

## RULE 15c2-12 FILING COVER SHEET

This cover sheet is sent with all submissions to the Municipal Securities Rulemaking Board's Electronic Municipal Market Access ("EMMA") pursuant to Securities and Exchange Commission (SEC) Rule 15c2-12 or any analogous state statutes.

**Issuer Name:** **Town of Foxborough, Massachusetts**

**Issue(s):**

- \$ 10,400,000 Unlimited Tax General Obligation School Bonds, Dated 9/1/09
- \$ 5,145,000 General Obligation Refunding Bonds, Dated 3/20/12
- \$ 12,895,000 General Obligation Municipal Purpose Loan of 2012 Bonds, Dated 6/21/12
- \$ 7,535,000 General Obligation Refunding Bonds, Dated 12/3/15
- \$ 23,360,000 General Obligation Municipal Purpose Loan of 2016 Bonds, Dated 6/28/16
- \$ 23,160,000 General Obligation Municipal Purpose Loan of 2020 Bonds Dated 3/16/20

**Filing Format**  electronic \_\_\_ paper; If available on the Internet, give URL: \_\_\_\_\_

**CUSIP Numbers to which the information filed relates** (optional):

Nine-digit number(s) (see following page(s)):

\_\_\_ Six-digit number if information filed relates to all securities of the issuer

### Financial & Operating Data Disclosure Information

Annual Financial Report or CAFR

Financial Information & Operating Data

Other (describe) \_\_\_\_\_

Fiscal Period Covered: FYE 2020

Monthly    Quarterly     Annual    Other: \_\_\_\_\_

I hereby represent that I am authorized by the issuer or its agent to distribute this information publicly:

Signature: /s/ Paula Maloney

Name: Paula Maloney Title: Treasurer

Employer: Town of Foxborough, Massachusetts

Telephone Number: \_\_\_\_\_

Email Address: pmaloney@foxboroughma.gov

## DESCRIPTION OF ISSUES COVERED BY THIS REPORT

### Unlimited Tax General Obligation School Bonds, Dated 9/1/09

Date	Principal	CUSIP
09/01/21	\$ 520,000	351640QC4
09/01/22	520,000	351640QD2
09/01/23	520,000	351640QE0
09/01/24	520,000	351640QF7
09/01/25	520,000	351640QG5
09/01/26	520,000	351640QH3
09/01/27	520,000	351640QJ9
09/01/28	520,000	351640QK6
09/01/29	520,000	351640QL4
	<u>\$ 4,680,000</u>	

### General Obligation Refunding Bonds, Dated 3/20/12

Date	Principal	CUSIP
12/01/21	\$ 415,000	351640QW0
12/01/22	335,000	351640QX8
12/01/23	70,000	351640QY6
	<u>\$ 820,000</u>	

**General Obligation Municipal Purpose Loan of 2012 Bonds, Dated 6/21/12**

<u>Date</u>	<u>Principal</u>	<u>CUSIP</u>
06/15/22	\$ 645,000	351640RJ8
06/15/23	645,000	351640RK5
06/15/24	645,000	351640RL3
06/15/25	645,000	351640RM1
06/15/26	645,000	351640RN9
06/15/27	645,000	351640RP4
06/15/28	645,000	351640RQ2
06/15/29	645,000	351640RR0
06/15/30	645,000	351640RS8
06/15/31	645,000	351640RT6
06/15/32	640,000	351640RU3
	<u>\$ 7,090,000</u>	

**General Obligation Refunding Bonds, Dated 12/3/15**

<u>Date</u>	<u>Principal</u>	<u>CUSIP</u>
08/15/21	\$ 810,000	351640SA6
08/15/22	800,000	351640SB4
08/15/23	785,000	351640SC2
08/15/24	765,000	351640SD0
08/15/25	205,000	351640SE8
08/15/26	205,000	351640SF5
	<u>\$ 3,570,000</u>	

**General Obligation Municipal Purpose Loan of 2016 Bonds, Dated 6/28/16**

<u>Date</u>	<u>Principal</u>	<u>CUSIP</u>
05/15/22	\$ 895,000	351640SM0
05/15/23	895,000	351640SN8
05/15/24	895,000	351640SP3
05/15/25	895,000	351640SQ1
05/15/26	895,000	351640SR9
05/15/27	895,000	351640SS7
05/15/28	895,000	351640ST5
05/15/29	890,000	351640SU2
05/15/30	890,000	351640SV0
05/15/31	890,000	351640SW8
05/15/32	890,000	351640SX6
05/15/33	890,000	351640SY4
05/15/34	890,000	351640SZ1
05/15/35	890,000	351640TA5
05/15/36	890,000	351640TB3
05/15/41	2,750,000	351640TG2
05/15/46	2,750,000	351640TM9
	<u>\$ 18,885,000</u>	

**General Obligation Municipal Purpose Loan of 2020 Bonds Dated 3/16/20**

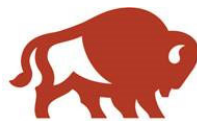
<u>Date</u>	<u>Principal</u>	<u>CUSIP</u>
03/15/22	\$ 775,000	351640TP2
03/15/23	815,000	351640TQ0
03/15/24	855,000	351640TR8
03/15/25	900,000	351640TS6
03/15/26	945,000	351640TT4
03/15/27	990,000	351640TU1
03/15/28	1,040,000	351640TV9
03/15/29	1,090,000	351640TW7
03/15/30	1,145,000	351640TX5
03/15/31	1,190,000	351640TY3
03/15/32	1,235,000	351640TZ0
03/15/33	1,290,000	351640UA3
03/15/34	1,330,000	351640UB1
03/15/35	1,365,000	351640UC9
03/15/36	1,410,000	351640UD7
03/15/37	1,450,000	351640UE5
03/15/38	1,480,000	351640UF2
03/15/39	1,525,000	351640UG0
03/15/40	1,570,000	351640UH8
	<u>\$ 22,400,000</u>	

AMENDED  
CONTINUING DISCLOSURE REPORT  
FOR THE  
FISCAL YEAR ENDED JUNE 30, 2020

TOWN OF FOXBOROUGH, MASSACHUSETTS

GENERAL OBLIGATION

This report has been amended with audited financial information.



**HTS** Continuing Disclosure Services  
A Division of Hilltop Securities.

## **FINANCIAL STATEMENTS**

The audited financial statements for the Town for the fiscal year ended June 30, 2020 are being filed directly with the Municipal Securities Rulemaking Board's Electronic Municipal Market Access ("EMMA"), and are hereby incorporated by reference into this Annual Continuing Disclosure Report.

## **SIGNATURE OF ISSUER**

The information set forth herein has been obtained from the Town and other sources believed to be reliable, but such information is not guaranteed as to accuracy or completeness and is not to be construed as a promise or guarantee. This Annual Continuing Disclosure Report may contain, in part, estimates and matters of opinion which are not intended as statements of fact, and no representation is made as to the correctness of such estimates and opinions, or that they will be realized. The information and expressions of opinion contained herein are subject to change without notice, and the delivery of this Annual Continuing Disclosure Report will not, under any circumstances, create any implication that there has been no change in the affairs of the Town or other matters described.

### **Town of Foxborough, Massachusetts**

/s/ Paula Maloney

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Paula Maloney

Treasurer

Approved for Submission:

07/09/2021

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Date

Amended





# **Annual Report**

**TOWN OF FOXBOROUGH, MASSACHUSETTS**

**For The Fiscal Year Ended  
June 30, 2020**

TOWN OF FOXBOROUGH, MASSACHUSETTS  
/s/ Paula Maloney, Treasurer

Filing Date: July 9, 2021

# THE TOWN OF FOXBOROUGH, MASSACHUSETTS

## General

The Town of Foxborough, with a land area of 20.08 square miles, is located in Norfolk County in southeastern Massachusetts approximately 24 miles south of Boston. The Town, which was settled in 1704 and incorporated as a town in 1778, was named for Charles James Fox, British Champion of the American Colonies. According to the 2010 federal census, the Town has a population of approximately 16,865 persons.

In 1781, the Foxborough Foundry was established for casting cannon and cannon balls. The weaving and braiding of straw into straw bonnets brought financial support to the Town and made it a thriving community. After the decline of this industry, the production of indicating, recording, and controlling instruments gained importance. Manufacturing is still an important part of the Town's economy. Currently Schneider Electric (formerly the Foxborough Company), maker of process control equipment, is the most important manufacturing unit, employing approximately 1,133 persons.

Two interstate highway systems serve the Town - Routes I-95 and I-495. Route I-95 is a non-stop controlled access highway running from Florida to Maine, and Route I-495 is Boston's outer belt highway which runs from Cape Cod to Massachusetts' North Shore.

## Local Government

The Town operates under a Board of Selectmen/Open Town Meeting/Town Manager form of government. The elected five-member Board of Selectmen makes policy decisions and the Town Manager is responsible for carrying out the policies and direction of the Board of Selectmen and for managing the day-to-day operations of the Town.

An elected five-member School Committee appoints a School Superintendent who administers the public school system of the Town. School Committee members, like the Board of Selectmen, are elected at-large to staggered three-year terms.

Local taxes are assessed by a board of three assessors elected for staggered three-year terms.

## Principal Town Officials

<u>Office</u>	<u>Name</u>	<u>Manner of Selection</u>	<u>Term Expires</u>
Selectmen:	Marc Elfman, Chairman	Elected	2022
	Leah Gibson, Vice Chairman	Elected	2021
	Edward T. O'Leary, Clerk	Elected	2022
	Christopher P. Mitchell	Elected	2021
	Stephanie A. McGowan	Elected	2023
Town Manager	William G. Keegan	Appointed	2023
Finance Director	George Samia	Appointed	2022
Chief Treasury Officer	Paula Maloney	Appointed	N/A
Town Counsel	Patrick J. Costello	Appointed	2021
Town Clerk	Robert E. Cutler, Jr.	Elected	2022

## Corona Virus (COVID-19) Disclosure

COVID-19 is a new respiratory disease caused by a novel coronavirus that has not previously been seen in humans. On March 10, 2020, the Governor of The Commonwealth of Massachusetts declared a state of emergency to support the Commonwealth's response to the outbreak of the virus. On March 11, 2020 the World Health Organization declared COVID-19 a pandemic. On March 13, 2020, the President declared a national emergency due to the outbreak, which has enabled disaster funds to be made available to states to fight the pandemic.

Pursuant to M.G.L. Chapter 44, Section 31, the Town can set up a fund specifically related to COVID-19 expenses. This fund can be used to capture all unbudgeted costs related to the COVID-19 pandemic and deficit spending for these costs, including but not limited to, overtime, cleaning and medical supplies, and IT equipment would be allowed, with the approval of the Commonwealth's Department of Revenue. The Town has created such a fund.

The virus and the resulting actions by national, state and local governments is altering the behavior of businesses and people in a manner that will have negative impacts on global and local economies. There can be no assurances regarding the extent to which COVID-19 will impact the national and state economies and, accordingly, how it will adversely impact

municipalities, including the Town. These negative impacts are likely to include reduced collections of property taxes and other revenues, including local meals and rooms tax revenue, motor vehicle excise taxes and other fees and charges collected by the Town. Additionally, state aid payments to the Town, which are dependent upon collections by the Commonwealth of income, sales, capital gains and other similar taxes, may be adversely impacted by reduced or delayed collections of those revenue streams. In fiscal 2020, the Town implemented a spending freeze. In fiscal 2021, the Town addressed the potential revenue reductions by reducing the projected FY21 revenues and backfilling with existing positions. Local receipts estimates were reduced in excess of \$2 million from the previous year. The difference was made up with a combination of lower spending increases and the utilization and repurposing of reserves usually earmarked for other purposes. The Town plans to address any potential loss of revenues in fiscal 2021 through a reduction in budget increases combined with the use of reserves such as Free Cash and overlay.

**Municipal Services**

The Town provides general governmental services for the territory within its boundaries. These services include police and fire protection, water and sewer services, health, library, parks and playgrounds, housing, and public education in grades pre-K through 12. The principal services provided by Norfolk County are a jail, house of correction, registry of deeds, and an agricultural school.

**Education**

The Town has three elementary schools with a combined capacity of 1,400, a middle school with a capacity of 1,060 and a high school with a capacity of 1,100, and provides education from pre-school/kindergarten through grade 12, including vocational education at the Comprehensive High School. In addition, the Southeastern Regional Vocational-Technical School District provides vocational and technical education in grades 9 through 12.

**Public School Enrollments**

	Actual				
	2016	2017	2018	2019	2020
Pre-Kindergarten to 4	956	949	905	946	924
Grades 5-8	823	842	842	828	771
Grades 9-12	847	832	844	813	793
<b>Total</b>	<b>2,626</b>	<b>2,623</b>	<b>2,591</b>	<b>2,587</b>	<b>2,488</b>

**Population Trends**

<u>2010</u>	<u>2000</u>	<u>1990</u>	<u>1980</u>
16,865	16,246	14,637	14,148

Source: Federal Census.

On the basis of the 2010 federal census, the Town has a population density of 809 persons per square mile.

