

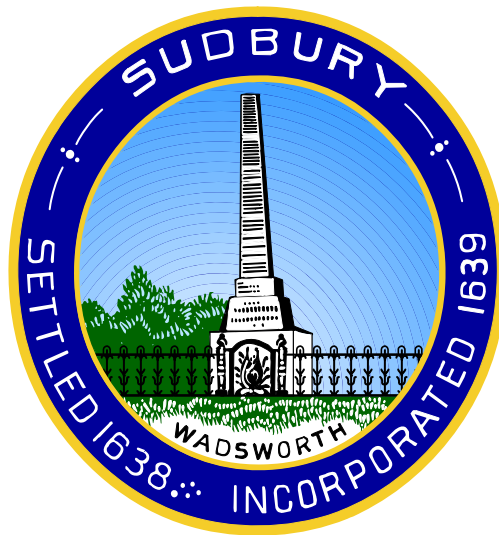
Town of Sudbury, Massachusetts
Comprehensive Annual Financial Report



For the Year Ended June 30, 2017

TOWN OF SUDBURY, MASSACHUSETTS

COMPREHENSIVE ANNUAL FINANCIAL REPORT



For the Year Ended
June 30, 2017

Prepared by:

The Finance Division

TOWN OF SUDBURY, MASSACHUSETTS
COMPREHENSIVE ANNUAL FINANCIAL REPORT

JUNE 30, 2017

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Introductory Section



Longfellow's Wayside Inn.
America's oldest inn, still serving travelers after 300 years.

Introductory Section

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Town of Sudbury

Finance Director's Office

278 Old Sudbury Road

Sudbury, MA 01776

Letter of Transmittal

December 21, 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, 2017. 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 Powers & Sullivan, LLC, a firm of licensed certified public accountants, who have been hired by and report to the Town's Board of Selectmen. The independent auditors' unmodified ("clean") opinion on the Town's financial statements for the fiscal year ended June 30, 2017, is presented as the first component of the financial section of this report.

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 18,737 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. Through June 30, 2017, the Minuteman Regional Vocational Technical High School located in Lexington provided vocational technical education in grades 9 through 12. As of July 1, 2017, Sudbury withdrew from the Minutemen Regional District and the Assabet Valley Regional Technical High School in Marlborough was chosen to provide vocation technical education for new student enrollment. Currently enrolled Sudbury students will be permitted to continue attending Minuteman until graduation. 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, 2017, the balance in the fund was \$5.9 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 LSRHSD 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 6,200 individuals employed in 700 establishments within the boundaries of the Town, with an estimated annual payroll of \$380 million. 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.

Currently in development, Meadow Walk Sudbury, is a project consisting of an 80,000 square foot village retail center of approximately 15 stores anchored by a brand new Whole Foods Market grocery store, a 250-unit luxury apartment community, a 60-unit active-adult condominium community and a 48-unit assisted living community . In addition to a financial benefit to the Town, these project components will provide roadways and pedestrian improvements along and within the site, and generous public areas including a central green and pond surrounded by walking paths and meadow-like open spaces.

The Town's tax base is diverse and market values remain extremely strong. Our tax base is primarily residential, at 91%, and the 10 largest taxpayers account for only 4.44% of the tax levy. Total assessed value has shown marked improvement since 2008. Per capita 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 five 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 in the required supplementary information section 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 590 full and part-time employees, of which approximately 82% 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, 2016. This was the fifth 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.

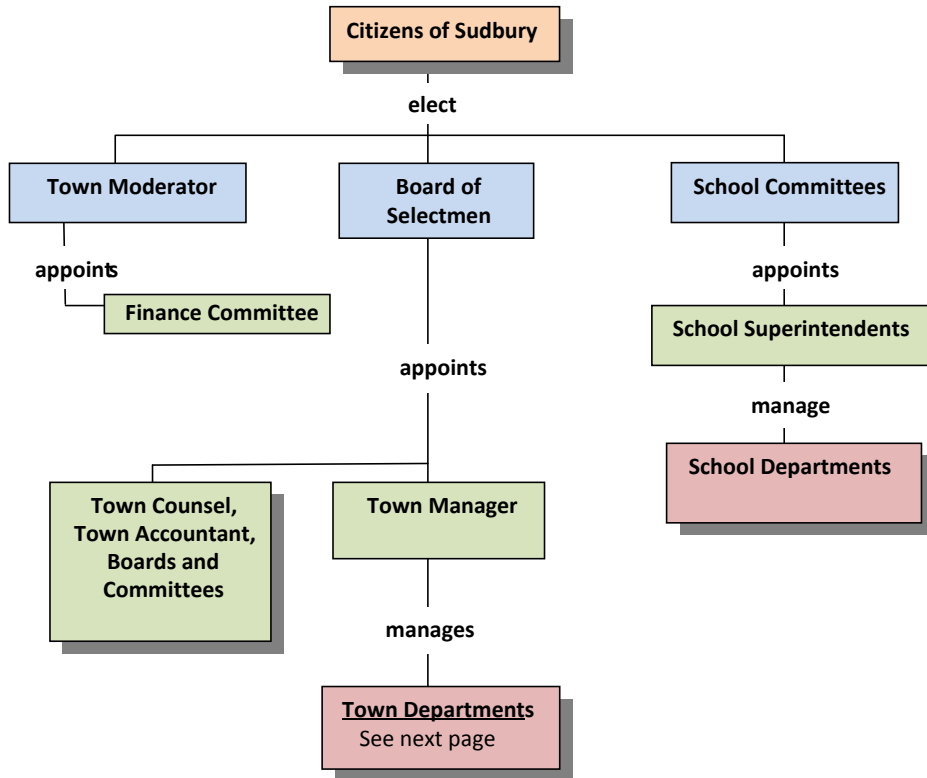
The preparation of this report would not have been possible without the efficient and dedicated services of the Finance Department. Special thanks also go to the certified public accounting firm of Powers & Sullivan, LLC for their advice and assistance in the preparation.

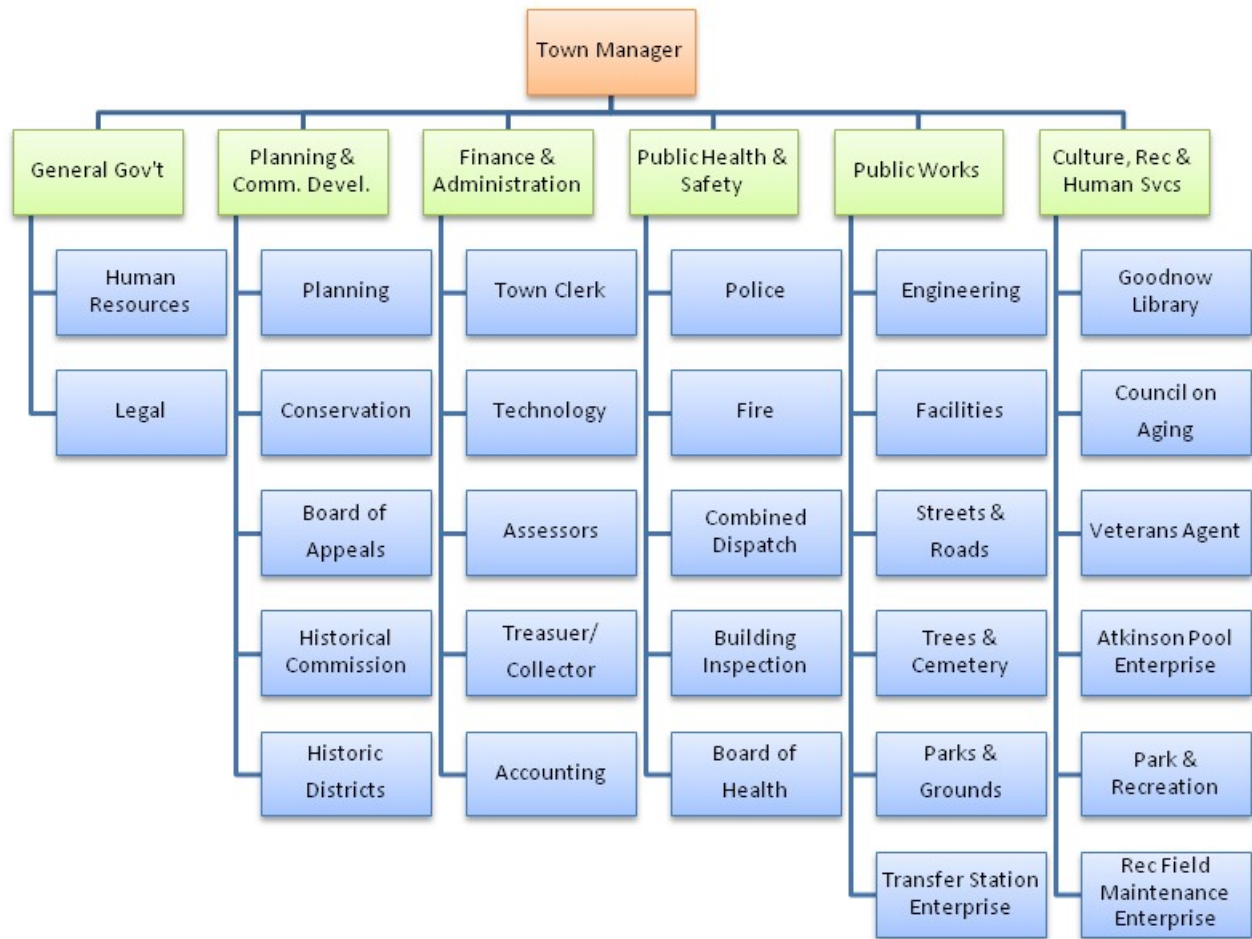
Respectfully,

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





Principal Town Officials

Elected Officials

Board of Selectmen

Robert C. Haarde, Chairman
 Leonard A. Simon, Vice Chairman
 Susan N. Iuliano, Member
 Patricia Brown, Member
 Daniel E. Carty, Member

School Committee

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

Appointed Officials

<u>Department</u>	<u>Department Head</u>	<u>Title</u>
Town Manager	Melissa Murphy-Rodrigues	Town Manager
Asst. Town Manager/Human Resources	Maryanne Bilodeau	Asst. Town Manager/HR Director
Finance & 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 & Community Development	Meagen Donoghue	Director of Planning & Community Devel
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
Park & Recreation	Kayla McNamara	Park, Recreation, and 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, 2016

Christopher P. Morill

Executive Director/CEO

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Financial Section



Tippling Rock, located in the Nobscot Reservation, affords a great view of the western suburbs of Sudbury as well as a view of Boston.

Financial Section

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F. 781-914-1701
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Independent Auditor's 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, 2017, and the related notes to the financial statements, which collectively comprise the Town's 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. The financial statements of Town of Sudbury, Massachusetts, as of June 30, 2016, were audited by other auditors whose report dated January 26, 2017, expressed an unmodified opinion on those statements. 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, 2017, 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.

As part of our audit of the 2017 financial statements, we also audited the adjustments described in Note 15 that were applied to restate the 2016 financial statements. In our opinion, such adjustments are appropriate and have been properly applied. We were not engaged to audit, review, or apply any procedures to the 2016 financial statements of the Town of Sudbury, Massachusetts other than with respect to the adjustments and, accordingly, we do not express an opinion or any other form of assurance on the 2016 basic financial statements as a whole.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information, as listed in the table of contents, 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, statistical section, and additional information are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund statements 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 are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 21, 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Sudbury, Massachusetts' internal control over financial reporting and compliance.

Powers & Sullivan LLC

December 21, 2017

Management's Discussion and Analysis

Management's Discussion and Analysis

As management of the Town of Sudbury, we offer readers of these financial statements this narrative overview and analysis of the financial activities for the year ended June 30, 2017. We encourage readers to consider the information presented in this report. All amounts, unless otherwise indicated, are expressed in whole dollars.

The Governmental Accounting Standards Board (GASB) is the authoritative standard setting body that provides guidance on how to prepare financial statements in conformity with generally accepted accounting principles (GAAP) for states and local governmental entities. Users of these financial statements (such as investors, rating agencies and management) rely on the GASB to establish consistent reporting standards for all governments in the United States. This consistent application is the only way users (including citizens, the media, legislators and others) can assess the financial condition of one government compared to others.

Financial Overview

- The assets and deferred outflows of resources of the Town of Sudbury exceeded the liabilities and deferred inflows of resources at the close of the most recent year by \$47.6 million (net position).
- At the close of the current year, the Town's general fund reported a fund balance of \$13.8 million, an increase of \$1.3 million in comparison with the prior year. Total fund balance represents 13.7% of general fund expenditures.
- The Town's governmental debt (short-term and long-term combined) decreased by \$4.0 million during the current year, which is equal to the principal payments during the year.
- The Town made a contribution to the OPEB trust fund in 2017, which totaled \$1.9 million. The OPEB trust fund reported a fund balance of \$5.9 million, an increase of \$641,000 in comparison with the prior year.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the Town of Sudbury's basic financial statements. These basic financial statements comprise of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.

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

The *statement of net position* presents information on all assets, deferred outflows of resources, liabilities, and deferred inflows 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 is improving or deteriorating.

The *statement of activities* presents information showing how the government's net position changed during the most recent 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 periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions 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*). The governmental activities include general government, public safety, education, public works, community preservation, health and human services, culture and recreation, and interest. The business-type activities include the Town's swimming pool, transfer station and recreation field maintenance operations.

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. Fund accounting is used to ensure and demonstrate compliance with finance-related legal requirements. All of the funds can be divided into three categories: governmental funds, proprietary funds, and 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 fund statements focus on near-term inflows of spendable resources, as well as on balances of spendable resources available at the end of the 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 impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The Town of Sudbury adopts an annual appropriated budget for its general and community preservation funds. Budget to actual schedules have been provided to demonstrate compliance with these budgets.

Proprietary funds. The Town maintains one type of proprietary fund.

Proprietary 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 operations, all of which are considered to be major funds.

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 statement because the resources of those funds are not available to support the Town's own programs. The accounting used for fiduciary funds is much like that used for propriety funds.

The Town maintains three different fiduciary funds. The other postemployment benefits trust fund is used to accumulate funds for future payments of other postemployment benefits for retirees such as health and life insurance. The private purpose trust fund is used to account for resources held in trust which principal and investment income exclusively benefit individuals, private organizations, or other governments. The agency fund reports resources held by the Town in a custodial capacity.

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.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. Sudbury's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$47.6 million at the close of 2017, a decrease of \$1.1 million from the prior year.

Net position includes \$84.4 million as the net investment in capital assets (e.g., land, buildings and building improvements, machinery and equipment and infrastructure); less any related debt used to acquire those assets that are still outstanding. The Town uses these capital assets 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 its 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 net position, \$9.3 million, represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position has a year-end deficit balance of \$46.1 million. The primary reason for this deficit balance is the recognition of the \$17.6 million OPEB liability and the \$56.4 million net pension liability. These are long-term unfunded liabilities that will not require significant short-term resources.

At the end of the current year, the Town is able to report positive balances in two of the three categories of net position, for the Town as a whole and for its governmental activities. Its business-type activities report positive balances in one of the two categories.

Details related to the Town's governmental and business-type activities follow.

Governmental Activities. The Town of Sudbury's assets and deferred outflows of resources exceeded liabilities for governmental activities by \$47.2 million at the close of 2017.

	<u>2017</u>	<u>2016</u>
Assets:		
Current assets.....	\$ 40,544,456	\$ 37,382,075
Noncurrent assets (excluding capital).....	4,455,039	6,320,661
Capital assets, net of accumulated depreciation.....	<u>106,270,587</u>	<u>108,566,851</u>
Total assets	<u>151,270,082</u>	<u>152,269,587</u>
Deferred Outflows of Resources:		
Deferred outflows of resources related to pensions.....	<u>5,585,278</u>	<u>2,608,153</u>
Liabilities:		
Current liabilities (excluding debt).....	5,976,933	6,389,142
Noncurrent liabilities (excluding debt).....	73,641,676	66,811,073
Current debt.....	3,886,098	3,852,284
Noncurrent debt.....	<u>25,053,139</u>	<u>29,050,726</u>
Total liabilities	<u>108,557,846</u>	<u>106,103,225</u>
Deferred Inflows of Resources:		
Deferred inflows of resources related to pensions.....	<u>1,122,762</u>	<u>604,805</u>
Net Position:		
Net investment in capital assets.....	83,392,412	75,723,325
Restricted.....	9,271,513	14,001,170
Unrestricted.....	<u>(45,489,173)</u>	<u>(41,554,785)</u>
Total net position	<u>\$ 47,174,752</u>	<u>\$ 48,169,710</u>

The governmental activities net position decreased by \$1 million during the current year. This decrease was primarily due to \$495,000 of positive budgetary results in the general fund, the receipt of \$982,000 of capital grants in connection with the Commonwealths Chapter 90 roadway improvement program and community preservation program, offset by a \$2.4 million increase in the other postemployment benefits liability.

	2017	2016
Program revenues:		
Charges for services.....	\$ 5,007,332	\$ 4,634,663
Operating grants and contributions.....	10,495,915	8,271,671
Capital grants and contributions.....	982,063	2,433,347
General revenues:		
Real estate and personal property taxes.....	80,326,042	75,810,602
Tax Liens.....	180,976	457,743
Motor vehicle excise taxes.....	3,861,189	3,704,982
Penalties and interest on taxes.....	329,083	274,338
Payments in lieu of taxes taxes.....	7,350	48,783
Community preservation surcharges taxes.....	1,842,032	1,758,188
Grants and contributions not restricted to specific programs.....	6,395,091	7,741,615
Unrestricted investment income.....	225,745	119,359
Total revenues.....	109,652,818	105,255,291
Expenses:		
General government.....	4,887,644	4,048,396
Public safety.....	11,533,488	10,968,017
Education.....	80,495,857	75,005,571
Public works.....	8,238,262	8,817,554
Community preservation.....	407,813	547,875
Health and human services.....	1,434,376	1,495,223
Culture and recreation.....	2,799,670	2,934,658
Interest.....	850,666	1,003,112
Total expenses.....	110,647,776	104,820,406
Excess (Deficiency) before transfers.....	(994,958)	434,885
Transfers.....	-	39,127
Change in net position.....	(994,958)	474,012
Net position - beginning.....	48,169,710	47,695,698
Net position - ending.....	\$ 47,174,752	\$ 48,169,710

The governmental expenses totaled \$110.6 million of which \$16.5 million (15%) was directly supported by program revenues consisting of charges for services, operating and capital grants and contributions. General revenues totaled \$93.2 million, primarily coming from property taxes, motor vehicle excise, community preservation taxes and non-restricted state aid.

Total revenues increased \$4.4 million compared to the prior year. This was primarily due to an increase in real estate and personal property taxes. Operating grants and contributions increased \$2.2 million, primarily due to an increase in the Massachusetts Teachers' Retirement System (MTRS) on-behalf payments. Capital grants and contributions decreased \$1.4 million, primarily due to a decrease in the Chapter 90 reimbursements received compared to the prior year.

Overall, governmental activities expenses increased \$5.8 million from the prior year. The largest portion of this increase was education expenses which increased \$5.5 million, largely due to an increase in MTRS on-behalf payments.

Business-type Activities. The Town's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources for business-type activities by \$449,000 at the close of 2017.

	<u>2017</u>	<u>2016</u>
Assets:		
Current assets.....	\$ 468,193	\$ 534,501
Capital assets, net of accumulated depreciation.....	<u>1,030,608</u>	<u>1,112,014</u>
Total assets.....	<u>1,498,801</u>	<u>1,646,515</u>
Deferred Outflows of Resources:		
Deferred outflows of resources related to pensions.....	<u>80,641</u>	<u>37,033</u>
Liabilities:		
Current liabilities (excluding debt).....	45,174	152,084
Noncurrent liabilities (excluding debt).....	<u>1,070,613</u>	<u>957,447</u>
Total liabilities.....	<u>1,115,787</u>	<u>1,109,531</u>
Deferred Inflows of Resources:		
Deferred inflows of resources related to pensions.....	<u>14,450</u>	<u>6,922</u>
Net Position:		
Net investment in capital assets.....	1,030,608	1,112,014
Unrestricted.....	<u>(581,403)</u>	<u>(544,919)</u>
Total net position.....	<u>\$ 449,205</u>	<u>\$ 567,095</u>
Program revenues:		
Charges for services.....	\$ 1,052,005	\$ 997,968
Operating grants and contributions.....	-	914
General revenues:		
Unrestricted investment income.....	<u>1,304</u>	<u>-</u>
Total revenues.....	<u>1,053,309</u>	<u>998,882</u>
Expenses:		
Swimming pool.....	560,699	572,679
Transfer Station.....	346,160	356,787
Recreation field maintenance.....	<u>264,340</u>	<u>247,115</u>
Total expenses.....	<u>1,171,199</u>	<u>1,176,581</u>
Excess (Deficiency) before transfers.....	(117,890)	(177,699)
Transfers.....	<u>-</u>	<u>(39,127)</u>
Change in net position.....	(117,890)	(216,826)
Net position - beginning.....	<u>567,095</u>	<u>783,921</u>
Net position - ending.....	<u>\$ 449,205</u>	<u>\$ 567,095</u>

Business-type net position of \$1.0 million represents the net investment in capital assets and a deficit of \$581,000 is unrestricted. The negative unrestricted net position is the result of recording \$802,000 in net pension liabilities and \$255,000 in OPEB liabilities that have not been factors into the rates and fees charged. The Town's business-type activities net position decreased by \$118,000 in the current year.

The swimming pool enterprise fund net position decreased by \$74,000. This decrease was primarily due to budgeted receipts coming in less than anticipated.

The transfer station enterprise fund net position increased by \$40,000. This increase was primarily due budgeted receipts coming in greater than anticipated.

The recreation field maintenance enterprise fund net position decreased by \$84,000. This decrease was primarily due to the planned use of reserves.

Financial Analysis of the Governmental Funds

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

Governmental funds. The focus of the Town of Sudbury's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Town's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the year.

As of the end of the current year, governmental funds reported combined ending fund balances of \$28.8 million, of which \$13.8 million is for the general fund, \$5.9 million is for the community preservation fund, and \$9 million is for nonmajor governmental funds. Cumulatively there was an increase of \$3.5 million in fund balances from the prior year.

The general fund is the chief operating fund. At the end of the current year, unassigned fund balance of the general fund totaled \$9.9 million, while total fund balance was \$13.8 million. \$331,000 of fund balance was restricted for employee benefits, while \$1.1 million has been committed for various stabilization funds, \$1.3 million has been committed for articles, \$885,000 has been assigned for encumbrances and \$282,000 has been assigned for subsequent years' expenditures. Total fund balance represents 13.7% of general fund expenditures, while unassigned fund balance represents 9.7% of general fund expenditures. The Town's general fund increased by \$1.3 million during 2017, which was due to budgetary surpluses and a favorable change in tax refunds payable.

The community preservation fund is used to account for the acquisition, creation, preservation, or rehabilitation of areas of open space, historic preservation, community housing and recreation. Fund balance increased by \$472,000 in 2017, which is due to timing differences between the receipt and expenditure of surcharge and State grant revenues. The Town collected \$1.8 million from property tax surcharges and \$392,000 from matching State funds. Expenditures in 2017 totaled \$1.6 million and related to various projects and debt service costs.

