

Town of Sudbury, Massachusetts

Comprehensive Annual Financial Report



For the Fiscal Year Ended June 30, 2016

Town of Sudbury, Massachusetts

Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2016



Sudbury
Massachusetts

Prepared by the Finance Division

TOWN OF SUDBURY, MASSACHUSETTS
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

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Introductory Section



Town of Sudbury

Finance Director's Office

278 Old Sudbury Road

Sudbury, MA 01776

January 26, 2017

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, 2016. 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, 2016, is presented as the first component of the financial section of this report on pages 12 - 14.

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

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

History and Profile of the Town

The Town of Sudbury was settled in 1638 and incorporated as a Town in 1639. At that time, Sudbury boundaries included (by 1653) all what is now Wayland (which split off in 1780), and parts of Framingham, Marlborough, Stow and Maynard. Sudbury is a charming community, rooted deeply in New England's history; the Sudbury Center Historic District has changed little since 1800. The Town is located in Middlesex County along the major highways of Route 20 in the south and Route 117 in the north, and bisected by Route 27, and lies approximately twenty miles from Boston and twenty six miles 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 18,367 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 Sudbury Housing Authority (local branch for Massachusetts Public Housing Programs) and Sudbury Water District are excluded from this report because these activities fall 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, the Board of Selectmen formed The Strategic Financial Planning Committee for Capital Funding and The Strategic Financial Planning Committee for OPEB Liabilities

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. As a result, the Town transferred \$4,500,000 from the Health Claims Trust Fund to establish the OPEB Trust Fund in FY15. The Town annually appropriates money to continue funding its OPEB liability. As of June 30, 2016, the balance in the fund was \$5.2 million. 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 and continued use 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 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 4.44% 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. 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 72 – 83 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 580 full and part-time employees, of which approximately 89% percent belong to unions or other collective bargaining groups.

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, 2015. This was the fourth 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.

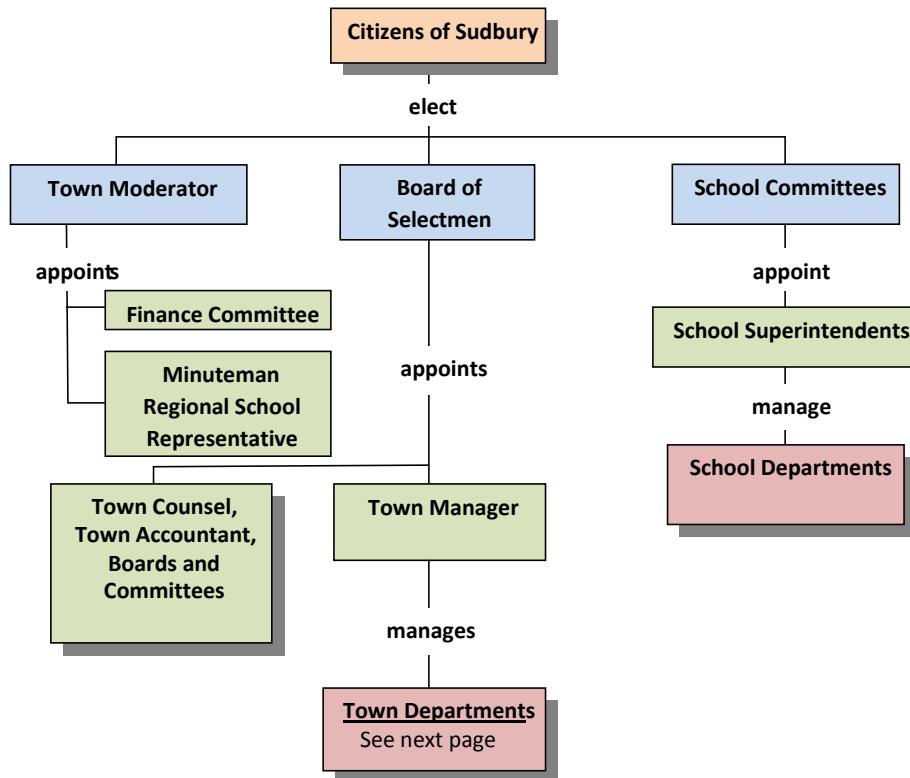
The preparation of this report would not have been possible without the efficient and dedicated services of the Finance Department. Special thanks also go to the certified public accounting firm of CliftonLarsonAllen LLP for their advice and assistance in the preparation.

Respectfully,

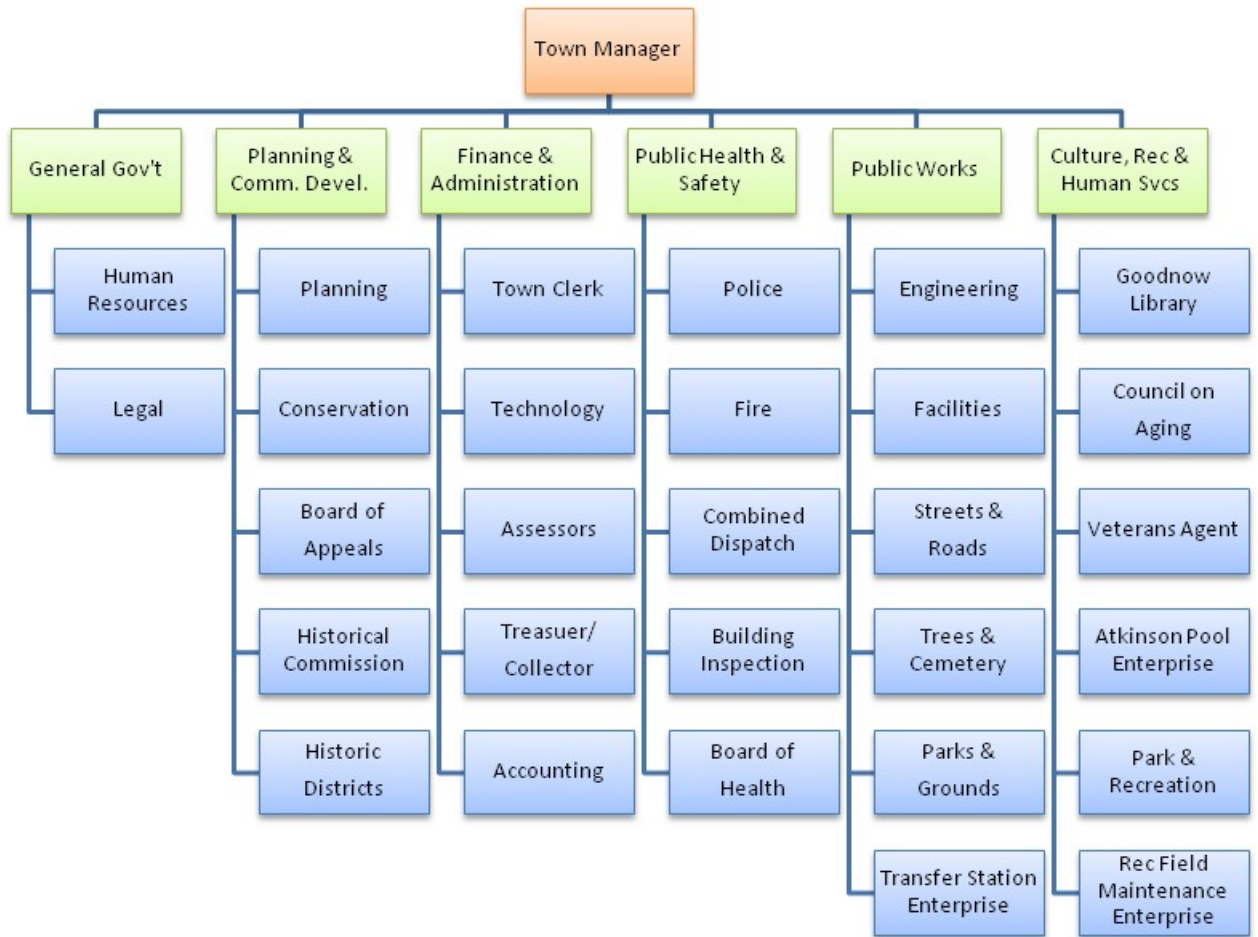
A handwritten signature in black ink, appearing to read 'Dennis J. Keohane', with a long horizontal flourish extending to the right.

Dennis J. Keohane, CPA
Finance Director/Treasurer-Collector

TOWN OF SUDBURY ORGANIZATIONAL CHART



TOWN OF SUDBURY ORGANIZATIONAL CHART (CONTINUED)



Elected Officials – Board of Selectmen

Chair	Ms. Susan N. Iuliano
Vice Chair	Mr. Charles C. Woodard
Member	Mr. Robert C. Haarde
Member	Mr. Leonard A. Simon
Member	Ms. Patricia Brown

Elected Officials – School Committee

Chair	Ms. Lucie St. George
Vice Chair	Ms. Ellen Winer Joachim
Member	Ms. Christine Hogan
Member	Mr. Richard Tinsley
Member	Ms. Lisa Kouchakdjian

Principal Officials

Department	Department Head	Title
Town Manager	Melissa Murphy-Rodrigues	Town Manager
Asst. Town Manager/Human Resources	Maryanne Bilodeau	Asst. Town Manager/HR Director
Finance and Treasurer/Collector	Dennis Keohane	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	Meagen Donoghue	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	Building Inspector
School Department	Anne Wilson, Ph.D.	Superintendent
Public Works	Daniel Nason	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	Nick Charbonneau	Veteran's Agent
Library	Esme Green	Library Director
Park & Recreation	Kayla McNamara	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, 2015

Executive Director/CEO

Financial Section



Sudbury Town Hall

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, 2016, 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, 2016, 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 16 through 23), general fund and community preservation fund budgetary comparisons and certain pension and other postemployment benefits information (located on pages 72 through 87) 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

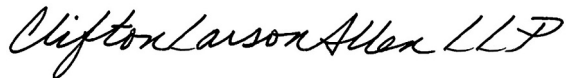
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Sudbury, Massachusetts' basic financial statements. The introductory section, combining and individual fund statements and schedules and statistical section are presented for 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 January 26, 2017 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

Lexington, Massachusetts

January 26, 2017

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, 2016.

Financial Highlights

- The assets and deferred outflows of resources of the Town exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$48,736,805 (net position).
- The Town's total net position increased by \$257,186.
- The Town's total bonded debt decreased by \$3,894,565 during the fiscal year due and no new debt was issued.

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 26-29 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.

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 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 90-95.

The basic governmental funds financial statements can be found on pages 30-33 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 97-100.

The basic proprietary funds financial statements can be found on pages 34-36 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 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 101-105.

The basic fiduciary funds financial statements can be found on pages 37-38 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 39-70 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 71-87 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 and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$48,736,805 at the close of the fiscal year and are summarized as follows:

	<i>Governmental Activities</i>		<i>Business-Type Activities</i>		<i>Total</i>	
	2016	2015	2016	2015	2016	2015
Assets						
Current assets.....	\$ 35,437,889	\$ 46,279,677	\$ 534,501	\$ 760,252	\$ 35,972,390	\$ 47,039,929
Noncurrent assets (excluding capital assets).....	13,503,561	10,655,529	-	-	13,503,561	10,655,529
Capital assets (net).....	108,566,851	103,321,212	1,112,014	1,037,079	109,678,865	104,358,291
Total assets.....	157,508,301	160,256,418	1,646,515	1,797,331	159,154,816	162,053,749
Deferred Outflows of Resources	2,608,153	161,948	37,033	2,299	2,645,186	164,247
Liabilities						
Current liabilities (excluding debt).....	6,389,142	8,068,060	152,084	155,228	6,541,226	8,223,288
Noncurrent liabilities (excluding debt).....	71,974,980	66,389,044	1,032,254	935,288	73,007,234	67,324,332
Current debt.....	3,852,284	5,159,565	-	-	3,852,284	5,159,565
Noncurrent debt.....	29,050,726	32,908,010	-	-	29,050,726	32,908,010
Total liabilities.....	111,267,132	112,524,679	1,184,338	1,090,516	112,451,470	113,615,195
Deferred Inflows of Resources	604,805	123,182	6,922	-	611,727	123,182
Net Position						
Net investment in capital assets.....	75,723,325	74,065,551	1,112,014	1,037,079	76,835,339	75,102,630
Restricted.....	19,239,884	18,326,355	-	-	19,239,884	18,326,355
Unrestricted.....	(46,718,692)	(44,621,401)	(619,726)	(327,965)	(47,338,418)	(44,949,366)
Total net position.....	\$ 48,244,517	\$ 47,770,505	\$ 492,288	\$ 709,114	\$ 48,736,805	\$ 48,479,619

The largest portion of the Town's net position reflects its net investment in capital assets (e.g., land, construction in progress, 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 represents resources that are subject to external restrictions on how they may be used.

The Town has no unrestricted net position available for the support of governmental or business-type activities. Such resources have been consumed with the recognition of the net other postemployment benefits obligation and net pension liability.

Changes in Net Position

The Town's total net position increased by \$257,186 during the current fiscal year and is summarized as follows:

	<i>Governmental Activities</i>		<i>Business-Type Activities</i>		<i>Total</i>	
	2016	2015	2016	2015	2016	2015
Revenues						
<i>Program Revenues:</i>						
Charges for services.....	\$ 5,185,685	\$ 5,264,796	\$ 997,968	1,007,980	\$ 6,183,653	\$ 6,272,776
Operating grants and contributions.....	13,587,012	11,668,421	914	1,132	13,587,926	11,669,553
Capital grants and contributions.....	2,828,635	711,403	-	-	2,828,635	711,403
<i>General Revenues:</i>						
Real estate and personal property taxes.....	76,224,990	72,873,481	-	-	76,224,990	72,873,481
Motor vehicle and other excise taxes.....	3,919,447	3,657,166	-	-	3,919,447	3,657,166
Penalties and interest on taxes.....	306,133	186,333	-	-	306,133	186,333
Payments in lieu of taxes.....	48,783	89,934	-	-	48,783	89,934
Community preservation surcharges.....	1,758,188	1,666,981	-	-	1,758,188	1,666,981
Grants and contributions not restricted to specific programs.....	1,374,751	1,321,924	-	-	1,374,751	1,321,924
Unrestricted investment income.....	21,667	32,657	-	-	21,667	32,657
Premium from issuance of refunding bonds.....	-	911,298	-	-	-	911,298
Total revenues.....	105,255,291	98,384,394	998,882	1,009,112	106,254,173	99,393,506
Expenses						
General government.....	4,147,724	4,122,220	-	-	4,147,724	4,122,220
Public safety.....	10,968,017	9,946,647	-	-	10,968,017	9,946,647
Education.....	74,162,162	71,815,723	-	-	74,162,162	71,815,723
Public works.....	9,679,790	7,804,522	-	-	9,679,790	7,804,522
Health and human services.....	1,609,479	1,428,806	-	-	1,609,479	1,428,806
Culture and recreation.....	3,250,122	2,805,844	-	-	3,250,122	2,805,844
Debt service - interest.....	1,003,112	1,111,995	-	-	1,003,112	1,111,995
Swimming pool.....	-	-	572,679	620,356	572,679	620,356
Transfer station.....	-	-	356,787	258,024	356,787	258,024
Recreation field maintenance.....	-	-	247,115	227,819	247,115	227,819
Total expenses.....	104,820,406	99,035,757	1,176,581	1,106,199	105,996,987	100,141,956
Change in net position before transfers.....	434,885	(651,363)	(177,699)	(97,087)	257,186	(748,450)
Transfers, net.....	39,127	100,643	(39,127)	(100,643)	-	-
Change in net position.....	474,012	(550,720)	(216,826)	(197,730)	257,186	(748,450)
Net position - beginning of year.....	47,770,505	48,321,225	709,114	906,844	48,479,619	49,228,069
Net position - end of year.....	\$ <u>48,244,517</u>	\$ <u>47,770,505</u>	\$ <u>492,288</u>	\$ <u>709,114</u>	\$ <u>48,736,805</u>	\$ <u>48,479,619</u>

Governmental activities increased the Town's net position by \$474,012. In the prior year, governmental activities decreased the Town's net position by \$550,720. The increase in the overall net position of governmental activities is primarily the result of an increase in general fund balance due to positive budget to actual variances for both revenues and expenditures.

Business-type activities decreased the Town's net position by \$216,826. In the prior year, business-type activities decreased the Town's net position by \$197,730. The decrease in the overall net position of business-type activities is primarily the result of accrued expenses for long-term liabilities such as pension and other post-employment benefits..

Fund Financial Statement Analysis

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

Governmental funds

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

At the end of the current fiscal year, the governmental funds reported combined ending fund balances totaling \$30,497,607, a decrease of approximately \$3,809,606 in comparison with the prior year. \$8,605,012 represents unassigned fund balance. The remainder of fund balance includes the following constraints:

- Nonspendable (\$1,133,605)
- Restricted (\$17,283,696)
- Committed (\$2,416,401)
- Assigned (\$1,058,893)

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 \$8,718,636 while total fund balance was \$17,775,105. 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 9.7% of total general fund expenditures and transfers out, while total fund balance represents 19.8% of that same amount.

The fund balance of the Town's general fund increased \$1,232,332 during the current fiscal year. The increase in fund balance is primarily the result of positive variances in budget to actual results for both revenues and expenditures.

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

The fund balance of the community preservation special revenue fund increased by \$288,552 during the current fiscal year. The fund recognized \$1,756,562 in surcharges, \$534,729 in intergovernmental revenues and \$27,465 in investment income. Expenditures of \$1,827,604 were incurred during the fiscal year. Transfers out of \$202,600 to the affordable housing special revenue fund were made during the year.

Proprietary funds

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

The pool, transfer station and recreation field enterprise fund's unrestricted net position have been consumed due to the recognition of the net OPEB obligation and net pension liability. The nonmajor enterprise funds had a combined decrease in net position for the year of \$216,826. This consisted of changes in net position of the swimming pool, transfer station and recreation field maintenance enterprise funds of (\$37,945), (\$82,021) and (\$96,860), 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 fiscal year 2016 general fund original budget expenditures and other financing uses of \$88,929,984 were increased by \$3,081,250 (3.5%). During the year, revenues and other financing sources were higher than budgetary estimates. In addition, expenditures, encumbrances and continuing appropriations were less than budgetary estimates. This resulted in a positive budget to actual variance of approximately \$2,644,000.

