

TOWN OF FOXBOROUGH, MASSACHUSETTS

**REPORT ON EXAMINATION OF
BASIC FINANCIAL STATEMENTS**

JUNE 30, 2015

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INDEPENDENT AUDITOR'S REPORT

To the Honorable Board of Selectmen
Town of Foxborough, Massachusetts

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Foxborough, Massachusetts as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Town of Foxborough, Massachusetts'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, 2015, 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.

Emphasis of Matter

As discussed in Note 14 to the financial statements, the Town Net Pension Liability has significantly increased as of June 30, 2015 due to the implementation of GASB Statement 68, Accounting and Financial Reporting for Pensions. Our opinion is not modified with respect to this matter.

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 of funding progress, employer contributions, Town's proportionate share of the net pension liability, Town's contribution, and Massachusetts Teachers Retirement System's proportionate share of the net pension liability, and other post-employment benefits – schedules of funding progress and employer contributions and notes to the retirement system on pages 4 – 14, 66 - 68, 69, 70 – 71 and 72 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 16, 2016, on our consideration of the Town of Foxborough, Massachusetts's 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's 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 16, 2016

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, 2015. 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 \$54.15 million (net position), including a charge to the balance sheet of \$33.27 million associated with its pension liability. The Town has complied with GASB 68, by recording the full net pension liability on the FY 2015 balance sheet. In addition FY 2014 has been restated here to include the same for the prior year for ease of comparison. The FY 2014 net pension liability charge was \$31.66 million.
- The unrestricted net position improved by \$606 thousand, from -\$24.97 million to -\$24.36 million. Excluding the net pension liability charge, unrestricted net position improved by \$2.21 million.
- The unrestricted net position of the Town's governmental activities is -\$31.86 million, primarily as a result of the 100% inclusion of the net pension liability of \$32.59 million. The unrestricted net position of the Town's business-type activities is \$7.5 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 is a charge of \$679 thousand related to the net pension liability.
- Excluding the pension charge from FY 2015 and FY 2014, governmental activities net position increased \$1.29 million, or 190%, in fiscal 2015. Business type activities net position increased \$779 thousand, or 10.6% in fiscal 2015.
- At June 30, 2015, the Town's governmental funds had a combined ending fund balance of \$20.95 million. The combined governmental funds balance increased by \$36 thousand, or 0.17%, from the prior year's ending fund balance. A total of \$8.86 million, or 42.3%, of the \$20.95 million fund balance is considered unassigned at June 30, 2015. This represents a \$253 thousand, or 2.9%, increase over FY '14.
- The Town's general fund reported a fund balance of \$14.07 million at the end of fiscal 2015. The unassigned fund balance for the general fund was \$9.0 million, or 14.3%, of total FY '15 general fund budgetary expenditures. This represents a \$131 thousand increase in total general fund balance for the year. A total of \$2.50 million of the unassigned fund balance was designated for funding the fiscal year 2016 budget.
- The total cost of all Town services on a full accrual basis for fiscal 2015 was \$75.3 million, \$70.8 million of which was for governmental services, and \$4.5 million of which was for business-type activities, an overall 1.2% decrease compared to fiscal 2014.
- The Town's total bonded debt decreased by a net of \$3.06 million or 7.8% during the year. The entire decrease was the result of scheduled principal redemptions. No new debt was added in FY '15.

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 recently 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 the following page summarizes key financial components of the Town's financial statements.

As noted above, assets exceed liabilities by \$54.15 million at the close of fiscal year 2015, net of the \$33.27 million charge for the pension liability. 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 -\$24.36 million, which improved \$2.21 million excluding the pension charges.

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 \$71.66 million, or 132%, 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 \$2.07 million, a 5.9% increase from fiscal 2014. Net position of business-type activities increased by \$2.13 million or 14.2%, from 2014. Total Town net position increased by \$4.2 million, or 8.4%.

The \$2.07 million increase in Governmental activities net position is attributable to general operating revenue of \$50.63 million, program revenues of \$21.61 million, net operating transfers in of \$590 thousand, less total expenses of \$70.76 million.

Net position of business-type activities increased by \$2.13 million as a result of the following: operating revenue exceeded expenses and depreciation by \$3.0 million; \$68.5 thousand was received via intergovernmental grants; \$18 thousand was earned in interest; interest expense was \$370.5 thousand; and the net of transfers out for costs incurred in the general fund were \$590 thousand.

There was an increase of \$1.96 million, or 13.0%, in net position reported in connection with the water business-type activities. There was an increase of \$169 thousand, or 8.3%, in net position in connection with the sewer business-type activities.

An additional portion of the Governmental activities total net position totaling \$6.8 million, or 18.5%, represents resources that are subject to external restrictions on how they may be used.

TOWN of FOXBOROUGH - FINANCIAL HIGHLIGHTS

	Governmental Activities			Business-type Activities			Total Primary Government		
	FY 2015	FY 2014	Increase (Decrease)	FY 2015	FY 2014	Increase (Decrease)	FY 2015	FY 2014	Increase (Decrease)
Assets:									
Current Assets	\$ 26,437,440	\$ 27,168,193	\$ (730,753)	\$ 9,397,128	\$ 8,470,536	\$ 926,592	\$ 35,834,568	\$ 35,638,729	195,839
Capital Assets	86,518,203	86,302,047	216,156	20,423,396	19,986,014	437,382	106,941,599	106,288,061	653,538
Total Assets	112,955,643	113,470,240	(514,597)	29,820,524	28,456,550	1,363,974	142,776,167	141,926,790	849,377
Deferred Outflow of Resources:	1,345,797	-	1,345,797	28,026	-	28,026	1,373,823	-	1,373,823
Liabilities:									
Current Liabilities (excluding debt)	3,988,525	4,543,586	(555,061)	400,054	224,123	175,931	4,388,579	4,767,709	(379,130)
Noncurrent Liabilities (excluding debt)	48,222,376	46,764,522	1,457,854	1,118,025	1,117,433	592	49,340,401	47,881,955	1,458,446
Current Debt	2,061,101	2,146,100	(84,999)	923,127	914,070	9,057	2,984,228	3,060,170	(75,942)
Noncurrent Debt	23,036,100	25,097,201	(2,061,101)	10,254,469	11,177,596	(923,127)	33,290,569	36,274,797	(2,984,228)
Total Liabilities	77,308,102	78,551,409	(1,243,307)	12,695,675	13,433,222	(737,547)	90,003,777	91,984,631	(1,980,854)
Net Position:									
Net Investment in Capital Assets	62,007,981	59,511,499	2,496,482	9,651,321	8,299,869	1,351,452	71,659,302	67,811,368	3,847,934
Restricted	6,847,551	7,097,172	(249,621)	-	-	-	6,847,551	7,097,172	(249,621)
Unrestricted	(31,862,194)	(31,689,840)	(172,354)	7,501,554	6,723,459	778,095	(24,360,640)	(24,966,381)	605,741
Total Net Position	\$ 36,993,338	\$ 34,918,831	\$ 2,074,507	\$ 17,152,875	\$ 15,023,328	\$ 2,129,547	\$ 54,146,213	\$ 49,942,159	4,204,054
Revenues									
<i>Program Revenues:</i>									
Charges for Services	\$ 5,406,869	\$ 11,177,779	\$ (5,770,910)	\$ 6,917,887	\$ 6,156,816	\$ 761,071	\$ 12,324,756	\$ 17,334,595	\$ (5,009,839)
Operating Grants and Contributions	14,986,992	11,693,179	3,293,813	262,421	219,189	43,232	15,249,413	11,912,368	3,337,045
Capital Grants and Contributions	1,220,958	1,578,028	(357,070)	68,452	72,464	(4,012)	1,289,410	1,650,492	(361,082)
<i>General Revenues:</i>									
Real Estate and Personal Property Taxes	40,908,909	39,277,775	1,631,134	-	-	-	40,908,909	39,277,775	1,631,134
Tax Liens	311,022	355,118	(44,096)	-	-	-	311,022	355,118	(44,096)
Motor Vehicle and Other Excise Taxes	2,703,801	2,565,018	138,783	-	-	-	2,703,801	2,565,018	138,783
Payments in lieu of taxes	2,772,044	2,990,402	(218,358)	-	-	-	2,772,044	2,990,402	(218,358)
Hotel/Motel Tax	2,157,279	2,037,114	120,165	-	-	-	2,157,279	2,037,114	120,165
Penalties and Interest on Taxes	165,452	205,910	(40,458)	-	-	-	165,452	205,910	(40,458)
Nonrestricted Grants and Contributions	1,500,229	1,458,990	41,239	-	-	-	1,500,229	1,458,990	41,239
Unrestricted Investment Income	76,371	84,106	(7,735)	-	-	-	76,371	84,106	(7,735)
Other Revenues	34,713	232,097	(197,384)	-	-	-	34,713	232,097	(197,384)
Total Revenues	72,244,639	73,655,516	(1,410,877)	7,248,760	6,448,469	800,291	79,493,399	80,103,985	(610,586)
Expenses:									
General Government	2,249,181	2,474,171	(224,990)	-	-	-	2,249,181	2,474,171	(224,990)
Public Safety	8,668,233	8,208,210	460,023	-	-	-	8,668,233	8,208,210	460,023
Education	37,968,259	37,204,501	763,758	-	-	-	37,968,259	37,204,501	763,758
Public Works	3,226,384	3,118,020	108,364	-	-	-	3,226,384	3,118,020	108,364
Human Services	916,978	934,488	(17,510)	-	-	-	916,978	934,488	(17,510)
Culture and Recreation	1,862,439	1,890,786	(28,347)	-	-	-	1,862,439	1,890,786	(28,347)
Employee Benefits	14,552,368	16,454,375	(1,902,007)	-	-	-	14,552,368	16,454,375	(1,902,007)
State and County Assessments	353,936	395,874	(41,938)	-	-	-	353,936	395,874	(41,938)
Interest	962,298	1,021,226	(58,928)	-	-	-	962,298	1,021,226	(58,928)
Water	-	-	-	3,400,177	3,379,693	20,484	3,400,177	3,379,693	20,484
Sewer	-	-	-	1,129,092	1,098,574	30,518	1,129,092	1,098,574	30,518
Total Expenses	70,760,076	71,701,651	(941,575)	4,529,269	4,478,267	51,002	75,289,345	76,179,918	(890,573)
Transfers	589,944	623,963	(34,019)	(589,944)	(623,963)	34,019	-	-	-
Change in Net Position	2,074,507	2,577,828	(503,321)	2,129,547	1,346,239	783,308	4,204,054	3,924,067	279,987
Net Position - Beginning	34,918,831	32,341,003	2,577,828	15,023,328	13,677,089	1,346,239	49,942,159	46,018,092	3,924,067
Net Position - Ending	\$ 36,993,338	\$ 34,918,831	\$ 2,074,507	\$ 17,152,875	\$ 15,023,328	\$ 2,129,547	\$ 54,146,213	\$ 49,942,159	\$ 4,204,054

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 2015, governmental funds reported combined ending fund balances of \$20.95 million, a \$35.6 thousand increase from the prior year's ending fund balance. The net change reflects a Governmental fund balance decrease due to general fund expenditures being \$99 thousand more than combined general fund revenues and operating transfers in and out. \$744 thousand was expended in association with the completion of the Library renovation and expansion project and close out costs. The final \$173 thousand state grant was received for this capital project in addition to a \$40 thousand cash contribution from a library gift fund. The EMS, or Ambulance Receipts, fund has been newly broken out from Non-Major Governmental Funds due to its relative size. The EMS fund balance increased \$521 thousand due to revenues exceeding committed transfers out. Finally, a net of \$144.4 thousand was received across several non-major governmental fund accounts in excess of amounts expended 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 \$9.0 million, while total fund balance stood at \$14.07 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 14.3% of total general fund budgetary expenditures, while total fund balance represents 22.4% of that same amount.

