

TOWN OF FOXBOROUGH, MASSACHUSETTS

**REPORT ON EXAMINATION OF
BASIC FINANCIAL STATEMENTS**

JUNE 30, 2008

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INDEPENDENT AUDITOR'S REPORT

To the Honorable Board of Selectmen
Town of Foxborough, Massachusetts

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Town of Foxborough, Massachusetts as of and for the year ended June 30, 2008, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Town of Foxborough, Massachusetts' management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Foxborough, Massachusetts, as of June 30, 2008, and the respective changes in financial position, and, where applicable, cash flow thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 12, 2009, on our consideration of the Town of Foxborough, Massachusetts' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit

The management's discussion and analysis on pages **3** through **10**, is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it

R. E. Brown & Company

June 12, 2009

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, 2008. 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 \$70.3 million (net assets). Of this amount, \$20.6 million, or 29.3%, is considered unrestricted (unrestricted net assets).
- The unrestricted net assets of the Town's governmental activities are \$15.77 million and may be used to meet the government's ongoing obligations to citizens and creditors. The unrestricted net assets of the Town's business-type activities are \$4.86 million and may be used to meet the ongoing obligations of the Town's water, sewer, and sanitation business-type activities.
- The government's total net assets increased by \$8.1 million, or 13.1%, in fiscal 2008. Within this total, net assets of governmental activities increased by \$6.96 million, a 12.6% increase from fiscal 2007. Also, net assets of business-type activities increased by \$1.19 million or 16.5%, from 2007.
- At June 30, 2008, the Town's governmental funds had a combined ending fund balance of \$17.85 million. The combined governmental funds balance increased by \$257 thousand, or 1.5%, from the prior year's ending fund balance. A total of \$16.5 million, or 92% of the \$17.85 million fund balance is considered unreserved at June 30, 2008.
- The Town's general fund reported a fund balance of \$10.4 million at the end of fiscal 2008. The unreserved fund balance for the general fund was \$9.3 million, or 19.7%, of total general fund budgetary expenditures. This represents a \$2.6 million increase in total general fund balance for the year. A total of \$2.67 million of the unreserved fund balance was designated for funding the fiscal year 2009 budget.
- The total cost of all Town services on a full accrual basis for fiscal 2008 was \$59.5 million, \$55.8 million of which was for governmental services, and \$3.7 million of which was for business-type activities.
- The Town's total bonded debt decreased by a net of \$2 million or 7% during the year. There was no additional debt issued in FY 2008. The \$2 million decrease is due entirely to principal redemptions as scheduled.

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 assets* presents information on all assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets 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 assets changed during the most recent fiscal year. All changes in net assets 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, sewer, and sanitation 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 three enterprise funds:

- *Water Enterprise Fund* accounts for the water activity of the Town.
- *Sewer Enterprise Fund* accounts for the sewer activity of the Town.
- *Sanitation Enterprise Fund* accounts for the trash collection and disposal activities of the Town.

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

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

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

Government-wide Financial Analysis:

The chart on the following page summarizes key financial components of the Town’s financial statements.

As noted earlier, assets exceed liabilities by \$70.3 million at the close of fiscal year 2008. The Town is able to report positive balances in all categories of net assets, both for the government as a whole, and for each of its separate governmental and business-type activities.

A key component of the Town’s net assets are its *unrestricted net assets* totaling \$20.6 million, or 29.3%, of net assets, which may be used to meet the government’s ongoing obligations to its citizens and creditors.

The Town’s investment in capital assets (e.g., land, roads, buildings, machinery, and equipment), less any related outstanding debt used to acquire those assets, is \$44.5 million, or 63.3%, of net assets. 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 assets of Governmental activities increased by \$6.96 million, a 12.6% increase from fiscal 2007. Net assets of business-type activities increased by \$1.19 million or 16.5%, from 2007. Total Town net assets increased by \$8.1 million, or 13.1%.

This positive change in Governmental activities net assets is attributable primarily to an increase in total asset balances of \$4.28 million in FY 2008. This reflects a \$5.2 million increase in capital assets net of depreciation which includes the completion of the construction of the Joint Public Safety Building, the addition of several other capital assets across multiple departments, as well as a large road improvement project and five new street acceptances. Current and non-current assets declined by \$928 thousand as deferred receivables were collected and cash decreased slightly as accounts payable were paid down. Also, Governmental activities decreased its total liabilities by \$2.67 million during fiscal 2008. This change was driven primarily by the scheduled amortization of debt, \$1.56 million, combined with no new debt issuances. The balance of a \$1.1 million reduction in liabilities was driven primarily by a reduction in current accounts payable.

Net assets of business-type activities increased by \$1.19 million as a result of the following: revenue exceeded expenses and depreciation by \$1.82 million; \$92 thousand was received via intergovernmental grants; \$115.3 thousand was earned in interest; interest expense was \$268.2 thousand; and transfers out for costs incurred in general fund were \$569 thousand.

There was an increase of \$1.15 million, or 22.8%, in net assets reported in connection with the water business-type activities. There was a slight decrease of \$13.8 thousand, or 0.8%, and a \$48.5 thousand increase, or 10.1%, in net assets in connection with the sewer and sanitation business-type activities, respectively.

An additional portion of the total net assets totaling \$5.2 million, or 7.4%, represents resources that are subject to external restrictions on how they may be used.

TOWN of FOXBOROUGH - FINANCIAL HIGHLIGHTS

	Governmental Activities			Business-type Activities			Total Primary Government		
	FY 2008	FY 2007	Increase (Decrease)	FY 2008	FY 2007	Increase (Decrease)	FY 2008	FY 2007	Increase (Decrease)
Assets:									
Current Assets	\$26,417,463	\$26,625,681	\$ (208,218)	\$ 5,781,706	\$ 4,725,375	\$ 1,056,331	\$32,199,169	\$31,351,056	\$ 848,113
Noncurrent Assets (excluding capital)	1,331,309	2,051,498	(720,189)	-	-	-	1,331,309	2,051,498	(720,189)
Capital Assets	61,285,644	56,075,699	5,209,945	9,288,256	9,414,338	(126,082)	70,573,900	65,490,037	5,083,863
Total Assets	89,034,416	84,752,878	4,281,538	15,069,962	14,139,713	930,249	104,104,378	98,892,591	5,211,787
Liabilities:									
Current Liabilities (excluding debt)	5,153,195	6,267,444	(1,114,249)	319,058	164,982	154,076	5,472,253	6,432,426	(960,173)
Noncurrent Liabilities (excluding debt)	1,430,919	1,426,488	4,431	57,462	21,628	35,834	1,488,381	1,448,116	40,265
Current Debt	1,566,101	1,566,100	1	449,465	446,858	2,607	2,015,566	2,012,958	2,608
Noncurrent Debt	18,943,803	20,509,904	(1,566,101)	5,859,749	6,309,214	(449,465)	24,803,552	26,819,118	(2,015,566)
Total Liabilities	27,094,018	29,769,936	(2,675,918)	6,685,734	6,942,682	(256,948)	33,779,752	36,712,618	(2,932,866)
Net Assets:									
Capital Assets Net of Related Debt	40,973,535	36,869,182	4,104,353	3,523,755	3,151,091	372,664	44,497,290	40,020,273	4,477,017
Restricted	5,197,446	5,000,131	197,315	-	-	-	5,197,446	5,000,131	197,315
Unrestricted	15,769,417	13,113,629	2,655,788	4,860,473	4,045,940	814,533	20,629,890	17,159,569	3,470,321
Total Net Assets	\$61,940,398	\$54,982,942	\$ 6,957,456	\$ 8,384,228	\$ 7,197,031	\$ 1,187,197	\$70,324,626	\$62,179,973	\$ 8,144,653
Revenues									
<i>Program Revenues:</i>									
Charges for Services	\$ 7,369,226	\$ 5,725,079	\$ 1,644,147	\$ 4,960,255	\$ 4,174,915	\$ 785,340	\$12,329,481	\$ 9,899,994	\$ 2,429,487
Operating Grants and Contributions	15,009,023	14,881,193	127,830	414,547	395,609	18,938	15,423,570	15,276,802	146,768
Capital Grants and Contributions	2,096,302	644,560	1,451,742	91,810	93,893	(2,083)	2,188,112	738,453	1,449,659
<i>General Revenues:</i>									
Real Estate and Personal Property Taxes	28,084,022	26,854,857	1,229,165	-	-	-	28,084,022	26,854,857	1,229,165
Tax Liens	118,267	119,563	(1,296)	-	-	-	118,267	119,563	(1,296)
Motor Vehicle and Other Excise Taxes	2,705,470	2,175,691	529,779	-	-	-	2,705,470	2,175,691	529,779
Payments in lieu of taxes	2,327,122	1,616,955	710,167	-	-	-	2,327,122	1,616,955	710,167
Hotel/Motel Tax	427,013	377,929	49,084	-	-	-	427,013	377,929	49,084
Penalties and Interest on Taxes	177,426	112,508	64,918	-	-	-	177,426	112,508	64,918
Nonrestricted Grants and Contributions	3,139,938	2,353,593	786,345	-	-	-	3,139,938	2,353,593	786,345
Unrestricted Investment Income	628,320	988,480	(360,160)	-	-	-	628,320	988,480	(360,160)
Other Revenues	96,495	10,201	86,294	-	-	-	96,495	10,201	86,294
Total Revenues	62,178,624	55,860,609	6,318,015	5,466,612	4,664,417	802,195	67,645,236	60,525,026	7,120,210
Expenses:									
General Government	1,875,648	1,791,945	83,703	-	-	-	1,875,648	1,791,945	83,703
Public Safety	6,293,930	5,383,739	910,191	-	-	-	6,293,930	5,383,739	910,191
Education	29,417,726	28,566,747	850,979	-	-	-	29,417,726	28,566,747	850,979
Public Works	1,727,544	2,125,741	(398,197)	-	-	-	1,727,544	2,125,741	(398,197)
Human Services	580,471	577,178	3,293	-	-	-	580,471	577,178	3,293
Culture and Recreation	1,190,250	1,184,567	5,683	-	-	-	1,190,250	1,184,567	5,683
Employee Benefits	13,524,512	12,827,780	696,732	-	-	-	13,524,512	12,827,780	696,732
State and County Assessments	299,537	299,092	445	-	-	-	299,537	299,092	445
Interest	880,548	963,604	(83,056)	-	-	-	880,548	963,604	(83,056)
Water	-	-	-	1,871,262	1,690,320	180,942	1,871,262	1,690,320	180,942
Sewer	-	-	-	929,694	792,457	137,237	929,694	792,457	137,237
Sanitation	-	-	-	909,461	935,574	(26,113)	909,461	935,574	(26,113)
Total Expenses	55,790,166	53,720,393	2,069,773	3,710,417	3,418,351	292,066	59,500,583	57,138,744	2,361,839
Transfers	568,998	525,202	43,796	(568,998)	(525,202)	(43,796)	-	-	-
Change in Net Assets	6,957,456	2,665,418	4,292,038	1,187,197	720,864	466,333	8,144,653	3,386,282	4,758,371
Net Assets - Beginning	54,982,942	52,317,524	2,665,418	7,197,031	6,476,167	720,864	62,179,973	58,793,691	3,386,282
Net Assets - Ending	\$61,940,398	\$54,982,942	\$ 6,957,456	\$ 8,384,228	\$ 7,197,031	\$ 1,187,197	\$70,324,626	\$62,179,973	\$ 8,144,653

