 13,350            | 2013        | 18,317            |

## SUDBURY POPULATION CHANGES

**\*DP-1-Geography-  
ZCTA5 01776:**

|                   | 2000-2010 |         | 2010 Census |         | 2000 Census |         |
|-------------------|-----------|---------|-------------|---------|-------------|---------|
|                   | Delta     | Delta   | Number      | Percent | Number      | Percent |
| Total population  | 818       | 100.0%  | 17,659      | 100.0%  | 16,841      | 100.0%  |
| Under 5           | (490)     | -59.9%  | 999         | 5.7%    | 1,489       | 8.8%    |
| 5 to 9            | 38        | 4.6%    | 1,675       | 9.5%    | 1,637       | 9.7%    |
| 10 to 14          | 346       | 42.3%   | 1,905       | 10.8%   | 1,559       | 9.3%    |
| 15 to 19          | 355       | 43.4%   | 1,382       | 7.8%    | 1,027       | 6.1%    |
| 20 to 24          | 134       | 16.4%   | 429         | 2.4%    | 295         | 1.8%    |
| 25 to 34          | (495)     | -60.5%  | 731         | 4.1%    | 1,226       | 7.3%    |
| 35 to 44          | (890)     | -108.8% | 2,482       | 14.1%   | 3,372       | 20.0%   |
| 45 to 54          | 650       | 79.5%   | 3,605       | 20.4%   | 2,955       | 17.5%   |
| 55 to 59          | 315       | 38.5%   | 1,319       | 7.5%    | 1,004       | 6.0%    |
| 60 to 64          | 353       | 43.2%   | 977         | 5.5%    | 624         | 3.7%    |
| 65 to 74          | 217       | 26.5%   | 1,194       | 6.8%    | 977         | 5.8%    |
| 75 to 84          | 204       | 24.9%   | 666         | 3.8%    | 462         | 2.7%    |
| 85 and over       | 81        | 9.9%    | 295         | 1.7%    | 214         | 1.3%    |
| Under 18          | 172       | 21.0%   | 5,648       | 32.0%   | 5,476       | 32.5%   |
| 18 years and over | 646       | 79.0%   | 12,011      | 68.0%   | 11,365      | 67.5%   |
| 60 and over       | 855       | 104.5%  | 3,132       | 17.7%   | 2,277       | 13.5%   |

\*Federal Census data



## MISCELLANEOUS ECONOMIC AND DEMOGRAPHIC CHARACTERISTICS

### PROPERTY TAX LEVIES AND COLLECTIONS LAST TEN FISCAL YEARS

| Fiscal Year | Net Tax Levy  | Collected within the Fiscal Year of the Levy |                               |                               | Total Collections to Date |                                      |
|-------------|---------------|----------------------------------------------|-------------------------------|-------------------------------|---------------------------|--------------------------------------|
|             |               | Current Tax Collections (1)                  | Percent of Net Levy Collected | Actual Subsequent Collections | Total Tax Collections (1) | Total Collections as a % of Net Levy |
| 2004        | \$ 49,200,858 | \$ 48,396,414                                | 98.36%                        | \$ 277,163                    | \$ 48,673,578             | 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%                        | 145,308                       | 62,271,580                | 98.43%                               |
| 2010        | 65,529,153    | 63,936,979                                   | 97.57%                        | 450,540                       | 64,387,519                | 98.26%                               |
| 2011        | 67,418,506    | 65,823,252                                   | 97.63%                        | 557,272                       | 66,380,524                | 98.46%                               |
| 2012        | 69,007,532    | 67,608,625                                   | 97.97%                        | 437,441                       | 68,046,066                | 98.61%                               |
| 2013        | 71,026,410    | 68,072,339                                   | 95.84%                        | -                             | 68,072,339                | 95.84%                               |

Source: Department of the Treasurer/Collector

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

### PRINCIPAL PROPERTY TAXPAYERS

2013

| Taxpayer                     | Valuation          | Amount of Tax       | Rank | Percentage of Total Tax Levy |
|------------------------------|--------------------|---------------------|------|------------------------------|
| NSTAR ELECTRIC & GAS COMPANY | \$ 30,586,720      | \$ 719,400          | 1    | 1.01%                        |
| RAYTHEON CO                  | 29,625,300         | 696,787             | 2    | 0.98%                        |
| VERIZON                      | 17,653,110         | 415,201             | 3    | 0.58%                        |
| PARIS TRUST LLC              | 13,117,600         | 308,526             | 4    | 0.43%                        |
| PRI LONGFELLOW GLEN LLC      | 11,552,100         | 207,822             | 5    | 0.29%                        |
| SUDBURY CROSSING LIMITED     | 10,979,800         | 258,245             | 6    | 0.36%                        |
| WELLYN INC                   | 8,831,900          | 207,726             | 7    | 0.29%                        |
| BOSTON GAS COMPANY           | 7,510,140          | 176,638             | 8    | 0.25%                        |
| SNIDER STANLEY W             | 6,890,900          | 162,074             | 9    | 0.23%                        |
| RICHARD J BOSSE HOLDINGS LLC | 6,492,200          | 152,697             | 10   | 0.21%                        |
| <b>Total</b>                 | <b>143,239,770</b> | <b>\$ 3,305,116</b> |      | <b>4.65%</b>                 |

**PRINCIPAL EMPLOYERS**  
CURRENT YEAR AND TEN YEARS AGO

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

Source: Town of Sudbury and Massachusetts Labor and Workforce Development

**DEMOGRAPHIC AND ECONOMIC STATISTICS**  
LAST TEN CALENDAR YEARS

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

- Sources: (1) Town of Sudbury  
(2) Massachusetts Department of Revenue  
(3) Calculated using Town population data  
(4) 2010 Federal Census; also being used for 2002 through 2009 as a fair estimate of Median Age  
(5) Massachusetts Labor and Workforce Development @ year-end



**Building Permits**

| <u>Calendar Year</u> | <u>New</u>   |                   | <u>Remodel/Renovate</u> |                   | <u>Other</u> |                   |
|----------------------|--------------|-------------------|-------------------------|-------------------|--------------|-------------------|
|                      | <u>Count</u> | <u>Est. Value</u> | <u>Count</u>            | <u>Est. Value</u> | <u>Count</u> | <u>Est. Value</u> |
| 2013                 | 49           | \$16,872,828      | 384                     | \$16,348,927      | 55           | \$3,520,022       |
| 2012                 | 50           | 12,331,512        | 321                     | 11,378,218        | 52           | 1,023,823         |
| 2011                 | 31           | 6,572,347         | 296                     | 7,185,469         | 61           | 7,301,707         |
| 2010                 | 50           | 8,073,984         | 230                     | 7,486,412         | 71           | 6,757,672         |
| 2009                 | 14           | 4,061,600         | 240                     | 13,567,879        | 50           | 2,228,294         |

**OTHER DATA**

**Unemployment (1)**

| <u>Year</u>     | <u>Sudbury</u> | <u>Massachusetts</u> | <u>United States</u> |
|-----------------|----------------|----------------------|----------------------|
| 2013 (December) | 4.5%           | 6.7                  | 6.5%                 |
| 2012            | 4.5            | 6.7                  | 8.1                  |
| 2011            | 5.0            | 7.2                  | 8.8                  |
| 2010            | 5.9            | 8.5                  | 9.6                  |
| 2009            | 6.0            | 8.2                  | 9.3                  |

(1) Massachusetts Office of Labor and Workforce Development. Full year annual averages except for 2013 which is for the month indicated.

**Family Income Distribution 2012 5-year estimates (1)**

| <u>Income for Families</u> | <u>Sudbury</u>  |                | <u>Middlesex County</u> |                | <u>Massachusetts</u> |                |
|----------------------------|-----------------|----------------|-------------------------|----------------|----------------------|----------------|
|                            | <u>Families</u> | <u>Percent</u> | <u>Families</u>         | <u>Percent</u> | <u>Families</u>      | <u>Percent</u> |
| Less than \$10,000         | 24              | 0.5%           | 8,758                   | 2.4%           | 57,204               | 3.6%           |
| \$10,000 - \$24,999        | 78              | 1.5            | 22,381                  | 6.1            | 132,790              | 8.3            |
| \$25,000 - \$49,999        | 172             | 3.4            | 47,577                  | 12.9           | 260,930              | 16.3           |
| \$50,000 - \$74,999        | 343             | 6.8            | 50,166                  | 13.6           | 257,973              | 16.1           |
| \$75,000 - \$99,999        | 437             | 8.7            | 50,766                  | 13.7           | 235,746              | 14.7           |
| \$100,000 - \$149,999      | 833             | 16.5           | 84,320                  | 22.8           | 331,738              | 20.7           |
| \$150,000 or more          | <u>3,151</u>    | <u>62.5</u>    | <u>105,960</u>          | <u>28.6</u>    | <u>327,825</u>       | <u>20.4</u>    |
| Total                      | <u>5,038</u>    | <u>100.0%</u>  | <u>369,928</u>          | <u>100.0%</u>  | <u>1,604,206</u>     | <u>100.0%</u>  |

(1) Source: U.S. Department of Commerce.