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 \$109,678,865 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, intangible assets, land improvements, buildings and improvements, machinery and equipment, vehicles and infrastructure. The total increase in the investment in capital assets for the current fiscal year totaled \$5,320,574 or 5.1%.

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

- Police headquarters construction in progress (approximately \$3,656,000)
- Nixon school roof and window repairs (approximately \$878,000)

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>	
	2016	2015	2016	2015	2016	2015
Land.....	\$ 30,259,246	\$ 30,220,502	\$ 192,500	\$ 192,500	\$ 30,451,746	\$ 30,413,002
Land improvements.....	1,924,075	2,020,213	-	-	1,924,075	2,020,213
Buildings and improvements.....	39,890,635	40,516,004	701,951	755,191	40,592,586	41,271,195
Machinery and equipment.....	2,128,233	2,024,282	72,331	82,558	2,200,564	2,106,840
Vehicles.....	1,667,208	1,200,488	145,232	6,830	1,812,440	1,207,318
Infrastructure.....	6,465,923	6,285,218	-	-	6,465,923	6,285,218
Construction in progress.....	10,053,294	4,975,774	-	-	10,053,294	4,975,774
Intangible assets.....	16,178,237	16,078,730	-	-	16,178,237	16,078,730
Total capital assets.....	<u>\$ 108,566,851</u>	<u>\$ 103,321,212</u>	<u>\$ 1,112,014</u>	<u>\$ 1,037,079</u>	<u>\$ 109,678,865</u>	<u>\$ 104,358,291</u>

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

Long-Term Debt

At the end of the current fiscal year, the total bonded debt outstanding was \$32,903,010, 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 \$3,894,565 (10.6%) during the current fiscal year. Additional information on the Town's long-term debt can be found in Note 10 of this report.

Economic Factors and Next Year's Budgets and Rates

Sudbury's economic base is limited but remains steady. 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 is diverse, and market values of real estate remain extremely strong. Assessed value (AV) is primarily residential, at 93%, and the 10 leading taxpayers account for only 4.4% of the total levy. In addition, per capita market value remains extremely strong. The median home value in Sudbury remains roughly four times the national level.

While Sudbury is not immune to regional and national economic development trends, the Town is characterized as a self-sustaining and stable local economy. The Town continues to rely mainly on property taxes and other local revenues to cover the increasing cost of providing services. 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 fiscal year 2016 and are similarly forecasted for the coming year, helping to shape a budget for fiscal year 2017 that encompasses the following for the General Fund:

Fiscal year 2017 projection for General Fund revenues **\$90,945,314**

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 3.8%, which includes one-year capital expenditure exclusions of \$365,000, new growth of \$1,248,000 and a decrease in debt exclusion of \$338,000.

State Aid represents our second largest source of General fund revenue. Sudbury's fiscal year 2017 allotment of \$5.9 million is consistent with 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 \$4.8 million of non-tax local receipts.

Fiscal year 2017 projection for General Fund expenditures and other financing uses **\$92,525,651**

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 2.6%, as compared to the fiscal year 2016 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.

Fiscal year 2017 projection for other financing sources **\$641,912**

Other financing sources represent transfers to the general fund from all other governmental funds. The primary source of transfers into the General fund, is 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.

Fiscal year 2017 projection for use of Free Cash (Unassigned Fund balance) **\$938,425**

The amount of Free Cash (Unassigned Fund Balance) used to fund the budget in fiscal year 2017 decreased 63% as compared with fiscal year 2016. Unassigned fund balance at June 30, 2016 remains strong at 10% of estimated fiscal year 2017 General Fund revenues.

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, Flynn Building, 278 Old Sudbury Road, Sudbury, Massachusetts 01776.

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Basic Financial Statements

STATEMENT OF NET POSITION
JUNE 30, 2016

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Current Assets:			
Cash and Cash Equivalents	\$ 13,163,266	\$ 409,866	\$ 13,573,132
Restricted Cash and Cash Equivalents	8,155,502	116,385	8,271,887
Investments	4,493,362	-	4,493,362
Restricted Investments	5,472,335	-	5,472,335
Receivables, Net of Allowance for Uncollectible Amounts:			
Real Estate and Personal Property Taxes	739,841	-	739,841
Tax, Trash and Utility Liens	825,805	-	825,805
Motor Vehicle and Other Excise Taxes	399,916	-	399,916
Community Preservation Surcharges	15,895	-	15,895
Departmental and Other	583,578	8,250	591,828
Intergovernmental	1,588,389	-	1,588,389
Total Current Assets	35,437,889	534,501	35,972,390
Noncurrent Assets:			
Restricted Investments	4,621,498	-	4,621,498
Receivables, Net of Allowance for Uncollectible Amounts:			
Real Estate Tax Deferrals	2,274,394	-	2,274,394
Intergovernmental	6,097,550	-	6,097,550
Tax Foreclosures	287,008	-	287,008
Investment in Joint Venture	223,111	-	223,111
Capital Assets not being Depreciated	56,490,778	192,500	56,683,278
Capital Assets, Net of Accumulated Depreciation	52,076,073	919,514	52,995,587
Total Noncurrent Assets	122,070,412	1,112,014	123,182,426
Total Assets	157,508,301	1,646,515	159,154,816
DEFERRED OUTFLOWS OF RESOURCES			
Related to Pension	2,608,153	37,033	2,645,186
LIABILITIES			
Current Liabilities:			
Warrants Payable	835,126	15,424	850,550
Accrued Payroll	2,932,098	18,550	2,950,648
Tax Refunds Payable	1,176,107	-	1,176,107
Other Liabilities	925,519	-	925,519
Unearned Revenue	-	116,385	116,385
Accrued Interest	286,350	-	286,350
Capital Lease Obligations	168,935	-	168,935
Compensated Absences	65,007	1,725	66,732
Long-Term Bonds and Notes Payable	3,852,284	-	3,852,284
Total Current Liabilities	10,241,426	152,084	10,393,510
Noncurrent Liabilities:			
Capital Lease Obligations	183,340	-	183,340
Compensated Absences	585,062	15,529	600,591
Net OPEB Obligation	20,058,585	290,486	20,349,071
Net Pension Liability	51,147,993	726,239	51,874,232
Long-Term Bonds and Notes Payable	29,050,726	-	29,050,726
Total Noncurrent Liabilities	101,025,706	1,032,254	102,057,960
Total Liabilities	111,267,132	1,184,338	112,451,470

(Continued)

See accompanying Notes to Basic Financial Statements.

STATEMENT OF NET POSITION (Continued)
JUNE 30, 2016

	Primary Government		
	Governmental Activities	Business-type Activities	Total
DEFERRED INFLOWS OF RESOURCES			
Taxes Received in Advance	117,344	-	117,344
Related to Pension	487,461	6,922	494,383
Total Deferred Inflows of Resources	604,805	6,922	611,727
NET POSITION			
Net Investment in Capital Assets	75,723,325	1,112,014	76,835,339
Restricted for:			
Investment in Joint Venture	223,111	-	223,111
Employee Benefits	330,853	-	330,853
OPEB	5,238,714	-	5,238,714
Community Preservation	5,438,897	-	5,438,897
School Lunch	187,166	-	187,166
Affordable Housing	271,435	-	271,435
Revolving Funds	1,721,050	-	1,721,050
Receipts Reserved	2,049,028	-	2,049,028
Grants	908,319	-	908,319
Permanent Funds:			
Expendable	549,549	-	549,549
Nonexpendable	1,133,605	-	1,133,605
Other Specific Purposes	1,188,157	-	1,188,157
Unrestricted	(46,718,692)	(619,726)	(47,338,418)
Total Net Position	\$ 48,244,517	\$ 492,288	\$ 48,736,805
			(Concluded)

See accompanying Notes to Basic Financial Statements.

STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Functions/Programs	Expenses	Program Revenues			
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net (Expense)/Revenue
Primary Government:					
Governmental Activities:					
General Government	\$ 4,147,724	\$ 1,268,288	\$ 172,422	\$ -	\$ (2,707,014)
Public Safety	10,968,017	1,589,579	119,986	-	(9,258,452)
Education	74,162,162	1,259,179	12,662,547	343,392	(59,897,044)
Public Works	9,679,790	8,363	134,163	1,950,514	(7,586,750)
Health and Human Services	1,609,479	330,916	43,287	-	(1,235,276)
Culture and Recreation	3,250,122	729,360	111,062	534,729	(1,874,971)
Debt Service-Interest	1,003,112	-	343,545	-	(659,567)
Total Governmental Activities	104,820,406	5,185,685	13,587,012	2,828,635	(83,219,074)
Business-Type Activities:					
Swimming Pool	572,679	535,355	206	-	(37,118)
Transfer Station	356,787	290,909	558	-	(65,320)
Recreation Field Maintenance	247,115	171,704	150	-	(75,261)
Total Business-Type Activities	1,176,581	997,968	914	-	(177,699)
Total Primary Governments	\$ 105,996,987	\$ 6,183,653	\$ 13,587,926	\$ 2,828,635	\$ (83,396,773)
(Continued)					

(Continued)

See accompanying Notes to Basic Financial Statements.

STATEMENT OF ACTIVITIES (Continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Primary Government		
	Governmental Activities	Business-type Activities	Total
CHANGES IN NET POSITION			
Net (Expense) Revenue (From Previous Page)	\$ (83,219,074)	\$ (177,699)	\$ (83,396,773)
General Revenues:			
Real Estate and Personal Property Taxes	76,224,990	-	76,224,990
Motor Vehicle and Other Excise Taxes	3,919,447	-	3,919,447
Penalties and Interest on Taxes	306,133	-	306,133
Payments in Lieu of Taxes	48,783	-	48,783
Community Preservation Surcharges	1,758,188	-	1,758,188
Grants and Contributions not Restricted to Specific Programs	1,374,751	-	1,374,751
Unrestricted Investment Income	21,667	-	21,667
Transfers, Net	39,127	(39,127)	-
Total General Revenues and Transfers	83,693,086	(39,127)	83,653,959
CHANGE IN NET POSITION	474,012	(216,826)	257,186
Net Position - Beginning of Year	47,770,505	709,114	48,479,619
NET POSITION - END OF YEAR	\$ 48,244,517	\$ 492,288	\$ 48,736,805
			(Concluded)

See accompanying Notes to Basic Financial Statements.

GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2016

	General	Community Preservation	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS				
Cash and Cash Equivalents	\$ 12,902,392	\$ -	\$ -	\$ 12,902,392
Investments	4,493,362	-	-	4,493,362
Restricted Assets:				
Cash and Cash Equivalents	948,170	1,542,834	5,925,373	8,416,377
Investments	4,621,498	3,880,168	1,592,167	10,093,833
Receivables, Net of Allowance for Uncollectible Amounts:				
Real Estate and Personal Property Taxes	739,841	-	-	739,841
Real Estate Tax Deferrals	2,274,394	-	-	2,274,394
Tax and Trash Liens	825,805	-	-	825,805
Motor Vehicle and Other Excise taxes	399,916	-	-	399,916
Community Preservation Surcharges	-	15,895	-	15,895
Departmental and Other	-	-	583,578	583,578
Intergovernmental	7,425,065	-	260,874	7,685,939
Due from Other Funds	260,874	-	-	260,874
Tax Foreclosures	287,008	-	-	287,008
Total Assets	<u>\$ 35,178,325</u>	<u>\$ 5,438,897</u>	<u>\$ 8,361,992</u>	<u>\$ 48,979,214</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
LIABILITIES				
Warrants Payable	\$ 617,086	\$ -	\$ 218,040	\$ 835,126
Accrued Payroll	2,932,098	-	-	2,932,098
Tax Refunds Payable	1,176,107	-	-	1,176,107
Other Liabilities	925,519	-	-	925,519
Due to Other Funds	-	-	260,874	260,874
Total Liabilities	<u>5,650,810</u>	<u>-</u>	<u>478,914</u>	<u>6,129,724</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenue	11,635,066	15,895	583,578	12,234,539
Taxes Received in advance	117,344	-	-	117,344
Total Deferred Inflows of Resources	<u>11,752,410</u>	<u>15,895</u>	<u>583,578</u>	<u>12,351,883</u>
FUND BALANCES				
Nonspendable	-	-	1,133,605	1,133,605
Restricted	5,624,580	5,423,002	6,236,114	17,283,696
Committed	2,372,996	-	43,405	2,416,401
Assigned	1,058,893	-	-	1,058,893
Unassigned	8,718,636	-	(113,624)	8,605,012
Total Fund Balances	<u>17,775,105</u>	<u>5,423,002</u>	<u>7,299,500</u>	<u>30,497,607</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 35,178,325</u>	<u>\$ 5,438,897</u>	<u>\$ 8,361,992</u>	<u>\$ 48,979,214</u>

See accompanying Notes to Basic Financial Statements.

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TOTAL FUND BALANCES TO THE STATEMENT OF NET POSITION
JUNE 30, 2016

Total Governmental Fund Balances	\$ 30,497,607
Capital assets (net of accumulated depreciation) used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds	108,566,851
The equity interest in the assets of the governmental joint venture is not reported in the governmental funds	223,111
Other assets are not available to pay for current period expenditures and, therefore, are reported as deferred inflows of resources in the governmental funds	12,234,539
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	(286,351)
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	(32,903,010)
Capital Lease Obligations	(352,275)
Compensated Absences	(650,069)
Net OPEB Obligation	(20,058,585)
Net Pension Liability	(51,147,993)
In the statement of net position, deferred outflows of resources are reported for amounts related to pension	2,608,153
In the statement of net position, deferred inflows of resources are reported for amounts related to pension	(487,461)
Net Position of Governmental Activities	\$ <u>48,244,517</u>

See accompanying Notes to Basic Financial Statements.

GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	General	Community Preservation	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES				
Real Estate and Personal Property Taxes	\$ 76,420,221	\$ -	\$ -	\$ 76,420,221
Motor Vehicle and Other Excise Taxes	3,702,251	-	-	3,702,251
Tax and Trash Liens	202,152	-	-	202,152
Payments in Lieu of Taxes	48,783	-	-	48,783
Community Preservation Surcharges	-	1,756,562	-	1,756,562
Charges for Services	-	-	766,102	766,102
Intergovernmental	7,528,083	534,729	5,023,318	13,086,130
Penalties and Interest on Taxes	306,133	-	-	306,133
Licenses and Permits	744,567	-	74,675	819,242
Fines and Forfeitures	49,258	-	13,825	63,083
Departmental and Other	1,050,186	-	2,481,419	3,531,605
Contributions	-	-	243,641	243,641
Investment Income (Loss)	113,795	27,465	(15,610)	125,650
Total Revenues	90,165,429	2,318,756	8,587,370	101,071,555
EXPENDITURES				
Current:				
General Government	2,957,584	414,792	360,221	3,732,597
Public Safety	7,364,371	-	4,443,970	11,808,341
Education	57,063,454	-	4,068,082	61,131,536
Public Works	6,277,445	18,827	2,895,372	9,191,644
Health and Human Services	635,310	-	522,875	1,158,185
Culture and Recreation	1,221,872	114,256	1,225,356	2,561,484
Pension Benefits	3,738,774	-	-	3,738,774
Employee Benefits	6,098,164	-	-	6,098,164
Property and Liability Insurance	272,418	-	-	272,418
State and County Charges	197,943	-	-	197,943
Debt Service:				
Principal	2,837,321	925,000	-	3,762,321
Interest	912,152	354,729	-	1,266,881
Total Expenditures	89,576,808	1,827,604	13,515,876	104,920,288
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	588,621	491,152	(4,928,506)	(3,848,733)
OTHER FINANCING SOURCES (USES)				
Transfers In	843,711	-	402,600	1,246,311
Transfers Out	(200,000)	(202,600)	(804,584)	(1,207,184)
Total Other Financing Sources (Uses)	643,711	(202,600)	(401,984)	39,127
NET CHANGE IN FUND BALANCES	1,232,332	288,552	(5,330,490)	(3,809,606)
Fund Balances - Beginning of Year	16,542,773	5,134,450	12,629,990	34,307,213
FUND BALANCES - END OF YEAR	<u>\$ 17,775,105</u>	<u>\$ 5,423,002</u>	<u>\$ 7,299,500</u>	<u>\$ 30,497,607</u>

See accompanying 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, 2016

Net Change in Fund Balances - Total Governmental Funds	\$ (3,809,606)
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.	(26,104)
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	8,857,249
Depreciation	(3,532,640)
In the statement of activities, the loss on the disposals of capital assets is reported, whereas in the governmental funds the disposals are not reported as financial resources. 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	(78,971)
Revenues in the statement of activities that do not provide current financial resources are reported as deferred inflows of resources in the governmental funds. 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 of resources.	(1,372,664)
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 premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. These amounts represent the related activity of the current period.	
Bond Maturities	3,762,321
Net Amortization of Bond Premiums	132,244
Capital Lease Maturities	210,367
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	131,525
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported in the governmental funds. These amounts represent the net changes:	
Compensated Absences	(35,808)
Net OPEB Obligation	(2,529,598)
Net Pension Liability	(3,193,047)
In the statement of activities, deferred outflows related to pensions are amortized and recognized as pension expense. This amount represents the net change in deferred outflows related to pensions	2,446,205
In the statement of activities, deferred inflows related to pensions are amortized and recognized as pension expense. This amount represents the net change in deferred inflows related to pensions	(487,461)
Changes in Net Position of Governmental Activities	\$ <u><u>474,012</u></u>

See accompanying Notes to Basic Financial Statements.