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, *unreserved 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 2008, governmental funds reported combined ending fund balances of \$17.85 million, a \$257 thousand increase from the prior year's ending fund balance. The increase reflects \$3.13 million expended on the Joint Public Safety Building Capital project, offset by \$420 thousand in project related funding, resulting in a net \$2.7 million reduction in this capital project account. Also, total governmental fund balance was enhanced by gains due to general fund expenditures being \$2.6 million less than combined general fund revenues and operating transfers in, Stabilization fund interest of \$97.7 thousand, and a net \$259.6 thousand in improvement across several non-major governmental fund balances.

The general fund is the primary operating fund. At the end of the current fiscal year, unreserved fund balance of the general fund was \$9.3 million, while total fund balance stood at \$10.4 million. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total general fund expenditures. Unreserved fund balance represents 19.7% of total general fund budgetary expenditures, a 485 basis point improvement compared with FYE 2007, while total fund balance represents 22.03% of that same amount, a 555 basis point improvement.

General fund budgetary revenues increased by 11.8% or \$5.15 million in FY 2008, yet general fund expenditures increased by only 8.3% or \$3.63 million. After accounting for other financing sources and uses, the fund balance of the general fund increased by \$2.0 million. This result is the product of management's conservative planning and budgeting and the prudent use of unreserved fund balance to maintain the Town's services and financial position.

The Joint Public Safety Building (JPSB) Capital Project fund received a planned funding transfer of \$414 thousand from the General fund. The JPSB fund expended a net of \$3.12 million in project costs in FY 2008. The new building was substantially completed and occupied in FY 2008 by the Foxborough Fire, Police and Central Dispatch staffs. The FYE 2008 fund balance stands at \$141.7 thousand.

The Stabilization fund has accumulated a fund balance of \$2.52 million, which represents 5.3% of FY 2008 general fund expenditures. These funds can be used for general or capital purposes upon Town Meeting approval.

All other Non-Major Governmental Fund balances increased in total by \$259 thousand due to total revenues exceeding combined expenditures and transfers out. The increase in revenues was spread across several funds, including a large commercial development related revolving fund, school special revenue funds, and interest on a separate Capital Stabilization fund with a \$530 thousand fiscal year end balance.

General Fund Budget Highlights

Actual FY 2008 general fund revenues exceeded budgeted revenues by \$5.4 million, primarily driven by conservatively estimated local receipts and another relatively strong year of investment income performance. General fund expenses were \$117 thousand less than plan primarily due to management's continued, and well practiced, disciplined approach to spending. Operating transfers in were \$3,800 less than planned. The net result was an increase to FYE 2008 budgetary fund balance of \$2.0 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.

The Town's ownership of, or investment in, capital assets for governmental and business type activities, as summarized below, as of June 30, 2008, amounts to \$70.57 million, net of accumulated depreciation. The value in capital assets includes land, buildings, machinery, equipment, software, vehicles, water, sewer, roadway infrastructure, and construction in progress.

The governmental activities capital assets were increased by \$7.6 million and reduced by \$2.4 million in depreciation during fiscal 2008. The increases were primarily due to \$3.1 million of construction related to the new Joint Public Safety Building and \$2.65 million of roadway infrastructure projects and street acceptances. The net change, including all other governmental capital asset activity, was a \$5.2 million increase in governmental net capital assets.

Business-type activities capital assets were increased by \$173 thousand in investments and reduced by \$299 thousand in depreciation for a net decrease of \$126 thousand.

In summary, total increases net of depreciation to town wide capital assets are \$5.0 million.

Capital Assets (Net of Depreciation)									
	Governmental Activities			Business-type Activities			Total Primary Government		
	FY 2008	FY 2007	Increase (Decrease)	FY 2008	FY 2007	Increase (Decrease)	FY 2008	FY 2007	Increase (Decrease)
Land	\$ 6,461,525	\$ 6,461,525	-	\$ 692,282	\$ 692,282	-	\$ 7,153,807	\$ 7,153,807	-
Buildings	40,986,191	26,294,012	14,692,179	-	-	-	40,986,191	26,294,012	14,692,179
Capital Improvements (other than buildings)	65,207	62,446	2,761	-	-	-	65,207	62,446	2,761
Machinery, Equipment & Software	786,442	476,790	309,652	142,324	119,591	22,733	928,766	596,381	332,385
Software	399,002	101,254	297,748	-	-	-	399,002	101,254	297,748
Vehicles	2,283,989	2,438,060	(154,071)	117,118	111,621	5,497	2,401,107	2,549,681	(148,574)
Infrastructure	10,303,288	8,040,250	2,263,038	7,214,678	7,450,623	(235,945)	17,517,966	15,490,873	2,027,093
Construction in Progress	-	12,201,362	(12,201,362)	1,121,854	1,040,221	81,633	1,121,854	13,241,583	(12,119,729)
Total Capital Assets	\$61,285,644	\$56,075,699	\$ 5,209,945	\$ 9,288,256	\$ 9,414,338	\$ (126,082)	\$70,573,900	\$65,490,037	\$ 5,083,863

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, 2008, totaled \$26.8 million. 87%, or \$17.9 million, of the governmental activity debt is excluded. Business-type activities have debt of \$6.3 million that is fully supported by their respective utility rates. Total debt consists of the following:

Outstanding Debt at Year End

Governmental Activities	Outstanding June 30, 2008	Outstanding June 30, 2007	Increase (Decrease)
School - Igo Elementary	\$ 735,000	\$ 980,000	\$ (245,000)
School - Ahern Middle	1,025,000	1,100,000	(75,000)
School - Ahern Middle	3,490,000	3,940,000	(450,000)
School Remodeling	112,000	119,000	(7,000)
School Busses	70,000	105,000	(35,000)
Public Safety Building	11,495,000	11,914,000	(419,000)
Fire Engines	483,000	552,000	(69,000)
Senior Center	305,000	340,000	(35,000)
Highway Equipment	135,000	155,000	(20,000)
Land Acquisition	1,200,000	1,275,000	(75,000)
Land Acquisition	30,000	40,000	(10,000)
Landfill Closure	1,330,000	1,445,000	(115,000)
Title V	99,904	111,004	(11,100)
Total Governmental Activities	\$ 20,509,904	\$ 22,076,004	\$ (1,566,100)
Business-type Activities	Outstanding June 30, 2008	Outstanding June 30, 2007	Increase (Decrease)
Sewer	\$ 262,377	\$ 287,640	\$ (25,263)
Sewer	60,898	66,146	(5,248)
Sewer	806,493	861,805	(55,312)
Sewer	40,000	60,000	(20,000)
Sewer	170,000	180,000	(10,000)
Land Acquisition - Water	50,000	60,000	(10,000)
Water Reuse	1,720,000	1,835,000	(115,000)
Water	2,700,000	2,880,000	(180,000)
Water	467,299	491,917	(24,618)
Water	32,147	33,564	(1,417)
Total Business-type Activities	\$ 6,309,214	\$ 6,756,072	\$ (446,858)
Grand Total All Long-Term Debt	\$ 26,819,118	\$ 28,832,076	\$ (2,012,958)

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

Economic Factors and Next Year's Budgets & Rates

The Town's leadership (elected and appointed officials) considered many factors when setting the fiscal 2009 budget and tax rates including the following:

- One of the most significant factors was the estimated amount of local aid from the state for FY '09. which was down \$1.1 million on an inflation adjusted basis in FY '08 from the peak FY '01 levels.
- The state, unfortunately, only provided moderate increases in FY '09. Foxborough's net increase amounted to \$729 thousand before it was cut mid-year to \$548 thousand, or a 6.5% net increase. State aid to the Town is now \$825 thousand less than peak FY '01 levels on an inflation adjusted basis. The Town will continue to advocate for a more reliable state aid revenue stream.
- A major mixed use commercial property development totaling 90.5 acres known as Patriot Place and managed by the Krafts (owners of the New England Patriots), moved into full scale construction in FY '08. Now in FY '09, the \$200 million project is substantially complete and is beginning to positively impact the Town's tax base. The Town is expecting a significant influx of commercial property tax revenue as the project comes to fruition.

