

# **Town of Sudbury, Massachusetts**

## **Comprehensive Annual Financial Report**



**For the Fiscal Year Ended June 30, 2014**

# ***Town of Sudbury, Massachusetts***

## **Comprehensive Annual Financial Report**

*For the Fiscal Year Ended June 30, 2014*



**Sudbury**  
Massachusetts

*Prepared by the Finance Division*

**TOWN OF SUDBURY, MASSACHUSETTS**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

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# *Introductory Section*



# Town of Sudbury

Finance Director's Office

278 Old Sudbury Road

Sudbury, MA 01776

978-639-3376

Andrea Terkelsen, Finance Director

December 23, 2014

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

I am pleased to transmit to you the Town of Sudbury's Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2014. This report has been prepared by Sudbury's Finance Division in conformity with accounting principles generally accepted in the United States of America (GAAP) as prescribed by the Government Accounting Standards Board (GASB).

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

The Town's financial statements have been audited by CliftonLarsonAllen LLP, a firm of licensed certified public accountants, who have been hired by and report to the Town's Board of Selectmen. The independent auditors' unmodified ("clean") opinion on the Town's financial statements for the fiscal year ended June 30, 2014, is presented as the first component of the financial section of this report on pages 15 - 17.

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

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

## **History and Profile of the Town**

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

The Town has a current population of 18,317 and occupies a land area of 24.7 square miles. Sudbury is categorized by the Metropolitan Area Planning Council (MAPC) as an Established Suburb. These residential suburbs are characterized by single-family homes on moderately-sized lots, with a relatively affluent population. Multi-unit housing and commercial developments are limited in their extent, although Sudbury does have some major employment and retail centers primarily located along the Town's Route 20 Corridor.

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

## **Organizational Structure**

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

The Town provides education in grades K-8 through the Sudbury Public Schools; the Lincoln Sudbury Regional High School District (LSRHSD) provides education in grades 9 through 12. The Minuteman Regional Vocational Technical High School located in Lexington provides vocational technical education in grades 9 through 12. Capacity of the Town's schools has been significantly increased in recent years. Each District's School Committee is elected and responsible for appointing the Superintendent of Schools, who has responsibility for the daily administration of the school system.

## **Reporting Entity**

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

## **Financial Management, Policies and Initiatives**

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

The Town is engaged in developing a multi-year framework for three critical areas of long-term financial planning: (1) establishing and maintaining reserves, (2) addressing significant unfunded liabilities and (3) developing a funding strategy for the acquisition, replacement and enhancements of capital assets. As part of this ongoing effort two committees were formed by the Board of Selectmen: The Strategic Financial Planning Committee for Capital Funding was created to generate, evaluate and report on strategies and options, both short and long term, for ensuring adequate funding for the capital needs of the Town, the Sudbury Public Schools and LSRHSD. It is expected that this Committee will remain active indefinitely albeit in a reduced capacity to adjust capital spending thresholds as needed and to offer new or different funding options for spending. The Strategic Financial Planning Committee for OPEB Liabilities was created to 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 LSRHSD. This Committee is expected to furnish a report to the Board of Selectmen some time during fiscal year 2015. While further policy development is expected to continue in the near future, long-term planning, execution and coordination particularly amongst the towns of Lincoln, Sudbury and LRSBSD will reside on a permanent basis through the development of OPEB Trusts.

## **Local Economic Condition**

Sudbury's economic base is limited but steady with approximately 8,400 individuals employed in 650 establishments within the boundaries of the Town, with an estimated annual payroll of \$0.5 billion. The majority of businesses in Sudbury are small and service oriented; retail, professional and technical services, and public administration account 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 increased slightly over the last year despite the effects of the nationwide housing market downturn. The tax base is diverse and market values remain extremely strong. Our tax base is primarily residential, at 93%, and the 10 largest taxpayers account for only 4.6% of the tax levy. Total assessed value has shown marked improvement since 2008. Per capital market value remains extremely strong which is indicative of the already strong real estate values of the town. The median home value is estimated to be roughly four times the national level.

The Town's financial outlook remains consistent and strong. Property tax collections remain stable and Sudbury has become well adept at controlling budget growth commensurate with economic conditions. Furthermore, the Town has successfully leveraged positive results from the last few years to begin addressing serious capital needs that cannot otherwise be satisfied by capital and debt exclusions alone.



## **Accounting System and Budgetary Control**

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

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

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

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

An analysis of all legally adopted budgets are presented on pages 71 – 82 of this report.

## **Collective Bargaining Agreements**

Town employees (other than managerial and confidential employees) are entitled to join unions and to bargain collectively on questions of wages, hours and other terms and conditions of employment. The Town currently has approximately 540 full and part-time employees, of which approximately 89% percent belong to unions or other collective bargaining groups. All current Town and Sudbury Public Schools union contracts are set to expire by July 1, 2015.

## **Awards and Acknowledgments**

The GFOA awarded a Certificate of Achievement for Excellence in Financial Reporting to the Town of Sudbury for its CAFR for the fiscal year ended June 30, 2013. This was second year that the Town has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized CAFR. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

Other noteworthy accomplishments during this past year include:

- Filing the Fair Housing Choice report required by the Federal Department of Housing and Urban Development (HUD) in order to continue receiving grants from the HOME consortium.
- Receiving \$192,168 in FEMA assistance to Firefighters Grant (AFG) to replace all of our Self-Contained Breathing Apparatus. These are the air tanks and masks firefighters use to enter a burning building or to operate in other areas immediately dangerous to life and health.
- Accepted the gift of \$58,700 from the Friends of the Bruce Freeman Rail Trail for the purposes of funding a 25% design study for the northernmost ½ mile of the right of way.
- Accepted a \$400,000 grant from the state toward the preservation (by conservation restriction) of Pantry Brook Farm.
- Goodnow Library celebrated its 150<sup>th</sup> anniversary while the Town began preparations to celebrate its 375<sup>th</sup> anniversary in 2014.
- Sudbury was declared as a Purple Heart Community honoring the service and sacrifice of service men and women.
- Completed restoration work at the Hosmer House and Parsonage.
- Sudbury Park and Recreation was awarded national accreditation by CAPRA in honor of the agency's overall quality of operation, management and service to the community.
- Began work with Response Options Institute to provide A.L.I.C.E. training, a new evolution of progressive procedures and options that can be applied to school, town or corporate settings; providing an increased chance of survivability in the event a violent circumstance arises.
- Began Advanced Life Support Service enabling our own paramedics to respond thereby delivering a higher and more efficient level of service.
- Received approvals to begin police station headquarters construction on Hudson Road.
- The Town of Sudbury won an Award for Innovator of the Year from the Massachusetts Councils on Aging Association and the Massachusetts Municipal Association in recognition of Sudbury's means tested exemption for seniors. Fiscal year 2014 marked year one of a three year pilot program which provided 118 qualified seniors with nearly \$290,000 in tax relief.

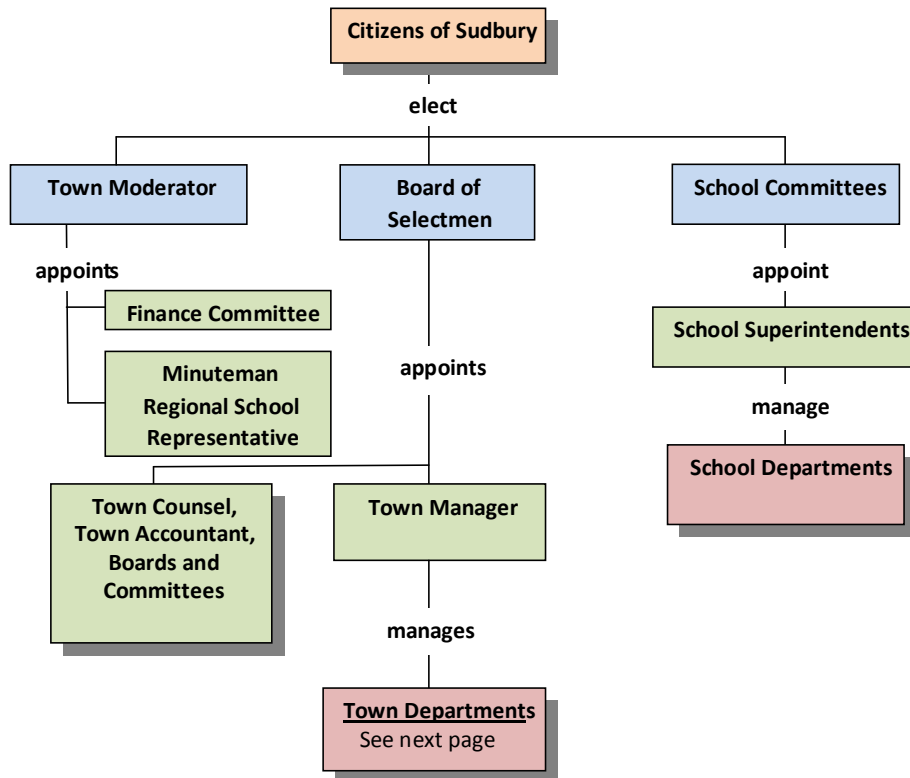
The preparation of this report would not have been possible without the efficient and dedicated services of the Finance Department. Special thanks also go to the certified public accounting firm of CliftonLarsonAllen LLP for their advice and assistance in the preparation.

Respectfully,

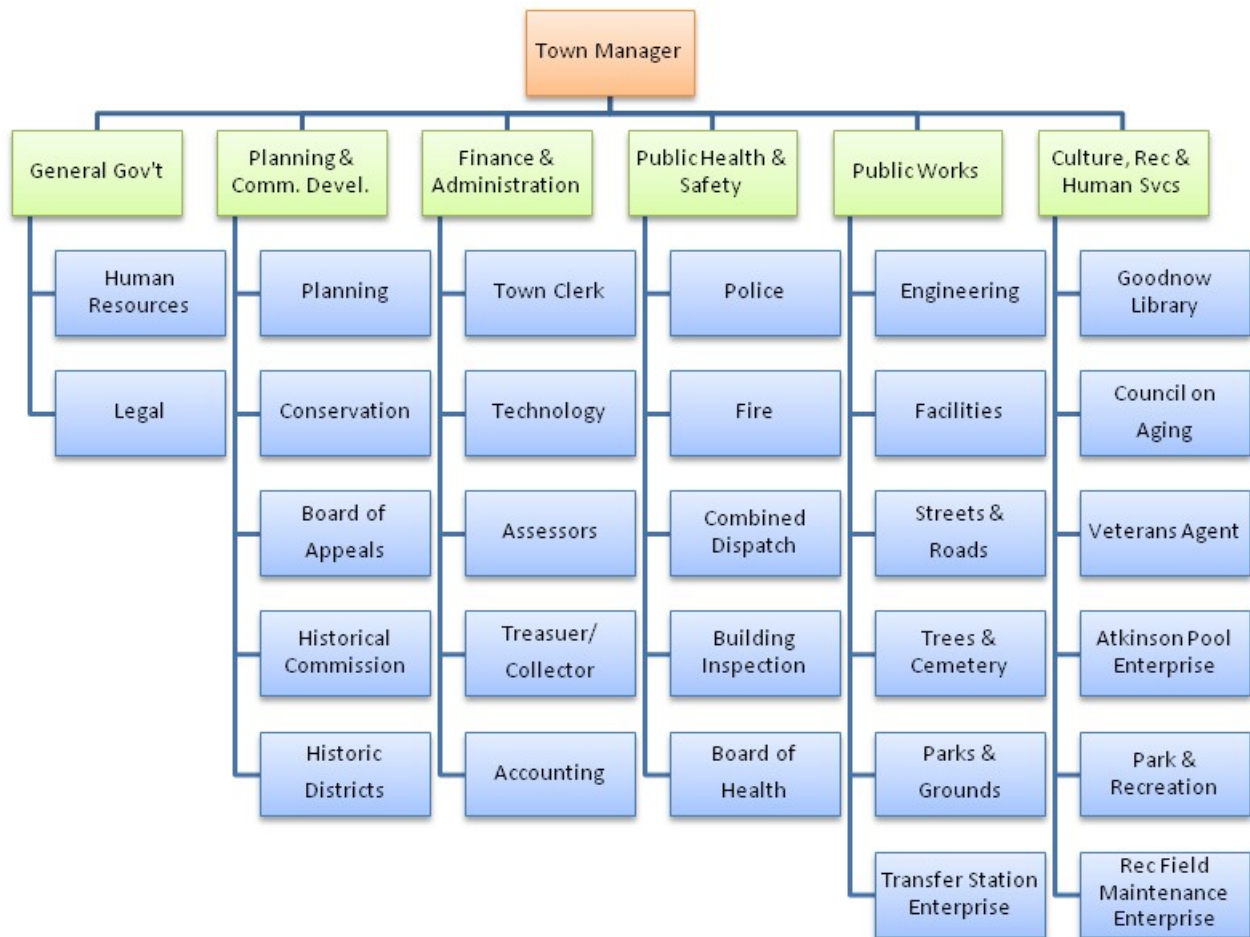
A handwritten signature in black ink that reads "Andrea L. Terkelsen". The signature is written in a cursive, flowing style.

Andrea L. Terkelsen  
Finance Director, Town of Sudbury

## TOWN OF SUDBURY ORGANIZATIONAL CHART



## TOWN OF SUDBURY ORGANIZATIONAL CHART (CONTINUED)



## Elected Officials – Board of Selectmen

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Chair	Mr. Charles Woodard
Vice Chair	Ms. Patricia Brown
Member	Mr. Robert C. Haarde
Member	Mr. Lawrence W. O'Brien
Member	Mr. Leonard A. Simon

## Elected Officials – School Committee

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Chair	Ms. Ellen Winer Joachim
Vice Chair	Mr. Bob Armour
Member	Ms. Lucie St. George
Member	Mr. Scott Nassa
Member	Ms. Christine Hogan

# Principal Officials

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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	William Murphy	Health Director
Senior Center	Debra Galloway	Council on Aging Director
Veterans Affairs	Gary Brown	Veteran's Agent
Library	Esme Green	Library Director
Park & Recreation	Nancy McShea	Park, Recreation & Aquatic Director



Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

Presented to

**Town of Sudbury  
Massachusetts**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2013**

Executive Director/CEO



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# *Financial Section*



**Historic Town-owned Carding Mill House located on Carding Mill Pond**

## **Independent Auditors' Report**

To the Honorable Board of Selectmen  
Town of Sudbury, Massachusetts

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Sudbury, Massachusetts, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Town of Sudbury, Massachusetts' basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

## *Opinions*

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Sudbury, Massachusetts, as of June 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## *Other Matters*

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis (located on pages 18 through 27), general fund and community preservation fund budgetary comparisons and certain pension and other postemployment benefits information (located on pages 70 through 86) be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

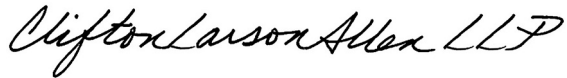
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Sudbury, Massachusetts' basic financial statements. The introductory section, combining and individual fund statements and schedules and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 23, 2014 on our consideration of the Town of Sudbury, Massachusetts' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Sudbury, Massachusetts' internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "CliftonLarsonAllen LLP". The signature is written in a cursive, flowing style.

**CliftonLarsonAllen LLP**

Boston, Massachusetts

December 23, 2014

## **Management's Discussion and Analysis**

As management of the Town of Sudbury, Massachusetts (Town), we offer readers of these financial statements this narrative overview and analysis of the Town's financial activities for the fiscal year ended June 30, 2014.

### *Financial Highlights*

- The assets of the Town exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$97,070,532 (net position). Of this amount, \$10,907,617 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- The Town's total net position increased \$1,365,342
- At the end of the fiscal year, unassigned fund balance for the general fund totaled \$9,022,099 or 10% percent of total general fund expenditures and transfers out
- The Town's total bonded debt decreased by \$3,350,000 during the fiscal year

### *Overview of the Basic Financial Statements*

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

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

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

#### Government-wide financial statements

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

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

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

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

The government-wide financial statements can be found on pages 29-32 of this report.

### Fund financial statements

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

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

### **Governmental Funds**

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

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

The Town maintains 13 individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the general and community preservation (special revenue) funds, each of which are considered to be major funds. Data from the other 11 governmental funds are combined into a single, aggregated presentation titled *nonmajor governmental funds*. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements on pages 91-94.

The basic governmental funds financial statements can be found on pages 33-36 of this report.

### **Proprietary funds**

The Town maintains one type of proprietary fund.

*Enterprise funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. The Town uses enterprise funds to account for its swimming pool, transfer station and recreation field maintenance activities, each of which are considered to be nonmajor funds. Individual fund data for each of these nonmajor enterprise funds is provided in the form of combining statements on pages 97-99.

The basic proprietary funds financial statements can be found on pages 37-39 of this report.

### **Fiduciary funds**

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



Private-purpose trust funds and agency funds are reported and combined into a single, aggregate presentation in the fiduciary funds financial statements under the captions "private purpose trust funds" and "agency funds", respectively. Individual fund data for each of the private purpose trust funds is provided in the form of combining statements on pages 101-104.

The basic fiduciary funds financial statements can be found on pages 40-41 of this report.

**Notes to the basic financial statements**

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 42-68 of this report.

**Required Supplementary Information**

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information. Presented in this information is the budget comparison for the general fund and community preservation fund and certain pension and other postemployment benefits information, which can be found on pages 70-86 of this report.

**Government-Wide Financial Analysis**

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

**Net Position**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The Town's assets exceeded liabilities and deferred inflows of resources by \$97,070,532 at the close of the fiscal year and are summarized as follows:

	<i>Governmental Activities</i>		<i>Business-Type Activities</i>		<i>Total</i>	
	2014	2013	2014	2013	2014	2013
<b>Assets</b>						
Current assets.....	\$ 37,956,902	\$ 35,725,074	\$ 956,156	\$ 872,891	\$ 38,913,058	\$ 36,597,965
Noncurrent assets (excluding capital assets).....	11,729,178	12,917,825	-	-	11,729,178	12,917,825
Capital assets (net).....	96,559,117	97,282,235	1,026,536	1,061,676	97,585,653	98,343,911
Total assets.....	146,245,197	145,925,134	1,982,692	1,934,567	148,227,889	147,859,701
<b>Liabilities</b>						
Current liabilities (excluding debt).....	5,224,455	5,279,063	183,556	137,524	5,408,011	5,416,587
Noncurrent liabilities (excluding debt).....	16,459,192	14,362,360	222,497	200,564	16,681,689	14,562,924
Current debt.....	4,017,000	3,775,000	-	-	4,017,000	3,775,000
Noncurrent debt.....	24,965,000	28,400,000	-	-	24,965,000	28,400,000
Total liabilities.....	50,665,647	51,816,423	406,053	338,088	51,071,700	52,154,511
<b>Deferred Inflows of Resources</b>	85,657	-	-	-	85,657	-
<b>Net Position</b>						
Net investment in capital assets.....	68,063,911	65,231,955	1,026,536	1,061,676	69,090,447	66,293,631
Restricted.....	17,072,468	18,622,121	-	-	17,072,468	18,622,121
Unrestricted.....	10,357,514	10,254,635	550,103	534,803	10,907,617	10,789,438
Total net position.....	\$ 95,493,893	\$ 94,108,711	\$ 1,576,639	\$ 1,596,479	\$ 97,070,532	\$ 95,705,190

A significant portion of the Town's net position (71.2%) reflects its net investment in capital assets (e.g., land, intangible assets, land improvements, buildings and improvements, machinery and equipment, vehicles and infrastructure). These capital assets are used to provide services to citizens; consequently, these assets are not available for future spending. Although the investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the Town's net position (17.6%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (11.2% or \$10,907,617) may be used to meet the Town's ongoing obligations to citizens and creditors. Of this amount, \$10,357,514 may be used to support governmental activities and \$550,103 may be used to support business-type activities.