General fund budgetary revenues increased by 2.4% or \$1.45 million in FY 2015, due primarily to growth in property taxes associated with new property tax growth and allowable annual increases as per proposition 2 ½ (\$1.68 million), payments in lieu of taxes (primarily Gillette Stadium lease payments) were down \$236 thousand after having a record year in FY 2014. Conversely, general fund budgetary expenditures, including operating and capital spending, increased by 2.5% or \$1.54 million driven primarily by increases in education (\$748 thousand), employee benefits driven by pension costs (\$523 thousand), public works (\$294 thousand), and a net \$24 thousand in decreases across all other departments. After accounting for other financing sources and uses, the budgetary fund balance of the general fund was reduced \$995 thousand to \$8.75 million. This result continues to be according to management's conservative planning and budgeting and the prudent use of unassigned fund balance to maintain both the Town's services and financial position.

The Library Renovation Fund balance decreased by a net of \$530.9 thousand to end FY '15 at \$4.6 thousand. The FY '15 activity reflects the \$535.6 thousand opening balance plus \$173 thousand in final State grant project cost reimbursements, \$40 thousand in library gift fund contributions, less \$305 thousand expended in FY '15 capital project costs and \$439 thousand voted by Town meeting to the Town Hall capital building project. The Library project is essentially closed out and the small balance is expected to be voted out to the next major capital building project.

The Stabilization funds, which are now included within the General Fund as per GASB 54, has accumulated balances of \$3.62 million, which represents 5.76% of FY 2015 general fund budgetary expenditures. \$3.07 million of these funds is considered "Unassigned" and \$551 thousand is considered "Assigned". However, all of these funds can be used for general or capital purposes upon Town Meeting approval.

All other Non-Major Governmental Fund balances increased in total by \$144.4 thousand to \$4.77 million as a result of \$5.83 million received in revenues less \$7.12 million in expenditures and a net of \$1.42 million in transfers in. The gross transfer in amount of \$1.5 million reflects the funding of capital and road projects.

General Fund Budget Highlights

Actual FY 2015 general fund revenues exceeded budgeted revenues by \$2.46 million, primarily driven by conservatively estimated local receipts and strong property tax collection performance, absorbing state aid finishing \$53 thousand less than committed. General fund expenses were \$168 thousand less than budget in total due to management's continued focus on cost containment and focused budget management. This result is net of a legal snow & ice removal deficit of \$500 thousand. Despite the extra winter expense, management's continued, well practiced, and disciplined approach to spending sustains the Town's service levels in a challenging, yet improving, economic environment. Net operating transfers in/out were less than planned by \$118 thousand, at \$486 thousand. The net result was a significant increase to FY 2015 budgetary fund balance of \$2.51 million.

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, 2015, amounts to \$106.94 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 \$4.22 million and reduced by \$214.7 thousand in asset retirements and a net of \$3.79 million in depreciation during fiscal 2015, for a net \$216 thousand increase. The increases were primarily due to: \$1.58 million of roadway, parking lot and sidewalk infrastructure projects; \$863 thousand in computer, network, projection, copying, imaging equipment; \$463 thousand in various public safety, highway and school department vehicles net of retirements; \$413 thousand for multiple athletic fields and related facilities; \$292 thousand of final construction costs related to the renovated Library; \$206 thousand for self-contained breathing apparatus; and a net of \$188 thousand in assorted departmental equipment and assets.

Business-type activities capital assets were increased by \$1.18 million in investments and reduced by \$748 thousand in depreciation for a net increase of \$437 thousand. The asset increases were primarily due to \$584 thousand to construct a new DPW administrative headquarters and \$286 thousand for water enterprise infrastructure. The balance of the asset additions, \$305 thousand, were associated with water meter, excavation equipment, and vehicles.

In summary, total increases net of depreciation to town wide capital assets are \$654 thousand.

Capital Assets (Net of Depreciation)

	Governmental Activities			Business-type Activities			Total Primary Government		
	FY 2015	FY 2014	Increase	FY 2015	FY 2014	Increase	FY 2015	FY 2014	Increase
			(Decrease)			(Decrease)			(Decrease)
Land	\$ 6,537,225	\$ 6,537,225	\$ -	\$ 692,282	\$ 692,282	\$ -	\$ 7,229,507	\$ 7,229,507	\$ -
Buildings	58,815,379	60,548,307	(1,732,928)	-	-	-	58,815,379	60,548,307	(1,732,928)
Capital Improvements (other than buildings)	173,741	161,045	12,696	-	-	-	173,741	161,045	12,696
Machinery & Equipment	1,850,863	1,356,247	494,616	1,522,262	1,234,098	288,164	3,373,125	2,590,345	782,780
Software	120,995	72,999	47,996	-	-	-	120,995	72,999	47,996
Vehicles	3,698,562	3,799,542	(100,980)	190,001	112,967	77,034	3,888,563	3,912,509	(23,946)
Infrastructure	14,898,707	13,826,682	1,072,025	17,424,802	17,946,667	(521,865)	32,323,509	31,773,349	550,160
Construction in Progress	422,731	-	422,731	594,049	-	594,049	1,016,780	-	1,016,780
Total Capital Assets	\$ 86,518,203	\$ 86,302,047	\$ 216,156	\$ 20,423,396	\$ 19,986,014	\$ 437,382	\$ 106,941,599	\$ 106,288,061	\$ 653,538

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, 2015, totaled \$36.27 million. 94.9%, or \$23.81 million, of the \$25.1 million in governmental activity debt is excluded from the limits of proposition 2 ½. Business-type activities have debt of \$11.18 million that is fully supported by their respective utility rates. Total debt consists of the following:

Outstanding Debt at Year End

Governmental Activities	Outstanding June 30, 2015	Outstanding June 30, 2014	Increase (Decrease)
School - High School	\$ 7,800,000	\$ 8,320,000	\$ (520,000)
School - Ahern Middle	465,000	535,000	(70,000)
School - Ahern Middle	2,180,000	2,400,000	(220,000)
School Remodeling	63,000	70,000	(7,000)
Public Safety Building	6,772,000	7,406,000	(634,000)
Library Renovation	6,030,000	6,385,000	(355,000)
Fire Engines	-	69,000	(69,000)
Senior Center	60,000	90,000	(30,000)
Highway Equipment	-	15,000	(15,000)
Land Acquisition - Mill St.	675,000	755,000	(80,000)
Landfill Closure	490,000	595,000	(105,000)
Title V	22,201	33,301	(11,100)
Title V	540,000	570,000	(30,000)
Total Governmental Activities	\$ 25,097,201	\$ 27,243,301	\$ (2,146,100)
Business-type Activities	Outstanding June 30, 2015	Outstanding June 30, 2014	Increase (Decrease)
Sewer	\$ 64,457	\$ 95,251	\$ (30,794)
Sewer	25,000	30,000	(5,000)
Sewer	373,039	440,102	(67,063)
Sewer	100,000	110,000	(10,000)
Water - Oak St. Treatment Plant	4,930,000	5,220,000	(290,000)
Water - Witch Pond Well	3,164,379	3,358,290	(193,911)
Water - Reuse	865,000	975,000	(110,000)
Water	1,360,000	1,535,000	(175,000)
Water	275,000	305,000	(30,000)
Water	20,721	23,023	(2,302)
Total Business-type Activities	\$ 11,177,596	\$ 12,091,666	\$ (914,070)
Grand Total All Long-Term Debt	\$ 36,274,797	\$ 39,334,967	\$ (3,060,170)

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

Economic Factors and Next Year's Budgets & Rates

The Town's leadership (elected and appointed officials) considered many factors when setting the fiscal 2016 budget and tax rates including the following:

- The Town was able to balance its FY '16 \$65.4 million general fund operating budget as a result of the combination of continued expansion in new growth property taxes and local receipts, no new major spending or program initiatives and excellent cost containment. The effect of management's continued downward pressure on spending and maximizing new revenue generation, resulted in the Town maintaining ample capacity within the operating budget (within the levy limit) for the debt service on its next anticipated bond issue in FY 2017.
- Another significant factor in balancing the FY '16 budget was the estimated amount of local aid from the state for FY '16, which was a net of \$8.7 million, down \$2.3 million on an inflation adjusted basis in FY '16 from the peak FY '01 levels. The result was a modest 2% increase in state aid in FY '16, or \$168 thousand. Despite the slowed growth of the Town's third largest (was second largest) recurring revenue source (13% of total), the Town's financially engineered "soft landing" from the latest recession has proven to be quite successful over the last seven budget cycles. Town services have been both maintained and enhanced over the last seven years, including the completion of several major building and infrastructure projects.
- Due to modest growth in state aid, Town leadership continued its conservative approach to balancing general fund operating budgets for FY '16 by maintaining a very tight rein on spending. All major union contracts have been settled at a cost the Town can afford. The Town continued its balanced reliance on "Free Cash" for the operating budget and, as a result, was able to fund its FY '16 general fund capital improvement needs exclusively from "Free Cash", other available funds, and current year revenues, avoiding the need to borrow for new capital projects in FY '16.
- 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 \$910 thousand in FY 2015. Meals tax receipts are forecast to come in at \$940 thousand in FY 2016.
- The Board of Selectmen's voted policy is to only use the new Meal 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 '16 the Town committed \$700 thousand of meals tax revenues towards the OPEB liability, bringing the cumulative meals tax funding of the OPEB liability to \$2.5 million. The balance, or \$1.55 million, has been committed to road reconstruction projects in support of the Town's street-by-street pavement management plan.
- In FY 2016 the Town began the construction of the first of two solar energy farms utilizing available Town land, including the former landfill and composting areas. The executed agreements will yield \$7.38 million to the Town 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", beginning in FY 2016.
- The \$2.5 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). The Water and Sewer enterprise funds also contribute at the ARC level.
- The Other Post-Employment Benefits (OPEB) actuarial valuation was completed in the fall of 2015 for the fiscal year ended June 2015. The result was incredibly good news. We are pleased to report that the Town has cut its unfunded liability by 64%, or by \$39.5MM, over six years, from \$62.2MM at FYE 2009, to \$52.3MM at FYE 2011, to \$30.9MM at FYE 2013, and now \$22.7MM at FYE 2015. This dramatic reduction did not happen by accident. It is a direct result of the funding schedule the Town has been following, the successful 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.