- In FY '08 the Town did use mitigation payments received from the developer of the Patriot Place project to increase its public safety staffing in anticipation of increased service needs related to this development. However, in light of the current economic downturn nationwide, Town officials have agreed to hold onto the remaining, and other, reserves in order to ensure that services will be maintained throughout this recession.
- The same developer for Patriot Place, the Krafts, has now proposed a technology office park complex, larger than the Patriot Place project in square footage terms, across the street from Patriot Place. This project is in the early planning stages and, given the current state of the economy, progress is expected to be slow. Nevertheless, Town officials are optimistic about the eventual substantial commercial growth targeted for the Town of Foxborough, as this additional commercial development will certainly have a continued positive impact on the Town's financial condition in future years.
- Due to relatively level state aid, and the early taxing stages of Patriot Place, Town leadership continued its conservative approach to balancing general fund operating budgets by continuing to keep a very tight reign on spending. All major open union contracts have been settled at a cost the Town can afford. The Town continued its reduced reliance on "Free Cash" for the operating budget and, as a result, was able to fund its FY '09 general fund capital improvement needs largely from "Free Cash", other available funds, state grants and current year revenues, thus avoiding the need to borrow for new capital projects in FY '09.
- The Board of Water and Sewer commissioners voted to increase water rates by 5% and sewer rates by 5% for all customers effective February 6th, 2009. These increases are expected to increase fiscal 2009 ending net assets, as well as assist the Water & Sewer enterprise funds in absorbing planned infrastructure improvement costs.
- In FY '09 the Board of Water and Sewer commissioners met all requirements to proceed with the development of a new major water well site in the Town. The project, known as the Witch Pond Well, has been successfully bid and \$4.3 million has been permanently financed through the state's Massachusetts Water Pollution Abatement Trust (MWPAT) at the state's subsidized rate of 2.0%. The debt service for this, and all Town water projects, is fully supported by water rate payers.
- The tax rate was set for fiscal 2009 at \$10.91 per thousand, a 26 cent increase from fiscal 2008, a rate which brought the tax levy to the allowable levy limit for the twelfth consecutive year.
- The Board of Selectmen voted during their annual Classification Hearing to maintain the same tax rate for all classes of property in order to continue to encourage development of the commercial tax base within the Town.
- In FY '09 the Town began to receive the first of three increased Massachusetts School Building Authority (MSBA) reimbursements related to the Igo Elementary School project. The increase in the FY '09 payment was approximately \$500 thousand. This increased payment will be received again in FY '10 and FY '11, for a total final reimbursement adjustment of \$1.5 million. This will result in a direct reduction in excluded debt taxes, a direct benefit to Foxborough tax payers.
- The Town is extremely pleased that the newly reorganized MSBA has approved funding a ~\$20 million renovation of the Town's High School building in a very competitive statewide process, to be funded 49.1% by the MSBA. The Town's taxpayers voted overwhelmingly to cover the Town's share of the project via a debt exclusion. The project has already started, and the Town expects to bond its share, estimated at \$10.4 million, in early FY '10.

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 ASSETS
JUNE 30, 2008**

	PRIMARY GOVERNMENT		
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
<u>ASSETS</u>			
CURRENT:			
CASH AND SHORT-TERM INVESTMENTS	\$ 23,245,007	\$ 4,863,130	\$ 28,108,137
RECEIVABLES, NET OF ALLOWANCE FOR UNCOLLECTIBLES:			
REAL ESTATE AND PERSONAL PROPERTY TAXES	450,232	-	450,232
TAX LIENS	503,594	-	503,594
MOTOR VEHICLE EXCISE TAXES	178,109	-	178,109
USER FEES	-	918,576	918,576
DEPARTMENTAL AND OTHER	345,556	-	345,556
INTERGOVERNMENTAL	1,501,284	-	1,501,284
OTHER ASSETS	193,681	-	193,681
NONCURRENT:			
RECEIVABLES, NET OF ALLOWANCE FOR UNCOLLECTIBLES:			
INTERGOVERNMENTAL	1,331,309	-	1,331,309
CAPITAL ASSETS, NET OF ACCUMULATED DEPRECIATION	61,285,644	9,288,256	70,573,900
TOTAL ASSETS	89,034,416	15,069,962	104,104,378
<u>LIABILITIES</u>			
CURRENT:			
ACCOUNTS PAYABLE	3,358,500	283,914	3,642,414
HEALTH CLAIMS PAYABLE	1,228,061	-	1,228,061
OTHER LIABILITIES	25,428	-	25,428
ACCRUED INTEREST	97,248	16,912	114,160
BONDS AND NOTES PAYABLE	1,566,101	449,465	2,015,566
LANDFILL POSTCLOSURE CARE COSTS	37,000	-	37,000
COMPENSATED ABSENCES	406,958	18,232	425,190
NONCURRENT:			
BONDS AND NOTES PAYABLE	18,943,803	5,859,749	24,803,552
LANDFILL POSTCLOSURE CARE COSTS	740,000	-	740,000
COMPENSATED ABSENCES	690,919	57,462	748,381
TOTAL LIABILITIES	27,094,018	6,685,734	33,779,752
<u>NET ASSETS</u>			
INVESTED IN CAPITAL ASSETS, NET OF RELATED DEBT	40,973,535	3,523,755	44,497,290
RESTRICTED FOR:			
STREETS	476,819	-	476,819
PERMANENT FUNDS:			
EXPENDABLE	59,786	-	59,786
NONEXPENDABLE	265,540	-	265,540
OTHER PURPOSES	4,395,301	-	4,395,301
UNRESTRICTED	15,769,417	4,860,473	20,629,890
TOTAL NET ASSETS	\$ 61,940,398	\$ 8,384,228	\$ 70,324,626

See accompanying notes to the basic financial statements

**TOWN OF FOXBOROUGH, MASSACHUSETTS
STATEMENT OF ACTIVITIES
FISCAL YEAR ENDED JUNE 30, 2008**

<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	\$ 1,875,648	\$ 431,820	\$ 452,843	\$ -	\$ (990,985)
PUBLIC SAFETY	6,293,930	2,770,633	220,484	-	(3,302,813)
EDUCATION	29,417,726	1,312,984	10,045,670	186,475	(17,872,597)
PUBLIC WORKS	1,727,544	3,850	2,035	1,909,827	188,168
HUMAN SERVICES	580,471	84,302	20,806	-	(475,363)
CULTURE & RECREATION	1,190,250	162,317	56,188	-	(971,745)
EMPLOYEE BENEFITS	13,524,512	2,603,320	4,210,997	-	(6,710,195)
STATE & COUNTY ASSESSMENTS	299,537	-	-	-	(299,537)
INTEREST	880,548	-	-	-	(880,548)
TOTAL GOVERNMENTAL ACTIVITIES	55,790,166	7,369,226	15,009,023	2,096,302	(31,315,615)
BUSINESS-TYPE ACTIVITIES:					
WATER	1,871,262	3,085,989	363,591	22,761	1,601,079
SEWER	929,694	866,970	33,183	69,049	39,508
SANITATION	909,461	1,007,296	17,773	-	115,608
TOTAL BUSINESS-TYPE ACTIVITIES	3,710,417	4,960,255	414,547	91,810	1,756,195
TOTAL PRIMARY GOVERNMENT	\$ 59,500,583	\$ 12,329,481	\$ 15,423,570	\$ 2,188,112	\$ (29,559,420)

See accompanying notes to the basic financial statements

(continued)

**TOWN OF FOXBOROUGH, MASSACHUSETTS
STATEMENT OF ACTIVITIES
FISCAL YEAR ENDED JUNE 30, 2008**

	PRIMARY GOVERNMENT		
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
CHANGES IN NET ASSETS:			
NET (EXPENSE) REVENUE FROM PREVIOUS PAGE	\$ (31,315,615)	\$ 1,756,195	\$ (29,559,420)
GENERAL REVENUES:			
REAL ESTATE AND PERSONAL PROPERTY TAXES, NET OF TAX REFUNDS PAYABLE	28,084,022	-	28,084,022
TAX LIENS	118,267	-	118,267
MOTOR VEHICLE AND OTHER EXCISE TAXES	2,705,470	-	2,705,470
HOTEL/MOTEL TAX	427,013	-	427,013
PENALTIES AND INTEREST ON TAXES	177,426	-	177,426
PAYMENTS IN LIEU OF TAXES	2,327,122	-	2,327,122
GRANTS AND CONTRIBUTIONS NOT RESTRICTED TO SPECIFIC PROGRAMS	3,139,938	-	3,139,938
UNRESTRICTED INVESTMENT INCOME	628,320	-	628,320
MISCELLANEOUS	96,495	-	96,495
TRANSFERS, NET	568,998	(568,998)	-
TOTAL GENERAL REVENUES AND TRANSFERS	38,273,071	(568,998)	37,704,073
CHANGE IN NET ASSETS	6,957,456	1,187,197	8,144,653
NET ASSETS:			
BEGINNING OF YEAR	54,982,942	7,197,031	62,179,973
END OF YEAR	\$ 61,940,398	\$ 8,384,228	\$ 70,324,626

See accompanying notes to the basic financial statements

(concluded)

**TOWN OF FOXBOROUGH, MASSACHUSETTS
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2008**

<u>ASSETS</u>	GENERAL	JOINT PUBLIC SAFETY BUILDING	STABILIZATION	NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
CASH AND SHORT-TERM INVESTMENTS	\$ 13,288,895	\$ 141,723	\$ 2,520,805	\$ 4,887,145	\$ 20,838,568
RECEIVABLES, NET OF ALLOWANCE FOR UNCOLLECTIBLES:					
REAL ESTATE AND PERSONAL PROPERTY TAXES	450,232	-	-	-	450,232
TAX LIENS	503,594	-	-	-	503,594
MOTOR VEHICLE EXCISE TAXES	178,109	-	-	-	178,109
DEPARTMENTAL AND OTHER	-	-	-	345,556	345,556
INTERGOVERNMENTAL	1,996,964	-	-	835,629	2,832,593
OTHER ASSETS	37,646	-	-	-	37,646
TOTAL ASSETS	\$ 16,455,440	\$ 141,723	\$ 2,520,805	\$ 6,068,330	\$ 25,186,298
 <u>LIABILITIES AND FUND BALANCES</u>					
LIABILITIES:					
ACCOUNTS PAYABLE	\$ 2,889,244	\$ -	\$ -	\$ 469,256	\$ 3,358,500
OTHER LIABILITIES	25,428	-	-	-	25,428
DEFERRED REVENUES	3,128,899	-	-	822,375	3,951,274
TOTAL LIABILITIES	6,043,571	-	-	1,291,631	7,335,202
FUND BALANCES:					
RESERVED FOR:					
ENCUMBRANCES AND CONTINUING APPROPRIATIONS	1,093,227	-	-	-	1,093,227
PERPETUAL PERMANENT FUNDS	-	-	-	265,540	265,540
UNRESERVED					
DESIGNATED FOR SUBSEQUENT YEARS' EXPENDITURES	2,666,285	-	-	-	2,666,285
UNDESIGNATED, REPORTED IN:					
GENERAL FUND	6,652,357	-	-	-	6,652,357
SPECIAL REVENUE FUNDS	-	-	2,520,805	4,395,301	6,916,106
CAPITAL PROJECTS FUNDS	-	141,723	-	56,072	197,795
PERMANENT FUNDS	-	-	-	59,786	59,786
TOTAL FUND BALANCES	10,411,869	141,723	2,520,805	4,776,699	17,851,096
TOTAL LIABILITIES AND FUND BALANCES	\$ 16,455,440	\$ 141,723	\$ 2,520,805	\$ 6,068,330	\$ 25,186,298

