

TOWN OF FOXBOROUGH, MASSACHUSETTS

**REPORT ON EXAMINATION OF
BASIC FINANCIAL STATEMENTS**

JUNE 30, 2022

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INDEPENDENT AUDITOR'S REPORT

To the Honorable Select Board
Town of Foxborough, Massachusetts

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Foxborough, Massachusetts, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Town of Foxborough, Massachusetts's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Foxborough, Massachusetts, as of June 30, 2022, and the respective changes in financial position and where applicable cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town of Foxborough, Massachusetts and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town of Foxborough, Massachusetts's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town of Foxborough, Massachusetts's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town of Foxborough, Massachusetts's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and Norfolk County Retirement System schedules - Town's proportionate share of the net pension liability, and Town's contribution, Massachusetts Teachers Retirement System's schedule of the Commonwealth's Collective amounts of the Net Pension Liability, Other Postemployment Benefit schedules - Town's Net OPEB Liability and Related Ratios, Town's contribution, and investment return, and notes to required supplementary information on pages 4 – 12, 74 – 75, 76, 77 – 79 and 80 - 81 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 30, 2023, on our consideration of the Town of Foxborough, Massachusetts's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town of Foxborough, Massachusetts's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Town of Foxborough, Massachusetts's internal control over financial reporting and compliance.

A handwritten signature in blue ink that reads "Robert E. Brown". The signature is written in a cursive style with a large, stylized initial "R".

Certified Public Accountant

March 30, 2023

Management's Discussion and Analysis

As management of the Town of Foxborough (the Town), we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2022. We encourage readers to consider this information in addition to the statements and notes.

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

Financial Highlights

- The assets of the Town exceeded its liabilities at the close of the fiscal year by \$77.10 million (net position), including obligations to the June 30, 2022 statement of net position associated with its pension liability - \$23.55 million and OPEB liability - \$31.98 million. The Town's overall unrestricted negative net position improved by \$3.20 million, from -\$45.89 million to -\$42.69 million.
- The unrestricted negative net position of the Town's governmental activities is -\$47.4 million, primarily driven by the 100% inclusion of the net pension liability of \$23.1 million, the postemployment benefits liability of \$31.7 million, and the deferred inflow of resources of \$17.6 million. The unrestricted net position of the Town's business-type activities is \$4.7 million and may be used to meet the ongoing obligations of the Town's water and sewer business-type activities. Included in the business-type activities are charges of \$0.5 million related to the net pension liability and \$0.2 million associated with the postemployment benefits liability.
- Governmental activities total net position increased \$8.14 million, or 18.07% in fiscal 2022. Business type activities total net position decreased -\$0.60 million, or -2.46% in fiscal 2022.
- At June 30, 2022, the Town's governmental funds had a combined ending fund balance of \$26.85 million. Combined governmental funds balance increased by \$1.54 million, or 6.10%, from the prior year. A total of \$9.55 million, or 35.59%, of the \$26.85 million fund balance is considered unassigned at June 30, 2022.
- The Town's general fund reported a fund balance of \$14.94 million at the end of fiscal 2022. The unassigned fund balance for the general fund was \$10.36 million, or 12.04%, of total fiscal 2022 general fund expenditures. A total of \$1,960,000 of the assigned fund balance is designated for funding the fiscal 2023 budget.
- The total cost of all Town services on a full accrual basis for fiscal 2022 was \$102.97 million, \$95.1 million of which was for governmental services, and \$7.87 million of which was for business-type activities, for an overall 0.082% increase compared to fiscal 2021. Changes were generally evenly distributed amongst the various Town service areas.
- The Town's total bonded debt decreased by a net of \$4.64 million or 6.78% during the year.

Overview of the Financial Statements

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

1. Government-wide Financial Statements
2. Fund Financial Statements
3. Notes to the Basic Financial Statements

Government-wide Financial Statements – The government-wide financial statements are designed to provide readers with a broad overview of finances, in a manner similar to private-sector business.

The *statement of net position* presents information on all assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position is improving or deteriorating.

The *statement of activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future periods, (e.g., uncollected taxes and earned but unused vacation/sick leave).

Both of the government-wide financial statements distinguish functions that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees or charges (*business-type activities*). The governmental activities include general government, public safety, education, public works, human services, culture and recreation, employee benefits, debt service, and state and county assessments. The business type activities include water and sewer services.

Fund Financial Statements – A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Fund accounting is used to ensure and demonstrate compliance with finance related legal requirements. All of the funds can be divided into three main categories: governmental funds, proprietary funds and fiduciary funds.

Governmental Funds – governmental funds are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

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

The Town of Foxborough adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

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

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

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

Fiduciary Funds – Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements, as the resources of those funds are *not* available to support the Town’s own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

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

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

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

Notes to the basic financial statements – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Government-wide Financial Analysis:

The exhibit on page 8 summarizes key financial components of the Town's financial statements.

As noted above, assets exceed liabilities by \$77.10 million at the close of fiscal year 2022, net of the \$55.53 million in charges for the contingent pension and OPEB liabilities. The Town is able to report positive balances in net position for both the government as a whole, and for each of its governmental and business-type activities in total.

A key component of the Town's net position is its *unrestricted net position* totaling -\$42.69 million, which decreased by \$3.20 million. This change is primarily impacted by the change in net other post-employment benefits (OPEB) and pension liabilities. Management has developed a funding plan and anticipates fully funding the net OPEB obligation by FY 2031.

The Town's investment in capital assets (e.g., land, buildings, machinery and equipment, software, vehicles, infrastructure, and construction in progress roads), less any related outstanding debt used to acquire those assets, is \$103.81 million, or 134.64%, of net position. The Town uses these capital assets to provide services to citizens; consequently, these assets *are not* available for future spending. Although the investment in the Town's capital assets is reported net of its related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Net position of Governmental activities increased by \$8.14 million or 18.07% from fiscal 2021. Net position of business-type activities decreased by -\$0.6 million or -2.46%, from 2021. Total Town net position increased by \$7.53 million, or 10.83%.

The \$8.14 million increase in Governmental activities net position is attributable to general operating revenue of \$65.89 million, program revenues of \$36.12 million, net operating transfers in of \$1.22 million, less total expenses of \$95.10 million. Total revenues decreased by -\$1.12 million, or -1.08%, while total expenses increased \$0.07 million, or 0.08%.

Net position of business-type activities decreased by -\$0.60 million, or -2.46%, as a result of the following: operating revenue exceeded expenses and depreciation by \$0.62 million and the net of transfers out for costs incurred in the general fund were \$1.22 million.

There was a decrease of -\$0.15 million, or -0.07%, in net position reported in connection with the water business-type activities. This reflects the continuing successful strategy of rate setting policy that will sustain the long-term maintenance and improvement of the Town's water system with steady and predictable rate increases.

There was a decrease of -\$0.45 million, or -12.48%, in net position reported in connection with the sewer business-type activities. The Town's participation in the relatively new regional sewer partnership has significantly increased the Town's available sewer capacity. The Town continues to see strong interest from commercial developers as a result, and those developers are building in Foxborough and purchasing the valuable sewer capacity for their businesses. This trend is in the early stages for the Town's next cycle of commercial property tax growth.

An additional portion of the Governmental activities total net position of \$15.98 million, or 30.07%, represents resources subject to external restrictions on how they may be used.

Town of Foxborough - Financial Highlights

	Governmental Activities			Business-Type Activities			Total Primary Government		
	FY 2022	FY 2021	Increase/ (Decrease)	FY 2022	FY 2021	Increase/ (Decrease)	FY 2022	FY 2021	Increase/ (Decrease)
Assets:									
Current Assets	\$ 35,494,993	\$ 36,318,651	\$ (823,658)	\$ 17,080,797	\$ 22,512,302	\$ (5,431,505)	\$ 52,575,790	\$ 58,830,953	\$ (6,255,163)
Noncurrent assets (excluding capital)	983,389	-	983,389	-	116,886	(116,886)	983,389	116,886	866,503
Capital Assets	114,700,692	113,411,461	1,289,231	48,483,440	43,805,496	4,677,944	163,184,132	157,216,957	5,967,175
Total Assets	151,179,074	149,730,112	1,448,962	65,564,237	66,434,684	(870,447)	216,743,311	216,164,796	578,515
Deferred Outflow of Resources:	13,714,754	12,895,515	819,239	160,337	36,449	123,888	13,875,091	12,931,964	943,127
Liabilities:									
Current Liabilities (excluding debt)	6,730,312	9,322,761	(2,592,449)	2,849,831	702,525	2,147,306	9,580,143	10,025,286	(445,143)
Noncurrent Liabilities (excluding debt)	56,283,059	59,520,888	(3,237,829)	756,100	855,239	(99,139)	57,039,159	60,376,127	(3,336,968)
Current Debt	3,010,336	2,942,334	68,002	2,279,327	2,266,787	12,540	5,289,663	5,209,121	80,542
Noncurrent Debt	28,068,725	30,119,061	(2,050,336)	35,629,194	37,908,521	(2,279,327)	63,697,919	68,027,582	(4,329,663)
Total Liabilities	94,092,432	101,905,044	(7,812,612)	41,514,452	41,733,072	(218,620)	135,606,884	143,638,116	(8,031,232)
Deferred Inflow of Resources:	17,642,764	15,698,366	1,944,398	263,934	188,757	75,177	17,906,698	15,887,123	2,019,575
Net Position:									
Net Investment in Capital Assets	84,547,597	82,787,481	1,760,116	19,266,605	18,542,222	724,383	103,814,202	101,329,703	2,484,499
Restricted	15,983,477	14,129,797	1,853,680	-	-	-	15,983,477	14,129,797	1,853,680
Unrestricted	(47,372,442)	(51,895,061)	4,522,619	4,679,583	6,007,082	(1,327,499)	(42,692,859)	(45,887,979)	3,195,120
Total Net Position	\$ 53,158,632	\$ 45,022,217	\$ 8,136,415	\$ 23,946,188	\$ 24,549,304	\$ (603,116)	\$ 77,104,820	\$ 69,571,521	\$ 7,533,299
Revenues									
<i>Program revenues:</i>									
Charges for services	10,303,157	6,056,999	4,246,158	8,056,731	8,621,058	(564,327)	18,359,888	14,678,057	3,681,831
Operating grants and contributions	21,875,543	28,178,215	(6,302,672)	420,878	473,295	(52,417)	22,296,421	28,651,510	(6,355,089)
Capital grants and contributions	3,936,567	6,898,908	(2,962,341)	13,241	13,627	(386)	3,949,808	6,912,535	(2,962,727)
<i>General revenues:</i>									
Real Estate and Personal Property taxes	55,377,352	53,299,016	2,078,336	-	-	-	55,377,352	53,299,016	2,078,336
Tax Liens	257,069	357,484	(100,415)	-	-	-	257,069	357,484	(100,415)
Motor vehicle and other excise taxes	3,128,962	3,080,347	48,615	-	-	-	3,128,962	3,080,347	48,615
Payments in lieu of taxes	2,194,034	1,382,727	811,307	-	-	-	2,194,034	1,382,727	811,307
Hotel/Motel Tax	2,614,401	1,107,483	1,506,918	-	-	-	2,614,401	1,107,483	1,506,918
Penalties and Interest on taxes	189,168	287,327	(98,159)	-	-	-	189,168	287,327	(98,159)
Nonrestricted grants and contributions	1,932,281	1,718,345	213,936	-	-	-	1,932,281	1,718,345	213,936
Unrestricted investment income	(17,618)	190,430	(208,048)	-	-	-	(17,618)	190,430	(208,048)
Other revenues	220,155	569,721	(349,566)	-	-	-	220,155	569,721	(349,566)
Total Revenues	102,011,071	103,127,002	(1,115,931)	8,490,850	9,107,980	(617,130)	110,501,921	112,234,982	(1,733,061)
Expenses:									
General Government	4,918,431	4,947,323	(28,892)	-	-	-	4,918,431	4,947,323	(28,892)
Public Safety	15,049,731	12,675,243	2,374,488	-	-	-	15,049,731	12,675,243	2,374,488
Education	49,003,310	46,073,002	2,930,308	-	-	-	49,003,310	46,073,002	2,930,308
Public Works	3,680,261	3,550,431	129,830	-	-	-	3,680,261	3,550,431	129,830
Human Services	1,278,681	1,258,551	20,130	-	-	-	1,278,681	1,258,551	20,130
Culture and Recreation	1,976,783	1,675,209	301,574	-	-	-	1,976,783	1,675,209	301,574
Employee Benefits	17,800,641	23,460,575	(5,659,934)	-	-	-	17,800,641	23,460,575	(5,659,934)
State and County assessments	620,842	548,256	72,586	-	-	-	620,842	548,256	72,586
Interest	770,121	835,820	(65,699)	-	-	-	770,121	835,820	(65,699)
Water	-	-	-	6,153,849	5,441,881	711,968	6,153,849	5,441,881	711,968
Sewer	-	-	-	1,715,972	1,666,224	49,748	1,715,972	1,666,224	49,748
Total Expenses	95,098,801	95,024,410	74,391	7,869,821	7,108,105	761,716	102,968,622	102,132,515	836,107
Contribution to permanent endowment	-	2,000	(2,000)	-	-	-	-	2,000	(2,000)
Transfers (in/out)	1,224,145	1,230,851	(6,706)	(1,224,145)	(1,230,851)	6,706	-	-	-
Change in Net Position	8,136,415	9,335,443	(1,199,028)	(603,116)	769,024	(1,372,140)	7,533,299	10,102,467	(2,569,168)
Prior Period Adjustment - Agency	-	1,282,181	(1,282,181)	-	-	-	-	1,282,181	(1,282,181)
Net Position - Beginning	45,022,217	34,404,593	10,617,624	24,549,304	23,780,280	769,024	69,571,521	58,184,873	11,386,648
Net Position - Ending	\$ 53,158,632	\$ 45,022,217	\$ 8,136,415	\$ 23,946,188	\$ 24,549,304	\$ (603,116)	\$ 77,104,820	\$ 69,569,521	\$ 7,533,299

Financial analysis of the Government's Funds

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

Governmental funds – The focus of *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the fiscal year 2022, governmental funds reported combined ending fund balances of \$26.85 million, a \$1.54 million increase from the prior year's ending fund balance. The net change reflects a net \$1.31 million Governmental fund balance increase due to general fund expenditures being less than combined general fund revenues and operating transfers in and out. Finally, there was a net -\$1.56 million decrease related to the Burrell School Renovations Project and a net increase of \$1.79 million across several non-major governmental fund accounts.

The General fund is the primary operating fund. At the end of the current fiscal year, unassigned fund balance of the general fund was \$10.36 million, while total fund balance stood at \$14.94 million. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total general fund expenditures. Unassigned fund balance represents 12.04% of total general fund expenditures, while total fund balance represents 17.37%.

General fund actual revenues (on budgetary basis) were more than budgeted revenues by \$2.76 million in FY 2022, due primarily to departmental and other revenue increased by \$2,257,800, \$832,626 in property taxes associated with new property tax growth and allowable annual increases as per proposition 2 ½, motor vehicle excise taxes increased by \$58,702; and intergovernmental increased \$33,946; while payments in lieu of taxes (primarily Gillette Stadium lease payments) decreased -\$248,822, and investment income decreased by -\$28,064.

General fund budgetary expenditures were increased during the year by \$3,000. Actual expenditures were less than budgeted expenditures by \$1.41 million. After accounting for other financing sources and uses, the budgetary fund balance of the general fund was increased by \$0.52 million to \$8.24 million.

The Stabilization funds, which are now included within the General Fund as per GASB 54, has accumulated balances of \$4.54 million, which represents 5.28% of FY 2022 general fund expenditures. However, all of these funds can be used for general or capital purposes upon Town Meeting approval.

The School Building fund balance decreased by -\$1.56 million to \$0.99 million. All other Non-Major Governmental Fund balances increased in total by \$1.79 million to \$10.91 million as a result of \$14.05 million received in revenues less \$11.33 million in expenditures and a net of -\$0.93 million in transfers out.