The nonmajor governmental funds represent the activity of nonmajor capital projects, grants and permanent trust funds. Fund balance increased by \$1.7 million in 2017, which is due to a timing difference between the receipt and expenditure of state and federal grant funds, a transfer in from the general fund to fund capital projects, as well as contributions and other departmental revenues. Total revenues in 2017 were \$7.4 million and total expenditures were \$6.9 million.

Budgetary Highlights

General Fund

The Town adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

The final 2017 approved budget authorized \$96.7 million in appropriations and other amounts to be raised. This includes \$1.8 million of encumbrances and continuing appropriations carried forward from the prior year. The budget was balanced through the use of \$2.7 million of free cash, offset by \$30,000 raised for tax title.

The final budget increased from the original budget by approximately \$3.6 million. Adjustments to the original budget included free cash voted to increase appropriations by \$2.5 million for various capital projects, supplemental appropriations raised and appropriated of \$769,000, also for capital projects and transfers from other available funds of \$350,000.

Total revenues came in over budget by \$2.3 million, which primarily related to surpluses in real estate and personal property taxes of \$751,000, motor vehicle and other excise taxes of \$734,000 and licenses and permits of \$539,000. Total expenditures came in under budget by \$428,000, which includes \$107,000 from the school department, \$102,000 from the reserve fund, \$53,000 from the police department and \$50,000 from debt service.

Community Preservation Fund

The Town adopts an annual budget for the community preservation fund. The original 2017 approved budget for the community preservation fund authorized \$2.2 million in appropriations, as well as \$1.4 million of amounts carried forward from the prior year. There were no supplemental appropriations during 2017.

Capital Asset and Debt Administration

Capital Assets. In conjunction with the annual operating budget, the Town annually prepares a capital budget for the upcoming year and a five-year Capital Improvement Plan (CIP) that is used as a guide for future capital expenditures.

The Town's investment in capital assets for its governmental and business-type activities as of June 30, 2017, amounts to \$107.3 million (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 Town invested \$1.6 million for capital asset additions in 2017.

The major governmental capital asset events during the current year include various school building improvements, the purchase of public safety vehicles, the purchase of public works equipment, as well as various sidewalk and roadway improvements.

There were no major business-type capital asset events during the current year.

Debt Administration. Outstanding long-term governmental debt, as of June 30, 2017, totaled \$28.4 million, a decrease of \$3.7 million from the prior year. This was due to principal payments totaling \$3.7 million.

Of the total outstanding long-term governmental debt, \$10.6 million is related to community preservation projects, \$8.0 million is related to school projects, \$6.7 million is related to public safety projects, and \$3.1 million is for general government projects.

There was no outstanding governmental short-term debt as of year-end.

Please refer to notes 4, 7 and 8 to the basic financial statements for further discussion of the major capital and debt activity.

Requests for Information

This financial report is designed to provide a general overview of the Town of Sudbury's finances for all those with an interest in the government's 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.

Basic Financial Statements

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STATEMENT OF NET POSITION

JUNE 30, 2017

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
CURRENT:			
Cash and cash equivalents.....	\$ 26,135,224	\$ 457,443	\$ 26,592,667
Investments.....	7,992,381	-	7,992,381
Receivables, net of allowance for uncollectibles:			
Real estate and personal property taxes.....	466,552	-	466,552
Tax and utility liens.....	3,231,073	-	3,231,073
Motor vehicle and other excise taxes.....	216,361	-	216,361
Community preservation.....	13,175	-	13,175
Departmental and other.....	607,265	10,750	618,015
Intergovernmental.....	1,595,417	-	1,595,417
Tax foreclosures.....	287,008	-	287,008
Total current assets.....	<u>40,544,456</u>	<u>468,193</u>	<u>41,012,649</u>
NONCURRENT:			
Receivables, net of allowance for uncollectibles:			
Intergovernmental.....	4,455,039	-	4,455,039
Capital assets, nondepreciable.....	46,647,121	192,500	46,839,621
Capital assets, net of accumulated depreciation.....	<u>59,623,466</u>	<u>838,108</u>	<u>60,461,574</u>
Total noncurrent assets.....	<u>110,725,626</u>	<u>1,030,608</u>	<u>111,756,234</u>
TOTAL ASSETS.....	<u>151,270,082</u>	<u>1,498,801</u>	<u>152,768,883</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows of resources related to pensions.....	<u>5,585,278</u>	<u>80,641</u>	<u>5,665,919</u>
LIABILITIES			
CURRENT:			
Warrants payable.....	475,254	24,059	499,313
Accrued payroll.....	3,742,656	19,601	3,762,257
Tax refunds payable.....	285,580	-	285,580
Accrued interest.....	256,166	-	256,166
Payroll withholdings.....	1,008,791	-	1,008,791
Abandoned property.....	15,900	-	15,900
Capital lease obligations.....	118,540	-	118,540
Compensated absences.....	74,046	1,514	75,560
Bonds payable.....	<u>3,886,098</u>	<u>-</u>	<u>3,886,098</u>
Total current liabilities.....	<u>9,863,031</u>	<u>45,174</u>	<u>9,908,205</u>
NONCURRENT:			
Capital lease obligations.....	64,801	-	64,801
Compensated absences.....	666,412	13,623	680,035
Other postemployment benefits.....	17,340,008	254,662	17,594,670
Net pension liability.....	55,570,455	802,328	56,372,783
Bonds payable.....	<u>25,053,139</u>	<u>-</u>	<u>25,053,139</u>
Total noncurrent liabilities.....	<u>98,694,815</u>	<u>1,070,613</u>	<u>99,765,428</u>
TOTAL LIABILITIES.....	<u>108,557,846</u>	<u>1,115,787</u>	<u>109,673,633</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows of resources related to pensions.....	1,000,885	14,450	1,015,335
Taxes paid in advance.....	<u>121,877</u>	<u>-</u>	<u>121,877</u>
TOTAL DEFERRED INFLOWS OF RESOURCES.....	<u>1,122,762</u>	<u>14,450</u>	<u>1,137,212</u>
NET POSITION			
Net investment in capital assets.....	83,392,412	1,030,608	84,423,020
Restricted for:			
Employee benefits.....	330,853	-	330,853
Community preservation.....	5,908,616	-	5,908,616
Permanent funds:			
Expendable.....	620,545	-	620,545
Nonexpendable.....	1,163,154	-	1,163,154
Gifts and grants.....	1,248,345	-	1,248,345
Unrestricted.....	<u>(45,489,173)</u>	<u>(581,403)</u>	<u>(46,070,576)</u>
TOTAL NET POSITION.....	<u>\$ 47,174,752</u>	<u>\$ 449,205</u>	<u>\$ 47,623,957</u>

See notes to basic financial statements.

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2017

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary Government:					
<i>Governmental Activities:</i>					
General government.....	\$ 4,887,644	\$ 225,863	\$ 399,939	\$ -	\$ (4,261,842)
Public safety.....	11,533,488	1,809,662	191,765	-	(9,532,061)
Education.....	80,495,857	1,483,208	9,756,441	-	(69,256,208)
Public works.....	8,238,262	395,472	29,550	590,105	(7,223,135)
Community preservation.....	407,813	82,015	-	391,958	66,160
Health and human services.....	1,434,376	355,291	46,334	-	(1,032,751)
Culture and recreation.....	2,799,670	655,821	71,886	-	(2,071,963)
Interest.....	850,666	-	-	-	(850,666)
Total Governmental Activities....	110,647,776	5,007,332	10,495,915	982,063	(94,162,466)
<i>Business-Type Activities:</i>					
Swimming Pool.....	560,699	486,309	-	-	(74,390)
Transfer Station.....	346,160	385,369	-	-	39,209
Recreation Field Maintenance.....	264,340	180,327	-	-	(84,013)
Total Business-Type Activities...	1,171,199	1,052,005	-	-	(119,194)
Total Primary Government.....	\$ 111,818,975	\$ 6,059,337	\$ 10,495,915	\$ 982,063	\$ (94,281,660)

See notes to basic financial statements.

(Continued)

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2017

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Changes in net position:			
Net (expense) revenue from previous page.....	\$ (94,162,466)	\$ (119,194)	\$ (94,281,660)
<i>General revenues:</i>			
Real estate and personal property taxes, net of tax refunds payable.....	80,326,042	-	80,326,042
Tax liens.....	180,976	-	180,976
Motor vehicle and other excise taxes.....	3,861,189	-	3,861,189
Penalties and interest.....	329,083	-	329,083
Payments in lieu of taxes.....	7,350	-	7,350
Community preservation taxes.....	1,842,032	-	1,842,032
Grants and contributions not restricted to specific programs.....	6,395,091	-	6,395,091
Unrestricted investment income.....	225,745	1,304	227,049
Total general revenues and transfers.....	<u>93,167,508</u>	<u>1,304</u>	<u>93,168,812</u>
Change in net position.....	(994,958)	(117,890)	(1,112,848)
<i>Net Position:</i>			
Beginning of year, as restated.....	<u>48,169,710</u>	<u>567,095</u>	<u>48,736,805</u>
End of year.....	\$ <u><u>47,174,752</u></u>	\$ <u><u>449,205</u></u>	\$ <u><u>47,623,957</u></u>

(Concluded)

**GOVERNMENTAL FUNDS
BALANCE SHEET**

JUNE 30, 2017

	General	Community Preservation	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents.....	\$ 15,665,876	\$ 2,891,712	\$ 7,577,636	\$ 26,135,224
Investments.....	3,518,027	3,003,829	1,470,525	7,992,381
Receivables, net of uncollectibles:				
Real estate and personal property taxes.....	466,552	-	-	466,552
Tax liens.....	3,231,073	-	-	3,231,073
Motor vehicle and other excise taxes.....	216,361	-	-	216,361
Community preservation.....	-	13,175	-	13,175
Departmental and other.....	38,497	-	568,768	607,265
Intergovernmental.....	5,940,052	-	110,404	6,050,456
Tax foreclosures.....	287,008	-	-	287,008
Due from other funds.....	56,713	-	-	56,713
TOTAL ASSETS.....	\$ 29,420,159	\$ 5,908,716	\$ 9,727,333	\$ 45,056,208
LIABILITIES				
Warrants payable.....	\$ 465,219	\$ 100	\$ 9,935	\$ 475,254
Accrued payroll.....	3,742,656	-	-	3,742,656
Tax refunds payable.....	285,580	-	-	285,580
Payroll withholdings.....	1,008,791	-	-	1,008,791
Abandoned property.....	15,900	-	-	15,900
Due to other funds.....	-	-	56,713	56,713
TOTAL LIABILITIES.....	5,518,146	100	66,648	5,584,894
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenues.....	9,933,017	13,175	622,458	10,568,650
Taxes paid in advance.....	121,877	-	-	121,877
TOTAL DEFERRED OUTFLOWS OF RESOURCES.....	10,054,894	13,175	622,458	10,690,527
FUND BALANCES				
Nonspendable.....	-	-	1,163,154	1,163,154
Restricted.....	330,853	5,895,441	7,875,073	14,101,367
Committed.....	2,474,734	-	-	2,474,734
Assigned.....	1,167,752	-	-	1,167,752
Unassigned.....	9,873,780	-	-	9,873,780
TOTAL FUND BALANCES.....	13,847,119	5,895,441	9,038,227	28,780,787
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES.....	\$ 29,420,159	\$ 5,908,716	\$ 9,727,333	\$ 45,056,208

See notes to basic financial statements.

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

JUNE 30, 2017

Total governmental fund balances.....	\$	28,780,787
Capital assets (net) used in governmental activities are not financial resources and, therefore, are not reported in the funds.....		106,270,587
Accounts receivable are not available to pay for current-period expenditures and, therefore, are unavailable in the funds.....		10,568,650
Certain changes in the net pension liability are required to be included in pension expense over future periods. These changes are reported as deferred outflows of resources or (deferred inflows of resources) related to pensions.....		4,584,393
In the statement of activities, interest is accrued on outstanding long-term debt, whereas in governmental funds interest is not reported until due.....		(256,166)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds.		
Bonds payable.....	(28,939,237)	
Other postemployment benefits.....	(17,340,008)	
Net pension liability.....	(55,570,455)	
Capital lease obligations.....	(183,341)	
Compensated absences.....	(740,458)	
Net effect of reporting long-term liabilities.....		<u>(102,773,499)</u>
Net position of governmental activities.....	\$	<u>47,174,752</u>

See notes to basic financial statements.

GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

YEAR ENDED JUNE 30, 2017

	General	Community Preservation	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES:				
Real estate and personal property taxes, net of tax refunds.....	\$ 80,435,678	\$ -	\$ -	\$ 80,435,678
Tax and utility liens.....	104,819	-	-	104,819
Payments in lieu of taxes.....	7,350	-	-	7,350
Community preservation taxes.....	-	1,844,752	-	1,844,752
Motor vehicle and other excise taxes.....	4,044,745	-	-	4,044,745
Penalties and interest on taxes.....	288,778	2,963	-	291,741
Licenses and permits.....	1,147,063	-	-	1,147,063
Fines and forfeitures.....	37,342	-	-	37,342
Intergovernmental.....	15,356,278	391,958	3,127,835	18,876,071
Departmental and other.....	414,661	-	3,859,187	4,273,848
Contributions.....	414	-	252,247	252,661
Investment income.....	63,549	9,264	152,932	225,745
TOTAL REVENUES.....	101,900,677	2,248,937	7,392,201	111,541,815
EXPENDITURES:				
Current:				
General government.....	3,286,947	-	211,559	3,498,506
Public safety.....	7,522,090	-	652,742	8,174,832
Education.....	66,083,801	-	3,922,695	70,006,496
Public works.....	5,763,083	-	758,269	6,521,352
Community preservation.....	-	307,700	100,113	407,813
Health and human services.....	713,300	-	330,630	1,043,930
Culture and recreation.....	1,263,740	-	853,154	2,116,894
Pension benefits.....	3,961,686	-	-	3,961,686
Property and liability insurance.....	301,610	-	-	301,610
Employee benefits.....	6,949,924	-	-	6,949,924
State and county charges.....	192,255	-	-	192,255
Debt service:				
Principal.....	2,790,041	930,000	-	3,720,041
Interest.....	788,384	336,198	-	1,124,582
TOTAL EXPENDITURES.....	99,616,861	1,573,898	6,829,162	108,019,921
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....	2,283,816	675,039	563,039	3,521,894
OTHER FINANCING SOURCES (USES):				
Transfers in.....	641,912	-	1,817,600	2,459,512
Transfers out.....	(1,615,000)	(202,600)	(641,912)	(2,459,512)
TOTAL OTHER FINANCING SOURCES (USES).....	(973,088)	(202,600)	1,175,688	-
NET CHANGE IN FUND BALANCES.....	1,310,728	472,439	1,738,727	3,521,894
FUND BALANCES AT BEGINNING OF YEAR, AS RESTATED.....	12,536,391	5,423,002	7,299,500	25,258,893
FUND BALANCES AT END OF YEAR.....	\$ 13,847,119	\$ 5,895,441	\$ 9,038,227	\$ 28,780,787

See notes to basic financial statements.

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

YEAR ENDED JUNE 30, 2017

Net change in fund balances - total governmental funds.....		\$ 3,521,894
<p>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.</p>		
Capital outlay.....	1,596,646	
Depreciation expense.....	<u>(3,718,804)</u>	
Net effect of reporting capital assets.....		(2,122,158)
<p>Revenues in the Statement of Activities that do not provide current financial resources are unavailable in the Statement of Revenues, Expenditures and Changes in Fund Balances. Therefore, the recognition of revenue for various types of accounts receivable (i.e., real estate and personal property, motor vehicle excise, etc.) differ between the two statements. This amount represents the net change in unavailable revenue.....</p>		
		(1,665,890)
<p>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 effect 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.</p>		
Net change in capital lease financing.....	168,934	
Amortization of premium from issuance of bonds.....	243,732	
Debt service principal payments.....	<u>3,720,041</u>	
Net effect of reporting long-term debt.....		4,132,707
<p>Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.</p>		
Net change in compensated absences accrual.....	(90,390)	
Net change in accrued interest on long-term debt.....	30,184	
Net change in other postemployment benefits.....	(2,445,331)	
Net change in deferred outflow/(inflow) of resources related to pensions.....	2,289,595	
Net change in net pension liability.....	(4,422,462)	
Net change in investment in joint venture.....	<u>(223,107)</u>	
Net effect of recording long-term liabilities.....		<u>(4,861,511)</u>
Change in net position of governmental activities.....		\$ <u><u>(994,958)</u></u>

See notes to basic financial statements.

PROPRIETARY FUNDS
STATEMENT OF NET POSITION

JUNE 30, 2017

	Business-type Activities - Enterprise Funds			
	Swimming Pool	Transfer Station	Recreation Field Maintenance	Total
ASSETS				
CURRENT:				
Cash and cash equivalents.....	\$ 104,977	\$ 305,825	\$ 46,641	\$ 457,443
Receivables, net of allowance for uncollectibles:				
Departmental and other.....	-	10,750	-	10,750
Total current assets.....	104,977	316,575	46,641	468,193
NONCURRENT:				
Capital assets, nondepreciable.....	-	192,500	-	192,500
Capital assets, net of accumulated depreciation.....	667,084	171,024	-	838,108
Total noncurrent assets.....	667,084	363,524	-	1,030,608
TOTAL ASSETS.....	772,061	680,099	46,641	1,498,801
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows of resources related to pensions.....	42,006	19,404	19,231	80,641
LIABILITIES				
CURRENT:				
Warrants payable.....	9,015	12,842	2,202	24,059
Accrued payroll.....	8,604	5,387	5,610	19,601
Compensated absences.....	1,294	220	-	1,514
Total current liabilities.....	18,913	18,449	7,812	45,174
NONCURRENT:				
Compensated absences.....	11,646	1,977	-	13,623
Other postemployment benefits.....	143,616	87,638	23,408	254,662
Net pension liability.....	417,932	193,062	191,334	802,328
Total noncurrent liabilities.....	573,194	282,677	214,742	1,070,613
TOTAL LIABILITIES.....	592,107	301,126	222,554	1,115,787
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows of resources related to pensions.....	7,527	3,477	3,446	14,450
NET POSITION				
Net investment in capital assets.....	667,084	363,524	-	1,030,608
Unrestricted.....	(452,651)	31,376	(160,128)	(581,403)
TOTAL NET POSITION.....	\$ 214,433	\$ 394,900	\$ (160,128)	\$ 449,205

See notes to basic financial statements.

PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

YEAR ENDED JUNE 30, 2017

	Business-type Activities - Enterprise Funds			
	Swimming Pool	Transfer Station	Recreation Field Maintenance	Total
OPERATING REVENUES:				
Charges for services.....	\$ 486,309	\$ 385,369	\$ 180,327	\$ 1,052,005
OPERATING EXPENSES:				
Cost of service and administration.....	524,475	300,978	264,340	1,089,793
Depreciation.....	36,224	45,182	-	81,406
TOTAL OPERATING EXPENSES	560,699	346,160	264,340	1,171,199
OPERATING INCOME (LOSS)	(74,390)	39,209	(84,013)	(119,194)
NONOPERATING REVENUES (EXPENSES):				
Investment income.....	328	937	39	1,304
CHANGE IN NET POSITION	(74,062)	40,146	(83,974)	(117,890)
NET POSITION AT BEGINNING OF YEAR, AS RESTATED	288,495	354,754	(76,154)	567,095
NET POSITION AT END OF YEAR	\$ 214,433	\$ 394,900	\$ (160,128)	\$ 449,205

See notes to basic financial statements.

PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 2017

	Business-type Activities - Enterprise Funds			
	Swimming Pool	Transfer Station	Recreation Field Maintenance	Total
CASH FLOWS FROM OPERATING ACTIVITIES:				
Receipts from customers and users.....	\$ 486,309	\$ 266,484	\$ 180,327	\$ 933,120
Payments to vendors.....	(202,769)	(106,469)	(70,376)	(379,614)
Payments to employees.....	(314,360)	(153,772)	(155,486)	(623,618)
NET CASH FROM OPERATING ACTIVITIES.....	(30,820)	6,243	(45,535)	(70,112)
CASH FLOWS FROM INVESTING ACTIVITIES:				
Investment income.....	328	937	39	1,304
NET CHANGE IN CASH AND CASH EQUIVALENTS.....	(30,492)	7,180	(45,496)	(68,808)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR.....	135,469	298,645	92,137	526,251
CASH AND CASH EQUIVALENTS AT END OF YEAR.....	\$ 104,977	\$ 305,825	\$ 46,641	\$ 457,443
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES:				
Operating income (loss).....	\$ (74,390)	\$ 39,209	\$ (84,013)	\$ (119,194)
Adjustments to reconcile operating income (loss) to net cash from operating activities:				
Depreciation.....	36,224	45,182	-	81,406
Deferred (outflows)/inflows related to pensions.....	(17,058)	(9,044)	(9,978)	(36,080)
Changes in assets and liabilities:				
Departmental and other.....	-	(2,500)	-	(2,500)
Warrants payable.....	(1,086)	9,811	(90)	8,635
Accrued payroll.....	1,497	702	(1,148)	1,051
Unearned revenues.....	-	(116,385)	-	(116,385)
Accrued compensated absences.....	(2,901)	784	-	(2,117)
Other postemployment benefits.....	29,143	11,420	(1,580)	38,983
Net pension liability.....	(2,249)	27,064	51,274	76,089
Total adjustments.....	43,570	(32,966)	38,478	49,082
NET CASH FROM OPERATING ACTIVITIES.....	(30,820)	6,243	(45,535)	(70,112)

See notes to basic financial statements.

FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITION

JUNE 30, 2017

	<u>OPEB</u> <u>Trust Fund</u>	<u>Private</u> <u>Purpose</u> <u>Trust Funds</u>	<u>Agency</u> <u>Funds</u>
ASSETS			
CURRENT:			
Cash and cash equivalents.....	\$ 1,170,100	\$ 32,095	\$ 261,709
Investment:			
Government sponsored enterprises.....	1,801,451	-	-
Corporate bonds.....	303,458	-	-
Equity securities.....	2,605,191	-	-
Equity mutual funds.....	-	142,634	-
Interest and dividends.....	-	-	-
Receivables, net of allowance for uncollectibles:			
Departmental and other.....	-	-	126,551
TOTAL ASSETS.....	<u>5,880,200</u>	<u>174,729</u>	<u>388,260</u>
LIABILITIES			
Liabilities due depositors.....	-	-	388,260
NET POSITION			
Restricted for OPEB benefits.....	5,880,200	-	-
Held in trust for other purposes.....	-	174,729	-
	<u>\$ 5,880,200</u>	<u>\$ 174,729</u>	<u>\$ -</u>

See notes to basic financial statements.

FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

YEAR ENDED JUNE 30, 2017

	OPEB Trust Fund	Private Purpose Trust Funds
ADDITIONS:		
Contributions:		
Employer contributions to the trust.....	\$ 442,920	\$ -
Employer contributions to pay benefit payments.....	1,417,777	-
Private donations.....	-	5,153
Total contributions.....	1,860,697	5,153
Net investment income:		
Net change in fair value of investments.....	138,541	9,978
Interest and dividends.....	60,025	4,058
Total investment income (loss).....	198,566	14,036
TOTAL ADDITIONS.....	2,059,263	19,189
DEDUCTIONS:		
Benefit payments.....	1,417,777	-
Educational scholarships.....	-	1,000
Other miscellaneous expenses.....	-	1,000
TOTAL DEDUCTIONS.....	1,417,777	2,000
CHANGE IN NET POSITION.....	641,486	17,189
NET POSITION AT BEGINNING OF YEAR.....	5,238,714	157,540
NET POSITION AT END OF YEAR.....	\$ 5,880,200	\$ 174,729

See notes to basic financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying basic financial statements of the Town of Sudbury, Massachusetts (Town) 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 recognized standard-setting body for establishing governmental accounting and financial reporting principles. The significant accounting policies are described herein.

A. Reporting Entity

The Town is a municipal corporation that is governed by an elected Board of Selectmen (Board). For financial reporting purposes, the Town has included all funds, organizations, agencies, boards, commissions and institutions. 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 significance of their relationship with the Town are such that exclusion would cause the basic financial statements to be misleading or incomplete. As required by GAAP, these basic financial statements present the Town (the primary government) and its component units. It has been determined that there are no component units that meet the requirements for inclusion in the Town's financial statements.

Joint Venture

A joint venture is an organization (resulting from a contractual arrangement) that is owned, operated and 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, 2017, 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. As of June 30, 2017, the Town's equity interest in the Facility totaled \$68,614 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 Lincoln Sudbury Regional High School District (LSRHSD) is governed by a six member school committee consisting of three elected representative from the Town. The Town is indirectly liable for the LSRHSD's debt and other expenditures and is assessed annually for its share of operating and capital costs. The Town does not have an equity interest. For the year ended June 30, 2017, the Town's assessment totaled \$22,879,135. Separate financial statements may be obtained by writing to the Treasurer of the LSRHSD at 390 Lincoln Road, Sudbury, MA 01776.

Minuteman Regional Vocational Technical High School (MRVTHS)

The Minuteman Regional Vocational Technical High School (MRVTHS) 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 other expenditures and is assessed annually for its share of operating and capital costs. The Town does not have an equity interest. For the year ended June 30, 2017, the Town's assessment totaled \$623,943. Separate financial statements may be obtained by writing to the Treasurer of the MRHS at 758 Marrett Road, Lexington, MA 02421.

As of July 1, 2017, Sudbury withdrew from the Minutemen Regional District and the Assabet Valley Regional Technical High School in Marlborough was chosen to provide vocation technical education for new student enrollment. The Town does not have an equity interest. Currently enrolled Sudbury students will be permitted to continue attending Minuteman until graduation.

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

The government-wide financial statements (i.e., statement of net position and the statement of changes in net position) report information on all of the 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 supported primarily by user fees and charges.

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.

Major Fund Criteria

Major funds must be reported if the following criteria are met:

- If the total assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues, or expenditures/expenses of an individual governmental or enterprise fund are at least 10 percent of the corresponding element (assets, deferred outflows of resources, liabilities, deferred inflows of resources, etc.) for all funds of that category or type (total governmental or total enterprise funds), *and*
- If the total assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues, or expenditures/expenses of the individual governmental fund or enterprise fund are at least 5 percent of the corresponding element for all governmental and enterprise funds combined.

Additionally, any other governmental or enterprise fund that management believes is particularly significant to the basic financial statements may be reported as a major fund.

Fiduciary funds are reported by fund type.

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

Government-Wide Financial Statements

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded when the liabilities are incurred. Real estate and personal property taxes are recognized as revenues in the 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 particular 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 particular function or segment.
- Grants and contributions that are restricted to meeting the capital requirements of a particular function or segment.

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

For the most part, the effect of interfund activity has been removed from the government-wide financial statements. However, the effect of interfund services provided and used between functions is not eliminated as the elimination of these charges would distort the direct costs and program revenues reported for the functions affected.

Fund Financial Statements

Governmental fund 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, 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 year-end. 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 the primary operating fund. It is used to account for all financial resources, except those that are required to be accounted for 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 seniors with a 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 project 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:

The *special revenue fund* is used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than capital projects.

The *capital projects fund* is 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 of the governmental funds.

The *permanent fund* is used to account for and report financial resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support the governmental programs.

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

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

The following major proprietary funds are reported:

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

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

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

Fiduciary fund financial statements are reported using the flow of economic resources measurement focus and use the accrual basis of accounting, except for agency funds which have no measurement focus. Fiduciary funds are used to account for assets held in a trustee capacity for others that cannot be used to support the governmental programs.

The following fiduciary fund types are reported:

The *OPEB trust fund* is used to account for the activities of the Other Postemployment Benefit trust fund, which accumulates resources to provide other postemployment benefits to eligible retirees and their beneficiaries.

The *private-purpose trust fund* is used to account for trust arrangements that exclusively benefit individuals, private organizations, or other governments. Some of these trusts have donor restrictions and trustee policies that do not allow the endowment portion and any unrealized appreciation to be spent. The donor restrictions and trustee policies only allows the trustees to authorize spending of the realized investment earnings. The Town's private purpose trust funds include activities for scholarships, gifts to the financially 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.

D. Cash 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.

E. Fair Value Measurements

The Town reports required types of financial instruments in accordance with the fair value standards. These standards require an entity to maximize the use of observable inputs (such as quoted prices in active markets) and minimize the use of unobservable inputs (such as appraisals or valuation techniques) to determine fair value. Fair value standards also require the government to classify these financial instruments into a three-level hierarchy, based on the priority of inputs to the valuation technique or in accordance with net asset value practical expedient rules, which allow for either Level 2 or Level 3 depending on lock up and notice periods associated with the underlying funds.

Instruments measured and reported at fair value are classified and disclosed in one of the following categories:

Level 1 – Quoted prices are available in active markets for identical instruments as of the reporting date. Instruments, which are generally included in this category, include actively traded equity and debt securities, U.S. government obligations, and mutual funds with quoted market prices in active markets.

Level 2 – Pricing inputs are other than quoted in active markets, which are either directly or indirectly observable as of the reporting date, and fair value is determined through the use of models or other valuation methodologies. Certain fixed income securities, primarily corporate bonds, are classified as Level 2 because fair values are estimated using pricing models, matrix pricing, or discounted cash flows.

Level 3 – Pricing inputs are unobservable for the instrument and include situations where there is little, if any, market activity for the instrument. The inputs into the determination of fair value require significant management judgment or estimation.

In some instances the inputs used to measure fair value may fall into different levels of the fair value hierarchy and is based on the lowest level of input that is significant to the fair value measurement.

Market price is affected by a number of factors, including the type of instrument and the characteristics specific to the instrument. Instruments with readily available active quoted prices generally will have a higher degree of market price observability and a lesser degree of judgment used in measuring fair value. It is reasonably possible that change in values of these instruments will occur in the near term and that such changes could materially affect amounts reported in these financial statements. For more information on the fair value of the Town's financial instruments, see Note 2 - Cash and Investments.

F. Accounts Receivable

Government-Wide and Fund Financial Statements

The recognition of revenue related to accounts receivable reported in the government-wide financial statements and the proprietary funds and fiduciary 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, 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 tax liens are processed one year after the close of the valuation year on delinquent properties and are recorded as receivables in the year they are processed.

Real estate receivables are secured via the tax lien process and are considered 100% collectible. Accordingly, an allowance for uncollectibles is not reported.

Personal property taxes cannot be secured through the lien process. The allowance for uncollectibles is estimated based on historical trends and specific account analysis.

Motor Vehicle Excise

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

The allowance for uncollectibles is estimated based on historical trends and specific account analysis.

Community Preservation Surcharges

Community preservation surcharges are levied annually at a rate of 3% of resident's 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 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 year of the levy.

Since the receivables are secured via the lien process, these accounts are considered 100% collectible and therefore do not report an allowance for uncollectibles.

Departmental and Other

Departmental and other receivables consist primarily of amounts due from ambulance charges, police details and Facility services. These receivables are recorded when the applicable service has been performed.

The allowance for uncollectibles is estimated based on historical trends and specific account analysis.

Intergovernmental

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

These receivables are considered 100% collectible and therefore do not report an allowance for uncollectibles.

G. 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.

H. Capital Assets

Government-Wide and Proprietary Fund Financial Statements

Capital assets, which include land, land improvements, buildings and improvements, machinery and equipment, library books, vehicles, infrastructure (e.g., roads, treatment plants, pump stations, sewer mains and similar items) and construction-in-progress, are reported in the applicable governmental or business-type activity column of the government-wide financial statements and in the proprietary fund financial statements. Capital assets are recorded at historical cost, or at estimated historical cost, if actual historical cost is not available. Donated capital assets; donated works of art, historical treasures and similar assets; and capital assets received in service concession arrangements are recorded at acquisition value. Except for the capital assets of the governmental activities column in the government-wide financial statements, construction period interest is capitalized on constructed capital assets.

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) 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 year of the purchase.

I. Deferred Outflows/Inflows of Resources

Government-Wide Financial Statements (Net Position)

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 then. The Town has reported deferred outflows of resources related to pensions in this category.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *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 Town has reported deferred inflows of resources related to pensions and taxes paid in advance in this category.

Governmental Fund Financial Statements

In addition to liabilities, the governmental funds balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents assets that have been recorded in the governmental fund financial statements but the revenue is not available and so will *not* be recognized as an inflow of resources (revenue) until it becomes available. The Town has reported unavailable revenues from property taxes and taxes received in advance in this category.

J. Interfund Receivables and Payables

During the course of its operations, transactions occur between and within individual 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.

K. Interfund Transfers

During the course of its operations, resources are permanently reallocated between and within funds. These transactions are reported as transfers in and transfers out.

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.

L. Net Position and Fund Equity*Government-Wide Financial Statements (Net Position)*

Net position reported as “net investment in capital assets” includes capital assets, net of accumulated depreciation, less the principal balance of outstanding debt used to acquire capital assets. Unspent proceeds of capital related debt are not considered to be capital assets.

Net position is reported as restricted when amounts that are not available for appropriation or are legally restricted by outside parties for a specific future use.

Net position has been “restricted for” the following:

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

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

“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.

“Gifts and grants” represents amounts restricted for federal and state grant funds and gifts for specific purposes.

Sometimes the Town will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and

unrestricted – net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Town’s policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

Fund Financial Statements (Fund Balances)

Governmental fund balances are classified as nonspendable, restricted, committed, assigned, or unassigned based on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent.

The governmental fund balance classifications are as follows:

“Nonspendable” fund balance includes amounts that cannot be spent because they are either not in spendable form or they are legally or contractually required to be maintained intact.

“Restricted” fund balance includes amounts subject to constraints placed on the use of resources that are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or that are imposed by law through constitutional provisions or enabling legislation.

“Committed” fund balance includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government’s highest level of decision-making authority. Town Meeting is the highest level of decision-making authority for the government that can, by adoption of an article prior to the end of the year, commit fund balance. Once adopted, the limitation imposed by the article remains in place until a similar action is taken to remove or revise the limitation.

“Assigned” fund balance includes amounts that are constrained by the Town’s intent to be used for specific purposes, but are neither restricted nor committed. Town Meeting may assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year’s appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

“Unassigned” fund balance includes the residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund.

The Town’s spending policy is to spend restricted fund balance first, followed by committed, assigned and unassigned fund balance. Most governmental funds are designated for one purpose at the time of their creation. Therefore, any expenditure from the fund will be allocated to the applicable fund balance classifications in the order of the aforementioned spending policy. The general fund and certain other funds may have more than one purpose.

M. Long-term debt

Government-Wide and Proprietary Fund Financial Statements

Long-term debt is reported as liabilities in the government-wide and proprietary fund statement 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 Fund Financial Statements

The face amount of governmental funds long-term debt is reported as other financing sources. 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.

N. Pensions

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 and the Massachusetts Teachers Retirement System and additions to/deductions from the Systems fiduciary net position have been determined on the same basis as they are reported by the Systems. 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.

O. Investment Income

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

P. Compensated Absences

Employees are granted vacation and sick leave in varying amounts based on collective bargaining agreements, state laws and executive policies. Compensated absence liabilities related to both governmental and business-type activities are normally paid from the funds reporting payroll and related expenditures. Compensated absences are reported in governmental funds only if they have matured.

Government-Wide and Proprietary Fund Financial Statements

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

Governmental Fund 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 maturity of the liability.

Q. 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 year. Actual results could vary from estimates that were used.

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

S. Fund Deficits

The Recreation Field Maintenance enterprise fund had a year-end deficit of \$160,128. This deficit is the result of the fund recognizing a \$23,408 other postemployment benefits liability, and a \$191,334 net pension liability.

NOTE 2 - CASH AND INVESTMENTS

A cash and investment pool is maintained that is available for use by all funds. Each fund type's portion of this pool is displayed on the balance sheet as "Cash and Cash Equivalents." The deposits and investments of the trust funds are held separately from those of other funds.

Statutes authorize the investment in obligations of the U.S. Treasury, agencies, and instrumentalities, certificates of deposit, repurchase agreements, money market accounts, bank deposits and the State Treasurer's Investment Pool (Pool). The Treasurer may also invest trust funds in securities, other than mortgages or collateral loans, which are legal for the investment of funds of savings banks under the laws of the Commonwealth. In addition, there are various restrictions limiting the amount and length of deposits and investments.

The Pool meets the criteria of an external investment pool. The Pool is administered by the Massachusetts Municipal Depository Trust (MMDT), which was established by the Treasurer of the Commonwealth who serves as Trustee. The fair value of the position in the Pool is the same as the value of the Pool shares.

Custodial Credit Risk – Deposits

In the case of deposits, this is the risk that in the event of a bank failure, the Town's deposits may not be returned to it. The Town's policy for custodial credit risk is to rely on FDIC and DIF insurance coverage. At year-end, the carrying amount of deposits totaled \$27,447,649 and the bank balance totaled \$28,159,408. Of the bank balance, \$2,753,430 was covered by Federal Depository Insurance, \$19,646,646 was covered by the Depositor's Insurance Fund, \$1,000,604 was covered by the Securities Investor Protection Corporation Insurance and \$4,758,728 was exposed to custodial credit risk because it was uninsured and uncollateralized.

Interest Rate Risk

The Town's investment policy limits investment maturities to one year or less as a means of managing its exposure to fair value losses arising from increasing interest rates. The Town participates in MMDT, which maintains a cash portfolio and a short-term bond fund with combined average maturities of approximately three months.

As of June 30, 2017, the Town had the following investments and maturities:

Investment Type	Fair Value	Maturities	
		1-5 Years	6-10 Years
Debt Securities			
Government sponsored enterprises.....	\$ 5,819,153	\$ 2,603,626	\$ 3,215,527
Corporate bonds.....	2,658,119	-	2,658,119
Total debt securities.....	8,477,272	\$ 2,603,626	\$ 5,873,646
Other Investments			
Equity securities.....	3,005,304		
Equity mutual funds.....	1,362,539		
Money market mutual funds.....	391,672		
MMDT.....	217,250		
Total investments.....	\$ 13,454,037		

Custodial Credit Risk – Investments

For an investment, this is the risk that, in the event of a failure by the counterparty, the Town will not be able to recover the value of its investments or collateral security that are in the possession of an outside party. The Town did not have investments that were exposed to custodial credit risk. The Town does not have a policy for custodial credit risk of investments.

Of the Town’s investments, \$5,819,153 of government sponsored enterprises, \$2,658,119 of corporate bonds, and \$3,005,304 of equity securities are subject to custodial credit risk.

Credit Risk

The Town does not have a policy for credit risk of debt securities. At June 30, 2017, the Town’s investments were rated as follows:

Quality Ratings	Government Sponsored Enterprises	Corporate Bonds
AAA.....	\$ -	\$ 505,763
AA+.....	5,819,153	-
AA-.....	-	395,009
A+.....	-	104,090
A.....	-	339,187
A-.....	-	257,851
BBB+.....	-	776,326
BBB.....	-	279,893
Fair Value.....	\$ 5,819,153	\$ 2,658,119

The Town’s investments of \$391,672 in money market mutual funds and \$217,250 in MMDT were unrated.

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, 2017, the Town’s investments with a single issuer that represent 5 percent or more of the Town’s total investments are as follows:

<u>Issuer</u>	<u>Fair Value</u>	<u>Percentage of Total Investments</u>
Federal Home Loan Bank.....	\$ 1,870,129	15%
Federal National Mortgage Association.....	1,658,651	13%
Federal Home Loan Mortgage Corporation.....	1,424,804	11%
Federal Farm Credit Bank.....	865,569	7%

Fair Market Value of Investments

The Town holds investments that are measured at fair value on a recurring basis. Because investing is not a core part of the Town’s mission, the Town determines that the disclosures related to these investments only need to be disaggregated by major type. The Town chooses a tabular format for disclosing the levels within the fair value hierarchy.

The Town has the following recurring fair value measurements as of June 30, 2017:

<u>Investment Type</u>	<u>June 30, 2017</u>	<u>Fair Value Measurements Using</u>		
		<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
Investments by Fair Value Level				
Debt Securities:				
Government sponsored enterprises.....	\$ 5,819,153	\$ 5,819,153	\$ -	\$ -
Corporate bonds.....	2,658,119	-	2,658,119	-
Total debt securities.....	<u>8,477,272</u>	<u>5,819,153</u>	<u>2,658,119</u>	<u>-</u>
Other investments:				
Equity securities.....	3,005,304	3,005,304	-	-
Equity mutual funds.....	1,362,539	1,362,539	-	-
Money market mutual funds.....	391,672	391,672	-	-
Total other investments.....	<u>4,759,515</u>	<u>4,759,515</u>	<u>-</u>	<u>-</u>
Total investments by fair value level.....	13,236,787	<u>\$ 10,578,668</u>	<u>\$ 2,658,119</u>	<u>\$ -</u>
Investments Measured at Amortized Cost				
MMDT.....	<u>217,250</u>			
Total investments.....	<u>\$ 13,454,037</u>			

Government sponsored enterprises, equity securities and equity mutual funds classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Corporate bonds classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

MMDT investments are valued at amortized cost. Under the amortized cost method, an investment is valued initially at its cost and adjusted for the amount of interest income accrued each day over the term of the investment to account for any difference between the initial cost and the amount payable at its maturity. If amortized cost is determined not to approximate fair value, the value of the portfolio securities will be determined under procedures established by the Advisor.

NOTE 3 - RECEIVABLES

At June 30, 2017, receivables for the individual major and non-major governmental funds 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.....	\$ 480,623	\$ (14,071)	\$ 466,552
Tax liens.....	3,231,073	-	3,231,073
Motor vehicle and other excise taxes.....	276,102	(59,741)	216,361
Community preservation surcharges.....	13,175	-	13,175
Departmental and other.....	800,941	(67,125)	733,816
Intergovernmental.....	6,050,456	-	6,050,456
Total.....	<u>\$ 10,852,370</u>	<u>\$ (140,937)</u>	<u>\$ 10,711,433</u>

At June 30, 2017, receivables for the transfer station enterprise fund are as follows:

	Gross Amount	Allowance for Uncollectibles	Net Amount
<u>Receivables:</u>			
Departmental and other.....	\$ 10,750	\$ -	\$ 10,750

Governmental funds report *unavailable revenue* in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. At the end of the current year, the various components of *unavailable revenue* reported in the governmental funds were as follows:

	General Fund	Other Governmental Funds	Total
<u>Receivable and other asset type:</u>			
Real estate and personal property taxes.....	\$ 258,523	\$ -	\$ 258,523
Tax liens.....	3,518,081	-	3,518,081
Motor vehicle and other excise taxes.....	216,361	-	216,361
Community preservation surcharges.....	-	13,175	13,175
Departmental and other.....	-	568,767	568,767
Intergovernmental.....	5,940,052	53,691	5,993,743
Total.....	<u>\$ 9,933,017</u>	<u>\$ 635,633</u>	<u>\$ 10,568,650</u>

NOTE 4 - CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2017, is as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities:				
<u>Capital assets not being depreciated:</u>				
Land.....	\$ 30,259,246	\$ -	\$ (2,000)	\$ 30,257,246
Construction in Progress.....	10,053,295	-	(9,841,657)	211,638
Intangible assets.....	<u>16,178,237</u>	<u>-</u>	<u>-</u>	<u>16,178,237</u>
Total capital assets not being depreciated.....	<u>56,490,778</u>	<u>-</u>	<u>(9,843,657)</u>	<u>46,647,121</u>
<u>Capital assets being depreciated:</u>				
Land improvements.....	3,111,517	-	-	3,111,517
Buildings and improvements.....	72,089,675	9,436,860	(540,001)	80,986,534
Machinery and equipment.....	8,921,702	560,673	(248,786)	9,233,589
Vehicles.....	4,084,276	460,544	(222,614)	4,322,206
Infrastructure.....	<u>17,868,106</u>	<u>980,226</u>	<u>-</u>	<u>18,848,332</u>
Total capital assets being depreciated.....	<u>106,075,276</u>	<u>11,438,303</u>	<u>(1,011,401)</u>	<u>116,502,178</u>
<u>Less accumulated depreciation for:</u>				
Land improvements.....	(1,187,442)	(96,139)	-	(1,283,581)
Buildings and improvements.....	(32,199,041)	(1,993,943)	472,501	(33,720,483)
Machinery and equipment.....	(6,793,469)	(432,734)	210,631	(7,015,572)
Vehicles.....	(2,417,068)	(587,922)	156,163	(2,848,827)
Infrastructure.....	<u>(11,402,183)</u>	<u>(608,066)</u>	<u>-</u>	<u>(12,010,249)</u>
Total accumulated depreciation.....	<u>(53,999,203)</u>	<u>(3,718,804)</u>	<u>839,295</u>	<u>(56,878,712)</u>
Total capital assets being depreciated, net.....	<u>52,076,073</u>	<u>7,719,499</u>	<u>(172,106)</u>	<u>59,623,466</u>
Total governmental activities capital assets, net.....	<u>\$ 108,566,851</u>	<u>\$ 7,719,499</u>	<u>\$ (10,015,763)</u>	<u>\$ 106,270,587</u>
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.....	<u>318,180</u>	<u>-</u>	<u>-</u>	<u>318,180</u>
Total capital assets being depreciated.....	<u>2,070,639</u>	<u>-</u>	<u>-</u>	<u>2,070,639</u>
<u>Less accumulated depreciation for:</u>				
Buildings and improvements.....	(948,229)	(34,868)	-	(983,097)
Machinery and equipment.....	(29,948)	(10,230)	-	(40,178)
Vehicles.....	<u>(172,948)</u>	<u>(36,308)</u>	<u>-</u>	<u>(209,256)</u>
Total accumulated depreciation.....	<u>(1,151,125)</u>	<u>(81,406)</u>	<u>-</u>	<u>(1,232,531)</u>
Total capital assets being depreciated, net.....	<u>919,514</u>	<u>(81,406)</u>	<u>-</u>	<u>838,108</u>
Total business-type activities capital assets, net.....	<u>\$ 1,112,014</u>	<u>\$ (81,406)</u>	<u>\$ -</u>	<u>\$ 1,030,608</u>

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

Governmental Activities:

General government.....	\$	187,549
Public safety.....		532,582
Education.....		1,475,903
Public works.....		1,360,990
Human services.....		5,870
Culture and recreation.....		<u>155,910</u>

Total depreciation expense - governmental activities..... \$ 3,718,804

Business-Type Activities:

Swimming pool.....	\$	36,224
Transfer station.....		<u>45,182</u>

Total depreciation expense - business-type activities..... \$ 81,406

NOTE 5 - INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Interfund receivables and payables totaled \$56,713 as of June 30, 2017 and consisted of amounts due to the general fund from the highway chapter 90 fund. The outstanding balance resulted from the time lag between the dates that reimbursable expenditures are incurred and reimbursements are received.