PROPRIETARY FUNDS
STATEMENT OF FUND NET POSITION
JUNE 30, 2016

	Business-Type Activities - Enterprise Funds
	Nonmajor Funds
ASSETS	
Current Assets:	
Cash and Cash Equivalents	\$ 409,866
Restricted Cash and Cash Equivalents	116,385
Receivables, Net of Allowance for Uncollectible Amounts:	
Department and Other	8,250
Total Current Assets	534,501
Noncurrent Assets:	
Capital Assets not being Depreciated	192,500
Capital Assets, Net of Accumulated Depreciation	919,514
Total Noncurrent Assets	1,112,014
Total Assets	1,646,515
DEFERRED OUTFLOWS OF RESOURCES	
Related to Pension	37,033
LIABILITIES	
Current Liabilities:	
Warrants Payable	15,424
Accrued Payroll	18,550
Unearned Revenue	116,385
Compensated Absences	1,725
Total Current Liabilities	152,084
Noncurrent Liabilities:	
Compensated Absences	15,529
Net OPEB Obligation	290,486
Net Pension Liability	726,239
Total Noncurrent Liabilities	1,032,254
Total Liabilities	1,184,338
DEFERRED INFLOWS OF RESOURCES	
Related to Pension	6,922
FUND NET POSITION	
Net Investment in Capital Assets	1,112,014
Unrestricted	(619,726)
Total Net Position	\$ 492,288

See accompanying Notes to Basic Financial Statements.

PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Business-Type Activities - Enterprise Funds
	Nonmajor Funds
OPERATING REVENUES	
Charges for Services	\$ 997,968
OPERATING EXPENSES	
Cost of Service and Administration	894,217
Repairs and Maintenance	175,759
Depreciation	106,605
Total Operating Expenses	1,176,581
OPERATING INCOME (LOSS)	(178,613)
NONOPERATING REVENUES (EXPENSES)	
Investment Income	914
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	(177,699)
Transfers Out	(39,127)
CHANGE IN FUND NET POSITION	(216,826)
Fund Net Position - Beginning of Year	709,114
FUND NET POSITION - END OF YEAR	\$ 492,288

See accompanying Notes to Basic Financial Statements.

PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Business - Type Activities - Enterprise Funds
	Nonmajor Funds
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from Customers and Users	\$ 992,020
Payments to Vendors	(402,943)
Payments to Employees	(595,325)
	<u>(6,248)</u>
Net Cash Provided by Operating Activities	<u>(6,248)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Transfers Out	<u>(39,127)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Acquisition of Capital Assets	<u>(181,540)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Investment Income	<u>914</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	(226,001)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR (Includes \$122,083 reported as Restricted in the Transfer Station Enterprise Fund)	<u>752,252</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR (Includes \$116,385 reported as Restricted in the Transfer Station Enterprise Fund)	\$ <u><u>526,251</u></u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES	
Operating Income (Loss)	\$ <u>(178,613)</u>
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:	
Changes in Assets and Liabilities not Requiring Current Cash Flows:	
Depreciation	106,605
Net OPEB Obligation	51,524
Net Pension Liability and Related	17,525
Effect of Changes in Operating Assets and Liabilities:	
Departmental and Other	(250)
Warrants Payable	(4,452)
Accrued Payroll	6,995
Unearned Revenue	(5,698)
Compensated Absences	<u>116</u>
Total Adjustments	<u>172,365</u>
Net Cash Provided by Operating Activities	\$ <u><u>(6,248)</u></u>

See accompanying Notes to Basic Financial Statements.

FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2016

ASSETS	Private Purpose Trust Funds	Agency Funds
Cash and Cash Equivalents	\$ 8,517	\$ 412,408
Investments	149,023	-
Receivables, Net of Allowance for Uncollectible Amounts: Departmental and Other	<u>-</u>	<u>127,963</u>
Total Assets	<u>157,540</u>	\$ <u>540,371</u>
 LIABILITIES		
Liabilities Due Depositors	<u>-</u>	\$ <u><u>540,371</u></u>
 NET POSITION		
Held in Trust for Pension Benefits and Other Purposes	\$ <u><u>157,540</u></u>	

See accompanying Notes to Basic Financial Statements.

FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Private Purpose Trust Funds
ADDITIONS	
Net Investment Income:	
Net Appreciation/(Depreciation) in Fair Value of Investments	(6,129)
Interest	4,279
	<hr/>
NET INVESTMENT INCOME (LOSS)	(1,850)
	<hr/>
DEDUCTIONS	
Scholarships Awarded	1,000
Other	7,253
	<hr/>
Total Deductions	8,253
	<hr/>
CHANGE IN NET POSITION	(10,103)
Net Position - Beginning of Year	167,643
	<hr/>
NET POSITION - END OF YEAR	\$ 157,540
	<hr/> <hr/>

See accompanying 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, 2016, 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, 2016, the Town's equity interest in the Facility totaled \$223,111 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, 2016, the Town's assessment totaled \$22,136,184. 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, 2016, the Town's assessment totaled \$694,382. 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, 2016, the Town implemented the following pronouncements issued by the GASB:

- GASB Statement No. 72, *Fair Value Measurement and Application*
- GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 67, and Amendments to Certain Provisions of GASB Statements 67 and 68*
- GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*
- GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*

The implementation of GASB Statement No. 72 required certain disclosures to be made about fair value measurements, the level of fair value hierarchy, and valuation techniques related to the Town's investments.

The implementations of GASB Statement No.'s 73, 76 and 79 had no reporting impact for the Town.

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

The government-wide financial statements (statement of net position and the statement of 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 PresentationGovernment-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 1st of every year. Assessed values are established by the Board of Assessor's for 100% of the estimated fair market value. Taxes are due on August 1st, November 1st, February 1st, and May 1st and are subject to penalties and interest if they are not paid by the respective due date. Real estate and personal property taxes levied are recorded as receivables in the fiscal year of the levy.

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

Motor Vehicle and Other Excise Taxes

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

Community Preservation Surcharges

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

Departmental and Other

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

Intergovernmental

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

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, 2016, the allowance for uncollectible amounts for personal property taxes and 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, construction in progress, 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 has one item that qualifies for reporting in this category; as follows:

- Deferred outflows of resources related to pensions are reported in the government-wide and proprietary funds financial statements in accordance with GASB Statement No. 68.

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 three 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.
- Deferred inflows of resources related to pensions are reported in the government-wide and proprietary funds financial statements in accordance with GASB Statement No. 68.

P. Unearned Revenue

Unearned revenue consists of monies received in advance for 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 previously accumulated for self-insurance activities.

"OPEB" represents amounts accumulated for other post-employment 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, which is the only fund that can report a positive unassigned fund balance. In governmental funds other than the general fund, if expenditures incurred for specific purposes exceed the amounts that are restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance in that fund.

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 DebtGovernment-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. PensionsGovernment-Wide and Fund Financial Statements

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Middlesex County Retirement System (MCRS) and additions to/deductions from MCRS's fiduciary net position have been determined on the same basis as they are reported by MCRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

V. *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.

W. *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.

X. *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 fiscal year 2016 approved budget for the general fund and community preservation fund authorized \$88,929,984 and \$1,830,781, respectively, in appropriations and other amounts to be raised. During fiscal year 2016, an increase in general fund appropriations totaling \$1,755,531 were authorized.

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.

B. Fund Deficits

At June 30, 2016, fund deficits are reported in the recreation field nonmajor enterprise fund (\$74,815) and streets and sidewalks capital projects fund (\$113,624).

NOTE 3 - DEPOSITS AND INVESTMENTS

The municipal finance laws of the Commonwealth authorize the Town to invest temporarily idle cash in bank term deposits, 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; and 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. There are no restrictions on participant withdrawals. The reported value of the pool is the same as the fair value of pool shares. The Town reports amortized cost.

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, 2016, \$9,792,634 of the Town's bank balance of \$21,905,217 was uninsured, uncollateralized and exposed to custodial credit risk.

Investments Summary

The Town's investments at June 30, 2016 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	More Than 10	
<u>Debt Securities:</u>					
U.S. Agencies.....	\$ 3,767,492	\$ 3,767,492	\$ -	\$ -	
Corporate bonds.....	1,710,855	200,947	1,509,908	-	
Money market mutual funds.....	823,964	823,964	-	-	
Debt security mutual funds.....	628,747	628,747	-	-	
Certificates of deposit.....	7,360,553	5,198,187	2,162,366	-	
Fixed income securities.....	156,128	-	-	156,128	
External investment pools.....	215,286	215,286	-	-	
Total debt securities.....	14,663,025	\$ 10,834,623	\$ 3,672,274	\$ 156,128	
<u>Other Investments:</u>					
Equity mutual funds.....	1,112,444				
Total investments.....	\$ 15,775,469				

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, 2016, 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, 2016, the credit quality ratings of the Town's investments in debt securities are as follows:

Investment Type	Fair Value	Quality Ratings *						
		AA+	AA-	A	A-	BBB+	BBB	Unrated
U.S. Agencies.....	\$ 3,767,492	\$ 3,767,492	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Corporate bonds.....	1,710,855	-	212,617	355,256	143,209	798,827	200,947	-
Money market mutual funds.....	823,964	-	-	-	-	-	-	823,964
Debt security mutual funds.....	628,747	-	-	-	-	-	-	628,747
Certificates of deposit.....	7,360,553	-	-	-	-	-	-	7,360,553
Fixed income securities.....	156,128	-	-	-	-	-	-	156,128
External investment pools.....	215,286	-	-	-	-	-	-	215,286
Total.....	\$ 14,663,025	\$ 3,767,492	212,617	\$ 355,256	143,209	\$ 798,827	\$ 200,947	\$ 9,184,678

* Per the rating scale of Standard and Poor's (a national credit rating organization)

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, 2016, 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, 2016, the Town was not exposed to concentration of credit risk.

Investments – Fair Value Measurements

The Town categorizes its fair value measurements within the fair value hierarchy established by GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

		Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by Fair Value Level	Fair Value			
<u>Debt Securities:</u>				
U.S. Agencies.....	\$ 3,767,492	\$ 3,767,492	\$ -	\$ -
Corporate bonds.....	1,710,855	1,710,855	-	-
Debt security mutual funds.....	628,747	628,747	-	-
Fixed income securities.....	156,128	156,128	-	-
Total Debt Securities.....	<u>6,263,222</u>	<u>6,263,222</u>	<u>-</u>	<u>-</u>
<u>Equity Securities:</u>				
Equity mutual funds.....	<u>1,112,444</u>	<u>1,112,444</u>	<u>-</u>	<u>-</u>
Total Investments by Fair Value Level	\$ <u>7,375,666</u>	\$ <u>7,375,666</u>	\$ <u>-</u>	\$ <u>-</u>
Total Investments measured at Fair Value	\$ 7,375,666			

Debt and equity securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities.

NOTE 4 - ACCOUNTS RECEIVABLE

At June 30, 2016, 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.....	\$ 739,841	\$ -	\$ 739,841
Real estate tax deferrals.....	2,274,394	-	2,274,394
Tax liens.....	825,805	-	825,805
Motor vehicle and other excise taxes.....	454,304	(54,388)	399,916
Community preservation surcharges.....	15,895	-	15,895
Departmental and other.....	711,541	-	711,541
Intergovernmental.....	7,685,939	-	7,685,939
	<u>\$ 12,707,719</u>	<u>\$ (54,388)</u>	<u>\$ 12,653,331</u>

At June 30, 2016, receivables for the enterprise funds consist of the following:

	Gross Amount	Allowance for Uncollectibles	Net Amount
<u>Receivables:</u>			
Departmental and other.....	\$ 8,250	\$ -	\$ 8,250

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 2016, approximately \$1,606,000 of such assistance was received. \$8,028,833 will be received in future fiscal years. Of this amount, \$603,768 represents reimbursement of long-term interest costs, and \$7,425,065 represents reimbursement of approved construction costs. Accordingly, an \$7,425,065 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, 2016, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
<u>Capital assets not being depreciated:</u>				
Land.....	\$ 30,220,502	\$ 38,744	\$ -	\$ 30,259,246
Construction in progress.....	4,975,774	5,077,521	-	10,053,295
Intangible assets.....	16,078,730	99,507	-	16,178,237
Total capital assets not being depreciated.....	51,275,006	5,215,772	-	56,490,778
<u>Capital assets being depreciated:</u>				
Land improvements.....	3,111,517	-	-	3,111,517
Buildings and improvements.....	70,813,033	1,276,642	-	72,089,675
Machinery and equipment.....	8,433,775	516,997	(29,070)	8,921,702
Vehicles.....	3,585,002	1,093,797	(594,523)	4,084,276
Infrastructure.....	17,114,064	754,042	-	17,868,106
Total capital assets being depreciated.....	103,057,391	3,641,478	(623,593)	106,075,276
<u>Less accumulated depreciation for:</u>				
Land improvements.....	(1,091,304)	(96,138)	-	(1,187,442)
Buildings and improvements.....	(30,297,028)	(1,902,013)	-	(32,199,041)
Machinery and equipment.....	(6,409,493)	(413,046)	29,070	(6,793,469)
Vehicles.....	(2,384,514)	(548,106)	515,552	(2,417,068)
Infrastructure.....	(10,828,846)	(573,337)	-	(11,402,183)
Total accumulated depreciation.....	(51,011,185)	(3,532,640)	544,622	(53,999,203)
Total capital assets being depreciated, net.....	52,046,206	108,838	(78,971)	52,076,073
Total governmental activities capital assets, net.....	\$ 103,321,212	\$ 5,324,610	\$ (78,971)	\$ 108,566,851

	Beginning Balance	Increases	Decreases	Ending Balance
Business-Type Activities:				
<u>Capital assets not being depreciated:</u>				
Land.....	\$ 192,500	\$ -	\$ -	\$ 192,500
<u>Capital assets being depreciated:</u>				
Buildings and improvements.....	1,650,181	-	-	1,650,181
Machinery and equipment.....	102,278	-	-	102,278
Vehicles.....	136,640	181,540	-	318,180
Total capital assets being depreciated.....	1,889,099	181,540	-	2,070,639
<u>Less accumulated depreciation for:</u>				
Buildings and improvements.....	(894,990)	(53,239)	-	(948,229)
Machinery and equipment.....	(19,720)	(10,228)	-	(29,948)
Vehicles.....	(129,810)	(43,138)	-	(172,948)
Total accumulated depreciation.....	(1,044,520)	(106,605)	-	(1,151,125)
Total capital assets being depreciated, net.....	844,579	74,935	-	919,514
Total business-type activities capital assets, net.....	\$ 1,037,079	\$ 74,935	\$ -	\$ 1,112,014

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

Governmental Activities:

General government.....	\$ 162,803
Public safety.....	380,665
Education.....	1,475,904
Public works.....	1,353,362
Health and human services.....	5,870
Culture and recreation.....	154,037

Total depreciation expense - governmental activities..... \$ 3,532,640

Business-Type Activities:

Swimming pool.....	\$ 54,594
Transfer Station.....	52,011
	<u>\$ 106,605</u>

NOTE 6 - NET INVESTMENT IN CAPITAL ASSETS

Net investment in capital assets at June 30, 2016 is summarized as follows:

Governmental Activities

Capital Assets.....	\$ 162,566,054
Less accumulated depreciation.....	(53,999,203)
Less outstanding bonds and notes payable.....	(32,903,010)
Less outstanding capital leases.....	(352,275)
Add unspent proceeds of capital related debt.....	<u>411,759</u>
Net investment in capital assets.....	<u>\$ 75,723,325</u>

Business-Type Activities

Capital assets.....	\$ 2,263,139
Less accumulated depreciation.....	<u>(1,151,125)</u>
Net investment in capital assets.....	<u>\$ 1,112,014</u>

NOTE 7 - INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Interfund transfers for the fiscal year ended June 30, 2016, are summarized as follows:

Transfers Out:	Transfers In:		
	General Fund	Nonmajor Governmental Funds	Total
General Fund.....	\$ -	\$ 200,000	\$ 200,000 (1)
Community Preservation Fund.....	-	202,600	202,600 (2)
Nonmajor Governmental Funds.....	804,584	-	804,584 (3)
Nonmajor Enterprise Funds.....	<u>39,127</u>	<u>-</u>	<u>39,127 (4)</u>
	<u>\$ 843,711</u>	<u>\$ 402,600</u>	<u>\$ 1,246,311</u>

- (1) Represents budgeted transfer to capital projects fund
- (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 2016 operating budget (\$625,000). Also represents transfers from capital projects funds for annual premium amortization (\$103,905), repurpose articles (\$60,462) and fund balance close outs (\$15,217).
- (4) Represents budgeted transfer of indirect costs from the recreation field maintenance (\$21,500) and transfer station (\$16,700) nonmajor enterprise funds. Also represents a transfer from the recreation field maintenance nonmajor enterprise fund to the general fund (\$100) and transfer from the pool nonmajor enterprise fund to the general fund for fund balance close out of the natatorium roof capital projects fund (\$827).

At June 30, 2016, receivables and payables between the general fund and nonmajor governmental funds totaled \$260,874 and represent advance-funding of intergovernmental receivables.

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), grant anticipation notes (GAN), or state aid anticipation notes (SAAN).