General Fund Budget Highlights

Actual FY 2022 general fund revenues were more than budgeted revenues by \$2,757,049, primarily driven by departmental and other of \$2,257,800 and strong property tax collection performance of \$0.68 million; while other revenue categories each decreased by a combined total of -\$278,447. General fund expenses were \$1,408,065 less than budget in total due to management's continued focus on cost containment and budget management. Net operating transfers in/out were less than planned by -\$26,549. The net result was a \$524,082 increase to FY 2022 budgetary fund balance, at \$8.24 million.

Capital Asset and Debt Administration

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

The Town's ownership of, or investment in, capital assets for governmental and business type activities, as summarized below, as of June 30, 2022, amounts to \$163.18 million, net of accumulated depreciation. The value in capital assets includes land, buildings, capital improvements, machinery, equipment, software, vehicles, water, sewer, and roadway infrastructure and construction in progress.

The governmental activities capital assets were increased by \$6.41 million and reduced by a net of \$5.12 million in depreciation during fiscal 2022, for a net \$1.29 million increase. During FY 2021 significant fixed asset acquisitions included construction in progress on the Burrell School Renovations for \$13.2 million.

Business-type activities capital assets were increased by \$6.29 million in investments and reduced by \$1.61 million in depreciation for a net increase of \$4.68 million. The asset increases were primarily due to various water system infrastructure improvements.

In summary, total increases net of depreciation to town wide capital assets are \$5.97 million.

Capital Assets (Net of Depreciation)									
	Governmental Activities			Business-type Activities			Total Primary Government		
	FY 2022	FY 2021	Increase (Decrease)	FY 2022	FY 2021	Increase (Decrease)	FY 2022	FY 2021	Increase (Decrease)
Land	\$ 6,537,225	\$ 6,537,225	\$ -	\$ 692,282	\$ 692,282	\$ -	\$ 7,229,507	\$ 7,229,507	\$ -
Buildings	50,908,906	53,407,012	(2,498,106)	164,493	168,954	(4,461)	51,073,399	53,575,966	(2,502,567)
Capital Improvements (other than buildings)	935,317	882,870	52,447	-	-	-	935,317	882,870	52,447
Machinery and Equipment	3,142,776	3,551,472	(408,696)	1,245,904	1,680,823	(434,919)	4,388,680	5,232,295	(843,615)
Vehicles	4,427,194	3,824,135	603,059	282,020	361,336	(79,316)	4,709,214	4,185,471	523,743
Infrastructure	17,914,393	17,951,533	(37,140)	36,343,848	21,625,205	14,718,643	54,258,241	39,576,738	14,681,503
Construction in Progress	30,834,881	27,257,214	3,577,667	9,754,893	19,276,896	(9,522,003)	40,589,774	46,534,110	(5,944,336)
Total Capital Assets	\$ 114,700,692	\$ 113,411,461	\$ 1,289,231	\$ 48,483,440	\$ 43,805,496	\$ 4,677,944	\$ 163,184,132	\$ 157,216,957	\$ 5,967,175

Long Term Debt - The Town's debt burden is reasonable in relation to other communities its size. Outstanding long-term debt, as of June 30, 2022, totaled \$63.76 million. Business-type activities have debt of \$35.47 million that is fully supported by their respective utility rates. Total debt consists of the following:

Outstanding Debt at Year End

<u>Governmental Activities</u>	<u>Outstanding June 30, 2022</u>	<u>Outstanding June 30, 2021</u>	<u>Increase (Decrease)</u>
Burrell School Renovation	\$ 12,595,000	\$ 13,045,000	\$ (450,000)
High School Renovation	4,160,000	4,680,000	(520,000)
Library Renovation	3,545,000	3,900,000	(355,000)
Title V	330,000	360,000	(30,000)
School	-	65,000	(65,000)
Land Acquisition	140,000	215,000	(75,000)
Town Hall Renovation	4,790,000	5,135,000	(345,000)
Ahern School Building	582,000	781,000	(199,000)
Public Safety Building	2,139,000	2,735,000	(596,000)
School Remodeling	12,000	18,000	(6,000)
Total Governmental Activities	<u>\$ 28,293,000</u>	<u>\$ 30,934,000</u>	<u>\$ (2,641,000)</u>
<u>Business-type Activities</u>	<u>Outstanding June 30, 2022</u>	<u>Outstanding June 30, 2021</u>	<u>Increase (Decrease)</u>
Sewer	\$ 27,000	\$ 36,000	(9,000)
Water	8,310,000	8,600,000	(290,000)
Water	9,030,000	9,355,000	(325,000)
Water	1,692,766	1,915,818	(223,052)
Water	2,900,000	3,190,000	(290,000)
Water Reuse	100,000	205,000	(105,000)
Water	165,000	335,000	(170,000)
Water	44,605	81,907	(37,302)
Water Treatment Facility	13,200,000	13,750,000	(550,000)
Total Business-type Activities	<u>\$ 35,469,371</u>	<u>\$ 37,468,725</u>	<u>\$ (1,999,354)</u>
Total Primary Government	<u>\$ 63,762,371</u>	<u>\$ 68,402,725</u>	<u>\$ (4,640,354)</u>

Please refer to **Notes 5 and 10** for further discussion of the major capital and debt activities

Economic Factors and Next Year's Budgets & Rates

- The Town experienced new growth in fiscal 2023 of \$923,525.
- The fiscal 2023 tax rate was set at \$14.21 residential and \$18.37 commercial.
- Free Cash was certified at \$5,223,577 for the Town's General Fund, an increase of \$1,364,204 over the last fiscal year. This amount represents that portion of General Fund unassigned fund balance that is available for appropriation at future Town Meetings.
- Excess levy capacity is the difference between the Town's actual levy and the Town's maximum allowable levy including debt exclusions. The Town's excess levy capacity for fiscal year 2023 totaled \$40,799. The fiscal year 2022 excess levy capacity totaled \$25,610.
- The Town's per capita income was \$53,382, while the unemployment rate for the Town was 5.05%.
- The average 2023 single family home in the Town of Foxborough was valued at \$552,606 with an average annual tax bill of \$7,853.
- The Town has a balanced budget for FY2023 and FY2024.

Request for Information

This financial report is designed to provide a general overview of the Town of Foxborough's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Director, 40 South Street, Foxborough, MA 02035. Financial and direct contact information can also be found on the Town of Foxborough's website at www.foxboroughma.gov.

**TOWN OF FOXBOROUGH, MASSACHUSETTS
STATEMENT OF NET POSITION
JUNE 30, 2022**

	PRIMARY GOVERNMENT		
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
ASSETS			
CURRENT:			
CASH AND SHORT-TERM INVESTMENTS	\$ 26,654,011	\$ 15,013,980	\$ 41,667,991
INVESTMENTS	4,566,658	-	4,566,658
RECEIVABLES, NET OF ALLOWANCE FOR UNCOLLECTIBLES:			
REAL ESTATE AND PERSONAL PROPERTY TAXES	417,969	-	417,969
TAX LIENS	1,465,441	-	1,465,441
MOTOR VEHICLE EXCISE TAXES	416,372	-	416,372
USER FEES	-	2,066,588	2,066,588
DEPARTMENTAL AND OTHER	643,563	-	643,563
LEASES	61,273	-	61,273
INTERGOVERNMENTAL	1,269,706	-	1,269,706
OTHER ASSETS	-	229	229
NONCURRENT:			
RECEIVABLES, NET OF ALLOWANCE FOR UNCOLLECTIBLES:			
LEASES	983,389	-	983,389
CAPITAL ASSETS, NET OF ACCUMULATED DEPRECIATION	<u>114,700,692</u>	<u>48,483,440</u>	<u>163,184,132</u>
TOTAL ASSETS	<u>151,179,074</u>	<u>65,564,237</u>	<u>216,743,311</u>
DEFERRED OUTFLOWS OF RESOURCES			
RELATED TO PENSIONS	4,253,187	88,572	4,341,759
RELATED TO POST EMPLOYMENT BENEFITS	<u>9,461,567</u>	<u>71,765</u>	<u>9,533,332</u>
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>13,714,754</u>	<u>160,337</u>	<u>13,875,091</u>
LIABILITIES			
CURRENT:			
ACCOUNTS PAYABLE	5,485,001	2,580,371	8,065,372
OTHER LIABILITIES	300,433	-	300,433
ACCRUED INTEREST	233,929	220,003	453,932
LANDFILL POSTCLOSURE CARE COSTS	37,000	-	37,000
COMPENSATED ABSENCES	673,949	49,457	723,406
CAPITAL LEASES PAYABLE	229,979	-	229,979
BONDS AND NOTES PAYABLE	2,780,357	2,279,327	5,059,684
NONCURRENT:			
LANDFILL POSTCLOSURE CARE COSTS	222,000	-	222,000
COMPENSATED ABSENCES	1,251,844	35,002	1,286,846
POSTEMPLOYMENT BENEFITS	31,744,422	240,778	31,985,200
NET PENSION LIABILITY	23,064,793	480,320	23,545,113
CAPITAL LEASES PAYABLE	827,077	-	827,077
BONDS AND NOTES PAYABLE	<u>27,241,648</u>	<u>35,629,194</u>	<u>62,870,842</u>
TOTAL LIABILITIES	<u>94,092,432</u>	<u>41,514,452</u>	<u>135,606,884</u>
DEFERRED INFLOWS OF RESOURCES			
DEFERRED AMOUNT ON REFUNDING	64,874	-	64,874
RELATED TO PENSIONS	10,463,201	217,894	10,681,095
RELATED TO POST EMPLOYMENT BENEFITS	6,070,027	46,040	6,116,067
RELATED TO LEASES	<u>1,044,662</u>	<u>-</u>	<u>1,044,662</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>17,642,764</u>	<u>263,934</u>	<u>17,906,698</u>
NET POSITION			
NET INVESTMENT IN CAPITAL ASSETS	84,547,597	19,266,605	103,814,202
RESTRICTED FOR:			
PERMANENT FUNDS:			
EXPENDABLE	239,235	-	239,235
NONEXPENDABLE	174,565	-	174,565
OTHER PURPOSES	15,569,677	-	15,569,677
UNRESTRICTED	<u>(47,372,442)</u>	<u>4,679,583</u>	<u>(42,692,859)</u>
TOTAL NET POSITION	<u>\$ 53,158,632</u>	<u>\$ 23,946,188</u>	<u>\$ 77,104,820</u>

See accompanying notes to the basic financial statements

**TOWN OF FOXBOROUGH, MASSACHUSETTS
STATEMENT OF ACTIVITIES
FISCAL YEAR ENDED JUNE 30, 2022**

<u>FUNCTIONS/PROGRAMS</u>	<u>EXPENSES</u>	<u>PROGRAM REVENUES</u>			<u>NET (EXPENSE) REVENUE</u>
		<u>CHARGES FOR SERVICES</u>	<u>OPERATING GRANTS AND CONTRIBUTIONS</u>	<u>CAPITAL GRANTS AND CONTRIBUTIONS</u>	
PRIMARY GOVERNMENT:					
GOVERNMENTAL ACTIVITIES:					
GENERAL GOVERNMENT	\$ 4,918,431	\$ 910,421	\$ 257,658	\$ -	\$ (3,750,352)
PUBLIC SAFETY	15,049,731	7,409,279	445,507	-	(7,194,945)
EDUCATION	49,003,310	1,201,677	14,483,570	3,539,262	(29,778,801)
PUBLIC WORKS	3,680,261	14,617	5,872	397,305	(3,262,467)
HUMAN SERVICES	1,278,681	324,334	531,666	-	(422,681)
CULTURE & RECREATION	1,976,783	442,829	155,326	-	(1,378,628)
EMPLOYEE BENEFITS	17,800,641	-	5,995,944	-	(11,804,697)
STATE & COUNTY ASSESSMENTS	620,842	-	-	-	(620,842)
INTEREST	770,121	-	-	-	(770,121)
TOTAL GOVERNMENTAL ACTIVITIES	95,098,801	10,303,157	21,875,543	3,936,567	(58,983,534)
BUSINESS-TYPE ACTIVITIES:					
WATER	6,153,849	6,805,401	256,020	13,241	920,813
SEWER	1,715,972	1,251,330	164,858	-	(299,784)
TOTAL BUSINESS-TYPE ACTIVITIES	7,869,821	8,056,731	420,878	13,241	621,029
TOTAL PRIMARY GOVERNMENT	\$ 102,968,622	\$ 18,359,888	\$ 22,296,421	\$ 3,949,808	\$ (58,362,505)

See accompanying notes to the basic financial statements

(continued)

**TOWN OF FOXBOROUGH, MASSACHUSETTS
STATEMENT OF ACTIVITIES
FISCAL YEAR ENDED JUNE 30, 2022**

	PRIMARY GOVERNMENT		
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
CHANGES IN NET POSITION:			
NET (EXPENSE) REVENUE FROM PREVIOUS PAGE	\$ (58,983,534)	\$ 621,029	\$ (58,362,505)
GENERAL REVENUES:			
REAL ESTATE AND PERSONAL PROPERTY TAXES, NET OF TAX REFUNDS PAYABLE	55,377,352	-	55,377,352
TAX LIENS	257,069	-	257,069
MOTOR VEHICLE AND OTHER EXCISE TAXES	3,128,962	-	3,128,962
HOTEL/MOTEL TAX	2,614,401	-	2,614,401
PENALTIES AND INTEREST ON TAXES	189,168	-	189,168
PAYMENTS IN LIEU OF TAXES	2,194,034	-	2,194,034
GRANTS AND CONTRIBUTIONS NOT RESTRICTED TO SPECIFIC PROGRAMS	1,932,281	-	1,932,281
UNRESTRICTED INVESTMENT INCOME	(17,618)	-	(17,618)
MISCELLANEOUS	220,155	-	220,155
TRANSFERS, NET	1,224,145	(1,224,145)	-
TOTAL GENERAL REVENUES AND TRANSFERS	67,119,949	(1,224,145)	65,895,804
CHANGE IN NET POSITION	8,136,415	(603,116)	7,533,299
NET POSITION:			
BEGINNING OF YEAR	45,022,217	24,549,304	69,571,521
END OF YEAR	\$ 53,158,632	\$ 23,946,188	\$ 77,104,820

See accompanying notes to the basic financial statements

(concluded)

**TOWN OF FOXBOROUGH, MASSACHUSETTS
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2022**

<u>ASSETS</u>	GENERAL	SCHOOL BUILDING	NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
CASH AND SHORT-TERM INVESTMENTS	\$ 14,569,655	\$ 2,281,954	\$ 9,802,402	\$ 26,654,011
INVESTMENTS	4,152,859	-	413,799	4,566,658
RECEIVABLES, NET OF ALLOWANCE FOR UNCOLLECTIBLES:				
REAL ESTATE AND PERSONAL PROPERTY TAXES	417,969	-	-	417,969
TAX LIENS	1,465,441	-	-	1,465,441
MOTOR VEHICLE EXCISE TAXES	416,372	-	-	416,372
DEPARTMENTAL AND OTHER	500	-	643,063	643,563
INTERGOVERNMENTAL	7,168	-	1,262,538	1,269,706
TOTAL ASSETS	\$ 21,029,964	\$ 2,281,954	\$ 12,121,802	\$ 35,433,720
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u>				
LIABILITIES:				
ACCOUNTS PAYABLE	\$ 3,910,955	\$ 1,291,114	\$ 282,932	\$ 5,485,001
OTHER LIABILITIES	18,063	-	282,370	300,433
TOTAL LIABILITIES	3,929,018	1,291,114	565,302	5,785,434
DEFERRED INFLOWS OF RESOURCES:				
UNAVAILABLE REVENUE	2,157,796	-	643,063	2,800,859
FUND BALANCES:				
NONSPENDABLE	-	-	174,565	174,565
RESTRICTED	373,174	990,840	11,541,779	12,905,793
COMMITTED	516,260	-	-	516,260
ASSIGNED	3,696,563	-	-	3,696,563
UNASSIGNED	10,357,153	-	(802,907)	9,554,246
TOTAL FUND BALANCES	14,943,150	990,840	10,913,437	26,847,427
TOTAL LIABILITIES, DEFERRED INFLOW OF RESOURCES AND FUND BALANCES	\$ 21,029,964	\$ 2,281,954	\$ 12,121,802	\$ 35,433,720