Changes in Net Position

The Town's total net position increased \$1,365,342 during the current fiscal year and is summarized as follows:

	<i>Governmental Activities</i>		<i>Business-Type Activities</i>		<i>Total</i>	
	2014	2013	2014	2013	2014	2013
<b>Revenues</b>						
<i>Program Revenues:</i>						
Charges for services.....	\$ 5,160,670	\$ 5,117,527	\$ 1,033,056	\$ 1,065,542	\$ 6,193,726	\$ 6,183,069
Operating grants and contributions.....	14,184,088	13,628,905	954	1,226	14,185,042	13,630,131
Capital grants and contributions.....	1,680,999	1,771,662	62,500	187,500	1,743,499	1,959,162
<i>General Revenues:</i>						
Real estate and personal property taxes.....	72,718,472	70,572,635	-	-	72,718,472	70,572,635
Motor vehicle and other excise taxes.....	3,447,691	3,265,121	-	-	3,447,691	3,265,121
Penalties and interest on taxes.....	224,025	255,978	-	-	224,025	255,978
Payments in lieu of taxes.....	38,629	53,377	-	-	38,629	53,377
Community preservation surcharges.....	1,636,741	1,581,340	-	-	1,636,741	1,581,340
Grants and contributions not restricted to specific programs.....	1,296,446	1,250,168	-	-	1,296,446	1,250,168
Unrestricted investment income.....	40,078	69,757	-	-	40,078	69,757
<b>Total revenues.....</b>	<b>100,427,839</b>	<b>97,566,470</b>	<b>1,096,510</b>	<b>1,254,268</b>	<b>101,524,349</b>	<b>98,820,738</b>
<b>Expenses</b>						
General government.....	4,139,295	4,500,902	-	-	4,139,295	4,500,902
Public safety.....	10,738,149	10,666,663	-	-	10,738,149	10,666,663
Education.....	72,249,710	71,085,898	-	-	72,249,710	71,085,898
Public works.....	7,091,304	5,374,561	-	-	7,091,304	5,374,561
Health and human services.....	1,269,543	2,155,946	-	-	1,269,543	2,155,946
Culture and recreation.....	2,681,831	2,577,746	-	-	2,681,831	2,577,746
Debt service - principal.....	-	-	-	-	-	-
Debt service - interest.....	976,892	1,260,213	-	-	976,892	1,260,213
Swimming pool.....	-	-	588,492	594,509	588,492	594,509
Transfer station.....	-	-	233,471	235,529	233,471	235,529
Recreation field maintenance.....	-	-	190,320	151,004	190,320	151,004
<b>Total expenses.....</b>	<b>99,146,724</b>	<b>97,621,929</b>	<b>1,012,283</b>	<b>981,042</b>	<b>100,159,007</b>	<b>98,602,971</b>
Change in net position before transfers.....	1,281,115	(55,459)	84,227	273,226	1,365,342	217,767
Transfers, net.....	104,067	8,801	(104,067)	(8,801)	-	-
Change in net position.....	1,385,182	(46,658)	(19,840)	264,425	1,365,342	217,767
Net position - beginning of year.....	94,108,711	94,155,369	1,596,479	1,332,054	95,705,190	95,487,423
Net position - end of year.....	\$ 95,493,893	\$ 94,108,711	\$ 1,576,639	\$ 1,596,479	\$ 97,070,532	\$ 95,705,190

Governmental activities increased the Town's net position by \$1,385,182. In the prior year, governmental activities decreased the Town's net position by \$46,658. The increase in the overall net position of governmental activities is primarily the result of positive financial performance in the general fund and an increase in the State's annual distribution to the Community Preservation fund. General fund revenues exceeded budgeted revenues by approximately \$670,000. The largest factor was motor vehicle and other excise taxes, which exceeded budgetary estimates by approximately \$340,000 due to conservative budgetary estimates and an improved economy. The State's distribution to the Community Preservation fund (approximately \$900,000) was increased primarily as a result of the State using some of its budget surplus for distributions.

Business-type activities decreased the Town's net position by \$19,840. In the prior year, business-type activities increased the Town's net position by \$264,425. The decrease in the overall net position of business-type activities is primarily the result of a decrease in charges for services in the swimming pool enterprise fund of approximately \$30,000, caused by a decline in membership fees.

### ***Fund Financial Statement Analysis***

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

#### Governmental funds

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

At the end of the current fiscal year, the governmental funds reported combined ending fund balances totaling \$29,449,964, an increase of \$2,059,335 in comparison with the prior year. Approximately \$9,022,000 represents unassigned fund balance. The remainder of fund balance includes the following constraints:

- Nonspendable (\$1,084,580)
- Restricted (\$15,450,423)
- Committed (\$1,977,147)
- Assigned (\$1,915,715)

The general fund is the chief operating fund of the Town. At the end of the current fiscal year, unassigned fund balance of the general fund totaled \$9,022,099, while total fund balance was \$17,764,087. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total general fund expenditures and transfers out. Unassigned fund balance represents 10% of total general fund expenditures and transfers out, while total fund balance represents 19.7% of that same amount.

The fund balance of the Town's general fund increased \$2,690,648 during the current fiscal year. This is primarily attributable to the following:

- Use of unassigned fund balance of approximately \$3,600,000
- Positive variance in budgeted revenues of approximately \$670,000
- Conservative spending against budgeted appropriations (positive budget to actual variance of approximately \$2,900,000 before encumbrances and continuing appropriations)

Financial highlights of the Town's other major governmental fund is as follows:

The fund balance of the community preservation fund (special revenue) increased by \$333,376 during the current fiscal year. The fund recognized \$1,643,844 in surcharges, \$895,751 in intergovernmental revenues and \$28,051 in investment income. Expenditures of \$1,969,405 were incurred during the fiscal year. Transfers out of \$342,796 to the affordable housing special revenue fund were made during the year. Premiums from the issuance of bonds and notes of \$77,931 were received during the fiscal year.

#### Proprietary funds

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

Total unrestricted net position of the nonmajor enterprise funds at the end of the year amounted to \$550,103. This consists of unrestricted net position of the swimming pool, transfer station and recreation field maintenance enterprise funds of \$51,655, \$318,728 and \$179,720, respectively. The nonmajor enterprise funds had a decrease in net position for the year of \$19,840. This consisted of changes in net position of the swimming pool, transfer station and recreation field maintenance enterprise funds of (\$93,459), \$84,170 and (\$10,551), respectively. Other factors concerning the finances of these three funds have already been addressed in the discussion of the Town's business-type activities.

General Fund Budgetary Highlights

The Town's original and final fiscal year 2014 approved budget was \$86,980,496. During the year, revenues and other financing sources were higher than budgetary estimates and expenditures and encumbrances and continuing appropriations were less than budgetary estimates, resulting in a positive budget to actual variance of approximately \$2,600,000.

*Capital Asset and Debt Administration*Capital assets

The Town's investment in capital assets for its governmental and business type activities at the end of the fiscal year totaled \$97,585,653 (net of accumulated depreciation). This investment in capital assets includes land, intangible assets, land improvements, buildings and improvements, machinery and equipment, vehicles and infrastructure. The total decrease in the investment in capital assets for the current fiscal year totaled \$758,258 or 0.77% (a 0.73% decrease for governmental activities and a 0.04% decrease for business-type activities).

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

- Various roadway and infrastructure improvements (approximately \$770,000)
- Nixon School roof repairs (approximately \$630,000)
- Various public safety and public works vehicles (approximately \$394,000)

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

	<i>Governmental Activities</i>		<i>Business-Type Activities</i>		<i>Total</i>	
	2014	2013	2014	2013	2014	2013
Land.....	\$ 27,320,502	\$ 27,062,702	\$ 192,500	\$ 192,500	\$ 27,513,002	\$ 27,255,202
Land improvements.....	1,821,110	1,602,671	-	-	1,821,110	1,602,671
Buildings and improvements.....	42,157,398	43,334,735	809,469	863,749	42,966,867	44,198,484
Machinery and equipment.....	1,911,605	2,153,468	4,071	5,427	1,915,676	2,158,895
Vehicles.....	633,662	544,080	20,496	-	654,158	544,080
Infrastructure.....	6,636,110	6,505,849	-	-	6,636,110	6,505,849
Intangible assets.....	16,078,730	16,078,730	-	-	16,078,730	16,078,730
Total capital assets.....	\$ <u>96,559,117</u>	\$ <u>97,282,235</u>	\$ <u>1,026,536</u>	\$ <u>1,061,676</u>	\$ <u>97,585,653</u>	\$ <u>98,343,911</u>

Additional information on the Town's capital assets can be found in Note 5 on pages 56-57 of this report.

Long-Term Debt

At the end of the current fiscal year, the total bonded debt outstanding was \$28,355,000, which is backed by the full faith and credit of the Town and consists entirely of general obligation bonds. The Town's total bonded debt decreased \$3,350,000 (10.6%) during the current fiscal year. Additional information on the Town's long-term debt can be found in Note 10 on pages 60-61 of this report.

### *Economic Factors and Next Year's Budgets and Rates*

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 taxpayers account for only 4.6% of the total levy. Property values began declining in 2008 but has rebounded to \$3.96 billion in fiscal 2014. In addition, per capita market value remains extremely strong. The median home value in Sudbury remains roughly four times the national level.

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.

Expectations for key financial factors were met or exceeded during last year and are similarly forecasted for the coming year, helping to shape a budget for fiscal year 2015 that encompasses the following for the general fund which covers between 85-95% of all expenditures for the Town every year:

Fiscal year 2015 projection for General Fund revenues **\$90.8 million**

Property taxes remain the primary source of revenue for the Town. Property taxes in Massachusetts are limited by 'Proposition 2 ½' to a levy growth of 2.5% plus a value for new construction, unless the voters at an election approve an increase for operating expenses, capital outlay or debt service exclusion. The property tax levy for operating expenses is expected to grow by only 3.79%, which includes a one-year capital expenditure exclusion of \$685,000 and new growth of at least \$520,000. However, the tax levy specifically for debt service is declining by nearly 40% from the prior year; producing a net increase in taxes of only 1.79% for fiscal year 2015.

State Aid represents our second largest source of General fund revenue. Sudbury's fiscal year 2015 allotment of \$5.9 million is 2.7% over last year. Non-tax local receipts (e.g. motor vehicle excise, departmental revenues, licensing and permits), are elastic revenues meaning they are sensitive to economic conditions. Local receipts continue to show marked improvements most notably in our two largest segments: motor vehicle excise and building permits. Early indications suggest that we are on track to meet or exceed our latest estimate of \$4.4 million.

Fiscal year 2015 projection for General Fund expenditures **\$90.9 million**

The budget is allocated across four major cost centers (in descending order of relative size of operating resources: Sudbury Public Schools, Town Services, Lincoln-Sudbury Regional High School, and Operating Capital Budget), with the rest providing for shared expenses and other charges to be raised. Town Meeting granted appropriations sufficient for each of the major cost centers to grow by 2.5%, as compared to the fiscal year 2014 budget.

Our largest segments of annual operating expenditures continue to consist of salaries, wages and employee benefits. Another primary use of operating funds goes to fixed costs or charges. These costs commonly exist in the form of service contracts, utilities, fuel, leases and insurances. They are recurring in nature and generally increase annually due to market and inflationary factors.

Also included in the current year budget is \$685,000 to pay for a new ambulance and fire truck. This portion of the General fund budget is to be paid by a one-year capital expenditure exclusion, to be raised in excess of the normal tax levy limit for fiscal year 2015.

Fiscal year 2015 projection for other financing sources/uses (net) **\$1.0 million**

Other financing sources (uses) represent transfers between all governmental funds. This is primarily made up of revenue generated by ambulance services provided by Sudbury's Fire Department. By law these receipts may be segregated in a special revenue fund called "Receipts Reserved for Appropriation". Use of these funds to offset specific General fund expenditures in Public Safety is made possible, as a financing source (transfer) and requires Town Meeting approval. Increases in other financing sources to the General fund is commensurate with the level of emergency medical services provided in Sudbury.

Fiscal year 2015 projection for Unassigned Reserves **\$9.8 million**

Unassigned fund balance for the General fund includes monies in Stabilization. For the first time in 2013, the Town met its financial goal of maintaining in the Stabilization Fund an amount equal to at least five percent (5%) of the total projected general fund operating revenues for the next fiscal year. Very favorable budget to actual results in fiscal year 2012 and fiscal year 2013 combined generated in excess of \$4.5 million surplus, the details of which can be found elsewhere in our prior CAFR statements. Once again, in fiscal year 2014, extraordinary and one-time circumstances in fiscal year 2014 produced certified Free Cash of \$3.3 million.

### ***Requests for Information***

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

## **Basic Financial Statements**



# STATEMENT OF NET POSITION

JUNE 30, 2014

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents.....	\$ 12,364,272	\$ 815,841	\$ 13,180,113
Restricted cash and cash equivalents.....	12,069,902	131,815	12,201,717
Investments.....	4,302,579	-	4,302,579
Restricted investments.....	5,494,833	-	5,494,833
Receivables, net of allowance for uncollectible amounts:			
Real estate and personal property taxes.....	556,532	-	556,532
Tax liens.....	905,679	-	905,679
Motor vehicle and other excise taxes.....	303,758	-	303,758
Community preservation surcharges.....	9,999	-	9,999
Departmental and other.....	412,202	8,500	420,702
Intergovernmental.....	1,456,425	-	1,456,425
Working capital deposit.....	80,721	-	80,721
Total current assets.....	37,956,902	956,156	38,913,058
Noncurrent assets:			
Receivables, net of allowance for uncollectible amounts:			
Real estate tax deferrals.....	2,478,351	-	2,478,351
Intergovernmental.....	8,687,287	-	8,687,287
Tax foreclosures.....	287,008	-	287,008
Investment in joint venture.....	276,532	-	276,532
Capital assets not being depreciated.....	43,399,232	192,500	43,591,732
Capital assets, net of accumulated depreciation.....	53,159,885	834,036	53,993,921
Total noncurrent assets.....	108,288,295	1,026,536	109,314,831
Total assets.....	146,245,197	1,982,692	148,227,889
<b>LIABILITIES</b>			
Current liabilities:			
Warrants payable.....	1,009,115	38,765	1,047,880
Accrued payroll.....	2,597,378	11,460	2,608,838
Tax refunds payable.....	166,709	-	166,709
Other liabilities.....	1,010,288	-	1,010,288
Unearned revenue.....	-	131,815	131,815
Accrued interest.....	150,064	-	150,064
Capital lease obligations.....	194,226	-	194,226
Workers' compensation claims.....	38,717	-	38,717
Compensated absences.....	57,958	1,516	59,474
Short-term notes payable.....	627,000	-	627,000
Long-term bonds and notes payable.....	3,390,000	-	3,390,000
Total current liabilities.....	9,241,455	183,556	9,425,011
Noncurrent liabilities:			
Capital lease obligations.....	313,664	-	313,664
Workers' compensation claims.....	219,399	-	219,399
Compensated absences.....	521,623	13,649	535,272
Net OPEB obligation.....	15,404,506	208,848	15,613,354
Long-term bonds and notes payable.....	24,965,000	-	24,965,000
Total noncurrent liabilities.....	41,424,192	222,497	41,646,689
Total liabilities.....	50,665,647	406,053	51,071,700
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Taxes received in advance.....	85,657	-	85,657

# STATEMENT OF NET POSITION

JUNE 30, 2014

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<b>NET POSITION</b>			
Net investment in capital assets.....	68,063,911	1,026,536	69,090,447
Restricted for:			
Investment in joint venture.....	276,532	-	276,532
Employee benefits.....	4,511,568	-	4,511,568
OPEB.....	181,042	-	181,042
Community preservation.....	4,508,541	-	4,508,541
School lunch.....	47,055	-	47,055
Affordable housing.....	456,760	-	456,760
Revolving funds.....	1,722,286	-	1,722,286
Receipts reserved.....	1,473,642	-	1,473,642
Grants.....	463,724	-	463,724
Permanent funds:			
Expendable.....	739,103	-	739,103
Nonexpendable.....	1,084,580	-	1,084,580
Other specific purposes.....	1,607,635	-	1,607,635
Unrestricted.....	10,357,514	550,103	10,907,617
Total net position.....	<u>\$ 95,493,893</u>	<u>\$ 1,576,639</u>	<u>\$ 97,070,532</u>

See notes to basic financial statements.

# STATEMENT OF ACTIVITIES

FOR THE FISCAL YEAR ENDED JUNE 30, 2014

		Program Revenues				
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net (Expense)/ Revenue	
Primary government:						
Governmental activities:						
General government.....	\$ 4,139,295	\$ 875,118	\$ 245,682	\$ 15,000	\$ (3,003,495)	
Public safety.....	10,738,149	1,386,371	287,165	-	(9,064,613)	
Education.....	72,249,710	1,842,931	12,591,438	228,729	(57,586,612)	
Public works.....	7,091,304	8,550	161,283	541,519	(6,379,952)	
Health and human services.....	1,269,543	270,011	41,344	-	(958,188)	
Culture and recreation.....	2,681,831	777,689	141,284	895,751	(867,107)	
Debt service - interest.....	976,892	-	715,892	-	(261,000)	
Total governmental activities.....	99,146,724	5,160,670	14,184,088	1,680,999	(78,120,967)	
Business-type activities:						
Swimming pool.....	588,492	492,366	167	62,500	(33,459)	
Transfer station.....	233,471	338,654	554	-	105,737	
Recreation field maintenance.....	190,320	202,036	233	-	11,949	
Total business-type activities.....	1,012,283	1,033,056	954	62,500	84,227	
Total primary government.....	\$ 100,159,007	\$ 6,193,726	\$ 14,185,042	\$ 1,743,499	\$ (78,036,740)	

See notes to basic financial statements.

# STATEMENT OF ACTIVITIES (Continued)

FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<b>Changes in net position:</b>			
Net (expense)/revenue (from previous page).....	\$ (78,120,967)	\$ 84,227	\$ (78,036,740)
<i>General revenues:</i>			
Real estate and personal property taxes.....	72,718,472	-	72,718,472
Motor vehicle and other excise taxes.....	3,447,691	-	3,447,691
Penalties and interest on taxes.....	224,025	-	224,025
Payments in lieu of taxes.....	38,629	-	38,629
Community preservation surcharges.....	1,636,741	-	1,636,741
Grants and contributions not restricted to specific programs.....	1,296,446	-	1,296,446
Unrestricted investment income.....	40,078	-	40,078
Transfers, net .....	104,067	(104,067)	-
Total general revenues and transfers.....	79,506,149	(104,067)	79,402,082
Change in net position.....	1,385,182	(19,840)	1,365,342
Net position - beginning of year.....	94,108,711	1,596,479	95,705,190
Net position - end of year.....	\$ 95,493,893	\$ 1,576,639	\$ 97,070,532

**GOVERNMENTAL FUNDS  
BALANCE SHEET**

JUNE 30, 2014

ASSETS	General	Community Preservation	Nonmajor Governmental Funds	Total Governmental Funds
Cash and cash equivalents.....	\$ 12,364,272	\$ -	\$ -	\$ 12,364,272
Investments.....	4,302,579	-	-	4,302,579
Receivables, net of allowance for uncollectible amounts:				
Real estate and personal property taxes.....	556,532	-	-	556,532
Real estate tax deferrals.....	2,478,351	-	-	2,478,351
Tax liens.....	905,679	-	-	905,679
Motor vehicle and other excise taxes.....	303,758	-	-	303,758
Community preservation surcharges.....	-	9,999	-	9,999
Departmental and other.....	-	-	412,202	412,202
Intergovernmental.....	9,886,895	-	256,817	10,143,712
Tax foreclosures.....	287,008	-	-	287,008
Working capital deposit.....	80,721	-	-	80,721
Restricted assets:				
Cash and cash equivalents.....	3,984,810	1,827,708	6,257,384	12,069,902
Investments.....	885,195	2,670,834	1,938,804	5,494,833
<b>TOTAL ASSETS.....</b>	<b>\$ 36,035,800</b>	<b>\$ 4,508,541</b>	<b>\$ 8,865,207</b>	<b>\$ 49,409,548</b>
<b>LIABILITIES</b>				
Warrants payable.....	\$ 585,232	\$ -	\$ 423,883	\$ 1,009,115
Accrued payroll.....	2,494,224	-	103,154	2,597,378
Tax refunds payable.....	166,709	-	-	166,709
Other liabilities.....	924,511	-	85,777	1,010,288
Workers' compensation claims.....	38,717	-	-	38,717
Short-term notes payable.....	-	-	627,000	627,000
<b>TOTAL LIABILITIES.....</b>	<b>4,209,393</b>	<b>-</b>	<b>1,239,814</b>	<b>5,449,207</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenue.....	13,976,663	9,999	438,058	14,424,720
Taxes received in advance.....	85,657	-	-	85,657
<b>TOTAL DEFERRED INFLOWS OF RESOURCES.....</b>	<b>14,062,320</b>	<b>9,999</b>	<b>438,058</b>	<b>14,510,377</b>
<b>FUND BALANCES:</b>				
Nonspendable.....	-	-	1,084,580	1,084,580
Restricted.....	4,912,009	4,498,542	6,039,872	15,450,423
Committed.....	1,914,264	-	62,883	1,977,147
Assigned.....	1,915,715	-	-	1,915,715
Unassigned.....	9,022,099	-	-	9,022,099
<b>TOTAL FUND BALANCES.....</b>	<b>17,764,087</b>	<b>4,498,542</b>	<b>7,187,335</b>	<b>29,449,964</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES.....</b>	<b>\$ 36,035,800</b>	<b>\$ 4,508,541</b>	<b>\$ 8,865,207</b>	<b>\$ 49,409,548</b>

See notes to basic financial statements.

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

JUNE 30, 2014

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Total governmental fund balances (page 33).....	\$ 29,449,964
Capital assets (net of accumulated depreciation) used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.....	96,559,117
The equity interest in the assets of the governmental joint venture is not reported in the governmental funds.....	276,532
Other assets are not available to pay for current period expenditures and, therefore, are deferred in the governmental funds.....	14,424,720
In the statement of net position, interest is accrued on outstanding long-term debt, whereas in the governmental funds interest is not reported until due.....	(150,064)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds.	
Bonds and notes payable.....	(28,355,000)
Capital lease obligations.....	(507,890)
Workers' compensation claims.....	(219,399)
Compensated absences.....	(579,581)
Net OPEB obligation.....	<u>(15,404,506)</u>
Net position of governmental activities (page 30).....	<u>\$ 95,493,893</u>

See notes to basic financial statements.

