



TOWN OF STOUGHTON

OFFICE OF THE TOWN MANAGER

10 Pearl Street – Stoughton, MA 02072 (781) 341-1300 Fax (781) 297-2879

Budget Deliberations Introduction

February 26, 2025

Good evening Mr. Chairman and through you to the Finance Committee members.

This evening marks the beginning of many hearings needed to publicly vet the FY26 operating budget and capital plan. While appearing to be the beginning of the budget process, it is actually near the end of a 6-month process that began in October and ends with an affirmative vote of Town Meeting members at the conclusion of our Annual Town Meeting.

The FY26 budget process began on October 15, 2024 with the budget committee's recommendation of budget guidelines to the Select Board. A copy of that document appears as **Exhibit A** in your packet. With input and guidance provided by the Select Board, Mr. Tisdelle created a calendar and schedule running from October 24, 2024 to the Annual Town Meeting on May 5, 2025. That detailed schedule appears as **Exhibit B** in your packet. In strict conformance with our budget guidelines and schedule, the School Committee voted a 3.8% FY26 operating budget on December 30, 2024 and the Select Board voted a 3.37% municipal departments operating budget on December 30, 2024. The total Select Board FY26 budget is \$139,956,816, which is a 3.59% increase over FY25. As required by Charter, the consolidated Town FY26 operating budget was transmitted to the Finance Committee on January 21, 2025. Since its submission to the Finance Committee, we have responded through your Chair to many requests for information from members. We appreciate that level of collaboration.

I would like to take a minute to present some key data from the Select Board's FY26 operating and capital budgets.

- As you recall, we had a 7-year plan to stop the use of free cash and one-time funds to balance our operating budget. Now, in year two of that 7-year plan, we have balanced the budget without the use of free cash or one-time funds.

- In accordance with DOR guidelines, local receipts have been conservatively estimated at 90% of FY24 actuals.
- The Department of Education, DESE, calculated the Stoughton School foundation budget at **\$65,412,011**. Stoughton net school spending is **\$22,756,152**. Therefore, the Town's total financial support of its schools is **\$88,168,163**. This investment in education represents 63% of the Town's total budget.
- Through the consolidation of positions and use of technology, the Municipal Departments FY26 budget includes 4.47 fewer employees than FY25 and 18.67 fewer employees than FY24.
- As stated, there is no use of free cash in the FY26 operating budget. On February 7, 2025 the Town of Stoughton's "free cash" of \$12,722,449 was certified by the Mass Department of Revenue, Division of Local Services. That notice of DOR certification is included as **Exhibit C**.
- Cost of living adjustments of 3% were budgeted for employees not subject to collectively bargained agreements (CBA's).
- The employee health insurance trust fund is solvent and budgeted at a 3.7% increase in FY26.
- General liability insurance is budgeted at a 10% increase.
- Merit increases are budgeted for employees who consistently perform above expectations. Market comparisons are provided in the budget book before you. The cost of replacing valued employees has proven to be 10% – 20% more expensive.
- Wages have been adjusted for employees who are paid below market or who are impacted by systemic pay parity inequities.
- Because of job consolidation and the effective use of technology, water and sewer rates are budgeted at FY25 rates.
- Because of operational efficiencies which have saved the Town approximately \$500,000, rubbish and solid waste rates are budgeted at FY25 rates.

- The VNA enterprise fund is not a self-funded service organization. Discussion and public input is needed to determine its organizational viability.
- A budget account has been created and funded in our HR Department in order to fund a yet to be settled labor contract.
- The budget committee is proposing that our stabilization account (savings) be increased to **\$10,000,000**, a level never achieved in-Stoughton history. This decision to strengthen our savings account is made in recognition that we operate in uncertain times and that our savings account provides insurance against unforeseen socio/economic conditions. Our conservative actions have been favorably noticed by the DOR and by Moody's. The Moody's report appears as **Exhibit D** in your packet.

Mr. Chairman, I am certain that the members are struck by my announcement of one-time certified free cash of \$12.7 million. Before starting our deliberations, it's important that I explain this "great news".

As the committee knows, we have completely restructured our Finance and Accounting Department over the past 24 months. Learning soon after I arrived in 2023, that our balance sheet had not been properly managed since as far back as 1998, we recruited a seasoned Finance Manager with Forensic Accounting expertise. In addition, we recruited 2 certified municipal accountants with significant experience in the creation and implementation of best administrative and accounting practices. Together, they have done an extraordinary job of cleaning up the past while training staff to work more effectively in the future. Training on best practices is well underway. The Forensic Accounting project will require another 12 to 18 months to complete. A considerable portion of the \$12.7 million in free cash has been realized by the closing of balance sheet accounts. The work done by our Finance and Accounting staff, in collaboration with Assessing and Treasury, is truly remarkable. Under the leadership of Elizabeth Zaleski, the Town is compliant with laws relating to municipal finance and taxation. Our entire accounting staff is on a first name basis with the staff of the Division of Local Services, which is the external support team of DOR. We speak with them often and they visited with us in early February, congratulating our team on a job well done. I am extremely proud of this team and grateful for the important work they have done and continue to do each day. Stoughton now stands on a strong financial footing. Combined with impressive economic

development, smart growth and our conservative budgeting strategy, the Town's financial future is bright.

Mr. Chairman, you and the members will note several changes to the look, structure, clarity and detail provided in the FY26 operating and capital budgets. Under the leadership and management of Mr. Tisdelle, the print is larger, the confusing columns have been deleted, footnotes have been added and backup material is included in the budget attachments. Our expectation is that with greater clarity and documentation, the examination of the budget has been made more transparent, which allows for greater financial control.

Mr. Chairman, while we appreciate feedback, I would suggest to those who hold the opinion that financial guardrails don't exist in Town government, that they purchase a copy of the Department of Revenue Municipal Laws Relating to Municipal Finance and Taxation. That body of laws, policies and guidance provides the north star for municipal leaders. The Division of Local Services (DLS), is the division of DOR which is committed to supporting the needs of municipalities with respect to its interpretation of laws, guidance on government rules, and recommendations on best financial practices. The DLS is a valued partner with the Town of Stoughton.

