



FRANKLIN TOWN COUNCIL
January 24, 2018

Municipal Building
355 East Central Street
2nd Floor Council Chambers

7:00 PM

A. APPROVAL OF MINUTES – *December 13, 2017, December 20, 2017*

B. ANNOUNCEMENTS –

1. *This meeting is being recorded by Franklin TV and shown on Comcast channel 11 and Verizon channel 29. This meeting may also be recorded by others.*

C. PROCLAMATIONS/RECOGNITIONS

D. CITIZEN COMMENTS – *Citizens are welcome to express their views for up to five minutes on a matter that is not on the Agenda. The Council will not engage in a dialogue or comment on a matter raised during Citizen Comments. The Town Council will give remarks appropriate consideration and may ask the Town Administrator to review the matter.*

E. APPOINTMENTS

F. HEARINGS -

G. LICENSE TRANSACTIONS - *Table & Vine, Inc. – Change of Manager*

H. PRESENTATIONS/DISCUSSIONS - *2017 Audit*

I. SUBCOMMITTEE REPORTS

1. *Capital*
2. *Budget*
3. *EDC*

J. LEGISLATION FOR ACTION

1. *Resolution 18-01 – Acceptance of Gifts – Council on Aging (**Motion to Move Resolution 18-01 – Majority Vote (5)**)*
2. *Resolution 18-02 – Acceptance of Gifts – Franklin Police Department (**Motion to Move Resolution 18-02 – Majority Vote (5)**)*
3. *Resolution 18-03 – Local Adoption of G.L. Chapter 64N, Section 3, as Amended: Local Tax on Marijuana Retail Sales and Establishment of Tax Rate (**Motion to Move Resolution 18-03 – Majority Vote (5)**)*
4. *Bylaw Amendment 18-798: Chapter 155, Streets and Sidewalks – 1st Reading (**Motion to Move Bylaw Amendment 18-798 to a 2nd Reading – Majority Vote – (5)**)*
5. *Bylaw Amendment 18-799: Chapter 82, Fees, Appendix B - Sewer Rates – 1st Reading (**Motion to Move Bylaw Amendment 18-799 to a 2nd Reading – Majority Vote (5)**)*
6. *Bylaw Amendment 18-800: Chapter 82, Fees, Appendix B – Water Rates – 1st Reading (**Motion to Move Bylaw Amendment 18-800 to a 2nd Reading – Majority Vote (5)**)*

K. TOWN ADMINISTRATOR'S REPORT

L. FUTURE AGENDA ITEMS

M. COUNCIL COMMENTS

N. EXECUTIVE SESSION - *None Scheduled*

O. ADJOURN

**FRANKLIN TOWN COUNCIL
MINUTES OF MEETING
December 13, 2017**

A meeting of the Town Council was held on Wednesday, December 13, 2017, at the Franklin Municipal Building, 355 East Central Street, Franklin, Massachusetts. Councilors present: Patrick Casey, Robert Dellorco, Melanie Hamblen, Glenn Jones, Matthew Kelly, Eamon McCarthy Earls (via remote), Thomas Mercer, Peter Padula, Deborah Pellegrini. Councilors absent: None. Administrative personnel in attendance: Jeffrey Nutting, Town Administrator; Jamie Hellen, Deputy Town Administrator; Mark Cerel, Town Attorney.

CALL TO ORDER: ► Chairman Kelly called the meeting to order at 7:00 PM with a moment of silence and the Pledge of Allegiance. He noted that Mr. Earls will attend tonight's meeting via remote participation.

APPROVAL OF MINUTES: *November 15, 2017.* ► **MOTION to Approve** the November 15, 2017 meeting minutes by Mercer. **SECOND** by Dellorco. **No Discussion.** ► **ROLL CALL VOTE:** Casey-YES; Dellorco-YES; Hamblen-YES; Jones-YES; Kelly-YES; Earls-YES; Mercer-YES; Padula-YES; Pellegrini-YES. ► **VOTE: Yes-9, No-0, Absent-0.**

ANNOUNCEMENTS: Chairman Kelly announced the meeting is being recorded by *Franklin TV* and available for viewing on Comcast Channel 11 and Verizon Channel 29. This meeting may also be recorded by others.

PROCLAMATIONS/RECOGNITIONS: ► *Honoring Public Safety – Teerith Pasricha, Audrey DiMella.* ► Ms. Pasricha and Ms. DiMella, juniors at Franklin High Schools, addressed the Town Council. They stated that they are part of DECA, a nationwide business competition. The goal of their project is to raise awareness for Franklin's first-responders. They presented the first responders with a plaque of remembrance which will be hung in the Town Council Chambers. Fire and police department members were presented with the plaque; they thanked the presenters for the recognition.

CITIZEN COMMENTS: *None.*

APPOINTMENTS: *None.*

HEARINGS: *None.*

Items Taken Out of Order from Agenda.

LEGISLATION FOR ACTION:

1. **Resolution 17-75: Acceptance of Gift – Franklin Veterans Memorial Path Account.** ► Mr. Jones read the resolution. ► **MOTION to Move** Resolution 17-75: Acceptance of Gift – Franklin Veterans Memorial Path Account, for \$1,500 from the Franklin Lodge No. 2136, B.P.O.E. (Elks) by Mercer. **SECOND** by Padula. **Discussion:** ► Exalted Ruler Michael Mele stated that bricks could be purchased for the memorial path. He encouraged local businesses that may want to give a monetary donation toward the installation of the bricks; they should contact Mr. Dale Kurtz, Veterans Agent. He presented Mr. Kurtz with a \$1,500 check. ► **ROLL CALL VOTE:** Casey-YES; Dellorco-YES; Hamblen-YES; Jones-YES; Kelly-YES; Earls-YES; Mercer-YES; Padula-YES; Pellegrini-YES. ► **VOTE: Yes-9, No-0, Absent-0.**

2. **Resolution 17-76: Acceptance of Gift – Franklin Veterans Memorial Path Account.** ► Mr. Jones read the resolution. ► **MOTION to Move** Resolution 17-76: Acceptance of Gift – Franklin Veterans Memorial Path Account, for \$500 from the VFW Post 3402 by **Mercer. SECOND** by **Dellorco. Discussion:** ► Commander Larry Bederian of VFW Post 3402 presented Mr. Kurtz with a \$500 check for the memorial path. He encouraged people to purchase bricks and provide donations for the installation of the bricks. ► **ROLL CALL VOTE:** Casey-YES; Dellorco-YES; Hamblen-YES; Jones-YES; Kelly-YES; Earls-YES; Mercer-YES; Padula-YES; Pellegrini-YES. ► **VOTE: Yes-9, No-0, Absent-0.**

LICENSE TRANSACTIONS: ► **2018 Annual Alcoholic Beverages License Renewals.** ► Mr. Jones read the list of all 2018 Town of Franklin Alcohol License Renewals. ► **MOTION to Approve** the renewal of the alcoholic beverages licenses listed on the attached Renewal List for the year 2018 with the licenses that have fees or taxes outstanding to be held in the Town Administrator’s Office until all items are paid by **Jones. SECOND** by **Mercer. Discussion:** ► Mr. Nutting stated this is standard procedure; he expects they will all come in and pay. If they do not come in by December 31, they will not have a license for New Years. ► **ROLL CALL VOTE:** Casey-YES; Dellorco-YES; Hamblen-YES; Jones-YES; Kelly-YES; Earls-YES; Mercer-YES; Padula-YES; Pellegrini-YES. ► **VOTE: Yes-9, No-0, Absent-0.**

PRESENTATIONS/DISCUSSIONS: ► **Franklin Senior Center – Karen Alves.** ► Ms. Karen Alves, Senior Center Director, and Ms. Maggie Gunderson, Social Services Coordinator, addressed the Town Council and provided an update and slide presentation on the Senior Center. Ms. Alves reviewed the mission statement, demographics, participants, FY 17 funding, programs, nutrition resources, health and wellness resources, and caregiver support. Ms. Gunderson reviewed social services, mental health clinician, and low vision training. Ms. Alves also reviewed socialization, recreation, education, volunteers, intergenerational events, tax work off program, amenities, and unmet needs. ► Mr. Jones thanked the presenters and stated the Senior Center is a great resource. ► Mr. Dellorco asked if they had run into any opioid issues. ► Ms. Gunderson stated they have seen some dependency issues. ► Mr. Casey requested elaboration on the process of stopping into the Senior Center to drop off materials or visit. ► Ms. Alves stated it is best to call first and let staff know what a person might want to drop off. ► Mr. Mercer applauded the efforts of the Senior Center staff for their adaptability and flexibility during the renovations of the facility. ► Ms. Pellegrini congratulated Ms. Susan Barbour on her HMEA award. ► Ms. Alves stated that Ms. Barbour received a community service award from HMEA; the award recipient was selected by the students. ► Mr. Padula stated the Senior Center is outstanding. ► Chairman Kelly stated that he hoped a Town Council member would continue to plan monthly Town Council breakfasts at the Senior Center. He thanked the staff at the Senior Center for their hard work.

LEGISLATION FOR ACTION (continued):

3. **Resolution 17-74: Acceptance of Gift – Council on Aging.** ► Mr. Jones read the resolution. ► **MOTION to Move** Resolution 17-74: Acceptance of Gift – Council on Aging, for \$1,000 from Donald and Jane Christy by **Mercer. SECOND** by **Padula. Discussion:** ► Ms. Alves clarified that the donation was made by Donald Christy in memory of his wife Jane Christy. ► **ROLL CALL VOTE:** Casey-YES; Dellorco-YES; Hamblen-YES; Jones-YES; Kelly-YES; Earls-YES; Mercer-YES; Padula-YES; Pellegrini-YES. ► **VOTE: Yes-9, No-0, Absent-0.**
4. **Resolution 17-77: Legal Notices.** ► Mr. Jones read the resolution. ► **MOTION to Move** Resolution 17-77: Legal Notices by **Mercer. SECOND** by **Dellorco. Discussion:** ► Mr. Nutting stated this is a requirement of law. ► Chairman Kelly said this is the worst thing to give the Milford Daily News money when the whole world is on the Internet and we are still putting legal notices in the newspaper. This is a waste of money for the taxpayers. He said he thinks the state representative has put in legislation to try to get rid of this. ► **ROLL CALL VOTE:** Casey-YES; Dellorco-YES; Hamblen-

YES; Jones-YES; Kelly-YES; Earls-YES; Mercer-YES; Padula-YES; Pellegrini-YES. ► **VOTE: Yes-9, No-0, Absent-0.**

5. **Resolution 17-78: 2018 Schedule of Town Council Meetings.** ► Mr. Jones read the resolution. ► **MOTION to Move Resolution 17-78: 2018 Schedule of Town Council Meetings by Mercer. SECOND by Dellorco. Discussion:** ► Chairman Kelly stated that they tried to adopt everyone's changes. ► Mr. Padula reviewed dates that he was not available to meet. ► **ROLL CALL VOTE:** Casey-YES; Dellorco-YES; Hamblen-YES; Jones-YES; Kelly-YES; Earls-YES; Mercer-YES; Padula-YES; Pellegrini-YES. ► **VOTE: Yes-9, No-0, Absent-0.**

SUBCOMMITTEE REPORTS: *None.*

TOWN ADMINISTRATOR'S REPORT: ► Mr. Nutting noted that the Cultural Committee was appointed a few weeks ago. He gave thanks to the group of residents that came together a few years ago that started the process for this; he commended their hard work. ► A \$24,000 grant was received to help with waste reduction; there will be a presentation at a future Town Council meeting to help educate citizens on recycling efforts. He thanked the DPW. ► A \$125,000 grant was received to continue to do stormwater management, rain garden and infrastructure improvements in Franklin. ► He stated there was a Budget Subcommittee meeting today. The group includes representatives from the Town Council, School Committee, Finance Committee, and town and school administration to start discussions about FY 19 budget. There is currently much missing information, but the general overview is that there will be a \$3 ½ million to \$5 million shortfall. They will need to work together to solve this problem.

FUTURE AGENDA ITEMS: ► Chairman Kelly requested that the subcommittees be listed on future agendas so he will remember to call on them.

COUNCIL COMMENTS: ► Mr. Casey wished everyone happy holidays. ► Mr. Dellorco said he thought the first snowstorm went well; he did not receive any calls. He confirmed that Cottage Street was plowed. ► Mr. Mercer said the Holiday Stroll was a very nice event; the decorations looked great. ► Ms. Pellegrini stated the Holiday Stroll went very well. The DPW did a great job on the first snow. ► Mr. Padula stated that the budget meeting was a great first discussion and was a good group of people. ► Mr. Jones said the Holiday Stroll was a lot of fun. ► Chairman Kelly stated the Holiday Stroll was great and the lights in Downtown Franklin are great. He gave Mr. Robert Vallee credit for pushing to get more lights up every year.

EXECUTIVE SESSION: *None.*

ADJOURN: MOTION to Adjourn by Mercer. SECOND by Dellorco. No Discussion. ► **ROLL CALL VOTE:** Casey-YES; Dellorco-YES; Hamblen-YES; Jones-YES; Kelly-YES; Earls-YES; Mercer-YES; Padula-YES; Pellegrini-YES. ► **VOTE: Yes-9, No-0, Absent-0. Meeting adjourned at 8:16 PM.**

Respectfully submitted,

Judith Lizardi
Recording Secretary

**FRANKLIN TOWN COUNCIL
MINUTES OF MEETING
December 20, 2017**

A meeting of the Town Council was held on Wednesday, December 20, 2017, at the Franklin Municipal Building, 355 East Central Street, Franklin, Massachusetts. Councilors present: Patrick Casey, Robert Dellorco, Melanie Hamblen, Glenn Jones, Matthew Kelly, Eamon McCarthy Earls, Thomas Mercer, Peter Padula, Deborah Pellegrini. Councilors absent: None. Administrative personnel in attendance: Jeffrey Nutting, Town Administrator; Jamie Hellen, Deputy Town Administrator; Mark Cerel, Town Attorney.

CALL TO ORDER: ► Chairman Kelly called the meeting to order at 7:00 PM with a moment of silence and the Pledge of Allegiance.

APPROVAL OF MINUTES: *November 29, 2017.* ► **MOTION to Approve** the November 29, 2017 meeting minutes by Mercer. **SECOND** by Dellorco. **No Discussion.** ► **VOTE: Yes-9, No-0, Absent-0.**

ANNOUNCEMENTS: Chairman Kelly announced the meeting is being recorded by *Franklin TV* and available for viewing on Comcast Channel 11 and Verizon Channel 29. This meeting may also be recorded by others.

PROCLAMATIONS/RECOGNITIONS: *None.*

CITIZEN COMMENTS: *None.*

APPOINTMENTS: *None.*

HEARINGS: *None.*

LICENSE TRANSACTIONS: ► *DeVita's Market – Change of Hours.* ► Mr. Jones read the license transaction. ► **MOTION to Approve** the change of hours for DeVita's Market to include Sunday, 10:00 AM to 11:00 PM by Jones. **SECOND** by Mercer. **Discussion:** ► Mr. Nutting stated this is consistent with other license holders; he recommended approval. **VOTE: Yes-8, No-0, Absent-0, Abstain-1.** (Mr. Padula abstained.)

PRESENTATIONS/DISCUSSIONS: ► *State Representative, Jeff Roy.* ► Representative Jeff Roy recognized Gloria Rollinson, 91 years old, and noted that she watches all Town Council meetings; he wished her well. He stated Governor Baker signed the Agricultural Commission on December 13, 2017. He noted Ms. Hamblen was a driving force behind that effort and presented her with an official parchment of the bill and the pen used to sign the legislation. He congratulated everyone on this effort and wished all Happy Holidays and Happy New Year. ► Mr. Nutting stated that anyone interested in applying for the five vacancies on the Agricultural Commission should email the Town Administrator's office.

► *High School Concession Stand.* Mr. Wayne Simarrian, Chairman, Recreation Advisory Board, and Mr. Michael Socci, Franklin Resident, gave a presentation on the proposed new bathroom facility and concession stand at Franklin High School Pisini Field. ► Mr. Simarrian stated the current concession stand is outdated; they will be raising money for the upgraded facility. ► Mr. Socci discussed the proposal and provided a slideshow of renderings of the proposed facility. He noted the goal is to start work in early 2018 and have it completed before the start of school in September 2018. He stated the cost is expected to be in the range of \$270,000, and they plan to accomplish the work through donations and volunteers. The proposal has been conditionally approved by the School Committee, contingent on funding progress. The presentation was for information only as a vote from the Town Council is not needed. ► Town Council members discussed the proposal including sewer and water hookups through Horace Mann, construction

access to the location, interruptions when school is in session, electrical hookups, if Tri-County School students could help, and that as this project will be done through donations, it will not cost the taxpayers; Town Council members indicated support for the project. ► Mr. Nutting stated his support for the project.

► **Sewer/Recycling – Brutus Cantoreggi.** ► Mr. Robert Cantoreggi, DPW Director, Mr. Chris White, Solid Waste Coordinator, and Mr. Scott Haynes, Arcadas Engineering, provided a slideshow presentation and update on sewer, solid waste and recycling. ► Mr. Cantoreggi provided an overview of Franklin including population and miles of water, sewer and drain pipes in town. He discussed his *triadic* approach to stormwater, wastewater and drinking water. He reviewed sewer regulator issues, sewer I & I, implementation and public education, lining and sealing program, results, Charles River Pollution Control District, Franklin’s share of the cost of the plant, annual cost per resident for sewer, and future projects. He stated that the Beaver Street Interceptor is 120 years old. He reviewed some repairs that have been made and the estimate for replacement at \$15-20 million. ► Town Council members asked questions and discussed the Beaver Street Interceptor, lining the current pipe, and the possibility of a new sewer line. ► Mr. Cantoreggi discussed solid waste and recycling. He reviewed the recycling rate, trash by tonnage, cost per resident, contamination in recycling, China recycling import ban, how recycling is measured, and strategy for major grants. ► Town Council members discussed possible public education methods on proper recycling, contaminated recycling, informative stickers to put on recycling buckets, recycling contract, fines for improper waste disposal, the receptacles at the Recycling Center, and number of people using Recycling Center on weekends. ► Mr. Nutting stated it is a ten-year contract for trash; we have had this consortium for the past 20 years. Recycling goes out to bid every five years. ► Chairman Kelly noted that the town’s trash prices have dropped over the past 10 years.

SUBCOMMITTEE REPORTS:

1. **Budget.** ► Mr. Padula stated they met a week ago for a joint meeting with the School Committee and had preliminary discussions about school budgets. They will have more meetings and then public meetings.
2. **Capital Plan.** ► Mr. Dellorco stated there were three meetings planned for January; Mr. Nutting and Mr. Hellen have met with all departments.
3. **Economic Development.** ► Mr. Mercer stated the first meeting will be in January.

LEGISLATION FOR ACTION: *None.*

TOWN ADMINISTRATOR’S REPORT: ► Mr. Nutting congratulated Chief Lynch on his graduation from the FBI Academy. He thanked the Deputy for keeping things running while Chief Lynch was away. Happy Holidays to everyone. ► Mr. Hellen wished everyone Happy Holidays.

FUTURE AGENDA ITEMS: ► Mr. Earls wanted to add creating a Town Technology Committee to the January 10, 2018 meeting agenda.

