

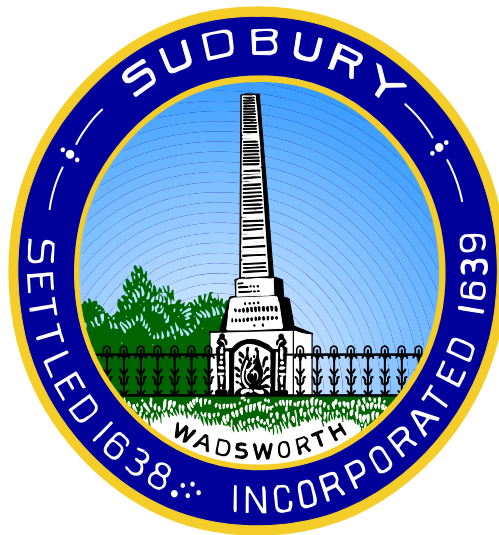
Town of Sudbury, Massachusetts
Comprehensive Annual Financial Report



For the Year Ended June 30, 2019

TOWN OF SUDBURY, MASSACHUSETTS

COMPREHENSIVE ANNUAL FINANCIAL REPORT



For the Year Ended
June 30, 2019

Prepared by:

The Finance Division

TOWN OF SUDBURY, MASSACHUSETTS
COMPREHENSIVE ANNUAL FINANCIAL REPORT

JUNE 30, 2019

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Introductory Section



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

Introductory Section

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Town of Sudbury

Finance Director's Office

278 Old Sudbury Road

Sudbury, MA 01776

Letter of Transmittal

December 19, 2019

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, 2019. 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, 2019, is presented as the first component of the financial section of this report on pages 15 - 16.

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 18,874 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, 2019, the balance in the fund was \$7.8 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 6,600 individuals employed in 700 establishments within the boundaries of the Town, with an estimated annual payroll of \$400 million. The majority of businesses in Sudbury are small and service oriented; retail, professional and technical services, educational services, health care and public administration account for 55% of all jobs. Local unemployment remains below state and national rates, and the median household effective buying income is among the highest in Massachusetts.

Meadow Walk Sudbury, a recently completed development, consists of an 80,000 square foot village retail center of approximately 15 stores anchored by a 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 4.16% of the tax levy.

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

Accounting System and Budgetary Control

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

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

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

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

An analysis of all legally adopted budgets are presented on pages 76 – 79 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 550 full and part-time employees, of which approximately 83% percent belong to unions or other collective bargaining groups.

Awards and Acknowledgments

The Town received the GFOA Distinguished Budget Presentation Award for its budget report for the fiscal year ended June 30, 2019. The award reflects the community's commitment to meeting the highest principles of governmental budgeting. We believe that the Town's budget document for the fiscal year ended June 30, 2020 continues to meet the requirements for this recognition and have submitted it to the GFOA to determine its eligibility for another award.

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, 2018. This was the seventh 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.

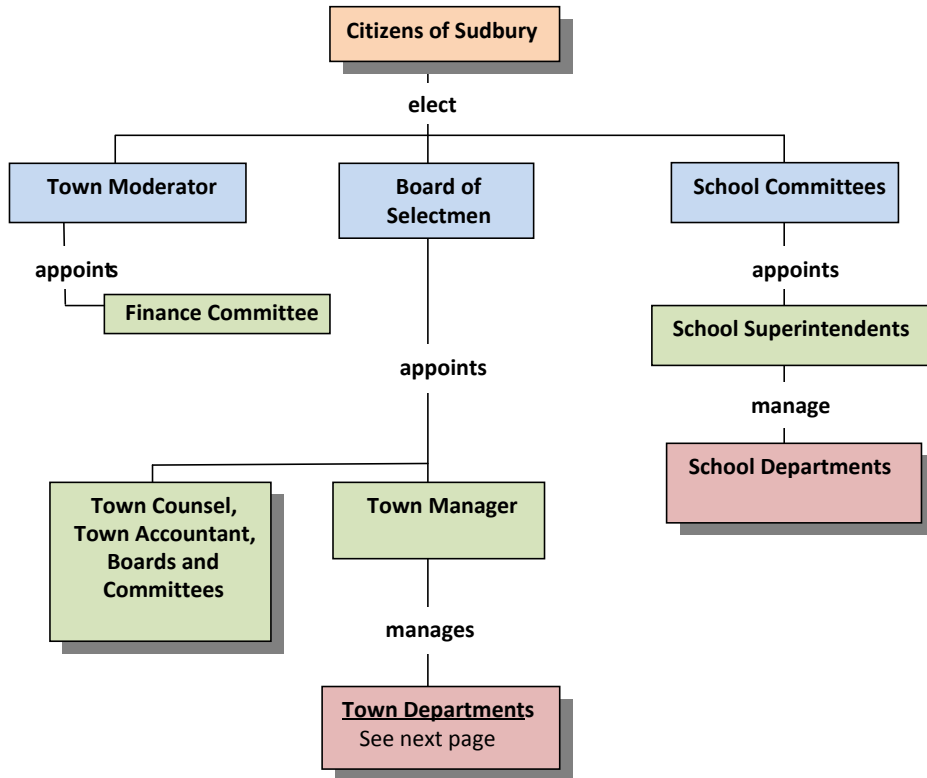
The preparation of this report would not have been possible without the efficient and dedicated services of the Finance Department. Special thanks also go to the certified public accounting firm of Powers & Sullivan, LLC for their advice and assistance in the preparation.

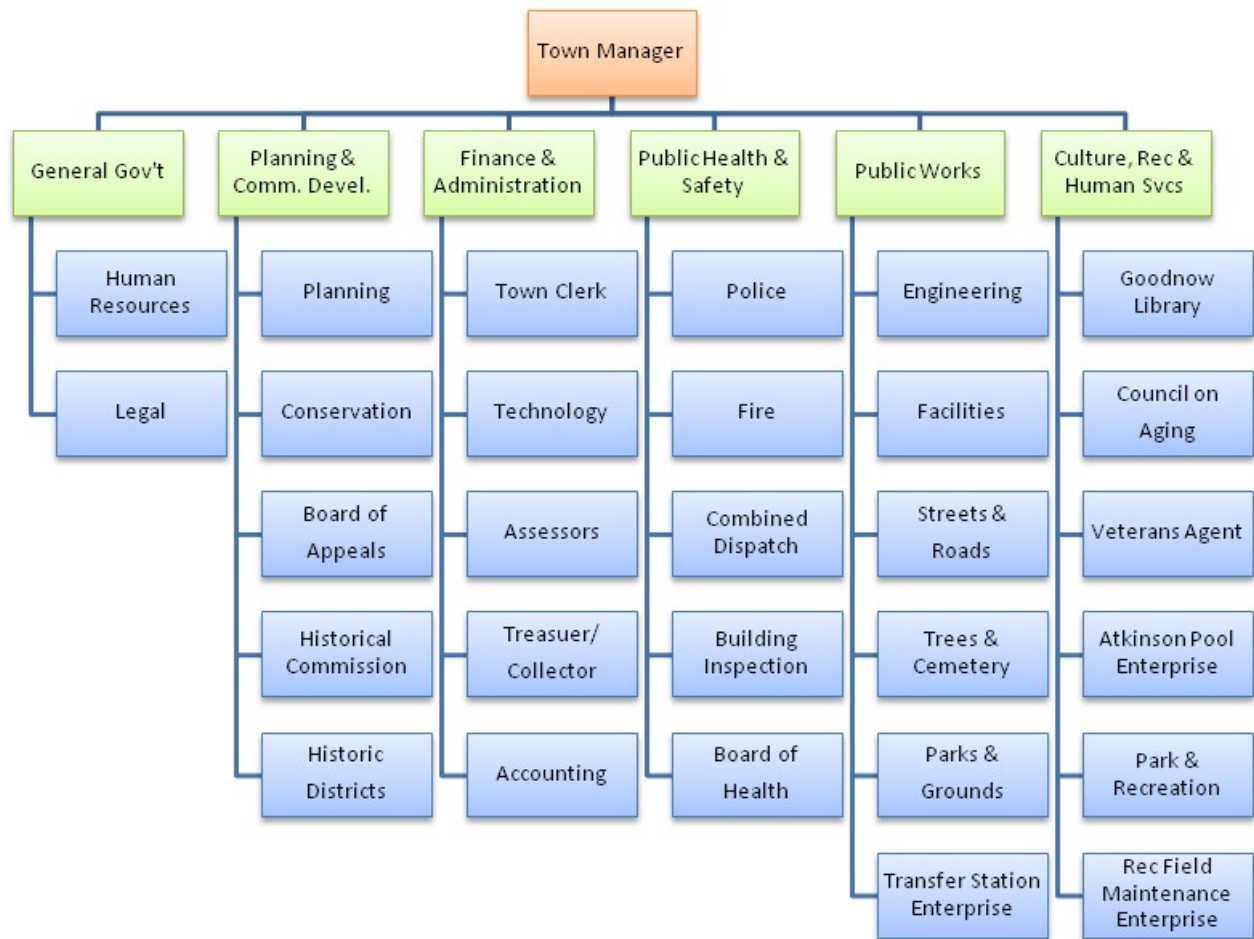
Respectfully,

A handwritten signature in black ink, appearing to read 'D. 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

Daniel E. Carty, Chairman
 Patricia Brown, Vice Chairman
 Janie W. Dretler, Member
 Jennifer Roberts, Member
 William Schineller, Member

School Committee

Lisa V. Kouchakdjian, Chairman
 Margaret Y. Helon, Vice Chair
 Christine A. Hogan, Member
 Silvia M. Nerssessionian, Member
 Meredith Gerson, Member

Appointed Officials

<u>Department</u>	<u>Department Head</u>	<u>Title</u>
Town Manager	Maryanne Bilodeau	Interim 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	Beth Klein	Town Clerk
Conservation	Lori Capone	Conservation Coordinator
Planning & Community Development	Adam Duchesneau	Director of Planning & Community Devel
Information Systems	Mark Thompson	Technology Administrator
Police	Scott Nix	Police Chief
Fire	John Whalen	Fire Chief
Building Inspection	Andrew Lewis	Building Inspector
School Department	Brad J. Crozier	Superintendent
Public Works	Daniel Nason	Director of Public Works
Facilities	William Barletta	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	Dennis Mannone	Park, Recreation, and Aquatic Director
Library	Esmé Green	Library 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, 2018

Christopher P. Morill

Executive Director/CEO



GOVERNMENT FINANCE OFFICERS ASSOCIATION

*Distinguished
Budget Presentation
Award*

PRESENTED TO

Town of Sudbury

Massachusetts

For the Fiscal Year Beginning

July 1, 2018

Christopher P. Morrill

Executive Director

Financial Section



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

Financial Section

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Wakefield, MA 01880
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F. 781-914-1701
www.powersandsullivan.com

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, 2019, and the related notes to the financial statements, which collectively comprise the Town of Sudbury, Massachusetts' basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Sudbury, Massachusetts, as of June 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis 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 19, 2019, 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.



December 19, 2019

Management's Discussion and Analysis

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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, 2019. 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 \$21.0 million (net position).
- The Town has reported a \$58.3 million Net Other Postemployment Benefits (OPEB) liability, as well as \$11.5 million of deferred outflows of resources and \$4.2 million of deferred inflows of resources related to OPEB on the statement of net position.
- At the close of the current year, the Town's general fund reported a fund balance of \$16.9 million, an increase of \$2.2 million in comparison with the prior year. Total fund balance represents 16% of general fund expenditures.
- The Town's governmental debt decreased by \$3.6 million during the current year due to scheduled principal payments.
- The Town made a contribution to the OPEB trust fund in 2019 totaling \$730,439. The OPEB trust fund reported a fund balance of \$7.8 million at year-end.

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 \$21.0 million at the close of 2019, a decrease of \$443,000 from the prior year.

Net position includes \$89.7 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, \$9.4 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 \$78.1 million. The primary reason for this deficit balance is the recognition of the \$58.3 million net OPEB liability and the \$63.9 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 and deferred inflows of resources for governmental activities by \$21.0 million at the close of 2019.

	2019	2018
Assets:		
Current assets.....	\$ 47,917,628	\$ 48,049,339
Noncurrent assets (excluding capital).....	1,485,012	2,970,026
Capital assets, non depreciable.....	50,181,806	47,147,121
Capital assets, net of accumulated depreciation...	57,158,238	57,389,496
Total assets.....	156,742,684	155,555,982
Deferred outflows of resources.....	19,513,804	15,337,827
Liabilities:		
Current liabilities (excluding debt).....	6,252,906	6,241,497
Noncurrent liabilities (excluding debt).....	121,567,412	108,513,090
Current debt.....	3,638,476	3,673,121
Noncurrent debt.....	17,854,793	21,493,269
Total liabilities.....	149,313,587	139,920,977
Deferred inflows of resources.....	5,946,594	9,772,691
Net position:		
Net investment in capital assets.....	88,816,801	83,825,266
Restricted.....	9,433,178	11,460,520
Unrestricted.....	(77,253,672)	(74,085,645)
Total net position.....	\$ 20,996,307	\$ 21,200,141

	<u>2019</u>	<u>2018</u>
Program Revenues:		
Charges for services.....	\$ 5,610,644	\$ 5,839,340
Operating grants and contributions.....	12,013,671	13,123,543
Capital grants and contributions.....	1,754,155	1,085,456
General Revenues:		
Real estate and personal property taxes, net of tax refunds payable.....	86,386,933	82,992,362
Tax and other liens.....	203,432	151,147
Motor vehicle and other excise taxes.....	4,314,739	4,138,186
Community preservation tax.....	2,003,914	1,928,868
Penalties and interest on taxes.....	284,241	208,289
Payments in lieu of taxes.....	61,537	83,613
Grants and contributions not restricted to specific programs.....	6,634,232	6,607,480
Unrestricted investment income.....	438,848	273,466
Total revenues.....	<u>119,706,346</u>	<u>116,431,750</u>
Expenses:		
General government.....	5,918,420	6,602,094
Public safety.....	12,891,246	11,875,217
Education.....	87,132,949	82,076,976
Public works.....	8,229,955	9,386,393
Health and human services.....	1,628,608	1,497,603
Culture and recreation.....	2,797,959	2,795,788
Community preservation.....	663,553	338,891
Interest.....	647,490	805,372
Total expenses.....	<u>119,910,180</u>	<u>115,378,334</u>
Change in net position.....	(203,834)	1,053,416
Net position, beginning of year.....	<u>21,200,141</u>	<u>20,146,725</u>
Net position, end of year.....	<u>\$ 20,996,307</u>	<u>\$ 21,200,141</u>

The governmental activities net position decreased by \$204,000 during the current year. This decrease was primarily due to positive budgetary results in the general fund; the recognition of \$1.8 million of capital grants in connection with the Commonwealth's Chapter 90 roadway improvement program and the state's match for the community preservation program; and the addition of \$6.7 million of capital assets using current resources. These amounts were offset by a combined increase of \$6.6 million in the net OPEB liability, net pension liability, and related deferred outflows and inflows of resources.

The increase in the pension and OPEB liabilities has had the impact of decreasing the unrestricted net position, while the use of CPA funds has reduced the restricted net position. The net investment in capital assets has increased both through the payment of capital related debt and through acquiring capital assets with Town resources.

The governmental expenses totaled \$119.9 million of which \$19.4 million (16%) was directly supported by program revenues consisting of charges for services, operating and capital grants and contributions. General revenues totaled \$100.3 million, primarily coming from property taxes, grants and contributions, and motor vehicle excise taxes.

Total revenues increased \$3.3 million compared to the prior year, primarily due to an increase in real estate and personal property taxes.

Expenses of governmental activities increased \$4.5 million from the prior year. The largest portion of this increase was education expenses which increased \$5.1 million, largely due to increases in budgeted general fund spending. General government spending decreased \$684,000 over the prior year due to increased legal costs in the prior period. Public works spending also decreased \$1.2 million over the prior year due to non-capital tree removal costs in the prior period.

Business-type Activities. The Town's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources for business-type activities by \$50,000 at the close of 2019.

	2019	2018
Assets:		
Current assets.....	\$ 415,092	\$ 497,048
Capital assets, non depreciable.....	192,500	192,500
Capital assets, net of accumulated depreciation...	678,014	758,061
Total assets.....	<u>1,285,606</u>	<u>1,447,609</u>
Deferred outflows of resources.....	<u>197,284</u>	<u>184,468</u>
Liabilities:		
Current liabilities (excluding debt).....	37,892	46,106
Noncurrent liabilities (excluding debt).....	1,339,297	1,201,862
Total liabilities.....	<u>1,377,189</u>	<u>1,247,968</u>
Deferred inflows of resources.....	<u>55,228</u>	<u>94,546</u>
Net position:		
Net investment in capital assets.....	870,514	950,561
Unrestricted.....	<u>(820,041)</u>	<u>(660,998)</u>
Total net position.....	<u>\$ 50,473</u>	<u>\$ 289,563</u>
Program Revenues:		
Charges for services.....	\$ 937,854	\$ 1,048,822
General Revenues:		
Unrestricted investment income.....	3,185	1,810
Total revenues.....	<u>941,039</u>	<u>1,050,632</u>
Expenses:		
Swimming pool.....	564,572	484,694
Transfer station.....	385,933	334,099
Recreation field maintenance.....	229,624	212,255
Total expenses.....	<u>1,180,129</u>	<u>1,031,048</u>
Change in net position.....	(239,090)	19,584
Net position, beginning of year.....	<u>289,563</u>	<u>269,979</u>
Net position, end of year.....	<u>\$ 50,473</u>	<u>\$ 289,563</u>

Business-type net position of \$871,000 represents the net investment in capital assets and a deficit of \$820,000 is unrestricted. The negative unrestricted net position is the result of recording \$910,000 of net pension liabilities and \$418,000 of net OPEB liabilities that have not been factored into the rates and fees charged. The Town's business-type activities net position decreased by \$239,000 in the current year.