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, 2008**

	<u>GENERAL</u>	<u>JOINT PUBLIC SAFETY BUILDING</u>	<u>STABILIZATION</u>	<u>NONMAJOR GOVERNMENTAL FUNDS</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
REVENUES:					
REAL ESTATE AND PERSONAL PROPERTY TAXES, NET OF TAX REFUNDS	\$ 28,309,729	\$ -	\$ -	\$ -	\$ 28,309,729
MOTOR VEHICLE EXCISE TAXES	2,671,282	-	-	-	2,671,282
PENALTIES AND INTEREST ON TAXES	177,426	-	-	-	177,426
INTERGOVERNMENTAL	14,526,445	-	-	3,985,914	18,512,359
PAYMENTS IN LIEU OF TAXES	2,327,122	-	-	-	2,327,122
CHARGES FOR SERVICES	-	-	-	2,099,119	2,099,119
INVESTMENT INCOME	487,853	-	97,713	55,077	640,643
CONTRIBUTIONS & DONATIONS	-	-	-	574,966	574,966
DEPARTMENTAL AND OTHER	4,330,644	6,448	-	37,872	4,374,964
TOTAL REVENUES	52,830,501	6,448	97,713	6,752,948	59,687,610
EXPENDITURES:					
CURRENT:					
GENERAL GOVERNMENT	2,145,109	-	-	250,280	2,395,389
PUBLIC SAFETY	5,898,632	3,129,388	-	194,527	9,222,547
EDUCATION	25,699,356	-	-	3,431,182	29,130,538
PUBLIC WORKS	1,932,929	-	-	1,892,016	3,824,945
HUMAN SERVICES	508,124	-	-	55,221	563,345
CULTURE & RECREATION	963,507	-	-	232,243	1,195,750
EMPLOYEE BENEFITS	10,823,102	-	-	-	10,823,102
STATE & COUNTY ASSESSMENTS	299,537	-	-	-	299,537
DEBT SERVICE					
PRINCIPAL	1,555,000	-	-	11,100	1,566,100
INTEREST	887,619	-	-	-	887,619
TOTAL EXPENDITURES	50,712,915	3,129,388	-	6,066,569	59,908,872
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	2,117,586	(3,122,940)	97,713	686,379	(221,262)
OTHER FINANCING SOURCES (USES)					
OPERATING TRANSFERS IN	1,003,478	414,000	-	7,701	1,425,179
OPERATING TRANSFERS OUT	(512,533)	-	-	(434,480)	(947,013)
TOTAL OTHER FINANCING SOURCES (USES)	490,945	414,000	-	(426,779)	478,166
NET CHANGE IN FUND BALANCES	2,608,531	(2,708,940)	97,713	259,600	256,904
FUND BALANCES AT BEGINNING OF YEAR	7,803,338	2,850,663	2,423,092	4,517,099	17,594,192
FUND BALANCES AT END OF YEAR	\$ 10,411,869	\$ 141,723	\$ 2,520,805	\$ 4,776,699	\$ 17,851,096

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 ASSETS
FISCAL YEAR ENDED JUNE 30, 2008**

TOTAL GOVERNMENTAL FUND BALANCES	\$ 17,851,096
CAPITAL ASSETS (NET) USED IN GOVERNMENTAL ACTIVITIES ARE NOT FINANCIAL RESOURCES AND, THEREFORE, ARE NOT REPORTED IN THE FUNDS	61,285,644
ACCOUNTS RECEIVABLE ARE NOT AVAILABLE TO PAY FOR CURRENT-PERIOD EXPENDITURES AND, THEREFORE, ARE DEFERRED IN THE FUNDS	3,951,274
INTERNAL SERVICE FUNDS ARE USED BY MANAGEMENT TO ACCOUNT FOR EMPLOYEES' AND RETIREES' HEALTH INSURANCE, UNEMPLOYMENT, WORKMEN'S COMPENSATION AND BUILDING INSURANCE ACTIVITIES.	
THE ASSETS AND LIABILITIES OF THE INTERNAL SERVICE FUNDS ARE INCLUDED IN THE GOVERNMENTAL ACTIVITIES STATEMENT OF NET ASSETS	1,334,413
IN THE STATEMENT OF ACTIVITIES, INTEREST IS ACCRUED ON OUTSTANDING LONG-TERM DEBT, WHEREAS IN GOVERNMENTAL FUNDS INTEREST IS NOT REPORTED UNTIL DUE	(97,248)
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	(20,509,904)
COMPENSATED ABSENCES	(1,097,877)
LANDFILL POSTCLOSURE CARE COSTS	<u>(777,000)</u>
NET EFFECT OF REPORTING LONG-TERM LIABILITIES	<u>(22,384,781)</u>
NET ASSETS OF GOVERNMENTAL ACTIVITIES	<u>\$ 61,940,398</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, 2008**

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS \$ 256,904

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	7,617,858	
DEPRECIATION EXPENSE	<u>(2,407,913)</u>	
NET EFFECT OF REPORTING CAPITAL ASSETS		5,209,945

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. (283,402)

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.

DEBT SERVICE PRINCIPAL PAYMENTS	<u>1,566,100</u>	
NET EFFECT OF REPORTING LONG-TEM DEBT		1,566,100

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

NET CHANGE IN COMPENSATED ABSENCES ACCRUAL	(100,288)	
NET CHANGE IN LANDFILL POSTCLOSURE CARE ACCRUAL	37,000	
NET CHANGE IN ACCRUED INTEREST ON LONG-TERM DEBT	<u>7,071</u>	
NET EFFECT OF RECORDING LONG-TERM LIABILITIES		(56,217)

INTERNAL SERVICE FUNDS ARE USED BY MANAGEMENT TO ACCOUNT FOR HEALTH INSURANCE ACTIVITIES

THE NET ACTIVITY OF INTERNAL SERVICE FUNDS IS REPORTED WITH GOVERNMENTAL ACTIVITIES		<u>264,126</u>
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CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES **\$ 6,957,456**

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, 2008**

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL BUDGETARY AMOUNTS</u>	<u>VARIANCE OVER(UNDER)</u>
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>		
<u>REVENUES:</u>				
REAL ESTATE AND PERSONAL PROPERTY TAXES, NET OF TAX REFUNDS	\$ 28,178,614	\$ 28,178,614	\$ 28,309,729	\$ 131,115
MOTOR VEHICLE EXCISE TAXES	2,050,000	2,050,000	2,671,282	621,282
PENALTIES & INTEREST ON TAXES	80,000	80,000	177,426	97,426
INTERGOVERNMENTAL	10,298,222	10,298,222	10,486,544	188,322
PAYMENTS IN LIEU OF TAXES	1,522,386	1,522,386	2,327,122	804,736
INVESTMENT INCOME	100,000	100,000	487,853	387,853
DEPARTMENTAL AND OTHER	1,158,500	1,158,500	4,330,644	3,172,144
	<u>43,387,722</u>	<u>43,387,722</u>	<u>48,790,600</u>	<u>5,402,878</u>
TOTAL REVENUES				
<u>EXPENDITURES:</u>				
CURRENT:				
GENERAL GOVERNMENT	2,630,101	2,510,094	2,432,090	78,004
PUBLIC SAFETY	5,797,673	5,933,593	5,932,060	1,533
EDUCATION	25,942,459	25,942,459	25,846,879	95,580
PUBLIC WORKS	1,708,074	1,737,633	2,032,653	(295,020)
HUMAN SERVICES	499,165	509,966	508,155	1,811
CULTURE & RECREATION	980,573	983,707	969,060	14,647
EMPLOYEE BENEFITS	6,816,469	6,946,334	6,794,701	151,633
STATE & COUNTY ASSESSMENTS	323,898	323,898	299,537	24,361
DEBT SERVICE:				
PRINCIPAL	1,555,000	1,555,000	1,555,000	-
INTEREST	934,273	934,273	889,619	44,654
	<u>47,187,685</u>	<u>47,376,957</u>	<u>47,259,754</u>	<u>117,203</u>
TOTAL EXPENDITURES				
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(3,799,963)</u>	<u>(3,989,235)</u>	<u>1,530,846</u>	<u>5,520,081</u>
<u>OTHER FINANCING SOURCES (USES):</u>				
OPERATING TRANSFERS IN	1,007,249	1,007,249	1,003,478	(3,771)
OPERATING TRANSFERS OUT	-	(512,533)	(512,533)	-
	<u>1,007,249</u>	<u>494,716</u>	<u>490,945</u>	<u>(3,771)</u>
TOTAL OTHER FINANCING SOURCES (USES)				
NET CHANGE IN FUND BALANCE	<u>(2,792,714)</u>	<u>(3,494,519)</u>	<u>2,021,791</u>	<u>5,516,310</u>
BUDGETARY FUND BALANCE, BEGINNING OF YEAR	<u>7,279,737</u>	<u>7,279,737</u>	<u>7,279,737</u>	<u>-</u>
BUDGETARY FUND BALANCE, END OF YEAR	<u>\$ 4,487,023</u>	<u>\$ 3,785,218</u>	<u>\$ 9,301,528</u>	<u>\$ 5,516,310</u>