**Household Income Distribution 2012 5-year estimates (1)**

| <b>Income for Households</b> | <b>Sudbury</b>      |                      | <b>Middlesex County</b> |                      | <b>Massachusetts</b>    |                      |
|------------------------------|---------------------|----------------------|-------------------------|----------------------|-------------------------|----------------------|
|                              | <b>Households</b>   | <b>Percent</b>       | <b>Households</b>       | <b>Percent</b>       | <b>Households</b>       | <b>Percent</b>       |
| Less than \$10,000           | 78                  | 1.4%                 | 27,350                  | 4.7%                 | 159,535                 | 6.3%                 |
| \$10,000 - \$24,999          | 206                 | 3.6                  | 62,187                  | 10.7                 | 345,816                 | 13.7                 |
| \$25,000 - \$49,999          | 248                 | 4.4                  | 91,079                  | 15.7                 | 472,301                 | 18.7                 |
| \$50,000 - \$74,999          | 463                 | 8.2                  | 87,693                  | 15.1                 | 412,921                 | 16.3                 |
| \$75,000 - \$99,999          | 518                 | 9.2                  | 76,803                  | 13.3                 | 329,572                 | 13.0                 |
| \$100,000 - \$149,999        | 928                 | 16.4                 | 111,082                 | 19.2                 | 422,194                 | 16.7                 |
| \$150,000 or more            | <u>3,205</u>        | <u>56.8</u>          | <u>123,015</u>          | <u>21.2</u>          | <u>383,355</u>          | <u>15.2</u>          |
| <b>Total</b>                 | <b><u>5,646</u></b> | <b><u>100.0%</u></b> | <b><u>579,209</u></b>   | <b><u>100.0%</u></b> | <b><u>2,525,694</u></b> | <b><u>100.0%</u></b> |

(1) Source: U.S. Department of Commerce.

**Value Distribution Of Specified Owner-Occupied Housing Units 2012 5-year estimates (1)**

| <b>Units</b>          | <b>Sudbury</b>      |                      | <b>Middlesex County</b> |                      | <b>Massachusetts</b>    |                      |
|-----------------------|---------------------|----------------------|-------------------------|----------------------|-------------------------|----------------------|
|                       | <b>Number</b>       | <b>Percent</b>       | <b>Number</b>           | <b>Percent</b>       | <b>Number</b>           | <b>Percent</b>       |
| Less than \$100,000   | 47                  | 0.9%                 | 8,186                   | 2.2%                 | 55,908                  | 3.5%                 |
| \$100,000 - \$199,999 | 21                  | 0.4                  | 20,196                  | 5.5                  | 201,702                 | 12.6                 |
| \$200,000 - \$299,999 | 92                  | 1.7                  | 58,603                  | 16.0                 | 402,530                 | 25.2                 |
| \$300,000 - \$499,999 | 1,290               | 24.3                 | 162,541                 | 44.4                 | 603,907                 | 37.8                 |
| \$500,000 - \$999,999 | 3,240               | 61.1                 | 98,530                  | 26.9                 | 276,805                 | 17.3                 |
| \$1,000,000 or more   | <u>616</u>          | <u>11.6</u>          | <u>18,069</u>           | <u>4.9</u>           | <u>55,107</u>           | <u>3.5</u>           |
| <b>Total</b>          | <b><u>5,306</u></b> | <b><u>100.0%</u></b> | <b><u>366,125</u></b>   | <b><u>100.0%</u></b> | <b><u>1,595,959</u></b> | <b><u>100.0%</u></b> |

Median Value      \$626,600                              \$401,300                              \$335,500

(1) Source: U.S. Department of Commerce.

**Age Distribution Housing Units 2012 5-year estimates (1)**

| <b>Year Built</b> | <b>Sudbury</b>      |                      | <b>Middlesex County</b> |                      | <b>Massachusetts</b>    |                      |
|-------------------|---------------------|----------------------|-------------------------|----------------------|-------------------------|----------------------|
|                   | <b>Number</b>       | <b>Percent</b>       | <b>Number</b>           | <b>Percent</b>       | <b>Number</b>           | <b>Percent</b>       |
| 2000 or later     | 587                 | 9.9%                 | 43,257                  | 7.1%                 | 199,233                 | 7.1%                 |
| 1980 to 1999      | 1,328               | 22.5                 | 99,270                  | 16.2                 | 508,334                 | 18.1                 |
| 1940 to 1979      | 3,445               | 58.4                 | 244,858                 | 40.1                 | 1,115,159               | 39.8                 |
| 1939 or Earlier   | <u>542</u>          | <u>9.2</u>           | <u>223,953</u>          | <u>36.6</u>          | <u>981,480</u>          | <u>35.0</u>          |
| <b>Total</b>      | <b><u>5,902</u></b> | <b><u>100.0%</u></b> | <b><u>611,338</u></b>   | <b><u>100.0%</u></b> | <b><u>2,804,206</u></b> | <b><u>100.0%</u></b> |

(1) Source: U.S. Department of Commerce.

**Housing Unit Inventory 2012 5-year estimates (1)**

| <b>Units in Structure</b>     | <b>Sudbury</b>      |                      | <b>Middlesex County</b> |                      | <b>Massachusetts</b>    |                      |
|-------------------------------|---------------------|----------------------|-------------------------|----------------------|-------------------------|----------------------|
|                               | <b>Number</b>       | <b>Percent</b>       | <b>Number</b>           | <b>Percent</b>       | <b>Number</b>           | <b>Percent</b>       |
| 1, Detached                   | 5,298               | 89.8%                | 298,215                 | 48.8%                | 1,471,460               | 52.5%                |
| 1, Attached                   | 271                 | 4.6                  | 37,571                  | 6.1                  | 141,098                 | 5.0                  |
| 2 to 4                        | 152                 | 2.6                  | 136,346                 | 22.3                 | 596,892                 | 21.3                 |
| 5 to 9                        | 0                   | 0.0                  | 31,742                  | 5.2                  | 168,231                 | 6.0                  |
| 10 to 19                      | 29                  | 0.5                  | 28,685                  | 4.7                  | 120,233                 | 4.3                  |
| 20 or More                    | 152                 | 2.6                  | 76,246                  | 12.5                 | 281,775                 | 10.0                 |
| Mobil Home, Trailer, or Other | 0                   | 0.0                  | 2,533                   | 0.4                  | 24,517                  | 0.9                  |
| <b>Total</b>                  | <b><u>5,902</u></b> | <b><u>100.0%</u></b> | <b><u>611,338</u></b>   | <b><u>100.0%</u></b> | <b><u>2,804,206</u></b> | <b><u>100.0%</u></b> |

(1) Source: U.S. Department of Commerce.