On March 13, 2024, in a memorandum from a first year Finance Committee member, it was recommended that each member read the **Finance Committee handbook** and that it would "be helpful in shaping our discussions". As the former Vice Chair of a Finance Committee, I agree that the handbook provides valuable guidance on the role of Finance Committee members. A section from the handbook stated that:

"The finance committee report is the extremely critical end-product of the budget development process. The finance committee report provides analyses, explanations, and justifications for its recommendations. Although the level of detail varies from town to town, more informative reports include financial and statistical data, often trace historical trends and specific appropriations. However, there is no need to duplicate information already presented in a comprehensive budget document. The town's financial condition, the issues posed by the budget, local bylaws, customs and traditions, and the interests and skills of the committee members will shape the finance committee report."

I find that citation from the finance committee handbook to be very instructive. Therefore, may I respectfully suggest that rather than having a handful

of members repeatedly criticizing or chastising presenters with unsubstantiated opinions, that those members of the finance committee draft the finance committee report, present it to the full committee and ask for a vote on the report. I believe that the finance committee report is the most professional way to express input from this esteemed body. That report would elevate the level of fact-based debate, civility, awareness and communication.

Mr. Chairman, on behalf of the budget committee which includes myself, Mr. Tisdelle, Ms. Zaleski, Ms. Chatsko and Ms. Shropshire, we look forward to taking the committee's questions.

Thank you,

A handwritten signature in black ink that reads "Thomas J. Calter". The signature is fluid and cursive, with "Thomas" and "J." on the first line and "Calter" on the second line.

Thomas J. Calter



EXHIBIT A

TOWN OF STOUGHTON
FY26 Budget Guidelines
October 15, 2024

As recommended by the by Town Manager Thomas Calter to the members of the Stoughton Select Board.

1. Revenue Forecast

Local receipts, i.e. motor vehicle, hotel, meals, interest earned, Medicaid reimbursements, permitting and licensing fees, shall be budgeted at 90% of FY24 actuals. Ch. 70 and SOA shall be budgeted at 100% of the FY25 actual receipts. Should actual School aid exceed FY25 levels, the School Department will have full access to those additional funds. Cherry sheet revenue, less offsets, shall be budgeted at 103% of FY25 actuals. Please note: New growth is expected to be 5% greater than FY25.

2. FY26 Operating Budget Increase

The Stoughton Town Manager recommends a 3.8% bottom line budget for Municipal Operations. Guidance from the Stoughton School Department is not currently available but is anticipated before the Select Board's October 15th meeting. Detail will be provided to the Board at that time.

3. Cost of Living Adjustments

The Town Manager proposes a 3% COLA for employees who are not subject to an employment contract, collective bargaining agreement or who are not otherwise eligible for an increase in FY26. Employees hired after December 31, 2024 shall not be eligible to receive a COLA for FY26 (July 1, 2025).

4. Health and Liability Insurance

Health insurance shall be budgeted for a 4% increase. All other general liability policies shall be budgeted for a 10% increase in FY26.

5. Full Time Employees (FTE's)

Municipal Government agrees to a net zero change in budgeted full time employees (FTE's).

6. Merit Increases and Market Adjustments

Municipal merit increases and/or performance bonuses greater than 5% must be supported with a budget narrative explaining the justification for the increase.

7. Use of Free Cash

It is the intention of municipal government to use zero free cash in the FY26 operating budget. Approximately \$300,000.00 in annual free cash is generated by the School Department from Medicaid reimbursements. Actual Medicaid collections up to \$300,000 shall be available to the School Department to use in its capital budget. The remaining certified free cash is generated by municipal government departments. That full balance shall be used at the discretion of the municipal departments in support of their capital needs.

8. Regional Schools

The Regional School and Norfolk Aggie allocations are budgeted at 100% of the actual FY25 assessment.

9. Norfolk Count Retirement

The Norfolk County Retirement expense shall be increased by 5%.

10. Capital Plan

The Municipal and the School capital plans shall be merged by July 1, 2026.

11. OPEB Liability

The FY26 budget shall include a \$100,000 contribution to the Town's OPEB liability to show serious commitment to the Town's OPEB obligation. The Chief Financial Officer recommends an annual deposit of \$100,000.

12. CBA Agreements

Expiring CBA agreements must be executed, approved by the Select Board and delivered to the Finance Committee by December 31, 2024 in order to be considered at the Annual Town Meeting.

13. Retirement Buyouts

One hundred thousand dollars (\$100,000.00) shall be budgeted in the Human Resources Department for municipal employee retirement buyouts. It is expected that total buyouts in excess of that will be withdrawn from the Town reserve account under the stewardship of the Town Finance Committee.

14. Use of Stipends

Stipends shall be used in an effort to avoid hiring of additional benefited employees. If a stipend is to be paid, an analysis of the cost savings must be provided in the budget notes.

15. Shared Joints Costs

The MUNIS software, hardware and batteries currently paid for out of school and municipal departments shall be reclassified from the School and Municipal departments into the joint shared costs accounts.

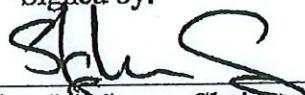
16. Accounting Clean-up Directive

The FY26 municipal budget expenses for School Resource Officers and Crossing Guards shall be reclassified from the municipal department budgets to the School Department budget as recommended by the Town's Chief Financial Officer.