The swimming pool enterprise fund net position decreased by \$121,000. This decrease was the result of a small budgetary loss, as well as changes in long-term accruals.

The transfer station enterprise fund net position decreased by \$98,000. This decrease was the result of a small budgetary surplus, offset by changes in long-term accruals.

The recreation field maintenance enterprise fund net position decreased by \$20,000. This decrease was the result of a small budgetary surplus, offset by changes in long-term accruals.

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 \$33.7 million, of which \$16.9 million is for the general fund, \$4.7 million is for the community preservation fund, and \$12.1 million is for nonmajor governmental funds. Cumulatively there was an increase of \$894,000 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 \$12.5 million, while total fund balance was \$16.9 million. Of the fund balance, \$355,000 was restricted for employee benefits, while \$3.1 million has been committed for specific special purpose stabilization funds, and \$876,000 has been assigned for encumbrances. Total fund balance represents 16% of general fund expenditures, while unassigned fund balance represents 12% of general fund expenditures. The Town's general fund increased by \$2.2 million during 2019 which was primarily due to positive budgetary results.

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 decreased by \$2.1 million in 2019, which is due to timing differences between the receipt and expenditure of surcharge and State grant revenues. The Town collected \$2.0 million from property tax surcharges. Expenditures in 2019 totaled \$4.1 million and related to various projects and debt service costs, notably the Broadacre Farm land purchase.

The nonmajor governmental funds represent the activity of nonmajor capital projects, grants and permanent trust funds. Fund balance increased by \$813,000 in 2019, which is due to a timing difference between the receipt and expenditure of state and federal grant funds.

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 original 2019 approved budget for the general fund authorized \$98.7 million in appropriations and other amounts to be raised, as well as \$3.0 million of encumbrances and capital articles carried forward from the prior

year. During the year, the Town approved supplemental appropriations totaling \$2.8 million for capital projects, snow & ice costs, stabilization fund transfers, and the purchase of a fire engine.

Total revenues came in over budget by \$2.2 million, which related to surpluses in nearly every category. Total expenditures came in under budget by \$1.7 million.

Community Preservation Fund

The Town adopts an annual budget for the community preservation fund. The original 2019 approved budget for the community preservation fund authorized \$3.7 million in appropriations, as well as \$2.5 million of amounts carried forward from the prior year. There were no supplemental appropriations during 2019.

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, 2019, amounts to \$108.2 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 \$6.6 million for capital asset additions in 2019.

The major governmental capital asset events during the current year include the purchase of the Broadacres Farm property, a fire truck, as well as building improvements at Loring Parsonage.

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

Debt Administration. Outstanding long-term governmental debt, as of June 30, 2019, totaled \$21.5 million, a decrease of \$3.6 million from the prior year which was due to budgeted principal payments and the amortization of bond premiums.

Of the total outstanding long-term governmental debt, \$8.7 million is related to community preservation projects, \$4.5 million is related to school projects, \$5.8 million is related to public safety projects, and \$2.2 million is for general government projects.

Please refer to notes 4, 6 and 7 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.

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Basic Financial Statements

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STATEMENT OF NET POSITION

JUNE 30, 2019

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
CURRENT:			
Cash and cash equivalents.....	\$ 29,406,598	\$ 412,692	\$ 29,819,290
Investments.....	9,005,453	-	9,005,453
Receivables, net of allowance for uncollectibles:			
Real estate and personal property taxes.....	1,121,190	-	1,121,190
Tax liens.....	3,405,443	-	3,405,443
Community preservation.....	22,807	-	22,807
Motor vehicle and other excise taxes.....	334,491	-	334,491
Departmental and other.....	864,955	2,400	867,355
Intergovernmental.....	3,469,683	-	3,469,683
Tax foreclosures.....	287,008	-	287,008
Total current assets.....	<u>47,917,628</u>	<u>415,092</u>	<u>48,332,720</u>
NONCURRENT:			
Receivables, net of allowance for uncollectibles:			
Intergovernmental.....	1,485,012	-	1,485,012
Capital assets, nondepreciable.....	50,181,806	192,500	50,374,306
Capital assets, net of accumulated depreciation.....	<u>57,158,238</u>	<u>678,014</u>	<u>57,836,252</u>
Total noncurrent assets.....	<u>108,825,056</u>	<u>870,514</u>	<u>109,695,570</u>
TOTAL ASSETS.....	<u>156,742,684</u>	<u>1,285,606</u>	<u>158,028,290</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions.....	8,080,659	116,669	8,197,328
Deferred outflows related to OPEB.....	<u>11,433,145</u>	<u>80,615</u>	<u>11,513,760</u>
TOTAL DEFERRED OUTFLOWS OF RESOURCES.....	<u>19,513,804</u>	<u>197,284</u>	<u>19,711,088</u>
LIABILITIES			
CURRENT:			
Warrants payable.....	512,102	12,416	524,518
Accrued payroll.....	4,276,262	24,263	4,300,525
Tax refunds payable.....	92,000	-	92,000
Accrued interest.....	204,585	-	204,585
Other liabilities.....	1,090,913	-	1,090,913
Compensated absences.....	77,044	1,213	78,257
Bonds payable.....	<u>3,638,476</u>	<u>-</u>	<u>3,638,476</u>
Total current liabilities.....	<u>9,891,382</u>	<u>37,892</u>	<u>9,929,274</u>
NONCURRENT:			
Compensated absences.....	693,391	10,908	704,299
Net pension liability.....	63,021,667	909,909	63,931,576
Net OPEB liability.....	57,852,354	418,480	58,270,834
Bonds payable.....	<u>17,854,793</u>	<u>-</u>	<u>17,854,793</u>
Total noncurrent liabilities.....	<u>139,422,205</u>	<u>1,339,297</u>	<u>140,761,502</u>
TOTAL LIABILITIES.....	<u>149,313,587</u>	<u>1,377,189</u>	<u>150,690,776</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions.....	1,798,686	25,969	1,824,655
Deferred inflows related to OPEB.....	<u>4,147,908</u>	<u>29,259</u>	<u>4,177,167</u>
TOTAL DEFERRED INFLOWS OF RESOURCES.....	<u>5,946,594</u>	<u>55,228</u>	<u>6,001,822</u>
NET POSITION			
Net investment in capital assets.....	88,816,801	870,514	89,687,315
Restricted for:			
Employee benefits.....	355,164	-	355,164
Permanent funds:			
Expendable.....	480,952	-	480,952
Nonexpendable.....	1,180,254	-	1,180,254
Gifts and grants.....	2,660,589	-	2,660,589
Community preservation.....	4,756,219	-	4,756,219
Unrestricted.....	<u>(77,253,672)</u>	<u>(820,041)</u>	<u>(78,073,713)</u>
TOTAL NET POSITION.....	<u>\$ 20,996,307</u>	<u>\$ 50,473</u>	<u>\$ 21,046,780</u>

See notes to basic financial statements.

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2019

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.....	\$ 5,918,420	\$ 583,005	\$ 936,067	\$ -	\$ (4,399,348)
Public safety.....	12,891,246	1,944,343	124,320	-	(10,822,583)
Education.....	87,132,949	1,556,852	10,845,649	-	(74,730,448)
Public works.....	8,229,955	431,870	9,438	1,350,979	(6,437,668)
Health and human services.....	1,628,608	303,054	57,268	-	(1,268,286)
Culture and recreation.....	2,797,959	707,517	40,929	-	(2,049,513)
Community preservation.....	663,553	84,003	-	403,176	(176,374)
Interest.....	647,490	-	-	-	(647,490)
Total Governmental Activities.....	119,910,180	5,610,644	12,013,671	1,754,155	(100,531,710)
<i>Business-Type Activities:</i>					
Swimming Pool.....	564,572	443,086	-	-	(121,486)
Transfer Station.....	385,933	284,834	-	-	(101,099)
Recreation Field Maintenance.....	229,624	209,934	-	-	(19,690)
Total Business-Type Activities.....	1,180,129	937,854	-	-	(242,275)
Total Primary Government.....	\$ 121,090,309	\$ 6,548,498	\$ 12,013,671	\$ 1,754,155	\$ (100,773,985)

See notes to basic financial statements.

(Continued)

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2019

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Changes in net position:			
Net (expense) revenue from previous page.....	\$ (100,531,710)	\$ (242,275)	\$ (100,773,985)
<i>General revenues:</i>			
Real estate and personal property taxes, net of tax refunds payable.....	86,386,933	-	86,386,933
Tax and other liens.....	203,432	-	203,432
Motor vehicle and other excise taxes.....	4,314,739	-	4,314,739
Community preservation tax.....	2,003,914	-	2,003,914
Penalties and interest on taxes.....	284,241	-	284,241
Payments in lieu of taxes.....	61,537	-	61,537
Grants and contributions not restricted to specific programs.....	6,634,232	-	6,634,232
Unrestricted investment income.....	438,848	3,185	442,033
Total general revenues.....	100,327,876	3,185	100,331,061
Change in net position.....	(203,834)	(239,090)	(442,924)
<i>Net position:</i>			
Beginning of year.....	21,200,141	289,563	21,489,704
End of year.....	\$ 20,996,307	\$ 50,473	\$ 21,046,780

See notes to basic financial statements.

(Concluded)

**GOVERNMENTAL FUNDS
BALANCE SHEET**

JUNE 30, 2019

	General	Community Preservation	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents.....	\$ 17,209,306	\$ 1,627,668	\$ 10,569,624	\$ 29,406,598
Investments.....	4,321,124	3,105,944	1,578,385	9,005,453
Receivables, net of uncollectibles:				
Real estate and personal property taxes.....	1,121,190	-	-	1,121,190
Tax liens.....	3,405,443	-	-	3,405,443
Community preservation.....	-	22,807	-	22,807
Motor vehicle and other excise taxes.....	334,491	-	-	334,491
Departmental and other.....	-	-	864,955	864,955
Intergovernmental.....	3,871,704	-	1,082,991	4,954,695
Tax foreclosures.....	287,008	-	-	287,008
Due from other funds.....	19,750	-	-	19,750
TOTAL ASSETS.....	\$ 30,570,016	\$ 4,756,419	\$ 14,095,955	\$ 49,422,390
LIABILITIES				
Warrants payable.....	\$ 509,567	\$ 200	\$ 2,335	\$ 512,102
Accrued payroll.....	4,276,262	-	-	4,276,262
Tax refunds payable.....	92,000	-	-	92,000
Due to other funds.....	-	-	19,750	19,750
Other liabilities.....	1,090,913	-	-	1,090,913
TOTAL LIABILITIES.....	5,968,742	200	22,085	5,991,027
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue.....	7,750,991	22,806	1,928,196	9,701,993
FUND BALANCES				
Nonspendable.....	-	-	1,180,254	1,180,254
Restricted.....	355,164	4,733,413	10,965,420	16,053,997
Committed.....	3,072,549	-	-	3,072,549
Assigned.....	875,787	-	-	875,787
Unassigned.....	12,546,783	-	-	12,546,783
TOTAL FUND BALANCES.....	16,850,283	4,733,413	12,145,674	33,729,370
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES.....	\$ 30,570,016	\$ 4,756,419	\$ 14,095,955	\$ 49,422,390

See notes to basic financial statements.

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

JUNE 30, 2019

Total governmental fund balances.....	\$	33,729,370
Capital assets (net) used in governmental activities are not financial resources and, therefore, are not reported in the funds.....		107,340,044
Accounts receivable are not available to pay for current-period expenditures and, therefore, are unavailable in the funds.....		9,701,993
The statement of net position includes certain deferred inflows of resources and deferred outflows of resources that will be amortized over future periods. In governmental funds, these amounts are not deferred.....		13,567,210
In the statement of activities, interest is accrued on outstanding long-term debt, whereas in governmental funds interest is not reported until due.....		(204,585)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds:		
Bonds payable.....	(21,493,269)	
Net pension liability.....	(63,021,667)	
Net OPEB liability.....	(57,852,354)	
Compensated absences.....	<u>(770,435)</u>	
Net effect of reporting long-term liabilities.....		<u>(143,137,725)</u>
Net position of governmental activities.....	\$	<u><u>20,996,307</u></u>

See notes to basic financial statements.

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

YEAR ENDED JUNE 30, 2019

	General	Community Preservation	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES:				
Real estate and personal property taxes, net of tax refunds.....	\$ 86,498,484	\$ -	\$ -	\$ 86,498,484
Tax liens.....	115,256	-	-	115,256
Motor vehicle and other excise taxes.....	4,263,360	-	-	4,263,360
Penalties and interest on taxes.....	280,806	3,435	-	284,241
Payments in lieu of taxes.....	61,537	-	-	61,537
Licenses and permits.....	1,159,863	-	-	1,159,863
Fines and forfeitures.....	36,418	-	-	36,418
Intergovernmental - teachers retirement.....	8,093,272	-	-	8,093,272
Intergovernmental.....	8,196,439	403,176	3,856,243	12,455,858
Departmental and other.....	401,216	-	3,903,330	4,304,546
Community preservation taxes.....	-	2,005,675	-	2,005,675
Contributions and donations.....	-	-	967,495	967,495
Investment income.....	264,710	65,412	108,726	438,848
TOTAL REVENUES.....	109,371,361	2,477,698	8,835,794	120,684,853
EXPENDITURES:				
Current:				
General government.....	3,577,760	-	1,669,229	5,246,989
Public safety.....	8,500,549	-	351,714	8,852,263
Education.....	63,878,839	-	2,883,135	66,761,974
Public works.....	5,422,164	-	1,633,556	7,055,720
Health and human services.....	746,973	-	414,205	1,161,178
Culture and recreation.....	1,377,202	-	1,247,217	2,624,419
Community preservation.....	-	2,942,664	365,971	3,308,635
Pension benefits.....	4,493,265	-	-	4,493,265
Pension benefits - teachers retirement.....	8,093,272	-	-	8,093,272
Property and liability insurance.....	328,256	-	-	328,256
Employee benefits.....	7,376,116	-	-	7,376,116
State and county charges.....	209,519	-	-	209,519
Debt service:				
Principal.....	2,526,950	900,000	-	3,426,950
Interest.....	573,674	278,336	-	852,010
TOTAL EXPENDITURES.....	107,104,539	4,121,000	8,565,027	119,790,566
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....	2,266,822	(1,643,302)	270,767	894,287
OTHER FINANCING SOURCES (USES):				
Transfers in.....	910,000	-	1,208,638	2,118,638
Transfers out.....	(990,000)	(462,500)	(666,138)	(2,118,638)
TOTAL OTHER FINANCING SOURCES (USES)...	(80,000)	(462,500)	542,500	-
NET CHANGE IN FUND BALANCES.....	2,186,822	(2,105,802)	813,267	894,287
FUND BALANCES AT BEGINNING OF YEAR.....	14,663,461	6,839,215	11,332,407	32,835,083
FUND BALANCES AT END OF YEAR.....	\$ 16,850,283	\$ 4,733,413	\$ 12,145,674	\$ 33,729,370

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, 2019

Net change in fund balances - total governmental funds.....		\$ 894,287
<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.....		6,663,880
Depreciation expense.....		<u>(3,860,453)</u>
Net effect of reporting capital assets.....		2,803,427
<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 differ between the two statements. This amount represents the net change in unavailable revenue.....</p>		
		(978,507)
<p>The issuance of long-term debt 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 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 unavailable and amortized in the Statement of Activities.</p>		
Principal payments on capital leases.....		64,801
Net amortization of premium from issuance of bonds.....		181,370
Debt service principal payments.....		<u>3,426,950</u>
Net effect of reporting long-term debt.....		3,673,121
<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.....		(55,354)
Net change in accrued interest on long-term debt.....		23,150
Net change in deferred outflow/(inflow) of resources related to pensions.....		1,956,920
Net change in net pension liability.....		(5,085,437)
Net change in deferred outflow/(inflow) of resources related to net OPEB liability.....		4,483,626
Net change in net OPEB liability.....		<u>(7,919,067)</u>
Net effect of recording long-term liabilities.....		<u>(6,596,162)</u>
Change in net position of governmental activities.....		<u>\$ (203,834)</u>

See notes to basic financial statements.