**Educational Attainment 2012 5-year estimates (1)**

| <b>Years of School Completed</b> | <b>Sudbury</b>       |                      | <b>Middlesex County</b> |                      | <b>Massachusetts</b>    |                      |
|----------------------------------|----------------------|----------------------|-------------------------|----------------------|-------------------------|----------------------|
|                                  | <b>Number</b>        | <b>Percent</b>       | <b>Number</b>           | <b>Percent</b>       | <b>Number</b>           | <b>Percent</b>       |
| Less than 9th Grade              | 97                   | 0.9%                 | 39,450                  | 3.8%                 | 216,669                 | 4.9%                 |
| 9th to 12th Grade, No Diploma    | 155                  | 1.4                  | 44,636                  | 4.3                  | 268,218                 | 6.0                  |
| High School Graduate             | 777                  | 6.9                  | 228,467                 | 21.9                 | 1,156,650               | 25.9                 |
| Some College, No Degree          | 1,152                | 10.2                 | 143,456                 | 13.7                 | 739,171                 | 16.6                 |
| Associate's Degree               | 401                  | 3.6                  | 63,971                  | 6.1                  | 344,724                 | 7.7                  |
| Bachelor's Degree                | 4,020                | 35.7                 | 268,306                 | 25.7                 | 989,299                 | 22.2                 |
| Graduate or Professional Degree  | 4,661                | 41.4                 | 255,610                 | 24.5                 | 751,167                 | 16.8                 |
| <b>Total</b>                     | <b><u>11,263</u></b> | <b><u>100.0%</u></b> | <b><u>1,043,896</u></b> | <b><u>100.0%</u></b> | <b><u>4,465,898</u></b> | <b><u>100.0%</u></b> |
| High School Graduate or Higher   | 11,011               | 97.8%                | 959,810                 | 91.9%                | 3,981,011               | 89.1%                |
| Bachelor's Degree or Higher      | 8,681                | 77.1%                | 523,916                 | 50.2%                | 1,740,466               | 39.0%                |

(1) Source: U.S. Department of Commerce.

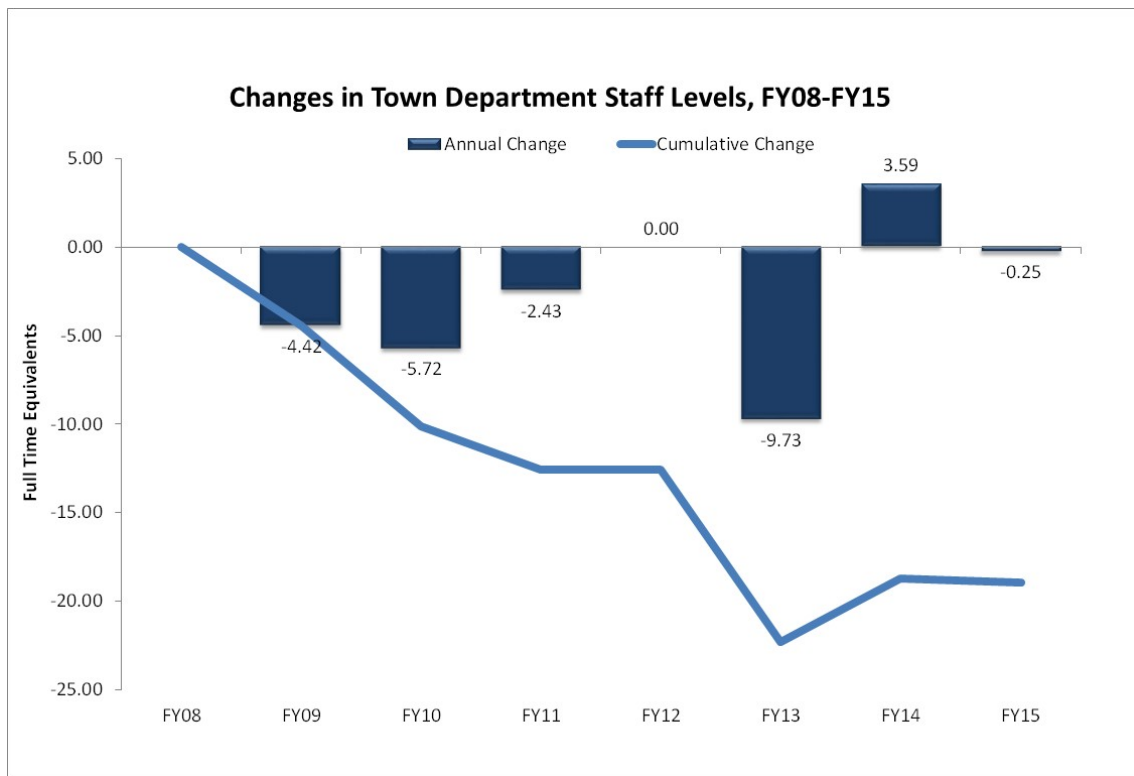
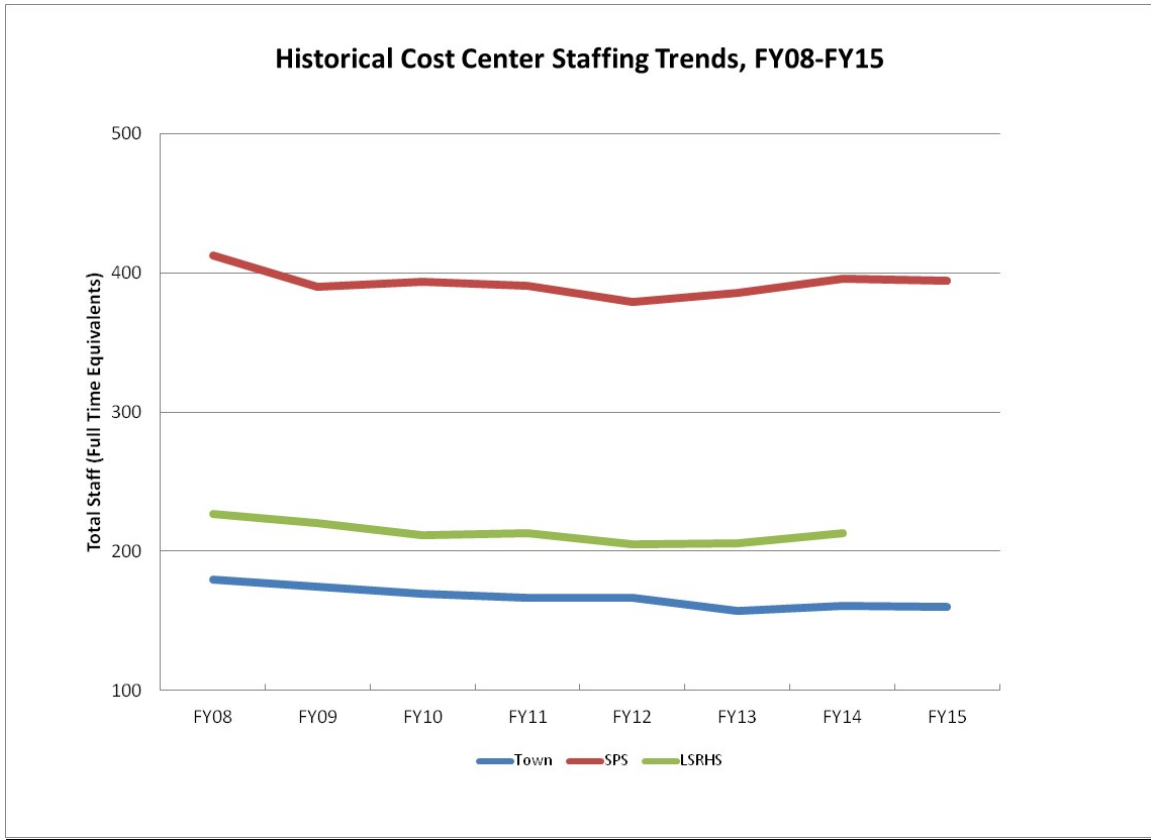
## EMPLOYEE HEADCOUNT INFORMATION