Interfund transfers for the year ended June 30, 2017, are summarized as follows:

Transfers Out:	Transfers In:		
	General Fund	Nonmajor Governmental Funds	Total
General Fund.....	\$ -	\$ 1,615,000	\$ 1,615,000 (1)
Community Preservation Fund.....	-	202,600	202,600 (2)
Nonmajor Governmental Funds.....	<u>641,912</u>	<u>-</u>	<u>641,912 (3)</u>
Total.....	<u>\$ 641,912</u>	<u>\$ 1,817,600</u>	<u>\$ 2,459,512</u>

- (1) Represents budgeted transfers from the general fund to capital projects fund.
- (2) Represents budgeted transfers from the general fund to the affordable housing trust fund.
- (3) Represents budgeted transfer from the ambulance receipts reserve fund to the general fund to fund the 2017 operating budget.

NOTE 6 – CAPITAL LEASES

The Town has entered into certain capital lease agreements for machinery, equipment and vehicles. The lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of the future minimum lease payments as of the inception date.

The assets acquired through capital leases are as follows:

<u>Asset:</u>	<u>Governmental Activities</u>
Machinery and equipment.....	\$ 603,249
Vehicles.....	<u>244,723</u>
Total.....	847,972
Less: accumulated depreciation.....	<u>(447,294)</u>
	<u>\$ 400,678</u>

The future minimum lease obligation and the net present value of these minimum lease payments as of June 30, 2017 are as follows:

<u>Years Ending June 30</u>	<u>Governmental Activities</u>
2018.....	\$ 123,263
2019.....	<u>66,583</u>
Total minimum lease payments.....	189,846
Less: amounts representing interest.....	<u>(6,505)</u>
Present value of minimum lease payments.....	<u>\$ 183,341</u>

NOTE 7 - 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 or tax anticipation notes (RANS or TANS).
- Capital project costs and other approved expenditures incurred prior to obtaining permanent financing through issuance of bond anticipation notes (BANS) or grant anticipation notes (GANS).

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.

The Town has no short-term loan activity during the year, nor any amounts outstanding at year-end.

NOTE 8 - LONG-TERM DEBT

State law permits the Town, under the provisions of Chapter 44, Section 10, to authorize indebtedness up to a limit of 5% of its equalized valuation. Debt issued in accordance with this section of the law is designated as being "inside the debt limit." In addition, however, a Town may authorize debt in excess of that limit for specific purposes. Such debt, when issued, is designated as being "outside the debt limit."

Details related to the outstanding indebtedness at June 30, 2017, and the debt service requirements are as follows:

Bonds Payable – Governmental Funds

Project	Maturities Through	Original Loan Amount	Interest Rate (%)	Beginning Balance	Additions	Reductions	Ending Balance
General Obligation CPA Bonds.....	2028	\$ 5,045,000	2.00 - 4.00	\$ 3,260,000	\$ -	\$ 255,000	\$ 3,005,000
General Obligation CPA Bonds.....	2030	2,030,000	2.00 - 4.00	1,500,000	-	100,000	1,400,000
School Construction Refunding Bonds.....	2021	4,870,000	2.00 - 4.00	2,335,000	-	480,000	1,855,000
General Obligation Bonds - Noyes Green Repair.....	2021	1,580,000	2.00 - 3.00	940,000	-	160,000	780,000
General Obligation Refunding Bonds - CPA 2004.....	2024	2,455,000	1.50 - 2.00	1,900,000	-	260,000	1,640,000
General Obligation Refunding Bonds - CPA 2005.....	2025	1,590,000	1.50 - 2.00	1,150,000	-	145,000	1,005,000
General Obligation Bonds - Nixon Roof.....	2023	430,000	2.00 - 3.00	340,000	-	45,000	295,000
General Obligation Refunding Bonds - 2005B.....	2018	1,950,000	2.00 - 3.00	1,045,000	-	435,000	610,000
General Obligation Bonds - Pantry Brook Farm.....	2023	3,010,000	2.00 - 4.00	2,780,000	-	120,000	2,660,000
ESCO Loan.....	2030	974,146	2.51	943,625	-	40,041	903,584
General Obligation Bonds - Police Station (Exempt)....	2035	6,760,000	2.00 - 5.00	6,415,000	-	343,000	6,072,000
General Obligation Bonds - Johnson (Exempt).....	2035	1,724,000	2.00 - 5.00	1,635,000	-	90,000	1,545,000
General Obligation Bonds - Nixon.....	2025	440,000	2.00 - 5.00	395,000	-	45,000	350,000
General Obligation Bonds - Police.....	2031	280,800	2.00 - 5.00	270,000	-	17,000	253,000
General Obligation Bonds - Johnson (CPA).....	2035	1,000,000	2.00 - 5.00	950,000	-	50,000	900,000
General Obligation Refunding Bonds - School.....	2021	6,845,000	3.00 - 5.00	5,795,000	-	1,035,000	4,760,000
General Obligation Bonds - Police Design.....	2021	627,000	3.00 - 5.00	500,000	-	100,000	400,000
Total governmental bonds payable.....				32,153,625	-	3,720,041	28,433,584
Unamortized premium.....				749,385	-	243,732	505,653
Total governmental bonds payable, net.....				\$ 32,903,010	\$ -	\$ 3,963,773	\$ 28,939,237

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

Year	Principal	Interest	Total
2018.....	\$ 3,688,057	\$ 994,771	\$ 4,682,828
2019.....	3,431,950	865,972	4,297,922
2020.....	3,515,343	739,030	4,254,373
2021.....	3,544,621	598,739	4,143,360
2022.....	1,628,908	472,496	2,101,404
2023.....	1,468,503	419,744	1,888,247
2024.....	1,468,116	368,325	1,836,441
2025.....	1,217,845	316,277	1,534,122
2026.....	1,072,895	268,521	1,341,416
2027.....	1,078,273	234,031	1,312,304
2028.....	1,093,787	198,610	1,292,397
2029.....	1,109,641	162,113	1,271,754
2030.....	870,645	129,737	1,000,382
2031.....	775,000	101,625	876,625
2032.....	660,000	77,375	737,375
2033.....	665,000	55,575	720,575
2034.....	675,000	33,475	708,475
2035.....	470,000	14,688	484,688
Totals.....	\$ 28,433,584	\$ 6,051,104	\$ 34,484,688

The Town has been approved to receive school construction assistance through the Massachusetts School Building Authority (MSBA). The MSBA provides resources for eligible construction costs and debt interest and borrowing costs. During 2017, approximately \$1,606,000 of such assistance was received. Approximately \$6,423,000 will be received in future years. Of this amount, approximately \$483,000 represents reimbursement of long-term interest costs, and approximately \$5,940,000 represents reimbursement of approved construction costs. Accordingly, a \$5,940,000 intergovernmental receivable and corresponding unavailable revenue has been recorded in the fund based financial statements and the change in the receivable has been recognized as revenue in the conversion to the government-wide financial statements.

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, 2017, the Town had \$621,000 of authorized and unissued debt related to school building renovations.

Changes in Long-term Liabilities

During the year ended June 30, 2017, the following changes occurred in long-term liabilities:

	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Governmental Activities:					
Long-term bonds.....	\$ 32,153,625	\$ -	\$ (3,720,041)	\$ 28,433,584	\$ 3,688,057
Add: unamortized premium.....	749,385	-	(243,732)	505,653	198,041
Total bonds payable.....	32,903,010	-	(3,963,773)	28,939,237	3,886,098
Capital leases.....	352,275	-	(168,934)	183,341	118,540
Compensated absences.....	650,070	155,395	(65,007)	740,458	74,046
Other postemployment benefits.....	14,894,677	4,298,447	(1,853,116)	17,340,008	-
Net Pension Liability.....	51,147,993	8,327,763	(3,905,301)	55,570,455	-
Total governmental activity long-term liabilities.....	\$ <u>99,948,025</u>	\$ <u>12,781,605</u>	\$ <u>(9,956,131)</u>	\$ <u>102,773,499</u>	\$ <u>4,078,684</u>
Business-Type Activities:					
Compensated absences.....	\$ 17,254	\$ 1,725	\$ (3,842)	\$ 15,137	\$ 1,514
Other postemployment benefits.....	215,679	46,564	(7,581)	254,662	-
Net Pension Liability.....	726,239	132,474	(56,385)	802,328	-
Total business-type activity long-term liabilities.....	\$ <u>959,172</u>	\$ <u>180,763</u>	\$ <u>(67,808)</u>	\$ <u>1,072,127</u>	\$ <u>1,514</u>

The governmental activities long-term liabilities are generally liquidated by the general fund and the business-type activities long-term liabilities are generally liquidated by the applicable enterprise fund.

NOTE 9 – GOVERNMENTAL FUND BALANCE CLASSIFICATIONS

The Town classifies fund balance according to the constraints imposed on the use of those resources. GASB 54 provides for two major types of fund balances, which are nonspendable and spendable. Nonspendable fund balances are balances that cannot be spent because they are not expected to be converted to cash or they are legally or contractually required to remain intact. Examples of this classification are prepaid items, inventories, and principal (corpus) of an endowment fund. The Town has reported principal portions of endowment funds as nonspendable.

In addition to the nonspendable fund balance, GASB 54 has provided a hierarchy of spendable fund balances, based on a hierarchy of spending constraints.

- Restricted: fund balances that are constrained by external parties, constitutional provisions, or enabling legislation.
- Committed: fund balances that contain self-imposed constraints of the government from its highest level of decision making authority.
- Assigned: fund balances that contain self-imposed constraints of the government to be used for a particular purpose.
- Unassigned: fund balance of the general fund that is not constrained for any particular purpose

Massachusetts General Law Ch.40 §5B allows for the establishment of stabilization funds for one or more different purposes. The creation of a fund requires a two-thirds vote of the legislative body and must clearly define the purpose of the fund. Any change to the purpose of the fund along with any additions to or appropriations from the fund requires a two-thirds vote of the legislative body.

The Town maintains a general stabilization fund, energy stabilization fund, Melone stabilization fund, DPW stabilization fund, and synthetic turf stabilization fund.

At year-end, the balance of the general stabilization fund was \$4,384,807, the balance of the energy stabilization fund was \$46,000, the balance of the Melone stabilization fund was \$1,100,000, the balance of the DPW stabilization fund was \$100 and the balance of the synthetic turf field stabilization fund was \$100. 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.

The Town has classified its fund balances with the following hierarchy:

	General Fund	Community Preservation Fund	Nonmajor Governmental Funds	Total Governmental Funds
FUND BALANCES				
Nonspendable:				
Permanent fund principal.....	\$ -	\$ -	\$ 1,163,154	\$ 1,163,154
Restricted for:				
Health trust fund.....	188,563	-	-	188,563
Workers' compensation fund.....	142,290	-	-	142,290
Community preservation.....	-	5,895,441	-	5,895,441
School lunch funds.....	-	-	199,781	199,781
Affordable housing trust fund.....	-	-	458,472	458,472
Revolving funds.....	-	-	1,868,302	1,868,302
Receipts reserved for appropriation.....	-	-	1,501,046	1,501,046
Grant funds.....	-	-	991,569	991,569
Other special revenue funds.....	-	-	723,594	723,594
General capital projects.....	-	-	1,511,764	1,511,764
Cemetery perpetual care.....	-	-	186,276	186,276
Other permanent funds.....	-	-	434,269	434,269
Committed to:				
General government.....	417,980	-	-	417,980
Public safety.....	5,153	-	-	5,153
Education.....	303,235	-	-	303,235
Public works.....	582,803	-	-	582,803
Culture and recreation.....	19,363	-	-	19,363
DPW SPC Stabilization.....	100	-	-	100
Energy SPC Stabilization.....	46,000	-	-	46,000
Melone Stabilization.....	1,100,000	-	-	1,100,000
Synthetic Turf Field Stabilization.....	100	-	-	100
Assigned to:				
General government.....	74,820	-	-	74,820
Public safety.....	44,492	-	-	44,492
Education.....	322,328	-	-	322,328
Public works.....	423,393	-	-	423,393
Culture and recreation.....	3,824	-	-	3,824
Employee benefits.....	15,975	-	-	15,975
Property and liability insurance.....	561	-	-	561
Free cash used for subsequent years' expenditures.....	282,359	-	-	282,359
Unassigned.....	9,873,780	-	-	9,873,780
TOTAL FUND BALANCES.....	\$ 13,847,119	\$ 5,895,441	\$ 9,038,227	\$ 28,780,787

NOTE 10 - 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 a premium-based health care and workers' compensation plan for its active employees. The amount of the claim settlements has not exceeded insurance coverage in any of the previous three fiscal years.

NOTE 11 - PENSION PLAN*Plan Description*

The Town is a member of the Middlesex County Retirement System (MCRS), a cost-sharing multiple-employer defined benefit pension plan covering eligible employees of the member units. The MCRS is administered by the Middlesex Retirement Board (the "Board") on behalf of all current employees and retirees except for current teachers and retired teachers. Chapter 32 of the MGL assigns authority to establish and amend benefit provisions of the plan. The audited financial report may be obtained by visiting <http://middlesexretirement.org>.

The Town is a member of the Massachusetts Teachers' Retirement System (MTRS), a cost-sharing multi-employer defined benefit plan. MTRS is managed by the Commonwealth of Massachusetts (Commonwealth) on behalf of municipal teachers and municipal teacher retirees. The Commonwealth is a nonemployer contributor and is responsible for 100% of the contributions and future benefit requirements of the MTRS. The MTRS covers certified teachers in cities (except Boston), towns, regional school districts, charter schools, educational collaboratives and Quincy College. The MTRS is part of the Commonwealth's reporting entity and the audited financial report may be obtained by visiting <http://www.mass.gov/osc/publications-and-reports/financial-reports/>.

Special Funding Situation

The Commonwealth is a nonemployer contributor and is required by statute to make 100% of all actuarially determined employer contributions on behalf of the Town to the MTRS. 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 contributor in MTRS. Since the Town does not contribute directly to MTRS, there is no net pension liability to recognize. The total of the Commonwealth provided contributions have been allocated based on each employer's covered payroll to the total covered payroll of employers in MTRS as of the measurement date of June 30, 2016. The Town's portion of the collective pension expense, contributed by the Commonwealth, of \$7,620,634 is reported in the general fund as intergovernmental revenue and pension expense in the current fiscal year. The portion of the Commonwealth's collective net pension liability associated with the Town is \$74,707,293 as of the measurement date.

Benefits Provided

Both Systems provide retirement, disability, survivor and death benefits to plan members and beneficiaries. Massachusetts Contributory Retirement System benefits are, with certain minor exceptions, uniform from system to system. The System provides for retirement allowance benefits up to a maximum of 80% of a member's highest three-year average annual rate of regular compensation. For persons who became members on or after April 2, 2012, average salary is 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.

Employees who resign from service and who are not eligible to receive a retirement allowance or are under the age of 55 are entitled to request a refund of their accumulated total deductions. Survivor benefits are extended to eligible beneficiaries of members whose death occurs prior to or following retirement.

Cost-of-living adjustments granted between 1981 and 1997 and any increase in other benefits imposed by the Commonwealth's state law during those years are borne by the Commonwealth and are deposited into the pension fund. Cost-of-living adjustments granted after 1997 must be approved by the Board and are borne by the System.

There were no changes in benefit terms that affected the measurement of the total pension liability since the prior measurement date.

Contributions

Chapter 32 of the MGL governs the contributions of plan members and member units. Active plan members are required to contribute to the System at rates ranging from 5% to 9% of gross regular compensation with an additional 2% contribution required for compensation exceeding \$30,000. The percentage rate is keyed to the date upon which an employee's membership commences. The member units are required to pay into the MCRS a legislatively mandated actuarial determined contribution that is apportioned among the employers based on active current payroll. The Town's proportionate share of the required contribution equaled its actual contribution for the year ended December 31, 2016, which was \$3,961,686, or 25.97% of covered payroll, actuarially determined as an amount that, when combined with plan member contributions, is expected to finance the costs of benefits earned by plan members during the year, with an additional amount to finance any unfunded accrued liability.

Pension Liabilities

At June 30, 2017, the Town reported a liability of \$56,372,784 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2016. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At December 31, 2016, the Town's proportion was 3.979%, which decreased from a proportionate share of 4.021% measured at December 31, 2015.

Pension Expense

For the year ended June 30, 2017, the Town recognized pension expense of \$5,960,459. At June 30, 2017, the Town reported deferred outflows of resources related to pensions of \$5,665,918 and deferred inflows of resources related to pensions of \$1,015,336.

The balances of deferred outflows and inflows of resources related to pensions at June 30, 2017 consist of the following:

Deferred Category	Deferred Outflows of Resources	Deferred Inflows of Resources	Total
Differences between expected and actual experience.....	\$ 253,885	\$ -	\$ 253,885
Difference between projected and actual earnings.....	2,340,479	-	2,340,479
Changes in assumptions.....	3,071,554	-	3,071,554
Changes in proportionate share of contributions.....	-	(1,015,336)	(1,015,336)
Total deferred outflows of resources.....	\$ 5,665,918	\$ (1,015,336)	\$ 4,650,582

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

<u>Year ended June 30:</u>	
2018.....	\$ 1,307,932
2019.....	1,307,932
2020.....	1,267,580
2021.....	<u>767,138</u>
 Total.....	 \$ <u><u>4,650,582</u></u>

Actuarial Assumptions

The total pension liability in the January 1, 2016, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement that was updated to December 31, 2016:

Valuation date.....	January 1, 2016
Actuarial cost method.....	Entry Age Normal Cost Method.
Amortization method.....	Prior year's total contribution increased by 6.5% for fiscal 2018 through fiscal 2024, and thereafter the remaining unfunded liability will be amortized on a 4.0% annual increasing basis; ERI liability amortized in level payments.
Remaining amortization period.....	As of July 1, 2016, 3 years remaining for 2002 ERI liability, 4 years remaining for 2003 ERI liability, 6 years remaining for 2010 ERI liability, and 19 years for remaining unfunded liability.
Asset valuation method.....	Market value
Inflation rate.....	3.50%
Projected 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
Cost of living adjustments.....	3.0% of the first \$14,000 of retirement income.
Rates of retirement.....	Varies based upon age for general employees, police and fire employees.
Rates of disability.....	For general employees, it was assumed that 45% of all disabilities are ordinary (55% are service connected). For police and fire employees, 10% of all disabilities are assumed to be ordinary (90% are service connected).

Mortality Rates:

Pre-Retirement.....	The RP-2000 Employee Mortality Table projected generationally from 2009 with Scale BB2D.
Post-Retirement.....	The RP-2000 Employee Mortality Table projected generationally from 2009 with Scale BB2D.
Disabled Retiree.....	The RP-2000 Healthy Annuitant Mortality Table projected generationally from 2015 with Scale BB2D.

Investment rate of return/Discount rate..... 7.75%, net of pension plan investment expense, including inflation previously 7.875%

Investment policy

The pension plan’s policy in regard to the allocation of invested assets is established by PRIT. Plan assets are managed on a total return basis with a long-term objective of achieving a fully funded status for the benefits provided through the pension plan.

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, 2016 are summarized in the following table:

Domestic equity.....	7.50%	19.50%
International equity.....	7.83%	16.80%
Emerging markets equities.....	9.61%	6.90%
Core fixed income.....	3.75%	12.30%
Value-added fixed income.....	7.26%	8.30%
Private Equity.....	9.50%	11.10%
Real estate.....	6.50%	10.00%
Timber/natural resources.....	6.00%	3.60%
Hedge funds.....	6.48%	9.00%
Liquidating portfolios.....	6.48%	0.40%
Portfolio completion strategies.....	6.48%	1.10%
Overlay.....	6.48%	1.00%
		100.00%

Rate of return

For the year ended December 31, 2016, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 7.35%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Discount rate

The discount rate used to measure the total pension liability was 7.75%. The projection of cash flows used to determine the discount rate assumed plan member contributions will be made at the current contribution rate and that contributions will be made at rates equal to the actuarially determined contribution rate. 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 net pension liability to changes in the discount rate

The following presents the net pension liability, calculated using the discount rate of 7.75%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.75%) or 1-percentage-point higher (8.75%) than the current rate:

	1% Decrease (6.75%)	Current Discount (7.75%)	1% Increase (8.75%)
	<u> </u>	<u> </u>	<u> </u>
The Town's proportionate share of the net pension liability.....	\$ 68,075,256	\$ 56,372,784	\$ 46,482,597

Changes of Assumptions

The pre-retirement mortality assumption was changed from the RP-2000 Employee Mortality Table projected 22 years with Scale AA to the RP-2000 Employee Mortality Table projected generationally from 2009 with Scale BB2D.

The mortality assumption for non-disabled retirees was changed from the RP-2000 Healthy Annuitant Mortality Table projected 17 years with Scale AA to RP-2000 Employee Mortality Table projected generationally from 2009 with Scale BB2D.

The mortality assumption for disabled participants was changed from the RP-2000 Healthy Annuitant Mortality Table set forward three years projected 17 years with Scale AA to the RP-2000 Healthy Annuitant Mortality Table projected generationally from 2015 with Scale BB2D.

The investment return assumption was lowered from 7.875% to 7.75%.

The administrative expense assumption was increased from \$3,400,000 for calendar 2014, increasing 4.0% per year, to \$3,500,000 for calendar 2016, increasing 3.5% per year.

Changes of Plan Provisions - None

NOTE 12 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

Plan Description – The Town of Sudbury administers a single-employer defined benefit healthcare plan (“the Retiree Health Plan”). The plan provides health, dental and life insurance for eligible retirees and their spouses through a single-employer defined Other Postemployment Benefit (OPEB) plan. Chapter 32B of the MGL assigns authority to establish and amend benefit provisions of the plan. Benefit provisions are negotiated between the Town and the unions representing Town employees and are renegotiated each bargaining period. The Retiree Health Plan does not issue a publicly available financial report.

Funding Policy – The contribution requirements of plan members and the Town are established and may be amended by the Town. The required contribution is based on a pay-as-you-go financing requirement. The Town contributes 50 percent of the cost of current-year premiums for health and life insurance for eligible retired plan members and their spouses. Plan members receiving benefits contribute the remaining 50 percent of their premium costs for health and life insurance and all of the premiums related to dental insurance. For the year ended June 30, 2017, the Town contributed \$1.9 million to the plan. The average contribution rate for 2017 was 4.81% of covered employee payroll.

The Commonwealth of Massachusetts passed special legislation that enabled the Town to establish a postemployment benefit trust fund for the purpose of accumulating assets to pre-fund its OPEB liabilities. During 2017, the Town pre-funded future OPEB liabilities totaling \$443,000 by contributing funds to the OPEB trust fund in excess of the pay-as-you-go required contribution. These funds are reported within the Fiduciary Fund financial statements. As of June 30, 2017, the balance of this fund totaled \$5.9 million.

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.