**Age, Income and Wealth Levels**

	<u>Foxborough</u>	<u>Norfolk County</u>	<u>Massachusetts</u>
Median Age:			
2010	42.0	39.1	37.2
2000	38.1	38.1	36.5
1990	34.2	35.1	33.6
Median Family Income:			
2010	\$110,858	\$101,870	\$81,165
2000	78,811	77,847	61,664
1990	52,509	54,915	44,367
Per Capita Income:			
2010	\$41,835	\$42,371	\$33,966
2000	32,294	32,484	25,952
1990	18,329	21,019	17,224

Source: U.S. Department of Commerce, Bureau of the Census.

**Labor Force, Employment and Unemployment Rates**

According to the Massachusetts Division of Employment and Training, in November 2020, the Town had a total labor force of 9,704 of whom 9,114 were employed and 590, or 6.1%, were unemployed as compared with 6.2% for the Commonwealth, although it is likely that the COVID-19 pandemic will adversely affect unemployment levels nationwide.

The following table sets forth the Town's average labor force and unemployment rates for calendar years 2015 through 2019 and the unemployment rates for the Commonwealth and the United States for the same period.

<u>Year</u>	<u>Town of Foxborough</u>		<u>Massachusetts</u>	<u>United States</u>
	<u>Labor Force</u>	<u>Unemployment Rate</u>	<u>Unemployment Rate</u>	<u>Unemployment Rate</u>
2019	10,397	2.6 %	2.9 %	3.7 %
2018	10,357	3.0	3.3	3.9
2017	9,974	3.5	3.7	4.4
2016	9,738	3.2	3.7	4.9
2015	9,693	4.4	4.9	5.3

Source: Massachusetts Division of Employment and Training. Data based on place of residence.

## Employment by Industry

Due to the reclassification the U.S. Department of Labor now uses the North American Industry Classification System (NAICS) as the basis for the assignment and tabulation of economic data by industry.

Industry	Calendar Year Average				
	2015	2016	2017	2018	2019
Construction	478	539	641	648	699
Manufacturing	615	571	591	613	601
Trade, Transportation and Utilities	2,471	2,665	2,732	2,698	2,288
Information	1,060	1,015	1,025	973	936
Financial Activities	306	246	324	385	372
Professional and Business Services	3,218	2,834	3,588	3,202	3,032
Education and Health Services	1,505	1,655	1,648	1,656	1,782
Leisure and Hospitality	4,367	4,544	4,606	4,825	4,614
Other Services	206	241	274	316	361
Total Employment	14,226	14,310	15,429	15,316	14,685
Number of Establishments	705	703	719	743	747
Average Weekly Wages	\$1,290	\$1,315	\$1,338	\$1,380	\$1,505
Total Wages	\$966,364,214	\$996,117,772	\$1,087,252,644	\$1,113,715,528	\$1,165,023,138

Source: Massachusetts Department of Education and Training. Data based upon place of employment, not place of residence.

## Largest Employers

Name	Nature of Business	Number of Employees
Schneider Electric (Formerly the Foxborough Company)	Process Control	1,000-4,999
Gillette Stadium – Team Ops LLC	Sports & Entertainment Stadium	1,000-4,999
Brigham & Women’s Mass General	Health Care	250-499
Advantage Sales & Marketing, LLC	Sales/Marketing	100-249
Bass Pro Shops	Sporting Goods Retailer	100-249
Bearing Point Inc.	Management Consultants	100-249
GE Lighting	Hi-Tech	100-249
Hockomock Area YMCA	Community	100-249

(1) Seasonal - number of employees reflects employment during the professional football season. Approximately 535 full time employees and 3,224 part time employees.

## Building Permits

The following table sets forth the trend in the number of building permits issued by the Town and the estimated dollar values:

Calendar Year	New Construction		Additions/Alterations		Total	
	No.	Value	No.	Value	No.	Value
2020	16	\$4,130,000	2	\$646,920	480	\$21,464,666
2019	21	5,198,200	22	28,686,353	697	96,822,308
2018	39	9,472,000	1	1,170,900	913	37,701,969
2017	33	10,111,657	11	30,447,122	600	73,482,340
2016	20	6,009,660	16	43,930,164	572	82,769,982

Source: Town of Foxborough Building Commissioner.

It is likely that the COVID-19 pandemic will negatively affect the total number and dollar value of building permits issued in 2020 and the current calendar year.

## PROPERTY TAXATION

The principal tax of Massachusetts cities and towns is the tax on real and personal property. The amount to be levied in each year is the amount appropriated or required by law to be raised for municipal expenditures less estimated receipts from other sources and less appropriations voted from funds on hand. The total amount levied is subject to certain limits prescribed by law; for a description of those limits, see "Tax Limitations," below.

The estimated receipts for a fiscal year from sources other than the property tax may not exceed the actual receipts during the preceding fiscal year from the same sources unless approved by the State Commissioner of Revenue. Excepting special funds the use of which is otherwise provided for by law, the deduction for appropriations voted from funds on hand for a fiscal year cannot exceed the "free cash" as of the beginning of the prior fiscal year as certified by the State Director of Accounts plus up to nine months' collections and receipts on account of earlier years' taxes after that date. Subject to certain adjustments, free cash is surplus revenue less uncollected overdue property taxes from earlier years.

Although an allowance is made in the tax levy for abatements ("Abatements and Overlay," below), no reserve is generally provided for uncollectible real property taxes. Since some of the levy is inevitably not collected, this creates a cash deficiency which may or may not be offset by other items (see "Taxation to Meet Deficits," below).

### Tax Levy Computation

Following are the tax levy computations of the Town for the last five fiscal years:

	Fiscal 2017	Fiscal 2018	Fiscal 2019	Fiscal 2020	Fiscal 2021
Total Appropriations	\$ 76,862,326	\$ 78,333,815	\$ 86,318,868	\$ 84,098,818	\$ 84,980,632
Additions:					
State & County Assessments	2,098,138	2,713,528	2,742,587	2,519,982	2,608,140
Overlay Reserve (1)	760,836	1,268,313	1,124,962	1,114,948	1,087,651
Other Additions	170,053	371,877	421,616	368,691	125,127
Total Additions	<u>3,029,027</u>	<u>4,353,718</u>	<u>4,289,165</u>	<u>4,003,620</u>	<u>3,820,918</u>
Gross Amount to be Raised	<u>79,891,353</u>	<u>82,687,533</u>	<u>90,608,033</u>	<u>88,102,438</u>	<u>88,801,550</u>
Deductions:					
Estimated Receipts - Local	17,212,444	19,009,103	19,886,672	21,531,304	18,993,325
Estimated Receipts - State (2)	10,729,474	11,262,011	11,184,071	11,160,412	11,237,436
Available Funds:					
Free Cash	3,625,535	3,287,224	4,630,106	2,075,670	1,448,708
Other	3,178,312	1,459,781	4,956,375	1,267,642	3,218,986
Total Deductions	<u>34,745,765</u>	<u>35,018,119</u>	<u>40,657,224</u>	<u>36,035,028</u>	<u>34,898,455</u>
Net Amount to be Raised (Tax Levy)	<u>\$ 45,145,588</u>	<u>\$ 47,669,414</u>	<u>\$ 49,950,809</u>	<u>\$ 52,067,410</u>	<u>\$ 53,903,095</u>

Source: Finance Director.

Note: Property tax rates may not be set by the local assessors until they have been approved by the Commissioner of Revenue.

(1) Allowance for abatements.

(2) Includes state aid as well as other payments from the Commonwealth.

## Assessed Valuations

Property is classified for the purpose of taxation according to its use. The legislature has in substance created three classes of taxable property: (1) residential real property, (2) open space land, and (3) all other (commercial, industrial and personal property). Within limits, cities and towns are given the option of determining the share of the annual levy to be borne by each of the three categories. The share required to be borne by residential real property is at least 50 per cent of its share of the total taxable valuation; the effective rate for open space must be at least 75 per cent of the effective rate for residential real property; and the share of commercial, industrial and personal property must not exceed 175 percent of their share of the total valuation. A city or town may also exempt up to 20 percent of the valuation of residential real property (where used as the taxpayer's principal residence) and up to 10 percent of the valuation of commercial real property (where occupied by certain small businesses). Property may not be classified in a city or town until the State Commissioner of Revenue certifies that all property in the city or town has been assessed at its fair cash value. Such certification must take place every three years, or pursuant to a revised schedule as may be issued by the Commissioner.

Related statutes provide that certain forest land, agricultural or horticultural land (assessed at the value it has for these purposes) and recreational land (assessed on the basis of its use at a maximum of 25 percent of its fair cash value) are all to be taxed at the rate applicable to commercial property. Land classified as forest land is valued for this purpose at five percent of fair cash value but not less than ten dollars per acre.

Valuation of real and personal property in the Town is established by the Board of Assessors. The Town's last revaluation occurred in fiscal year 2017. The next professional revaluation is expected to take place in fiscal year 2025.

In order to determine appropriate relative values for the purposes of certain distributions to and assessments upon cities and towns, the Commissioner of Revenue biennially makes a redetermination of the fair cash value of the taxable property in each municipality. This is known as the "equalized value". See "DEBT LIMITS" below.

The following table sets forth the trend in the Town's assessed and equalized valuations:

Fiscal Year	Assessed Valuations (1)			Equalized Valuation (2)	Assessed Valuation as a Percent of Equalized
	Real Property	Personal Property	Total		
2021	\$3,334,420,500	\$118,582,460	\$3,453,002,960	\$3,632,254,300	95.1%
2020	3,248,468,500	122,188,460	3,370,656,960	3,309,738,100	101.8
2019	3,084,625,400	123,059,570	3,207,684,970	3,309,738,100	96.9
2018	2,972,548,900	127,351,890	3,099,900,790	2,963,786,200	104.6
2017	2,782,778,800	121,402,820	2,904,181,620	2,963,786,200	107.5

(1) Source: Massachusetts Department of Revenue.

(2) Source: Massachusetts Department of Revenue - Equalized valuations are established as of January 1 of even-numbered years for the next two years.

## Classification of Property

The following table sets forth the classification of the Town's assessed valuation for the following years:

Type	Fiscal 2021		Fiscal 2020		Fiscal 2019	
	Assessed Valuation	% of Total	Assessed Valuation	% of Total	Assessed Valuation	% of Total
Residential	\$ 2,699,661,732	78.2 %	\$ 2,623,955,354	77.8 %	\$ 2,502,939,454	78.0 %
Commercial	561,778,568	16.3	551,532,946	16.4	523,282,746	16.3
Industrial	72,980,200	2.1	72,980,200	2.2	58,403,200	1.8
Personal	118,582,460	3.4	122,188,460	3.6	123,059,570	3.8
Total	<u>\$ 3,453,002,960</u>	<u>100.0 %</u>	<u>\$ 3,370,656,960</u>	<u>100.0 %</u>	<u>\$ 3,207,684,970</u>	<u>100.0 %</u>

## Largest Taxpayers

Following are the largest taxpayers in the Town, based upon assessed valuations for fiscal 2020, all of whom are current in their tax payments:

Name	Nature of Business	Fiscal 2020		
		Assessed Valuation	Amount of Tax	% of Net Levy
Foxboro Realty Associates & NPP LLC, Et Al	Sports, Entertainment & Mixed Use Real Estate	\$ 213,199,721	\$ 3,950,591	7.75 %
Mayfair Realty Et Al	Apartments	55,020,200	846,577	1.66
Domain Foxboro Apartments, LLC	Apartments	48,009,400	699,497	1.37
Foxborough Lodge, L.P.	Apartments	47,402,600	690,656	1.36
Medical Information Technology	Software & Services	30,900,600	572,588	1.12
Invensys Systems Inc.	CIP	30,615,630	567,308	1.11
Massachusetts Electric Co.	Electric Utility	30,280,320	561,094	1.10
NPP Development LLC	CIP	20,426,500	378,753	0.74
Elm Lodge Co, Walnut LLC, Spruce Meadows	Apartments	24,551,800	372,883	0.73
King-Foxboro, LLC	Real Estate	18,325,301	267,000	0.52
Totals		<u>\$ 518,732,072</u>	<u>\$ 8,906,946</u>	<u>17.48 %</u>

Source: Finance Assessing Division.

## Abatements and Overlay

The Town is authorized by law to increase each tax levy by an amount approved by the State Commissioner of Revenue as an "overlay" to provide for tax abatements. If abatements are granted or refunds are made in excess of the applicable overlay, the excess is required to be added to the next tax levy.

Abatements are granted where exempt real or personal property has been assessed or where taxable real or personal property has been overvalued or disproportionately valued. The Board of Assessors may abate real and personal property taxes on broad grounds (including inability to pay) with the approval of the State Commissioner of Revenue. But uncollected real property taxes are ordinarily not written off until they become municipal "tax titles" by purchase at public sale or by taking, at which time the tax is written off in full by reserving the amount of the tax and charging surplus.

The following table sets forth the amount of overlay reserve for each of the fiscal years indicated and abatements or exemptions granted with respect to each such fiscal year:

Fiscal Year	Overlay Allowance			Abatements Granted through June 30, 2020
	Net Tax Levy (1)	Dollar Amount	Percent of Net Levy	
2020	\$50,952,463	\$1,114,948	2.19%	\$280,867
2019	48,825,847	1,124,962	2.30	329,240
2018	46,401,101	1,268,313	2.73	468,884
2017	44,384,750	760,836	1.71	432,747
2016	42,419,321	913,372	2.15	416,020

Source: Finance Director

(1) Total tax levy net of overlay for abatements.