### RECENT

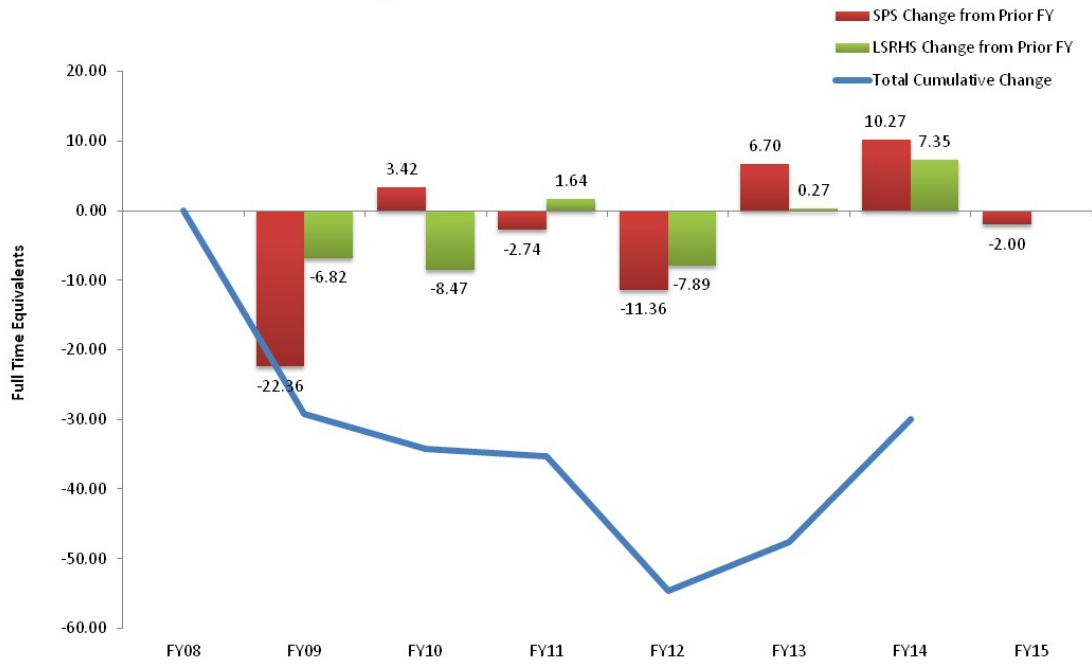
| <b>EMPLOYEE HEADCOUNT<br/>(Full Time Equivalents)</b> |                        |                        |                        |                        |
|-------------------------------------------------------|------------------------|------------------------|------------------------|------------------------|
| <b>Cost Center</b>                                    | <b>FY12<br/>Actual</b> | <b>FY13<br/>Actual</b> | <b>FY14<br/>Actual</b> | <b>FY15<br/>Budget</b> |
| LSRHS*                                                | 205.58                 | 205.56                 | 212.91                 | 216.22                 |
|                                                       | -3.6%                  | 0.0%                   | 3.6%                   | 1.6%                   |
| Sudbury K-8 Schools *                                 | 379.21                 | 385.92                 | 396.18                 | 397.52                 |
|                                                       | -2.9%                  | 1.8%                   | 2.7%                   | 0.3%                   |
| Public Safety                                         | 74.42                  | 76.29                  | 76.73                  | 76.73                  |
| Public Works                                          | 33.03                  | 33.53                  | 33.55                  | 33.55                  |
| General Government                                    | 29.38                  | 29.72                  | 29.72                  | 28.71                  |
| Human Services                                        | 6.09                   | 6.09                   | 6.65                   | 7.22                   |
| Culture & Recreation                                  | 13.55                  | 13.94                  | 13.98                  | 14.17                  |
| Town Operating Sub-total                              | 156.47                 | 159.57                 | 160.63                 | 160.38                 |
|                                                       | 0.0%                   | 2.0%                   | 0.7%                   | -0.2%                  |
| Town Enterprises                                      | 10.94                  | 10.94                  | 10.55                  | 10.54                  |
|                                                       | 0.0%                   | 0.0%                   | -3.6%                  | -0.1%                  |
| <b>TOTAL</b>                                          | <b>752.20</b>          | <b>761.99</b>          | <b>780.27</b>          | <b>784.66</b>          |
| % Change from Prior                                   | -2.5%                  | 1.3%                   | 2.4%                   | 0.6%                   |

\*Includes positions covered in full or in part by grants. LSRHS figures represent full FTE's; they are not prorated by the regional assessment.

HEADCOUNT HISTORY



### Changes in Schools Staff Levels, FY08-FY15



**RESIDENTIAL TAX RATE HISTORY, 2000-2014**

| <b>Residential Tax History<br/>Fiscal Year 2000 to 2014</b> |                                        |                                    |                     |                             |                          |                               |
|-------------------------------------------------------------|----------------------------------------|------------------------------------|---------------------|-----------------------------|--------------------------|-------------------------------|
| <b>Fiscal Year</b>                                          | <b>Number of Single Family Parcels</b> | <b>Average Single Family Value</b> | <b>RES Tax Rate</b> | <b>AVG SFD RES Tax Bill</b> | <b>AVG SFD RES % CHG</b> | <b>AVG SFD RES Dollar CHG</b> |
| 2000                                                        | 5,141                                  | 359,388                            | \$16.66             | 5,987                       | -                        | -                             |
| 2001                                                        | 5,192                                  | 426,486                            | \$15.56             | 6,636                       | 10.8%                    | \$649                         |
| 2002                                                        | 5,235                                  | 432,961                            | \$17.09             | 7,399                       | 11.5%                    | \$763                         |
| 2003                                                        | 5,251                                  | 479,865                            | \$16.78             | 8,052                       | 8.8%                     | \$653                         |
| 2004                                                        | 5,292                                  | 596,200                            | \$13.46             | 8,025                       | -0.3%                    | (\$27)                        |
| 2005                                                        | 5,307                                  | 601,849                            | \$13.46             | 8,101                       | 0.9%                     | \$76                          |
| 2006                                                        | 5,332                                  | 661,000                            | \$13.55             | 8,957                       | 10.6%                    | \$856                         |
| 2007                                                        | 5,341                                  | 712,800                            | \$13.12             | 9,345                       | 2.9%                     | \$264                         |
| 2008                                                        | 5,353                                  | 683,800                            | \$14.27             | 9,758                       | 4.4%                     | \$414                         |
| 2009                                                        | 5,368                                  | 662,100                            | \$15.29             | 10,124                      | 3.8%                     | \$366                         |
| 2010                                                        | 5,389                                  | 650,508                            | \$16.08             | 10,460                      | 3.3%                     | \$336                         |
| 2011                                                        | 5,392                                  | 627,988                            | \$17.03             | 10,695                      | 2.2%                     | \$235                         |
| 2012                                                        | 5,386                                  | 621,410                            | \$17.60             | 10,937                      | 2.3%                     | \$242                         |
| 2013                                                        | 5,390                                  | 622,862                            | \$17.99             | 11,205                      | 2.5%                     | \$268                         |
| 2014                                                        | 5,397                                  | 640,277                            | \$18.03             | 11,544                      | 3.0%                     | \$339                         |

## **G. Budget and Financial Policies**

### **BOARD OF SELECTMEN BUDGET AND FINANCIAL MANAGEMENT POLICIES**

#### **Introduction**

The Town of Sudbury has an important responsibility to carefully account for public funds, to manage municipal finances wisely, and to plan and provide for the adequate funding of services desired by the public and as required by laws, rules, or regulations, including the provision and maintenance of public facilities and improvements. The budget and financial goals and policies set forth by the Board of Selectmen in this document are intended to establish guidelines for the continued financial strength and stability of the Town of Sudbury.

#### **Goals**

Goals are broad, timeless statements of the financial position the Town seeks to attain. The financial goals for the Town of Sudbury are:

- To provide full value to the residents and business owners of Sudbury for each tax dollar by delivering quality services efficiently and on a cost-effective basis.
- To preserve our quality of life by providing and maintaining adequate financial resources necessary to sustain a sufficient level of municipal services, and to respond to changes in the economy, the priorities of governmental and non-governmental organizations, and other changes that may affect our financial well-being.
- To maintain our top level AAA credit rating
- To guide Town decision makers on management and policy decisions which have significant fiscal importance.
- To set forth operating principles that minimize the cost of government and financial risk.
- To employ balanced and fair revenue policies that provide adequate funding for desired programs.
- To maintain appropriate financial capacity for present and future needs.
- To promote sound financial management by providing accurate and timely information on the Town's financial condition.
- To ensure the legal use of financial resources through an effective system of internal controls.

To achieve these goals, the Board of Selectmen adopts the following policies.

#### **Operating Budget Policy**

Sound financial practice and the desire to maintain a strong credit rating dictate that our budgets be balanced, constantly monitored, and responsive to changes in service demands. With these concepts in mind, the Town of Sudbury has adopted the following budget policy statements:

- On or before January 20 of each year, the Town Manager will submit to the Board of Selectmen and Finance Committee a proposed budget plan for Town Operating Departments.
- On or before January 20 of each year, the Sudbury Public School Committee will submit to the Board of Selectmen and Finance Committee a proposed budget plan for the Sudbury Public Schools.