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, 2016, are as follows:

Type	Description	Origination Date	Maturity Date	Interest Rate	Balance at June 30, 2015	Increases	Decreases	Balance at June 30, 2016
SAN	Chapter 90 anticipation note	11/19/14	9/28/15	0.40%	\$ 1,265,000	\$ -	\$ (1,265,000)	\$ -

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, 2016:

	Balance June 30, 2015	Increases	Decreases	Balance June 30, 2016	Current Portion
Governmental Activities:					
Bonds and notes payable.....	\$ 36,797,575	\$ -	\$ (3,894,565)	\$ 32,903,010	\$ 3,852,284
Capital lease obligations.....	562,642	-	(210,367)	352,275	168,935
Net OPEB obligation.....	17,528,987	3,842,195	(1,312,597)	20,058,585	-
Net pension liability.....	47,954,946	3,193,047	-	51,147,993	-
Compensated absences.....	614,261	35,809	-	650,070	65,007
Total.....	\$ 103,458,411	\$ 7,071,051	\$ (5,417,529)	\$ 105,111,933	\$ 4,086,226
Business-type Activities:					
Net OPEB obligation.....	\$ 238,962	\$ 51,524	\$ -	\$ 290,486	\$ -
Net pension liability.....	680,902	45,337	-	726,239	-
Compensated absences.....	17,138	116	-	17,254	1,725
Total.....	\$ 937,002	\$ 96,977	\$ -	\$ 1,033,979	\$ 1,725

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, 2016, and the debt service requirements are as follows:

Bonds and Notes Payable - Governmental Funds

Date of Issue	Original Issue	Project	Maturity Date	Interest Rate (%)	Outstanding at June 30, 2015	Additions	Reductions	Outstanding at June 30, 2016
06/01/09	5,045,000	Land Development Rights.....	10/15/28	2.00 - 4.00	3,515,000	-	(255,000)	3,260,000
12/15/10	2,030,000	Land Development Rights.....	08/15/30	2.00 - 4.00	1,600,000	-	(100,000)	1,500,000
04/15/11	4,870,000	School Construction Refunding.....	06/21/21	2.00 - 4.00	2,820,000	-	(485,000)	2,335,000
12/15/11	1,580,000	School Construction.....	08/12/21	2.00 - 3.00	1,100,000	-	(160,000)	940,000
03/15/13	2,455,000	Community Preservation Act - 2004 Refunding.....	06/15/24	1.50 - 2.00	2,160,000	-	(260,000)	1,900,000
03/15/13	1,590,000	Community Preservation Act - 2005 Refunding.....	06/15/25	1.50 - 2.00	1,295,000	-	(145,000)	1,150,000
08/15/13	430,000	General Obligation Bonds - Nixon Roof.....	08/15/23	2.00 - 3.00	385,000	-	(45,000)	340,000
08/15/13	3,010,000	General Obligation Bonds - Pantry Brook Farm.....	08/15/33	2.00 - 4.00	2,895,000	-	(115,000)	2,780,000
08/15/13	1,950,000	Land Acquisition - 2005 Refunding.....	08/15/18	2.00 - 4.00	1,495,000	-	(450,000)	1,045,000
02/25/15	974,146	ESCO Loan.....	06/27/30	2.52	974,146	-	(30,521)	943,625
02/26/15	1,000,000	Land Acquisition - Community Preservation Act.....	02/15/35	2.00 - 5.00	1,000,000	-	(50,000)	950,000
02/26/15	6,760,000	Police Headquarters Construction.....	02/15/35	2.00 - 5.00	6,760,000	-	(345,000)	6,415,000
02/26/15	1,724,000	Land Acquisition.....	02/15/35	2.00 - 5.00	1,724,000	-	(89,000)	1,635,000
02/26/15	440,000	Building Remodeling - School.....	02/15/25	2.00 - 5.00	440,000	-	(45,000)	395,000
02/26/15	280,000	Police Headquarters Construction.....	02/15/31	3.00 - 5.00	280,800	-	(10,800)	270,000
03/05/15	6,845,000	School Project - 2015 Refunding.....	06/01/21	3.00 - 5.00	6,845,000	-	(1,050,000)	5,795,000
03/05/15	627,000	Police Headquarters Construction - Architect.....	06/01/21	3.00 - 5.00	627,000	-	(127,000)	500,000
Sub-total.....					35,915,946	-	(3,762,321)	32,153,625
Unamortized premiums.....					881,629	-	(132,244)	749,385
Total governmental funds					\$ 36,797,575	\$ -	\$ (3,894,565)	\$ 32,903,010

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
2017.....	\$ 3,720,040	\$ 1,124,583	\$ 4,844,623
2018.....	3,688,057	994,774	4,682,831
2019.....	3,431,950	865,973	4,297,923
2020.....	3,515,343	739,030	4,254,373
2021.....	3,544,621	598,741	4,143,362
2022.....	1,628,908	472,493	2,101,401
2023.....	1,468,503	419,746	1,888,249
2024.....	1,468,116	368,327	1,836,443
2025.....	1,217,845	316,283	1,534,128
2026.....	1,072,895	268,523	1,341,418
2027.....	1,078,273	234,032	1,312,305
2028.....	1,093,787	198,612	1,292,399
2029.....	1,109,642	162,114	1,271,756
2030.....	870,645	129,737	1,000,382
2031.....	775,000	101,626	876,626
2032.....	660,000	77,376	737,376
2033.....	665,000	55,576	720,576
2034.....	675,000	33,476	708,476
2035.....	470,000	14,686	484,686
Total.....	\$ 32,153,625	\$ 7,175,708	\$ 39,329,333

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, 2016, the Town had the following authorized and unissued debt:

<u>Purpose</u>	<u>Amount</u>
School Building Renovations.....	\$ <u>621,000</u>

NOTE 11 - CAPITAL LEASES

The Town has entered into certain capital lease agreements for machinery, 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, 2016:

<u>Fiscal Years Ending June 30</u>	<u>Governmental Activities</u>
2017.....	\$ 177,670
2018.....	123,263
2019.....	<u>66,583</u>
Total minimum lease payments.....	367,516
Less: amounts representing interest.....	<u>(15,241)</u>
Present value of minimum lease payments.....	\$ <u>352,275</u>

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

<u>Asset:</u>	<u>Governmental Activities</u>
Machinery, equipment and vehicles.....	\$ 1,983,107
Less: accumulated amortization.....	<u>(1,091,849)</u>
Total.....	\$ <u>891,258</u>

Amortization of leased machinery, 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, GAAP-basis audited financial report.

The number of participants as of July 1, 2015, the latest actuarial valuation, is as follows:

Active employees.....	553
Retired employees and spouses.....	<u>459</u>
Total.....	<u><u>1,012</u></u>

Funding Policy - The contribution requirements of Plan members and the Town are established and may be amended by the Town. The required health contribution rates of Plan members and the Town are 50% each. 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.....	\$ 4,225,867
Interest on net OPEB obligation.....	621,878
Adjustment to annual required contribution.....	<u>(966,174)</u>
Annual OPEB cost.....	3,881,571
Contributions made.....	<u>(1,300,449)</u>
Increase in net OPEB obligation.....	2,581,122
Net OPEB obligation at beginning of year.....	<u>17,767,949</u>
Net OPEB obligation at end of year.....	<u><u>\$ 20,349,071</u></u>

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

Fiscal Year Ending	Annual OPEB Cost (AOPEBC)	Percentage of AOPEBC Contributed	Net OPEB Obligation
June 30, 2014.....	3,097,168	32.4%	15,613,354
June 30, 2015.....	3,201,919	32.7%	17,767,949
June 30, 2016.....	3,881,571	33.5%	20,349,071

Funded Status and Funding Progress – The funded status of the Plan at July 1, 2015, the most recent actuarial valuation, was as follows:

Actuarial Valuation Date	Actuarial Value of Assets (A)	Actuarial 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)
07/01/15	\$ -	\$ 57,863,363	\$ 57,863,363	0.00%	\$ 35,566,273	162.7%

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, 2015
Actuarial cost method:	Projected unit credit
Amortization method:	Increasing at 4% per year
Remaining amortization period:	30 years at July 1, 2015 (open period)
Interest discount rate:	4.0%
Inflation rate:	3.0%
Healthcare/Medical cost trend rate:	7.0% grading down 0.5% per year to an ultimate level of 5.0%

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

Governmental Activities:

General government.....	\$ 193,235
Public safety.....	579,433
Education.....	2,684,199
Public works.....	210,751
Health and human services.....	62,459
Culture and recreation.....	<u>112,118</u>

Total AOPEBC - governmental activities.....	<u>3,842,195</u>
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Business-Type Activities:

Swimming pool.....	27,491
Transfer station.....	10,806
Recreation field maintenance.....	<u>1,079</u>

Total AOPEBC - business-type activities.....	<u>39,376</u>
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Total AOPEBC.....	\$ <u><u>3,881,571</u></u>
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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 and workers' compensation 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 municipal building insurance activities. These activities are accounted for in the general fund.

Municipal building insurance claims are immaterial at June 30, 2016 and, therefore, no liability is reported.

NOTE 14 - FUND BALANCES

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

	General	Community Preservation	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable:				
Permanent fund principal.....	\$ -	\$ -	\$ 1,133,605	\$ 1,133,605
Restricted:				
Debt service.....	55,012	-	-	55,012
Employee benefits.....	330,853	-	-	330,853
OPEB.....	5,238,715	-	-	5,238,715
Community preservation.....	-	5,423,002	-	5,423,002
School lunch.....	-	-	187,166	187,166
Affordable housing.....	-	-	271,435	271,435
Revolving.....	-	-	1,721,050	1,721,050
Receipts reserved.....	-	-	1,465,450	1,465,450
Grants.....	-	-	908,319	908,319
Other special revenue.....	-	-	837,986	837,986
Capital - school construction.....	-	-	62,125	62,125
Capital - other.....	-	-	233,034	233,034
Cemetery perpetual care.....	-	-	134,222	134,222
Other permanent funds.....	-	-	415,327	415,327
Sub-total - Restricted.....	5,624,580	5,423,002	6,236,114	17,283,696
Committed:				
Continuing appropriations.....	721,606	-	-	721,606
Subsequent year's expenditures.....	505,190	-	-	505,190
Melone stabilization.....	1,100,000	-	-	1,100,000
Energy stabilization.....	46,000	-	-	46,000
DPW stabilization.....	100	-	-	100
Synthetic turf stabilization.....	100	-	-	100
Other capital projects.....	-	-	43,405	43,405
Sub-total - Committed.....	2,372,996	-	43,405	2,416,401
Assigned:				
Encumbrances - school.....	602,976	-	-	602,976
Encumbrances - public safety.....	192,018	-	-	192,018
Encumbrances - public works.....	124,181	-	-	124,181
Encumbrances - general government.....	93,143	-	-	93,143
Encumbrances - other.....	46,575	-	-	46,575
Sub-total - Assigned.....	1,058,893	-	-	1,058,893
Unassigned.....	8,718,636	-	(113,624)	8,605,012
Total fund balance.....	\$ 17,775,105	\$ 5,423,002	\$ 7,299,500	\$ 30,497,607

NOTE 15 - STABILIZATION FUNDS

The Town maintains a general stabilization fund, energy stabilization fund, Melone stabilization fund, DPW stabilization fund and synthetic turf 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, energy stabilization fund, Melone stabilization fund, DPW stabilization fund and synthetic turf stabilization fund at June 30, 2016 are \$4,340,885, \$46,000, \$1,100,000, \$100, and \$100 respectively. The general stabilization fund is reported in the general fund as unassigned fund balance, while the other stabilization funds are reported in the general fund as committed fund balance.

NOTE 16 - PENSION PLANGeneral Information about the Pension Plan

Plan description. Employees of the Town deemed eligible by the Middlesex County Retirement Board are provided with pensions through the MCRS, a cost-sharing multiple-employer defined benefit pension plan administered by the Middlesex County Retirement Board. Membership in the MCRS is mandatory immediately upon the commencement of employment for all permanent employees (except for school department employees who serve in a teaching capacity) working a minimum of 20 hours per week. The MCRS issues a publicly available financial report that can be obtained by contacting the MCRS located at 25 Linnell Circle, Billerica, Massachusetts, 01821.

Benefits provided. The plan provides retirement, disability and death benefits. Chapter 32 of the MGL assigns authority to establish and amend benefit provisions of the plan. Retirement benefits are provided up to a maximum of 80% of a member's highest three-year average annual rate of regular compensation for those hired prior to April 2, 2012. For persons who became members on or after April 2, 2012, average salary is calculated as the average annual rate of regular compensation received during the five consecutive years that produce the highest average, or, if greater, during the last five years (whether or not consecutive) preceding retirement. Benefit payments are based upon a member's age, length of creditable service, level of compensation, and group classification.

Members become vested after ten years of creditable service. A superannuation retirement allowance may be received upon the completion of 20 years of service or upon reaching the age of 55 with 10 years of service. Normal retirement for most employees occurs at age 65 (except for certain hazardous duty and public safety positions, whose normal retirement is at age 55).

A retirement allowance consists of two parts: an annuity and a pension. A member's accumulated total deductions and the interest they generate constitute the annuity. The differential between the total retirement benefit and the annuity is the pension.

Members who become permanently and totally disabled for further duty may be eligible to receive a disability retirement allowance. The amount of benefits to be received in such cases is dependent on several factors, including whether or not the disability is work related, the member's age, years of creditable service, level of compensation, veterans' status and group classification.

Survivor benefits are extended to eligible beneficiaries of members whose death occurs prior to or following retirement.

Contributions. Chapter 32 of the MGL assigns authority to establish and amend contribution requirements of the plan. Active plan members contribute between 5 and 11% of their gross regular compensation. The contribution rate is based on the date plan membership commences. Members hired on or after January 1, 1979, contribute an additional 2% of annual regular compensation in excess of \$30,000. Employers are required to pay an annual actuarially determined contribution that, when combined with employee contributions, is expected to finance the pension portion of each member's retirement allowance, an amount to amortize the actuarially determined unfunded liability to zero in accordance with the plan's funding schedule, and additional appropriations in accordance with adopted early retirement incentive programs. The pension fund appropriations are allocated amongst employers based on covered payroll. Contributions to the pension plan from the Town were \$3,710,907 for the year ended June 30, 2016.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2016, the Town reported a liability of \$51,874,232 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2014 for which update procedures were used to roll forward the total pension liability to the measurement date. The Town proportion of the net pension liability is a blended rate of the proportionate share of active employer's covered payroll, direct charges for early retirement incentives and the direct amortization of the actuarial determined net pension liability for employer members that no longer have active covered payroll.

At December 31, 2015, the Town proportion was 4.02%, a decrease of 0.03% from the proportion of 4.05% as of December 31, 2014.

For the year ended June 30, 2016, the Town recognized pension expense of \$4,962,732. At June 30, 2016, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions as follows:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Net difference between projected and actual earnings on System investments	\$ 2,645,186	\$ -
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	494,383
	<u>\$ 2,645,186</u>	<u>\$ 494,383</u>

The amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended June 30</u>	
2017	\$ 547,897
2018	547,897
2019	547,897
2020	507,112

Actuarial assumptions. The total pension liability was determined using the following actuarial assumptions:

Inflation rate:	4.00%
Salary increases	Varies by length of service with ultimate rates of 4.25% for Group 1, 4.50% for Group 2 and 4.75% for Group 4
Mortality Rates:	Pre-Retirement - The RP-2000 Employee Mortality Table projected 22 years with Scale AA
	Post-Retirement - The RP-2000 Employee Mortality Table projected 17 years with Scale AA
	Disabled Retiree - The RP-2000 Healthy Annuitant Mortality Table set forward three years projected 17 years with Scale AA
Investment rate of return	7.875%, net of pension plan investment expense, including inflation (previously 8.0%)

The actuarial assumptions used in the January 1, 2014 valuation were based on the results of an actuarial experience study for the period January 1, 2012 to January 1, 2014.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of January 1, 2014 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	19.6%	6.5%
International Equity - Developed Markets	15.6%	7.2%
International Equity - Emerging Markets	6.5%	9.5%
Core Fixed Income	15.3%	1.7%
High-Yield Fixed Income	8.3%	4.8%
Real Estate	9.9%	4.4%
Commodities	3.9%	4.1%
Short-Term Government Money Market	0.0%	1.1%
Hedge Fund, GTAA, Risk Parity	9.8%	3.6%
Private Equity	11.1%	11.0%
Totals	100%	

Discount rate. The discount rate used to measure the total pension liability was 7.875%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from employers will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Town's proportionate share of the net pension liability to changes in the discount rate. The following presents the Town's proportionate share of the net pension liability calculated using the discount rate of 7.875%, as well as what the Town's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.875%) or 1-percentage-point higher (8.875%) than the current rate:

	1% Decrease (6.875%)	Current Discount Rate (7.875%)	1% Increase (8.875%)
Town of Sudbury's Proportionate Share of the Net Pension Liability	\$ 62,291,165	\$ 51,874,232	\$ 43,003,485

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued MCRS financial report.

NOTE 17 – MASSACHUSETTS TEACHERS RETIREMENT SYSTEM

General Information about the Pension Plan

Plan description. Public school teachers and certain administrators are provided with pensions through the Massachusetts Teachers' Retirement System (MTRS), a cost-sharing multiple-employer defined benefit pension plan administered by the Massachusetts Teachers' Retirement Board. The MTRS is part of the Commonwealth of Massachusetts' (Commonwealth) reporting entity and does not issue a stand-alone audited financial report. The MTRS is reported as a Pension Trust Fund in the Commonwealth's audited financial statements that can be obtained at <http://www.mass.gov/osc/publications-and-reports/financial-reports/cafr-reports.html>.

Benefits provided. MTRS provides retirement, disability, survivor and death benefits to members and their beneficiaries. Massachusetts General Laws (MGL) establishes uniform benefit requirements. These requirements provide for superannuation retirement allowance benefits up to a maximum of 80% of a member's highest three-year average annual rate of regular compensation. For employees hired after April 1, 2012, retirement allowances are calculated on the basis of the last five years or any five consecutive years, whichever is greater in terms of compensation. Benefit payments are based upon a member's age, length of creditable service, group creditable service, and group classification. The authority for amending these provisions rests with the Legislature.

Members become vested after ten years of creditable service. A superannuation retirement allowance may be received upon the completion of twenty years of creditable service or upon reaching the age of 55 with ten years of service. Normal retirement for most employees occurs at age 65. Most employees who joined the system after April 1, 2012 cannot retire prior to age 60.

Contributions. The MTRS' funding policies have been established by Chapter 32 of the MGL. The Legislature has the authority to amend these policies. The annuity portion of the MTRS retirement allowance is funded by employees, who contribute a percentage of their regular compensation. Member contributions for MTRS vary depending on the most recent date of membership, ranging from 5-11% of regular compensation. Members hired in 1979 or subsequent contribute an additional 2% of regular compensation in excess of \$30,000.

The Commonwealth is a nonemployer contributor and is required by statute to make all actuarially determined employer contributions on behalf of the member employers. Therefore, the Town is considered to be in a special funding situation as defined by GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and the Commonwealth is a nonemployer contributing entity in MTRS.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

Since the Town does not contribute directly to MTRS, the Town does not report a proportionate share of the net pension liability of the MTRS at June 30, 2016. The Commonwealth's net pension liability associated with the Town was \$68,827,354.

The MTRS' net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2015 rolled forward to June 30, 2015.