PROPRIETARY FUNDS
STATEMENT OF NET POSITION

JUNE 30, 2019

	Business-type Activities - Enterprise Funds			
	Swimming Pool	Transfer Station	Recreation Field Maintenance	Total
ASSETS				
CURRENT:				
Cash and cash equivalents.....	\$ 14,151	\$ 346,622	\$ 51,919	\$ 412,692
Receivables, net of allowance for uncollectibles:				
Departmental and other.....	-	2,400	-	2,400
Total current assets.....	14,151	349,022	51,919	415,092
NONCURRENT:				
Capital assets, non depreciable.....	-	192,500	-	192,500
Capital assets, net of accumulated depreciation.....	597,348	80,666	-	678,014
Total noncurrent assets.....	597,348	273,166	-	870,514
TOTAL ASSETS.....	611,499	622,188	51,919	1,285,606
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows related to pensions.....	60,773	28,074	27,822	116,669
Deferred outflows related to OPEB.....	36,233	35,148	9,234	80,615
TOTAL DEFERRED OUTFLOWS OF RESOURCES.....	97,006	63,222	37,056	197,284
LIABILITIES				
CURRENT:				
Warrants payable.....	2,909	5,466	4,041	12,416
Accrued payroll.....	10,636	6,580	7,047	24,263
Compensated absences.....	944	269	-	1,213
Total current liabilities.....	14,489	12,315	11,088	37,892
NONCURRENT:				
Compensated absences.....	8,491	2,417	-	10,908
Net pension liability.....	473,971	218,949	216,989	909,909
Net OPEB liability.....	194,704	182,744	41,032	418,480
Total noncurrent liabilities.....	677,166	404,110	258,021	1,339,297
TOTAL LIABILITIES.....	691,655	416,425	269,109	1,377,189
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows related to pensions.....	13,527	6,249	6,193	25,969
Deferred inflows related to OPEB.....	13,161	12,752	3,346	29,259
TOTAL DEFERRED INFLOWS OF RESOURCES.....	26,688	19,001	9,539	55,228
NET POSITION				
Net investment in capital assets.....	597,348	273,166	-	870,514
Unrestricted.....	(607,186)	(23,182)	(189,673)	(820,041)
TOTAL NET POSITION.....	\$ (9,838)	\$ 249,984	\$ (189,673)	\$ 50,473

See notes to basic financial statements.

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

YEAR ENDED JUNE 30, 2019

	Business-type Activities - Enterprise Funds			
	Swimming Pool	Transfer Station	Recreation Field Maintenance	Total
OPERATING REVENUES:				
Charges for services.....	\$ 443,086	\$ 284,834	\$ 209,934	\$ 937,854
OPERATING EXPENSES:				
Cost of services and administration.....	529,704	340,754	229,624	1,100,082
Depreciation.....	34,868	45,179	-	80,047
TOTAL OPERATING EXPENSES.....	564,572	385,933	229,624	1,180,129
OPERATING INCOME (LOSS).....	(121,486)	(101,099)	(19,690)	(242,275)
NONOPERATING REVENUES (EXPENSES):				
Investment income.....	23	3,003	159	3,185
CHANGE IN NET POSITION.....	(121,463)	(98,096)	(19,531)	(239,090)
NET POSITION AT BEGINNING OF YEAR.....	111,625	348,080	(170,142)	289,563
NET POSITION AT END OF YEAR.....	\$ (9,838)	\$ 249,984	\$ (189,673)	\$ 50,473

See notes to basic financial statements.

PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 2019

	Business-type Activities - Enterprise Funds			
	Swimming Pool	Transfer Station	Recreation Field Maintenance	Total
<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>				
Receipts from customers and users.....	\$ 443,086	\$ 293,534	\$ 209,934	\$ 946,554
Payments to vendors.....	(154,707)	(140,596)	(78,630)	(373,933)
Payments to employees.....	(330,058)	(176,647)	(142,357)	(649,062)
NET CASH FROM OPERATING ACTIVITIES.....	(41,679)	(23,709)	(11,053)	(76,441)
<u>CASH FLOWS FROM INVESTING ACTIVITIES:</u>				
Investment income.....	23	3,003	159	3,185
NET CHANGE IN CASH AND CASH EQUIVALENTS.....	(41,656)	(20,706)	(10,894)	(73,256)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR.....	55,807	367,328	62,813	485,948
CASH AND CASH EQUIVALENTS AT END OF YEAR.....	<u>\$ 14,151</u>	<u>\$ 346,622</u>	<u>\$ 51,919</u>	<u>\$ 412,692</u>
<u>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES:</u>				
Operating income (loss).....	\$ (121,486)	\$ (101,099)	\$ (19,690)	\$ (242,275)
Adjustments to reconcile operating income to net cash from operating activities:				
Depreciation.....	34,868	45,179	-	80,047
Deferred (outflows)/inflows related to pensions.....	(14,718)	(6,799)	(6,737)	(28,254)
Deferred (outflows)/inflows related to OPEB.....	(7,869)	(12,601)	(3,410)	(23,880)
Changes in assets and liabilities:				
Departmental and other.....	-	8,700	-	8,700
Warrants payable.....	(3,500)	(7,858)	(182)	(11,540)
Accrued payroll.....	72	3,081	307	3,460
Compensated absences.....	(2,159)	810	-	(1,349)
Net pension liability.....	38,246	17,668	17,509	73,423
Net OPEB liability.....	34,867	29,210	1,150	65,227
Total adjustments.....	79,807	77,390	8,637	165,834
NET CASH FROM OPERATING ACTIVITIES.....	<u>\$ (41,679)</u>	<u>\$ (23,709)</u>	<u>\$ (11,053)</u>	<u>\$ (76,441)</u>

See notes to basic financial statements.

FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITION

JUNE 30, 2019

	OPEB Trust Fund	Private Purpose Trust Funds	Agency Funds
ASSETS			
Cash and cash equivalents.....	\$ 1,385,106	\$ 11,749	\$ 166,215
Investments:			
Government sponsored enterprises.....	2,135,765	-	-
Equity securities.....	4,073,126	-	-
Equity mutual funds.....	-	178,828	-
International equity securities.....	200,012	-	-
Receivables, net of allowance for uncollectibles:			
Departmental and other.....	-	-	141,658
TOTAL ASSETS.....	<u>7,794,009</u>	<u>190,577</u>	<u>307,873</u>
LIABILITIES			
Liabilities due depositors.....	-	-	307,873
NET POSITION			
Restricted for OPEB benefits.....	7,794,009	-	-
Held in trust for other purposes.....	-	190,577	-
TOTAL NET POSITION.....	<u>\$ 7,794,009</u>	<u>\$ 190,577</u>	<u>\$ -</u>

See notes to basic financial statements.

FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

YEAR ENDED JUNE 30, 2019

	OPEB Trust Fund	Private Purpose Trust Funds
ADDITIONS:		
Contributions:		
Employer contributions.....	\$ 730,439	\$ -
Employer contributions for other postemployment benefit payments.....	1,509,308	-
Private donations.....	-	371
Total contributions.....	2,239,747	371
Net investment income:		
Investment income (loss).....	634,424	11,309
TOTAL ADDITIONS.....	2,874,171	11,680
DEDUCTIONS:		
Benefit payments.....	1,509,308	-
Health and human services.....	-	900
Educational scholarships.....	-	3,000
TOTAL DEDUCTIONS.....	1,509,308	3,900
NET INCREASE (DECREASE) IN NET POSITION.....	1,364,863	7,780
NET POSITION AT BEGINNING OF YEAR.....	6,429,146	182,797
NET POSITION AT END OF YEAR.....	\$ 7,794,009	\$ 190,577

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, 2019, 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 FY2020. As of June 30, 2019, the Town's equity interest in the Facility is not material. 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 representatives 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, 2019, the Town's assessment totaled \$24,762,715. Separate financial statements may be obtained by writing to the Finance Director of the LSRHSD at 390 Lincoln Road, Sudbury, MA 01776.

B. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

The government-wide financial statements (i.e., statement of net position and statement of activities) 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 and OPEB 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 OPEB 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 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.

“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.

“Community preservation” represents amounts restricted for affordable housing, open space and historic 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 general fund is the only fund that reports a positive unassigned fund balance.

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 Swimming Pool enterprise fund, and the Recreation Field Maintenance enterprise fund had year-end deficits of \$9,838, and \$189,673, accordingly. These deficits are the result of the funds recognizing a net OPEB liability, and a 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 \$30,733,834 and the bank balance totaled \$31,046,598. Of the bank balance, \$2,255,361 was covered by Federal Depository Insurance, \$24,447,554 was covered by the Depositor's Insurance Fund, \$604 was covered by the Securities Investor Protection Corporation Insurance and \$4,343,079 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 with combined average maturities of approximately three months.

As of June 30, 2019, the Town had the following investments and maturities:

<u>Investment Type</u>	<u>Fair value</u>	<u>Maturities</u>	
		<u>Under 1 Year</u>	<u>1-5 Years</u>
<u>Debt securities:</u>			
Government sponsored enterprises....	\$ 8,451,673	\$ 6,081,837	\$ 2,369,836
Corporate bonds.....	1,060,060	590,646	469,414
Total debt securities.....	9,511,733	<u>6,672,483</u>	<u>2,839,250</u>
<u>Other investments:</u>			
Equity securities.....	4,073,126		
Equity mutual funds.....	1,808,313		
International equity securities.....	200,012		
Money market mutual funds.....	422,314		
MMDT - Cash portfolio.....	226,212		
Total investments.....	\$ <u>16,241,710</u>		

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, \$8,451,673 of government sponsored enterprises, \$1,060,060 of corporate bonds, \$4,073,126 of equity securities, and \$200,012 of international 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, 2019, the Town’s investments were rated as follows:

Quality Rating	Government Sponsored Enterprises	Corporate Bonds
AAA.....	\$ 8,451,673	\$ -
A+.....	-	252,095
A.....	-	231,735
AA-.....	-	239,767
A-.....	-	116,463
BBB+.....	-	220,000
Total.....	<u>\$ 8,451,673</u>	<u>\$ 1,060,060</u>

The Town’s investments of \$422,314 in money market mutual funds and \$226,212 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 places no limit on the amount the Town may invest in any one issuer.

Fair 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, 2019:

Investment Type	June 30, 2019	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments measured at fair value:				
Debt securities:				
Government sponsored enterprises.....	\$ 8,451,673	\$ 8,451,673	\$ -	\$ -
Corporate bonds.....	1,060,060	-	1,060,060	-
Total debt securities.....	9,511,733	8,451,673	1,060,060	-
Other investments:				
Equity securities.....	4,073,126	4,073,126	-	-
Equity mutual funds.....	1,808,313	1,808,313	-	-
International equity securities.....	200,012	200,012	-	-
Money market mutual funds.....	422,314	422,314	-	-
Total other investments.....	6,503,765	6,503,765	-	-
Total investments measured at fair value.....	16,015,498	\$ 14,955,438	\$ 1,060,060	\$ -
Investments measured at amortized cost:				
MMDT - Cash portfolio.....	226,212			
Total investments.....	\$ 16,241,710			

Government sponsored enterprises, equity securities, equity mutual funds, international equity securities, and money market 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, 2019, 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.... \$	1,139,880	\$ (18,690)	\$ 1,121,190
Tax liens.....	3,405,443	-	3,405,443
Community preservation fund surtax.....	22,807	-	22,807
Motor vehicle and other excise taxes.....	400,273	(65,782)	334,491
Departmental and other.....	1,059,553	(52,940)	1,006,613
Intergovernmental.....	4,954,695	-	4,954,695
 Total.....	 \$ 10,982,651	 \$ (137,412)	 \$ 10,845,239

At June 30, 2019, receivables for the transfer station enterprise fund are as follows:

	Gross Amount	Allowance for Uncollectibles	Net Amount
<u>Receivables:</u>			
Departmental and other..... \$	2,400	-	\$ 2,400

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>Receivables and other assets:</u>			
Real estate and personal property taxes... \$	754,023	-	\$ 754,023
Tax liens.....	3,405,443	-	3,405,443
Community preservation fund surtax.....	-	22,807	22,807
Motor vehicle and other excise taxes.....	334,491	-	334,491
Departmental and other.....	-	864,955	864,955
Intergovernmental.....	2,970,026	1,063,240	4,033,266
Tax foreclosures.....	287,008	-	287,008
 Total.....	 \$ 7,750,991	 \$ 1,951,002	 \$ 9,701,993

NOTE 4 - CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2019, is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
<u>Capital assets not being depreciated:</u>				
Land.....	\$ 30,257,246	\$ 1,877,840	\$ -	\$ 32,135,086
Construction in progress.....	711,638	1,868,483	(711,638)	1,868,483
Intangible assets.....	16,178,237	-	-	16,178,237
Total capital assets not being depreciated...	<u>47,147,121</u>	<u>3,746,323</u>	<u>(711,638)</u>	<u>50,181,806</u>
<u>Capital assets being depreciated:</u>				
Land improvements.....	3,111,517	620,019	-	3,731,536
Buildings and improvements.....	81,067,863	145,379	-	81,213,242
Machinery and equipment.....	9,943,619	1,342,080	(499,516)	10,786,183
Vehicles.....	4,493,728	314,720	(97,375)	4,711,073
Infrastructure.....	18,848,332	1,206,997	-	20,055,329
Total capital assets being depreciated.....	<u>117,465,059</u>	<u>3,629,195</u>	<u>(596,891)</u>	<u>120,497,363</u>
<u>Less accumulated depreciation for:</u>				
Land improvements.....	(1,379,719)	(116,805)	-	(1,496,524)
Buildings and improvements.....	(35,640,617)	(1,921,654)	-	(37,562,271)
Machinery and equipment.....	(7,207,126)	(631,533)	499,516	(7,339,143)
Vehicles.....	(3,286,269)	(613,898)	97,375	(3,802,792)
Infrastructure.....	(12,561,832)	(576,563)	-	(13,138,395)
Total accumulated depreciation.....	<u>(60,075,563)</u>	<u>(3,860,453)</u>	<u>596,891</u>	<u>(63,339,125)</u>
Total capital assets being depreciated, net.....	<u>57,389,496</u>	<u>(231,258)</u>	<u>-</u>	<u>57,158,238</u>
Total governmental activities capital assets, net.....	<u>\$ 104,536,617</u>	<u>\$ 3,515,065</u>	<u>\$ (711,638)</u>	<u>\$ 107,340,044</u>
	Beginning Balance	Increases	Decreases	Ending Balance
Business-Type Activities:				
<u>Capital assets not being depreciated:</u>				
Land.....	\$ 192,500	\$ -	\$ -	\$ 192,500
<u>Capital assets being depreciated:</u>				
Buildings and improvements.....	1,650,181	-	-	1,650,181
Machinery and equipment.....	102,278	-	-	102,278
Vehicles.....	318,180	-	-	318,180
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.....	(1,017,965)	(34,868)	-	(1,052,833)
Machinery and equipment.....	(49,049)	(8,871)	-	(57,920)
Vehicles.....	(245,564)	(36,308)	-	(281,872)
Total accumulated depreciation.....	<u>(1,312,578)</u>	<u>(80,047)</u>	<u>-</u>	<u>(1,392,625)</u>
Total capital assets being depreciated, net.....	<u>758,061</u>	<u>(80,047)</u>	<u>-</u>	<u>678,014</u>
Total business-type activities capital assets, net..	<u>\$ 950,561</u>	<u>\$ (80,047)</u>	<u>\$ -</u>	<u>\$ 870,514</u>

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

Governmental Activities:	
General government.....	\$ 189,244
Public safety.....	574,334
Education.....	1,538,410
Public works.....	1,356,330
Health and human services.....	11,163
Culture and recreation.....	<u>190,972</u>
Total depreciation expense - governmental activities....	\$ <u>3,860,453</u>
 Business-Type Activities:	
Swimming pool.....	\$ 34,868
Transfer station.....	<u>45,179</u>
Total depreciation expense - business-type activities..	\$ <u>80,047</u>

NOTE 5 - INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

Interfund receivables and payables, for the year ended June 30, 2019, included an advance of \$19,750 from the general fund to the Chapter 90 fund to meet temporary cash flow needs.

Interfund transfers for the year ended June 30, 2019, are summarized as follows:

Transfers Out:	Transfers In:		
	General fund	Nonmajor governmental funds	Total
General fund.....	\$ -	\$ 990,000	\$ 990,000 (1)
Community preservation fund....	250,000	212,500	462,500 (2)
Nonmajor governmental funds....	<u>660,000</u>	<u>6,138</u>	<u>666,138</u> (3)
Total.....	\$ <u>910,000</u>	\$ <u>1,208,638</u>	\$ <u>2,118,638</u>

- (1) Represents budgeted transfers from the general fund to capital projects.
- (2) Represents budgeted transfers from the community preservation for playground modernization, and for the Sudbury Housing Trust.
- (3) Represents budgeted transfers from the nonmajor ambulance revolving fund to the general fund

NOTE 6 - 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 did not have any short-term loan activity during the year, nor any amounts outstanding at year-end.