- On or before January 20 of each year, the Lincoln-Sudbury Regional High School Committee will submit to the Board of Selectmen and Finance Committee a proposed budget plan for the Lincoln-Sudbury Regional High School.
- On or before January 20 of each year, the Minuteman Regional Vocational-Technical High School Committee will submit to the Board of Selectmen and Finance Committee a proposed budget plan for the Minuteman Regional Vocational-Technical High School.
- On or before January 31 of each year, the Town Manager will prepare a comprehensive budget for the Town of Sudbury, covering all major cost centers, all spending plans and all anticipated revenues. This comprehensive budget will be submitted to the Finance Committee and to the Board of Selectmen.
- **Balanced Budget.** The annual operating budgets will be appropriated on a balanced basis, where operating revenues (estimated revenues) are used to fund operating expenditures/expenses (appropriations).
  - Operating revenues include property taxes, motor vehicle excises, charges for services, interest earnings, license and permit fees, fines and forfeitures, regularly recurring governmental aid, and transfers in from other funds established for operating purposes.
  - Operating expenditures/expenses include salaries and wages, employee benefits, equipment and improvements, depreciation (proprietary funds only), materials, supplies, and contractual costs. The Town of Sudbury traditionally votes to issue all debt exempt from the limits of Proposition of 2 ½, and thus debt service is not considered an operating expenditure.
- Nothing in this policy shall prohibit the use of operating revenues for capital expenditures/expenses
- The Town will avoid relying on Free Cash to fund on-going operating expenses.
- To the extent possible, one-time revenues that are not required by law or agreement to be expended for a particular purpose will only be used for capital purposes, augmenting of Town reserves or emergency expenditures/expense.
- The Town Manager will annually estimate the costs of the Town's obligations for providing benefits for Town and Sudbury Public School employees as part of the preparation of the annual operating budget.
- The operating budget will not be subsidized by the Stabilization Fund.

### Revenue Policy

Revenues determine the capacity of the Town to provide services. To ensure that revenues for the Town are balanced and capable of supporting desired levels of services, the Town of Sudbury has adopted the following revenue policy statements:

- The Town Manager and Finance Director are responsible for estimating revenues for the upcoming fiscal year. They will consult with other officials of the town as well as state officials and others with knowledge of state and local finance.
- Revenue forecasts for local receipts and state aid shall be conservative, using generally accepted forecasting techniques and appropriate data. Revenue deficits will be avoided at all costs. To

avoid any potential for such a deficit, estimates for local receipts will generally not exceed 100% of the prior year's actual collections.

- The Town Manager and Finance Director will project revenues for the next three years as part of the three-year financial forecast.
- Each year and whenever appropriate, existing revenues will be re-examined and possible new sources of revenues will be explored to ensure that we are maximizing our revenue potential. All fees are reviewed and periodically updated, as necessary
- Legally restricted revenues will be avoided when they adversely affect the short or long-term financial health of our government.
- The Town will strive to be informed and aware of all grants and other aid that may be available to us. All potential grants and other aid shall be carefully examined for matching requirements (both dollar and level-of-effort) and restrictive covenants, to ensure that our participation in such grants will be beneficial and cost-effective.
- Each year and whenever appropriate, intergovernmental revenues will be reviewed to determine their short and long-term stability, to minimize the impact of any adverse changes. Intergovernmental revenues shall be used as legally prescribed or otherwise set forth by policy.
- A balance will be sought in the revenue structure between elastic and inelastic revenues, to minimize any adverse effects caused by inflationary or economic changes.
- One-time revenues will be used for capital improvements, additions to reserves or as legally restricted to a specific purpose.
- The Town will carefully and routinely monitor all amounts due the Town. An aggressive policy of collection will be followed for all receivables, including property taxes. A target of 98% property tax collection rate by fiscal year end will be achieved.
- Recreational user charges and fees will be set to recover approximately 100% of total direct costs generated by revolving fund recreation programs.
- Enterprise fund (Transfer Station, Atkinson Pool and Recreation Field Maintenance) user charges and fees will be set to recover all direct and associated with the activities of these funds as well as the indirect costs for the Transfer Station Enterprise Fund.

#### **Expenditure/Expense Policy**

Expenditure/expenses are a rough measure of a local government's service output. While many expenditures/expenses can be easily controlled, emergencies, unfunded mandates, and unanticipated service demands may strain our ability to maintain a balanced budget. To ensure the proper control of expenditures/expenses and provide for a quick and effective response to adverse financial situations, the Town of Sudbury has adopted the following expenditure/expense policy statements:

- Expenditures/expenses and purchase commitments will be made in a form and process that is legal, appropriate, funded, authorized and sufficiently documented.
- Expenditures/expenses and purchase commitments will be recorded in an accurate and timely fashion.
- The review and approval process for all vouchers shall be followed at all times. Properly completed claims must be prepared and submitted to the accounting department by the

department responsible for originating the claim. A “properly completed claim” must include, but is not limited to, the vendor’s name and address, date of claim, explanation, and accounts to be charged, department authorization signature and sufficient documentation. “Sufficient documentation” means that a person unfamiliar with the transaction could understand what was ordered, when, by whom, from what vendor, at what price, when the goods or services were delivered, who accepted delivery, and who authorized payment.

- The balances in appropriation accounts will be monitored regularly to ensure that the total of expenditures/expenses and purchase commitments in any account do not exceed the authorized budget for that account.
- Requests for competitive bids, proposals, formal and informal quotes, and other methods of seeking and encouraging vendor competition will be obtained as required by law and as otherwise established by the Town Manager or Town Counsel.
- Arrangements will be encouraged with other governments, private individuals, and firms, to contract out or cooperatively deliver services, in a manner that reduces cost and/or improves efficiency and effectiveness while maintaining service quality.
- The full direct and indirect costs will be calculated for any service provided for a fee or charge, or where there is a potential for the reimbursement of such costs.
- All appropriations shall lapse at the close of the fiscal year to the extent that they shall not have been expended or encumbered.

#### **Reserves and Risk Management Policy**

A municipality's fiscal policies should include a plan for maintaining reserves. Operating reserves (or fund balance) are a prudent fiscal management tool and an important credit factor in the analysis of financial flexibility. The Town of Sudbury will maintain a level of reserves that protect the Town from emergency conditions that require financial flexibility, contribute to sufficient liquidity to pay all Town expenses without short-term borrowing, and contribute to the high credit rating that the Town currently holds from Standard & Poor’s (AAA). To provide for adequate levels of reserves to protect the Town’s financial condition over the long-term, the Town of Sudbury has adopted the following financial reserves policy statements.

#### **A. Risk Management**

- The Town will maintain an effective risk management program that provides adequate coverage, minimizes losses, and reduces costs.
- The Town will annually work with the Town’s insurance carrier to update all listings of Town owned assets and the value of such covered assets.
- As the Town is self-insured for several of the benefits programs it offers, the Town will maintain adequate reserves for its Workers Compensation, Unemployment Compensation, and Health Insurance Programs, as follows:
  - Workers Compensation Fund, at the beginning of each fiscal year, at least 110 % of the average annual claims for the prior three years
  - For the Unemployment Compensation Fund, at the beginning of each fiscal year, at least 110% of the average annual claims for the prior three years
  - For the Health Insurance Fund, at the beginning of each fiscal year, at least 150% of the estimated run-out claims for each insurance plan that is self-insured.

## **B. Stabilization Fund**

- The Town of Sudbury shall maintain a Stabilization Fund to provide the reserves that are required to protect the financial condition of the Town.
- The Town will work toward the goal of maintaining in the Stabilization Fund an amount equal to five percent (5%) of the total projected General Fund operating revenues for the next previous fiscal year.
- Interest earned on Stabilization Fund balances will be retained in the Stabilization Fund.
- Withdrawals from the Stabilization Fund will only be used for sudden and unexpected events such as a loss of a revenue source after Annual Town Meeting has approved the operating budget for the next fiscal year. Withdrawals from the Stabilization Fund will only be made by a two-thirds vote of Town Meeting, only if the balances exceed the 5% target and will not draw the balance below that point.

## **Capital Budgeting and Planning Policy**

Capital assets include land, improvements to land, buildings, building improvements, vehicles, machinery, equipment, works of art and historical treasures, infrastructure, construction in progress and all other tangible and intangible assets that are used in operations and have initial useful lives extending beyond a single reporting period. Infrastructure assets are long-lived capital assets that normally are stationary in nature and can be preserved for a significantly greater number of years than most capital assets. Examples of infrastructure assets owned by the Town of Sudbury include roads, bridges, tunnels, dams and drainage systems. The Town of Sudbury has a capital planning and budget bylaw and process that require the following:

- On or before November 15 of each year, the Town Manager will submit a capital program to the Capital Improvement Planning Committee. The proposed program will detail each capital project, the estimated cost, description and funding source.
- The Town will update and readopt annually a five-year capital improvement plan ("CIP"), including the upcoming annual capital improvement budget ("CIB") and a four-year projection of capital needs and expenditures, which details the estimated cost, description and anticipated funding sources for capital projects.
- The first year of the five-year CIP will be the basis of formal fiscal year appropriation request during the annual budget process.
- Per the Town's capital bylaw, the Capital Improvement Budget and Plan will generally address capital purchases/projects/improvement with a value of more than \$10,000 and a useful life of over five (5) years.
- The Town will emphasize preventive maintenance as a cost-effective approach to infrastructure maintenance. Exhausted capital goods will be replaced as necessary.
- The capital improvements plan should be tied to the Town's master facilities study to ensure that the capital items requested meet the future growth needs for the Town.