## Tax Collections

The taxes for each fiscal year are due in two installments on November 1 (subject to deferral if tax bills are sent out late) and May 1, unless the city or town accepts a statute providing for quarterly tax payments. Under that statute, preliminary tax payments are due on August 1 and November 1, with payment of the actual tax bill (after credit is given for the preliminary payments) in installments on February 1 and May 1 if actual tax bills are mailed by December 31. Interest accrues on delinquent taxes at the rate of 14 percent per annum. Starting in Fiscal Year 2012, the Town of Foxborough collects taxes on a quarterly basis. The Town delayed the payment of the fiscal 2020 fourth quarter tax payments from May 1 to June 1, 2020.

The following table presents the Town's net tax collections with its net tax levies (gross tax levy less overlay reserve for abatements) for the last five fiscal years:

Fiscal Year	Gross Tax Levy	Overlay Reserve for Abatements	Net Tax Levy	Collections During Fiscal Year Payable		Collections as of June 30, 2020	
				Dollar Amount	% of Net Levy	Dollar Amount	% of Net Levy
2020	\$ 52,067,410	\$ 1,114,948	\$ 50,952,462	\$ 51,014,048	100.12 %	\$ 51,014,048	100.12 %
2019	49,950,809	1,124,962	48,825,847	48,708,616	99.76	49,092,948	100.55
2018	47,669,414	1,268,313	46,401,101	44,876,437	96.71	44,867,044	96.69
2017	45,145,587	760,836	44,384,750	44,360,671	99.95	44,361,223	99.95
2016	43,332,693	913,372	42,419,321	42,566,054	100.35	42,557,571	100.33

Source: Board of Assessors as to rates and levies; Finance Director as to collections.

## Tax Titles and Possessions

Massachusetts law permits a municipality either to sell by public sale (at which the municipality may become the purchaser) or to take real property for non-payment of taxes thereon. In either case the property owner can redeem the property by paying the unpaid taxes, with interest and other charges, but if the right of redemption is not exercised within six months (which may be extended an additional year in the case of certain installment payments) it can be foreclosed by petition to the land court. It is the policy of the Town to place all properties with unpaid taxes into tax title within six months of the end of the fiscal year for which the taxes are unpaid.

Upon such foreclosure, a tax title purchased or taken by the municipality becomes a "tax possession" and may be held and disposed of like any land held for municipal purposes. Uncollectible real property taxes are ordinarily not written off until they become municipal tax titles (either by purchase at the public sale or by taking), at which time the tax is written off in full by reserving the amount of tax and charging surplus.

## Taxes Outstanding

The following table sets forth the amount of aggregate overdue property taxes and tax liens and foreclosures outstanding as of the end of the last five fiscal years:

Fiscal Year	Aggregate Overdue Property Taxes at FY-End (1)	Tax Liens	Tax Foreclosures
2020	\$688,773	\$1,222,435	\$239,096
2019	365,722	1,129,472	136,253
2018	374,763	1,174,131	136,253
2017	367,830	1,254,417	136,263
2016	303,218	1,256,998	136,253

Source: Finance Director.

(1) Excludes abated taxes. Includes taxes and tax lien in litigation if any.

## **Sale of Tax Receivables**

Cities and towns are authorized to sell delinquent property tax receivable by public sale or auction, either individually or in bulk. The Town does not expect to utilize this option at the present time.

## **Taxation to Meet Deficits**

As noted elsewhere (see “*Abatements and Overlay*” above) overlay deficits, i.e. tax abatements in excess of the overlay included in the tax levy to cover abatements, are required to be added to the next tax levy. It is generally understood that revenue deficits, i.e. those resulting from non-property tax revenues being less than anticipated, are also required to be added to the tax levy (at least to the extent not covered by surplus revenue).

Amounts lawfully expended since the prior tax levy and not included therein are also required to be included in the annual tax levy. The circumstances under which this can arise are limited since municipal departments are generally prohibited from incurring liabilities in excess of appropriations except for major disasters, mandated items, contracts in aid of housing and renewal projects and other long-term contracts. In addition, utilities must be paid at established rates and certain established salaries, e.g. civil service, must legally be paid for work actually performed, whether or not covered by appropriations.

Cities and towns are authorized to appropriate sums, and thus to levy taxes, to cover deficits arising from other causes, such as “free cash” deficits arising from a failure to collect taxes. This is not generally understood, however, and it has not been the practice to levy taxes to cover free cash deficits. Except to the extent that such deficits have been reduced or eliminated by subsequent collections of uncollected taxes (including sales of tax titles and tax possessions), lapsed appropriations, non-property tax revenues in excess of estimates, other miscellaneous items or funding loans authorized by special act, they remain in existence.

## **Tax Limitations**

Chapter 59, Section 21C of the general laws, also known as Proposition 2½, imposes two separate limits on the annual tax levy of a city or town.

The primary limitation is that the tax levy cannot exceed 2½ percent of the full and fair cash value. If a city or town exceeds the primary limitation, it must reduce its tax levy by at least 15 percent annually until it is in compliance, provided that the reduction can be reduced in any year to not less than 7½ percent by majority vote of the voters, or to less than 7½ percent by two-thirds vote of the voters.

For cities and towns at or below the primary limit, a secondary limitation is that the tax levy cannot exceed the maximum levy limit for the preceding fiscal year as determined by the State Commissioner of Revenue by more than 2½ percent, subject to exceptions for property added to the tax rolls or property which has had an increase, other than as part of a general revaluation, in its assessed valuation over the prior year’s valuation.

This “growth” limit on the tax levy may be exceeded in any year by a majority vote of the voters, but an increase in the secondary or growth limit under this procedure does not permit a tax levy in excess of the primary limitation, since the two limitations apply independently. In addition, if the voters vote to approve taxes in excess of the “growth” limit for the purpose of funding a stabilization fund, such increased amount may only be taken into account for purposes of calculating the maximum levy limit in each subsequent year if the board of selectmen of a town or the city council of a city votes by a two-thirds vote to appropriate such increased amount in such subsequent year to the stabilization fund.

The applicable tax limits may also be reduced in any year by a majority vote of the voters.

The State Commissioner of Revenue may adjust any tax limit “to counterbalance the effects of extraordinary, non-recurring events which occurred during the base year”.

The statute further provides that the voters may exclude from the taxes subject to the tax limits and from the calculation of the maximum tax levy (a) the amount required to pay debt service on bonds and notes issued before November 4, 1980, if the exclusion is approved by a majority vote of the voters, and (b) the amount required to pay debt service on any specific subsequent issue for which similar approval is obtained. Even with voter approval, the holders of the obligations for which unlimited taxes may be assessed do not have a statutory priority or security interest in the portion of the tax levy attributable to such obligations. It should be noted that Massachusetts General Laws Chapter 44, Section 20 requires that the taxes excluded from the levy limit to pay debt service on any such bonds and notes be calculated based on the true interest cost of the issue. Accordingly, the Department of Revenue limits the amount of taxes which may be levied in each year to pay debt service on

any such bonds and notes to the amount of such debt service, less a pro rata portion of any original issue premium received by the city or town that was not applied to pay costs of issuance.

Voters may also exclude from the Proposition 2½ limits the amount required to pay specified capital outlay expenditures. In addition, the city council of a city, with the approval of the mayor if required, or the board of selectmen or the town council of a town may vote to exclude from the Proposition 2½ limits taxes raised in lieu of sewer or water charges to pay debt service on bonds or notes issued by the municipality (or by an independent authority, commission or district) for water or sewer purposes, provided that the municipality's sewer or water charges are reduced accordingly.

In addition, Proposition 2 ½ limits the annual increase in the total assessments on cities and towns by any county, district, authority, the Commonwealth or any other governmental entity (except regional school districts, the MWRA and certain districts for which special legislation provides otherwise) to the sum of (a) 2½ percent of the prior year's assessments and (b) "any increases in costs, charges or fees for services customarily provided locally or for services subscribed to at local option". Regional water districts, regional sewerage districts and regional veterans districts may exceed these limitations under statutory procedures requiring a two-thirds vote of the district's governing body and either approval of the local appropriating authorities (by two-thirds vote in districts with more than two members or by majority vote in two-member districts) or approval of the registered voters in a local election (in the case of two-member districts). Under Proposition 2 ½ any State law to take effect on or after January 1, 1981 imposing a direct service or cost obligation on a city or town will become effective only if accepted or voluntarily funded by the city or town or if State funding is provided. Similarly, State rules or regulations imposing additional costs on a city or town or laws granting or increasing local tax exemptions are to take effect only if adequate State appropriations are provided. These statutory provisions do not apply to costs resulting from judicial decisions.

### Unused Levy Capacity (1)

	Fiscal Year				
	2021	2020	2019	2018	2017
Primary Levy Limit (2)	\$ 86,325,074	\$ 84,266,424	\$ 80,192,124	\$ 77,497,520	\$ 72,604,540
Prior Fiscal Year					
Levy Limit	49,768,722	47,576,229	45,237,199	42,582,722	40,615,130
2.5% Levy Growth	1,244,218	1,189,406	1,130,930	1,064,568	1,015,378
Current Fiscal Year					
New Growth (3)	748,307	1,003,087	1,208,100	1,589,909	952,214
Current Fiscal Year Override	-	-	-	-	-
Growth Levy Limit	51,761,247	49,768,722	47,576,229	45,237,199	42,582,722
Current Fiscal Year Debt					
Exclusions	2,180,224	2,341,607	2,404,100	2,470,071	2,584,687
Current Fiscal Year Capital					
Expenditure Override	-	-	-	-	-
Tax Levy Limit	53,941,471	52,110,329	49,980,329	47,707,270	45,167,409
Tax Levy	53,903,095	52,067,410	49,950,809	47,669,414	45,145,587
Unused Levy Capacity (4)	\$ 38,376	\$ 42,919	\$ 29,520	\$ 37,856	\$ 21,822
Unused Primary Levy					
Capacity (5)	\$ 34,563,827	\$ 34,497,702	\$ 32,615,895	\$ 32,260,321	\$ 30,021,818

(1) Source: Massachusetts Department of Revenue

(2) 2.5% of assessed valuation.

(3) Allowed increase for new valuations - certified by the Department of Revenue.

(4) Tax Levy Limit Less Tax Levy.

(5) Primary Levy Limit Less Growth Levy Limit.

## **Impact of Proposition 2 1/2**

As illustrated by the table above, the Town's primary response to the fiscal constraints imposed by Proposition 2 1/2 has been to vote to exempt a significant portion of its long-term debt from Proposition 2 1/2. Since 1994, the Town of Foxborough has voted to exempt debt service on \$28,167,073 principal amount of school bonds, \$2,250,000 landfill closure bonds, \$10,438,462 public safety building bonds and \$2,315,538 additional public safety building bonds from its limits. On May 4, 2009, the Town voted to exempt debt service on the \$19,887,694 High School remodeling bonds authorization from the limits of Proposition 2 1/2. The Massachusetts School Building Authority has approved construction grants for the high school remodeling project equal to approximately 49.3 percent of eligible project costs.

## **Pledged Taxes**

Taxes on the increased value of certain property in designated development districts may be pledged for the payment of costs of economic development projects within such districts and may therefore be unavailable for other municipal purposes. (See "Tax Increment Financing for Development Districts" below).

## **Initiative Petitions**

Various proposals have been made in recent years for legislative amendments to the Massachusetts Constitution to impose limits on state and local taxes. To be adopted such amendments must be approved by two successive legislatures and then by the voters at a state election.

## **Community Preservation Act**

The Massachusetts Community Preservation Act (the "CPA") permits cities and towns that accept its provisions to levy a surcharge on its real property tax levy, dedicate revenue (other than state or federal funds), and to receive state matching funds for (i) the acquisition, creation, preservation, rehabilitation and restoration of land for recreational use, open space, and affordable housing and (ii) the acquisition, preservation, rehabilitation and restoration of historic resources. The provisions of the CPA must be accepted by the voters of the city or town at an election after such provisions have first been accepted by either a vote of the legislative body of the city or town or an initiative petition signed by 5% of its registered voters.

A city or town may approve a surcharge of up to 3% (but not less than 1% under certain circumstances) and may make an additional commitment of funds by dedicating revenue other than state or federal funds, provided that the total funds collected do not exceed 3% of the real property tax levy, less any exemptions adopted (such as an exemption for low-income individuals and families and for low and moderate-income senior citizens, an exemption for \$100,000 of the value of each taxable parcel of residential real property or \$100,000 of the value of each taxable parcel of class three, commercial property, and class four, industrial property as defined in Chapter 59, Section 2A of the General Laws, and an exemption for commercial and industrial properties in cities and towns with classified tax rates). In the event that the municipality shall no longer dedicate all or part of the additional funds to community preservation, the surcharge on the real property tax levy of not less than 1% shall remain in effect, provided that any such change must be approved pursuant to the same process as acceptance of the CPA. The surcharge is not counted in the total taxes assessed for the purpose of determining the permitted levy amount under Proposition 2 1/2 (see "*Tax Limitations*" under "PROPERT TAXATION" above). A city or town may revoke its acceptance of the provisions of the CPA at any time after 5 years from the date of such acceptance and may change the amount of the surcharge or the exemptions to the surcharge at any time, including reducing the surcharge to 1% and committing additional municipal funds as outlined above, provided that any such revocation or change must be approved pursuant to the same process as acceptance of the CPA.