COUNCIL COMMENTS: ► Ms. Hamblen wished everyone a healthy and happy New Year. ► Mr. Casey asked Mr. Nutting about the traffic report regarding the Abbyville project. ► Mr. Nutting stated there is a meeting tonight with the ZBA on this issue. ► Chairman Kelly stated he asked Mr. Nutting to set up a meeting with the Town Administrator from Norfolk regarding this issue. ► Mr. Dellorco asked for the information on the Abbyville project meeting. Happy Holidays to everyone. ► Mr. Mercer wished everyone Happy Holidays. ► Mr. Earls asked if they could look into reinstating the Open Space Committee which has not been active for 10 years. Happy Holidays. ► Ms. Pellegrini wished everyone Merry Christmas and Happy New Year. ► Mr. Padula commended Chief Lynch for his commitment. He wished everyone Merry Christmas and Happy New Year. ► Mr. Jones read an announcement from the Franklin Education Foundation regarding this year’s Franklin Education

Foundation Pinnacle Award Grant to Kathleen Merton and Ann Williams of the Kennedy Elementary School for their project to enhance English, science and social studies curriculum with digital devices and virtual reality viewers. He provided an overview of the award and grant support. He thanked everyone who supports the Franklin Education Foundation. ►Chairman Kelly wished everyone a Merry Christmas and Happy New Year.

EXECUTIVE SESSION: *None.*

ADJOURN: MOTION to Adjourn by Mercer. SECOND by Dellorco. No Discussion. ►VOTE: Yes-9, No-0, Absent-0. Meeting adjourned at 8:26 PM.

Respectfully submitted,

Judith Lizardi
Recording Secretary



License Transactions:

Table & Vine, Inc.
348 East Central Street

The applicant is seeking a change of Manager on their wine & malt beverages license to Jeffrey Michael Hilditch.

MOTION to approve the request by Table & Vine, Inc. for a change of Manager to Jeffrey Michael Hilditch.

DATED: _____, 2018

VOTED:

UNANIMOUS _____

YES _____ **NO** _____

ABSTAIN _____

ABSENT _____

A True Record Attest:

Teresa M. Burr
Town Clerk

Glenn Jones, Clerk
Franklin Town Council



The Commonwealth of Massachusetts
Alcoholic Beverages Control Commission

For Reconsideration

LOCAL LICENSING AUTHORITY REVIEW RECORD

00079-PK-0430

Franklin

12/18/2017

ABCC License Number

City/Town

Date Filed with LLA

TRANSACTION TYPE (Please check all relevant transactions):

- New License
- Change Corporate Name
- Pledge of Collateral (i.e. License/Stock)
- Change Corporate Structure (i.e. Corp / LLC)
- Transfer of License
- Change of DBA
- Change of Class (i.e. Annual / Seasonal)
- Change of Hours
- Change of Manager
- Alteration of Licensed Premises
- Change of License Type (i.e. club / restaurant)
- Issuance/Transfer of Stock/New Stockholder
- Change of Beneficial Interest
- Change of Location
- Change of Category (i.e. All Alcohol/Wine, Malt)
- Management/Operating Agreement

APPLICANT INFORMATION

Name of Licensee D/B/A

ADDRESS: CITY/TOWN: STATE: ZIP CODE:

Manager

Granted under Special Legislation? Yes No

If Yes, Chapter
of the Acts of (year)

Type (i.e. restaurant, package store) Class (Annual or Seasonal) Category (i.e. Wines and Malts / All Alcohol)

LOCAL LICENSING AUTHORITY DECISION

Please indicate the decision of the Local Licensing Authority:

Please indicate what days and hours the licensee will sell alcohol:

If **Approving With Modifications**, please indicate below what changes the LLA is making:

Please indicate if the LLA is downgrading the License Category (approving only Wines and Malts if applicant applied for All Alcohol):

Changes to the Premises Description	Indoor Area	Floor Number	Square Footage	Number of Rooms
Total Square Footage	<input type="text"/>			
Patio/Deck/Outdoor Area				
Total Square Footage	<input type="text"/>			
Seating Capacity	<input type="text"/>			

Abutters Notified: Yes No Date of Abutter Notification Date of Advertisement

Please add any additional remarks or conditions here:

Check here if you are attaching additional documentation

The Local Licensing Authorities By:

Alcoholic Beverages Control Commission
Ralph Sacramone
Executive Director

Glenn Jones

Clerk
Franklin Town Council

Date APPROVED by LLA



The Commonwealth of Massachusetts
 Alcoholic Beverages Control Commission
 239 Causeway Street
 Boston, MA 02114
www.mass.gov/abcc

Print Form

**RETAIL ALCOHOLIC BEVERAGES LICENSE APPLICATION
 MONETARY TRANSMITTAL FORM**

APPLICATION SHOULD BE COMPLETED ON-LINE, PRINTED, SIGNED, AND SUBMITTED TO THE LOCAL LICENSING AUTHORITY.

ECRT CODE: RETA

CHECK PAYABLE TO ABCC OR COMMONWEALTH OF MA: \$200.00

(CHECK MUST DENOTE THE NAME OF THE LICENSEE CORPORATION, LLC, PARTNERSHIP, OR INDIVIDUAL)

CHECK NUMBER

IF USED EPAY, CONFIRMATION NUMBER

A.B.C.C. LICENSE NUMBER (IF AN EXISTING LICENSEE, CAN BE OBTAINED FROM THE CITY)

LICENSEE NAME

ADDRESS

CITY/TOWN STATE ZIP CODE

TRANSACTION TYPE (Please check all relevant transactions):

- Alteration of Licensed Premises
- Change Corporate Name
- Change of License Type
- Change of Location
- Change of Manager
- Other
- Cordials/Liqueurs Permit
- Issuance of Stock
- Management/Operating Agreement
- More than (3) \$15
- New License
- New Officer/Director
- New Stockholder
- Pledge of Stock
- Pledge of License
- Seasonal to Annual
- Transfer of License
- Transfer of Stock
- Wine & Malt to All Alcohol
- 6-Day to 7-Day License

THE LOCAL LICENSING AUTHORITY MUST MAIL THIS TRANSMITTAL FORM ALONG WITH THE CHECK, COMPLETED APPLICATION, AND SUPPORTING DOCUMENTS TO:

**ALCOHOLIC BEVERAGES CONTROL COMMISSION
 P. O. BOX 3396
 BOSTON, MA 02241-3396**



The Commonwealth of Massachusetts
Alcoholic Beverages Control Commission
239 Causeway Street
Boston, MA 02114
www.mass.gov/abcc

AMENDMENT APPLICATION FOR A CHANGE OF MANAGER

Please complete this entire application, leaving no fields blank. If field does not apply to your situation, please write N/A.

1. NAME OF LICENSEE (Business Contact)	Table & Vine, Inc.		
ABCC License Number	00079-PK-0430	City/Town of Licensee	Franklin

2. APPLICATION CONTACT
The application contact is required and is the person who will be contacted with any questions regarding this application.

First Name:	Michael	Middle:	S.	Last Name:	Gold
Title:	Authorized Representative		Primary Phone:	413-504-4230	
Email:	gold@bigy.com				

3. BUSINESS CONTACT
Please complete this section **ONLY** if there are changes to the Licensee phone number, business address (corporate headquarters), or mailing address.

Entity Name:					
Primary Phone:		Fax Number:			
Alternative Phone:		Email:			

Business Address (Corporate Headquarters)

Street Number:		Street Name:			
City/Town:		State:			
Zip Code:		Country:			

Mailing Address Check here if your Mailing Address is the same as your Business Address

Street Number:		Street Name:			
City/Town:		State:			
Zip Code:		Country:			

APPLICATION FOR A NEW RETAIL ALCOHOLIC BEVERAGES LICENSE

4. MANAGER CONTACT

The Manager Contact is required and is the individual who will have day-to-day, operational control over the liquor license.

Salutation First Name Middle Name Last Name Suffix

Social Security Number Date of Birth

Primary Phone: Email:

Mobile Phone: Place of Employment

Alternative Phone: Fax Number

Citizenship / Residency / Background Information of Proposed Manager

<p>Are you a U.S. Citizen? <input checked="" type="radio"/> Yes <input type="radio"/> No</p> <p>Have you ever been convicted of a state, federal, or military crime? <input type="radio"/> Yes <input checked="" type="radio"/> No If yes, attach an affidavit that lists your convictions with an explanation for each</p> <p>Have you ever been Manager of Record of a license to sell alcoholic beverages? <input checked="" type="radio"/> Yes <input type="radio"/> No</p> <p>If yes, please list the licenses for which you are the <u>current</u> or <u>proposed</u> manager:</p> <div style="border: 1px solid black; padding: 5px; width: fit-content;"> <p>Proposed Manager for Table & Vine in Franklin, MA</p> </div>	<p>Do you have direct, indirect, or financial interest in this license? <input type="radio"/> Yes <input checked="" type="radio"/> No</p> <p>If yes, percentage of interest <input type="text" value="0"/></p> <p>If yes, please indicate type of Interest (check all that apply):</p> <table border="0" style="width: 100%;"> <tr> <td><input type="checkbox"/> Officer</td> <td><input type="checkbox"/> Sole Proprietor</td> </tr> <tr> <td><input type="checkbox"/> Stockholder</td> <td><input type="checkbox"/> LLC Manager</td> </tr> <tr> <td><input type="checkbox"/> LLC Member</td> <td><input type="checkbox"/> Director</td> </tr> <tr> <td><input type="checkbox"/> Partner</td> <td><input type="checkbox"/> Landlord</td> </tr> <tr> <td><input type="checkbox"/> Contractual</td> <td><input type="checkbox"/> Revenue Sharing</td> </tr> <tr> <td><input type="checkbox"/> Management Agreement</td> <td><input type="checkbox"/> Other</td> </tr> </table>	<input type="checkbox"/> Officer	<input type="checkbox"/> Sole Proprietor	<input type="checkbox"/> Stockholder	<input type="checkbox"/> LLC Manager	<input type="checkbox"/> LLC Member	<input type="checkbox"/> Director	<input type="checkbox"/> Partner	<input type="checkbox"/> Landlord	<input type="checkbox"/> Contractual	<input type="checkbox"/> Revenue Sharing	<input type="checkbox"/> Management Agreement	<input type="checkbox"/> Other
<input type="checkbox"/> Officer	<input type="checkbox"/> Sole Proprietor												
<input type="checkbox"/> Stockholder	<input type="checkbox"/> LLC Manager												
<input type="checkbox"/> LLC Member	<input type="checkbox"/> Director												
<input type="checkbox"/> Partner	<input type="checkbox"/> Landlord												
<input type="checkbox"/> Contractual	<input type="checkbox"/> Revenue Sharing												
<input type="checkbox"/> Management Agreement	<input type="checkbox"/> Other												

Please indicate how many hours per week you intend to be on the licensed premises

Employment Information of Proposed Manager

Please provide your employment history for the *past 10 years*

Date(s)	Position	Employer	Address	Phone
2016 - Present	Store Director	Big Y Foods, Inc.	2145 Roosevelt Ave. Springfield, MA	413-784-0600
2007-2016	Store Mgr., Retail Proj. Mgr.	Hannaford	Scarborough, ME	800-213-9040

Prior Disciplinary Action of Proposed Manager

Have you ever been involved directly or indirectly in an alcoholic beverages license that was subject to disciplinary action? If yes, please complete the following:

Date of Action	Name of License	State	City	Reason for suspension, revocation or cancellation

Jeff M. Hilditch

RETAIL MANAGEMENT LEADERSHIP

Passionate and experienced leader with more than 30 years in the food industry known for creating and encouraging a dynamic store environment for both the associates and customers alike. Promoting exceptional customer service programs while effectively evaluating and minimizing operational costs to ensure store profitability. Known for creative approach, relevant and practical solutions, with the ability to quickly establish trusting environments. Experienced trainer and facilitator, with expertise in business development, public relations and human resources.

AREAS OF EXCELLENCE

Leadership and Teamwork

Talent Development and Retention
Delhaize University Facilitator
Change Management

Culture and Relationships

Talent Growth Committee
Community Outreach
Developing a Followership

Operational and Financial

Strategic Business Planning
Regulatory Compliance
P&L and Fiscal Accountability

CAREER HIGHLIGHTS

HANNAFORD BROTHERS COMPANY (HBC), Scarborough, ME

2005 – Present

Delhaize America, one of the nation's largest grocery retailing companies, has more than 1,500 stores along the East Coast. Hannaford is part of the Delhaize America Company, and is owned by Belgian based Delhaize Group, one of the world's largest food retailers. Hannaford currently has more than 180 stores located throughout Maine, Massachusetts, New Hampshire, New York and Vermont.

Store Manager

DG Auditor

Retail Project Manager

Center Store Specialist

Oversee entire store operations, with key focus on creating an atmosphere of enthusiastic customer awareness, with emphasis on courteous and friendly customer service. Maintaining a climate of high trust, where all associates are treated with fairness, dignity and respect. Ensure compliance with state and federal laws, company policies and standard operating procedures. Apply and expand industry and market knowledge to create and improve competitive position. Guaranteeing the highest level of proper control of store funds and company assets are maintained.

Held prior role of DG Auditor for all Massachusetts locations, focused on operational compliance within all areas of best practices, as well as local, state and federal laws; as a Retail Project Manager for Western Division locations coordinated key business partners including retail operations, store engineering, merchandising, marketing, IT and community affairs to ensure timely preplanning, scheduling, training and merchandising to successfully open new stores, remodels and retail capital improvements; as well as Center Store Specialist responsible for developing the competencies of center store leadership by designing and conducting training programs to improve associates workplace performance in alliance with center store best practices. Additionally, responsible for performing operational assessments, designing and delivering curriculum, and learning materials.

- District Trainer for Store Managers.
- Successfully mentored 2 Retail Manager Trainees both have since been promoted.
- Created and implemented recognition tool for rewarding associates for supporting company strategy, "Inspiring Healthy Choices for Life." Adopted into entire banner.
- Member of grassroots committee for State of Massachusetts; to share the perspective with local legislation Hannaford's view points and concerns regarding pending bills (ex, item pricing relief, expansion of the bottle law and beer & wine licenses).
- Designed and implemented community outreach program to actively participate in the early childhood education of healthy food choices by providing a series of visits to the neighboring elementary schools; reading stories, delivering nutritional lessons, and providing healthy choice snacks to the students.
- Led SWOT retail business team through 2 opportunity store processes: built a market /store specific merchandising plan based on customer feedback, competitive defense strategies, store layout and ethnic needs.
- Converted 19 Victory Supermarkets to Hannaford Brothers as part of the conversion team.

GREATER BOSTON FOOD BANK

2015 - Present

Board Member of Food Industry Council

The Greater Boston Food Bank's mission is to end hunger in Eastern Massachusetts. The objective is to distribute enough food to provide at least one meal a day to those in need. Supporting the non-profit organization by volunteering on the board of advisors.

VICTORY SUPERMARKETS INC., Leominster, MA

1985 – 2004

Victory Supermarkets was a family owned retail food company based in Leominster, Massachusetts that included 20 locations across Massachusetts and New Hampshire. In addition to its traditional supermarkets, Victory owned and operated the Market Square; this store concept put an emphasis on perishable foods and café style food courts. It was sold to Hannaford Brothers Company in 2004.

Director of Frozen Food and Dairy Operations

Supervised the operations and merchandising of all frozen food and dairy departments across the Victory banner. Reviewed and evaluated business procedures ranging from customer service initiatives, associate development, performance evaluation and staffing.

- Improved operational systems, processes and standard operating procedures, specially labor forecasting, cleaning & rotation activities and updated credit policy.
- Participated in 11 Victory Supermarket Grand Openings; coordinated daily operational activities, executed all aspects of merchandising and trained new leadership and associates.
- Project leader for implementing Radio Frequency Ordering Technology: Trained all leadership and associates on radio frequency scanning devices, coordinated feedback loop between VP leadership, retail leadership and distribution center which resulted in significant labor savings, product ordering errors and greater customer satisfaction.

Assistant Store Manager

Frozen Food and Dairy Manager

Assistant Frozen Food and Dairy Manager

Part-time Grocery/Produce Associate

Part-time Clerk/Cashier

EDUCATION & PROFESSIONAL DEVELOPMENT

Delhaize University, Certified Facilitator, Leadership Competencies

FranklinCovey, Leading at the Speed of Trust

Fred Pryor Career Track Training, Dealing with Difficult People

Certified by National Registry of Food Safety Professionals, scoring 95%

Worcester State University, Bachelor of Science in Business Administration, Accounting and Finance Concentration

PROFESSIONAL AFFILIATIONS

Member DGU Talent Growth Committee

Board of Advisors, Taunton Boys and Girls Club 2007 to 2010

Frozen Food Association of New England 1999 - 2005

HONORS AND AWARDS

Operational Excellence Award 2015

Zero Waste Sustainability Award 2014

Store Manager of the Year 2010

Food and Workplace Safety Award 2010, 2009

Transaction Growth Award 2010

Sales Growth Award 2009

Wellness Engagement Award 2009

Customer Service Excellence Award 2008, 2007

Written statement of Jeff Hilditch, proposed manager of record

For

Table & Vine, Inc. Franklin, MA location

As an employee, and the manager in charge, in a location where Big Y Foods, Inc. ("Big Y") sells alcohol through their Table & Vine, Inc. subsidiary I am required to take training on preventing alcohol sales to minors. In addition to computer based training I attended a class on November 15, 2017 and passed the Beverage Alcohol Training Program administered by the Massachusetts Package Store Association.

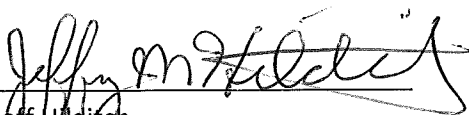
Big Y recognizes that selling alcohol is more regulated than groceries, and takes their obligation to comply with the alcohol laws very seriously. As such they have implemented in-house Computer Based Training: Alcohol Sales to Minors. This is a required training for all wine/ beer/spirit employees, all front-end employees as well as employees in any department that has a satellite register, such as Bakery, Floral, Seafood and Food Service. Additional TIPS Certification training is also required of our key employees. Big Y also offers On the Job Training specific to Table & Vine, Inc. licensed locations; this includes various business related policies/procedures such as case purchases/ log book (8 cases and up), etc.

Big Y also has a Point of Sale System which requires that a cashier enters a valid date of birth prior to any alcohol sale being processed.

As the manager in charge I also am required to take and maintain my certification in all the policies and certifications that are required related to sales of alcohol.

In some of my previous work experience I did deal directly with alcohol sales. During the time that I was a store manager with Hannaford's and working in the N. Quincy location, I was the Manager of Record from February 2011 through August 2011, at which time I was transferred to another location that did not sell alcohol. During that period of time I was directly involved with the training and supervision of employees who sold alcohol. My work experience also includes the training and supervision of employees selling other age sensitive items such as tobacco products.

Big Y/Table & Vine has a great track record in the Massachusetts supermarkets where they sell alcohol. It is my intent to continue this record with diligence, education and the continuous training for myself and my employees.


Jeff Hilditch

This certificate is hereby awarded to

Jeff Hilditch

for successfully completing the

Beverage Alcohol Training
program administered by the

Massachusetts Package Stores Association, Inc.