- In light of the slow and choppy economic recovery nationwide, which has kept downward pressure on state aid, Town officials have agreed to continue to maintain its healthy Free Cash reserves in order to ensure that services will be maintained throughout the recovery. The Town brought \$2.92 million in uncommitted Free Cash reserves into FY '16. The Town's FY '16 Free Cash was certified at \$5.79 million, the Town's third highest ever Free Cash balance.
- 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. This project is still in the planning stages. However, given the current recovering state of the economy and local developments, advancement is imminent. Last year the state purchased an integral rail line that will directly connect Foxborough, and the Kraft properties, to important public transportation infrastructure. Town officials are very optimistic about the eventual substantial commercial growth targeted for the Town of Foxborough, as this additional commercial development alone will have a meaningful accretive impact on the Town's financial condition in future years. We continue to see movement with new commercial development from the Kraft Group, and other commercial developers, as a new hotel is close to completion at Patriot Place, and another is moving forward on the other side of Town. The Kraft Group has also been very active in filling vacancies at the Patriot Place complex with popular restaurant and retail offerings.
- 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. In addition, Schneider Electric, the Town's largest employer (1,100+) recently completed its \$30+ million renovation of its Foxborough based facilities, further solidifying its 105+ year commitment to Foxborough.
- The Town is addressing multiple strategic economic development related initiatives. Foxborough is now 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 will allow for a significant expansion of central sewer capacities. This will allow for several new commercial and residential growth opportunities 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 recently been updated via a thorough all inclusive process. The Town has also recently reactivated its Economic Development Committee and reinvigorated the membership 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 Town issued no new debt in FY's '13 '14 & '15, other than its participation in a state subsidized zero interest loan program for the replacement of residential septic systems. \$600 thousand was used under this program by fiscal year end 2013, and fully loaned out to residents at a low 2% interest rate.
- In the fall of 2015 the Town took advantage of favorable market conditions, as \$7.635 million of the Town's bonds became newly eligible to be refinanced. We received eight competitive bids from bond underwriters for an 11-year general obligation refunding bond issue. The winning bid offered an average net interest rate of 1.57%. This refinancing will generate direct tax payer savings of \$1.03 million over the remaining life of the bonds, as these bonds are almost all debt-excluded.
- Prior to the sale Standard & Poor's reaffirmed the Town's 'AA+' bond rating and revised its outlook from 'stable' to 'positive.' The rating agency cited the Town's very strong economy, strong management with good financial policies and practices, strong budgetary performance, very strong budgetary flexibility and liquidity, very strong debt and contingent liability position, and strong institutional framework as positive credit factors.

- At the Special Town Meeting in February of 2016, the Town's voters overwhelmingly authorized borrowing for the construction of a new Town Hall and the demolition of the existing one. The voters were presented with a firm total cost due to the project having been bid out in a very competitive process. As a result, the Town plans to bond \$6.86 million in June of 2016 for the new / replacement Town Hall. Town operating budgets have been architected for the past five years to accommodate the debt service costs associated with a Town Hall borrowing to be fully funded within the budget, as included debt, i.e., not a debt exclusion or a tax increase.
- If the voters approve the funding of a significant Water project at the upcoming May 2016 Annual Town Meeting, we will plan to add \$16.5 million, to the already planned \$6.86 million June 2016 bond offering, for a new water treatment plant. Debt service on the water project will be completely funded from Water Enterprise Funds (water receipts), as all Water Enterprise debt is. This project will provide treatment of water at the source at the Town's Station #1, which has provided water to Foxborough's citizens since 1892. The Water Department has engaged in a targeted system improvement plan and has already invested in constructing water treatment plants at the Town's two other major wells. By treating the water at this Station #1, the town would have virtually sediment-free, clean water in its entire system.
- In December of 2015, the Town held a successful auction of one commercial and three tax possession residential properties, netting ~\$750,000 in proceeds. The Town has identified other surplus properties that it plans to auction.
- The Board of Selectmen voted during their annual Classification Hearing to maintain the split tax rate for the fifth consecutive year due to the noticeable disparity in value shifting from commercial to residential that had developed over the past five years.
- The tax rate was set for fiscal 2016 at \$17.65 per thousand for business and \$14.82 for residential, a \$0.13 increase for business and \$0.37 decrease for residential. These rates brought the tax levy to the allowable levy limit for the 19th consecutive year.
- In FY 2012 the Town converted from semi-annual to quarterly property tax billing. This move has proven to be very successful over the last four years. It has improved the Town's already strong cash flow, and has made it unnecessary for the Town to short-term borrow for operating purposes.

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.

**TOWN OF FOXBOROUGH, MASSACHUSETTS
STATEMENT OF NET POSITION
JUNE 30, 2015**

	PRIMARY GOVERNMENT		
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
<u>ASSETS</u>			
CURRENT:			
CASH AND SHORT-TERM INVESTMENTS	\$ 23,633,283	\$ 6,608,356	\$ 30,241,639
RECEIVABLES, NET OF ALLOWANCE FOR UNCOLLECTIBLES:			
REAL ESTATE AND PERSONAL PROPERTY TAXES	284,668	-	284,668
TAX LIENS	1,164,710	-	1,164,710
MOTOR VEHICLE EXCISE TAXES	195,334	-	195,334
USER FEES	326,517	2,788,772	3,115,289
DEPARTMENTAL AND OTHER	303,408	-	303,408
INTERGOVERNMENTAL	495,411	-	495,411
OTHER ASSETS	34,109	-	34,109
NONCURRENT:			
CAPITAL ASSETS, NET OF ACCUMULATED DEPRECIATION	86,518,203	20,423,396	106,941,599
TOTAL ASSETS	<u>112,955,643</u>	<u>29,820,524</u>	<u>142,776,167</u>
DEFERRED OUTFLOWS OF RESOURCES			
RELATED TO PENSIONS	<u>1,345,797</u>	<u>28,026</u>	<u>1,373,823</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>114,301,440</u>	<u>29,848,550</u>	<u>144,149,990</u>
<u>LIABILITIES</u>			
CURRENT:			
ACCOUNTS PAYABLE	3,227,739	318,429	3,546,168
OTHER LIABILITIES	18,063	-	18,063
ACCRUED INTEREST	144,305	43,461	187,766
DEFERRED AMOUNT ON REFUNDING	10,350	14,150	24,500
LANDFILL POSTCLOSURE CARE COSTS	37,000	-	37,000
COMPENSATED ABSENCES	551,068	24,014	575,082
BONDS AND NOTES PAYABLE	2,061,101	923,127	2,984,228
NONCURRENT:			
DEFERRED AMOUNT ON REFUNDING	62,100	84,900	147,000
LANDFILL POSTCLOSURE CARE COSTS	481,000	-	481,000
COMPENSATED ABSENCES	994,608	60,278	1,054,886
POSTEMPLOYMENT BENEFITS	14,094,832	294,170	14,389,002
NET PENSION LIABILITY	32,589,836	678,677	33,268,513
BONDS AND NOTES PAYABLE	<u>23,036,100</u>	<u>10,254,469</u>	<u>33,290,569</u>
TOTAL LIABILITIES	<u>77,308,102</u>	<u>12,695,675</u>	<u>90,003,777</u>
<u>NET POSITION</u>			
NET INVESTMENT IN CAPITAL ASSETS	62,007,981	9,651,321	71,659,302
RESTRICTED FOR:			
PERMANENT FUNDS:			
EXPENDABLE	183,768	-	183,768
NONEXPENDABLE	172,565	-	172,565
OTHER PURPOSES	6,491,218	-	6,491,218
UNRESTRICTED	<u>(31,862,194)</u>	<u>7,501,554</u>	<u>(24,360,640)</u>
TOTAL NET POSITION	<u>\$ 36,993,338</u>	<u>\$ 17,152,875</u>	<u>\$ 54,146,213</u>

See accompanying notes to the basic financial statements

**TOWN OF FOXBOROUGH, MASSACHUSETTS
STATEMENT OF ACTIVITIES
FISCAL YEAR ENDED JUNE 30, 2015**

<u>FUNCTIONS/PROGRAMS</u>	PROGRAM REVENUES				NET (EXPENSE) REVENUE
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	
PRIMARY GOVERNMENT:					
GOVERNMENTAL ACTIVITIES:					
GENERAL GOVERNMENT	\$ 2,249,181	\$ 565,634	\$ 8,210	\$ 351,325	\$ (1,324,012)
PUBLIC SAFETY	8,668,233	2,598,719	105,824	-	(5,963,690)
EDUCATION	37,968,259	1,771,882	11,038,289	-	(25,158,088)
PUBLIC WORKS	3,226,384	22,028	5,100	696,553	(2,502,703)
HUMAN SERVICES	916,978	111,208	95,931	-	(709,839)
CULTURE & RECREATION	1,862,439	337,398	64,989	173,080	(1,286,972)
EMPLOYEE BENEFITS	14,552,368	-	3,668,649	-	(10,883,719)
STATE & COUNTY ASSESSMENTS	353,936	-	-	-	(353,936)
INTEREST	962,298	-	-	-	(962,298)
TOTAL GOVERNMENTAL ACTIVITIES	70,760,076	5,406,869	14,986,992	1,220,958	(49,145,257)
BUSINESS-TYPE ACTIVITIES:					
WATER	3,400,177	5,621,155	168,669	17,574	2,407,221
SEWER	1,129,092	1,296,732	93,752	50,878	312,270
TOTAL BUSINESS-TYPE ACTIVITIES	4,529,269	6,917,887	262,421	68,452	2,719,491
TOTAL PRIMARY GOVERNMENT	\$ 75,289,345	\$ 12,324,756	\$ 15,249,413	\$ 1,289,410	\$ (46,425,766)

See accompanying notes to the basic financial statements

(continued)

**TOWN OF FOXBOROUGH, MASSACHUSETTS
STATEMENT OF ACTIVITIES
FISCAL YEAR ENDED JUNE 30, 2015**

	PRIMARY GOVERNMENT		
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
CHANGES IN NET POSITION:			
NET (EXPENSE) REVENUE FROM PREVIOUS PAGE	\$ (49,145,257)	\$ 2,719,491	\$ (46,425,766)
GENERAL REVENUES:			
REAL ESTATE AND PERSONAL PROPERTY TAXES, NET OF TAX REFUNDS PAYABLE	40,908,909	-	40,908,909
TAX LIENS	311,022	-	311,022
MOTOR VEHICLE AND OTHER EXCISE TAXES	2,703,801	-	2,703,801
HOTEL/MOTEL TAX	2,157,279	-	2,157,279
PENALTIES AND INTEREST ON TAXES	165,452	-	165,452
PAYMENTS IN LIEU OF TAXES	2,772,044	-	2,772,044
GRANTS AND CONTRIBUTIONS NOT RESTRICTED TO SPECIFIC PROGRAMS	1,500,229	-	1,500,229
UNRESTRICTED INVESTMENT INCOME	76,371	-	76,371
MISCELLANEOUS	34,713	-	34,713
TRANSFERS, NET	589,944	(589,944)	-
TOTAL GENERAL REVENUES AND TRANSFERS	51,219,764	(589,944)	50,629,820
CHANGE IN NET POSITION	2,074,507	2,129,547	4,204,054
NET POSITION:			
BEGINNING OF YEAR	34,918,831	15,023,328	49,942,159
END OF YEAR	\$ 36,993,338	\$ 17,152,875	\$ 54,146,213

See accompanying notes to the basic financial statements

(concluded)

