

**TOWN OF FOXBOROUGH, MASSACHUSETTS**

**REPORT ON EXAMINATION OF  
BASIC FINANCIAL STATEMENTS**

**JUNE 30, 2017**

**TOWN OF FOXBOROUGH, MASSACHUSETTS  
 REPORT ON EXAMINATION OF  
 BASIC FINANCIAL STATEMENTS  
 JUNE 30, 2017**

**TABLE OF CONTENTS**

	PAGE
Independent Auditor’s Report	1 - 2
Management’s Discussion and Analysis	3 – 13
Basic Financial Statements	
Statement of Net Position	14
Statement of Activities	15 – 16
Governmental Funds – Balance Sheet	17
Governmental Funds – Statement of Revenues, Expenditures, and Changes in Fund Balances	18
Reconciliation of the Governmental Funds Balance Sheet Total Fund Balances to the Statement of Net Position	19
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	20
General Fund – Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual	21
Proprietary Funds - Statement of Net Position	22
Proprietary Funds – Statement of Revenues, Expenses, and Changes in Net Position	23
Proprietary Funds – Statement of Cash Flows	24
Fiduciary Funds – Statement of Fiduciary Net Position	25
Fiduciary Funds – Statement of Changes in Fiduciary Net Position	26
Notes to Basic Financial Statements	27 – 71
Required Supplementary Information:	
Norfolk County Contributory Retirement System Schedules:	
Schedule of Town’s Proportionate Share of the Net Pension Liability	72
Schedule of Town’s Contribution	73

**TOWN OF FOXBOROUGH, MASSACHUSETTS  
REPORT ON EXAMINATION OF  
BASIC FINANCIAL STATEMENTS  
JUNE 30, 2017**

<b>TABLE OF CONTENTS</b>	<u>PAGE</u>
Massachusetts Teachers Retirement System Schedule:	
Schedule of the Commonwealth's Collective amounts of the Net Pension Liability	74
Other Postemployment Benefit Plan Schedules:	
Schedule of the Town's Proportionate Share of the Net Other Postemployment Benefit Liability	75
Schedule of the Town's Contribution	76
Schedule of Investment Return	77
Schedules of Funding Progress and Employer Contributions	78
Actuarial Methods and Assumptions	79 – 80
Notes to Required Supplementary Information	81 - 82

**R. E. BROWN & COMPANY**  
CERTIFIED PUBLIC ACCOUNTANTS  
25 CEMETERY STREET – P.O. BOX 230  
Mendon, Massachusetts 01756

Phone: (508) 478-3941

Fax: (508) 478-1779

---

INDEPENDENT AUDITOR'S REPORT

To the Honorable Board of Selectmen  
Town of Foxborough, Massachusetts

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 Foxborough, Massachusetts, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

**Management's Responsibility for the Financial Statements**

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

**Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. 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 Foxborough, Massachusetts, as of June 30, 2017, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the general fund 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, Norfolk County Contributory Retirement System schedules - Town's proportionate share of the net pension liability, and Town's contribution, Massachusetts Teachers Retirement System's schedule of the Commonwealth's Collective amounts of the Net Pension Liability, other post-employment benefits - schedule of the Town's Proportionate Share of the Net Other Postemployment Benefit Liability, schedule of the Town's contribution, schedule of investment return, schedules of funding progress and employer contributions, actuarial methods and assumptions, and notes to the required supplementary information on pages 3 – 13, 72 – 73, 74, 75 – 80 and 81 - 82 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 Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated March 12, 2018, on our consideration of the Town of Foxborough, Massachusetts' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Foxborough, Massachusetts' internal control over financial reporting and compliance.

A handwritten signature in blue ink that reads "R. E. Brown + Company". The signature is written in a cursive, flowing style.

March 12, 2018

## Management's Discussion and Analysis

As management of the Town of Foxborough (the Town), we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2017. We encourage readers to consider this information in addition to the statements and notes.

The Town complies with financial reporting requirements issued by the Governmental Accounting Standards Board (GASB). GASB is the authoritative standard setting body that provides guidance on how to prepare financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP). Users of these financial statements, such as investors and rating agencies, rely on the GASB to establish consistent reporting standards for all governments in the United States. This consistent application facilitates comparative assessments of the financial condition of one government compared to others.

### *Financial Highlights*

- The assets of the Town exceeded its liabilities at the close of the fiscal year by \$64.07 million (net position), including charges to the FY 2017 balance sheet associated with its pension liability - \$33.41 million and OPEB liability - \$14.34 million. The Town has complied with GASB 68, by recording the full net pension liability starting with the FY 2015 balance sheet. The FY 2015 net pension liability charge was \$33.27 million.
- The Town's overall unrestricted negative net position improved by \$1.23 million, from -\$29.09 million to -\$27.86 million.
- The unrestricted negative net position of the Town's governmental activities is -\$35.27 million, primarily driven by the 100% inclusion of the net pension liability of \$32.73 million and the deferred inflow of resources of \$2.7 million. The unrestricted net position of the Town's business-type activities is \$7.4 million and may be used to meet the ongoing obligations of the Town's water and sewer business-type activities. Included in the business-type activities are charges of \$682 thousand related to the net pension liability and \$222 thousand associated with the OPEB liability.
- Governmental activities total net position increased \$3.31 million, or 8.3%, in fiscal 2017. Business type activities total net position increased \$2.3 million, or 12.3% in fiscal 2017.
- At June 30, 2017, the Town's governmental funds had a combined ending fund balance of \$25.43 million. Combined governmental funds balance decreased by \$4.37 million, or 14.7%, from the prior year. A total of \$11.5 million, or 45.2%, of the \$25.43 million fund balance is considered unassigned at June 30, 2017. This represents a \$1.05 million, or 10%, increase over FY '16.
- The Town's general fund reported a fund balance of \$18.7 million at the end of fiscal 2017. The unassigned fund balance for the general fund was \$11.59 million, or 15.2%, of total FY '17 general fund expenditures. This represents a \$1.36 million increase in total general fund balance. A total of \$2.43 million of the unassigned fund balance is designated for funding the fiscal 2018 budget.
- The total cost of all Town services on a full accrual basis for fiscal 2017 was \$85.2 million, \$79.60 million of which was for governmental services, and \$5.64 million of which was for business-type activities, for an overall 4.3% increase compared to fiscal 2016. Changes were generally evenly distributed amongst the various Town service areas.
- The Town's total bonded debt decreased by a net of \$3.85 million or 6.85% during the year. The change was entirely related to scheduled amortization and no new debt obligations.

## ***Overview of the Financial Statements***

This discussion and analysis is intended to serve as an introduction to the Town's basic financial statements. These basic financial statements are comprised of three components:

1. Government-wide Financial Statements
2. Fund Financial Statements
3. Notes to the Basic 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 and liabilities, with the difference between the two 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 fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future periods, (e.g., uncollected taxes and earned but unused vacation/sick 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 or charges (*business-type activities*). The governmental activities include general government, public safety, education, public works, human services, culture and recreation, employee benefits, debt service, and state and county assessments. The business type activities include water and sewer services.

*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 main 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 and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the Governmental Funds Balance Sheet and the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The Town of Foxborough 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.

Proprietary Funds – *Enterprise funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. The Town has two enterprise funds:

- *Water Enterprise Fund* accounts for the water activity of the Town.
- *Sewer Enterprise Fund* accounts for the sewer activity of the Town.

The Town previously had a *Sanitation Enterprise Fund* for the Town’s trash collection and disposal activities. However the Town privatized all aspects of this service in fiscal 2013, including the billing and revenue collection. As a result there is currently no need for this enterprise fund. Accordingly, all residual activity has been reclassified to a non-major governmental fund.

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, as 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 proprietary funds.

Private purpose trust funds, postemployment benefits trust, and agency funds are reported and combined into a single, aggregate presentation in the fiduciary fund financial statements under the captions “Private Purpose Trust Funds”, “Postemployment Benefits Trust”, and “Agency Funds”, respectively.

The GASB issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, to address consistency issues related to how fund balance was being reported. Accordingly, beginning with the Town’s FY 2011 financial statements, fund balance in the Governmental Funds statements have been displayed in the following classifications depicting the relative strength of the spending constraints placed on the purposes for which resources can be used:

- *Nonspendable fund balance*—amounts that are not in a spendable form (such as inventory) or are required to be maintained intact (such as the corpus of an endowment fund).
- *Restricted fund balance*—amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.
- *Committed fund balance*—amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest-level action to remove or change the constraint.
- *Assigned fund balance*—amounts a government *intends* to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority.
- *Unassigned fund balance*—amounts that are available for any purpose; these amounts are reported only in the general fund. In Other Governmental Funds if expenditures incurred for specific purposes exceed the amounts restricted, committed or assigned to those purposes, due to the timing of reimbursements to the Town, it may be necessary to report a negative unassigned fund balance.

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:***

The chart on page 7 summarizes key financial components of the Town's financial statements.

As noted above, assets exceed liabilities by \$64.07 million at the close of fiscal year 2017, net of the \$46.85 million in charges for the contingent pension and OPEB liabilities. The Town is able to report positive balances in net position for both the government as a whole, and for each of its governmental and business-type activities in total.

A key component of the Town's net position is its *unrestricted net position* totaling -\$27.86 million, which increased by \$1.23 million. This change is entirely driven by the change in net pension liability. It is important to note that the full funding target date for the Town's pension liability, as managed by the Norfolk County Retirement System (NCRS), is 2031. Despite the State of Massachusetts allowing the full funding target dates to be increased from the initial 2028 target date to 2040, after the market crash of 2008, NCRS has only made the modest actuarial change to 2031, with no intention of moving from that date. Management supports this more aggressive approach to fully funding this liability.

The Town's investment in capital assets (e.g., land, roads, buildings, machinery, and equipment), less any related outstanding debt used to acquire those assets, is \$77.57 million, or 121%, of net position. The Town uses these capital assets to provide services to citizens; consequently, these assets *are not* available for future spending. Although the investment in the Town's 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.

Net position of Governmental activities increased by \$3.31 million, an 8.31% increase from fiscal 2016. Net position of business-type activities increased by \$2.29 million or 12.3%, from 2016. Total Town net position increased by \$5.60 million, or 9.58%.

The \$3.31 million increase in Governmental activities net position is attributable to general operating revenue of \$57.03 million, program revenues of \$25.88 million, net operating transfers in of \$690 thousand, less total expenses of \$79.60 million. Total revenues increased by \$3.29 million, or 4.16%, while total expenses increased \$2.93 million, or 3.8%. This result is a reflection of the Town's continuing policy to operate within, and below, its recurring revenue streams.

Net position of business-type activities increased by \$2.29 million, or 12.3%, as a result of the following: operating revenue exceeded expenses and depreciation by \$3.59 million; \$61.5 thousand was received via intergovernmental grants; \$24.2 thousand was earned in interest; interest expense was \$703.6 thousand; and the net of transfers out for costs incurred in the general fund were \$690.4 thousand.

There was an increase of \$1.24 million, or 7.4%, in net position reported in connection with the water business-type activities. This healthy improvement reflects the continuing successful strategy of rate setting policy that will sustain the long-term maintenance and improvement of the Town's water system with steady (not choppy) and predictable rate increases.

There was an increase of \$1.05 million, or 57.4%, in net position in connection with the sewer business-type activities. This very positive result is due to the Town's participation in the relatively new regional sewer partnership that has significantly increased the Town's available sewer capacity. The Town continues to see strong interest from commercial developers as a result, and those developers are building in Foxborough and purchasing the valuable sewer capacity for their businesses. This trend is in the early stages for the Town's next cycle of commercial property tax growth.

An additional portion of the Governmental activities total net position of \$14.36 million, or 33.2%, represents resources subject to external restrictions on how they may be used. Of this amount \$2 million is Ambulance Receipts that can be used for Fire department operating and capital budgets, \$2.43 million is designated for the FY 2018 operating and capital budgets, \$1.6 million are continued appropriations for specific purposes, and \$581 thousand is bond proceeds for the new Town Hall building construction.

**Town of Foxborough - Financial Highlights**

	Governmental Activities			Business-type Activities			Total Primary Government		
	FY 2017	FY 2016	Increase (Decrease)	FY 2017	FY 2016	Increase (Decrease)	FY 2017	FY 2016	Increase (Decrease)
<b>Assets:</b>									
Current assets	\$ 32,659,191	\$ 36,936,796	\$ (4,277,605)	\$ 24,378,859	\$ 26,589,238	\$ (2,210,379)	\$ 57,038,050	\$ 63,526,034	\$ (6,487,984)
Capital assets	91,806,985	86,961,664	4,845,321	24,150,506	20,878,249	3,272,257	115,957,491	107,839,913	8,117,578
<b>Total assets</b>	<u>124,466,176</u>	<u>123,898,460</u>	<u>567,716</u>	<u>48,529,365</u>	<u>47,467,487</u>	<u>1,061,878</u>	<u>172,995,541</u>	<u>171,365,947</u>	<u>1,629,594</u>
<b>Deferred Inflow of Resources:</b>	<u>3,503,745</u>	<u>4,191,650</u>	<u>(687,905)</u>	<u>72,965</u>	<u>87,290</u>	<u>(14,325)</u>	<u>3,576,710</u>	<u>4,278,940</u>	<u>(702,230)</u>
<b>Liabilities:</b>									
Current liabilities (excluding debt)	5,867,535	5,464,258	403,277	580,303	203,840	376,463	6,447,838	5,668,098	779,740
Noncurrent liabilities (excluding debt)	48,589,058	49,442,488	(853,430)	979,256	1,044,451	(65,195)	49,568,314	50,486,939	(918,625)
Current debt	2,398,173	2,405,762	(7,589)	1,506,693	1,520,852	(14,159)	3,904,866	3,926,614	(21,748)
Noncurrent debt	25,196,105	27,354,278	(2,158,173)	24,545,641	26,052,334	(1,506,693)	49,741,746	53,406,612	(3,664,866)
<b>Total liabilities</b>	<u>82,050,871</u>	<u>84,666,786</u>	<u>(2,615,915)</u>	<u>27,611,893</u>	<u>28,821,477</u>	<u>(1,209,584)</u>	<u>109,662,764</u>	<u>113,488,263</u>	<u>(3,825,499)</u>
<b>Deferred Inflow of Resources:</b>	<u>2,720,834</u>	<u>3,538,747</u>	<u>(817,913)</u>	<u>118,651</u>	<u>147,325</u>	<u>(28,674)</u>	<u>2,839,485</u>	<u>3,686,072</u>	<u>(846,587)</u>
<b>Net Position:</b>									
Net investment in capital assets	64,105,317	63,106,967	998,350	13,464,269	10,853,616	2,610,653	77,569,586	73,960,583	3,609,003
Restricted	14,360,658	13,604,384	756,274	-	-	-	14,360,658	13,604,384	756,274
Unrestricted	(35,267,759)	(36,826,774)	1,559,015	7,407,517	7,732,359	(324,842)	(27,860,242)	(29,094,415)	1,234,173
<b>Total net position</b>	<u>\$ 43,198,216</u>	<u>\$ 39,884,577</u>	<u>\$ 3,313,639</u>	<u>\$ 20,871,786</u>	<u>\$ 18,585,975</u>	<u>\$ 2,285,811</u>	<u>\$ 64,070,002</u>	<u>\$ 58,470,552</u>	<u>\$ 5,599,450</u>
<b>Revenues</b>									
<i>Program Revenues:</i>									
Charges for services	\$ 5,730,563	\$ 6,151,597	\$ (421,034)	\$ 6,764,091	\$ 6,711,072	\$ 53,019	\$ 12,494,654	\$ 12,862,669	\$ (368,015)
Operating grants and contributions	19,421,412	17,449,911	1,971,501	1,789,599	307,313	1,482,286	21,211,011	17,757,224	3,453,787
Capital grants and contributions	724,822	868,960	(144,138)	61,501	64,974	(3,473)	786,323	933,934	(147,611)
<i>General Revenues:</i>									
Real Estate and personal property taxes	44,634,680	42,720,940	1,913,740	-	-	-	44,634,680	42,720,940	1,913,740
Tax Liens	262,231	329,828	(67,597)	-	-	-	262,231	329,828	(67,597)
Motor vehicle and other excise taxes	2,948,125	2,862,495	85,630	-	-	-	2,948,125	2,862,495	85,630
Payments in lieu of taxes	3,663,475	3,993,821	(330,346)	-	-	-	3,663,475	3,993,821	(330,346)
Hotel/Motel Tax	2,476,599	2,367,405	109,194	-	-	-	2,476,599	2,367,405	109,194
Penalties and Interest on Taxes	264,971	179,036	85,935	-	-	-	264,971	179,036	85,935
Nonrestricted grants and contributions	1,661,354	1,629,567	31,787	-	-	-	1,661,354	1,629,567	31,787
Unrestricted investment income	264,337	96,288	168,049	-	-	-	264,337	96,288	168,049
Other revenues	166,008	279,591	(113,583)	-	-	-	166,008	279,591	(113,583)
<b>Total Revenues</b>	<u>82,218,577</u>	<u>78,929,439</u>	<u>3,289,138</u>	<u>8,615,191</u>	<u>7,083,359</u>	<u>1,531,832</u>	<u>90,833,768</u>	<u>86,012,798</u>	<u>4,820,970</u>
<b>Expenses:</b>									
General Government	3,821,417	3,088,267	733,150	-	-	-	3,821,417	3,088,267	733,150
Public Safety	9,244,427	9,003,904	240,523	-	-	-	9,244,427	9,003,904	240,523
Education	40,491,992	39,225,295	1,266,697	-	-	-	40,491,992	39,225,295	1,266,697
Public Works	3,287,781	2,828,936	458,845	-	-	-	3,287,781	2,828,936	458,845
Human Services	987,248	982,981	4,267	-	-	-	987,248	982,981	4,267
Culture and Recreation	1,853,567	1,863,345	(9,778)	-	-	-	1,853,567	1,863,345	(9,778)
Employee Benefits	18,696,528	18,324,510	372,018	-	-	-	18,696,528	18,324,510	372,018
State and County Assessments	420,323	389,029	31,294	-	-	-	420,323	389,029	31,294
Interest	792,058	959,680	(167,622)	-	-	-	792,058	959,680	(167,622)
Water	-	-	-	4,330,182	3,830,026	500,156	4,330,182	3,830,026	500,156
Sewer	-	-	-	1,308,795	1,192,486	116,309	1,308,795	1,192,486	116,309
<b>Total Expenses</b>	<u>79,595,341</u>	<u>76,665,947</u>	<u>2,929,394</u>	<u>5,638,977</u>	<u>5,022,512</u>	<u>616,465</u>	<u>85,234,318</u>	<u>81,688,459</u>	<u>3,545,859</u>
<b>Transfers</b>	<u>690,403</u>	<u>627,747</u>	<u>62,656</u>	<u>(690,403)</u>	<u>(627,747)</u>	<u>(62,656)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Change in Net Position</b>	<u>3,313,639</u>	<u>2,891,239</u>	<u>422,400</u>	<u>2,285,811</u>	<u>1,433,100</u>	<u>852,711</u>	<u>5,599,450</u>	<u>4,324,339</u>	<u>1,275,111</u>
<b>Net Position - beginning</b>	<u>39,884,577</u>	<u>36,993,338</u>	<u>2,891,239</u>	<u>18,585,975</u>	<u>17,152,875</u>	<u>1,433,100</u>	<u>58,470,552</u>	<u>54,146,213</u>	<u>4,324,339</u>
<b>Net Position - ending</b>	<u>\$ 43,198,216</u>	<u>\$ 39,884,577</u>	<u>\$ 3,313,639</u>	<u>\$ 20,871,786</u>	<u>\$ 18,585,975</u>	<u>\$ 2,285,811</u>	<u>\$ 64,070,002</u>	<u>\$ 58,470,552</u>	<u>\$ 5,599,450</u>

### ***Financial analysis of the Government's Funds***

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

*Governmental funds* – The focus of *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing 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 fiscal year.