**GOVERNMENTAL FUNDS**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

	General	Community Preservation	Nonmajor Governmental Funds	Total Governmental Funds
<b>REVENUES</b>				
Real estate and personal property taxes.....	\$ 72,439,807	\$ -	\$ -	\$ 72,439,807
Motor vehicle and other excise taxes.....	3,479,052	-	-	3,479,052
Tax liens.....	187,499	-	-	187,499
Payments in lieu of taxes.....	38,629	-	-	38,629
Community preservation surcharges.....	-	1,643,844	-	1,643,844
Charges for services.....	-	-	699,861	699,861
Intergovernmental .....	13,141,021	895,751	3,497,653	17,534,425
Penalties and interest on taxes.....	224,025	-	-	224,025
Licenses and permits.....	638,558	-	69,605	708,163
Fines and forfeitures.....	74,663	-	8,231	82,894
Departmental and other.....	381,541	-	3,182,198	3,563,739
Contributions.....	-	-	367,022	367,022
Investment income.....	86,337	28,051	217,022	331,410
<b>TOTAL REVENUES.....</b>	<b>90,691,132</b>	<b>2,567,646</b>	<b>8,041,592</b>	<b>101,300,370</b>
<b>EXPENDITURES</b>				
Current:				
General government.....	2,591,388	353,526	311,803	3,256,717
Public safety.....	6,789,206	-	1,043,656	7,832,862
Education.....	53,898,970	-	4,883,493	58,782,463
Public works.....	5,486,086	69,804	724,966	6,280,856
Health and human services.....	556,852	-	408,327	965,179
Culture and recreation.....	1,193,917	401,445	836,911	2,432,273
Pension benefits.....	8,882,087	-	-	8,882,087
Employee benefits.....	6,650,548	-	-	6,650,548
Property and liability insurance.....	238,000	-	-	238,000
State and county charges.....	157,416	-	-	157,416
Debt service:				
Principal.....	2,475,000	830,000	1,995,000	5,300,000
Interest.....	647,894	314,630	-	962,524
<b>TOTAL EXPENDITURES.....</b>	<b>89,567,364</b>	<b>1,969,405</b>	<b>10,204,156</b>	<b>101,740,925</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES.....</b>	<b>1,123,768</b>	<b>598,241</b>	<b>(2,162,564)</b>	<b>(440,555)</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in.....	2,035,286	-	1,082,796	3,118,082
Premium from issuance of bonds and notes.....	-	77,931	21,083	99,014
Issuance of refunding bonds.....	-	-	1,950,000	1,950,000
Premium from issuance of refunding bonds.....	-	-	75,215	75,215
Proceeds from capital leases.....	271,594	-	-	271,594
Transfers out.....	(740,000)	(342,796)	(1,931,219)	(3,014,015)
<b>TOTAL OTHER FINANCING SOURCES (USES).....</b>	<b>1,566,880</b>	<b>(264,865)</b>	<b>1,197,875</b>	<b>2,499,890</b>
<b>NET CHANGE IN FUND BALANCES.....</b>	<b>2,690,648</b>	<b>333,376</b>	<b>(964,689)</b>	<b>2,059,335</b>
<b>FUND BALANCES AT BEGINNING OF YEAR.....</b>	<b>15,073,439</b>	<b>4,165,166</b>	<b>8,152,024</b>	<b>27,390,629</b>
<b>FUND BALANCES AT END OF YEAR.....</b>	<b>\$ 17,764,087</b>	<b>\$ 4,498,542</b>	<b>\$ 7,187,335</b>	<b>\$ 29,449,964</b>

See notes to basic financial statements.

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2014

Net change in fund balances - total governmental funds (page 35).....	\$ 2,059,335
The statement of activities reports the investment in joint venture however the governmental funds do not. This amount represents the net change in the investment in joint venture.....	(31,445)
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. These amounts represent the related activity of the current period.	
Capital outlays.....	2,540,437
Depreciation.....	(3,185,686)
In the statement of activities, the <i>gain</i> or <i>loss</i> on the disposal of capital assets is reported, whereas in the governmental funds, the disposal is not reported. As a result, the change in net position differs from the change in fund balance by the net book value of the capital assets disposed.....	(77,869)
Revenues in the statement of activities that do not provide current financial resources are fully deferred in the statement of revenues, expenditures and changes in fund balances. Therefore, the recognition of revenue for various types of accounts receivable (i.e., real estate and personal property, motor vehicle excise, etc.) differ between the two statements. This amount represents the net change in deferred inflows for unavailable revenue.....	(1,015,312)
The issuance of long-term debt (e.g., bonds and leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the financial resources of governmental funds. Neither transaction, however, has any impact on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. These amounts represent the related activity of the current period.	
Issuance of refunding bonds.....	(1,950,000)
Bond maturities.....	5,300,000
Capital lease proceeds.....	(271,594)
Capital lease maturities.....	284,057
In the statement of activities, interest is accrued on outstanding long-term debt, whereas in the governmental funds interest is not reported until due. This amount represents the net change in accrued interest payable.....	(14,368)
Some expenses reported in the statement activities do not require the use of current financial resources and, therefore, are not reported in the governmental funds. These amounts represent the net changes:	
Workers' compensation.....	(219,399)
Compensated absences.....	33,722
Net OPEB obligation.....	(2,066,696)
Changes in net position of governmental activities (page 32).....	\$ <u>1,385,182</u>

See notes to basic financial statements.



**PROPRIETARY FUNDS**  
STATEMENT OF FUND NET POSITION

JUNE 30, 2014

	Business-Type Activities - Enterprise Funds
	Nonmajor Funds
<b>ASSETS</b>	
Current assets:	
Cash and cash equivalents.....	\$ 815,841
Restricted cash and cash equivalents.....	131,815
Receivables, net of allowance for uncollectible amounts:	
Departmental and other.....	8,500
Total current assets.....	956,156
Noncurrent assets:	
Capital assets not being depreciated.....	192,500
Capital assets, net of accumulated depreciation.....	834,036
Total noncurrent assets.....	1,026,536
Total assets.....	1,982,692
<b>LIABILITIES</b>	
Current liabilities:	
Warrants payable.....	38,765
Accrued payroll.....	11,460
Unearned revenue.....	131,815
Compensated absences.....	1,516
Total current liabilities.....	183,556
Noncurrent liabilities:	
Compensated absences.....	13,649
Net OPEB obligation.....	208,848
Total noncurrent liabilities.....	222,497
Total liabilities.....	406,053
<b>FUND NET POSITION</b>	
Net investment in capital assets.....	1,026,536
Unrestricted.....	550,103
Total fund net position.....	\$ 1,576,639

See notes to basic financial statements.

**PROPRIETARY FUNDS**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

	Business-Type Activities - Enterprise Funds	Nonmajor Funds
<b>OPERATING REVENUES</b>		
Charges for services.....	\$ 1,033,056	
<b>OPERATING EXPENSES</b>		
Cost of service and administration.....	746,628	
Repairs and maintenance.....	196,355	
Depreciation.....	69,300	
<b>TOTAL OPERATING EXPENSES.....</b>	<b>1,012,283</b>	
<b>OPERATING INCOME.....</b>	<b>20,773</b>	
<b>NONOPERATING REVENUES (EXPENSES)</b>		
Investment income.....	954	
<b>INCOME BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS.....</b>	<b>21,727</b>	
Capital contributions.....	62,500	
Transfers out.....	(104,067)	
<b>CHANGES IN FUND NET POSITION.....</b>	<b>(19,840)</b>	
<b>FUND NET POSITION AT BEGINNING OF YEAR.....</b>	<b>1,596,479</b>	
<b>FUND NET POSITION AT END OF YEAR.....</b>	<b>\$ 1,576,639</b>	

See notes to basic financial statements.

**PROPRIETARY FUNDS**  
**STATEMENT OF CASH FLOWS**

FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	Business-Type Activities - Enterprise Funds
	Nonmajor Funds
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Receipts from customers and users.....	\$ 1,048,713
Payments to vendors.....	(397,938)
Payments to employees.....	(493,487)
NET CASH FROM OPERATING ACTIVITIES.....	157,288
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>	
Transfers out.....	(104,067)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Capital contributions.....	62,500
Other.....	(34,160)
NET CASH FROM CAPITAL AND RELATED FINANCING ACTIVITIES.....	28,340
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Investment income.....	954
NET CHANGE IN CASH AND CASH EQUIVALENTS.....	82,515
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR (Includes \$115,408 reported as restricted).....	865,141
CASH AND CASH EQUIVALENTS AT END OF YEAR (Includes \$131,815 reported as restricted).....	\$ 947,656
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH FROM OPERATING ACTIVITIES</b>	
Operating income.....	\$ 20,773
Adjustments to reconcile operating income to net cash from operating activities:	
Adjustments not requiring current cash flows:	
Depreciation.....	69,300
Net OPEB obligation.....	27,828
Adjustments requiring current cash flows:	
Departmental and other.....	(750)
Warrants payable.....	25,503
Accrued payroll.....	4,777
Unearned revenue.....	16,407
Compensated absences.....	(6,550)
Total adjustments.....	136,515
NET CASH FROM OPERATING ACTIVITIES.....	\$ 157,288

See notes to basic financial statements.

**FIDUCIARY FUNDS**  
**STATEMENT OF FIDUCIARY NET POSITION**

JUNE 30, 2014

<b>ASSETS</b>	Private Purpose Trust Funds	Agency Funds
Cash and cash equivalents.....	\$ 171,373	\$ 620,795
Receivables, net of allowance for uncollectible amounts:		
Departmental and other.....	-	142,163
Total assets.....	171,373	762,958
 <b>LIABILITIES</b>		
Liabilities due depositors.....	-	762,958
 <b>NET POSITION</b>		
Assets held for other purposes.....	\$ 171,373	\$ -

See notes to basic financial statements.

**FIDUCIARY FUNDS**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

	<u>Private Purpose Trust Funds</u>
<b>ADDITIONS</b>	
Contributions:	
Private donations.....	\$ <u>40</u>
Net investment income:	
Net appreciation/(depreciation) in fair value of investments.....	13,111
Interest.....	<u>6,922</u>
Total investment income (loss).....	<u>20,033</u>
TOTAL ADDITIONS.....	20,073
<b>DEDUCTIONS</b>	
Scholarships awarded.....	3,000
Other.....	<u>2,240</u>
TOTAL DEDUCTIONS.....	<u>5,240</u>
CHANGE IN NET POSITION.....	14,833
NET POSITION AT BEGINNING OF YEAR.....	<u>156,540</u>
NET POSITION AT END OF YEAR.....	<u><u>\$ 171,373</u></u>

See notes to basic financial statements.

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

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

**B. Reporting Entity**

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

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

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

**Joint Ventures**

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

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

*Wayland-Sudbury Septage Disposal Facility (Facility)*

The Town is a participant in a joint venture with the Town of Wayland for a septage disposal facility (Facility). Each Town has a 50 percent interest in the venture. The Facility was decommissioned in October 2009 and its operations were ceased as of December 1, 2009. All further administrative actions relative to the Facility are now the responsibility of the Boards of Selectmen of the Towns of Wayland and Sudbury. As of June 30, 2014, there had been no equity distributions of the Facility's net position to either Town and the joint venture agreement had not been formally dissolved. The joint venture agreement is scheduled to end on normal terms in 2017. The Town of Sudbury continues to serve as the custodian of the Facility's cash and accounts receivable, which are reported in the Agency Fund. As of June 30, 2014, the Town's equity interest in the Facility totaled \$276,532 and is reported in governmental activities. The Facility does not issue a stand alone, GAAP-basis audited financial report.

*Lincoln Sudbury Regional High School District (LSRHSD)*

The LSRHSD is governed by a six member school district committee consisting of three elected representatives of the Town. The Town is indirectly liable for the LSRHSD debt and expenditures and is assessed annually for its share of operating and capital costs. For the fiscal year ended June 30, 2014, the Town's assessment totaled \$21,737,897. Separate financial statements may be obtained by writing to the Treasurer of the LSRHSD at 390 Lincoln Road, Sudbury, MA 01776.

*Minuteman Regional High School (MRHS)*

The MRHS is governed by a seventeen member school committee consisting of one elected representative from the Town. The Town is indirectly liable for the MRHS debt and expenditures and is assessed annually for its share of operating and capital costs. For the fiscal year ended June 30, 2014, the Town's assessment totaled \$444,837. Separate financial statements may be obtained by writing to the Treasurer of the MRHS at 758 Marrett Road, Lexington, MA 02421-7313.

***C. Implementation of New Accounting Principles***

For the year ending June 30, 2014, the Town implemented the following pronouncements issued by the GASB:

- GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*
- GASB Statement No. 66, *Technical Corrections-2012-an amendment of GASB Statement No. 10 and No. 62*
- GASB Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*

The implementation of GASB Statement No. 65 introduced the reporting of deferred inflows of resources, which represents the acquisition of net position/fund balance that apply to a future period(s) and so will not be recognized as an inflow of resources until that time.

The implementations of GASB Statement No. 66 and 70 had no reporting impact for the Town.

***D. Government-Wide and Fund Financial Statements*****Government-Wide Financial Statements**

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

**Fund Financial Statements**

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

### *E. Measurement Focus, Basis of Accounting and Basis of Presentation*

#### Government-Wide Financial Statements

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

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

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

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

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

#### Fund Financial Statements

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

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

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

The following major governmental funds are reported:

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



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

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

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

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

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

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

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

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

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

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

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

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

The following fiduciary fund types are reported:

The *private-purpose trust fund* is used to account for trust arrangements, other than those reported in the permanent fund, under which principal and investment income exclusively benefits individuals, private organizations, or other governments. The Town's private purpose trust funds include activities for scholarships, gifts to the financial needy and youth of Sudbury, cemetery improvements and maintenance of the walking trail at Haskell Field.

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

#### ***F. Deposits and Investments***

##### **Government-Wide and Fund Financial Statements**

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

#### ***G. Accounts Receivable***

##### **Government-Wide and Fund Financial Statements**

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

#### **Real Estate Taxes, Personal Property Taxes and Tax Liens**

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

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

#### **Motor Vehicle and Other Excise Taxes**

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

#### **Community Preservation Surcharges**

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

#### **Departmental and Other**

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

**Intergovernmental**

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

**H. Allowance for Uncollectible Accounts**

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

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

As of June 30, 2014, the allowance for uncollectible amounts for departmental and other receivables is immaterial and therefore not reported.

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

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

Intergovernmental receivables are considered 100% collectible.

**I. Inventories**Government-Wide and Fund Financial Statements

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

**J. Restricted Assets**Government-Wide and Fund Financial Statements

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

**K. Capital Assets**Government-Wide and Proprietary Funds Financial Statements

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

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

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

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

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

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

#### Governmental Fund Financial Statements

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

#### *L. Interfund Receivables and Payables*

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

#### Government-Wide Financial Statements

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

#### Fund Financial Statements

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

#### *M. Interfund Transfers*

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

#### Government-Wide Financial Statements

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

### Fund Financial Statements

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

#### *N. Deferred Outflows of Resources*

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period (s) and so will not be recognized as an outflow of resources (expense/expenditure) until that time.

The Town does not have items that qualify for reporting in this category.

#### *O. Deferred Inflows of Resources*

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement elements, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

The government has two items that qualify for reporting in this category. They are as follows:

- Taxes received in advance are reported in the government-wide statement of net position and the governmental funds balance sheet. Taxes received in advance represent amounts collected in the current fiscal year that apply to the subsequent fiscal year's tax levy.
- Unavailable revenue is reported in the governmental funds balance sheet. Unavailable revenue represents billed receivables that do not meet the available criterion in accordance with the current financial resources measurement focus and the modified accrual basis of accounting.

#### *P. Unearned Revenue*

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

#### *Q. Net Position and Fund Balances*

##### Government-Wide Financial Statements (Net Position)

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

Net position has been "restricted" for the following:

"Investment in joint venture" represents the Town's equity interest in the operation of the Facility.

"Employee benefits" represents amounts accumulated for self-insurance activities.

"OPEB" represents amounts accumulated for other postemployment benefits.

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

“School lunch” represents amounts restricted for the activity of the school lunch program.

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

“Revolving funds” represents amounts restricted for the activity of revolving funds established in accordance with MGL.

“Receipts reserved” represents amounts restricted for receipts that are designated to fund and supplement specific operating budgets of various departments.

“Grants” represents amounts restricted for federal and state grant funds for specific programs.

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

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

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

#### Governmental Funds Financial Statements (Fund Balances)

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

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

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

*Committed* — represents amounts that can be used only for the specific purposes determined by a formal action of the Town’s highest level of decision-making authority. Town Meeting is the highest level of decision-making authority for the Town that can, by majority vote and adoption of an article, commit fund balance. Once voted and adopted, the limitation imposed by the article remains in place until a similar action is taken (the vote and adoption of another article) to remove or revise the limitation.

*Assigned* — represents amounts that do not meet the criteria to be classified as restricted or committed but are intended to be used for specific purposes. Under the Town’s structure, only authorized assignments for non-contractual encumbrances can be made by individual department heads. The policy established by the governing body (i.e., Board of Selectmen) pursuant to which this authorization is given is based on applicable MGL related to encumbrances.

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

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

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

**R. Long-term Debt****Government-Wide and Proprietary Fund Financial Statements**

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

**Governmental Funds Financial Statements**

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

**S. Investment Income**

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

Investment income from proprietary funds is retained in the funds.

**T. Compensated Absences**

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

**Government-Wide and Proprietary Fund Financial Statements**

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

**Governmental Funds Financial Statements**

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

**U. Post Retirement Benefits****Government-Wide and Fund Financial Statements**

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

**V. Use of Estimates****Government-Wide and Fund Financial Statements**

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

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

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

**Fund Financial Statements**

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

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

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

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

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

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

An annual budget is adopted for the general fund and community preservation fund in conformity with the guidelines described above. The original and final fiscal year 2014 approved budget for the general fund and community preservation fund authorized \$86,980,496 and \$2,498,522, respectively, in appropriations and other amounts to be raised.

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

The budgetary comparison schedules presented in the accompanying required supplementary information presents comparisons of the legally adopted budgets, as amended, with actual results. The originally adopted budgets are presented for purposes of comparison to the final, amended budgets.



**NOTE 3 - DEPOSITS AND INVESTMENTS**

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

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

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

Deposits - Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of a bank failure, the Town's deposits may not be recovered. The Town's policy for custodial credit risk is to rely on FDIC and DIF insurance coverage. As of June 30, 2014, \$4,418,235 of the Town's bank balance of \$19,954,699 was uninsured, uncollateralized and exposed to custodial credit risk.

Investments Summary

The Town's investments at June 30, 2014 are presented below. All investments are presented by investment type, with debt securities presented by maturity.

Investment Type	Fair Value	Investment Maturities (in Years)		
		Less Than 1	1 - 5	6 - 10
<u>Debt Securities:</u>				
U.S. Agencies.....	\$ 483,891	\$ -	\$ 483,891	\$ -
Money market mutual funds.....	6,359,206	6,359,206	-	-
Debt security mutual funds.....	781,845	781,845	-	-
Certificates of deposit.....	7,409,725	2,349,786	4,946,152	113,788
External investment pools.....	213,955	213,955	-	-
Total debt securities.....	15,248,622	\$ 9,704,792	\$ 5,430,043	\$ 113,788
<u>Other Investments:</u>				
Equity mutual funds.....	1,121,950			
Total investments.....	\$ 16,370,572			

Investments - Interest Rate Risk of Debt Securities

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

Investments - Custodial Credit Risk

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty, the Town will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Town does not have a policy for custodial credit risk of investments. As of June 30, 2014, the Town's investments were not exposed to custodial credit risk.

Investments - Credit Risk of Debt Securities

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

As of June 30, 2014, the Town's debt securities were unrated by national credit rating organizations.

Deposits and Investments - Foreign Currency Risk

Foreign currency risk is the risk that fluctuations in exchange rates will adversely affect the fair value of an investment or a deposit. The Town does not have a policy for foreign currency risk. As of June 30, 2014, the Town was not exposed to foreign currency risk.

Investments - Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of the Town's investment in a single issuer. The Town does not have a policy for concentration of credit risk. As of June 30, 2014, the Town was not exposed to concentration of credit risk.

**NOTE 4 - ACCOUNTS RECEIVABLE**

At June 30, 2014, receivables for the individual major governmental funds and nonmajor governmental and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	Gross Amount	Allowance for Uncollectibles	Net Amount
<u>Receivables:</u>			
Real estate and personal property taxes.....	\$ 565,936	\$ (9,404)	\$ 556,532
Real estate tax deferrals.....	2,478,351	-	2,478,351
Tax liens.....	905,679	-	905,679
Motor vehicle and other excise taxes.....	351,132	(47,374)	303,758
Community preservation surcharges.....	9,999	-	9,999
Departmental and other.....	554,365	-	554,365
Intergovernmental.....	10,143,712	-	10,143,712
	<u>\$ 15,009,174</u>	<u>\$ (56,778)</u>	<u>\$ 14,952,396</u>

At June 30, 2014, receivables for the enterprise funds consist of the following:

	Gross Amount	Allowance for Uncollectibles	Net Amount
<u>Receivables:</u>			
Departmental and other.....	\$ 8,500	\$ -	\$ 8,500

The Massachusetts School Building Authority (MSBA) provides contract assistance to the Town for the completed Haynes Elementary, Loring Elementary and Curtis Middle School construction projects. The assistance program provides resources for future debt service of general obligation school bonds outstanding. During fiscal year 2014, approximately \$1,681,000 of such assistance was received. \$11,768,568 will be received in future fiscal years. Of this amount, \$1,881,673 represents reimbursement of long-term interest costs, and \$9,886,895 represents reimbursement of approved construction costs. Accordingly, a \$9,886,895 intergovernmental receivable and corresponding deferred inflow of resources have been reported in the governmental fund financial statements. The deferred inflow of resources has been recognized as revenue in the conversion to the government-wide financial statements.