**TOWN OF FOXBOROUGH, MASSACHUSETTS
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2015**

ASSETS	GENERAL	LIBRARY RENOVATION	EMS FUND	NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
CASH AND SHORT-TERM INVESTMENTS	\$ 16,972,632	\$ 4,621	\$ 2,103,127	\$ 4,552,903	\$ 23,633,283
RECEIVABLES, NET OF ALLOWANCE FOR UNCOLLECTIBLES:					
REAL ESTATE AND PERSONAL PROPERTY TAXES	284,668	-	-	-	284,668
TAX LIENS	1,164,710	-	-	-	1,164,710
MOTOR VEHICLE EXCISE TAXES	195,334	-	-	-	195,334
USER FEES	-	-	326,517	-	326,517
DEPARTMENTAL AND OTHER	750	-	-	302,658	303,408
INTERGOVERNMENTAL	64,039	-	-	431,372	495,411
OTHER ASSETS	34,109	-	-	-	34,109
TOTAL ASSETS	\$ 18,716,242	\$ 4,621	\$ 2,429,644	\$ 5,286,933	\$ 26,437,440
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
LIABILITIES:					
ACCOUNTS PAYABLE	\$ 3,013,521	\$ -	\$ -	\$ 214,218	\$ 3,227,739
OTHER LIABILITIES	18,063	-	-	-	18,063
TOTAL LIABILITIES	3,031,584	-	-	214,218	3,245,802
DEFERRED INFLOWS OF RESOURCES:					
UNAVAILABLE REVENUE	1,615,029	-	326,517	303,329	2,244,875
FUND BALANCES:					
NONSPENDABLE	-	-	-	172,565	172,565
RESTRICTED	570,537	4,621	2,103,127	4,736,551	7,414,836
COMMITTED	793,761	-	-	-	793,761
ASSIGNED	3,707,835	-	-	-	3,707,835
UNASSIGNED	8,997,496	-	-	(139,730)	8,857,766
TOTAL FUND BALANCES	14,069,629	4,621	2,103,127	4,769,386	20,946,763
TOTAL LIABILITIES, DEFERRED INFLOW OF RESOURCES AND FUND BALANCES	\$ 18,716,242	\$ 4,621	\$ 2,429,644	\$ 5,286,933	\$ 26,437,440

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, 2015**

	<u>GENERAL</u>	<u>LIBRARY RENOVATION</u>	<u>EMS FUND</u>	<u>NONMAJOR GOVERNMENTAL FUNDS</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
REVENUES:					
REAL ESTATE AND PERSONAL PROPERTY TAXES, NET OF TAX REFUNDS	\$ 41,179,878	\$ -	\$ -	\$ -	\$ 41,179,878
INTERGOVERNMENTAL	13,784,136	173,080	-	3,222,708	17,179,924
MOTOR VEHICLE EXCISE TAXES	2,695,212	-	-	-	2,695,212
PAYMENTS IN LIEU OF TAXES	2,774,194	-	-	-	2,774,194
PENALTIES AND INTEREST ON TAXES	165,452	-	-	-	165,452
CHARGES FOR SERVICES	-	-	1,440,631	2,295,745	3,736,376
INVESTMENT INCOME	75,530	-	-	1,592	77,122
CONTRIBUTIONS & DONATIONS	-	-	-	56,627	56,627
DEPARTMENTAL AND OTHER	4,280,546	-	-	257,968	4,538,514
TOTAL REVENUES	64,954,948	173,080	1,440,631	5,834,640	72,403,299
EXPENDITURES:					
CURRENT:					
GENERAL GOVERNMENT	2,424,669	-	-	481,563	2,906,232
PUBLIC SAFETY	8,214,244	-	-	95,208	8,309,452
EDUCATION	32,662,395	-	-	4,065,280	36,727,675
PUBLIC WORKS	2,951,169	-	-	1,494,228	4,445,397
HUMAN SERVICES	882,420	-	-	9,940	892,360
CULTURE & RECREATION	1,158,652	304,956	-	399,906	1,863,514
EMPLOYEE BENEFITS	13,807,931	-	-	523,772	14,331,703
STATE & COUNTY ASSESSMENTS	353,936	-	-	-	353,936
DEBT SERVICE					
PRINCIPAL	2,105,000	-	-	41,100	2,146,100
INTEREST	979,402	-	-	1,873	981,275
TOTAL EXPENDITURES	65,539,818	304,956	-	7,112,870	72,957,644
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(584,870)	(131,876)	1,440,631	(1,278,230)	(554,345)
OTHER FINANCING SOURCES (USES)					
OPERATING TRANSFERS IN	1,584,303	39,944	-	1,506,874	3,131,121
OPERATING TRANSFERS OUT	(1,098,772)	(439,000)	(919,193)	(84,212)	(2,541,177)
TOTAL OTHER FINANCING SOURCES (USES)	485,531	(399,056)	(919,193)	1,422,662	589,944
NET CHANGE IN FUND BALANCES	(99,339)	(530,932)	521,438	144,432	35,599
FUND BALANCES AT BEGINNING OF YEAR	14,168,968	535,553	1,581,689	4,624,954	20,911,164
FUND BALANCES AT END OF YEAR	\$ 14,069,629	\$ 4,621	\$ 2,103,127	\$ 4,769,386	\$ 20,946,763

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, 2015**

TOTAL GOVERNMENTAL FUND BALANCES		\$ 20,946,763
CAPITAL ASSETS (NET) USED IN GOVERNMENTAL ACTIVITIES ARE NOT FINANCIAL RESOURCES AND, THEREFORE, ARE NOT REPORTED IN THE FUNDS		86,518,203
ACCOUNTS RECEIVABLE ARE NOT AVAILABLE TO PAY FOR CURRENT-PERIOD EXPENDITURES AND, THEREFORE, ARE DEFERRED IN THE FUNDS		2,244,875
IN THE STATEMENT OF ACTIVITIES, INTEREST IS ACCRUED ON OUTSTANDING LONG-TERM DEBT, WHEREAS IN GOVERNMENTAL FUNDS INTEREST IS NOT REPORTED UNTIL DUE		(144,305)
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	(25,097,201)	
DEFERRED AMOUNT ON REFUNDING	(72,450)	
NET PENSION LIABILITY	(32,589,836)	
DEFERRED OUTFLOWS OF RESOURCES	1,345,797	
COMPENSATED ABSENCES	(1,545,676)	
POSTEMPLOYMENT BENEFITS	(14,094,832)	
LANDFILL POSTCLOSURE CARE COSTS	<u>(518,000)</u>	
NET EFFECT OF REPORTING LONG-TERM LIABILITIES		<u>(72,572,198)</u>
NET POSITION OF GOVERNMENTAL ACTIVITIES		<u>\$ 36,993,338</u>

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 THE GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FISCAL YEAR ENDED JUNE 30, 2015**

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS		\$ 35,599
<p>GOVERNMENTAL FUNDS REPORT CAPITAL OUTLAYS AS EXPENDITURES. HOWEVER, IN THE STATEMENT OF ACTIVITIES THE COST OF THOSE ASSETS IS ALLOCATED OVER THEIR ESTIMATED USEFUL LIVES AND REPORTED AS DEPRECIATION EXPENSE.</p>		
CAPITAL OUTLAY	4,010,318	
DEPRECIATION EXPENSE	<u>(3,794,162)</u>	
NET EFFECT OF REPORTING CAPITAL ASSETS		216,156
<p>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</p>		
		(158,660)
<p>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.</p>		
DEBT SERVICE PRINCIPAL PAYMENTS	<u>2,146,100</u>	
NET EFFECT OF REPORTING LONG-TEM DEBT		2,146,100
<p>SOME EXPENSES REPORTED IN THE STATEMENT OF ACTIVITIES DO NOT REQUIRE THE USE OF CURRENT FINANCIAL RESOURCES AND, THEREFORE, ARE NOT REPORTED AS EXPENDITURES IN THE GOVERNMENTAL FUNDS.</p>		
NET CHANGE IN COMPENSATED ABSENCES ACCRUAL	(86,963)	
NET CHANGE IN POSTEMPLOYMENT BENEFITS ACCRUAL	94,970	
NET CHANGE IN DEFERRED OUTFLOWS OF RESOURCES	1,345,797	
NET CHANGE IN NET PENSION LIABILITY	(1,574,469)	
NET CHANGE IN LANDFILL POSTCLOSURE CARE ACCRUAL	37,000	
NET CHANGE IN DEFERRED AMOUNT ON REFUNDING	10,350	
NET CHANGE IN ACCRUED INTEREST ON LONG-TERM DEBT	<u>8,627</u>	
NET EFFECT OF RECORDING LONG-TERM LIABILITIES		<u>(164,688)</u>
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES		<u>\$ 2,074,507</u>

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, 2015**

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL BUDGETARY AMOUNTS</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>		
<u>REVENUES:</u>				
REAL ESTATE AND PERSONAL PROPERTY TAXES, NET OF TAX REFUNDS	\$ 40,805,038	\$ 40,805,038	\$ 41,179,878	\$ 374,840
MOTOR VEHICLE EXCISE TAXES	2,200,000	2,200,000	2,695,212	495,212
PENALTIES & INTEREST ON TAXES	145,000	145,000	165,452	20,452
INTERGOVERNMENTAL	10,276,134	10,276,134	10,222,662	(53,472)
PAYMENTS IN LIEU OF TAXES	1,404,177	1,404,177	2,774,194	1,370,017
INVESTMENT INCOME	92,601	92,601	59,248	(33,353)
DEPARTMENTAL AND OTHER	3,990,947	3,990,947	4,280,546	289,599
TOTAL REVENUES	58,913,897	58,913,897	61,377,192	2,463,295
<u>EXPENDITURES:</u>				
CURRENT:				
GENERAL GOVERNMENT	3,081,483	3,005,280	2,857,354	147,926
PUBLIC SAFETY	8,274,010	8,482,603	8,396,551	86,052
EDUCATION	32,910,795	32,910,795	32,752,439	158,356
PUBLIC WORKS	2,538,859	2,625,202	2,986,195	(360,993)
HUMAN SERVICES	808,874	902,425	888,420	14,005
CULTURE & RECREATION	1,362,185	1,363,014	1,343,907	19,107
EMPLOYEE BENEFITS	10,459,931	10,322,154	10,233,632	88,522
STATE & COUNTY ASSESSMENTS	357,345	357,345	353,936	3,409
DEBT SERVICE:				
PRINCIPAL	2,105,000	2,105,000	2,105,000	-
INTEREST	951,654	951,654	939,915	11,739
TOTAL EXPENDITURES	62,850,136	63,025,472	62,857,349	168,123
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(3,936,239)</u>	<u>(4,111,575)</u>	<u>(1,480,157)</u>	<u>2,631,418</u>
<u>OTHER FINANCING SOURCES (USES):</u>				
OPERATING TRANSFERS IN	1,601,499	1,601,499	1,584,303	(17,196)
OPERATING TRANSFERS OUT	(998,317)	(998,317)	(1,098,772)	(100,455)
TOTAL OTHER FINANCING SOURCES (USES)	603,182	603,182	485,531	(117,651)
NET CHANGE IN FUND BALANCE	(3,333,057)	(3,508,393)	(994,626)	2,513,767
BUDGETARY FUND BALANCE, BEGINNING OF YEAR	9,743,049	9,743,049	9,743,049	-
BUDGETARY FUND BALANCE, END OF YEAR	\$ 6,409,992	\$ 6,234,656	\$ 8,748,423	\$ 2,513,767