Any city or town that accepts the provisions of the CPA will receive annual state matching grants to supplement amounts raised by its surcharge and dedication of revenue. The state matching funds are raised from certain recording and filing fees of the registers of deeds. Those amounts are deposited into a state trust fund and are distributed to cities and towns that have accepted the provisions of the CPA, which distributions are not subject to annual appropriation by the state legislature. The amount distributed to each city and town is based on a statutory formula and the total state distribution made to any city or town may not exceed 100% of the amount raised locally by the surcharge on the real property tax levy.

The amounts raised by the surcharge on taxes, the dedication of revenue and received in state matching funds are required to be deposited in a dedicated community preservation fund. Each city or town that accepts the provisions of the CPA is required to establish a community preservation committee to study the community preservation needs of the community and to make recommendations to the legislative body of the city or town regarding the community preservation projects that should be funded from the community preservation fund. Upon the recommendations of the committee, the legislative body of the city or town may appropriate amounts from the fund for permitted community preservation purposes or may reserve

amounts for spending in future fiscal years, provided that at least 10% of the total annual revenues to the fund must be spent or set aside for open space purposes, 10% for historic resource purposes and 10% for affordable housing purposes.

The CPA authorizes cities and towns that accept its provisions to issue bonds and notes in anticipation of the receipt of surcharge and dedicated revenues to finance community preservation projects approved under the provisions of the CPA. Bonds and notes issued under the CPA are general obligations of the city or town and are payable from amounts on deposit in the community preservation fund. In the event that a city or town revokes its acceptance of the provisions of the CPA, the surcharge shall remain in effect until all contractual obligations incurred by the city or town prior to such revocation, including the payment of bonds or notes issued under the CPA, have been fully discharged.

**The Town has not adopted the Community Preservation Act.**

## TOWN FINANCES

### Budget and Appropriation Process

The annual appropriations of a town are ordinarily made at the annual meeting which takes place in February, March, April, May or June. Appropriations may also be voted at special meetings. Every town must have an appropriation, advisory or finance committee. The committee (or the board of selectmen if authorized by by-law) is required to submit a budget of proposed expenditures at the annual town meeting.

Town meeting may at any time vote to transfer any amount previously appropriated to any other authorized use by law, and, under certain circumstances and subject to certain limits and requirements, the selectmen of a town, with the concurrence of the finance committee, may transfer amounts appropriated for the use of any department to any other appropriation for the same department or to any other department.

Water and sewer department expenditures are included in the budgets adopted by town meetings but electric and gas department funds may be appropriated by the municipal light boards. Under certain legislation any city or town which accepts the legislation may provide that the appropriation for the operating costs of any department may be offset, in whole or in part, by estimated receipts from fees charged for services provided by the department. It is assumed that this general provision does not alter the pre-existing power of an electric or gas department to appropriate its own receipts.

The school budget is limited to the total amount appropriated by the town meeting, but the school committee retains full power to allocate the funds appropriated.

State and county assessments, abatements in excess of overlays, principal and interest not otherwise provided for, and final judgments are included in the tax levy whether or not included in the budget. Revenues are not required to be set forth in the budget but estimated non-tax revenues are taken into account by the assessors in fixing the tax levy. (See Property Taxation above.)

### Operating Budget Trends

The following table sets forth the trend in the Town's Operating Budgets; the budgets exclude expenditures for "non-operating" or extraordinary items.

#### BUDGET COMPARISON

	FY-21 Budget <u>Appropriated</u>	FY-20 Budget <u>Appropriated</u>	FY-19 Budget <u>Appropriated</u>	FY-18 Budget <u>Appropriated</u>	FY-17 Budget <u>Appropriated</u>
General Government	\$ 3,507,760	\$ 3,361,085	\$ 3,395,411	\$ 3,167,352	\$ 3,133,785
Public Safety	10,097,573	9,591,284	8,986,885	8,536,862	8,202,282
Education	38,182,233	36,596,761	35,435,607	34,485,368	33,339,564
Public Works	10,861,933	9,797,705	9,102,395	6,608,729	6,276,651
Health & Human Services	1,095,597	1,069,576	1,110,117	1,039,805	998,144
Culture & Recreation	1,271,847	1,234,160	1,158,082	1,134,306	1,097,784
Debt Service	3,713,923	2,958,362	3,032,753	5,224,125	4,463,588
Insurance & Other	15,222,059	14,527,583	13,449,214	12,795,313	11,688,756
Capital Outlay	-	-	239,313	159,200	157,320
<b>Total</b>	<b><u>\$ 83,952,925</u></b>	<b><u>\$ 79,136,516</u></b>	<b><u>\$ 75,909,777</u></b>	<b><u>\$ 73,151,060</u></b>	<b><u>\$ 69,357,874</u></b>

Source: Finance Director.

## **Education Reform**

State legislation known as the Education Reform Act of 1993, as amended, imposes certain minimum expenditure requirements on municipalities with respect to funding for education and related programs, and may affect the level of state aid to be received for education. The requirements are determined on the basis of formulas affected by various measures of wealth and income, enrollments, prior levels of local spending and state aid, and other factors.

Since its passage, the Town has complied with the Act and appropriations for education have equaled or exceeded the minimum required level.

## **Capital Improvement Program**

The Town of Foxborough maintains a formalized five-year Capital Improvement Program that assists the Town management in establishing a framework for its budget and prioritizing capital projects.

The Capital Improvement Program process begins by each department in the Town submitting project proposal forms for the projects it wishes to undertake. Such proposals are not for capital projects and improvements including major non-recurring tangible assets and vehicles and equipment which are purchased or undertaken at intervals of not less than five years, have a useful life of at least five years and cost over \$25,000. A committee comprised of one member of the Board of Selectmen, one member of the Advisory Committee, one member of the Board of Water and Sewer Commissioners, the Town Manager and the School Superintendent or her designee is given the responsibility of reviewing the proposals submitted by the various departments. The Finance Director is an ex-officio committee staff member without the right to vote and the Town Manager serves as Chairman of the Committee.

Upon consideration of the project's relative need, impact timing and cost of the expenditure and the effect it will have on the financial position of the Town, the Committee makes recommendations to the Board of Selectmen which submits its approved Capital Budget to the Town for adoption at the Annual Town Meeting.

## **Revenues**

Property Taxes: Property taxes are the major source of revenue of the Town. The total amount levied is subject to certain limits prescribed by law; for a description of those limits, see "Tax Limitations," above.

State Aid: The Town's state aid entitlement is based upon a number of different formulas, and while said formulas might indicate that a particular amount of state aid is owed, the amount of state aid actually paid is limited to the amount appropriated by the state legislature. The state annually estimates state aid but actual payments may vary from the estimate.

In addition to grants for specified capital purposes (some of which are payable over the life of the bonds issued for the projects), the Commonwealth provides financial assistance to cities and towns for current purposes. Payments to cities and towns are derived primarily from a percentage of the State's personal income, sales and use, and corporate excise tax receipts, together with the net receipts from the State Lottery. A municipality's state aid entitlement is based on a number of different formulas, of which the "schools" and "lottery" formulas are the most important. Both of the major formulas tend to provide more state aid to poorer communities. The formulas for determining a municipality's state aid entitlement are subject to amendment by the state legislature and, while a formula might indicate that a particular amount of state aid is owed, the amount of state aid actually paid is limited to the amount appropriated by the state legislature. The state annually estimates state aid, but the actual state aid payments may vary from the estimate.

In 1993, the Massachusetts Supreme Judicial Court found that the State has an enforceable constitutional obligation to provide an adequate public education and that, at that time, the State was not fulfilling its obligation. Promptly thereafter, the state legislature adopted the Education Reform Act of 1993, which, among other things, increased funding levels and changed allocation formulas for state school aid. In 1999, the litigation was reinstated by a number of municipalities challenging the adequacy of the public education being provided by the State and seeking, among other things, additional state aid for their schools. Pursuant to a fact finding trial, the Superior Court issued a report to the Supreme Judicial Court which, among other things, concluded that the State is not satisfying its constitutional obligation with respect to certain municipal school systems and recommended that the Court order the State to provide funding necessary to pay for an adequate education in such municipalities. On February 15, 2005, the Supreme Judicial Court in effect held that the Commonwealth was meeting its constitutional obligation.

In the fall of 1986, both the State Legislature (by statute, repealed as of July 1, 1999) and the voters (by initiative petition) placed limits on the growth of state tax revenues. Although somewhat different in detail, each measure essentially limited the annual growth in state tax revenues to an average rate of growth in wages and salaries in the Commonwealth over the three previous calendar years. If not amended, the remaining law could restrict the amount of state revenues available for state aid to local communities.

Following are state aid payments received by the Town (including aid to education, revenue sharing and capital project grants) for the last five fiscal years:

<u>Fiscal Year</u>	<u>State Aid Receipts</u>
2020	\$ 15,457,538 (1)
2019	11,148,037
2018	10,907,217
2017	10,740,091
2016	10,665,053

Source: Finance Director.

(1) Includes Southeastern Massachusetts Regional 911 District grant of \$1,666,572.

State School Building Assistance Program: Under its school building assistance program, the Commonwealth provides grants to cities, towns and regional school districts for school construction projects. Until July 26, 2004, the State Board of Education was responsible for approving grants for school projects and otherwise administering the program. Grant amounts ranged from 50% to 90% of approved project costs. Municipalities generally issued bonds to finance the entire project cost, and the Commonwealth disbursed the grants in equal annual installments over the term of the related bonds.

Pursuant to legislation which became effective on July 26, 2004, the state legislature created the Massachusetts School Building Authority (the "MSBA") to finance and administer the school building assistance program. The MSBA has assumed all powers and obligations of the Board of Education with respect to the program. In addition to certain other amounts, the legislation dedicates a portion of Commonwealth sales tax receipts to the MSBA to finance the program.

Projects previously approved for grants by the State Board of Education are entitled to receive grant payments from the MSBA based on the approved project cost and reimbursement rate applicable under the prior law. The MSBA has paid and is expected to continue to pay the remaining amounts of the grants for such projects either in annual installments to reimburse debt service on bonds issued by the municipalities to finance such projects, or as lump sum payments to contribute to the defeasance of such bonds.

Projects on the priority waiting list as of July 1, 2004 are also entitled to receive grant payments from the MSBA based on the eligible project costs and reimbursement rates applicable under the prior law. With limited exceptions, the MSBA is required to fund the grants for such projects in the order in which they appear on the waiting list. Grants for any such projects that have been completed or substantially completed have been paid and are expected to continue to be paid by the MSBA in lump sum payments, thereby eliminating the need for the MSBA to reimburse interest expenses that would otherwise be incurred by the municipalities to permanently finance the MSBA share of such project costs. Interest on debt issued by municipalities prior to July 1, 2004 to finance such project costs, and interest on temporary debt until receipt of the grant, is included in the approved costs of such projects. Grants for any such projects that have not yet commenced or that are underway have been and are expected to continue to be paid by the MSBA as project costs are incurred by the municipality pursuant to a project funding agreement between the MSBA and the municipality, eliminating the need for the municipality to borrow even on a temporary basis to finance the MSBA's share of the project costs in most cases.

The maximum of reimbursement rate for new project grant applications submitted to the MSBA on or after July 1, 2007 is 80% of approved project costs. The MSBA promulgated new regulations with respect to the application and approval process for projects submitted after July 1, 2007. The MSBA expects to pay grants for such projects as project costs are incurred pursuant to project funding agreements between the MSBA and the municipalities. None of the interest expense incurred on debt issued by municipalities to finance their portion of the costs of new projects will be included in the approved project costs eligible for reimbursement.



Federal Aid: In addition to state aid, the Town annually receives certain amounts of federal aid. Following is a history of federal aid receipts of the Town for fiscal years 2016 through fiscal year 2020.

<u>Fiscal Year</u>	<u>Federal Aid</u>
2020	\$ 3,050,821
2019	1,847,102
2018	1,066,567
2017	1,280,278
2016	883,791

Motor Vehicle Excise Tax: An excise is imposed on the registration of motor vehicles (subject to exemptions) at a uniform rate of \$25 per \$1,000 of valuation. The excise is collected by and for the benefit of the municipality in which the motor vehicle is customarily kept. Valuations are determined by a statutory formula based on manufacturers' list price and year of manufacture. Bills not paid when due bear interest at 12 percent per annum. Provision is also made, after notice to the owner, for suspension of the owner's operating license or registration by the registrar of motor vehicles.

The following table sets forth the trend in the Town's collections:

<u>Fiscal Year</u>	<u>Motor Vehicle Receipts(1)</u>
2020	\$ 2,954,680
2019	3,148,412
2018	2,987,432
2017	2,975,925
2016	2,812,642

(1) Net after refunds. Includes receipts from prior years' levies.

Room Occupancy Excise Tax: Under this tax, local governments may tax the provision of hotel, motel and lodging house rooms at a rate not to exceed six percent (6%) of the cost of renting such rooms. The tax is paid by the operator of the hotel, motel or lodging house to the State Commissioner of Revenue, who in turn pays the tax back to the municipality in which the rooms are located in quarterly distributions.