As of the end of the fiscal year 2017, governmental funds reported combined ending fund balances of \$25.4 million, a \$4.37 million decrease from the prior year's ending fund balance. The net change reflects a net \$1.37 million Governmental fund balance increase due to general fund expenditures being less than combined general fund revenues and operating transfers in and out. \$5.4 million of bond proceeds was spent on finalizing the construction of a new Town Hall. The EMS, or Ambulance Receipts, fund balance decreased \$224 thousand due to committed transfers out exceeding revenues and transfers in. Finally, there was a net \$44 thousand reduction across several non-major governmental fund accounts above amounts received or transferred in and out.

The General fund is the primary operating fund. At the end of the current fiscal year, unassigned fund balance of the general fund was \$11.59 million, while total fund balance stood at \$18.7 million. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total general fund budgetary expenditures. Unassigned fund balance represents 16.43% of total general fund budgetary expenditures, while total fund balance represents 26.5% of that same amount.

General fund budgetary revenues increased by 2.59% or \$1.71 million in FY 2017, due entirely to growth property taxes associated with new property tax growth and allowable annual increases as per proposition 2 ½ (*\$1.99 million*); four of the other six revenue categories each increased by a combined total of \$602 thousand; payments in lieu of taxes (primarily Gillette Stadium lease payments) were down \$330 thousand following a record revenue year; and departmental receipts decreased \$552 thousand.

Conversely, general fund budgetary expenditures, including operating and capital spending, increased by 7.3% or \$4.82 million driven primarily by increases in capital spending for public safety, education and public works (*\$1.36 million*), first year debt service for the new Town Hall building (*\$530 thousand*), and the remaining \$2.93 million, representing a 4.45% increase, associated with education (*\$1.45 million*) employee benefits (*\$532 thousand*), public safety (*\$501 thousand*), general government (*\$534 thousand*), public works (*\$108 thousand*), and a net \$195 thousand decrease in all other departments. After accounting for other financing sources and uses, the budgetary fund balance of the general fund was decreased by \$609 thousand to \$11.58 million. This result continues to be according to management's conservative planning and budgeting and the prudent use of unassigned fund balance to improve both the Town's services and financial position.

The New Town Hall Fund balance ended FY '17 at \$581 thousand. The FY '17 activity reflects the substantial completion of this new building project and the use of the bond proceeds to fund it. The new building was put into service in June of 2017.

The Stabilization funds, which are now included within the General Fund as per GASB 54, has accumulated balances of \$4.45 million, which represents 6.32% of FY 2017 general fund budgetary expenditures. \$3.37 million of these funds is considered "Unassigned" and \$1.08 million is considered "Assigned". However, all of these funds can be used for general or capital purposes upon Town Meeting approval.

The Emergency Medical Services fund balance decreased by \$224 thousand to \$2.01 million. All other Non-Major Governmental Fund balances decreased in total by \$44 thousand to \$4.12 million as a result of \$5.78 million received in revenues less \$6.08 million in expenditures and a net of \$258 thousand in transfers in.

**General Fund Budget Highlights**

Actual FY 2017 general fund revenues exceeded budgeted revenues by \$3.4 million, primarily driven by conservatively estimated local receipts and strong property tax collection performance, with state aid providing a modest \$152 thousand positive variance to budget. General fund expenses were \$485 thousand less than budget in total due to management’s continued focus on cost containment and focused budget management. This result includes a legal snow & ice removal deficit of \$260 thousand. Despite the extra winter expense, management’s continued, well practiced, and disciplined approach to spending sustains and improves the Town’s service levels in an improved economic environment. Net operating transfers in/out were less than planned by \$78.7 thousand, at \$2.07 million. The net result was a modest, \$609 thousand, decrease to FY 2017 budgetary fund balance, at \$11.58 million, driven primarily by a \$1.36 million increase in capital spending including a \$500 thousand investment in “downtown” sewer expansion to stimulate economic activity and \$700 thousand for an elementary school renovation feasibility study.

**Capital Asset and Debt Administration**

**Capital Assets** - In conjunction with the operating budget, the Town annually prepares capital budgets for the upcoming fiscal year in addition to a five year capital plan.

The Town’s ownership of, or investment in, capital assets for governmental and business type activities, as summarized below, as of June 30, 2017, amounts to \$115.96 million, net of accumulated depreciation. The value in capital assets includes land, buildings, capital improvements, machinery, equipment, software, vehicles, water, sewer, and roadway infrastructure and construction in progress.

The governmental activities capital assets were increased by \$9.25 million and reduced by a net of \$4.41 million in depreciation during fiscal 2017, for a net \$4.84 million increase. The increases were primarily due to: \$5.46 million in new Town Hall building construction, \$942 thousand of roadway infrastructure projects; \$756 thousand in various public safety, highway and school department vehicles net of retirements, \$701 thousand in computer, network, projection, copying, and imaging equipment; \$452 thousand other building improvements; \$460 thousand in public safety radios, weapons & gear; \$287 thousand in the purchase and retrofitting of the Town’s streetlights; and a net of \$104 thousand in assorted departmental equipment and assets.

Business-type activities capital assets were increased by \$4.21 million in investments and reduced by \$942 thousand in depreciation for a net increase of \$3.27 million. The asset increases were primarily due to \$3.4 million in a new water treatment plant which is construction in progress and \$801 thousand related to water and sewer system infrastructure improvements.

In summary, total increases net of depreciation to town wide capital assets are \$8.12 million.

	Capital Assets (Net of Depreciation)								
	Governmental Activities			Business-type Activities			Total Primary Government		
	FY 2017	FY 2016	Increase (Decrease)	FY 2017	FY 2016	Increase (Decrease)	FY 2017	FY 2016	Increase (Decrease)
Land	\$ 6,537,225	\$ 6,537,225	\$ -	\$ 692,282	\$ 692,282	\$ -	\$ 7,229,507	\$ 7,229,507	\$ -
Buildings	62,028,549	56,922,880	5,105,669	-	-	-	62,028,549	56,922,880	5,105,669
Capital Improvements (other than buildings)	946,551	595,613	350,938	-	-	-	946,551	595,613	350,938
Machinery and Equipment	2,068,224	1,818,264	249,960	1,482,052	1,741,810	(259,758)	3,550,276	3,560,074	(9,798)
Software	83,858	124,726	(40,868)	-	-	-	83,858	124,726	(40,868)
Vehicles	3,776,654	3,701,717	74,937	236,749	291,465	(54,716)	4,013,403	3,993,182	20,221
Infrastructure	16,340,239	15,887,341	452,898	18,326,461	18,152,692	173,769	34,666,700	34,040,033	626,667
Construction in Progress	25,685	1,373,898	(1,348,213)	3,412,962	-	3,412,962	3,438,647	1,373,898	2,064,749
<b>Total Capital Assets</b>	<b>\$ 91,806,985</b>	<b>\$ 86,961,664</b>	<b>\$ 4,845,321</b>	<b>\$ 24,150,506</b>	<b>\$ 20,878,249</b>	<b>\$ 3,272,257</b>	<b>\$ 115,957,491</b>	<b>\$ 107,839,913</b>	<b>\$ 8,117,578</b>

**Long Term Debt** - The Town's debt burden is reasonable in relation to other communities its size. Outstanding long-term debt, as of June 30, 2017, totaled \$52.3 million. 72.1%, or \$19.49 million, of the \$27.0 million in governmental activity debt is excluded from the limits of proposition 2 ½. Business-type activities have debt of \$25.28 million that is fully supported by their respective utility rates. Total debt consists of the following:

### Outstanding Debt at Year End

<b>Governmental Activities</b>	<b>Outstanding June 30, 2017</b>	<b>Outstanding June 30, 2016</b>	<b>Increase (Decrease)</b>
High School Renovation	\$ 6,760,000	\$ 7,280,000	\$ 520,000
Library Renovation	5,320,000	5,675,000	355,000
Title V	480,000	510,000	30,000
Title V	-	11,100	11,100
Landfill Closure	285,000	385,000	100,000
Senior Center	-	30,000	30,000
School	325,000	395,000	70,000
Land Acquisition	515,000	595,000	80,000
Public Safety Building	-	225,000	225,000
Town Hall Renovation	6,515,000	6,860,000	345,000
Ahern School Building	1,617,000	1,828,000	211,000
Public Safety Building	5,178,000	5,570,000	392,000
School Remodeling	46,000	53,000	7,000
<b>Total Governmental Activities</b>	<b>\$ 27,041,000</b>	<b>\$ 29,417,100</b>	<b>\$ 2,376,100</b>
<b>Business-type Activities</b>	<b>Outstanding June 30, 2017</b>	<b>Outstanding June 30, 2016</b>	<b>Increase (Decrease)</b>
Sewer	\$ -	\$ 32,716	32,716
Sewer	15,000	20,000	5,000
Sewer	230,530	301,784	71,254
Sewer	74,000	84,000	10,000
Water	2,764,725	2,966,550	201,825
Water	4,350,000	4,640,000	290,000
Water	16,115	18,418	2,303
Water Reuse	645,000	755,000	110,000
Water	1,015,000	1,185,000	170,000
Water	215,000	245,000	30,000
Water Treatment Facility	15,950,000	16,500,000	550,000
<b>Total Business-type Activities</b>	<b>\$ 25,275,370</b>	<b>\$ 26,748,468</b>	<b>\$ 1,473,098</b>
<b>Total Primary Government</b>	<b>\$ 52,316,370</b>	<b>\$ 56,165,568</b>	<b>\$ 3,849,198</b>

Please refer to **Notes 5 and 8** for further discussion of the major capital and debt activit

### *Economic Factors and Next Year's Budgets & Rates*

The Town's leadership (elected and appointed officials) considered many factors when setting the fiscal 2018 budget and tax rates including the following:

- The FY 2018 operating budget was balanced and approved within identified available revenues while maintaining and improving service levels. The operating budget came in at \$73.44M, a 4.07% increase over FY '17, including reserves for unsettled union contracts. The passing of this particular budget was a major accomplishment, years in the making as a function of long range planning, because it includes the full debt service for the New Town Hall and funding for free all-day Kindergarten, all without the need for a debt exclusion or override.
- FY 2018 Municipal (non-school) budgets increased 4.1%. The School budget increased 3.4%. "Fixed Costs" within the General Fund increased 6.1% driven entirely by Health Insurance (10%) and Pension (9.8%) cost obligations, resulting in an overall General Fund increase of 4.2%. Water and Sewer enterprise budgets increased by a combined 2.5%, resulting in the total Town operating budget increasing by 4.07%.
- The FY 2018 capital budget was funded at the Annual Town Meeting with \$3.55M for all critical needs, and all without the need to borrow. It's this type of conservative, i.e., cash, funding approach that greatly helps to keep the Town on solid financial footing. Within this budget the State's highway fund grant of \$645K was able to be supplemented with \$340K of Town funds, all originating from the local meals tax. \$500K was recommended from Free Cash to fund "downtown" sewer infrastructure, which will come back to the Town upon the sale of the old Fire Station & former funeral home. Also, \$352K was invested from Sewer funds to purchase 60,000 gallons of valuable unused sewer capacity at a deeply discounted price from Cannon Forge, a local residential development.
- During the FY '18 budget process options for utilizing uncommitted amounts of General Fund fund balance were discussed by policy makers and Town leadership. As part of the process the Finance Director researched & uncovered the little known fact that 74% (259) of all cities & towns in Massachusetts have and rely on general property tax overrides to annually balance their operating budgets, where Foxborough does not and never has. This provided context to the financial challenges facing the overwhelming majority of the state municipalities, and conversely how conservative and successful Foxborough has been to the point of avoiding general overrides.
- The Town's Long Range Financial Plan (LRP) and its adopted financial policies were reviewed publicly in the context of deciding how best to utilize some of the uncommitted fund balance. As a result consensus was achieved to vote the equivalent of a contemplated tax cut (*\$532K or 1/4% of the tax levy*) into Capital Stabilization, which will reduce debt service costs on the upcoming Burrell School project, saving the taxpayers even more in interest related costs. In addition, and furthering the Town's commitment to its recently adopted financial policies, \$280K was voted into the Town's "Core" Stabilization account at the Annual Town Meeting so as to maintain it at the targeted level of 5% of General Fund operating expenses.
- Further, an educational forum was held to assist all interested parties in understanding the Town's finances, progress, goals and the ability to provide direct input thereon. The forum was held in June of 2017. It was well received and taped for future viewing. Please visit the Finance webpage at [Foxboroughma.gov](http://Foxboroughma.gov) for the Financial Summit presentation document on the Town's homepage under News & Announcements to view the live presentation.
- Free Cash was certified at the close of FY 2017, in October of 2017, at \$8.3 million, the highest ever for the Town of Foxborough.
- Foxborough is progressing well through the process with the Massachusetts School Building Authority (MSBA) to secure approval and state matching funding for the renovation and expansion of one of its three elementary schools, Burrell. It's anticipated a funding agreement will be reached with the MSBA in the summer of 2018. In the fall of 2018 the Town will ask voters for borrowing authority to fund the project. The project is currently estimated at a total cost of ~\$35 million, with approximately half of that being the Town's share. The Town has plans to continue to set aside funds in its Capital Stabilization account so that the amount bonded will be in the \$13 - \$14 million range. Actual bonding is not anticipated until the summer of 2019.

- In the interest of savings and efficiency, the Town has entered into yet another regional partnership with three other surrounding communities regarding public safety dispatch services. The dispatch partnership has received an initial \$1.5 million grant award towards the establishment of a single dispatch center for all four communities, with additional grant awards anticipated. The financial impact of this effort will be a net reduction in each Town's cost of dispatch operations as well as significant communications investment cost savings. The regional dispatch center is expected to be operational in FY 2020.
- FY 2017 was the second full year of the Town's centralized building maintenance department for all School and Town owned buildings. Building on the success of the centralized information systems department partnership between Town & School, management has wrapped the responsibility of maintaining all of its buildings under the already existing School maintenance department. The Town side did not have such a function. However, with minimal staff additions and the establishment of an appropriate maintenance budget, the Town is now well positioned to maximize the useful life of all of its facilities. These efficiencies within the Town government are the direct result of the continuing excellent partnership across Town and School leadership and its employees.
- The state passed legislation allowing Massachusetts municipalities to pass a Local Option Meals Tax of 0.75% with 100% of the revenue going to the local municipality. Foxborough enacted this tax effective for FY 2012. Annual revenues have grown from \$667 thousand to \$1.03 million in FY 2017. Meals tax receipts are forecast to continue to grow as the community continues to add dining establishments.
- The Board of Selectmen's voted policy is to only use the Meals Tax revenue stream for non-operating uses such as funding the Town's Other Post-Employment Benefits (OPEB) obligations, roadway improvements and possibly other capital projects. In FY '18 the Town is committing \$900 thousand of meals tax revenues towards the OPEB liability, bringing the cumulative meals tax funding of the OPEB liability to \$4.2 million. The balance, or \$2.2 million, has been committed to road reconstruction projects in support of the Town's street-by-street pavement management plan.
- The \$4.2 million OPEB funding referenced above was in addition to a \$1.265 million initial down payment the Town voted to fund its OPEB obligation in FY '11 from dormant employee benefits related accounts. The Town is committed to continue funding this obligation annually with the Meals Tax revenue, as the Town is currently funding at the annual required contribution (ARC), which will fully amortize this liability by FY 2038. In addition, the Water and Sewer enterprise funds also contribute at the ARC level.
- Based on the recently completed FY 2017 actuarial report the Town has cut its unfunded liability (UL) by 57%, or by \$35.6MM, over eight years, from \$62.2MM at FYE 2009, to \$26.6MM at FYE 2017. This dramatic reduction, which is a taxpayer savings, is a direct result of the funding schedule the Town has been following, the successful and continuous renegotiation of health plan design with all employee groups, as well as the Board of Selectmen's decision to require all retirees to pay the same percentage of their health premiums.
- Impacting the latest actuarial update by a combined \$2.5 million were two updated tables related to mortality and teacher retirement trends. The newer mortality table added \$1.9 million to the resulting UL, while the new retirement table added \$565 thousand. Aside from these table updates, the Town's UL forecast was on plan. The OPEB Trust Fund is valued at \$6.9MM at FYE 2017 and has an average annualized return of 7.29% since inception.
- In FY 2018 the Town completed construction of two solar energy farms utilizing available Town land, including the former landfill and composting areas. The agreements with NRG have begun to yield the anticipated \$7.38 million over the next 20 years via a combination of lease payments and credits from the energy company as a result of selling energy back to "the grid". This is expected to have a significantly positive impact on the Town's energy costs.

- The same developer for the Foxborough based 1.35 million square foot Patriot Place mixed use commercial development on 90.5 acres, and owners of Gillette Stadium, the New England Patriots football team, and the New England Revolution soccer team, the Kraft Group, has previously proposed a technology office park complex, larger than the Patriot Place project in square footage terms, across the street (*U.S. Route 1*) from Patriot Place and the stadium. This project has now progressed to the marketing stages and has been buoyed by the recent investments being made by the State to establish a desired commuter rail station in Foxborough that is adjacent to the Kraft properties. The station is expected to be operational in FY 2019.
- With the Town's investment in central sewer capacity, Foxborough continues to attract new substantial, yet low impact, commercial development in other sections of the Town, further balancing the commercial attractiveness of the community.
- The Town continues to focus on multiple strategic economic development related initiatives. Foxborough is a partner in a regional sewer pact with surrounding Towns. This development is significant as it will put significant downward pressure on sewer rates. More importantly it is allowing for a significant expansion of central sewer capacities. This has already stimulated several new commercial and residential growth projects in the Town that will also be accretive to the Town's tax base, while having minimal impact on services.
- In light of these significant changes, the Town's Master Plan, relating to land use, has been updated via a thorough all-inclusive process. The Town has a very active and engaged Economic Development Committee with several new members representing all parts of the business and government planning community. With significant new property development capabilities on the horizon, Town leaders are taking a proactive approach to managing this growth so as to minimize the impact on local services, while maintaining the revered character of our relatively small suburban community.
- The Board of Selectmen voted during their annual Classification Hearing to maintain the split the tax rate for the seventh consecutive year due to the noticeable disparity in value shifting from commercial to residential that had developed over the past seven years, but has begun to equalize.
- The tax rate was set for fiscal 2018 at \$18.15 per thousand for business and \$14.57 for residential, a \$1.02 increase for business and \$0.47 decrease for residential. These rates brought the tax levy to the allowable levy limit for the 21st consecutive year.