**NOTE 5 - CAPITAL ASSETS**

Capital asset activity for the fiscal year ended June 30, 2014, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental Activities:</b>				
<u>Capital assets not being depreciated:</u>				
Land.....	\$ 27,062,702	\$ 257,800	\$ -	\$ 27,320,502
Intangible assets.....	16,078,730	-	-	16,078,730
Total capital assets not being depreciated.....	43,141,432	257,800	-	43,399,232
<u>Capital assets being depreciated:</u>				
Land improvements.....	2,516,461	299,815	-	2,816,276
Buildings and improvements.....	69,970,430	645,808	-	70,616,238
Machinery and equipment.....	8,098,034	172,872	(63,869)	8,207,037
Vehicles.....	3,030,687	394,222	(399,053)	3,025,856
Infrastructure.....	16,076,025	769,921	-	16,845,946
Total capital assets being depreciated.....	99,691,637	2,282,637	(462,922)	101,511,352
<u>Less accumulated depreciation for:</u>				
Land improvements.....	(913,790)	(81,376)	-	(995,166)
Buildings and improvements.....	(26,635,695)	(1,823,145)	-	(28,458,840)
Machinery and equipment.....	(5,944,566)	(400,735)	49,869	(6,295,432)
Vehicles.....	(2,486,607)	(240,771)	335,184	(2,392,194)
Infrastructure.....	(9,570,176)	(639,659)	-	(10,209,835)
Total accumulated depreciation.....	(45,550,834)	(3,185,686)	385,053	(48,351,467)
Total capital assets being depreciated, net.....	54,140,803	(903,049)	(77,869)	53,159,885
Total governmental activities capital assets, net.....	\$ 97,282,235	\$ (645,249)	\$ (77,869)	\$ 96,559,117

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Business-Type Activities:</b>				
<u>Capital assets not being depreciated:</u>				
Land.....	\$ 192,500	\$ -	\$ -	\$ 192,500
<u>Capital assets being depreciated:</u>				
Buildings and improvements.....	1,650,181	-	-	1,650,181
Machinery and equipment.....	13,564	-	-	13,564
Vehicles.....	136,640	-	-	136,640
Total capital assets being depreciated.....	1,800,385	-	-	1,800,385
<u>Less accumulated depreciation for:</u>				
Buildings and improvements.....	(786,432)	(54,280)	-	(840,712)
Machinery and equipment.....	(8,137)	(1,356)	-	(9,493)
Vehicles.....	(136,640)	(13,664)	34,160	(116,144)
Total accumulated depreciation.....	(931,209)	(69,300)	34,160	(966,349)
Total capital assets being depreciated, net.....	869,176	(69,300)	34,160	834,036
Total business-type activities capital assets, net.....	\$ 1,061,676	\$ (69,300)	\$ 34,160	\$ 1,026,536

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

**Governmental Activities:**

General government.....	\$ 149,212
Public safety.....	288,178
Education.....	1,431,569
Public works.....	1,166,814
Health and human services.....	5,870
Culture and recreation.....	144,043

Total depreciation expense - governmental activities..... \$ 3,185,686

**Business-Type Activities:**

Swimming pool.....	\$ 55,636
Transfer station.....	13,664

Total depreciation expense - business-type activities..... \$ 69,300

During the fiscal year ended June 30, 2014, the Town changed the accounting estimate of the useful life of vehicles in the transfer station enterprise fund from 5 years to 10 years. The effect on the change in net position for the fiscal year ended June 30, 2014 was an increase of approximately \$20,000 for both business-type activities and proprietary funds.

**NOTE 6 - NET INVESTMENT IN CAPITAL ASSETS**

Net investment in capital assets at June 30, 2014 is summarized as follows:

*Governmental Activities*

Capital assets.....	\$ 144,910,584
Less accumulated depreciation.....	(48,351,467)
Less outstanding bonds and notes payable.....	(28,982,000)
Less outstanding capital leases.....	(507,890)
Add unspent proceeds of capital related debt.....	<u>994,684</u>
Net investment in capital assets.....	<u>\$ 68,063,911</u>

*Business-Type Activities*

Capital assets.....	\$ 1,992,885
Less accumulated depreciation.....	<u>(966,349)</u>
Net investment in capital assets.....	<u>\$ 1,026,536</u>

**NOTE 7 - INTERFUND TRANSFERS**

Interfund transfers for the fiscal year ended June 30, 2014, are summarized as follows:

Transfers Out:	Transfers In:		
	General Fund	Nonmajor Governmental Funds	Total
General Fund.....	\$ -	\$ 740,000	\$ 740,000 (1)
Community Preservation Fund.....	-	342,796	342,796 (2)
Nonmajor Governmental Funds.....	1,931,219	-	1,931,219 (3)
Nonmajor Enterprise Funds.....	<u>104,067</u>	<u>-</u>	<u>104,067 (4)</u>
	<u>\$ 2,035,286</u>	<u>\$ 1,082,796</u>	<u>\$ 3,118,082</u>

- (1) Represents budgeted transfers to the ambulance receipts reserved special revenue fund (\$40,000) and the traffic center improvements capital projects fund (\$700,000)
- (2) Represents budgeted transfer to the affordable housing fund
- (3) Represents budgeted transfer from the ambulance receipts reserve special revenue fund to fund the fiscal year 2014 operating budget (\$762,745), transfer to close out the DPW mining revolving special revenue fund (\$1,151,051) and transfer from the passport revolving special revenue fund (\$17,423)
- (4) Represents budgeted transfer of indirect costs from the recreation field maintenance (\$22,500) and transfer station (\$21,567) nonmajor enterprise funds. Also represents a transfer from the pool nonmajor enterprise fund (\$60,000).

**NOTE 8 - SHORT-TERM FINANCING**

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

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

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

Details related to the short-term debt activity for the fiscal year ended June 30, 2014, is as follows:

Type	Description	Origination Date	Maturity Date	Interest Rate	Balance at June 30, 2013	Increases	Decreases	Balance at June 30, 2014
BAN	Pantry Brook Farm.....	12/18/12	8/16/13	0.45%	400,000	-	(400,000)	-
BAN	Nixon School roof repair.....	6/25/13	8/16/13	0.50%	70,000	-	(70,000)	-
BAN	Police station design.....	5/28/14	5/28/15	0.45%	-	627,000	-	627,000
Total.....					\$ 470,000	\$ 627,000	\$ (470,000)	\$ 627,000

**NOTE 9 - LONG-TERM OBLIGATIONS**

The following represents a summary of changes that occurred in long-term obligations during the fiscal year ended June 30, 2014:

	Balance June 30, 2013	Increases	Decreases	Balance June 30, 2014	Current Portion
<b>Governmental Activities:</b>					
Bonds and notes payable.....	\$ 31,705,000	\$ 1,950,000	\$ (5,300,000)	\$ 28,355,000	\$ 3,390,000
Capital lease obligations.....	520,353	271,594	(284,057)	507,890	194,226
Workers' compensation claims.....	211,297	239,079	(192,260)	258,116	38,717
Net OPEB obligation.....	13,337,810	3,056,019	(989,323)	15,404,506	-
Compensated absences.....	613,303	90,662	(124,384)	579,581	57,958
Total.....	\$ 46,387,763	\$ 5,607,354	\$ (6,890,025)	\$ 45,105,093	\$ 3,680,901
<b>Business-type Activities:</b>					
Net OPEB obligation.....	\$ 181,020	\$ 41,149	\$ (13,321)	\$ 208,848	\$ -
Compensated absences.....	21,715	17,610	(24,160)	15,165	1,516
Total.....	\$ 202,735	\$ 58,759	\$ (37,481)	\$ 224,013	\$ 1,516

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

**NOTE 10 - LONG-TERM DEBT**

Details related to the outstanding indebtedness at June 30, 2014, and the debt service requirements are as follows:

***Bonds and Notes Payable - Governmental Funds***

Project	Maturity Date	Interest Rate (%)	Outstanding at June 30, 2013	Additions	Reductions	Outstanding at June 30, 2014
Land Acquisition.....	06/15/14	4.18	295,000	-	(295,000)	-
School Construction Refunding.....	12/01/20	3.81	10,430,000	-	(1,375,000)	9,055,000
Land Acquisition Refunding.....	09/15/14	3.60	2,450,000	-	(2,445,000)	5,000
Land Development Rights.....	10/15/28	2.00 - 4.00	4,025,000	-	(255,000)	3,770,000
Land Development Rights.....	08/15/30	2.00 - 4.00	1,800,000	-	(100,000)	1,700,000
School Construction Refunding.....	06/21/21	2.00 - 4.00	3,800,000	-	(490,000)	3,310,000
School Construction.....	08/12/21	2.00 - 3.00	1,420,000	-	(160,000)	1,260,000
Community Preservation Act - 2004 Refunding.....	06/15/24	1.50 - 2.00	2,455,000	-	(30,000)	2,425,000
Community Preservation Act - 2005 Refunding.....	06/15/25	1.50 - 2.00	1,590,000	-	(150,000)	1,440,000
General Obligation Bonds - Nixon Roof.....	08/15/23	2.00 - 3.00	430,000	-	-	430,000
General Obligation Bonds - Pantry Brook Farm.....	08/15/33	2.00 - 4.00	3,010,000	-	-	3,010,000
Land Acquisition - 2005 Refunding.....	08/15/18	2.00 - 4.00	-	1,950,000	-	1,950,000
Total governmental funds .....			\$ 31,705,000	\$ 1,950,000	\$ (5,300,000)	\$ 28,355,000

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

Fiscal Year	Principal	Interest	Total
2015.....	\$ 3,390,000	\$ 885,098	\$ 4,275,098
2016.....	3,260,000	781,950	4,041,950
2017.....	3,175,000	682,448	3,857,448
2018.....	3,135,000	579,080	3,714,080
2019.....	2,870,000	482,498	3,352,498
2020.....	2,945,000	393,672	3,338,672
2021.....	3,000,000	264,686	3,264,686
2022.....	1,035,000	195,075	1,230,075
2023.....	870,000	168,573	1,038,573
2024.....	870,000	145,567	1,015,567
2025.....	615,000	123,499	738,499
2026.....	505,000	105,867	610,867
2027.....	505,000	88,804	593,804
2028.....	515,000	71,073	586,073
2029.....	520,000	52,530	572,530
2030.....	275,000	38,406	313,406
2031.....	280,000	28,700	308,700
2032.....	190,000	19,800	209,800
2033.....	195,000	12,100	207,100
2034.....	205,000	4,100	209,100
Total.....	\$ 28,355,000	\$ 5,123,526	\$ 33,478,526



Current Refunding – August 2013

The Town issued \$1,950,000 of general obligation refunding bonds and a premium of \$75,215 to redeem bonds (\$1,995,000) previously issued related to land acquisition. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the government-wide financial statements. The reacquisition price exceeded the net carrying amount of the old debt by \$45,000. This amount is immaterial and was expensed in the current year fiscal year. This current refunding was undertaken to reduce total debt service payments over the next 5 years by approximately \$138,000 and resulted in an economic gain of approximately \$131,000.

Authorized and Unissued Debt

The Town is subject to various debt limits by statute and may issue additional general obligation debt under the normal debt limit. At June 30, 2014, the Town had the following authorized and unissued debt:

<u>Purpose</u>	<u>Amount</u>
Police Station Construction.....	\$ 7,200,000
Police Station Design.....	<u>627,000</u>
Total.....	<u><u>\$ 7,827,000</u></u>

**NOTE 11 – CAPITAL LEASES**

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

The following schedule presents future minimum lease payments as of June 30, 2014:

<u>Fiscal Years Ending June 30</u>	<u>Governmental Activities</u>
2015.....	\$ 206,536
2016.....	157,637
2017.....	111,090
2018.....	<u>56,679</u>
Total minimum lease payments.....	531,943
Less: amounts representing interest.....	<u>(24,053)</u>
Present value of minimum lease payments.....	<u><u>\$ 507,890</u></u>

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

	Governmental Activities
<u>Asset:</u>	
Machinery and equipment and vehicles.....	\$ 1,403,853
Less: accumulated amortization.....	<u>(653,156)</u>
Total.....	<u>\$ 750,697</u>

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

## NOTE 12 - OTHER POST EMPLOYMENT BENEFITS

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

The number of participants as of July 1, 2013, the latest actuarial valuation, is as follows:

Active employees.....	529
Retired employees and spouses.....	<u>420</u>
Total.....	<u>949</u>

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

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

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

	<u>Amount</u>
Annual required contribution.....	\$ 3,359,128
Interest on net OPEB obligation.....	473,159
Adjustment to annual required contribution.....	<u>(735,119)</u>
Annual OPEB cost.....	3,097,168
Contributions made.....	<u>(1,002,644)</u>
Increase in net OPEB obligation.....	2,094,524
Net OPEB obligation at beginning of year.....	<u>13,518,830</u>
Net OPEB obligation at end of year.....	<u>\$ 15,613,354</u>

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

<u>Fiscal Year Ending</u>	<u>Annual OPEB Cost (AOPEBC)</u>	<u>Percentage of AOPEBC Contributed</u>	<u>Net OPEB Obligation</u>
June 30, 2012.....	3,519,173	25.1%	10,738,628
June 30, 2013.....	3,643,706	23.7%	13,518,830
June 30, 2014.....	3,097,168	32.4%	15,613,354

**Funded Status and Funding Progress** – The funded status of the Plan at July 1, 2013, the most recent actuarial valuation, was as follows:

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (A)</u>	<u>Actuarial Liability (AAL) Projected Unit Credit (B)</u>	<u>Unfunded AAL (UAAL) (B-A)</u>	<u>Funded Ratio (A/B)</u>	<u>Covered Payroll (C)</u>	<u>UAAL as a Percentage of Covered Payroll ((B-A)/C)</u>
07/01/13	\$ -	\$ 36,004,783	\$ 36,004,783	-	\$ 34,868,355	103.3%

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

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

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

Valuation date:	July 1, 2013
Actuarial cost method:	Projected unit credit
Amortization method:	Level dollar
Remaining amortization period:	30 years at July 1, 2013 (open period)
Interest discount rate:	3.5%
Inflation rate:	3.0%
Healthcare/Medical cost trend rate:	7.0% grading down to 5.0% in year 2018 and thereafter

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

<b>Governmental Activities:</b>	
General government.....	\$ 161,126
Public safety.....	493,366
Education.....	2,108,751
Public works.....	174,541
Health and human services.....	33,132
Culture and recreation.....	<u>85,105</u>
Total AOPEBC - governmental activities.....	<u>3,056,019</u>
<b>Business-Type Activities:</b>	
Swimming pool.....	25,620
Transfer station.....	9,949
Recreation field maintenance.....	<u>5,580</u>
Total AOPEBC - business-type activities.....	<u>41,149</u>
Total AOPEBC.....	<u>\$ 3,097,168</u>

### NOTE 13 - RISK FINANCING

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

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

**A. Workers' Compensation**

Workers' compensation claims are administered by a third party administrator and are funded on a pay-as-you-go basis from annual appropriations. The Town has recorded a liability of \$258,116 at June 30, 2014, which represents an estimate of all outstanding claims as of that date and is based on history and injury type. Changes in the reported liability since July 1, 2012, are as follows:

	Balance at Beginning of Fiscal Year	Current Year Claims and Changes in Estimate	Claims Payments	Balance at Fiscal Year-end
Fiscal year 2013.....	\$ 18,952	\$ 407,723	\$ (215,378)	\$ 211,297
Fiscal year 2014.....	211,297	239,079	(192,260)	258,116

**B. Municipal Building Insurance**

Municipal building insurance claims are immaterial at June 30, 2014 and, therefore, no liability is reported.

**NOTE 14 - FUND BALANCES**

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

	General	Community Preservation	Nonmajor Governmental Funds	Total Governmental Funds
<b>Nonspendable:</b>				
Permanent fund principal.....	\$ -	\$ -	\$ 1,084,580	\$ 1,084,580
<b>Restricted:</b>				
Employee benefits.....	4,730,967	-	-	4,730,967
OPEB.....	181,042	-	-	181,042
Community preservation.....	-	4,498,542	-	4,498,542
School lunch.....	-	-	47,055	47,055
Affordable housing.....	-	-	456,760	456,760
Revolving.....	-	-	1,722,286	1,722,286
Receipts reserved.....	-	-	1,473,642	1,473,642
Grants.....	-	-	463,724	463,724
Other special revenue.....	-	-	897,677	897,677
Streets and sidewalks.....	-	-	5,198	5,198
School construction.....	-	-	165,390	165,390
Other capital projects.....	-	-	69,037	69,037
Cemetery perpetual care.....	-	-	230,000	230,000
Other permanent funds.....	-	-	509,103	509,103
Sub-total - Restricted.....	4,912,009	4,498,542	6,039,872	15,450,423
<b>Committed:</b>				
Continuing appropriations.....	275,864	-	-	275,864
Subsequent year's expenditures.....	1,618,400	-	-	1,618,400
Energy stabilization.....	20,000	-	-	20,000
Other capital projects.....	-	-	62,883	62,883
Sub-total - Committed.....	1,914,264	-	62,883	1,977,147
<b>Assigned:</b>				
Encumbrances - school.....	1,448,218	-	-	1,448,218
Encumbrances - public works.....	190,596	-	-	190,596
Encumbrances - public safety.....	100,877	-	-	100,877
Encumbrances - employee benefits.....	100,079	-	-	100,079
Encumbrances - other.....	75,945	-	-	75,945
Sub-total - Assigned.....	1,915,715	-	-	1,915,715
<b>Unassigned.....</b>	9,022,099	-	-	9,022,099
Total fund balance.....	\$ 17,764,087	\$ 4,498,542	\$ 7,187,335	\$ 29,449,964

**NOTE 15 – STABILIZATION FUNDS**

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

The balance of the general stabilization fund and energy stabilization fund at June 30, 2014 are \$4,108,451 and \$20,000, respectively, and are reported in the general fund as unassigned and committed fund balance, respectively.

**NOTE 16 – PENSION PLAN**

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

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

**Funding Policy** – Chapter 32 of MGL governs the contributions of plan members and the Town. Plan members are required to contribute to the System at rates ranging from 5% to 11% of annual covered compensation. The Town is required to pay into the System its share of the system-wide actuarial determined contribution that is apportioned among the employers based on annual covered payroll. The Town's contributions to the System for the fiscal years ended June 30, 2014, 2013, and 2012 were \$3,303,467, \$3,071,597 and \$2,981,011, respectively, which equaled its required contribution for each fiscal year.

**NOTE 17 – MASSACHUSETTS TEACHERS RETIREMENT SYSTEM**

Public school teachers and certain administrators are members of the Massachusetts Teachers Retirement System, to which the Town does not contribute. Pension benefits and administrative expenses paid by the Teachers Retirement Board are the legal responsibility of the Commonwealth. The amount of these on-behalf payments totaled approximately \$5,624,000 for the fiscal year ended June 30, 2014, and, accordingly, are reported in the general fund as intergovernmental revenues and pension expenditures.

**NOTE 18 – COMMITMENTS**

The Town has entered into, or is planning to enter into, contracts totaling approximately \$8,000,000 for a new police station. The Town's other significant commitments consist of the encumbrances and continuing appropriations outstanding for the general fund, which totaled \$2,191,579 at June 30, 2014.

**NOTE 19 - CONTINGENCIES**

Various legal actions and claims are pending against the Town. Litigation is subject to many uncertainties, and the outcome of individual litigated matters is not always predictable. Although the amount of liability, if any, at June 30, 2014, cannot be ascertained, management believes any resulting liability should not materially affect the financial position of the Town at June 30, 2014.

The Town participates in a number of federal award programs. Although the grant programs have been audited in accordance with the provisions of the Single Audit Act Amendments of 1996 through June 30, 2014, these programs are still subject to financial and compliance audits. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the Town expects such amounts, if any, to be immaterial.

**NOTE 20 - FUTURE IMPLEMENTATION OF GASB PRONOUNCEMENTS**

The GASB has issued the following statements:

- Statement No. 68, Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27, which is required to be implemented during fiscal year 2015. The implementation of this Statement will represent a significant change in the accounting and reporting of pension expense and the related liability. For the first time, the Town will be required to recognize its long-term obligation for pension benefits as a liability and to more comprehensively measure the annual costs of pension benefits. The implementation of this Statement also expands pension related note disclosures and required supplementary information.
- Statement No. 69, Government Combinations and Disposals of Government Operations, which is required to be implemented during fiscal year 2015. Management does not believe the implementation of this Statement will impact the basic financial statements.
- Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68, which is required to be implemented during fiscal year 2015. The implementation of this Statement will require the Town, in the transition year of Statement No. 68, to recognize contributions to defined benefit pension plans between the measurement date of the reported net pension liability and the end of the government's reporting period as a deferred outflow of resources.

These pronouncements will be implemented by their respective implementation dates.