## **Capital Investment Categories, Prioritization and Decision-making Process**

All submissions are categorized by following:

"A": Essential. Required for the safety and protection of Town residents, or required to prevent disruption, or significant reduction in Town services.

"B": Asset Maintenance. Required to maintain an important asset of the Town, which will deteriorate substantially without this expenditure.

"C": Enhancement. Provides significant net revenue or cost reduction to the Town, or is self-funding. Estimates of cost reduction or revenue enhancement, together with the assumptions supporting these estimates, should be provided on Form A, under the *Benefits* section.

"D": Needed. Item is needed, but can be postponed until a future year without major impact on Town services. Should be undertaken when funds are available.

Each department must rank or prioritize its own submissions based on specific needs for the coming year as well as long-term goals and new initiatives. Ranking and project specifications are then discussed as a group; the results of a staff committee's deliberations are submitted in detail to the CIPC.

Through a series of working group sessions, liaisons and public meetings the CIPC considers the merits of each project and makes its recommendation for capital outlay to both the Finance Committee and Board of Selectmen. The recommendation includes an overall ranking based on organizational priorities; it considers the financial impact on both the current budget cycle and long-term strategies. The CIPC also reports at Town Meeting.

#### **Debt Management Policy**

Debt is an effective way to finance capital improvements or to even out short-term revenue flows. Properly managed debt preserves our credit rating, provides flexibility in current and future operating budgets, and provides us with long-term assets that maintain or improve our quality of life. To provide for the appropriate issuance and responsible use of debt, the Board of Selectmen of the Town of Sudbury have adopted the following debt management policies.

- Long-term debt will be issued only for objects or purposes authorized by state law under Chapter 44, section 7 and 8.
- Short-term debt may be issued to finance current operating expenditures only in the event of extreme financial emergency.
- Debt maturity will not exceed the lesser of: the useful life (as established by the Town Treasurer-Collector), or the period of probable usefulness (as defined in Massachusetts State Local Finance Law), of the object or purpose so financed, whichever is shorter.
- Debt limits established by law and policy will be calculated by the Town's Finance Director and Treasurer-Collector at least once each year and whenever otherwise requested or appropriate (see Section 9 for further details).
- The Town will maintain good communications with bond rating agencies, bond counsel, banks, financial advisors and others involved in debt issuance and management.
- The Town's annual Town Report, Town Manager's Budget Request and annual town meeting warrant will give comprehensive summaries of the debt obligations of the Town.
- The Town will attempt to maintain a long-term debt schedule so that at least 50 percent of outstanding principal will be paid within ten years.

- The Town will attempt to vote all significant debt questions (over \$500,000) exempt from the limits of Proposition 2 1/2.

#### **Protection of Credit Rating Policy**

Maintenance of the highest-level credit rating possible is important to the continued financial health of Sudbury as it reduces the costs of issuing debt. Credit rating firms consider management practices to be very important factors. Several management practices can inadvertently jeopardize the financial health of a local government. To be proactive in assuring the Town of Sudbury does not engage in these practices, the Board of Selectmen of the Town of Sudbury has adopted the following credit rating protection policies.

- The Town will not rely on reserves to sustain operating deficits. Use of such reserves will be limited to helping the Town deal with short-term or emerging financial stress, but then the Town will either reduce spending to within the limits of recurring revenues, or seek approval for additional revenues from the voters of the Town.
- The Town will not defer current costs to a future date. This includes costs such as pension costs or benefits costs. From time to time, the State offers municipalities the option of deferring payments to their pension system, or other costs, as a short-term way of balancing a fiscal year's budget. However, it is the intention of the Town of Sudbury not to rely on these options.
- The Town will analyze the full-life costs of multi-year decisions. For example, acquiring or construction of new buildings will be conducted with an assessment of the operating costs of the building. Lease agreements will be conducted with an assessment of future budgets and the ability to make annual payments. Labor agreements will be negotiated with an analysis of the full costs associated with the terms of the agreement.
- The Town will follow the policies as outlined in this policy statement.

## **H. Funds Structure and Descriptions**

### **MUNICIPAL FUND STRUCTURE**

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

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

#### **Governmental Funds**

Governmental funds reporting focuses on near-term inflows and outflows of expendable resources, as well as on balances of expendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements. Because the focus of governmental funds is narrower than that of the government function reporting, it is useful to compare the information presented for governmental funds with similar



information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term effect of the government's near-term financing decisions. The Town currently maintains 494 individual governmental funds which are broadly categorized into 6 separate functions or operational concerns – *General, Special Revenue, Capital Projects, Trust Funds, Fixed Assets/Infrastructure and Debt Service*.

### **Proprietary funds**

Proprietary funds account for business-type activities (e.g. activities or services are funded primarily by user fees rather than tax levy dollars). Fund types in this area may be broken down into two categories: *Enterprise* and *Internal Services*. Enterprise funds which are governed by [Ch. 44 §53F½](#) allow communities to recover costs associated with particular services. Internal Service funds serve as a vehicle for departmental cross charging or allocation of Town-wide expenses such as postage, data processing or fleet maintenance. *The Town does not use any Internal Service funds at this time*. The Town currently maintains 3 enterprise funds to account for its swimming pool facility, transfer station, and recreational fields' maintenance activities.

### **Fiduciary funds**

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. The accounting used for fiduciary funds is similar to that used for proprietary funds. The Town currently maintains 37 fiduciary funds for individuals and other governmental agencies. Fiduciary funds are not reflected in the government-wide financial or budgeting statements because the resources of those funds are not available to support the Town's programs.

## **MUNICIPAL FUND DESCRIPTIONS**

### **Governmental Funds**

**General Fund:** The General Fund is the major operating fund of the Town government, and it accounts for the vast majority of Town operations. The General Fund is supported by revenues from real estate and personal property taxes, state and federal aid, excise taxes, investment income, fines and forfeitures, and fees and charges. Most of the Town's departments, including the schools, are supported in whole or in part by the General Fund.

**Special Revenue Funds:** The Town maintains several Special Revenue Funds, which are used to account for those types of revenues that are legally restricted to being spent for a specific purpose (except expendable trusts, or major capital projects). These revenues must be accounted for separately from the General Fund for a variety of reasons, and do not necessarily follow the same fiscal year restrictions as the General Fund.

1. **Revolving Funds:** Revolving Funds allow the Town to raise revenues from a specific service, and use those revenues to support the service without appropriation. Revolving Funds are established by statute or bylaw, and may require re-authorization each year at Town Meeting. The Town maintains a number of Revolving Funds, such as the Recreation, Music Fees, All Day Kindergarten, and Fire Department Permit Fees.
2. **Receipts Reserved for Appropriation:** These receipts are special revenues that are restricted to a specific use, but also require appropriation by Town Meeting, such as sewer betterment fees, monies from the sale of cemetery lots and graves, conservation wetland protection fees, and the proceeds from the sale of Town property. At the present time, the Town's largest RRA fund is for Ambulance Service Fees.

3. **School Grants:** These grants account for several specially-financed education programs under grants received from the federal or state governments, including professional development, SPED early childhood development, drug-free school programs, and certain capital improvements.
4. **Other Intergovernmental Funds:** These funds account for several grants or monies received by the Town from the federal or state governments, including a variety of community policing grants, Chapter 90 highway monies, state election grants, state library aid, and various Council on Aging programs.
5. **Other Special Revenue Funds:** These funds account for miscellaneous special revenues often involving private donations and grants for a specific purpose, such as the Arts & Technology Education Fund, departmental gifts for police and fire, various Council on Aging programs, and Planning Board gifts from developers for infrastructure improvements related to proposed projects.