The annual money-weighted rate of return on OPEB plan investments was 3.26%. The money-weighted rate of return expresses investment performance, net of OPEB plan investment expense, adjusted for the changing amounts actually invested.

Plan Membership – The following table represents the Plan’s membership at July 1, 2015:

Active members.....	575
Inactive employees or beneficiaries currently receiving benefits.....	<u>287</u>
Total.....	<u><u>862</u></u>

Components of OPEB Liability – The following table represents the components of the Plan’s OPEB liability as of June 30, 2017:

Total OPEB liability.....	\$ 50,682,122
Less: OPEB plan’s fiduciary net position.....	<u>(5,880,200)</u>
Net OPEB liability.....	<u><u>\$ 44,801,922</u></u>
The OPEB plan’s fiduciary net position as a percentage of the total OPEB liability.....	11.60%

Significant Actuarial Methods and Assumptions – The Plan’s total OPEB liability in the July 1, 2015 actuarial valuation was determined by using the following actuarial assumptions actuarial, applied to all periods including the measurement date that was updated to June 30, 2017 to be in accordance with GASB #74:

Valuation date.....	Actuarially determined contribution was calculated as of June 30, 2017.
Actuarial cost method.....	Individual Entry Age Normal
Asset valuation method.....	Market Value of Assets as of the Reporting Date, June 30, 2017.
Investment rate of return.....	7.50%, net of investment expenses, including inflation.
Discount rate.....	4.75%, net of investment expenses, including inflation.
Inflation.....	3.00%
Healthcare cost trend rate.....	7.00% for 2015, decreasing 0.50% per year to an ultimate rate of 5.00% for 2019 and later years.
Pre-Retirement mortality - General and Public Safety employees.....	RP-2000 Employees Mortality Table, base year 2000, projected with generational mortality improvement using scale BB.
Post-Retirement mortality - General and Public Safety employees.....	RP-2000 Healthy Annuitant Mortality Table, base year 2000, projected with generational mortality improvement using scale BB.
Pre-Retirement mortality - Teachers.....	RP-2014 Employees Mortality Table, base year 2014, projected with generational mortality improvement using scale BB.
Post-Retirement mortality - Teachers.....	RP-2014 Healthy Annuitant Mortality Table, base year 2014, projected with generational mortality improvement using scale BB.

Changes in Assumptions – The actuarial cost method was changed from the projected unit credit to the individual entry age normal method. The discount rate was increased from 4.00% to 4.75%.

Changes in Plan Provisions – None.

Investment Policy – The Town’s policy in regard to the allocation of invested assets is established and may be amended by the Board of Selectmen by a majority vote of its members. The OPEB plan’s assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the OPEB plan.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real of returns (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 of by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation and subtracting expected investment expenses and a risk margin. The System’s expected future real rate of return is added to the expected inflation of 3.00% to produce the long-term expected nominal rate of return of 7.5%. Best estimates of arithmetic real rates of return for each major asset class included in the OPEB plan’s target asset allocation as of June 30, 2017 are summarized in the table on the following page.

<u>Asset Class</u>	<u>Long-Term Expected Asset Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Equity.....	55.00%	7.80%
Fixed income.....	45.00%	4.00%
Total Asset Allocation.....	<u>100.00%</u>	

Discount Rate – As of the June 30, 2017 measurement date, the OPEB plan’s fiduciary net position was projected to be insufficient to make all projected benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to the first 30 periods of projected future benefit payments and the 3.58% municipal bond rate was applied to all periods thereafter to determine the total OPEB liability. The 3.58% municipal bond rate was based on the Bond Buyer 20-Bond General Obligation Municipal Bond Index as of June 19, 2017.

Sensitivity of the net OPEB liability to changes in the discount rate – The following table presents the Plan’s net OPEB liability, calculated using the discount rate of 4.75%, as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.75%) or 1-percentage-point higher (5.75%) than the current rate:

	<u>1% Decrease (3.75%)</u>	<u>Current Discount Rate (4.75%)</u>	<u>1% Increase (5.75%)</u>
Net OPEB liability.....	\$ 54,441,830	\$ 44,801,922	\$ 37,282,163

Sensitivity of the net OPEB liability to changes in the healthcare trend – The following table presents the net other postemployment benefit liability and service cost, calculated using the current healthcare trend rate of 7.00% in year 1 decreasing until reaching 5.00%, as well as what the net other postemployment benefit liability would be if it were calculated using a healthcare trend rate that is 1-percentage point lower or 1-percentage-point higher.

	<u>1% Decrease 6% Year 1 Decreasing to 4%</u>	<u>Healthcare Cost Trend Rates 7% Year 1 Decreasing to 5%</u>	<u>1% Increase 8% Year 1 Decreasing to 6%</u>
Net OPEB liability.....	\$ 34,726,683	\$ 44,801,922	\$ 60,150,215

Annual OPEB Cost and Net OPEB Obligation – The Town’s annual OPEB cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement #45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The components of the Town’s annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the Town’s net OPEB obligation are summarized in the table on the following page.

Annual required contribution.....	\$	4,244,275
Interest on net OPEB obligation.....		604,414
Adjustments to annual required contribution.....		<u>(503,679)</u>
Annual OPEB cost (expense).....		4,345,010
Contributions made.....		<u>(1,860,697)</u>
Increase in net OPEB obligation.....		2,484,313
Net OPEB obligation - beginning of year.....		<u>15,110,357</u>
Net OPEB obligation - end of year.....	\$	<u><u>17,594,670</u></u>

During 2017, the Town's OPEB contributions totaled \$1,860,697 which included \$1,417,777 of pay-as-you go payments, as well as \$442,920 to pre-fund future liabilities.

The Town's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2017 and the previous two years was as follows:

<u>Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
6/30/2017	\$ 4,345,010	31.1%	\$ 17,594,670
6/30/2016	3,881,571	168.5%	15,110,357
6/30/2015	3,201,919	32.7%	17,767,949

Funded Status and Funding Progress – As of July 1, 2015, the most recent actuarial valuation date, the plan was 9.1% funded. The actuarial accrued liability for benefits was \$57.9 million, and the actuarial value of assets for the plan was \$5.2 million. The remaining \$52.6 million was unfunded. The covered payroll was \$35.6 million, and the ratio of the UAAL to the covered payroll was 148%.

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 schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions – Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the 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 the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the July 1, 2015, actuarial valuation, actuarial liabilities were determined using the projected unit credit method. The actuarial assumptions included a 4.0% investment return assumption, which is based on the expected yield

on the assets of the Town, calculated based on the funded level of the plan at the valuation date, and an annual medical/drug cost trend of 7.0% initially, decreasing 0.5% per year to an ultimate rate of 5.0%, and included a 3.0% inflation assumption. The UAAL is being amortized over a 30 year open period, with amortization payments increasing at 4.0% per year. The remaining amortization period at July 1, 2015, is 30 years.

NOTE 13 – COMMITMENTS AND CONTINGENCIES

The Town participates in a number of federal award programs. Although the grant programs have been audited in accordance with the provisions of the Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, 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 it is expected such amounts, if any, to be immaterial.

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, 2017, cannot be ascertained, management believes any resulting liability should not materially affect the financial position of the Town at June 30, 2017.

NOTE 14 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through December 21, 2017, which is the date the financial statements were available to be issued.

NOTE 15 – RESTATEMENT OF NET POSITION

Beginning net position of the governmental, business-type activities, and fiduciary activities, as well as fund balance of the general fund has been restated as a result of the recognition of the OPEB trust fund. The restatement of net position and fund balance has been detailed in the following table.

	6/30/16 Previously Reported Balances	Reclassify OPEB Trust to Fiduciary Funds	Recognize OPEB Trust in Net OPEB Obligation	6/30/16 Revised Balances
Government-Wide Financial Statements				
Governmental activities.....	\$ 48,244,517	\$ (5,238,714)	\$ 5,163,907	\$ 48,169,710
Business-type activities.....	492,288	-	74,807	567,095
Total.....	<u>\$ 48,736,805</u>	<u>\$ (5,238,714)</u>	<u>\$ 5,238,714</u>	<u>\$ 48,736,805</u>
Proprietary Fund Financial Statements				
Swimming pool enterprise.....	\$ 248,807	\$ -	\$ 39,688	\$ 288,495
Transfer station enterprise.....	328,298	-	26,456	354,754
Recreation field maintenance enterprise.....	(84,817)	-	8,663	(76,154)
Total.....	<u>\$ 492,288</u>	<u>\$ -</u>	<u>\$ 74,807</u>	<u>\$ 567,095</u>
Governmental Fund Financial Statements				
General fund.....	<u>\$ 17,775,105</u>	<u>\$ (5,238,714)</u>	<u>\$ -</u>	<u>\$ 12,536,391</u>
Fiduciary Fund Financial Statements				
OPEB trust fund.....	<u>\$ -</u>	<u>\$ 5,238,714</u>	<u>\$ -</u>	<u>\$ 5,238,714</u>

NOTE 16 – IMPLEMENTATION OF NEW GASB PRONOUNCEMENTS

During 2017, the following GASB pronouncements were implemented:

- GASB Statement #74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. The basic financial statements, related notes and required supplementary information were updated to be in compliance with this pronouncement.
- GASB Statement #77, *Tax Abatement Disclosures*. This pronouncement did not impact the basic financial statements.
- GASB Statement #78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*. This pronouncement did not impact the basic financial statements.
- GASB Statement #80, *Blending Requirements for Certain Component Units – an amendment of GASB Statement #14*. This pronouncement did not impact the basic financial statements.
- GASB Statement #82, *Pension Issues – an amendment of GASB Statements #67, #68, and #73*. The basic financial statements and related notes were updated to be in compliance with this pronouncement.

The following GASB pronouncements will be implemented in the future:

- The GASB issued Statement #75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which is required to be implemented in 2018.
- The GASB issued Statement #81, *Irrevocable Split-Interest Agreements*, which is required to be implemented in 2018.
- The GASB issued Statement #83, *Certain Asset Retirement Obligations*, which is required to be implemented in 2019.
- The GASB issued Statement #84, *Fiduciary Activities*, which is required to be implemented in 2020.
- The GASB issued Statement #85, *Omnibus 2017*, which is required to be implemented in 2018.
- The GASB issued Statement #86, *Certain Debt Extinguishment Issues*, which is required to be implemented in 2018.
- The GASB issued Statement #87, *Leases*, which is required to be implemented in 2021.

Management is currently assessing the impact the implementation of these pronouncements will have on the basic financial statements.

Required Supplementary Information

General Fund Budgetary Comparison Schedule

The General Fund is the general operating fund of the Town. It is used to account for all the financial resources, except those required to be accounted for in another fund.

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

YEAR ENDED JUNE 30, 2017

	Budgeted Amounts		Actual Budgetary Amounts	Amounts Carried Forward To Next Year	Variance To Final Budget
	Original Budget	Final Budget			
REVENUES:					
Real estate and personal property taxes, net of tax refunds.....	\$ 78,138,940	\$ 78,907,940	\$ 79,658,617	\$ -	\$ 750,677
Tax liens.....	-	-	104,819	-	104,819
Payments in lieu of taxes.....	40,000	40,000	7,350	-	(32,650)
Motor vehicle and other excise taxes.....	3,311,000	3,311,000	4,044,745	-	733,745
Penalties and interest on taxes.....	177,500	177,500	288,778	-	111,278
Licenses and permits.....	608,000	608,000	1,147,063	-	539,063
Fines and forfeitures.....	44,000	44,000	37,342	-	(6,658)
Intergovernmental.....	7,749,838	7,749,838	7,735,644	-	(14,194)
Departmental and other.....	354,500	354,500	440,182	-	85,682
Investment income.....	10,000	10,000	40,404	-	30,404
TOTAL REVENUES.....	90,433,778	91,202,778	93,504,944	-	2,302,166
EXPENDITURES:					
Current:					
General Government:					
Selectmen/Town Manager					
Personal services.....	360,121	333,825	324,257	-	9,568
Expenditures.....	75,556	79,356	56,955	9,818	12,583
Total.....	435,677	413,181	381,212	9,818	22,151
Assistant Town Manager/Personnel					
Personal services.....	182,776	199,896	199,792	-	104
Expenditures.....	9,247	9,247	4,025	-	5,222
Total.....	192,023	209,143	203,817	-	5,326
Accounting					
Personal services.....	253,989	254,739	254,694	-	45
Expenditures.....	54,967	54,217	49,853	-	4,364
Total.....	308,956	308,956	304,547	-	4,409
Finance Committee					
Personal services.....	1,779	6,355	6,355	-	-
Assessors					
Personal services.....	206,135	206,785	206,742	-	43
Expenditures.....	58,520	57,870	54,890	2,600	380
Total.....	264,655	264,655	261,632	2,600	423
Finance Director/Treasurer/Collector					
Personal services.....	355,543	355,543	350,801	-	4,742
Expenditures.....	36,529	36,529	22,777	271	13,481
Total.....	392,072	392,072	373,578	271	18,223
Information Systems					
Personal services.....	197,386	197,386	195,646	-	1,740
Expenditures.....	261,522	261,522	196,612	64,909	1
Total.....	458,908	458,908	392,258	64,909	1,741
Law					
Personal services.....	28,397	28,397	18,650	-	9,747
Expenditures.....	400,232	810,232	461,856	340,905	7,471
Total.....	428,629	838,629	480,506	340,905	17,218
Permanent Building Committee					
Expenditures.....	50,002	50,002	-	50,002	-

(Continued)

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

YEAR ENDED JUNE 30, 2017

	Budgeted Amounts		Actual Budgetary Amounts	Amounts Carried Forward To Next Year	Variance To Final Budget
	Original Budget	Final Budget			
Town Clerk and Registrars					
Personal services.....	255,003	265,503	265,438	-	65
Expenditures.....	18,322	26,122	26,094	-	28
Total.....	273,325	291,625	291,532	-	93
Conservation					
Personal services.....	110,278	110,278	106,536	-	3,742
Expenditures.....	14,180	14,180	2,041	9,660	2,479
Total.....	124,458	124,458	108,577	9,660	6,221
Planning and Board of Appeals					
Personal services.....	293,590	222,381	221,520	-	861
Expenditures.....	13,399	84,607	84,580	-	27
Total.....	306,989	306,988	306,100	-	888
Town-Wide Operations					
Expenditures.....	160,990	160,990	130,518	14,635	15,837
Reserve Fund.....	352,696	148,196	46,315	-	101,881
Total General Government.....	3,751,159	3,974,158	3,286,947	492,800	194,411
Public Safety:					
Police					
Personal services.....	3,061,190	3,061,190	3,009,209	-	51,981
Expenditures.....	518,973	518,973	512,905	4,646	1,422
Total.....	3,580,163	3,580,163	3,522,114	4,646	53,403
Fire					
Personal services.....	3,157,685	3,157,685	3,157,685	-	-
Expenditures.....	551,810	647,810	599,794	44,999	3,017
Total.....	3,709,495	3,805,495	3,757,479	44,999	3,017
Building					
Personal services.....	235,090	235,090	225,964	-	9,126
Expenditures.....	16,545	16,545	16,533	-	12
Total.....	251,635	251,635	242,497	-	9,138
Total Public Safety.....	7,541,293	7,637,293	7,522,090	49,645	65,558
Education:					
School Department.....	58,892,870	59,196,105	58,463,167	625,563	107,375
Public Works:					
Engineering					
Personal services.....	402,774	411,174	403,259	-	7,915
Expenditures.....	81,556	85,556	51,098	34,172	286
Total.....	484,330	496,730	454,357	34,172	8,201
Streets and Roads					
Personal services.....	1,051,998	1,041,132	1,034,571	-	6,561
Expenditures.....	1,634,110	1,857,711	1,275,632	580,203	1,876
Total.....	2,686,108	2,898,843	2,310,203	580,203	8,437
Snow and Ice					
Expenditures.....	424,750	772,616	895,684	-	(123,068)
Trees and Cemetery					
Personal services.....	318,445	318,445	309,295	-	9,150
Expenditures.....	118,907	118,907	103,025	14,700	1,182
Total.....	437,352	437,352	412,320	14,700	10,332

(Continued)

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

YEAR ENDED JUNE 30, 2017

	Budgeted Amounts		Actual Budgetary Amounts	Amounts Carried Forward To Next Year	Variance To Final Budget
	Original Budget	Final Budget			
Parks and Grounds					
Personal services.....	144,155	144,155	140,435	-	3,720
Expenditures.....	90,645	90,645	85,709	4,913	23
Total.....	234,800	234,800	226,144	4,913	3,743
Facilities					
Personal services.....	306,928	313,928	310,816	-	3,112
Expenditures.....	1,132,590	1,527,590	1,153,559	372,208	1,823
Total.....	1,439,518	1,841,518	1,464,375	372,208	4,935
Total Public Works.....	5,706,858	6,681,859	5,763,083	1,006,196	(87,420)
Health and Human Services					
Board of Health					
Personal services.....	306,059	306,059	301,693	-	4,366
Expenditures.....	99,619	99,619	98,047	-	1,572
Total.....	405,678	405,678	399,740	-	5,938
Council on Aging					
Personal services.....	238,502	219,888	218,983	-	905
Expenditures.....	9,000	9,114	9,114	-	-
Total.....	247,502	229,002	228,097	-	905
Veterans Affairs					
Personal services.....	12,051	12,051	11,850	-	201
Expenditures.....	48,718	79,218	73,613	-	5,605
Total.....	60,769	91,269	85,463	-	5,806
Total Health and Human Services.....	713,949	725,949	713,300	-	12,649
Culture and Recreation:					
Goodnow Library					
Personal services.....	865,012	861,220	853,650	-	7,570
Expenditures.....	269,523	273,315	269,523	3,792	-
Total.....	1,134,535	1,134,535	1,123,173	3,792	7,570
Recreation					
Personal services.....	146,618	146,618	131,794	-	14,824
Expenditures.....	19,363	19,363	-	19,363	-
Total.....	165,981	165,981	131,794	19,363	14,824
Historic Commission					
Expenditures.....	5,720	5,720	5,696	-	24
Historic Districts Commission					
Personal services.....	4,990	4,990	2,850	-	2,140
Expenditures.....	300	300	227	32	41
Total.....	5,290	5,290	3,077	32	2,181
Total Culture and Recreation.....	1,311,526	1,311,526	1,263,740	23,187	24,599
Pension Benefits					
County Retirement System and Pension Benefits					
Expenditures.....	3,983,686	3,961,686	3,961,686	-	-
Employee Benefits					
Workers Compensation					
Expenditures.....	211,717	202,180	197,006	-	5,174
Unemployment Compensation					
Expenditures.....	100,188	25,188	17,190	5,000	2,998

(Continued)

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

YEAR ENDED JUNE 30, 2017

	Budgeted Amounts		Actual Budgetary Amounts	Amounts Carried Forward To Next Year	Variance To Final Budget
	Original Budget	Final Budget			
Medical Premiums Expenditures.....	6,076,541	6,198,078	6,186,103	10,975	1,000
Life Insurance Expenditures.....	4,563	4,563	3,254	-	1,309
Medicare Tax Expenditures.....	584,220	584,220	583,086	-	1,134
Total Employee Benefits.....	6,977,229	7,014,229	6,986,639	15,975	11,615
Property and Liability Insurance Expenditures.....	316,655	316,655	301,610	561	14,484
State and County Charges Expenditures.....	227,464	227,464	192,255	-	35,209
Debt Service Principal Expenditures.....	2,824,650	2,790,041	2,790,041	-	-
Debt Service Interest Expenditures.....	803,775	838,384	788,384	-	50,000
TOTAL EXPENDITURES.....	93,051,114	94,675,349	92,032,942	2,213,927	428,480
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES.....	(2,617,336)	(3,472,571)	1,472,002	(2,213,927)	2,730,646
OTHER FINANCING SOURCES (USES):					
Transfers in.....	641,912	991,912	1,031,187	-	39,275
Transfers out.....	-	(2,008,722)	(2,008,722)	-	-
TOTAL OTHER FINANCING SOURCES (USES)....	641,912	(1,016,810)	(977,535)	-	39,275
NET CHANGE IN FUND BALANCE.....	(1,975,424)	(4,489,381)	494,467	(2,213,927)	2,769,921
BUDGETARY FUND BALANCE, Beginning of year.....	7,669,420	7,669,420	7,669,420	-	-
BUDGETARY FUND BALANCE, End of year.....	\$ 5,693,996	\$ 3,180,039	\$ 8,163,887	\$ (2,213,927)	\$ 2,769,921

(Concluded)

See notes to required supplementary information.

Community Preservation Fund Budgetary Comparison Schedule

The Community Preservation Fund is used to account for the acquisition, creation, preservation, or rehabilitation of areas of open space, historic preservation, affordable housing and recreation. Funding is provided primarily by a property tax surcharge of up to 3%, along with matching state funds.

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

YEAR ENDED JUNE 30, 2017

	Community Preservation Fund				
	Original Budget	Final Budget	Actual Budgetary Amounts	Amounts Carried Forward To Next Year	Variance To Final Budget
REVENUES:					
Community preservation taxes.....	\$ 1,700,530	\$ 1,700,530	\$ 1,844,752	\$ -	\$ 144,222
Penalties and interest on taxes.....	-	-	2,963	-	2,963
Intergovernmental.....	306,000	306,000	391,958	-	85,958
Investment income.....	20,000	20,000	9,264	-	(10,736)
TOTAL REVENUES.....	2,026,530	2,026,530	2,248,937	-	222,407
EXPENDITURES:					
Current:					
Community preservation.....	2,174,440	2,174,440	307,700	1,824,914	41,826
Debt service:					
Principal.....	930,000	930,000	930,000	-	-
Interest.....	336,198	336,198	336,198	-	-
TOTAL EXPENDITURES.....	3,440,638	3,440,638	1,573,898	1,824,914	41,826
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....	(1,414,108)	(1,414,108)	675,039	(1,824,914)	264,233
OTHER FINANCING SOURCES (USES):					
Transfers out.....	(202,600)	(202,600)	(202,600)	-	-
NET CHANGE IN FUND BALANCES.....	(1,616,708)	(1,616,708)	472,439	(1,824,914)	264,233
FUND BALANCES AT BEGINNING OF YEAR.....	5,423,002	5,423,002	5,423,002	-	-
FUND BALANCES AT END OF YEAR.....	\$ 3,806,294	\$ 3,806,294	\$ 5,895,441	\$ (1,824,914)	\$ 264,233

See notes to required supplementary information.

Pension Plan Schedules

The Schedule of the Town's Proportionate Share of the Net Pension Liability presents multi-year trend information on the Town's net pension liability and related ratios.

The Schedule of the Town's Contributions presents multi-year trend information on the Town's required and actual contributions to the pension plan and related ratios.

The Schedule of the Special Funding Amounts of the Net Pension Liability for the Massachusetts Teachers Contributory Retirement System presents multi-year trend information on the liability and expense assumed by the Commonwealth of Massachusetts on behalf of the Town along with related ratios.

These schedules are intended to present information for ten years. Until a ten year trend is compiled, information is presented for those years for which information is available.

**SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY
MIDDLESEX COUNTY RETIREMENT SYSTEM**

	December 31, 2014	December 31, 2015	December 31, 2016
Town's proportion of the net pension liability (asset).....	4.049%	4.021%	3.979%
Town's proportionate share of the net pension liability (asset)..... \$	48,635,848	\$ 51,874,232	\$ 56,372,784
Town's covered employee payroll..... \$	14,294,094	\$ 14,865,858	\$ 15,254,095
Net pension liability as a percentage of covered-employee payroll.....	340.25%	348.95%	369.56%
Plan fiduciary net position as a percentage of the total pension liability.....	47.65%	46.13%	45.49%

Note: this schedule is intended to present information for 10 years.
Until a 10-year trend is compiled, information is presented for those years for which information is available.

See notes to required supplementary information.

SCHEDULE OF TOWN CONTRIBUTIONS
MIDDLESEX COUNTY RETIREMENT SYSTEM

	June 30, 2014	June 30, 2015	June 30, 2016
Actuarially determined contribution.....	\$ 3,458,181	\$ 3,710,907	\$ 3,961,686
Contributions in relation to the actuarially determined contribution.....	<u>(3,458,181)</u>	<u>(3,710,907)</u>	<u>(3,961,686)</u>
Contribution deficiency (excess).....	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll.....	\$ 14,472,770	\$ 15,051,681	\$ 15,444,771
Contributions as a percentage of covered- employee payroll.....	23.89%	24.65%	25.65%

Note: this schedule is intended to present information for 10 years.
Until a 10-year trend is compiled, information is presented for those years for which information is available.

See notes to required supplementary information.

**SCHEDULE OF THE SPECIAL FUNDING AMOUNTS
OF THE NET PENSION LIABILITY
MASSACHUSETTS TEACHERS' RETIREMENT SYSTEM**

The Commonwealth of Massachusetts is a nonemployer contributor and is required by statute to make all actuarially determined employer contributions on behalf of the member employers which creates a special funding situation. Since the Town does not contribute directly to MTRS, there is no net pension liability to recognize. This schedule discloses the Commonwealth's 100% share of the collective net pension liability that is associated with the Town; the portion of the collective pension expense as both a revenue and pension expense recognized by the Town; and the Plan's fiduciary net position as a percentage of the total liability.

Fiscal Year	Commonwealth's 100% Share of the Net Pension Liability Associated with the Town	Town's Expense and Revenue Recognized for the Commonwealth's Support	Plan Fiduciary Net Position as a Percentage of the Total Liability
2017.....	\$ 74,707,293	\$ 7,620,634	52.73%
2016.....	68,827,354	5,582,511	55.38%
2015.....	54,298,794	3,772,398	61.64%

Note: this schedule is intended to present information for 10 years. Until a 10-year trend is compiled, information is presented for those years for which information is available.

See notes to required supplementary information.

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Other Postemployment Benefit Plan Schedules

GASB 74 Schedules

The Schedule of Changes in the Town's Net Other Postemployment Benefit Liability and Related Ratios presents multi-year trend information on changes in the Plan's total OPEB liability, changes in the Plan's net position, and ending net OPEB liability. It also demonstrates the Plan's net position as a percentage of the total liability and the Plan's net other postemployment benefit liability as a percentage of covered employee payroll.

The Schedule of Town's Contributions presents multi-year trend information on the Town's actual contributions to the other postemployment benefit plan and related ratios.

The Schedule of Investment Return presents multi-year trend information on the money-weighted investment return on the Plan's other postemployment assets, net of investment expense.

GASB 45 Schedules

The Schedule of Funding progress compares, over time, the actuarial accrued liability for benefits with the actuarial value of accumulated plan assets.

The Schedule of Employer Contributions compares, overtime, the annual required contributions to the actual contributions made.

The Schedule of Actuarial Methods and Assumptions presents factors that significantly affect the identification of trends in the amounts reported.

**SCHEDULE OF CHANGES IN THE
TOWN'S NET OPEB LIABILITY AND RELATED RATIOS
OTHER POSTEMPLOYMENT BENEFIT PLAN**

	June 30, 2017
Total OPEB Liability	
Service Cost.....	\$ 2,554,435
Interest.....	2,248,478
Changes of benefit terms.....	-
Differences between expected and actual experience.....	-
Changes of assumptions.....	(6,789,769)
Benefit payments.....	<u>(1,417,777)</u>
Net change in total OPEB liability.....	(3,404,633)
Total OPEB liability- beginning.....	<u>54,086,755</u>
Total OPEB liability- ending (a).....	<u><u>\$ 50,682,122</u></u>
Plan fiduciary net position	
Employer contributions to the trust.....	\$ 442,920
Employer contributions to pay benefit payments.....	1,417,777
Net investment income.....	198,566
Benefit payments.....	<u>(1,417,777)</u>
Net change in plan fiduciary net position.....	641,486
Plan fiduciary net position- beginning.....	<u>5,238,714</u>
Plan fiduciary net position- ending (b).....	<u><u>\$ 5,880,200</u></u>
Town's net OPEB liability- ending (a)-(b).....	<u><u>\$ 44,801,922</u></u>
Plan fiduciary net position as a percentage of the total OPEB liability.....	11.60%
Covered-employee payroll.....	\$ 38,721,911
Town's net OPEB liability as a percentage of covered-employee payroll.....	115.70%

Note: this schedule is intended to present information for 10 years.
Until a 10-year trend is compiled, information is presented for those years
for which information is available.

See notes to required supplementary information.

**SCHEDULE OF TOWN CONTRIBUTIONS
OTHER POSTEMPLOYMENT BENEFIT PLAN**

	June 30, 2017
Actuarially determined contribution.....	\$ 4,244,275
Contributions in relation to the actuarially determined contribution.....	(1,860,697)
Contribution deficiency (excess).....	\$ 2,383,578
Covered-employee payroll.....	\$ 38,721,911
Contributions as a percentage of covered- employee payroll.....	4.81%

Note: this schedule is intended to present information for 10 years.
Until a 10-year trend is compiled, information is presented for those years for
which information is available.

See notes to required supplementary information.

SCHEDULE OF INVESTMENT RETURN
OTHER POSTEMPLOYMENT BENEFIT PLAN

June 30, 2017

Annual money-weighted rate of return, net of investment expense.....	3.26%
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Note: This schedule is intended to present information for 10 years.
Until a 10-year trend is compiled, information is presented for those
years for which information is available.

See notes to required supplementary information.

OTHER POSTEMPLOYMENT BENEFIT PLAN
SCHEDULE OF FUNDING PROGRESS AND SCHEDULE OF EMPLOYER CONTRIBUTIONS

Schedule 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)
07/01/15	\$ 5,238,714	\$ 57,863,363	\$ 52,624,649	9.1%	\$ 35,566,273	148.0%
07/01/13	-	36,004,783	36,004,783	0.0%	34,868,355	103.3%
07/01/11	-	34,275,241	34,275,241	0.0%	31,225,800	109.8%

Schedule of Employer Contributions

Year Ended	Annual Required Contribution	Actual Contributions Made	Percentage Contributed
6/30/17	\$ 4,425,884	\$ 1,860,697	42.0%
6/30/16	4,225,867	5,238,714	124.0%
6/30/15	3,504,465	1,047,324	29.9%
6/30/14	3,359,128	1,002,644	29.8%
6/30/13	3,852,544	863,504	22.4%
6/30/12	3,663,686	882,485	24.1%

See notes to required supplementary information.

**OTHER POSTEMPLOYMENT BENEFIT PLAN
ACTUARIAL METHODS AND ASSUMPTIONS**

Actuarial Methods:

Valuation date.....	July 1, 2015
Actuarial cost method.....	Projected Unit Credit.
Amortization method.....	Increasing at 4% over 30 years on an open amortization period.
Remaining amortization period.....	30 years.

Actuarial Assumptions:

Investment rate of return.....	4%, net of OPEB plan investment expense, including inflation.
Discount rate.....	4.0%
Inflation.....	3.0%
Healthcare cost trend rate.....	7.0% initial, decreasing 0.5% per year to an ultimate rate of 5.0%.

Plan Membership:

Current retirees, beneficiaries, and dependents.....	287
Current active members.....	<u>575</u>
Total.....	<u><u>862</u></u>

See notes to required supplementary information.

NOTE A - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**1. Budgetary Information**

Municipal Law requires the Town to adopt a balanced budget that is approved by Town Meeting. 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 individual line item, adopts the expenditure budget by majority vote. Increases or transfers between departments subsequent to the approval of the annual budget, requires majority Town Meeting approval via a supplemental appropriation.

The majority of the Town's appropriations are non-continuing which lapse at the end of each year. Others are continuing appropriations for which the governing body has authorized that an unspent balance from a prior year be carried forward and made available for spending in the current year. These carry forwards are included as part of the subsequent year's original budget.

Generally, expenditures may not exceed the legal level of spending authorized for an appropriation account. However, the Town is statutorily required to pay debt service, regardless of whether such amounts are appropriated. Additionally, expenditures for disasters, natural or otherwise, and final judgments may exceed the level of spending authorized by majority vote of the Town Meeting.

The Town adopts an annual budget for the general fund in conformity with the guidelines described above. The original 2017 approved budget for the general fund authorized \$93.1 million in appropriations and other amounts to be raised. During the year, the Town approved supplemental appropriations totaling \$303,000 for education costs and \$975,000 for public works costs.

The Town adopts an annual budget for the community preservation fund. The original 2017 approved budget for the community preservation fund authorized \$2.2 million in appropriations, as well as \$1.4 million of amounts carried forward from the prior year. There were no supplemental appropriations during 2017.

The Town Accountant's office has the responsibility to ensure that budgetary control is maintained on an individual line item appropriation account basis. Budgetary control is exercised through the Town's accounting system.

2. Appropriation Deficit

There was an appropriation deficit in snow & ice of \$123,068. This will be funded with available funds in the subsequent year.

3. Budgetary - GAAP Reconciliation

For budgetary financial reporting purposes, the Uniform Municipal Accounting System basis of accounting (established by the Commonwealth of Massachusetts) is followed, which differs from the GAAP basis of accounting. A reconciliation of budgetary-basis to GAAP-basis results for the general fund for the year ended June 30, 2017, is presented below:

Net change in fund balance - budgetary basis.....	\$ 494,467
<u>Perspective difference:</u>	
Activity of the stabilization funds recorded in the general fund for GAAP.....	43,922
Activity of the health and workers' compensation trusts recorded in the general fund for GAAP.....	20,799
<u>Basis of accounting differences:</u>	
Net change in recording 60 day receipts.....	(108,933)
Net change in recording tax refunds payable.....	865,006
Net change in recording tax paid in advance.....	(4,533)
Recognition of revenue for on-behalf payments.....	7,620,634
Recognition of expenditures for on-behalf payments.....	<u>(7,620,634)</u>
Net change in fund balance - GAAP basis.....	<u>\$ 1,310,728</u>

NOTE B – PENSION PLAN**A. Schedule of the Town's Proportionate Share of the Net Pension Liability**

The Schedule of the Town's Proportionate Share of the Net Pension Liability details the Town's allocated percentage of the net pension liability (asset), the Town's proportionate share of the net pension liability, and the Town's covered employee payroll. It also demonstrates the Town's net position as a percentage of the Town's pension liability and the Town's net pension liability as a percentage of the Town's covered payroll.

B. Schedule of Town's Contributions

Governmental employers are required to pay an annual appropriation as established by PERAC. The Town's appropriation includes the amounts to pay the pension portion of each member's retirement allowance, an amount to amortize the actuarially determined unfunded liability to zero in accordance with the system's funding schedule, and additional appropriations in accordance with adopted early retirement incentive programs. The Town's appropriations are payable on July 1 and January 1. The Town may choose to pay the entire appropriation in July at a discounted rate. Accordingly, actual Town contributions may be less than the "total appropriation". The pension fund appropriation is allocated to the Town based on covered payroll.

C. Schedule of the Special Funding Amounts of the Net Pension Liabilities

The Commonwealth of Massachusetts is a nonemployer contributor and is required by statute to make all actuarially determined employer contributions on behalf of the member employers which creates a special funding situation. Since the Town does not contribute directly to MTRS, there is no net pension liability to recognize. This schedule discloses the Commonwealth's 100% share of the collective net pension liability that is associated with

the Town; the portion of the collective pension expense as both revenue and pension expense recognized by the Town; and the Plan's fiduciary net position as a percentage of the total liability.

D. Changes of Assumptions

- The pre-retirement mortality assumption was changed from the RP-2000 Employee Mortality Table projected 22 years with Scale AA to the RP-2000 Employee Mortality Table projected generationally from 2009 with Scale BB2D.
- The mortality assumption for non-disabled retirees was changed from the RP-2000 Healthy Annuitant Mortality Table projected 17 years with Scale AA to RP-2000 Employee Mortality Table projected generationally from 2009 with Scale BB2D.
- The mortality assumption for disabled participants was changed from the RP-2000 Healthy Annuitant Mortality Table set forward three years projected 17 years with Scale AA to the RP-2000 Healthy Annuitant Mortality Table projected generationally from 2015 with Scale BB2D.
- The investment return assumption was lowered from 7.875% to 7.75%.
- The administrative expense assumption was increased from \$3,400,000 for calendar 2014, increasing 4.0% per year, to \$3,500,000 for calendar 2016, increasing 3.5% per year.

E. Changes of Plan Provisions - None

NOTE C – OTHER POSTEMPLOYMENT BENEFITS PLAN

The Town administers a single-employer defined benefit healthcare plan (Plan). The Plan provides lifetime healthcare, dental and life insurance for eligible retirees and their spouses through the Town's group health insurance plan, which covers both active and retired members, including teachers.

The Other Postemployment Benefit Plan

A. Schedule of Changes in the Town's Net Other Postemployment Benefit Liability and Related Ratios

The Schedule of Changes in the Town's Net Other Postemployment Benefit Liability and Related Ratios presents multi-year trend information on changes in the Plan's total OPEB liability, changes in the Plan's net position, and ending net OPEB liability. It also demonstrates the Plan's net position as a percentage of the total liability and the Plan's net other postemployment benefit liability as a percentage of covered employee payroll.

B. Schedule of the Town's Contributions

The Schedule of the Town's Contributions includes the Town's annual required contribution to the Plan, along with the contribution made in relation to the actuarially determined contribution and the covered employee payroll. The Town is not required to fully fund this contribution. It also demonstrates the contributions as a percentage of covered payroll.

C. Schedule of Investment Returns

The Schedule of Investment Returns includes the money-weighted investment return on the Plan's other postemployment assets, net of investment expense.

The Town

The Town currently finances its other postemployment benefits (OPEB) on a combined pre-funded and pay-as-you-go basis. As a result, the funded ratio (actuarial value of assets expressed as a percentage of the actuarial accrued liability) is 9.1%. In accordance with Governmental Accounting Standards, the Town has recorded its OPEB cost equal to the actuarial determined annual required contribution (ARC) which includes the normal cost of providing benefits for the year and a component for the amortization of the total unfunded actuarial accrued liability of the plan.

Projections of benefits for financial reporting purposes are based on the substantive plan 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 the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

A. Schedule of Funding Progress

The Schedule of Funding Progress presents multiyear trend information which compares, over time, the Town's actuarial accrued liability for benefits with the actuarial value of accumulated plan assets.

B. Schedule of Employer Contributions

The Schedule of Employer Contributions presents multiyear trend information for the Town's required and actual contributions relating to the plan.

C. Schedule of Actuarial Methods and Assumptions

The Schedule of Actuarial Methods and Assumptions presents factors that significantly affect the identification of trends in the amounts reported.

D. Changes of Assumptions

The actuarial cost method was changed to Entry Age Normal, and the discount rate was increased to 4.75%.

E. Changes in Plan Provisions

None.

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Combining and Individual Fund Statements

Nonmajor Governmental Funds

Special Revenue Funds

Special revenue funds are used to account for specific revenues that are legally restricted to expenditure for particular purposes.

School Lunch Fund – This fund is used to account for all cafeteria activities and is funded by user charges, federal and state grants, and commodities received.

Affordable Housing Fund – This fund is used to account for activities relating to the preservation and creation of affordable housing in the Town.

Revolving Funds – This fund is used to account for the activity of various revolving funds established in accordance with MGL Chapter 44, Section 53E ½, Chapter 71 and other applicable statutes.

Receipts Reserved for Appropriation – This fund is used to account for receipts from a specific revenue source that by law is accounted for separately from the general fund and must be spent by appropriation.

Grants – This fund is used to account for grant funds received from state and federal governments that are restricted for specific programs.

Other Special Revenue Funds – This fund is used to account for the activity of other special revenues funds that are not categorized within any of the other funds.

Capital Projects Funds

Capital projects funds are used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds and trust funds.

Chapter 90 Projects – This fund is used to account for the funds received from the State Highway Department, which are used for the construction, reconstruction and improvement of roadways.

General Capital Projects – This fund is used to account for all other capital projects that are not categorized within any of the other funds.

Permanent Funds

Permanent funds are used to account for resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support governmental programs.

Cemetery Perpetual Care – This fund is used to account for all contributions associated with cemetery care and maintenance.

Other Permanent Funds – This fund is used to account for all small permanent funds that are not categorized within any of the other funds.

**NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET**

JUNE 30, 2017

	Special Revenue Funds				
	School Lunch	Affordable Housing	Revolving	Receipts Reserved for Appropriation	Grants
ASSETS					
Cash and cash equivalents.....	\$ 199,781	\$ 458,472	\$ 1,874,591	\$ 1,501,045	\$ 995,215
Investments.....	-	-	-	-	-
Receivables, net of uncollectibles:					
Departmental and other.....	-	-	-	568,768	-
Intergovernmental.....	-	-	-	-	53,691
TOTAL ASSETS.....	\$ 199,781	\$ 458,472	\$ 1,874,591	\$ 2,069,813	\$ 1,048,906
LIABILITIES					
Warrants payable.....	\$ -	\$ -	\$ 6,289	\$ -	\$ 3,646
Due to other funds.....	-	-	-	-	-
TOTAL LIABILITIES.....	-	-	6,289	-	3,646
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenues.....	-	-	-	568,767	53,691
FUND BALANCES					
Nonspendable.....	-	-	-	-	-
Restricted.....	199,781	458,472	1,868,302	1,501,046	991,569
TOTAL FUND BALANCES.....	199,781	458,472	1,868,302	1,501,046	991,569
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES.....	\$ 199,781	\$ 458,472	\$ 1,874,591	\$ 2,069,813	\$ 1,048,906

(Continued)

**NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET**

JUNE 30, 2017

<u>Special Revenue Funds</u>		<u>Capital Project Funds</u>			<u>Permanent Funds</u>			Total Nonmajor Governmental Funds
Other Special Revenue	Subtotal	Chapter 90 Projects	General Capital Projects	Subtotal	Cemetery Perpetual Care	Other Permanent Funds	Subtotal	
\$ 723,594	\$ 5,752,698	\$ -	\$ 1,511,764	\$ 1,511,764	\$ 176,237	\$ 136,937	\$ 313,174	\$ 7,577,636
-	-	-	-	-	906,041	564,484	1,470,525	1,470,525
-	568,768	-	-	-	-	-	-	568,768
-	53,691	56,713	-	56,713	-	-	-	110,404
<u>\$ 723,594</u>	<u>\$ 6,375,157</u>	<u>\$ 56,713</u>	<u>\$ 1,511,764</u>	<u>\$ 1,568,477</u>	<u>\$ 1,082,278</u>	<u>\$ 701,421</u>	<u>\$ 1,783,699</u>	<u>\$ 9,727,333</u>
\$ -	\$ 9,935	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,935
-	-	56,713	-	56,713	-	-	-	56,713
-	9,935	56,713	-	56,713	-	-	-	66,648
-	622,458	-	-	-	-	-	-	622,458
-	-	-	-	-	896,002	267,152	1,163,154	1,163,154
<u>723,594</u>	<u>5,742,764</u>	<u>-</u>	<u>1,511,764</u>	<u>1,511,764</u>	<u>186,276</u>	<u>434,269</u>	<u>620,545</u>	<u>7,875,073</u>
<u>723,594</u>	<u>5,742,764</u>	<u>-</u>	<u>1,511,764</u>	<u>1,511,764</u>	<u>1,082,278</u>	<u>701,421</u>	<u>1,783,699</u>	<u>9,038,227</u>
<u>\$ 723,594</u>	<u>\$ 6,375,157</u>	<u>\$ 56,713</u>	<u>\$ 1,511,764</u>	<u>\$ 1,568,477</u>	<u>\$ 1,082,278</u>	<u>\$ 701,421</u>	<u>\$ 1,783,699</u>	<u>\$ 9,727,333</u>

(Concluded)

NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

YEAR ENDED JUNE 30, 2017

	Special Revenue Funds				
	School Lunch	Affordable Housing	Revolving	Receipts Reserved for Appropriation	Grants
REVENUES:					
Intergovernmental.....	\$ 119,543	\$ -	\$ -	\$ -	\$ 2,418,187
Departmental and other.....	631,990	82,015	2,421,796	677,506	481
Contributions.....	-	-	485	-	99,976
Investment income.....	-	2,535	-	-	26
TOTAL REVENUES.....	751,533	84,550	2,422,281	677,506	2,518,670
EXPENDITURES:					
Current:					
General government.....	-	-	123,913	-	35,182
Public safety.....	-	-	91,189	-	121,912
Education.....	738,918	-	827,327	-	2,339,752
Public works.....	-	-	192,317	-	-
Community preservation.....	-	100,113	-	-	-
Human services.....	-	-	283,796	-	46,092
Culture and recreation.....	-	-	756,485	-	56,106
TOTAL EXPENDITURES.....	738,918	100,113	2,275,027	-	2,599,044
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....	12,615	(15,563)	147,254	677,506	(80,374)
OTHER FINANCING SOURCES (USES):					
Transfers in.....	-	202,600	-	-	-
Transfers out.....	-	-	-	(641,912)	-
TOTAL OTHER FINANCING SOURCES (USES).....	-	202,600	-	(641,912)	-
NET CHANGE IN FUND BALANCES.....	12,615	187,037	147,254	35,594	(80,374)
FUND BALANCES AT BEGINNING OF YEAR.....	187,166	271,435	1,721,048	1,465,452	1,071,943
FUND BALANCES AT END OF YEAR.....	\$ 199,781	\$ 458,472	\$ 1,868,302	\$ 1,501,046	\$ 991,569

(Continued)

NONMAJOR GOVERNMENTAL FUNDS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

YEAR ENDED JUNE 30, 2017

<u>Special Revenue Funds</u>		<u>Capital Project Funds</u>			<u>Permanent Funds</u>			Total Nonmajor Governmental Funds
Other Special Revenue	Sub-total	Chapter 90 Projects	General Capital Projects	Sub-total	Cemetery Perpetual Care	Other Permanent Funds	Sub-total	
\$ -	\$ 2,537,730	\$ 590,105	\$ -	\$ 590,105	\$ -	\$ -	\$ -	\$ 3,127,835
45,399	3,859,187	-	-	-	-	-	-	3,859,187
111,141	211,602	-	-	-	29,550	11,095	40,645	252,247
-	2,561	-	-	-	91,886	58,485	150,371	152,932
<u>156,540</u>	<u>6,611,080</u>	<u>590,105</u>	<u>-</u>	<u>590,105</u>	<u>121,436</u>	<u>69,580</u>	<u>191,016</u>	<u>7,392,201</u>
33,906	193,001	-	-	-	-	18,558	18,558	211,559
32,471	245,572	-	407,170	407,170	-	-	-	652,742
16,698	3,922,695	-	-	-	-	-	-	3,922,695
15,009	207,326	372,065	139,046	511,111	39,832	-	39,832	758,269
-	100,113	-	-	-	-	-	-	100,113
742	330,630	-	-	-	-	-	-	330,630
5,890	818,481	-	-	-	-	34,673	34,673	853,154
<u>104,716</u>	<u>5,817,818</u>	<u>372,065</u>	<u>546,216</u>	<u>918,281</u>	<u>39,832</u>	<u>53,231</u>	<u>93,063</u>	<u>6,829,162</u>
51,824	793,262	218,040	(546,216)	(328,176)	81,604	16,349	97,953	563,039
-	202,600	-	1,615,000	1,615,000	-	-	-	1,817,600
-	(641,912)	-	-	-	-	-	-	(641,912)
<u>-</u>	<u>(439,312)</u>	<u>-</u>	<u>1,615,000</u>	<u>1,615,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,175,688</u>
51,824	353,950	218,040	1,068,784	1,286,824	81,604	16,349	97,953	1,738,727
<u>671,770</u>	<u>5,388,814</u>	<u>(218,040)</u>	<u>442,980</u>	<u>224,940</u>	<u>1,000,674</u>	<u>685,072</u>	<u>1,685,746</u>	<u>7,299,500</u>
<u>\$ 723,594</u>	<u>\$ 5,742,764</u>	<u>\$ -</u>	<u>\$ 1,511,764</u>	<u>\$ 1,511,764</u>	<u>\$ 1,082,278</u>	<u>\$ 701,421</u>	<u>\$ 1,783,699</u>	<u>\$ 9,038,227</u>

(Concluded)

Agency Fund

This fund is used to account for assets held by the Town in a trustee capacity or as an agent for individuals, private organizations, and other governmental units. The majority of the assets in the agency fund relate to performance bonds, police details, and student activity deposits.