NOTE 7 - 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, 2019, and the debt service requirements are as follows:

Bonds Payable Schedule – Governmental Funds

Project	Maturities Through	Original Loan Amount	Interest Rate (%)	Outstanding at June 30, 2019
General Obligation Refunding Bonds - 2018 (CPA).....	2029	\$ 2,640,000	2.00-4.00	\$ 2,395,000
General Obligation CPA Bonds.....	2030	2,030,000	2.00-4.00	1,200,000
School Construction Refunding Bonds.....	2021	4,870,000	2.00-4.00	905,000
General Obligation Bonds - Noyes Green Repair.....	2021	1,580,000	2.00-3.00	465,000
General Obligation Refunding Bonds - CPA 2004.....	2024	2,455,000	1.50-2.00	1,140,000
General Obligation Refunding Bonds - CPA 2005.....	2025	1,590,000	1.50-2.00	735,000
General Obligation Bonds - Nixon Roof.....	2023	430,000	2.00-3.00	205,000
General Obligation Bonds - Pantry Brook Farm (CPA).	2023	3,010,000	2.00-4.00	2,415,000
ESCO Loan.....	2030	974,146	2.51	813,578
General Obligation Bonds - Police Station (exempt)....	2035	6,760,000	2.00-5.00	5,396,000
General Obligation Bonds - Johnson (exempt).....	2035	1,724,000	2.00-5.00	1,365,000
General Obligation Bonds - Nixon.....	2025	440,000	2.00-5.00	260,000
General Obligation Bonds - Police.....	2031	280,800	2.00-5.00	219,000
General Obligation Bonds - Johnson (CPA).....	2035	1,000,000	2.00-5.00	800,000
General Obligation Refunding Bonds - School.....	2021	6,845,000	3.00-5.00	2,695,000
General Obligation Bonds - Police Design.....	2021	627,000	3.00-5.00	200,000
Total Bonds Payable.....				21,208,578
Add: Unamortized premium on bonds.....				284,691
Total Bonds Payable, net.....				\$ <u>21,493,269</u>

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

Year	Principal	Interest	Total
2020.....	\$ 3,505,343	\$ 725,292	\$ 4,230,635
2021.....	3,534,621	585,302	4,119,923
2022.....	1,623,908	458,371	2,082,279
2023.....	1,458,503	406,444	1,864,947
2024.....	1,458,116	356,107	1,814,223
2025.....	1,207,845	303,052	1,510,897
2026.....	1,067,895	254,503	1,322,398
2027.....	1,068,273	221,931	1,290,204
2028.....	1,078,787	191,292	1,270,079
2029.....	1,089,641	159,701	1,249,342
2030.....	870,646	129,737	1,000,383
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
Total.....	\$ 21,208,578	\$ 4,074,470	\$ 25,283,048

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 2019, approximately \$1,606,000 of such assistance was received. Approximately \$3,212,000 will be received in future years. Of this amount, approximately \$242,000 represents reimbursement of long-term interest costs, and approximately \$2,970,000 represents reimbursement of approved construction costs. Accordingly, a \$2,970,000 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, 2019, the Town had authorized and unissued debt as follows:

Purpose	Amount
School Building Renovations.....	\$ 621,000
DPW Fuel Storage and Management System.....	1,500,000
Stearns Mill Pond Dam and Dutton Road Bridge...	1,850,000
Broadacres Farm Acquisition.....	3,660,000
Camp Sewataro Acquisition.....	11,300,000
Total.....	\$ 18,931,000

Changes in Long-term Liabilities

During the year ended June 30, 2019, the following changes occurred in long-term liabilities:

	Beginning Balance	Bonds and Notes Issued	Bonds and Notes Redeemed	Other Increases	Other Decreases	Ending Balance	Due Within One Year
Governmental Activities:							
Long-term bonds payable.....	\$ 24,635,528	\$ -	\$ (3,426,950)	\$ -	\$ -	\$ 21,208,578	\$ 3,505,343
Add: Unamortized premium on bonds...	466,061	-	-	-	(181,370)	284,691	133,133
Total bonds payable.....	25,101,589	-	(3,426,950)	-	(181,370)	21,493,269	3,638,476
Capital lease obligations.....	64,801	-	-	-	(64,801)	-	-
Compensated absences.....	715,081	-	-	126,862	(71,508)	770,435	77,044
Net pension liability.....	57,936,230	-	-	9,490,107	(4,404,670)	63,021,667	-
Net OPEB liability.....	49,933,287	-	-	9,900,015	(1,980,948)	57,852,354	-
Total governmental activity long-term liabilities.....	\$ 133,750,988	\$ -	\$ (3,426,950)	\$ 19,516,984	\$ (6,703,297)	\$ 143,137,725	\$ 3,715,520
Business-Type Activities:							
Compensated absences.....	\$ 13,470	\$ -	\$ -	\$ 151	\$ (1,500)	\$ 12,121	\$ 1,213
Net pension liability.....	836,486	-	-	137,018	(63,595)	909,909	-
Net OPEB liability.....	353,253	-	-	96,280	(31,053)	418,480	-
Total business-type activity long-term liabilities.....	\$ 1,203,209	\$ -	\$ -	\$ 233,449	\$ (96,148)	\$ 1,340,510	\$ 1,213

The governmental activities long-term liabilities are generally liquidated by the general fund, except for debt incurred and paid for by the community preservation fund, and the business-type activities long-term liabilities are generally liquidated by the applicable enterprise fund.

NOTE 8 - 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 with a year end balance of \$4,885,335 that is reported in the general fund as unassigned fund balance. The Town also maintains an energy stabilization fund, Melone property stabilization fund, a rolling stock stabilization fund, and synthetic turf stabilization fund with balances of \$46,000, \$1,100,000, \$250,100, and \$100, respectively. These special purpose stabilization funds are reported in the general fund as committed fund balance.

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

	General	Community Preservation	Nonmajor Governmental Funds	Total Governmental Funds
Fund Balances:				
Nonspendable:				
Permanent fund principal.....	\$ -	\$ -	\$ 1,180,254	\$ 1,180,254
Restricted for:				
Health trust fund.....	143,471	-	-	143,471
Workers' compensation fund.....	211,693	-	-	211,693
Community preservation.....	-	4,733,413	-	4,733,413
School lunch.....	-	-	206,113	206,113
Affordable housing.....	-	-	222,565	222,565
Revolving.....	-	-	2,994,951	2,994,951
Receipts reserved for appropriation.....	-	-	1,500,050	1,500,050
Grants.....	-	-	2,660,589	2,660,589
Other special revenue funds.....	-	-	1,298,625	1,298,625
General capital projects.....	-	-	1,601,575	1,601,575
Cemetery perpetual care.....	-	-	263,030	263,030
Other permanent funds.....	-	-	217,922	217,922
Committed to:				
Articles and continuing appropriations:				
General government.....	355,150	-	-	355,150
Public safety.....	572,460	-	-	572,460
Education.....	320,263	-	-	320,263
Public works.....	363,501	-	-	363,501
Culture and recreation.....	64,975	-	-	64,975
Rolling stock stabilization.....	250,100	-	-	250,100
Energy savings programs stabilization.....	46,000	-	-	46,000
Melone property stabilization.....	1,100,000	-	-	1,100,000
Synthetic turf field stabilization.....	100	-	-	100
Assigned to:				
Encumbrances:				
General government.....	51,392	-	-	51,392
Public safety.....	9,461	-	-	9,461
Education.....	466,020	-	-	466,020
Public works.....	346,528	-	-	346,528
Health and human services.....	2,369	-	-	2,369
Culture and recreation.....	17	-	-	17
Unassigned.....	12,546,783	-	-	12,546,783
Total Fund Balances.....	\$ 16,850,283	\$ 4,733,413	\$ 12,145,674	\$ 33,729,370

NOTE 9 - 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 10 - 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, 2018. The Town's portion of the collective pension expense, contributed by the Commonwealth, of \$8,093,272 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 \$79,866,091 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 actual contribution for the year ended December 31, 2018, was \$4,468,265, or 26.71% of covered payroll. The Town's actual contribution equaled its proportionate share of the required contribution. The required contribution is 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, 2019, the Town reported a liability of \$63,931,576 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2018. 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, 2018, the Town's proportion was 4.10%, which decreased from its proportionate share of 4.14% measured at December 31, 2017.

Pension Expense

For the year ended June 30, 2019, the Town recognized pension expense of \$7,641,951. At June 30, 2019, the Town reported deferred outflows of resources related to pensions of \$8,197,328 and deferred inflows of resources related to pensions of \$1,824,655.

The balances of deferred outflows and inflows of resources related to pensions at June 30, 2019 consist of the following:

Deferred Category	Deferred Outflows of Resources	Deferred Inflows of Resources	Total
Differences between expected and actual experience.....	\$ 130,800	\$ (222,838)	\$ (92,038)
Net difference between projected and actual earnings.....	2,849,665	-	2,849,665
Changes in assumptions.....	3,973,223	-	3,973,223
Changes in proportion and proportionate share of contributions....	1,243,640	(1,601,817)	(358,177)
 Total deferred outflows/(inflows) of resources.....	 <u>\$ 8,197,328</u>	 <u>\$ (1,824,655)</u>	 <u>\$ 6,372,673</u>

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

<u>Year ended June 30:</u>	
2020.....	\$ 2,435,497
2021.....	1,916,089
2022.....	1,120,738
2023.....	<u>900,349</u>
 Total.....	 <u>\$ 6,372,673</u>

Actuarial Assumptions

The total pension liability in the January 1, 2018, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement that was rolled forward to December 31, 2018:

Valuation date.....	January 1, 2018
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, 2018, 1 year remaining for 2002 ERI liability, 2 years remaining for 2003 ERI liability, 4 years remaining for 2010 ERI liability, and 17 years for remaining unfunded liability.
Asset valuation method.....	The difference between the expected return and the actual investment return on a market value basis is recognized over a five year period. Asset value is adjusted as necessary to be within 20% of the market value.
Inflation rate.....	3.25% (previously 3.5%).

Projected salary increases.....	Varies by length of service with ultimate rates of 4.00% for Group 1, 4.25% for Group 2 and 4.50% 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-2014 Blue Collar Employee Mortality Table projected generationally with Scale MP-2017.
Healthy Retiree.....	The RP-2014 Blue Collar Healthy Annuitant Mortality Table projected generationally with Scale MP-2017.
Disabled Retiree.....	The RP-2014 Blue Collar Healthy Annuitant Mortality Table set forward one year and projected generationally with Scale MP-2017.
Investment rate of return/discount rate....	7.50%, net of pension plan investment expense, including inflation previously 7.75%.

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 December 31, 2018 are summarized in the following table:

Asset Class	Long-Term Expected Real Rate of Return	Long-Term Expected Asset Allocation
Domestic equity.....	7.62%	17.00%
International developed markets equity...	7.80%	14.90%
International emerging markets equity....	9.31%	6.00%
Core fixed income.....	4.00%	13.00%
Value-added fixed income.....	7.58%	8.10%
Private equity.....	11.15%	12.10%
Real estate.....	6.59%	9.40%
Timberland.....	7.00%	4.10%
Hedge funds PCS.....	6.83%	14.20%
Liquidating portfolios.....	0.00%	0.30%
Overlay.....	0.00%	0.90%
		100.00%

Rate of return

For the year ended December 31, 2018, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was -2.52%. 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 7.50%. 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 7.50%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50%) or 1-percentage-point higher (8.50%) than the current rate:

	1% Decrease (6.50%)	Current Discount (7.50%)	1% Increase (8.50%)
	<u> </u>	<u> </u>	<u> </u>
The Town's proportionate share of the net pension liability.....	\$ 77,551,869	\$ 63,931,576	\$ 52,447,673

Changes of Assumptions

The mortality tables for healthy participants were changed from the RP-2000 Employee and Healthy Annuitant Mortality Tables projected generationally using Scale BB2D from 2009 to the RP-2014 Blue Collar Employee and Healthy Annuitant Mortality Tables projected generationally using Scale MP-2017.

The mortality tables for disabled participants were changed from the RP-2000 Healthy Annuitant Mortality Table projected generationally using Scale BB2D from 2015 to the RP-2014 Blue Collar Healthy Annuitant Mortality Table set forward 1 year projected generationally using Scale MP-2017.

The long-term salary increase assumption was lowered by 0.25%, to 4.00% for Group 1 participants, 4.25% for Group 2 participants, and 4.50% for Group 4 participants.

The investment rate of return assumption was reduced from 7.75% to 7.50%.

The inflation rate was reduced to 3.25% from the previous rate of 3.50%.

Changes of Plan Provisions

None.

NOTE 11 - 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, 2019, the Town contributed \$2.2 million to the plan. The average contribution rate for 2019 was 5.67% 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.

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.

During 2019, the Town pre-funded future OPEB liabilities by contributing \$730,439 to the OPEB Trust Fund in excess of the pay-as-you-go required contribution. These funds are reporting within the Fiduciary Funds financial statements. As of June 30, 2019, the balance of this fund totaled \$7.8 million.

Employees Covered by Benefit Terms – The following table represents the Plan’s membership at July 1, 2017:

Active members.....	546
Inactive members currently receiving benefits....	<u>282</u>
Total.....	<u><u>828</u></u>

Components of OPEB Liability – The following table represents the components of the Plan’s OPEB liability as of June 30, 2019:

Total OPEB liability.....	\$ 66,064,843
Less: OPEB plan’s fiduciary net position.....	<u>(7,794,009)</u>
Net OPEB liability.....	\$ <u><u>58,270,834</u></u>
The OPEB plan’s fiduciary net position as a percentage of the total OPEB liability....	11.80%

Significant Actuarial Methods and Assumptions – The total OPEB liability in the July 1, 2017, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified, that was updated to June 30, 2019:

Valuation date.....	July 1, 2017
Actuarial cost method.....	Entry Age Normal.
Amortization method.....	Increasing at 3.5% over 30 years on an open amortization period.
Amortization period.....	30 years.
Asset valuation method.....	Market Value.
Investment rate of return.....	6.75%.
Discount rate.....	3.74%, net of investment expenses, including inflation.
Municipal bond rate.....	3.50%, based on the Bond Buyer 20-Bond Go Index published on June 27, 2019.
Inflation rate.....	2.6%.
Payroll growth.....	3.5% per year.
Healthcare cost trend rate.....	8.00% for 2017, decreasing 0.5% per year to 5.5%, then grading down to an ultimate trend rate of 3.8%, utilizing the Society of Actuaries Getzen Medical Trend Model. The ultimate medical inflation rate is reached in 2075.
Mortality rates:	
Pre Retirement.....	RP-2000 Employees Mortality Table, base year 2009, projected with generational mortality improvement using scale BB2D for General and Public Safety employees. RP-2014 White Collar Mortality Table, base year 2014, projected with generational mortality improvement using scale MP-2016 for Teachers.
Post-Retirement.....	RP-2000 Healthy Annuitant Mortality Table, base year 2009, projected with generational mortality improvement using scale BB2D for General and Public Safety employees. RP-2014 White Collar Mortality Table, base year 2014, projected with generational mortality improvement using scale MP-2016 for Teachers.

Rate of return – For the year ended June 30, 2019, the annual money-weighted rate of return on investments, net of investment expense, was 8.35%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

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 rates of return (expected returns, net of 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. Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of June 30, 2019 are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected Asset Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Equities.....	65.00%	6.15%
Fixed Income.....	35.00%	0.40%
Total.....	<u>100.00%</u>	

Discount rate – The discount rate used to measure the total OPEB liability was 3.74% as of June 30, 2019. The projection of cash flows used to determine the discount rate assumed that contributions will be made in accordance with the Plan’s funding policy. Based on those assumptions, the OPEB plan’s fiduciary net position was projected to be insufficient to make all projected benefit payments to current plan members. Therefore the long-term expected rate of return on the OPEB plan assets was applied to the first 14 periods of projected future benefit payments, and the municipal bond rate, based on the Bond Buyer 20-Bond Index published on June 27, 2019, was applied to all periods thereafter to determine the total OPEB liability.

Changes in the Net OPEB Liability

	<u>Increase (Decrease)</u>		
	<u>Total OPEB Liability (a)</u>	<u>Plan Fiduciary Net Position (b)</u>	<u>Net OPEB Liability (a) - (b)</u>
Balances at June 30, 2018.....	\$ 56,715,686	\$ 6,429,146	\$ 50,286,540
Changes for the year:			
Service cost.....	2,142,474	-	2,142,474
Interest.....	2,498,452	-	2,498,452
Changes of assumptions.....	6,217,539	-	6,217,539
Net investment income.....	-	634,424	(634,424)
Employer contributions.....	-	730,439	(730,439)
Employer contributions to pay OPEB benefits.....	-	1,509,308	(1,509,308)
Benefit payments.....	<u>(1,509,308)</u>	<u>(1,509,308)</u>	<u>-</u>
Net change.....	<u>9,349,157</u>	<u>1,364,863</u>	<u>7,984,294</u>
Balances at June 30, 2019.....	<u>\$ 66,064,843</u>	<u>\$ 7,794,009</u>	<u>\$ 58,270,834</u>

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate – The following table presents the net OPEB liability, calculated using the discount rate of 3.74%, as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.74%) or 1-percentage-point higher (4.74%) than the current rate.