For the year ended June 30, 2016, the Town recognized pension expense of \$5,582,511 associated with MTRS and revenue of the same amount for support provided by the Commonwealth of Massachusetts.

Actuarial assumptions. The MTRS' total pension liability for the June 30, 2015 measurement date was determined by an actuarial valuation as of January 1, 2015 rolled forward to June 30, 2015. This valuation used the following assumptions:

Investment rate of return	7.5%
Salary increases	Salary increases are based on analyses of past experience but range from 4.0% to 7.5% depending on length of service
Mortality Rates:	Pre-retirement - reflects RP-2014 Employees table projected generationally with Scale BB and a base year of 2014 (gender distinct)
	Post-retirement - reflects RP-2014 Healthy Annuitant table projected generationally with Scale BB and a base year of 2014 (gender distinct)
	Disability - assumed to be in accordance with the RP-2014 Healthy Annuitant Table projected generationally with Scale BB and a base year 2014 set forward 4 years
Other	3.5% interest rate credited to the annuity savings fund
	3.0% cost of living increase per year

Investment assets of the MTRS are with the Pension Reserves Investment Trust (PRIT) Fund. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future rates of return by the target asset allocation percentage.

Best estimates of geometric rates of return for each major asset class included in the PRIT Fund's target asset allocation as of June 30, 2015 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global Equity.....	40%	6.9%
Core Fixed Income.....	13%	2.4%
Private Equity.....	10%	8.5%
Real Estate.....	10%	6.5%
Value Added Fixed Income.....	10%	5.8%
Hedge Funds.....	9%	5.8%
Portfolio Completion Strategies.....	4%	5.5%
Timber/Natural Resources.....	4%	6.6%
Totals	100%	

Discount rate. The discount rate used to measure the MTRS' total pension liability was 7.5%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rates and the Commonwealth's contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rates. Based on those assumptions, the net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Pension plan fiduciary net position. Detailed information about the MTRS' fiduciary net position is available in the Commonwealth of Massachusetts's audited financial statements.

NOTE 18 - COMMITMENTS

The Town's significant commitments consist of the encumbrances and continuing appropriations outstanding for the general fund, which totaled \$1,780,499 at June 30, 2016.

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, 2016, cannot be ascertained, management believes any resulting liability should not materially affect the financial position of the Town as of June 30, 2016.

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, 2016, 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.

Required Supplementary Information



The Goodnow Library. Listed on the National Register of Historic Places.

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Prior Year Encumbrances and Continuing Appropriations	Original Budget	Supplemental Appropriations and Transfers	Final Budget
REVENUES				
Real estate and personal property taxes.....	\$ -	\$ 75,623,350	\$ 812,750	\$ 76,436,100
Motor vehicle and other excise taxes.....	-	3,511,000	-	3,511,000
Tax liens.....	-	-	-	-
Payments in lieu of taxes.....	-	40,000	-	40,000
Intergovernmental	-	7,514,634	-	7,514,634
Penalties and interest on taxes.....	-	177,500	-	177,500
Licenses and permits.....	-	618,000	-	618,000
Fines and forfeitures.....	-	67,000	-	67,000
Departmental and other.....	-	363,500	-	363,500
Investment income.....	-	10,000	-	10,000
TOTAL REVENUES.....	-	87,924,984	812,750	88,737,734
EXPENDITURES				
GENERAL GOVERNMENT				
Selectmen/Town Manager				
Personal services.....	-	353,633	(14,492)	339,141
Expenditures.....	19,262	24,930	80,296	124,488
Total.....	19,262	378,563	65,804	463,629
Assistant Town Manager/Personnel				
Personal services.....	-	171,113	2,474	173,587
Expenditures.....	800	8,345	(4,466)	4,679
Total.....	800	179,458	(1,992)	178,266
Accounting				
Personal services.....	-	246,464	-	246,464
Expenditures.....	-	52,021	-	52,021
Total.....	-	298,485	-	298,485
Finance Committee				
Personal services.....	-	1,583	4,500	6,083
Total.....	-	1,583	4,500	6,083
Assessors				
Personal services.....	-	195,569	-	195,569
Expenditures.....	-	57,000	-	57,000
Total.....	-	252,569	-	252,569
Finance Director/Treasurer/Collector				
Personal services.....	-	336,752	(3,000)	333,752
Expenditures.....	366	35,900	-	36,266
Total.....	366	372,652	(3,000)	370,018
Information Systems				
Personal services.....	-	187,168	6,963	194,131
Expenditures.....	10,104	227,335	29,349	266,788
Total.....	10,104	414,503	36,312	460,919

Actual		Current Year Encumbrances and Continuing Appropriations	Actual and Encumbrances and Continuing Appropriations	Variance Positive/ (Negative)
\$	76,897,346	\$ -	\$ 76,897,346	\$ 461,246
	3,702,251	-	3,702,251	191,251
	202,152	-	202,152	202,152
	48,783	-	48,783	8,783
	7,528,083	-	7,528,083	13,449
	306,133	-	306,133	128,633
	744,567	-	744,567	126,567
	49,258	-	49,258	(17,742)
	1,047,585	-	1,047,585	684,085
	21,139	-	21,139	11,139
	90,547,297	-	90,547,297	1,809,563
	310,765	-	310,765	28,376
	73,313	50,376	123,689	799
	384,078	50,376	434,454	29,175
	173,276	-	173,276	311
	3,132	912	4,044	635
	176,408	912	177,320	946
	243,142	-	243,142	3,322
	51,611	410	52,021	-
	294,753	410	295,163	3,322
	4,102	-	4,102	1,981
	4,102	-	4,102	1,981
	193,658	-	193,658	1,911
	54,636	-	54,636	2,364
	248,294	-	248,294	4,275
	333,630	-	333,630	122
	33,585	360	33,945	2,321
	367,215	360	367,575	2,443
	194,131	-	194,131	-
	233,751	32,812	266,563	225
	427,882	32,812	460,694	225

(continued)

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Prior Year Encumbrances and Continuing Appropriations	Original Budget	Supplemental Appropriations and Transfers	Final Budget
Law				
Personal services.....	-	27,293	421	27,714
Expenditures.....	354	130,610	370,000	500,964
Total.....	354	157,903	370,421	528,678
Permanent Building Committee				
Expenditures.....	4,977	-	50,000	54,977
Town Clerk and Registrars				
Personal services.....	-	241,963	6,665	248,628
Expenditures.....	-	23,180	6,900	30,080
Total.....	-	265,143	13,565	278,708
Conservation				
Personal services.....	-	116,951	(2,500)	114,451
Expenditures.....	1,008	11,700	2,500	15,208
Total.....	1,008	128,651	-	129,659
Planning and Board of Appeals				
Personal services.....	-	256,965	(13,500)	243,465
Expenditures.....	-	13,375	13,500	26,875
Total.....	-	270,340	-	270,340
Town-Wide Operations				
Expenditures.....	16,729	154,790	704	172,223
Reserve Fund.....	-	370,181	(295,847)	74,334
TOTAL GENERAL GOVERNMENT.....	53,600	3,244,821	240,467	3,538,888
PUBLIC SAFETY				
Police				
Personal services.....	-	3,008,024	(60,707)	2,947,317
Expenditures.....	146,910	445,505	54,948	647,363
Total.....	146,910	3,453,529	(5,759)	3,594,680
Fire				
Personal services.....	-	3,109,186	(105,241)	3,003,945
Expenditures.....	80,370	426,139	257,000	763,509
Total.....	80,370	3,535,325	151,759	3,767,454
Building				
Personal services.....	-	212,855	446	213,301
Expenditures.....	-	16,320	-	16,320
Total.....	-	229,175	446	229,621
TOTAL PUBLIC SAFETY.....	227,280	7,218,029	146,446	7,591,755
EDUCATION				
School Department.....	1,031,139	56,579,911	106,600	57,717,650

Actual	Current Year Encumbrances and Continuing Appropriations	Actual and Encumbrances and Continuing Appropriations	Variance Positive/ (Negative)
20,146	-	20,146	7,568
226,343	273,732	500,075	889
246,489	273,732	520,221	8,457
4,975	50,002	54,977	-
238,351	-	238,351	10,277
28,999	939	29,938	142
267,350	939	268,289	10,419
104,499	-	104,499	9,952
12,227	2,480	14,707	501
116,726	2,480	119,206	10,453
234,295	-	234,295	9,170
25,521	24	25,545	1,330
259,816	24	259,840	10,500
159,498	5,560	165,058	7,165
-	-	-	74,334
2,957,586	417,607	3,375,193	163,695
2,955,293	-	2,955,293	(7,976)
554,267	83,468	637,735	9,628
3,509,560	83,468	3,593,028	1,652
2,995,810	-	2,995,810	8,135
637,138	125,671	762,809	700
3,632,948	125,671	3,758,619	8,835
205,698	-	205,698	7,603
16,166	25	16,191	129
221,864	25	221,889	7,732
7,364,372	209,164	7,573,536	18,219
57,063,454	603,051	57,666,505	51,145
			(continued)

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Prior Year Encumbrances and Continuing Appropriations	Original Budget	Supplemental Appropriations and Transfers	Final Budget
PUBLIC WORKS				
Engineering				
Personal services.....	-	430,560	(446)	430,114
Expenditures.....	14,645	68,103	-	82,748
Total.....	14,645	498,663	(446)	512,862
Streets and Roads				
Personal services.....	-	1,020,650	3,405	1,024,055
Expenditures.....	140,873	1,538,940	369,500	2,049,313
Total.....	140,873	2,559,590	372,905	3,073,368
Snow and Ice				
Expenditures.....	-	424,750	128,045	552,795
Trees and Cemetery				
Personal services.....	-	303,830	4,534	308,364
Expenditures.....	36,947	106,000	-	142,947
Total.....	36,947	409,830	4,534	451,311
Parks and Grounds				
Personal services.....	-	138,264	5,876	144,140
Expenditures.....	1,834	89,647	(5,000)	86,481
Total.....	1,834	227,911	876	230,621
Facilities				
Personal services.....	-	292,161	(20,500)	271,661
Expenditures.....	264,373	949,155	563,000	1,776,528
Total.....	264,373	1,241,316	542,500	2,048,189
TOTAL PUBLIC WORKS.....	458,672	5,362,060	1,048,414	6,869,146
HEALTH AND HUMAN SERVICES				
Board of Health				
Personal services.....	-	304,840	(8,000)	296,840
Expenditures.....	4,700	84,582	-	89,282
Total.....	4,700	389,422	(8,000)	386,122
Council on Aging				
Personal services.....	-	201,535	2,292	203,827
Expenditures.....	-	9,000	-	9,000
Total.....	-	210,535	2,292	212,827
Veterans Affairs				
Personal services.....	-	11,581	176	11,757
Expenditures.....	-	47,650	8,000	55,650
Total.....	-	59,231	8,176	67,407
TOTAL HEALTH AND HUMAN SERVICES.....	4,700	659,188	2,468	666,356

Actual	Current Year Encumbrances and Continuing Appropriations	Actual and Encumbrances and Continuing Appropriations	Variance Positive/ (Negative)
412,605	-	412,605	17,509
52,661	14,740	67,401	15,347
465,266	14,740	480,006	32,856
977,183	-	977,183	46,872
1,968,699	78,548	2,047,247	2,066
2,945,882	78,548	3,024,430	48,938
552,117	-	552,117	678
301,867	-	301,867	6,497
121,804	21,000	142,804	143
423,671	21,000	444,671	6,640
139,572	-	139,572	4,568
82,361	3,220	85,581	900
221,933	3,220	225,153	5,468
259,495	-	259,495	12,166
1,409,079	375,791	1,784,870	(8,342)
1,668,574	375,791	2,044,365	3,824
6,277,443	493,299	6,770,742	98,404
281,144	-	281,144	15,696
79,131	37	79,168	10,114
360,275	37	360,312	25,810
202,922	-	202,922	905
6,564	-	6,564	2,436
209,486	-	209,486	3,341
11,240	-	11,240	517
54,308	-	54,308	1,342
65,548	-	65,548	1,859
635,309	37	635,346	31,010
			(continued)

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Prior Year Encumbrances and Continuing Appropriations	Original Budget	Supplemental Appropriations and Transfers	Final Budget
CULTURE AND RECREATION				
Goodnow Library				
Personal services.....	-	826,248	(10,874)	815,374
Expenditures.....	3,000	250,500	10,000	263,500
Total.....	3,000	1,076,748	(874)	1,078,874
Recreation				
Personal services.....	-	145,343	874	146,217
Expenditures.....	18,107	-	40,000	58,107
Total.....	18,107	145,343	40,874	204,324
Historical Commission				
Expenditures.....	-	5,646	-	5,646
Historic Districts Commission				
Personal services.....	-	5,360	-	5,360
Expenditures.....	-	300	-	300
Total.....	-	5,660	-	5,660
TOTAL CULTURE AND RECREATION.....	21,107	1,233,397	40,000	1,294,504
PENSION BENEFITS				
County Retirement System and Pension Benefits				
Expenditures.....	-	3,738,774	-	3,738,774
EMPLOYEE BENEFITS				
Worker's Compensation				
Expenditures.....	7,925	207,442	(34,817)	180,550
Unemployment Compensation				
Expenditures.....	4,500	95,188	(2,700)	96,988
Medical Premiums				
Expenditures.....	8,000	4,277,193	194,181	4,479,374
Life Insurance				
Expenditures.....	340	4,563	-	4,903
Medicare Tax				
Expenditures.....	8,500	556,400	2,700	567,600
Other Postemployment Benefits				
Expenditures.....	-	194,181	(194,181)	-
TOTAL EMPLOYEE BENEFITS.....	29,265	5,334,967	(34,817)	5,329,415
PROPERTY AND LIABILITY INSURANCE				
Expenditures.....	-	296,079	-	296,079
STATE AND COUNTY CHARGES				
Expenditures.....	-	217,989	-	217,989

Actual	Current Year Encumbrances and Continuing Appropriations	Actual and Encumbrances and Continuing Appropriations	Variance Positive/ (Negative)
798,576	-	798,576	16,798
253,569	9,931	263,500	-
1,052,145	9,931	1,062,076	16,798
122,354	-	122,354	23,863
38,744	19,363	58,107	-
161,098	19,363	180,461	23,863
5,646	-	5,646	-
2,717	-	2,717	2,643
267	-	267	33
2,984	-	2,984	2,676
1,221,873	29,294	1,251,167	43,337
3,738,774	-	3,738,774	-
172,499	126	172,625	7,925
54,676	5,000	59,676	37,312
4,369,971	11,226	4,381,197	98,177
3,257	-	3,257	1,646
559,018	-	559,018	8,582
-	-	-	-
5,159,421	16,352	5,175,773	153,642
272,418	11,695	284,113	11,966
197,943	-	197,943	20,046
			(continued)

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Prior Year Encumbrances and Continuing Appropriations	Original Budget	Supplemental Appropriations and Transfers	Final Budget
DEBT SERVICE PRINCIPAL				
Expenditures.....	-	2,817,334	19,987	2,837,321
DEBT SERVICE INTEREST				
Expenditures.....	-	901,716	35,268	936,984
TOTAL EXPENDITURES.....	1,825,763	87,604,265	1,604,833	91,034,861
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES.....	(1,825,763)	320,719	(792,083)	(2,297,127)
OTHER FINANCING SOURCES (USES):				
Transfers in.....	-	625,000	45,000	670,000
Transfers out.....	-	(1,325,719)	(1,476,417)	(2,802,136)
Total other financing sources (uses).....	-	(700,719)	(1,431,417)	(2,132,136)
NET CHANGE IN FUND BALANCE.....	(1,825,763)	(380,000)	(2,223,500)	(4,429,263)
FUND BALANCE AT BEGINNING OF YEAR.....	7,673,714	7,673,714	7,673,714	7,673,714
FUND BALANCE AT END OF YEAR.....	\$ 5,847,951	\$ 7,293,714	\$ 5,450,214	\$ 3,244,451

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>2,837,321</u>	<u>-</u>	<u>2,837,321</u>	<u>-</u>
<u>912,152</u>	<u>-</u>	<u>912,152</u>	<u>24,832</u>
<u>88,638,066</u>	<u>1,780,499</u>	<u>90,418,565</u>	<u>616,296</u>
<u>1,909,231</u>	<u>(1,780,499)</u>	<u>128,732</u>	<u>2,425,859</u>
<u>888,611</u>	<u>-</u>	<u>888,611</u>	<u>218,611</u>
<u>(2,802,136)</u>	<u>-</u>	<u>(2,802,136)</u>	<u>-</u>
<u>(1,913,525)</u>	<u>-</u>	<u>(1,913,525)</u>	<u>218,611</u>
<u>(4,294)</u>	<u>(1,780,499)</u>	<u>(1,784,793)</u>	<u>2,644,470</u>
<u>7,673,714</u>	<u>7,673,714</u>	<u>7,673,714</u>	<u>-</u>
<u>\$ 7,669,420</u>	<u>\$ 5,893,215</u>	<u>\$ 5,888,921</u>	<u>\$ 2,644,470</u>

(concluded)

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Prior Year Encumbrances and Continuing Appropriations	Original Budget	Supplemental Appropriations and Transfers	Final Budget
REVENUES				
Community preservation surcharges.....	\$ -	\$ 1,336,717	\$ -	\$ 1,336,717
Intergovernmental	-	534,729	-	534,729
Investment income.....	-	20,000	-	20,000
TOTAL REVENUES.....	-	1,891,446	-	1,891,446
EXPENDITURES				
Current:				
Administrative.....	-	90,000	-	90,000
Acquisitions and projects.....	420,360	258,452	-	678,812
Debt service:				
Principal.....	-	925,000	-	925,000
Interest.....	-	354,729	-	354,729
TOTAL EXPENDITURES.....	420,360	1,628,181	-	2,048,541
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES.....	(420,360)	263,265	-	(157,095)
OTHER FINANCING SOURCES (USES)				
Transfers out.....	-	(202,600)	-	(202,600)
NET CHANGE IN FUND BALANCE.....	(420,360)	60,665	-	(359,695)
FUND BALANCE AT BEGINNING OF YEAR.....	5,134,450	\$ 5,134,450	\$ 5,134,450	\$ 5,134,450
FUND BALANCE AT END OF YEAR.....	\$ 4,714,090	\$ 5,195,115	\$ 5,134,450	\$ 4,774,755

See the notes to required supplementary information.