**Capital Projects Fund:** The Capital Projects Fund is used to account for monies used for the acquisition or construction of major capital facilities (buildings, roads, etc.) other than those financed by trust funds. The Town's Capital Projects Fund is funded primarily by the receipt of bond proceeds resulting from the Town's issuance of bonds for specific project grants, but may also be derived from private sources, grants, or transfers from other Town funds. The Community Preservation Act Fund has its own Capital Projects Fund to account for monies used for the acquisition or construction of major capital projects under the CPA program.

### Proprietary Funds

**Enterprise Funds:** The Town maintains three Enterprise Funds: one for the Atkinson Pool, one for the Transfer Station, and one for Recreation Field Maintenance. An enterprise operation is a business-type activity supported primarily by charges for services received. Funds raised from charges are dedicated to the specific purpose of the enterprise operation, and cannot be diverted to other unrelated uses. The concept of an enterprise operation also includes the maintenance of capital assets and facilities of the business. That is, fees for services are charged to recover not only the operating costs of the activity but also the "using up" (depreciation) of the capital investments supporting the service.

Budget and financial reports for enterprise operations utilize terms and concepts that differ significantly from those utilized for General Fund tax-supported reports that are the routine focus of public attention. The purpose of enterprise financial reporting is to measure with reasonable accuracy and consistency the net income derived from operations, and then to measure the availability and use of capital acquisition and construction financing. The presentation of the enterprise budgets utilizes budgetary terms and concepts, and the reporting structure found in the audited financial statements for the same enterprise funds. As such, the key measures are *Net Income* and *Capital Resource Availability*.

### Fiduciary Funds

Fiduciary Funds are used to account for assets held by the Town in a trustee capacity, or as an agent for individuals, private organizations, other governmental units, or statutory trusts (e.g. health benefits, workers compensation, unemployment, etc.) Fiduciary Funds include expendable trusts, non-expendable trusts, and agency funds.

1. **Expendable Trusts:** Expendable Trusts are used to account for monies received by the Town in



a trustee capacity where both the principal and the earnings of the fund may be expended. An example of an expendable trust fund is the Town's Stabilization Fund.

2. **Non-expendable Trusts:** These trusts are used to account for trusts where the principal must remain intact (that is, cannot be expended). Generally, income earned on the non-expendable trust principal may be expended in accordance with the conditions of the trust. An example is the Cemetery Department's Perpetual Care Trust or Goodnow Library Trust Funds.
3. **Agency Funds:** Agency Funds are used to account for funds that are custodial in nature, and do not involve the measurement of operations, such as the fund for the Town's Performance Bond Escrow accounts.

### Account Groups

**Account Groups:** The last category of funds maintained by the Town is the General Long-term Debt Account group, which accounts for the balances due on long-term debt that the Town has financed.

## I. Basis of Accounting and Budgeting

### BASIS OF ACCOUNTING AND BUDGETING

#### Generally Accepted Accounting Principles

The Town issues audited financial statements every year. This package is issued in accordance with generally accepted accounting principles (GAAP), as established by the Governmental Accounting Standards Board (GASB). In short, GAAP establishes the guidelines for the accounting of all municipal funds. There are several types of funds, all of which have certain rules regarding the recognition of revenues & expenses. It is essential that the Town maintain hundreds of separate funds to accurately record all activities in accordance with GAAP and to demonstrate compliance with all financial, regulatory and contractual obligations. However, for financial reporting and budgetary concerns, the town may group funds by function, location or purpose.

#### Budgetary Basis

Pursuant to Massachusetts General Laws (C44 S32), the Town adopts an annual budget for several governmental and proprietary funds. The budgetary process gives Town Meeting authority to appropriate funds and prohibits expenditures in excess of appropriations with few legal exceptions.

### APPROPRIATION AND BUDGET AMENDMENT PROCEDURES

Town Meeting has the sole authority to appropriate funds for the operating budget and the capital budget, as well as for other money articles. The vote(s) of Town Meeting become the legal authorization to implement the budget. By Sudbury bylaw, the Annual Town Meeting begins on the first Monday in April. Prior to the first session of Annual Town Meeting, the Town Warrant, containing the proposed budget articles, is sent to every household in Town. The Finance Committee moves the Operating Budget Article. The Capital Improvement Planning Committee moves the Capital Budget Article. After appropriation by Town Meeting budgets can only be amended the following April at the next year's Annual Town Meeting under a Budget Adjustment Article or through a Special Town Meeting.

## Budgetary Basis of Accounting for Tax Rate Setting Purposes and UMAS

It is important to note that all approved budget adjustments, funds transfers, or other inter- and intra-fund activities for the Town must be reported to Massachusetts' Department of Revenue (DOR) for property tax rate setting purposes and recorded internally in accordance with the Uniform Municipal Accounting System (UMAS). The budgetary basis of accounting differs from GAAP in some ways mostly having to do with the timing or recognition of certain revenues and expenses. Furthermore, there are certain differences in the classification of revenues, expenses and transfers. All adjustments to bring the financial information for budgetary reporting and statutory purposes, from the *budgetary basis* of accounting to *GAAP basis* accounting take place during the annual audit process and can be found in the Town's comprehensive annual financial (CAFR's)-in the supplemental information section.

## J. Planning and Goal Setting

### SUDBURY'S MASTER PLAN AND GOAL SETTING PROCESS

Fiscal Year 2013 marks twelve years since the adoption of the Town's Master Plan, *Sustainable Sudbury*, which lays out the Town's overarching strategic objectives. The Board of Selectmen continues to use these strategic objectives as touchstones for development of their annual goals. During the process, the Board draws from the Master Plan, Comprehensive Facilities Study and Five-Year Capital Program to consider the long-term needs and objectives of the Town. It draws from the Financial Management Policies, Five-Year Revenue Forecast, C.O.R.E and C.A.R.E Programs to consider the long-term financial outlook. The strategic objectives are:

1. Strive for comprehensive, integrated land use decisions, which attempt to achieve environmental, economic and aesthetic sustainability.
2. Promote economic development that sustains Sudbury's natural resources and traditional, semi-rural character and balances sources of revenue among residential, commercial and industrial sectors.
3. Create a centralized business district
4. Ensure the preservation of the town's natural resources.
5. Preserve the town's cultural and historic resources.
6. Support the existing recreational facilities, areas and programs, and create additional facilities, areas and programs to serve the needs of Sudbury residents while protecting our limited natural resources.
7. Encourage greater diversity of housing opportunities in Sudbury to meet the needs of a changing and diversified population with respect to age, household size and income.
8. Promote a transportation system that is safe, convenient, accessible and economical without affecting Sudbury's character.
9. Ensure that Sudbury's public facilities and services are adequate to meet the needs of the population as it grows toward full build-out.

Each year, the Board of Selectmen faces the task of tying resources allocation and strategy together, to further those incremental steps (annual goals) that lead to the achievement of the Town's

strategic objectives. Indeed, we may never be able to say that any of the strategic objectives are “accomplished”, but we can set targets, assign resources, and measure results, for the incremental steps that continue the Town making progress toward the ideal of each strategic objective. Inevitably, some goals are too large, or complex to complete within one or even several fiscal years. As such, the Town routinely distinguishes between Long-Term and Short-Term goals. In some cases, it makes sense to breakdown long-term goals into shorter-term objectives or phases in order to plan and allocate resources on an annual basis. Regardless of a project’s life cycle, each item is revisited during the annual goal setting process to ensure: progress is being made, resources allocated remain adequate, and whether or not any unforeseen financial or managerial concerns justify altering the goals themselves, or re-prioritizing the resources to be used towards them, in the coming year.

The human and financial resources needed to accomplish those incremental steps are the substance of the Board of Selectmen’s annual goal setting. To do this, they ask other committees, boards, and staff to draw upon these *strategic objectives* and, based on current opportunities, past efforts (both successful and unsuccessful) to present the Selectmen with recommendations for specific goals and action steps that will continue the Town’s program toward achievement of these strategic objectives. Additionally, each year the Board of Selectmen hosts a Financial Summit, to bring together the two school committees (Sudbury Public School Committee and Lincoln-Sudbury Regional High School Committee) as well as the Town’s Finance Committee to hear and discuss the following:

1. Sudbury’s *Financial Trend Monitoring System*, a system of key financial indicators tracking the past 10 years;
2. The annual revenue forecast for the upcoming fiscal year;
3. Advance and refine the Town’s 5-year revenue forecast; and
4. Identify key opportunities or concerns developing within the 5-year revenue picture with respect to the Town’s Long-Term Planning programs (Sudbury’s Strategic Plan and Capital program);

These efforts are brought together to help the Board of Selectmen make the difficult short and long-term budgetary decisions as to what resources can be devoted to accomplish the goals that support these strategic objectives. Implementation of these goals also requires the assignment of each to the appropriate departments and programs.