See accompanying notes to the basic financial statements

**TOWN OF FOXBOROUGH, MASSACHUSETTS
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FISCAL YEAR ENDED JUNE 30, 2022**

	<u>GENERAL</u>	<u>SCHOOL BUILDING</u>	<u>NONMAJOR GOVERNMENTAL FUNDS</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
<u>REVENUES:</u>				
REAL ESTATE AND PERSONAL PROPERTY TAXES, NET OF TAX REFUNDS	\$ 55,554,240	\$ -	\$ -	\$ 55,554,240
INTERGOVERNMENTAL	16,927,517	3,539,262	6,332,383	26,799,162
MOTOR VEHICLE EXCISE TAXES	3,022,227	-	-	3,022,227
PAYMENTS IN LIEU OF TAXES	2,194,034	-	-	2,194,034
PENALTIES AND INTEREST ON TAXES	189,168	-	-	189,168
CHARGES FOR SERVICES	-	-	6,954,199	6,954,199
INVESTMENT INCOME	(17,761)	-	14,147	(3,614)
CONTRIBUTIONS & DONATIONS	-	-	295,002	295,002
DEPARTMENTAL AND OTHER	6,354,805	-	454,708	6,809,513
TOTAL REVENUES	84,224,230	3,539,262	14,050,439	101,813,931
<u>EXPENDITURES:</u>				
CURRENT:				
GENERAL GOVERNMENT	4,514,899	-	320,589	4,835,488
PUBLIC SAFETY	10,723,451	-	4,589,066	15,312,517
EDUCATION	40,850,100	5,099,837	5,042,748	50,992,685
PUBLIC WORKS	2,622,262	-	660,980	3,283,242
HUMAN SERVICES	1,133,799	-	111,099	1,244,898
CULTURE & RECREATION	1,210,159	-	450,858	1,661,017
EMPLOYEE BENEFITS	20,685,695	-	126,147	20,811,842
STATE & COUNTY ASSESSMENTS	620,842	-	-	620,842
DEBT SERVICE				
PRINCIPAL	2,611,000	-	30,000	2,641,000
INTEREST	1,051,778	-	-	1,051,778
TOTAL EXPENDITURES	86,023,985	5,099,837	11,331,487	102,455,309
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(1,799,755)	(1,560,575)	2,718,952	(641,378)
<u>OTHER FINANCING SOURCES (USES)</u>				
PROCEEDS FROM CAPITAL LEASE	-	-	960,000	960,000
OPERATING TRANSFERS IN	3,133,660	-	6,700	3,140,360
OPERATING TRANSFERS OUT	(24,323)	-	(1,891,892)	(1,916,215)
TOTAL OTHER FINANCING SOURCES (USES)	3,109,337	-	(925,192)	2,184,145
NET CHANGE IN FUND BALANCES	1,309,582	(1,560,575)	1,793,760	1,542,767
FUND BALANCES AT BEGINNING OF YEAR	13,633,568	2,551,415	9,119,677	25,304,660
FUND BALANCES AT END OF YEAR	\$ 14,943,150	\$ 990,840	\$ 10,913,437	\$ 26,847,427

See accompanying notes to the basic financial statements

**TOWN OF FOXBOROUGH, MASSACHUSETTS
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TOTAL FUND BALANCES TO THE STATEMENT OF NET POSITION
JUNE 30, 2022**

TOTAL GOVERNMENTAL FUND BALANCES		\$ 26,847,427
CAPITAL ASSETS (NET) USED IN GOVERNMENTAL ACTIVITIES ARE NOT FINANCIAL RESOURCES AND, THEREFORE, ARE NOT REPORTED IN THE FUNDS		114,700,692
ACCOUNTS RECEIVABLE ARE NOT AVAILABLE TO PAY FOR CURRENT-PERIOD EXPENDITURES AND, THEREFORE, ARE DEFERRED IN THE FUNDS		2,800,859
IN THE STATEMENT OF ACTIVITIES, INTEREST IS ACCRUED ON OUTSTANDING LONG-TERM DEBT, WHEREAS IN GOVERNMENTAL FUNDS INTEREST IS NOT REPORTED UNTIL DUE		(233,929)
LONG-TERM LIABILITIES ARE NOT DUE AND PAYABLE IN THE CURRENT PERIOD AND, THEREFORE, ARE NOT REPORTED IN THE GOVERNMENTAL FUNDS		
BONDS AND NOTES PAYABLE	(28,293,000)	
CAPITAL LEASES PAYABLE	(1,057,056)	
DEFERRED AMOUNT ON REFUNDING	(64,874)	
UNAMORTIZED BOND PREMIUM	(1,729,005)	
NET PENSION LIABILITY	(23,064,793)	
DEFERRED INFLOWS OF RESOURCES - RELATED TO PENSIONS	(10,463,201)	
DEFERRED OUTFLOWS OF RESOURCES - RELATED TO PENSIONS	4,253,187	
COMPENSATED ABSENCES	(1,925,793)	
POSTEMPLOYMENT BENEFITS	(31,744,422)	
DEFERRED INFLOWS OF RESOURCES - RELATED TO POSTEMPLOYMENT BENEFITS	(6,070,027)	
DEFERRED OUTFLOWS OF RESOURCES - RELATED TO POSTEMPLOYMENT BENEFITS	9,461,567	
LANDFILL POSTCLOSURE CARE COSTS	<u>(259,000)</u>	
NET EFFECT OF REPORTING LONG-TERM LIABILITIES		<u>(90,956,417)</u>
NET POSITION OF GOVERNMENTAL ACTIVITIES		<u>\$ 53,158,632</u>

See accompanying notes to the basic financial statements

**TOWN OF FOXBOROUGH, MASSACHUSETTS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FISCAL YEAR ENDED JUNE 30, 2022**

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS \$ 1,542,767

GOVERNMENTAL FUNDS REPORT CAPITAL OUTLAYS AS EXPENDITURES. HOWEVER, IN THE STATEMENT OF ACTIVITIES THE COST OF THOSE ASSETS IS ALLOCATED OVER THEIR ESTIMATED USEFUL LIVES AND REPORTED AS DEPRECIATION EXPENSE.

CAPITAL OUTLAY	6,407,787	
DEPRECIATION EXPENSE	<u>(5,118,556)</u>	
NET EFFECT OF REPORTING CAPITAL ASSETS		1,289,231

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

197,140

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

PROCEEDS FROM CAPITAL LEASES	(960,000)	
DEBT SERVICE PRINCIPAL PAYMENTS	<u>2,641,000</u>	
NET EFFECT OF REPORTING LONG-TEM DEBT		1,681,000

SOME EXPENSES REPORTED IN THE STATEMENT OF ACTIVITIES DO NOT REQUIRE THE USE OF CURRENT FINANCIAL RESOURCES AND, THEREFORE, ARE NOT REPORTED AS EXPENDITURES IN THE GOVERNMENTAL FUNDS.

NET CHANGE IN COMPENSATED ABSENCES ACCRUAL	(68,957)	
NET CHANGE IN POSTEMPLOYMENT BENEFITS ACCRUAL	(6,121,464)	
NET CHANGE IN DEFERRED INFLOWS OF RESOURCES - RELATED TO POSTEMPLOYMENT BENEFITS	3,406,029	
NET CHANGE IN DEFERRED OUTFLOWS OF RESOURCES - RELATED TO POSTEMPLOYMENT BENEFITS	2,178,871	
NET CHANGE IN DEFERRED INFLOWS OF RESOURCES - RELATED TO PENSIONS	(4,356,056)	
NET CHANGE IN DEFERRED OUTFLOWS OF RESOURCES - RELATED TO PENSIONS	(1,359,632)	
NET CHANGE IN NET PENSION LIABILITY	9,332,410	
NET CHANGE IN CAPITAL LEASES	96,419	
NET CHANGE IN LANDFILL POSTCLOSURE CARE ACCRUAL	37,000	
NET CHANGE IN DEFERRED AMOUNT ON REFUNDING	50,291	
NET CHANGE IN UNAMORTIZED BOND PREMIUM	204,915	
NET CHANGE IN ACCRUED INTEREST ON LONG-TERM DEBT	<u>26,451</u>	
NET EFFECT OF RECORDING LONG-TERM LIABILITIES		<u>3,426,277</u>

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES **\$ 8,136,415**

See accompanying notes to the basic financial statements

**TOWN OF FOXBOROUGH, MASSACHUSETTS
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FISCAL YEAR ENDED JUNE 30, 2022**

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL BUDGETARY AMOUNTS</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>		
<u>REVENUES:</u>				
REAL ESTATE AND PERSONAL PROPERTY TAXES, NET OF TAX REFUNDS	\$ 54,869,192	\$ 54,869,192	\$ 55,554,240	\$ 685,048
MOTOR VEHICLE EXCISE TAXES	2,963,525	2,963,525	3,022,227	58,702
PENALTIES & INTEREST ON TAXES	190,729	190,729	189,168	(1,561)
INTERGOVERNMENTAL	11,311,906	11,311,906	11,345,852	33,946
PAYMENTS IN LIEU OF TAXES	2,442,856	2,442,856	2,194,034	(248,822)
INVESTMENT INCOME	87,885	87,885	59,821	(28,064)
DEPARTMENTAL AND OTHER	4,097,005	4,097,005	6,354,805	2,257,800
	<u>75,963,098</u>	<u>75,963,098</u>	<u>78,720,147</u>	<u>2,757,049</u>
<u>EXPENDITURES:</u>				
CURRENT:				
GENERAL GOVERNMENT	4,802,070	4,879,070	4,626,398	252,672
PUBLIC SAFETY	10,908,124	10,958,923	10,747,575	211,348
EDUCATION	42,144,080	42,144,080	41,578,154	565,926
PUBLIC WORKS	2,544,537	2,544,537	2,622,262	(77,725)
HUMAN SERVICES	1,134,993	1,161,694	1,125,799	35,895
CULTURE & RECREATION	1,316,089	1,344,089	1,269,017	75,072
EMPLOYEE BENEFITS	15,621,497	15,465,997	15,104,030	361,967
STATE & COUNTY ASSESSMENTS	601,507	601,507	620,842	(19,335)
DEBT SERVICE:				
PRINCIPAL	2,611,000	2,611,000	2,611,000	-
INTEREST	1,026,570	1,002,570	1,000,325	2,245
	<u>82,710,467</u>	<u>82,713,467</u>	<u>81,305,402</u>	<u>1,408,065</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(6,747,369)</u>	<u>(6,750,369)</u>	<u>(2,585,255)</u>	<u>4,165,114</u>
<u>OTHER FINANCING SOURCES (USES):</u>				
OPERATING TRANSFERS IN	3,135,886	3,135,886	3,133,660	(2,226)
OPERATING TRANSFERS OUT	-	-	(24,323)	(24,323)
	<u>3,135,886</u>	<u>3,135,886</u>	<u>3,109,337</u>	<u>(26,549)</u>
NET CHANGE IN FUND BALANCE	(3,611,483)	(3,614,483)	524,082	4,138,565
BUDGETARY FUND BALANCE, BEGINNING OF YEAR	7,711,454	7,711,454	7,711,454	-
BUDGETARY FUND BALANCE, END OF YEAR	\$ 4,099,971	\$ 4,096,971	\$ 8,235,536	\$ 4,138,565

See accompanying notes to the basic financial statements

**TOWN OF FOXBOROUGH, MASSACHUSETTS
 PROPRIETARY FUNDS
 STATEMENT OF NET POSITION
 JUNE 30, 2022**

ASSETS	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS		
	WATER	SEWER	TOTAL
CURRENT:			
CASH AND SHORT-TERM INVESTMENTS	\$ 13,860,128	\$ 1,153,852	\$ 15,013,980
USER FEES	1,836,169	230,419	2,066,588
OTHER ASSETS	-	229	229
TOTAL CURRENT ASSETS	15,696,297	1,384,500	17,080,797
NONCURRENT:			
CAPITAL ASSETS, NET OF ACCUMULATED DEPRECIATION	46,397,291	2,086,149	48,483,440
TOTAL ASSETS	62,093,588	3,470,649	65,564,237
DEFERRED OUTFLOWS OF RESOURCES			
RELATED TO PENSIONS	60,785	27,787	88,572
RELATED TO POSTEMPLOYMENT BENEFITS	71,765	-	71,765
TOTAL DEFERRED INFLOWS OF RESOURCES	132,550	27,787	160,337
 LIABILITIES			
CURRENT:			
ACCOUNTS PAYABLE	2,500,778	79,593	2,580,371
ACCRUED INTEREST	219,671	332	220,003
COMPENSATED ABSENCES	44,511	4,946	49,457
BONDS AND NOTES PAYABLE	2,270,327	9,000	2,279,327
TOTAL CURRENT LIABILITIES	5,035,287	93,871	5,129,158
NONCURRENT:			
COMPENSATED ABSENCES	31,502	3,500	35,002
POSTEMPLOYMENT BENEFITS	240,778	-	240,778
NET PENSION LIABILITY	329,631	150,689	480,320
BONDS AND NOTES PAYABLE	35,611,194	18,000	35,629,194
TOTAL NONCURRENT LIABILITIES	36,213,105	172,189	36,385,294
TOTAL LIABILITIES	41,248,392	266,060	41,514,452
DEFERRED INFLOWS OF RESOURCES			
RELATED TO PENSIONS	149,535	68,359	217,894
RELATED TO POSTEMPLOYMENT BENEFITS	46,040	-	46,040
TOTAL DEFERRED INFLOWS OF RESOURCES	195,575	68,359	263,934
 NET POSITION			
NET INVESTMENT IN CAPITAL ASSETS UNRESTRICTED	17,193,539	2,073,066	19,266,605
	3,588,632	1,090,951	4,679,583
TOTAL NET POSITION	\$ 20,782,171	\$ 3,164,017	\$ 23,946,188

See accompanying notes to the basic financial statements

**TOWN OF FOXBOROUGH, MASSACHUSETTS
 PROPRIETARY FUNDS
 STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
 FISCAL YEAR ENDED JUNE 30, 2022**

	BUSINESS TYPE ACTIVITIES - ENTERPRISE FUNDS		
	WATER	SEWER	TOTAL
<u>OPERATING REVENUES:</u>			
CHARGES FOR SERVICES	\$ 6,805,401	\$ 1,251,330	\$ 8,056,731
DEPARTMENTAL AND OTHER	252,239	163,717	415,956
TOTAL OPERATING REVENUES	7,057,640	1,415,047	8,472,687
<u>OPERATING EXPENSES:</u>			
GENERAL SERVICES	3,729,461	1,625,646	5,355,107
DEPRECIATION	1,519,672	89,492	1,609,164
TOTAL OPERATING EXPENSES	5,249,133	1,715,138	6,964,271
OPERATING INCOME (LOSS)	1,808,507	(300,091)	1,508,416
<u>NON-OPERATING REVENUES (EXPENSES):</u>			
INTERGOVERNMENTAL	13,241	-	13,241
INVESTMENT INCOME	3,781	1,141	4,922
INTEREST EXPENSE	(904,716)	(834)	(905,550)
TOTAL NON-OPERATING REVENUES (EXPENSES), NET	(887,694)	307	(887,387)
INCOME (LOSS) BEFORE OPERATING TRANSFERS	920,813	(299,784)	621,029
<u>OPERATING TRANSFERS:</u>			
OPERATING TRANSFERS IN	17,623	-	17,623
OPERATING TRANSFERS OUT	(1,090,249)	(151,519)	(1,241,768)
TOTAL OPERATING TRANSFERS	(1,072,626)	(151,519)	(1,224,145)
CHANGE IN NET POSITION	(151,813)	(451,303)	(603,116)
NET POSITION AT BEGINNING OF YEAR	20,933,984	3,615,320	24,549,304
NET POSITION AT END OF YEAR	\$ 20,782,171	\$ 3,164,017	\$ 23,946,188

See accompanying notes to the basic financial statements

**TOWN OF FOXBOROUGH, MASSACHUSETTS
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS
 FISCAL YEAR ENDED JUNE 30, 2022**