	Actual	Current Year Encumbrances and Continuing Appropriations	Actual and Encumbrances and Continuing Appropriations	Variance Positive/ (Negative)
\$	1,756,562	\$ -	\$ 1,756,562	\$ 419,845
	534,729	-	534,729	-
	27,465	-	27,465	7,465
	<u>2,318,756</u>	<u>-</u>	<u>2,318,756</u>	<u>427,310</u>
	64,167	-	64,167	25,833
	483,708	195,104	678,812	-
	925,000	-	925,000	-
	354,729	-	354,729	-
	<u>1,827,604</u>	<u>195,104</u>	<u>2,022,708</u>	<u>25,833</u>
	491,152	(195,104)	296,048	453,143
	(202,600)	-	(202,600)	-
	288,552	(195,104)	93,448	453,143
\$	<u>5,134,450</u>	<u>5,134,450</u>	<u>5,134,450</u>	<u>-</u>
\$	<u><u>5,423,002</u></u>	<u><u>4,939,346</u></u>	<u><u>5,227,898</u></u>	<u><u>453,143</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:

SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

	2016*	2015*
Town's proportion of the net pension liability	4.021 %	4.049 %
Town's proportionate share of the net pension liability	51,874,232	48,635,848
Town's covered-employee payroll	14,865,858	14,294,094
Town's proportionate share of the net pension liability as a percentage of its covered-employee payroll	348.95 %	340.25 %
Plan fiduciary net position as a percentage of the total pension liability	46.13 %	47.65 %

* The amounts presented were determined as of December 31 within the fiscal year

SCHEDULE OF TOWN CONTRIBUTIONS

	2016	2015
Actuarially Required Contribution	\$ 3,710,907	\$ 3,458,181
Contributions in Relation to the Actuarially Required Contribution	(3,710,907)	(3,458,181)
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>
Town's Covered-Employee Payroll	\$ 14,865,858	\$ 14,294,094
Contributions as a Percentage of Covered Employee Payroll	24.96 %	24.19 %

**SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY OF THE
MASSACHUSETTS TEACHERS' RETIREMENT SYSTEM**

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

	<u>2016</u>	<u>2015</u>
Town's proportion of the net pension liability	0.00%	0.00%
Town's proportionate share of the net pension liability	\$ -	\$ -
Commonwealth's proportionate share of the net pension liability associated with the Town	<u>68,827,354</u>	<u>54,298,794</u>
Total	<u>\$ 68,827,354</u>	<u>\$ 54,298,794</u>
Town's covered-employee payroll	\$ 21,293,149	\$ 20,943,957
Town's proportionate share of the net pension liability as a percentage of its covered-employee payroll	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability	55.38%	61.64%

**SCHEDULE OF THE TOWN'S CONTRIBUTIONS TO THE
MASSACHUSETTS TEACHERS' RETIREMENT SYSTEM**

	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ -	\$ -
Contributions in relation to the contractually required contribution	<u>-</u>	<u>-</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
Town's covered-employee payroll	\$ 21,293,149	\$ 20,943,957
Contributions as a percentage of covered-employee payroll	N/A	N/A

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)
07/01/11	\$ -	\$ 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%
07/01/15	-	57,863,363	57,863,363	-	35,566,273	162.7%

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 07/01/11 valuation reflects the Town's change in health insurance coverage to the GIC beginning in fiscal year 2014
- The 07/01/15 valuation reflects several changes, including the following:
 - Mortality rates were updated to utilize a more recent mortality table adjusted for mortality improvement
 - An implicit subsidy is included in the actuarial calculations
 - The discount rate was increased from 3.5% to 4.0%
 - The amortization method was changed from level dollar to a level percentage of pay, with annual payments increasing 4.0% per year

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, 2016, is presented below:

General Fund

	Revenues	Expenditures	Other Financing Sources (Uses)
Budgetary basis as reported on the schedule of revenues, expenditures and changes in fund balance - budget and actual.....	\$ 90,547,297	\$ 90,418,565	\$ (1,913,525)
<u>Reclassifications</u>			
Activity of stabilization funds recorded in the general fund for GAAP purposes.....	88,349	-	1,196,700
Activity of OPEB, health and workers' compensation trusts recorded in the general fund for GAAP purposes.....	6,908	938,742	1,360,536
<u>Adjustments</u>			
Net change in recording 60-day receipts.....	(30,907)	-	-
Net change in recording tax refunds payable.....	(446,218)	-	-
To record encumbrances and continuing appropriations.....	-	(1,780,499)	-
GAAP basis as reported on the statement of revenues, expenditures and changes in fund balances.....	\$ <u>90,165,429</u>	\$ <u>89,576,808</u>	\$ <u>643,711</u>

Community Preservation Fund

	Revenues	Expenditures	Other Financing Sources (Uses)
Budgetary basis as reported on the schedule of revenues, expenditures and changes in fund balance - budget and actual.....	\$ 2,318,756	\$ 2,022,708	\$ (202,600)
<u>Adjustments</u>			
To record encumbrances and continuing appropriations.....	-	(195,104)	-
GAAP basis as reported on the statement of revenues, expenditures and changes in fund balances.....	\$ <u>2,318,756</u>	\$ <u>1,827,604</u>	\$ <u>(202,600)</u>

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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, 2016

	<i>Special Revenue Funds</i>						
	School Lunch	Affordable Housing	Revolving	Receipts Reserved	Grants	Other	Sub-total
ASSETS							
Restricted cash and cash equivalents.....	\$ 187,166	\$ 271,435	\$ 1,721,050	\$ 1,465,450	\$ 908,319	\$ 837,986	\$ 5,391,406
Restricted investments.....	-	-	-	-	-	-	-
Receivables, net of allowance for uncollectible amounts:							
Departmental and other.....	-	-	-	583,578	-	-	583,578
Intergovernmental.....	-	-	-	-	-	-	-
TOTAL ASSETS.....	\$ 187,166	\$ 271,435	\$ 1,721,050	\$ 2,049,028	\$ 908,319	\$ 837,986	\$ 5,974,984
LIABILITIES							
Warrants payable.....	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds.....	-	-	-	-	-	-	-
TOTAL LIABILITIES.....	-	-	-	-	-	-	-
DEFERRED INFLOWS OF RESOURCES							
Unavailable revenue.....	-	-	-	583,578	-	-	583,578
FUND BALANCES:							
Nonspendable.....	-	-	-	-	-	-	-
Restricted.....	187,166	271,435	1,721,050	1,465,450	908,319	837,986	5,391,406
Committed.....	-	-	-	-	-	-	-
Unassigned.....	-	-	-	-	-	-	-
TOTAL FUND BALANCES.....	187,166	271,435	1,721,050	1,465,450	908,319	837,986	5,391,406
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE.....	\$ 187,166	\$ 271,435	\$ 1,721,050	\$ 2,049,028	\$ 908,319	\$ 837,986	\$ 5,974,984

<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	
\$ -	\$ 62,125	\$ 380,855	\$ 442,980	\$ 54,094	\$ 36,893	\$ 90,987	\$ 5,925,373
-	-	-	-	946,580	645,587	1,592,167	1,592,167
-	-	-	-	-	-	-	583,578
260,874	-	-	260,874	-	-	-	260,874
<u>\$ 260,874</u>	<u>\$ 62,125</u>	<u>\$ 380,855</u>	<u>\$ 703,854</u>	<u>\$ 1,000,674</u>	<u>\$ 682,480</u>	<u>\$ 1,683,154</u>	<u>\$ 8,361,992</u>
\$ 113,624	\$ -	\$ 104,416	\$ 218,040	\$ -	\$ -	\$ -	\$ 218,040
260,874	-	-	260,874	-	-	-	260,874
374,498	-	104,416	478,914	-	-	-	478,914
-	-	-	-	-	-	-	583,578
-	-	-	-	866,452	267,153	1,133,605	1,133,605
-	62,125	233,034	295,159	134,222	415,327	549,549	6,236,114
-	-	43,405	43,405	-	-	-	43,405
(113,624)	-	-	(113,624)	-	-	-	(113,624)
(113,624)	62,125	276,439	224,940	1,000,674	682,480	1,683,154	7,299,500
<u>\$ 260,874</u>	<u>\$ 62,125</u>	<u>\$ 380,855</u>	<u>\$ 703,854</u>	<u>\$ 1,000,674</u>	<u>\$ 682,480</u>	<u>\$ 1,683,154</u>	<u>\$ 8,361,992</u>

NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<i>Special Revenue Funds</i>						
	School Lunch	Affordable Housing	Revolving	Receipts Reserved	Grants	Other	Sub-total
REVENUES							
Charges for services.....	\$ -	\$ -	-	\$ 766,102	\$ -	\$ -	\$ 766,102
Intergovernmental	142,094	-	134,833	-	2,263,041	50,000	2,589,968
Licenses and permits.....	-	-	74,675	-	-	-	74,675
Fines and forfeitures.....	-	-	13,175	-	-	650	13,825
Departmental and other.....	608,804	49,946	1,822,594	-	-	75	2,481,419
Contributions.....	-	-	402	-	14,556	180,191	195,149
Investment income.....	-	1,880	-	-	12	11	1,903
TOTAL REVENUES.....	750,898	51,826	2,045,679	766,102	2,277,609	230,927	6,123,041
EXPENDITURES							
Current:							
General government.....	-	-	138,128	-	192,001	5,288	335,417
Public safety.....	-	-	73,534	-	99,449	1,008	173,991
Education.....	779,757	-	783,063	-	1,636,039	115,206	3,314,065
Public works.....	-	-	15,029	-	-	3,375	18,404
Health and human services.....	-	326,088	141,306	-	25,514	18,378	511,286
Culture and recreation.....	-	-	841,404	-	308,275	50,776	1,200,455
TOTAL EXPENDITURES.....	779,757	326,088	1,992,464	-	2,261,278	194,031	5,553,618
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES.....	(28,859)	(274,262)	53,215	766,102	16,331	36,896	569,423
OTHER FINANCING SOURCES (USES)							
Transfers in.....	-	202,600	-	-	-	-	202,600
Transfers out.....	-	-	-	(625,000)	-	-	(625,000)
TOTAL OTHER FINANCING SOURCES (USES).....	-	202,600	-	(625,000)	-	-	(422,400)
NET CHANGE IN FUND BALANCES.....	(28,859)	(71,662)	53,215	141,102	16,331	36,896	147,023
FUND BALANCES AT BEGINNING OF YEAR.....	216,025	343,097	1,667,835	1,324,348	891,988	801,090	5,244,383
FUND BALANCES AT END OF YEAR.....	\$ 187,166	\$ 271,435	1,721,050	\$ 1,465,450	\$ 908,319	\$ 837,986	\$ 5,391,406

<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	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 766,102
2,089,955	343,395	-	2,433,350	-	-	-	5,023,318
-	-	-	-	-	-	-	74,675
-	-	-	-	-	-	-	13,825
-	-	-	-	-	-	-	2,481,419
-	-	-	-	30,862	17,630	48,492	243,641
-	-	-	-	(9,895)	(7,618)	(17,513)	(15,610)
2,089,955	343,395	-	2,433,350	20,967	10,012	30,979	8,587,370
-	-	-	-	-	24,804	24,804	360,221
-	-	4,269,328	4,269,328	-	651	651	4,443,970
-	754,017	-	754,017	-	-	-	4,068,082
2,203,579	-	634,238	2,837,817	39,151	-	39,151	2,895,372
-	-	-	-	-	11,589	11,589	522,875
-	-	-	-	-	24,901	24,901	1,225,356
2,203,579	754,017	4,903,566	7,861,162	39,151	61,945	101,096	13,515,876
(113,624)	(410,622)	(4,903,566)	(5,427,812)	(18,184)	(51,933)	(70,117)	(4,928,506)
-	-	200,000	200,000	-	-	-	402,600
-	(1,263)	(178,321)	(179,584)	-	-	-	(804,584)
-	(1,263)	21,679	20,416	-	-	-	(401,984)
(113,624)	(411,885)	(4,881,887)	(5,407,396)	(18,184)	(51,933)	(70,117)	(5,330,490)
-	474,010	5,158,326	5,632,336	1,018,858	734,413	1,753,271	12,629,990
<u>\$ (113,624)</u>	<u>\$ 62,125</u>	<u>\$ 276,439</u>	<u>\$ 224,940</u>	<u>\$ 1,000,674</u>	<u>\$ 682,480</u>	<u>\$ 1,683,154</u>	<u>\$ 7,299,500</u>

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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.

ENTERPRISE FUNDS
COMBINING STATEMENT OF FUND NET POSITION

JUNE 30, 2016

	Swimming Pool	Transfer Station	Recreation Field Maintenance	Total Nonmajor Enterprise Funds
ASSETS				
Current assets:				
Cash and cash equivalents.....	\$ 135,469	\$ 182,260	\$ 92,137	\$ 409,866
Restricted cash and cash equivalents.....	-	116,385	-	116,385
Receivables, net of allowance for uncollectible amounts:				
Departmental and other.....	-	8,250	-	8,250
Total current assets.....	135,469	306,895	92,137	534,501
Noncurrent assets:				
Capital assets not being depreciated.....	-	192,500	-	192,500
Capital assets, net of accumulated depreciation.....	703,308	216,206	-	919,514
Total noncurrent assets.....	703,308	408,706	-	1,112,014
Total assets.....	838,777	715,601	92,137	1,646,515
DEFERRED OUTFLOWS OF RESOURCES				
Related to pension.....	21,426	8,465	7,142	37,033
LIABILITIES				
Current liabilities:				
Warrants payable.....	10,101	3,031	2,292	15,424
Accrued payroll.....	7,107	4,685	6,758	18,550
Unearned revenue.....	-	116,385	-	116,385
Compensated absences.....	1,584	141	-	1,725
Total current liabilities.....	18,792	124,242	9,050	152,084
Noncurrent liabilities:				
Compensated absences.....	14,257	1,272	-	15,529
Net OPEB obligation.....	154,161	102,674	33,651	290,486
Net pension liability.....	420,181	165,998	140,060	726,239
Total noncurrent liabilities.....	588,599	269,944	173,711	1,032,254
Total liabilities.....	607,391	394,186	182,761	1,184,338
DEFERRED INFLOWS OF RESOURCES				
Related to pension.....	4,005	1,582	1,335	6,922
FUND NET POSITION				
Net investment in capital assets.....	703,308	408,706	-	1,112,014
Unrestricted.....	(454,501)	(80,408)	(84,817)	(619,726)
Total fund net position.....	\$ 248,807	\$ 328,298	\$ (84,817)	\$ 492,288

ENTERPRISE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION

FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Swimming Pool	Transfer Station	Recreation Field Maintenance	Total Nonmajor Enterprise Funds
OPERATING REVENUES				
Charges for services.....	\$ 535,355	\$ 290,909	\$ 171,704	\$ 997,968
OPERATING EXPENSES				
Cost of service and administration.....	438,197	297,256	158,764	894,217
Repairs and maintenance.....	79,888	7,521	88,350	175,759
Depreciation.....	54,594	52,011	-	106,605
TOTAL OPERATING EXPENSES.....	572,679	356,788	247,114	1,176,581
OPERATING INCOME (LOSS).....	(37,324)	(65,879)	(75,410)	(178,613)
NONOPERATING REVENUES (EXPENSES)				
Investment income.....	206	558	150	914
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS.....	(37,118)	(65,321)	(75,260)	(177,699)
Transfers out.....	(827)	(16,700)	(21,600)	(39,127)
CHANGES IN FUND NET POSITION.....	(37,945)	(82,021)	(96,860)	(216,826)
FUND NET POSITION AT BEGINNING OF YEAR.....	286,752	410,319	12,043	709,114
FUND NET POSITION AT END OF YEAR.....	\$ 248,807	\$ 328,298	\$ (84,817)	\$ 492,288

ENTERPRISE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Swimming Pool	Transfer Station	Recreation Field Maintenance	Total Nonmajor Enterprise Funds
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers and users.....	\$ 535,355	\$ 284,961	\$ 171,704	\$ 992,020
Payments to vendors.....	(159,760)	(117,649)	(125,534)	(402,943)
Payments to employees.....	(342,924)	(134,978)	(117,423)	(595,325)
NET CASH FROM OPERATING ACTIVITIES.....	32,671	32,334	(71,253)	(6,248)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers out.....	(827)	(16,700)	(21,600)	(39,127)
NET CASH FROM NONCAPITAL FINANCING ACTIVITIES.....	(827)	(16,700)	(21,600)	(39,127)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition of capital assets.....	-	(181,540)	-	(181,540)
CASH FLOWS FROM INVESTING ACTIVITIES				
Investment income.....	206	558	150	914
NET CHANGE IN CASH AND CASH EQUIVALENTS.....	32,050	(165,348)	(92,703)	(226,001)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR..... (Includes \$122,083 reported as restricted in the Transfer Station enterprise fund).....	103,419	463,993	184,840	752,252
CASH AND CASH EQUIVALENTS AT END OF YEAR (Includes \$116,385 reported as restricted in the Transfer Station enterprise fund).....	\$ 135,469	\$ 298,645	\$ 92,137	\$ 526,251
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES				
Operating income (loss).....	\$ (37,324)	\$ (65,879)	\$ (75,410)	\$ (178,613)
Adjustments to reconcile operating income (loss) to net cash from operating activities:				
Adjustments not requiring current cash flows:				
Depreciation.....	54,594	52,011	-	106,605
Net OPEB obligation.....	(4,415)	45,083	10,856	51,524
Net pension liability and related.....	10,140	4,006	3,379	17,525
Adjustments requiring current cash flows:				
Departmental and other.....	-	(250)	-	(250)
Warrants payable.....	5,636	2,733	(12,821)	(4,452)
Accrued payroll.....	2,595	1,657	2,743	6,995
Unearned revenue.....	-	(5,698)	-	(5,698)
Compensated absences.....	1,445	(1,329)	-	116
Total adjustments.....	69,995	98,213	4,157	172,365
NET CASH FROM OPERATING ACTIVITIES.....	\$ 32,671	\$ 32,334	\$ (71,253)	\$ (6,248)

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 an inclusive playground.