Approved on:

October 15, 2024

Signed by:



Stephen M. Cavey, Chair



EXHIBIT B

Annual Town Meeting 2025 Calendar Timeline V1.2 - **DRAFT**

Date	Event	Delivered By	Received By	Owner	Source of Due Date	Rule
9/25/2024	CPC Pre-Applications Due	Applicant	CPC	Various	CPC	Based on CPC's Timeline for Annual Town Meeting.
10/15/2024	Select Board Annual Budget Directive to Town Manager	Select board	Town Manager	Mr. Stephen Cavey	Select Board Policy For Town Meeting Warrant Articles	Deadline of October 15: Budget Directives from Select Board to Town Manager for next fiscal year.
10/16/2024	Town Manager Budget Directive to Department Heads/ Budget Team Meeting	Town Manager	Department Heads	Town Manager	Town Manager	Town Manager Directive
10/21/2024-10/25/2024	MUNIS Training for Budget Input	Accounting Department	Department Heads	Accounting	Town Manager	Town Manager Directive
10/25/2024	CPC Full Applications Due	Applicant	CPC	Various	CPC	Based on CPC's Timeline for Annual Town Meeting.
10/30/2024	CPC Hearings	Applicant	CPC	Various	CPC	Based on CPC's Timeline for Annual Town Meeting.
11/8/2024	Department Budgets due to Town Manager	Department Heads	Town Manager	Various	Town Manager	Town Manager Directive
11/11/2024-11/15/2024	Department Budget Reports prepared by Accounting	Accounting Department	Town Manager	Accounting	Town Manager	Town Manager Directive
11/18/2024-11/22/2024	Department Heads present Budgets, Preliminary Capital, Other Articles to Town Manager	Department Heads	Town Manager	Mr. Thomas Carter	Select Board Policy For Town Meeting Warrant Articles	Town Manager Directive
11/25/2024-12/3/2024	Budget Team Reviews Department Budgets & Generate Preliminary Revenue Forecast	Budget Team	Town Manager	Mr. Thomas Carter	Town Manager	Town Manager Directive
12/3/2024	First Presentation of Town Manager FY 25 Operating Budget, Expenses Only	Town Manager	Select board	Mr. Thomas Carter	Select Board Policy For Town Meeting Warrant Articles	First projection for annual budget to Select Board (Select Board Policy states November 15)
12/3/2024	Presentation of Preliminary Department Capital Requests and Other Money Articles to seek Input by the Select Board	Town Manager	Select board	Mr. Thomas Carter	Select Board Policy For Town Meeting Warrant Articles	Deadline of December 1: First draft of annual capital budget to Select Board. Capital requests not appearing in the Five-Year Capital Budget will be considered only in the event of emergency or as the public interest requires to meet an unforeseen need.
12/4/2024	CPC Hearing +/- Second Presentation of Town Manager FY 25 Operating Budget (Expenses and 1st Revenue Estimate)	Applicant	CPC	Various	CPC	Based on CPC's Timeline for Annual Town Meeting.
12/10/2024	Submission of School FY25 Budget	School Committee	Town Manager	Ms. Katherine Weiss	School Committee	Deadline of December 15: Second projection for annual budget to Select Board.
12/15/2024	Presentation of Town Manager Comprehensive FY 25 Operating Budget to reflect Select Board Changes (Expenses and Revenue)	Town Manager	Select board	Mr. Thomas Carter	Select Board Policy For Town Meeting Warrant Articles	There is no rule, but the general practice of the School Committee has been to present this information at some point during the first half of December.
12/17/2024	Final Town Manager Comprehensive FY 25 Operating Budget	Applicant	CPC	Various	CPC	Deadline of December 31st: Town Manager's operating budget to Select Board per Charter.
12/26/2024	Docs for 1/2/24 CPC meeting due	Town Manager	Select board	Mr. Thomas Carter	Town Manager/ Select Board Timeline	Based on CPC's Timeline for Annual Town Meeting.
12/30/2023 (Monday, if needed)	Warrant closes for petitioned articles	Citizen Petitioner	Select board	Various	Town Charter §C7-1 (fixed date)	The Annual Town Meeting warrant shall close to petitioned and budget articles on December 31 of the year previous to the Annual Town Meeting.
12/31/2024	Deadline per Charter for Submission of Town Manager FY25 Budget to Select Board	Town Manager	Select board	Mr. Thomas Carter	Town Charter §C4-2(F) (fixed date)	He shall keep the Selectmen fully advised as to the needs of the Town within the scope of his duties, and furnish them on or before the thirty-first day of December each year a careful, detail budget.
12/31/2024	Submission of School FY 25 Budget (By Statute)	School Committee	Town Manager	Ms. Katherine Weiss	Town Charter §C5-2 (fixed date)	The school committee shall have all of the powers and duties school committees may have under the constitution and general laws of the Commonwealth which are not specifically assigned to some other office by this charter, and shall submit the school department budget to the town manager on or before the thirty-first day of December for inclusion in the annual town government budget.

