

TOWN OF SUDBURY
SUDBURY HOUSING TRUST
FUND FINANCIAL STATEMENTS

JUNE 30, 2013 AND 2012

AND

REPORT OF CERTIFIED PUBLIC ACCOUNTANTS

TOWN OF SUDBURY
SUDBURY HOUSING TRUST

FUND FINANCIAL STATEMENTS

JUNE 30, 2013 AND 2012

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditors' Report on Financial Statements	1 - 2
<u>Financial Statements</u>	
Balance Sheets	3
Statements of Revenues, Expenditures and Changes in Fund Balance	4
Notes to Financial Statements	5 - 7

INDEPENDENT AUDITORS' REPORT ON FINANCIAL STATEMENTS

Town of Sudbury
Sudbury Housing Trust
Sudbury, MA 01776

We have audited the accompanying balance sheets, and the related statements of revenues, expenditures changes in fund balance of the Sudbury Housing Trust, as of and for the year ended June 30, 2013 and 2012, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting standards 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 audits 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 of 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 auditors' 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 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 significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that our audits provide a reasonable basis for our opinion.

Certified Public Accountants

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Sudbury Housing Trust, as of June 30, 2013 and 2012, and the respective changes in financial position for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Borgatti Harrison & Co.

Borgatti Harrison & Co.

Framingham, Massachusetts
September 30, 2013

TOWN OF SUDBURY
SUDBURY HOUSING TRUST

BALANCE SHEETS

JUNE 30, 2013 AND 2012

	<u>2013</u>	<u>2012</u>
ASSETS		
Cash and cash equivalents	\$ 330,623	\$ 689,512
Due from Town of Sudbury	465,281	-
Land	<u>558,360</u>	<u>558,360</u>
Total assets	\$1,354,264 =====	\$1,247,872 =====
 LIABILITIES AND FUND BALANCES		
Due to Town of Sudbury	\$ <u>-</u>	\$ <u>71,631</u>
Total liabilities	<u>-</u>	<u>71,631</u>
 Fund balances:		
Nonspendable	\$ 558,360	\$ 558,360
Restricted	-	-
Committed	-	-
Assigned	795,904	617,881
Unassigned	<u>-</u>	<u>-</u>
Total fund balances	<u>1,354,264</u>	<u>1,176,241</u>
Total liabilities and fund balances	\$1,354,264 =====	\$1,247,872 =====

See accompanying note to financial statements

TOWN OF SUDBURY
SUDBURY HOUSING TRUST

STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEARS ENDED JUNE 30, 2013 AND 2012

	<u>2013</u>	<u>2012</u>
REVENUES		
Fees	\$ 62,500	\$ 71,973
Investment income	<u>(2,588)</u>	<u>10,733</u>
Total revenues	<u>59,912</u>	<u>82,706</u>
EXPENDITURES		
Payroll	29,306	7,660
Lottery/Monitoring agent expenses	32,517	8,348
Administrative expenses	6,423	21,541
Small grant expenses	10,739	8,734
Project expenses -		
Sudbury Housing Authority	-	150,000
Maynard Road	2,200	-
Home preservation	<u>704</u>	<u>168,588</u>
Total expenditures	<u>81,889</u>	<u>364,871</u>
Excess (deficiency) of revenue over expenditures	<u>(21,977)</u>	<u>(282,165)</u>
OTHER FINANCING SOURCES (USES)		
Transfers in	<u>200,000</u>	<u>190,000</u>
Total other financing sources (uses)	<u>200,000</u>	<u>190,000</u>
Net change in fund balance	178,023	(92,165)
Fund balance, beginning of year	<u>1,176,241</u>	<u>1,268,406</u>
Fund balance, end of year	\$1,354,264 =====	\$1,176,241 =====

See accompanying note to financial statements

TOWN OF SUDBURY
SUDBURY HOUSING TRUST

NOTE TO FINANCIAL STATEMENTS

1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A - General Statement

The Sudbury Housing Trust is a Municipal Affordable Housing Trust Fund, established under Massachusetts General Laws, Chapter 44, Section 55C and authorized pursuant to town meeting of the Town of Sudbury in 2006.