November 15, 2017

From:

Sean Barry
PRESIDENT

November 14, 2020

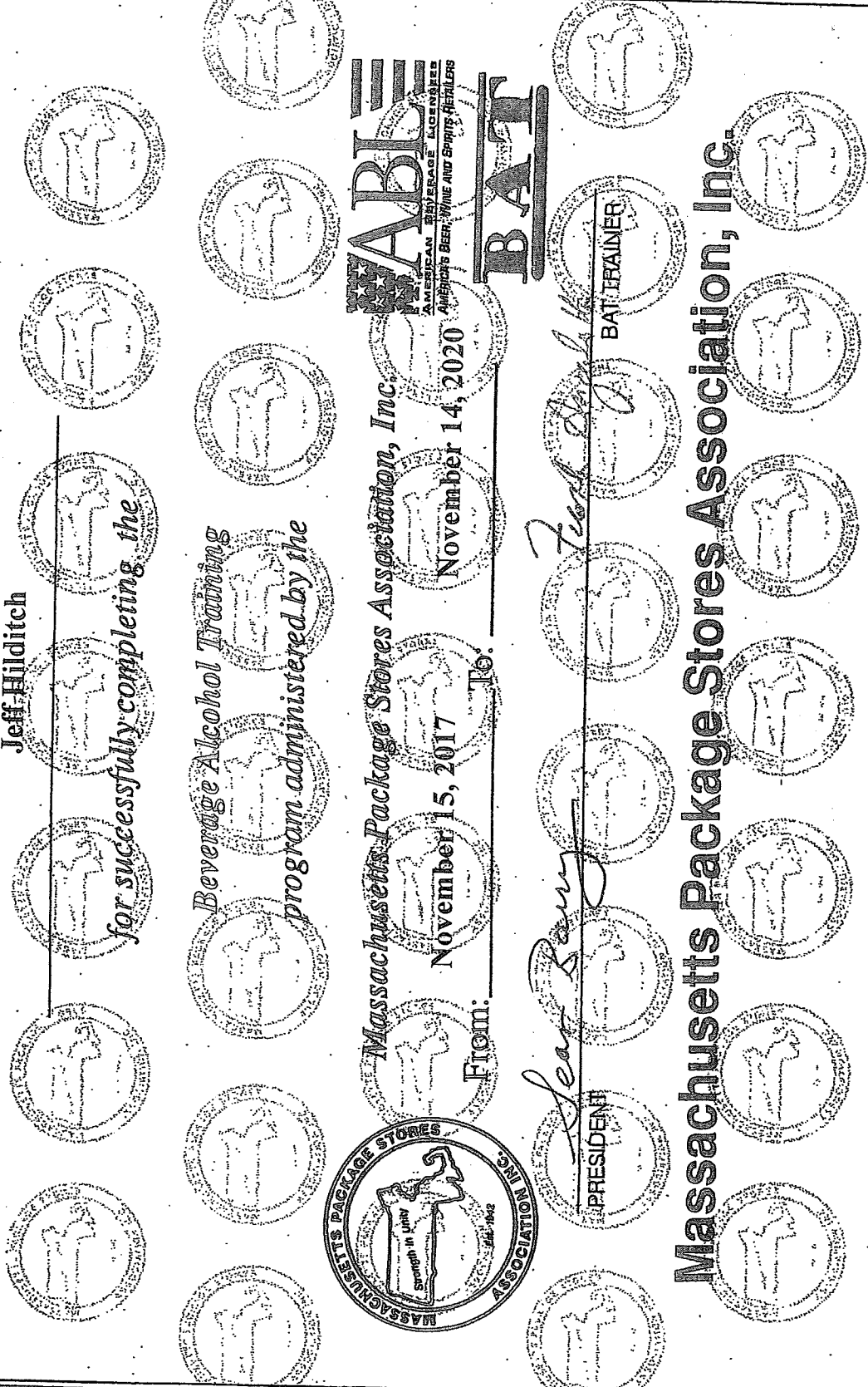
To:

Jeff Hilditch
BATTREINER

BAT
BATTREINER
AMERICAN BEVERAGE LICENSEES
ASSOCIATION
AMERICA'S BEER, WINE AND SPIRITS SELLERS

BAT

Massachusetts Package Stores Association, Inc.



ADDITIONAL SPACE

The following space is for any additional information you wish to supply or to clarify an answer you supplied in the application.

If referencing the application, please be sure to include the number of the question to which you are referring.

Big Y Foods, Inc. is a Massachusetts S Corporation, and Table & Vine, Inc. is a subsidiary of Big Y Foods, Inc., and as such is wholly owned by Big Y Foods, Inc.

APPLICANT'S STATEMENT

I, Charles L. D'Amour the: sole proprietor; partner; corporate principal; LLC/LLP member
Authorized Signatory

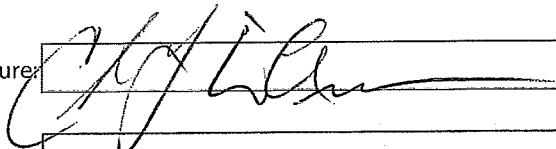
of Table & Vine, Inc., hereby submit this application for Change of Manager
Name of the Entity/Corporation Transaction(s) you are applying for

(hereinafter the "Application"), to the local licensing authority (the "LLA") and the Alcoholic Beverages Control Commission (the "ABCC" and together with the LLA collectively the "Licensing Authorities") for approval.

I do hereby declare under the pains and penalties of perjury that I have personal knowledge of the information submitted in the Application, and as such affirm that all statement and representations therein are true to the best of my knowledge and belief. I further submit the following to be true and accurate:

- (1) I understand that each representation in this Application is material to the Licensing Authorities' decision on the Application and that the Licensing Authorities will rely on each and every answer in the Application and accompanying documents in reaching its decision;
- (2) I state that the location and description of the proposed licensed premises does not violate any requirement of the ABCC or other state law or local ordinances;
- (3) I understand that while the Application is pending, I must notify the Licensing Authorities of any change in the information submitted therein. I understand that failure to give such notice to the Licensing Authorities may result in disapproval of the Application;
- (4) I understand that upon approval of the Application, I must notify the Licensing Authorities of any change in the Application information as approved by the Licensing Authorities. I understand that failure to give such notice to the Licensing Authorities may result in sanctions including revocation of any license for which this Application is submitted;
- (5) I understand that the licensee will be bound by the statements and representations made in the Application, including, but not limited to the identity of persons with an ownership or financial interest in the license;
- (6) I understand that all statements and representations made become conditions of the license;
- (7) I understand that any physical alterations to or changes to the size of, the area used for the sale, delivery, storage, or consumption of alcoholic beverages, must be reported to the Licensing Authorities and may require the prior approval of the Licensing Authorities;
- (8) I understand that the licensee's failure to operate the licensed premises in accordance with the statements and representations made in the Application may result in sanctions, including the revocation of any license for which the Application was submitted; and
- (9) I understand that any false statement or misrepresentation will constitute cause for disapproval of the Application or sanctions including revocation of any license for which this Application is submitted.

Signature:


COO

Date:

11-29-17

We the People

*Of the United States,
in Order to form a more perfect Union,
establish Justice, insure domestic Tranquility,
provide for the common defence,
promote the general Welfare, and secure
the Blessings of Liberty to ourselves and
our Posterity, do ordain and establish this
Constitution for the United States of America.*



SIGNATURE OF BEARER / SIGNATURE DU TITULAIRE / FIRMA DEL TITULAR

3

PASSPORT
PASSEROTE
PASAPORTE

UNITED STATES OF AMERICA

Type / Type / Tipo / Code / Code / Código / Passport No. / No. du Passeport / No. de Pasaporte

P USA

Surname / Nom / Apellidos

HILDITCH

Given Names / Prénoms / Nombres

JEFFREY

Nationality / Nationalité / Nacionalidad

UNITED STATES OF AMERICA

Date of birth / Date de naissance / Fecha de nacimiento

Place of birth / Lieu de naissance / Lugar de nacimiento

Sex / Sexe / Sexo

M

Date of issue / Date de délivrance / Fecha de expedición

01 Mar 2013

Authority / Autorité / Autoridad

United States

Date of expiration / Date d'expiration / Fecha de caducidad

28 Feb 2023

Department of State

Endorsements / Mentions Spéciales / Anotaciones

SEE PAGE 27

USA




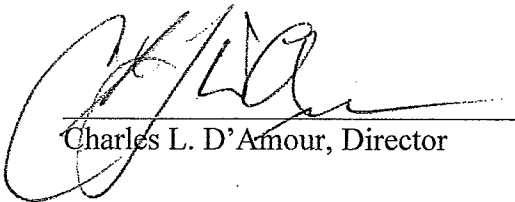
Written Consent Vote of the Board of Directors
of
Table & Vine, Inc.

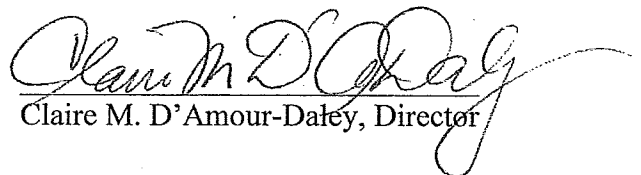
The undersigned, being all of the Directors of Table & Vine, Inc. acting without a meeting pursuant to Section 8.21 of Chapter 156D of the Mass. General Laws, hereby take the following action and adopt the following votes as of the date first set forth above:

RESOLVED: To appoint Jeffrey Hilditch of Hudson, Massachusetts as its manager or principal representative in the Franklin, MA location, with as full authority and control of the premises described in the license of the Corporation and of the conduct of all business therein relative to alcoholic beverages as the licensee itself could in any way have and exercise if it were a natural person resident in the Commonwealth of Massachusetts and that a copy of this vote duly certified by the Secretary of the Corporation and delivered to said manager or principal representative shall constitute the written authority required by Sec. 26, Chap. 138, G.L.

DATED: 7/31/17


Donald H. D'Amour, Director


Charles L. D'Amour, Director


Claire M. D'Amour-Dahey, Director

ALCOHOLIC BEVERAGES CONTROL COMMISSION

BENEFICIAL INTEREST CONTACT - Individual (Formerly known as a Personal Information Form)

Please complete a Beneficial Interest - Individual sheet for all individual(s) who have a direct or indirect beneficial interest, with or without ownership, in this license. This includes people with a financial interest and people without financial interest (i.e. board of directors for not-for-profit clubs). All individuals with direct or indirect financial interest must also submit a CORI Authorization Form.

An individual with direct beneficial interest is defined as someone who has interest directly in the proposed licensee. For example, if ABC Inc is the proposed licensee, all individuals with interest in ABC Inc are considered to have direct beneficial interest in ABC Inc (the proposed licensee).

An individual with indirect beneficial interest is defined as someone who has ownership in a parent level company of the proposed licensee. For example, if ABC Inc is the proposed licensee and is 100% owned by XYZ Inc, all individuals with interest in XYZ Inc are considered to have an indirect beneficial interest in ABC Inc (the proposed licensee).

Salutation First Name Middle Name Last Name Suffix

Title: Social Security Number Date of Birth

Primary Phone: Email:

Mobile Phone: Fax Number

Alternative Phone:

Business Address

Street Number: Street Name:

City/Town: State:

Zip Code: Country:

Mailing Address

Check here if your Mailing Address is the same as your Business Address

Street Number: Street Name:

City/Town: State:

Zip Code: Country:

Types of Interest (select all that apply)

- Contractual Director Landlord LLC Manager
 - LLC Member Management Agreement Officer
 - Partner Revenue Sharing Sole Proprietor Stockholder Other
- NONE

Citizenship / Residency Information

Are you a U.S. Citizen? Yes No Are you a Massachusetts Resident? Yes No

Criminal History

Have you ever been convicted of a state, federal, or military crime? Yes No If yes, please provide an affidavit explaining the charges.

ALCOHOLIC BEVERAGES CONTROL COMMISSION

BENEFICIAL INTEREST CONTACT - Individual (continued)

Ownership / Interest

Using the definition above, do you hold a direct or indirect interest in the proposed licensee?

NONE
 Direct Indirect

If you hold a direct beneficial interest in the proposed licensee, please list the % of interest you hold.

0

If you hold an indirect beneficial interest in this license, please complete the Ownership / Interest Table below.

Ownership / Interest

If you hold an indirect interest in the proposed licensee, please list the organization(s) you hold a direct interest in which, in turn, hold a direct or indirect interest in the proposed licensee. These generally include parent companies, holding companies, trusts, etc. A Beneficial Interest - Organization Form will need to be completed for each entity listed below.

Name of Beneficial Interest - Organization	FEIN

Other Beneficial Interest

List any indirect or indirect beneficial or financial interest you have in any other Massachusetts Alcoholic Beverages License(s).

Name of License	Type of License	License Number	Premises Address

Familial Beneficial Interest

Does any member of your immediate family have ownership interest in any other Massachusetts Alcoholic Beverages Licenses? Immediate family includes parents, siblings, spouse and spouse's parents. Please list below.

Relationship to You	ABCC License Number	Type of Interest (choose primary function)	Percentage of Interest

Prior Disciplinary Action

Have you ever been involved directly or indirectly in an alcoholic beverages license that was subject to disciplinary action? If yes, please complete the following:

Date of Action	Name of License	State	City	Reason for suspension, revocation or cancellation

TOWN OF FRANKLIN, MASSACHUSETTS

Annual Financial Statements

For the Year Ended June 30, 2017

Town of Franklin, Massachusetts

TABLE OF CONTENTS

	<u>PAGE</u>
INDEPENDENT AUDITORS' REPORT	1
MANAGEMENT'S DISCUSSION AND ANALYSIS	4
BASIC FINANCIAL STATEMENTS:	
Government-wide Financial Statements:	
Statement of Net Position	13
Statement of Activities	14
Fund Financial Statements:	
Governmental Funds:	
Balance Sheet	15
Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities in the Statement of Net Position	16
Statement of Revenues, Expenditures, and Changes in Fund Balances	17
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	18
Statement of Revenues and Other Sources, and Expenditures and Other Uses - Budget and Actual - General Fund	19
Proprietary Funds:	
Statement of Net Position	20
Statement of Revenues, Expenses, and Changes in Fund Net Position	21
Statement of Cash Flows	22
Fiduciary Funds:	
Statement of Fiduciary Net Position	23
Statement of Changes in Fiduciary Net Position	24
Notes to Financial Statements	25

REQUIRED SUPPLEMENTARY INFORMATION

Pension:

Schedule of Proportionate Share of the Net Pension Liability (GASB 68)	59
Schedule of Pension Contributions (GASB 68)	60

OPEB:

Schedule of OPEB Funding Progress (GASB 45)	61
Schedule of Changes in Net OPEB Liability (GASB 74)	62
Schedule of Net OPEB Liability, Contributions, and Investment Returns (GASB 74)	63

INDEPENDENT AUDITORS' REPORT

To the Town Council
Town of Franklin, Massachusetts

Additional Offices:
Nashua, NH
Manchester, NH
Greenfield, MA
Ellsworth, ME

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Franklin, Massachusetts, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such

opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Franklin, Massachusetts, as of June 30, 2017, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis and the Pension and OPEB schedules appearing on pages 59 to 63 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the *Governmental Accounting Standards Board*, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with evidence sufficient to express an opinion or provide any assurance.

Other Information

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 5, 2018 on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to

describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.

Melanson Heath

January 5, 2018

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Town of Franklin we offer readers this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2017.

A. OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the basic financial statements. The basic financial statements comprise three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

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

The Statement of Net Position presents information on all assets, liabilities, and deferred outflows/inflows of resources with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position is improving or deteriorating.

The Statement of Activities presents information showing how the Town's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation 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 and charges (business-type activities). The governmental activities include general government, public safety, education, public works, health and human services, and culture and recreation. The business-type activities include sewer, water and solid waste activities.

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 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 finan-

cial statements. However, unlike the government-wide financial statements, governmental fund financial 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 fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

An annual appropriated budget is adopted for the general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

Proprietary funds. Proprietary fund reporting focuses on the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. The proprietary fund category includes enterprise funds.

Enterprise funds are used to report activity for which a fee is charged to external users, and must be used when one of the following criteria are met: (1) activity is financed with debt that is secured solely by a pledge of the net revenues from fees and charges, (2) laws or regulations require the activity's costs of providing services be recovered with fees and charges, and (3) the pricing policies of the activity establish fees and charges designed to recover its costs, including capital costs such as depreciation or debt service. The primary focus on these criteria is on fees charged to external users. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements, only in more detail. Specifically, enterprise funds are used to account for sewer, water and solid waste operations. The sewer and water funds are considered to be major funds.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because 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.

Notes to 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.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information which is

required to be disclosed by accounting principles generally accepted in the United States of America.

B. FINANCIAL HIGHLIGHTS

- As of the close of the current fiscal year, the total of assets and deferred outflows exceeded liabilities and deferred inflows by \$162,262,697 (i.e., net position), a change of \$(4,144,270) in comparison to the prior year.
- As of the close of the current fiscal year, governmental funds reported combined ending fund balances of \$19,763,229, a change of \$ (5,767,262) in comparison to the prior year. This change is primarily due to activity associated with the ongoing library construction project.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$10,661,180, a change of \$(483,731) in comparison to the prior year.

C. GOVERNMENT-WIDE FINANCIAL ANALYSIS

The following is a summary of condensed government-wide financial data for the current and prior fiscal years. All amounts are presented in thousands.

	<u>NET POSITION</u>					
	<u>Governmental</u>		<u>Business-Type</u>		<u>Total</u>	
	<u>Activities</u>		<u>Activities</u>			
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Current assets	\$ 37,324	\$ 41,389	\$ 13,572	\$ 14,577	\$ 50,896	\$ 55,966
Noncurrent assets	<u>241,195</u>	<u>237,806</u>	<u>62,654</u>	<u>60,539</u>	<u>303,849</u>	<u>298,345</u>
Total assets	278,519	279,195	76,226	75,116	354,745	354,311
Deferred outflows	4,220	6,362	34	51	4,254	6,413
Current liabilities	21,200	19,765	6,752	4,655	27,952	24,420
Noncurrent liabilities	<u>152,995</u>	<u>151,705</u>	<u>12,607</u>	<u>14,023</u>	<u>165,602</u>	<u>165,728</u>
Total liabilities	174,195	171,470	19,359	18,678	193,554	190,148
Deferred inflows of resources	3,157	4,136	25	33	3,182	4,169
Net position:						
Net investment in capital assets	168,391	166,765	47,640	45,343	216,031	212,108
Restricted	12,064	12,022	-	-	12,064	12,022
Unrestricted	<u>(75,068)</u>	<u>(68,836)</u>	<u>9,236</u>	<u>11,113</u>	<u>(65,832)</u>	<u>(57,723)</u>
Total net position	<u>\$ 105,387</u>	<u>\$ 109,951</u>	<u>\$ 56,876</u>	<u>\$ 56,456</u>	<u>\$ 162,263</u>	<u>\$ 166,407</u>

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. At the close of the most recent fiscal year, total net position was \$162,262,697, a change of \$(4,144,270) from the prior year.

The largest portion of net position \$216,030,575 reflects our investment in capital assets (e.g., land, buildings, machinery, equipment, and infrastructure), less any related debt used to acquire those assets that is still outstanding. These capital assets are used to provide services to citizens; consequently, these assets are not available for future spending. Although the investment in capital assets is reported net of 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.

An additional portion of net position \$12,063,795 represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position is a deficit of \$(65,831,673). This deficit results from unfunded OPEB and net pension liabilities (see Notes 17 and 19).