See accompanying notes to the basic financial statements

**TOWN OF FOXBOROUGH, MASSACHUSETTS
 PROPRIETARY FUNDS
 STATEMENT OF NET ASSETS
 JUNE 30, 2008**

<u>ASSETS</u>	<u>BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS</u>				<u>GOVERNMENTAL ACTIVITIES</u>
	<u>WATER</u>	<u>SEWER</u>	<u>SANITATION</u>	<u>TOTAL</u>	<u>INTERNAL SERVICE FUNDS</u>
CURRENT:					
CASH AND SHORT-TERM INVESTMENTS	\$ 3,523,286	\$ 807,659	\$ 532,185	\$ 4,863,130	\$ 2,406,439
USER FEES, NET OF ALLOWANCE FOR UNCOLLECTIBLES:	357,405	519,313	41,858	918,576	-
OTHER ASSETS	-	-	-	-	156,035
TOTAL CURRENT ASSETS	<u>3,880,691</u>	<u>1,326,972</u>	<u>574,043</u>	<u>5,781,706</u>	<u>2,562,474</u>
NONCURRENT:					
CAPITAL ASSETS, NET OF ACCUMULATED DEPRECIATION	<u>7,447,812</u>	<u>1,840,444</u>	<u>-</u>	<u>9,288,256</u>	<u>-</u>
TOTAL ASSETS	<u>11,328,503</u>	<u>3,167,416</u>	<u>574,043</u>	<u>15,069,962</u>	<u>2,562,474</u>
 <u>LIABILITIES</u>					
CURRENT:					
ACCOUNTS PAYABLE	78,382	161,544	43,988	283,914	-
HEALTH CLAIMS PAYABLE	-	-	-	-	1,228,061
ACCRUED INTEREST	13,875	3,037	-	16,912	-
BONDS AND NOTES PAYABLE	331,412	118,053	-	449,465	-
COMPENSATED ABSENCES	16,408	1,824	-	18,232	-
TOTAL CURRENT LIABILITIES	<u>440,077</u>	<u>284,458</u>	<u>43,988</u>	<u>768,523</u>	<u>1,228,061</u>
NONCURRENT:					
BONDS AND NOTES PAYABLE	4,638,034	1,221,715	-	5,859,749	-
COMPENSATED ABSENCES	51,716	5,746	-	57,462	-
TOTAL NONCURRENT LIABILITIES	<u>4,689,750</u>	<u>1,227,461</u>	<u>-</u>	<u>5,917,211</u>	<u>-</u>
TOTAL LIABILITIES	<u>5,129,827</u>	<u>1,511,919</u>	<u>43,988</u>	<u>6,685,734</u>	<u>1,228,061</u>
 <u>NET ASSETS</u>					
INVESTED IN CAPITAL ASSETS, NET OF RELATED DEBT	2,999,232	524,523	-	3,523,755	-
UNRESTRICTED	3,199,444	1,130,974	530,055	4,860,473	1,334,413
TOTAL NET ASSETS	<u>\$ 6,198,676</u>	<u>\$ 1,655,497</u>	<u>\$ 530,055</u>	<u>\$ 8,384,228</u>	<u>\$ 1,334,413</u>

See accompanying notes to the basic financial statements

**TOWN OF FOXBOROUGH, MASSACHUSETTS
PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
FISCAL YEAR ENDED JUNE 30, 2008**

	<u>BUSINESS TYPE ACTIVITIES - ENTERPRISE FUNDS</u>				<u>GOVERNMENTAL ACTIVITIES</u>
	<u>WATER</u>	<u>SEWER</u>	<u>SANITATION</u>	<u>TOTAL</u>	<u>INTERNAL SERVICE FUNDS</u>
<u>OPERATING REVENUES:</u>					
CHARGES FOR SERVICES	\$ 3,085,989	\$ 866,970	\$ 1,007,296	\$ 4,960,255	\$ -
EMPLOYER CONTRIBUTIONS	-	-	-	-	4,265,208
EMPLOYEE CONTRIBUTIONS	-	-	-	-	2,603,320
DEPARTMENTAL AND OTHER	288,774	10,504	-	299,278	131,814
TOTAL OPERATING REVENUES	<u>3,374,763</u>	<u>877,474</u>	<u>1,007,296</u>	<u>5,259,533</u>	<u>7,000,342</u>
<u>OPERATING EXPENSES:</u>					
GENERAL SERVICES	1,435,993	797,493	909,461	3,142,947	-
DEPRECIATION	238,822	60,418	-	299,240	-
EMPLOYEE BENEFITS	-	-	-	-	6,866,330
TOTAL OPERATING EXPENSES	<u>1,674,815</u>	<u>857,911</u>	<u>909,461</u>	<u>3,442,187</u>	<u>6,866,330</u>
OPERATING INCOME (LOSS)	1,699,948	19,563	97,835	1,817,346	134,012
<u>NON-OPERATING REVENUES (EXPENSES):</u>					
INTERGOVERNMENTAL	22,761	69,049	-	91,810	-
INVESTMENT INCOME	74,817	22,679	17,773	115,269	39,282
INTEREST EXPENSE	(196,447)	(71,783)	-	(268,230)	-
TOTAL NON-OPERATING REVENUES (EXPENSES), NET	<u>(98,869)</u>	<u>19,945</u>	<u>17,773</u>	<u>(61,151)</u>	<u>39,282</u>
INCOME (LOSS) BEFORE OPERATING TRANSFERS	1,601,079	39,508	115,608	1,756,195	173,294
<u>OPERATING TRANSFERS:</u>					
OPERATING TRANSFERS IN	-	-	-	-	90,832
OPERATING TRANSFERS OUT	(448,616)	(53,269)	(67,113)	(568,998)	-
TOTAL OPERATING TRANSFERS	<u>(448,616)</u>	<u>(53,269)</u>	<u>(67,113)</u>	<u>(568,998)</u>	<u>90,832</u>
CHANGE IN NET ASSETS	1,152,463	(13,761)	48,495	1,187,197	264,126
NET ASSETS AT BEGINNING OF YEAR	5,046,213	1,669,258	481,560	7,197,031	1,070,287
NET ASSETS AT END OF YEAR	<u>\$ 6,198,676</u>	<u>\$ 1,655,497</u>	<u>\$ 530,055</u>	<u>\$ 8,384,228</u>	<u>\$ 1,334,413</u>

See accompanying notes to the basic financial statements

**TOWN OF FOXBOROUGH, MASSACHUSETTS
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
FISCAL YEAR ENDED JUNE 30, 2008**

	<u>BUSINESS TYPE ACTIVITIES - ENTERPRISE FUNDS</u>				<u>GOVERNMENTAL ACTIVITIES</u>
	<u>WATER</u>	<u>SEWER</u>	<u>SANITATION</u>	<u>TOTAL</u>	<u>INTERNAL SERVICE FUNDS</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>					
EMPLOYER CONTRIBUTIONS	\$ -	\$ -	\$ -	\$ -	\$ 4,265,208
EMPLOYEE CONTRIBUTIONS	-	-	-	-	2,603,320
RECEIPTS FROM CUSTOMERS AND USERS	3,219,961	929,571	1,006,449	5,155,981	149,756
PAYMENTS TO SUPPLIERS	(738,617)	(574,455)	(870,186)	(2,183,258)	(6,610,928)
PAYMENTS TO EMPLOYEES	(673,091)	(68,300)	(27,364)	(768,755)	-
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>1,808,253</u>	<u>286,816</u>	<u>108,899</u>	<u>2,203,968</u>	<u>407,356</u>
<u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</u>					
OPERATING TRANSFERS IN (OUT)	(448,616)	(53,269)	(67,113)	(568,998)	90,832
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	<u>(448,616)</u>	<u>(53,269)</u>	<u>(67,113)</u>	<u>(568,998)</u>	<u>90,832</u>
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</u>					
PRINCIPAL PAYMENTS ON BONDS AND NOTES	(326,599)	(93,994)	-	(420,593)	-
ACQUISITION AND CONSTRUCTION OF CAPITAL ASSETS	(173,158)	-	-	(173,158)	-
INTEREST EXPENSE	(178,821)	(24,888)	-	(203,709)	-
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES:	<u>(678,578)</u>	<u>(118,882)</u>	<u>-</u>	<u>(797,460)</u>	<u>-</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES:</u>					
NET PROCEEDS FROM PURCHASE AND SALE					
INTEREST RECEIVED	74,817	22,679	17,773	115,269	39,282
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES:	<u>74,817</u>	<u>22,679</u>	<u>17,773</u>	<u>115,269</u>	<u>39,282</u>
NET INCREASE (DECREASE) IN CASH AND SHORT TERM INVESTMENTS	755,876	137,344	59,559	952,779	537,470
CASH AND SHORT TERM INVESTMENTS - BEGINNING OF YEAR	<u>2,767,410</u>	<u>670,315</u>	<u>472,626</u>	<u>3,910,351</u>	<u>1,868,969</u>
CASH AND SHORT TERM INVESTMENTS - END OF YEAR	<u>\$ 3,523,286</u>	<u>\$ 807,659</u>	<u>\$ 532,185</u>	<u>\$ 4,863,130</u>	<u>\$ 2,406,439</u>
<u>RECONCILIATION OF OPERATING INCOME (LOSS)</u>					
<u>TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</u>					
OPERATING INCOME (LOSS)	\$ 1,699,948	\$ 19,563	\$ 97,835	\$ 1,817,346	\$ 134,012
ADJUSTMENTS TO RECONCILE OPERATING INCOME (LOSS)					
TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:					
DEPRECIATION	238,822	60,418	-	299,240	-
(INCREASE) DECREASE IN ACCOUNTS RECEIVABLE	(154,801)	52,096	(847)	(103,552)	17,942
(INCREASE) DECREASE IN DEPOSIT PREMIUM	-	-	-	-	420,000
(INCREASE) DECREASE IN OTHER ASSETS	-	-	-	-	(156,035)
INCREASE (DECREASE) IN ACCOUNTS PAYABLE	(11,826)	150,726	11,911	150,811	-
INCREASE (DECREASE) IN HEALTH CLAIMS PAYABLE	-	-	-	-	(8,563)
INCREASE (DECREASE) IN COMPENSATED ABSENCES PAYABLE	36,110	4,013	-	40,123	-
TOTAL ADJUSTMENTS	<u>108,305</u>	<u>267,253</u>	<u>11,064</u>	<u>386,622</u>	<u>273,344</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ 1,808,253</u>	<u>\$ 286,816</u>	<u>\$ 108,899</u>	<u>\$ 2,203,968</u>	<u>\$ 407,356</u>