The following table presents a five-year history of such receipts by the Town:

<u>Fiscal Year</u>	<u>Receipts</u>
2020	\$ 1,741,017
2019	1,934,868
2018	1,766,027
2017	1,451,029
2016	1,391,209

Source: Town Accountant.

Local Meals Excise Tax: The Town adopted the local option meals tax in fiscal 2011 which became effective at the beginning of fiscal 2012. The tax is 0.75% on all sales of meals in the Town of Foxborough including beverages. The Town now receives payment of this tax from the State on a quarterly basis. The following table sets forth the trend of such receipts by the Town:

<u>Fiscal Year</u>	<u>Receipts</u>
2020	\$ 904,217
2019	1,019,762
2018	1,033,619
2017	1,025,570
2016	976,196

### **Water, Sewer and Sanitation Services**

The Town provides water and sewer and sanitation services. The services are fully funded by user charges established to produce sufficient revenue to recover all costs, including debt service and administrative costs and are accounted for as enterprise funds.

	<u>FY 2020 Revenues</u>	<u>FY 2020 Expenses</u>	<u>Net Assets at June 30, 2020</u>
Water Services	\$6,429,174	\$7,289,476	\$1,891,348
Sewer Services	1,586,499	1,932,228	647,149
Sanitation Services	-	-	-

### **Annual Audits**

The Town of Foxborough is audited annually by R.E. Brown & Company, Certified Public Accountants, of Mendon, Massachusetts.

### **Financial Statements**

Set forth below are Governmental Funds Balance Sheets for fiscal years ending June 30, 2020, June 30, 2019 and June 30, 2018 and Statement of Revenues and Expenditures (Governmental Funds) for fiscal years ending June 30, 2020, June 30, 2019, June 30, 2018, June 30, 2017 and June 30, 2016. All such statements are extracted from the Town's audited financial statements.

TOWN OF FOXBOROUGH, MASSACHUSETTS  
GOVERNMENTAL FUNDS  
BALANCE SHEET  
JUNE 30, 2020

<u>ASSETS</u>	<u>GENERAL</u>	<u>SCHOOL BUILDING</u>	<u>NONMAJOR GOVERNMENTAL FUNDS</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
CASH AND SHORT-TERM INVESTMENTS	\$ 13,042,102	\$ 13,024,842	\$ 5,114,600	\$ 31,181,544
INVESTMENTS	4,136,526	-	903,786	5,040,312
RECEIVABLES, NET OF ALLOWANCE FOR UNCOLLECTIBLES:				
REAL ESTATE AND PERSONAL PROPERTY TAXES	570,174	-	-	570,174
TAX LIENS	1,222,436	-	-	1,222,436
MOTOR VEHICLE EXCISE TAXES	330,199	-	-	330,199
DEPARTMENTAL AND OTHER	1,064	-	311,305	312,369
INTERGOVERNMENTAL	2,639	-	1,111,586	1,114,225
OTHER ASSETS	17,570	-	-	17,570
<b>TOTAL ASSETS</b>	<b>\$ 19,322,710</b>	<b>\$ 13,024,842</b>	<b>\$ 7,441,277</b>	<b>\$ 39,788,829</b>
<b><u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u></b>				
LIABILITIES:				
ACCOUNTS PAYABLE	\$ 4,277,420	\$ 3,663,341	\$ 116,627	\$ 8,057,388
OTHER LIABILITIES	18,063	-	-	18,063
<b>TOTAL LIABILITIES</b>	<b>4,295,483</b>	<b>3,663,341</b>	<b>116,627</b>	<b>8,075,451</b>
DEFERRED INFLOWS OF RESOURCES:				
UNAVAILABLE REVENUE	1,983,576	-	311,305	2,294,881
FUND BALANCES:				
NONSPENDABLE	-	-	172,565	172,565
RESTRICTED	513,836	9,361,501	6,972,643	16,847,980
COMMITTED	388,099	-	-	388,099
ASSIGNED	3,508,747	-	-	3,508,747
UNASSIGNED	8,632,969	-	(131,863)	8,501,106
<b>TOTAL FUND BALANCES</b>	<b>13,043,651</b>	<b>9,361,501</b>	<b>7,013,345</b>	<b>29,418,497</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOW OF RESOURCES AND FUND BALANCES</b>	<b>\$ 19,322,710</b>	<b>\$ 13,024,842</b>	<b>\$ 7,441,277</b>	<b>\$ 39,788,829</b>

**SOURCE:** Extracted from audited financial statements of the Town, preliminary and subject to revision and change.

**TOWN OF FOXBOROUGH, MASSACHUSETTS  
GOVERNMENTAL FUNDS  
BALANCE SHEET  
JUNE 30, 2019**

<b>ASSETS</b>	<b>GENERAL</b>	<b>EMS FUND</b>	<b>NONMAJOR GOVERNMENTAL FUNDS</b>	<b>TOTAL GOVERNMENTAL FUNDS</b>
CASH AND SHORT-TERM INVESTMENTS	\$ 13,208,170	\$ 2,447,505	\$ 5,064,738	\$ 20,720,413
INVESTMENTS	3,819,011	-	892,444	4,711,455
RECEIVABLES, NET OF ALLOWANCE FOR UNCOLLECTIBLES:				
REAL ESTATE AND PERSONAL PROPERTY TAXES	400,785	-	-	400,785
TAX LIENS	1,129,472	-	-	1,129,472
MOTOR VEHICLE EXCISE TAXES	276,726	-	-	276,726
USER FEES	-	322,462	-	322,462
DEPARTMENTAL AND OTHER	356,325	-	140,513	496,838
INTERGOVERNMENTAL	752,102	-	1,803,680	2,555,782
OTHER ASSETS	19,862	-	-	19,862
<b>TOTAL ASSETS</b>	<b>\$ 19,962,453</b>	<b>\$ 2,769,967</b>	<b>\$ 7,901,375</b>	<b>\$ 30,633,795</b>
 <b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>				
LIABILITIES:				
ACCOUNTS PAYABLE	\$ 4,577,254	\$ -	\$ 1,053,625	\$ 5,630,879
OTHER LIABILITIES	18,063	-	-	18,063
<b>TOTAL LIABILITIES</b>	<b>4,595,317</b>	<b>-</b>	<b>1,053,625</b>	<b>5,648,942</b>
DEFERRED INFLOWS OF RESOURCES:				
UNAVAILABLE REVENUE	2,113,499	322,462	140,513	2,576,474
FUND BALANCES:				
NONSPENDABLE	-	-	172,565	172,565
RESTRICTED	591,820	2,447,505	6,742,589	9,781,914
COMMITTED	707,828	-	-	707,828
ASSIGNED	2,010,761	-	-	2,010,761
UNASSIGNED	9,943,228	-	(207,917)	9,735,311
<b>TOTAL FUND BALANCES</b>	<b>13,253,637</b>	<b>2,447,505</b>	<b>6,707,237</b>	<b>22,408,379</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOW OF RESOURCES AND FUND BALANCES</b>	<b>\$ 19,962,453</b>	<b>\$ 2,769,967</b>	<b>\$ 7,901,375</b>	<b>\$ 30,633,795</b>

SOURCE: Extracted from audited financial statements of the Town.

**TOWN OF FOXBOROUGH, MASSACHUSETTS  
GOVERNMENTAL FUNDS  
BALANCE SHEET  
JUNE 30, 2018 (1)**

<b><u>ASSETS</u></b>	<b><u>GENERAL</u></b>	<b><u>EMS FUND</u></b>	<b><u>NONMAJOR GOVERNMENTAL FUNDS</u></b>	<b><u>TOTAL GOVERNMENTAL FUNDS</u></b>
CASH AND INVESTMENTS	\$ 18,352,851	\$ 2,570,991	\$ 2,954,743	\$ 23,878,585
INVESTMENTS	3,665,975	-	626,994	4,292,969
RECEIVABLES, NET OF ALLOWANCE FOR UNCOLLECTIBLES:				-
REAL ESTATE AND PERSONAL PROPERTY TAXES	300,564	-	-	300,564
TAX LIENS	1,174,131	-	-	1,174,131
MOTOR VEHICLE EXCISE TAXES	257,706	-	-	257,706
USER FEES	-	280,125	-	280,125
DEPARTMENTAL AND OTHER	500	-	169,926	170,426
INTERGOVERNMENTAL	129,436	-	968,249	1,097,685
OTHER ASSETS	17,579	-	-	17,579
<b>TOTAL ASSETS</b>	<b>\$ 23,898,742</b>	<b>\$ 2,851,116</b>	<b>\$ 4,719,912</b>	<b>\$ 31,469,770</b>
 <b><u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u></b>				
LIABILITIES:				
ACCOUNTS PAYABLE	\$ 4,375,129	\$ -	\$ 72,654	\$ 4,447,783
OTHER LIABILITIES	18,063	-	-	18,063
<b>TOTAL LIABILITIES</b>	<b>4,393,192</b>	<b>-</b>	<b>72,654</b>	<b>4,465,846</b>
DEFERRED INFLOWS OF RESOURCES:				
UNAVAILABLE REVENUE	1,780,901	280,125	293,721	2,354,747
FUND BALANCES:				
NONSPENDABLE	-	-	172,565	172,565
RESTRICTED	674,312	2,570,991	4,333,514	7,578,817
COMMITTED	1,117,758	-	-	1,117,758
ASSIGNED	5,648,797	-	-	5,648,797
UNASSIGNED	10,283,782	-	(152,542)	10,131,240
<b>TOTAL FUND BALANCES</b>	<b>17,724,649</b>	<b>2,570,991</b>	<b>4,353,537</b>	<b>24,649,177</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOW OF RESOURCES AND FUND BALANCES</b>	<b>\$ 23,898,742</b>	<b>\$ 2,851,116</b>	<b>\$ 4,719,912</b>	<b>\$ 31,469,770</b>

(1) Extracted from audited financial statements of the Town.

**TOWN OF FOXBOROUGH, MASSACHUSETTS  
GOVERNMENTAL FUNDS  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
FISCAL YEAR ENDED JUNE 30, 2020**

	GENERAL	SCHOOL BUILDING	NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
<b>REVENUES:</b>				
REAL ESTATE AND PERSONAL PROPERTY TAXES, NET OF TAX REFUNDS	\$ 51,527,238	\$ -	\$ -	\$ 51,527,238
INTERGOVERNMENTAL	20,733,516	3,346,498	7,490,234	31,570,248
MOTOR VEHICLE EXCISE TAXES	2,955,534	-	-	2,955,534
PAYMENTS IN LIEU OF TAXES	2,584,491	-	-	2,584,491
PENALTIES AND INTEREST ON TAXES	168,711	-	-	168,711
CHARGES FOR SERVICES	-	-	2,994,294	2,994,294
INVESTMENT INCOME	478,309	-	7,446	485,755
CONTRIBUTIONS & DONATIONS	-	-	181,043	181,043
DEPARTMENTAL AND OTHER	4,826,170	-	199,096	5,025,266
<b>TOTAL REVENUES</b>	<b>83,273,969</b>	<b>3,346,498</b>	<b>10,872,113</b>	<b>97,492,580</b>
<b>EXPENDITURES:</b>				
<b>CURRENT:</b>				
GENERAL GOVERNMENT	4,163,315	-	400,049	4,563,364
PUBLIC SAFETY	9,902,536	-	2,320,147	12,222,683
EDUCATION	38,987,621	11,337,313	4,494,293	54,819,227
PUBLIC WORKS	2,577,453	-	2,312,675	4,890,128
HUMAN SERVICES	1,040,296	-	17,589	1,057,885
CULTURE & RECREATION	1,269,625	-	486,154	1,755,779
EMPLOYEE BENEFITS	24,248,946	-	22,629	24,271,575
STATE & COUNTY ASSESSMENTS	487,104	-	-	487,104
DEBT SERVICE				
PRINCIPAL	2,281,000	-	30,000	2,311,000
INTEREST	709,135	-	-	709,135
<b>TOTAL EXPENDITURES</b>	<b>85,667,031</b>	<b>11,337,313</b>	<b>10,083,536</b>	<b>107,087,880</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>(2,393,062)</b>	<b>(7,990,815)</b>	<b>788,577</b>	<b>(9,595,300)</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
PROCEEDS FROM CAPITAL LEASE	-	-	187,326	187,326
PROCEEDS FROM BONDS AND NOTES	-	13,488,000	-	13,488,000
PROCEEDS FROM BOND PREMIUM	-	1,921,636	-	1,921,636
OPERATING TRANSFERS IN	2,762,896	267,881	301,499	3,332,266
OPERATING TRANSFERS OUT	(579,810)	-	(1,744,000)	(2,323,810)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>2,183,076</b>	<b>15,677,517</b>	<b>(1,255,175)</b>	<b>16,605,418</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>(209,986)</b>	<b>7,686,702</b>	<b>(466,598)</b>	<b>7,010,118</b>
<b>FUND BALANCES AT BEGINNING OF YEAR</b>	<b>13,253,637</b>	<b>1,674,799</b>	<b>7,479,943</b>	<b>22,408,379</b>
<b>FUND BALANCES AT END OF YEAR</b>	<b>\$ 13,043,651</b>	<b>\$ 9,361,501</b>	<b>\$ 7,013,345</b>	<b>\$ 29,418,497</b>