***Request for Information***

This financial report is designed to provide a general overview of the Town of Foxborough'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, 40 South Street, Foxborough, MA 02035. Financial and direct contact information can also be found on the Town of Foxborough's website at [www.foxboroughma.gov](http://www.foxboroughma.gov).



**TOWN OF FOXBOROUGH, MASSACHUSETTS  
STATEMENT OF NET POSITION  
JUNE 30, 2017**

	<b>PRIMARY GOVERNMENT</b>		
	<b>GOVERNMENTAL ACTIVITIES</b>	<b>BUSINESS-TYPE ACTIVITIES</b>	<b>TOTAL</b>
<b><u>ASSETS</u></b>			
CURRENT:			
CASH AND SHORT-TERM INVESTMENTS	\$ 22,915,309	\$ 22,179,346	\$ 45,094,655
INVESTMENTS	7,080,620	-	7,080,620
RECEIVABLES, NET OF ALLOWANCE FOR UNCOLLECTIBLES:			
REAL ESTATE AND PERSONAL PROPERTY TAXES	316,029	-	316,029
TAX LIENS	1,254,418	-	1,254,418
MOTOR VEHICLE EXCISE TAXES	202,655	-	202,655
USER FEES	308,826	2,199,513	2,508,339
DEPARTMENTAL AND OTHER	206,412	-	206,412
INTERGOVERNMENTAL	358,736	-	358,736
OTHER ASSETS	16,186	-	16,186
NONCURRENT:			
CAPITAL ASSETS, NET OF ACCUMULATED DEPRECIATION	91,806,985	24,150,506	115,957,491
<b>TOTAL ASSETS</b>	<b>124,466,176</b>	<b>48,529,365</b>	<b>172,995,541</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
RELATED TO PENSIONS	3,503,745	72,965	3,576,710
<b><u>LIABILITIES</u></b>			
CURRENT:			
ACCOUNTS PAYABLE	5,003,008	498,725	5,501,733
OTHER LIABILITIES	18,063	-	18,063
ACCRUED INTEREST	201,562	38,647	240,209
LANDFILL POSTCLOSURE CARE COSTS	37,000	-	37,000
COMPENSATED ABSENCES	607,902	42,931	650,833
CAPITAL LEASE PAYABLE	45,595	-	45,595
BONDS AND NOTES PAYABLE	2,352,578	1,506,693	3,859,271
NONCURRENT:			
LANDFILL POSTCLOSURE CARE COSTS	407,000	-	407,000
COMPENSATED ABSENCES	1,335,730	75,485	1,411,215
POSTEMPLOYMENT BENEFITS	14,120,478	222,261	14,342,739
NET PENSION LIABILITY	32,725,850	681,510	33,407,360
CAPITAL LEASE PAYABLE	194,405	-	194,405
BONDS AND NOTES PAYABLE	25,001,700	24,545,641	49,547,341
<b>TOTAL LIABILITIES</b>	<b>82,050,871</b>	<b>27,611,893</b>	<b>109,662,764</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
DEFERRED AMOUNT ON REFUNDING RELATED TO PENSIONS	420,668	70,750	491,418
	2,300,166	47,901	2,348,067
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>2,720,834</b>	<b>118,651</b>	<b>2,839,485</b>
<b><u>NET POSITION</u></b>			
NET INVESTMENT IN CAPITAL ASSETS	64,105,317	13,464,269	77,569,586
RESTRICTED FOR:			
PERMANENT FUNDS:			
EXPENDABLE	185,833	-	185,833
NONEXPENDABLE	172,565	-	172,565
OTHER PURPOSES	14,002,260	-	14,002,260
UNRESTRICTED	(35,267,759)	7,407,517	(27,860,242)
<b>TOTAL NET POSITION</b>	<b>\$ 43,198,216</b>	<b>\$ 20,871,786</b>	<b>\$ 64,070,002</b>

See accompanying notes to the basic financial statements

**TOWN OF FOXBOROUGH, MASSACHUSETTS  
STATEMENT OF ACTIVITIES  
FISCAL YEAR ENDED JUNE 30, 2017**

<u>FUNCTIONS/PROGRAMS</u>	<u>EXPENSES</u>	<u>PROGRAM REVENUES</u>		<u>NET (EXPENSE) REVENUE</u>	
		<u>CHARGES FOR SERVICES</u>	<u>OPERATING GRANTS AND CONTRIBUTIONS</u>		<u>CAPITAL GRANTS AND CONTRIBUTIONS</u>
<b>PRIMARY GOVERNMENT:</b>					
GOVERNMENTAL ACTIVITIES:					
GENERAL GOVERNMENT	\$ 3,821,417	\$ 519,697	\$ 54,743	\$ -	\$ (3,246,977)
PUBLIC SAFETY	9,244,427	2,942,811	434,642	-	(5,866,974)
EDUCATION	40,491,992	1,882,592	11,129,359	-	(27,480,041)
PUBLIC WORKS	3,287,781	26,121	8,887	724,822	(2,527,951)
HUMAN SERVICES	987,248	22,398	231,083	-	(733,767)
CULTURE & RECREATION	1,853,567	336,944	132,079	-	(1,384,544)
EMPLOYEE BENEFITS	18,696,528	-	7,430,619	-	(11,265,909)
STATE & COUNTY ASSESSMENTS	420,323	-	-	-	(420,323)
INTEREST	792,058	-	-	-	(792,058)
<b>TOTAL GOVERNMENTAL ACTIVITIES</b>	<b>79,595,341</b>	<b>5,730,563</b>	<b>19,421,412</b>	<b>724,822</b>	<b>(53,718,544)</b>
BUSINESS-TYPE ACTIVITIES:					
WATER	4,330,182	5,893,734	290,483	16,256	1,870,291
SEWER	1,308,795	870,357	1,499,116	45,245	1,105,923
<b>TOTAL BUSINESS-TYPE ACTIVITIES</b>	<b>5,638,977</b>	<b>6,764,091</b>	<b>1,789,599</b>	<b>61,501</b>	<b>2,976,214</b>
<b>TOTAL PRIMARY GOVERNMENT</b>	<b>\$ 85,234,318</b>	<b>\$ 12,494,654</b>	<b>\$ 21,211,011</b>	<b>\$ 786,323</b>	<b>\$ (50,742,330)</b>

See accompanying notes to the basic financial statements

(continued)

**TOWN OF FOXBOROUGH, MASSACHUSETTS  
STATEMENT OF ACTIVITIES  
FISCAL YEAR ENDED JUNE 30, 2017**

	<b>PRIMARY GOVERNMENT</b>		
	<b>GOVERNMENTAL ACTIVITIES</b>	<b>BUSINESS-TYPE ACTIVITIES</b>	<b>TOTAL</b>
<b>CHANGES IN NET POSITION:</b>			
NET (EXPENSE) REVENUE FROM PREVIOUS PAGE	\$ (53,718,544)	\$ 2,976,214	\$ (50,742,330)
GENERAL REVENUES:			
REAL ESTATE AND PERSONAL PROPERTY TAXES, NET OF TAX REFUNDS PAYABLE	44,634,680	-	44,634,680
TAX LIENS	262,231	-	262,231
MOTOR VEHICLE AND OTHER EXCISE TAXES	2,948,125	-	2,948,125
HOTEL/MOTEL TAX	2,476,599	-	2,476,599
PENALTIES AND INTEREST ON TAXES	264,971	-	264,971
PAYMENTS IN LIEU OF TAXES	3,663,475	-	3,663,475
GRANTS AND CONTRIBUTIONS NOT RESTRICTED TO SPECIFIC PROGRAMS	1,661,354	-	1,661,354
UNRESTRICTED INVESTMENT INCOME	264,337	-	264,337
MISCELLANEOUS	166,008	-	166,008
TRANSFERS, NET	690,403	(690,403)	-
TOTAL GENERAL REVENUES AND TRANSFERS	57,032,183	(690,403)	56,341,780
CHANGE IN NET POSITION	3,313,639	2,285,811	5,599,450
<b>NET POSITION:</b>			
<b>BEGINNING OF YEAR</b>	39,884,577	18,585,975	58,470,552
<b>END OF YEAR</b>	\$ 43,198,216	\$ 20,871,786	\$ 64,070,002

See accompanying notes to the basic financial statements

(concluded)

**TOWN OF FOXBOROUGH, MASSACHUSETTS  
GOVERNMENTAL FUNDS  
BALANCE SHEET  
JUNE 30, 2017**

<b>ASSETS</b>	<b>GENERAL</b>	<b>NEW TOWN HALL</b>	<b>EMS FUND</b>	<b>NONMAJOR GOVERNMENTAL FUNDS</b>	<b>TOTAL GOVERNMENTAL FUNDS</b>
CASH AND SHORT-TERM INVESTMENTS	\$ 16,250,557	\$ 1,432,188	\$ 2,011,956	\$ 3,220,608	\$ 22,915,309
INVESTMENTS	6,379,931	-	-	700,689	7,080,620
RECEIVABLES, NET OF ALLOWANCE FOR UNCOLLECTIBLES:					
REAL ESTATE AND PERSONAL PROPERTY TAXES	316,029	-	-	-	316,029
TAX LIENS	1,254,418	-	-	-	1,254,418
MOTOR VEHICLE EXCISE TAXES	202,655	-	-	-	202,655
USER FEES	-	-	308,826	-	308,826
DEPARTMENTAL AND OTHER	-	-	-	206,412	206,412
INTERGOVERNMENTAL	31,319	-	-	327,417	358,736
OTHER ASSETS	16,186	-	-	-	16,186
<b>TOTAL ASSETS</b>	<b>\$ 24,451,095</b>	<b>\$ 1,432,188</b>	<b>\$ 2,320,782</b>	<b>\$ 4,455,126</b>	<b>\$ 32,659,191</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>					
LIABILITIES:					
ACCOUNTS PAYABLE	\$ 4,025,728	\$ 851,467	\$ -	\$ 125,813	\$ 5,003,008
OTHER LIABILITIES	18,063	-	-	-	18,063
<b>TOTAL LIABILITIES</b>	<b>4,043,791</b>	<b>851,467</b>	<b>-</b>	<b>125,813</b>	<b>5,021,071</b>
DEFERRED INFLOWS OF RESOURCES:					
UNAVAILABLE REVENUE	1,692,185	-	308,826	206,412	2,207,423
FUND BALANCES:					
NONSPENDABLE	-	-	-	172,565	172,565
RESTRICTED	766,227	580,721	2,011,956	4,030,939	7,389,843
COMMITTED	1,943,431	-	-	-	1,943,431
ASSIGNED	4,420,184	-	-	-	4,420,184
UNASSIGNED	11,585,277	-	-	(80,603)	11,504,674
<b>TOTAL FUND BALANCES</b>	<b>18,715,119</b>	<b>580,721</b>	<b>2,011,956</b>	<b>4,122,901</b>	<b>25,430,697</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 24,451,095</b>	<b>\$ 1,432,188</b>	<b>\$ 2,320,782</b>	<b>\$ 4,455,126</b>	<b>\$ 32,659,191</b>

See accompanying notes to the basic financial statements

**TOWN OF FOXBOROUGH, MASSACHUSETTS  
GOVERNMENTAL FUNDS  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
FISCAL YEAR ENDED JUNE 30, 2017**

	<u>GENERAL</u>	<u>NEW TOWN HALL</u>	<u>EMS FUND</u>	<u>NONMAJOR GOVERNMENTAL FUNDS</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
<b>REVENUES:</b>					
REAL ESTATE AND PERSONAL PROPERTY TAXES, NET OF TAX REFUNDS	\$ 44,917,624	\$ -	\$ -	\$ -	\$ 44,917,624
INTERGOVERNMENTAL	18,215,544	-	-	3,078,170	21,293,714
MOTOR VEHICLE EXCISE TAXES	2,975,885	-	-	-	2,975,885
PAYMENTS IN LIEU OF TAXES	3,663,875	-	-	-	3,663,875
PENALTIES AND INTEREST ON TAXES	264,971	-	-	-	264,971
CHARGES FOR SERVICES	-	-	1,410,261	2,392,711	3,802,972
INVESTMENT INCOME	264,337	-	-	4,072	268,409
CONTRIBUTIONS & DONATIONS	-	-	-	183,649	183,649
DEPARTMENTAL AND OTHER	4,905,523	-	-	123,442	5,028,965
<b>TOTAL REVENUES</b>	<b>75,207,759</b>	<b>-</b>	<b>1,410,261</b>	<b>5,782,044</b>	<b>82,400,064</b>
<b>EXPENDITURES:</b>					
CURRENT:					
GENERAL GOVERNMENT	3,886,322	5,462,916	-	96,085	9,445,323
PUBLIC SAFETY	8,750,068	-	-	358,334	9,108,402
EDUCATION	35,297,044	-	-	3,898,060	39,195,104
PUBLIC WORKS	3,266,864	-	-	940,299	4,207,163
HUMAN SERVICES	937,837	-	-	33,666	971,503
CULTURE & RECREATION	1,163,531	-	-	477,727	1,641,258
EMPLOYEE BENEFITS	19,137,763	-	-	238,414	19,376,177
STATE & COUNTY ASSESSMENTS	420,323	-	-	-	420,323
DEBT SERVICE					
PRINCIPAL	2,335,000	-	-	41,100	2,376,100
INTEREST	954,547	-	-	624	955,171
<b>TOTAL EXPENDITURES</b>	<b>76,149,299</b>	<b>5,462,916</b>	<b>-</b>	<b>6,084,309</b>	<b>87,696,524</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>(941,540)</b>	<b>(5,462,916)</b>	<b>1,410,261</b>	<b>(302,265)</b>	<b>(5,296,460)</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
PROCEEDS FROM CAPITAL LEASE	240,000	-	-	-	240,000
OPERATING TRANSFERS IN	2,589,312	-	100,000	344,826	3,034,138
OPERATING TRANSFERS OUT	(522,520)	-	(1,734,708)	(86,507)	(2,343,735)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>2,306,792</b>	<b>-</b>	<b>(1,634,708)</b>	<b>258,319</b>	<b>930,403</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>1,365,252</b>	<b>(5,462,916)</b>	<b>(224,447)</b>	<b>(43,946)</b>	<b>(4,366,057)</b>
<b>FUND BALANCES AT BEGINNING OF YEAR</b>	<b>17,349,867</b>	<b>6,043,637</b>	<b>2,236,403</b>	<b>4,166,847</b>	<b>29,796,754</b>
<b>FUND BALANCES AT END OF YEAR</b>	<b>\$ 18,715,119</b>	<b>\$ 580,721</b>	<b>\$ 2,011,956</b>	<b>\$ 4,122,901</b>	<b>\$ 25,430,697</b>

See accompanying notes to the basic financial statements

**TOWN OF FOXBOROUGH, MASSACHUSETTS  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TOTAL FUND BALANCES TO THE STATEMENT OF NET POSITION  
JUNE 30, 2017**

<b>TOTAL GOVERNMENTAL FUND BALANCES</b>		\$ 25,430,697
CAPITAL ASSETS (NET) USED IN GOVERNMENTAL ACTIVITIES ARE NOT FINANCIAL RESOURCES AND, THEREFORE, ARE NOT REPORTED IN THE FUNDS		91,806,985
ACCOUNTS RECEIVABLE ARE NOT AVAILABLE TO PAY FOR CURRENT-PERIOD EXPENDITURES AND, THEREFORE, ARE DEFERRED IN THE FUNDS		2,207,423
IN THE STATEMENT OF ACTIVITIES, INTEREST IS ACCRUED ON OUTSTANDING LONG-TERM DEBT, WHEREAS IN GOVERNMENTAL FUNDS INTEREST IS NOT REPORTED UNTIL DUE		(201,562)
LONG-TERM LIABILITIES ARE NOT DUE AND PAYABLE IN THE CURRENT PERIOD AND, THEREFORE, ARE NOT REPORTED IN THE GOVERNMENTAL FUNDS		
BONDS AND NOTES PAYABLE	(27,041,000)	
CAPITAL LEASE PAYABLE	(240,000)	
DEFERRED AMOUNT ON REFUNDING	(420,668)	
UNAMORTIZED BOND PREMIUM	(313,278)	
NET PENSION LIABILITY	(32,725,850)	
DEFERRED INFLOWS OF RESOURCES	(2,300,166)	
DEFERRED OUTFLOWS OF RESOURCES	3,503,745	
COMPENSATED ABSENCES	(1,943,632)	
POSTEMPLOYMENT BENEFITS	(14,120,478)	
LANDFILL POSTCLOSURE CARE COSTS	<u>(444,000)</u>	
NET EFFECT OF REPORTING LONG-TERM LIABILITIES		<u>(76,045,327)</u>
<b>NET POSITION OF GOVERNMENTAL ACTIVITIES</b>		<b><u>\$ 43,198,216</u></b>

See accompanying notes to the basic financial statements

**TOWN OF FOXBOROUGH, MASSACHUSETTS  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
FISCAL YEAR ENDED JUNE 30, 2017**

**NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS** \$ (4,366,057)

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.

CAPITAL OUTLAY	9,250,775	
DEPRECIATION EXPENSE	<u>(4,405,454)</u>	
NET EFFECT OF REPORTING CAPITAL ASSETS		4,845,321

REVENUES IN THE STATEMENT OF ACTIVITIES THAT DO NOT PROVIDE CURRENT FINANCIAL RESOURCES ARE FULLY DEFERRED IN THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES. THEREFORE, THE RECOGNITION OF REVENUE FOR VARIOUS TYPES OF ACCOUNTS RECEIVABLE (I.E. REAL ESTATE AND PERSONAL PROPERTY, MOTOR VEHICLE EXCISE, ETC.) DIFFER BETWEEN THE TWO STATEMENTS. THIS AMOUNT REPRESENTS THE NET CHANGE IN DEFERRED REVENUE (181,487)

THE ISSUANCE OF LONG-TERM DEBT (E.G., BONDS) PROVIDES CURRENT FINANCIAL RESOURCES TO GOVERNMENTAL FUNDS, WHILE THE REPAYMENT OF THE PRINCIPAL OF LONG-TERM DEBT CONSUMES THE FINANCIAL RESOURCES OF GOVERNMENTAL FUNDS. NEITHER TRANSACTION, HOWEVER, HAS ANY EFFECT ON NET ASSETS. ALSO, GOVERNMENTAL FUNDS REPORT THE EFFECT OF ISSUANCE COSTS, PREMIUMS, DISCOUNTS, AND SIMILAR ITEMS WHEN DEBT IS FIRST ISSUED, WHEREAS THESE AMOUNTS ARE DEFERRED AND AMORTIZED IN THE STATEMENT OF ACTIVITIES.