	<u>BUSINESS TYPE ACTIVITIES - ENTERPRISE FUNDS</u>		
	<u>WATER</u>	<u>SEWER</u>	<u>TOTAL</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>			
RECEIPTS FROM CUSTOMERS AND USERS	\$ 7,487,584	\$ 1,799,293	\$ 9,286,877
PAYMENTS TO SUPPLIERS	(1,871,589)	(1,439,832)	(3,311,421)
PAYMENTS TO EMPLOYEES	<u>(1,566,193)</u>	<u>(166,830)</u>	<u>(1,733,023)</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>4,049,802</u>	<u>192,631</u>	<u>4,242,433</u>
<u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</u>			
OPERATING TRANSFERS IN (OUT)	<u>(1,072,626)</u>	<u>(151,519)</u>	<u>(1,224,145)</u>
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</u>			
PRINCIPAL PAYMENTS ON BONDS AND NOTES	(1,979,924)	(9,000)	(1,988,924)
ACQUISITION AND CONSTRUCTION OF CAPITAL ASSETS	(4,347,114)	(61,610)	(4,408,724)
INTEREST EXPENSE	<u>(1,195,360)</u>	<u>(945)</u>	<u>(1,196,305)</u>
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES:	<u>(7,522,398)</u>	<u>(71,555)</u>	<u>(7,593,953)</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES:</u>			
INTEREST RECEIVED	<u>3,781</u>	<u>1,141</u>	<u>4,922</u>
NET INCREASE (DECREASE) IN CASH AND SHORT TERM INVESTMENTS	(4,541,441)	(29,302)	(4,570,743)
CASH AND SHORT TERM INVESTMENTS - BEGINNING OF YEAR	<u>18,401,569</u>	<u>1,183,154</u>	<u>19,584,723</u>
CASH AND SHORT TERM INVESTMENTS - END OF YEAR	<u>\$ 13,860,128</u>	<u>\$ 1,153,852</u>	<u>\$ 15,013,980</u>
<u>RECONCILIATION OF OPERATING INCOME (LOSS)</u>			
<u>TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</u>			
OPERATING INCOME (LOSS)	<u>\$ 1,808,507</u>	<u>\$ (300,091)</u>	<u>\$ 1,508,416</u>
ADJUSTMENTS TO RECONCILE OPERATING INCOME (LOSS)			
TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:			
DEPRECIATION	1,519,672	89,492	1,609,164
(INCREASE) DECREASE IN ACCOUNTS RECEIVABLE	429,944	384,247	814,191
(INCREASE) DECREASE IN DEFERRED OUTFLOWS OF RESOURCES	(15,885)	8,883	(7,002)
INCREASE (DECREASE) IN ACCOUNTS PAYABLE	285,913	(1,919)	283,994
INCREASE (DECREASE) IN COMPENSATED ABSENCES PAYABLE	(18,372)	(2,041)	(20,413)
INCREASE (DECREASE) IN POSTEMPLOYMENT BENEFITS	112,529	46,572	159,101
INCREASE (DECREASE) IN DEFERRED INFLOWS OF RESOURCES	60,868	28,459	89,327
INCREASE (DECREASE) IN NET PENSION LIABILITY	<u>(133,374)</u>	<u>(60,971)</u>	<u>(194,345)</u>
TOTAL ADJUSTMENTS	<u>2,241,295</u>	<u>492,722</u>	<u>2,734,017</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ 4,049,802</u>	<u>\$ 192,631</u>	<u>\$ 4,242,433</u>

See accompanying notes to the basic financial statements

**TOWN OF FOXBOROUGH, MASSACHUSETTS
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2022**

	POSTEMPLOYMENT BENEFITS TRUST	PRIVATE PURPOSE TRUST FUNDS
<u>ASSETS</u>		
CASH AND SHORT-TERM INVESTMENTS	\$ -	\$ 255,209
INVESTMENTS	12,730,789	186,886
TOTAL ASSETS	12,730,789	442,095
<u>LIABILITIES</u>	-	-
<u>NET POSITION</u>		
HELD IN TRUST FOR PLAN PARTICIPANTS	12,730,789	-
HELD IN TRUST FOR OTHER PURPOSES	-	442,095
TOTAL	\$ 12,730,789	\$ 442,095

See accompanying notes to the basic financial statements

**TOWN OF FOXBOROUGH, MASSACHUSETTS
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FISCAL YEAR ENDED JUNE 30, 2022**

	POSTEMPLOYMENT BENEFITS TRUST	PRIVATE PURPOSE TRUST FUNDS
<u>ADDITIONS:</u>		
CONTRIBUTIONS:		
EMPLOYER CONTRIBUTIONS	\$ 1,064,069	\$ -
EMPLOYER CONTRIBUTIONS TO PAY FOR OPEB BENEFITS	1,727,314	-
NET INVESTMENT INCOME (LOSS):		
INVESTMENT INCOME	(2,295,403)	(6,608)
TOTAL ADDITIONS	495,980	(6,608)
<u>DEDUCTIONS:</u>		
BENEFIT PAYMENTS	1,727,314	-
EDUCATIONAL SCHOLARSHIPS	-	14,000
TOTAL DEDUCTIONS	1,727,314	14,000
CHANGE IN NET POSITION	(1,231,334)	(20,608)
NET POSITION AT BEGINNING OF YEAR	13,962,123	462,703
NET POSITION AT END OF YEAR	\$ 12,730,789	\$ 442,095

See accompanying notes to the basic financial statements

TOWN OF FOXBOROUGH, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying basic financial statements of the Town of Foxborough, Massachusetts (the Town) have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). The Governmental Accounting Standards Board (GASB) is the recognized standard-setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the more significant Town accounting policies:

A. Reporting Entity

Primary Government

The Town is a municipal corporation that is governed by a five member Select Board (the Board). The Board is responsible for appointing a Town Manager whose responsibility is to manage the day to day operations. For financial reporting purposes, the Town has included all funds, organizations, account groups, agencies, boards, commissions and institutions. The Town has also considered all potential component units, blended or discretely presented, for which it is financially accountable as well as other organizations for which the nature and significance of their relationship with the Town are such that exclusion would cause the basic financial statements to be misleading or incomplete. Blended component units, although legally separate entities, are, in substance, part of the government’s operations and discretely presented component units are reported in a separate column in the government-wide financial statements to emphasize that they are legally separate from the government. It has been determined that there are no component units (blended or discretely presented) for inclusion in the primary government’s financial reporting entity.

Joint Venture

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

Name	Purpose	Address	Annual Assessment
Southeastern Regional Vocational Technical High School	To provide vocational education	250 Foundry Street Easton, MA 02375	\$ 772,769

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

TOWN OF FOXBOROUGH, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

B. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

The government-wide financial statements (i.e., statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government. *Governmental activities*, which are primarily supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which are supported primarily by user fees and charges.

Fund Financial Statements

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though fiduciary funds are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. Nonmajor funds are aggregated and displayed in a single column.

Major Fund Criteria

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

- a. If the total assets and deferred outflows of resources, liabilities and deferred inflows of resources, revenues, or expenditures/expenses of an individual governmental or enterprise fund are at least 10 percent of the corresponding element (assets and deferred outflows of resources, liabilities and deferred inflows of resources, etc.) for all funds of that category or type (total governmental or total enterprise funds), and
- b. If the total assets and deferred outflows of resources, liabilities and deferred inflows of resources, revenues, or expenditures/expenses of the individual governmental fund or enterprise fund are at least 5 percent of the corresponding element for all governmental and enterprise funds combined.

Additionally, any other governmental or enterprise fund that management believes is particularly significant to the basic financial statements may be reported as a major fund.

Fiduciary funds are reported by fund type.

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

Government-Wide Financial Statements

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded when the liabilities are incurred. Real estate and personal property taxes are recognized as revenues in the fiscal year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

TOWN OF FOXBOROUGH, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

The statement of activities demonstrates the degree to which the direct expenses of a particular function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include the following:

- a. *Charges to customers* or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment.
- b. *Grants and contributions* that are restricted to meeting the operational requirements of a particular function or segment.
- c. *Grants and contributions* that are restricted to meeting the capital requirements of a particular function or segment.

Taxes and other items not identifiable as program revenues are reported as general revenues.

For the most part, the effect of interfund activity has been removed from the government-wide financial statements. Exceptions are charges between the general fund and the various enterprise funds. Elimination of these charges would distort the direct costs and program revenues reported for the functions affected.

Fund Financial Statements

Governmental Fund Financial Statements

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to pay liabilities of the current period.

Expenditures are recorded when the related fund liability is incurred, except for interest on general long-term debt which is recognized when due, and the non-current portion of compensated absences, capital leases, landfill postclosure care costs, net pension liability, and other postemployment benefits (**OPEB**) which are recognized when the obligations are expected to be liquidated with current expendable available resources.

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

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

TOWN OF FOXBOROUGH, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

The Town reports the following major governmental funds:

- The *General fund* is the primary operating fund of the Town. It is used to account for all financial resources, except those that are required to be accounted for in another fund.
- The *School Building* fund is a capital project fund used to account for the costs related to building the new School.
- The *Nonmajor Governmental funds* consist of other special revenue, capital projects and permanent funds that are aggregated and presented in the nonmajor governmental funds column on the governmental funds financial statements. The following describes the general use of these fund types:
 - The *Special Revenue fund* is used to account for the proceeds of specific revenue sources (other than permanent funds or capital projects funds) that are restricted by law or administrative action to expenditures for specified purposes.
 - The *Capital Projects fund* is used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by enterprise and trust funds).
 - The *Permanent fund* is used to account for financial resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support the governmental programs.

Proprietary Fund Financial Statements

Proprietary fund financial statements are reported using the flow of economic resources measurement focus and use the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded when the liabilities are incurred.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the proprietary funds principal ongoing operations. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The following major proprietary funds are reported:

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

Fiduciary Fund Financial Statements

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

TOWN OF FOXBOROUGH, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

The following fiduciary fund types are reported:

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

D. Cash and Investments

Government-Wide and Fund Financial Statements

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

E. Fair Value Measurements

The Town reports required types of financial instruments in accordance with the fair value standards. These standards require an entity to maximize the use of observable inputs (such as quoted prices in active markets) and minimize the use of unobservable inputs (such as appraisals or valuation techniques) to determine fair value. Fair value standards also require the government to classify these financial instruments into a three-level hierarchy, based on the priority of inputs to the valuation technique or in accordance with net asset value practical expedient rules, which allow for either Level 2 or Level 3 depending on lock up and notice periods associated with the underlying funds. Instruments measured and reported at fair value are classified and disclosed in one of the following categories:

Level 1 – Quoted prices are available in active markets for identical instruments as of the reporting date. Instruments, which are generally included in this category, include actively traded equity and debt securities, U.S. government obligations, and mutual funds with quoted market prices in active markets.

Level 2 – Pricing inputs are other than quoted in active markets, which are either directly or indirectly observable as of the reporting date, and fair value is determined through the use of models or other valuation methodologies. Certain fixed income securities, primarily corporate bonds, are classified as Level 2 because fair values are estimated using pricing models, matrix pricing, or discounted cash flows.

TOWN OF FOXBOROUGH, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

Level 3 – Pricing inputs are unobservable for the instrument and include situations where there is little, if any, market activity for the instrument. The inputs into the determination of fair value require significant management judgment or estimation. In some instances the inputs used to measure fair value may fall into different levels of the fair value hierarchy and is based on the lowest level of input that is significant to the fair value measurement. Market price is affected by a number of factors, including the type of instrument and the characteristics specific to the instrument. Instruments with readily available active quoted prices generally will have a higher degree of market price observability and a lesser degree of judgment used in measuring fair value. It is reasonably possible that change in values of these instruments will occur in the near term and that such changes could materially affect amounts reported in these financial statements. For more information on the fair value of the Town’s financial instruments, see Note 3 – Fair Market Value of Investments.

F. Accounts Receivable

Government-Wide and Fund Financial Statements

The recognition of revenue related to accounts receivable reported in the government-wide financial statements and proprietary and fiduciary funds financial statements are reported under the accrual basis of accounting. The recognition of revenue related to accounts receivable reported in the governmental funds financial statements are reported under the modified accrual basis of accounting.

Real Estate, Personal Property Taxes and Tax Liens

Real estate and personal property taxes are based on values assessed as of each January 1 and are normally due on the subsequent August 1, November 1, February 1, and May 1. Property taxes that remain unpaid after the respective due dates are subject to penalties and interest charges. By law, all taxable property in the Commonwealth must be assessed at 100% of fair market value. Once levied, which is required to be at least 30 days prior to the due date, these taxes are recorded as receivables in the fiscal year of levy.

Based on the Town’s experience, most property taxes are collected during the year in which they are assessed. The lien of properties on which taxes remain unpaid occurs annually. The Town ultimately has the right to foreclose on all properties where the taxes remain unpaid.

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

Real estate receivables are secured via the tax lien process and are considered 100% collectible. Accordingly, an allowance for uncollectibles is not reported.

Personal property taxes cannot be secured through the lien process. The allowance of uncollectibles is estimated based on historical trends and specific account analysis.

TOWN OF FOXBOROUGH, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

Motor Vehicle Excise

Motor vehicle excise taxes are assessed annually for each vehicle registered in the Town and are recorded as receivables in the fiscal year of the levy. The Commonwealth is responsible for reporting the number of vehicles registered and the fair values of those vehicles. The tax calculation is the fair value of the vehicle multiplied by \$25 per \$1,000 of value.

The allowance for uncollectibles is estimated based on historical trends and specific account analysis.

Water and Sewer

User fees are levied (monthly, quarterly and semi-annually) based on residential and commercial meter readings and are subject to penalties and interest if they are not paid by the respective due date. Water and sewer liens are processed in December of every year and included as a lien on the property owner's tax bill. Water and sewer charges and related liens are recorded as receivables in the fiscal year of the levy.

Since the receivables are secured via the lien process, these accounts are considered 100% collectible and therefore do not report an allowance for uncollectibles.

Departmental and Other

Departmental and other receivables consist primarily of Ambulance receivables and are recorded as receivables in the fiscal year accrued. The allowance for uncollectibles is estimated based on historical trends and specific account analysis.

Intergovernmental

Various federal and state grants for operating and capital purposes are applied for and received annually. For non-expenditure driven grants, receivables are recognized as soon as all eligibility requirements imposed by the provider have been met. For expenditure driven grants, receivables are recognized when the qualifying expenditures are incurred and all other grant requirements are met.

These receivables are considered 100% collectible and therefore do not report an allowance for uncollectibles.

Leases Receivables

The Town determines if an arrangement is a lease at inception. Leases are included in lease receivables and deferred inflows of resources in the statement of net position.

Lease receivables represents the Town's claim to lease payments over the lease term, as specified in the contract, in an exchange or exchange-like transaction. Lease receivables are recognized at the commencement date. Interest revenue is recognized ratably over the contract term.

Deferred inflows of resources related to leases are recognized at the commencement date based on the initial measurement of the lease receivable, plus any payments received from the lease before the commencement of the lease term. The deferred inflows related leases are recognized as lease revenue in a systematic and rational manner over the lease term.

TOWN OF FOXBOROUGH, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

The Town has elected to recognize payments received for short-term leases with a lease term of 12 months or less as revenue as the payments are received. These leases are not included as lease receivables or deferred inflows on the statements of net position.

The individual lease contracts do not provide information about the discount rate implicit in the lease. Therefore, the Town has elected to use their borrowing rate at the time of the contract to calculate the present value of expected lease payments.

G. Inventories

Government-Wide and Fund Financial Statements

Inventories of the governmental funds and the water and sewer enterprise funds are recorded as expenditures at the time of purchase. Such inventories are not material in total to the basic financial statements, and therefore are not reported.

H. Capital Assets

Government-Wide and Proprietary Fund Financial Statements

Capital assets, which include land, vehicles, buildings and improvements, capital improvements, machinery and equipment, software, infrastructure (e.g., water mains, sewer mains, roadways, and similar items), and construction in progress are reported in the applicable governmental or business-type activities column of the government-wide financial statements, and the proprietary fund financial statements. Capital assets are recorded at historical cost, or at estimated historical cost, if actual historical cost is not available. Donated capital assets are recorded at the estimated fair market value at the date of donation. Except for the capital assets of the governmental activities column in the government-wide financial statements, construction period interest is capitalized on constructed capital assets if material.