**SOURCE:** Extracted from audited financial statements of the Town.

**TOWN OF FOXBOROUGH, MASSACHUSETTS  
GOVERNMENTAL FUNDS  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
FISCAL YEAR ENDED JUNE 30, 2019**

	<u>GENERAL</u>	<u>EMS FUND</u>	<u>NONMAJOR GOVERNMENTAL FUNDS</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
<b>REVENUES:</b>				
REAL ESTATE AND PERSONAL PROPERTY TAXES, NET OF TAX REFUNDS	\$ 49,646,191	\$ -	\$ -	\$ 49,646,191
INTERGOVERNMENTAL	18,814,578	-	4,586,729	23,401,307
MOTOR VEHICLE EXCISE TAXES	3,148,412	-	-	3,148,412
PAYMENTS IN LIEU OF TAXES	2,730,863	-	-	2,730,863
PENALTIES AND INTEREST ON TAXES	297,552	-	-	297,552
CHARGES FOR SERVICES	-	1,511,320	2,263,114	3,774,434
INVESTMENT INCOME	665,101	-	38,083	703,184
CONTRIBUTIONS & DONATIONS	-	-	177,990	177,990
DEPARTMENTAL AND OTHER	5,124,129	-	463,335	5,587,464
<b>TOTAL REVENUES</b>	<b>80,426,826</b>	<b>1,511,320</b>	<b>7,529,251</b>	<b>89,467,397</b>
<b>EXPENDITURES:</b>				
<b>CURRENT:</b>				
GENERAL GOVERNMENT	4,246,608	-	40,494	4,287,102
PUBLIC SAFETY	9,742,392	-	1,441,720	11,184,112
EDUCATION	39,357,226	-	5,580,352	44,937,578
PUBLIC WORKS	3,083,474	-	1,345,769	4,429,243
HUMAN SERVICES	1,046,446	-	117,447	1,163,893
CULTURE & RECREATION	1,182,416	-	398,683	1,581,099
EMPLOYEE BENEFITS	21,497,653	-	45,086	21,542,739
STATE & COUNTY ASSESSMENTS	435,104	-	-	435,104
DEBT SERVICE				
PRINCIPAL	2,285,000	-	30,000	2,315,000
INTEREST	783,705	-	-	783,705
<b>TOTAL EXPENDITURES</b>	<b>83,660,024</b>	<b>-</b>	<b>8,999,551</b>	<b>92,659,575</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>(3,233,198)</b>	<b>1,511,320</b>	<b>(1,470,300)</b>	<b>(3,192,178)</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
OPERATING TRANSFERS IN	2,359,302	-	3,824,000	6,183,302
OPERATING TRANSFERS OUT	(3,597,116)	(1,634,806)	-	(5,231,922)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(1,237,814)</b>	<b>(1,634,806)</b>	<b>3,824,000</b>	<b>951,380</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>(4,471,012)</b>	<b>(123,486)</b>	<b>2,353,700</b>	<b>(2,240,798)</b>
<b>FUND BALANCES AT BEGINNING OF YEAR</b>	<b>17,724,649</b>	<b>2,570,991</b>	<b>4,353,537</b>	<b>24,649,177</b>
<b>FUND BALANCES AT END OF YEAR</b>	<b>\$ 13,253,637</b>	<b>\$ 2,447,505</b>	<b>\$ 6,707,237</b>	<b>\$ 22,408,379</b>

SOURCE: Extracted from audited financial statements of the Town.

**TOWN OF FOXBOROUGH, MASSACHUSETTS  
GOVERNMENTAL FUNDS  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
FISCAL YEAR ENDED JUNE 30, 2018 (1)**

	GENERAL	EMS FUND	NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
<b>REVENUES:</b>				
REAL ESTATE AND PERSONAL PROPERTY TAXES, NET OF TAX REFUNDS	\$ 47,247,667	\$ -	\$ -	\$ 47,247,667
INTERGOVERNMENTAL	18,533,236	-	2,865,569	21,398,805
MOTOR VEHICLE EXCISE TAXES	2,987,432	-	-	2,987,432
PAYMENTS IN LIEU OF TAXES	2,972,305	-	-	2,972,305
PENALTIES AND INTEREST ON TAXES	277,908	-	-	277,908
CHARGES FOR SERVICES	-	1,446,754	2,347,055	3,793,809
INVESTMENT INCOME	339,607	-	(10,130)	329,477
CONTRIBUTIONS & DONATIONS	-	-	182,286	182,286
DEPARTMENTAL AND OTHER	4,869,017	-	532,385	5,401,402
<b>TOTAL REVENUES</b>	<b>77,227,172</b>	<b>1,446,754</b>	<b>5,917,165</b>	<b>84,591,091</b>
<b>EXPENDITURES:</b>				
CURRENT:				
GENERAL GOVERNMENT	3,752,270	-	631,537	4,383,807
PUBLIC SAFETY	9,396,666	-	344,650	9,741,316
EDUCATION	36,741,453	-	3,717,636	40,459,089
PUBLIC WORKS	2,937,886	-	1,043,611	3,981,497
HUMAN SERVICES	989,244	-	112,731	1,101,975
CULTURE & RECREATION	1,154,217	-	512,358	1,666,575
EMPLOYEE BENEFITS	20,722,304	-	59,151	20,781,455
STATE & COUNTY ASSESSMENTS	426,050	-	-	426,050
DEBT SERVICE				
PRINCIPAL	2,290,000	-	30,000	2,320,000
INTEREST	887,946	-	-	887,946
<b>TOTAL EXPENDITURES</b>	<b>79,298,036</b>	<b>-</b>	<b>6,451,674</b>	<b>85,749,710</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>(2,070,864)</b>	<b>1,446,754</b>	<b>(534,509)</b>	<b>(1,158,619)</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
OPERATING TRANSFERS IN	1,974,046	61,362	332,290	2,367,698
OPERATING TRANSFERS OUT	(893,652)	(949,081)	(147,866)	(1,990,599)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>1,080,394</b>	<b>(887,719)</b>	<b>184,424</b>	<b>377,099</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>(990,470)</b>	<b>559,035</b>	<b>(350,085)</b>	<b>(781,520)</b>
<b>FUND BALANCES AT BEGINNING OF YEAR</b>	<b>18,715,119</b>	<b>2,011,956</b>	<b>4,703,622</b>	<b>25,430,697</b>
<b>FUND BALANCES AT END OF YEAR</b>	<b>\$ 17,724,649</b>	<b>\$ 2,570,991</b>	<b>\$ 4,353,537</b>	<b>\$ 24,649,177</b>

(1) Extracted from audited financial statements of the Town.



**TOWN OF FOXBOROUGH, MASSACHUSETTS  
GOVERNMENTAL FUNDS  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
FISCAL YEAR ENDED JUNE 30, 2017 (1)**

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

(1) Extracted from audited financial statements of the Town.

**TOWN OF FOXBOROUGH, MASSACHUSETTS  
GOVERNMENTAL FUNDS  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
FISCAL YEAR ENDED JUNE 30, 2016 (1)**

	General	New Town Hall Fund	EMS Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>REVENUES:</b>					
REAL ESTATE AND PERSONAL PROPERTY TAXES, NET OF TAX REFUNDS	\$ 42,926,750	\$ -	\$ -	\$ -	\$ 42,926,750
INTERGOVERNMENTAL	16,131,352	-	-	3,323,739	19,455,091
MOTOR VEHICLE EXCISE TAXES	2,812,642	-	-	-	2,812,642
PAYMENTS IN LIEU OF TAXES	3,994,171	-	-	-	3,994,171
PENALTIES AND INTEREST ON TAXES	179,036	-	-	-	179,036
CHARGES FOR SERVICES	-	-	1,300,227	2,306,378	3,606,605
INVESTMENT INCOME	86,504	-	-	1,740	88,244
CONTRIBUTIONS & DONATIONS	-	-	-	197,518	197,518
DEPARTMENTAL AND OTHER	5,457,689	-	-	58,717	5,516,406
TOTAL REVENUES	<u>71,588,144</u>	<u>-</u>	<u>1,300,227</u>	<u>5,888,092</u>	<u>78,776,463</u>
<b>EXPENDITURES:</b>					
CURRENT:					
GENERAL GOVERNMENT	2,967,372	1,302,492	-	153,364	4,423,228
PUBLIC SAFETY	8,680,630	-	-	80,156	8,760,786
EDUCATION	34,214,573	-	-	3,672,470	37,887,043
PUBLIC WORKS	2,450,303	-	-	1,322,675	3,772,978
HUMAN SERVICES	945,243	-	-	38,497	983,740
CULTURE & RECREATION	1,134,927	-	-	510,487	1,645,414
EMPLOYEE BENEFITS	16,699,335	-	-	243,692	16,943,027
STATE & COUNTY ASSESSMENTS	389,029	-	-	-	389,029
DEBT SERVICE					
PRINCIPAL	1,385,000	-	-	41,101	1,426,101
INTEREST	603,969	-	-	1,248	605,217
TOTAL EXPENDITURES	<u>69,470,381</u>	<u>1,302,492</u>	<u>-</u>	<u>6,063,690</u>	<u>76,836,563</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	2,117,763	(1,302,492)	1,300,227	(175,598)	1,939,900
<b>OTHER FINANCING SOURCES (USES)</b>					
PROCEEDS FROM BONDS AND NOTES	-	6,860,000	-	-	6,860,000
PROCEEDS FROM REFUNDING BONDS	7,451,000	-	-	-	7,451,000
PROCEEDS FROM BOND PREMIUM	801,362	-	-	107,290	908,652
PAYMENTS TO REFUNDED BOND ESCROW AGENT	(8,830,018)	-	-	-	(8,830,018)
BOND ISSUANCE COSTS	-	-	-	(107,290)	(107,290)
OPERATING TRANSFERS IN	1,994,131	-	-	254,000	2,248,131
OPERATING TRANSFERS OUT	(254,000)	-	(1,166,951)	(199,433)	(1,620,384)
TOTAL OTHER FINANCING SOURCES (USES)	<u>1,162,475</u>	<u>6,860,000</u>	<u>(1,166,951)</u>	<u>54,567</u>	<u>6,910,091</u>
<b>NET CHANGE IN FUND BALANCES</b>	3,280,238	5,557,508	133,276	(121,031)	8,849,991
<b>FUND BALANCES AT BEGINNING OF YEAR</b>	14,069,629	486,129	2,103,127	4,287,878	20,946,763
<b>FUND BALANCES AT END OF YEAR</b>	<u>\$ 17,349,867</u>	<u>\$ 6,043,637</u>	<u>\$ 2,236,403</u>	<u>\$ 4,166,847</u>	<u>\$ 29,796,754</u>

(1) Extracted from audited financial statements of the Town.

## Unassigned General Fund Balance and Free Cash (1)

Under Massachusetts law an amount known as "free cash" is certified as of the beginning of each fiscal year by the State Bureau of Accounts and this, together with certain subsequent tax receipts, is used as the basis for subsequent appropriations from available funds, which are not required to be included in the annual tax levy.

Under the Uniform Municipal Accounting System (UMAS) prescribed by the Commonwealth of Massachusetts Department of Revenue, adjusted for accounts receivable, free cash is undesignated fund balance. Uncollected property taxes are fully reserved under UMAS.

The following table sets forth the trend in unassigned general fund balances and free cash as certified by the Bureau of Accounts.

<u>Year</u>	<u>Unassigned General Fund Balance for Fiscal Year Ending June 30 (1)</u>	<u>Certified Free Cash for Fiscal Year Beginning July 1</u>
2020	\$8,632,969	\$3,260,907 (2)
2019	9,943,228	4,762,588
2018	10,283,782	6,365,604
2017	11,585,277	8,321,006
2016	7,671,856	6,773,910
2015	8,997,496	5,786,582

(1) Source: Audited Financial Statements, except as footnoted.

(2) Fiscal 2020 Free Cash decreased following a planned abstinence in Free Cash use and capital buildup in previous years in connection with the Town's school project. Following the financing of the school project, Free Cash and Capital returned to more normal levels in fiscal 2020.

## Stabilization Fund

The Town maintains two stabilization funds, a general stabilization fund and a capital stabilization fund. The trend in fund balance is set forth below.

<u>Fiscal Year Ending June 30</u>	<u>General Stabilization Fund Balance</u>	<u>Capital Stabilization Fund Balance</u>
2020	\$ 4,129,487	\$ 287,730
2019	3,852,558	25,148
2018	3,652,916	2,094,293
2017	3,367,792	1,085,821
2016	3,082,277	552,134

## Tax Increment Financing for Development Districts

Under recent legislation, cities and towns are authorized to establish development districts to encourage increased residential, industrial and commercial activity. All or a portion of the taxes on growth in assessed value in such districts may be pledged and used solely to finance economic development projects pursuant to the city or town's development program for the district. This includes pledging such "tax increments" for the payment of bonds issued to finance such projects. As a result of any such pledge, tax increments raised from new growth properties in development districts are not available for other municipal purposes. Tax increments are taken into account in determining the total taxes assessed for the purpose of calculating the maximum permitted tax levy under Proposition 2 ½ (see "Tax Limitations" under "PROPERTY TAXATION" above).

The Town has not established any development districts.