PROCEEDS FROM CAPITAL LEASE	(240,000)	
DEBT SERVICE PRINCIPAL PAYMENTS	<u>2,376,100</u>	
NET EFFECT OF REPORTING LONG-TEM DEBT		2,136,100

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.

NET CHANGE IN COMPENSATED ABSENCES ACCRUAL	(496,244)	
NET CHANGE IN POSTEMPLOYMENT BENEFITS ACCRUAL	(162,166)	
NET CHANGE IN DEFERRED INFLOWS OF RESOURCES	697,481	
NET CHANGE IN DEFERRED OUTFLOWS OF RESOURCES	(687,905)	
NET CHANGE IN NET PENSION LIABILITY	1,328,483	
NET CHANGE IN LANDFILL POSTCLOSURE CARE ACCRUAL	37,000	
NET CHANGE IN DEFERRED AMOUNT ON REFUNDING	120,432	
NET CHANGE IN UNAMORTIZED BOND PREMIUM	29,662	
NET CHANGE IN ACCRUED INTEREST ON LONG-TERM DEBT	<u>13,019</u>	
NET EFFECT OF RECORDING LONG-TERM LIABILITIES		<u>879,762</u>

**CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES** \$ 3,313,639

See accompanying notes to the basic financial statements

**TOWN OF FOXBOROUGH, MASSACHUSETTS  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
FISCAL YEAR ENDED JUNE 30, 2017**

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL BUDGETARY AMOUNTS</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>		
<b><u>REVENUES:</u></b>				
REAL ESTATE AND PERSONAL PROPERTY TAXES, NET OF TAX REFUNDS	\$ 44,384,750	\$ 44,384,750	\$ 44,917,624	\$ 532,874
MOTOR VEHICLE EXCISE TAXES	2,749,385	2,749,385	2,975,885	226,500
PENALTIES & INTEREST ON TAXES	167,338	167,338	264,971	97,633
INTERGOVERNMENTAL	10,707,488	10,707,488	10,859,749	152,261
PAYMENTS IN LIEU OF TAXES	1,401,205	1,401,205	3,663,875	2,262,670
INVESTMENT INCOME	65,322	65,322	244,996	179,674
DEPARTMENTAL AND OTHER	4,957,676	4,957,676	4,905,523	(52,153)
TOTAL REVENUES	<u>64,433,164</u>	<u>64,433,164</u>	<u>67,832,623</u>	<u>3,399,459</u>
<b><u>EXPENDITURES:</u></b>				
CURRENT:				
GENERAL GOVERNMENT	4,248,074	4,207,979	4,022,565	185,414
PUBLIC SAFETY	9,007,227	9,557,073	9,395,849	161,224
EDUCATION	36,421,237	36,421,237	36,350,925	70,312
PUBLIC WORKS	2,866,685	2,868,328	3,128,593	(260,265)
HUMAN SERVICES	998,144	1,002,319	935,383	66,936
CULTURE & RECREATION	1,243,313	1,246,923	1,238,019	8,904
EMPLOYEE BENEFITS	11,971,134	11,973,356	11,792,301	181,055
STATE & COUNTY ASSESSMENTS	418,698	418,698	420,323	(1,625)
DEBT SERVICE:				
PRINCIPAL	2,333,000	2,335,000	2,335,000	-
INTEREST	964,391	962,391	889,320	73,071
TOTAL EXPENDITURES	<u>70,471,903</u>	<u>70,993,304</u>	<u>70,508,278</u>	<u>485,026</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(6,038,739)</u>	<u>(6,560,140)</u>	<u>(2,675,655)</u>	<u>3,884,485</u>
<b><u>OTHER FINANCING SOURCES (USES):</u></b>				
OPERATING TRANSFERS IN	2,022,126	2,587,126	2,589,312	2,186
OPERATING TRANSFERS OUT	(291,636)	(441,636)	(522,520)	(80,884)
TOTAL OTHER FINANCING SOURCES (USES)	<u>1,730,490</u>	<u>2,145,490</u>	<u>2,066,792</u>	<u>(78,698)</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>(4,308,249)</u>	<u>(4,414,650)</u>	<u>(608,863)</u>	<u>3,805,787</u>
<b>BUDGETARY FUND BALANCE, BEGINNING OF YEAR</b>	<u>13,028,332</u>	<u>13,028,332</u>	<u>13,028,332</u>	<u>-</u>
<b>BUDGETARY FUND BALANCE, END OF YEAR</b>	<u>\$ 8,720,083</u>	<u>\$ 8,613,682</u>	<u>\$ 12,419,469</u>	<u>\$ 3,805,787</u>

See accompanying notes to the basic financial statements



**TOWN OF FOXBOROUGH, MASSACHUSETTS  
 PROPRIETARY FUNDS  
 STATEMENT OF NET POSITION  
 JUNE 30, 2017**

<b><u>ASSETS</u></b>	<b><u>BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS</u></b>		
	<b><u>WATER</u></b>	<b><u>SEWER</u></b>	<b><u>TOTAL</u></b>
<b>CURRENT:</b>			
CASH AND SHORT-TERM INVESTMENTS	\$ 20,380,274	\$ 1,799,072	\$ 22,179,346
USER FEES	1,842,243	357,270	2,199,513
TOTAL CURRENT ASSETS	<u>22,222,517</u>	<u>2,156,342</u>	<u>24,378,859</u>
<b>NONCURRENT:</b>			
CAPITAL ASSETS, NET OF ACCUMULATED DEPRECIATION	22,709,764	1,440,742	24,150,506
TOTAL ASSETS	<u>44,932,281</u>	<u>3,597,084</u>	<u>48,529,365</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
RELATED TO PENSIONS	50,074	22,891	72,965
<b><u>LIABILITIES</u></b>			
<b>CURRENT:</b>			
ACCOUNTS PAYABLE	400,537	98,188	498,725
ACCRUED INTEREST	37,737	910	38,647
COMPENSATED ABSENCES	38,638	4,293	42,931
BONDS AND NOTES PAYABLE	1,416,247	90,446	1,506,693
TOTAL CURRENT LIABILITIES	<u>1,893,159</u>	<u>193,837</u>	<u>2,086,996</u>
<b>NONCURRENT:</b>			
COMPENSATED ABSENCES	67,936	7,549	75,485
POSTEMPLOYMENT BENEFITS	135,146	87,115	222,261
NET PENSION LIABILITY	467,703	213,807	681,510
BONDS AND NOTES PAYABLE	24,316,557	229,084	24,545,641
TOTAL NONCURRENT LIABILITIES	<u>24,987,342</u>	<u>537,555</u>	<u>25,524,897</u>
TOTAL LIABILITIES	<u>26,880,501</u>	<u>731,392</u>	<u>27,611,893</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
DEFERRED AMOUNT ON REFUNDING	70,750	-	70,750
RELATED TO PENSIONS	32,873	15,028	47,901
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>103,623</u>	<u>15,028</u>	<u>118,651</u>
<b><u>NET POSITION</u></b>			
NET INVESTMENT IN CAPITAL ASSETS	12,343,057	1,121,212	13,464,269
UNRESTRICTED	5,655,174	1,752,343	7,407,517
TOTAL NET POSITION	<u>\$ 17,998,231</u>	<u>\$ 2,873,555</u>	<u>\$ 20,871,786</u>

See accompanying notes to the basic financial statements

**TOWN OF FOXBOROUGH, MASSACHUSETTS  
 PROPRIETARY FUNDS  
 STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
 FISCAL YEAR ENDED JUNE 30, 2017**

	<b>BUSINESS TYPE ACTIVITIES - ENTERPRISE FUNDS</b>		
	<b>WATER</b>	<b>SEWER</b>	<b>TOTAL</b>
<b><u>OPERATING REVENUES:</u></b>			
CHARGES FOR SERVICES	\$ 5,893,734	\$ 870,357	\$ 6,764,091
DEPARTMENTAL AND OTHER	270,697	1,494,736	1,765,433
TOTAL OPERATING REVENUES	6,164,431	2,365,093	8,529,524
<b><u>OPERATING EXPENSES:</u></b>			
GENERAL SERVICES	2,771,488	1,221,867	3,993,355
DEPRECIATION	873,447	68,589	942,036
TOTAL OPERATING EXPENSES	3,644,935	1,290,456	4,935,391
OPERATING INCOME (LOSS)	2,519,496	1,074,637	3,594,133
<b><u>NON-OPERATING REVENUES (EXPENSES):</u></b>			
INTERGOVERNMENTAL	16,256	45,245	61,501
INVESTMENT INCOME	19,786	4,380	24,166
INTEREST EXPENSE	(685,247)	(18,339)	(703,586)
TOTAL NON-OPERATING REVENUES (EXPENSES), NET	(649,205)	31,286	(617,919)
INCOME (LOSS) BEFORE OPERATING TRANSFERS	1,870,291	1,105,923	2,976,214
<b><u>OPERATING TRANSFERS:</u></b>			
OPERATING TRANSFERS IN	27,694	50,000	77,694
OPERATING TRANSFERS OUT	(659,834)	(108,263)	(768,097)
TOTAL OPERATING TRANSFERS	(632,140)	(58,263)	(690,403)
CHANGE IN NET POSITION	1,238,151	1,047,660	2,285,811
NET POSITION AT BEGINNING OF YEAR	16,760,080	1,825,895	18,585,975
NET POSITION AT END OF YEAR	\$ 17,998,231	\$ 2,873,555	\$ 20,871,786

See accompanying notes to the basic financial statements

**TOWN OF FOXBOROUGH, MASSACHUSETTS  
 PROPRIETARY FUNDS  
 STATEMENT OF CASH FLOWS  
 FISCAL YEAR ENDED JUNE 30, 2017**

	<u>BUSINESS TYPE ACTIVITIES - ENTERPRISE FUNDS</u>		
	<u>WATER</u>	<u>SEWER</u>	<u>TOTAL</u>
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES:</u></b>			
RECEIPTS FROM CUSTOMERS AND USERS	\$ 6,301,523	\$ 2,466,001	\$ 8,767,524
PAYMENTS TO SUPPLIERS	(1,501,760)	(1,025,625)	(2,527,385)
PAYMENTS TO EMPLOYEES	(1,255,153)	(134,614)	(1,389,767)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>3,544,610</u>	<u>1,305,762</u>	<u>4,850,372</u>
<b><u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</u></b>			
OPERATING TRANSFERS IN ( OUT)	<u>(632,140)</u>	<u>(58,263)</u>	<u>(690,403)</u>
<b><u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</u></b>			
PRINCIPAL PAYMENTS ON BONDS AND NOTES	(1,345,394)	(87,118)	(1,432,512)
ACQUISITION AND CONSTRUCTION OF CAPITAL ASSETS	(3,925,722)	(50,618)	(3,976,340)
INTEREST EXPENSE	(742,180)	(5,483)	(747,663)
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES:	<u>(6,013,296)</u>	<u>(143,219)</u>	<u>(6,156,515)</u>
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES:</u></b>			
INTEREST RECEIVED	<u>19,786</u>	<u>4,380</u>	<u>24,166</u>
NET INCREASE (DECREASE) IN CASH AND SHORT TERM INVESTMENTS	(3,081,040)	1,108,660	(1,972,380)
CASH AND SHORT TERM INVESTMENTS - BEGINNING OF YEAR	<u>23,461,314</u>	<u>690,412</u>	<u>24,151,726</u>
CASH AND SHORT TERM INVESTMENTS - END OF YEAR	<u>\$ 20,380,274</u>	<u>\$ 1,799,072</u>	<u>\$ 22,179,346</u>
<b><u>RECONCILIATION OF OPERATING INCOME (LOSS)</u></b>			
<b><u>TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</u></b>			
OPERATING INCOME (LOSS)	<u>\$ 2,519,496</u>	<u>\$ 1,074,637</u>	<u>\$ 3,594,133</u>
ADJUSTMENTS TO RECONCILE OPERATING INCOME (LOSS)			
TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:			
DEPRECIATION	873,447	68,589	942,036
(INCREASE) DECREASE IN ACCOUNTS RECEIVABLE	137,092	100,908	238,000
(INCREASE) DECREASE IN DEFERRED OUTFLOWS OF RESOURCES	9,831	4,494	14,325
INCREASE (DECREASE) IN ACCOUNTS PAYABLE	56,709	69,719	126,428
INCREASE (DECREASE) IN COMPENSATED ABSENCES PAYABLE	16,712	1,857	18,569
INCREASE (DECREASE) IN POSTEMPLOYMENT BENEFITS	(39,723)	(1,207)	(40,930)
INCREASE (DECREASE) IN DEFERRED INFLOWS OF RESOURCES	(9,968)	(4,556)	(14,524)
INCREASE (DECREASE) IN NET PENSION LIABILITY	<u>(18,986)</u>	<u>(8,679)</u>	<u>(27,665)</u>
TOTAL ADJUSTMENTS	<u>1,025,114</u>	<u>231,125</u>	<u>1,256,239</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ 3,544,610</u>	<u>\$ 1,305,762</u>	<u>\$ 4,850,372</u>

See accompanying notes to the basic financial statements

**TOWN OF FOXBOROUGH, MASSACHUSETTS  
FIDUCIARY FUNDS  
STATEMENT OF FIDUCIARY NET POSITION  
JUNE 30, 2017**

	<u>POSTEMPLOYMENT BENEFITS TRUST</u>	<u>PRIVATE PURPOSE TRUST FUNDS</u>	<u>AGENCY FUNDS</u>
<b><u>ASSETS</u></b>			
CASH AND SHORT-TERM INVESTMENTS	\$ -	\$ 52,611	\$ 1,222,498
INVESTMENTS	6,889,275	139,464	-
DEPARTMENTAL	-	-	163,936
TOTAL ASSETS	<u>6,889,275</u>	<u>192,075</u>	<u>1,386,434</u>
<b><u>LIABILITIES</u></b>			
ACCOUNTS PAYABLE	-	2,500	15,336
OTHER LIABILITIES	-	-	1,371,098
TOTAL LIABILITIES	<u>-</u>	<u>2,500</u>	<u>1,386,434</u>
<b><u>NET POSITION</u></b>			
HELD IN TRUST FOR PLAN PARTICIPANTS	6,889,275	-	-
HELD IN TRUST FOR OTHER PURPOSES	-	189,575	-
TOTAL	<u>\$ 6,889,275</u>	<u>\$ 189,575</u>	<u>\$ -</u>

See accompanying notes to the basic financial statements

**TOWN OF FOXBOROUGH, MASSACHUSETTS  
FIDUCIARY FUNDS  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FISCAL YEAR ENDED JUNE 30, 2017**

	<b>POSTEMPLOYMENT BENEFITS TRUST</b>	<b>PRIVATE PURPOSE TRUST FUNDS</b>
<b><u>ADDITIONS:</u></b>		
CONTRIBUTIONS:		
EMPLOYER CONTRIBUTIONS	\$ 864,069	\$ -
EMPLOYER CONTRIBUTIONS TO PAY FOR OPEB BENEFITS	956,723	-
DEPARTMENTAL	-	31,741
NET INVESTMENT INCOME (LOSS):		
INVESTMENT INCOME	480,048	16,163
TOTAL ADDITIONS	2,300,840	47,904
<b><u>DEDUCTIONS:</u></b>		
BENEFIT PAYMENTS	956,723	-
EDUCATIONAL SCHOLARSHIPS	-	4,500
TOTAL DEDUCTIONS	956,723	4,500
CHANGE IN NET POSITION	1,344,117	43,404
<b>NET POSITION AT BEGINNING OF YEAR</b>	<b>5,545,158</b>	<b>146,171</b>
<b>NET POSITION AT END OF YEAR</b>	<b>\$ 6,889,275</b>	<b>\$ 189,575</b>

See accompanying notes to the basic financial statements

**TOWN OF FOXBOROUGH, MASSACHUSETTS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

---

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accompanying basic financial statements of the Town of Foxborough, Massachusetts (the 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 following is a summary of the more significant Town accounting policies:

**A. Reporting Entity**

Primary Government

The Town is a municipal corporation that is governed by a five member Board of Selectmen (the Board). The Board is responsible for appointing a Town Manager whose responsibility is to manage the day to day operations. For financial reporting purposes, the Town has included all funds, organizations, account groups, agencies, boards, commissions and institutions. The Town has also considered all potential component units, blended or discretely presented, 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. Blended component units, although legally separate entities, are, in substance, part of the government’s operations and discretely presented component units are reported in a separate column in the government-wide financial statements to emphasize that they are legally separate from the government. It has been determined that there are no component units (blended or discretely presented) for inclusion in the primary government’s financial reporting entity.

Joint Venture

Municipal joint ventures pool resources to share the costs, risks and rewards of providing services to their participants, the general public or others. The Town is a participant in the following joint venture:

<u>Name</u>	<u>Purpose</u>	<u>Address</u>	<u>Annual Assessment</u>
Southeastern Regional Vocational Technical High School	To provide vocational education	250 Foundry Street Easton, MA 02375	\$ 370,255

The Southeast Regional Vocational School District (the District) is governed by a ten (10) member school committee consisting of one (1) elected representative from each participating municipality. The Town is indirectly liable for debt and other expenditures of the District and is assessed annually for its share of the operating and capital costs. Separate financial statements may be obtained by writing to the Treasurer of the District at the above address. The Town has no equity interest in the joint venture.

**TOWN OF FOXBOROUGH, MASSACHUSETTS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

---

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

Government-Wide Financial Statements

The government-wide financial statements (i.e., statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government. *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*

A fund is considered major if it is the primary operating fund of the Town or it meets the following criteria:

- a. If the total assets, liabilities, revenues, or expenditures/expenses of an individual governmental or enterprise fund are at least 10 percent of the corresponding element (assets, liabilities, etc.) for all funds of that category or type (total governmental or total enterprise funds), and
- b. If the total assets, liabilities, 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 fiscal year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

**TOWN OF FOXBOROUGH, MASSACHUSETTS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

---

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:

- a. *Charges to customers* or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment.
- b. *Grants and contributions* that are restricted to meeting the operational requirements of a particular function or segment.
- c. *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. Exceptions are charges between the general fund and the various enterprise funds. Elimination of these charges would distort the direct costs and program revenues reported for the functions affected.

*Fund Financial Statements*

***Governmental Fund Financial Statements***

Governmental fund financial statements are reported using the 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., when they become both 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 interest on general long-term debt which is recognized when due, and the non-current portion of compensated absences, capital lease, landfill post closure care costs, net pension liability, and other postemployment benefits (**OPEB**) which are recognized when the obligations are expected to be liquidated with current expendable available resources.