See accompanying notes to the basic financial statements

**TOWN OF FOXBOROUGH, MASSACHUSETTS
 PROPRIETARY FUNDS
 STATEMENT OF NET POSITION
 JUNE 30, 2015**

<u>ASSETS</u>	<u>BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS</u>		
	<u>WATER</u>	<u>SEWER</u>	<u>TOTAL</u>
CURRENT:			
CASH AND SHORT-TERM INVESTMENTS	\$ 5,886,210	\$ 722,146	\$ 6,608,356
USER FEES, NET OF ALLOWANCE FOR UNCOLLECTIBLES:	<u>2,111,303</u>	<u>677,469</u>	<u>2,788,772</u>
TOTAL CURRENT ASSETS	<u>7,997,513</u>	<u>1,399,615</u>	<u>9,397,128</u>
NONCURRENT:			
CAPITAL ASSETS, NET OF ACCUMULATED DEPRECIATION	<u>18,901,156</u>	<u>1,522,240</u>	<u>20,423,396</u>
TOTAL ASSETS	<u>26,898,669</u>	<u>2,921,855</u>	<u>29,820,524</u>
DEFERRED OUTFLOWS OF RESOURCES			
RELATED TO PENSIONS	<u>19,234</u>	<u>8,792</u>	<u>28,026</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>26,917,903</u>	<u>2,930,647</u>	<u>29,848,550</u>
 <u>LIABILITIES</u>			
CURRENT:			
ACCOUNTS PAYABLE	315,104	3,325	318,429
ACCRUED INTEREST	43,296	165	43,461
DEFERRED AMOUNT ON REFUNDING	14,150	-	14,150
COMPENSATED ABSENCES	21,613	2,401	24,014
BONDS AND NOTES PAYABLE	<u>805,131</u>	<u>117,996</u>	<u>923,127</u>
TOTAL CURRENT LIABILITIES	<u>1,199,294</u>	<u>123,887</u>	<u>1,323,181</u>
NONCURRENT:			
DEFERRED AMOUNT ON REFUNDING	84,900	-	84,900
COMPENSATED ABSENCES	54,250	6,028	60,278
POSTEMPLOYMENT BENEFITS	202,106	92,064	294,170
NET PENSION LIABILITY	465,759	212,918	678,677
BONDS AND NOTES PAYABLE	<u>9,809,969</u>	<u>444,500</u>	<u>10,254,469</u>
TOTAL NONCURRENT LIABILITIES	<u>10,616,984</u>	<u>755,510</u>	<u>11,372,494</u>
TOTAL LIABILITIES	<u>11,816,278</u>	<u>879,397</u>	<u>12,695,675</u>
 <u>NET POSITION</u>			
NET INVESTMENT IN CAPITAL ASSETS	8,668,660	982,661	9,651,321
UNRESTRICTED	<u>6,432,965</u>	<u>1,068,589</u>	<u>7,501,554</u>
TOTAL NET POSITION	<u>\$ 15,101,625</u>	<u>\$ 2,051,250</u>	<u>\$ 17,152,875</u>

See accompanying notes to the basic financial statements

**TOWN OF FOXBOROUGH, MASSACHUSETTS
 PROPRIETARY FUNDS
 STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
 FISCAL YEAR ENDED JUNE 30, 2015**

	<u>BUSINESS TYPE ACTIVITIES - ENTERPRISE FUNDS</u>		
	<u>WATER</u>	<u>SEWER</u>	<u>TOTAL</u>
<u>OPERATING REVENUES:</u>			
CHARGES FOR SERVICES	\$ 5,621,155	\$ 1,296,732	\$ 6,917,887
DEPARTMENTAL AND OTHER	150,547	93,752	244,299
TOTAL OPERATING REVENUES	<u>5,771,702</u>	<u>1,390,484</u>	<u>7,162,186</u>
<u>OPERATING EXPENSES:</u>			
GENERAL SERVICES	2,374,571	1,036,515	3,411,086
DEPRECIATION	687,039	60,686	747,725
TOTAL OPERATING EXPENSES	<u>3,061,610</u>	<u>1,097,201</u>	<u>4,158,811</u>
OPERATING INCOME (LOSS)	<u>2,710,092</u>	<u>293,283</u>	<u>3,003,375</u>
<u>NON-OPERATING REVENUES (EXPENSES):</u>			
INTERGOVERNMENTAL	17,574	50,878	68,452
INVESTMENT INCOME	18,122	-	18,122
INTEREST EXPENSE	(338,567)	(31,891)	(370,458)
TOTAL NON-OPERATING REVENUES (EXPENSES), NET	<u>(302,871)</u>	<u>18,987</u>	<u>(283,884)</u>
INCOME (LOSS) BEFORE OPERATING TRANSFERS	<u>2,407,221</u>	<u>312,270</u>	<u>2,719,491</u>
<u>OPERATING TRANSFERS:</u>			
OPERATING TRANSFERS IN	94,107	-	94,107
OPERATING TRANSFERS OUT	(541,108)	(142,943)	(684,051)
TOTAL OPERATING TRANSFERS	<u>(447,001)</u>	<u>(142,943)</u>	<u>(589,944)</u>
CHANGE IN NET POSITION	1,960,220	169,327	2,129,547
NET POSITION AT BEGINNING OF YEAR	13,141,405	1,881,923	15,023,328
NET POSITION AT END OF YEAR	<u>\$ 15,101,625</u>	<u>\$ 2,051,250</u>	<u>\$ 17,152,875</u>

See accompanying notes to the basic financial statements

**TOWN OF FOXBOROUGH, MASSACHUSETTS
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS
 FISCAL YEAR ENDED JUNE 30, 2015**

	BUSINESS TYPE ACTIVITIES - ENTERPRISE FUNDS		
	WATER	SEWER	TOTAL
<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>			
RECEIPTS FROM CUSTOMERS AND USERS	\$ 5,569,001	\$ 1,356,721	\$ 6,925,722
PAYMENTS TO SUPPLIERS	(1,085,157)	(914,577)	(1,999,734)
PAYMENTS TO EMPLOYEES	<u>(1,120,296)</u>	<u>(125,779)</u>	<u>(1,246,075)</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>3,363,548</u>	<u>316,365</u>	<u>3,679,913</u>
<u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</u>			
OPERATING TRANSFERS IN (OUT)	<u>(447,001)</u>	<u>(142,943)</u>	<u>(589,944)</u>
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</u>			
PRINCIPAL PAYMENTS ON BONDS AND NOTES	(793,403)	(82,345)	(875,748)
ACQUISITION AND CONSTRUCTION OF CAPITAL ASSETS	(1,111,528)	(73,579)	(1,185,107)
INTEREST EXPENSE	<u>(345,568)</u>	<u>(11,540)</u>	<u>(357,108)</u>
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES:	<u>(2,250,499)</u>	<u>(167,464)</u>	<u>(2,417,963)</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES:</u>			
INTEREST RECEIVED	<u>18,122</u>	<u>-</u>	<u>18,122</u>
NET INCREASE (DECREASE) IN CASH AND SHORT TERM INVESTMENTS	684,170	5,958	690,128
CASH AND SHORT TERM INVESTMENTS - BEGINNING OF YEAR	<u>5,202,040</u>	<u>716,188</u>	<u>5,918,228</u>
CASH AND SHORT TERM INVESTMENTS - END OF YEAR	<u>\$ 5,886,210</u>	<u>\$ 722,146</u>	<u>\$ 6,608,356</u>
<u>RECONCILIATION OF OPERATING INCOME (LOSS)</u>			
<u>TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</u>			
OPERATING INCOME (LOSS)	<u>\$ 2,710,092</u>	<u>\$ 293,283</u>	<u>\$ 3,003,375</u>
ADJUSTMENTS TO RECONCILE OPERATING INCOME (LOSS)			
TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:			
DEPRECIATION	687,039	60,686	747,725
(INCREASE) DECREASE IN ACCOUNTS RECEIVABLE	(202,701)	(33,763)	(236,464)
(INCREASE) DECREASE IN DEFERRED OUTFLOWS OF RESOURCES	(19,234)	(8,792)	(28,026)
INCREASE (DECREASE) IN ACCOUNTS PAYABLE	183,410	(2,843)	180,567
INCREASE (DECREASE) IN COMPENSATED ABSENCES PAYABLE	6,248	694	6,942
INCREASE (DECREASE) IN POSTEMPLOYMENT BENEFITS	(23,807)	(3,186)	(26,993)
INCREASE (DECREASE) IN NET PENSION LIABILITY	<u>22,501</u>	<u>10,286</u>	<u>32,787</u>
TOTAL ADJUSTMENTS	<u>653,456</u>	<u>23,082</u>	<u>676,538</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ 3,363,548</u>	<u>\$ 316,365</u>	<u>\$ 3,679,913</u>

See accompanying notes to the basic financial statements

**TOWN OF FOXBOROUGH, MASSACHUSETTS
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2015**

<u>ASSETS</u>	POSTEMPLOYMENT BENEFITS TRUST	PRIVATE PURPOSE TRUST FUNDS	AGENCY FUNDS
CASH AND SHORT-TERM INVESTMENTS	\$ 40,941	\$ 23,621	\$ 279,673
INVESTMENTS	4,579,357	103,565	-
DEPARTMENTAL	-	-	196,927
TOTAL ASSETS	4,620,298	127,186	476,600
<u>LIABILITIES</u>			
ACCOUNTS PAYABLE	-	-	57
OTHER LIABILITIES	-	-	476,543
TOTAL LIABILITIES	-	-	476,600
<u>NET POSITION</u>			
HELD IN TRUST FOR PLAN PARTICIPANTS	4,620,298	-	-
HELD IN TRUST FOR OTHER PURPOSES	-	127,186	-
TOTAL	\$ 4,620,298	\$ 127,186	\$ -

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, 2015**

	POSTEMPLOYMENT BENEFITS TRUST	PRIVATE PURPOSE TRUST FUNDS
<u>ADDITIONS:</u>		
CONTRIBUTIONS:		
DEPARTMENTAL	\$ 679,432	\$ -
NET INVESTMENT INCOME (LOSS):		
INVESTMENT INCOME	87,562	(8,140)
TOTAL ADDITIONS	766,994	(8,140)
<u>DEDUCTIONS:</u>		
EDUCATIONAL SCHOLARSHIPS	-	20,684
CHANGE IN NET POSITION	766,994	(28,824)
NET POSITION AT BEGINNING OF YEAR	3,853,304	156,010
NET POSITION AT END OF YEAR	\$ 4,620,298	\$ 127,186

See accompanying notes to the basic financial statements

TOWN OF FOXBOROUGH, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

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>
Southeast Regional Vocational School District	To provide vocational education	250 Foundry Street Easton, MA 02375	\$ 246,995

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, 2015

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, 2015

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, landfill postclosure 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, 2015

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 *EMS fund* is a special revenue fund used to account for the ambulance activity of the Town.
- The *Library Renovation fund* is a capital project fund used to account for the renovation activity of the library.
- 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
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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.

Government-Wide and Fund Financial Statements

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide, proprietary fund, and fiduciary funds financial statements to the extent that those standards do not conflict with or contradict guidance of the *Governmental Accounting Standards Board*. Governments also have the *option* of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The Town has elected not to follow subsequent private-sector guidance.

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. 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.

TOWN OF FOXBOROUGH, MASSACHUSETTS
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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.

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.

TOWN OF FOXBOROUGH, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
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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.

F. 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.

G. 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

TOWN OF FOXBOROUGH, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
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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.

H. Interfund Receivables and Payables

During the course of its operations, transactions occur between and within individual funds that may result in amounts owed between funds.

Government-Wide Financial Statements

Transactions of a buyer/seller nature between and within governmental funds are eliminated from the governmental activities in the statement of net position. Any residual balances outstanding between the governmental activities and business-type activities are reported in the statement of net position as "internal balances".

Fund Financial Statements

Transactions of a buyer/seller nature between and within funds are not eliminated from the individual fund statements. Receivables and payables resulting from these transactions are classified as "Due from other funds" or "Due to other funds" on the balance sheet.