Annual Town Meeting 2025 Calendar Timeline V1.2 - **DRAFT**

Date	Event	Delivered By	Received By	Owner	Source of Due Date	Rule
12/31/2024	Submission of Other FY Budgets	Various Town boards, officers and committees	Finance Committee	Various	Town Charter §C7-14(B)(1) (fix date)	The various Town boards, officers and committees charged with the expenditure of Town funds shall, not later than the thirty-first of December of each year, prepare detailed estimates of the amounts deemed by them necessary for the administration of their respective offices or departments for the ensuing fiscal year, with explanatory statements of the reasons for any changes from the amounts appropriated for the same purpose in the preceding year.
1/2/2025	CFC Hearing/Votes on Recommendations	Applicant	CFC	Various	CFC	Based on CFC's Timeline for Annual Town Meeting.
1/7/2025	Select Board review of Select Board FY25 Budget	Selectboard	Select board	Mt. Stephen Cavey	Select Board Policy For Town Meeting Warrant Articles	Be responsible for the preparation of the annual Town government budget and, except for schools, submission of that budget on or before the third Tuesday in January to the Town Meeting Committee on Finance and Taxation for approval by Town Meeting Representatives.
1/14/2025	Select Board review of Select Board FY25 Budget	Selectboard	Select board	Mt. Stephen Cavey	Select Board Policy For Town Meeting Warrant Articles	Be responsible for the preparation of the annual Town government budget and, except for schools, submission of that budget on or before the third Tuesday in January to the Town Meeting Committee on Finance and Taxation for approval by Town Meeting Representatives.
1/14/2025	Final Submission of FY25 Department Capital Requests from Town Manager to Select Board	Town Manager	Select board	Mt. Thomas Calter	Select Board Policy For Town Meeting Warrant Articles	Deadline of January 15; Town Manager's final capital requests to Select Board.
1/14/2025	Presentation of 5-Year Capital Plan from Town Manager to Select Board	Town Manager	Select board	Mt. Thomas Calter	Select Board Policy For Town Meeting Warrant Articles	Deadline of August 15; Waiver from this requirement is requested due to finalization of School Capital.
1/21/2025	Final Review and Select Board Vote on FY25 Budget; Submission of Town FY 25 Budget from Select Board to Finance Committee (Deadline per Charter)	Selectboard	Finance Committee	Mt. Stephen Cavey	Town Charter §C7-3(B) (variable date)	NOTE: Select Board may elect to take this up at a later date pending schedule.
1/21/2025	Warrant opens for Selectboard	Select board	Select board	Mt. Stephen Cavey	Select board	Be responsible for the preparation of the annual Town government budget and, except for schools, submission of that budget on or before the third Tuesday in January to the Town Meeting Committee on Finance and Taxation for approval by Town Meeting Representatives.
2/4/2025	Warrant closes for Select board	Select board	Select board	Mt. Stephen Cavey	Town Charter §C7-1 (variable date)	There is no rule, but the general practice of the Select board is to open the Warrant on the same day the Town FY Budget is submitted to the Finance Committee.
2/6/2025	Forward copies of warrant articles	Select board	Finance Committee	Mt. Stephen Cavey	Bylaws §47-2 (variable date)	The warrant shall remain open to the Board of Selectmen until the first Tuesday in February.
2/6/2025	Forward copies of warrant articles	Select board	Rules Committee	Mt. Stephen Cavey	Bylaws §47-2 (variable date)	After each article has been accepted for inclusion in the warrant, whether by petition or at the request of the Selectmen, copies shall be forwarded within two working days to the Committee of Finance and Taxation and the Rules Committee.
4/21/2025	Distribution of Annual Town Meeting Warrant	Finance Committee	Town Meeting Representatives	Mr. Vaughan Enokian	Town Charter §C7-14(B)(1) (variable date)	After each article has been accepted for inclusion in the warrant, whether by petition or at the request of the Selectmen, copies shall be forwarded within two working days to the Committee of Finance and Taxation and the Rules Committee.
4/21/2025	Notification of Organizational Town Meeting	Town Clerk	Town Meeting Representatives	Ms. Stephanie Carrara	Town Charter §C7-11 (variable date)	The Committee shall distribute a report to each of the Town Meeting Representatives at least fourteen days in advance of a Town Meeting.
4/28/2025	Notification of Annual Town Meeting	Town Clerk	Town Meeting Representatives	Ms. Stephanie Carrara	Town Charter §C7-10 (variable date)	The Town Clerk shall notify Town Meeting Representatives of the organizational meeting at least seven days before it meets.
						All Town Meetings shall be public. The Town Clerk shall notify the Town Meeting Representatives of the time and place at which the representative Town Meetings are to be held and shall send the notices by mail at least seven days before the meeting.

Annual Town Meeting 2025 Calendar Timeline V1.2 - DRAFT

Date	Event	Delivered By	Received By	Owner	Source of Due Date	Rule
4/28/2025	Notice to appear at Annual Town Meeting	Town Moderator	Town officials and employees	Mr. Bob Mullen	Town Charter §C-16 (variable date)	No less than seven days' notice to appear shall be given to any person required to appear before the Town Meeting.
5/1/2025	Organizational Town Meeting	Town Moderator	Town Meeting Representatives	Mr. Bob Mullen	Town Charter §C-11 (variable date)	An Organizational Town Meeting shall be held by Town Meeting Representatives on the Thursday preceding the Annual Town Meeting for the purposes only of electing Chairman and Clerks of the precinct delegations, electing the Deputy Town Moderator, and adopting Town Meeting rules and procedures.
5/4/2025	Start of Annual Town Meeting.....Town Moderator.....	Town Meeting.....Representatives	Mr. Bob Mullen	Town Charter §C-1 (variable date)	The Annual Town Meeting shall be held on the first Monday in May.	

May 8th



EXHIBIT C

Free Cash Certification

Free Cash Calculation - Fiscal Year 2025

Begin:

Inreserved Undesignated Fund Balance	16,873,006.00
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Subtract:

Personal Property Tax Receivable	134,915.00
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Real Estate Tax Receivable	3,026,189.00
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Other Receivables in Deferred Revenue	
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	0.00
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Total	0.00
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Other Other Receivables, Overdrawn Accounts, Deficits

SR Title 1 grant	329,262.00
SR title II A grant	225.00
SR early childhood	3,951.00
SR SPED	256,542.00
SR Title IV grant	722.00
SR Flue vaccine	2,948.00
SR bullet proof	219.00
SR EMOG fire	6,500.00
SR Literacy	6,235.00
SR Student safe grant	13.00
SR senior safe grant	5.00
SR Literacy grant	6,930.00
SR traffic enforcement	5,384.00
SR MS sustance abuse	3,123.00
SR old colony cares	1,250.00
SR CDBG cares	1,000.00
SR Municipal plan	10,137.00
SR MMA internship	3,000.00
SR fiber optic	29,238.00
SR early childhood	20,097.00
SR municipal road safety	2,908.00
SR veterans services	1,658.00
SR donation recreation	956.00
SP south school feasibility	183,914.00
SP park street enforce	45,928.00