CHANGES IN NET POSITION

	<u>Governmental</u>		<u>Business-Type</u>		<u>Total</u>	
	<u>Activities</u>		<u>Activities</u>			
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Revenues:						
Program revenues:						
Charges for services	\$ 7,959	\$ 7,541	\$ 13,298	\$ 13,431	\$ 21,257	\$ 20,972
Operating grants and contributions	47,668	43,538	-	-	47,668	43,538
General revenues:						
Property taxes	70,343	67,387	-	-	70,343	67,387
Excises	5,994	6,170	-	-	5,994	6,170
Penalties, interest, and other taxes	341	339	-	-	341	339
Grants and contributions not restricted to specific programs	4,919	4,464	-	-	4,919	4,464
Investment income	57	398	25	26	82	424
Miscellaneous	1,735	1,154	48	15	1,783	1,169
Total revenues	<u>139,016</u>	<u>130,991</u>	<u>13,371</u>	<u>13,472</u>	<u>152,387</u>	<u>144,463</u>

(continued)

(continued)

	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
Expenses:						
General government	11,791	13,649	-	-	11,791	13,649
Public safety	14,313	14,230	-	-	14,313	14,230
Education	100,410	90,835	-	-	100,410	90,835
Public works	5,866	5,368	-	-	5,866	5,368
Human services	1,903	1,480	-	-	1,903	1,480
Culture and recreation	1,813	1,679	-	-	1,813	1,679
Interest on long-term debt	2,637	2,960	-	-	2,637	2,960
Intergovernmental	4,847	4,827	-	-	4,847	4,827
Sewer	-	-	5,964	4,903	5,964	4,903
Water	-	-	5,009	5,945	5,009	5,945
Sanitation	-	-	1,978	1,845	1,978	1,845
Total expenses	<u>143,580</u>	<u>135,028</u>	<u>12,951</u>	<u>12,693</u>	<u>156,531</u>	<u>147,721</u>
Change in net position before transfers	(4,564)	(4,037)	420	779	(4,144)	(3,258)
Transfers in (out)	-	(600)	-	(22)	-	(622)
Change in net position	(4,564)	(4,637)	420	757	(4,144)	(3,880)
Net position - beginning of year	<u>109,951</u>	<u>114,588</u>	<u>56,456</u>	<u>55,699</u>	<u>166,407</u>	<u>170,287</u>
Net position - end of year	<u>\$ 105,387</u>	<u>\$ 109,951</u>	<u>\$ 56,876</u>	<u>\$ 56,456</u>	<u>\$ 162,263</u>	<u>\$ 166,407</u>

Governmental activities. Governmental activities for the year resulted in a change in net position of \$(4,564,623). Key elements of this change are as follows:

General fund operations, as discussed further in Section D	\$ (1,367,841)
Nonmajor governmental funds change in funds balance, net of capital additions	3,549,334
Principal debt service in excess of depreciation expense	(4,695,321)
Capital additions funded by operating cash	4,034,926
Change in long-term liabilities	(5,165,575)
Change in deferred outflows	(2,141,650)
Change in deferred inflows	975,606
Other	245,898
Total	<u>\$ (4,564,623)</u>

Business-type activities. Business-type activities for the year resulted in a change in net position of \$420,353. Key elements of this change are as follows:

Sewer operations	\$ (725,290)
Water operations	1,190,160
Solid waste operations	<u>(44,517)</u>
Total	<u>\$ 420,353</u>

D. FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

As noted earlier, fund accounting is used to ensure and demonstrate compliance with finance-related legal requirements.

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

As of the end of the current fiscal year, governmental funds reported combined ending fund balances of \$19,763,229, a change of \$(5,767,262) in comparison to the prior year. Key elements of this change are as follows:

General fund operating results	\$ (1,367,841)
Major High School construction fund operating results	(309,287)
Major library construction fund operating results	(5,357,467)
Nonmajor funds operating results	<u>1,267,333</u>
Total	<u>\$ (5,767,262)</u>

The general fund is the chief operating fund. At the end of the current fiscal year, unassigned fund balance of the general fund was \$10,661,180, while total fund balance was \$15,773,661. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total general fund expenditures. Refer to the table below.

<u>General Fund</u>	<u>6/30/17</u>	<u>6/30/16</u>	<u>Change</u>	<u>% of Total General Fund Expenditures</u>
Unassigned fund balance ⁽¹⁾	\$ 10,661,180	\$ 11,144,911	\$ (483,731)	8.6%
Total fund balance	\$ 15,773,661	\$ 17,141,502	\$ (1,367,841)	12.7%

⁽¹⁾ Includes \$5,098,095 in general stabilization and \$1,364,443 in budget stabilization funds.

The total fund balance of the general fund changed by \$(1,367,841) during the current fiscal year. Key factors in this change are as follows:

Use of free cash and overlay surplus as a funding source	\$ (3,759,500)
Change in stabilization	(1,323,095)
Revenues in excess of budget	1,769,831
Expenditures less than budget	1,134,014
Other	<u>810,909</u>
Total	<u>\$ (1,367,841)</u>

Included in the total general fund balance are the Town's stabilization accounts with the following balances:

	<u>6/30/17</u>	<u>6/30/16</u>	<u>Change</u>
General stabilization	\$ 5,098,095	\$ 5,104,493	\$ (6,398)
Budget stabilization	1,364,443	1,342,956	21,487
Athletic fields stabilization	6,762	868,280	(861,518)
Fire truck stabilization	4,629	485,387	(480,758)
Property acquisition stabilization	259,071	254,991	4,080
Traffic signal stabilization	<u>4,620</u>	<u>4,608</u>	<u>12</u>
Total	<u>\$ 6,737,620</u>	<u>\$ 8,060,715</u>	<u>\$ (1,323,095)</u>

Proprietary funds. Proprietary funds provide the same type of information found in the business-type activities reported in the government-wide financial statements, but in more detail.

Unrestricted net position of the enterprise funds at the end of the year amounted to \$9,236,450, a change of \$(1,876,322) in comparison to the prior year. Other factors concerning the finances of proprietary funds have already been addressed in the entity-wide discussion of business-type activities.

E. GENERAL FUND BUDGETARY HIGHLIGHTS

Differences between the original budget and the final amended budget resulted in an overall change in appropriations of \$3,987,500. Major reasons for this change include:

\$ 45,000	appropriated to fund the purchase of Google applications platform; funded by free cash.
60,000	appropriated to fund the design and development of turf fields for the High School; funded by free cash.
35,000	appropriated for the purchase of E-permitting software; funded by free cash.
15,000	appropriated for the purchase of public safety antennas; funded by free cash.
9,000	appropriated for an actuarial study required by GASB 45 and 75; funded by free cash.
600,000	appropriated for the purchase of a fire truck; funded by free cash and a transfer from the fire truck stabilization fund.
1,531,000	appropriated for the 2017 capital improvement plan; funded by free cash.
212,500	appropriated for the purchase of land; funded by free cash.
85,000	appropriated for snow and ice salaries; funded by free cash.
500,000	appropriated for various infrastructure projects; funded by free cash.
500,000	appropriated for new turf fields at the High School; funded by free cash.
360,000	appropriated for the Other Post-Employment Benefits Trust fund; funded by free cash.
35,000	appropriated for improvements to the Town Common Stage; funded by free cash.
<u>\$ 3,987,500</u>	Total supplemental appropriations

F. CAPITAL ASSET AND DEBT ADMINISTRATION

Capital assets. Total investment in capital assets for governmental and business-type activities at year-end amounted to \$303,193,848 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, buildings and improvements, machinery and equipment, and infrastructure.

Major capital asset events during the current fiscal year include ongoing construction costs for the library and new high school, various building improvements, conservation land purchases, sewer and water system improvements, various street improvements, and the acquisition of vehicles, and equipment for various Town departments.

Additional information on capital assets can be found in the Notes to the Financial Statements.

Credit rating. During the fiscal year, the Town's Standard & Poor's credit rating remained unchanged at AA+.

Long-term debt. At the end of the current fiscal year, total bonded debt outstanding was \$73,875,802, all of which was backed by the full faith and credit of the government.

Additional information on long-term debt can be found in the Notes to Financial Statements.

G. STABILIZATION FUNDS

In the late 1990s, the Town settled a legal case and received over six million dollars. The funds were paid to the Town over several years. All funds received from the settlement were voted into the general Stabilization Fund, resulting in a balance of over \$9,000,000 in the account. The Stabilization Fund, plus interest, may be appropriated at any Town Council meeting for any municipal purpose. The Town always maintained a "traditional" general fund stabilization account.

At that point, the Town created two new stabilization accounts to set aside funds for known future costs. The Town voted to appropriate \$1,100,000 to pay for the Town's share of Town state-funded road projects and to replace a culvert. The second was a Debt Stabilization account to take the "peak" off the debt schedule the Town adopted in accordance with our fiscal policy on debt. The Debt Stabilization account served its intended purpose and no funds currently remain in the account. In FY11, the Town Council voted to increase the Public Works Stabilization account for future related projects.

The Town Council voted in FY 2004, 2007 and 2008 to use general stabilization funds to balance the annual operating budget. However, once the fund reached the minimum amount established by the Town Council's fiscal policy (\$4.5 million or

5% of general operating budget), no other funds were used until FY2013, when the Town Council voted to use \$350,000 for the annual operating budget.

In FY12, the Town Council voted to establish three additional stabilization funds for future Town appropriations. These funds include the Senior Center Capital Improvements Stabilization Fund, the Athletic Field Capital Improvements Stabilization Fund, and the Fire Truck Stabilization Fund, all of which are reported as "Other Stabilization" in the table below.

In FY13, the Town Council voted to establish a Budget Stabilization Fund for the purpose of stabilizing future Town budgets. This new fund is reported in a separate column in the table below.

The table below sets forth stabilization fund balances at year-end for the last ten fiscal years (in thousands):

<u>As of June 30</u>	<u>Stabilization Fund Balance</u>	<u>Budget Stabilization</u>	<u>Debt Stabilization</u>	<u>Public Works Stabilization</u>	<u>Other Stabilization</u>	<u>Total Stabilization</u>
2017	\$ 5,098	\$ 1,364	\$ -	\$ -	\$ 275	\$ 6,737
2016	\$ 5,104	\$ 1,343	\$ -	\$ -	\$ 1,614	\$ 8,061
2015	\$ 4,915	\$ 1,324	\$ -	\$ 277	\$ 1,295	\$ 7,811
2014	\$ 4,895	\$ 1,312	\$ -	\$ 277	\$ 1,646	\$ 8,130
2013	\$ 4,832	\$ 1,004	\$ -	\$ 276	\$ 882	\$ 6,994
2012	\$ 5,210	\$ -	\$ -	\$ 276	\$ 380	\$ 5,866
2011	\$ 4,779	\$ -	\$ -	\$ 275	\$ 5	\$ 5,059
2010	\$ 4,647	\$ -	\$ 380	\$ 130	\$ -	\$ 5,157
2009	\$ 4,573	\$ -	\$ 403	\$ 738	\$ -	\$ 5,714
2008	\$ 4,137	\$ -	\$ 568	\$ 792	\$ -	\$ 5,497

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Town of Franklin'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:

Comptroller's Office
355 East Central Street
Franklin, Massachusetts 02038

TOWN OF FRANKLIN, MASSACHUSETTS

STATEMENT OF NET POSITION

JUNE 30, 2017

	Governmental <u>Activities</u>	Business-Type <u>Activities</u>	<u>Total</u>
ASSETS			
Current:			
Cash and short-term investments	\$ 24,139,787	\$ 10,260,866	\$ 34,400,653
Investments	11,381,397	-	11,381,397
Receivables, net of allowance for uncollectibles:			
Property taxes	684,831	-	684,831
Excises	375,386	-	375,386
User fees	471,878	3,291,361	3,763,239
Intergovernmental	269,180	-	269,180
Betterments	1,172	19,467	20,639
Noncurrent:			
Receivables, net of allowance for uncollectibles:			
Property taxes	542,996	-	542,996
Betterments	5,860	105,967	111,827
Capital assets:			
Non-depreciable capital assets	28,688,273	4,348,360	33,036,633
Depreciable assets, net of accumulated depreciation	211,957,925	58,199,290	270,157,215
DEFERRED OUTFLOWS OF RESOURCES			
Related to pensions	<u>4,220,400</u>	<u>33,582</u>	<u>4,253,982</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	282,739,085	76,258,893	358,997,978
LIABILITIES			
Current:			
Warrants and accounts payable	1,927,892	1,102,352	3,030,244
Accrued liabilities	1,477,659	213,638	1,691,297
Notes payable	12,860,000	4,000,000	16,860,000
Tax refunds payable	101,779	-	101,779
Other liabilities	859,969	-	859,969
Current portion of long-term liabilities:			
Bonds payable	3,876,000	1,427,698	5,303,698
Other	96,808	6,846	103,654
Noncurrent:			
Bonds payable, net of current portion	56,997,001	11,575,103	68,572,104
Net pension liability	39,419,559	313,671	39,733,230
Net OPEB obligation	54,739,484	588,473	55,327,957
Other, net of current portion	1,839,348	130,060	1,969,408
DEFERRED INFLOWS OF RESOURCES			
Related to pensions	3,150,132	25,066	3,175,198
Other	<u>6,743</u>	<u>-</u>	<u>6,743</u>
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	177,352,374	19,382,907	196,735,281
NET POSITION			
Net investment in capital assets	168,391,039	47,639,536	216,030,575
Restricted for:			
Grants and other statutory restrictions	8,946,103	-	8,946,103
Permanent funds:			
Nonexpendable	503,930	-	503,930
Expendable	2,613,762	-	2,613,762
Unrestricted	<u>(75,068,123)</u>	<u>9,236,450</u>	<u>(65,831,673)</u>
TOTAL NET ASSETS	\$ <u>105,386,711</u>	\$ <u>56,875,986</u>	\$ <u>162,262,697</u>

The accompanying notes are an integral part of these financial statements.

TOWN OF FRANKLIN, MASSACHUSETTS
STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2017

	Program Revenues		Net (Expenses), Revenues and Changes in Net Position	
	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-Type Activities
Governmental Activities:				
General government	\$ 11,790,559	\$ 1,259,005	\$ (9,632,999)	\$ (9,632,999)
Public safety	14,313,386	715,815	(11,376,982)	(11,376,982)
Education	100,409,525	45,484,679	(50,997,258)	(50,997,258)
Public works	5,865,556	33,833	(5,617,190)	(5,617,190)
Health and human services	1,903,431	118,970	(1,631,645)	(1,631,645)
Culture and recreation	1,813,366	55,827	(1,212,134)	(1,212,134)
Interest	2,636,650	-	(2,636,650)	(2,636,650)
Intergovernmental	4,847,060	-	(4,847,060)	(4,847,060)
Total Governmental Activities	143,579,533	47,668,129	(87,951,918)	(87,951,918)
Business-Type Activities:				
Sewer services	5,964,245	-	-	(734,495)
Water services	5,009,278	-	-	1,142,254
Sanitation services	1,977,237	-	-	(60,429)
Total Business-Type Activities	12,950,760	-	-	347,330
Total	\$ 156,530,293	\$ 47,668,129	(87,951,918)	(87,604,588)
General Revenues and transfers:				
Property taxes			70,343,040	70,343,040
Excises			5,993,561	5,993,561
Penalties, interest and other taxes			341,098	341,098
Grants and contributions not restricted to specific programs			4,918,708	4,918,708
Investment income			57,014	82,284
Miscellaneous			1,733,874	1,781,627
Total general revenues			83,387,295	83,460,318
Change in Net Position			(4,564,623)	(4,144,270)
Net Position:				
Beginning of year			109,951,334	166,406,967
End of year			\$ 105,386,711	\$ 162,262,697

The accompanying notes are an integral part of these financial statements.

TOWN OF FRANKLIN, MASSACHUSETTS

GOVERNMENTAL FUNDS

BALANCE SHEET

JUNE 30, 2017

	General Fund	High School Construction Fund	Library Construction Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS					
Cash and short-term investments	\$ 10,263,471	\$ 6,531	\$ 2,046,511	\$ 11,823,274	\$ 24,139,787
Investments	7,836,089	-	-	3,545,307	11,381,396
Receivables:					
Property taxes	1,407,391	-	-	-	1,407,391
Excises	684,104	-	-	-	684,104
User fees	674,111	-	-	-	674,111
Intergovernmental	-	-	-	269,181	269,181
TOTAL ASSETS	\$ 20,865,166	\$ 6,531	\$ 2,046,511	\$ 15,637,762	\$ 38,555,970
LIABILITIES					
Warrants and accounts payable	\$ 1,087,761	\$ 6,224	568,976	\$ 264,931	\$ 1,927,892
Accrued liabilities	564,496	-	-	-	564,496
Notes payable	-	4,660,000	8,200,000	-	12,860,000
Tax refunds payable	101,779	-	-	-	101,779
Other liabilities	858,863	-	-	1,105	859,968
TOTAL LIABILITIES	2,612,899	4,666,224	8,768,976	266,036	16,314,135
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenues	2,478,606	-	-	-	2,478,606
FUND BALANCES					
Nonspendable	-	-	-	503,930	503,930
Restricted	71,082	-	-	13,831,893	13,902,975
Committed	4,602,743	-	-	1,381,580	5,984,323
Assigned	438,656	-	-	-	438,656
Unassigned	10,661,180	(4,659,693)	(6,722,465)	(345,677)	(1,066,655)
TOTAL FUND BALANCES	15,773,661	(4,659,693)	(6,722,465)	15,371,726	19,763,229
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 20,865,166	\$ 6,531	\$ 2,046,511	\$ 15,637,762	\$ 38,555,970

The accompanying notes are an integral part of these financial statements.

TOWN OF FRANKLIN, MASSACHUSETTS

RECONCILIATION OF TOTAL GOVERNMENTAL FUND
BALANCES TO NET POSITION OF GOVERNMENTAL
ACTIVITIES IN THE STATEMENT OF NET POSITION

JUNE 30, 2017

Total governmental fund balances	\$ 19,763,229
• Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	240,646,198
• Long-term receivable not reported in governmental funds.	7,032
• Revenues are reported on the accrual basis of accounting and are not deferred until collection.	1,781,348
• Long-term liabilities, including bonds payable, net pension liability, and net OPEB obligation are not due and payable in the current period and, therefore, are not reported in the governmental funds.	(156,968,200)
• Other	<u>157,104</u>
Net position of governmental activities	<u>\$ 105,386,711</u>

The accompanying notes are an integral part of these financial statements.