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## Required Supplementary Information



**Longfellow's Wayside Inn is the oldest Inn still operating in the United States, serving travelers for almost 300 years**

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	Prior Year Encumbrances and Continuing Appropriations	Original Budget	Supplemental Appropriations and Transfers	Final Budget
<b>REVENUES</b>				
Real estate and personal property taxes.....	\$ -	\$ 72,358,042	\$ -	\$ 72,358,042
Motor vehicle and other excise taxes.....	-	3,135,000	-	3,135,000
Tax liens.....	-	-	-	-
Payments in lieu of taxes.....	-	54,000	-	54,000
Intergovernmental .....	-	7,387,241	-	7,387,241
Penalties and interest on taxes.....	-	255,000	-	255,000
Licenses and permits.....	-	610,000	-	610,000
Fines and forfeitures.....	-	55,000	-	55,000
Departmental and other.....	-	281,000	-	281,000
Investment income.....	-	20,000	-	20,000
<b>TOTAL REVENUES.....</b>	<b>-</b>	<b>84,155,283</b>	<b>-</b>	<b>84,155,283</b>
<b>EXPENDITURES</b>				
<b>GENERAL GOVERNMENT</b>				
Selectmen/Town Manager				
Personal services.....	-	339,967	-	339,967
Expenditures.....	60,281	146,142	(181,585)	24,838
<b>Total.....</b>	<b>60,281</b>	<b>486,109</b>	<b>(181,585)</b>	<b>364,805</b>
Assistant Town Manager/Personnel				
Personal services.....	-	157,986	(1,234)	156,752
Expenditures.....	245	6,740	9,534	16,519
<b>Total.....</b>	<b>245</b>	<b>164,726</b>	<b>8,300</b>	<b>173,271</b>
Accounting				
Personal services.....	-	262,892	-	262,892
Expenditures.....	-	43,178	(18)	43,160
<b>Total.....</b>	<b>-</b>	<b>306,070</b>	<b>(18)</b>	<b>306,052</b>
Finance Committee				
Personal services.....	-	2,169	-	2,169
Assessors				
Personal services.....	-	255,428	(48,300)	207,128
Expenditures.....	-	29,250	40,000	69,250
<b>Total.....</b>	<b>-</b>	<b>284,678</b>	<b>(8,300)</b>	<b>276,378</b>
Finance Director/Treasurer/Collector				
Personal services.....	-	297,113	(3,013)	294,100
Expenditures.....	30	27,050	2,513	29,593
<b>Total.....</b>	<b>30</b>	<b>324,163</b>	<b>(500)</b>	<b>323,693</b>
Information Systems				
Personal services.....	-	182,108	3,018	185,126
Expenditures.....	2,806	194,010	3,467	200,283
<b>Total.....</b>	<b>2,806</b>	<b>376,118</b>	<b>6,485</b>	<b>385,409</b>

	Actual	Current Year Encumbrances and Continuing Appropriations	Actual and Encumbrances and Continuing Appropriations	Variance Positive/ (Negative)
\$	72,268,911	\$ -	\$ 72,268,911	\$ (89,131)
	3,479,052	-	3,479,052	344,052
	187,499	-	187,499	187,499
	38,629	-	38,629	(15,371)
	7,516,910	-	7,516,910	129,669
	224,025	-	224,025	(30,975)
	638,558	-	638,558	28,558
	74,663	-	74,663	19,663
	381,541	-	381,541	100,541
	15,942	-	15,942	(4,058)
	<u>84,825,730</u>	<u>-</u>	<u>84,825,730</u>	<u>670,447</u>
	331,532	-	331,532	8,435
	16,378	6,227	22,605	2,233
	<u>347,910</u>	<u>6,227</u>	<u>354,137</u>	<u>10,668</u>
	156,726	-	156,726	26
	5,987	10,315	16,302	217
	<u>162,713</u>	<u>10,315</u>	<u>173,028</u>	<u>243</u>
	261,820	-	261,820	1,072
	39,181	240	39,421	3,739
	<u>301,001</u>	<u>240</u>	<u>301,241</u>	<u>4,811</u>
	<u>1,776</u>	<u>-</u>	<u>1,776</u>	<u>393</u>
	173,660	-	173,660	33,468
	54,100	15,150	69,250	-
	<u>227,760</u>	<u>15,150</u>	<u>242,910</u>	<u>33,468</u>
	293,962	-	293,962	138
	26,336	66	26,402	3,191
	<u>320,298</u>	<u>66</u>	<u>320,364</u>	<u>3,329</u>
	185,126	-	185,126	-
	200,283	-	200,283	-
	<u>385,409</u>	<u>-</u>	<u>385,409</u>	<u>-</u>
				(continued)

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	Prior Year Encumbrances and Continuing Appropriations	Original Budget	Supplemental Appropriations and Transfers	Final Budget
<b>Law</b>				
Personal services.....	-	92,449	(9,825)	82,624
Expenditures.....	2,803	79,659	10,288	92,750
Total.....	2,803	172,108	463	175,374
<b>Permanent Building Committee</b>				
Expenditures.....	-	-	10,000	10,000
<b>Town Clerk and Registrars</b>				
Personal services.....	-	230,972	-	230,972
Expenditures.....	1,460	22,170	-	23,630
Total.....	1,460	253,142	-	254,602
<b>Conservation</b>				
Personal services.....	-	115,988	(3,600)	112,388
Expenditures.....	2,004	3,550	3,600	9,154
Total.....	2,004	119,538	-	121,542
<b>Planning and Board of Appeals</b>				
Personal services.....	-	188,811	-	188,811
Expenditures.....	-	4,245	24,500	28,745
Total.....	-	193,056	24,500	217,556
<b>Town-Wide Operations</b>				
Expenditures.....	1,112	147,699	-	148,811
<b>Reserve Fund.....</b>	-	250,000	(200,723)	49,277
<b>TOTAL GENERAL GOVERNMENT.....</b>	70,741	3,079,576	(341,378)	2,808,939
<b>PUBLIC SAFETY</b>				
<b>Police</b>				
Personal services.....	-	2,422,705	(198,629)	2,224,076
Expenditures.....	25,080	378,268	140,199	543,547
Total.....	25,080	2,800,973	(58,430)	2,767,623
<b>Fire</b>				
Personal services.....	-	2,940,866	(85,000)	2,855,866
Expenditures.....	73,634	456,199	108,080	637,913
Total.....	73,634	3,397,065	23,080	3,493,779
<b>Communications Center</b>				
Personal services.....	-	516,031	9,834	525,865
Expenditures.....	-	6,825	-	6,825
Total.....	-	522,856	9,834	532,690
<b>Building</b>				
Personal services.....	-	212,086	-	212,086
Expenditures.....	15,787	15,270	-	31,057
Total.....	15,787	227,356	-	243,143
<b>TOTAL PUBLIC SAFETY.....</b>	114,501	6,948,250	(25,516)	7,037,235
<b>EDUCATION</b>				
School Department.....	1,154,528	54,255,832	58,370	55,468,730

Actual	Current Year Encumbrances and Continuing Appropriations	Actual and Encumbrances and Continuing Appropriations	Variance Positive/ (Negative)
77,851	-	77,851	4,773
87,508	2,437	89,945	2,805
165,359	2,437	167,796	7,578
23	9,977	10,000	-
226,503	-	226,503	4,469
23,597	-	23,597	33
250,100	-	250,100	4,502
95,870	-	95,870	16,518
1,245	5,209	6,454	2,700
97,115	5,209	102,324	19,218
188,129	-	188,129	682
3,064	24,500	27,564	1,181
191,193	24,500	215,693	1,863
135,732	-	135,732	13,079
-	-	-	49,277
2,586,389	74,121	2,660,510	148,429
2,157,730	-	2,157,730	66,346
476,071	65,013	541,084	2,463
2,633,801	65,013	2,698,814	68,809
2,811,361	-	2,811,361	44,505
597,737	37,549	635,286	2,627
3,409,098	37,549	3,446,647	47,132
525,775	-	525,775	90
5,715	371	6,086	739
531,490	371	531,861	829
190,633	-	190,633	21,453
24,186	654	24,840	6,217
214,819	654	215,473	27,670
6,789,208	103,587	6,892,795	144,440
53,923,970	1,448,218	55,372,188	96,542
(continued)			

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	Prior Year Encumbrances and Continuing Appropriations	Original Budget	Supplemental Appropriations and Transfers	Final Budget
<b>PUBLIC WORKS</b>				
Engineering				
Personal services.....	-	448,488	(71,795)	376,693
Expenditures.....	28,705	62,925	5,000	96,630
Total.....	28,705	511,413	(66,795)	473,323
Streets and Roads				
Personal services.....	-	972,275	(35,000)	937,275
Expenditures.....	36,681	1,430,767	173,171	1,640,619
Total.....	36,681	2,403,042	138,171	2,577,894
Snow and Ice				
Expenditures.....	-	424,750	403,160	827,910
Trees and Cemetery				
Personal services.....	-	300,192	(9,500)	290,692
Expenditures.....	5,400	92,960	9,500	107,860
Total.....	5,400	393,152	-	398,552
Parks and Grounds				
Personal services.....	-	171,045	(20,000)	151,045
Expenditures.....	-	81,607	-	81,607
Total.....	-	252,652	(20,000)	232,652
Facilities				
Personal services.....	-	240,443	2,700	243,143
Expenditures.....	152,750	587,857	256,602	997,209
Total.....	152,750	828,300	259,302	1,240,352
<b>TOTAL PUBLIC WORKS.....</b>	<b>223,536</b>	<b>4,813,309</b>	<b>713,838</b>	<b>5,750,683</b>
<b>HEALTH AND HUMAN SERVICES</b>				
Board of Health				
Personal services.....	-	227,889	-	227,889
Expenditures.....	430	163,825	-	164,255
Total.....	430	391,714	-	392,144
Council on Aging				
Personal services.....	-	144,390	2,746	147,136
Expenditures.....	-	8,000	-	8,000
Total.....	-	152,390	2,746	155,136
Veterans Affairs				
Personal services.....	-	19,056	(8,064)	10,992
Expenditures.....	-	35,410	5,318	40,728
Total.....	-	54,466	(2,746)	51,720
<b>TOTAL HEALTH AND HUMAN SERVICES.....</b>	<b>430</b>	<b>598,570</b>	<b>-</b>	<b>599,000</b>

<u>Actual</u>	<u>Current Year Encumbrances and Continuing Appropriations</u>	<u>Actual and Encumbrances and Continuing Appropriations</u>	<u>Variance Positive/ (Negative)</u>
329,737	-	329,737	46,956
55,735	37,582	93,317	3,313
<u>385,472</u>	<u>37,582</u>	<u>423,054</u>	<u>50,269</u>
926,814	-	926,814	10,461
1,531,265	92,036	1,623,301	17,318
<u>2,458,079</u>	<u>92,036</u>	<u>2,550,115</u>	<u>27,779</u>
827,910	-	827,910	-
267,276	-	267,276	23,416
82,244	24,940	107,184	676
<u>349,520</u>	<u>24,940</u>	<u>374,460</u>	<u>24,092</u>
148,670	-	148,670	2,375
80,594	-	80,594	1,013
<u>229,264</u>	<u>-</u>	<u>229,264</u>	<u>3,388</u>
241,929	-	241,929	1,214
722,318	274,881	997,199	10
<u>964,247</u>	<u>274,881</u>	<u>1,239,128</u>	<u>1,224</u>
<u>5,214,492</u>	<u>429,439</u>	<u>5,643,931</u>	<u>106,752</u>
212,014	-	212,014	15,875
154,385	126	154,511	9,744
<u>366,399</u>	<u>126</u>	<u>366,525</u>	<u>25,619</u>
145,841	-	145,841	1,295
8,000	-	8,000	-
<u>153,841</u>	<u>-</u>	<u>153,841</u>	<u>1,295</u>
9,198	-	9,198	1,794
27,414	-	27,414	13,314
<u>36,612</u>	<u>-</u>	<u>36,612</u>	<u>15,108</u>
<u>556,852</u>	<u>126</u>	<u>556,978</u>	<u>42,022</u>

(continued)



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

FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	Prior Year Encumbrances and Continuing Appropriations	Original Budget	Supplemental Appropriations and Transfers	Final Budget
<b>CULTURE AND RECREATION</b>				
Goodnow Library				
Personal services.....	-	716,988	7,600	724,588
Expenditures.....	-	340,840	(2,845)	337,995
Total.....	-	1,057,828	4,755	1,062,583
Recreation				
Personal services.....	-	83,524	-	83,524
Expenditures.....	-	49,515	18,107	67,622
Total.....	-	133,039	18,107	151,146
Historical Commission				
Expenditures.....	-	5,500	-	5,500
Historic Districts Commission				
Personal services.....	-	2,575	-	2,575
Expenditures.....	39	286	-	325
Total.....	39	2,861	-	2,900
<b>TOTAL CULTURE AND RECREATION.....</b>	<b>39</b>	<b>1,199,228</b>	<b>22,862</b>	<b>1,222,129</b>
<b>PENSION BENEFITS</b>				
County Retirement System				
Expenditures.....	-	3,257,976	-	3,257,976
<b>EMPLOYEE BENEFITS</b>				
Worker's Compensation				
Expenditures.....	-	51,131	(498)	50,633
Unemployment Compensation				
Expenditures.....	4,400	144,200	(86,779)	61,821
Medical Premiums				
Expenditures.....	12,000	4,691,525	(488,165)	4,215,360
Life Insurance				
Expenditures.....	325	4,563	-	4,888
Medicare Tax				
Expenditures.....	-	525,000	86,779	611,779
<b>TOTAL EMPLOYEE BENEFITS.....</b>	<b>16,725</b>	<b>5,416,419</b>	<b>(488,663)</b>	<b>4,944,481</b>
<b>PROPERTY AND LIABILITY INSURANCE</b>				
Expenditures.....	-	319,395	-	319,395
<b>STATE AND COUNTY CHARGES</b>				
Expenditures.....	-	180,968	487	181,455

<u>Actual</u>	<u>Current Year Encumbrances and Continuing Appropriations</u>	<u>Actual and Encumbrances and Continuing Appropriations</u>	<u>Variance Positive/ (Negative)</u>
724,531	-	724,531	57
337,995	-	337,995	-
<u>1,062,526</u>	<u>-</u>	<u>1,062,526</u>	<u>57</u>
79,759	-	79,759	3,765
44,930	18,107	63,037	4,585
<u>124,689</u>	<u>18,107</u>	<u>142,796</u>	<u>8,350</u>
4,304	860	5,164	336
2,092	-	2,092	483
306	-	306	19
<u>2,398</u>	<u>-</u>	<u>2,398</u>	<u>502</u>
<u>1,193,917</u>	<u>18,967</u>	<u>1,212,884</u>	<u>9,245</u>
3,257,976	-	3,257,976	-
50,633	-	50,633	-
25,241	1,300	26,541	35,280
4,189,289	12,000	4,201,289	14,071
3,260	-	3,260	1,628
520,762	86,779	607,541	4,238
4,789,185	100,079	4,889,264	55,217
238,000	17,042	255,042	64,353
<u>157,416</u>	<u>-</u>	<u>157,416</u>	<u>24,039</u>

(continued)

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	Prior Year Encumbrances and Continuing Appropriations	Original Budget	Supplemental Appropriations and Transfers	Final Budget
<b>DEBT SERVICE PRINCIPAL</b>				
Expenditures.....	-	2,480,000	-	2,480,000
<b>DEBT SERVICE INTEREST</b>				
Expenditures.....	-	663,019	-	663,019
<b>TOTAL EXPENDITURES.....</b>	<b>1,580,500</b>	<b>83,212,542</b>	<b>(60,000)</b>	<b>84,733,042</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES.....</b>	<b>(1,580,500)</b>	<b>942,741</b>	<b>60,000</b>	<b>(577,759)</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in.....	-	806,812	-	806,812
Transfers out.....	-	(3,767,954)	(60,000)	(3,827,954)
Total other financing sources (uses).....	-	(2,961,142)	(60,000)	(3,021,142)
<b>NET CHANGE IN FUND BALANCE.....</b>	<b>(1,580,500)</b>	<b>(2,018,401)</b>	<b>-</b>	<b>(3,598,901)</b>
<b>FUND BALANCE AT BEGINNING OF YEAR.....</b>	<b>7,428,497</b>	<b>7,428,497</b>	<b>7,428,497</b>	<b>7,428,497</b>
<b>FUND BALANCE AT END OF YEAR.....</b>	<b>\$ 5,847,997</b>	<b>\$ 5,410,096</b>	<b>\$ 7,428,497</b>	<b>\$ 3,829,596</b>

See the notes to required supplementary information.

<u>Actual</u>	<u>Current Year Encumbrances and Continuing Appropriations</u>	<u>Actual and Encumbrances and Continuing Appropriations</u>	<u>Variance Positive/ (Negative)</u>
<u>2,480,000</u>	<u>-</u>	<u>2,480,000</u>	<u>-</u>
<u>647,894</u>	<u>-</u>	<u>647,894</u>	<u>15,125</u>
<u>81,835,299</u>	<u>2,191,579</u>	<u>84,026,878</u>	<u>706,164</u>
<u>2,990,431</u>	<u>(2,191,579)</u>	<u>798,852</u>	<u>1,376,611</u>
<u>2,035,286</u>	<u>-</u>	<u>2,035,286</u>	<u>1,228,474</u>
<u>(3,827,954)</u>	<u>-</u>	<u>(3,827,954)</u>	<u>-</u>
<u>(1,792,668)</u>	<u>-</u>	<u>(1,792,668)</u>	<u>1,228,474</u>
<u>1,197,763</u>	<u>(2,191,579)</u>	<u>(993,816)</u>	<u>2,605,085</u>
<u>7,428,497</u>	<u>7,428,497</u>	<u>7,428,497</u>	<u>-</u>
<u>\$ 8,626,260</u>	<u>\$ 5,236,918</u>	<u>\$ 6,434,681</u>	<u>\$ 2,605,085</u>
			(concluded)

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	Prior Year Encumbrances and Continuing Appropriations	Original Budget	Supplemental Appropriations and Transfers	Final Budget
<b>REVENUES</b>				
Community preservation surcharges.....	\$ -	\$ 1,129,249	\$ -	\$ 1,129,249
Intergovernmental .....	-	895,751	-	895,751
Investment income.....	-	-	-	-
<b>TOTAL REVENUES.....</b>	<b>-</b>	<b>2,025,000</b>	<b>-</b>	<b>2,025,000</b>
<b>EXPENDITURES</b>				
Current:				
Administrative.....	-	80,000	-	80,000
Acquisitions and projects.....	853,751	931,096	-	1,784,847
Debt service:				
Principal.....	-	830,000	-	830,000
Interest.....	-	314,630	-	314,630
<b>TOTAL EXPENDITURES.....</b>	<b>853,751</b>	<b>2,155,726</b>	<b>-</b>	<b>3,009,477</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES.....</b>	<b>(853,751)</b>	<b>(130,726)</b>	<b>-</b>	<b>(984,477)</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Premium from issuance of bonds and notes.....	-	-	-	-
Transfers out.....	-	(342,796)	-	(342,796)
<b>TOTAL OTHER FINANCING SOURCES (USES).....</b>	<b>-</b>	<b>(342,796)</b>	<b>-</b>	<b>(342,796)</b>
<b>NET CHANGE IN FUND BALANCE.....</b>	<b>(853,751)</b>	<b>(473,522)</b>	<b>-</b>	<b>(1,327,273)</b>
<b>FUND BALANCE AT BEGINNING OF YEAR.....</b>	<b>9,105,620</b>	<b>9,105,620</b>	<b>9,105,620</b>	<b>9,105,620</b>
<b>FUND BALANCE AT END OF YEAR.....</b>	<b>\$ 8,251,869</b>	<b>\$ 8,632,098</b>	<b>\$ 9,105,620</b>	<b>\$ 7,778,347</b>

See the notes to required supplementary information.

	Actual	Current Year Encumbrances and Continuing Appropriations	Actual and Encumbrances and Continuing Appropriations	Variance Positive/ (Negative)
\$	1,643,844	\$ -	\$ 1,643,844	\$ 514,595
	1,295,751	-	1,295,751	400,000
	28,051	-	28,051	28,051
	<u>2,967,646</u>	<u>-</u>	<u>2,967,646</u>	<u>942,646</u>
	34,420	-	34,420	45,580
	730,946	853,751	1,584,697	200,150
	830,000	-	830,000	-
	314,630	-	314,630	-
	<u>1,909,996</u>	<u>853,751</u>	<u>2,763,747</u>	<u>245,730</u>
	1,057,650	(853,751)	203,899	1,188,376
	77,931	-	77,931	77,931
	<u>(342,796)</u>	<u>-</u>	<u>(342,796)</u>	<u>-</u>
	<u>(264,865)</u>	<u>-</u>	<u>(264,865)</u>	<u>77,931</u>
	792,785	(853,751)	(60,966)	1,188,376
	<u>9,105,620</u>	<u>9,105,620</u>	<u>9,105,620</u>	<u>-</u>
\$	<u><u>9,898,405</u></u>	<u><u>8,251,869</u></u>	<u><u>9,044,654</u></u>	<u><u>1,188,376</u></u>

## PENSION PLAN SCHEDULES

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

### SCHEDULES OF FUNDING PROGRESS (SYSTEM)

Actuarial Valuation Date	Actuarial Value of Assets (A)	Actuarial Accrued Liability (AAL) Entry Age (B)	Unfunded AAL (UAAL) (B-A)	Funded Ratio (A/B)	Covered Payroll (C)	UAAL as a Percentage of Covered Payroll ((B-A)/C)
01/01/12	\$ 862,323,395	\$ 1,974,144,909	\$ 1,111,821,514	43.7%	\$ 393,100,995	282.8%
01/01/10	819,987,914	1,742,380,855	922,392,941	47.1%	384,598,692	239.8%
01/01/08	774,863,669	1,529,806,307	754,942,638	50.7%	360,206,302	209.6%
01/01/06	653,156,866	1,364,582,969	711,426,103	47.9%	330,999,861	214.9%
01/01/04	618,163,380	1,223,828,127	605,664,747	50.5%	306,025,949	197.9%
01/01/02	599,699,143	1,020,828,178	421,129,035	58.7%	280,740,439	150.0%

### SCHEDULE OF EMPLOYER CONTRIBUTIONS (SYSTEM)

Year Ended December 31	Annually Required Contributions (ARC)	Percentage of ARC Contributed (%)
2008	\$ 71,233,749	100
2009	74,126,190	100
2010	76,270,263	100
2011	79,640,599	100
2012	83,308,220	100
2013	88,723,254	100

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

### TOWN SHARE OF SYSTEM ARC

Fiscal Year Ended	ARC	Percentage of ARC Contributed (%)	Town ARC as a Percentage of System ARC (%)
2009	\$ 2,621,713	100	3.7%
2010	2,670,190	100	3.6%
2011	2,789,175	100	3.7%
2012	2,981,011	100	3.7%
2013	3,071,597	100	3.7%
2014	3,303,467	100	3.7%

## OTHER POSTEMPLOYMENT BENEFITS SCHEDULES

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

### SCHEDULES OF FUNDING PROGRESS

Actuarial Valuation Date	Actuarial Value of Assets (A)	Actuarial Accrued Liability (AAL) Projected Unit Credit (B)	Unfunded AAL (UAAL) (B-A)	Funded Ratio (A/B)	Covered Payroll (C)	UAAL as a Percentage of Covered Payroll ((B-A)/C)
07/01/09	\$ -	\$ 36,411,392	\$ 36,411,392	-	\$ 26,874,811	135.5%
07/01/11	-	34,275,241	34,275,241	-	31,225,800	109.8%
07/01/13	-	36,004,783	36,004,783	-	34,868,355	103.3%