Foxborough has previously aligned with several neighboring towns to form an Economic Target Area (ETA). Foxborough has recently established an Economic Opportunity Area (EQA) within the Town encompassing the properties where the 100 year old Invensys business is operating. In November 2013, the Town and State approved a TIF project to retain the Town's largest employer, as it invests over \$33 million to modernize its facilities within the Town. The TIF will last for 15 years and is worth approximately \$1.9 million.

## **Investment of Town Funds**

Investments of funds of cities and towns, except for trust funds, are generally restricted by Massachusetts General Laws, Chapter 44, Section 55. That statute permits investments of available revenue funds and bond and note proceeds in term deposits and certificates of deposits of banks and trust companies, in obligations issued or unconditionally guaranteed by the federal government or an agency thereof with a maturity of not more than one year, in repurchase agreements with a maturity of not more than 90 days secured by federal or federal agency securities, in participation units in the Massachusetts Municipal Depository Trust ("MMDT"), or in shares in SEC-registered money market funds with the highest possible rating from at least one nationally recognized rating organization.

MMDT is an investment pool created by the Commonwealth. The State Treasurer is the sole trustee, and the funds are managed under contract by an investment firm under the supervision of the State Treasurer's office. According to the State Treasurer, MMDT's investment policy is designed to maintain an average weighted maturity of 90 days or less and is limited to high-quality, readily marketable fixed income instruments, including U.S. Government obligations and highly-rated corporate securities with maturities of one year or less.

MMDT funds, unless otherwise provided by the donor, may be invested in accordance with Section 54 of Chapter 44, which permits a broader range of investments than Section 55, including any bonds or notes that are legal investments for savings banks in the Commonwealth. The restrictions imposed by Sections 54 and 55 do not apply to city and town retirement systems.

Pension funds are under the jurisdiction of the Norfolk County Retirement System ("System").

## INDEBTEDNESS

### Authorization Procedure and Limitations

Serial bonds and notes are authorized by a two-thirds vote of the town meeting. Municipal Purpose Loan of 2016 Bonds and notes are authorized by the selectmen. Borrowings for some purposes require State administrative approval.

When serial bonds or notes have been authorized, bond anticipation notes may be issued by the officers authorized to issue the serial bonds or notes. Temporary loans in anticipation of revenue of the fiscal year in which the debt is incurred or in anticipation of authorized federal and state aid generally may be incurred by the Treasurer with the approval of the selectmen.

### Debt Limits

General Debt Limit. The General Debt Limit of the Town consists of a Normal Debt Limit and a Double Debt Limit. The Normal Debt Limit for the Town is 5 percent of the valuation of taxable property as last equalized by the State Department of Revenue. The Town can authorize debt up to this amount without state approval. It can authorize debt up to twice this amount (the Double Debt Limit) with the approval of the State Municipal Finance Oversight Board.

There are many categories of general obligation debt which are exempt from and do not count against the General Debt Limit. Among others, these exempt categories include revenue anticipation notes and grant anticipation notes, emergency loans, loans exempted by special laws, certain school bonds, sewer bonds, and solid waste disposal facility bonds and subject to special debt limits, bonds for water (limited to 10 percent of equalized valuation), housing, urban renewal and economic development (subject to various debt limits), and electric, gas, community antenna television and telecommunications systems (subject to a separate limit). Revenue bonds are not subject to these debt limits. The General Debt Limit and the special debt limit for water bonds apply at the time the debt is authorized. The other special debt limits generally apply at the time the debt is incurred.

### Types of Obligations

General Obligations. Massachusetts cities and towns are authorized to issue general obligation indebtedness of these types:

Serial Bonds and Notes. These are generally required to be payable in annual principal amounts beginning no later than the end of the next fiscal year commencing after the date of issue and ending within the terms permitted by law. A level debt service schedule, or a schedule that provides for a more rapid amortization of principal than level debt service, is permitted. The principal amounts of certain economic development bonds supported by tax increment financing may be payable in equal, diminishing or increasing amounts beginning within 5 years after the date of issue. The maximum terms of serial bonds and notes vary from one year to 40 years, depending on the purpose of the issue. The maximum terms permitted are set forth in the statutes. In addition, for many projects, the maximum term may be determined in accordance with useful life guidelines promulgated by the State Department of Revenue ("DOR"). Serial bonds and notes may be issued for the purposes set forth in the statutes. In addition, serial bonds and notes may be issued for any other public work improvement or asset not specifically listed in the Statutes that has a useful life of at least 5 years. Bonds or notes may be made callable and redeemed prior to their maturity, and a redemption premium may be paid. Municipal Purpose Loan of 2016 Bonds or notes may be issued subject to the maximum applicable term measured from the date of the original bonds or notes and must produce present value savings over the debt service of the refunded bonds. Generally, the first required annual payment of principal of the Municipal Purpose Loan of 2016 Bonds cannot be later than the first principal payment of any of the bonds or notes being refunded thereby, however, principal payments made before the first principal payment of any of the bonds or notes being refunded thereby may be in any amount.

Serial bonds may be issued as "qualified bonds" with the approval of the state Municipal Finance Oversight Board composed of the State Treasurer, the State Auditor, the Attorney General and the Director of Accounts, subject to such conditions and limitations (including restrictions on future indebtedness) as may be required by the Board. Qualified bonds may mature not less than 10 nor more than 30 years from their dates and are not subject to the amortization requirements described above. The State Treasurer is required to pay the debt service on qualified bonds and thereafter to withhold the amount of the debt service paid by the State from state aid or other state payments; administrative costs and any loss of interest income to the State are to be assessed upon the city or town.

Tax Credit Bonds or Notes. Subject to certain provisions and conditions, the officers authorized to issue bonds or notes may designate any duly authorized issue of bonds or notes as "tax credit bonds" to the extent such bonds and notes are otherwise permitted to be issued with federal tax credits or other similar subsidies for all or a portion of the borrowing costs. Tax credit bonds may be made payable without regard to the annual installments required by any other law, and a sinking

fund may be established for the payment of such bonds. Any investment that is part of such a sinking fund may mature not later than the date fixed for payment or redemption of the applicable bonds.

Bond Anticipation Notes. These generally must mature within two years of their original dates of issuance but may be refunded from time to time for a period not to exceed ten years from their original dates of issuance, provided that for each year that the notes are refunded beyond the second year they must be paid in part from revenue funds in an amount at least equal to the minimum annual payment that would have been required if the bonds had been issued at the end of the second year. The maximum term of bonds issued to refund bond anticipation notes is measured from the date of the original issue of the notes.

Revenue Anticipation Notes. These are issued to meet current expenses in anticipation of taxes and other revenues. They must mature within one year but, if payable in less than one year, may be refunded from time to time up to one year from the original date of issue. The Town has not borrowed any revenue anticipation notes during the current or the last five fiscal years.

Grant Anticipation Notes. These are issued for temporary financing in anticipation of federal grants and state and county reimbursements. They must generally mature within two years but may be refunded from time to time as long as the municipality remains entitled to the grant or reimbursement. Notes in anticipation of certain state and county reimbursements may be refunded only up to two years from the original date of issue.

**Direct Debt Summary  
As of June 30, 2020 (1)(2)**

<b>Long-Term Indebtedness</b>		
Within the General Limit		
School	\$ 6,343,000	
General	13,362,000	
Sewer	45,000	
MCWT	119,209	
Total Within the Debt Limit		\$ 19,869,209
Outside the General Debt Limit		
Other Outside General	13,488,000	
Water	28,272,000	
MCWT	2,524,454	
Total Outside the General Debt Limit		44,284,454
<b>Total Direct Debt</b>		<b>\$ 64,153,663</b>

(1) Principal amount only. Excludes lease and installment purchase obligations, overlapping debt, unfunded pension liability, and other post-employment benefits liability.

(2) \$14,300,000 principal and \$2,335,251 associated interest are exempt from Proposition 2 ½.

**Key Debt Ratios**

	As of June 30				
	2020	2019	2018	2017	2016
Long-Term Debt Outstanding (1)	\$64,153,663	\$44,769,909	\$48,542,720	\$52,316,371	\$56,165,569
Per Capita (2)	\$3,963	\$2,654	\$2,878	\$3,102	\$3,330
Percent of Assessed Valuation (3)	1.86%	1.39%	1.56%	1.68%	2.01%
Percent of Equalized Valuation (4)	1.77%	1.35%	1.64%	1.77%	2.08%
Per Capita as a Percent of Per Capita Income (2)	9.47%	6.34%	6.88%	7.42%	7.96%

(1) Excludes lease and installment purchase obligations, overlapping debt, unfunded pension liability, and other post-employment benefits liability.

(2) Source: U.S. Department of Commerce, Bureau of the Census - latest applicable actuals or estimates.

(3) Source: Board of Assessors - assessed valuation as of prior January 1.

(4) Source: Massachusetts Department of Revenue - equalized valuation in effect for that fiscal year (equalized valuations are established for January 1 of each even-numbered year).

## Annual Debt Service as of June 30, 2020 (1)

Fiscal Year	Currently Outstanding (2)		Expected MCWT Subsidy	Total Debt Service	Cumulative % Debt Service Retired
	Principal	Interest			
2021	\$ 4,350,938	\$ 2,098,436	\$ (13,627)	\$ 6,435,747	6.8 %
2022	4,350,354	1,986,815	(13,240)	6,323,929	13.6
2023	4,309,861	1,827,018	(12,084)	6,124,795	20.3
2024	4,034,458	1,670,908	(724)	5,704,641	26.6
2025	3,991,846	1,518,718	-	5,510,563	32.8
2026	3,481,631	1,379,083	-	4,860,714	38.2
2027	3,531,512	1,244,851	-	4,776,363	43.7
2028	3,381,492	1,110,540	-	4,492,032	49.0
2029	3,431,572	993,797	-	4,425,369	54.3
2030	3,230,000	877,169	-	4,107,169	59.4
2031	2,755,000	779,175	-	3,534,175	63.7
2032	2,795,000	687,863	-	3,482,863	68.0
2033	2,210,000	586,163	-	2,796,163	71.5
2034	2,220,000	520,763	-	2,740,763	74.9
2035	2,255,000	454,163	-	2,709,163	78.5
2036	2,300,000	386,513	-	2,686,513	82.0
2037	2,000,000	317,513	-	2,317,513	85.2
2038	2,030,000	272,013	-	2,302,013	88.3
2039	2,075,000	211,113	-	2,286,113	91.6
2040	2,120,000	148,863	-	2,268,863	94.9
2041	550,000	99,000	-	649,000	95.7
2042	550,000	82,500	-	632,500	96.6
2043	550,000	66,000	-	616,000	97.4
2044	550,000	49,500	-	599,500	98.3
2045	550,000	33,000	-	583,000	99.1
2046	550,000	16,500	-	566,500	100.0
<b>Total</b>	<b>\$ 64,153,663</b>	<b>\$ 19,417,973</b>	<b>\$ (39,675)</b>	<b>\$ 83,531,960</b>	

(1) Excludes overlapping debt, lease and installment purchase obligations and unfunded pension liability, and other post-employment benefits liability.

(2) \$14,300,000 principal and \$2,335,251 associated interest are exempt from Proposition 2 ½.

## Authorized Unissued Debt and Prospective Financing

Currently, the Town has approximately \$15,331,567 authorized but unissued debt for the Burrell Elementary School project. The Town has received approval from the Massachusetts School Building Authority (MSBA) for grants on eligible project costs, not to exceed \$15,331,279.

## Overlapping Debt (1)

The following are the principal entities whose indebtedness is chargeable to the Town or payable from taxation of property within the Town:

	<u>Outstanding Bonded Debt</u>	<u>Authorized But Unissued</u>	<u>Foxborough's Fiscal 2021 Assessment</u>
Norfolk County (2)	\$13,175,000	\$ 13,637,150	\$ 144,200
Southeastern Regional Vocational Technical School (3)	4,635,000	1,982,377	459,686

- (1) Excludes temporary loans in anticipation of revenue. Omits debt of the Commonwealth.
- (2) Source: Treasurer, Norfolk County. Debt is as of June 30, 2020. Legislation was enacted in 1997 abolishing the county governments of Franklin and Middlesex counties as of July 1, 1997, with their assets, functions, debts and other obligations being assumed by the Commonwealth. The abolishment of the Middlesex County government was in part in response to a default by the County in the payment of general obligation notes of the County. The legislation also abolished the county governments of Hampden and Worcester counties as of July 1, 1998. Legislation enacted in 1998 abolished the county governments of Hampshire, Essex and Berkshire counties as of January 1, 1999, July 1, 1999 and July 1, 2000. The legislation also requires the state secretary for administration and finance to establish a plan to recover the Commonwealth's expenditures for the liabilities and other debts assumed and paid by the Commonwealth on behalf of an abolished county. Unless these provisions are changed by further legislation, the state treasurer shall assess upon each city and town within the jurisdiction of an abolished county an amount not exceeding or equal to the county tax paid by each such city and town for the fiscal year immediately prior to the abolishment of the county until such expenditures by the Commonwealth are recovered. It is possible that similar legislation will be sought to provide for the abolishment of county government in all remaining counties.
- (3) Source: District Treasurer. Debt is as of June 30, 2020. The Town of Foxborough represents 2.18% of the Southeastern Regional Vocational Technical School.