The purpose of the Trust is to provide for the preservation and creation of affordable housing in the Town of Sudbury for the benefit of low and moderate income households.

The Trust is governed by a Board of Trustees consisting of not less than five and not more than nine Trustees appointed by the Town of Sudbury Board of Selectmen. At least one of the Trustees shall be a member of the Board of Selectmen, who shall serve as the representative of the Board of Selectmen.

The Town of Sudbury Treasurer/Collector is the custodian of the Trust's funds and maintains separate accounts and records for said funds. The Treasurer/Collector shall invest the Trust's funds in the manner authorized by MGL Chapter 44, Section 55 (Public Funds on Deposit; Limitations; Investments, Section 55A, Liability of Depositor for Losses Due to Bankruptcy, and 55B, Investment of Public Funds).

The Trust shall continue so long as authorized under the Laws of the Commonwealth of Massachusetts. Notwithstanding the foregoing, the Trust may be terminated by a majority vote of the Town Meeting in accordance with MGL Chapter 4, Section 4B.

Accounting Method

The accounting and reporting policies of the Trust conform to accounting principles generally accepted in the United States of America applicable to state and local governments. Generally accepted accounting principles for local governments include those principles prescribed by the Government Accounting Standards Board (GASB), the American Institute of Certified Public Accountants in the publication entitled Audits of State and Local Governmental Units, and by the Financial Accounting Standards Board (when applicable).

B. Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the Trust is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

Nonspendable - The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of interfund loans.

TOWN OF SUDBURY
SUDBURY HOUSING TRUST

NOTES TO FINANCIAL STATEMENTS
(Continued)

Restricted - Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or is imposed by law through constitutional provisions or enabling legislation (Trust Agreement).

Enabling legislation authorizes the Trust to assess, levy, charge, or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation. Legal enforceability means that the Trust can be compelled by an external party, such as citizens, public interest groups, or the judiciary to use resources created by enabling legislation only for the purposes specified by the legislation.

Committed - The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action (ordinance or resolution) of Trust Board. Those committed amounts cannot be used for any other purpose unless the Trust Board removes or changes the specified use by taking the same type of action (ordinance or resolution) it employed to previously commit those amounts. In contrast to fund balance that is restricted by enabling legislation, committed fund balance classifications may be redeployed for other purposes with appropriate due process. Constraints imposed on the use of committed amounts are imposed by Trust Board, separate from the authorization to raise the underlying revenue; therefore, compliance with these constraints are not considered to be legally enforceable. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned - Amounts in the assigned fund balance classification are intended to be used by the Trust for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by Trust Board or a Trust official delegated that authority by Trust Agreement or ordinance.

Unassigned - Unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

TOWN OF SUDBURY
SUDBURY HOUSING TRUST

NOTES TO FINANCIAL STATEMENTS
(Continued)

The Trust applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

C - Use of estimates

The preparation of financial statement in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

2 - DUE TO/FROM TOWN OF SUDBURY

This represents amounts net to/from the Town at year end to settle up on the years activities. This difference is transferred by the Town Treasurer in July each year.

3 - LAND

In 2007, the Trust acquired a parcel of land with the intention of deeding the land to a developer who would then develop the property into three units of affordable housing. The existing house on the land has been demolished and preliminary plans have been prepared. The Trust terminated its agreement with the developer in March 2012 and the project is on hold.

4 - COMMITMENTS AND CONTINGENCIES

The Trust granted the Sudbury Housing Authority \$150,000 in December 2011 towards the development of duplexes on 41 Great Road, 56 Great Road, 11 Ford Road, 19 Greenwood Road, and 10 Landham Road. The grant was awarded with no repayment due provided that the provisions of the Regulatory Agreement have been continuously satisfied for a period of five years of occupancy.

The Trust voted to grant to the Coolidge of Sudbury project \$250,000 subject to receipt of all other funding source commitments, and to close by December 31, 2013.

5 - EVALUATION OF SUBSEQUENT EVENTS

The Trust has evaluated subsequent events through September 30, 2013, the date which the financial statements were available to be issued.