TOWN OF FRANKLIN, MASSACHUSETTS
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2017

	General Fund	High School Construction Fund	Library Construction Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:					
Property taxes	\$ 70,388,701	\$ -	\$ -	\$ -	\$ 70,388,701
Excises	6,016,365	-	-	-	6,016,365
Penalties, interest and other taxes	289,924	-	-	410	290,334
Special assessments	1,582	-	-	-	1,582
Charges for services	2,546,220	-	-	4,238,463	6,784,683
Licenses and permits	1,039,699	-	-	-	1,039,699
Intergovernmental	44,840,107	-	-	6,880,586	51,720,693
Fines and forfeitures	104,923	-	-	3,105	108,028
Contributions	-	-	-	271,036	271,036
Investment income	156,110	-	-	(61,394)	94,716
Miscellaneous	140,504	-	-	499,366	639,870
Total Revenues	125,524,135	-	-	11,831,572	137,355,707
Expenditures:					
Current:					
General government	9,654,038	-	-	1,050,462	10,704,500
Public safety	10,665,496	-	-	249,107	10,914,603
Education	74,286,962	-	-	9,600,431	83,887,393
Public works	4,370,636	-	-	21,870	4,392,506
Health and human services	637,326	-	-	214,238	851,564
Culture and recreation	1,208,235	-	-	100,163	1,308,398
Insurance and benefits	9,635,996	-	-	153,924	9,789,920
Debt service	6,615,545	-	-	-	6,615,545
Intergovernmental	4,847,059	-	-	-	4,847,059
Capital outlay	2,171,226	309,287	5,365,115	3,525,701	11,371,329
Total Expenditures	124,092,519	309,287	5,365,115	14,915,896	144,682,817
Excess (deficiency) of revenues over expenditures	1,431,616	(309,287)	(5,365,115)	(3,084,324)	(7,327,110)
Other Financing Sources (Uses):					
Transfers in	158,732	-	7,648	2,958,189	3,124,569
Transfers out	(2,958,189)	-	-	(166,380)	(3,124,569)
Total Other Financing Sources (Uses)	(2,799,457)	-	7,648	2,791,809	-
Special Item:					
Proceeds from sale of land	-	-	-	1,559,848	1,559,848
Total Special Items	-	-	-	1,559,848	1,559,848
Change in fund balance	(1,367,841)	(309,287)	(5,357,467)	1,267,333	(5,767,262)
Fund Balance, at Beginning of Year	17,141,502	(4,350,406)	(1,364,998)	14,104,393	25,530,491
Fund Balance, at End of Year	<u>\$ 15,773,661</u>	<u>\$ (4,659,693)</u>	<u>\$ (6,722,465)</u>	<u>\$ 15,371,726</u>	<u>\$ 19,763,229</u>

The accompanying notes are an integral part of these financial statements.

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

Net changes in fund balances - total governmental funds	\$ (5,767,262)																		
<ul style="list-style-type: none"> • 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: <table style="width: 100%; margin-left: 20px;"> <tr> <td style="width: 80%;">Capital outlay</td> <td style="width: 20%; text-align: right;">12,068,609</td> </tr> <tr> <td>Loss on disposal of assets</td> <td style="text-align: right;">(77,279)</td> </tr> <tr> <td>Depreciation</td> <td style="text-align: right;">(8,535,321)</td> </tr> </table> • 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 position: <table style="width: 100%; margin-left: 20px;"> <tr> <td style="width: 80%;">Repayments of debt</td> <td style="width: 20%; text-align: right;">3,840,000</td> </tr> <tr> <td>Change in net pension liability</td> <td style="text-align: right;">1,600,360</td> </tr> <tr> <td>Change in net OPEB liability</td> <td style="text-align: right;">(6,792,169)</td> </tr> <tr> <td>Other</td> <td style="text-align: right;">26,234</td> </tr> </table> • 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. <table style="width: 100%; margin-left: 20px;"> <tr> <td style="width: 80%;"></td> <td style="width: 20%; text-align: right;">99,354</td> </tr> </table> • Other differences <table style="width: 100%; margin-left: 20px;"> <tr> <td style="width: 80%;"></td> <td style="width: 20%; text-align: right;"><u>(1,027,149)</u></td> </tr> </table> 		Capital outlay	12,068,609	Loss on disposal of assets	(77,279)	Depreciation	(8,535,321)	Repayments of debt	3,840,000	Change in net pension liability	1,600,360	Change in net OPEB liability	(6,792,169)	Other	26,234		99,354		<u>(1,027,149)</u>
Capital outlay	12,068,609																		
Loss on disposal of assets	(77,279)																		
Depreciation	(8,535,321)																		
Repayments of debt	3,840,000																		
Change in net pension liability	1,600,360																		
Change in net OPEB liability	(6,792,169)																		
Other	26,234																		
	99,354																		
	<u>(1,027,149)</u>																		
Change in net position of governmental activities	\$ <u>(4,564,623)</u>																		

The accompanying notes are an integral part of these financial statements.

TOWN OF FRANKLIN, MASSACHUSETTS

GENERAL FUND

STATEMENT OF REVENUES AND OTHER SOURCES, EXPENDITURES AND OTHER USES - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
Revenues and Transfers In:				
Property taxes	\$ 70,080,877	\$ 70,080,877	\$ 70,080,877	\$ -
Motor vehicle excise	4,254,384	4,254,384	4,864,864	610,480
Other excise	970,000	970,000	1,151,501	181,501
Penalties, interest and other taxes	257,600	257,600	291,506	33,906
Charges for services	1,910,400	1,910,400	2,546,220	635,820
Licenses and permits	1,000,000	1,000,000	1,039,699	39,699
Intergovernmental	31,157,445	31,157,445	31,258,122	100,677
Fines and forfeitures	94,000	94,000	104,923	10,923
Investment income	78,000	78,000	121,205	43,205
Miscellaneous	158,116	158,116	153,004	(5,112)
Transfers in	1,116,000	1,601,000	1,719,732	118,732
Total Revenues and Transfers In	111,076,822	111,561,822	113,331,653	1,769,831
Expenditures and Transfers Out:				
General government	9,552,340	10,509,754	10,314,092	195,662
Public safety	10,776,159	10,796,159	10,669,482	126,677
Education	60,709,726	60,709,726	60,665,895	43,831
Public works	4,321,978	4,413,978	4,289,774	124,204
Health and human services	647,069	648,363	637,668	10,695
Culture and recreation	1,263,003	1,252,503	1,219,281	33,222
Employee benefits	10,731,658	10,617,950	10,351,996	265,954
Debt service	6,822,784	6,822,784	6,615,545	207,239
Intergovernmental	5,009,105	5,009,105	4,847,059	162,046
Capital outlay	-	2,181,000	2,134,327	46,673
Transfers out	1,500,000	2,360,000	2,442,189	(82,189)
Total Expenditures and Transfers Out	111,333,822	115,321,322	114,187,308	1,134,014
Excess (deficiency) of revenues and transfers in over expenditures and transfers out	(257,000)	(3,759,500)	(855,655)	2,903,845
Other Financing Sources:				
Use of free cash and overlay surplus	257,000	3,759,500	3,759,500	-
Excess of revenues and other financing sources over expenditures and other financing uses	\$ -	\$ -	\$ 2,903,845	\$ 2,903,845

The accompanying notes are an integral part of these financial statements.

TOWN OF FRANKLIN, MASSACHUSETTS

PROPRIETARY FUNDS

STATEMENT OF NET POSITION

JUNE 30, 2017

	Business-Type Activities Enterprise Funds			Total
	Sewer Fund	Water Fund	Non-major Solid Waste Fund	
ASSETS				
Current:				
Cash and short-term investments	\$ 3,074,555	\$ 6,374,256	\$ 812,055	\$ 10,260,866
Receivables, net of allowance for uncollectibles:				
User fees	1,390,134	1,714,927	186,300	3,291,361
Betterments	19,467	-	-	19,467
Total current assets	4,484,156	8,089,183	998,355	13,571,694
Noncurrent:				
Receivables, net of allowance for uncollectibles:				
Betterments	105,967	-	-	105,967
Capital assets:				
Non-depreciable capital assets	679,558	3,621,871	46,931	4,348,360
Depreciable assets, net of accumulated depreciation	11,019,921	46,979,869	199,500	58,199,290
Total noncurrent assets	11,805,446	50,601,740	246,431	62,653,617
DEFERRED OUTFLOWS OF RESOURCES				
Related to pensions	9,330	24,252	-	33,582
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	16,298,932	58,715,175	1,244,786	76,258,893
LIABILITIES				
Current:				
Warrants and accounts payable	337,298	627,480	137,574	1,102,352
Accrued liabilities	43,776	169,862	-	213,638
Notes payable	-	4,000,000	-	4,000,000
Current portion of long-term liabilities:				
Bonds payable	292,696	1,135,002	-	1,427,698
Other	2,752	3,833	261	6,846
Total current liabilities	676,522	5,936,177	137,835	6,750,534
Noncurrent:				
Bonds payable, net of current portion	1,987,392	9,587,711	-	11,575,103
Net pension liability	87,149	226,522	-	313,671
Net OPEB obligation	213,355	375,118	-	588,473
Other, net of current portion	52,281	72,826	4,953	130,060
Total noncurrent liabilities	2,340,177	10,262,177	4,953	12,607,307
DEFERRED INFLOWS OF RESOURCES				
Related to pensions	6,964	18,102	-	25,066
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	3,023,663	16,216,456	142,788	19,382,907
NET POSITION				
Net investment in capital assets	9,419,391	37,973,714	246,431	47,639,536
Unrestricted	3,855,878	4,525,005	855,567	9,236,450
TOTAL NET POSITION	\$ 13,275,269	\$ 42,498,719	\$ 1,101,998	\$ 56,875,986

The accompanying notes are an integral part of these financial statements.

TOWN OF FRANKLIN, MASSACHUSETTS

PROPRIETARY FUNDS

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

FOR THE YEAR ENDED JUNE 30, 2017

	Business-Type Activities Enterprise Funds			Total
	Sewer Fund	Water Fund	Non-major Solid Waste Fund	
Operating Revenues:				
Charges for services	\$ 5,229,750	\$ 6,151,532	\$ 1,916,808	\$ 13,298,090
Total Operating Revenues	5,229,750	6,151,532	1,916,808	13,298,090
Operating Expenses:				
Salaries and benefits	1,090,100	1,668,077	150,312	2,908,489
Other operating expenses	749,754	1,297,451	1,747,125	3,794,330
Depreciation	445,512	1,680,885	79,800	2,206,197
Intergovernmental assessments	3,593,880	-	-	3,593,880
Total Operating Expenses	5,879,246	4,646,413	1,977,237	12,502,896
Operating Income	(649,496)	1,505,119	(60,429)	795,194
Nonoperating Revenues (Expenses):				
Investment income	8,692	14,348	2,230	25,270
Miscellaneous revenues	513	33,558	13,682	47,753
Interest expense	(84,999)	(362,865)	-	(447,864)
Total Nonoperating Revenues (Expenses)	(75,794)	(314,959)	15,912	(374,841)
Change in Net Position	(725,290)	1,190,160	(44,517)	420,353
Net Position at Beginning of Year	14,000,559	41,308,559	1,146,515	56,455,633
Net Position at End of Year	\$ 13,275,269	\$ 42,498,719	\$ 1,101,998	\$ 56,875,986

The accompanying notes are an integral part of these financial statements.

TOWN OF FRANKLIN, MASSACHUSETTS
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED JUNE 30, 2017

	Business-Type Activities Enterprise Funds			<u>Total</u>
	<u>Sewer Fund</u>	<u>Water Fund</u>	<u>Non-major Solid Waste Fund</u>	
<u>Cash Flows From Operating Activities:</u>				
Receipts from customers and users	\$ 5,359,710	\$ 6,319,893	\$ 1,893,461	\$ 13,573,064
Payments to vendors	(4,165,460)	(1,376,135)	(1,610,501)	(7,152,096)
Payments to employees	<u>(1,086,335)</u>	<u>(1,645,611)</u>	<u>(155,496)</u>	<u>(2,887,442)</u>
Net Cash Provided By (Used For) Operating Activities	107,915	3,298,147	127,464	3,533,526
<u>Cash Flows From Noncapital Financing Activities:</u>				
Miscellaneous revenues	<u>514</u>	<u>-</u>	<u>13,682</u>	<u>14,196</u>
Net Cash Provided By (Used For) Noncapital Financing Activities	514	-	13,682	14,196
<u>Cash Flows From Capital and Related Financing Activities:</u>				
Acquisition and construction of capital assets	(380,263)	(4,006,234)	-	(4,386,497)
Principal payments on bonds	(300,696)	(1,178,422)	-	(1,479,118)
Proceeds of bonds and notes	-	2,000,000	-	2,000,000
Interest expense	(88,210)	(449,180)	-	(537,390)
Other Non-operating income	<u>-</u>	<u>33,559</u>	<u>-</u>	<u>33,559</u>
Net Cash Provided By (Used For) Capital and Related Financing Activities	(769,169)	(3,600,277)	-	(4,369,446)
<u>Cash Flows From Investing Activities:</u>				
Investment income	<u>8,692</u>	<u>14,348</u>	<u>2,230</u>	<u>25,270</u>
Net Change in Cash and Short-Term Investments	(652,048)	(287,782)	143,376	(796,454)
Cash and Short-Term Investments, Beginning of Year	<u>3,726,603</u>	<u>6,662,038</u>	<u>668,679</u>	<u>11,057,320</u>
Cash and Short-Term Investments, End of Year	<u>\$ 3,074,555</u>	<u>\$ 6,374,256</u>	<u>\$ 812,055</u>	<u>\$ 10,260,866</u>
<u>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used For) Operating Activities:</u>				
Operating income	\$ (649,496)	\$ 1,505,119	\$ (60,429)	\$ 795,194
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	445,512	1,680,885	79,800	2,206,197
Changes in assets, liabilities, and deferred outflows/inflows:				
User fees receivable	129,960	168,344	(23,347)	274,957
Deferred outflows - related to pensions	4,735	12,307	-	17,042
Warrants and accounts payable	178,174	(78,683)	136,624	236,115
Net OPEB obligation	10,807	27,685	-	38,492
Net pension liability	(3,538)	(9,196)	-	(12,734)
Deferred inflows - related to pensions	(2,157)	(5,606)	-	(7,763)
Other liabilities	<u>(6,082)</u>	<u>(2,708)</u>	<u>(5,184)</u>	<u>(13,974)</u>
Net Cash Provided By Operating Activities	<u>\$ 107,915</u>	<u>\$ 3,298,147</u>	<u>\$ 127,464</u>	<u>\$ 3,533,526</u>

The accompanying notes are an integral part of these financial statements.

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

	Other Post Employment Benefits Trust <u>Fund</u>	Private Purpose Trust <u>Funds</u>	Agency <u>Funds</u>
ASSETS			
Cash and short-term investments	\$ -	\$ 1,687	\$ 692,941
Investments	3,325,974	114,945	-
Departmental receivable	-	-	51,484
Other assets	-	-	1,299,677
	<u>3,325,974</u>	<u>116,632</u>	<u>2,044,102</u>
Total Assets			
 LIABILITIES AND NET POSITION			
Warrants payable	-	-	22,170
Other liabilities	-	-	2,021,932
	<u>-</u>	<u>-</u>	<u>2,044,102</u>
Total Liabilities			
 NET POSITION			
Total net position restricted for OPEB and other purposes	\$ <u>3,325,974</u>	\$ <u>116,632</u>	\$ <u>-</u>

The accompanying notes are an integral part of these financial statements.

TOWN OF FRANKLIN, MASSACHUSETTS
 FIDUCIARY FUNDS
 STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
 FOR THE YEAR ENDED JUNE 30, 2017

	Other Post Employment Benefits Trust Fund	Private Purpose Trust Funds
Additions:		
Contributions:		
Employers	\$ 3,219,829	\$ -
Other	<u>-</u>	<u>22,542</u>
Total contributions	3,219,829	22,542
Investment income:		
Interest	-	830
Increase (decrease) in fair value of investments	<u>321,740</u>	<u>-</u>
Net investment income (loss)	<u>321,740</u>	<u>830</u>
Total additions	3,541,569	23,372
Deductions:		
Benefit payments to plan members beneficiaries and other systems	2,387,829	-
Scholarship payments	<u>-</u>	<u>15,650</u>
Total deductions	<u>2,387,829</u>	<u>15,650</u>
Net increase	1,153,740	7,722
Net position:		
Beginning of year	<u>2,172,234</u>	<u>108,910</u>
End of year	<u>\$ 3,325,974</u>	<u>\$ 116,632</u>

The accompanying notes are an integral part of these financial statements.

TOWN OF FRANKLIN, MASSACHUSETTS

Notes to Financial Statements

1. Summary of Significant Accounting Policies

The accounting policies of the Town of Franklin (the Town) conform to generally accepted accounting principles (GAAP) as applicable to governmental units. The following is a summary of the more significant policies:

A. Reporting Entity

The Town is a municipal corporation governed by an elected Town Council. As required by generally accepted accounting principles, these financial statements present the government and applicable component units for which the government is considered to be financially accountable. In fiscal year 2017, it was determined that no entities met the required GASB 14 (as amended) criteria of component units.

B. Government-wide and Fund Financial Statements

Government-wide Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of inter-fund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Fund Financial Statements

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter 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.

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*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the 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. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as *program revenues* include (1) charges to customers or applicants for goods, services, or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes and excises.

Fund Financial Statements

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Town considers property tax revenues to be available if they are collected within 60 days of the end of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

The Town reports the following major governmental funds:

- The *General Fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.
- The *High School Construction Fund* accounts for activity associated with the construction of the new high school.
- The *Library Construction Fund* accounts for activity associated with the reconstruction of the library.

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

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise fund are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The Town reports the following major proprietary funds:

- Sewer Fund
- Water Fund

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

The Town reports the following fiduciary funds:

- The *other post-employment benefit trust fund* is used to accumulate resources for health and life insurance benefits for retired employees.
- The *private-purpose trust fund* is used to account for trust arrangements, other than those properly reported in the pension trust fund or permanent fund, under which principal and investment income exclusively benefit individuals, private organizations, or other governments.
- The *agency funds* account for fiduciary assets held by the Town in a custodial capacity as an agent on behalf of others. Agency funds report only assets and liabilities, and therefore, have no measurement focus.

D. Cash and Short-Term Investments

Cash balances from all funds, except those required to be segregated by law, are combined to form a consolidation of cash. Cash balances are invested to the extent available, and interest earnings are recognized in the General Fund. Certain special revenue, proprietary, and fiduciary funds segregate cash, and investment earnings become a part of those funds.

Deposits with financial institutions consist primarily of demand deposits, certificates of deposits, and savings accounts. A cash and investment pool is maintained that is available for use by all funds. Each fund's portion of this pool is reflected on the combined financial statements under the caption "cash and short-term investments". The interest earnings attributable to each fund type are included under investment income.

For purpose of the statement of cash flows, the proprietary funds consider investments with original maturities of three months or less to be short-term investments.

E. Investments

State and local statutes place certain limitations on the nature of deposits and investments available. Deposits in any financial institution may not exceed certain levels within the financial institution. Non-fiduciary fund investments can be made in securities issued by or unconditionally guaranteed by the U.S. Government or agencies that have a maturity of one year or less from the date of purchase and repurchase agreements guaranteed by such securities with maturity dates of no more than 90 days from the date of purchase.

Investments for the stabilization funds and trust funds consist of bank certificates of deposit, U.S. Treasury notes and agencies, corporate bonds, and mutual funds. Investments are carried at fair value except certificates of deposit which are reported at cost.

F. Property Tax Limitations

Legislation known as "Proposition 2½" has limited the amount of revenue that can be derived from property taxes. The prior fiscal year's tax levy limit is used as a base and cannot increase by more than 2.5 percent (excluding new growth), unless an override is voted. The actual fiscal year 2017 tax levy reflected an excess capacity of \$41,772.

G. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the Town as assets with an initial individual cost of more than \$15,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	40
Building improvements	20
Infrastructure	30 - 50
Vehicles	5
Office equipment	5
Computer equipment	5

H. Compensated Absences

It is the Town's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. All vested sick and vacation pay is accrued when incurred in the government-wide, proprietary, and fiduciary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

I. Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt, and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type Statement of Net Position.