## Contractual Obligations

Municipal contracts are generally limited to currently available appropriations. A city or town generally has authority to enter into contracts for the exercise of any of its corporate powers for any period of time deemed to serve its best interests, but generally only when funds are available for the first fiscal year; obligations for succeeding fiscal years generally will be expressly subject to availability and appropriation of funds. Municipalities have specific authority in relatively few cases for long-term contractual obligations that are not subject to annual appropriation, including contracts for refuse disposal and sewage treatment and disposal. Municipalities may also enter into long-term contracts in aid of housing and renewal projects. There may be implied authority to make other long-term contracts required to carry out authorized municipal functions, such as contracts to purchase water from private water companies.

Municipal contracts relating to solid waste disposal facilities may contain provisions requiring the delivery of minimum amounts of waste and payments based thereon and requiring payments in certain circumstances without regard to the operational status of the facilities.

Pursuant to the Home Rule Amendment to the Massachusetts Constitution, cities and towns may also be empowered to make other contracts and leases.

The Town of Foxborough entered into an agreement with Dooley Disposal effective July 1, 2018 to June 30, 2023 to provide municipal solid waste and single stream recyclable materials collection. The Town is not responsible for the costs of managing this program.

## RETIREMENT SYSTEMS

The Massachusetts General Laws provide for the establishment of contributory retirement systems for state employees, for teachers and for county, city and town employees other than teachers. Teachers are assigned to a separate statewide teachers' system and not to the city and town systems. For all employees other than teachers, this law is subject to acceptance in each city and town. Substantially all employees of an accepting city or town are covered. If a town has a population of less than 10,000 when it accepts the statute, its non-teacher employees participate through the county system and its share of the county cost is proportionate to the aggregate annual rate of regular compensation of its covered employees. In addition to the contributory systems, cities and towns provide non-contributory pensions to a limited number of employees, primarily persons who entered service prior to July 1, 1937 and their dependents. The Public Employee Retirement Administration Commission ("PERAC") provides oversight and guidance for and regulates all state and local retirement systems.



The obligations of a city or town, whether direct or through a county system, are contractual legal obligations and are required to be included in the annual tax levy. If a city or town, or the county system of which it is a member, has not established a retirement system funding schedule as described below, the city or town is required to provide for the payment of the portion of its current pension obligations which is not otherwise covered by employee contributions and investment income. "Excess earnings," or earnings on individual employees' retirement accounts in excess of a predetermined rate, are required to be set aside in a pension reserve fund for future, not current, pension liabilities. Cities and towns may voluntarily appropriate to their system's pension reserve fund in any given year up to five percent of the preceding year's tax levy. The aggregate amount in the fund may not exceed ten percent of the equalized valuation of the city or town.

If a city or town, or each member city and town of a county retirement system, has accepted the applicable law, it is required to annually appropriate an amount sufficient to pay not only its current pension obligations, but also a portion of its future pension liability. The portion of each such annual payment allocable to future pension obligations is required to be deposited in the pension reserve fund. The amount of the annual city or town appropriation for each such system is prescribed by a retirement system funding schedule which is periodically reviewed and approved by PERAC. Each system's retirement funding schedule is designed to reduce the unfunded actuarial pension liability of the system to zero by not later than June 30, 2030, with annual increases in the scheduled payment amounts of not more than 4.5 percent. The funding schedule must provide that payment in any year of the schedule is not less than 95 percent of the amount appropriated in the previous fiscal year. City, town and county systems which have an approved retirement funding schedule receive annual pension funding grants from the Commonwealth for the first 16 years of such funding schedule. Pursuant to recent legislation, a system (other than the state employees' retirement system and the teachers' retirement system) which conducts an actuarial valuation as of January 1, 2009, or later, may establish a revised schedule which reduces the unfunded actuarial liability to zero by not later than June 30, 2040, subject to certain conditions. If the schedule is so extended under such provisions and a later updated valuation allows for the development of a revised schedule with reduced payments, the revised schedule shall be adjusted to provide that the appropriation for each year shall not be less than that for such year under the prior schedule, thus providing for a shorter schedule rather than reduced payments.

City, town and county systems may choose to participate in the Pension Reserves Investment Trust Fund (the "PRIT Fund"), which receives additional state funds to offset future pension costs of participating state and local systems. If a local system participates in the PRIT Fund, it must transfer ownership and control of all assets of its system to the Pension Reserves Investment Management Board, which manages the investment and reinvestment of the PRIT Fund. Cities and towns with systems participating in the PRIT Fund continue to be obligated to fund their pension obligations in the manner described above. The additional state appropriations to offset future pension liabilities of state and local systems participating in the PRIT Fund are required to total at least 1.3 percent of state payroll. Such additional state appropriations are deposited in the PRIT Fund and shared by all participating systems in proportion to their interests in the assets of the PRIT Fund as of July 1 for each fiscal year.

Cost-of-living increases for each local retirement system may be granted and funded only by the local system, and only if it has established a funding schedule. Those statutory provisions are subject to acceptance by the local retirement board and approval by the local legislative body, which acceptance may not be revoked.

The annual contributions of the Town to the Norfolk County Contributory Retirement System for the last five fiscal years as follows:

<u>Fiscal Year</u>	<u>Town Contribution</u>
2021	\$5,185,943
2020	4,844,077
2019	4,388,893
2018	4,011,736
2017	3,655,092

Source: Finance Director.

The foregoing data do not include the retirement system costs or liabilities of any larger entity other than the County of which the Town is constituent part and for which it is assessed a share of expenses.

As of January 1, 2018 the estimated unfunded actuarial liability of the County was \$570,528,511. The Town's share of this liability is approximately 6.07%, or \$34,658,995. The total actuarial pension liability represents the estimated valuation of accumulated costs for benefits already earned by, but not yet paid to, pensioners and current employees in the system as of the valuation date.

A complete copy of the Norfolk County Contributory Retirement System's valuation report is currently posted on the PERAC web site, [www.mass.gov/perac](http://www.mass.gov/perac).

**Norfolk County Contributory Retirement System's Funding Schedule (As of January 1, 2018)**

Fiscal Year	Employer Employee Contribution	Employer Normal Cost with Interest	Amortization Payments with Interest	Employer Total Cost with Interest	Employer Total Cost % of Payroll	Funded Ratio %**	Unfunded Accrued Liability
2019	\$25,567,216	\$9,863,991	\$61,363,442	\$71,227,433	24.6	62.4	\$570,528,511
2020	\$26,956,150	\$10,055,777	\$66,161,312	\$76,217,089	25.2	64.4	\$548,554,158
2021	\$28,418,314	\$10,244,850	\$71,307,435	\$81,552,285	25.8	67.2	\$522,221,414
2022	\$29,957,487	\$10,430,577	\$74,406,707	\$84,837,284	25.7	70.0	\$491,085,939
2023	\$31,577,639	\$10,612,273	\$77,618,502	\$88,230,775	25.6	73.1	\$454,664,678
2024	\$33,282,940	\$10,789,200	\$80,970,806	\$91,760,006	25.5	76.3	\$412,432,690
2025	\$35,077,774	\$10,960,561	\$84,469,845	\$95,430,406	25.3	79.7	\$363,819,721
2026	\$36,966,745	\$11,125,495	\$88,122,128	\$99,247,623	25.2	83.3	\$308,206,508
2027	\$38,954,690	\$11,283,079	\$91,960,753	\$103,243,832	25.1	87.1	\$244,920,788
2028	\$41,046,693	\$11,432,316	\$95,941,269	\$107,373,585	25.0	91.2	\$173,232,986
2029	\$43,248,093	\$11,572,137	\$81,513,594	\$93,085,731	20.7	95.4	\$92,351,568
2030	\$45,564,500	\$11,701,390	\$2,060,901	\$13,762,291	2.9	99.8	\$3,830,240
2031	\$48,001,805	\$11,818,843	\$2,143,337	\$13,962,180	2.8	99.9	\$2,026,997
2032	\$50,566,200	\$11,923,172	\$0	\$11,923,172	2.3	100.0	(\$0)
2033	\$53,264,187	\$12,012,957	\$0	\$12,012,957	2.2	100.0	(\$0)
2034	\$56,102,597	\$12,086,678	\$0	\$12,086,678	2.2	100.0	(\$0)
2035	\$59,088,603	\$12,142,707	\$0	\$12,142,707	2.1	100.0	(\$0)
2036	\$62,229,742	\$12,179,304	\$0	\$12,179,304	2.0	100.0	(\$0)
2037	\$65,533,929	\$12,194,606	\$0	\$12,194,606	1.9	100.0	(\$0)
2038	\$69,009,477	\$12,186,621	\$0	\$12,186,621	1.8	100.0	(\$0)
2039	\$72,665,119	\$12,153,224	\$0	\$12,153,224	1.7	100.0	(\$0)
2040	\$76,510,024	\$12,092,144	\$0	\$12,092,144	1.7	100.0	(\$0)
2041	\$79,952,976	\$12,636,290	\$0	\$12,636,290	1.7	100.0	(\$0)
2042	\$83,550,859	\$13,204,923	\$0	\$13,204,923	1.7	100.0	(\$0)
2043	\$87,310,648	\$13,799,145	\$0	\$13,799,145	1.7	100.0	(\$0)
2044	\$91,239,627	\$14,420,106	\$0	\$14,420,106	1.7	100.0	(\$0)
2045	\$95,345,410	\$15,069,011	\$0	\$15,069,011	1.7	100.0	(\$0)
2046	\$99,635,954	\$15,747,117	\$0	\$15,747,117	1.7	100.0	(\$0)
2047	\$104,119,572	\$16,455,737	\$0	\$16,455,737	1.7	100.0	(\$0)
2048	\$108,804,953	\$17,196,245	\$0	\$17,196,245	1.7	100.0	(\$0)
2049	\$113,701,175	\$17,970,076	\$0	\$17,970,076	1.7	100.0	(\$0)
2050	\$118,817,728	\$18,778,729	\$0	\$18,778,729	1.7	100.0	(\$0)

\*\* Beginning of Fiscal Year

Source: Actuarial Valuation Report of the Norfolk County System, PERAC.

## Other Post-Employment Benefits

In addition to pension benefits, cities and towns may provide retired employees with health care and life insurance benefits. The portion of the cost of such benefits paid by cities or towns is generally provided on a pay-as-you-go basis. The pay-as-you-go cost to the Town for such benefits in recent years has been as follows:

<u>Fiscal Year</u>	<u>Benefit Costs</u>
2020	\$ 1,064,069
2019	964,069
2018	864,069
2017	956,723
2016	980,995

The Town funded an additional \$564,069 at its May 2013 Annual Town Meeting, \$664,069 at its May 2014 Annual Town Meeting, \$764,069 at its May 2015 Annual Town Meeting, \$864,069 at its May 2016 Annual Town Meeting, \$864,069 at its May 2017 Annual Town Meeting and \$951,256 at its May 2018 Annual Town Meeting and \$1,064,069 at its May 13, 2019 Annual Town Meeting.

The Governmental Accounting Standards Board ("GASB") promulgated its Statement Nos. 43 and 45, which require public sector entities to report the future costs of these non-pension, post-employment benefits in their financial statements.

The Town had an actuarial valuation performed for its fiscal year ending June 30, 2019. The estimated unfunded actuarial liability for the retiree health benefits for the Town of Foxborough as of July 1, 2018 (the valuation date) is estimated at \$27.1 million based on the Town's current funding plan and assuming a 7.0% discount rate. The Town has established an OPEB Trust Fund, by accepting Chapter 32B Sec. 20 of the General Laws. The Town is committed to annual full funding of this liability and is continuing to fund at the Annual Required Contribution level. The balance in the OPEB Trust Fund as of June 30, 2020 was \$10,976,671.

## COLLECTIVE BARGAINING

City and town employees (other than managerial and confidential employees) are entitled to join unions and to bargain collectively on questions of wages, hours and other terms and conditions of employment. The Town has approximately 688 full and part time employees, including those in the School Department. Approximately 80 percent belong to unions or other collective bargaining groups as shown below:

<u>Employee Category</u>	<u>Represented by</u>	<u>Number of Employees</u>	<u>Contract Expires (1)</u>
General Government:			
Police	Mass Coalition of Police Local 384 (AFL-CIO)	31	6/30/21
Firemen	Foxborough Professional Firefighting Assoc.	28	6/30/22
Highway, Water & Sewer	AFSCME	24	6/30/21
Library	The Boyden Library Employee's Assoc., MLSA	13	6/30/20
Supervisors & Non-Supervisors	Foxborough Steelworkers (AFL-CIO)	55	6/30/20
School:			
Teachers & Nurses	Foxborough Educators Assoc.	261	8/31/22
Secretaries/Clerks	Foxborough Educational Sec. Assoc.	11	6/30/22
Aides	Foxborough Education Assoc. (Ed. Assistants)	64	8/31/22
Custodians	Foxborough C & M Workers	20	6/30/21
Bus Drivers	AFSCME	20	8/31/22
Food Service Workers	Self-Represented	<u>21</u>	8/31/22
Total		556	

Source: Finance Director.

(1) Expired contracts are currently in negotiations.

## LITIGATION

In the opinion of Town Management, no litigation is pending, or to her knowledge threatened, which is likely to result, either individually or in the aggregate, in final judgments against the Town materially affecting its financial position.

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TOWN OF FOXBOROUGH, MASSACHUSETTS  
/s/ Paula Maloney, Treasurer

July 9, 2021