I. 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.

TOWN OF FOXBOROUGH, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

J. Deferred Inflows of Resources

Although certain revenues are measurable, they are not available. Available means collected within the current period, or expected to be collected soon enough thereafter, to be used to pay liabilities of the current period. Deferred inflows of resources at the fund level, represents the amount of assets that have been recognized, but the related revenue has not been recognized since it is not available. Deferred inflows of resources at the fund level consist of the succeeding year property tax revenue, Intergovernmental revenue, and other revenue not collected within sixty days after year-end.

K. Net Position and Fund Equity

Government-Wide Financial Statements (Net Position)

Net position are 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.
- 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.

TOWN OF FOXBOROUGH, MASSACHUSETTS
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- 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, the least restricted amount will be considered to have been spent.

L. 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.

M. 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, 2015

N. 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, 2015 is recorded in the governmental fund financial statement.

O. Net Pension Liability

Governmental Accounting Standards Board (GASB) Statement #68 requires employers participating in a cost-sharing pension plan to recognize pension liabilities as employees provide services to the government and earn their pension benefits. Employers participating in cost-sharing plans are required to recognize their proportionate share of the plan's collective pension amounts for all benefits provided through the plan including the net pension liability, deferred outflows of resources, deferred inflows of resources, and pension expense.

P. 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.

Q. 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.

TOWN OF FOXBOROUGH, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

R. Total Column

Government-Wide Financial Statements

The total column presented on the government-wide financial statements represents consolidated financial information.

Fund Financial Statements

The total column on the fund financial statements is presented only to facilitate financial analysis. Data in this column is not 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.

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 2015 approved budget authorized \$62,029,833 in current year appropriations and other amounts to be raised and \$820,303 in articles carried forward from previous fiscal years. Supplemental appropriations of \$175,336 were approved at one Town Meeting for fiscal year 2015.

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

TOWN OF FOXBOROUGH, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

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, 2015, is presented below:

Net change in fund balance - budgetary basis	\$ (994,626)
Basis of accounting differences:	
Net stabilization fund activity	16,281
Increase in revenue for on-behalf payments - MTRS	3,561,474
Increase in expenditures for on-behalf payments - MTRS	(3,561,474)
Adjustment for Current Year Encumbrances	603,976
Adjustment for Current Year Articles	793,762
Adjustment for expenditures from prior year encumbrances	<u>(518,732)</u>
Net change in fund balance - GAAP basis	<u>\$ (99,339)</u>

C. Excess of Expenditures over Appropriations

For the fiscal year ended June 30, 2015, actual expenditures exceeded appropriations for the snow and ice expenditures account. These over-expenditures will be funded by available funds during fiscal year 2016, as is allowed by Massachusetts General Laws (MGL).

D. Deficit Fund Balances

Several individual fund deficits exist within the special revenue, water 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 2016.

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."

TOWN OF FOXBOROUGH, MASSACHUSETTS
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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, 2015:

Total bank balances		<u>\$ 29,519,596</u>
Bank balances covered by deposit insurance		
Federal Deposit Insurance Corporation (FDIC)	2,250,000	
Depositor's Insurance Fund (DIF)	4,419,378	
Shared Insurance Fund (SIF)	<u>6,936,028</u>	
Total bank balances covered by deposit insurance		13,605,406
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	3,712,069	
Bank balances uninsured & uncollateralized	<u>12,202,121</u>	
Total bank balances subject to custodial credit risk		<u>15,914,190</u>
Total bank balances		<u>\$ 29,519,596</u>

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.

TOWN OF FOXBOROUGH, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

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	
			A-	Unrated
Corporate Bonds	\$ 54,988	N/A	\$ 54,988	\$ -
Common Stock	60,144	N/A	-	60,144
Fixed income mutual funds	1,215,852	N/A	-	1,215,852
Equity mutual funds	3,312,703	N/A	-	3,312,703
Money market mutual funds	39,235	N/A	-	39,235
Total Investments	\$ 4,682,922		\$ 54,988	\$ 4,627,934

- *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, or the corporate equities 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.

- *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.

TOWN OF FOXBOROUGH, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

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
<i>Debt Related Securities:</i>			
Corporate bonds	\$ 54,988	\$ -	\$ 54,988
Fixed Income Mutual Funds	<u>1,215,852</u>	<u>1,215,852</u>	<u>-</u>
Total - Debt related securities	<u>1,270,840</u>	<u>1,215,852</u>	<u>54,988</u>
<i>Other Investments:</i>			
Equity mutual funds	3,312,703	3,312,703	-
Money market mutual funds	39,235	39,235	-
Common Stock	<u>60,144</u>	<u>60,144</u>	<u>-</u>
Total Other Investments	<u>3,412,082</u>	<u>3,412,082</u>	<u>-</u>
Total Investments	<u>\$ 4,682,922</u>	<u>\$ 4,627,934</u>	<u>\$ 54,988</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.

TOWN OF FOXBOROUGH, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 4 – RECEIVABLES

The receivables at June 30, 2015 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	\$ 260,391	\$ -	\$ 260,391
Personal property taxes	82,377	(58,100)	24,277
Real estate and personal property taxes	342,768	(58,100)	284,668
Tax liens	1,164,710	-	1,164,710
Motor vehicle excise taxes	252,234	(56,900)	195,334
User fees	1,607,362	(1,280,845)	326,517
Departmental and other	500,335	-	500,335
Intergovernmental	495,411	-	495,411
Total	<u>\$ 4,362,820</u>	<u>\$ (1,395,845)</u>	<u>\$ 2,966,975</u>

The receivables at June 30, 2015, for the enterprise funds consist of the following:

Receivables:	Gross Amount	Allowance for Uncollectibles	Net Amount
<i>Water</i>			
User fees	\$ 2,111,303	\$ -	\$ 2,111,303
<i>Sewer</i>			
User fees	<u>677,469</u>	<u>-</u>	<u>677,469</u>
Total	<u>\$ 2,788,772</u>	<u>\$ -</u>	<u>\$ 2,788,772</u>

TOWN OF FOXBOROUGH, MASSACHUSETTS
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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 component of deferred inflows of resources reported in the governmental funds is as follows:

Deferred Inflows of Resources Analysis

Deferred Inflows::	General Fund	EMS Fund	Nonmajor Governmental Funds	Total
Unavailable Revenues	<u>\$ 1,615,029</u>	<u>\$ 326,517</u>	<u>\$ 303,329</u>	<u>\$ 2,244,875</u>

TOWN OF FOXBOROUGH, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
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NOTE 5 – CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2015, was as follows:

Governmental Activities:	Beginning Balance	Increases	Decreases & Reclassifications	Ending Balance
<i>Capital assets not being depreciated:</i>				
Land	\$ 6,537,225	\$ -	\$ -	\$ 6,537,225
Construction in progress	-	422,731	-	422,731
Total capital assets not being depreciated	6,537,225	422,731	-	6,959,956
<i>Capital assets being depreciated:</i>				
Buildings and improvements	91,854,663	353,944	-	92,208,607
Capital improvements (other than buildings)	322,479	45,770	-	368,249
Machinery and equipment	4,472,687	973,916	-	5,446,603
Vehicles	11,376,612	609,845	(214,710)	11,771,747
Software	686,747	83,761	-	770,508
Infrastructure	21,782,520	1,735,061	-	23,517,581
Total capital assets being depreciated	130,495,708	3,802,297	(214,710)	134,083,295
<i>Less accumulated depreciation for:</i>				
Buildings and improvements	(31,306,356)	(2,086,872)	-	(33,393,228)
Capital improvements (other than buildings)	(161,434)	(33,074)	-	(194,508)
Machinery and equipment	(3,116,440)	(479,300)	-	(3,595,740)
Vehicles	(7,577,070)	(710,825)	214,710	(8,073,185)
Software	(613,748)	(35,765)	-	(649,513)
Infrastructure	(7,955,838)	(663,036)	-	(8,618,874)
Total accumulated depreciation	(50,730,886)	(4,008,872)	214,710	(54,525,048)
Total capital assets being depreciated, net	79,764,822	(206,575)	-	79,558,247
Total governmental activities capital assets, net	\$ 86,302,047	\$ 216,156	\$ -	\$ 86,518,203

TOWN OF FOXBOROUGH, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

Business-Type Activities:	Beginning Balance	Increases	Decreases & Reclassifications	Ending Balance
<i>Capital assets not being depreciated:</i>				
Land	\$ 692,282	\$ -	\$ -	\$ 692,282
Construction in progress	-	594,049	-	594,049
Total capital assets not being depreciated	<u>692,282</u>	<u>594,049</u>	<u>-</u>	<u>1,286,331</u>
<i>Capital assets being depreciated:</i>				
Machinery and equipment	1,797,713	491,858	-	2,289,571
Vehicles	349,526	99,200	-	448,726
Infrastructure	24,387,290	-	-	24,387,290
Total capital assets being depreciated	<u>26,534,529</u>	<u>591,058</u>	<u>-</u>	<u>27,125,587</u>
<i>Less accumulated depreciation for:</i>				
Machinery and equipment	(563,615)	(203,694)	-	(767,309)
Vehicles	(236,559)	(22,166)	-	(258,725)
Infrastructure	(6,440,623)	(521,865)	-	(6,962,488)
Total accumulated depreciation	<u>(7,240,797)</u>	<u>(747,725)</u>	<u>-</u>	<u>(7,988,522)</u>
Total capital assets being depreciated, net	<u>19,293,732</u>	<u>(156,667)</u>	<u>-</u>	<u>19,137,065</u>
Total business-type activities capital assets, net	<u>\$ 19,986,014</u>	<u>\$ 437,382</u>	<u>\$ -</u>	<u>\$ 20,423,396</u>

TOWN OF FOXBOROUGH, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

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

Governmental Activities:	
General government	\$ 76,709
Public safety	826,617
Education	1,953,975
Public works	835,573
Human services	24,618
Culture and recreation	<u>291,380</u>
Total depreciation expense - governmental activities	<u>\$ 4,008,872</u>
Business-Type Activities:	
Water	\$ 687,039
Sewer	<u>60,686</u>
Total depreciation expense - business-type activities	<u>\$ 747,725</u>

TOWN OF FOXBOROUGH, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 6 – INTERFUND TRANSFERS

Interfund transfers for the fiscal year ended June 30, 2015, are summarized as follows:

Operating Transfers Out:	Operating Transfers In:				Total	
	General Fund	Library Renovation Major Fund	Nonmajor Governmental Funds	Water Enterprise Fund		
Nonmajor Governmental Funds	\$ 44,268	\$ 39,944	\$ -	\$ -	\$ 84,212	(1)
EMS Fund	919,193	-	-	-	919,193	(1)
General Fund	-	-	998,317	-	998,317	(1)
General Fund	-	-	69,557	30,898	100,455	(3)
Library Renovation Fund	-	-	439,000	-	439,000	(1)
Sewer Enterprise Fund	-	-	-	63,209	63,209	(3)
Sewer Enterprise Fund	79,734	-	-	-	79,734	(2)
Water Enterprise Fund	541,108	-	-	-	541,108	(2)
Total	\$ 1,584,303	\$ 39,944	\$ 1,506,874	\$ 94,107	\$ 3,225,228	

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

NOTE 7 – 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, through the issuance of State Aid anticipation notes (SAANS).

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

There were no short term borrowings in Fiscal 2015.