Free Cash Certification

Free Cash Calculation - Fiscal Year 2025

IP Police	8,988.00
IP rehab	310,868.00
IF meals tax	2,381.00
IF teacher revilee	2,494.00
IF TAJ estates	2,475.00
RE/OR variance b/w TA & treasurer	9.00
tax liens/OR variance b/w TA & treasurer	67,818.00
foreclosure/OR variance b/w TA & treasurer	3,510.00
Cash variance	299,999.00
Total	1,620,687.00
Free Cash Voted from Town Meeting Not Recorded	0.00

Add:

Circuit Breaker, Other Closed Accounts, Adjustments:

	0.00
Total	0.00
Deferred Revenue (Credit Balance+, Debit Balance-)	631,234.00
Free Cash Calculation for 2024	12,722,449.00

Reviewed By:

Thomas Guilfoyle

Certified On:

2/11/2025

Free Cash Certification

Retained Earnings Calculation - Cedar Hill Golf Course/Ch 44 Sec 53F1/2 - Fiscal Year 2025

Enterprise Fund Number A-2(1ST)

Type of Enterprise Fund GolfCourse

Name of Enterprise Fund/Statutory Reference Cedar Hill Golf Course/Ch 44 Sec 53F1/2

Part I Cash 1,208,079.00

Current Liabilities, Designations of Fund Balance:

Accounts Payable	15,018.00
Payroll Payable	0.00
Warrants Payable	0.00
Encumbrances	5,110.00
Expenditures	0.00
Continuing Appropriations	0.00

Other Liabilities

	0.00
Total	20,128.00
Cash less Current Liabilities	1,187,951.00
Part II Retained Earnings, Undesignated	1,187,952.00

Accounts Receivable (net):

User Fees	0.00
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Other Accounts Receivable

Founding	1.00
Total	1.00

Indesignated Retained Earnings Less Accounts Receivable	1,187,951.00
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Fixed Assets

Debits:	0.00
Total	0.00

Credits:	0.00
Total	0.00

Free Cash Certification

Retained Earnings Calculation - Cedar Hill Golf Course/Ch 44 Sec 53F1/2 - Fiscal Year 2025

Fixed Assets Variance (Debits - Credits)	0.00
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Free Cash Certification

Retained Earnings Calculation - Public Hlth/VNA/Ch 44 Sec 53F 1/2 - Fiscal Year 2025

Enterprise Fund Number	A-2(2ND)
Type of Enterprise Fund	HealthCare
Name of Enterprise Fund/Statutory Reference	Public Hlth/VNA/Ch 44 Sec 53F 1/2

Part I Cash	451,464.00
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Current Liabilities, Designations of Fund Balance:

Accounts Payable	7,889.00
Payroll Payable	0.00
Warrants Payable	0.00
Encumbrances	904.00
Expenditures	128,692.00
Continuing Appropriations	0.00

Other Liabilities

	0.00
Total	<u>137,485.00</u>
Cash less Current Liabilities	<u>313,979.00</u>
Part II Retained Earnings, Undesignated	313,979.00

Accounts Receivable (net):

User Fees	0.00
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Other Accounts Receivable

	0.00
Total	<u>0.00</u>
Indesignated Retained Earnings Less Accounts Receivable	<u>313,979.00</u>

Fixed Assets

Debits:	0.00
Total	<u>0.00</u>

Credits:

	0.00
Total	<u>0.00</u>

Free Cash Certification

Retained Earnings Calculation - Public Hlth/VNA/Ch 44 Sec 53F 1/2 - Fiscal Year 2025

Fixed Assets Variance (Debits - Credits)

0.00

Free Cash Certification

Retained Earnings Calculation - Sewer Fund/Ch 44 Sec 53F1/2 - Fiscal Year 2025

Enterprise Fund Number A-2(3RD)

Type of Enterprise Fund Sewer

Name of Enterprise Fund/Statutory Reference Sewer Fund/Ch 44 Sec 53F1/2

Part I Cash 2,566,081.00

Current Liabilities, Designations of Fund Balance:

Accounts Payable	61,059.00
Payroll Payable	0.00
Warrants Payable	0.00
Encumbrances	39,631.00
Expenditures	0.00
Continuing Appropriations	0.00

Other Liabilities

Founding	1.00
Total	<u>100,691.00</u>
Cash less Current Liabilities	<u>2,465,390.00</u>
Part II Retained Earnings, Undesignated	<u>2,465,473.00</u>

Accounts Receivable (net):

User Fees	0.00
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Other Accounts Receivable

Other liabilities (debit)	83.00
Total	<u>83.00</u>
Undesignated Retained Earnings Less Accounts Receivable	<u>2,465,390.00</u>

Fixed Assets

Debits:

	0.00
Total	<u>0.00</u>

Credits:

	0.00
Total	<u>0.00</u>

Free Cash Certification

Retained Earnings Calculation - Sewer Fund/Ch 44 Sec 53F1/2 - Fiscal Year 2025

Fixed Assets Variance (Debits - Credits)	0.00
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Free Cash Certification

Retained Earnings Calculation - Water Fund/Ch 44 Sec 53F1/2 - Fiscal Year 2025

Enterprise Fund Number A-2(4TH)

Type of Enterprise Fund Water

Name of Enterprise Fund/Statutory Reference Water Fund/Ch 44 Sec 53F1/2

Part I Cash 2,496,386.00

Current Liabilities, Designations of Fund Balance:

Accounts Payable	107,340.00
Payroll Payable	0.00
Vouchers Payable	0.00
Encumbrances	43,480.00
Expenditures	200,000.00
Continuing Appropriations	0.00

Other Liabilities

CP water meters and security	661,356.00
Other Liabilities	1,387.00
Total	1,013,563.00

Cash less Current Liabilities 1,482,823.00

Part II Retained Earnings, Undesignated 2,144,179.00

Accounts Receivable (net):

User Fees	0.00
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Other Accounts Receivable

CP water meters and security	661,356.00
Total	661,356.00
Indesignated Retained Earnings Less Accounts Receivable	1,482,823.00