J. Fund Equity

Fund equity at the governmental fund financial reporting level is classified as "fund balance". Fund equity for all other reporting is classified as "net position".

Fund Balance - Generally, fund balance represents the difference between the current assets/deferred outflows and current liabilities/deferred inflows. The Town reserves those portions of fund balance that are legally segregated for a specific future use or which do not represent available, spendable resources and therefore, are not available for appropriation or expenditure. Unassigned fund balance indicates that portion of fund balance that is available for appropriation in future periods.

When an expenditure is incurred that would qualify for payment from multiple fund balance types, the Town uses the following order to liquidate liabilities: restricted, committed, assigned and unassigned.

Net Position - Net position represents the difference between assets/deferred outflows and liabilities/deferred inflows. Net investment in capital assets, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Town or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The remaining net position is reported as unrestricted.

K. Use of Estimates

The preparation of basic financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures for contingent assets and liabilities at the date of the basic financial statements, and the reported amounts of the revenues and expenditures/expenses during the fiscal year. Actual results could vary from estimates that were used.

2. **Stewardship, Compliance, and Accountability**

A. Budgetary Information

The Town Administrator presents, on behalf of the Finance Committee, an operating and capital budget for the proposed expenditures of the fiscal year commencing the following July 1. The budget, as enacted by Town Council, establishes the legal level of control and specifies that certain appropriations are to be funded by particular revenues. The original budget is amended during the fiscal year at Town Council meetings as required by changing conditions.

Departments are limited to the line items as voted. Certain items may exceed the line item budget as approved if it is for an emergency and for the safety of the general public. These items are limited by the Massachusetts General Laws and must be raised in the next year's tax rate.

Formal budgetary integration is employed as a management control device during the year for the general fund and proprietary funds. Effective budgetary control is achieved for all other funds through provisions of the Massachusetts General Laws.

At year end, appropriation balances lapse, except for certain unexpended capital items and encumbrances which will be honored during the subsequent year.

B. Budgetary Basis

The General Fund final appropriation appearing on the "Budget and Actual" page of the fund financial statements represents the final amended budget after all reserve fund transfers and supplemental appropriations.

C. Budget/GAAP Reconciliation

The budgetary data for the general fund is based upon accounting principles that differ from generally accepted accounting principles (GAAP). Therefore, in addition to the GAAP basis financial statements, the results of operations of the general fund are presented in accordance with budgetary accounting principles to provide a meaningful comparison to budgetary data.

The following is a summary of adjustments made to the actual revenues and other sources, and expenditures and other uses, to conform to the budgetary basis of accounting.

<u>General Fund</u>	<u>Revenues and Other Financing Sources</u>	<u>Expenditures and Other Financing Uses</u>
Revenues/Expenditures (GAAP Basis)	\$ 125,524,135	\$ 124,092,519
Other financing sources/uses (GAAP Basis)	<u>158,732</u>	<u>2,958,189</u>
Subtotal (GAAP Basis)	125,682,867	127,050,708
Adjust tax revenue to accrual basis	(307,824)	-
Reverse beginning of year appropriation carryforwards from expenditures	-	(4,237,710)
Add end-of-year appropriation carryforwards to expenditures	-	4,766,317
Reverse effect of combining stabilization funds with general fund per GASB 54	450,095	(873,000)
Reclass non-budgeted items	<u>(12,493,485)</u>	<u>(12,519,007)</u>
Budgetary Basis	<u>\$ 113,331,653</u>	<u>\$ 114,187,308</u>

D. Deficit Fund Equity

Certain individual funds reflected deficit balances as of June 30, 2017.

It is anticipated that the deficits in these funds will be eliminated through future departmental revenues, bond proceeds, and grant revenues.

3. Cash and Short-Term Investments

Custodial Credit Risk - Deposits. Custodial credit risk is the risk that in the event of a bank failure, the Town's deposits may not be returned. Massachusetts General Law Chapter 44, Section 55, limits the Town's deposits "in a bank or trust company or banking company to an amount not exceeding sixty percent 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."

As of June 30, 2017, \$21,085,791 of the Town's bank balance of \$37,786,858 was exposed to custodial credit risk as uninsured or uncollateralized. These funds are primarily held in four highly rated banks according to the Veribanc Report. All of the banks are rated GREEN/**.*.

4. Investments

A. 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 (in thousands) is the actual rating as of year-end for each investment of the Town. (All federal agency securities have an implied credit rating of AAA):

Investment Type	Amount	Exempt From Disclosure	Rating as of Year-end					Not Rated
			Aaa	A1	A2	Baa1		
U.S. Treasury notes	\$ 2,949	\$ -	\$ 2,949	\$ -	\$ -	\$ -	\$ -	
Federal agency securities	3,585	-	3,574	-	-	-	11	
Corporate bonds	907	-	31	145	250	481	-	
Certificates of deposits	3,157	3,157	-	-	-	-	-	
Mutual funds	235	235	-	-	-	-	-	
Corporate equities	663	663	-	-	-	-	-	
PRIT*	3,326	3,326	-	-	-	-	-	
Total investments	\$ 14,822	\$ 7,381	\$ 6,554	\$ 145	\$ 250	\$ 481	\$ 11	

*Fair value is the same as the value of the pool share. The Pension Reserves Investment Trust was created under Massachusetts General Law, Chapter 32, Section 22, in December 1983. The Pension Reserves Investment Trust (PRIT) is operated under contract with a private investment advisor, approved by the Pension Reserves Investment Management Board. The Pension Reserves Investment Management Board shall choose an investment advisor by requesting proposals from advisors and reviewing such proposals based on criteria adopted under Massachusetts General Law, Chapter 30B.

B. Custodial Credit Risk

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. Per the Town's investment policy, the Treasurer will review the financial institution's financial statements and the background of the Advisor. Further, all securities held by a third-party custodian will be held in the Town's name and tax identification number.

As of June 30, 2017, the Town did not have any investments exposed to custodial credit risk.

C. Concentration of Credit Risk

The Town will minimize concentration of credit risk by diversifying the investment portfolio so that the impact of potential losses from any one type of security or issuer will be minimized. Town investments in any one issuer (other than U.S. treasuries, government agency securities, and mutual funds) that represent 5% or more of total investments are as follows (in thousands):

<u>Investment Issuer</u>	<u>Amount</u>	<u>% of Total Investments</u>
Bristol County Savings Bank certificate of deposit	\$ 1,000,000	6.75%
Dean Bank certificate of deposit	<u>1,012,781</u>	6.73%
Total	<u>\$ 2,012,781</u>	

D. Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The Town's investment policy states the Town will manage interest rate risk by managing duration in the account.

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

<u>Investment Type</u>	<u>Amount</u>	<u>Investment Maturities (in Years)</u>				<u>N/A</u>
		<u>Less Than 1</u>	<u>1-5</u>	<u>6-10</u>	<u>More Than 10</u>	
U.S. Treasury notes	\$ 2,949	\$ 41	\$ 1,747	\$ 1,161	\$ -	\$ -
Federal agency securities	3,585	130	3,426	29	-	-
Corporate bonds	907	395	448	64	-	-
Certificates of deposit	3,157	2,163	994	-	-	-
Mutual funds	235	-	-	-	-	235
Corporate equities	663	-	-	-	-	663
PRIT	<u>3,326</u>	-	-	-	-	<u>3,326</u>
Total	<u>\$ 14,822</u>	<u>\$ 2,729</u>	<u>\$ 6,615</u>	<u>\$ 1,254</u>	<u>\$ -</u>	<u>\$ 4,224</u>

E. Foreign Currency Risk

Foreign currency risk is the risk that changes in foreign exchange rates will adversely affect the fair value of an investment. The Town's policy for foreign currency risk states the Town will not invest in any investment exposed to foreign currency risk.

F. Fair Value

The Town categorizes its fair value measurements within the fair value hierarchy established by Governmental Accounting Standards Board Statement No. 72 *Fair Value Measurement and Application* (GASB 72). The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The Town has the following fair value measurements as of June 30, 2017:

<u>Description</u>	<u>Fair Value Measurements Using:</u>		
	<u>Quoted prices in active markets for identical assets (Level 1)</u>	<u>Significant observable inputs (Level 2)</u>	<u>Significant unobservable inputs (Level 3)</u>
Investments by fair value level:			
Debt securities:			
U.S. Treasury notes	\$ 2,949	\$ -	\$ 2,949
Federal agency securities	3,585	-	3,585
Corporate bonds	907	-	907
Equity securities:			
Corporate equities	663	663	-
Mutual funds	235	235	-
Investments measured at the net asset value (NAV):			
External investment pool	<u>3,326</u>		
Total	<u>\$ 11,665</u>		
<u>Description</u>	<u>Value</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency (If currently eligible)</u>
External investment pool	\$ 3,326	\$ -	Monthly
			<u>Redemption Notice Period</u>
			30 days

5. Taxes and Excises Receivable

Real estate and personal property taxes are levied and based on values assessed on January 1 of every year. Assessed values are established by the Board of Assessor's for 100% of the estimated fair market value. Taxes are due on a quarterly basis and are subject to penalties and interest if they are not paid by

the respective due date. Real estate and personal property taxes levied are recorded as receivables in the fiscal year they relate to.

The day after the final tax bill is due, a demand notice may be sent to the delinquent taxpayer. Fourteen days after the demand notice has been sent the tax collector may proceed to file a lien against the delinquent taxpayers' property. The Town has an ultimate right to foreclose on property for unpaid taxes. Personal property taxes cannot be secured through the lien process.

Motor vehicle excise taxes are assessed annually for every motor vehicle and trailer registered in the Commonwealth. The Registry of Motor Vehicles annually calculates the value of all registered motor vehicles for the purpose of excise assessment. The amount of motor vehicle excise tax due is calculated using a fixed rate of \$25 per \$1,000 of value.

Boat excise taxes are assessed annually for all water vessels, including documented boats and ships, used or capable of being used for transportation on water. A boat excise is assessed by the community where the vessel is moored. July 1 is the assessing date for all vessels, and the boat excise due is calculated using a fixed rate of \$10 per \$1,000 of value.

Taxes and excise receivables at June 30, 2017 consist of the following:

<u>Receivables:</u>	<u>Gross Amount</u>	<u>Allowance for Doubtful Accounts</u>	<u>Net Amount</u>
Real estate taxes	\$ 566,023	\$ (63,920)	\$ 502,103
Personal property taxes	196,601	(61,492)	135,109
Tax liens	631,250	(53,125)	578,125
Other	13,517	(1,027)	12,490
Total property taxes	<u>1,407,391</u>	<u>(179,564)</u>	<u>1,227,827</u>
Motor vehicle excise	681,690	(306,865)	374,825
Boat excise	2,414	(1,853)	561
Total excises	<u>684,104</u>	<u>(308,718)</u>	<u>375,386</u>
Grand total	<u>\$ 2,091,495</u>	<u>\$ (488,282)</u>	<u>\$ 1,603,213</u>

6. User Fee Receivables

Receivables for user charges and betterments at June 30, 2017 consist of the following:

<u>Receivables:</u>	<u>Gross Amount</u>	<u>Allowance for Doubtful Accounts</u>	<u>Net Amount</u>
Sewer	\$ 1,434,708	\$ (44,574)	\$ 1,390,134
Water	1,769,923	(54,996)	1,714,927
Solid Waste	211,802	(25,502)	186,300
Ambulance	674,111	(202,233)	471,878
Total	<u>\$ 4,090,544</u>	<u>\$ (327,305)</u>	<u>\$ 3,763,239</u>

7. Interfund Transfers

The Town reports interfund transfers between various funds. Most transfers result from budgetary or statutory actions, whereby funds are moved to accomplish various expenditure purposes. The following is an analysis of major interfund transfers.

<u>Governmental Funds:</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General fund	\$ 158,732	\$ 2,958,189
Library construction fund	7,648	-
Nonmajor Funds:		
Special revenue funds	3,000	105,752
Capital project funds	2,874,108	7,648
Expendable trust funds	<u>81,081</u>	<u>52,980</u>
Subtotal Nonmajor Funds	<u>2,958,189</u>	<u>166,380</u>
Total Governmental Funds	<u>\$ 3,124,569</u>	<u>\$ 3,124,569</u>

8. Capital Assets

Capital asset activity for the year ended June 30, 2017 was as follows (in thousands):

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital assets, being depreciated:				
Buildings and improvements	\$ 234,338	\$ 1,050	\$ -	\$ 235,388
Machinery, equipment, and furnishings	11,148	838	(754)	11,232
Infrastructure	<u>79,912</u>	<u>3,811</u>	<u>-</u>	<u>83,723</u>
Total capital assets, being depreciated	325,398	5,699	(754)	330,343
Less accumulated depreciation for:				
Buildings and improvements	(55,496)	(6,145)	-	(61,641)
Machinery, equipment, and furnishings	(7,595)	(688)	677	(7,606)
Infrastructure	<u>(47,436)</u>	<u>(1,702)</u>	<u>-</u>	<u>(49,138)</u>
Total accumulated depreciation	<u>(110,527)</u>	<u>(8,535)</u>	<u>677</u>	<u>(118,385)</u>
Total capital assets, being depreciated, net	214,871	(2,836)	(77)	211,958
Capital assets, not being depreciated:				
Land	18,092	519	-	18,611
Works of art	-	96	-	96
Construction in progress	<u>4,227</u>	<u>7,795</u>	<u>(2,041)</u>	<u>9,981</u>
Total capital assets, not being depreciated	<u>22,319</u>	<u>8,410</u>	<u>(2,041)</u>	<u>28,688</u>
Governmental activities capital assets, net	<u>\$ 237,190</u>	<u>\$ 5,574</u>	<u>\$ (2,118)</u>	<u>\$ 240,646</u>

	Beginning <u>Balance</u>	<u>Increases</u>	<u>Decreases</u>	Ending <u>Balance</u>
Business-Type Activities:				
Capital assets, being depreciated:				
Buildings and improvements	\$ 281	\$ 25	\$ -	\$ 306
Machinery, equipment, and furnishings	1,775	86	(158)	1,703
Infrastructure	<u>104,104</u>	<u>4,275</u>	<u>-</u>	<u>108,379</u>
Total capital assets, being depreciated	106,160	4,386	(158)	110,388
Less accumulated depreciation for:				
Buildings and improvements	(128)	(6)	-	(134)
Machinery, equipment, and furnishings	(1,218)	(106)	158	(1,166)
Infrastructure	<u>(48,795)</u>	<u>(2,094)</u>	<u>-</u>	<u>(50,889)</u>
Total accumulated depreciation	<u>(50,141)</u>	<u>(2,206)</u>	<u>158</u>	<u>(52,189)</u>
Total capital assets, being depreciated, net	56,019	2,180	-	58,199
Capital assets, not being depreciated:				
Land	<u>4,348</u>	<u>-</u>	<u>-</u>	<u>4,348</u>
Total capital assets, not being depreciated	<u>4,348</u>	<u>-</u>	<u>-</u>	<u>4,348</u>
Business-type activities capital assets, net	<u>\$ 60,367</u>	<u>\$ 2,180</u>	<u>\$ -</u>	<u>\$ 62,547</u>

Depreciation expense was charged to functions of the Town as follows (in thousands):

Governmental Activities:		
General government		\$ 149
Public safety		701
Education		5,129
Public works		2,100
Health and human services		155
Culture and recreation		<u>301</u>
Total depreciation expense - governmental activities		<u>\$ 8,535</u>
Business-Type Activities:		
Sewer		\$ 445
Water		1,681
Solid waste		<u>80</u>
Total depreciation expense - business-type activities		<u>\$ 2,206</u>

9. Deferred Outflows of Resources

Deferred outflows of resources represent the consumption of net position by the Town that is applicable to future reporting periods. Deferred outflows of resources have a positive effect on net position, similar to assets. Deferred outflows of resources related to pensions, in accordance with GASB Statement No. 68, Accounting and Financial Reporting for Pensions, are more fully discussed in Note 17.

10. Warrants and Accounts Payable

Warrants payable represent 2017 expenditures paid by July 15, 2017, as permitted by law. Accounts payable represent additional 2017 expenditures paid after July 15, 2017.

11. Anticipation Notes Payable

The Town had the following bond anticipation notes outstanding at June 30, 2017:

<u>Purpose</u>	<u>Interest Rate</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Balance at 6/30/17</u>
High School construction	2.00%	5/19/17	10/19/17	\$ 4,660,000
Library reconstruction	2.00%	5/19/17	5/18/18	8,200,000
Water infrastructure improvements	2.00%	5/19/17	5/18/18	2,100,000
Road improvements	2.00%	5/19/17	5/18/18	<u>1,900,000</u>
Total				<u>\$ 16,860,000</u>

The following summarizes activity in notes payable during fiscal year 2017:

<u>Purpose</u>	<u>Balance Beginning of Year</u>	<u>New Issues</u>	<u>Rollover</u>	<u>Bonded</u>	<u>Balance End of Year</u>
High School construction	\$ 4,550,000	\$ -	\$ (4,550,000)	\$ -	\$ -
Library reconstruction	7,000,000	-	(7,000,000)	-	-
Water infrastructure improvements	1,100,000	-	(1,100,000)	-	-
Road improvements	900,000	-	(900,000)	-	-
High School construction	-	110,000	4,550,000	-	4,660,000
Library reconstruction	-	1,200,000	7,000,000	-	8,200,000
Water infrastructure improvements	-	1,000,000	1,100,000	-	2,100,000
Road improvements	-	1,000,000	900,000	-	1,900,000
Total	<u>\$ 13,550,000</u>	<u>\$ 3,310,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 16,860,000</u>

12. Long-Term Debt

A. General Obligation Bonds

The Town issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for both governmental and business-type activities. General obligation bonds currently outstanding are as follows:

	Original Issue	Serial Maturities Through	Interest Rate(s) %	Amount Outstanding as of 6/30/17
<u>Governmental Activities:</u>				
Outdoor recreational facilities	03/15/05	03/15/19	3.25 - 5.50	\$ 498,000
Outdoor recreational facilities	03/15/05	03/15/19	3.25 - 5.50	100,000
Keller-Sullivan School	03/15/05	03/15/25	3.25 - 5.50	2,954,001
General obligation (various uses)	03/01/09	03/01/19	2.00 - 5.00	1,920,000
School building repairs	05/02/12	06/30/22	2.00 - 4.00	1,000,000
General obligation refunding 2002	12/15/11	06/30/22	2.00 - 4.00	182,000
General obligation refunding 2003	12/15/11	06/30/22	2.00 - 4.00	2,289,000
General obligation refunding 2004	05/02/12	06/30/22	2.00 - 4.00	937,000
High School construction	08/15/13	06/15/38	4.13 - 5.00	40,885,000
General obligation refunding 2015	02/25/15	03/15/27	2.00 - 4.00	2,798,000
General obligation refunding 2016	06/15/16	03/01/28	4.00	7,310,000
Total Governmental Activities:				\$ <u>60,873,001</u>

	Original Issue	Serial Maturities Through	Interest Rate(s) %	Amount Outstanding as of 6/30/17
<u>Business-Type Activities:</u>				
MWPAT Title V	09/28/01	08/01/19	4.50 - 5.75	\$ 5,088
Sewer refunding 2002	12/15/11	06/30/23	2.00 - 4.00	205,000
Sewer refunding 2004	05/02/12	06/30/22	2.00 - 4.00	345,000
Sewer refunding 2015	02/25/15	03/15/27	2.00 - 4.00	1,725,000
Water treatment facility DW-02-12	11/15/04	08/01/24	2.50 - 5.25	2,725,713
Water mains	03/15/05	03/15/25	4.26	1,213,000
Water refunding 2002	12/15/11	06/30/23	2.00 - 4.00	414,000
Water refunding 2004	05/02/12	06/30/22	2.00 - 4.00	518,000
Water line replacement	08/15/13	06/15/28	4.00 - 5.00	3,995,000
Water refunding 2015	02/25/15	03/15/27	2.00 - 4.00	1,857,000
Total Business-Type Activities:				\$ <u>13,002,801</u>

B. Future Debt Service

The annual payments to retire all general obligation long-term debt outstanding as of June 30, 2017 are as follows:

<u>Governmental</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 3,876,000	\$ 2,475,708	\$ 6,351,708
2019	3,910,000	2,323,048	6,233,048
2020	3,597,000	2,187,598	5,784,598
2021	3,644,000	2,046,603	5,690,603
2022	3,705,000	1,889,813	5,594,813
2023-2027	15,196,001	7,320,513	22,516,514
2028-2031	9,630,000	4,821,609	14,451,609
Thereafter	17,315,000	2,834,628	20,149,628
Total	\$ <u>60,873,001</u>	\$ <u>25,899,520</u>	\$ <u>86,772,521</u>

The general funds have been designated as the sources to repay the governmental-type general obligation long-term debt outstanding as of June 30, 2017.