PRIVATE PURPOSE TRUST FUNDS
COMBINING STATEMENT OF FIDUCIARY NET POSITION

JUNE 30, 2016

	Walker Walsh Alumni	Outdoor Classroom	Discretionary	Raymond Scholarship
ASSETS				
Cash and cash equivalents.....	\$ 207	\$ 26	\$ 3,368	\$ 740
Investments.....	<u>3,617</u>	<u>457</u>	<u>58,933</u>	<u>12,942</u>
Total Assets.....	<u>3,824</u>	<u>483</u>	<u>62,301</u>	<u>13,682</u>
NET POSITION				
Assets held for other purposes.....	\$ <u><u>3,824</u></u>	\$ <u><u>483</u></u>	\$ <u><u>62,301</u></u>	\$ <u><u>13,682</u></u>

<u>Cavanaugh</u>	<u>Garfield</u>	<u>Boundless Playground Maintenance</u>	<u>Total Private Purpose Trust Funds</u>
\$ 702	\$ 2,787	\$ 687	\$ 8,517
<u>12,280</u>	<u>48,781</u>	<u>12,013</u>	<u>149,023</u>
<u>12,982</u>	<u>51,568</u>	<u>12,700</u>	<u>157,540</u>
 \$ <u><u>12,982</u></u>	 \$ <u><u>51,568</u></u>	 \$ <u><u>12,700</u></u>	 \$ <u><u>157,540</u></u>

PRIVATE PURPOSE TRUST FUNDS
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Walker Walsh Alumni	Outdoor Classroom	Discretionary	Raymond Scholarship
ADDITIONS				
Net investment income:				
Net appreciation/(depreciation) in fair value of investments.....	\$ -	\$ -	\$ (2,844)	\$ (600)
Interest.....	17	2	2,100	461
Total investment income (loss).....	17	2	(744)	(139)
TOTAL ADDITIONS.....	17	2	(744)	(139)
DEDUCTIONS				
Administration.....	-	-	-	-
Scholarships awarded.....	-	-	-	1,000
Other.....	-	-	2,500	-
TOTAL DEDUCTIONS.....	-	-	2,500	1,000
CHANGE IN NET POSITION.....	17	2	(3,244)	(1,139)
NET POSITION AT BEGINNING OF YEAR.....	3,807	481	65,545	14,821
NET POSITION AT END OF YEAR.....	\$ 3,824	\$ 483	\$ 62,301	\$ 13,682

<u>Cavanaugh</u>	<u>Garfield</u>	<u>Boundless Playground Maintenance</u>	<u>Total Private Purpose Trust Funds</u>
\$ (537)	\$ (2,148)	\$ -	\$ (6,129)
<u>401</u>	<u>1,623</u>	<u>(325)</u>	<u>4,279</u>
<u>(136)</u>	<u>(525)</u>	<u>(325)</u>	<u>(1,850)</u>
(136)	(525)	(325)	(1,850)
-	-	-	-
-	-	-	1,000
<u>-</u>	<u>-</u>	<u>4,753</u>	<u>7,253</u>
<u>-</u>	<u>-</u>	<u>4,753</u>	<u>8,253</u>
(136)	(525)	(5,078)	(10,103)
<u>13,118</u>	<u>52,093</u>	<u>17,778</u>	<u>167,643</u>
<u>\$ 12,982</u>	<u>\$ 51,568</u>	<u>\$ 12,700</u>	<u>\$ 157,540</u>

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, 2016

	Balance at July 1, 2015	Additions	Deletions	Balance at June 30, 2016
ASSETS				
Cash and cash equivalents.....	\$ 590,610	\$ 1,347,061	\$ (1,525,263)	\$ 412,408
Receivables, net of allowance for uncollectibles:				
Departmental and other.....	<u>173,500</u>	<u>(28,219)</u>	<u>(17,318)</u>	<u>127,963</u>
TOTAL ASSETS.....	<u>764,110</u>	<u>1,318,842</u>	<u>(1,542,581)</u>	<u>540,371</u>
LIABILITIES				
Liabilities due depositors.....	<u>\$ 764,110</u>	<u>\$ 1,301,524</u>	<u>\$ (1,525,263)</u>	<u>\$ 540,371</u>

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Statistical Section



The Loring Parsonage. An 18th century building located in Sudbury Town Center.

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 112 – 123)

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 124 – 127)

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

Debt Capacity (pages 128 – 132)

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 133 – 135)

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 136 – 138)

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

	2007	2008	2009
Governmental Activities			
Net investment in capital assets (1).....	\$ 68,169,867	\$ 63,365,796	\$ 64,747,670
Restricted.....	9,062,653	11,293,988	12,065,357
Unrestricted.....	<u>16,942,180</u>	<u>16,901,816</u>	<u>14,470,714</u>
Total governmental activities net position.....	<u>\$ 94,174,700</u>	<u>\$ 91,561,600</u>	<u>\$ 91,283,741</u>
Business-Type Activities			
Net investment in capital assets (1).....	\$ 884,783	\$ 862,234	\$ 754,423
Unrestricted.....	<u>259,548</u>	<u>271,900</u>	<u>219,863</u>
Total business-type activities net position.....	<u>\$ 1,144,331</u>	<u>\$ 1,134,134</u>	<u>\$ 974,286</u>
Primary Government			
Net investment in capital assets (1).....	\$ 69,054,650	\$ 64,228,030	\$ 65,502,093
Restricted.....	9,062,653	11,293,988	12,065,357
Unrestricted.....	<u>17,201,728</u>	<u>17,173,716</u>	<u>14,690,577</u>
Total primary government net position.....	<u>\$ 95,319,031</u>	<u>\$ 92,695,734</u>	<u>\$ 92,258,027</u>

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

(2) Net pension liability and related are reported starting in fiscal year 2015 with the implementation of GASB Statement # 68

<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015 (2)</u>	<u>2016</u>
\$ 51,953,929	\$ 55,452,411	\$ 58,397,014	\$ 65,231,955	\$ 68,063,911	\$ 74,065,551	\$ 75,723,325
23,392,819	23,923,074	23,976,367	18,622,121	17,072,468	18,326,355	19,239,884
<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>(44,621,401)</u>	<u>(46,718,692)</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>	<u>\$ 47,770,505</u>	<u>\$ 48,244,517</u>
\$ 695,948	\$ 664,801	\$ 749,902	\$ 1,061,676	\$ 1,026,536	\$ 1,037,079	\$ 1,112,014
<u>290,876</u>	<u>313,845</u>	<u>582,152</u>	<u>534,803</u>	<u>550,103</u>	<u>(327,965)</u>	<u>(619,726)</u>
<u>\$ 986,824</u>	<u>\$ 978,646</u>	<u>\$ 1,332,054</u>	<u>\$ 1,596,479</u>	<u>\$ 1,576,639</u>	<u>\$ 709,114</u>	<u>\$ 492,288</u>
\$ 52,649,877	\$ 56,117,212	\$ 59,146,916	\$ 66,293,631	\$ 69,090,447	\$ 75,102,630	\$ 76,835,339
23,392,819	23,923,074	23,976,367	18,622,121	17,072,468	18,326,355	19,239,884
<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>(44,949,366)</u>	<u>(47,338,418)</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>	<u>\$ 48,479,619</u>	<u>\$ 48,736,805</u>

GOVERNMENTAL ACTIVITIES
CHANGES IN NET POSITION (1)
(ACCRUAL BASIS OF ACCOUNTING)
LAST TEN FISCAL YEARS

	2007	2008	2009
Expenses			
General government.....	\$ 3,229,179	\$ 3,424,767	\$ 4,097,471
Public safety.....	7,929,198	8,864,947	9,689,559
Education.....	56,684,168	61,374,045	63,231,792
Public works.....	4,281,069	5,071,976	5,989,846
Health and human services.....	773,297	876,114	1,147,667
Culture and recreation.....	2,480,583	3,043,768	2,990,312
Debt service - interest.....	2,079,248	1,904,610	1,880,170
Total expenses.....	<u>77,456,742</u>	<u>84,560,227</u>	<u>89,026,817</u>
Program Revenues			
Charges for services:			
General government.....	1,149,249	1,103,156	515,050
Education.....	1,172,865	1,182,533	1,285,944
Other activities.....	1,766,294	1,774,252	2,030,913
Operating grants and contributions.....	11,926,642	12,642,966	13,141,248
Capital grants and contributions.....	2,071,929	(2,388,625)	2,257,220
Total program revenues.....	<u>18,086,979</u>	<u>14,314,282</u>	<u>19,230,375</u>
Net (expense)/revenue.....	<u>(59,369,763)</u>	<u>(70,245,945)</u>	<u>(69,796,442)</u>
General Revenues and Other Changes in Net Position			
Real estate and personal property taxes.....	57,330,784	60,406,373	63,077,062
Motor vehicle and other excise taxes.....	2,585,595	3,067,729	2,680,579
Penalties and interest on taxes.....	200,005	143,367	168,382
Payments in lieu of taxes.....	123,777	90,079	57,494
Community preservation surcharges.....	1,305,841	1,374,922	1,430,828
Unrestricted grants and contributions.....	1,747,626	1,850,319	1,697,519
Unrestricted investment income.....	857,260	671,911	379,045
Premium from issuance of refunding bonds.....	-	-	-
Transfers, net.....	16,000	28,145	27,674
Total general revenues and other changes in net position.....	<u>64,166,888</u>	<u>67,632,845</u>	<u>69,518,583</u>
Change in net position.....	<u>\$ 4,797,125</u>	<u>\$ (2,613,100)</u>	<u>\$ (277,859)</u>

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

2010	2011	2012	2013	2014	2015	2016
\$ 3,929,872	\$ 4,428,038	\$ 4,355,961	\$ 4,500,902	\$ 4,139,295	\$ 4,122,220	\$ 4,147,724
9,586,346	10,073,036	10,387,335	10,666,663	10,738,149	9,946,647	10,968,017
64,881,039	66,646,480	68,899,135	71,085,898	72,249,710	71,815,723	74,162,162
5,220,049	5,325,052	4,778,930	5,374,561	7,091,304	7,804,522	9,679,790
1,242,517	1,167,143	1,419,463	2,155,946	1,269,543	1,428,806	1,609,479
2,707,935	2,520,748	2,593,202	2,577,746	2,681,831	2,805,844	3,250,122
1,757,230	1,476,258	1,276,313	1,260,213	976,892	1,111,995	1,003,112
<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>	<u>99,035,757</u>	<u>104,820,406</u>
535,596	594,722	926,973	828,595	875,118	811,131	1,268,289
1,394,706	1,925,602	1,969,066	1,885,121	1,842,931	1,978,766	1,259,179
2,041,777	2,145,915	2,344,633	2,403,811	2,442,621	2,474,899	2,658,217
13,341,758	13,821,768	13,247,930	13,628,905	14,184,088	11,668,421	13,587,012
1,570,899	892,330	1,824,885	1,771,662	1,680,999	711,403	2,828,635
<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>17,644,620</u>	<u>21,601,332</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>	<u>(81,391,137)</u>	<u>(83,219,074)</u>
65,259,091	67,178,824	68,762,270	70,572,635	72,718,472	72,873,481	76,224,990
2,645,117	2,886,859	2,992,057	3,265,121	3,447,691	3,657,166	3,919,447
163,826	204,686	288,058	255,978	224,025	186,333	306,133
56,102	64,515	31,030	53,377	38,629	89,934	48,783
1,465,694	1,492,938	1,527,275	1,581,340	1,636,741	1,666,981	1,758,188
1,377,564	1,238,505	1,062,794	1,250,168	1,296,446	1,321,924	1,374,751
199,319	175,476	109,456	69,757	40,078	32,657	21,667
-	-	-	-	-	911,298	-
20,953	29,595	(266,854)	8,801	104,067	100,643	39,127
<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>80,840,417</u>	<u>83,693,086</u>
\$ <u>747,414</u>	\$ <u>1,014,980</u>	\$ <u>1,109,234</u>	\$ <u>(46,658)</u>	\$ <u>1,385,182</u>	\$ <u>(550,720)</u>	\$ <u>474,012</u>

BUSINESS-TYPE ACTIVITIES
CHANGES IN NET POSITION (1)
ACCRUAL BASIS OF ACCOUNTING
LAST TEN FISCAL YEARS

	2007	2008	2009	2010
Expenses				
Pool.....	\$ 433,709	\$ 451,288	\$ 507,235	\$ 512,957
Transfer station.....	246,552	257,880	369,282	292,670
Recreation field maintenance.....	-	-	-	113,606
Total expenses.....	<u>680,261</u>	<u>709,168</u>	<u>876,517</u>	<u>919,233</u>
Program Revenues				
Charges for services.....				
Pool.....	412,299	437,832	436,596	463,664
Transfer station.....	282,060	289,284	299,809	327,238
Recreation field maintenance.....	-	-	-	160,038
Operating grants and contributions.....	-	-	7,938	1,784
Capital grants and contributions.....	-	-	-	-
Total program revenues.....	<u>694,359</u>	<u>727,116</u>	<u>744,343</u>	<u>952,724</u>
Net (expense)/revenue.....	14,098	17,948	(132,174)	33,491
General Revenues and Transfers				
Transfers, net.....	<u>(16,000)</u>	<u>(28,145)</u>	<u>(27,674)</u>	<u>(20,953)</u>
Change in net position.....	<u>\$ (1,902)</u>	<u>\$ (10,197)</u>	<u>\$ (159,848)</u>	<u>\$ 12,538</u>

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

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
\$	550,289	\$ 453,150	\$ 594,509	\$ 588,492	\$ 620,356	\$ 572,679
	271,114	266,437	235,529	233,471	258,024	356,787
	<u>192,249</u>	<u>130,075</u>	<u>151,004</u>	<u>190,320</u>	<u>227,819</u>	<u>247,115</u>
	<u>1,013,652</u>	<u>849,662</u>	<u>981,042</u>	<u>1,012,283</u>	<u>1,106,199</u>	<u>1,176,581</u>
	487,165	475,774	524,908	492,366	505,487	535,355
	362,895	220,218	337,290	338,654	305,071	290,909
	183,741	218,163	203,344	202,036	197,422	171,704
	1,268	781	1,226	954	1,132	914
	<u>-</u>	<u>21,280</u>	<u>187,500</u>	<u>62,500</u>	<u>-</u>	<u>-</u>
	<u>1,035,069</u>	<u>936,216</u>	<u>1,254,268</u>	<u>1,096,510</u>	<u>1,009,112</u>	<u>998,882</u>
	21,417	86,554	273,226	84,227	(97,087)	(177,699)
	<u>(29,595)</u>	<u>266,854</u>	<u>(8,801)</u>	<u>(104,067)</u>	<u>(100,643)</u>	<u>(39,127)</u>
\$	<u><u>(8,178)</u></u>	<u><u>353,408</u></u>	<u><u>264,425</u></u>	<u><u>(19,840)</u></u>	<u><u>(197,730)</u></u>	<u><u>(216,826)</u></u>

PRIMARY GOVERNMENT
CHANGES IN NET POSITION (1)
(ACCRUAL BASIS OF ACCOUNTING)
LAST TEN FISCAL YEARS

	2007	2008	2009
Total expenses.....	\$ 78,137,003	\$ 85,269,395	\$ 89,903,334
Total program revenues.....	<u>18,781,338</u>	<u>15,041,398</u>	<u>19,974,718</u>
Net (expense)/revenue.....	(59,355,665)	(70,227,997)	(69,928,616)
Total general revenues, transfers and other changes in net position.....	<u>64,150,888</u>	<u>67,604,700</u>	<u>69,490,909</u>
Change in net position.....	\$ <u>4,795,223</u>	\$ <u>(2,623,297)</u>	\$ <u>(437,707)</u>

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

	<u>2010</u>		<u>2011</u>		<u>2012</u>		<u>2013</u>		<u>2014</u>		<u>2015</u>		<u>2016</u>
\$	90,244,221	\$	92,650,407	\$	94,560,001	\$	98,602,971	\$	100,159,007	\$	100,141,956	\$	105,996,987
	<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>		<u>18,653,732</u>		<u>22,600,214</u>
	(70,406,761)		(72,235,001)		(73,310,298)		(76,830,609)		(78,036,740)		(81,488,224)		(83,396,773)
	<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>80,739,774</u>		<u>83,653,959</u>
\$	<u>759,952</u>	\$	<u>1,006,802</u>	\$	<u>1,462,642</u>	\$	<u>217,767</u>	\$	<u>1,365,342</u>	\$	<u>(748,450)</u>	\$	<u>257,186</u>

GOVERNMENTAL FUNDS
FUND BALANCES
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)
LAST TEN FISCAL YEARS

	2007	2008	2009
General Fund			
Reserved.....	\$ 7,002,192	\$ 7,883,673	\$ 7,842,901
Unreserved.....	3,134,718	1,159,683	1,359,246
Restricted.....	-	-	-
Committed.....	-	-	-
Assigned.....	-	-	-
Unassigned.....	-	-	-
Total general fund.....	<u>\$ 10,136,910</u>	<u>\$ 9,043,356</u>	<u>\$ 9,202,147</u>
All Other Governmental Funds			
Reserved.....	\$ 1,247,066	\$ 1,747,018	\$ 1,980,469
Unreserved, reported in:			
Special revenue funds.....	13,228,361	15,023,502	15,383,602
Capital projects funds.....	472,170	216,944	202,403
Permanent funds.....	333,475	287,065	154,116
Nonspendable.....	-	-	-
Restricted.....	-	-	-
Committed.....	-	-	-
Unassigned.....	-	-	-
Total all other governmental funds.....	<u>\$ 15,281,072</u>	<u>\$ 17,274,529</u>	<u>\$ 17,720,590</u>