TOWN OF FOXBOROUGH, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 8 – 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, 2015:

Bonds and Notes Payable Schedule -Governmental Funds

Project	Interest Rate (%)	Outstanding at June 30, 2014	Issued	Redeemed	Outstanding at June 30, 2015
High School renovation	3.35	\$ 8,320,000	\$ -	\$ 520,000	\$ 7,800,000
Library renovation	2.79	6,385,000	-	355,000	6,030,000
Title V	0.00	570,000	-	30,000	540,000
Title V	0.00	33,301	-	11,100	22,201
Landfill Closure	1.21	595,000	-	105,000	490,000
Senoir Center	1.21	90,000	-	30,000	60,000
School - Ahern Middle	1.21	535,000	-	70,000	465,000
Land Acquisition - Mill St.	1.21	755,000	-	80,000	675,000
School & Vehicles	3.84	2,470,000	-	227,000	2,243,000
Public Safety/Fire engines	3.84	4,550,000	-	478,000	4,072,000
Public Safety Building	4.02	2,925,000	-	225,000	2,700,000
Public Works	3.84	15,000	-	15,000	-
Total		\$ 27,243,301	\$ -	\$ 2,146,100	\$ 25,097,201

TOWN OF FOXBOROUGH, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

The annual debt service requirements for principal and interest for Governmental bonds and notes outstanding at June 30, 2015 are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 2,061,101	\$ 898,699	\$ 2,959,800
2017	2,056,100	826,337	2,882,437
2018	2,000,000	752,600	2,752,600
2019	2,000,000	676,100	2,676,100
2020	2,000,000	602,500	2,602,500
2021-2025	9,210,000	1,962,000	11,172,000
2026-2030	4,975,000	583,969	5,558,969
2031-2033	795,000	40,425	835,425
Total	<u>\$ 25,097,201</u>	<u>\$ 6,342,630</u>	<u>\$ 31,439,831</u>

Bonds and Notes Payable Schedule -Water and Sewer Enterprise Funds

<u>Project</u>	<u>Interest Rate (%)</u>	<u>Outstanding at June 30, 2014</u>	<u>Issued</u>	<u>Redeemed</u>	<u>Outstanding at June 30, 2015</u>
Sewer	Var.	\$ 95,252	\$ -	\$ 30,795	\$ 64,457
Sewer	Var.	30,000	-	5,000	25,000
Sewer	Var.	440,102	-	67,063	373,039
Sewer	3.86	110,000	-	10,000	100,000
Water	2.79	5,220,000	-	290,000	4,930,000
Water	2.00	3,358,289	-	193,910	3,164,379
Water Reuse	1.21	975,000	-	110,000	865,000
Water	1.21	1,535,000	-	175,000	1,360,000
Water	Var.	305,000	-	30,000	275,000
Water	Var.	23,023	-	2,302	20,721
Total		<u>\$ 12,091,666</u>	<u>\$ -</u>	<u>\$ 914,070</u>	<u>\$ 11,177,596</u>

TOWN OF FOXBOROUGH, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

The annual debt service requirements for principal and interest for water and sewer enterprise fund bonds and notes outstanding at June 30, 2015 are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
FY 16	\$ 923,127	\$ 359,785	\$ 1,282,912
FY 17	923,098	327,956	1,251,054
FY 18	903,651	291,711	1,195,362
FY 19	907,811	256,957	1,164,768
FY 20	916,246	222,754	1,139,000
FY 21-25	3,577,457	709,896	4,287,353
FY 26-30	2,446,206	290,834	2,737,040
FY 31-32	580,000	33,350	613,350
Total	<u>\$ 11,177,596</u>	<u>\$ 2,493,243</u>	<u>\$ 13,670,839</u>

Loans Authorized and Unissued

As of June 30, 2015, 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	<u>70,000</u>
Total		<u>\$ 200,000</u>

TOWN OF FOXBOROUGH, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

Changes in Long-term Liabilities

The following is a summary of changes in long-term liabilities for the year ended June 30, 2015:

<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	\$ 27,243,301	\$ -	\$ (2,146,100)	\$ 25,097,201	\$ 2,061,101
Compensated absences	1,458,713	86,963	-	1,545,676	551,068
Postemployment Benefits	14,189,802	-	(94,970)	14,094,832	-
Net pension liability	31,015,367	1,574,469	-	32,589,836	-
Landfill postclosure care costs	555,000	-	(37,000)	518,000	37,000
 Total governmental activities long-term liabilities	 <u>\$ 74,462,183</u>	 <u>\$ 1,661,432</u>	 <u>\$ (2,278,070)</u>	 <u>\$ 73,845,545</u>	 <u>\$ 2,649,169</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	\$ 12,091,666	\$ -	\$ (914,070)	\$ 11,177,596	\$ 923,127
Compensated absences	77,350	6,942	-	84,292	24,014
Net pension liability	645,890	32,787	-	678,677	-
Postemployment Benefits	321,163	-	(26,993)	294,170	-
 Total business-type activities long-term liabilities	 <u>\$ 13,136,069</u>	 <u>\$ 39,729</u>	 <u>\$ (941,063)</u>	 <u>\$ 12,234,735</u>	 <u>\$ 947,141</u>

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

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, 2015:

<u>Agency</u>	<u>Total Long- Term Debt Outstanding</u>	<u>Town's Estimated Share</u>	<u>Town's Indirect Debt</u>
Norfolk County	<u>\$ 11,540,000</u>	2.360%	<u>\$ 272,344</u>

TOWN OF FOXBOROUGH, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

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, 2015, the total amount of conduit debt outstanding was \$39,640,000.

TOWN OF FOXBOROUGH, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 9 – GOVERNMENTAL FUND BALANCE CLASSIFICATIONS

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

	GENERAL FUND	LIBRARY RENOVATION MAJOR FUND	EMS MAJOR FUND	NONMAJOR GOVERNMENTAL FUNDS	TOTAL
Fund Balances					
Nonspendable:					
Permanent Fund Principal	\$ -	\$ -	\$ -	\$ 172,565	\$ 172,565
Restricted For:					
General Government	-	-	-	118,406	118,406
Public Safety	-	-	-	264,512	264,512
Education	-	-	-	1,985,919	1,985,919
Public Works	-	-	-	167,713	167,713
Human Services	-	-	-	332,107	332,107
Culture & Recreation	-	-	-	760,524	760,524
Employee Benefits	-	-	-	923,602	923,602
Debt Service	570,537	-	-	-	570,537
Major Library Project	-	4,621	-	-	4,621
Major EMS Fund	-	-	2,103,127	-	2,103,127
Expendable Trust Funds	-	-	-	183,768	183,768
	<u>570,537</u>	<u>4,621</u>	<u>2,103,127</u>	<u>4,736,551</u>	<u>7,414,836</u>
Committed To:					
Continuing Appropriations					
General Government	438,283	-	-	-	438,283
Public Safety	35,884	-	-	-	35,884
Education	118,257	-	-	-	118,257
Public Works	26,337	-	-	-	26,337
Culture & Recreation	175,000	-	-	-	175,000
	<u>793,761</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>793,761</u>
Assigned To:					
Encumbered For:					
General Government	66,629	-	-	-	66,629
Public Safety	155,972	-	-	-	155,972
Education	379,570	-	-	-	379,570
Public Works	23,324	-	-	-	23,324
Human Services	15,601	-	-	-	15,601
Culture & Recreation	10,435	-	-	-	10,435
Employee Benefits	2,694	-	-	-	2,694
Subsequent Years Expenditures	2,502,420	-	-	-	2,502,420
Capital Stabilization Fund	551,190	-	-	-	551,190
	<u>3,707,835</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,707,835</u>
Unassigned					
General Fund	5,926,788	-	-	-	5,926,788
General Fund Stabilization	3,070,708	-	-	-	3,070,708
Nonmajor Governmental Funds	-	-	-	(84,496)	(84,496)
Capital Projects					
Public Works	-	-	-	(55,234)	(55,234)
	<u>8,997,496</u>	<u>-</u>	<u>-</u>	<u>(139,730)</u>	<u>8,857,766</u>
Total Governmental Fund Balances	<u>\$ 14,069,629</u>	<u>\$ 4,621</u>	<u>\$ 2,103,127</u>	<u>\$ 4,769,386</u>	<u>\$ 20,946,763</u>

TOWN OF FOXBOROUGH, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 10 – 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 \$3,070,708 as of June 30, 2015. 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 \$551,190 as of June 30, 2015. 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 11 – 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 2015.

The Town has several contributory health care options. There are 726 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, 2015

NOTE 12. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, requires the following disclosures with regard to the retiree medical, dental, and life insurance benefits:

Plan Description. The Postemployment Benefits Plan of the Town of Foxborough (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 ½ of the premium cost of retirees’ health and life insurance costs.

Funding Policy. The contribution requirements of plan members and the Town are established and may be amended by local by-law. The required contribution is based on projected pay-as-you-go financing requirements. For Fiscal Year 2015, the estimated total Town premiums plus implicit costs for the retiree medical program are \$1,802,924.

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 (ARC)	\$	3,865,985
Interest on Net OPEB Obligation		1,015,766
ARC Adjustment		(1,092,883)
Amortization of Actuarial (Gains)/Losses		<u>(2,107,907)</u>
Annual OPEB Cost (expense)		1,680,961
Contributions made		<u>(1,802,924)</u>
Decrease in net OPEB obligation		(121,963)
Net OPEB Obligation - beginning of year		<u>14,510,965</u>
Net OPEB Obligation - end of year	\$	<u><u>14,389,002</u></u>

TOWN OF FOXBOROUGH, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

The Town's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2015 and the six 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

Funded Status and Funding Progress. As of June 30, 2015, the most recent actuarial valuation date, the plan was 8.35% funded. The actuarial accrued liability for benefits was \$27.252 million, and the actuarial value of assets was \$4.620 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$22.632 million. The covered payroll (annual payroll of active employees covered by the plan) was \$36.589 million, and the ratio of the UAAL to the covered payroll was 62%.

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

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

In the June 30, 2015, actuarial valuation, the projected unit credit actuarial cost method was used. Under this method, the 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 total service. The actuarial assumptions included a 7.00% 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 through 2020. 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, 2015, was 23 years.

TOWN OF FOXBOROUGH, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 13 – PENSION PLANS

A. Plan Descriptions

The Town is a member of the Norfolk County Contributory Retirement System (The System), a multiple-employer, cost sharing 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 public school teachers and certain school administrators who are members of the Massachusetts Teachers' Retirement System (MTRS) to which the Town does not contribute.

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.

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. The MTRS issues a publically available audited financial report that may be obtained by contacting MTRS at One Charles Park, Cambridge, Massachusetts 02142-1206.

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 consist 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, 50 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).

TOWN OF FOXBOROUGH, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

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 employees age, years of creditable service, level of compensation, veterans' status and group classification.

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 through June 30, 1998, 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 subsequent to June 30, 1998 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. The 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 June 30, 2015 which was \$3,028,356 and 19.35% 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.

Massachusetts Teachers' Retirement System

As required by State statutes, teachers of the Town are covered by the Massachusetts Teachers Retirement System (MTRS). Plan members (at varying rates of annual covered compensation) and the Commonwealth of Massachusetts fund contributes to the MTRS. The Pension benefits and administrative expenses paid by the Teachers Retirement Board are the legal responsibility of the Commonwealth of Massachusetts, and thus the Town is not required to contribute. The Commonwealth of Massachusetts contributed "on-behalf" payments to the MTRS totaling \$3,561,474 for fiscal year 2015. In accordance with GASB Statement No. 68, these on-behalf" payments have been recorded in the general fund as intergovernmental revenues and pension expenditures.