AGENCY FUND
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
YEAR ENDED JUNE 30, 2017

	<u>Beginning of Year</u>	<u>Additions</u>	<u>Deletions</u>	<u>End of Year</u>
ASSETS				
CURRENT:				
Cash and cash equivalents.....	\$ 412,408	\$ 1,199,270	\$ (1,349,969)	\$ 261,709
Receivables, net of allowance for uncollectibles:				
Departmental and other.....	<u>127,963</u>	<u>65,727</u>	<u>(67,139)</u>	<u>126,551</u>
TOTAL ASSETS.....	<u>\$ 540,371</u>	<u>\$ 1,264,997</u>	<u>\$ (1,417,108)</u>	<u>\$ 388,260</u>
LIABILITIES				
Liabilities due depositors.....	<u>\$ 540,371</u>	<u>\$ 1,264,997</u>	<u>\$ (1,417,108)</u>	<u>\$ 388,260</u>

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Statistical Section



Historic Town-owned Carding Mill House. Located on Carding Mill Pond.

Statistical Section

This part of the 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

- 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

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

Debt Capacity

- These schedules present 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

- 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

- 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 comprehensive annual financial reports for the relevant year.

Net Position By Component

Last Ten Years

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Governmental activities										
Net investment in capital assets.....	\$ 63,365,796	\$ 64,747,670	\$ 51,953,929	\$ 55,452,411	\$ 58,397,014	\$ 65,231,955	\$ 68,063,911	\$ 74,065,551	\$ 75,723,325	\$ 83,392,412
Restricted.....	11,293,988	12,065,357	23,392,819	23,923,074	23,976,367	18,622,121	17,072,468	18,326,355	14,001,170	9,271,513
Unrestricted.....	16,901,816	14,470,714	16,684,407	13,670,650	11,781,998	10,254,635	10,357,514	(44,621,401)	(41,554,785)	(45,489,173)
Total governmental activities net position.....	\$ 91,561,600	\$ 91,283,741	\$ 92,031,155	\$ 93,046,135	\$ 94,155,379	\$ 94,108,711	\$ 95,493,893	\$ 47,770,505	\$ 48,169,710	\$ 47,174,752
Business-type activities										
Net investment in capital assets.....	\$ 862,234	\$ 754,423	\$ 695,948	\$ 664,801	\$ 749,902	\$ 1,061,676	\$ 1,026,536	\$ 1,037,079	\$ 1,112,014	\$ 1,030,608
Unrestricted.....	271,900	219,863	290,876	313,845	582,152	534,803	550,103	(327,965)	(544,919)	(581,403)
Total business-type activities net position.....	\$ 1,134,134	\$ 974,286	\$ 986,824	\$ 978,646	\$ 1,332,054	\$ 1,596,479	\$ 1,576,639	\$ 709,114	\$ 567,095	\$ 449,205
Primary government										
Net investment in capital assets.....	\$ 64,228,030	\$ 65,502,093	\$ 52,649,877	\$ 56,117,212	\$ 59,146,916	\$ 66,293,631	\$ 69,090,447	\$ 75,102,630	\$ 76,835,339	\$ 84,423,020
Restricted.....	11,293,988	12,065,357	23,392,819	23,923,074	23,976,367	18,622,121	17,072,468	18,326,355	14,001,170	9,271,513
Unrestricted.....	17,173,716	14,690,577	16,975,283	13,984,495	12,364,150	10,789,438	10,907,617	(44,949,366)	(42,099,704)	(46,070,576)
Total primary government net position.....	\$ 92,695,734	\$ 92,258,027	\$ 93,017,979	\$ 94,024,781	\$ 95,487,433	\$ 95,705,190	\$ 97,070,532	\$ 48,479,619	\$ 48,736,805	\$ 47,623,957

* The Town implemented GASB Statement #68 related to Pension Accounting in 2015 which accounts for the significant decrease in Net Position compared to prior years.

Changes in Net Position

Last Ten Years

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Expenses										
Governmental activities:										
General government.....	\$ 3,424,767	\$ 4,097,471	\$ 3,929,872	\$ 4,428,038	\$ 4,355,961	\$ 4,500,902	\$ 4,139,295	\$ 4,122,220	\$ 4,048,396	\$ 4,887,644
Public safety.....	8,864,947	9,689,559	9,586,346	10,073,036	10,387,335	10,666,663	10,738,149	9,946,647	10,968,017	11,533,488
Education.....	61,374,045	63,231,792	64,881,039	66,646,480	68,899,135	71,085,898	72,249,710	71,815,723	75,005,571	80,495,857
Public works.....	5,071,976	5,989,846	5,220,049	5,325,052	4,778,930	5,374,561	7,091,304	7,804,522	8,817,554	8,238,262
Community preservation.....	-	-	-	-	-	-	-	-	547,875	407,813
Health and human services.....	876,114	1,147,667	1,242,517	1,167,143	1,419,463	2,155,946	1,269,543	1,428,806	1,495,223	1,434,376
Culture and recreation.....	3,043,768	2,990,312	2,707,935	2,520,748	2,593,202	2,577,746	2,681,831	2,805,844	2,934,658	2,799,670
Interest.....	1,904,610	1,880,170	1,757,230	1,476,258	1,276,313	1,260,213	976,892	1,111,995	1,003,112	850,666
Total government activities expenses.....	84,560,227	89,026,817	89,324,988	91,636,755	93,710,339	97,621,929	99,146,724	99,035,757	104,820,406	110,647,776
Business-type activities:										
Swimming pool.....	451,288	507,235	512,957	550,289	453,150	594,509	588,492	620,356	572,679	560,699
Transfer station.....	257,880	369,282	292,670	271,114	266,437	235,529	233,471	258,024	356,787	346,160
Recreation field maintenance.....	-	-	113,606	192,249	130,075	151,004	190,320	227,819	247,115	264,340
Total business-type activities expenses.....	709,168	876,517	919,233	1,013,652	849,662	981,042	1,012,283	1,106,199	1,176,581	1,171,199
Total primary government expenses.....	\$ 85,269,395	\$ 89,903,334	\$ 90,244,221	\$ 92,650,407	\$ 94,560,001	\$ 98,602,971	\$ 100,159,007	\$ 100,141,956	\$ 105,996,987	\$ 111,818,975
Program Revenues										
Governmental activities:										
General government charges for services.....	\$ 1,103,156	\$ 515,050	\$ 535,596	\$ 594,722	\$ 926,973	\$ 828,595	\$ 875,118	\$ 811,131	\$ 1,268,289	\$ 225,863
Education charges for services.....	1,182,533	1,285,944	1,394,706	1,925,602	1,969,066	1,885,121	1,842,931	1,978,766	1,259,179	1,483,208
Other charges for services.....	1,774,252	2,030,913	2,041,777	2,145,915	2,344,633	2,403,811	2,442,621	2,474,899	2,658,217	3,298,261
Operating grants and contributions.....	12,642,966	13,141,248	13,341,758	13,821,768	13,247,930	13,628,905	14,184,088	12,579,719	13,587,012	10,495,915
Capital grants and contributions.....	(2,388,625)	2,257,220	1,570,899	892,330	1,824,885	1,771,662	1,680,999	711,403	2,828,635	982,063
Total government activities program revenues.....	14,314,282	19,230,375	18,884,736	19,380,337	20,313,487	20,518,094	21,025,757	18,555,918	21,601,332	16,485,310
Business-type activities:										
Swimming pool charges for services.....	437,832	436,596	463,664	487,165	475,774	524,908	492,366	505,487	535,355	486,309
Transfer station charges for services.....	289,284	299,809	327,238	362,895	220,218	337,290	338,654	305,071	290,909	385,369
Recreation field maintenance charges for services.....	-	-	160,038	183,741	218,163	203,344	202,036	197,422	171,704	180,327
Operating grants and contributions.....	-	7,938	1,784	1,268	781	1,226	954	1,132	914	-
Capital grants and contributions.....	-	-	-	-	21,280	187,500	62,500	-	-	-
Total business-type activities program revenues.....	727,116	744,343	952,724	1,035,069	936,216	1,254,268	1,096,510	1,009,112	998,882	1,052,005
Total primary government program revenues.....	\$ 15,041,398	\$ 19,974,718	\$ 19,837,460	\$ 20,415,406	\$ 21,249,703	\$ 21,772,362	\$ 22,122,267	\$ 19,565,030	\$ 22,600,214	\$ 17,537,315
Net (Expense)/Program Revenue										
Governmental activities.....	\$ (70,245,945)	\$ (69,796,442)	\$ (70,440,252)	\$ (72,256,418)	\$ (73,396,852)	\$ (77,103,835)	\$ (78,120,967)	\$ (80,479,839)	\$ (83,219,074)	\$ (94,162,466)
Business-type activities.....	17,948	(132,174)	33,491	21,417	86,554	273,226	84,227	(97,087)	(177,699)	(119,194)
Total primary government net (expense)/program revenue.....	\$ (70,227,997)	\$ (69,928,616)	\$ (70,406,761)	\$ (72,235,001)	\$ (73,310,298)	\$ (76,830,609)	\$ (78,036,740)	\$ (80,576,926)	\$ (83,396,773)	\$ (94,281,660)

(Continued)

Changes in Net Position

Last Ten Years

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General Revenues and other Changes in Net Position										
Governmental activities:										
Real estate and personal property taxes,										
net of tax refunds payable.....	\$ 60,406,373	\$ 63,077,062	\$ 65,259,091	\$ 67,178,824	\$ 68,762,270	\$ 70,572,635	\$ 72,718,472	\$ 72,873,481	\$ 76,224,990	\$ 80,507,018
Motor vehicle and other excise taxes.....	3,067,729	2,680,579	2,645,117	2,886,859	2,992,057	3,265,121	3,447,691	3,657,166	3,919,447	3,861,189
Penalties and interest on taxes.....	143,367	168,382	163,826	204,686	288,058	255,978	224,025	186,333	306,133	329,083
Payment in lieu of taxes.....	90,079	57,494	56,102	64,515	31,030	53,377	38,629	89,934	48,783	7,350
Community preservation taxes.....	1,374,922	1,430,828	1,465,694	1,492,938	1,527,275	1,581,340	1,636,741	1,666,981	1,758,188	1,842,032
Grants and contributions not restricted to										
specific programs.....	1,850,319	1,697,519	1,377,564	1,238,505	1,062,794	1,250,168	1,296,446	1,321,924	1,374,751	6,395,091
Unrestricted investment income.....	671,911	379,045	199,319	175,476	109,456	69,757	40,078	32,657	21,667	225,745
Transfers.....	28,145	27,674	20,953	29,595	(266,854)	8,801	104,067	100,643	39,127	-
Total governmental activities.....	67,632,845	69,518,583	71,187,666	73,271,398	74,506,086	77,057,177	79,506,149	79,929,119	83,693,086	93,167,508
Business-type activities:										
Unrestricted investment income.....	-	-	-	-	-	-	-	-	-	1,304
Transfers.....	(28,145)	(27,674)	(20,953)	(29,595)	266,854	(8,801)	(104,067)	(100,643)	(39,127)	-
Total business-type activities.....	(28,145)	(27,674)	(20,953)	(29,595)	266,854	(8,801)	(104,067)	(100,643)	(39,127)	1,304
Total primary government general revenues and other										
 changes in net positions.....	\$ 67,604,700	\$ 69,490,909	\$ 71,166,713	\$ 73,241,803	\$ 74,772,940	\$ 77,048,376	\$ 79,402,082	\$ 79,828,476	\$ 83,653,959	\$ 93,168,812
Changes in Net Position										
Governmental activities.....	\$ (2,613,100)	\$ (277,859)	\$ 747,414	\$ 1,014,980	\$ 1,109,234	\$ (46,658)	\$ 1,385,182	\$ (550,720)	\$ 474,012	\$ (994,958)
Business-type activities.....	(10,197)	(159,848)	12,538	(8,178)	353,408	264,425	(19,840)	(197,730)	(216,826)	(117,890)
Total primary government changes in net position.....	\$ (2,623,297)	\$ (437,707)	\$ 759,952	\$ 1,006,802	\$ 1,462,642	\$ 217,767	\$ 1,365,342	\$ (748,450)	\$ 257,186	\$ (1,112,848)

(Concluded)

Fund Balances, Governmental Funds

Last Ten Years

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
General Fund										
Reserved.....	\$ 7,883,673	\$ 7,842,901	\$ 8,139,048	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved.....	1,159,683	1,359,246	1,236,002	-	-	-	-	-	-	-
Restricted.....	-	-	-	6,779,627	6,399,835	5,771,754	4,912,009	5,140,867	5,624,580	330,853
Committed.....	-	-	-	231,092	242,864	209,001	1,914,264	2,685,774	2,372,996	2,474,734
Assigned.....	-	-	-	1,570,833	1,411,288	1,371,499	1,915,715	1,557,983	1,058,893	1,167,752
Unassigned.....	-	-	-	3,961,520	5,603,341	7,721,185	9,022,099	7,158,149	3,479,922	9,873,780
Total general fund.....	\$ 9,043,356	\$ 9,202,147	\$ 9,375,050	\$ 12,543,072	\$ 13,657,328	\$ 15,073,439	\$ 17,764,087	\$ 16,542,773	\$ 12,536,391	\$ 13,847,119
All Other Governmental Funds										
Reserved.....	\$ 1,747,018	\$ 1,980,469	\$ 11,728,805	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:										
Special revenue funds.....	15,023,502	15,383,602	6,130,897	-	-	-	-	-	-	-
Capital projects funds.....	216,944	202,403	192,101	-	-	-	-	-	-	-
Permanent funds.....	287,065	154,116	195,200	-	-	-	-	-	-	-
Nonspendable.....	-	-	-	1,013,539	1,034,051	1,034,876	1,084,580	1,102,743	1,133,605	1,163,154
Restricted.....	-	-	-	16,684,900	16,057,555	11,222,092	10,538,414	16,606,664	11,545,492	13,770,514
Committed.....	-	-	-	65,621	60,222	6,022	62,883	55,033	43,405	-
Total all other governmental funds.....	\$ 17,274,529	\$ 17,720,590	\$ 18,247,003	\$ 17,764,060	\$ 17,151,828	\$ 12,262,990	\$ 11,685,877	\$ 17,764,440	\$ 12,722,502	\$ 14,933,668

The Town implemented GASB 54 in year 2011, fund balances prior to year 2011 have been reported in the pre-GASB 54 format.

Changes in Fund Balances, Governmental Funds

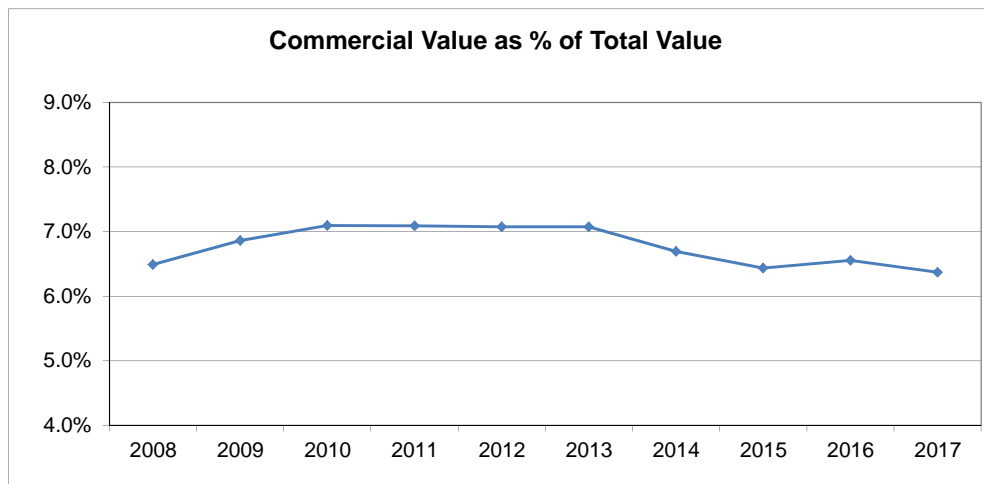
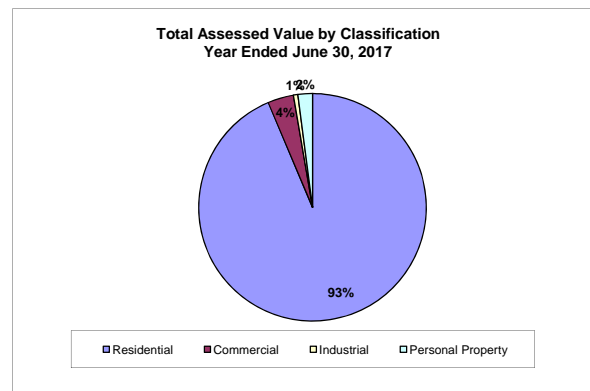
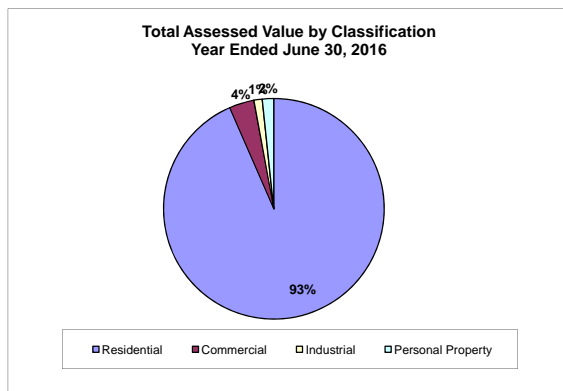
Last Ten Years

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Revenues:										
Real estate and personal property taxes, net of tax refunds.....	\$ 59,955,625	\$ 62,447,823	\$ 64,346,930	\$ 66,299,400	\$ 68,328,105	\$ 69,936,527	\$ 72,439,807	\$ 72,210,203	\$ 76,420,221	\$ 80,435,678
Motor vehicle and other excise taxes.....	2,957,725	2,805,055	2,633,406	2,824,879	2,953,422	3,137,442	3,479,052	3,778,204	3,702,251	4,044,745
Tax liens.....	163,593	336,130	123,646	330,168	476,967	522,311	187,499	241,824	202,152	104,819
Payments in lieu of taxes.....	90,079	57,494	56,102	64,515	31,030	53,377	38,629	89,934	48,783	7,350
Community preservation taxes.....	1,375,761	1,430,652	1,457,336	1,494,705	1,529,459	1,582,040	1,643,844	1,662,709	1,756,562	1,844,752
Intergovernmental.....	17,430,198	16,817,428	16,269,765	16,350,975	16,897,919	16,962,299	17,534,425	10,731,708	13,086,130	18,876,071
Penalties and interest on taxes.....	143,367	168,382	163,826	204,686	288,058	255,978	224,025	186,333	306,133	291,741
Licenses and permits.....	3,502,926	533,534	477,972	511,537	554,433	778,448	708,163	746,655	819,242	1,147,063
Fines and forfeitures.....	123,360	114,037	106,952	91,472	89,439	76,302	82,894	86,250	63,083	37,342
Departmental and other.....	572,090	3,453,796	3,274,909	4,052,761	4,516,309	4,364,877	4,263,600	4,418,544	4,297,707	4,273,848
Contributions.....	408,346	349,619	216,832	208,744	227,708	246,187	367,022	302,659	243,641	252,661
Interest income.....	1,087,882	677,015	527,712	548,552	268,019	231,324	331,410	85,504	125,650	225,745
Total Revenue.....	87,810,952	89,190,965	89,655,388	92,982,394	96,160,868	98,147,112	101,300,370	94,540,527	101,071,555	111,541,815
Expenditures:										
General government.....	2,903,375	2,979,703	3,155,148	6,148,845	3,242,101	11,686,201	3,256,717	6,233,818	3,732,597	3,498,506
Public safety.....	6,835,206	6,982,021	6,538,020	7,007,846	7,140,784	7,631,877	7,832,862	11,521,631	11,808,341	8,174,832
Education.....	50,217,825	48,860,537	50,813,562	52,710,026	56,079,405	56,325,461	58,782,463	59,901,358	61,131,536	70,006,496
Public works.....	4,687,959	4,795,544	4,757,379	4,734,423	4,197,544	4,709,953	6,280,856	7,889,516	9,191,644	6,521,352
Community preservation.....	-	-	-	-	-	-	-	-	-	407,813
Health and human services.....	705,502	1,075,681	912,367	853,183	1,100,346	1,846,680	965,179	1,053,644	1,158,185	1,043,930
Culture and recreation.....	2,614,784	8,022,450	2,302,329	2,076,690	2,005,940	2,065,764	2,432,273	2,174,517	2,561,484	2,116,894
Pension benefits.....	6,687,188	7,272,633	7,706,478	7,877,511	8,184,635	8,612,651	8,882,087	3,482,548	3,738,774	3,961,686
Employee benefits.....	6,967,279	8,400,859	7,470,540	7,173,083	8,245,029	7,163,045	6,650,548	5,865,834	6,098,164	6,949,924
Property and liability insurance.....	209,144	215,912	199,420	213,481	218,576	224,452	238,000	263,973	272,418	301,610
State and county charges.....	169,420	166,240	164,445	192,672	186,114	179,483	157,416	227,330	197,943	192,255
Debt service:										
Principal.....	3,585,000	3,500,000	3,795,000	8,925,000	3,790,000	5,431,588	5,300,000	11,085,000	3,762,321	3,720,041
Interest.....	1,680,452	1,656,515	1,586,558	1,392,389	1,271,605	1,085,513	962,524	888,265	1,266,881	1,124,582
Total Expenditures.....	87,263,134	93,928,095	89,401,246	99,305,149	95,662,079	106,962,668	101,740,925	110,587,434	104,920,288	108,019,921
Excess of revenues over (under) expenditures.....	547,818	(4,737,130)	254,142	(6,322,755)	498,789	(8,815,556)	(440,555)	(16,046,907)	(3,848,733)	3,521,894
Other Financing Sources (Uses)										
Issuance of bonds.....	-	5,045,000	-	3,610,000	-	3,440,000	-	11,805,946	-	-
Issuance of refunding bonds.....	-	-	-	4,870,000	-	4,045,000	1,950,000	6,845,000	-	-
Premium from issuance of bonds.....	-	29,613	-	1,555	48,974	-	99,014	925,710	-	-
Premium from issuance of refunding bonds.....	-	-	-	270,580	-	144,361	75,215	911,298	-	-
Payments to refunded bond escrow agent.....	-	-	-	-	-	(2,501,953)	-	-	-	-
Proceeds from capital leases.....	323,940	239,695	424,221	226,104	221,115	260,819	271,594	315,559	-	-
Transfers in.....	726,342	1,639,470	626,333	728,684	810,738	986,915	3,118,082	1,779,092	1,246,311	2,459,512
Transfers out.....	(698,197)	(1,611,796)	(605,380)	(699,089)	(1,077,592)	(978,113)	(3,014,015)	(1,678,449)	(1,207,184)	(2,459,512)
Total other financing sources (uses).....	352,085	5,341,982	445,174	9,007,834	3,235	5,397,029	2,499,890	20,904,156	39,127	-
Net change in fund balance.....	\$ 899,903	\$ 604,852	\$ 699,316	\$ 2,685,079	\$ 502,024	\$ (3,418,527)	\$ 2,059,335	\$ 4,857,249	\$ (3,809,606)	\$ 3,521,894
Debt service as a percentage of noncapital expenditures.....	6.18%	5.98%	6.23%	10.71%	5.54%	6.70%	6.31%	11.92%	5.24%	4.55%