<u>Business-Type</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 1,427,698	\$ 436,846	\$ 1,864,544
2019	1,443,069	386,772	1,829,841
2020	1,450,650	336,680	1,787,330
2021	1,446,325	284,747	1,731,072
2022	1,444,906	229,631	1,674,537
2023-2027	5,130,153	512,275	5,642,428
2028-2031	660,000	26,400	686,400
Total	<u>\$ 13,002,801</u>	<u>\$ 2,213,351</u>	<u>\$ 15,216,152</u>

C. Changes in General Long-Term Liabilities

During the year ended June 30, 2017, the following changes occurred in long-term liabilities (in thousands):

	Total Balance 7/1/16	Additions	Reductions	Total Balance 6/30/17	Less Current Portion	Equals Long-Term Portion 6/30/17
<u>Governmental Activities</u>						
Bonds payable	\$ 64,713	\$ -	\$ (3,840)	\$ 60,873	\$ (3,876)	\$ 56,997
Net pension liability	41,020	-	(1,600)	39,420	-	39,420
Net OPEB liability	47,947	6,792	-	54,739	-	54,739
Other:						
Compensated absences	1,962	33	(59)	1,936	(97)	1,839
Subtotal - other	1,962	33	(59)	1,936	(97)	1,839
Totals	<u>\$ 155,642</u>	<u>\$ 6,825</u>	<u>\$ (5,499)</u>	<u>\$ 156,968</u>	<u>\$ (3,973)</u>	<u>\$ 152,995</u>
<u>Business-Type Activities</u>						
Bonds payable	\$ 14,482	\$ -	\$ (1,479)	\$ 13,003	\$ (1,428)	\$ 11,575
Net pension liability	326	-	(12)	314	-	314
Net OPEB liability	550	38	-	588	-	588
Other:						
Compensated absences	151	-	(14)	137	(7)	130
Subtotal - other	151	-	(14)	137	(7)	130
Totals	<u>\$ 15,509</u>	<u>\$ 38</u>	<u>\$ (1,505)</u>	<u>\$ 14,042</u>	<u>\$ (1,435)</u>	<u>\$ 12,607</u>

13. Advance Refunding

Fiscal Year 2016

On June 15, 2016, the Town issued general obligation bonds in the amount of \$7,310,000 with an interest rate of 4.00% to advance refund \$7,760,000 of bonds with interest rates ranging from 3.50% to 4.50%. The bonds mature on March 1, 2020 through March 1, 2028 and are not callable. The general obligation bonds were issued at 1.6370% and, after paying issuance costs of \$80,250, the net proceeds were \$8,476,185. The net proceeds from the issuance of the general obligation bonds were used to purchase U.S. government securities and those securities were deposited in an irrevocable trust with an escrow agent to provide debt service payments until the bonds are called on March 1, 2019. The advance refunding met the requirements of an in-substance debt defeasance and the term bonds were removed from the Town's financial statements.

As a result of the advance refunding, the Town reduced its total debt service cash flow requirements by \$733,115, which resulted in an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$667,666.

Defeased debt still outstanding at June 30, 2017 is \$7,760,000.

14. Deferred Inflows of Resources

Deferred inflows of resources are the acquisition of net position by the Town that are applicable to future reporting periods. Deferred inflows of resources have a negative effect on net position, similar to liabilities. The Town reports two items as deferred inflows of resources: one which is attributable to changes in the net pension liability, and the other which arises from the current financial resources measurement focus and the modified accrual basis of accounting in governmental funds. Deferred inflows of resources related to pension will be recognized in pension expense in future years and is more fully described in Note 17. *Unavailable revenues* are reported in the governmental funds balance sheet in connection with receivables for which revenues are not considered available to liquidate liabilities of the current year.

15. Governmental Funds - Balances

Fund balances are segregated to account for resources that are either not available for expenditure in the future or are legally set aside for a specific future use.

The Town has implemented GASB Statement No. 54 (GASB 54), *Fund Balance Reporting and Governmental Fund Type Definitions*, which enhances the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying existing governmental fund type definitions.

The following types of fund balances are reported at June 30, 2017:

Nonspendable - Represents amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. This fund balance classification includes general fund prepaid expenditures and nonmajor governmental fund reserves for the principal portion of permanent trust funds.

Restricted - Represents amounts that are restricted to specific purposes by constraints imposed by creditors, grantors, contributors, or laws or regulations of other governments, or constraints imposed by law through constitutional provisions or enabling legislation. This fund balance classification includes capital projects funded by grants and bond issuances, various special revenue funds, and the income portion of permanent trust funds.

Committed - Represents amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Town's highest level of decision-making authority (Town Council). This fund balance classification includes general fund non-lapsing capital appropriations approved by Town Council, capital improvement stabilization funds (now reported as part of the general fund per GASB 54), and various special revenue and expendable trust funds.

Assigned - Represents amounts that are constrained by the Town's intent to use these resources for a specific purpose. This fund balance classification includes general fund encumbrances that have been established by various Town departments for the expenditure of current year budgetary financial resources upon vendor performance in the subsequent budgetary period.

Unassigned - Represents amounts that are available to be spent in future periods. This fund balance classification also includes general and budgetary stabilization funds set aside by Town Council vote for future use (now reported as part of the general fund per GASB 54) and temporary deficits in other governmental funds.

Following is a breakdown of the Town's fund balances at June 30, 2017:

	General Fund	High School Construction Fund	Library Construction Fund	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable					
Nonexpendable permanent funds	\$ -	\$ -	\$ -	\$ 503,930	\$ 503,930
Total Nonexpendable	-	-	-	503,930	503,930
Restricted					
Reserve for excluded debt	71,082	-	-	-	71,082
Special revenue funds:					
School revolving funds	-	-	-	3,160,859	3,160,859
School circuit breaker	-	-	-	1,453,496	1,453,496
School choice	-	-	-	554,302	554,302
School grants and other funds	-	-	-	146,965	146,965
Town revolving funds	-	-	-	559,262	559,262
Town grants and other funds	-	-	-	744,178	744,178
Receipts reserved	-	-	-	2,327,041	2,327,041
Capital projects funds:					
Turf field replacement	-	-	-	1,373,000	1,373,000
Other bonded projects	-	-	-	899,028	899,028
Expendable trust funds:					
Affordable housing	-	-	-	1,074,428	1,074,428
Open space acquisition	-	-	-	1,095,297	1,095,297
Other trust funds	-	-	-	444,037	444,037
Total Restricted	71,082	-	-	13,831,893	13,902,975
Committed					
Reserve for continuing resolutions	4,327,660	-	-	-	4,327,660
Capital improvement stabilization funds	275,083	-	-	-	275,083
Expendable insurance reserves	-	-	-	1,381,580	1,381,580
Total Committed	4,602,743	-	-	1,381,580	5,984,323
Assigned					
Budgetary encumbrances	438,656	-	-	-	438,656
Total Assigned	438,656	-	-	-	438,656
Unassigned					
General fund	4,198,642	-	-	-	4,198,642
General stabilization fund	5,098,095	-	-	-	5,098,095
Budget stabilization fund	1,364,443	-	-	-	1,364,443
Special revenue funds:					
School grants	-	-	-	(204,674)	(204,674)
Town grants	-	-	-	(141,003)	(141,003)
Major capital project funds					
High school construction fund	-	(4,659,693)	-	-	(4,659,693)
Library construction fund	-	-	(6,722,465)	-	(6,722,465)
Total Unassigned	10,661,180	(4,659,693)	(6,722,465)	(345,677)	(1,066,655)
Total Fund Balance	\$ 15,773,661	\$ (4,659,693)	\$ (6,722,465)	\$ 15,371,726	\$ 19,763,229

16. General Fund Unassigned Fund Balance

The unassigned general fund balances reported on the balance sheet is stated in accordance with generally accepted accounting principles (GAAP), which differed in certain respects from the Massachusetts Uniform Municipal Accounting System (UMAS). The following paragraphs summarize the major differences.

Massachusetts General Laws include provisions to allow municipalities to over-expend certain appropriations if they are incurred in an emergency situation and for the safety of the public. The most common example involves the “snow & ice” appropriation. However, all such over-expenditures must be funded in the subsequent year’s tax rate.

The accompanying financial statements include an estimate for future potential tax refunds, which is not recognized under UMAS.

The following summarizes the specific differences between GAAP basis and budgetary basis of reporting the general fund unassigned fund balance:

GAAP basis balance	\$ 10,661,180
Stabilization fund	(6,462,538)
Tax refund estimate	<u>101,779</u>
Statutory (UMAS) Balance	<u>\$ 4,300,421</u>

17. Norfolk County Retirement System

The Town follows the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, with respect to the employees’ retirement funds.

A. Plan Description

Substantially all employees of the Town (except teachers and administrators under contract employed by the School Department) are members of the Norfolk County Retirement System (the System), a cost-sharing, multiple-employer public employee retirement system (PERS). Eligible employees must participate in the System. The pension plan provides pension benefits, deferred allowances, and death and disability benefits. Chapter 32 of the Massachusetts General Laws establishes the authority of the System, contribution percentages and benefits paid. The System Retirement Board does not have the authority to amend benefit provisions. Additional information is disclosed in the System’s annual financial reports publicly available from the System located at 480 Neponset Street, Canton, Massachusetts 02021.

Participant Retirement Benefits

The System provides for retirement allowance benefits up to a maximum of 80% of a member’s highest three-year average annual rate of regular compensation for those hired prior to April 2, 2012 and the highest five-year average annual rate of regular compensation for those first becoming members of the Massachusetts System on or after that date. However, per Chapter 176 of the Acts of 2011, for members who retire on or after April 2, 2012, if in the 5 years of creditable service immediately preceding retirement,

the difference in the annual rate of regular compensation between any 2 consecutive years exceeds 10 percent, the normal yearly amount of the retirement allowance shall be based on the average annual rate of regular compensation received by the member during the period of 5 consecutive years preceding retirement. Benefit payments are based upon a member's age, length of creditable service, level of compensation and group classification.

If a participant was a member prior to February 2012, a retirement allowance may be received at any age, upon attaining 20 years of service. The plan also provides for retirement at age 55 if the participant was a member prior to January 1, 1978, with no minimum vesting requirements. If the participant was a member on or after January 1, 1978 and a member of Groups 1 or 2, then a retirement allowance may be received if the participant (1) has at least 10 years of creditable service, (2) is age 55, (3) voluntarily left Town employment on or after that date, and (4) left accumulated annuity deductions in the fund. Members of Group 4, have no minimum vesting requirements, however, must be at least age 55. Groups 2 and 4 require that participants perform the duties of the Group position for at least 12 months immediately prior to retirement.

A participant who became a member on or after April 2, 2012 is eligible for a retirement allowance upon 10 years creditable service and reaching ages 60 or 55 for Groups 1 and 2, respectively. Participants in Group 4 must be at least age 55. Groups 2 and 4 require that participants perform the duties of the Group position for at least 12 months immediately prior to retirement.

A retirement allowance consists of two parts: an annuity and a pension. A member's accumulated total deductions and a portion of the interest they generate constitute the annuity. The difference between the total retirement allowance and the annuity is the pension. The average retirement benefit is approximately 80-85% pension and 15-20% annuity.

Participant Refunds

Employees who resign from service and who are not eligible to receive a retirement allowance are entitled to request a refund of their accumulated total deductions. Members voluntarily withdrawing with at least 10 years of service or involuntarily withdrawing, receive 100% of the regular interest that has accrued on those accumulated total deductions. Members voluntarily withdrawing with less than 10 years of service get credited interest each year at a rate of 3%.

Participants Contributions

Participants contribute a set percentage of their gross regular compensation annually. Employee contribution percentages are specified in Chapter 32 of the Massachusetts General Laws. The employee's individual contribution percentage is determined by their date of entry into the system. In addition,

all employees hired on or after January 1, 1979 contribute an additional 2% on all gross regular compensation over the rate of \$30,000 per year. The percentages are as follows:

Before January 1, 1975	5%
January 1, 1975 - December 31, 1983	7%
January 1, 1984 - June 30, 1996	8%
Beginning July 1, 1996	9%

For those members entering a Massachusetts System on or after April 2, 2012 in Group 1, the contribution rate will be reduced to 6% when at least 30 years of creditable service has been attained.

Employer Contributions

Employers are required to contribute at actuarially determined rates as accepted by the Public Employee Retirement Administration Commission (PERAC).

The Town's contribution to the System for the year ended June 30, 2017 was \$4,351,658, which was equal to its annual required contribution.

B. Summary of Significant Accounting Policies

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

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

At June 30, 2017, the Town reported a liability of \$39,733,230 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2016. The Town's proportion of the net pension liability was based on an actuarially determined projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers. At December 31, 2016, the Town's proportion was 7.6114%.

For the year ended June 30, 2017, the Town recognized pension expense of \$4,119,045. In addition, the Town reported deferred outflows of resources

and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 622,949	\$ -
Changes of assumptions	-	2,591,054
Net difference between projected and actual earnings on pension plan investments	3,631,033	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	584,144
Total	<u>\$ 4,253,982</u>	<u>\$ 3,175,198</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2018	\$ 484,154
2019	484,154
2020	243,282
2021	<u>(132,806)</u>
Total	<u>\$ 1,078,784</u>

D. Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of January 1, 2016, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	4.00%
Projected salary increases	3.5% to 5.5%
Investment rate of return	8.00%
Cost of living increases	3% of the first \$15,000 of retirement

Mortality rates were based on the RP-2014 Blue Collar Mortality Table adjusted with Scale MP-2014.

The long-term expected rate of return on pension plan investments was selected from a best estimate range determined using the building block approach. Under this method, an expected future real return range (expected returns, net of pension plan investment expense and inflation) is calculated separately for each asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates

of return net of investment expenses by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major class are summarized in the following table:

<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Domestic equity	32.0%	8.6%
International equities	17.5%	8.6%
Fixed income	19.0%	4.5%
Real estate	9.0%	5.1%
Private equity	8.5%	10.3%
Hedge funds	9.0%	13.1%
Real assets	5.0%	7.5%
Total	<u>100.00%</u>	

E. Discount Rate

The discount rate used to measure the total pension liability as of December 31, 2016 was 8.0%. The projection of cash flows used to determine the discount rate assumed that the plan member contributions will be made at the current contribution rate and that employer contributions will be made at contractually required rates, actuarially determined. Under Chapter 32 of the MGL, employers are required to make the necessary contributions such that the pension plan reaches full funding status by 2040. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments to current active and inactive plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

F. Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the Town's proportionate share of the System's net pension liability calculated using the discount rate of 8.0%, as well as what the Town's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (7.0%) or 1 percentage-point higher (9.0%) than the current rate:

<u>1% Decrease (7.00%)</u>	<u>Current Discount Rate (8.00%)</u>	<u>1% Increase (9.00%)</u>
\$ 50,272,558	\$ 39,733,230	\$ 30,698,832

G. Pension Plan Fiduciary Net Position

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

18. Massachusetts Teachers' Retirement System (MTRS)

A. Plan Description

The Massachusetts Teachers' Retirement System (MTRS) is a public employee retirement system (PERS) that administers a cost-sharing, multi-employer defined benefit plan, as defined in Governmental Accounting Standards Board (GASB) Statement No. 67, Financial Reporting for Pension Plans. MTRS is managed by the Commonwealth on behalf of municipal teachers and municipal teacher retirees. The Commonwealth is a nonemployer contributor and is responsible for all contributions and future benefit requirements of the MTRS. The MTRS covers certified teachers in cities (except Boston), towns, regional school districts, charter schools, educational collaboratives, and Quincy College. The MTRS is part of the Commonwealth's reporting entity and does not issue a stand-alone audited financial report.

Management of MTRS is vested in the Massachusetts Teachers' Retirement Board (MTRB), which consists of seven members—two elected by the MTRS members, one who is chosen by the six other MTRB members, the State Treasurer (or their designee), the State Auditor (or their designee), a member appointed by the Governor, and the Commissioner of Education (or their designee), who serves ex-officio as the Chairman of the MTRB.

B. Benefits Provided

MTRS provides retirement, disability, survivor, and death benefits to members and their beneficiaries. Massachusetts General Laws (MGL) establishes uniform benefit and contribution requirements for all contributory PERS. These requirements provide for superannuation retirement allowance benefits up to a maximum of 80% of a member's highest three-year average annual rate of regular compensation. For employees hired after April 1, 2012, retirement allowances are calculated on the basis of the last five years or any five consecutive years, whichever is greater in terms of compensation. Benefit payments are based upon a member's age, length of creditable service, and group creditable service, and group classification. The authority for amending these provisions rests with the Legislature.

Members become vested after ten years of creditable service. A superannuation retirement allowance may be received upon the completion of twenty years of creditable service or upon reaching the age of 55 with ten years of service. Normal retirement for most employees occurs at age 65. Most employees who joined the system after April 1, 2012 cannot retire prior to age 60.

The MTRS' funding policies have been established by Chapter 32 of the MGL. The Legislature has the authority to amend these policies. The annuity portion of the MTRS retirement allowance is funded by employees, who contribute a percentage of their regular compensation. Costs of administering the plan are funded out of plan assets.