	1% Decrease (2.74%)	Current Discount Rate (3.74%)	1% Increase (4.74%)
Net OPEB liability... \$	<u>71,927,558</u>	<u>58,270,834</u>	<u>47,751,859</u>

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Trend – The following table presents the net OPEB liability, calculated using the current healthcare trend rate of 8.0% initially, decreasing 0.5% per year to 5.5%, then grading down to an ultimate rate of 3.8%, as well as what the net OPEB liability would be if it were calculated using a healthcare trend rate that is 1-percentage-point lower or 1-percentage-point higher.

	1% Decrease	Current Trend	1% Increase
Net OPEB liability..... \$	<u>45,126,245</u>	<u>58,270,834</u>	<u>77,016,417</u>

OPEB Expense and Deferred Outflows of Resources Related to OPEB – For the financial reporting year ended June 30, 2019 the Town recognized OPEB expense of \$5,716,535 and reported deferred outflows of resources related to OPEB from the following sources:

Deferred Category	Deferred Outflows of Resources	Deferred Inflows of Resources	Total
Differences between expected and actual experience.....	\$ -	\$ (4,177,167)	\$ (4,177,167)
Net difference between projected and actual earnings.....	202,802	-	202,802
Changes in assumptions.....	<u>11,310,958</u>	<u>-</u>	<u>11,310,958</u>
Total deferred outflows/(inflows) of resources.....	<u>\$ 11,513,760</u>	<u>\$ (4,177,167)</u>	<u>\$ 7,336,593</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Reporting year ended June 30:

2020.....	\$ 1,596,201
2021.....	1,596,201
2022.....	1,596,200
2023.....	1,498,244
2024.....	1,039,400
Thereafter.....	<u>10,347</u>
Total.....	<u>\$ 7,336,593</u>

Changes of Assumptions

The discount rate was decreased to 3.74%, a change from the previous discount rate of 4.30%.

Changes in Plan Provisions

None.

NOTE 12 - COMMITMENTS AND CONTINGENCIES

The Town is committed to completing various projects throughout the Town which will be funded with long-term debt totaling approximately \$18.9 million.

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, 2019, cannot be ascertained, management believes any resulting liability should not materially affect the financial position of the Town at June 30, 2019.

NOTE 13 - SUBSEQUENT EVENTS

Management has evaluated subsequent events through December 19, 2019, which is the date the financial statements were available to be issued.

NOTE 14 - IMPLEMENTATION OF NEW GASB PRONOUNCEMENTS

During 2019, the following GASB pronouncements were implemented:

- GASB Statement #83, *Certain Asset Retirement Obligations*. This pronouncement did not impact the basic financial statements.
- GASB Statement #88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*. This pronouncement did not impact the basic financial statements.

The following GASB pronouncements will be implemented in the future:

- The GASB issued Statement #84, *Fiduciary Activities*, which is required to be implemented in 2020.
- The GASB issued Statement #87, *Leases*, which is required to be implemented in 2021.
- The GASB issued Statement #89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, which is required to be implemented in 2021.

- The GASB issued Statement #90, *Majority Equity Interests – an amendment of GASB Statements #14 and #61*, which is required to be implemented in 2020.
- The GASB issued Statement #91, *Conduit Debt Obligations*, which is required to be implemented in 2022.

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

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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, 2019

	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.....	\$ 85,199,745	\$ 85,628,067	\$ 86,079,321	\$ -	\$ 451,254
Tax liens.....	-	-	115,256	-	115,256
Motor vehicle and other excise taxes.....	3,600,000	3,600,000	4,130,610	-	530,610
Penalties and interest on taxes.....	-	-	280,806	-	280,806
Payments in lieu of taxes.....	80,000	80,000	61,537	-	(18,463)
Licenses and permits.....	735,000	735,000	1,159,863	-	424,863
Fines and forfeitures.....	27,000	27,000	36,418	-	9,418
Intergovernmental.....	8,033,091	8,033,091	8,196,263	-	163,172
Departmental and other.....	374,800	374,800	534,142	-	159,342
Investment income.....	20,000	20,000	146,209	-	126,209
TOTAL REVENUES.....	98,069,636	98,497,958	100,740,425	-	2,242,467
EXPENDITURES:					
Current:					
General Government:					
Selectmen/Town Manager					
Personal services.....	394,704	393,854	393,830	-	24
Expenditures.....	41,191	137,292	39,600	97,522	170
Total.....	435,895	531,146	433,430	97,522	194
Assistant Town Manager/Personnel					
Personal services.....	212,464	215,567	215,486	-	81
Expenditures.....	7,150	5,297	4,615	488	194
Total.....	219,614	220,864	220,101	488	275
Accounting					
Personal services.....	290,269	293,269	293,179	-	90
Expenditures.....	59,350	57,650	56,847	-	803
Total.....	349,619	350,919	350,026	-	893
Finance Committee					
Personal services.....	4,305	2,000	1,908	-	92
Assessors					
Personal services.....	222,140	224,390	224,342	-	48
Expenditures.....	59,028	58,828	56,917	46	1,865
Total.....	281,168	283,218	281,259	46	1,913
Finance Director/Treasurer/Collector					
Personal services.....	377,852	279,607	279,604	-	3
Expenditures.....	29,504	22,904	22,745	90	69
Total.....	407,356	302,511	302,349	90	72
Information Systems					
Personal services.....	207,039	211,687	211,648	-	39
Expenditures.....	283,269	321,420	293,953	27,467	-
Total.....	490,308	533,107	505,601	27,467	39
Law					
Personal services.....	30,889	24,089	23,824	-	265
Expenditures.....	407,344	640,145	489,918	150,160	67
Total.....	438,233	664,234	513,742	150,160	332
Town Clerk and Registrars					
Personal services.....	278,757	285,525	285,431	-	94
Expenditures.....	27,250	85,150	77,136	8,010	4
Total.....	306,007	370,675	362,567	8,010	98

(Continued)

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

YEAR ENDED JUNE 30, 2019

	Budgeted Amounts		Actual Budgetary Amounts	Amounts Carried Forward To Next Year	Variance to Final Budget
	Original Budget	Final Budget			
Conservation					
Personal services.....	117,497	126,997	126,781	-	216
Expenditures.....	11,700	13,700	3,580	8,250	1,870
Total.....	129,197	140,697	130,361	8,250	2,086
Planning and Board of Appeals					
Personal services.....	275,199	254,999	254,591	-	408
Expenditures.....	100,100	121,900	9,588	112,257	55
Total.....	375,299	376,899	264,179	112,257	463
Town-Wide Operations					
Expenditures.....	172,696	222,696	212,237	2,252	8,207
Reserve Fund.....					
	500,723	95,112	-	-	95,112
Total General Government.....	4,110,420	4,094,078	3,577,760	406,542	109,776
Public Safety:					
Police					
Personal services.....	3,440,726	3,437,676	3,436,370	-	1,306
Expenditures.....	457,419	518,069	517,923	-	146
Total.....	3,898,145	3,955,745	3,954,293	-	1,452
Fire					
Personal services.....	3,923,806	3,948,306	3,787,336	-	160,970
Expenditures.....	504,283	1,085,783	500,231	581,921	3,631
Total.....	4,428,089	5,034,089	4,287,567	581,921	164,601
Building					
Personal services.....	248,485	250,374	244,620	-	5,754
Expenditures.....	16,320	16,320	14,069	-	2,251
Total.....	264,805	266,694	258,689	-	8,005
Total Public Safety.....	8,591,039	9,256,528	8,500,549	581,921	174,058
Education:					
School Department.....	64,926,890	65,166,708	63,878,839	786,283	501,586
Public Works:					
Engineering					
Personal services.....	409,390	413,890	393,067	-	20,823
Expenditures.....	109,384	109,384	71,601	24,465	13,318
Total.....	518,774	523,274	464,668	24,465	34,141
Streets and Roads					
Personal services.....	1,177,460	1,117,672	1,077,355	-	40,317
Expenditures.....	1,627,409	1,747,410	1,246,214	444,388	56,808
Total.....	2,804,869	2,865,082	2,323,569	444,388	97,125
Snow and Ice					
Expenditures.....	424,750	776,950	776,860	-	90
Trees and Cemetery					
Personal services.....	340,955	346,955	312,515	-	34,440
Expenditures.....	103,425	103,425	97,049	6,045	331
Total.....	444,380	450,380	409,564	6,045	34,771
Parks and Grounds					
Personal services.....	155,927	156,927	148,711	-	8,216
Expenditures.....	117,980	167,980	159,447	5,060	3,473
Total.....	273,907	324,907	308,158	5,060	11,689

(Continued)

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

YEAR ENDED JUNE 30, 2019

	Budgeted Amounts		Actual Budgetary Amounts	Amounts Carried Forward To Next Year	Variance to Final Budget
	Original Budget	Final Budget			
Facilities					
Personal services.....	330,564	332,564	325,355	-	7,209
Expenditures.....	891,295	1,061,295	813,990	230,071	17,234
Total.....	1,221,859	1,393,859	1,139,345	230,071	24,443
Total Public Works.....	5,688,539	6,334,452	5,422,164	710,029	202,259
Health and Human Services					
Board of Health					
Personal services.....	319,704	321,704	321,534	-	170
Expenditures.....	126,435	126,435	114,823	173	11,439
Total.....	446,139	448,139	436,357	173	11,609
Council on Aging					
Personal services.....	252,768	249,580	243,505	-	6,075
Expenditures.....	8,000	15,000	12,246	2,196	558
Total.....	260,768	264,580	255,751	2,196	6,633
Veterans Affairs					
Personal services.....	12,293	12,293	10,753	-	1,540
Expenditures.....	69,277	69,277	44,112	-	25,165
Total.....	81,570	81,570	54,865	-	26,705
Total Health and Human Services.....	788,477	794,289	746,973	2,369	44,947
Culture and Recreation:					
Goodnow Library					
Personal services.....	919,692	908,322	890,664	-	17,658
Expenditures.....	277,629	299,629	293,629	-	6,000
Total.....	1,197,321	1,207,951	1,184,293	-	23,658
Recreation					
Personal services.....	152,347	152,347	136,126	-	16,221
Expenditures.....	19,363	114,363	49,388	64,975	-
Total.....	171,710	266,710	185,514	64,975	16,221
Historic Commission					
Expenditures.....	5,800	5,800	4,038	-	1,762
Historic Districts Commission					
Personal services.....	5,159	5,159	3,102	-	2,057
Expenditures.....	300	300	255	17	28
Total.....	5,459	5,459	3,357	17	2,085
Total Culture and Recreation.....	1,380,290	1,485,920	1,377,202	64,992	43,726
Pension Benefits					
County Retirement System and Pension Benefits					
Expenditures.....	4,493,265	4,493,265	4,493,265	-	-
Employee Benefits					
Workers Compensation					
Expenditures.....	229,016	229,016	219,527	-	9,489
Unemployment Compensation					
Expenditures.....	129,623	125,723	13,682	-	112,041
Medical Premiums					
Expenditures.....	6,524,343	7,064,592	6,583,784	-	480,808
Life Insurance					
Expenditures.....	4,563	4,563	2,825	-	1,738

(Continued)

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

YEAR ENDED JUNE 30, 2019

	Budgeted Amounts		Actual Budgetary Amounts	Amounts Carried Forward To Next Year	Variance to Final Budget
	Original Budget	Final Budget			
Medicare Tax Expenditures.....	628,475	632,375	632,328	-	47
Other Postemployment Benefits Expenditures.....	540,249	-	-	-	-
Total Employee Benefits.....	8,056,269	8,056,269	7,452,146	-	604,123
Property and Liability Insurance Expenditures.....	341,218	341,216	328,256	-	12,960
State and County Charges Expenditures.....	212,999	212,999	209,519	-	3,480
Debt Service Principal Expenditures.....	2,526,950	2,526,950	2,526,950	-	-
Debt Service Interest Expenditures.....	573,674	573,674	573,674	-	-
TOTAL EXPENDITURES.....	101,690,030	103,336,348	99,087,297	2,552,136	1,696,915
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....	(3,620,394)	(4,838,390)	1,653,128	(2,552,136)	3,939,382
OTHER FINANCING SOURCES (USES):					
Transfers in.....	660,000	660,000	735,502	-	75,502
Transfers out.....	-	(1,184,894)	(1,184,894)	-	-
TOTAL OTHER FINANCING SOURCES (USES).....	660,000	(524,894)	(449,392)	-	75,502
NET CHANGE IN FUND BALANCE.....	(2,960,394)	(5,363,284)	1,203,736	(2,552,136)	4,014,884
BUDGETARY FUND BALANCE, Beginning of year.....	8,731,355	8,731,355	8,731,355	-	-
BUDGETARY FUND BALANCE, End of year.....	\$ 5,770,961	\$ 3,368,071	\$ 9,935,091	\$ (2,552,136)	\$ 4,014,884

(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 -
BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2019

	Budgeted Amounts		Actual Budgetary Amounts	Amounts Carried Forward To Next Year	Variance to Final Budget
	Original Budget	Final Budget			
REVENUES:					
Community preservation taxes.....	\$ 1,800,000	\$ 1,800,000	\$ 1,961,341	\$ -	\$ 161,341
Penalties and interest.....	-	-	3,435	-	3,435
Intergovernmental.....	305,000	305,000	403,176	-	98,176
Investment income.....	20,000	20,000	65,412	-	45,412
TOTAL REVENUES.....	2,125,000	2,125,000	2,433,364	-	308,364
EXPENDITURES:					
Community preservation.....	4,531,030	4,531,030	2,942,664	1,533,489	54,877
Debt service:					
Principal.....	900,000	900,000	900,000	-	-
Interest.....	278,336	278,336	278,336	-	-
TOTAL EXPENDITURES.....	5,709,366	5,709,366	4,121,000	1,533,489	54,877
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....	(3,584,366)	(3,584,366)	(1,687,636)	(1,533,489)	363,241
OTHER FINANCING SOURCES (USES):					
Transfers out.....	(462,500)	(462,500)	(462,500)	-	-
NET CHANGE IN FUND BALANCE.....	(4,046,866)	(4,046,866)	(2,150,136)	(1,533,489)	363,241
BUDGETARY FUND BALANCE, Beginning of year.....	6,883,549	6,883,549	6,883,549	-	-
BUDGETARY FUND BALANCE, End of year.....	\$ 2,836,683	\$ 2,836,683	\$ 4,733,413	\$ (1,533,489)	\$ 363,241

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**

<u>Year</u>	<u>Proportion of the net pension liability (asset)</u>	<u>Proportionate share of the net pension liability (asset)</u>	<u>Covered payroll</u>	<u>Net pension liability as a percentage of covered payroll</u>	<u>Plan fiduciary net position as a percentage of the total pension liability</u>
December 31, 2018.....	4.10%	\$ 63,931,576	\$ 16,560,368	386.05%	46.40%
December 31, 2017.....	4.14%	58,772,716	15,869,459	370.35%	49.27%
December 31, 2016.....	3.98%	56,372,784	15,254,095	369.56%	45.49%
December 31, 2015.....	4.02%	51,874,232	14,865,858	348.95%	46.13%
December 31, 2014.....	4.05%	48,635,848	14,294,094	340.25%	47.65%

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 TOWN'S CONTRIBUTIONS
MIDDLESEX COUNTY RETIREMENT SYSTEM

<u>Year</u>	<u>Actuarially determined contribution</u>	<u>Contributions in relation to the actuarially determined contribution</u>	<u>Contribution deficiency (excess)</u>	<u>Covered payroll</u>	<u>Contributions as a percentage of covered payroll</u>
June 30, 2019.....	\$ 4,468,265	\$ (4,468,265)	\$ -	\$ 16,725,972	26.71%
June 30, 2018.....	4,185,908	(4,191,182)	(5,274)	16,028,154	26.15%
June 30, 2017.....	3,961,686	(3,961,686)	-	15,444,771	25.65%
June 30, 2016.....	3,710,907	(3,710,907)	-	15,051,681	24.65%
June 30, 2015.....	3,458,181	(3,458,181)	-	14,472,770	23.89%

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. Therefore, there is no net pension liability to recognize. This schedule discloses the Commonwealth's 100% share of the associated collective net pension liability; the portion of the collective pension expense as both a revenue and pension expense recognized; and the Plan's fiduciary net position as a percentage of the total liability.

<u>Year</u>	<u>Commonwealth's 100% Share of the Associated Net Pension Liability</u>	<u>Expense and Revenue Recognized for the Commonwealth's Support</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total Liability</u>
2019.....	\$ 79,886,091	\$ 8,093,272	54.84%
2018.....	79,071,794	8,252,953	54.25%
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

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.