See accompanying notes to the basic financial statements

**TOWN OF FOXBOROUGH, MASSACHUSETTS
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET ASSETS
JUNE 30, 2008**

	<u>PRIVATE PURPOSE TRUST FUNDS</u>	<u>AGENCY FUNDS</u>
<u>ASSETS</u>		
CASH AND SHORT-TERM INVESTMENTS	\$ 25,789	\$ 85,853
INVESTMENTS	<u>53,369</u>	<u>-</u>
TOTAL ASSETS	<u>79,158</u>	<u>85,853</u>
<u>LIABILITIES</u>		
ACCOUNTS PAYABLE	-	32,006
OTHER LIABILITIES	<u>-</u>	<u>53,847</u>
TOTAL LIABILITIES	<u>-</u>	<u>85,853</u>
<u>NET ASSETS</u>		
HELD IN TRUST FOR OTHER PURPOSES	<u>\$ 79,158</u>	<u>\$ -</u>

See accompanying notes to the basic financial statements

**TOWN OF FOXBOROUGH, MASSACHUSETTS
 FIDUCIARY FUNDS
 STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
 FISCAL YEAR ENDED JUNE 30, 2008**

	PRIVATE PURPOSE TRUST FUNDS
<u>ADDITIONS:</u>	
NET INVESTMENT INCOME (LOSS):	
INVESTMENT INCOME	\$ 2,579
<u>DEDUCTIONS:</u>	
	-
CHANGE IN NET ASSETS	2,579
NET ASSETS AT BEGINNING OF YEAR	76,579
NET ASSETS AT END OF YEAR	\$ 79,158

See accompanying notes to the basic financial statements

TOWN OF FOXBOROUGH, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2008

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

Primary Government

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

Joint Venture

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

<u>Name</u>	<u>Purpose</u>	<u>Address</u>	<u>Annual Assessment</u>
Southeast Regional Vocational School District	To provide vocational education	250 Foundry Street Easton, MA 02375	\$ 249,573

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, 2008

B. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

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

Fund Financial Statements

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

Major Fund Criteria

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

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

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

Internal service funds and 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, 2008

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, and landfill post closure care costs 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, 2008

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 *Joint Public Safety Building* is a capital project fund used to account for the construction costs of the Joint Public Safety Building.
- The *Stabilization fund* is a special revenue fund used to account for the accumulation of resources to provide general and/or capital reserves.
- 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.
- The *Sanitation Enterprise fund* is used to account for the operations of the trash collection activities.

TOWN OF FOXBOROUGH, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2008

Additionally, the following proprietary fund type is reported:

- The *Internal Service fund* is used to account for the financing of services provided by one department to other departments or governmental units. This fund is used to account for risk financing activities related to health insurance and workers' compensation.

Fiduciary Fund Financial Statements

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

The following fiduciary fund types are reported:

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

Government-Wide and Fund Financial Statements

For the government-wide financial statements, and proprietary and fiduciary fund accounting, all applicable Financial Accounting Standards Board (FASB) pronouncements issued on or prior to November 30, 1989, are applied, unless those pronouncements conflict with or contradict GASB pronouncements.

D. Cash and Investments

Government-Wide and Fund Financial Statements

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

E. Accounts Receivable

Government-Wide and Fund Financial Statements

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

TOWN OF FOXBOROUGH, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2008

Real Estate, Personal Property Taxes and Tax Liens

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

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

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

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

Motor Vehicle Excise

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

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

Water and Sewer

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

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

Departmental and Other

Departmental and other receivables consist primarily of ambulance and title V 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.

TOWN OF FOXBOROUGH, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2008

Intergovernmental

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

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

F. Inventories

Government-Wide and Fund Financial Statements

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

G. Capital Assets

Government-Wide and Proprietary Fund Financial Statements

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

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

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

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

TOWN OF FOXBOROUGH, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2008

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

Governmental Fund Financial Statements

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

H. Interfund Receivables and Payables

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

Government-Wide Financial Statements

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

Fund Financial Statements

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

I. Interfund Transfers

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

Government-Wide Financial Statements

Operating transfers between and within governmental funds and internal service funds are eliminated from the governmental activities in the statement of net assets. 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, 2008

J. Deferred Revenue

Deferred revenue at the governmental fund financial statement level represents billed receivables that do not meet the available criterion in accordance with the current financial resources measurement focus and the modified accrual basis of accounting. Deferred revenue is recognized as revenue in the conversion to the government-wide (full accrual) financial statements.

K. Net Assets and Fund Equity

Government-Wide Financial Statements (Net Assets)

Net assets are classified into three components:

- a. *Invested in capital assets, net of related debt* – 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 assets* – Consists of net assets 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 assets have been “restricted” for the following:

- *Streets* represent amounts committed by the Commonwealth of Massachusetts for the repair and/or construction of streets.
 - *Permanent funds – expendable* represents amounts held in trust for which the expenditures are restricted by various trust agreements.
 - *Permanent funds – nonexpendable* represents amounts held in trust for which only investment earnings may be expended.
 - *Other specific purposes* represent restrictions placed on assets from outside parties.
- c. *Unrestricted net assets* – All other net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

TOWN OF FOXBOROUGH, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2008

Fund Financial Statements (Fund Balances)

- a. *Fund balances* consist of funds that are reserved for amounts, that are not available for appropriation, that are legally restricted by outside parties for a specific future use, and designations of fund balances that represent tentative management plans that are subject to change.

Fund balances have been reserved for the following:

- *Encumbrances and continuing appropriations* represents amounts obligated under purchase orders, contracts and other commitments for expenditures that are being carried over to the ensuing fiscal year.
- *Perpetual permanent funds* represent amounts held in trust for which only investment earnings may be expended.

Fund balances have been designated for the following:

- *Subsequent year's expenditures* represents amounts appropriated for the fiscal year 2009 operating budget.
- b. *Undesignated fund balances* – all other fund balances that do not meet the definition of “reserved” or “designated.”

L. Long-term debt

Government-Wide and Proprietary Fund Financial Statements

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

Governmental Fund Financial Statements

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

M. Investment Income

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

TOWN OF FOXBOROUGH, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2008

N. Compensated Absences

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

Government-Wide and Proprietary Fund Financial Statements

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

Governmental Fund Financial Statements

The portion of the liability related to unused sick and vacation time that has matured or is due as of June 30, 2008 is recorded in the governmental fund financial statement.

O. Post Retirement Benefits

Government-Wide and Fund Financial Statements

In addition to providing pension benefits, health and life insurance coverage is provided for retired employees and their survivors in accordance with, Chapter 32B, of Massachusetts General Laws, under various contributory plans. The cost of providing health and life insurance is recognized by recording the employer's 50% or 70% (depending on the coverage selected) share of insurance premiums in the general fund in the fiscal year paid. All benefits are provided through the Town's self-insurance trust fund. Health care companies administer the claims. For the fiscal year ended June 30, 2008, this expense/expenditure totaled \$1,046,551. There were approximately 305 participants eligible to receive benefits at June 30, 2008.

P. 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, 2008

Q. 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 carryforward 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 2006, 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 2008 approved budget authorized \$46,951,705 in current year appropriations and other amounts to be raised and \$235,980 in articles carried forward from previous fiscal years. Supplemental appropriations of \$189,272 were approved at two Special Town Meetings for fiscal year 2008.

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, 2008

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, 2008, is presented below:

Net change in fund balance - budgetary basis	\$ 2,021,791
Basis of accounting differences:	
Increase in revenue for on-behalf payments - MTRS	4,039,901
Increase in expenditures for on-behalf payments - MTRS	(4,039,901)
Adjustment for Current Year Encumbrances	429,489
Adjustment for Current Year Articles	540,203
Adjustment for expenditures from prior year encumbrances	<u>(382,952)</u>
Net change in fund balance - GAAP basis	<u><u>\$ 2,608,531</u></u>

C. Excess of Expenditures over Appropriations

For the fiscal year ended June 30, 2008, actual expenditures exceeded appropriations for the snow and ice expenditures account. These over-expenditures will be funded by available funds during fiscal year 2009, as is allowed by Massachusetts General Laws (MGL).

D. Deficit Fund Balance

An immaterial fund deficit exists within the capital projects fund. This deficit will be eliminated through subsequent fiscal year grant proceeds during fiscal year 2009.

TOWN OF FOXBOROUGH, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2008

NOTE 3 – DEPOSITS AND INVESTMENTS

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

Deposits

- *Custodial Credit Risk - Deposits*

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

The Town does not have a formal deposit policy for custodial credit risk.

The Town carries deposits that are fully insured by the Federal Deposit Insurance Corporation (FDIC), the Depositor’s Insurance Fund (DIF) or collateralized with securities held by the Town or the Town’s agent in the Town’s name. 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 or collateralized, 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, 2008:

Total bank balances		<u>\$28,505,207</u>
Bank balances covered by deposit insurance		
Federal Deposit Insurance Corporation (FDIC)	902,168	
Depositor’s Insurance Fund (DIF)	<u>2,000,488</u>	
Total bank balances covered by deposit insurance		2,902,656
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	-	
Bank balances uninsured & uncollateralized	<u>25,602,551</u>	
Total bank balances subject to custodial credit risk		<u>25,602,551</u>
Total bank balances		<u>\$28,505,207</u>

TOWN OF FOXBOROUGH, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2008

On October 3, 2008, FDIC deposit insurance temporarily increased from \$100,000 to \$250,000 per depositor through December 31, 2009. On May 20, 2009, the temporary increase in coverage was extended through December 31, 2013.

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.

As of June 30, 2008, the Town had the following investments:

Investment type	Fair value
<u>Other Investments</u>	
Common Stocks	\$ 53,369

- 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	Minimum Legal Rating	Exempt from Disclosure
<u>Other Investments</u>		
Common Stocks	N/A	\$ 53,369

TOWN OF FOXBOROUGH, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2008

- *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. Of the investments in equity securities listed above, the Town has no custodial credit risk exposure because the related equity securities are registered in the Town's name and held by the counterparty. The Town does not have an investment policy for custodial credit risk.

- *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 changing 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.

- *Concentration of Credit Risk*

The Town places no limit on the amount the government may invest in any one issuer. The Town did not have any investments in any one issuer (other than common stocks) that represented 5% or more of total investments.