TOWN OF FOXBOROUGH, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

D. Pension Liabilities, Pension Expense, and Deferred Outflows or Resources Related to Pensions

Pension Liabilities

At June 30, 2015 the Town reported a liability of \$33,268,513 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2014 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2014. 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. At December 31, 2014, the Town's proportion was 6.41% which was no increase from its proportion measured as of December 31, 2013.

Pension Expense and Deferred Outflows of Resources

For the year ended June 30, 2015 the Town recognized pension expense of \$3,391,449. At June 30, 2015 the Town reported deferred outflows of resources related to pensions of \$1,373,823 from the net difference between projected and actual investment earnings on pension plan investments. Since the system performs an actuarial valuation bi-annually, there are no reported differences between expected and actual experience or changes of assumptions as of December 31, 2014.

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

<u>Year ended June 30</u>	<u>Amount</u>
2016	\$ 343,456
2017	343,456
2018	343,456
2019	343,455
Totals	<u>\$ 1,373,823</u>

TOWN OF FOXBOROUGH, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

E. Actuarial assumptions

The total pension liability in the January 1, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement that was updated to December 31, 2014.

Valuation date	January 1, 2014
Actuarial cost method	Entry age normal cost method
Amortization method	Open-level percent of payroll. Payroll assumed growth of 4.00% per year.
Cost of Living Increase	3.09% of first \$15,000 of retirement income
Asset valuation method	market value
Inflation rate	4.5%
Projected Salary increases	4.00%
Mortality rates	Based on the RP-2000 mortality table adjusted with scale AA.
Investment rate of return	8.25%

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 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 rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in the pension plan's target asset allocation as of December 31, 2014 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity	32.0%	7.70%
International Equities	17.5%	6.40%
Fixed Income	19.0%	1.90%
Private Equity	8.5%	11.90%
Real Estate	9.0%	5.20%
Real Assets	5.0%	5.50%
Hedge Funds	9.0%	5.50%
Total	<u>100%</u>	

TOWN OF FOXBOROUGH, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

For the year ended December 31, 2014 the System's annual money-weighted rate of return on pension plan investments net of pension plan investment expense was 5.07%. The money-weighted rate of return expresses investment performance, net of pension plan investment expense, adjusted for the changing amounts actually invested.

F. Discount Rate

The discount rate used to measure the total pension liability was 8.25%. The projection of cash flows used to determine the discount rate assumed plan member contributions will be made at the current contribution rates and that member employer contributions will be made in accordance with section 22D and 22F of Chapter 32 of Massachusetts General Laws. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

G. Sensitivity of the net pension liability to changes on the discount rate

The following presents the net pension liability of the system, calculated using the discount rate of 8.25%, as well as what the system's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (7.25%) or 1 percentage point higher (9.25%) than the current rate:

	1% Decrease (7.25%)	Current Discount Rate (8.25%)	1% Increase (9.25%)
The Towns proportionate share of the net pension liability	\$ 41,719,600	\$ 33,268,513	\$ 25,959,482

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

TOWN OF FOXBOROUGH, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 14 – RESTATEMENT DUE TO A CHANGE IN ACCOUNTING STANDARDS

During 2015, GASB Statement #68, Accounting and Financial Reporting for Pensions was implemented. This resulted in a restatement of the governmental activities and business type activities beginning net positions at June 30, 2014 to reflect the recording net pension liability.

Description	Statement of Net Position				
	Primary Government		Business-type Activities		
	Governmental Activities	Business-type Activities	Water	Sewer	Total
Total Net Positions at June 30, 2014, as previously reported	\$ 65,934,198	\$ 15,669,218	\$ 13,584,663	\$ 2,084,555	\$ 15,669,218
To record the beginning net pension liability	(31,015,367)	(645,890)	(443,258)	(202,632)	(645,890)
Total Net Positions at June 30, 2014, as restated	<u>\$ 34,918,831</u>	<u>\$ 15,023,328</u>	<u>\$ 13,141,405</u>	<u>\$ 1,881,923</u>	<u>\$ 15,023,328</u>

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, 2015, 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 (14 years remaining), and the estimated liability has been recorded in the Statement of Net Position, Governmental Activities. The \$518,000 reported as landfill post-closure liability at June 30, 2015 is based on what it would cost to perform all post-closure care costs at June 30, 2015. 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, 2015, cannot be ascertained, management believes any resulting liability should not materially affect the financial position at June 30, 2015.

NOTE 16 – SUBSEQUENT EVENTS

Subsequent to June 30, 2015, the Town refinanced \$7.635 million. This refinancing will generate direct tax payer savings of \$1.03 million over the remaining life of the bonds.

TOWN OF FOXBOROUGH, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 17 – IMPLEMENTATION OF NEW GASB PRONOUNCEMENTS

During fiscal year 2015, the following GASB pronouncements were implemented:

The GASB issued **Statement #68**, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, was implemented in fiscal year 2015. This pronouncement had a significant impact on the basic financial statements. Financial statement changes include the recognition of a net pension liability, pension expense, and deferred inflows/outflows of resources. As noted in Note 15, the financial statements also required a restatement of net position at the beginning of the year.

The GASB issued **Statement #69**, *Government Combinations and Disposals of Government Operations*, was implemented in fiscal year 2015. This pronouncement requires no additional disclosure and will not impact the basic financial statements.

The GASB issued **Statement #70**, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*, was implemented in fiscal year 2015. This pronouncement requires no additional disclosure and will not impact the basic financial statements.

The GASB issued **Statement #71**, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*, was implemented in fiscal year 2015. This pronouncement has a significant impact on the basic financial statements.

Future GASB Pronouncements:

The GASB issued **Statement #72**, *Fair Value Measurement and Application*, which is required to be implemented in 2016. Management's current assessment is that this pronouncement will not have a significant impact on the Basic Financial Statements.

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 #75**, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which 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 #76**, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, which is required to be implemented in 2016. 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, 2015**

The following schedules are presented in accordance with GASB Statement No. 27:

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]
1/1/2014	\$ 696,682,779	\$ 1,247,596,772	\$ 550,913,993	55.8%	\$246,722,941	223.3%
1/1/2012	608,235,096	1,128,960,288	520,725,192	53.9%	229,095,409	227.3%
1/1/2010	600,790,835	1,001,881,055	401,090,220	60.0%	223,332,595	179.6%
1/1/2008	596,157,147	907,719,124	311,561,977	65.7%	223,814,977	139.2%
1/1/2007	533,077,948	855,677,413	322,599,465	62.3%	219,620,865	146.9%
1/1/2005	467,186,566	762,900,650	295,714,084	61.2%	196,639,163	150.4%
1/1/2003	415,150,776	675,275,257	260,124,481	61.5%	185,281,985	140.4%
1/1/2000	371,646,793	533,959,970	162,313,177	69.6%	163,542,978	99.2%
1/1/1997	258,771,070	392,463,080	133,692,010	65.9%	126,219,194	105.9%
1/1/1993	151,546,609	291,472,940	139,926,331	52.0%	107,482,975	130.2%

Schedule of Employer Contributions

Fiscal Year Ended June 30	System Wide			Town of Foxborough	
	Annual Required Contributions	(A) Actual Contributions	Percentage Contributed	(B) Actual Contributions	(B/A) Town's Percentage of System Wide Actual Contributions
2015	\$ 48,383,549	\$ 48,383,549	100%	\$ 3,028,356	6.26%
2014	42,461,369	42,461,369	100%	2,595,996	6.11%
2013	44,800,000	44,800,000	100%	2,492,582	5.56%
2012	42,714,639	42,714,639	100%	2,375,116	5.56%
2011	41,206,587	41,206,587	100%	2,201,277	5.34%
2010	39,749,857	39,749,857	100%	2,121,371	5.34%
2009	38,920,499	38,920,499	100%	1,895,766	4.87%
2008	33,104,903	33,104,903	100%	1,630,866	4.93%
2007	32,877,890	32,877,890	100%	1,594,152	4.85%
2006	31,755,708	31,755,708	100%	1,508,491	4.75%
2005	28,238,996	28,238,996	100%	1,250,361	4.43%

**TOWN OF FOXBOROUGH, MASSACHUSETTS
 REQUIRED SUPPLEMENTARY INFORMATION
 NORFOLK COUNTY CONTRIBUTORY RETIREMENT SYSTEM
 JUNE 30, 2015**

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, 2014</u>
Town's proportion of the net pension liability	6.41%
Town's proportionate share of the net pension liability	\$ 33,268,513
Town's covered-employee payroll (1)	\$ 15,653,875
Town's proportionate share of the net pension liability as a percentage of it's covered-employee payroll	212.53%
Plan fiduciary net position as a percentage of the total pension liability	60.10%

(1) Covered employee payroll as reported in the January 1, 2014 actuarial report.

Note: This schedule is intended to present information for 10 years. Until a 10 year trend is compiled by the (System), 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, 2015**

SCHEDULE OF TOWN'S CONTRIBUTION

	December 31, 2014
Actuarilly determined contribution (1)	\$ 3,028,356
Contribution in relation to the actuarilly determined contribution	(3,028,356)
Contribution deficiency (excess)	\$ -
Town's covered-employee payroll (2)	\$ 15,653,875
Contribution as a percentage of covered - employee payroll	19.35%

(1) Based on the results on the January 1, 2014 actuarial valuation (including assumptions and methods) for the System which determined the Town's budgeted appropriation for fiscal year 2015.

(2) Town's covered employee payroll as reported in the January 1, 2014 system actuarial valuation report.

Note: This Town schedule is intended to present information for 10 years. Until a 10 year trend is compiled by the (System), 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, 2015**

**SCHEDULE OF THE STATE'S PROPORTIONATE SHARE OF THE NET PENSION
 LIABILITY
 Teacher's Pension Plan**

	<u>2015</u>
Towns' proportion of the net pension liability (asset)	0%
Commonwealth's proportion of the net pension liability (assets)	100%
Commonwealth's proportionate share of the net pension liability associated with the district	\$ 51,262,819
Employer pension expense and revenue for Commonwealth support	\$ 3,561,474

**TOWN OF FOXBOROUGH, MASSACHUSETTS
REQUIRED SUPPLEMENTARY INFORMATION
OTHER POSTEMPLOYMENT BENEFITS
JUNE 30, 2015**

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%

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

* Based on expected premium payments.

The required information presented above was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation follows:

Valuation date	June 30, 2015
Discount Rate	7.00%
Medical Trend	5.0 %
Cost Method	Projected Unit Credit Cost Method
Amortization Method	Level dollar amount over 30 years at transition
Remaining Amortization Period	23

**TOWN OF FOXBOROUGH, MASSACHUSETTS
REQUIRED SUPPLEMENTARY INFORMATION
OTHER POSTEMPLOYMENT BENEFITS
JUNE 30, 2015**

Mortality RP-2000 Table for males
RP-2000 Table for females

Participation 90% of future retirees are assumed to participate in the retiree medical plan.
100% of future retirees are expected to elect life insurance.

Medical Plan Participants:

Current retirees, beneficiaries, and dependants	332
Current active members/participants	606
Total	<u>938</u>

**TOWN OF FOXBOROUGH, MASSACHUSETTS
REQUIRED SUPPLEMENTARY INFORMATION
NORFOLK COUNTY CONTRIBUTORY RETIREMENT SYSTEM
JUNE 30, 2015**

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 total 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 in covered payroll.