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

	June 30, 2017	June 30, 2018	June 30, 2019
Total OPEB Liability			
Service Cost.....	\$ 2,554,435	\$ 2,050,213	\$ 2,142,474
Interest.....	2,248,478	2,471,259	2,498,452
Changes of benefit terms.....	-	-	-
Differences between expected and actual experience.....	-	(6,260,543)	-
Changes of assumptions.....	(6,789,769)	9,184,285	6,217,539
Benefit payments.....	<u>(1,417,777)</u>	<u>(1,411,650)</u>	<u>(1,509,308)</u>
Net change in total OPEB liability.....	(3,404,633)	6,033,564	9,349,157
Total OPEB liability - beginning.....	<u>54,086,755</u>	<u>50,682,122</u>	<u>56,715,686</u>
Total OPEB liability - ending (a).....	<u>\$ 50,682,122</u>	<u>\$ 56,715,686</u>	<u>\$ 66,064,843</u>
Plan fiduciary net position			
Employer contributions.....	\$ 442,920	\$ 576,107	\$ 730,439
Employer contributions for OPEB payments.....	1,417,777	1,411,650	1,509,308
Net investment income (loss).....	198,566	(27,161)	634,424
Benefit payments.....	<u>(1,417,777)</u>	<u>(1,411,650)</u>	<u>(1,509,308)</u>
Net change in plan fiduciary net position.....	641,486	548,946	1,364,863
Plan fiduciary net position - beginning of year.....	<u>5,238,714</u>	<u>5,880,200</u>	<u>6,429,146</u>
Plan fiduciary net position - end of year (b).....	<u>\$ 5,880,200</u>	<u>\$ 6,429,146</u>	<u>\$ 7,794,009</u>
Net OPEB liability - ending (a)-(b).....	<u>\$ 44,801,922</u>	<u>\$ 50,286,540</u>	<u>\$ 58,270,834</u>
Plan fiduciary net position as a percentage of the total OPEB liability.....	11.60%	11.34%	11.80%
Covered-employee payroll.....	\$ 38,721,911	\$ 35,461,031	\$ 39,495,099
Net OPEB liability as a percentage of covered-employee payroll.....	115.70%	141.81%	147.54%

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 TOWN'S CONTRIBUTIONS
OTHER POSTEMPLOYMENT BENEFIT PLAN**

<u>Year</u>	<u>Actuarially determined contribution</u>	<u>Contributions in relation to the actuarially determined contribution</u>	<u>Contribution deficiency (excess)</u>	<u>Covered- employee payroll</u>	<u>Contributions as a percentage of covered- employee payroll</u>
June 30, 2019.....	\$ 4,185,097	\$ (2,239,747)	\$ 1,945,350	\$ 39,495,099	5.67%
June 30, 2018.....	3,999,612	(1,987,757)	2,011,855	35,461,031	5.61%
June 30, 2017.....	4,244,275	(1,860,697)	2,383,578	38,721,911	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 RETURNS
OTHER POSTEMPLOYMENT BENEFIT PLAN

<u>Year</u>	<u>Annual money-weighted rate of return, net of investment expense</u>
June 30, 2019.....	8.35%
June 30, 2018.....	-0.39%
June 30, 2017.....	3.26%

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.

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 original 2019 approved budget for the general fund authorized \$98.7 million in appropriations and other amounts to be raised, as well as \$3.0 million of encumbrances and capital articles carried forward from the prior year. During the year, the Town approved supplemental appropriations totaling \$2.8 million for capital projects, snow & ice costs, stabilization fund transfers, and the purchase of a fire engine.

Total revenues came in over budget by \$2.2 million, which related to surpluses in nearly every category. Total expenditures came in under budget by \$1.7 million.

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. 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 both the general fund and for the community preservation fund for the year ended June 30, 2019, is presented below:

	<u>General</u>	<u>Community Preservation</u>
Net change in fund balance - budgetary basis.....	\$ 1,203,736	\$ (2,150,136)
<u>Perspective differences:</u>		
Activity of the stabilization fund recorded in the general fund for GAAP.....	563,923	-
<u>Basis of accounting differences:</u>		
Net change in recording tax refunds payable.....	281,580	-
Net change in recording 60 day receipts.....	137,583	-
Net change in recording taxes paid in advance.....	-	44,334
Recognition of revenue for on-behalf payments.....	8,093,272	-
Recognition of expenditures for on-behalf payments....	<u>(8,093,272)</u>	<u>-</u>
Net change in fund balance - GAAP basis.....	<u>\$ 2,186,822</u>	<u>\$ (2,105,802)</u>

NOTE B - PENSION PLAN

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 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.

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.

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.

Changes of Assumptions

The mortality tables for healthy participants were changed from the RP-2000 Employee and Healthy Annuitant Mortality Tables projected generationally using Scale BB2D from 2009 to the RP-2014 Blue Collar Employee and Healthy Annuitant Mortality Tables projected generationally using Scale MP-2017.

The mortality tables for disabled participants were changed from the RP-2000 Healthy Annuitant Mortality Table projected generationally using Scale BB2D from 2015 to the RP-2014 Blue Collar Healthy Annuitant Mortality Table set forward 1 year projected generationally using Scale MP-2017.

The long-term salary increase assumption was lowered by 0.25%, to 4.00% for Group 1 participants, 4.25% for Group 2 participants, and 4.50% for Group 4 participants.

The investment rate of return assumption was reduced from 7.75% to 7.50%.

The inflation rate was reduced to 3.25% from the previous rate of 3.50%.

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

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.

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-employee payroll.

Methods and assumptions used to determine contribution rates are as follows:

Valuation date.....	July 1, 2017
Actuarial cost method.....	Entry Age Normal.
Amortization method.....	Increasing at 3.5% over 30 years on an open amortization period.
Amortization period.....	30 years.
Asset valuation method.....	Market Value.
Investment rate of return.....	6.75%.
Discount rate.....	3.74%, net of investment expenses, including inflation.
Municipal bond rate.....	3.50%, based on the Bond Buyer 20-Bond Go Index published on June 27, 2019.
Inflation rate.....	2.6%.
Payroll growth.....	3.5% per year.
Healthcare cost trend rate.....	8.00% for 2017, decreasing 0.5% per year to 5.5%, then grading down to an ultimate trend rate of 3.8%, utilizing the Society of Actuaries Getzen Medical Trend Model. The ultimate medical inflation rate is reached in 2075.
Mortality rates:	
Pre Retirement.....	RP-2000 Employees Mortality Table, base year 2009, projected with generational mortality improvement using scale BB2D for General and Public Safety employees. RP-2014 White Collar Mortality Table, base year 2014, projected with generational mortality improvement using scale MP-2016 for Teachers.
Post-Retirement.....	RP-2000 Healthy Annuitant Mortality Table, base year 2009, projected with generational mortality improvement using scale BB2D for General and Public Safety employees. RP-2014 White Collar Mortality Table, base year 2014, projected with generational mortality improvement using scale MP-2016 for Teachers.

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 expenses.

Changes of Assumptions

The discount rate was decreased to 3.74%, a change from the previous discount rate of 4.30%.

Changes in Plan Provisions

None.

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, 2019

	Special Revenue Funds				
	School Lunch	Affordable Housing	Revolving	Receipts Reserved for Appropriation	Grants
ASSETS					
Cash and cash equivalents.....	\$ 206,113	\$ 222,565	\$ 2,995,784	\$ 1,500,050	\$ 2,662,091
Investments.....	-	-	-	-	-
Receivables, net of uncollectibles:					
Departmental and other.....	-	-	-	864,955	-
Intergovernmental.....	-	-	-	-	-
TOTAL ASSETS.....	\$ 206,113	\$ 222,565	\$ 2,995,784	\$ 2,365,005	\$ 2,662,091
LIABILITIES					
Warrants payable.....	-	-	833	-	1,502
Due to other funds.....	-	-	-	-	-
TOTAL LIABILITIES.....	-	-	833	-	1,502
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue.....	-	-	-	864,955	-
FUND BALANCES					
Nonspendable.....	-	-	-	-	-
Restricted.....	206,113	222,565	2,994,951	1,500,050	2,660,589
TOTAL FUND BALANCES.....	206,113	222,565	2,994,951	1,500,050	2,660,589
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES.....	\$ 206,113	\$ 222,565	\$ 2,995,784	\$ 2,365,005	\$ 2,662,091

(Continued)

Special Revenue Funds		Capital Project Funds			Permanent Funds			Total Nonmajor Governmental Funds
Other Special Revenue	Subtotal	Chapter 90 Projects	General Capital Projects	Subtotal	Cemetery Perpetual Care	Other Permanent Funds	Subtotal	
\$ 1,298,625	\$ 8,885,228	\$ -	\$ 1,601,575	\$ 1,601,575	\$ 45,646	\$ 37,175	\$ 82,821	\$ 10,569,624
-	-	-	-	-	1,130,486	447,899	1,578,385	1,578,385
-	864,955	-	-	-	-	-	-	864,955
-	-	1,082,991	-	1,082,991	-	-	-	1,082,991
<u>\$ 1,298,625</u>	<u>\$ 9,750,183</u>	<u>\$ 1,082,991</u>	<u>\$ 1,601,575</u>	<u>\$ 2,684,566</u>	<u>\$ 1,176,132</u>	<u>\$ 485,074</u>	<u>\$ 1,661,206</u>	<u>\$ 14,095,955</u>
\$ -	\$ 2,335	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,335
-	-	19,750	-	19,750	-	-	-	19,750
-	2,335	19,750	-	19,750	-	-	-	22,085
-	864,955	1,063,241	-	1,063,241	-	-	-	1,928,196
-	-	-	-	-	913,102	267,152	1,180,254	1,180,254
1,298,625	8,882,893	-	1,601,575	1,601,575	263,030	217,922	480,952	10,965,420
1,298,625	8,882,893	-	1,601,575	1,601,575	1,176,132	485,074	1,661,206	12,145,674
<u>\$ 1,298,625</u>	<u>\$ 9,750,183</u>	<u>\$ 1,082,991</u>	<u>\$ 1,601,575</u>	<u>\$ 2,684,566</u>	<u>\$ 1,176,132</u>	<u>\$ 485,074</u>	<u>\$ 1,661,206</u>	<u>\$ 14,095,955</u>

(Concluded)

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

YEAR ENDED JUNE 30, 2019

	Special Revenue Funds				
	School Lunch	Affordable Housing	Revolving	Receipts Reserved for Appropriation	Grants
REVENUES:					
Intergovernmental.....	\$ 151,352	\$ -	\$ -	\$ -	\$ 2,689,782
Departmental and other.....	627,606	84,003	2,533,512	640,621	75
Contributions and donations.....	-	-	3,668	1,713	121,731
Investment income.....	-	9,688	-	-	74
TOTAL REVENUES.....	778,958	93,691	2,537,180	642,334	2,811,662
EXPENDITURES:					
Current:					
General government.....	-	-	173,207	-	540,721
Public safety.....	-	-	44,562	-	141,904
Education.....	775,381	-	347,847	-	1,759,907
Public works.....	-	-	206,772	-	-
Health and human services.....	-	-	320,324	-	80,264
Culture and recreation.....	-	-	751,547	-	38,929
Community preservation.....	-	365,971	-	-	-
TOTAL EXPENDITURES.....	775,381	365,971	1,844,259	-	2,561,725
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....	3,577	(272,280)	692,921	642,334	249,937
OTHER FINANCING SOURCES (USES):					
Transfers in.....	-	212,500	-	-	6,138
Transfers out.....	-	-	(6,138)	(660,000)	-
TOTAL OTHER FINANCING SOURCES (USES).....	-	212,500	(6,138)	(660,000)	6,138
NET CHANGE IN FUND BALANCES.....	3,577	(59,780)	686,783	(17,666)	256,075
FUND BALANCES AT BEGINNING OF YEAR.....	202,536	282,345	2,308,168	1,517,716	2,404,514
FUND BALANCES AT END OF YEAR.....	\$ 206,113	\$ 222,565	\$ 2,994,951	\$ 1,500,050	\$ 2,660,589

(Continued)

Special Revenue Funds		Capital Project Funds			Permanent Funds			Total Nonmajor Governmental Funds
Other Special Revenue	Subtotal	Chapter 90 Projects	General Capital Projects	Subtotal	Cemetery Perpetual Care	Other Permanent Funds	Subtotal	
\$ -	\$ 2,841,134	\$ 1,015,109	\$ -	\$ 1,015,109	\$ -	\$ -	\$ -	\$ 3,856,243
17,513	3,903,330	-	-	-	-	-	-	3,903,330
752,502	879,614	-	75,000	75,000	7,538	5,343	12,881	967,495
-	9,762	-	-	-	71,159	27,805	98,964	108,726
<u>770,015</u>	<u>7,633,840</u>	<u>1,015,109</u>	<u>75,000</u>	<u>1,090,109</u>	<u>78,697</u>	<u>33,148</u>	<u>111,845</u>	<u>8,835,794</u>
545,725	1,259,653	-	183,797	183,797	-	225,779	225,779	1,669,229
2,075	188,541	-	159,506	159,506	-	3,667	3,667	351,714
-	2,883,135	-	-	-	-	-	-	2,883,135
136	206,908	1,015,109	373,839	1,388,948	37,700	-	37,700	1,633,556
5,371	405,959	-	-	-	-	8,246	8,246	414,205
9,136	799,612	-	431,786	431,786	-	15,819	15,819	1,247,217
-	365,971	-	-	-	-	-	-	365,971
<u>562,443</u>	<u>6,109,779</u>	<u>1,015,109</u>	<u>1,148,928</u>	<u>2,164,037</u>	<u>37,700</u>	<u>253,511</u>	<u>291,211</u>	<u>8,565,027</u>
<u>207,572</u>	<u>1,524,061</u>	<u>-</u>	<u>(1,073,928)</u>	<u>(1,073,928)</u>	<u>40,997</u>	<u>(220,363)</u>	<u>(179,366)</u>	<u>270,767</u>
-	218,638	-	990,000	990,000	-	-	-	1,208,638
-	(666,138)	-	-	-	-	-	-	(666,138)
-	(447,500)	-	990,000	990,000	-	-	-	542,500
207,572	1,076,561	-	(83,928)	(83,928)	40,997	(220,363)	(179,366)	813,267
<u>1,091,053</u>	<u>7,806,332</u>	<u>-</u>	<u>1,685,503</u>	<u>1,685,503</u>	<u>1,135,135</u>	<u>705,437</u>	<u>1,840,572</u>	<u>11,332,407</u>
\$ <u>1,298,625</u>	\$ <u>8,882,893</u>	\$ <u>-</u>	\$ <u>1,601,575</u>	\$ <u>1,601,575</u>	\$ <u>1,176,132</u>	\$ <u>485,074</u>	\$ <u>1,661,206</u>	\$ <u>12,145,674</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, 2019

	June 30, 2018	Additions	Deletions	June 30, 2019
ASSETS				
CURRENT:				
Cash and cash equivalents.....	\$ 313,225	\$ 1,803,547	\$ (1,950,557)	\$ 166,215
Receivables, net of allowance for uncollectibles:				
Departmental and other.....	<u>124,168</u>	<u>158,165</u>	<u>(140,675)</u>	<u>141,658</u>
TOTAL ASSETS.....	<u>\$ 437,393</u>	<u>\$ 1,961,712</u>	<u>\$ (2,091,232)</u>	<u>\$ 307,873</u>
LIABILITIES				
Liabilities due depositors.....	<u>\$ 437,393</u>	<u>\$ 1,961,712</u>	<u>\$ (2,091,232)</u>	<u>\$ 307,873</u>

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Statistical Section



Sudbury Town Hall

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>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Governmental activities										
Net investment in capital assets.....	\$ 51,953,929	\$ 55,452,411	\$ 58,397,014	\$ 65,231,955	\$ 68,063,911	\$ 74,065,551	\$ 75,723,325	\$ 83,392,412	\$ 83,825,266	\$ 88,816,801
Restricted.....	23,392,819	23,923,074	23,976,367	18,622,121	17,072,468	18,326,355	14,001,170	9,271,513	11,108,868	9,433,178
Unrestricted.....	16,684,407	13,670,650	11,781,998	10,254,635	10,357,514	(44,621,401)	(41,554,785)	(72,517,200)	(74,085,645)	(77,253,672)
Total governmental activities net position.....	\$ 92,031,155	\$ 93,046,135	\$ 94,155,379	\$ 94,108,711	\$ 95,493,893	\$ 47,770,505	\$ 48,169,710	\$ 20,146,725	\$ 20,848,489	\$ 20,996,307
Business-type activities										
Net investment in capital assets.....	\$ 695,948	\$ 664,801	\$ 749,902	\$ 1,061,676	\$ 1,026,536	\$ 1,037,079	\$ 1,112,014	\$ 1,030,608	\$ 950,561	\$ 870,514
Unrestricted.....	290,876	313,845	582,152	534,803	550,103	(327,965)	(544,919)	(760,629)	(660,998)	(820,041)
Total business-type activities net position.....	\$ 986,824	\$ 978,646	\$ 1,332,054	\$ 1,596,479	\$ 1,576,639	\$ 709,114	\$ 567,095	\$ 269,979	\$ 289,563	\$ 50,473
Primary government										
Net investment in capital assets.....	\$ 52,649,877	\$ 56,117,212	\$ 59,146,916	\$ 66,293,631	\$ 69,090,447	\$ 75,102,630	\$ 76,835,339	\$ 84,423,020	\$ 84,775,827	\$ 89,687,315
Restricted.....	23,392,819	23,923,074	23,976,367	18,622,121	17,072,468	18,326,355	14,001,170	9,271,513	11,108,868	9,433,178
Unrestricted.....	16,975,283	13,984,495	12,364,150	10,789,438	10,907,617	(44,949,366)	(42,099,704)	(73,277,829)	(74,746,643)	(78,073,713)
Total primary government net position.....	\$ 93,017,979	\$ 94,024,781	\$ 95,487,433	\$ 95,705,190	\$ 97,070,532	\$ 48,479,619	\$ 48,736,805	\$ 20,416,704	\$ 21,138,052	\$ 21,046,780

* 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.