In applying the susceptible to accrual concept to intergovernmental revenues, there are essentially two types of revenues. In one, moneys must be expended on the specific purpose or project before any amounts will be paid to the Town; therefore, revenues are recognized based upon the expenditures incurred. In the other, moneys are virtually unrestricted and are usually revocable only for failure to comply with prescribed compliance requirements. These resources are reflected as revenues at the time of receipt or earlier if the susceptible to accrual criteria are met.

The Town considers property taxes as available if they are due and collected within 60 days after fiscal year-end. Licenses and permits, user charges, fines and forfeitures, and miscellaneous revenues are recorded as revenues when received. Investment earnings are recorded as earned.



**TOWN OF FOXBOROUGH, MASSACHUSETTS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

---

The Town reports the following major governmental funds:

- The *General fund* is the primary operating fund of the Town. It is used to account for all financial resources, except those that are required to be accounted for in another fund.
- The *New Town Hall fund* is a capital project fund used to account for the construction activity of the New Town Hall.
- The *EMS fund* is a special revenue fund used to account for the ambulance activity of the Town.
- The *Nonmajor Governmental funds* consist of other special revenue, capital projects and permanent funds that are aggregated and presented in the nonmajor governmental funds column on the governmental funds financial statements. The following describes the general use of these fund types:
  - The *Special Revenue fund* is used to account for the proceeds of specific revenue sources (other than permanent funds or capital projects funds) that are restricted by law or administrative action to expenditures for specified purposes.
  - The *Capital Projects fund* is used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by enterprise and trust funds).
  - The *Permanent fund* is used to account for 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***

*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 principal 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 *Water Enterprise fund* is used to account for water activities.
- The *Sewer Enterprise fund* is used to account for sewer activities.

**TOWN OF FOXBOROUGH, MASSACHUSETTS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

---

***Fiduciary Fund Financial Statements***

*Fiduciary fund* financial statements are reported using the flow of economic resources measurement focus and use the accrual basis of accounting. Fiduciary funds are used to account for assets held by the Town in a trustee capacity for others that cannot be used to support the governmental programs.

The following fiduciary fund types are reported:

- The *Private-Purpose Trust fund* is used to account for trust arrangements, other than those properly reported in the permanent fund (nonmajor governmental funds), under which principal and investment income exclusively benefit individuals, private organizations, or other governments.
- The *Postemployment Benefits Trust fund* is used to account for assets held to fund future postemployment benefits of current and retired employees.
- The *Agency fund* is used to account for assets held in a purely custodial capacity.

**D. Cash and Investments**

*Government-Wide and Fund Financial Statements*

Cash and short term investments are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition. Investments are reported 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.

**TOWN OF FOXBOROUGH, MASSACHUSETTS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

---

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 3 – Fair Market Value of 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 proprietary 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 based on values assessed as of each January 1 and are normally due on the subsequent November 1 and May 1. Property taxes that remain unpaid after the respective due dates are subject to penalties and interest charges. By law, all taxable property in the Commonwealth must be assessed at 100% of fair market value. Once levied, which is required to be at least 30 days prior to the due date, these taxes are recorded as receivables in the fiscal year of levy. Based on the Town’s experience, most property taxes are collected during the year in which they are assessed. The lien of properties on which taxes remain unpaid occurs annually. The Town ultimately has the right to foreclose on all properties where the taxes remain unpaid.

A statewide property tax limitation statute known as “Proposition 2 ½” limits the amount of increase in property tax levy in any fiscal year. Generally, Proposition 2 ½ limits the total levy to an amount not greater than 2 ½ % of the total assessed value of all taxable property within the Town. Secondly, the tax levy cannot increase by more than 2 ½ % of the prior year’s levy plus the taxes on property newly added to the tax rolls. Certain provisions of Proposition 2 ½ can be overridden by a Town-wide referendum.

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 of uncollectibles is estimated based on historical trends and specific account analysis.

**TOWN OF FOXBOROUGH, MASSACHUSETTS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

---

*Motor Vehicle Excise*

Motor vehicle excise taxes are assessed annually for each vehicle registered in the Town and are recorded as receivables in the fiscal year of the levy. The Commonwealth is responsible for reporting the number of vehicles registered and the fair values of those vehicles. 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.

*Water and Sewer*

User fees are levied (monthly, quarterly and semi-annually) based on residential and commercial meter readings and are subject to penalties and interest if they are not paid by the respective due date. Water and sewer liens are processed in December of every year and included as a lien on the property owner's tax bill. Water and sewer charges and related liens are recorded as receivables in the fiscal 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 Title V receivables and are recorded as receivables in the fiscal year accrued. The Title V receivables are secured via the Tax Liens process and are considered 100% collectible. Accordingly, an allowance for uncollectibles is not reported.

*Intergovernmental*

Various federal and state grants for operating and capital purposes are applied for and received annually. For non-expenditure driven grants, receivables are recognized as soon as all eligibility requirements imposed by the provider have been met. For expenditure driven grants, receivables are recognized 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 of the governmental funds and the water and sewer enterprise funds are recorded as expenditures at the time of purchase. Such inventories are not material in total to the basic financial statements, and therefore are not reported.

**TOWN OF FOXBOROUGH, MASSACHUSETTS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

---

**H. Capital Assets**

*Government-Wide and Proprietary Fund Financial Statements*

Capital assets, which include land, vehicles, buildings and improvements, capital improvements, machinery and equipment, software, infrastructure (e.g., water mains, sewer mains, roadways, and similar items), and construction in progress are reported in the applicable governmental or business-type activities column of the government-wide financial statements, and 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 are recorded at the estimated fair market value at the date of donation. 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 if material.

All purchases and construction costs in excess of \$25,000 are capitalized at the date of acquisition or construction, respectively, with expected useful lives of three years or greater.

Capital assets (excluding land and construction in progress) are depreciated on a straight-line basis. The estimated useful lives of capital assets are as follows:

<u>Asset Class</u>	<u>Estimated Useful Life (in years)</u>
Buildings and Improvements	10-40
Capital Improvements (other than buildings)	10-20
Machinery and Equipment	5-15
Vehicles	5-15
Infrastructure	40
Software	3-5

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 fiscal year of purchase for the various funds.

**I. 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.

**TOWN OF FOXBOROUGH, MASSACHUSETTS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

---

*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.

**J. Interfund Transfers**

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

*Government-Wide Financial Statements*

Operating 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*

Operating transfers between and within funds are not eliminated from the individual fund statements and are reported as operating transfers in and operating transfers out.

**K. 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 reported deferred outflows of resource related to pensions in this category.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The Town reported deferred inflows of resource related to pensions in this category.

**TOWN OF FOXBOROUGH, MASSACHUSETTS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

---

*Governmental Funds 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 recorded unavailable revenue as deferred inflows of resources in the governmental funds balance sheet. Unavailable revenue is recognized as revenue in the conversion to the government-wide (full accrual) financial statements.

**L. Net Position and Fund Equity**

*Government-Wide Financial Statements (Net Position)*

Net position is classified into three components:

- a. *Net investment in capital assets*, – consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. *Restricted net position* – Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

Net position have been “restricted” for the following:

- *Permanent funds – expendable* represents amounts held in trust for which the expenditures are restricted by various trust agreements.
  - *Permanent funds – nonexpendable* represents amounts held in trust for which only investment earnings may be expended.
  - *Other specific purposes* represent restrictions placed on assets from outside parties.
- c. *Unrestricted net position* – All other net position that do not meet the definition of “restricted” or “net investment in capital assets”

*Fund Financial Statements (Fund Balances)*

The Town uses the following criteria for fund balance classification:

- For *nonspendable* fund balance: includes amounts that cannot be spent because they are either (1) not in spendable form or (2) legally or contractually required to be maintained intact.

**TOWN OF FOXBOROUGH, MASSACHUSETTS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

---

- For *restricted* fund balance: when constraints placed on the use of the resources are either (1) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (2) imposed by law through constitutional provisions or enabling legislation.
- For *committed* fund balance: (1) the government's highest level of decision-making authority and (2) the formal action that is required to be taken to establish (and modify or rescind) a fund balance commitment.
- For *assigned* fund balance: (1) the body or official authorized to assign amounts to a specific purpose and (2) the policy established by the governing body pursuant to which the authorization is given.
- For *unassigned* fund balance: is the residual classification for the general fund. In other governmental funds, if expenditures incurred for specific purposes exceeded the amounts restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance.

The Town uses the following criteria for fund balance policies and procedures:

- When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the unrestricted amount will be considered to have been spent.
- When an expenditure is incurred for purposes for which committed, assigned, or unassigned fund balance is available, and the least restricted amount will be considered to have been spent.

### **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 effective interest 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. Investment Income**

Excluding the permanent funds, investment income derived from major and nonmajor governmental funds is legally assigned to the general fund unless otherwise directed by Massachusetts General Laws (*MGL*).



**TOWN OF FOXBOROUGH, MASSACHUSETTS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

---

**O. Compensated Absences**

Employees are granted sick and vacation leave in varying amounts. Upon retirement, termination or death, certain employees are compensated for unused sick and vacation leave (subject to certain limitations) at their then current rates of pay.

*Government-Wide and Proprietary Fund Financial Statements*

The total amount to be paid in future years is presented in the government-wide and proprietary funds statement of net position. The liability for vacation leave is based on the amount earned but not used; for sick leave, it is based on the amount accumulated at the balance sheet date (vesting method).

*Governmental Fund Financial Statements*

The portion of the liability related to unused sick and vacation time that has matured or is due as of June 30, 2017 is recorded in the governmental fund financial statement.

**P. 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 Norfolk County Contributory Retirement System (NCCRS) and the Massachusetts Teachers Retirement System (MTRS), additions to/deductions from the System's 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.

**Q. Post-Retirement Benefits**

*Government-Wide and Fund Financial Statements*

In addition to providing pension benefits, health and life insurance coverage is provided for retired employees and their survivors in accordance with Chapter 32B, of Massachusetts General Laws, under various contributory plans. The cost of providing health and life insurance is recognized by recording the employer's 50% share of insurance premiums in the general fund in the fiscal year paid. All benefits are provided through third-party insurance carriers and health maintenance organizations that administer, assume, and pay all claims.

**TOWN OF FOXBOROUGH, MASSACHUSETTS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

---

**R. Use of Estimates**

*Government-Wide and Fund Financial Statements*

The preparation of the accompanying financial statements in conformity with accounting principles generally accepted in the United States of America, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could vary from estimates that were used.

**S. 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 comparable to the consolidated financial information.

**NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

*A. Budgetary Basis of Accounting*

Pursuant to Chapter 44, Section 32 of the Massachusetts General Laws, the Town adopts an annual budget for the general fund. The budgets for all departments and operations of the Town, except that of the public schools, are prepared under the direction of the Town Manager. The School Department budget is prepared under the direction of the School Committee. The level of expenditures may not legally exceed appropriations for each department or undertaking in the following categories: (1) salaries and wages; (2) ordinary maintenance; and (3) capital outlays.

The majority of appropriations are non-continuing which lapse at the end of each fiscal year. Others are continuing appropriations for which the governing body has authorized that an unspent balance from a prior fiscal year be carried forward and made available for spending in the current fiscal year. These carry forward articles, not encumbrances, are included as part of the subsequent fiscal year's original budget.

**TOWN OF FOXBOROUGH, MASSACHUSETTS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

---

Original and supplemental appropriations are enacted upon by a Town Meeting vote. Management may not amend the budget without seeking the approval of the governing body. The Town's Advisory Committee can legally transfer funds from its reserve fund to other appropriations within the budget without seeking Town Meeting approvals. Also, as per Chapter 77 of the Acts 2007, the Town Manager with the concurrence of the Advisory Committee can make transfers in accordance with the limitations of this state statute. The original fiscal year 2017 approved budget authorized \$69,674,331 in current year appropriations and other amounts to be raised and \$797,572 in articles carried forward from previous fiscal years. Supplemental appropriations of \$521,401 were approved at two Town Meetings for fiscal year 2017.

The Finance Director has the responsibility to ensure that budgetary controls are maintained and monitored through the accounting system.

*B. Budgetary – GAAP Reconciliation*

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

Net change in fund balance - budgetary basis		\$ (608,863)
Basis of accounting differences:		
Net stabilization fund activity		19,341
Increase in revenue for on-behalf payments - MTRS		7,355,795
Increase in expenditures for on-behalf payments - MTRS		(7,355,795)
Adjustment for Current Year Encumbrances		813,750
Adjustment for Current Year Articles		1,943,431
Adjustment for expenditures from prior year encumbrances		<u>(802,407)</u>
Net change in fund balance - GAAP basis		<u>\$ 1,365,252</u>

*C. Excess of Expenditures over Appropriations*

For the fiscal year ended June 30, 2017, actual expenditures exceeded appropriations for the snow and ice expenditures account. These over-expenditures will be funded by available funds during fiscal year 2018, as is allowed by Massachusetts General Laws (MGL).

*D. Deficit Fund Balances*

Several individual fund deficits exist within the special revenue, and governmental capital project funds. These individual deficits will be eliminated through subsequent fiscal year budget transfers, grants and/or proceeds of long term debt during fiscal year 2018.

**TOWN OF FOXBOROUGH, MASSACHUSETTS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

---

**NOTE 3 – DEPOSITS AND INVESTMENTS**

State and local statutes place certain limitations on the nature of deposits and investments available to the Town. Deposits (including demand deposits, term deposits and certificates of deposit) in any one financial institution may not exceed certain levels unless collateralized by the financial institutions involved.

*Deposits*

- *Custodial Credit Risk - Deposits*

Custodial credit risk is the risk that in the event of bank failure, the Town’s deposits may not be returned. Massachusetts General Law Chapter 44, Section 55, limits the deposits “in a bank or trust company, or banking company to an amount not exceeding sixty percent (60%) of the capital and surplus of such bank or trust company or banking company, unless satisfactory security is given to it by such bank or trust company or Banking Company for such excess.”

When possible, deposits should be made to institutions maintaining FDIC and DIF insurance or commercial institutions offering collateralization of funds above the FDIC limits.

The Town carries deposits that are fully insured by the Federal Deposit Insurance Corporation (FDIC), Shared Insurance Fund (SIF) and the Depositor’s Insurance Fund (DIF). The Town also carries deposits that are uninsured, uncollateralized, or collateral held by the pledging bank’s trust department not in the Town’s name.

The following table illustrates how much of the Town’s bank deposits are insured, and how much of the Town’s bank deposits are uninsured, uncollateralized, or collateral held by the pledging bank’s trust department not in the Town’s name as of June 30, 2017:

Total bank balances		<u>\$ 45,347,203</u>
Bank balances covered by deposit insurance		
Federal Deposit Insurance Corporation (FDIC)	2,950,000	
Depositor's Insurance Fund (DIF)	10,840,611	
Shared Insurance Fund (SIF)	<u>10,086,775</u>	
Total bank balances covered by deposit insurance		23,877,386
Balances subject to custodial credit risk		
Bank balances collateralized with securities held by the pledging financial institutions trust department or agent but not in the Town's name	16,456,332	
Bank balances uninsured & uncollateralized	<u>5,013,485</u>	
Total bank balances subject to custodial credit risk		<u>21,469,817</u>
Total bank balances		<u>\$ 45,347,203</u>

**TOWN OF FOXBOROUGH, MASSACHUSETTS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

*Investments*

Investments can also be made in securities issued by or unconditionally guaranteed by the U.S. government or agencies that have a maturity of less than one year from the date of purchase, repurchase agreement guaranteed by the U.S. government or agencies that have a maturity of less than one year from the date of purchase, repurchase agreements guaranteed by such securities with maturity dates of no more than 90 days from the date of purchase, and units in the Massachusetts Municipal Depository Trust (MMDT). The Treasurer of the Commonwealth of Massachusetts oversees the financial management of the MMDT, a local investment pool for cities, towns, and other state and local agencies within the Commonwealth. The Town's fair value of its investment in MMDT represents their value of the pool's shares. The Town's Trust Funds have expanded investment powers including the ability to invest in equity securities, corporate bonds, annuities and other specified investments.

The composition of the Town's bank recorded deposits and investments fluctuates depending primarily on the timing of property tax receipts, proceeds from borrowings, collections of state and federal aid, and capital outlays throughout the year.

- **Credit Risk**

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. For short-term investments that were purchased using surplus revenues, Massachusetts General Law Chapter 44, Section 55, limits the Town's investments to the top rating issued by at least one nationally recognized statistical rating organization (NRSROs).

Presented below is the actual rating as of year-end for each investment type of the Town:

Investment type	Fair value	Minimum Legal Rating	Rating as of Year End					
			Aaa	AAA	A3	Baa1	Baa3	Unrated
Corporate Bonds	\$ 657,940	N/A	\$ -	\$ -	\$ 190,270	\$ 261,949	\$ 205,721	\$ -
Common Stock	83,535	N/A	-	-	-	-	-	83,535
Fixed income mutual funds	1,881,514	N/A	-	-	-	-	-	1,881,514
Equity mutual funds	5,521,542	N/A	-	-	-	-	-	5,521,542
Money market mutual funds	218,859	N/A	-	-	-	-	-	218,859
U.S. Government Agencies & Securities	1,740,414	N/A	1,533,294	49,651	-	-	-	157,469
Certificate of Deposit	4,005,555	N/A	-	-	-	-	-	4,005,555
<b>Total Investments</b>	<b>\$ 14,109,359</b>		<b>\$ 1,533,294</b>	<b>\$ 49,651</b>	<b>\$ 190,270</b>	<b>\$ 261,949</b>	<b>\$ 205,721</b>	<b>\$ 11,868,474</b>

- *Custodial Credit Risk*

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 possession of an outside party. The Town has no custodial credit risk exposure related to the corporate bonds, U.S. Government agencies and securities, common stock, and certificate of deposit because the related securities are registered in the name of the Town. The mutual fund investments are not exposed to custodial credit risk because their existence is not evidenced by securities that exist in physical or book entry form. The Town will minimize Custodial Credit Risk (loss due to the failure of the security issuer) by limiting investments to those approved by the Commonwealth of Massachusetts Commissioners of Banks known as the "legal" list.

**TOWN OF FOXBOROUGH, MASSACHUSETTS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

---

- *Interest Rate Risk*

Interest rate risk is the risk of changes in market interest rates which will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the risk of its fair value to change with the market interest rates. The Town does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Information about the sensitivity of the fair values of the Town's investments to market interest rate fluctuations is as follows:

Investment type	Fair value	Investment maturities (in years)	
		Less than 1	1-5
<b><i>Debt Related Securities:</i></b>			
Corporate bonds	\$ 657,940	\$ -	\$ 657,940
Fixed income mutual funds	1,881,514	1,881,514	-
U.S. Government & Agency	1,740,414	-	1,740,414
Cartificate of deposit	4,005,555	3,105,056	900,499
Total - Debt related securities	<u>8,285,423</u>	<u>4,986,570</u>	<u>3,298,853</u>
<b><i>Other Investments:</i></b>			
Equity mutual funds	5,521,542	5,521,542	-
Money market mutual funds	218,859	218,859	-
Common Stock	83,535	83,535	-
Total Other Investments	<u>5,823,936</u>	<u>5,823,936</u>	<u>-</u>
Total Investments	<u>\$14,109,359</u>	<u>\$10,810,506</u>	<u>\$ 3,298,853</u>

- *Concentration of Credit Risk*

The Town will minimize concentration of credit risk by diversifying the investment portfolio so that the impact of potential losses from any one type of security or issuer will be minimized. Investments in foreign currency are not permitted.