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

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

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

TOWN OF FOXBOROUGH, MASSACHUSETTS
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The cost of normal maintenance and repairs that do not add to the value of the assets or materially extend asset lives are not capitalized and are treated as expenses when incurred. Improvements are capitalized.

Governmental Fund Financial Statements

Capital asset costs are recorded as expenditures in the fiscal year of purchase for the various funds.

I. Interfund Receivables and Payables

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

Government-Wide Financial Statements

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

Fund Financial Statements

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

J. Interfund Transfers

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

Government-Wide Financial Statements

Operating transfers between and within governmental funds are eliminated from the governmental activities in the statement of net position. Any residual balances outstanding between the governmental activities and business-type activities are reported in the statement of activities as "Transfers, net".

Fund Financial Statements

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

TOWN OF FOXBOROUGH, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

K. Deferred Outflows/Inflows of Resources

Government-Wide Financial Statements (Net Position)

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/ expenditure) until then. The Town reported deferred outflows of resources related to postemployment benefits and pensions in this category.

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

Governmental Funds Financial Statements

In addition to liabilities, the governmental funds balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents assets that have been recorded in the governmental fund financial statements but the revenue is not available and so will not be recognized as an inflow of resources (revenue) until it becomes available. The Town has recorded unavailable revenue as deferred inflows of resources in the governmental funds balance sheet. Unavailable revenue is recognized as revenue in the conversion to the government-wide (full accrual) financial statements.

L. Net Position and Fund Equity

Government-Wide Financial Statements (Net Position)

Net position is classified into three components:

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

Net position have been “restricted” for the following:

- *Permanent funds – expendable* represents amounts held in trust for which the expenditures are restricted by various trust agreements.
- *Permanent funds – nonexpendable* represents amounts held in trust for which only investment earnings may be expended.

TOWN OF FOXBOROUGH, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

- *Other specific purposes* represent restrictions placed on assets from outside parties.
- c. *Unrestricted net position* – All other net position that do not meet the definition of “restricted” or “net investment in capital assets”

Fund Financial Statements (Fund Balances)

The Town uses the following criteria for fund balance classification:

- For *nonspendable* fund balance: includes amounts that cannot be spent because they are either (1) not in spendable form or (2) legally or contractually required to be maintained intact.
- For *restricted* fund balance: when constraints placed on the use of the resources are either (1) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (2) imposed by law through constitutional provisions or enabling legislation.
- For *committed* fund balance: (1) the government’s highest level of decision-making authority and (2) the formal action that is required to be taken to establish (and modify or rescind) a fund balance commitment.
- For *assigned* fund balance: (1) the body or official authorized to assign amounts to a specific purpose and (2) the policy established by the governing body pursuant to which the authorization is given.
- For *unassigned* fund balance: is the residual classification for the general fund. In other governmental funds, if expenditures incurred for specific purposes exceeded the amounts restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance.

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

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

M. Long-term debt

Government-Wide and Proprietary Fund Financial Statements

Long-term debt is reported as liabilities in the government-wide and proprietary fund statement of net position. Material bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

TOWN OF FOXBOROUGH, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

Lease Payable

The Town determines if an arrangement is a lease at inception. Leases are included in lease assets and lease liabilities in the statement of net position.

Lease assets represents the Town's control of the right to use an underlying asset for the lease term, as specified in the contract, in an exchange or exchange-like transaction. Lease assets are recognized at commencement date based on the initial measurement of the lease liability, plus any payments made to the lessor at or before the commencement of the lease term and certain direct costs. Lease assets are amortized in a systematic and rational manner over the shorter of the lease term or the useful life of the underlying asset.

Lease liabilities represent the Town's obligation to make lease payments arising from the lease. Lease liabilities are recognized at the commencement date based on the present value of expected lease payments over the lease term, less any lease incentives. Interest expense is recognized ratably over the contract term.

The Town has elected to recognize payments received for short-term leases with a lease term of 12 months or less as expenses as incurred, and these leases are not included as lease liabilities or right-to-use lease assets on the statements of net position.

Governmental Fund Financial Statements

The face amount of governmental funds long-term debt is reported as other financing sources. Bond premiums and discounts, as well as issuance costs, are recognized in the current period. Bond premiums are reported as other financing sources and bond discounts are reported as other financing uses. Issuance costs, whether or not withheld from the actual bond proceeds received, are reported as general government expenditures.

N. Investment Income

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

O. Compensated Absences

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

Government-Wide and Proprietary Fund Financial Statements

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

TOWN OF FOXBOROUGH, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

Governmental Fund Financial Statements

The portion of the liability related to unused sick and vacation time that has matured or is due as of June 30, 2022 is recorded in the governmental fund financial statement.

P. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Norfolk County Retirement System (NCRS) and the Massachusetts Teachers Retirement System (MTRS), additions to/deductions from the System's fiduciary net position have been determined on the same basis as they are reported by the Systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Q. Post-Retirement Benefits

Government-Wide and Fund Financial Statements

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

R. Use of Estimates

Government-Wide and Fund Financial Statements

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

TOWN OF FOXBOROUGH, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

S. Total Column

Government-Wide Financial Statements

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

Fund Financial Statements

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

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Basis of Accounting

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

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

Original and supplemental appropriations are enacted upon by a Town Meeting vote. Management may not amend the budget without seeking the approval of the governing body. The Town's Advisory Committee can legally transfer funds from its reserve fund to other appropriations within the budget without seeking Town Meeting approvals. Also, as per Chapter 77 of the Acts 2007, the Town Manager with the concurrence of the Advisory Committee can make transfers in accordance with the limitations of this state statute. The original fiscal year 2022 approved budget authorized \$82,172,576 in current year appropriations and other amounts to be raised and \$537,891 in articles carried forward from previous fiscal years. Supplemental appropriation of \$3,000 was approved at one Town Meeting for fiscal year 2022.

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

TOWN OF FOXBOROUGH, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

B. Budgetary – GAAP Reconciliation

For budgetary financial reporting purposes, the Uniform Municipal Accounting System basis of accounting (established by the Commonwealth) is followed, which differs from the GAAP basis of accounting. A reconciliation of budgetary-basis to GAAP-basis results for the general fund for the fiscal year ended June 30, 2022, is presented below:

Net change in fund balance - budgetary basis		\$ 524,082
Basis of accounting differences:		
Net stabilization fund activity		(77,581)
Increase in revenue for on-behalf payments - MTRS		5,581,665
Increase in expenditures for on-behalf payments - MTRS		(5,581,665)
Interest Expenses		(51,453)
Adjustment for Current Year Encumbrances		960,941
Adjustment for Current Year Articles		516,260
Adjustment for expenditures from prior year encumbrances		<u>(562,667)</u>
Net change in fund balance - GAAP basis		<u>\$ 1,309,582</u>

C. Excess of Expenditures over Appropriations

For the fiscal year ended June 30, 2022, actual expenditures exceeded appropriations for the snow and ice. These over-expenditures will be funded by available funds during fiscal year 2023, as is allowed by Massachusetts General Laws (MGL).

D. Deficit Fund Balances

Several individual fund deficits exist within the special revenue funds. These individual deficits will be eliminated through subsequent fiscal year budget transfers, grants, and/or proceeds from long term debt during fiscal year 2023.

NOTE 3 – DEPOSITS AND INVESTMENTS

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

TOWN OF FOXBOROUGH, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

Deposits

- *Custodial Credit Risk - Deposits*

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

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

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

The following table illustrates how much of the Town’s bank deposits are insured, and how much of the Town’s bank deposits are uninsured, uncollateralized, or collateral held by the pledging bank’s trust department not in the Town’s name as of June 30, 2022:

Total bank balances		<u><u>\$ 39,160,557</u></u>
Bank balances covered by deposit insurance		
Federal Deposit Insurance Corporation (FDIC)	2,295,313	
Depositor's Insurance Fund (DIF)	<u>9,754,752</u>	
Total bank balances covered by deposit insurance		12,050,065
Balances subject to custodial credit risk		
Bank balances collateralized with securities held by the pledging financial institutions trust department or agent but not in the Town's name	18,691,432	
Bank balances uninsured & uncollateralized	<u>8,419,060</u>	
Total bank balances subject to custodial credit risk		<u>27,110,492</u>
Total bank balances		<u><u>\$ 39,160,557</u></u>

TOWN OF FOXBOROUGH, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

Investments

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

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

- **Credit Risk**

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

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

Investment type	Fair value	Minimum Legal Rating	Rating as of Year End						
			Aaa	A1	A2	A3	Baa1	Baa2	Unrated
Corporate Bonds	\$ 2,041,583	N/A	\$ 17,727	\$ 402,996	\$ 326,864	\$ 207,294	\$ 426,878	\$ 659,824	\$ -
Common Stock	90,957	N/A	-	-	-	-	-	-	90,957
Fixed income mutual funds	3,657,281	N/A	-	-	-	-	-	-	3,657,281
Equity mutual funds	9,565,291	N/A	-	-	-	-	-	-	9,565,291
Money market mutual funds	502,766	N/A	-	-	-	-	-	-	502,766
U.S. Government Agencies & Securities	1,073,688	N/A	1,033,640	-	-	-	-	-	40,048
Certificate of Deposit	552,767	N/A	-	-	-	-	-	-	552,767
Total Investments	\$ 17,484,333		\$ 1,051,367	\$ 402,996	\$ 326,864	\$ 207,294	\$ 426,878	\$ 659,824	\$ 14,409,110

- **Custodial Credit Risk**

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

TOWN OF FOXBOROUGH, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

- *Interest Rate Risk*

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

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

Investment type	Fair value	Investment maturities (in years)	
		Less than 1	1-5
<i>Debt Related Securities:</i>			
Corporate bonds	\$ 2,041,583	\$ 207,294	\$ 1,834,289
Fixed income mutual funds	3,657,281	3,657,281	-
U.S. Government & Agency	1,073,688	456,634	617,054
Certificate of deposit	<u>552,767</u>	<u>406,935</u>	<u>145,832</u>
Total - Debt related securities	<u>7,325,319</u>	<u>4,728,144</u>	<u>2,597,175</u>
<i>Other Investments:</i>			
Equity mutual funds	9,565,291	9,565,291	-
Money market mutual funds	502,766	502,766	-
Common Stock	<u>90,957</u>	<u>90,957</u>	<u>-</u>
Total Other Investments	<u>10,159,014</u>	<u>10,159,014</u>	<u>-</u>
Total Investments	<u>\$ 17,484,333</u>	<u>\$ 14,887,158</u>	<u>\$ 2,597,175</u>

- *Concentration of Credit Risk*

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

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

TOWN OF FOXBOROUGH, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

More than 5% of the Town's investments are in the following securities:

<u>Issuer</u>	<u>Percentage of Total Investments</u>
Alger Focus Equity CLZ	7.56%
Carillon Eagle Growth & Inc.	9.56%

Fair Market Value of Investments

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

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

TOWN OF FOXBOROUGH, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

The Town has the following recurring fair value measurement as of June 30, 2022.

Investment Type	June 30, 2022	Fair Value Measurements Using		
		Quoted Price in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Debt securities				
Certificate of Deposit	\$ 552,767	\$ 552,767	\$ -	\$ -
U.S. Government Agencies	1,073,688	1,073,688	-	-
Corporate Bonds	2,041,583	-	2,041,583	-
Fixed Income Mutual Funds	3,657,281	-	3,657,281	-
Total debt securities	7,325,319	1,626,455	5,698,864	-
Other Investments				
Common Stock	90,957	90,957	-	-
Mutual Funds	502,766	502,766	-	-
Equity Mutual Funds	9,565,291	9,565,291	-	-
Total other investments	10,159,014	10,159,014	-	-
Total investments measured at fair value	17,484,333	\$ 11,785,469	\$ 5,698,864	\$ -
Investments measured at amortized cost				
Massachusetts Municipal Depository Trust - (MMDT)	4,553,354			
Total Investments	<u>\$ 22,037,687</u>			

Certificate of Deposit, U.S. Government Agencies, Common Stock, Mutual Funds, and Equity Mutual Funds classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Corporate bonds and fixed income mutual funds classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities relationship to benchmark quoted prices.

Massachusetts Municipal Depository Trust (MMDT) investments are valued at amortized cost. Under the amortized cost method an investment is valued initially at its cost and adjusted for the amount of interest income accrued each day over the term of the investment to account for any difference between the initial cost and the amount payable at its maturity. If amortized cost is determined not to approximate fair value, the value of the portfolio securities will be determined under procedures established by the Advisor.

TOWN OF FOXBOROUGH, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 4 – RECEIVABLES

The receivables at June 30, 2022 for the Town’s individual major, and nonmajor governmental in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

Receivables	Gross Amount	Allowance for Uncollectibles	Net Amount
Real estate taxes	\$ 372,578	\$ -	\$ 372,578
Personal property taxes	204,991	(159,600)	45,391
Real estate and personal property taxes	577,569	(159,600)	417,969
Tax liens	1,465,441	-	1,465,441
Motor vehicle excise taxes	522,372	(106,000)	416,372
Departmental and other	775,708	(132,145)	643,563
Leases	1,044,662	-	1,044,662
Intergovernmental	1,269,706	-	1,269,706
Total	<u>\$ 5,655,458</u>	<u>\$ (397,745)</u>	<u>\$ 5,257,713</u>

The receivables at June 30, 2022, for the enterprise funds consist of the following:

Receivables:	Gross Amount	Allowance for Uncollectibles	Net Amount
<i>Water</i>			
User fees	\$ 1,836,169	\$ -	\$ 1,836,169
<i>Sewer</i>			
User fees	230,419	-	230,419
Total	<u>\$ 2,066,588</u>	<u>\$ -</u>	<u>\$ 2,066,588</u>

TOWN OF FOXBOROUGH, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

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

Deferred Inflows of Resources Analysis

Deferred Inflows:	General Fund	Nonmajor Governmental Funds	Total
Deferred Property Taxes	\$ 275,482	\$ -	\$ 275,482
Deferred Other Revenue	1,882,314	643,063	2,525,377
Total	<u>\$ 2,157,796</u>	<u>\$ 643,063</u>	<u>\$ 2,800,859</u>

TOWN OF FOXBOROUGH, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 5 – CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2022, was as follows:

Governmental Activities:	Beginning Balance	Increases	Decreases & Reclassifications	Ending Balance
<i>Capital assets not being depreciated:</i>				
Land	\$ 6,537,225	\$ -	\$ -	\$ 6,537,225
Construction in progress	27,257,214	3,851,917	(274,250)	30,834,881
Total capital assets not being depreciated	33,794,439	3,851,917	(274,250)	37,372,106
<i>Capital assets being depreciated:</i>				
Buildings and improvements	101,611,049	-	-	101,611,049
Capital improvements (other than buildings)	1,641,561	171,053	-	1,812,614
Machinery and equipment	10,889,588	507,326	-	11,396,914
Vehicles	17,211,975	1,480,186	-	18,692,161
Software	822,790	-	-	822,790
Infrastructure	31,041,816	397,305	274,250	31,713,371
Total capital assets being depreciated	163,218,779	2,555,870	274,250	166,048,899
<i>Less accumulated depreciation for:</i>				
Buildings and improvements	(48,204,037)	(2,498,106)	-	(50,702,143)
Capital improvements (other than buildings)	(758,691)	(118,606)	-	(877,297)
Machinery and equipment	(7,338,116)	(916,022)	-	(8,254,138)
Vehicles	(13,387,840)	(877,127)	-	(14,264,967)
Software	(822,790)	-	-	(822,790)
Infrastructure	(13,090,283)	(708,695)	-	(13,798,978)
Total accumulated depreciation	(83,601,757)	(5,118,556)	-	(88,720,313)
Total capital assets being depreciated, net	79,617,022	(2,562,686)	274,250	77,328,586
Total governmental activities capital assets, net	\$ 113,411,461	\$ 1,289,231	\$ -	\$ 114,700,692

TOWN OF FOXBOROUGH, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

Business-Type Activities:	Beginning Balance	Increases	Decreases & Reclassifications	Ending Balance
<i>Capital assets not being depreciated:</i>				
Land	\$ 692,282	\$ -	\$ -	\$ 692,282
Construction in progress	<u>6,062,128</u>	<u>4,225,498</u>	<u>(532,733)</u>	<u>9,754,893</u>
Total capital assets not being depreciated	<u>6,754,410</u>	<u>4,225,498</u>	<u>(532,733)</u>	<u>10,447,175</u>
<i>Capital assets being depreciated:</i>				
Machinery and equipment	4,349,191	-	-	4,349,191
Building and building improvements	178,423	-	-	178,423
Vehicles	1,061,988	-	-	1,061,988
Infrastructure	<u>45,915,716</u>	<u>2,061,610</u>	<u>532,733</u>	<u>48,510,059</u>
Total capital assets being depreciated	<u>51,505,318</u>	<u>2,061,610</u>	<u>532,733</u>	<u>54,099,661</u>
<i>Less accumulated depreciation for:</i>				
Machinery and equipment	(2,668,368)	(434,919)	-	(3,103,287)
Building and building improvements	(9,470)	(4,460)	-	(13,930)
Vehicles	(700,652)	(79,316)	-	(779,968)
Infrastructure	<u>(11,075,742)</u>	<u>(1,090,469)</u>	<u>-</u>	<u>(12,166,211)</u>
Total accumulated depreciation	<u>(14,454,232)</u>	<u>(1,609,164)</u>	<u>-</u>	<u>(16,063,396)</u>
Total capital assets being depreciated, net	<u>37,051,086</u>	<u>452,446</u>	<u>532,733</u>	<u>38,036,265</u>
Total business-type activities capital assets, net	<u>\$ 43,805,496</u>	<u>\$ 4,677,944</u>	<u>\$ -</u>	<u>\$ 48,483,440</u>

TOWN OF FOXBOROUGH, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

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

Governmental Activities:	
General government	\$ 364,125
Public safety	1,275,371
Education	2,066,012
Public works	1,063,499
Human services	33,783
Culture and recreation	315,766
 Total depreciation expense - governmental activities	 \$ 5,118,556

Business-Type Activities:	
Water	\$ 1,519,672
Sewer	89,492
 Total depreciation expense - business-type activities	 \$ 1,609,164

NOTE 6 – CAPITAL LEASES

The Town has entered into a lease agreements as lessee for financing the acquisition of fire engine, 2 ambulances and stryker cots, and Elgin Street Sweeper. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of the future minimum lease payments as of the inception date.