Fixed Assets

Debits:	0.00
Total	0.00

Credits:	0.00
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Free Cash Certification

Retained Earnings Calculation - Water Fund/Ch 44 Sec 53F1/2 - Fiscal Year 2025

Total

0.00

Fixed Assets Variance (Debits - Credits)

0.00

Free Cash Certification

Retained Earnings Calculation - Cable Public Access/C 44 Sec 53F1/2 - Fiscal Year 2025

Enterprise Fund Number A-2(5TH)

Type of Enterprise Fund Cable/Broadband

Name of Enterprise Fund/Statutory Reference Cable Public Access/C 44 Sec 53F1/2

Part I Cash 99,881.00

Current Liabilities, Designations of Fund Balance:

Accounts Payable	38,949.00
Payroll Payable	0.00
Warrants Payable	0.00
Encumbrances	0.00
Expenditures	0.00
Continuing Appropriations	0.00

Other Liabilities

	0.00
Total	<u>38,949.00</u>
Cash less Current Liabilities	60,932.00
Part II Retained Earnings, Undesignated	60,933.00

Accounts Receivable (net):

User Fees	0.00
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Other Accounts Receivable

Founding	1.00
Total	<u>1.00</u>

Indesignated Retained Earnings Less Accounts Receivable	60,932.00
---	-----------

Fixed Assets

Debits:	0.00
Total	<u>0.00</u>

Credits:	0.00
Total	<u>0.00</u>

Free Cash Certification

Retained Earnings Calculation - Cable Public Access/C 44 Sec 53F1/2 - Fiscal Year 2025

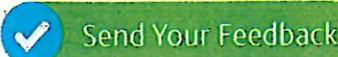
Fixed Assets Variance (Debits - Credits)	0.00
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EXHIBIT D

CREDIT OPINION

17 October 2024

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Town of Stoughton, MA

Update to credit analysis

Summary

The credit profile for the [Town of Stoughton, Massachusetts](#) (Aa2 issuer and GOLT, MIG 1 BAN) will remain stable, as management continues to implement conservative budgetary practices and raise revenues through rate assessments on services. The town additionally benefits from its location as a relatively affordable Boston suburb; demand has resulted in tax base growth and some new development. Long term liabilities and fixed costs are manageable.

On October 17, 2024 we assigned an Aa2 rating to the town's general obligation limited tax (GOLT) bonds.

Credit strengths

- » Diverse economy supported by commercial and industrial development
- » Positive financial operations driven by conservative budgetary practices
- » Modest leverage and fixed costs

Credit challenges

- » Available fund balance ratio below medians
- » Limited revenue raising flexibility under Proposition 2 1/2 tax levy limit

Rating outlook

Moody's does not assign outlooks to local governments with this amount of debt outstanding.

Factors that could lead to an upgrade

- » Available fund balance exceeding 40% of revenue
- » Growth and diversification of local economy
- » Decline in leverage as a percent of revenue

Factors that could lead to a downgrade

- » Decline in available fund balance ratio to below 20%
- » Contraction of local economy resulting in worsened resident incomes and/or equalized value per capita
- » Significant increase in leverage

Key indicators

Exhibit 1
Stoughton (Town of) MA

	2020	2021	2022	2023	Aa Medians
Economy					
Resident income ratio (%)	123.5%	125.1%	116.7%	N/A	115.2%
Full Value (\$000)	\$4,014,565	\$4,681,174	\$4,681,174	\$5,187,578	\$2,753,876
Population	28,742	29,028	29,051	N/A	22,803
Full value per capita (\$)	\$139,676	\$161,264	\$161,136	\$178,568	\$168,209
Annual Growth in Real GDP	-1.5%	7.0%	2.3%	N/A	4.9%
Financial Performance					
Revenue (\$000)	\$151,073	\$150,696	\$147,489	\$161,221	\$49,930
Available fund balance (\$000)	\$46,711	\$44,677	\$44,628	\$42,396	\$27,007
Net unrestricted cash (\$000)	\$69,683	\$64,425	\$90,663	\$96,135	\$36,277
Available fund balance ratio (%)	30.9%	29.6%	30.3%	26.3%	54.0%
Liquidity ratio (%)	46.1%	42.8%	61.5%	59.6%	75.9%
Leverage					
Debt (\$000)	\$114,464	\$108,862	\$127,203	\$121,388	\$35,831
Adjusted net pension liabilities (\$000)	\$121,065	\$130,696	\$154,326	\$88,892	\$55,367
Adjusted net OPEB liabilities (\$000)	\$139,014	\$176,098	\$145,495	\$123,553	\$5,248
Other long-term liabilities (\$000)	\$2,139	\$3,424	\$4,020	\$4,444	\$1,716
Long-term liabilities ratio (%)	249.3%	278.1%	292.3%	209.8%	244.9%
Fixed costs					
Implied debt service (\$000)	\$7,963	\$8,197	\$7,636	\$8,884	\$2,465
Pension tread water contribution (\$000)	\$3,863	\$3,386	\$2,336	N/A	\$1,563
OPEB contributions (\$000)	\$4,032	\$4,193	\$4,349	\$4,625	\$178
Implied cost of other long-term liabilities (\$000)	\$153	\$153	\$240	\$281	\$116
Fixed-costs ratio (%)	10.6%	10.6%	9.9%	10.0%	10.7%

For definitions of the metrics in the table above please refer to the [US Cities and Counties Methodology](#) or see the Glossary in the Appendix below. Metrics represented as N/A indicate the data were not available at the time of publication. The medians come from our most recently published [US Cities and Counties Median Report](#).

The real GDP annual growth metric cited above is for the Boston-Cambridge-Newton, MA-NH Metropolitan Statistical Area Metropolitan Statistical Area.