Investments in stocks and bonds shall adhere to the legal list and not exceed 20% of the total portfolio nor an amount greater than the non-expendable trusts. These investments are long term and care should be taken to preserve principal value.

*Fair Market Value of Investments*

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

**TOWN OF FOXBOROUGH, MASSACHUSETTS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

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

The Town has the following recurring fair value measurement as of June 30, 2017.

Investment Type	June 30, 2017	Fair Value Measurements Using		
		Quoted Price in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<b>Debt securities</b>				
Certificates of Deposit	\$ 4,005,555	\$ 4,005,555	\$ -	\$ -
U.S. Government Agencies	1,740,414	1,740,414	-	-
Corporate Bonds	657,940	-	657,940	-
Fixed Income Mutual Funds	1,881,514	-	1,881,514	-
Total debt securities	8,285,423	5,745,969	2,539,454	-
<b>Other Investments</b>				
Common Stock	83,535	83,535	-	-
Mutual Funds	218,859	218,859	-	-
Equity Mutual Funds	5,521,542	5,521,542	-	-
Total other investments	5,823,936	5,823,936	-	-
Total investments measured at fair value	14,109,359	\$ 11,569,905	\$ 2,539,454	\$ -
<b>Investments measured at amortized cost</b>				
Massachusetts Municipal Depository Trust - (MMDT)	5,954,093			
<b>Total Investments</b>	<b>\$ 20,063,452</b>			

Certificate of Deposit, U.S. Government Agencies, Common Stock, Mutual Funds, and Equity Mutual Funds classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Corporate bonds and fixed income mutual funds 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.

Massachusetts Municipal Depository Trust (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.

**TOWN OF FOXBOROUGH, MASSACHUSETTS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

---

**NOTE 4 – RECEIVABLES**

The receivables at June 30, 2017 for the Town’s individual major and nonmajor governmental and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

Receivables	Gross Amount	Allowance for Uncollectibles	Net Amount
Real estate taxes	\$ 284,243	\$ -	\$ 284,243
Personal property taxes	114,686	(82,900)	31,786
Real estate and personal property taxes	398,929	(82,900)	316,029
Tax liens	1,254,418	-	1,254,418
Motor vehicle excise taxes	237,455	(34,800)	202,655
User fees	356,129	(47,303)	308,826
Departmental and other	206,412	-	206,412
Intergovernmental	358,736	-	358,736
<b>Total</b>	<b>\$ 2,812,079</b>	<b>\$ (165,003)</b>	<b>\$ 2,647,076</b>

The receivables at June 30, 2017, for the enterprise funds consist of the following:

Receivables:	Gross Amount	Allowance for Uncollectibles	Net Amount
<i>Water</i>			
User fees	\$ 1,842,243	\$ -	\$ 1,842,243
<i>Sewer</i>			
User fees	357,270	-	357,270
<b>Total</b>	<b>\$ 2,199,513</b>	<b>\$ -</b>	<b>\$ 2,199,513</b>



**TOWN OF FOXBOROUGH, MASSACHUSETTS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

---

Governmental funds report deferred inflows of resources in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with revenues that have been received, but not yet earned. At the end of the current fiscal year, the various components of deferred inflows of resources reported in the governmental funds were as follows:

Deferred Inflows of Resources Analysis

---

Deferred Inflows:	General Fund	EMS Fund	Nonmajor Governmental Funds	Total
Deferred Property Taxes	\$ 203,794	\$ -	\$ -	\$ -
Deferred Other Revenue	1,457,072	308,826	206,412	1,972,310
Deferred Intergovernmental Revenue	31,319	-	-	31,319
Total	<u>\$ 1,692,185</u>	<u>\$ 308,826</u>	<u>\$ 206,412</u>	<u>\$ 2,207,423</u>

**TOWN OF FOXBOROUGH, MASSACHUSETTS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

**NOTE 5 – CAPITAL ASSETS**

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

<b>Governmental Activities:</b>	Beginning Balance	Increases	Decreases & Reclassifications	Ending Balance
<i>Capital assets not being depreciated:</i>				
Land	\$ 6,537,225	\$ -	\$ -	\$ 6,537,225
Construction in progress	1,373,898	25,685	(1,373,898)	25,685
Total capital assets not being depreciated	7,911,123	25,685	(1,373,898)	6,562,910
<i>Capital assets being depreciated:</i>				
Buildings and improvements	92,399,423	5,919,872	1,373,898	99,693,193
Capital improvements (other than buildings)	861,999	451,673	-	1,313,672
Machinery and equipment	5,940,439	803,269	-	6,743,708
Vehicles	12,497,863	831,336	(74,401)	13,254,798
Software	814,984	7,806	-	822,790
Infrastructure	25,253,487	1,285,535	-	26,539,022
Total capital assets being depreciated	137,768,195	9,299,491	1,299,497	148,367,183
<i>Less accumulated depreciation for:</i>				
Buildings and improvements	(35,476,543)	(2,188,101)	-	(37,664,644)
Capital improvements (other than buildings)	(266,386)	(100,735)	-	(367,121)
Machinery and equipment	(4,122,175)	(553,309)	-	(4,675,484)
Vehicles	(8,796,146)	(756,399)	74,401	(9,478,144)
Software	(690,258)	(48,674)	-	(738,932)
Infrastructure	(9,366,146)	(832,637)	-	(10,198,783)
Total accumulated depreciation	(58,717,654)	(4,479,855)	74,401	(63,123,108)
Total capital assets being depreciated, net	79,050,541	4,819,636	1,373,898	85,244,075
Total governmental activities capital assets, net	\$ 86,961,664	\$ 4,845,321	\$ -	\$ 91,806,985

**TOWN OF FOXBOROUGH, MASSACHUSETTS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

<b>Business-Type Activities:</b>	Beginning Balance	Increases	Decreases & Reclassifications	Ending Balance
<i>Capital assets not being depreciated:</i>				
Land	\$ 692,282	\$ -	\$ -	\$ 692,282
Construction in progress	-	3,412,962	-	3,412,962
Total capital assets not being depreciated	692,282	3,412,962	-	4,105,244
<i>Capital assets being depreciated:</i>				
Machinery and equipment	2,763,467	-	-	2,763,467
Vehicles	590,708	-	-	590,708
Infrastructure	25,688,362	801,331	-	26,489,693
Total capital assets being depreciated	29,042,537	801,331	-	29,843,868
<i>Less accumulated depreciation for:</i>				
Machinery and equipment	(1,021,657)	(259,758)	-	(1,281,415)
Vehicles	(299,243)	(54,716)	-	(353,959)
Infrastructure	(7,535,670)	(627,562)	-	(8,163,232)
Total accumulated depreciation	(8,856,570)	(942,036)	-	(9,798,606)
Total capital assets being depreciated, net	20,185,967	(140,705)	-	20,045,262
Total business-type activities capital assets, net	\$ 20,878,249	\$ 3,272,257	\$ -	\$ 24,150,506

**TOWN OF FOXBOROUGH, MASSACHUSETTS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

---

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

<b>Governmental Activities:</b>	
General government	\$ 264,184
Public safety	938,283
Education	1,927,537
Public works	1,022,704
Human services	28,602
Culture and recreation	298,545
 Total depreciation expense - governmental activities	 \$ 4,479,855

<b>Business-Type Activities:</b>	
Water	\$ 873,447
Sewer	68,589
 Total depreciation expense - business-type activities	 \$ 942,036

**NOTE 6 – CAPITAL LEASE**

The Town has entered into a lease agreement as lessee for financing the acquisition of LED Street Lighting. This lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of the future minimum lease payments as of the inception date.

The asset acquired through the capital lease is as follows:

		<b>Governmental</b>
		<b>Activities</b>
Assets:		
Improvements (Other than Buildings)	\$ 286,706	
 Less: Accumulated depreciation	 (25,807)	
	 \$ 260,899	

**TOWN OF FOXBOROUGH, MASSACHUSETTS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

---

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

<u>Year Ending June 30</u>	<u>Governmental Activities</u>
2018	\$ 51,763
2019	51,763
2020	51,763
2021	51,764
2022	<u>51,764</u>
Total minimum lease payments	258,817
Less: amounts representing interest	<u>(18,817)</u>
Present value of minimum lease payments	<u><u>\$ 240,000</u></u>

**TOWN OF FOXBOROUGH, MASSACHUSETTS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

**NOTE 7 – INTERFUND TRANSFERS**

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

Operating Transfers Out:	Operating Transfers In:					Total	
	General Fund	EMS Fund	Nonmajor Governmental Funds	Water Enterprise Fund	Sewer Enterprise Fund		
Nonmajor Governmental Funds	\$ 55,935	\$ -	\$ -	\$ -	\$ -	\$ 55,935	(1)
EMS Fund	1,734,708	-	-	-	-	1,734,708	(1)
General Fund	-	100,000	-	-	-	100,000	(1)
General Fund	-	-	74,758	-	-	74,758	(1)
General Fund	-	-	53,010	-	-	53,010	(1)
General Fund	-	-	165,620	-	-	165,620	(1)
General Fund	-	-	51,438	-	-	51,438	(1)
General Fund	-	-	-	27,694	-	27,694	(2)
General Fund	-	-	-	-	50,000	50,000	(2)
Water Enterprise Fund	659,834	-	-	-	-	659,834	(3)
Sewer Enterprise Fund	108,263	-	-	-	-	108,263	(3)
Nonmajor Governmental Funds	30,572	-	-	-	-	30,572	(3)
<b>Total</b>	<b>\$ 2,589,312</b>	<b>\$ 100,000</b>	<b>\$ 344,826</b>	<b>\$ 27,694</b>	<b>\$ 50,000</b>	<b>\$ 3,111,832</b>	

- (1) Represents budgeted transfers.
- (2) Represents budgeted transfers from the various enterprise funds to the general fund.
- (3) Other transfers.

**NOTE 8 – SHORT-TERM FINANCING**

Under state law, and with the appropriate authorization, the Town is authorized to borrow funds on a temporary basis as follows:

- To fund current operations prior to the collection of revenues by issuing revenue anticipation notes (RANS).
- To fund grants prior to reimbursement by issuing grant anticipation notes (GANS).
- To fund Capital project costs incurred prior to selling permanent debt by issuing bond anticipation notes (BANS).
- To fund current project costs and other approved expenditures incurred, that are anticipated to be reimbursed by the Commonwealth, and through the issuance of State Aid anticipation notes (SAANS).

**TOWN OF FOXBOROUGH, MASSACHUSETTS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

---

Short-term loans are general obligations of the Town and maturity dates are governed by statute.

There were no short term borrowings in Fiscal 2017.

**NOTE 9 – LONG-TERM DEBT**

The Town is subject to a dual-level, general debt limit: the normal debt limit and the double debt limit. Such limits are equal to 5% and 10%, respectively, of the valuation of taxable property in the Town as last equalized by the Commonwealth’s Department of Revenue. Debt may be authorized up to the normal debt limit without state approval. Authorizations under the double debt limit, however, require the approval of the Commonwealth’s Emergency Finance Board. Additionally, there are many categories of general long-term debt which are exempt from the debt limit but are subject to other limitations.

The following is a summary of the changes in long-term debt for the year ended June 30, 2017:

**Bonds and Notes Payable Schedule -Governmental Funds**

Project	Interest Rate (%)	Outstanding at June 30, 2016	Issued	Redeemed	Outstanding at June 30, 2017
High School renovation	3.35	\$ 7,280,000	\$ -	\$ 520,000	\$ 6,760,000
Library renovation	2.79	5,675,000	-	355,000	5,320,000
Title V	0.00	510,000	-	30,000	480,000
Title V	0.00	11,101	-	11,101	-
Landfill Closure	1.21	385,000	-	100,000	285,000
Senior Center	1.21	30,000	-	30,000	-
School - Ahern Middle	1.21	395,000	-	70,000	325,000
Land Acquisition - Mill St.	1.21	595,000	-	80,000	515,000
Public Safety Building	4.02	225,000	-	225,000	-
Ahern School	1.40	1,828,000	-	211,000	1,617,000
Public Safety	1.60	2,154,000	-	-	2,154,000
Public Safety	1.41	3,416,000	-	392,000	3,024,000
School Remodeling	1.30	53,000	-	7,000	46,000
Town Hall	2.09	6,860,000	-	345,000	6,515,000
<b>Total Bonds and Notes Payable</b>		<b>29,417,101</b>	<b>-</b>	<b>2,376,101</b>	<b>27,041,000</b>
<b>Add: Unamortized Premium</b>		<b>342,940</b>	<b>-</b>	<b>29,662</b>	<b>313,278</b>
<b>Total</b>		<b>\$ 29,760,041</b>	<b>\$ -</b>	<b>\$ 2,405,763</b>	<b>\$ 27,354,278</b>

**TOWN OF FOXBOROUGH, MASSACHUSETTS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

---

The annual debt service requirements for principal and interest for Governmental bonds and notes outstanding at June 30, 2017 are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 2,320,000	\$ 860,680	\$ 3,180,680
2019	2,315,000	783,255	3,098,255
2020	2,311,000	708,865	3,019,865
2021	2,206,000	633,135	2,839,135
2022	2,191,000	568,355	2,759,355
2023-2027	9,123,000	1,809,585	10,932,585
2028-2032	5,185,000	614,606	5,799,606
2033-2037	1,390,000	102,000	1,492,000
<b>Total</b>	<b><u>\$ 27,041,000</u></b>	<b><u>\$ 6,080,481</u></b>	<b><u>\$ 33,121,481</u></b>

**Bonds and Notes Payable Schedule -Water and Sewer Enterprise Funds**

<u>Project</u>	<u>Interest Rate (%)</u>	<u>Outstanding at June 30, 2016</u>	<u>Issued</u>	<u>Redeemed</u>	<u>Outstanding at June 30, 2017</u>
Sewer	Var.	\$ 32,716	\$ -	\$ 32,716	\$ -
Sewer	Var.	20,000	-	5,000	15,000
Sewer	Var.	301,784	-	71,255	230,529
Water	2.79	4,640,000	-	290,000	4,350,000
Water	2.00	2,966,550	-	201,825	2,764,725
Water Reuse	1.21	755,000	-	110,000	645,000
Water	1.21	1,185,000	-	170,000	1,015,000
Water	Var.	245,000	-	30,000	215,000
Water	1.21	18,418	-	2,302	16,116
Sewer	Var.	84,000	-	10,000	74,000
Water	Var.	16,500,000	-	550,000	15,950,000
<b>Total Bonds and Notes Payable</b>		<b><u>26,748,468</u></b>	<b><u>-</u></b>	<b><u>1,473,098</u></b>	<b><u>25,275,370</u></b>
<b>Add: Unamortized Premium</b>		<b><u>-</u></b>	<b><u>776,964</u></b>	<b><u>-</u></b>	<b><u>776,964</u></b>
<b>Total</b>		<b><u>\$ 26,748,468</u></b>	<b><u>\$ 776,964</u></b>	<b><u>\$ 1,473,098</u></b>	<b><u>\$ 26,052,334</u></b>



**TOWN OF FOXBOROUGH, MASSACHUSETTS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

---

The annual debt service requirements for principal and interest for water and sewer enterprise fund bonds and notes outstanding at June 30, 2017 are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 1,453,651	\$ 780,769	\$ 2,234,420
2019	1,457,811	729,614	2,187,425
2020	1,465,246	679,026	2,144,272
2021	1,384,938	626,089	2,011,027
2022	1,384,354	590,798	1,975,152
2023-2027	5,721,307	2,314,930	8,036,237
2028-2032	4,708,063	1,526,325	6,234,388
2033-2037	2,750,000	990,000	3,740,000
2038-2042	2,750,000	577,500	3,327,500
2043-2046	2,200,000	165,000	2,365,000
Total	<u>\$ 25,275,370</u>	<u>\$ 8,980,051</u>	<u>\$ 34,255,421</u>

**Loans Authorized and Unissued**

As of June 30, 2017, the Town has loans authorized and unissued as follows:

<u>Description</u>	<u>Date Authorized</u>	<u>Amount</u>
Conservation - Land Acquisition	5/13/1986	\$ 130,000
Water - Land Acquisition	5/14/1990	70,000
Design, Construct, Equip Water Treatment	5/10/2010	<u>817,398</u>
Total		<u>\$ 1,017,398</u>

**TOWN OF FOXBOROUGH, MASSACHUSETTS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

---

**Changes in Long-term Liabilities**

The following is a summary of changes in long-term liabilities for the year ended June 30, 2017:

The governmental activities long-term liabilities are generally liquidated by the general fund.

<u>Governmental Activities:</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Current Portion</u>
Bonds and notes payable	\$ 29,417,100	\$ -	\$ (2,376,100)	\$ 27,041,000	\$ 2,320,000
Add: Unamortized Premium	342,940	-	(29,662)	313,278	32,578
<b>Total Bonds and Notes Payable</b>	<b>29,760,040</b>	<b>-</b>	<b>(2,405,762)</b>	<b>27,354,278</b>	<b>2,352,578</b>
Compensated absences	1,447,388	496,244	-	1,943,632	607,902
Postemployment Benefits	13,958,312	162,166	-	14,120,478	-
Capital Lease	-	240,000	-	240,000	45,595
Net pension liability	34,054,333	-	(1,328,483)	32,725,850	-
Landfill postclosure care costs	481,000	-	(37,000)	444,000	37,000
 Total governmental activities long-term liabilities	 <u>\$ 79,701,073</u>	 <u>\$ 898,410</u>	 <u>\$ (3,771,245)</u>	 <u>\$ 76,828,238</u>	 <u>\$ 3,043,075</u>
 <u>Business-Type Activities:</u>	 <u>Beginning Balance</u>	 <u>Additions</u>	 <u>Reductions</u>	 <u>Ending Balance</u>	 <u>Current Portion</u>
Bonds and notes payable	\$ 26,748,468	\$ -	\$ (1,473,098)	\$ 25,275,370	\$ 1,453,651
Add: Unamortized Premiums	824,718	-	(47,754)	776,964	53,042
<b>Total Bonds and Notes Payable</b>	<b>27,573,186</b>	<b>-</b>	<b>(1,520,852)</b>	<b>26,052,334</b>	<b>1,506,693</b>
Compensated absences	99,848	18,568	-	118,416	42,931
Net pension liability	709,175	-	(27,665)	681,510	-
Postemployment Benefits	263,191	-	(40,930)	222,261	-
 Total business-type activities long-term liabilities	 <u>\$ 28,645,400</u>	 <u>\$ 18,568</u>	 <u>\$ (1,589,447)</u>	 <u>\$ 27,074,521</u>	 <u>\$ 1,549,624</u>

**TOWN OF FOXBOROUGH, MASSACHUSETTS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

---

**Overlapping Debt**

The Town pays assessments under formulas which include debt service payments to other governmental agencies providing services to the Town, (commonly referred to as overlapping debt). The following summary sets forth the long-term debt of such governmental agencies and the estimated share being financed by the Town as of June 30, 2017:

<u>Agency</u>	<u>Total Long- Term Debt Outstanding</u>	<u>Town's Estimated Share</u>	<u>Town's Indirect Debt</u>
Norfolk County	\$ 14,213,000	2.28%	\$ 324,341
Southeastern Regional Vocational Technical High School	<u>4,980,000</u>	<u>1.80%</u>	<u>89,640</u>
Norfolk County	<u>\$ 19,193,000</u>		<u>\$ 413,981</u>

**Conduit Debt**

On June 30, 2000, the Town issued \$69,810,000 in Foxborough Stadium Infrastructure Improvement Bonds. The Bonds are issued pursuant to Chapter 16 of the Acts of 1999 of the Commonwealth of Massachusetts and the Trust Indenture dated as of June 1, 2000. The bonds are payable solely from the trust assets, consisting of assigned rights to receive contract assistance payments from the Commonwealth of Massachusetts under the contract in an amount sufficient to pay the principal of, premium, if any, and interest on the Bonds, and other funds specifically pledged for the payment of the Bonds under the Trust Indenture. The Bonds are not a general obligation of the Town or the Commonwealth of Massachusetts. The contract assistance agreement is a general obligation of the Commonwealth of Massachusetts for which the full faith and credit of the Commonwealth of Massachusetts is pledged for the benefit of the Town. As of June 30, 2017, the total amount of conduit debt outstanding was \$33,430,000.