The assets acquired through the capital leases are as follows:

	Governmental Activities
Assets:	
Vehicles	\$ 1,200,000
Machinery & Equipment	238,556
Less: Accumulated depreciation	(108,950)
	\$ 1,329,606

TOWN OF FOXBOROUGH, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

The future minimum lease obligations and the net present value of the minimum lease payments as of June 30, 2022, are as follows:

<u>Year Ending June 30</u>	<u>Governmental Activities</u>
2023	\$ 258,367
2024	258,367
2025	207,137
2026	207,137
2027	<u>207,137</u>
Total minimum lease payments	1,138,145
Less: amounts representing interest	<u>(81,089)</u>
Present value of minimum lease payments	<u><u>\$ 1,057,056</u></u>

NOTE 7 – LEASES (LESSOR)

The Town leases space on an existing Tower located at the Public Safety Building to New Cingular Wireless and Cellco Partnership (Verizon Wireless) for various terms under long-term, lease agreements. The leases expire at various dates through 2041.

The future minimum lease payments under lease agreements are as follows:

<u>Year Ending June 30</u>	<u>Total Payemnt</u>	<u>Less Interest</u>	<u>Principal</u>
2023	\$ 67,689	\$ (6,416)	\$ 61,273
2024	69,043	(7,805)	61,238
2025	70,424	(9,220)	61,204
2026	71,833	(10,660)	61,173
2027	73,269	(12,126)	61,143
2028-2032	388,922	(83,596)	305,326
2033 and thereafter	<u>592,229</u>	<u>(158,924)</u>	<u>433,305</u>
Total minimum lease payments	<u><u>\$ 1,333,409</u></u>	<u><u>\$ (288,747)</u></u>	<u><u>\$ 1,044,662</u></u>

TOWN OF FOXBOROUGH, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 8 – INTERFUND TRANSFERS

Interfund transfers for the fiscal year ended June 30, 2022, are summarized as follows:

Operating Transfers Out:	Operating Transfers In:			Total	
	General Fund	Nonmajor Governmental Funds	Water Enterprise Fund		
Nonmajor Governmental Funds	\$ 1,855,865	\$ -	\$ -	\$ 1,855,865	(1)
Nonmajor Governmental Funds	36,027	-	-	36,027	(3)
General Fund	-	6,700	17,623	24,323	(3)
Water Enterprise Fund	1,090,249	-	-	1,090,249	(2)
Sewer Enterprise Fund	151,519	-	-	151,519	(2)
Total	<u>\$ 3,133,660</u>	<u>\$ 6,700</u>	<u>\$ 17,623</u>	<u>\$ 3,157,983</u>	

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

NOTE 9 – SHORT-TERM FINANCING

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

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

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

There were no short-term borrowings in Fiscal Year 2022.

TOWN OF FOXBOROUGH, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 10 – LONG-TERM DEBT

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

The following is a summary of the changes in long-term debt for the year ended June 30, 2022:

Bonds and Notes Payable Schedule -Governmental Funds

Project	Interest Rate (%)	Outstanding at June 30, 2021	Issued	Redeemed	Outstanding at June 30, 2022
High School renovation	3.35	\$ 4,680,000	\$ -	\$ 520,000	\$ 4,160,000
Library renovation	2.79	3,900,000	-	355,000	3,545,000
Title V	0.00	360,000	-	30,000	330,000
School - Ahern Middle	1.21	65,000	-	65,000	-
Land Acquisition - Mill St.	1.21	215,000	-	75,000	140,000
Ahern School	1.40	781,000	-	199,000	582,000
Public Safety	1.60	1,263,000	-	217,000	1,046,000
Public Safety	1.41	1,472,000	-	379,000	1,093,000
School Remodeling	1.30	18,000	-	6,000	12,000
Town Hall	2.09	5,135,000	-	345,000	4,790,000
Burrell School Renovation	3.27	13,045,000	-	450,000	12,595,000
Total Bonds and Notes Payable		30,934,000	-	2,641,000	28,293,000
Add: Unamortized Premium		1,933,920	-	204,915	1,729,005
Total		\$ 32,867,920	\$ -	\$ 2,845,915	\$ 30,022,005

TOWN OF FOXBOROUGH, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

The annual debt service requirements for principal and interest for Governmental bonds and notes outstanding at June 30, 2022 are as follows:

Fiscal Year	Principal	Interest	Total
2023	\$ 2,586,000	\$ 955,269	\$ 3,541,269
2024	2,596,000	859,714	3,455,714
2025	2,531,000	763,833	3,294,833
2026	2,005,000	678,569	2,683,569
2027	2,030,000	599,669	2,629,669
2028-2032	8,505,000	1,958,575	10,463,575
2033-2037	5,375,000	785,169	6,160,169
2038-2042	2,665,000	137,531	2,802,531
Total	\$ 28,293,000	\$ 6,738,329	\$ 35,031,329

Bonds and Notes Payable Schedule -Water and Sewer Enterprise Funds

Project	Interest Rate (%)	Outstanding at June 30, 2021	Issued	Redeemed	Outstanding at June 30, 2022
Water	2.79	\$ 3,190,000	\$ -	\$ 290,000	\$ 2,900,000
Water	2.00	1,915,818	-	223,052	1,692,766
Water Reuse	1.21	205,000	-	105,000	100,000
Water	1.21	335,000	-	170,000	165,000
Water	Var.	75,000	-	35,000	40,000
Water	1.21	6,907	-	2,302	4,605
Sewer	Var.	36,000	-	9,000	27,000
Water	Var.	13,750,000	-	550,000	13,200,000
Water	Var.	9,355,000	-	325,000	9,030,000
Water Systems Improvement	Var.	8,600,000	-	290,000	8,310,000
Total Bonds and Notes Payable		37,468,725	-	1,999,354	35,469,371
Add: Unamortized Premium		2,706,583	-	267,433	2,439,150
Total		\$ 40,175,308	\$ -	\$ 2,266,787	\$ 37,908,521

TOWN OF FOXBOROUGH, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

The annual debt service requirements for principal and interest for water and sewer enterprise fund bonds and notes outstanding at June 30, 2022 are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 2,023,861	\$ 1,124,349	\$ 3,148,210
2024	1,753,458	1,048,794	2,802,252
2025	1,795,846	976,734	2,772,580
2026	1,826,631	905,614	2,732,245
2027	1,866,511	832,783	2,699,294
2028-2032	9,203,064	3,147,568	12,350,632
2033-2037	8,025,000	1,838,044	9,863,044
2038-2042	6,775,000	782,856	7,557,856
2043-2046	<u>2,200,000</u>	<u>165,000</u>	<u>2,365,000</u>
Total	<u>\$ 35,469,371</u>	<u>\$ 10,821,742</u>	<u>\$ 46,291,113</u>

Loans Authorized and Unissued

As of June 30, 2022, the Town has a loan authorized and unissued as follows:

<u>Description</u>	<u>Date Authorized</u>	<u>Amount</u>
Conservation - Land Acquisition	5/13/1986	\$ 130,000
Burrell Elementary School Renovation	10/1/2018	1,722,410
Additional Burrell Elementary School Renovation	5/13/2019	64,000
Total		<u>\$ 1,916,410</u>

TOWN OF FOXBOROUGH, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

Changes in Long-term Liabilities

The following is a summary of changes in long-term liabilities for the year ended June 30, 2022:

<u>Governmental Activities:</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Current Portion</u>
Bonds and notes payable	\$ 30,934,000	\$ -	\$ (2,641,000)	\$ 28,293,000	\$ 2,586,000
Add: Unamortized Premium	1,933,920	-	(204,915)	1,729,005	194,357
Total Bonds and Notes Payable	32,867,920	-	(2,845,915)	30,022,005	2,780,357
Compensated absences	1,856,836	68,957	-	1,925,793	673,949
Postemployment Benefits	25,622,958	6,121,464	-	31,744,422	-
Capital Leases	193,475	960,000	(96,419)	1,057,056	229,979
Net pension liability	32,397,203	-	(9,332,410)	23,064,793	-
Landfill postclosure care costs	296,000	-	(37,000)	259,000	37,000
 Total governmental activities long-term liabilities	 <u>\$ 93,234,392</u>	 <u>\$ 7,150,421</u>	 <u>\$(12,311,744)</u>	 <u>\$ 88,073,069</u>	 <u>\$ 3,721,285</u>
 <u>Business-Type Activities:</u>	 <u>Beginning Balance</u>	 <u>Additions</u>	 <u>Reductions</u>	 <u>Ending Balance</u>	 <u>Current Portion</u>
Bonds and notes payable	\$ 37,468,725	\$ -	\$ (1,999,354)	\$ 35,469,371	\$ 2,023,861
Add: Unamortized Premiums	2,706,583	-	(267,433)	2,439,150	255,466
Total Bonds and Notes Payable	40,175,308	-	(2,266,787)	37,908,521	2,279,327
Compensated absences	104,872	-	(20,413)	84,459	49,457
Net pension liability	674,666	-	(194,346)	480,320	-
Postemployment Benefits	128,249	112,529	-	240,778	-
 Total business-type activities long-term liabilities	 <u>\$ 41,083,095</u>	 <u>\$ 112,529</u>	 <u>\$ (2,481,546)</u>	 <u>\$ 38,714,078</u>	 <u>\$ 2,328,784</u>

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

TOWN OF FOXBOROUGH, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

Overlapping Debt

The Town pays assessments under formulas which include debt service payments to other governmental agencies providing services to the Town, (commonly referred to as overlapping debt). The following summary sets forth the long-term debt of such governmental agencies and the estimated share being financed by the Town as of June 30, 2022:

Agency	Total Long- Term Debt Outstanding	Town's Estimated Share	Town's Indirect Debt
Norfolk County	\$ 14,845,000	2.12%	\$ 314,714
Southeastern Regional Vocational Technical High School	<u>10,985,000</u>	<u>2.90%</u>	<u>318,565</u>
Total	<u>\$ 25,830,000</u>		<u>\$ 633,279</u>

Conduit Debt

On June 30, 2000, the Town issued \$69,810,000 in Foxborough Stadium Infrastructure Improvement Bonds. The Bonds are issued pursuant to Chapter 16 of the Acts of 1999 of the Commonwealth of Massachusetts and the Trust Indenture dated as of June 1, 2000. The bonds are payable solely from the trust assets, consisting of assigned rights to receive contract assistance payments from the Commonwealth of Massachusetts under the contract in an amount sufficient to pay the principal of, premium, if any, and interest on the Bonds, and other funds specifically pledged for the payment of the Bonds under the Trust Indenture. The Bonds are not a general obligation of the Town or the Commonwealth of Massachusetts. The contract assistance agreement is a general obligation of the Commonwealth of Massachusetts for which the full faith and credit of the Commonwealth of Massachusetts is pledged for the benefit of the Town. As of June 30, 2022, the total amount of conduit debt outstanding was \$14,340,000.

TOWN OF FOXBOROUGH, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 11 – GOVERNMENTAL FUND BALANCE CLASSIFICATIONS

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

	GENERAL FUND	SCHOOL BUILDING MAJOR FUND	NONMAJOR GOVERNMENTAL FUNDS	TOTAL
Fund Balances				
Nonspendable:				
Permanent Fund Principal	\$ -	\$ -	\$ 174,565	\$ 174,565
Restricted For:				
General Government	-	-	1,835,386	1,835,386
Public Safety	-	-	3,646,031	3,646,031
Education	-	-	2,851,661	2,851,661
Public Works	-	-	608,302	608,302
Human Services	-	-	736,186	736,186
Culture & Recreation	-	-	920,301	920,301
Employee Benefits	-	-	704,677	704,677
Debt Service	373,174	-	-	373,174
Major - School Project	-	990,840	-	990,840
Expendable Trust Funds	-	-	239,235	239,235
	<u>373,174</u>	<u>990,840</u>	<u>11,541,779</u>	<u>12,905,793</u>
Committed To:				
Continuing Appropriations				
General Government	111,931	-	-	111,931
Public Safety	24,124	-	-	24,124
Education	328,600	-	-	328,600
Culture & Recreation	51,605	-	-	51,605
	<u>516,260</u>	<u>-</u>	<u>-</u>	<u>516,260</u>
Assigned To:				
Encumbered For:				
General Government	25,700	-	-	25,700
Education	1,314,825	-	-	1,314,825
Culture & Recreation	7,252	-	-	7,252
Subsequent Years Expenditures	1,960,000	-	-	1,960,000
Fire Stabilization Fund	100,000	-	-	100,000
Capital Stabilization Fund	288,786	-	-	288,786
	<u>3,696,563</u>	<u>-</u>	<u>-</u>	<u>3,696,563</u>
Unassigned				
General Fund	6,204,294	-	-	6,204,294
General Fund Stabilization	4,152,859	-	-	4,152,859
Nonmajor Governmental Funds	-	-	(802,907)	(802,907)
	<u>10,357,153</u>	<u>-</u>	<u>(802,907)</u>	<u>9,554,246</u>
Total Governmental Fund Balances	<u>\$ 14,943,150</u>	<u>\$ 990,840</u>	<u>\$ 10,913,437</u>	<u>\$ 26,847,427</u>

TOWN OF FOXBOROUGH, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 12 – STABILIZATION FUNDS

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

- *The Stabilization Fund* is used to account for any appropriation, as approved by a 2/3 vote at the annual or special town meeting for additions or reductions to the fund. Any interest shall be added to and become part of the fund. The Stabilization fund balance is \$4,152,859 as of June 30, 2022. The fund was established under chapter 40, sub-section 5B of the Massachusetts General Law.
- *The Capital Improvements Stabilization Fund* is used to account for appropriations funding the acquisition, repair, replacement, extension, reconstruction, enlarging and/or additions to capital equipment, vehicles, and apparatus of the Town and pay notes, bonds, or certificates of indebtedness issued to pay for the cost of such acquisition, repair, replacement, extension, reconstruction, enlarging and additions. The Capital Improvements Stabilization fund balance is \$288,786 as of June 30, 2022. The Town may appropriate into and out of the fund at Annual or Special Town Meeting by 2/3 vote. This fund was established under Chapter 40 sub-section 5B of **MGL**.
- *The Fire Stabilization Fund* is used to account for the net revenue from the fire department vehicle repair activity, and to later fund the mechanic and supplies to further provide mechanic services to other municipal fire departments. The Fire Stabilization fund balance is \$100,000 as of June 30, 2022. The Town may appropriate into and out of the fund at Annual or Special Town Meeting by 2/3 vote. This fund was established under Chapter 40 sub-section 5B of **MGL**.