[1] 2025 full value \$6.28 billion; FVPC \$216,294 based on 2022 population

Sources: US Census Bureau, Stoughton (Town of) MA's financial statements and Moody's Ratings, US Bureau of Economic Analysis

Profile

Stoughton is located approximately 19 miles from [Boston](#) (Aaa stable). The town has a land area of 16 square miles and a population of over 29,000. The town provides general government service including police and fire protection, garbage disposal, public education for grades kindergarten through twelve, water and sewer, street maintenance, and recreational facilities including a nine-hole golf course.

Detailed credit considerations

Stoughton's local economy will continue to benefit from its proximity to Boston. The town is primarily residential, with a stable but slightly older population (median age of 46 compared to 39 nationally) and above average resident incomes. Equalized value increased in 2025 by about 21%, reflecting property value growth and new development, including apartments and senior housing which diversifies available housing stock in a high demand community. New mixed use, commercial and light industrial developments have also contributed to the diversification of the tax base.

Stoughton's financial position will remain stable with preliminary projections for fiscal 2024 showing an operating surplus. This surplus was driven by positive variances in both expenditures and revenue, as the town had increased water, sewer and sanitation rates in addition to property tax and building permit revenue growth.

This publication does not announce a credit rating action. For any credit ratings referenced in this publication, please see the issuer/deal page on <https://ratings.moodys.com> for the most updated credit rating action information and rating history.

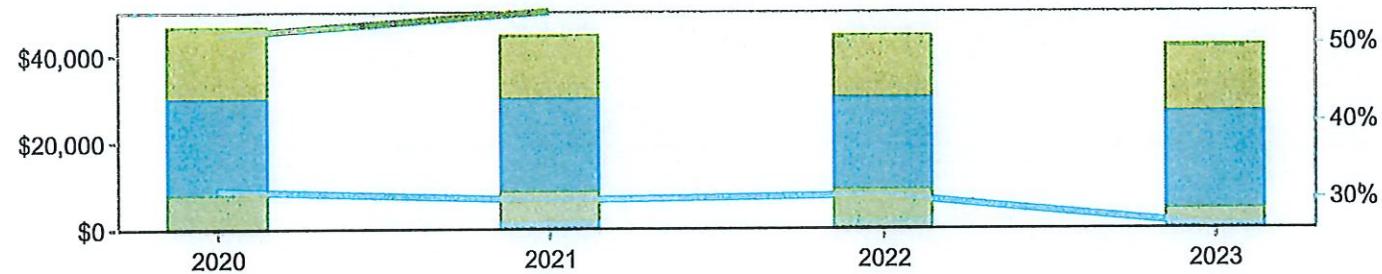
Positively, the fiscal 2025 budget has a significant reduction in free cash usage, down to about \$675,000 from \$2.3 million in 2024. Management has been working towards reducing the usage of free cash to balance budgets, which has been made possible by continued revenue growth.

Stoughton's liquidity position is enhanced by the inclusion of cash and investments in capital funds for town projects and community preservation, which would not be available to the town for general operations. These funds are considered restricted fund balance and are not included in the available fund balance ratio.

The town's long term liabilities will remain manageable as the town does not have any capital projects requiring significant debt issuance. Management is currently developing a ten year capital plan which would include school needs. Pension and OPEB liabilities are well-funded and management intends to establish an OPEB trust in fiscal 2026, contributing \$100,000 annually.

Exhibit 2 Fund Balance

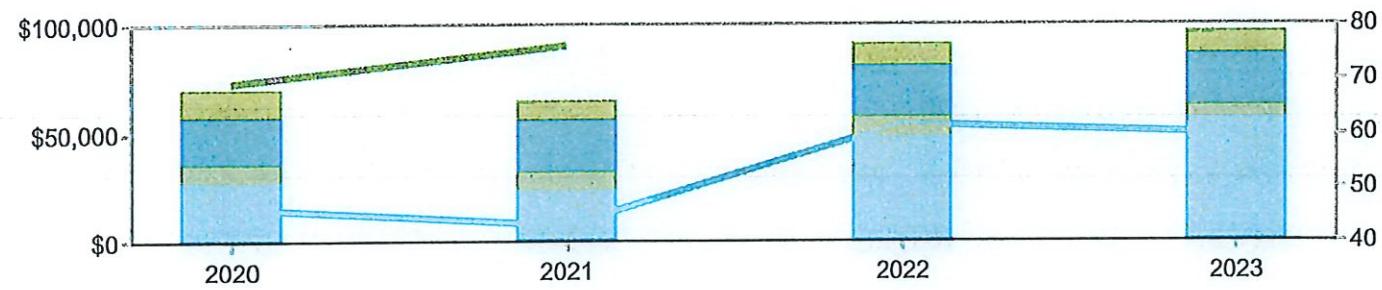
█ General fund(\$000) █ Other governmental funds(\$000) █ Internal service funds(\$000)
█ Business-type activities(\$000) — Available fund balance ratio (%) — Aa median available fund balance ratio (%)



Source: Moody's Ratings

Exhibit 3 Cash

█ General fund █ Other governmental funds █ Internal service funds █ Business-type activities — Liquidity ratio (%)
— Aa median liquidity ratio (%)

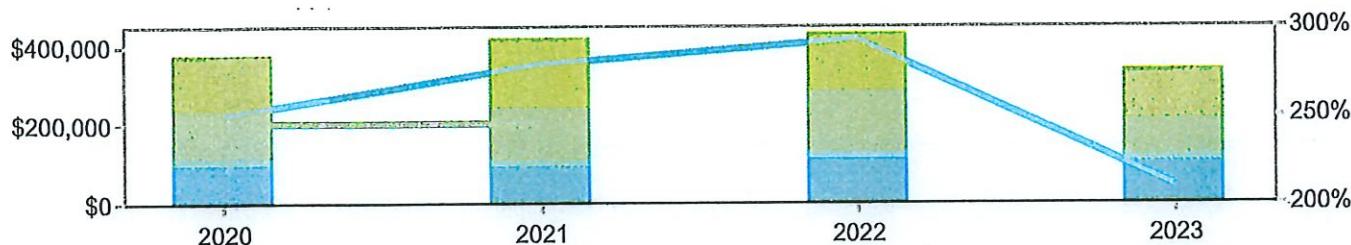


Source: Moody's Ratings

Exhibit 4

Total Primary Government - Long Term Liabilities

█ Governmental Debt(\$000) █ Business-Type Activity Debt(\$000) █ Adjusted net pension liabilities(\$000)
█ Adjusted net other post-employment liabilities(\$000) █ Other long-term liabilities(\$000) — Long-term liabilities ratio (%)
— Aa median long-term liabilities ratio (%)