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

- The actuarial cost method was changed from entry age normal (07/01/07 valuation) to project unit credit (07/01/09 valuation)
- The interest discount rate was changed from 5.0% (07/01/07 valuation) to 4.0% (07/01/09 valuation) and 3.5% (07/01/11 valuation), respectively
- The 07/01/11 valuation reflects the Town's change in health insurance coverage to the GIC beginning in fiscal year 2014



**NOTE A - BUDGETARY - GAAP RECONCILIATION**

For budgetary financial reporting purposes, the Uniform Massachusetts Accounting System basis of accounting (established by the Commonwealth) is followed, which differs from the GAAP basis of accounting. A reconciliation of budgetary-basis to GAAP-basis results for the general fund and community preservation fund for the fiscal year ended June 30, 2014, is presented below:

***General Fund***

	<u>Revenues</u>	<u>Expenditures</u>	<u>Other Financing Sources (Uses)</u>
Budgetary basis as reported on the schedule of revenues, expenditures and changes in fund balance - budget and actual.....	\$ 84,825,730	\$ 84,026,878	\$ (1,792,668)
<u>Reclassifications</u>			
Activity of stabilization funds recorded in the general fund for GAAP purposes.....	45,679	-	2,111,051
Activity of health insurance, workers' compensation and OPEB retiree trusts recorded in the general fund for GAAP purposes.....	24,716	1,861,363	976,903
<u>Adjustments</u>			
Net change in recording 60-day receipts.....	40,380	-	-
Net change in recording tax refunds payable.....	130,516	-	-
To record MTRS on-behalf payments.....	5,624,111	5,624,111	-
Net change in recording other expenditures.....		(25,003)	
To record capital leases.....	-	271,594	271,594
To record encumbrances and continuing appropriations.....	-	(2,191,579)	-
GAAP basis as reported on the statement of revenues, expenditures and changes in fund balances.....	\$ <u>90,691,132</u>	\$ <u>89,567,364</u>	\$ <u>1,566,880</u>

**Community Preservation Fund**

	<u>Revenues</u>	<u>Expenditures</u>	<u>Other Financing Sources (Uses)</u>
Budgetary basis as reported on the schedule of revenues, expenditures and changes in fund balance - budget and actual.....	\$ 2,967,646	\$ 2,763,747	\$ (264,865)
<u>Reclassifications</u>			
Activity of capital projects funded by debt and capital grants recorded in the CPA fund for GAAP purposes.....	(400,000)	59,409	-
<u>Adjustments</u>			
To record encumbrances and continuing appropriations.....	-	(853,751)	-
GAAP basis as reported on the statement of revenues, expenditures and changes in fund balances.....	\$ <u>2,567,646</u>	\$ <u>1,969,405</u>	\$ <u>(264,865)</u>

**NOTE B - PENSION PLAN**

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

Valuation date:	January 1, 2012
Actuarial cost method:	Entry age normal
Amortization method:	Prior year's total contribution increased by 6.5% for fiscal 2014 through fiscal 2020, and thereafter the remaining unfunded liability will be amortized on a 4.0% annual increasing basis; ERI liability amortized in level payments
Remaining amortization period (open):	As of July 1, 2012, 7 years remaining for 2002 ERI liability, 8 years remaining for 2003 ERI liability, 10 years remaining for 2010 ERI liability and 23 years for remaining unfunded liability
Asset valuation method:	The difference between the expected return and the actual investment return on a market value basis is recognized over a five-year period as described by Revenue Procedure 2000-40
<u>Actuarial assumptions:</u>	
Investment rate of return:	8.00%
Projected salary increases:	4.75% for Group 1 and 5.25% for Group 4
Cost of living adjustments:	3.00% of first \$14,000 of retirement income

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## **Combining and Individual Fund Statements and Schedules**

# Nonmajor Governmental Funds

## *Special Revenue Funds*

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

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

*Affordable Housing* – accounts for the activity of the fund established in accordance with MGL, Chapter 44, Section 55C to provide for the creation and preservation of affordable housing within the Town

*Revolving* – accounts for the activity of revolving funds established in accordance with MGL.

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

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

*Other* – accounts for all other special revenue funds.

## *Capital Projects Funds*

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

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

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

*Other* – accounts for all other capital projects funds.

### ***Permanent Funds***

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

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

*Other* - accounts for all other permanent funds.

**NONMAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET**

JUNE 30, 2014

	<i>Special Revenue Funds</i>						
	School Lunch	Affordable Housing	Revolving	Receipts Reserved	Grants	Other	Sub-total
<b>ASSETS</b>							
Restricted cash and cash equivalents.....	\$ 171,561	\$ 506,919	1,808,063	\$ 1,473,643	\$ 372,273	\$ 897,677	\$ 5,230,136
Restricted investments.....	-	139,041	-	-	-	-	139,041
Receivables, net of allowance for uncollectible amounts:							
Departmental and other.....	-	-	-	412,202	-	-	412,202
Intergovernmental.....	-	-	-	-	256,817	-	256,817
<b>TOTAL ASSETS.....</b>	<b>\$ 171,561</b>	<b>\$ 645,960</b>	<b>1,808,063</b>	<b>\$ 1,885,845</b>	<b>\$ 629,090</b>	<b>\$ 897,677</b>	<b>\$ 6,038,196</b>
<b>LIABILITIES</b>							
Warrants payable.....	\$ 124,506	\$ 189,200	-	\$ -	\$ 36,357	\$ -	350,063
Accrued payroll.....	-	-	-	-	103,154	-	103,154
Other liabilities.....	-	-	85,777	-	-	-	85,777
Short-term notes payable.....	-	-	-	-	-	-	-
<b>TOTAL LIABILITIES.....</b>	<b>124,506</b>	<b>189,200</b>	<b>85,777</b>	<b>-</b>	<b>139,511</b>	<b>-</b>	<b>538,994</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>							
Unavailable revenue.....	-	-	-	412,203	25,855	-	438,058
<b>FUND BALANCES:</b>							
Nonspendable.....	-	-	-	-	-	-	-
Restricted.....	47,055	456,760	1,722,286	1,473,642	463,724	897,677	5,061,144
Committed.....	-	-	-	-	-	-	-
<b>TOTAL FUND BALANCES.....</b>	<b>47,055</b>	<b>456,760</b>	<b>1,722,286</b>	<b>1,473,642</b>	<b>463,724</b>	<b>897,677</b>	<b>5,061,144</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE.....</b>	<b>\$ 171,561</b>	<b>\$ 645,960</b>	<b>1,808,063</b>	<b>\$ 1,885,845</b>	<b>\$ 629,090</b>	<b>\$ 897,677</b>	<b>\$ 6,038,196</b>

<i>Capital Projects Funds</i>				<i>Permanent Funds</i>			Total Nonmajor Governmental Funds
Streets and Sidewalks	School	Other	Sub-total	Cemetery Perpetual Care	Other	Sub-total	
\$ 5,198	\$ 165,390	\$ 832,740	\$ 1,003,328	\$ 13,868	\$ 10,052	\$ 23,920	\$ 6,257,384
-	-	-	-	1,043,459	756,304	1,799,763	1,938,804
-	-	-	-	-	-	-	412,202
-	-	-	-	-	-	-	256,817
<u>\$ 5,198</u>	<u>\$ 165,390</u>	<u>\$ 832,740</u>	<u>\$ 1,003,328</u>	<u>\$ 1,057,327</u>	<u>\$ 766,356</u>	<u>\$ 1,823,683</u>	<u>\$ 8,865,207</u>
\$ -	\$ -	\$ 73,820	\$ 73,820	\$ -	\$ -	\$ -	\$ 423,883
-	-	-	-	-	-	-	103,154
-	-	-	-	-	-	-	85,777
-	-	627,000	627,000	-	-	-	627,000
-	-	700,820	700,820	-	-	-	1,239,814
-	-	-	-	-	-	-	438,058
-	-	-	-	827,327	257,253	1,084,580	1,084,580
5,198	165,390	69,037	239,625	230,000	509,103	739,103	6,039,872
-	-	62,883	62,883	-	-	-	62,883
<u>5,198</u>	<u>165,390</u>	<u>131,920</u>	<u>302,508</u>	<u>1,057,327</u>	<u>766,356</u>	<u>1,823,683</u>	<u>7,187,335</u>
<u>\$ 5,198</u>	<u>\$ 165,390</u>	<u>\$ 832,740</u>	<u>\$ 1,003,328</u>	<u>\$ 1,057,327</u>	<u>\$ 766,356</u>	<u>\$ 1,823,683</u>	<u>\$ 8,865,207</u>



**NONMAJOR GOVERNMENTAL FUNDS**  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	<i>Special Revenue Funds</i>						
	School Lunch	Affordable Housing	Revolving	Receipts Reserved	Grants	Other	Sub-total
<b>REVENUES</b>							
Charges for services.....	\$ -	\$ -	-	\$ 685,686	\$ -	\$ 14,175	\$ 699,861
Intergovernmental .....	146,843	-	124,022	-	2,410,096	15,000	2,695,961
Licenses and permits.....	-	-	69,605	-	-	-	69,605
Fines and forfeitures.....	-	-	8,231	-	-	-	8,231
Departmental and other.....	582,599	50,757	2,501,492	-	-	47,350	3,182,198
Contributions.....	-	-	595	-	100	346,173	346,868
Investment income.....	-	3,061	-	-	7	4	3,072
<b>TOTAL REVENUES.....</b>	<b>729,442</b>	<b>53,818</b>	<b>2,703,945</b>	<b>685,686</b>	<b>2,410,203</b>	<b>422,702</b>	<b>7,005,796</b>
<b>EXPENDITURES</b>							
Current:							
General government.....	-	-	201,049	-	28,013	54,907	283,969
Public safety.....	-	-	68,612	-	289,554	8,925	367,091
Education.....	792,814	-	1,597,364	-	1,975,656	144,626	4,510,460
Public works.....	-	-	19,682	-	103,154	4,807	127,643
Health and human services.....	-	260,557	98,003	-	23,052	17,630	399,242
Culture and recreation.....	-	-	802,185	-	7,598	9,254	819,037
Debt service:							
Principal.....	-	-	-	-	-	-	-
<b>TOTAL EXPENDITURES.....</b>	<b>792,814</b>	<b>260,557</b>	<b>2,786,895</b>	<b>-</b>	<b>2,427,027</b>	<b>240,149</b>	<b>6,507,442</b>
<b>EXCESS (DEFICIENCY) OF REVENUES</b>							
<b>OVER EXPENDITURES.....</b>	<b>(63,372)</b>	<b>(206,739)</b>	<b>(82,950)</b>	<b>685,686</b>	<b>(16,824)</b>	<b>182,553</b>	<b>498,354</b>
<b>OTHER FINANCING SOURCES (USES)</b>							
Transfers in.....	-	342,796	-	40,000	-	-	382,796
Premium from issuance of bonds and notes.....	-	-	-	-	-	-	-
Issuance of refunding bonds.....	-	-	-	-	-	-	-
Premium from issuance of refunding bonds.....	-	-	-	-	-	-	-
Transfers out.....	-	-	(1,168,474)	(762,745)	-	-	(1,931,219)
<b>TOTAL OTHER FINANCING SOURCES (USES).....</b>	<b>-</b>	<b>342,796</b>	<b>(1,168,474)</b>	<b>(722,745)</b>	<b>-</b>	<b>-</b>	<b>(1,548,423)</b>
<b>NET CHANGE IN FUND BALANCES.....</b>	<b>(63,372)</b>	<b>136,057</b>	<b>(1,251,424)</b>	<b>(37,059)</b>	<b>(16,824)</b>	<b>182,553</b>	<b>(1,050,069)</b>
<b>FUND BALANCES AT BEGINNING OF YEAR.....</b>	<b>110,427</b>	<b>320,703</b>	<b>2,973,710</b>	<b>1,510,701</b>	<b>480,548</b>	<b>715,124</b>	<b>6,111,213</b>
<b>FUND BALANCES AT END OF YEAR.....</b>	<b>\$ 47,055</b>	<b>\$ 456,760</b>	<b>1,722,286</b>	<b>\$ 1,473,642</b>	<b>\$ 463,724</b>	<b>\$ 897,677</b>	<b>\$ 5,061,144</b>

<i>Capital Projects Funds</i>				<i>Permanent Funds</i>			Total Nonmajor Governmental Funds
Streets and Sidewalks	School	Other	Sub-total	Cemetery Perpetual Care	Other	Sub-total	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 699,861
572,963	228,729	-	801,692	-	-	-	3,497,653
-	-	-	-	-	-	-	69,605
-	-	-	-	-	-	-	8,231
-	-	-	-	-	-	-	3,182,198
-	-	-	-	9,900	10,254	20,154	367,022
-	-	-	-	125,506	88,444	213,950	217,022
<u>572,963</u>	<u>228,729</u>	<u>-</u>	<u>801,692</u>	<u>135,406</u>	<u>98,698</u>	<u>234,104</u>	<u>8,041,592</u>
-	-	27,555	27,555	-	279	279	311,803
-	-	676,565	676,565	-	-	-	1,043,656
-	373,033	-	373,033	-	-	-	4,883,493
572,963	-	-	572,963	24,360	-	24,360	724,966
-	-	-	-	-	9,085	9,085	408,327
-	-	-	-	-	17,874	17,874	836,911
<u>-</u>	<u>-</u>	<u>1,995,000</u>	<u>1,995,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,995,000</u>
<u>572,963</u>	<u>373,033</u>	<u>2,699,120</u>	<u>3,645,116</u>	<u>24,360</u>	<u>27,238</u>	<u>51,598</u>	<u>10,204,156</u>
<u>-</u>	<u>(144,304)</u>	<u>(2,699,120)</u>	<u>(2,843,424)</u>	<u>111,046</u>	<u>71,460</u>	<u>182,506</u>	<u>(2,162,564)</u>
-	-	700,000	700,000	-	-	-	1,082,796
-	21,083	-	21,083	-	-	-	21,083
-	-	1,950,000	1,950,000	-	-	-	1,950,000
-	-	75,215	75,215	-	-	-	75,215
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,931,219)</u>
<u>-</u>	<u>21,083</u>	<u>2,725,215</u>	<u>2,746,298</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,197,875</u>
-	(123,221)	26,095	(97,126)	111,046	71,460	182,506	(964,689)
<u>5,198</u>	<u>288,611</u>	<u>105,825</u>	<u>399,634</u>	<u>946,281</u>	<u>694,896</u>	<u>1,641,177</u>	<u>8,152,024</u>
<u>\$ 5,198</u>	<u>\$ 165,390</u>	<u>\$ 131,920</u>	<u>\$ 302,508</u>	<u>\$ 1,057,327</u>	<u>\$ 766,356</u>	<u>\$ 1,823,683</u>	<u>\$ 7,187,335</u>

## Nonmajor Enterprise Funds

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

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

The following nonmajor enterprise funds are reported:

*Swimming Pool Enterprise* - accounts for recreational swimming pool activities.

*Transfer Station Enterprise* - accounts for transfer station activities.

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

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**ENTERPRISE FUNDS**  
COMBINING STATEMENT OF FUND NET POSITION

JUNE 30, 2014

	Swimming Pool	Transfer Station	Recreation Field Maintenance	Total Nonmajor Enterprise Funds
<b>ASSETS</b>				
Current assets:				
Cash and cash equivalents.....	\$ 222,077	\$ 381,906	\$ 211,858	\$ 815,841
Restricted cash and cash equivalents.....	8,902	122,913	-	131,815
Receivables, net of allowance for uncollectible amounts:				
Departmental and other.....	-	8,500	-	8,500
Total current assets.....	230,979	513,319	211,858	956,156
Noncurrent assets:				
Capital assets not being depreciated.....	-	192,500	-	192,500
Capital assets, net of accumulated depreciation.....	813,540	20,496	-	834,036
Total noncurrent assets.....	813,540	212,996	-	1,026,536
Total assets.....	1,044,519	726,315	211,858	1,982,692
<b>LIABILITIES</b>				
Current liabilities:				
Warrants payable.....	10,997	15,639	12,129	38,765
Accrued payroll.....	4,916	3,525	3,019	11,460
Unearned revenue.....	8,902	122,913	-	131,815
Compensated absences.....	1,328	188	-	1,516
Total current liabilities.....	26,143	142,265	15,148	183,556
Noncurrent liabilities:				
Compensated absences.....	11,953	1,696	-	13,649
Net OPEB obligation.....	141,228	50,630	16,990	208,848
Total noncurrent liabilities.....	153,181	52,326	16,990	222,497
Total liabilities.....	179,324	194,591	32,138	406,053
<b>FUND NET POSITION</b>				
Net investment in capital assets.....	813,540	212,996	-	1,026,536
Unrestricted.....	51,655	318,728	179,720	550,103
Total fund net position.....	\$ 865,195	\$ 531,724	\$ 179,720	\$ 1,576,639

**ENTERPRISE FUNDS**  
**COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

	Swimming Pool	Transfer Station	Recreation Field Maintenance	Total Nonmajor Enterprise Funds
<b>OPERATING REVENUES</b>				
Charges for services.....	\$ 492,366	\$ 338,654	\$ 202,036	\$ 1,033,056
<b>OPERATING EXPENSES</b>				
Cost of service and administration.....	463,153	195,762	87,713	746,628
Repairs and maintenance.....	69,703	24,045	102,607	196,355
Depreciation.....	55,636	13,664	-	69,300
<b>TOTAL OPERATING EXPENSES.....</b>	<b>588,492</b>	<b>233,471</b>	<b>190,320</b>	<b>1,012,283</b>
<b>OPERATING INCOME (LOSS).....</b>	<b>(96,126)</b>	<b>105,183</b>	<b>11,716</b>	<b>20,773</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Investment income.....	167	554	233	954
<b>INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS.....</b>	<b>(95,959)</b>	<b>105,737</b>	<b>11,949</b>	<b>21,727</b>
Capital contributions.....	62,500	-	-	62,500
Transfers out.....	(60,000)	(21,567)	(22,500)	(104,067)
<b>CHANGES IN FUND NET POSITION.....</b>	<b>(93,459)</b>	<b>84,170</b>	<b>(10,551)</b>	<b>(19,840)</b>
<b>FUND NET POSITION AT BEGINNING OF YEAR.....</b>	<b>958,654</b>	<b>447,554</b>	<b>190,271</b>	<b>1,596,479</b>
<b>FUND NET POSITION AT END OF YEAR.....</b>	<b>\$ 865,195</b>	<b>\$ 531,724</b>	<b>\$ 179,720</b>	<b>\$ 1,576,639</b>

**ENTERPRISE FUNDS**  
**COMBINING STATEMENT OF CASH FLOWS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

	Swimming Pool	Transfer Station	Recreation Field Maintenance	Total Nonmajor Enterprise Funds
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts from customers and users.....	\$ 492,140	\$ 354,537	\$ 202,036	\$ 1,048,713
Payments to vendors.....	(201,828)	(85,356)	(110,754)	(397,938)
Payments to employees.....	(311,699)	(117,655)	(64,133)	(493,487)
NET CASH FROM OPERATING ACTIVITIES.....	(21,387)	151,526	27,149	157,288
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Transfers out.....	(60,000)	(21,567)	(22,500)	(104,067)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Capital contributions.....	62,500	-	-	62,500
Other.....	-	(34,160)	-	(34,160)
NET CASH FROM CAPITAL AND RELATED FINANCING ACTIVITIES....	62,500	(34,160)	-	28,340
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Investment income.....	167	554	233	954
NET CHANGE IN CASH AND CASH EQUIVALENTS.....	(18,720)	96,353	4,882	82,515
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR.....				
(Includes \$9,128 and \$106,280 reported as restricted in the Swimming Pool and Transfer Station enterprise funds, respectively).....	249,699	408,466	206,976	865,141
CASH AND CASH EQUIVALENTS AT END OF YEAR.....				
(Includes \$8,902 and \$122,913 reported as restricted in the Swimming Pool and Transfer Station enterprise funds, respectively).....	\$ 230,979	\$ 504,819	\$ 211,858	\$ 947,656
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES</b>				
Operating income (loss).....	\$ (96,126)	\$ 105,183	\$ 11,716	\$ 20,773
Adjustments to reconcile operating income (loss) to net cash from operating activities:				
Adjustments not requiring current cash flows:				
Depreciation.....	55,636	13,664	-	69,300
Net OPEB obligation.....	17,326	6,728	3,774	27,828
Adjustments requiring current cash flows:				
Departmental and other.....	-	(750)	-	(750)
Warrants payable.....	7,555	8,838	9,110	25,503
Accrued payroll.....	1,511	717	2,549	4,777
Unearned revenue.....	(226)	16,633	-	16,407
Compensated absences.....	(7,063)	513	-	(6,550)
Total adjustments.....	74,739	46,343	15,433	136,515
NET CASH FROM OPERATING ACTIVITIES.....	\$ (21,387)	\$ 151,526	\$ 27,149	\$ 157,288

## Private Purpose Trust Funds

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

The following private purpose trust funds are reported:

*Walker Walsh Alumni* – this fund provides small scholarships.