* The Town implemented GASB Statement #75 in fiscal year 2018 and revised the fiscal year 2017 balance to reflect the net OPEB liability being recorded for the first time.

Changes in Net Position

Last Ten Years

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Expenses										
Governmental activities:										
General government.....	\$ 3,929,872	\$ 4,428,038	\$ 4,355,961	\$ 4,500,902	\$ 4,139,295	\$ 4,122,220	\$ 4,048,396	\$ 4,887,644	\$ 6,602,094	\$ 5,918,420
Public safety.....	9,586,346	10,073,036	10,387,335	10,666,663	10,738,149	9,946,647	10,968,017	11,533,488	11,875,217	12,891,246
Education.....	64,881,039	66,646,480	68,899,135	71,085,898	72,249,710	71,815,723	75,005,571	80,495,857	82,076,976	87,132,949
Public works.....	5,220,049	5,325,052	4,778,930	5,374,561	7,091,304	7,804,522	8,817,554	8,238,262	9,386,393	8,229,955
Community preservation.....	-	-	-	-	-	-	547,875	407,813	338,891	663,553
Health and human services.....	1,242,517	1,167,143	1,419,463	2,155,946	1,269,543	1,428,806	1,495,223	1,434,376	1,497,603	1,628,608
Culture and recreation.....	2,707,935	2,520,748	2,593,202	2,577,746	2,681,831	2,805,844	2,934,658	2,799,670	2,795,788	2,797,959
Interest.....	1,757,230	1,476,258	1,276,313	1,260,213	976,892	1,111,995	1,003,112	850,668	805,372	647,490
Total government activities expenses.....	89,324,988	91,636,755	93,710,339	97,621,929	99,146,724	99,035,757	104,820,406	110,647,778	115,378,334	119,910,180
Business-type activities:										
Swimming pool.....	512,957	550,289	453,150	594,509	588,492	620,356	572,679	560,699	484,694	564,572
Transfer station.....	292,670	271,114	266,437	235,529	233,471	258,024	356,787	346,160	334,099	385,933
Recreation field maintenance.....	113,606	192,249	130,075	151,004	190,320	227,819	247,115	264,340	212,255	229,624
Total business-type activities expenses.....	919,233	1,013,652	849,662	981,042	1,012,283	1,106,199	1,176,581	1,171,199	1,031,048	1,180,129
Total primary government expenses.....	\$ 90,244,221	\$ 92,650,407	\$ 94,560,001	\$ 98,602,971	\$ 100,159,007	\$ 100,141,956	\$ 105,996,987	\$ 111,818,977	\$ 116,409,382	\$ 121,090,309
Program Revenues										
Governmental activities:										
General government charges for services.....	\$ 535,596	\$ 594,722	\$ 926,973	\$ 828,595	\$ 875,118	\$ 811,131	\$ 1,268,289	\$ 225,863	\$ 582,225	\$ 583,005
Education charges for services.....	1,394,706	1,925,602	1,969,066	1,885,121	1,842,931	1,978,766	1,259,179	1,483,208	1,313,820	1,556,852
Other charges for services.....	2,041,777	2,145,915	2,344,633	2,403,811	2,442,621	2,474,899	2,658,217	3,298,261	3,943,295	3,470,787
Operating grants and contributions.....	13,341,758	13,821,768	13,247,930	13,628,905	14,184,088	12,579,719	13,587,012	10,495,915	13,123,543	12,013,671
Capital grants and contributions.....	1,570,899	892,330	1,824,885	1,771,662	1,680,999	711,403	2,828,635	982,063	1,085,456	1,754,155
Total government activities program revenues.....	18,884,736	19,380,337	20,313,487	20,518,094	21,025,757	18,555,918	21,601,332	16,485,310	20,048,339	19,378,470
Business-type activities:										
Swimming pool charges for services.....	463,664	487,165	475,774	524,908	492,366	505,487	535,355	486,309	478,401	443,086
Transfer station charges for services.....	327,238	362,895	220,218	337,290	338,654	305,071	290,909	385,369	352,734	284,834
Recreation field maintenance charges for services.....	160,038	183,741	218,163	203,344	202,036	197,422	171,704	180,327	217,687	209,934
Operating grants and contributions.....	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.....	952,724	1,035,069	936,216	1,254,268	1,096,510	1,009,112	998,882	1,052,005	1,048,822	937,854
Total primary government program revenues.....	\$ 19,837,460	\$ 20,415,406	\$ 21,249,703	\$ 21,772,362	\$ 22,122,267	\$ 19,565,030	\$ 22,600,214	\$ 17,537,315	\$ 21,097,161	\$ 20,316,324
Net (Expense)/Program Revenue										
Governmental activities.....	\$ (70,440,252)	\$ (72,256,418)	\$ (73,396,852)	\$ (77,103,835)	\$ (78,120,967)	\$ (80,479,839)	\$ (83,219,074)	\$ (94,162,468)	\$ (95,329,995)	\$ (100,531,710)
Business-type activities.....	33,491	21,417	86,554	273,226	84,227	(97,087)	(177,699)	(119,194)	17,774	(242,275)
Total primary government net (expense)/program revenue.....	\$ (70,406,761)	\$ (72,235,001)	\$ (73,310,298)	\$ (76,830,609)	\$ (78,036,740)	\$ (80,576,926)	\$ (83,396,773)	\$ (94,281,662)	\$ (95,312,221)	\$ (100,773,985)

(Continued)

Changes in Net Position

Last Ten Years

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General Revenues and other Changes in Net Position										
Governmental activities:										
Real estate and personal property taxes, net of tax refunds payable.....	\$ 65,259,091	\$ 67,178,824	\$ 68,762,270	\$ 70,572,635	\$ 72,718,472	\$ 72,873,481	\$ 76,224,990	\$ 80,326,042	\$ 82,992,362	\$ 86,386,933
Tax and other liens.....	-	-	-	-	-	-	-	180,976	151,147	203,432
Motor vehicle and other excise taxes.....	2,645,117	2,886,859	2,992,057	3,265,121	3,447,691	3,657,166	3,919,447	3,861,189	4,138,186	4,314,739
Penalties and interest on taxes.....	163,826	204,686	288,058	255,978	224,025	186,333	306,133	329,083	208,289	284,241
Payment in lieu of taxes.....	56,102	64,515	31,030	53,377	38,629	89,934	48,783	7,350	83,613	61,537
Community preservation taxes.....	1,465,694	1,492,938	1,527,275	1,581,340	1,636,741	1,666,981	1,758,188	1,842,032	1,928,868	2,003,914
Grants and contributions not restricted to specific programs.....	1,377,564	1,238,505	1,062,794	1,250,168	1,296,446	1,321,924	1,374,751	6,395,091	6,607,480	6,634,232
Unrestricted investment income.....	199,319	175,476	109,456	69,757	40,078	32,657	21,667	225,745	273,466	438,848
Transfers.....	20,953	29,595	(266,854)	8,801	104,067	100,643	39,127	-	-	-
Total governmental activities.....	<u>71,187,666</u>	<u>73,271,398</u>	<u>74,506,086</u>	<u>77,057,177</u>	<u>79,506,149</u>	<u>79,929,119</u>	<u>83,693,086</u>	<u>93,167,508</u>	<u>96,383,411</u>	<u>100,327,876</u>
Business-type activities:										
Unrestricted investment income.....	-	-	-	-	-	-	-	1,304	1,810	3,185
Transfers.....	(20,953)	(29,595)	266,854	(8,801)	(104,067)	(100,643)	(39,127)	-	-	-
Total business-type activities.....	<u>(20,953)</u>	<u>(29,595)</u>	<u>266,854</u>	<u>(8,801)</u>	<u>(104,067)</u>	<u>(100,643)</u>	<u>(39,127)</u>	<u>1,304</u>	<u>1,810</u>	<u>3,185</u>
Total primary government general revenues and other changes in net positions.....	<u>\$ 71,166,713</u>	<u>\$ 73,241,803</u>	<u>\$ 74,772,940</u>	<u>\$ 77,048,376</u>	<u>\$ 79,402,082</u>	<u>\$ 79,828,476</u>	<u>\$ 83,653,959</u>	<u>\$ 93,168,812</u>	<u>\$ 96,385,221</u>	<u>\$ 100,331,061</u>
Changes in Net Position										
Governmental activities.....	\$ 747,414	\$ 1,014,980	\$ 1,109,234	\$ (46,658)	\$ 1,385,182	\$ (550,720)	\$ 474,012	\$ (994,960)	\$ 1,053,416	\$ (203,834)
Business-type activities.....	12,538	(8,178)	353,408	264,425	(19,840)	(197,730)	(216,826)	(117,890)	19,584	(239,090)
Total primary government changes in net position.....	<u>\$ 759,952</u>	<u>\$ 1,006,802</u>	<u>\$ 1,462,642</u>	<u>\$ 217,767</u>	<u>\$ 1,365,342</u>	<u>\$ (748,450)</u>	<u>\$ 257,186</u>	<u>\$ (1,112,850)</u>	<u>\$ 1,073,000</u>	<u>\$ (442,924)</u>

(Concluded)

Fund Balances, Governmental Funds

Last Ten Years

	<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>2018</u>	<u>2019</u>
General Fund										
Reserved.....	\$ 8,139,048	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved.....	1,236,002	-	-	-	-	-	-	-	-	-
Restricted.....	-	6,779,627	6,399,835	5,771,754	4,912,009	5,140,867	5,624,580	330,853	351,652	355,164
Committed.....	-	231,092	242,864	209,001	1,914,264	2,685,774	2,372,996	2,474,734	2,130,571	3,072,549
Assigned.....	-	1,570,833	1,411,288	1,371,499	1,915,715	1,557,983	1,058,893	1,167,752	2,369,021	875,787
Unassigned.....	-	3,961,520	5,603,341	7,721,185	9,022,099	7,158,149	3,479,922	9,873,780	9,812,217	12,546,783
Total general fund.....	\$ 9,375,050	\$ 12,543,072	\$ 13,657,328	\$ 15,073,439	\$ 17,764,087	\$ 16,542,773	\$ 12,536,391	\$ 13,847,119	\$ 14,663,461	\$ 16,850,283
All Other Governmental Funds										
Reserved.....	\$ 11,728,805	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:										
Special revenue funds.....	6,130,897	-	-	-	-	-	-	-	-	-
Capital projects funds.....	192,101	-	-	-	-	-	-	-	-	-
Permanent funds.....	195,200	-	-	-	-	-	-	-	-	-
Nonspendable.....	-	1,013,539	1,034,051	1,034,876	1,084,580	1,102,743	1,133,605	1,163,154	1,163,154	1,180,254
Restricted.....	-	16,684,900	16,057,555	11,222,092	10,538,414	16,606,664	11,545,492	13,770,514	17,008,468	15,698,833
Committed.....	-	65,621	60,222	6,022	62,883	55,033	43,405	-	-	-
Total all other governmental funds.....	\$ 18,247,003	\$ 17,764,060	\$ 17,151,828	\$ 12,262,990	\$ 11,685,877	\$ 17,764,440	\$ 12,722,502	\$ 14,933,668	\$ 18,171,622	\$ 16,879,087

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

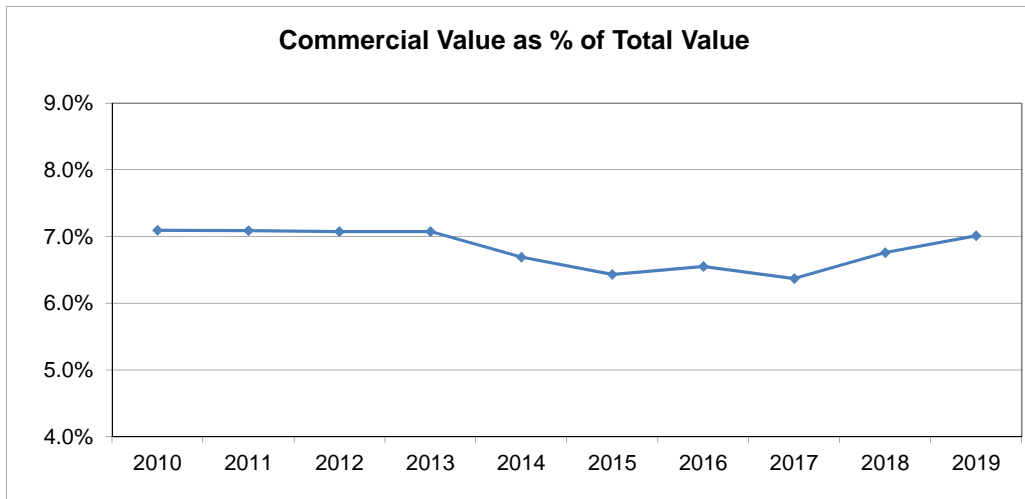
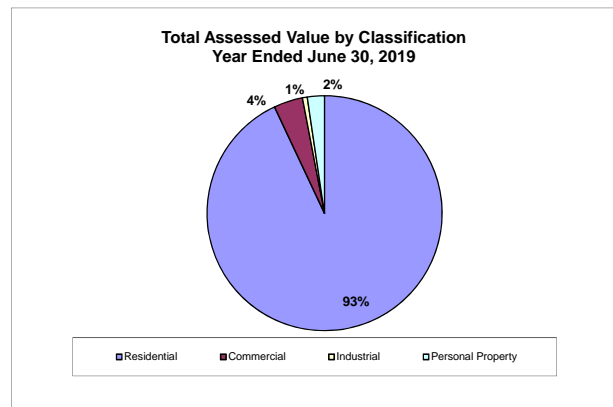
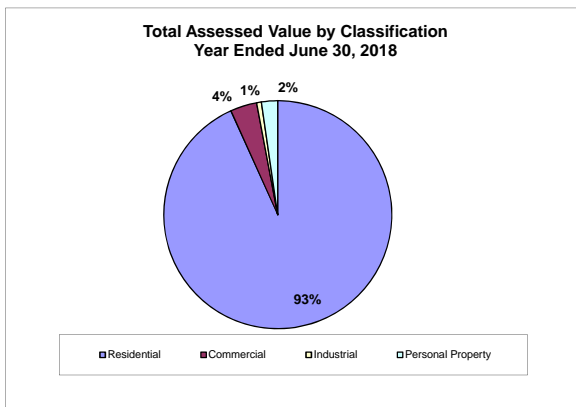
Last Ten Years