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

	2010	2011	(1) 2012	2013	2014	2015	2016
\$	8,139,048	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	1,236,002	-	-	-	-	-	-
	-	6,779,627	6,399,835	5,771,754	4,912,009	5,140,867	5,624,580
	-	231,092	242,864	209,001	1,914,264	2,685,774	2,372,996
	-	1,570,833	1,411,288	1,371,499	1,915,715	1,557,983	1,058,893
	-	3,961,520	5,603,341	7,721,185	9,022,099	7,158,149	8,718,636
\$	<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>	<u>16,542,773</u>	<u>17,775,105</u>
\$	11,728,805	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	6,130,897	-	-	-	-	-	-
	192,101	-	-	-	-	-	-
	195,200	-	-	-	-	-	-
	-	1,013,539	1,034,051	1,034,876	1,084,580	1,102,743	1,133,605
	-	16,684,900	16,057,555	11,222,092	10,538,414	16,606,664	11,659,116
	-	65,621	60,222	6,022	62,883	55,033	43,405
	-	-	-	-	-	-	(113,624)
\$	<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>	<u>17,764,440</u>	<u>12,722,502</u>

GOVERNMENTAL FUNDS
CHANGES IN FUND BALANCES
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)
LAST TEN FISCAL YEARS

	2007	2008	2009	2010
REVENUES				
Real estate and personal property taxes.....	\$ 56,629,289	\$ 59,955,625	\$ 62,447,823	\$ 64,346,930
Motor vehicle and other excise taxes.....	2,589,563	2,957,725	2,805,055	2,633,406
Tax liens.....	251,389	163,593	336,130	123,646
Payments in lieu of taxes.....	123,777	90,079	57,494	56,102
Community preservation surcharges.....	1,303,239	1,375,761	1,430,652	1,457,336
Charges for services.....	340,514	329,379	359,443	547,245
Intergovernmental	16,565,305	17,430,198	16,817,428	16,269,765
Penalties and interest on taxes.....	200,005	143,367	168,382	163,826
Licenses, permits and fees.....	3,447,489	3,502,926	533,534	477,972
Fines and forfeitures.....	164,371	123,360	114,037	106,952
Departmental and other.....	221,839	242,711	3,094,353	2,727,664
Contributions.....	238,484	408,346	349,619	216,832
Investment income.....	1,376,186	1,087,882	677,015	527,712
TOTAL REVENUES.....	83,451,450	87,810,952	89,190,965	89,655,388
EXPENDITURES				
Current:				
General government.....	2,679,753	2,903,375	2,979,703	3,155,148
Public safety.....	6,283,293	6,835,206	6,982,021	6,538,020
Education.....	46,732,328	50,217,825	48,860,537	50,813,562
Public works.....	3,789,252	4,687,959	4,795,544	4,757,379
Health and human services.....	619,979	705,502	1,075,681	912,367
Culture and recreation.....	3,095,329	2,614,784	8,022,450	2,302,329
Pension benefits.....	6,303,237	6,687,188	7,272,633	7,706,478
Employee benefits.....	5,560,952	6,967,279	8,400,859	7,470,540
Property and liability insurance.....	185,587	209,144	215,912	199,420
State and county charges.....	170,512	169,420	166,240	164,445
Debt service:				
Principal.....	4,265,000	3,585,000	3,500,000	3,795,000
Interest.....	1,856,395	1,680,452	1,656,515	1,586,558
TOTAL EXPENDITURES.....	81,541,617	87,263,134	93,928,095	89,401,246
EXCESS (DEFICIENCY) OF REVENUES				
 OVER EXPENDITURES.....	1,909,833	547,818	(4,737,130)	254,142
OTHER FINANCING SOURCES (USES)				
Issuance of bonds and notes.....	-	-	5,045,000	-
Premium from issuance of bonds and notes.....	-	-	29,613	-
Issuance of refunding bonds.....	-	-	-	-
Premium from issuance of refunding bonds.....	-	-	-	-
Proceeds from capital leases.....	-	323,940	239,695	424,221
Transfers in.....	514,342	726,342	1,639,470	626,333
Transfers out.....	(498,342)	(698,197)	(1,611,796)	(605,380)
Payments to refunding bond escrow agent.....	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES).....	16,000	352,085	5,341,982	445,174
NET CHANGE IN FUND BALANCES.....	\$ 1,925,833	\$ 899,903	\$ 604,852	\$ 699,316
DEBT SERVICE EXPENDITURES AS A PERCENTAGE OF				
 NONCAPITAL EXPENDITURES.....	7.79%	6.18%	5.98%	6.23%

2011	2012	2013	2014	2015	2016
\$ 66,299,400	\$ 68,328,105	\$ 69,936,527	\$ 72,439,807	\$ 72,210,203	\$ 76,420,221
2,824,879	2,953,422	3,137,442	3,479,052	3,778,204	3,702,251
330,168	476,967	522,311	187,499	241,824	202,152
64,515	31,030	53,377	38,629	89,934	48,783
1,494,705	1,529,459	1,582,040	1,643,844	1,662,709	1,756,562
679,786	745,467	646,323	699,861	696,291	766,102
16,350,975	16,897,919	16,962,299	17,534,425	10,731,708	13,086,130
204,686	288,058	255,978	224,025	186,333	306,133
511,537	554,433	778,448	708,163	746,655	819,242
91,472	89,439	76,302	82,894	86,250	63,083
3,372,975	3,770,842	3,718,554	3,563,739	3,722,253	3,531,605
208,744	227,708	246,187	367,022	302,659	243,641
548,552	268,019	231,324	331,410	85,504	125,650
92,982,394	96,160,868	98,147,112	101,300,370	94,540,527	101,071,555
6,148,845	3,242,101	11,686,201	3,256,717	6,233,818	3,732,597
7,007,846	7,140,784	7,631,877	7,832,862	11,521,631	11,808,341
52,710,026	56,079,405	56,325,461	58,782,463	59,901,358	61,131,536
4,734,423	4,197,544	4,709,953	6,280,856	7,889,516	9,191,644
853,183	1,100,346	1,846,680	965,179	1,053,644	1,158,185
2,076,690	2,005,940	2,065,764	2,432,273	2,174,517	2,561,484
7,877,511	8,184,635	8,612,651	8,882,087	3,482,548	3,738,774
7,173,083	8,245,029	7,163,045	6,650,548	5,865,834	6,098,164
213,481	218,576	224,452	238,000	263,973	272,418
192,672	186,114	179,483	157,416	227,330	197,943
8,925,000	3,790,000	5,431,588	5,300,000	11,085,000	3,762,321
1,392,389	1,271,605	1,085,513	962,524	888,265	1,266,881
99,305,149	95,662,079	106,962,668	101,740,925	110,587,434	104,920,288
(6,322,755)	498,789	(8,815,556)	(440,555)	(16,046,907)	(3,848,733)
3,610,000	-	3,440,000	-	11,805,946	-
1,555	48,974	-	99,014	925,710	-
4,870,000	-	4,045,000	1,950,000	6,845,000	-
270,580	-	144,361	75,215	911,298	-
226,104	221,115	260,819	271,594	315,559	-
728,684	810,738	986,915	3,118,082	1,779,092	1,246,311
(699,089)	(1,077,592)	(978,113)	(3,014,015)	(1,678,449)	(1,207,184)
-	-	(2,501,953)	-	-	-
9,007,834	3,235	5,397,029	2,499,890	20,904,156	39,127
\$ 2,685,079	\$ 502,024	\$ (3,418,527)	\$ 2,059,335	\$ 4,857,249	\$ (3,809,606)
10.71%	5.54%	6.70%	6.31%	11.92%	5.24%

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				
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%
2015	3,825,857,903	199,170,642	63,887,360	4,088,915,905	17.99	4,154,472,500	98.42%
2016	3,953,667,699	206,473,808	70,742,800	4,230,884,307	18.20	4,154,472,500	101.84%

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
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
2015		16.39		1.21		0.39		17.99
2016		16.55		1.23		0.42		18.20

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	2016			2007		
	Amount of Tax	Rank	Percentage of Total Tax Levy	Amount of Tax	Rank	Percentage of Total Tax Levy
NSTAR Electric & Gas Company	\$ 909,695	1	1.18%	\$ 493,336	2	0.86%
Raytheon Company	633,249	2	0.82%	572,397	1	1.00%
Paris Trust	333,014	3	0.43%	256,366	3	0.45%
Sudbury Crossing Limited	275,228	4	0.36%	218,755	4	0.38%
Verizon	273,468	5	0.36%	109,694	9	0.19%
Wellyn Inc.	223,793	6	0.29%	176,245	5	0.31%
PRI Longfellow Glenn LLC	218,135	7	0.28%	152,747	7	0.27%
Boston Gas Company	212,029	8	0.28%	107,116	10	0.19%
Stanmar/Snider	177,395	9	0.23%	N/A	N/A	N/A
Richard J Bosse Holdings LLC	160,325	10	0.21%	129,247	8	0.23%
Dowie William J. Trustee	N/A	N/A	N/A	159,497	6	0.28%
Total	\$ <u>3,416,331</u>		<u>4.44%</u>	\$ <u>2,375,400</u>		<u>4.15%</u>

Source: Assessing Department

PROPERTY TAX LEVIES AND COLLECTIONS

LAST TEN FISCAL YEARS

Fiscal Year			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
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%	514,335	72,201,778	98.97%
2015		73,549,580	72,165,654	98.12%	581,423	72,747,077	98.91%
2016		76,997,530	75,645,748	98.24%	-	75,645,748	98.24%

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	Governmental Activities		Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)
	General Obligation Bonds	Capital Leases			
2007	\$ 42,040,000	447,207	42,487,207	3.90%	\$ 2,475
2008	38,455,000	510,634	38,965,634	2.92%	2,283
2009	40,000,000	498,965	40,498,965	2.74%	2,379
2010	36,205,000	630,286	36,835,286	2.26%	2,147
2011	35,760,000	597,081	36,357,081	1.89%	2,113
2012	31,970,000	534,148	32,504,148	1.99%	1,835
2013	31,705,000	520,353	32,225,353	2.31%	1,825
2014	28,355,000	507,890	28,862,890	1.67%	1,611
2015	36,802,575	562,642	37,365,217	2.23%	2,062
2016	32,903,010	352,275	33,255,285	1.85%	1,811

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		
2007	\$ 42,040,000	\$ -	\$ 42,040,000	0.99%	\$ 2,449
2008	38,455,000	-	38,455,000	0.90%	2,253
2009	40,000,000	-	40,000,000	0.88%	2,349
2010	36,205,000	-	36,205,000	0.80%	2,110
2011	35,760,000	-	35,760,000	0.84%	2,078
2012	31,970,000	-	31,970,000	0.75%	1,805
2013	31,705,000	-	31,705,000	0.77%	1,795
2014	28,355,000	-	28,355,000	0.69%	1,582
2015	36,802,575	-	36,802,575	0.89%	2,031
2016	32,903,010	-	32,903,010	0.79%	1,791

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 2016

Fiscal year 2016 equalized valuation.....	\$ 4,154,472,500
Normal debt limit (5% of equalized valuation).....	207,723,625
Debt applicable to limit:	
Total net debt applicable to limit.....	32,903,010
Legal debt margin.....	\$ 174,820,615

	Fiscal Year		
	2007	2008	2009
Normal debt limit.....	\$ 213,045,395	\$ 213,045,395	\$ 226,149,405
Total net debt applicable to limit.....	42,040,000	38,455,000	40,000,000
Legal debt margin.....	\$ 171,005,395	\$ 174,590,395	\$ 186,149,405
Total net debt applicable to the limit as a percentage of normal debt limit.....	19.73%	18.05%	17.69%

Source: Department of the Treasurer/Collector

Fiscal Year						
2010	2011	2012	2013	2014	2015	2016
\$ 226,149,405	\$ 212,801,690	\$ 212,801,690	\$ 205,520,135	\$ 205,520,135	\$ 207,723,625	\$ 207,723,625
36,205,000	35,980,000	31,970,000	31,705,000	28,355,000	36,802,575	32,903,010
<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>	<u>\$ 170,921,050</u>	<u>\$ 174,820,615</u>
16.01%	16.91%	15.02%	15.43%	13.80%	17.72%	15.84%

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

JUNE 30, 2016

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable (1)	Estimated Share of Overlapping Debt
Lincoln Sudbury Regional High School District.....	\$ 5,175,000	85.28%	\$ 4,413,240
Town direct debt (2).....			<u>32,903,010</u>
Total direct and overlapping debt.....			<u><u>\$ 37,316,250</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)
2007	17,164	1,089,431,000	63,472	43	4,678	3.1%
2008	17,066	1,335,483,000	78,254	43	4,619	3.8%
2009	17,027	1,476,323,000	86,705	43	4,634	6.0%
2010	17,159	1,630,388,000	95,016	43	4,537	5.9%
2011	17,207	1,923,614,000	111,793	43	4,464	5.0%
2012	17,714	1,634,561,000	92,275	43	4,446	4.5%
2013	17,659	1,395,132,000	79,004	43	4,367	5.2%
2014	17,919	1,732,924,000	96,709	43	4,340	4.0%
2015	18,119	1,673,752,000	92,376	43	4,577	3.5%
2016	18,367	1,802,401,000	98,133	43	4,424	3.4%

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	2016			2007		
	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%
Lincoln-Sudbury Regional School District	225	3	2.71%	227	3	2.79%
Cavicchio Greenhouses, Inc.	200	4	2.41%	N/A	N/A	N/A
Staples Industrial	175	5	2.11%	N/A	N/A	N/A
Methods Machine Tools Wholesaler	150	6	1.81%	N/A	N/A	N/A
Bosse Sports	110	7	1.32%	N/A	N/A	N/A
SPEC Center	100	8	1.20%	N/A	N/A	N/A
Shaw's Supermarket (formerly Star Market)	84	9	1.01%	135	6	1.66%
Mass State Police Crime Lab	50	10	0.60%	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%
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	1,694		20.40%	3,181		39.10%

Source: Town of Sudbury

EMPLOYEES BY FUNCTION/PROGRAM

LAST TEN FISCAL YEARS

Function/Program	Full-Time Equivalent Employees as of June 30 (2)									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General government.....	33	33	32	30	30	30	30	30	29	31
Public safety.....	81	81	79	78	78	78	77	77	74	78
Education (1).....	415	412	390	393	391	379	386	396	402	413
Public works	32	34	32	32	30	30	30	34	36	34
Health and human services.....	7	7	7	6	6	6	6	7	9	9
Culture and recreation.....	19	18	18	17	16	16	16	14	16	16
Total.....	<u>587</u>	<u>585</u>	<u>558</u>	<u>556</u>	<u>551</u>	<u>540</u>	<u>545</u>	<u>558</u>	<u>566</u>	<u>581</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			
	2007	2008	2009	2010
General government				
Selectmen's meetings.....	27	24	30	30
Licenses issued.....	77	77	77	77
Payroll processed.....	18,313	18,801	17,842	17,850
Invoices paid.....	18,467	19,529	18,394	18,490
Taxable property parcels.....	6,498	6,470	6,484	6,505
Motor vehicle excise processed.....	17,858	17,838	17,817	17,971
Certified vital records.....	1,236	1,226	1,230	995
Zoning board of appeals application filed.....	64	44	27	27
Public safety				
Police				
Calls for service.....	(1)	(1)	(1)	15,312
Walk-in traffic.....	(1)	(1)	(1)	(1)
Arrests.....	(1)	194	181	147
Criminal complaints.....	(1)	(1)	(1)	260
Motor vehicle accidents.....	557	634	562	553
Alarms.....	(1)	918	776	833
Medical call responses.....	(1)	(1)	(1)	881
Fire				
Calls for assistance.....	1,833	1,812	1,983	2,026
Structure fire responses.....	9	13	13	10
Emergency medical responses.....	992	1,033	1,063	1,106
Building Department				
Building inspections.....	1,332	1,301	1,300	1,217
Education				
Public school enrollment.....	4,678	4,619	4,634	4,537
Public works				
Depository of property plans.....	3,950	3,975	4,000	5,425
Transfer station stickers issued.....	1,763	1,763	1,568	1,569
Recyclables (tons).....	1,160	1,160	1,052	1,908
Health and human services				
Senior Center program attendance.....	1,730	1,981	2,000	2,000
Senior Center referrals.....	102	133	130	163
Veteran population (Federal census estimate).....	1,221	1,221	1,221	1,221
Senior and veteran tax work-off participants.....	50	50	50	50
Culture and recreation				
Library circulation.....	333,735	354,754	389,026	397,113
Library resources sharing.....	63,608	70,322	84,713	93,899
Park & recreation programs.....	640	660	660	660
Pool use (admittance).....	77,560	70,881	78,388	84,618

Source: Various departments

(1) Data is not available

Fiscal Year					
2011	2012	2013	2014	2015	2016
33	31	33	36	45	59
78	78	78	78	81	82
18,009	19,134	18,528	18,835	19,591	19,941
18,601	18,500	17,329	17,350	16,216	15,882
6,507	6,556	6,585	6,589	6,605	6,645
18,081	18,217	18,145	19,516	18,203	19,459
1,152	1,100	1,620	1,263	1,408	1,415
35	40	36	40	43	31
14,951	15,927	15,612	15,965	17,021	17,341
(1)	10,651	9,699	9,682	10,051	(1)
160	93	143	133	128	84
189	195	169	215	247	191
644	519	529	518	511	550
837	914	832	847	750	839
902	873	844	818	984	948
2,071	2,071	2,063	1,918	2,246	2,193
10	10	14	21	13	19
1,151	1,151	1,148	1,109	1,237	1,221
1,211	1,400	1,450	1,504	1,643	1,961
4,464	4,446	4,367	4,340	4,505	4,424
5,450	5,475	5,500	5,500	5,500	4,110
1,569	1,477	1,500	1,525	1,922	2,209
1,900	1,500	1,500	750	599	580
2,040	2,000	1,900	1,900	1,900	1,600
100	220	361	358	276	195
1,220	1,220	1,220	1,220	1,218	509
50	50	50	52	56	55
408,000	395,000	380,000	447,275	457,612	408,422
139,789	140,000	99,600	109,660	104,845	106,321
680	700	737	691	493	515
83,293	84,000	83,670	80,423	77,000	77,000

CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM

LAST TEN FISCAL YEARS

Function/Program	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
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	75	77	79	83	83	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