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

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

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

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

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

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



**PRIVATE PURPOSE TRUST FUNDS**  
**COMBINING STATEMENT OF FIDUCIARY NET POSITION**

JUNE 30, 2014

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	Walker Walsh Alumni	Outdoor Classroom	Discretionary	Raymond Scholarship
<b>ASSETS</b>				
Cash and cash equivalents.....	\$ 3,800	\$ 481	\$ 68,304	\$ 15,010
<b>NET POSITION</b>				
Assets held for other purposes.....	\$ 3,800	\$ 481	\$ 68,304	\$ 15,010

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<u>Cavanaugh</u>	<u>Garfield</u>	<u>Boundless Playground Maintenance</u>	<u>Total Private Purpose Trust Funds</u>
\$ <u>13,015</u>	\$ <u>52,758</u>	\$ <u>18,005</u>	\$ <u>171,373</u>
\$ <u><u>13,015</u></u>	\$ <u><u>52,758</u></u>	\$ <u><u>18,005</u></u>	\$ <u><u>171,373</u></u>

**PRIVATE PURPOSE TRUST FUNDS**  
**COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

	Walker Walsh Alumni	Outdoor Classroom	Discretionary	Raymond Scholarship
<b>ADDITIONS</b>				
Contributions:				
Private donations.....	\$ -	\$ -	\$ -	\$ -
Net investment income:				
Net appreciation/ (depreciation) in fair value of investments.....	-	-	5,964	1,468
Interest.....	7	-	2,191	526
Total investment income (loss).....	7	-	8,155	1,994
TOTAL ADDITIONS.....	7	-	8,155	1,994
<b>DEDUCTIONS</b>				
Scholarships awarded.....	-	-	-	3,000
Other.....	-	-	1,800	-
TOTAL DEDUCTIONS.....	-	-	1,800	3,000
CHANGE IN NET POSITION.....	7	-	6,355	(1,006)
NET POSITION AT BEGINNING OF YEAR.....	3,793	481	61,949	16,016
NET POSITION AT END OF YEAR.....	<u>\$ 3,800</u>	<u>\$ 481</u>	<u>\$ 68,304</u>	<u>\$ 15,010</u>

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<u>Cavanaugh</u>	<u>Garfield</u>	<u>Boundless Playground Maintenance</u>	<u>Total Private Purpose Trust Funds</u>
\$ <u>40</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>40</u>
1,138	4,541	-	13,111
<u>420</u>	<u>1,661</u>	<u>2,117</u>	<u>6,922</u>
<u>1,558</u>	<u>6,202</u>	<u>2,117</u>	<u>20,033</u>
1,598	6,202	2,117	20,073
-	-	-	3,000
<u>440</u>	<u>-</u>	<u>-</u>	<u>2,240</u>
<u>440</u>	<u>-</u>	<u>-</u>	<u>5,240</u>
1,158	6,202	2,117	14,833
<u>11,857</u>	<u>46,556</u>	<u>15,888</u>	<u>156,540</u>
\$ <u><u>13,015</u></u>	\$ <u><u>52,758</u></u>	\$ <u><u>18,005</u></u>	\$ <u><u>171,373</u></u>

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## Agency Funds

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

**AGENCY FUND**  
**STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**

FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	Balance at July 1, 2013	Additions	Deletions	Balance at June 30, 2014
<b>ASSETS</b>				
Cash and cash equivalents.....	\$ 422,944	\$ 1,359,340	\$ (1,161,489)	\$ 620,795
Receivables, net of allowance for uncollectibles:				
Departmental and other.....	104,177	80,800	(42,814)	142,163
TOTAL ASSETS.....	<u>527,121</u>	<u>1,440,140</u>	<u>(1,204,303)</u>	<u>762,958</u>
<b>LIABILITIES</b>				
Liabilities due depositors.....	\$ <u>527,121</u>	\$ <u>1,397,326</u>	\$ <u>(1,161,489)</u>	\$ <u>762,958</u>

# Statistical Section



**Site of new Police Station headquarters**



## ***Statistical Section***

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

### **Financial Trends (pages 111 – 122)**

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

### **Revenue Capacity (pages 123 – 126)**

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

### **Debt Capacity (pages 127 – 131)**

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

### **Demographic and Economic Information (pages 132 – 133)**

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

### **Operating Information (pages 134 – 137)**

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

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

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**NET POSITION BY COMPONENT (1)**  
(ACCRUAL BASIS OF ACCOUNTING)

LAST TEN FISCAL YEARS

	2005	2006	2007
<b>Governmental Activities</b>			
Net investment in capital assets (1).....	\$ 55,026,501	\$ 61,188,584	\$ 68,169,867
Restricted.....	10,149,495	8,374,793	9,062,653
Unrestricted.....	<u>15,432,819</u>	<u>16,448,505</u>	<u>16,942,180</u>
Total governmental activities net position.....	<u>\$ 80,608,815</u>	<u>\$ 86,011,882</u>	<u>\$ 94,174,700</u>
<b>Business-Type Activities</b>			
Net investment in capital assets (1).....	\$ 825,000	\$ 927,197	\$ 884,783
Unrestricted.....	<u>265,266</u>	<u>219,036</u>	<u>259,548</u>
Total business-type activities net position.....	<u>\$ 1,090,266</u>	<u>\$ 1,146,233</u>	<u>\$ 1,144,331</u>
<b>Primary Government</b>			
Net investment in capital assets (1).....	\$ 55,851,501	\$ 62,115,781	\$ 69,054,650
Restricted.....	10,149,495	8,374,793	9,062,653
Unrestricted.....	<u>15,698,085</u>	<u>16,667,541</u>	<u>17,201,728</u>
Total primary government net position.....	<u>\$ 81,699,081</u>	<u>\$ 87,158,115</u>	<u>\$ 95,319,031</u>

(1) Net position and net investment in capital assets terminology per GASB # 63 is being utilized

<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
\$ 63,365,796	\$ 64,747,670	\$ 51,953,929	\$ 55,452,411	\$ 58,397,014	\$ 65,231,955	\$ 68,063,911
11,293,988	12,065,357	23,392,819	23,923,074	23,976,367	18,622,121	17,072,468
<u>16,901,816</u>	<u>14,470,714</u>	<u>16,684,407</u>	<u>13,670,650</u>	<u>11,781,998</u>	<u>10,254,635</u>	<u>10,357,514</u>
<u>\$ 91,561,600</u>	<u>\$ 91,283,741</u>	<u>\$ 92,031,155</u>	<u>\$ 93,046,135</u>	<u>\$ 94,155,379</u>	<u>\$ 94,108,711</u>	<u>\$ 95,493,893</u>
\$ 862,234	\$ 754,423	\$ 695,948	\$ 664,801	\$ 749,902	\$ 1,061,676	\$ 1,026,536
<u>271,900</u>	<u>219,863</u>	<u>290,876</u>	<u>313,845</u>	<u>582,152</u>	<u>534,803</u>	<u>550,103</u>
<u>\$ 1,134,134</u>	<u>\$ 974,286</u>	<u>\$ 986,824</u>	<u>\$ 978,646</u>	<u>\$ 1,332,054</u>	<u>\$ 1,596,479</u>	<u>\$ 1,576,639</u>
\$ 64,228,030	\$ 65,502,093	\$ 52,649,877	\$ 56,117,212	\$ 59,146,916	\$ 66,293,631	\$ 69,090,447
11,293,988	12,065,357	23,392,819	23,923,074	23,976,367	18,622,121	17,072,468
<u>17,173,716</u>	<u>14,690,577</u>	<u>16,975,283</u>	<u>13,984,495</u>	<u>12,364,150</u>	<u>10,789,438</u>	<u>10,907,617</u>
<u>\$ 92,695,734</u>	<u>\$ 92,258,027</u>	<u>\$ 93,017,979</u>	<u>\$ 94,024,781</u>	<u>\$ 95,487,433</u>	<u>\$ 95,705,190</u>	<u>\$ 97,070,532</u>

**GOVERNMENTAL ACTIVITIES**  
CHANGES IN NET POSITION (1) (ACCRUAL BASIS OF ACCOUNTING)

LAST TEN FISCAL YEARS

	2005	2006	2007
<b>Expenses</b>			
General government.....	\$ 3,072,582	\$ 3,033,860	\$ 3,229,179
Public safety.....	7,443,552	7,547,355	7,929,198
Education.....	49,159,945	54,524,814	56,684,168
Public works.....	4,070,244	4,070,174	4,281,069
Health and human services.....	755,562	751,824	773,297
Culture and recreation.....	2,330,661	1,942,628	2,480,583
Debt service - interest.....	1,979,109	2,242,108	2,079,248
Total expenses.....	68,811,655	74,112,763	77,456,742
<b>Program Revenues</b>			
Charges for services:			
General government.....	1,095,741	1,210,513	1,149,249
Education.....	961,512	1,098,293	1,172,865
Other activities.....	1,634,945	1,744,313	1,766,294
Operating grants and contributions.....	10,402,448	10,993,718	11,926,642
Capital grants and contributions.....	1,178,729	1,928,350	2,071,929
Total program revenues.....	15,273,375	16,975,187	18,086,979
Net (expense)/revenue.....	(53,538,280)	(57,137,576)	(59,369,763)
<b>General Revenues and Other Changes in Net Position</b>			
Real estate and personal property taxes.....	49,706,868	55,696,151	57,330,784
Motor vehicle and other excise taxes.....	2,854,988	2,898,295	2,585,595
Penalties and interest on taxes.....	253,752	338,103	200,005
Payments in lieu of taxes.....	70,688	65,409	123,777
Community preservation surcharges.....	1,099,476	1,243,198	1,305,841
Unrestricted grants and contributions.....	1,618,594	1,672,142	1,747,626
Unrestricted investment income.....	376,609	620,763	857,260
Gain (loss) on sale of capital assets.....	(48,606)	-	-
Miscellaneous.....	101,783	-	-
Premium from issuance of refunding bonds.....	-	-	-
Transfers, net.....	5,899	6,582	16,000
Total general revenues and other changes in net position.....	56,040,051	62,540,643	64,166,888
<b>Change in net position.....</b>	<b>\$ 2,501,771</b>	<b>\$ 5,403,067</b>	<b>\$ 4,797,125</b>

(1) Net position terminology per GASB # 63 is being utilized

	2008	2009	2010	2011	2012	2013	2014
\$	3,424,767	\$ 4,097,471	\$ 3,929,872	\$ 4,428,038	\$ 4,355,961	\$ 4,500,902	\$ 4,139,295
	8,864,947	9,689,559	9,586,346	10,073,036	10,387,335	10,666,663	10,738,149
	61,374,045	63,231,792	64,881,039	66,646,480	68,899,135	71,085,898	72,249,710
	5,071,976	5,989,846	5,220,049	5,325,052	4,778,930	5,374,561	7,091,304
	876,114	1,147,667	1,242,517	1,167,143	1,419,463	2,155,946	1,269,543
	3,043,768	2,990,312	2,707,935	2,520,748	2,593,202	2,577,746	2,681,831
	1,904,610	1,880,170	1,757,230	1,476,258	1,276,313	1,260,213	976,892
	<u>84,560,227</u>	<u>89,026,817</u>	<u>89,324,988</u>	<u>91,636,755</u>	<u>93,710,339</u>	<u>97,621,929</u>	<u>99,146,724</u>
	1,103,156	515,050	535,596	594,722	926,973	828,595	875,118
	1,182,533	1,285,944	1,394,706	1,925,602	1,969,066	1,885,121	1,842,931
	1,774,252	2,030,913	2,041,777	2,145,915	2,344,633	2,403,811	2,442,621
	12,642,966	13,141,248	13,341,758	13,821,768	13,247,930	13,628,905	14,184,088
	(2,388,625)	2,257,220	1,570,899	892,330	1,824,885	1,771,662	1,680,999
	<u>14,314,282</u>	<u>19,230,375</u>	<u>18,884,736</u>	<u>19,380,337</u>	<u>20,313,487</u>	<u>20,518,094</u>	<u>21,025,757</u>
	<u>(70,245,945)</u>	<u>(69,796,442)</u>	<u>(70,440,252)</u>	<u>(72,256,418)</u>	<u>(73,396,852)</u>	<u>(77,103,835)</u>	<u>(78,120,967)</u>
	60,406,373	63,077,062	65,259,091	67,178,824	68,762,270	70,572,635	72,718,472
	3,067,729	2,680,579	2,645,117	2,886,859	2,992,057	3,265,121	3,447,691
	143,367	168,382	163,826	204,686	288,058	255,978	224,025
	90,079	57,494	56,102	64,515	31,030	53,377	38,629
	1,374,922	1,430,828	1,465,694	1,492,938	1,527,275	1,581,340	1,636,741
	1,850,319	1,697,519	1,377,564	1,238,505	1,062,794	1,250,168	1,296,446
	671,911	379,045	199,319	175,476	109,456	69,757	40,078
	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
	<u>28,145</u>	<u>27,674</u>	<u>20,953</u>	<u>29,595</u>	<u>(266,854)</u>	<u>8,801</u>	<u>104,067</u>
	<u>67,632,845</u>	<u>69,518,583</u>	<u>71,187,666</u>	<u>73,271,398</u>	<u>74,506,086</u>	<u>77,057,177</u>	<u>79,506,149</u>
\$	<u>(2,613,100)</u>	\$ <u>(277,859)</u>	\$ <u>747,414</u>	\$ <u>1,014,980</u>	\$ <u>1,109,234</u>	\$ <u>(46,658)</u>	\$ <u>1,385,182</u>

**BUSINESS-TYPE ACTIVITIES**  
**CHANGES IN NET POSITION (1) (ACCRUAL BASIS OF ACCOUNTING)**

LAST TEN FISCAL YEARS

	2005	2006	2007	2008
<b>Expenses</b>				
Pool.....	\$ 404,333	\$ 422,041	\$ 433,709	\$ 451,288
Transfer station.....	242,350	236,954	246,552	257,880
Recreation field maintenance.....	-	-	-	-
	<u>646,683</u>	<u>658,995</u>	<u>680,261</u>	<u>709,168</u>
<b>Program Revenues</b>				
Charges for services.....				
Pool.....	410,241	421,076	412,299	437,832
Transfer station.....	275,405	300,468	282,060	289,284
Recreation field maintenance.....	-	-	-	-
Operating grants and contributions.....	-	-	-	-
Capital grants and contributions.....	-	-	-	-
	<u>685,646</u>	<u>721,544</u>	<u>694,359</u>	<u>727,116</u>
Net (expense)/revenue.....	38,963	62,549	14,098	17,948
<b>General Revenues and Transfers</b>				
Transfers, net.....	<u>(5,899)</u>	<u>(6,582)</u>	<u>(16,000)</u>	<u>(28,145)</u>
<b>Change in net position.....</b>	<u><u>\$ 33,064</u></u>	<u><u>\$ 55,967</u></u>	<u><u>\$ (1,902)</u></u>	<u><u>\$ (10,197)</u></u>

(1) Net position terminology per GASB # 63 is being utilized

	2009	2010	2011	2012	2013	2014
\$	507,235	\$ 512,957	\$ 550,289	\$ 453,150	\$ 594,509	\$ 588,492
	369,282	292,670	271,114	266,437	235,529	233,471
	<u>-</u>	<u>113,606</u>	<u>192,249</u>	<u>130,075</u>	<u>151,004</u>	<u>190,320</u>
	<u>876,517</u>	<u>919,233</u>	<u>1,013,652</u>	<u>849,662</u>	<u>981,042</u>	<u>1,012,283</u>
	436,596	463,664	487,165	475,774	524,908	492,366
	299,809	327,238	362,895	220,218	337,290	338,654
	-	160,038	183,741	218,163	203,344	202,036
	7,938	1,784	1,268	781	1,226	954
	<u>-</u>	<u>-</u>	<u>-</u>	<u>21,280</u>	<u>187,500</u>	<u>62,500</u>
	<u>744,343</u>	<u>952,724</u>	<u>1,035,069</u>	<u>936,216</u>	<u>1,254,268</u>	<u>1,096,510</u>
	(132,174)	33,491	21,417	86,554	273,226	84,227
	<u>(27,674)</u>	<u>(20,953)</u>	<u>(29,595)</u>	<u>266,854</u>	<u>(8,801)</u>	<u>(104,067)</u>
\$	<u>(159,848)</u>	\$ <u>12,538</u>	\$ <u>(8,178)</u>	\$ <u>353,408</u>	\$ <u>264,425</u>	\$ <u>(19,840)</u>



**PRIMARY GOVERNMENT**  
**CHANGES IN NET POSITION (1) (ACCRUAL BASIS OF ACCOUNTING)**

**LAST TEN FISCAL YEARS**

	<u>2005</u>	<u>2006</u>	<u>2007</u>
Total expenses.....	\$ 69,458,338	\$ 74,771,758	\$ 78,137,003
Total program revenues.....	<u>15,959,021</u>	<u>17,696,731</u>	<u>18,781,338</u>
Net (expense)/revenue.....	(53,499,317)	(57,075,027)	(59,355,665)
Total general revenues, transfers and other changes in net position.....	<u>56,034,152</u>	<u>62,534,061</u>	<u>64,150,888</u>
<b>Change in net position.....</b>	<b><u>\$ 2,534,835</u></b>	<b><u>\$ 5,459,034</u></b>	<b><u>\$ 4,795,223</u></b>

(1) Net position terminology per GASB # 63 is being utilized

<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
\$ 85,269,395	\$ 89,903,334	\$ 90,244,221	\$ 92,650,407	\$ 94,560,001	\$ 98,602,971	\$ 100,159,007
<u>15,041,398</u>	<u>19,974,718</u>	<u>19,837,460</u>	<u>20,415,406</u>	<u>21,249,703</u>	<u>21,772,362</u>	<u>22,122,267</u>
(70,227,997)	(69,928,616)	(70,406,761)	(72,235,001)	(73,310,298)	(76,830,609)	(78,036,740)
<u>67,604,700</u>	<u>69,490,909</u>	<u>71,166,713</u>	<u>73,241,803</u>	<u>74,772,940</u>	<u>77,048,376</u>	<u>79,402,082</u>
<u>\$ (2,623,297)</u>	<u>\$ (437,707)</u>	<u>\$ 759,952</u>	<u>\$ 1,006,802</u>	<u>\$ 1,462,642</u>	<u>\$ 217,767</u>	<u>\$ 1,365,342</u>

**GOVERNMENTAL FUNDS**  
FUND BALANCES (MODIFIED ACCRUAL BASIS OF ACCOUNTING)

LAST TEN FISCAL YEARS

	2005	2006	2007	2008
<b>General Fund</b>				
Reserved.....	\$ 4,406,977	\$ 4,975,753	\$ 7,002,192	\$ 7,883,673
Unreserved.....	3,459,054	4,439,640	3,134,718	1,159,683
Restricted.....	-	-	-	-
Committed.....	-	-	-	-
Assigned.....	-	-	-	-
Unassigned.....	-	-	-	-
Total general fund.....	<u>\$ 7,866,031</u>	<u>\$ 9,415,393</u>	<u>\$ 10,136,910</u>	<u>\$ 9,043,356</u>
<b>All Other Governmental Funds</b>				
Reserved.....	\$ 1,296,073	\$ 1,192,810	\$ 1,247,066	\$ 1,747,018
Unreserved, reported in:				
Special revenue funds.....	13,096,218	11,916,617	13,228,361	15,023,502
Capital projects funds.....	1,367,403	667,911	472,170	216,944
Permanent funds.....	325,880	299,418	333,475	287,065
Nonspendable.....	-	-	-	-
Restricted.....	-	-	-	-
Committed.....	-	-	-	-
Total all other governmental funds.....	<u>\$ 16,085,574</u>	<u>\$ 14,076,756</u>	<u>\$ 15,281,072</u>	<u>\$ 17,274,529</u>

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

	2009	2010	(1) 2011	2012	2013	2014
\$	7,842,901	\$ 8,139,048	\$ -	\$ -	\$ -	\$ -
	1,359,246	1,236,002	-	-	-	-
	-	-	6,779,627	6,399,835	5,771,754	4,912,009
	-	-	231,092	242,864	209,001	1,914,264
	-	-	1,570,833	1,411,288	1,371,499	1,915,715
	-	-	3,961,520	5,603,341	7,721,185	9,022,099
	<u>9,202,147</u>	<u>9,375,050</u>	<u>12,543,072</u>	<u>13,657,328</u>	<u>15,073,439</u>	<u>17,764,087</u>
\$	1,980,469	\$ 11,728,805	\$ -	\$ -	\$ -	\$ -
	15,383,602	6,130,897	-	-	-	-
	202,403	192,101	-	-	-	-
	154,116	195,200	-	-	-	-
	-	-	1,013,539	1,034,051	1,034,876	1,084,580
	-	-	16,684,900	16,057,555	11,222,092	10,538,414
	-	-	65,621	60,222	6,022	62,883
	<u>17,720,590</u>	<u>18,247,003</u>	<u>17,764,060</u>	<u>17,151,828</u>	<u>12,262,990</u>	<u>11,685,877</u>