	<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>2018</u>	<u>2019</u>
Revenues:										
Real estate and personal property taxes, net of tax refunds.....	\$ 64,346,930	\$ 66,299,400	\$ 68,328,105	\$ 69,936,527	\$ 72,439,807	\$ 72,210,203	\$ 76,420,221	\$ 80,435,678	\$ 82,385,311	\$ 86,498,484
Motor vehicle and other excise taxes.....	2,633,406	2,824,879	2,953,422	3,137,442	3,479,052	3,778,204	3,702,251	4,044,745	4,071,435	4,263,360
Tax liens.....	123,646	330,168	476,967	522,311	187,499	241,824	202,152	104,819	64,953	115,256
Payments in lieu of taxes.....	56,102	64,515	31,030	53,377	38,629	89,934	48,783	7,350	83,613	61,537
Community preservation taxes.....	1,457,336	1,494,705	1,529,459	1,582,040	1,643,844	1,662,709	1,756,562	1,844,752	1,917,476	2,005,675
Intergovernmental.....	16,269,765	16,350,975	16,897,919	16,962,299	17,534,425	10,731,708	13,086,130	18,876,071	21,014,817	20,549,130
Penalties and interest on taxes.....	163,826	204,686	288,058	255,978	224,025	186,333	306,133	291,741	208,289	284,241
Licenses and permits.....	477,972	511,537	554,433	778,448	708,163	746,655	819,242	1,147,063	1,553,193	1,159,863
Fines and forfeitures.....	106,952	91,472	89,439	76,302	82,894	86,250	63,083	37,342	37,711	36,418
Departmental and other.....	3,274,909	4,052,761	4,516,309	4,364,877	4,263,600	4,418,544	4,297,707	4,273,848	4,100,809	4,304,546
Contributions.....	216,832	208,744	227,708	246,187	367,022	302,659	243,641	252,661	608,826	967,495
Interest income.....	527,712	548,552	268,019	231,324	331,410	85,504	125,650	225,745	273,466	438,848
Total Revenue.....	89,655,388	92,982,394	96,160,868	98,147,112	101,300,370	94,540,527	101,071,555	111,541,815	116,319,899	120,684,853
Expenditures:										
General government.....	3,155,148	6,148,845	3,242,101	11,686,201	3,256,717	6,233,818	3,732,597	3,498,506	5,093,683	5,246,989
Public safety.....	6,538,020	7,007,846	7,140,784	7,631,877	7,832,862	11,521,631	11,808,341	8,174,832	8,707,893	8,852,263
Education.....	50,813,562	52,710,026	56,079,405	56,325,461	58,782,463	59,901,358	61,131,536	62,385,862	62,579,469	66,761,974
Public works.....	4,757,379	4,734,423	4,197,544	4,709,953	6,280,856	7,889,516	9,191,644	6,521,352	7,366,387	7,055,720
Community preservation.....	-	-	-	-	-	-	-	407,813	338,891	3,308,635
Health and human services.....	912,367	853,183	1,100,346	1,846,680	965,179	1,053,644	1,158,185	1,043,930	1,079,532	1,161,178
Culture and recreation.....	2,302,329	2,076,690	2,005,940	2,065,764	2,432,273	2,174,517	2,561,484	2,116,894	2,109,081	2,624,419
Pension benefits.....	7,706,478	7,877,511	8,184,635	8,612,651	8,882,087	3,482,548	3,738,774	11,582,320	12,463,856	12,586,537
Employee benefits.....	7,470,540	7,173,083	8,245,029	7,163,045	6,650,548	5,865,834	6,098,164	6,949,924	7,337,462	7,376,116
Property and liability insurance.....	199,420	213,481	218,576	224,452	238,000	263,973	272,418	301,610	312,058	328,256
State and county charges.....	164,445	192,672	186,114	179,483	157,416	227,330	197,943	192,255	205,840	209,519
Debt service:										
Principal.....	3,795,000	8,925,000	3,790,000	5,431,588	5,300,000	11,085,000	3,762,321	3,720,041	3,688,057	3,426,950
Principal payment on current refunding.....	-	-	-	-	-	-	-	-	2,750,000	-
Interest.....	1,586,558	1,392,389	1,271,605	1,085,513	962,524	888,265	1,266,881	1,124,582	1,046,207	852,010
Total Expenditures.....	89,401,246	99,305,149	95,662,079	106,962,668	101,740,925	110,587,434	104,920,288	108,019,921	115,078,416	119,790,566
Excess of revenues over (under) expenditures.....	254,142	(6,322,755)	498,789	(8,815,556)	(440,555)	(16,046,907)	(3,848,733)	3,521,894	1,241,483	894,287
Other Financing Sources (Uses)										
Issuance of bonds.....	-	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	-	-	2,640,000	-
Premium from issuance of bonds.....	-	1,555	48,974	-	99,014	925,710	-	-	-	-
Premium from issuance of refunding bonds.....	-	270,580	-	144,361	75,215	911,298	-	-	172,813	-
Payments to refunded bond escrow agent.....	-	-	-	(2,501,953)	-	-	-	-	-	-
Proceeds from capital leases.....	424,221	226,104	221,115	260,819	271,594	315,559	-	-	-	-
Transfers in.....	626,333	728,684	810,738	986,915	3,118,082	1,779,092	1,246,311	2,459,512	1,451,315	2,118,638
Transfers out.....	(605,380)	(699,089)	(1,077,592)	(978,113)	(3,014,015)	(1,678,449)	(1,207,184)	(2,459,512)	(1,451,315)	(2,118,638)
Total other financing sources (uses).....	445,174	9,007,834	3,235	5,397,029	2,499,890	20,904,156	39,127	-	2,812,813	-
Net change in fund balance.....	\$ 699,316	\$ 2,685,079	\$ 502,024	\$ (3,418,527)	\$ 2,059,335	\$ 4,857,249	\$ (3,809,606)	\$ 3,521,894	\$ 4,054,296	\$ 894,287
Debt service as a percentage of noncapital expenditures.....	6.23%	10.71%	5.54%	6.70%	6.31%	11.92%	5.24%	4.55%	6.62%	3.78%

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
2010	\$ 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	\$ 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	\$ 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
2018	\$ 4,252,412,677	\$ 17.93	\$ 172,317,688	\$ 29,891,300	\$ 106,053,550	\$ 308,262,538	\$ 24.30	\$ 18.36	\$ 4,560,675,215
2019	\$ 4,396,808,625	\$ 17.91	\$ 189,613,218	\$ 30,823,000	\$ 111,118,740	\$ 331,554,958	\$ 24.30	\$ 18.36	\$ 4,728,363,583



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

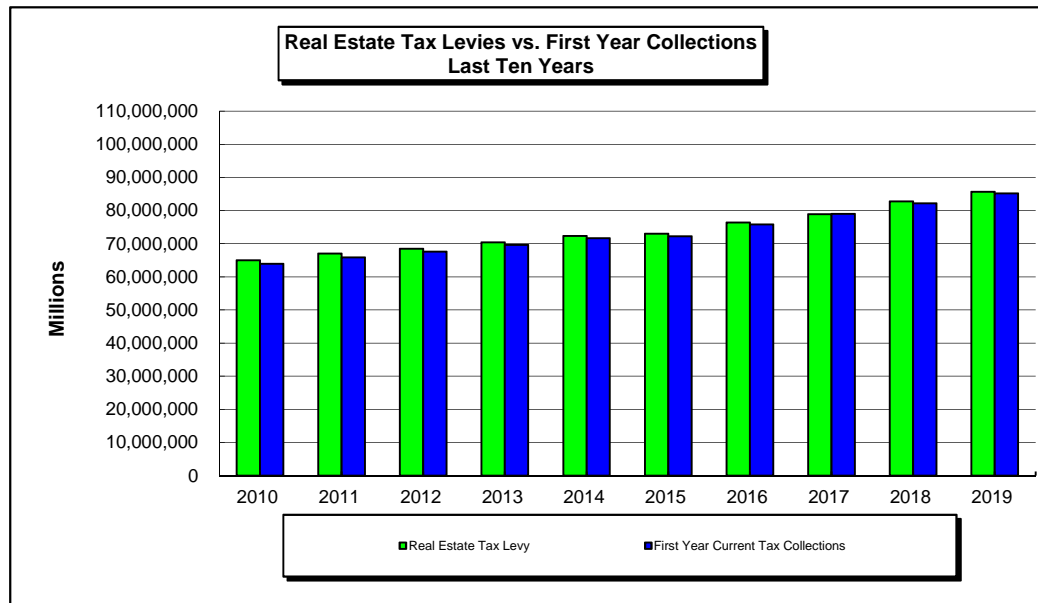
Name	Property Type	2019			2010		
		Assessed Valuation	Rank	Percentage of Total Taxable Assessed Value	Assessed Valuation	Rank	Percentage of Total Taxable Assessed Value
NSTAR Electric & Gas Company	Utility	\$ 74,951,210	1	1.59%			
Sudbury Avalon Inc.	Apartments	\$ 26,762,000	2	0.57%	\$ 14,751,900	4	0.37%
Chiswick Park LLC	Manufacturer	\$ 16,084,600	3	0.34%	\$ 11,808,000	5	0.29%
PRI Longfellow Glen LLC	Apartments	\$ 13,533,500	4	0.29%			
Sudbury Crossing, Ltd	Shopping Center	\$ 12,101,800	5	0.26%	\$ 15,927,982	3	0.40%
Liberty Ledge LLC	Land	\$ 11,874,142	6	0.25%			
Verizon	Utility	\$ 10,895,700	7	0.23%	\$ 12,686,500	6	0.32%
Wellyn Inc.	Manufacturer	\$ 10,144,200	8	0.21%			
Boston Gas Company	Utility	\$ 9,600,950	9	0.20%			
Stanmar/Snider	Auto Dealership	\$ 8,050,600	10	0.17%			
Raytheon Corporation	Research & Development				\$ 31,631,500	1	0.79%
Boston Edison	Utility				\$ 27,634,490	2	0.69%
Richardson Christine L. TRS	Shopping Center				\$ 9,620,300	7	0.24%
Dowie William J. TRS	Land				\$ 10,543,603	8	0.26%
Richard J Bosse Holdings	Health Club				\$ 7,240,800	9	0.18%
1776 Plaza Limited Partnership	Shopping Center				\$ 7,060,900	10	0.18%
	Totals	<u>\$193,998,702</u>		<u>4.10%</u>	<u>\$148,905,975</u>		<u>3.72%</u>

Source: Official Statement for Sale of Bonds

Property Tax Levies and Collections

Last Ten Years

Year	(1) Total Tax Levy	Less Abatements & Exemptions	(1) Net Tax Levy	First Year Current Tax Collections	Percent of Net Levy Collected	Delinquent Tax Collections	Total Tax Collections	(2) Percent of Total Tax Collections to Net Tax Levy
2010	\$ 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	\$ 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	\$ 72,251,311	98.99%	\$ 603,461	\$ 72,854,772	99.82%
2016	\$ 76,997,530	\$ 561,430	\$ 76,436,100	\$ 75,768,929	99.13%	\$ 614,187	\$ 76,383,116	99.93%
2017	\$ 79,892,487	\$ 984,546	\$ 78,907,941	\$ 78,956,353	100.06%	\$ 353,192	\$ 79,309,545	100.51%
2018	\$ 83,323,444	\$ 584,388	\$ 82,739,056	\$ 82,147,081	99.28%	\$ 465,485	\$ 82,612,566	99.85%
2019	\$ 86,384,635	\$ 726,568	\$ 85,658,067	\$ 85,188,157	99.45%	\$ -	\$ 85,188,157	99.45%



(1) Includes tax liens.

(2) If the actual abatements and exemptions are lower than the estimate the actual collections can exceed the net levy.

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				
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
2018	\$ 25,101,589	\$ 64,801	\$ 25,166,390	1.18%	18,867	\$ 1,334
2019	\$ 21,493,269	\$ -	\$ 21,493,269	0.99%	18,874	\$ 1,139

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
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
2018	\$ 25,101,589	0.55%	\$ 1,330
2019	\$ 21,493,269	0.45%	\$ 1,139

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

Direct and Overlapping Governmental Activities Debt

As of June 30, 2019

<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.....	\$ 3,555,000	87%	\$ 3,092,850
General governmental debt.....			<u>21,493,269</u>
Total direct and overlapping debt.....			<u>\$ 24,586,119</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

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Equalized Valuation.....	\$ 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	\$ 4,796,024,700	\$ 4,796,024,700
Debt Limit - 5% of Equalized Valuation.....	\$ 226,149,405	\$ 226,149,405	\$ 212,801,690	\$ 212,801,690	\$ 205,520,135	\$ 205,520,135	\$ 207,723,625	\$ 207,723,625	\$ 239,801,235	\$ 239,801,235
Less:										
Outstanding debt applicable to limit.....	15,609,000	15,885,000	15,755,000	14,035,000	15,985,000	25,276,800	23,080,000	20,915,000	18,675,000	16,795,000
Authorized and unissued debt.....	-	-	1,570,000	6,760,500	7,827,000	621,000	621,000	621,000	3,971,000	18,931,000
Legal debt margin.....	\$ 210,540,405	\$ 210,264,405	\$ 195,476,690	\$ 192,006,190	\$ 181,708,135	\$ 179,622,335	\$ 184,022,625	\$ 186,187,625	\$ 217,155,235	\$ 204,075,235
Total debt applicable to the limit as a percentage of debt limit.....	6.90%	7.02%	8.14%	9.77%	11.59%	12.60%	11.41%	10.37%	9.44%	14.90%

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
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%
2018	18,867	\$ 2,128,537,000	\$ 112,818	43	3.0%
2019	18,874	\$ 2,178,362,000	\$ 115,416	43	2.8%

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	2019			2010		
		Employees	Rank	Percentage of Total Town Employment	Employees	Rank	Percentage of Total Town Employment
Sudbury Farms	Grocery Store	250	1	4%	300	2	4%
Lincoln-Sudbury Regional School District	Public School District	225	2	3%	200	6	3%
Whole Foods Market	Grocery Store	210	3	3%			
Staples Industrial	Packaging Materials	190	4	3%	175	7	2%
Adtech Systems	Audio/Visual Services	150	5	2%			
Bosse Sports	Health Club	150	6	2%	110	8	1%
Sudbury Pines Extended Care	Extended Care Facility	130	7	2%			
Longfellow's Wayside Inn Restaurant	Restaurant	130	8	2%			
Shaw's Supermarket	Grocery Store	125	9	2%	105	10	1%
Mass State Police Crime Lab	Public Safety	110	10	2%			
Raytheon Corporation	Research & Development				300	1	4%
APC	Pest Control				200	3	3%
Cavicchio Greenhouses, Inc.	Florists				200	4	3%
Jones & Bartlett Publishers	Publishing				200	5	3%
Methods Machine Tools, Inc.	Wholesaler				110	9	1%

Source: Massachusetts Department of Workforce Development

Full-Time Equivalent Town Employees

Last Ten Years

	<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>2018</u>	<u>2019</u>
<u>Full-Time Equivalents</u>										
Town.....	30	30	30	30	30	29	31	30	30	31
Public Safety.....	78	78	78	77	77	74	78	78	78	83
School.....	393	391	379	386	396	402	413	414	404	372
Public Works.....	32	30	30	30	34	36	34	34	34	34
Health and Human Services.....	6	6	6	6	7	9	9	7	7	8
Culture and recreation.....	<u>17</u>	<u>16</u>	<u>16</u>	<u>16</u>	<u>14</u>	<u>16</u>	<u>16</u>	<u>17</u>	<u>17</u>	<u>18</u>
Total	<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>	<u><u>570</u></u>	<u><u>546</u></u>

Source: Annual Budget Report, School Dept

Operating Indicators by Function/Program

Last Ten Years

Function/Program	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General Government										
Population.....	17,159	17,207	17,714	17,659	17,919	18,119	18,367	18,737	18,867	18,874
Selectmen's meetings.....	30	33	31	33	36	45	59	44	35	46
Licenses issued.....	77	78	78	78	78	81	82	82	140	89
Payroll processed.....	17,850	18,009	19,134	18,528	18,835	19,591	19,941	19,907	19,555	19,599
Invoices paid.....	18,490	18,601	18,500	17,329	17,350	16,216	15,882	14,816	15,343	16,639
Taxable property parcels.....	6,505	6,507	6,556	6,585	6,589	6,605	6,645	6,658	6,658	6,657
Motor vehicle excise processed.....	17,971	18,081	18,217	18,145	19,516	18,203	19,459	19,654	19,067	19,873
Certified vital records.....	995	1,152	1,100	1,620	1,263	1,408	1,415	1,350	1,494	1,473
Zoning board of appeals application filed.....	27	35	40	36	40	43	31	32	35	47
Public Safety										
Police										
Calls for service.....	15,312	14,951	15,927	15,612	15,965	17,021	17,341	13,379	15,936	14,504
Walk-in traffic.....	n/a	n/a	10,651	9,699	9,682	10,051	n/a	11,408	12,630	10,706
Arrests.....	147	160	93	143	133	128	84	46	57	57
Criminal complaints.....	260	189	195	169	215	247	191	111	156	148
Motor vehicle accidents.....	553	644	519	529	518	511	550	507	554	464
Alarms.....	833	837	914	832	847	750	839	603	601	600
Medical call responses.....	881	902	873	844	818	984	948	907	910	886
Fire										
Incidents										
Calls for assistance.....	2,026	2,071	2,071	2,063	1,918	2,246	2,193	2,034	2,310	2,084
Structure fire responses.....	10	10	10	14	21	13	19	19	22	38
Emergency medical responses.....	1,106	1,151	1,151	1,148	1,109	1,237	1,221	1,278	1,332	1,287
Building Department										
Building inspections.....	1,217	1,211	1,400	1,450	1,504	1,643	1,961	1,769	2,012	2,249
Education										
Public school enrollment.....	4,537	4,464	4,446	4,367	4,340	4,505	4,424	4,471	4,064	3998
Public Works										
Depository of property plans.....	5,425	5,450	5,475	5,500	5,500	5,500	4,110	6,805	6,830	6,830
Transfer station stickers issued.....	1,569	1,569	1,477	1,500	1,525	1,922	2,209	2,371	2,170	2,133
Recyclables (tons).....	1,908	1,900	1,500	1,500	750	599	580	608	575	500
Health and Human Services										
Senior Center program attendance.....	2,000	2,040	2,000	1,900	1,900	1,900	1,600	1,542	1,700	1,850
Senior Center referrals.....	163	100	220	361	358	276	195	106	168	195
Veteran population (Federal census estimate).....	1,221	1,220	1,220	1,220	1,220	1,218	509	483	531	531
Senior and veteran tax work-off participants.....	50	50	50	50	52	56	55	55	57	60
Culture and Recreation										
Library circulation.....	397,113	408,000	395,000	380,000	447,275	457,612	408,422	398,447	376,594	415,092
Library resources sharing.....	93,899	139,789	140,000	99,600	109,660	104,845	106,321	106,882	107,000	110,010
Park & recreation programs.....	660	680	700	737	691	493	515	679	680	600
Pool use (admittance).....	84,618	83,293	84,000	83,670	80,423	77,000	77,000	75,000	75,000	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>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</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.....	75	77	79	83	83	83	83	83	83	91
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