Assessed Value and Actual Value of Taxable Property by Classification and Tax Rates

Last Ten Years

Year	Assessed and Actual Values and Tax Rates								
	Residential Value	Residential Tax Rate	Commercial Value	Industrial Value	Personal Property	Total Commercial Value	Commercial Tax Rate	Total Direct Rate	Total Town Value
2008	\$ 3,892,876,521	\$ 14.27	\$ 159,918,858	\$ 62,039,300	\$ 48,125,120	\$ 270,083,278	\$ 18.47	\$ 14.54	\$ 4,162,959,799
2009	\$ 3,785,653,765	\$ 15.29	\$ 156,972,044	\$ 62,036,600	\$ 59,772,570	\$ 278,781,214	\$ 19.30	\$ 15.57	\$ 4,064,434,979
2010 (1)	\$ 3,719,642,603	\$ 16.08	\$ 156,881,214	\$ 64,300,000	\$ 62,837,650	\$ 284,018,864	\$ 20.13	\$ 16.37	\$ 4,003,661,467
2011	\$ 3,599,570,656	\$ 17.03	\$ 145,535,412	\$ 60,872,200	\$ 68,303,560	\$ 274,711,172	\$ 22.27	\$ 17.40	\$ 3,874,281,828
2012	\$ 3,566,779,121	\$ 17.60	\$ 145,365,519	\$ 59,764,900	\$ 66,426,000	\$ 271,556,419	\$ 22.95	\$ 17.98	\$ 3,838,335,540
2013 (1)	\$ 3,590,745,895	\$ 17.99	\$ 146,995,002	\$ 59,403,300	\$ 66,938,910	\$ 273,337,212	\$ 23.52	\$ 18.38	\$ 3,864,083,107
2014	\$ 3,695,489,903	\$ 18.03	\$ 146,588,764	\$ 51,549,800	\$ 66,955,670	\$ 265,094,234	\$ 24.94	\$ 18.49	\$ 3,960,584,137
2015	\$ 3,825,857,903	\$ 17.60	\$ 147,618,442	\$ 51,552,200	\$ 63,887,360	\$ 263,058,002	\$ 24.88	\$ 18.07	\$ 4,088,915,905
2016 (1)	\$ 3,953,667,699	\$ 17.80	\$ 153,832,208	\$ 52,641,600	\$ 70,742,800	\$ 277,216,608	\$ 25.11	\$ 18.28	\$ 4,230,884,307
2017	\$ 4,128,077,415	\$ 17.74	\$ 161,710,160	\$ 28,896,800	\$ 90,269,320	\$ 280,876,280	\$ 25.01	\$ 18.20	\$ 4,408,953,695



(1) Revaluation year.
 Source: Assessor's Department, Town of Sudbury
 All property in the Commonwealth of Massachusetts is assessed at 100% of fair cash value.

Note: Chapter 59, Section 21C of the Massachusetts General Laws, known as "Proposition 2 1/2", imposes 2 separate limits on the annual tax levy of the Town. The primary limitation is that the tax levy cannot exceed 2 1/2 percent of the full and fair cash value. The secondary limitation is that the tax levy cannot exceed the maximum levy limit for the preceding year as determined by the State Commissioner of Revenue by more than 2 1/2 percent, subject to an exception for property added to the tax rolls and for certain substantial valuation increases other than as part of a general revaluation. The secondary limit may be exceeded in any year by a majority vote of the voters, however it cannot exceed the primary limitation.

Principal Taxpayers
Current Year and Nine Years Ago

Name	Property Type	2017			2009 (1)		
		Assessed Valuation	Rank	Percentage of Total Taxable Assessed Value	Assessed Valuation	Rank	Percentage of Total Taxable Assessed Value
NSTAR Electric & Gas Company	Utility	\$ 55,495,060	1	1.26%			
Paris Trust LLC	Manufacturer	\$ 13,990,800	2	0.32%	\$ 14,036,400	4	0.35%
PRI Longfellow Glen LLC	Apartments	\$ 12,702,500	3	0.29%	\$ 13,132,800	5	0.32%
Sudbury Crossing, Ltd	Shopping Center	\$ 11,352,100	4	0.26%	\$ 12,123,200	6	0.30%
Verizon	Utility	\$ 10,756,900	5	0.24%	\$ 17,037,700	3	0.42%
Wellyn Inc.	Manufacturer	\$ 9,163,900	6	0.21%			
Boston Gas Company	Utility	\$ 8,485,260	7	0.19%			
Stanmar/Snider	Auto Dealership	\$ 7,238,600	8	0.16%			
Richard J Bosse Holdings	Health Club	\$ 6,512,500	9	0.15%	\$ 7,104,300	9	0.17%
Kenneth M Goldberg Trust	Real Estate	\$ 5,976,900	10	0.14%			
Raytheon Corporation	Research & Development				\$ 29,621,400	1	0.73%
Boston Edison	Utility				\$ 26,257,800	2	0.65%
Richardson Christine L. TRS	Shopping Center				\$ 9,749,700	7	0.24%
1776 Plaza Limited Partnership	Shopping Center				\$ 7,195,000	8	0.18%
Theodore Pasquarello, Trustee	Research & Development				\$ 6,816,300	10	0.17%
	Totals	<u>\$141,674,520</u>		<u>3.21%</u>	<u>\$143,074,600</u>		<u>3.52%</u>

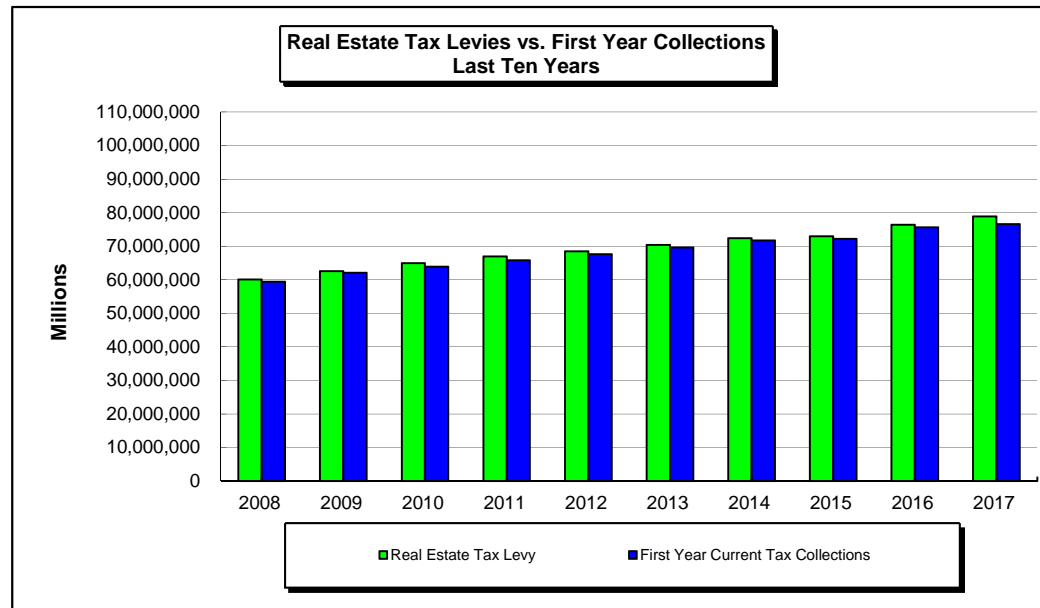
Source: Official Statement for Sale of Bonds

(1) Information for 2008 is unavailable.

Property Tax Levies and Collections

Last Ten Years

Year	(2) Total Tax Levy	Less Abatements & Exemptions	(2) Net Tax Levy	First Year Current Tax Collections	Percent of Net Levy Collected	Delinquent Tax Collections	Total Tax Collections	Percent of Total Tax Collections to Net Tax Levy
2008	\$ 60,539,786	\$ 490,898	\$ 60,048,888	\$ 59,381,429	98.89%	\$ 352,052	\$ 59,733,481	99.47%
2009	\$ 63,263,124	\$ 708,949	\$ 62,554,175	\$ 62,126,272	99.32%	\$ 144,303	\$ 62,270,575	99.55%
2010	(1) \$ 65,529,153	\$ 533,388	\$ 64,995,765	\$ 63,936,979	98.37%	\$ 432,712	\$ 64,369,691	99.04%
2011	\$ 67,418,506	\$ 428,876	\$ 66,989,630	\$ 65,823,252	98.26%	\$ 557,272	\$ 66,380,524	99.09%
2012	\$ 69,007,532	\$ 508,032	\$ 68,499,500	\$ 67,608,625	98.70%	\$ 320,887	\$ 67,929,512	99.17%
2013	(1) \$ 71,026,410	\$ 630,143	\$ 70,396,267	\$ 69,641,532	98.93%	\$ 416,153	\$ 70,057,685	99.52%
2014	\$ 72,951,707	\$ 593,665	\$ 72,358,042	\$ 71,687,443	99.07%	\$ 514,335	\$ 72,201,778	99.78%
2015	\$ 73,549,580	\$ 562,545	\$ 72,987,035	\$ 72,165,654	98.87%	\$ 581,423	\$ 72,747,077	99.67%
2016	(1) \$ 76,997,530	\$ 561,430	\$ 76,436,100	\$ 75,645,748	98.97%	\$ 510,067	\$ 76,155,815	99.63%
2017	\$ 79,892,487	\$ 984,546	\$ 78,907,941	\$ 76,610,282	97.09%	\$ -	\$ 76,610,282	97.09%



(1) Revaluation year.

(2) Includes tax liens.

Source: Assessor's Department, Town of Sudbury

Ratios of Outstanding Debt by Type

Last Ten Years

Year	Governmental Activities		Total Debt Outstanding	Percentage of Personal Income	U. S. Census Population	Debt Per Capita
	General Obligation Bonds	Capital Leases				
2008	\$ 38,455,000	\$ 510,634	\$ 38,965,634	2.92%	17,066	\$ 2,283
2009	\$ 40,000,000	\$ 498,965	\$ 40,498,965	2.74%	17,027	\$ 2,379
2010	\$ 36,205,000	\$ 630,286	\$ 36,835,286	2.26%	17,159	\$ 2,147
2011	\$ 35,760,000	\$ 597,081	\$ 36,357,081	1.89%	17,207	\$ 2,113
2012	\$ 31,970,000	\$ 534,148	\$ 32,504,148	1.99%	17,714	\$ 1,835
2013	\$ 31,705,000	\$ 520,353	\$ 32,225,353	1.90%	17,659	\$ 1,825
2014	\$ 28,355,000	\$ 507,890	\$ 28,862,890	1.67%	17,919	\$ 1,611
2015	\$ 36,802,575	\$ 562,642	\$ 37,365,217	2.23%	18,119	\$ 2,062
2016	\$ 32,903,010	\$ 352,275	\$ 33,255,285	1.85%	18,367	\$ 1,811
2017	\$ 28,939,237	\$ 183,341	\$ 29,122,578	1.50%	18,737	\$ 1,554

Source: Audited Financial Statements, U.S. Census, Division of Local Services

Ratios of Outstanding Debt and General Bonded Debt

Last Ten Years

Year	General Obligation Bonds	Percentage of Estimated Actual Taxable Value of Property	Per Capita
2008	\$ 38,455,000	0.92%	\$ 2,253
2009	\$ 40,000,000	0.98%	\$ 2,349
2010	\$ 36,205,000	0.90%	\$ 2,110
2011	\$ 35,760,000	0.92%	\$ 2,078
2012	\$ 31,970,000	0.83%	\$ 1,805
2013	\$ 31,705,000	0.82%	\$ 1,795
2014	\$ 28,355,000	0.72%	\$ 1,582
2015	\$ 36,802,575	0.90%	\$ 2,031
2016	\$ 32,903,010	0.78%	\$ 1,791
2017	\$ 28,939,237	0.66%	\$ 1,544

Source: Audited Financial Statements, U.S. Census, Division of Local Services

Direct and Overlapping Governmental Activities Debt

As of June 30, 2017

<u>Town of Sudbury, Massachusetts</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes			
Lincoln Sudbury Regional High School District.....	\$ 4,090,000	86%	\$ 3,517,400
General governmental debt.....			28,939,237
Town capital leases.....			<u>183,341</u>
Town direct debt.....			<u>29,122,578</u>
Total direct and overlapping debt.....			<u>\$ 32,639,978</u>

Methodologies used to calculate overlapping debt:

Lincoln Sudbury Regional High School District.

The Town's overlap is based on pupil enrollment.

Source: Official Statement for Sale of Bonds

Note: Overlapping governments are those that coincide, at least in part, with geographic boundaries of the Town. This schedule estimates the portion of outstanding debt of those overlapping governments that is borne by the taxpayers of the town. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire debt burden borne by the property taxpayers should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

Computation of Legal Debt Margin

Last Ten Years

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Equalized Valuation.....	\$ 4,260,907,900	\$ 4,260,907,900	\$ 4,522,988,100	\$ 4,522,988,100	\$ 4,256,033,800	\$ 4,256,033,800	\$ 4,110,402,700	\$ 4,110,402,700	\$ 4,154,472,500	\$ 4,154,472,500
Debt Limit - 5% of Equalized Valuation.....	\$ 213,045,395	\$ 213,045,395	\$ 226,149,405	\$ 226,149,405	\$ 212,801,690	\$ 212,801,690	\$ 205,520,135	\$ 205,520,135	\$ 207,723,625	\$ 207,723,625
Less:										
Outstanding debt applicable to limit.....	38,455,000	40,000,000	36,205,000	35,980,000	31,970,000	31,705,000	28,355,000	36,802,575	32,903,010	28,939,237
Authorized and unissued debt.....	5,888,800	343,800	-	-	1,570,000	6,760,500	7,827,000	621,000	621,000	621,000
Legal debt margin.....	\$ 168,701,595	\$ 172,701,595	\$ 189,944,405	\$ 190,169,405	\$ 179,261,690	\$ 174,336,190	\$ 169,338,135	\$ 168,096,560	\$ 174,199,615	\$ 178,163,388
Total debt applicable to the limit as a percentage of debt limit.....	20.81%	18.94%	16.01%	15.91%	15.76%	18.08%	17.61%	18.21%	16.14%	14.23%

Source: Official Statement for Sale of Bonds

Demographic and Economic Statistics

Last Ten Years

Year	Population Estimates	Personal Income	Per Capita Personal Income	Median Age	Unemployment Rate
2008	17,066	\$ 1,335,483,000	\$ 78,254	43	3.8%
2009	17,027	\$ 1,476,326,000	\$ 86,705	43	6.0%
2010	17,159	\$ 1,630,380,000	\$ 95,016	43	5.9%
2011	17,207	\$ 1,923,622,000	\$ 111,793	43	5.0%
2012	17,714	\$ 1,634,559,000	\$ 92,275	43	4.5%
2013	17,659	\$ 1,695,132,000	\$ 95,993	43	5.2%
2014	17,919	\$ 1,732,929,000	\$ 96,709	43	4.0%
2015	18,119	\$ 1,673,761,000	\$ 92,376	43	3.5%
2016	18,367	\$ 1,802,409,000	\$ 98,133	43	3.4%
2017	18,737	\$ 1,939,767,000	\$ 103,526	43	3.5%

Source: Commonwealth of Mass, Division of Local Services, Executive Office of Labor and Workforce Development. Median age is based on most recent census data.

Principal Employers (excluding Town)

Current Year and Nine Years Ago

Employer	Nature of Business	2017			2009 (1)		
		Employees	Rank	Percentage of Total Town Employment	Employees	Rank	Percentage of Total Town Employment
Sudbury Farms	Grocery Store	300	1	4%	250	2	3%
Lincoln-Sudbury Regional School District	Public School District	225	2	3%	227	3	3%
Staples Industrial	Packaging Materials	200	3	3%			
Methods, Inc.	Machine Tools Wholesaler	175	4	3%			
Bosse Performance	Health Club	150	5	2%			
SPEC Center	Extended Care Facility	130	6	2%			
Shaw's Supermarket	Grocery Store	125	7	2%	135	6	2%
Mass State Police Crime Lab	Public Safety	110	8	2%			
Longfellow's Wayside Inn Restaurant	Restaurant	100	9	1%	150	5	2%
Wingate at Sudbury	Health Care	100	10	1%	57	8	1%
Raytheon Corporation	Research & Development				2,000	1	25%
Chiswick Trading, Inc.	Wholesaler				178	4	2%
Sudbury Pines Nursing Home	Health Care				104	7	1%
Acapulco's	Restaurant				40	9	0%
Blue Lion	Restaurant				40	10	0%

Source: Massachusetts Department of Workforce Development

(1) Information for 2008 is unavailable.

Full-Time Equivalent Town Employees

Last Ten Years

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
<u>Full-Time Equivalents</u>										
Town.....	33	32	30	30	30	30	30	29	31	30
Public Safety.....	81	79	78	78	78	77	77	74	78	78
School.....	412	390	393	391	379	386	396	402	413	414
Public Works.....	34	32	32	30	30	30	34	36	34	34
Health and Human Services.....	7	7	6	6	6	6	7	9	9	7
Culture and recreation.....	<u>18</u>	<u>18</u>	<u>17</u>	<u>16</u>	<u>16</u>	<u>16</u>	<u>14</u>	<u>16</u>	<u>16</u>	<u>17</u>
Total	<u><u>585</u></u>	<u><u>558</u></u>	<u><u>556</u></u>	<u><u>551</u></u>	<u><u>539</u></u>	<u><u>545</u></u>	<u><u>558</u></u>	<u><u>566</u></u>	<u><u>581</u></u>	<u><u>580</u></u>

Source: Annual Budget Report, School Dept

Operating Indicators by Function/Program

Last Ten Years

<u>Function/Program</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
General Government										
Population.....	17,066	17,027	17,159	17,207	17,714	17,659	17,919	18,119	18,367	18,737
Selectmen's meetings.....	24	30	30	33	31	33	36	45	59	44
Licenses issued.....	77	77	77	78	78	78	78	81	82	82
Payroll processed.....	18,801	17,842	17,850	18,009	19,134	18,528	18,835	19,591	19,941	19,907
Invoices paid.....	19,529	18,394	18,490	18,601	18,500	17,329	17,350	16,216	15,882	14,816
Taxable property parcels.....	6,470	6,484	6,505	6,507	6,556	6,585	6,589	6,605	6,645	6,658
Motor vehicle excise processed.....	17,838	17,817	17,971	18,081	18,217	18,145	19,516	18,203	19,459	19,654
Certified vital records.....	1,226	1,230	995	1,152	1,100	1,620	1,263	1,408	1,415	1,350
Zoning board of appeals application filed.....	44	27	27	35	40	36	40	43	31	32
Public Safety										
Police										
Calls for service.....	n/a	n/a	15,312	14,951	15,927	15,612	15,965	17,021	17,341	13,379
Walk-in traffic.....	n/a	n/a	n/a	n/a	10,651	9,699	9,682	10,051	n/a	11,408
Arrests.....	194	181	147	160	93	143	133	128	84	46
Criminal complaints.....	n/a	n/a	260	189	195	169	215	247	191	111
Motor vehicle accidents.....	634	562	553	644	519	529	518	511	550	507
Alarms.....	918	776	833	837	914	832	847	750	839	603
Medical call responses.....	n/a	n/a	881	902	873	844	818	984	948	907
Fire										
Incidents										
Calls for assistance.....	1,812	1,983	2,026	2,071	2,071	2,063	1,918	2,246	2,193	2,034
Structure fire responses.....	13	13	10	10	10	14	21	13	19	19
Emergency medical responses.....	1,033	1,063	1,106	1,151	1,151	1,148	1,109	1,237	1,221	1,278
Building Department										
Building inspections.....	1,301	1,300	1,217	1,211	1,400	1,450	1,504	1,643	1,961	1,769
Education										
Public school enrollment.....	4,619	4,634	4,537	4,464	4,446	4,367	4,340	4,505	4,424	4,471
Public Works										
Depository of property plans.....	3,975	4,000	5,425	5,450	5,475	5,500	5,500	5,500	4,110	6,805
Transfer station stickers issued.....	1,763	1,568	1,569	1,569	1,477	1,500	1,525	1,922	2,209	2,371
Recyclables (tons).....	1,160	1,052	1,908	1,900	1,500	1,500	750	599	580	608
Health and Human Services										
Senior Center program attendance.....	1,981	2,000	2,000	2,040	2,000	1,900	1,900	1,900	1,600	1,542
Senior Center referrals.....	133	130	163	100	220	361	358	276	195	106
Veteran population (Federal census estimate).....	1,221	1,221	1,221	1,220	1,220	1,220	1,220	1,218	509	483
Senior and veteran tax work-off participants.....	50	50	50	50	50	50	52	56	55	55
Culture and Recreation										
Library circulation.....	354,754	389,026	397,113	408,000	395,000	380,000	447,275	457,612	408,422	398,447
Library resources sharing.....	70,322	84,713	93,899	139,789	140,000	99,600	109,660	104,845	106,321	106,882
Park & recreation programs.....	660	660	660	680	700	737	691	493	515	679
Pool use (admittance).....	70,881	78,388	84,618	83,293	84,000	83,670	80,423	77,000	77,000	75,000

Source: Various Town Departments and Annual Town Report
 N/A: Information not available

Capital Asset Statistics by Function/Program

Last Ten Years

<u>Function/Program</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Public safety										
Police										
Number of Stations.....	1	1	1	1	1	1	1	1	1	1
Fire										
Number of 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 Town Departments