NOTE 4 – RECEIVABLES

The receivables at June 30, 2008 for the Town's individual major and nonmajor governmental funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

Receivables	Gross Amount	Allowance for Uncollectibles	Net Amount
Real estate taxes	\$ 436,184	\$ -	\$ 436,184
Personal property taxes	37,083	(23,035)	14,048
Real estate and personal property taxes	473,267	(23,035)	450,232
Tax liens	503,594	-	503,594
Motor vehicle excise taxes	225,210	(47,101)	178,109
Departmental and other	535,556	(190,000)	345,556
Intergovernmental	2,832,593	-	2,832,593
	<u>\$ 4,570,220</u>	<u>\$ (260,136)</u>	<u>\$ 4,310,084</u>

TOWN OF FOXBOROUGH, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2008

The receivables at June 30, 2008, for the enterprise funds consist of the following:

Receivables:	Gross Amount	Allowance for Uncollectibles	Net Amount
<i>Water</i>			
User fees	\$ 357,405	\$ -	\$ 357,405
<i>Sewer</i>			
User fees	519,313	-	519,313
<i>Sanitation</i>			
User fees	41,858	-	41,858
Total	<u>\$ 918,576</u>	<u>\$ -</u>	<u>\$ 918,576</u>

Governmental funds report deferred revenue 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 revenue reported in the governmental funds were as follows:

Deferred Revenue Analysis

Receivable Type:	General Fund	Nonmajor Governmental Funds	Total
Property Taxes	\$ 450,232	\$ -	\$ 450,232
Tax Liens	503,594	-	503,594
Motor vehicle excise taxes	178,109	-	178,109
Departmental and other	-	345,556	345,556
Intergovernmental	1,996,964	476,819	2,473,783
Total	<u>\$ 3,128,899</u>	<u>\$ 822,375</u>	<u>\$ 3,951,274</u>

TOWN OF FOXBOROUGH, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2008

NOTE 5 – CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2008, was as follows:

Governmental Activities:	Beginning Balance	Increases	Decreases & Reclassifications	Ending Balance
<u>Capital assets not being depreciated:</u>				
Land	\$ 6,461,525	\$ -	\$ -	\$ 6,461,525
Construction in progress	12,201,362	-	(12,201,362)	-
Total capital assets not being depreciated	<u>18,662,887</u>	<u>-</u>	<u>(12,201,362)</u>	<u>6,461,525</u>
<u>Capital assets being depreciated:</u>				
Buildings and improvements	45,497,275	3,734,472	12,201,362	61,433,109
Capital improvements (other than buildings)	114,316	10,900	-	125,216
Machinery and equipment	1,162,306	493,545	-	1,655,851
Vehicles	6,711,440	368,118	-	7,079,558
Software	112,504	355,833	-	468,337
Infrastructure	12,602,382	2,654,990	-	15,257,372
Total capital assets being depreciated	<u>66,200,223</u>	<u>7,617,858</u>	<u>12,201,362</u>	<u>86,019,443</u>
<u>Less accumulated depreciation for:</u>				
Buildings and improvements	(19,203,263)	(1,243,655)	-	(20,446,918)
Capital improvements (other than buildings)	(51,870)	(8,139)	-	(60,009)
Machinery and equipment	(685,516)	(183,893)	-	(869,409)
Vehicles	(4,273,380)	(522,189)	-	(4,795,569)
Software	(11,250)	(58,085)	-	(69,335)
Infrastructure	(4,562,132)	(391,952)	-	(4,954,084)
Total accumulated depreciation	<u>(28,787,411)</u>	<u>(2,407,913)</u>	<u>-</u>	<u>(31,195,324)</u>
Total capital assets being depreciated, net	<u>37,412,812</u>	<u>5,209,945</u>	<u>12,201,362</u>	<u>54,824,119</u>
Total governmental activities capital assets, net	<u>\$ 56,075,699</u>	<u>\$ 5,209,945</u>	<u>\$ -</u>	<u>\$ 61,285,644</u>

TOWN OF FOXBOROUGH, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2008

<u>Business-Type Activities:</u>	Beginning Balance	Increases	Decreases & Reclassifications	Ending Balance
Capital assets not being depreciated:				
Land	\$ 692,282	\$ -	\$ -	\$ 692,282
Construction in progress	<u>1,040,221</u>	<u>81,633</u>	<u>-</u>	<u>1,121,854</u>
Total capital assets not being depreciated	<u>1,732,503</u>	<u>81,633</u>	<u>-</u>	<u>1,814,136</u>
Capital assets being depreciated:				
Buildings and improvements	655,300	-	-	655,300
Machinery and equipment	477,196	39,336	-	516,532
Vehicles	139,857	31,076	-	170,933
Infrastructure	<u>11,212,172</u>	<u>21,113</u>	<u>-</u>	<u>11,233,285</u>
Total capital assets being depreciated	<u>12,484,525</u>	<u>91,525</u>	<u>-</u>	<u>12,576,050</u>
Less accumulated depreciation for:				
Buildings and improvements	(655,300)	-	-	(655,300)
Machinery and equipment	(357,605)	(16,604)	-	(374,209)
Vehicles	(28,235)	(25,579)	-	(53,814)
Infrastructure	<u>(3,761,550)</u>	<u>(257,057)</u>	<u>-</u>	<u>(4,018,607)</u>
Total accumulated depreciation	<u>(4,802,690)</u>	<u>(299,240)</u>	<u>-</u>	<u>(5,101,930)</u>
Total capital assets being depreciated, net	<u>7,681,835</u>	<u>(207,715)</u>	<u>-</u>	<u>7,474,120</u>
Total business-type activities capital assets, net	<u>\$ 9,414,338</u>	<u>\$ (126,082)</u>	<u>\$ -</u>	<u>\$ 9,288,256</u>

TOWN OF FOXBOROUGH, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2008

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

Governmental Activities:	
General government	\$ 57,766
Public safety	471,322
Education	1,334,733
Public works	519,035
Human services	17,126
Culture and recreation	<u>7,931</u>
Total depreciation expense - governmental activities	<u>\$ 2,407,913</u>
Business-Type Activities:	
Water	\$ 238,822
Sewer	60,418
Sanitation	<u>-</u>
Total depreciation expense - business-type activities	<u>\$ 299,240</u>

TOWN OF FOXBOROUGH, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2008

NOTE 6 – INTERFUND TRANSFERS

Interfund transfers for the fiscal year ended June 30, 2008, are summarized as follows:

Operating Transfers Out	Operating Transfers In:				Total
	General Fund	Joint Public Safety Building Fund	Nonmajor Governmental Funds	Internal Service Fund	
Nonmajor Governmental Funds	\$ 434,480	\$ -	\$ -	\$ -	\$ 434,480 (1)
Water Enterprise Fund	448,616	-	-	-	448,616 (2)
Sewer Enterprise Fund	53,269	-	-	-	53,269 (2)
Sanitation Enterprise Fund	67,113	-	-	-	67,113 (2)
General Fund	-	414,000	-	-	414,000 (3)
General Fund	-	-	7,701	-	7,701 (3)
General Fund	-	-	-	90,832	90,832 (4)
Total	\$ 1,003,478	\$ 414,000	\$ 7,701	\$ 90,832	\$ 1,516,011

- (1) Represents budgeted transfer to supplement the operating budget.
- (2) Represents budgeted transfers from the various enterprise funds to the general fund.
- (3) Represents budgeted transfer from the General Fund.
- (4) Represents budgeted transfer from the General Fund to fund future other post-employment benefits (OPEB) costs.

NOTE 7 – SHORT-TERM FINANCING

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

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

Short-term loans are general obligations of the Town and maturity dates are governed by statute. There was no short-term financing activity during fiscal year 2008.

TOWN OF FOXBOROUGH, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2008

NOTE 8 – LONG-TERM DEBT

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

The following is a summary of the changes in long-term debt for the year ended June 30, 2008:

Bonds and Notes Payable Schedule -Governmental Funds

Project	Interest Rate (%)	Outstanding at June 30, 2007	Issued	Redeemed	Outstanding at June 30, 2008
School - Igo Elementary	5.10	\$ 980,000	\$ -	\$ 245,000	\$ 735,000
Title V	0.00	111,004	-	11,100	99,904
Landfill Closure	5.49	1,445,000	-	115,000	1,330,000
Senoir Center	5.38	340,000	-	35,000	305,000
Land Acquisition	5.13	40,000	-	10,000	30,000
School - Ahern Middle	3.55	1,100,000	-	75,000	1,025,000
Land Acquisition - Mill St.	4.75	1,275,000	-	75,000	1,200,000
School & Vehicles	3.84	4,164,000	-	262,000	3,902,000
Public Safety/Fire engines	3.84	7,951,000	-	488,000	7,463,000
Public Safety Building	4.02	4,515,000	-	230,000	4,285,000
Public Works	3.84	155,000	-	20,000	135,000
Total		<u>\$ 22,076,004</u>	<u>\$ -</u>	<u>\$ 1,566,100</u>	<u>\$ 20,509,904</u>

The annual debt service requirements for principal and interest for Governmental bonds and notes outstanding at June 30, 2008 are as follows:

Fiscal Year	Principal	Interest	Total
2009	\$ 1,566,101	\$ 829,795	\$ 2,395,896
2010	1,566,100	767,562	2,333,662
2011	1,521,100	705,617	2,226,717
2012	1,266,101	649,711	1,915,812
2013	1,261,100	600,447	1,861,547
2014-2018	5,944,402	2,218,531	8,162,933
2019-2023	5,165,000	1,038,971	6,203,971
2024-2027	2,220,000	150,937	2,370,937
Total	<u>\$ 20,509,904</u>	<u>\$ 6,961,571</u>	<u>\$ 27,471,475</u>

TOWN OF FOXBOROUGH, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2008

Bonds and Notes Payable Schedule - Water and Sewer Enterprise Funds

Project	Interest Rate (%)	Outstanding at June 30, 2007	Issued	Redeemed	Outstanding at June 30, 2008
Sewer	Var.	\$ 287,640	\$ -	\$ 25,263	\$ 262,377
Sewer	Var.	66,146	-	5,248	60,898
Sewer	Var.	861,805	-	55,312	806,493
Sewer	5.10	60,000	-	20,000	40,000
Sewer	3.86	180,000	-	10,000	170,000
Land Acquisition - Water	2.77	60,000	-	10,000	50,000
Water Reuse	3.63	1,835,000	-	115,000	1,720,000
Water	3.64	2,880,000	-	180,000	2,700,000
Water	Var.	491,917	-	24,618	467,299
Water	Var.	33,564	-	1,417	32,147
Total		<u>\$ 6,756,072</u>	<u>\$ -</u>	<u>\$ 446,858</u>	<u>\$ 6,309,214</u>