**TOWN OF FOXBOROUGH, MASSACHUSETTS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

**NOTE 10 – GOVERNMENTAL FUND BALANCE CLASSIFICATIONS**

The Town has classified its governmental fund balances with the following hierarchy.

	GENERAL FUND	TOWN HALL RENOVATION FUND	EMS MAJOR FUND	NONMAJOR GOVERNMENTAL FUNDS	TOTAL
<b>Fund Balances</b>					
<b>Nonspendable:</b>					
Permanent Fund Principal	\$ -	\$ -	\$ -	\$ 172,565	\$ 172,565
<b>Restricted For:</b>					
General Government	-	-	-	146,159	146,159
Public Safety	-	-	-	386,980	386,980
Education	-	-	-	1,722,790	1,722,790
Public Works	-	-	-	22,744	22,744
Human Services	-	-	-	291,682	291,682
Culture & Recreation	-	-	-	663,936	663,936
Employee Benefits	-	-	-	610,815	610,815
Debt Service	766,227	-	-	-	766,227
Major Town Hall Project	-	580,721	-	-	580,721
Major EMS Fund	-	-	2,011,956	-	2,011,956
Expendable Trust Funds	-	-	-	185,833	185,833
	<u>766,227</u>	<u>580,721</u>	<u>2,011,956</u>	<u>4,030,939</u>	<u>7,389,843</u>
<b>Committed To:</b>					
<b>Continuing Appropriations</b>					
General Government	213,578	-	-	-	213,578
Public Safety	622,836	-	-	-	622,836
Education	992,638	-	-	-	992,638
Public Works	36,790	-	-	-	36,790
Culture & Recreation	77,589	-	-	-	77,589
	<u>1,943,431</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,943,431</u>
<b>Assigned To:</b>					
<b>Encumbered For:</b>					
General Government	100,940	-	-	-	100,940
Public Safety	121,581	-	-	-	121,581
Education	578,571	-	-	-	578,571
Public Works	84,506	-	-	-	84,506
Human Services	7,820	-	-	-	7,820
Culture & Recreation	5,388	-	-	-	5,388
Employee Benefits	10,333	-	-	-	10,333
Subsequent Years Expenditures	2,425,224	-	-	-	2,425,224
Capital Stabilization Fund	1,085,821	-	-	-	1,085,821
	<u>4,420,184</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,420,184</u>
<b>Unassigned</b>					
General Fund	8,205,346	-	-	-	8,205,346
General Fund Stabilization	3,379,931	-	-	-	3,379,931
Nonmajor Governmental Funds	-	-	-	(29,932)	(29,932)
<b>Capital Projects</b>					
General Government	-	-	-	(50,671)	(50,671)
Public Works	-	-	-	-	-
	<u>11,585,277</u>	<u>-</u>	<u>-</u>	<u>(80,603)</u>	<u>11,504,674</u>
<b>Total Governmental Fund Balances</b>	<u>\$ 18,715,119</u>	<u>\$ 580,721</u>	<u>\$ 2,011,956</u>	<u>\$ 4,122,901</u>	<u>\$ 25,430,697</u>

**TOWN OF FOXBOROUGH, MASSACHUSETTS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

---

**NOTE 11 – STABILIZATION FUNDS**

The Town has established two funds where the Town has set aside amounts for emergency and capital needs. These funds consist of the following;

- *The Stabilization Fund* is used to account for any appropriation, as approved by a 2/3 vote at the annual or special town meeting for additions or reductions to the fund. Any interest shall be added to and become part of the fund. The Stabilization fund balance is \$3,379,931 as of June 30, 2017. The fund was established under chapter 40, sub-section 5B of the Massachusetts General Law.
- *The Capital Improvements Stabilization Fund* is used to account for appropriations funding the acquisition, repair, replacement, extension, reconstruction, enlarging and/or additions to capital equipment, vehicles, and apparatus of the Town and pay notes, bonds, or certificates of indebtedness issued to pay for the cost of such acquisition, repair, replacement, extension, reconstruction, enlarging and additions. The Capital Improvements Stabilization fund balance is \$1,085,821 as of June 30, 2017. The Town may appropriate into and out of the fund at Annual or Special Town Meeting by 2/3 vote. This fund was established under Chapter 40 sub-section 5B of MGL.

**NOTE 12 – RISK FINANCING**

The Town is exposed to various risks of loss related to torts; theft of, damage to or destruction of assets; errors and omissions; injuries to employees; employee's health and life; and natural disasters.

Buildings are insured against fire, theft, and natural disaster (except for losses due to flood or earthquake) to the extent that losses exceed \$2,500 per incident. Buildings are insured against flood and earthquake damage, to the extent that losses exceed \$25,000 per incident.

The Town's workers compensation program is premium-based. The policy is limited to Massachusetts Statutory Benefits.

The Town is insured for general liability; however, Chapter 258 of the Massachusetts General Laws limits the Town's liability to a maximum of \$100,000 per claim in all matters except in actions relating to federal civil rights, eminent domain and breach of contract. Such claims are charged to the general fund. There were no such claims in 2017.

The Town has several contributory health care options. There are 758 employees and retirees who participate in the Town's health care programs. The Town contributes 50% of the costs for the full indemnity plan and supplementary Medicare insurance. The Town contributes 70% of the costs for managed care costs and 50 % of the costs for retirees not eligible for medicare.

**TOWN OF FOXBOROUGH, MASSACHUSETTS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

---

**NOTE 13 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS**

The GASB Standards for *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, requires the following disclosures in the financial statements related to the retiree medical, dental, and life insurance benefits:

**Plan Description.** Town of Foxborough Other Postemployment Benefits Plan (The Plan) is a single-employer defined benefit healthcare plan administered by the Town of Foxborough. The plan provides medical, dental, and life insurance benefits to eligible retirees and their spouses. Town meeting vote is the authority to establish and amend benefit provisions to the Town. The Town has accepted various sections of Massachusetts General Laws Chapter 32B to provide 50% of the premium cost of retirees' health, dental and life insurance costs.

**Funding Policy.** The contribution requirements of plan members and the Town are established and may be amended through local by law. The required contribution is based on projected pay-as-you-go financing requirements. For Fiscal Year 2017, total Town premiums plus implicit costs for the retiree medical program are \$2,246,185.

The Commonwealth of Massachusetts passed special legislation that has allowed the Town to establish a postemployment benefit trust fund and to enable the Town to begin pre-funding its other postemployment benefit (OPEB) liabilities.

*Plan Membership* – The following table represents the Plan's membership as June 30, 2017:

Active Members	638
Inactive members currently receiving benefits	<u>352</u>
Total	<u><u>990</u></u>

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

Total OPEB Liability	\$ 33,483,529
Less: OPEB plan's fiduciary net position	<u>(6,888,077)</u>
Net OPEB Liability	<u><u>\$ 26,595,452</u></u>

The OPEB plan's fiduciary net position as a percentage of the total OPEB liability	20.57%
--	--------

**TOWN OF FOXBOROUGH, MASSACHUSETTS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

---

*Significant Actuarial Methods and Assumptions* – The plan’s total OPEB liability, actuarial valuation was determined using the following actuarial methods and assumptions.

Valuation Date:	Actuarially Determined Contribution was calculated as of June 30, 2017.
Actuarial Cost Method:	Individual Entry Age Normal
Asset-Valuation Method:	Market value of assets as of the reporting date June 30, 2017
Investment Rate of Return	7.01%, net of OPEB plan investment expense, including inflation.
Municipal Bond Rate:	3.13% as of June 30, 2017 (source: S&P Municipal Bond 20 year high grade index - SAPIHG)
Single Equivalent Discount Rate:	7.00% net of OPEB plan investment expense, including inflation. Using a blend of the Municipal Bond Index Rate for unfunded periods and the Investment Rate of Return for funded periods, based on GASB No. 74 implementation Guide Exposure Draft; IG ED 4.136.
Inflation:	2.75% as of June 30, 2017 and for future periods
Salary Increases:	3.00% annually as of June 30, 2017 and for future periods
Cost of Living Adjustment	Not Applicable
Pre-Retirement Mortality:	RP-2000 Employees Mortality Table projected generationally with scale BB and a base year 2009 for males and females
Post-Retirement Mortality:	RP-2000 Healthy Annuitant Mortality Table projected generationally with scale BB and a base year 2009 for males and females
Disabled Mortality:	RP-2000 Healthy Annuitant Table projected generationally with scale BB and a base year 2012 for males and females
Mortality Experience Study:	The mortality assumptions reflect PERAC's recent experience analysis published in 2014 (based on the years 2006-2011), updated to reflect data through January 1, 2015 for post-retirement mortality, and professional judgement. As such, mortality assumptions reflect observed current mortality as well as expected mortality improvements.

**TOWN OF FOXBOROUGH, MASSACHUSETTS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

---

*Investment Policy*

The OPEB plan's assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the OPEB plan.

The long-term real rate of return on OPEB investments was determined using the Town's investment policy. Best estimates of real rates of returns for each major asset class included in the OPEB plans target asset allocation as of June 30, 2017 are summarized in the following table.

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equity - large cap	22.50%	4.00%
Domestic equity - small/mid cap	16.50%	6.00%
International equity - developed market	13.00%	4.50%
International equity - emerging market	7.50%	7.00%
Domestic fixed income	22.00%	2.00%
International fixed income	3.00%	3.00%
Alternatives	15.00%	6.50%
Real Estate	0.00%	6.25%
Cash	0.50%	0.00%
	100.00%	

*Sensitivity of the net OPEB liability to changes in the discount rate* – The following table presents the Plan's net OPEB liability, calculated using the discount rate of 7.00% as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1 percentage- point lower (6.00%) or 1 percentage-point higher (8.00%) than the current rate.

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Net OPEB liability	\$ 31,209,993	\$ 26,595,452	\$ 21,980,911
Service Cost	\$ 1,172,238	\$ 925,445	\$ 678,652



**TOWN OF FOXBOROUGH, MASSACHUSETTS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

---

*Sensitivity of the net OPEB liability to changes in the healthcare trend* – The following table presents the net other postemployment benefit liability, calculated the healthcare trend rate if it was 1 percentage-point lower or 1 percentage-point higher than the current rate.

	1% Decrease (4.00%)	Current Trend (5.00%)	1% Increase (6.00%)
Net OPEB liability	\$ 18,682,667	\$ 26,595,452	\$ 36,340,723
Service Cost	\$ 573,747	\$ 925,445	\$ 1,391,562

**Annual OPEB Cost and Net OPEB Obligation.** The Town’s annual other postemployment benefit (OPEB) cost (expense) is calculated based on the *annual required contribution of the employer (ARC)*, an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

The following table shows the components of the Town’s annual OPEB cost for the fiscal year, the amount actually contributed to the plan, and changes in the Town’s net OPEB obligation to the plan:

Annual required contribution	\$ 4,029,796
Interest on net OPEB obligation	995,506
Adjustment to annual required contribution (ARC)	(1,071,084)
Amortization of Actuarial Gains/Losses	<u>(1,586,797)</u>
Annual OPEB cost (expense)	2,367,421
Contributions made	(1,382,116)
Contributions made to OPEB trust	<u>(864,069)</u>
Change in net OPEB obligation	121,236
Net OPEB obligation - beginning of year	<u>14,221,503</u>
Net OPEB obligation - end of year	<u><u>\$ 14,342,739</u></u>

**TOWN OF FOXBOROUGH, MASSACHUSETTS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

---

The Town's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2017 and the eight preceding years were as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Increase/Decrease in Net OPEB Obligation</u>	<u>Net OPEB Obligation</u>
6/30/2009	\$ 5,095,788	21.31%	\$ 4,009,801	\$ 4,009,801
6/30/2010	\$ 5,393,311	47.09%	\$ 2,853,492	\$ 6,863,293
6/30/2011	\$ 4,655,786	40.65%	\$ 2,763,011	\$ 9,626,304
6/30/2012	\$ 4,964,542	33.08%	\$ 3,322,449	\$ 12,948,753
6/30/2013	\$ 2,494,174	68.98%	\$ 773,766	\$ 13,722,519
6/30/2014	\$ 2,680,368	70.58%	\$ 788,446	\$ 14,510,965
6/30/2015	\$ 1,680,961	107.26%	\$ (121,963)	\$ 14,389,002
6/30/2016	\$ 1,849,734	109.06%	\$ (167,499)	\$ 14,221,503
6/30/2017	\$ 2,367,421	94.90%	\$ 121,236	\$ 14,342,739

**Funded Status and Funding Progress.** As of June 30, 2017, the most recent actuarial valuation date, the plan was 20.59% funded. The actuarial accrued liability for benefits was \$33.452 million, and the actuarial value of assets was \$6.888 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$26.564 million. The covered payroll (annual payroll of active employees covered by the plan) was \$40.560 million and the ratio of the UAAL to the covered payroll was 65.5 %.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

**Actuarial Methods and Assumptions.** Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

**TOWN OF FOXBOROUGH, MASSACHUSETTS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

---

In the June 30, 2017, actuarial valuation, the individual entry age normal actuarial cost method was used. Under this method, the annual normal cost and actuarial liability are both based on an accrual of projected benefits over the period for which benefits are accrued. The normal cost is the actuarial present value of one year's benefit accrual on this basis. The actuarial accrued liability is the actuarial present value of the projected benefit times the ratio of past service to expected total service at retirement/termination. The actuarial assumptions included a 7.01% investment rate of return (net of administrative expenses), which is a blended rate of the expected long-term investment returns on plan assets and on the employer's own investments calculated based on the funded level of the plan at the valuation date, and an annual healthcare cost trend rate of 5.00% percent and thereafter. This rate included a 2.75% inflation assumption. The actuarial value of assets was determined using market value. The UAAL is being amortized as a level dollar amount over 30 years at transition. The remaining amortization period at July 1, 2017, was 21 years.

**NOTE 14 – PENSION PLANS**

**A. Plan Descriptions**

The Town is a member of the Norfolk County Contributory Retirement System (The System), a cost-sharing multiple-employer, contributory defined benefit pension plan covering eligible employees of the 41 member units deemed eligible by the system. Chapter 32 of the Massachusetts General Law assigns authority to establish and amend benefit provisions of the system. Substantially all employees are members of the system except for school teachers and certain school administrators.

The System issues a publically available audited financial report that may be obtained by contacting the system's executive director at 480 Neponset Street, Building #15, Canton, Massachusetts 02021. The report can also be obtained online at [www.norfolkcountyretirement.org](http://www.norfolkcountyretirement.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/>. The MTRS report may also be obtained by contacting MTRS at One Charles Park, Cambridge, Massachusetts 02142-1206.

**TOWN OF FOXBOROUGH, MASSACHUSETTS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

---

*Special Funding Situation*

The Commonwealth is a nonemployer contributor and is required by statute to make 100% of all actuarially determined employer contributions on behalf of the Town to the MTRS. Therefore, the Town is considered to be in a special funding situation as defined by GASB Statement No.68, *Accounting and Financial Reporting for Pensions* and the Commonwealth is a nonemployer contributor in MTRS. Since the Town does not contribute directly to MTRS, there is no net pension liability to recognize. The total of the Commonwealth provided contributions have been allocated based on each employer's covered payroll to the total covered payroll of employers in MTRS as of the measurement date of June 30, 2016. The Town's portion of the collective pension expense, contributed by the Commonwealth, of \$7,355,795 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 \$72,111,005 as of the measurement date.

The "System" and the MTRS are contributory defined benefit plans and membership in both the "System" and the MTRS is mandatory upon commencement of employment for all permanent, full-time employees.

**B. Benefits Provided**

The System and MTRS provide retirement, disability 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. There are three classes of membership in the retirement system: group 1, group 2, and group 4. Group 1 consists of general employees which includes clerical and administrative positions. Group 2 consists of positions that have even been specified as hazardous. Lastly, group 4 consist of police officers, firefighters, and other hazardous positions.

Members become vested after ten years of creditable service. A superannuation retirement allowance may be received upon the completion of 20 years of service or upon reaching the age of 55 with 10 years of service if hired after 1978 and if classified in groups 1 or 2. A person who became a member on or after April 2, 2012 is eligible for a superannuation retirement allowance upon reaching the age of 60 with 10 years of service in group 1, 55 years of age with 10 years of service if in group 2 and 55 years of age if hired prior to 1978 or if classified in group 4. Normal retirement for most employees occurs at age 65 (except for certain hazardous duty and public safety positions, whose normal retirement is at age 55).

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

**TOWN OF FOXBOROUGH, MASSACHUSETTS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

---

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. In addition, with at least ten years of creditable service, such employees are entitled to receive one hundred (100%) percent of the regular interest which has accrued upon those 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 in to the pension fund. Cost-of-living adjustments granted after 1997 must be approved by the system and all costs are borne by the system.

### **C. Contributions**

#### *Norfolk County Contributory Retirement System*

Chapter 32 of MGL governs the contributions of plan members and member employees. Active plan members are required to contribute to the system at rates ranging from 5 to 9% of their gross compensation. Members joining the system after January 1, 1979 must contribute an additional 2% on regular compensation earned at a rate in excess of \$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 system, a legislatively mandated actuarial determined contribution that is apportioned among the employers based on active current payroll. The Town's proportionate share of the required contribution for the year ended December 31, 2016 which was \$3,655,092 and 20.36% of covered payroll, actuarially determined as an amount that when combined with plan member contributions, is expected to finance the costs of benefits earned by plan members during the year, with an additional amount to finance any unfunded accrued liability.