### **Beyond Sudbury’s Borders**

More than ever municipalities are reaching beyond their own borders to develop new ways to improve operational efficiencies, reduce costs and enhance services. **Program sharing, joint ventures, outsourcing and regionalization opportunities** are beginning to crop up everywhere. Combining efforts in this way may offer some relief from the growing operating budget pressures and financial duress individual communities are facing. Sudbury continues to look at innovative ways to achieve its budgetary, financial and strategic objectives. References are made elsewhere in this document about past and present collaborations with other communities such as the Town of Wayland. Sudbury also maintains association with countless regional groups, consortiums and committees that touch on all facets of municipal operations. Sudbury will continue to reach outside its borders to meet the needs of its citizens while preserving the Town’s primary mission, goals and values.

**FY 14 GOALS AS VOTED BY BOARD OF SELECTMEN**

| Voted Goals for FY14 | What                                                                                                                                                                                                                                     | Deliverables                                                                                                                                                                                                                                                                                                                                                                                  | Selectmen Liaisons | Lead Staff                                             | Target Completion Date |
|----------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------|--------------------------------------------------------|------------------------|
| 1                    | Conduct an RFP process for Town Counsel services                                                                                                                                                                                         | RFP issued, Town Counsel appointment made                                                                                                                                                                                                                                                                                                                                                     | Drobinski, Simon   | Valente, Bilodeau                                      | 3/17/2014              |
| 2                    | Plan and host the first "State of the Town" Forum, pursuant to the newly adopted bylaw                                                                                                                                                   | Forum held in FY14                                                                                                                                                                                                                                                                                                                                                                            | Drobinski, Woodard | Office staff (Golden and Frank)                        | 1/31/2014              |
| 3a                   | Prepare article for funding Police Station Construction                                                                                                                                                                                  | Article written, all construction documents ready, project is bid out?                                                                                                                                                                                                                                                                                                                        | O'Brien            | Kelly, Nix, Valente, PBC                               | 1/31/2014              |
| 3b                   | Determine future best use for the existing Police Station on Route 20                                                                                                                                                                    | Report to Board of Selectmen with options; vote of Board on preferred option                                                                                                                                                                                                                                                                                                                  | O'Brien            | Nix; Kablack, Kelly                                    | 1/31/2014              |
| 4                    | Pursuant to Strategic Financial Planning Report, Create a committee, charge them with developing a capital financing program with action steps                                                                                           | Report received with recommendations on how to finance the overall capital needs as described in Strategic Financing Planning Report                                                                                                                                                                                                                                                          | Woodard, O'Brien   | Valente, Bilodeau<br>Terkelsen                         | 1/31/2014              |
| 5a                   | Pursuant to Strategic Financial Planning Report, Create a Committee, charge them with developing a long term plan for dealing with OPEB liabilities                                                                                      | Report received with recommendations on OPEB action steps as needed to address OPEB challenge described in Strategic Financing Planning Report Article for Town Meeting to appropriate balance                                                                                                                                                                                                | Woodard, O'Brien   | Valente, Bilodeau                                      | 1/31/2014              |
| 5b                   | Health Claims Trust Fund closed out, agreement reach with IAC, plans developed for future of remaining funds                                                                                                                             | remaining in HCTF is developed; agreement reached with employees on distribution of employee portion of funds                                                                                                                                                                                                                                                                                 | Woodard, O'Brien   | Valente, Bilodeau,<br>Terkelsen                        | 1/31/2014              |
| 6                    | Determine if Town will pursue ownership of CSX owned portion of rail trail line or let the option lapse                                                                                                                                  | Board takes votes and provides direction to staff on finding alternative funding source for purchase.                                                                                                                                                                                                                                                                                         | Simon              | Kablack, Dineen,<br>Place                              | TBD                    |
| 7                    | Update Selectmen's rules and regulations for issuance of alcohol licenses                                                                                                                                                                | Draft, rules and regulations voted on by Board of Selectmen                                                                                                                                                                                                                                                                                                                                   | O'Brien            | Office Staff (Golden and Frank)<br>Police<br>Chief Nix | 10/22/2013             |
| 8                    | Vote to approve that the Bruce Freeman Rail Trail in Sudbury, from the Concord/Sudbury town line to the crossing of the Mass Central right-of-way near Union Avenue be designed to Massachusetts Department of Transportation Standards. | Vote to approve that the Board of Selectmen submit a request to the Community Preservation Committee for \$175,000 of Community Preservation Act funds for the 25% design study, conforming to Massachusetts Department of Transportation standards, for the Bruce Freeman Rail Trail, from the Concord/Sudbury town line to the crossing of the Mass Central right-of-way near Union Avenue. | Simon, Haarde      | Kablack, Dineen,<br>Place                              | 1/31/2014              |

**FY 14 GOALS AS VOTED BY BOARD OF SELECTMEN**

| Voted Goals for FY14 | What                                                                                                                                                                                                                                                                         | Deliverables                                                                                                                                                                                                                                                                              | Selectmen Liaisons                                         | Lead Staff                                        | Target Completion Date |
|----------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------|---------------------------------------------------|------------------------|
| 9                    | Protect Sudbury's interests in the Minuteman Regional Vocational High School Capital Project<br>Establish a proposal to Marlborough Mayor and City Council to allow Sudbury use of Easterly Treatment plant for Sudbury business district                                    | Board advises Town Meeting votes on new proposals for regional agreement, capital allocation method<br><br>If feasible and agreeable to both communities, IMA is developed<br>After feasibility study is completed, determine if roof project can go forward and prepare article for 2014 | Haarde, Simon<br><br>Drobinski<br>O'Brien, Woodard, Haarde | Valente                                           | TBD                    |
| 10                   | Answer question of replacing roof on the Fairbank Community Center classroom section                                                                                                                                                                                         | Annual Town Meeting<br>Plan is developed for expanded use of Davis Field including parking issues, Conservation Commission votes approval and DPW begins work on entrance to                                                                                                              | Haarde                                                     | Valente, Kablack<br>Kelly, PBC                    | 1/31/2014              |
| 11                   | Increase recreational land/opportunities/use at Davis Field                                                                                                                                                                                                                  | Parkinson land<br>An agreement among L-5, Sudbury Selectmen, Sudbury Recreation Commission, Lincoln Selectmen, Lincoln Recreation Commission                                                                                                                                              | Haarde<br>O'Brien, Woodard, Haarde                         | Dineen, Place, McShea, Valente<br>Valente, McShea | 1/31/2014<br>TBD       |
| 12                   | Develop an expanded IMA for L-S playing fields that includes Lincoln                                                                                                                                                                                                         | Article is submitted by Board of Selectmen for 2014 Town Meeting                                                                                                                                                                                                                          | Haarde, Simon                                              | Kablack                                           | 1/31/2014              |
| 13                   | Start engineering work for either the Marlboro alternative or the Sudbury decentralized system                                                                                                                                                                               |                                                                                                                                                                                                                                                                                           |                                                            |                                                   |                        |
| 14                   | Submit a CPC Project Form for FY15 funding for \$250,000 to investigate maximization of development of rental housing on the Melone property to make meaningful progress towards the Town's 10% obligation for affordable housing.                                           | CPC project form is written and submitted to CPC, and if approved, article is submitted by Board of Selectmen for 2014 Town Meeting                                                                                                                                                       | Haarde, O'Brien, Woodard                                   | Kablack, Valente                                  | 1/31/2014              |
| 15                   | Investigate the possibility of a "phased" approach to development of the Mass Central Rail line leased by the state DCR where phase one could be a Greenway Trail, followed later by a phase two hard surface trail, when federal/state funds are available for those costs. | Set up meeting with DCR on this project, find out status of plans in other towns, ask legislators to seek funding for design and constructions in Sudbury                                                                                                                                 | Haarde, Simon                                              | Kablack, Dineen, Place                            | Not determined         |
| 16                   |                                                                                                                                                                                                                                                                              |                                                                                                                                                                                                                                                                                           |                                                            |                                                   |                        |



# **Section Fourteen**

## **Notes**

(Notes pages for your use)

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