The annual debt service requirements for principal and interest for water and sewer enterprise fund bonds and notes outstanding at June 30, 2008 are as follows:

Fiscal Year	Principal	Interest	Total
2009	\$ 449,465	\$ 252,573	\$ 702,038
2010	452,427	237,830	690,257
2011	433,991	215,504	649,495
2012	439,811	201,276	641,087
2013	441,542	185,862	627,404
2014-2018	2,193,081	634,843	2,827,924
2019-2023	1,876,595	195,568	2,072,163
2024-2025	22,302	1,200	23,502
Total	<u>\$ 6,309,214</u>	<u>\$ 1,924,656</u>	<u>\$ 8,233,870</u>

TOWN OF FOXBOROUGH, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2008

Loans Authorized and Unissued

As of June 30, 2008, the Town has loans authorized and unissued as follows:

<u>Description</u>	<u>Date Authorized</u>	<u>Amount</u>
Conservation - Land Acquisition	5/13/1986	\$ 130,000
Water - Land Acquisition	5/14/1990	70,000
Water - Witch Pond	5/11/1998	<u>4,300,000</u>
Total		<u>\$ 4,500,000</u>

Massachusetts School Building Authority Reimbursements

Chapter 645 of the Act of 1948 as amended ("Chapter 645") created a statewide school building assistance program. Pursuant to this program, cities and towns issued bonds for eligible school building projects and were reimbursed over a period of years by the Commonwealth according to a statutory percentage for such city or town.

Legislation enacted as part of the Commonwealth's Fiscal 2001 budget repealed 645 and created a new school building assistance program codified as Chapter 70B of the Massachusetts General Laws. Among other changes, the new program includes grants for alternatives to construction and calculates grants for each project based on a number of factors. The new legislation does not affect the reimbursement percentages for bonds previously issued under Chapter 645, and the grants for certain "grandfathered" projects will be based on the statutory percentages provided for in Chapter 645.

The Town has been approved for a 68% percent state school construction grant through the Massachusetts School Building Authority (MSBA) to cover eligible project costs, including debt service associated with the financing of these projects, subject to annual appropriation by the state legislature. The Town received \$407,269 from scheduled annual payments in FY 2008 from the MSBA for completed school construction projects.

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Changes in Long-term Liabilities

The following is a summary of changes in long-term liabilities for the year ended June 30, 2008:

<u>Governmental Activities:</u>	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Bonds and notes payable	\$ 22,076,004	\$ -	\$ (1,566,100)	\$ 20,509,904	\$ 1,566,101
Compensated absences	997,589	100,288	-	1,097,877	406,958
Landfill postclosure care costs	814,000	-	(37,000)	777,000	37,000
 Total governmental activities long-term liabilities	 <u>\$ 23,887,593</u>	 <u>\$ 100,288</u>	 <u>\$ (1,603,100)</u>	 <u>\$ 22,384,781</u>	 <u>\$ 2,010,059</u>
 <u>Business-Type Activities:</u>	 Beginning Balance	 Additions	 Reductions	 Ending Balance	 Current Portion
Bonds and notes payable	\$ 6,756,072	\$ -	\$ (446,858)	\$ 6,309,214	\$ 449,465
Compensated absences	35,571	40,123	-	75,694	18,232
 Total business-type activities long-term liabilities	 <u>\$ 6,791,643</u>	 <u>\$ 40,123</u>	 <u>\$ (446,858)</u>	 <u>\$ 6,384,908</u>	 <u>\$ 467,697</u>

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

Overlapping Debt

The Town pays assessments under formulas which include debt service payments to other governmental agencies providing services to the Town, (commonly referred to as overlapping debt). The following summary sets forth the long-term debt of such governmental agencies and the estimated share being financed by the Town as of June 30, 2008:

<u>Agency</u>	<u>Total Long- Term Debt Outstanding</u>	<u>Town's Estimated Share</u>	<u>Town's Indirect Debt</u>
Norfolk County	<u>\$ 1,100,000</u>	2.244%	<u>\$ 24,684</u>

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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, 2008 the total amount of conduit debt outstanding was \$56,575,000.

NOTE 9 – STABILIZATION FUND

At June 30, 2008, \$2,520,805 has been set aside in the stabilization fund, which is classified as a major fund in the governmental funds financial statements. The stabilization fund balance can be used for general and/or capital purposes as approved by Town Meeting vote.

NOTE 10 – RISK FINANCING

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

Buildings are insured against fire, theft, and natural disaster (except for losses due to flood or earthquake) to the extent that losses exceed \$1,000 per incident. Buildings are insured against flood and earthquake damage, to the extent that losses exceed \$50,000 per incident.

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

The Town is insured for general liability; however, Chapter 258 of the Massachusetts General Laws limits the Town's liability to a maximum of \$100,000 per claim in all matters except in actions relating to federal civil rights, eminent domain and breach of contract. Such claims are charged to the general fund. There were no such claims in 2008.

The Town has a variety of self-insured contributory health care options. There are 630 employees and retirees who participate in the Town's health care programs. Stop loss insurance is carried on all self-insured health care claims in excess of \$75,000 individually. The Town contributes 50% of the costs for the full indemnity plan and supplementary Medicare insurance. The Town contributes 70% of the costs for managed care costs. The amount of claim settlements has not exceeded insurance coverage in any of the previous three fiscal years.

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The Town's health insurance activities are accounted for in the internal service fund where revenues are recorded when earned and expenses are recorded when the liability is incurred. Liabilities for self-insured claims are reported when it is probable that a loss has been incurred and the amount can be reasonably estimated. These losses include an estimate of claims that have been incurred but not recorded. As of June 30, 2008 and June 30, 2007, the only such liabilities are those related to the Town's self-insured health care program. The Town established a liability based on historical trends for the previous fiscal years. Changes in the self-insured liability account in fiscal year 2008 and 2007 were as follows:

	Healthcare	
	2008	2007
Liability at beginning of fiscal year	\$ 1,236,625	\$ 1,194,215
Claims incurred for current fiscal year and		
Changes in provisions for prior year	6,181,745	6,084,682
Claims payments for current fiscal year	(6,190,309)	(6,042,272)
 Liability at end of fiscal year	 \$ 1,228,061	 \$ 1,236,625

NOTE 11 – PENSION PLAN

A. Plan Descriptions

The Town contributes to the Norfolk County Contributory Retirement System (the "System"), a cost sharing, multiple-employer, defined benefit pension plan administered by the Norfolk County Retirement Board. Substantially all employees are members of the "System" except for public school teachers and certain school administrators who are members of the Massachusetts Teachers' Retirement System (MTRS) to which the Town does not contribute.

The "System" and the MTRS are contributory defined benefit plans and membership in both the "System" and the MTRS is mandatory upon commencement of employment for all permanent, full-time employees. The "System" and the MTRS provide retirement, disability and death benefits to plan members and beneficiaries.

Chapter 32 of the Massachusetts General Laws assigns authority to establish and amend benefit provisions of the plan, and grant cost-of-living increases, to the State legislature. The "System" issues a publicly available financial report, which can be obtained through the Commonwealth of Massachusetts, Public Employee Retirement Administration Commission ("PERAC"), One Ashburton Place, Boston, Massachusetts 02108.

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B. Funding Policies

Norfolk County Contributory Retirement System

Plan members are required to contribute to the “System” at rates ranging from 5% to 11% of annual covered compensation. The Town is required to pay into the “System”, its share of the remaining system-wide, actuarially determined, contribution plus administration costs, which are apportioned among the employers, based on active covered payroll. The Commonwealth of Massachusetts reimburses the “system” for a portion of the benefit payments for the cost of living increases. The contributions to the “System” for years ended June 30, 2008, 2007, and 2006 were \$1,630,866, \$1,594,152, and \$1,508,491, respectively, which were equal to its required contributions for each of these years.

Massachusetts Teachers’ Retirement System

Plan members (at varying rates of annual covered compensation) and the Commonwealth of Massachusetts fund contributions to the MTRS. The Commonwealth of Massachusetts contributed “on-behalf” payments to the MTRS totaling \$4,039,901 for fiscal year 2008. In accordance with GASB Statement No. 24, these on-behalf” payments have been recorded in the general fund as intergovernmental revenues and pension expenditures.

NOTE 12 – 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, 2008, 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 (21 years remaining), and the estimated liability has been recorded in the Statement of Net Assets, Governmental Activities. The \$777,000 reported as landfill post-closure liability at June 30, 2008 is based on what it would cost to perform all post-closure care costs at June 30, 2008. 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, 2008, cannot be ascertained, management believes any resulting liability should not materially affect the financial position at June 30, 2008.

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NOTE 13 – IMPLEMENTATION OF NEW GASB PRONOUNCEMENTS

During fiscal year 2008, the following GASB pronouncement was implemented:

The GASB issued **Statement #43**, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, was implemented in Fiscal 2008. Since there is no legally established separate trust for the postemployment benefit plan this pronouncement did not impact the basic financial statements.

The GASB issued **Statement #48**, *Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues* was implemented in FY2008. Since the Town does not sell or pledge receivable or future revenues, this pronouncement did not impact the basic financial statements.

The GASB issued **Statement #50**, *Pension Disclosures – an amendment of GASB Statements No. 25 and No. 27*. was implemented in FY2008. Since the Town does not operate its' own pension plan, this pronouncement will not impact the basic financial statements.

Future GASB Pronouncements:

The GASB issued **Statement #45**, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, which is required to be implemented in Fiscal 2009. Management believes this pronouncement will require additional disclosure and impact the basic financial statements.

The GASB issued **Statement #49**, *Accounting and Financial Reporting for Pollution Remediation Obligations* which is required to be implemented in FY2009. Management does not believe that there are any pollution remediation obligations that will require disclosure and this pronouncement will not have an impact on the basic financial statements.

The GASB issued **Statement #51**, *Accounting and Financial Reporting for Intangible Assets* which is required to be implemented in FY2010. Management believes this pronouncement will require additional disclosure, but will not have a material impact on the basic financial statements.