### **D. Pension Liabilities, Pension Expense, Deferred Outflows of Resource, and Deferred Inflows of Resources Related to Pensions**

#### *Pension Liabilities*

At June 30, 2017 the Town reported a liability of \$33,407,360 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2016 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2016. Accordingly, updated procedures were used to roll forward the total pension liability to the measurement date. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating members actuarially determined, At December 31, 2016, the Town's proportion was 6.40% which had no increase from its proportion measured as of December 31, 2015.

#### *Pension Expense and Deferred Outflows/Inflows of Resources*

For the year ended June 30, 2017 the Town recognized pension expense of \$3,574,415. At June 30, 2017 the Town reported deferred outflows and inflows of resources related to pensions of \$3,576,710 and \$2,348,067 respectively.

**TOWN OF FOXBOROUGH, MASSACHUSETTS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

---

The balances of deferred outflows and inflows as June 30, 2017 consist of the following:

<u>Deferred Category</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Total</u>
Differences between expected and actual experience	\$ 523,769	\$ -	\$ 523,769
Changes of Assumptions	-	(2,178,535)	(2,178,535)
Net difference between projected and actual earnings	3,052,941	-	3,052,941
Changes in proportionate share of contributions	-	(169,532)	(169,532)
Total Deferred Outflows (Inflows) of Resources	<u>\$ 3,576,710</u>	<u>\$ (2,348,067)</u>	<u>\$ 1,228,643</u>

The Town's net deferred outflows/inflows of resources related to pensions will be recognized in future pension expense is as follows:

<u>Year ended June 30</u>	<u>Amount</u>
2017	\$ 518,230
2018	518,230
2019	304,514
2020	(112,331)
Totals	<u>\$ 1,228,643</u>

**E. Actuarial Assumptions**

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

Valuation date	January 1, 2016
Actuarial cost method	Entry age normal cost method
Amortization method	Open-level percent of payroll.
Cost of Living Increase	3.0% of first \$15,000 of retirement income
Asset valuation method	market value
Inflation rate	4.0%
Projected Salary increases	3.5% - 5.5%
Mortality rates	The RP-2014 blue collar mortality table adjusted with scale MP-2014.
Investment rate of return	8.0%

**TOWN OF FOXBOROUGH, MASSACHUSETTS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

---

**F. Long-Term Expected Rate of Return**

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. The target allocation and 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, 2016 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	32.0%	8.60%
International Equities	17.5%	8.60%
Fixed Income	19.0%	4.50%
Private Equity	8.5%	13.60%
Real Estate	9.0%	5.10%
Real Assets	5.0%	7.90%
Hedge Funds	9.0%	7.90%
Total	<u>100%</u>	

The system's policy in regard to the allocation of invested plan assets is established and may be amended by the Board. Plan assets are managed with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the plan.

For the year ended December 31, 2016 the System's annual money-weighted rate of return on pension plan investments net of pension plan investment expense was 8.59%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

**G. Discount Rate**

The discount rate used to measure the total pension liability as of December 31, 2016 was 8.00%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at contractually required rates, actuarially determined. Under Chapter 32 of the MGL, employers are required to make the necessary contributions such that the plan reaches full funding status by 2040. Based on those assumptions, the 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 plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**TOWN OF FOXBOROUGH, MASSACHUSETTS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

---

**H. Sensitivity of the net pension liability to changes in the discount rate**

The following presents the net pension liability of the system, as of December 31, 2016 calculated using the discount rate of 8.00%, as well as what the system's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (7.00%) or one percentage point higher (9.00%) than the current rate:

	1% Decrease (7.00%)	Current Discount Rate (8.00%)	1% Increase (9.00%)
The Towns proportionate share of the net pension liability	\$ 42,268,742	\$ 33,407,360	\$ 25,811,319

Detailed information about the pension plan's fiduciary net position is available in a separately issued Norfolk County Contributory Retirement System financial report.

**NOTE 15 – COMMITMENTS AND CONTINGENCIES**

The Town participates in a number of federal award programs. Although the grant programs have been audited in accordance with the provisions of the Single Audit Act Amendments of 1996 through June 30, 2017, 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 believed the amount, if any, would not be material.

The Town's landfill was closed in 1997 by order of the Department of Environmental Protection (DEP). The DEP approved the capping construction of the landfill site in 1998. The Town is responsible for post-closure monitoring of the site for thirty years (12 years remaining), and the estimated liability has been recorded in the Statement of Net Position, Governmental Activities. The \$444,000 reported as landfill post-closure liability at June 30, 2017 is based on what it would cost to perform all post-closure care costs at June 30, 2017. Actual costs may be higher due to inflation, changes in technology or changes in regulations.

Various legal actions and claims are pending. Litigation is subject to many uncertainties, and the outcome of individual litigated matters is not always predictable. Although the amount of liability, if any, at June 30, 2017, cannot be ascertained, management believes any resulting liability should not materially affect the financial position at June 30, 2017.



**TOWN OF FOXBOROUGH, MASSACHUSETTS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

---

**NOTE 16 – IMPLEMENTATION OF NEW GASB PRONOUNCEMENTS**

During fiscal year 2017, the following GASB pronouncements were implemented:

The GASB issued **Statement #73**, *Accounting and Financial Reporting for Pension and Related Assets that are not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statement 67 and 68*. The provisions of this Statement are effective for 2016 – except those provisions that address employers and governmental non-employer contributing entities for pensions that are not within the scope of Statements 68, which are effective for 2017. Management’s current assessment is that this pronouncement will not have a significant impact on the Basic Financial Statements.

The GASB issued **Statement #74**, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, which is required to be implemented in 2017. Management’s current assessment is that this pronouncement will not have a significant impact on the Basic Financial Statements.

The GASB issued **Statement #77**, *Tax Abatement Disclosures* which is required to be implemented in 2017. Management’s current assessment is that this pronouncement will not have a significant impact on the Basic Financial Statements.

The GASB issued **Statement #78**, *Pension Provided through Certain Multiple-Employer Defined Benefit Pension Plans*, which is required to be implemented in 2017. Management’s current assessment is that this pronouncement will not have a significant impact on the Basic Financial Statements.

The GASB issued **Statement #80**, *Blending Requirements for Certain Component Units – an amendment of GASB Statement #14*, which is required to be implemented in 2017. Management’s current assessment is that this pronouncement will not have a significant impact on the Basic Financial Statements.

The GASB issued **Statement #82**, *Pension Issues – an amendment of GASB Statements No. 67, No. 68, and No. 73*, which is required to be implemented in 2017. Management’s current assessment is that this pronouncement will not have a significant impact on the Basic Financial Statements.

*Future GASB Pronouncements:*

The GASB issued **Statement #75**, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, this is required to be implemented in 2018. Management’s current assessment is that this pronouncement will have a significant impact on the Basic Financial Statements.

The GASB issued **Statement #81**, *Irrevocable Split-Interest Agreements*, which is required to be implemented in 2018. Management’s current assessment is that this pronouncement will not have a significant impact on the Basic Financial Statements.

The GASB issued **Statement #83**, *Certain Asset Retirement Obligations*, which is required to be implemented in 2019. Management’s current assessment is that this pronouncement will not have a significant impact on the Basic Financial Statements.

The GASB issued **Statement #84**, *Fiduciary Activities*, which is required to be implemented in 2020. Management’s current assessment is that this pronouncement will not have a significant impact on the Basic Financial Statements.

**TOWN OF FOXBOROUGH, MASSACHUSETTS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

---

The GASB issued **Statement #85**, *Omnibus 2017*, which is required to be implemented in 2018. Management's current assessment is that this pronouncement will not have a significant impact on the Basic Financial Statements.

The GASB issued **Statement #86**, *Certain Debt Extinguishment Issues*, which is required to be implemented in 2018. Management's current assessment is that this pronouncement will not have a significant impact on the Basic Financial Statements.

The GASB issued **Statement #87**, *Leases*, which is required to be implemented in 2021. Management's current assessment is that this pronouncement will not have a significant impact on the Basic Financial Statements.

**TOWN OF FOXBOROUGH, MASSACHUSETTS  
 REQUIRED SUPPLEMENTARY INFORMATION  
 NORFOLK COUNTY CONTRIBUTORY RETIREMENT SYSTEM  
 JUNE 30, 2017**

**The following schedules are presented in accordance with GASB Statement No. 68**

**Schedule of the Town's Proportionate Share of the Net Pension Liability**

	<u>December 31, 2016</u>	<u>December 31, 2015</u>	<u>December 31, 2014</u>
Town's proportion of the net pension liability	6.40%	6.40%	6.41%
Town's proportionate share of the net pension liability	\$ 33,407,360	\$ 34,763,508	\$ 33,268,513
Town's covered-employee payroll	\$ 17,949,748	\$ 17,018,788	\$ 15,653,875
Town's proportionate share of the net pension liability as a percentage of it's covered-employee payroll	186.12%	204.27%	212.53%
Plan fiduciary net position as a percentage of the total pension liability	61.60%	58.60%	60.10%

**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 the information is available.

See notes to Required Supplementary Information

**TOWN OF FOXBOROUGH, MASSACHUSETTS  
REQUIRED SUPPLEMENTARY INFORMATION  
NORFOLK COUNTY CONTRIBUTORY RETIREMENT SYSTEM  
JUNE 30, 2017**

**SCHEDULE OF TOWN'S CONTRIBUTION**

	<u>December 31 ,2016</u>	<u>December 31 ,2015</u>	<u>December 31 ,2014</u>
Actuarilly determined contribution	\$ 3,655,092	\$ 3,318,800	\$ 3,028,356
Contribution in relation to the actuarilly determined contribution	<u>(3,655,092)</u>	<u>(3,318,800)</u>	<u>(3,028,356)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Town's covered-employee payroll	\$ 17,949,748	\$ 17,018,788	\$ 15,653,875
Contribution as a percentage of covered - employee payroll	20.36%	19.50%	19.35%

**Note:** This Town schedule is intended to present information for 10 years. Until a 10 year trend is compiled, information is presented for those years for which the information is available.

See notes to Required Supplementary Information

**TOWN OF FOXBOROUGH, MASSACHUSETTS  
 REQUIRED SUPPLEMENTARY INFORMATION  
 MASSACHUSETTS TEACHERS RETIREMENT SYSTEM  
 JUNE 30, 2017**

**The following schedule is presented in accordance with GASB Statement No. 74**

**Schedule of the Commonwealth's Collective amounts of the Net Pension Liability**

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 total liability.

<u>Fiscal Year</u>	<u>Commonwealth's 100% Share of the Net Pension Liability Associated with the Town</u>	<u>Town's Expense and Revenue Recognized for the Commonwealth's Support</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</u>
2017	\$ 72,111,005	\$ 7,355,795	52.73%
2016	67,233,573	5,453,241	55.38%
2015	51,262,819	3,561,474	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.

**TOWN OF FOXBOROUGH, MASSACHUSETTS  
REQUIRED SUPPLEMENTARY INFORMATION  
OTHER POSTEMPLOYMENT BENEFITS  
JUNE 30, 2017**

**The following schedules are presented in accordance with GASB Statement No. 74**

**Schedule of the Town's Proportionate Share of the Net Other Postemployment Benefit Liability**

	June 30, 2017
<b>Total OPEB Liability</b>	
Service Cost	\$ 925,445
Interest on total OPEB liability, service cost, and benefit payments	2,236,485
Changes of benefit terms	-
Differences between expected and actual experience	-
Changes of assumptions	-
Benefit Payments Including Implicit Costs	(1,382,116)
Net Change in total OPEB liability	1,779,814
Total OPEB liability-beginning	31,703,715
Total OPEB liability-ending (a)	33,483,529
 <b>Plan fiduciary net position</b>	
Contributions-employer	2,346,185
Net investment income	420,991
Benefit payments	(1,382,116)
Administrative expenses	-
Net change in plan fiduciary net position	1,385,060
Plan fiduciary net position - beginning	5,503,017
Plan fiduciary net position - ending (b)	6,888,077
 <b>Town's net OPEB liability-ending (a)-(b)</b>	<b>\$ 26,595,452</b>
 Plan fiduciary net position as a percentage of total OPEB liability	20.57%
 Covered-employee payroll	\$ 40,559,503
 Plan's net OPEB liability as a percentage of covered-employee payroll	65.57%

**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.

**TOWN OF FOXBOROUGH, MASSACHUSETTS  
REQUIRED SUPPLEMENTARY INFORMATION  
OTHER POSTEMPLOYMENT BENEFITS  
JUNE 30, 2017**

**Schedule of the Town's Contribution**

	June 30, 2017
Actuarially determined contribution	\$ 3,032,780
Contributions in relation to the actuarially determined contribution	(2,346,185)
Contribution deficiency (excess)	\$ 686,595
Covered-employee payroll	\$ 40,559,503
Contributions as a percentage of covered- employee payroll	5.78%

**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.

**TOWN OF FOXBOROUGH, MASSACHUSETTS  
REQUIRED SUPPLEMENTARY INFORMATION  
OTHER POSTEMPLOYMENT BENEFITS  
JUNE 30, 2017**

**Schedule of Investment Return**

---

	<u>June 30, 2017</u>
Annual money-weighted rate of return, net of investment expense	7.01%

**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.



**TOWN OF FOXBOROUGH, MASSACHUSETTS  
REQUIRED SUPPLEMENTARY INFORMATION  
OTHER POSTEMPLOYMENT BENEFITS  
JUNE 30, 2017**

**The following schedules are presented in accordance with GASB Statement No. 45:**

**Schedules of Funding Progress:**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b - a)/c]
7/1/2008	\$ -	\$ 62,192,355	\$ 62,192,355	0.00%	\$ 29,236,861	212.7%
6/30/2011	\$ 1,874,546	\$ 54,227,260	\$ 52,352,714	3.46%	\$ 30,785,506	170.1%
6/30/2013	\$ 2,816,337	\$ 33,731,851	\$ 30,915,514	8.35%	\$ 34,778,502	88.9%
6/30/2015	\$ 4,620,298	\$ 27,252,386	\$ 22,632,088	16.95%	\$ 36,588,631	62.0%
6/30/2017	\$ 6,888,077	\$ 33,452,342	\$ 26,564,265	20.59%	\$ 40,559,503	65.5%

**Schedule of Employer Contributions:**

Year Ended June 30	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Increase in OPEB Obligation	Net OPEB Obligation
2009	\$ 5,095,788	21.31%	\$ 4,009,801	\$ 4,009,801
2010	\$ 5,393,311	47.09%	\$ 6,863,293	\$ 6,863,293
2011	\$ 4,655,786	40.65%	\$ 2,763,011	\$ 9,626,304
2012	\$ 4,964,542	33.08%	\$ 3,322,449	\$ 12,948,753
2013	\$ 2,494,174	68.98%	\$ 773,766	\$ 13,722,519
2014	\$ 2,680,368	70.58%	\$ 788,446	\$ 14,510,965
2015	\$ 1,680,961	107.26%	\$ (121,963)	\$ 14,389,002
2016	\$ 1,849,734	109.06%	\$ (167,499)	\$ 14,221,503
2017	\$ 2,367,421	94.90%	\$ 121,236	\$ 14,342,739

**TOWN OF FOXBOROUGH, MASSACHUSETTS  
REQUIRED SUPPLEMENTARY INFORMATION  
OTHER POSTEMPLOYMENT BENEFITS  
JUNE 30, 2017**

**Actuarial Methods and Assumptions**

Valuation Date:	Actuarially Determined Contribution was calculated as of June 30, 2017.
Actuarial Cost Method:	Individual Entry Age Normal
Asset-Valuation Method:	Market value of assets as of the reporting date June 30, 2017
Investment Rate of Return	7.01% , net of OPEB plan investment expense, including inflation.
Municipal Bond Rate:	3.13% as of June 30, 2017 (source: S&P Municipal Bond 20 year high grade index - SAPIHG)
Single Equivalent Discount Rate:	7.00% net of OPEB plan investment expense, including inflation. Using a blend of the Municipal Bond Index Rate for unfunded periods and the Investment Rate of Return for funded periods, based on GASB No. 74 implementation Guide Exposure Draft; IG ED 4.136.
Inflation:	2.75% as of June 30, 2017 and for future periods
Salary Increases:	3.00% annually as of June 30, 2017 and for future periods
Cost of Living Adjustment	Not Applicable
Pre-Retirement Mortality:	RP-2000 Employees Mortality Table projected generationally with scale BB and a base year 2009 for males and females
Post-Retirement Mortality:	RP-2000 Healthy Annuitant Mortality Table projected generationally with scale BB and a base year 2009 for males and females
Disabled Mortality:	RP-2000 Healthy Annuitant Table projected generationally with scale BB and a base year 2012 for males and females
Mortality Experience Study:	The mortality assumptions reflect PERAC's recent experience analysis published in 2014 (based on the years 2006-2011), updated to reflect data through January 1, 2015 for post-retirement mortality, and professional judgement. As such, mortality assumptions reflect observed current mortality as well as expected mortality improvements.

**TOWN OF FOXBOROUGH, MASSACHUSETTS  
REQUIRED SUPPLEMENTARY INFORMATION  
OTHER POSTEMPLOYMENT BENEFITS  
JUNE 30, 2017**

**Actuarial Methods and Assumptions**

*Plan Membership* – The following table represents the Plan’s membership as June 30, 2017:

Active Members	638
Inactive members currently receiving benefits	<u>352</u>
Total	<u><u>990</u></u>

**TOWN OF FOXBOROUGH  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
JUNE 30, 2017**

**Pension Plan Schedules**

**A. Schedule of the Town's Proportionate Share of the Net Pension Liability**

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

**B. Schedule of Town's Contribution**

Governmental employees are required to pay an annual appropriation as established by PERAC. The 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 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 contributions may be less than the "total appropriation". The pension fund appropriation is allocated to the Town based on covered payroll.

**C. Schedule of the Commonwealth's Collective amounts of the Net Pension Liability**

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

**Other Postemployment Benefits Schedules**

**A. Schedule of the Town's Proportionate Share of the Net Other Postemployment Benefit Liability**

The Schedule of the Town's Proportionate Share of the Net Other Postemployment Benefit Liability details the Plan's net other postemployment benefit liability and the covered employee payroll. 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 payroll.

**B. Schedule of the Town's Contribution**

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

**TOWN OF FOXBOROUGH**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**JUNE 30, 2017**

**C. Schedule of Investment Return**

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

**D. Schedules of Funding Progress and Employer Contributions**

The Schedule of Funding Progress presents multi-year trend information which compares, over time, the actuarial accrued liability for benefits with the actuarial value of accumulated assets and the Schedule of Employer Contributions presents multi-year trend information for the Town's required and actual contributions relating to the plan.

**E. Actuarial Methods and Assumptions**

The actuarial methods and assumptions presents factors that significantly affect the identification of trends in the amount reported.