NOTE 13 – RISK FINANCING

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

Buildings are insured against fire, theft, to the extent that losses exceed \$5,000 per incident. Buildings are insured against flood and earthquake damage, to the extent that losses exceed \$25,000 per incident.

The Town's workers compensation program is based on class types and payroll. The Town's Workers Comp limits are \$1,000,000 higher than the State's Statutory Limits. The policy is limited to Massachusetts Statutory Benefits.

The Town is insured for general liability; however, Chapter 258 of the Massachusetts General Laws limits the Town's liability to a maximum of \$100,000 per claim in all matters except in actions relating to federal civil rights, eminent domain and breach of contract. Such claims are charged to the general fund. There were no such claims in 2021.

The Town has several contributory health care options. There are 817 employees and retirees who participate in the Town's health care programs. The Town contributes 50% of the costs for those active employees selecting the PPO plan. The Town contributes 70% of the costs for those active employees selecting HMO plans. The Town contributes 50 % of the costs for all retirees regardless of the plan type selected.

TOWN OF FOXBOROUGH, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 14 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

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

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

Funding Policy. The contribution requirements of plan members and the Town are established and may be amended through Town ordinances. For the period ending on the June 30, 2022 measurement date total Town premiums plus implicit costs for the retiree medical program are \$1,727,314, to be reported on the financial statements for the fiscal year ending June 30, 2022.

The Commonwealth of Massachusetts passed special legislation that has allowed the Town to establish a postemployment benefit trust fund and to enable the Town to begin pre-funding its other postemployment benefit (OPEB) liabilities. These funds are reported within the Fiduciary Funds financial statements. As of June 30, 2022, the balance of this fund totaled \$12,730,789.

GASB Statement #75 – OPEB Employer Financial Reporting

Summary of Significant Accounting Policies – For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB and OPEB expenses, information about the fiduciary net position of the Plan and additions to/deductions from the Plan’s fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, the Plan recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Measurement Date - GASB #75 requires the net OPEB liability to be measured as of a date no earlier than the end of the employer’s prior fiscal year and no later than the end of the employer’s current fiscal year, consistently applied from period to period. Accordingly, the net OPEB liability was measured as of June 30, 2022 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of July 1, 2020.

Plan Membership – The following table represents the Plan’s membership as July 1, 2020:

Active Members	624
Inactive members or beneficiaries currently receiving benefits	390
Total	1014

TOWN OF FOXBOROUGH, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

Components of OPEB Liability – The following table represents the components of the Plan’s OPEB liability as of June 30, 2022:

Total OPEB Liability	\$ 44,715,760
Less: OPEB plan's fiduciary net position	<u>(12,730,789)</u>
Net OPEB Liability	<u>\$ 31,984,971</u>

The OPEB plan's fiduciary net position as a percentage of the total OPEB liability	28.47%
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TOWN OF FOXBOROUGH, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

Significant Actuarial Methods and Assumptions – The plan’s total OPEB liability, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified, that was updated to June 30, 2022 to be in accordance with GASB Statement #75.

Valuation Date:	Actuarially Determined Contribution was calculated as of July 1, 2020.
Actuarial Cost Method:	Individual Entry Age Normal
Asset-Valuation Method:	Market value of assets as of the measurement date, June 30, 2022
Investment Rate of Return	5.91%, net of OPEB plan investment expense, including inflation.
Municipal Bond Rate:	4.09% as of June 30, 2022 (source: S&P Municipal Bond 20 year high grade index - SAPIHG)
Single Equivalent Discount Rate:	5.91% net of OPEB plan investment expense, including inflation.
Inflation:	2.50% as of June 30, 2022 and for future periods
Salary Increases:	3.00% annually as of June 30, 2022 and for future periods
Cost of Living Adjustment	Not Applicable
Pre-Retirement Mortality:	<p>General: RP-2014 Mortality Table for Blue Collar Employees projected generationally with scale MP-2016 for males and females, set forward 1 year for females.</p> <p>Teachers: RP-2014 Mortality Table for White Collar Employees projected generationally with scale MP-2016 for males and females.</p>
Post-Retirement Mortality:	<p>General: RP-2014 Mortality Table for Blue Collar Healthy Annuitants projected generationally with scale MP-2016 for males and females, set forward 1 year for females.</p> <p>Teachers: RP-2014 Mortality Table for White Collar Healthy Annuitants projected generationally with scale MP-2016 for males and females.</p>
Disabled Mortality:	<p>General: RP-2014 Mortality Table for Blue Collar Healthy Annuitants projected generationally with scale MP-2016 for males and females set forward 1 year.</p> <p>Teachers: RP-2014 Mortality Table for White Collar Healthy Annuitants projected generationally with scale MP-2016 for males and females.</p>

TOWN OF FOXBOROUGH, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
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Rate of Return – For the year ended June 30, 2022 the annual money-weighted rate on investments, net of investments expense, was -16.17%. The money-weighted rate of return expresses investment performance, net of investment expenses, adjusted for the changing amounts actually invested.

The long-term real rate of return on OPEB investments is developed based on the Town’s investment policy. Best estimates of real rates of returns for each major asset class included in the OPEB plans target asset allocation as of June 30, 2022 are summarized in the following table.

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic equity - large cap	29.25%	4.42%
Domestic equity - small/mid cap	15.25%	4.81%
International equity - developed market	12.25%	4.91%
International equity - emerging market	8.25%	5.58%
Domestic fixed income	25.50%	1.00%
International fixed income	4.50%	1.04%
Alternatives	4.50%	5.98%
Real Estate	0.00%	6.25%
Cash	0.50%	0.00%
	<u>100.00%</u>	

Discount Rate – The discount rate used to measure the total OPEB liability was 5.91% as of June 30, 2022, and 6.50% as of June 30, 2021. The projection of cash flows used to determine the discount rate assumed that contributions will be made in accordance with the Town’s funding policy.

TOWN OF FOXBOROUGH, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

Changes in the Net OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balance at June 30, 2021	\$ 39,666,529	\$ 13,962,123	\$ 25,704,406
Charges for the year:			
Service cost	1,146,808	-	1,146,808
Interest on Total OPEB Liability, Service Cost, and Benefit Payments	2,597,613	-	2,597,613
Change in assumptions	3,032,124	-	3,032,124
Difference between actual and expected experience	-	-	-
Net Investment Income	-	(2,295,403)	2,295,403
Employer Contributions to Trust	-	2,791,383	(2,791,383)
Benefit payments withdrawn from trust	-	(1,727,314)	1,727,314
Benefit payments excluding implicit costs	(1,191,532)	-	(1,191,532)
Implicit cost amount	(535,782)	-	(535,782)
Net Changes	<u>5,049,231</u>	<u>(1,231,334)</u>	<u>6,280,565</u>
Balance at June 30, 2022	<u>\$ 44,715,760</u>	<u>\$ 12,730,789</u>	<u>\$ 31,984,971</u>

Sensitivity of the net OPEB liability to changes in the discount rate – The following table presents the Plan’s net OPEB liability calculated using the discount rate of 5.91% as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1 percentage- point lower (4.91%) or 1 percentage-point higher (6.91%) than the current rate.

	1% Decrease (4.91%)	Current Discount Rate (5.91%)	1% Increase (6.91%)
Net OPEB liability	\$ 38,451,537	\$ 31,984,971	\$ 26,750,481

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NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

Sensitivity of the net OPEB liability to changes in the healthcare trend – The following table presents the net other postemployment benefit liability calculated using the current healthcare trend rate of 4.50% as well as what the net OPEB liability would be if it were calculated using a healthcare trend rate that is 1% point lower or 1% point higher.

	1% Decrease (3.50%)	Current Trend (4.50%)	1% Increase (5.50%)
Net OPEB liability	\$ 26,098,384	\$ 31,984,971	\$ 39,337,083

Postemployment Benefits Deferred Outflows/Inflows of Resources

For the year ended June 30, 2022 the Town reported deferred outflows and inflows of resources related to postemployment benefits of \$9,533,332 and \$6,116,067 respectively.

The balances of deferred outflows and inflows at June 30, 2022 consist of the following:

<u>Deferred Category</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Total</u>
Difference between actual and expected experience	\$ -	\$ (6,116,067)	\$ (6,116,067)
Changes of Assumptions	8,108,762	-	8,108,762
Net difference between projected and actual investment earnings	1,424,570	-	1,424,570
Total Deferred Outflows (Inflows) of Resources	\$ 9,533,332	\$ (6,116,067)	\$ 3,417,265

The Town's net deferred outflows/inflows of resources related to other postemployment benefits will be recognized in future years other postemployment benefits are as follows:

<u>Period Year ended June 30</u>	<u>Amount</u>
2023	\$ 608,456
2024	587,832
2025	535,612
2026	998,413
2027	386,466
Therafter	300,486
Total Deferred Outflows/(Inflows) Recognized in Future Years	\$ 3,417,265

TOWN OF FOXBOROUGH, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

Changes of Assumption – The discount rate was decreased from 6.50% to 5.91%

Changes in Plan Provisions - None

NOTE 15 – PENSION PLANS

A. Plan Descriptions

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

The System issues a publically available audited financial report that may be obtained by contacting the system’s executive director at 480 Neponset Street, Building #15, Canton, Massachusetts 02021. The report can also be obtained online at www.norfolkcountyretirement.org.

The Town is a member of the Massachusetts Teachers’ Retirement System (MTRS), a cost-sharing multi-employer defined benefit plan. MTRS is managed by the Commonwealth of Massachusetts (Commonwealth) on behalf of municipal teachers and municipal teacher retirees. The Commonwealth is a nonemployer contributor and is responsible for 100% of the contributions and future benefit requirements of the MTRS. The MTRS covers certified teachers in cities (except Boston), towns, regional school districts, charter schools, educational collaboratives, and Quincy College. The MTRS is part of the Commonwealth’s reporting entity and the audited financial report may be obtained by visiting <http://www.mass.gov/osc/publications-and-reports/financial-reports/>. The MTRS report may also be obtained by contacting MTRS at One Charles Park, Cambridge, Massachusetts 02142-1206.

Special Funding Situation

The Commonwealth is a nonemployer contributor and is required by statute to make 100% of all actuarially determined employer contributions on behalf of the Town to the MTRS. Therefore, the Town is considered to be in a special funding situation as defined by GASB Statement No.68, *Accounting and Financial Reporting for Pensions* and the Commonwealth is a nonemployer contributor in MTRS. Since the Town does not contribute directly to MTRS, there is no net pension liability to recognize. The total of the Commonwealth provided contributions have been allocated based on each employer’s covered payroll to the total covered payroll of employers in MTRS as of the measurement date of June 30, 2021. The Town’s portion of the collective pension expense, contributed by the Commonwealth, of \$5,581,665 is reported in the general fund as intergovernmental revenue and pension expense in the current fiscal year. The portion of the Commonwealth’s collective net pension liability associated with the Town is \$69,557,070 as of the measurement date.

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

TOWN OF FOXBOROUGH, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

B. Benefits Provided

The System and MTRS provide retirement, disability and death benefits to plan members and beneficiaries. Massachusetts Contributory Retirement System benefits are with certain minor exceptions, uniform from system to system. The System provides for retirement allowance benefits up to a maximum of 80% of an employee's highest three-year average annual rate of regular compensation for those hired prior to April 2, 2012. For persons who became employees on or after April 2, 2012, average salary is the average annual rate of regular compensation received during the five consecutive years that produce the highest average, or, if greater, during the last five years (whether or not consecutive) preceding retirement. Benefit payments are based upon an employees' age, length of creditable service, level of compensation, and group classification. Employees become vested after ten years of creditable service. There are three classes of membership in the retirement system: group 1, group 2, and group 4. Group 1 consists of general employees which includes clerical and administrative positions. Group 2 consists of positions that have even been specified as hazardous. Lastly, group 4 consists of police officers, firefighters, and other hazardous positions.

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

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

Employees who resign from service and who are not eligible to receive a retirement allowance or are under the age of 55 are entitled to request a refund of their accumulated total deductions. In addition, with at least ten years of creditable service, such employees are entitled to receive one hundred (100%) percent of the regular interest which has accrued upon those deductions. Survivor benefits are extended to eligible beneficiaries of members whose death occurs prior to or following retirement.

Cost-of living adjustments granted between 1981 and 1997 and any increase in other benefits imposed by the Commonwealth's state law during those years are borne by the Commonwealth and are deposited in to the pension fund. Cost-of-living adjustments granted after 1997 must be approved by the system and all costs are borne by the system.

TOWN OF FOXBOROUGH, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

C. Contributions

Norfolk County Contributory Retirement System

Chapter 32 of MGL governs the contributions of plan members and member employees. Active regular plan members are required to contribute to the system at rates ranging from 5 to 9% of their gross regular compensation. Members joining the system after January 1, 1979 must contribute an additional 2% on regular compensation earned at a rate in excess of \$30,000. The percentage rate is keyed to the date upon which an employee's membership commences. The member units are required to pay into the system, a legislatively mandated actuarial determined contribution that is apportioned among the employers based on actuarial valuation results. The Town's proportionate share of the required contribution for the year ended December 31, 2021 which was \$5,473,537 and 25.53% of covered payroll, actuarially determined as an amount that when combined with plan member contributions, is expected to finance the costs of benefits earned by plan members during the year, with an additional amount to finance any unfunded accrued liability.

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

Pension Liabilities

At June 30, 2022 the Town reported a liability of \$23,545,113 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2021 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2022. Accordingly, updated procedures were used to roll back the total pension liability to the measurement date. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating members actuarially determined, at December 31, 2021, the Town's proportion was 6.39% which had a minor decrease from its proportion measured as of December 31, 2020.

Pension Expense and Deferred Outflows/Inflows of Resources

For the year ended June 30, 2022 the Town recognized pension expense of \$2,025,426. At June 30, 2022 the Town reported deferred outflows and inflows of resources related to pensions of \$4,341,759 and \$10,681,095 respectively.

The balances of deferred outflows and inflows as June 30, 2022 consist of the following:

<u>Deferred Category</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Total</u>
Difference between expected and actual experience	\$ 2,381,565	\$ -	\$ 2,381,565
Changes of Assumptions	-	-	-
Difference between projected and actual investment earnings	1,631,979	(10,343,724)	(8,711,745)
Changes in proportionate share of contributions	<u>328,215</u>	<u>(337,371)</u>	<u>(9,156)</u>
Total Deferred Outflows (Inflows) of Resources	<u>\$ 4,341,759</u>	<u>\$ (10,681,095)</u>	<u>\$ (6,339,336)</u>

TOWN OF FOXBOROUGH, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

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

<u>Year ended June 30</u>	<u>Amount</u>
2022	\$ (305,360)
2023	(2,664,574)
2024	(1,753,338)
2025	<u>(1,616,064)</u>
Totals	<u>\$ (6,339,336)</u>

E. Actuarial Assumptions

The total pension liability in the January 1, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement date that was rolled back to December 31, 2021.