Source: Moody's Ratings

ESG considerations

Environmental

The town's carbon transition, natural capital, and water and pollution risks are modest. Given Stoughton's geographical location, physical climate risk is also neutral to low with no material exposure to sea level rise and moderate exposure to shocks from extreme weather events such as hurricanes and nor-easters.

Social

The town benefits from a positive health and safety profile, while exposures to demographics, labor and income, education, housing and access to basic services are neutral to low.

Governance

Stoughton benefits from a strong state-wide institutional framework and conservative budgeting that has resulted in stable financial operations. The town also approves and releases its budgets and audited financial statements in a timely manner.

Rating methodology and scorecard factors

The US Cities and Counties Methodology includes a scorecard, which summarizes the rating factors generally most important to city and county credit profiles. Because the scorecard is a summary, and may not include every consideration in the credit analysis for a specific issuer, a scorecard-indicated outcome may or may not map closely to the actual rating assigned.

Exhibit 5

Stoughton (Town of) MA

	Measure	Weight	Score
Economy			
Resident income ratio	116.7%	10.0%	Aa
Full value per capita	216,294	10.0%	Aaa
Economic growth metric	0.9%	10.0%	Aaa
Financial Performance			
Available fund balance ratio	26.3%	20.0%	Aa
Liquidity ratio	59.6%	10.0%	Aaa
Institutional Framework			
Institutional Framework	Aa	10.0%	Aa
Leverage			
Long-term liabilities ratio	209.8%	20.0%	A
Fixed-costs ratio	10.0%	10.0%	Aa
Notching factors			
No notchings applied			Aa2
Scorecard-Indicated Outcome			Aa2
Assigned Rating			Aa2

The Economic Growth metric cited above compares the five-year CAGR of real GDP for Boston-Cambridge-Newton, MA-NH Metropolitan Statistical Area Metropolitan Statistical Area to the five-year CAGR of real GDP for the US.

Sources: US Census Bureau, Stoughton (Town of) MA's financial statements and Moody's Ratings

Appendix

Exhibit 6 Key Indicators Glossary

	Definition	Typical Source*
Economy		
Resident income ratio	Median Household Income (MHI) for the city or county, adjusted for Regional Price Parity (RPP), as a % of the US MHI	MHI: US Census Bureau - American Community Survey 5-Year Estimates RPP: US Bureau of Economic Analysis
Full value	Estimated market value of taxable property in the city or county	State repositories; audited financial statements; continuing disclosures
Population	Population of the city or county	US Census Bureau - American Community Survey 5-Year Estimates
Full value per capita	Full value / population	
Economic growth metric	Five year CAGR of real GDP for Metropolitan Statistical Area or county minus the five-year CAGR of real GDP for the US	Real GDP: US Bureau of Economic Analysis
Financial performance		
Revenue	Sum of revenue from total governmental funds, operating and non-operating revenue from total business-type activities, and non-operating revenue from internal services funds, excluding transfers and one-time revenue, e.g., bond proceeds or capital contributions	Audited financial statements
Available fund balance	Sum of all fund balances that are classified as unassigned, assigned or committed in the total governmental funds, plus unrestricted current assets minus current liabilities from the city's or county's business-type activities and internal services funds	Audited financial statements
Net unrestricted cash	Sum of unrestricted cash in governmental activities, business type activities and internal services fund, net of short-term debt	Audited financial statements
Available fund balance ratio	Available fund balance (including net current assets from business-type activities and internal services funds) / Revenue	
Liquidity ratio	Net unrestricted cash / Revenue	
Leverage		
Debt	Outstanding long-term bonds and all other forms of long-term debt across the governmental and business-type activities, including debt of another entity for which it has provided a guarantee disclosed in its financial statements	Audited financial statements; official statements
Adjusted net pension liabilities (ANPL)	Total primary government's pension liabilities adjusted by Moody's to standardize the discount rate used to compute the present value of accrued benefits	Audited financial statements; Moody's Ratings
Adjusted net OPEB liabilities (ANOL)	Total primary government's net other post-employment benefit (OPEB) liabilities adjusted by Moody's to standardize the discount rate used to compute the present value of accrued benefits	Audited financial statements; Moody's Ratings
Other long-term liabilities (OLTL)	Miscellaneous long-term liabilities reported under the governmental and business-type activities entries	Audited financial statements
Long-term liabilities ratio	Debt + ANPL + ANOL + OLTL / Revenue	
Fixed costs		
Implied debt service	Annual cost to amortize city or county's long-term debt over 20 years with level payments	Audited financial statements; official statements; Moody's Ratings
Pension tread water contribution	Pension contribution necessary to prevent reported unfunded pension liabilities from growing, year over year, in nominal dollars, if all actuarial assumptions are met	Audited financial statements; Moody's Ratings
OPEB contribution	City or county's actual contribution in a given period	Audited financial statements
Implied cost of OLTL	Annual cost to amortize city or county's other long-term liabilities over 20 years with level payments	Audited financial statements; Moody's Ratings
Fixed-costs ratio	Implied debt service + Pension tread water + OPEB contributions + Implied cost of OLTL / Revenue	

*Note: If typical data source is not available then alternative sources or proxy data may be considered. For more detailed definitions of the metrics listed above please refer to the [US Cities and Counties Methodology](#).

Source: Moody's Ratings

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