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

LAST TEN FISCAL YEARS

	2005	2006	2007	2008
<b>REVENUES</b>				
Real estate and personal property taxes.....	\$ 49,439,489	\$ 55,331,010	\$ 56,629,289	\$ 59,955,625
Motor vehicle and other excise taxes.....	2,789,223	2,965,914	2,589,563	2,957,725
Tax liens.....	395,482	506,697	251,389	163,593
Payments in lieu of taxes.....	70,688	65,409	123,777	90,079
Community preservation surcharges.....	1,108,054	1,235,095	1,303,239	1,375,761
Charges for services.....	289,337	329,177	340,514	329,379
Intergovernmental .....	14,453,700	15,876,366	16,565,305	17,430,198
Penalties and interest on taxes.....	253,752	338,103	200,005	143,367
Licenses, permits and fees.....	3,138,178	3,446,787	3,447,489	3,502,926
Fines and forfeitures.....	131,741	173,742	164,371	123,360
Departmental and other.....	328,147	269,907	221,839	242,711
Contributions.....	265,523	134,088	238,484	408,346
Investment income.....	597,735	943,024	1,376,186	1,087,882
<b>TOTAL REVENUES.....</b>	<b>73,261,049</b>	<b>81,615,319</b>	<b>83,451,450</b>	<b>87,810,952</b>
<b>EXPENDITURES</b>				
Current:				
General government.....	2,549,470	2,763,500	2,679,753	2,903,375
Public safety.....	5,662,675	6,348,744	6,283,293	6,835,206
Education.....	40,344,770	45,165,136	46,732,328	50,217,825
Public works.....	3,028,115	4,253,132	3,789,252	4,687,959
Health and human services.....	535,979	577,231	619,979	705,502
Culture and recreation.....	1,983,871	5,220,149	3,095,329	2,614,784
Pension benefits.....	5,218,335	5,665,164	6,303,237	6,687,188
Employee benefits.....	5,224,482	5,363,527	5,560,952	6,967,279
Property and liability insurance.....	152,348	164,957	185,587	209,144
State and county charges.....	187,786	167,557	170,512	169,420
Debt service:				
Principal.....	4,370,000	4,395,000	4,265,000	3,585,000
Interest.....	2,103,446	1,997,260	1,856,395	1,680,452
<b>TOTAL EXPENDITURES.....</b>	<b>71,361,277</b>	<b>82,081,357</b>	<b>81,541,617</b>	<b>87,263,134</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES.....</b>	<b>1,899,772</b>	<b>(466,038)</b>	<b>1,909,833</b>	<b>547,818</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in.....	602,390	483,757	514,342	726,342
Issuance of bonds and notes.....	3,315,000	-	-	-
Premium from issuance of bonds and notes.....	-	-	-	-
Issuance of refunding bonds.....	17,750,000	-	-	-
Premium from issuance of refunding bonds.....	158,074	-	-	-
Proceeds from capital leases.....	-	-	-	323,940
Transfers out.....	(596,491)	(477,175)	(498,342)	(698,197)
Payments to refunding bond escrow agent.....	(17,848,111)	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES).....</b>	<b>3,380,862</b>	<b>6,582</b>	<b>16,000</b>	<b>352,085</b>
<b>NET CHANGE IN FUND BALANCES.....</b>	<b>\$ 5,280,634</b>	<b>\$ (459,456)</b>	<b>\$ 1,925,833</b>	<b>\$ 899,903</b>
<b>DEBT SERVICE EXPENDITURES AS A PERCENTAGE OF NONCAPITAL EXPENDITURES.....</b>				
	9.19%	8.44%	7.79%	6.18%

2009	2010	2011	2012	2013	2014
\$ 62,447,823	\$ 64,346,930	\$ 66,299,400	\$ 68,328,105	\$ 69,936,527	\$ 72,439,807
2,805,055	2,633,406	2,824,879	2,953,422	3,137,442	3,479,052
336,130	123,646	330,168	476,967	522,311	187,499
57,494	56,102	64,515	31,030	53,377	38,629
1,430,652	1,457,336	1,494,705	1,529,459	1,582,040	1,643,844
359,443	547,245	679,786	745,467	646,323	699,861
16,817,428	16,269,765	16,350,975	16,897,919	16,962,299	17,534,425
168,382	163,826	204,686	288,058	255,978	224,025
533,534	477,972	511,537	554,433	778,448	708,163
114,037	106,952	91,472	89,439	76,302	82,894
3,094,353	2,727,664	3,372,975	3,770,842	3,718,554	3,563,739
349,619	216,832	208,744	227,708	246,187	367,022
677,015	527,712	548,552	268,019	231,324	331,410
89,190,965	89,655,388	92,982,394	96,160,868	98,147,112	101,300,370
2,979,703	3,155,148	6,148,845	3,242,101	11,686,201	3,256,717
6,982,021	6,538,020	7,007,846	7,140,784	7,631,877	7,832,862
48,860,537	50,813,562	52,710,026	56,079,405	56,325,461	58,782,463
4,795,544	4,757,379	4,734,423	4,197,544	4,709,953	6,280,856
1,075,681	912,367	853,183	1,100,346	1,846,680	965,179
8,022,450	2,302,329	2,076,690	2,005,940	2,065,764	2,432,273
7,272,633	7,706,478	7,877,511	8,184,635	8,612,651	8,882,087
8,400,859	7,470,540	7,173,083	8,245,029	7,163,045	6,650,548
215,912	199,420	213,481	218,576	224,452	238,000
166,240	164,445	192,672	186,114	179,483	157,416
3,500,000	3,795,000	8,925,000	3,790,000	5,431,588	5,300,000
1,656,515	1,586,558	1,392,389	1,271,605	1,085,513	962,524
93,928,095	89,401,246	99,305,149	95,662,079	106,962,668	101,740,925
(4,737,130)	254,142	(6,322,755)	498,789	(8,815,556)	(440,555)
1,639,470	626,333	728,684	810,738	986,915	3,118,082
5,045,000	-	3,610,000	-	3,440,000	-
29,613	-	1,555	48,974	-	99,014
-	-	4,870,000	-	4,045,000	1,950,000
-	-	270,580	-	144,361	75,215
239,695	424,221	226,104	221,115	260,819	271,594
(1,611,796)	(605,380)	(699,089)	(1,077,592)	(978,113)	(3,014,015)
-	-	-	-	(2,501,953)	-
5,341,982	445,174	9,007,834	3,235	5,397,029	2,499,890
\$ 604,852	\$ 699,316	\$ 2,685,079	\$ 502,024	\$ (3,418,527)	\$ 2,059,335
5.98%	6.23%	10.71%	5.54%	6.70%	6.31%

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

## LAST TEN FISCAL YEARS

Fiscal Year	Assessed Value (2)			Total Assessed Value	Total Direct Tax Rate	Estimated Actual Value (3)	Assessed Value as a Percentage of Actual Value
	Residential Real Property	Commercial and Industrial Real Property	Personal Property				
2005	\$ 3,389,867,806	\$ 174,381,245	\$ 36,724,221	\$ 3,600,973,272	\$ 13.87	\$ 3,753,910,600	95.93%
2006	3,734,317,130	180,522,435	42,090,996	3,956,930,561	14.01	3,753,910,600	105.41%
2007	3,990,378,334	197,187,483	43,965,520	4,231,531,337	13.53	4,260,907,900	99.31%
2008	3,892,876,521	221,958,158	48,125,120	4,162,959,799	14.54	4,260,907,900	97.70%
2009	3,785,653,765	219,008,644	59,772,570	4,064,434,979	15.57	4,522,988,100	89.86%
2010	3,719,642,603	221,181,214	62,837,650	4,003,661,467	16.37	4,522,988,100	88.52%
2011	3,599,570,656	206,407,612	68,303,560	3,874,281,828	17.40	4,256,033,800	91.03%
2012	3,566,779,121	205,130,419	66,426,000	3,838,335,540	17.98	4,256,033,800	90.19%
2013	3,590,745,895	206,398,302	66,938,910	3,864,083,107	18.38	4,110,402,700	94.01%
2014	3,695,489,903	198,138,564	66,955,670	3,960,584,137	18.42	4,110,402,700	96.36%

Source: Assessing Department

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

## DIRECT PROPERTY TAX RATES (1) (2)

### LAST TEN FISCAL YEARS

Fiscal Year		Residential Real Property (3)		Commercial and Industrial Real Property (3)		Personal Property (3)		Total Direct
2005	\$	12.67	\$	0.99	\$	0.21	\$	13.87
2006		12.79		0.99		0.23		14.01
2007		12.37		0.95		0.21		13.53
2008		13.35		0.98		0.21		14.54
2009		14.25		1.04		0.28		15.57
2010		14.94		1.11		0.32		16.37
2011		15.82		1.19		0.39		17.40
2012		16.35		1.23		0.40		17.98
2013		16.71		1.26		0.41		18.38
2014		16.75		1.25		0.42		18.42

Source: Assessing Department

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

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

(3) Weighted average rate calculated by dividing the net tax levy by property class by total assessed value divided by 1,000



# PRINCIPAL PROPERTY TAXPAYERS

## CURRENT YEAR AND NINE YEARS AGO

Taxpayer	2014			2005		
	Amount of Tax	Rank	Percentage of Total Tax Levy	Amount of Tax	Rank	Percentage of Total Tax Levy
NSTAR Electric & Gas Company	\$ 795,696	1	1.09%	\$ N/A	N/A	N/A
Raytheon Company	611,389	2	0.84%	298,135	2	0.40%
Verizon New England Inc.	395,570	3	0.54%	N/A	N/A	N/A
Paris Trust	327,153	4	0.45%	N/A	N/A	N/A
Sudbury Crossing Limited	273,836	6	0.38%	194,704	5	0.26%
Wellyn Inc.	220,268	5	0.30%	N/A	N/A	N/A
Longfellow Glenn LLC	208,284	7	0.29%	149,404	7	0.30%
Boston Gas	191,382	8	0.26%	N/A	N/A	N/A
Snider Stanley	171,859	9	0.24%	N/A	N/A	N/A
Richard J Bosse Holdings LLC	161,915	10	0.22%	111,047	10	0.15%
Boston Edison	N/A	N/A	N/A	395,249	1	0.54%
David F. Bolger	N/A	N/A	N/A	233,445	3	0.32%
Pasquarello & Spertner, Trustees	N/A	N/A	N/A	214,103	4	0.29%
Der Manuelian Haig TRS	N/A	N/A	N/A	154,648	6	0.21%
Dowie William J. Trustee	N/A	N/A	N/A	134,279	8	0.27%
1776 Plaza Limited Partnership	N/A	N/A	N/A	112,389	9	0.15%
Total	\$ <u>3,357,352</u>		<u>4.60%</u>	\$ <u>1,997,403</u>		<u>2.89%</u>

Source: Assessing Department

## PROPERTY TAX LEVIES AND COLLECTIONS

### LAST TEN FISCAL YEARS

Fiscal Year	Net Tax Levy	Collected within the Fiscal Year of the Levy		Actual Subsequent Collections	Total Collections to Date	
		Current Tax Collections (1)	Percent of Net Levy Collected		Total Tax Collections (1)	Total Collections as a % of Net Levy
2005	\$ 49,961,616	\$ 49,067,952	98.21%	\$ 293,582	\$ 49,361,534	98.80%
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%	144,303	62,270,575	98.43%
2010	65,529,153	63,936,979	97.57%	432,712	64,369,691	98.23%
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%	320,887	67,929,512	98.44%
2013	71,026,410	69,641,532	98.05%	416,153	70,057,685	98.64%
2014	72,951,707	71,687,443	98.27%	-	71,687,443	98.27%

Source: Department of the Treasurer/Collector

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

## RATIOS OF OUTSTANDING DEBT BY TYPE

LAST TEN FISCAL YEARS

Fiscal Year	<u>Governmental Activities</u>		Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)
	General Obligation Bonds	Capital Leases			
2005	\$ 50,700,000	348,312	51,048,312	3.46%	\$ 2,804
2006	46,305,000	518,994	46,823,994	2.43%	2,590
2007	42,040,000	447,207	42,487,207	2.60%	2,370
2008	38,455,000	510,634	38,965,634	2.79%	2,168
2009	40,000,000	498,965	40,498,965	2.96%	2,248
2010	36,205,000	630,286	36,835,286	2.69%	2,028
2011	35,760,000	597,081	36,357,081	2.66%	2,008
2012	31,970,000	534,148	32,504,148	2.38%	1,775
2013	31,705,000	520,353	32,225,353	2.36%	1,759
2014	28,355,000	507,890	28,862,890	1.72%	1,576

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

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

## RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING

LAST TEN FISCAL YEARS

Fiscal Year	Net General Bonded Debt Outstanding			(1) Percentage of Estimated Actual Property Values	(2) Per Capita
	General Obligation Bonds	Less: Accumulated Resources	Total Net General Bonded Debt		
2005	\$ 50,700,000	\$ -	\$ 50,700,000	1.35%	\$ 2,800
2006	46,305,000	-	46,305,000	1.23%	2,543
2007	42,040,000	-	42,040,000	0.99%	2,325
2008	38,455,000	-	38,455,000	0.90%	2,145
2009	40,000,000	-	40,000,000	0.88%	2,225
2010	36,205,000	-	36,205,000	0.80%	2,010
2011	35,760,000	-	35,760,000	0.84%	1,969
2012	31,970,000	-	31,970,000	0.75%	1,766
2013	31,705,000	-	31,705,000	0.77%	1,731
2014	28,355,000	-	28,355,000	0.69%	1,548

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

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

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

## LEGAL DEBT MARGIN INFORMATION

### LAST TEN FISCAL YEARS

#### Legal Debt Margin Calculation for Fiscal Year 2014

Fiscal year 2014 equalized valuation.....	\$ <u>4,110,402,700</u>
Normal debt limit (5% of equalized valuation).....	<u>205,520,135</u>
Debt applicable to limit:	
Total net debt applicable to limit.....	<u>28,355,000</u>
Legal debt margin.....	\$ <u><u>177,165,135</u></u>

	Fiscal Year		
	2005	2006	2007
Normal debt limit.....	\$ 187,695,530	\$ 187,695,530	\$ 213,045,395
Total net debt applicable to limit.....	<u>50,700,000</u>	<u>46,305,000</u>	<u>42,040,000</u>
Legal debt margin.....	\$ <u><u>136,995,530</u></u>	\$ <u><u>141,390,530</u></u>	\$ <u><u>171,005,395</u></u>
Total net debt applicable to the limit as a percentage of normal debt limit.....	27.01%	24.67%	19.73%

Source: Department of the Treasurer/Collector

Fiscal Year						
<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
\$ 213,045,395	\$ 226,149,405	\$ 226,149,405	\$ 212,801,690	\$ 212,801,690	\$ 205,520,135	\$ 205,520,135
<u>38,455,000</u>	<u>40,000,000</u>	<u>36,205,000</u>	<u>35,980,000</u>	<u>31,970,000</u>	<u>31,705,000</u>	<u>28,355,000</u>
<u>\$ 174,590,395</u>	<u>\$ 186,149,405</u>	<u>\$ 189,944,405</u>	<u>\$ 176,821,690</u>	<u>\$ 180,831,690</u>	<u>\$ 173,815,135</u>	<u>\$ 177,165,135</u>
18.05%	17.69%	16.01%	16.91%	15.02%	15.43%	13.80%

# **DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT**

JUNE 30, 2014

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable (1)</u>	<u>Estimated Share of Overlapping Debt</u>
Lincoln Sudbury Regional High School District.....	\$ 6,600,000	85.55%	\$ 5,646,300
Town direct debt (2).....			<u>28,355,000</u>
Total direct and overlapping debt.....			<u><u>\$ 34,001,300</u></u>

Source: Lincoln Sudbury Regional High School District

- (1) The percentage of total overlapping debt is derived from the Town's share of capital charges divided by the total debt of the overlapping unit at fiscal year end
- (2) Direct debt includes debt outstanding and payable from the Town's Community Preservation Fund

## DEMOGRAPHIC AND ECONOMIC STATISTICS

### LAST TEN FISCAL YEARS

Year	Population (1)	Personal Income (2)	Per Capita Personal Income (3)	Median Age (4)	Public School Enrollment (1)	Unemployment Rate (%) (5)
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	1,673,752,000	92,167	43	4,464	5.0%
2012	18,103	1,673,752,000	92,457	43	4,446	4.5%
2013	18,317	1,673,752,000	91,377	43	4,367	5.2%
2014	18,317	1,673,752,000	91,377	43	4,340	4.0%

Sources: (1) Town of Sudbury

(2) Massachusetts Department of Revenue

(3) Calculated using Town population data

(4) 2010 Federal Census; also being used for other years as a fair estimate of Median Age

(5) Massachusetts Labor and Workforce Development at year-end



# PRINCIPAL EMPLOYERS

CURRENT YEAR AND NINE YEARS AGO

Employer	2014			2005		
	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%	227	3	2.79%
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%	N/A	N/A	N/A
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	7	1.28%
Wingate Nursing Home	N/A	N/A	N/A	57	8	0.70%
Acapulco's	N/A	N/A	N/A	40	9	0.49%
Blue Lion	N/A	N/A	N/A	40	10	0.49%
Total	1,879		22.62%	3,181		39.09%

Source: Town of Sudbury and Massachusetts Labor and Workforce Development

## EMPLOYEES BY FUNCTION/PROGRAM

LAST TEN FISCAL YEARS

Function/Program	Full-Time Equivalent Employees as of June 30 (2)									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General government.....	33	33	33	33	32	30	30	30	30	30
Public safety.....	79	81	82	81	79	78	78	78	77	77
Education (1).....	397	415	412	412	390	393	391	379	386	396
Public works .....	31	32	34	34	32	32	30	30	30	34
Health and human services.....	7	7	7	7	7	6	6	6	6	7
Culture and recreation.....	19	19	19	18	18	17	16	16	16	14
Total.....	<u>566</u>	<u>587</u>	<u>587</u>	<u>585</u>	<u>558</u>	<u>556</u>	<u>551</u>	<u>540</u>	<u>545</u>	<u>558</u>

Source: Town of Sudbury

(1) Includes kindergarten through 8th grade only

(2) Does not include employees of enterprise funds

# OPERATING INDICATORS BY FUNCTION/PROGRAM

## LAST TEN FISCAL YEARS

Function/Program	Fiscal Year			
	2005	2006	2007	2008
General government				
Selectmen's meetings.....	(1)	(1)	27	24
Licenses issued.....	(1)	(1)	77	77
Payroll processed.....	17,525	18,237	18,313	18,801
Invoices paid.....	15,430	16,023	18,467	19,529
Taxable property parcels.....	6,408	6,424	6,498	6,470
Motor vehicle excise processed.....	17,875	17,842	17,858	17,838
Certified vital records.....	1,352	1,242	1,236	1,226
Zoning board of appeals application filed.....	60	71	64	44
Public safety				
Police				
Calls for service.....	(1)	(1)	(1)	(1)
Walk-in traffic.....	(1)	(1)	(1)	(1)
Arrests.....	(1)	(1)	(1)	194
Criminal complaints.....	(1)	(1)	(1)	(1)
Motor vehicle accidents.....	706	646	557	634
Alarms.....	(1)	(1)	(1)	918
Medical call responses.....	(1)	(1)	(1)	(1)
Fire				
Calls for assistance.....	1,817	1,793	1,833	1,812
Structure fire responses.....	8	8	9	13
Emergency medical responses.....	988	952	992	1,033
Building Department				
Building inspections.....	(1)	(1)	1,332	1,301
Education				
Public school enrollment.....	4,503	4,583	4,678	4,619
Public works				
Depository of property plans.....	(1)	(1)	3,950	3,975
Transfer station stickers issued.....	(1)	(1)	1,763	1,763
Recyclables (tons).....	(1)	(1)	1,160	1,160
Health and human services				
Senior Center program attendance.....	1,880	2,100	1,730	1,981
Senior Center referrals.....	25	89	102	133
Veteran population (Federal census estimate).....	(1)	(1)	1,221	1,221
Senior and veteran tax work-off participants.....	50	50	50	50
Culture and recreation				
Library circulation.....	304,629	340,585	333,735	354,754
Library resources sharing.....	48,000	60,000	63,608	70,322
Park & recreation programs.....	694	749	640	660
Pool use (admittance).....	78,079	83,789	77,560	70,881

Source: Various departments

(1) Data is not available

Fiscal Year					
2009	2010	2011	2012	2013	2014
30	30	33	31	33	36
77	77	78	78	78	78
17,842	17,850	18,009	19,134	18,528	18,835
18,394	18,490	18,601	18,500	17,329	17,350
6,484	6,505	6,507	6,556	6,585	6,589
17,817	17,971	18,081	18,217	18,145	19,516
1,230	995	1,152	1,100	1,620	1,263
27	27	35	40	36	40
(1)	15,312	14,951	15,927	15,612	15,965
(1)	(1)	(1)	10,651	9,699	9,682
181	147	160	93	143	133
(1)	260	189	195	169	215
562	553	644	519	529	518
776	833	837	914	832	847
(1)	881	902	873	844	818
1,983	2,026	2,071	2,071	2,063	1,918
13	10	10	10	14	21
1,063	1,106	1,151	1,151	1,148	1,109
1,300	1,217	1,211	1,400	1,450	1,504
4,634	4,537	4,464	4,446	4,367	4,340
4,000	5,425	5,450	5,475	5,500	5,500
1,568	1,569	1,569	1,477	1,500	1,525
1,052	1,908	1,900	1,500	1,500	750
2,000	2,000	2,040	2,000	1,900	1,900
130	163	100	220	361	358
1,221	1,221	1,220	1,220	1,220	1,220
50	50	50	50	50	52
389,026	397,113	408,000	395,000	380,000	447,275
84,713	93,899	139,789	140,000	99,600	109,660
660	660	680	700	737	691
78,388	84,618	83,293	84,000	83,670	80,423

## CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM

LAST TEN FISCAL YEARS

Function/Program	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Public safety										
Police										
Stations.....	1	1	1	1	1	1	1	1	1	1
Fire										
Stations.....	3	3	3	3	3	3	3	3	3	3
Trucks.....	7	7	7	7	7	7	7	7	7	7
Education										
Public school buildings.....	5	5	5	5	5	5	5	5	5	5
Public works										
Streets (miles).....	141	141	141	141	141	141	141	141	141	141
Streetlights.....	627	627	627	627	627	627	627	627	627	627
Traffic signals.....	2	2	2	2	2	2	2	2	2	2
Trucks/rolling stock equipment.....	76	76	76	76	75	77	79	83	83	83
Culture and recreation										
Public libraries.....	1	1	1	1	1	1	1	1	1	1
Community centers.....	1	1	1	1	1	1	1	1	1	1
Town park and playground acreage.....	96	96	96	96	96	96	96	96	96	96

Source: Various departments