Valuation date	January 1, 2022
Actuarial cost method	Entry age normal cost method
Cost of Living Increase	3.0% of first \$18,000 of retirement income
Asset valuation method	market value
Inflation rate	3.0%
Projected Salary increases	3.5% - 5.5%
Mortality rates	The RP-2014 blue collar mortality table adjusted with scale MP-2014.
Investment rate of return	7.75%

TOWN OF FOXBOROUGH, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

F. Long-Term Expected Rate of Return

The long-term expected rate of return on plan investments was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized as follows:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity	30.5%	7.00%
International Equities	15.5%	7.70%
Fixed Income	20.5%	4.30%
Private Equity	10.0%	9.40%
Real Estate	9.5%	6.90%
Real Assets	2.5%	8.90%
Hedge Funds	11.5%	8.60%
Total	<u>100%</u>	

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

For the year ended December 31, 2021 the System's annual money-weighted rate of return on investments net of investment expense was 18.52%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

G. Discount Rate

The discount rate used to measure the total pension liability as of December 31, 2021 was 7.75%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at contractually required rates, actuarially determined. Under Chapter 32 of the MGL, employers are required to make the necessary contributions such that the plan reaches full funding status by 2040. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

TOWN OF FOXBOROUGH, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

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

The following presents the net pension liability of the system, as of December 31, 2021 calculated using the discount rate of 7.75%, as well as what the system’s net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.75%) or one percentage point higher (8.75%) than the current rate:

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
The Towns proportionate share of the net pension liability	\$ 39,186,353	\$ 23,545,113	\$ 16,743,159

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

NOTE 16 – COMMITMENTS AND CONTINGENCIES

The Town participates in a number of federal award programs. Although the grant programs have been audited in accordance with the provisions of the Single Audit Act Amendments of 1996 through June 30, 2022, these programs are still subject to financial and compliance audits. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although it is believed the amount, if any, would not be material.

The Town’s landfill was closed in 1997 by order of the Department of Environmental Protection (DEP). The DEP approved the capping construction of the landfill site in 1998. The Town is responsible for post-closure monitoring of the site for thirty years (7 years remaining), and the estimated liability has been recorded in the Statement of Net Position, Governmental Activities. The \$259,000 reported as landfill post-closure liability at June 30, 2022 is based on what it would cost to perform all post-closure care costs at June 30, 2022. Actual costs may be higher due to inflation, changes in technology or changes in regulations.

Various legal actions and claims are pending. Litigation is subject to many uncertainties, and the outcome of individual litigated matters is not always predictable. Although the amount of liability, if any, at June 30, 2022, cannot be ascertained, management believes any resulting liability should not materially affect the financial position at June 30, 2022.

TOWN OF FOXBOROUGH, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 17 – COVID-19

On March 10, 2020, the Massachusetts Governor declared a state of emergency in response to the coronavirus outbreak. The World Health Organization officially declared the novel Coronavirus (COVID-19) a pandemic the following day. In an attempt to slow the spread of COVID-19, governments issued various stay at home orders that caused global economic shutdowns and substantial financial market impact. Starting in March 2020, the Governor continued to issue orders allowing governments to operate and carry out essential functions safely. These included modifying the state’s Open Meeting Law, issuing a stay-at-home order, and introducing a phased approach to reopening State businesses. The Town is considered an essential business and closed to the public, but departments remained operational and most employees continued to perform their daily duties.

In Fiscal Year 2021 the Town has incurred unanticipated costs specifically related to the pandemic. On March 27, 2020 the United States Federal Government established the Coronavirus Aid, Relief and Economic Security (CARES) Act in response to the economic downfall caused by the COVID-19 pandemic. This Act requires that the payment of funds be used only to cover expenses that; are necessary expenditures incurred due to the public health emergency with respect to COVID-19. The Commonwealth and communities throughout the Commonwealth were awarded a portion of the federal funding. In addition to the funding from the CARES Act, there are several other federal and state grants available to help offset these unanticipated costs.

The full extent of the financial impact cannot be determined as of the date of the financial statements.

NOTE 18 – IMPLEMENTATION OF NEW GASB PRONOUNCEMENTS

During fiscal year 2022, the following GASB pronouncements were implemented:

The GASB issued **Statement #87**, *Leases*, which was implemented in 2022. Management’s current assessment is that this pronouncement will not have a significant impact on the Basic Financial Statements.

The GASB issued **Statement #89**, *Accounting for Interest Cost Incurred before the End of a Construction Period*, which was implemented in 2022. Management’s current assessment is that this pronouncement will not have a significant impact on the Basic Financial Statements.

The GASB issued **Statement #92**, *Omnibus 2020*, which was implemented in 2022. Management’s current assessment is that this pronouncement will not have a significant impact on the Basic Financial Statements.

The GASB issued **Statement #93**, *Replacement of Interbank Offered Rates*, which was implemented in 2022. Management’s current assessment is that this pronouncement will not have a significant impact on the Basic Financial Statements.

The GASB issued **Statement #97**, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Service Code 457 Deferred Compensation Plans*, which was implemented in 2022. Management’s current assessment is that this pronouncement will not have a significant impact on the Basic Financial Statements.

TOWN OF FOXBOROUGH, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

The GASB issued **Statements #98**, *The Annual Comprehensive Financial Report*

The requirements of this Statement was implemented for fiscal year ended June 30, 2022. Management's current assessment is that this pronouncement will not have a significant impact on the Basic Financial Statements.

Future GASB Pronouncements:

The GASB issued **Statement #91**, *Conduit Debt Obligations* – which is required to be implemented in 2023. Earlier application is encouraged. The primary objectives of this statement is to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. . Management's current assessment is that this pronouncement will not have a significant impact on the Basic Financial Statements.

The GASB issued **Statement #94**, *Public-Private and Public Partnerships and Availability Payment Arrangements*, which is required to be implemented in 2023. Management's current assessment is that this pronouncement will not have a significant impact on the Basic Financial Statements.

The GASB issued **Statement #96**, *Subscription-Based Information Technology Arrangements*, which is required to be implemented in 2023. Management's current assessment is that this pronouncement will not have a significant impact on the Basic Financial Statements.

The GASB issued **Statement #100**, *Accounting Changes and Error Corrections – an amendment of GASB Statement No. 62*, which is required to be implemented in 2024. Management's current assessment is that this pronouncement will not have a significant impact on the Basic Financial Statements.

The GASB issued **Statement #101**, *Compensated Absences*, which is required to be implemented in 2025. Management's current assessment is that this pronouncement will not have a significant impact on the Basic Financial Statements.

**TOWN OF FOXBOROUGH, MASSACHUSETTS
REQUIRED SUPPLEMENTARY INFORMATION
NORFOLK COUNTY CONTRIBUTORY RETIREMENT SYSTEM
JUNE 30, 2022**

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

	<u>December 31, 2021</u>	<u>December 31, 2020</u>	<u>December 31, 2019</u>	<u>December 31, 2018</u>	<u>December 31, 2017</u>	<u>December 31, 2016</u>	<u>December 31, 2015</u>	<u>December 31, 2014</u>
Town's proportion of the net pension liability	6.39%	6.47%	6.47%	6.27%	6.27%	6.40%	6.40%	6.41%
Town's proportionate share of the net pension liability	\$ 23,545,113	\$ 33,071,869	\$ 37,970,971	\$ 40,837,396	\$ 34,658,995	\$ 33,407,360	\$ 34,763,508	\$ 33,268,513
Town's covered-employee payroll	\$ 21,440,333	\$ 21,035,253	\$ 20,323,916	\$ 19,705,066	\$ 19,038,711	\$ 17,949,748	\$ 17,018,788	\$ 15,653,875
Town's proportionate share of the net pension liability as a percentage of its covered-employee payroll	109.82%	157.22%	186.83%	207.24%	182.04%	186.12%	204.27%	212.53%
Plan fiduciary net position as a percentage of the total pension liability	79.40%	70.20%	64.60%	58.30%	63.50%	61.60%	58.60%	60.10%

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

See notes to Required Supplementary Information

**TOWN OF FOXBOROUGH, MASSACHUSETTS
REQUIRED SUPPLEMENTARY INFORMATION
NORFOLK COUNTY CONTRIBUTORY RETIREMENT SYSTEM
JUNE 30, 2022**

SCHEDULE OF TOWN'S CONTRIBUTION

	December 31 ,2021	December 31 ,2020	December 31 ,2019	December 31 ,2018	December 31 ,2017	December 31 ,2016	December 31 ,2015	December 31 ,2014
Actuarially determined contribution	\$ 5,473,537	\$ 5,185,943	\$ 4,844,077	\$ 4,388,893	\$ 4,011,736	\$ 3,655,092	\$ 3,318,800	\$ 3,028,356
Contribution in relation to the actuarially determined contribution	<u>(5,473,537)</u>	<u>(5,185,943)</u>	<u>(4,844,077)</u>	<u>(4,388,893)</u>	<u>(4,011,736)</u>	<u>(3,655,092)</u>	<u>(3,318,800)</u>	<u>(3,028,356)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Town's covered-employee payroll	\$ 21,440,333	\$ 21,035,253	\$ 20,323,916	\$ 19,705,066	\$ 19,038,711	\$ 17,949,748	\$ 17,018,788	\$ 15,653,875
Contribution as a percentage of covered - employee payroll	25.53%	24.65%	23.83%	22.27%	21.07%	20.36%	19.50%	19.35%

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

See notes to Required Supplementary Information

**TOWN OF FOXBOROUGH, MASSACHUSETTS
REQUIRED SUPPLEMENTARY INFORMATION
MASSACHUSETTS TEACHERS RETIREMENT SYSTEM
JUNE 30, 2022**

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

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

<u>Fiscal Year</u>	<u>Commonwealth's 100% Share of the Net Pension Liability Associated with the Town</u>	<u>Town's Expense and Revenue Recognized for the Commonwealth's Support</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</u>
2022	\$ 69,557,070	\$ 5,581,665	62.03%
2021	88,454,653	10,925,417	50.67%
2020	79,662,615	9,660,475	53.95%
2019	75,607,106	7,661,685	54.84%
2018	73,065,144	7,626,019	54.25%
2017	72,111,005	7,355,795	52.73%
2016	67,233,573	5,453,241	55.38%
2015	51,262,819	3,561,474	61.64%

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

See notes to required supplementary information.

**TOWN OF FOXBOROUGH, MASSACHUSETTS
REQUIRED SUPPLEMENTARY INFORMATION
OTHER POSTEMPLOYMENT BENEFITS
JUNE 30, 2022**

Schedule of the Town's Net OPEB Liability and Related Ratios

	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>
Total OPEB Liability						
Service Cost	\$ 1,146,808	\$ 1,001,394	\$ 964,594	\$ 927,039	\$ 925,445	\$ 925,445
Interest on total OPEB liability, service cost, and benefit payments	2,597,613	2,705,392	2,586,327	2,485,069	2,361,074	2,236,485
Differences between expected and actual experience	-	(7,109,500)	(5,620)	(3,227,930)	-	-
Changes of assumptions	3,032,124	6,415,169	-	2,957,370	-	-
Benefit Payments Including Implicit Costs	(1,727,314)	(1,952,941)	(1,811,791)	(1,655,975)	(1,382,116)	(1,382,116)
Net Change in total OPEB liability	<u>5,049,231</u>	<u>1,059,514</u>	<u>1,733,510</u>	<u>1,485,573</u>	<u>1,904,403</u>	<u>1,779,814</u>
Total OPEB liability-beginning	<u>39,666,529</u>	<u>38,607,015</u>	<u>36,873,505</u>	<u>35,387,932</u>	<u>33,483,529</u>	<u>31,703,715</u>
Total OPEB liability-ending (a)	<u><u>44,715,760</u></u>	<u><u>39,666,529</u></u>	<u><u>38,607,015</u></u>	<u><u>36,873,505</u></u>	<u><u>35,387,932</u></u>	<u><u>33,483,529</u></u>
Plan fiduciary net position						
Contributions-employer	2,791,383	1,952,941	2,775,860	2,720,044	2,346,185	2,346,185
Net investment income	(2,295,403)	2,985,452	274,268	505,313	316,806	420,991
Benefit payments	(1,727,314)	(1,952,941)	(1,811,791)	(1,655,975)	(1,382,116)	(1,382,116)
Net change in plan fiduciary net position	<u>(1,231,334)</u>	<u>2,985,452</u>	<u>1,238,337</u>	<u>1,569,382</u>	<u>1,280,875</u>	<u>1,385,060</u>
Plan fiduciary net position - beginning	<u>13,962,123</u>	<u>10,976,671</u>	<u>9,738,334</u>	<u>8,168,952</u>	<u>6,888,077</u>	<u>5,503,017</u>
Plan fiduciary net position - ending (b)	<u><u>12,730,789</u></u>	<u><u>13,962,123</u></u>	<u><u>10,976,671</u></u>	<u><u>9,738,334</u></u>	<u><u>8,168,952</u></u>	<u><u>6,888,077</u></u>
Town's net OPEB liability-ending (a)-(b)	<u><u>\$ 31,984,971</u></u>	<u><u>\$ 25,704,406</u></u>	<u><u>\$ 27,630,344</u></u>	<u><u>\$ 27,135,171</u></u>	<u><u>\$ 27,218,980</u></u>	<u><u>\$ 26,595,452</u></u>
Plan fiduciary net position as a percentage of total OPEB liability	28.47%	35.20%	28.43%	26.41%	23.08%	20.57%
Covered-employee payroll	\$ 42,011,311	\$ 40,787,681	\$ 41,262,727	\$ 40,060,900	\$ 41,776,289	\$ 40,559,503
Plan's net OPEB liability as a percentage of covered-employee payroll	76.13%	63.02%	66.96%	67.73%	65.15%	65.57%

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

See notes to required supplementary information.

**TOWN OF FOXBOROUGH, MASSACHUSETTS
REQUIRED SUPPLEMENTARY INFORMATION
OTHER POSTEMPLOYMENT BENEFITS
JUNE 30, 2022**

Schedule of the Town's Contribution

	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>
Acuarial determined contribution	\$ 2,698,181	\$ 2,335,839	\$ 3,045,557	\$ 2,970,708	\$ 2,928,465	\$ 3,032,780
Contributions in relation to the actuarially determined contribution	<u>(2,791,383)</u>	<u>(1,952,941)</u>	<u>(2,775,860)</u>	<u>(2,720,044)</u>	<u>(2,346,185)</u>	<u>(2,346,185)</u>
Contribution deficiency (excess)	<u>\$ (93,202)</u>	<u>\$ 382,898</u>	<u>\$ 269,697</u>	<u>\$ 250,664</u>	<u>\$ 582,280</u>	<u>\$ 686,595</u>
Covered-employee payroll	\$ 42,011,311	\$ 40,787,681	\$ 41,262,727	\$ 40,060,900	\$ 41,776,289	\$ 40,559,503
Contributions as a percentage of covered- employee payroll	6.64%	4.79%	6.73%	6.79%	5.62%	5.78%

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

See notes to required supplementary information.

**TOWN OF FOXBOROUGH, MASSACHUSETTS
REQUIRED SUPPLEMENTARY INFORMATION
OTHER POSTEMPLOYMENT BENEFITS
JUNE 30, 2022**

Schedule of Investment Return

	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>
Annual money-weighted rate of return, net of investment expense	-16.17%	27.20%	2.69%	5.84%	4.30%	7.01%

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

See notes to required supplementary information.

TOWN OF FOXBOROUGH
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2022

Pension Plan Schedules

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

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

B. Schedule of Town's Contribution

Governmental employees are required to pay an annual appropriation as established by PERAC. The appropriation includes the amounts to pay the pension portion of each member's retirement allowance, an amount to amortize the actuarially determined unfunded liability to zero in accordance with the System's funding schedule, and additional appropriations in accordance with adopted early retirement incentive programs. The appropriations are payable on July 1, and January 1. The Town may choose to pay the entire appropriation in July at a discounted rate. Accordingly, actual contributions may be less than the "total appropriation". The pension fund appropriation is allocated to the Town based on covered payroll.

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

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

D. Changes in Plan Provisions – None

Other Postemployment Benefits Schedules

A. Schedule of the Town's Net OPEB Liability and Related Ratios

The Schedule of the Town's Net OPEB Liability and Related Ratios presents multi-year trend information on changes in the plan's total OPEB liability, changes in the plan's net position, and ending net OPEB liability. It also demonstrates the plan's net position as a percentage of the total liability and the plan's net OPEB liability as a percentage of covered-employee payroll.

B. Schedule of the Town's Contribution

The Schedule of the Town's contributions includes the Town's annual required contribution to the plan, along with the contribution made in relation to the actuarially determined contribution. The Town is not required to fully fund this contribution.

TOWN OF FOXBOROUGH
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2022

C. Schedule of Investment Return

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

D. Changes in Provisions - None