C. Contributions

Member contributions for MTRS vary depending on the most recent date of membership:

<u>Membership Date</u>	<u>% of Compensation</u>
Prior to 1975	5% of regular compensation
1975 - 1983	7% of regular compensation
1984 to 6/30/1996	8% of regular compensation
7/1/1996 to present	9% of regular compensation
7/1/2001 to present	11% of regular compensation (for teachers hired after 7/1/01 and those accepting provisions of Chapter 114 of the Acts of 2000)
1979 to present	An additional 2% of regular compensation in excess of \$30,000

D. Actuarial Assumptions

The total pension liability for the June 30, 2016 measurement date was determined by an actuarial valuation as of January 1, 2016 rolled forward to June 30, 2016. This valuation used the following assumptions:

- (a) 7.50% investment rate of return, (b) 3.50% interest rate credited to the annuity savings fund and (c) 3.00% cost of living increase on the first \$13,000 per year.
- Salary increases are based on analyses of past experience but range from 4.00% to 7.50% depending on length of service.
- Experience study is dated July 21, 2014 and encompasses the period January 1, 2006 to December 31, 2011.
- Mortality rates were as follows:
 - Pre-retirement - reflects RP-2014 Employees table projected generationally with Scale BB and a base year of 2014 (gender distinct).
 - Post-retirement - reflects RP-2014 Healthy Annuitant table projected generationally with Scale BB and a base year of 2014 (gender distinct).
 - Disability – assumed to be in accordance with RP-2014 Healthy Annuitant table projected generationally with Scale BB set forward 4 years.

Investment assets of the MTRS are with the Pension Reserves Investment Trust (PRIT) Fund. The long-term expected rate of return on pension plan

investments was determined using a building-block method in which best-estimate ranges of expected future rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future rates of return by the target asset allocation percentage. Best estimates of geometric rates of return for each major asset class included in the PRIT Fund's target asset allocation as of June 30, 2016 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Global equity	40.0%	6.9%
Core fixed income	13.0%	1.6%
Private equity	10.0%	8.7%
Real estate	10.0%	4.6%
Value added fixed income	10.0%	4.8%
Hedge funds	9.0%	4.0%
Portfolio completion strategies	4.0%	3.6%
Timber/natural resources	4.0%	5.4%
Total	<u>100.0%</u>	

E. Discount Rate

The discount rate used to measure the total pension liability was 7.50%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rates and the Commonwealth's contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rates. Based on those assumptions, the net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

F. Sensitivity Analysis

The following illustrates the sensitivity of the collective net pension liability to changes in the discount rate. In particular, the table presents the MTRS collective net pension liability assuming it was calculated using a single discount rate that is one-percentage-point lower or one-percentage-point higher than the current discount rate (amounts in thousands):

<u>1% Decrease to 6.50%</u>	<u>Current Discount Rate 7.50%</u>	<u>1% Increase to 8.50%</u>
\$ 27,464,000	\$ 22,357,928	\$ 18,022,000

G. Special Funding Situation

The Commonwealth is a nonemployer contributor and is required by statute to make all actuarially determined employer contributions on behalf of the member employers. Therefore, these employers are considered to be in a special funding situation as defined by GASB Statement No. 68, Accounting and Financial Reporting for Pensions (GASB 68), and the Commonwealth is a nonemployer contributing entity in MTRS. Since the employers do not contribute directly to MTRS, there is no net pension liability to recognize for each employer.

H. Commonwealth Proportions Associated with the Town

In fiscal year 2017 (the most recent measurement period), the Commonwealth's proportionate share of the MTRS' collective net pension liability and pension expense associated with the Town was \$133,025,615 and \$13,569,485 respectively, based on a proportionate share of 0.594982%. As required by GASB 68, the Town has recognized its portion of the collective pension expense as both a revenue and expenditure in the general fund.

19. Other Post-Employment Benefits – OPEB (GASB 45)

GASB Statement 45, *Accounting and Financial Reporting by Employers for Post-Employment Benefits Other Than Pensions*. Statement 45 requires governments to account for other post-employment benefits (OPEB), primarily healthcare, on an accrual basis rather than on a pay-as-you-go basis. The effect is the recognition of an actuarially required contribution as an expense on the Statement of Activities when a future retiree earns their post-employment benefits, rather than when they use their post-employment benefit. To the extent that an entity does not fund their actuarially required contribution, a post-employment benefit liability is recognized on the Statement of Net Position over time.

A. Plan Description

In addition to providing the pension benefits described, the Town provides post-employment healthcare and life insurance benefits for retired employees through the Town's plan. The benefits, benefit levels, employee contributions and employer contributions are governed by Chapter 32 of the Massachusetts General Laws. As of June 30, 2017, the actuarial valuation date, approximately 628 retirees and 1,080 active employees meet the eligibility requirements. The plan does not issue a separate financial report.

B. Benefits Provided

The Town provides medical, prescription drug, mental health/substance abuse and life insurance to retirees and their covered dependents. All active employees who retire from the Town and meet the eligibility criteria will receive these benefits.

C. Funding Policy

Post-1990 retirees contribute between 32% and 50% of the cost of the health plan and pre-1990 retirees contribute between 16% and 32%, as determined by the Town. The Town contributes the remainder of the health plan costs on a pay-as-you-go basis.

D. Annual OPEB Costs and Net OPEB Obligation

The Town's fiscal 2017 annual OPEB expense is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost per year and amortize the unfunded actuarial liability over a period of thirty years. The following table shows the components of the Town's annual OPEB cost for the year ending June 30, 2017, the amount actually contributed to the plan, and the change in the Town's net OPEB obligation based on an actuarial valuation as of June 30, 2017.

Normal Cost	\$ 5,608,472
Amortization of unfunded actuarially accrued liability	<u>4,330,312</u>
Annual Required Contribution (ARC)	9,938,784
Interest on net OPEB obligation	2,192,368
Adjustment to ARC	<u>(1,739,436)</u>
Annual OPEB cost	10,391,716
Expected benefit payments (pay as you go)	(2,729,055)
Contributions to OPEB Trust	<u>(832,000)</u>
Increase in net OPEB obligation	6,830,661
Net OPEB obligation - beginning of year	<u>48,497,296</u>
Net OPEB obligation - end of year	<u><u>\$ 55,327,957</u></u>

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

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
2017	\$ 10,391,716	34.3%	\$ 55,327,957
2016	\$ 8,347,005	33.9%	\$ 48,497,296
2015	\$ 7,888,765	33.5%	\$ 42,978,822

E. Funded Status and Funding Progress

The funded status of the plan as of June 30, 2017, the date of the most recent actuarial valuation was as follows:

Actuarial accrued liability (AAL)	\$ 124,612,277
Actuarial value of plan assets	<u>3,325,974</u>
Unfunded actuarial accrued liability (UAAL)	\$ <u>121,286,303</u>
Funded ratio (actuarial value of plan assets/AAL)	<u>2.7%</u>
Covered payroll (active plan members)	\$ <u>61,457,227</u>
UAAL as a percentage of covered payroll	<u>197.4%</u>

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

F. Actuarial Methods and Assumptions

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

In the June 30, 2017 actuarial valuation, the projected unit credit cost method was used. The actuarial value of assets was \$3,325,974. The actuarial assumptions included a 4.50% investment rate of return and an initial annual healthcare cost trend rate of 5.50% which decreases to a 4.50% long-term rate for all healthcare benefits after three years. The amortization costs for the initial UAAL is a level percentage of payroll for a period of 30 years, on a closed basis. This has been calculated assuming the amortization payment increases at a rate of 4.00%.

20. Other Post-Employment Benefits – OPEB (GASB 74)

In April 2015, the Town established an OPEB Trust fund to provide funding for future employee health care costs.

Investments

The OPEB Trust fund does not have a formal investment policy. At June 30, 2017, investments consisted of pooled funds with the Pension Reserves Investment Trust (PRIT). Concentration and rate of return information was not available.

Net OPEB Liability

The components of the net OPEB liability were as follows:

Total OPEB liability	\$ 72,621,770
Plan fiduciary net position	<u>3,325,974</u>
Net OPEB liability	<u>\$ 69,295,796</u>
Plan fiduciary net position as a percentage of the total OPEB liability	4.58%

Actuarial assumptions. The total OPEB liability was determined by an actuarial valuation as of July 1, 2016, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Healthcare cost trend rate	5.5% decreasing to 4.5% in 2019
Participation	95% of teachers and 70% of non-teachers for medical and 75% for life insurance
Investment rate of return	7.5 percent, net of OPEB plan investment expense, including inflation

Mortality rates for active employees were based on RP-2014 Blue Collar Mortality with scale MP-2016 fully generational. Mortality for retired member for group 1 and group 2 is represented by the RP-2014 Blue Collar Mortality Table set forward five years for males and 3 years for females fully generational. Mortality for retired members for Group 4 is represented by the RP-2014 Blue Collar Mortality Table set forward three years for males and six years for females fully generational. Mortality for disabled members for group 1 and 2 is represented by the RP-2000 Mortality Table set forward six years. Mortality for disabled members for Group 4 is represented by the RP-2000 Mortality table set forward two years. Generational adjusting is based on Scale MP-2016

The actuarial assumptions used in the July 1, 2016 valuation were based on the results of an actuarial experience study for 2015. As a result of the 2015

actuarial experience study, the expectation of life after disability was adjusted in the July 1, 2016 actuarial valuation to more closely reflect actual experience.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of June 30, 2017 are summarized in the following table:

<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Large cap equities	14.50%	5.75%
Small/Mid cap equities	3.50%	6.00%
International equities	16.00%	7.30%
Emerging international equities	6.00%	9.59%
Core bonds	5.00%	2.65%
20+ yr. treasury STRIPS	5.00%	1.50%
TIPS	3.00%	3.00%
High-yield bonds	1.50%	4.75%
Bank loans	1.50%	5.25%
EMD (external)	1.00%	4.75%
EMD (local currency)	2.00%	6.75%
Private debt	4.00%	8.02%
Private equity	10.00%	8.25%
Real estate	10.00%	6.00%
Timberland	4.00%	6.00%
Hedge funds & portfolio completion	13.00%	5.92%
Total	<u>100.00%</u>	

Discount rate. The discount rate used to measure the total OPEB liability was 7.50%. The projection of cash flows used to determine the discount rate assumed that contributions from plan member will be made at the current contribution rate. Based on those assumptions, the OPEB plan fiduciary net position was not projected to be available to make all projected future benefit payments of current plan members.

Sensitivity of the net OPEB liability to changes in the discount rate. The following presents the net OPEB liability as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50%) or 1-percentage-point higher (8.50%) than the current discount rate:

<u>1% Decrease (6.50%)</u>	<u>Discount Rate (7.50%)</u>	<u>1% Increase (8.50%)</u>
\$ 80,940,192	\$ 69,295,796	\$ 59,922,232

Sensitivity of the net OPEB liability to changes in the healthcare cost trend rates. The following presents the net OPEB liability as well as what the net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (5.50% decreasing to 4.50%) or 1-percentage-point higher (5.50% increasing to 6.50%) than the current healthcare cost trend rates:

1% Decrease (4.50%)	Healthcare Cost Trend Rates (5.50%)	1% Increase (6.50%)
\$ 58,045,724	\$ 69,295,796	\$ 83,453,756

21. Subsequent Events

Subsequent to June 30, 2017, the Town rolled forward the following short-term debt:

	<u>Amount</u>	<u>Interest Rate</u>	<u>Issue Date</u>	<u>Maturity Date</u>
Bond Anticipatory Note	\$ 4,660,000	2.00%	10/19/17	5/18/18

22. Commitments and Contingencies

Outstanding Legal Issues - On an ongoing basis, there are typically pending legal issues in which the Town is involved. The Town's management is of the opinion that the potential future settlement of these issues would not materially affect its financial statements taken as a whole.

Grants - Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount of expenditures which may be disallowed by the grantor cannot be determined at this time, although the Town expects such amounts, if any, to be immaterial.

Abatements - There are several cases pending before the Appellate Tax Board in regard to alleged discrepancies in property assessments. According to Town Counsel, the probable outcome of these cases at the present time is indeterminate, although the Town expects such amounts, if any, to be immaterial.

23. Implementation of New GASB Standard

The Governmental Accounting Standards Board (GASB) has issued Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other than Pensions, replacing requirements of Statements No. 45 and 57, effective

for the Town beginning with its year ending June 30, 2018. This Statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. In addition, this Statement details the recognition and disclosure requirements for employers with payables to defined benefit OPEB plans that are administered through trusts that meet the specific criteria and for employers whose employees are provided with defined contribution OPEB.

TOWN OF FRANKLIN, MASSACHUSETTS
 SCHEDULE OF PROPORTIONATE SHARE
 OF THE NET PENSION LIABILITY (GASB 68)

JUNE 30, 2017
 (Unaudited)

Norfolk County Retirement System

Fiscal Year	Measurement Date	Proportion of the Net Pension Liability	Proportionate Share of the Net Pension Liability	Covered Payroll	Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position Percentage of the Total Pension Liability
June 30, 2017	12/31/2016	7.611400%	\$39,733,230	\$ 21,380,359	185.84%	61.60%
June 30, 2016	12/31/2015	7.611443%	\$41,346,324	\$ 20,361,675	203.06%	58.60%
June 30, 2015	12/31/2014	7.756292%	\$40,226,086	\$ 19,038,422	211.29%	60.10%

Massachusetts Teachers' Retirement System

Fiscal Year	Measurement Date	Proportion of the Net Pension Liability	Proportionate Share of the Net Pension Liability	Commonwealth of Massachusetts' Total Proportionate Share of the Net Pension Liability Associated with the Town	Total Net Pension Liability Associated with the Town	Covered Payroll	Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position Percentage of the Total Pension Liability
June 30, 2017	6/30/2016	0.594982%	\$ -	\$ 133,025,615	\$ 133,025,615	\$ 39,315,863	-	52.73%
June 30, 2016	6/30/2015	0.591007%	\$ -	\$ 121,095,209	\$ 121,095,209	\$ 37,463,272	-	55.38%
June 30, 2015	6/30/2014	0.584174%	\$ -	\$ 92,862,306	\$ 92,862,306	\$ 35,818,594	-	61.64%

Schedules are intended to show information for 10 years. Additional years will be displayed as they become available.

See Independent Auditors' Report.

TOWN OF FRANKLIN, MASSACHUSETTS

SCHEDULE OF PENSION CONTRIBUTIONS (GASB 68)

JUNE 30, 2017

(Unaudited)

Norfolk County Retirement System					
<u>Fiscal Year</u>	<u>Contractually Required Contribution</u>	<u>Contributions in Relation to the Contractually Required Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Payroll</u>	<u>Contributions as a Percentage of Covered Payroll</u>
June 30, 2017	\$ 4,351,658	\$ 4,351,658	\$ -	\$ 21,380,359	20.35%
June 30, 2016	\$ 3,947,535	\$ 3,947,535	\$ -	\$ 20,361,675	19.39%
June 30, 2015	\$ 3,661,686	\$ 3,661,686	\$ -	\$ 19,038,422	19.23%

Schedules are intended to show information for 10 years. Additional years will be displayed as they become available.

See Independent Auditors' Report.

**TOWN OF FRANKLIN, MASSACHUSETTS
SCHEDULE OF OPEB FUNDING PROGRESS (GASB 45)**

June 30, 2017

(Unaudited)

(Amounts Expressed in thousands)

Other Post-Employment Benefits

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percent- age of Covered Payroll [(b-a)/c]
06/30/17	\$ 3,326	\$ 124,612	\$ 121,286	2.7%	\$ 61,457	197.4%
06/30/15	\$ 1,456	\$ 93,976	\$ 92,520	1.5%	\$ 57,381	161.2%
06/30/13	\$ -	\$ 89,054	\$ 89,054	0.0%	\$ 53,066	167.8%
06/30/11	\$ -	\$ 84,749	\$ 84,749	0.0%	\$ 52,999	159.9%
06/30/09	\$ -	\$ 79,942	\$ 79,942	0.0%	\$ 53,737	148.8%
06/30/07	\$ -	\$ 116,638	\$ 116,638	0.0%	N/A	N/A

See Independent Auditors' Report.

**TOWN OF FRANKLIN, MASSACHUSETTS
OTHER POST-EMPLOYMENT BENEFITS (OPEB)**

Schedule of Changes in the Net OPEB Liability (GASB 74)

(Unaudited)

	<u>2017</u>
Total OPEB liability	
Service cost	\$ 2,631,153
Interest on unfunded liability - time value of \$	5,151,437
Benefit payments, including refunds of member contributions	<u>(2,387,829)</u>
Net change in total OPEB liability	5,394,761
Total OPEB liability - beginning	<u>67,227,009</u>
Total OPEB liability - ending (a)	<u>\$ 72,621,770</u>
Plan fiduciary net position*	
Contributions - employer	\$ 3,219,829
Net investment income	521,740
Benefit payments, including refunds of member contributions	<u>(2,387,829)</u>
Net change in plan fiduciary net position	1,353,740
Plan fiduciary net position - beginning	<u>1,972,234</u>
Plan fiduciary net position - ending (b)	<u>\$ 3,325,974</u>
Net OPEB liability (asset) - ending (a-b)	<u>\$ 69,295,796</u>

*Reflects certain rounding and immaterial classification differences from page 24.

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

See notes to the Town's financial statements for summary of significant actuarial methods and assumptions.

See Independent Auditors' Report.

**TOWN OF FRANKLIN, MASSACHUSETTS
OTHER POST-EMPLOYMENT BENEFITS (OPEB)**

Schedules of Net OPEB Liability, Contributions, and Investment Returns (GASB 74)

(Unaudited)

Schedule of Net OPEB Liability

	<u>2017</u>
Total OPEB liability	\$ 72,621,770
Plan fiduciary net position	<u>3,325,974</u>
Net OPEB liability (asset)	<u>\$ 69,295,796</u>
Plan fiduciary net position as a percentage of the total OPEB liability	4.58%
Covered payroll	\$ 61,457,227
Participating employer net OPEB liability (asset) as a percentage of covered payroll	112.75%

Schedule of Contributions

	<u>2017</u>
Actuarially determined contribution	\$ 3,219,829
Contributions in relation to the actuarially determined contribution	<u>3,219,829</u>
Contribution deficiency (excess)	<u>\$ -</u>
Covered payroll	\$ 61,457,227
Contributions as a percentage of covered payroll	5.24%

Schedule of Investment Returns

	<u>2017</u>
Annual money weighted rate of return, net of investment expense	unavailable

*Schedules are intended to show information for 10 years.
Additional years will be displayed as they become available.*

See notes to Town's financial statements for summary of significant actuarial methods and assumptions.

See Independent Auditors' Report.



TOWN OF FRANKLIN

RESOLUTION 18-01

Acceptance of Gifts – Council on Aging

WHEREAS, The Council on Aging has received generous donations from the following:

- The Fletcher Hospital Corporation \$1,500.00
To be used to support the charitable endeavors for the elderly
- Richard Hertzberg, Ames Financial \$250.00
To be used where needed.

NOW THEREFORE, BE IT RESOLVED THAT:

The Town Council of the Town of Franklin on behalf of the Council on Aging gratefully accepts these generous donations and thanks the Fletcher Hospital Corporation and Mr. Hertzberg for their continued support and generosity.

This resolution shall become effective according to the provisions of the Town of Franklin Home Rule Charter.

DATED: , 2018

VOTED: _____

UNANIMOUSLY: _____

A TRUE RECORD ATTEST:

YES: ____ **NO:** ____

ABSTAIN: ____ **ABSENT:** ____

Teresa M. Burr
Town Clerk

Glenn Jones, Clerk
Franklin Town Council



**TOWN OF FRANKLIN
RESOLUTION 18-02**

Acceptance of Gifts – Franklin Police Department

WHEREAS, The Franklin Police Department has received generous donations from the following:

- The Koudelka Family \$2,500.00
To be added to the department Gift Fund
- Daniel and Joan Spiegel \$ 100.00
To be added to the department Gift Fund
- Guerriere & Halnon Inc. \$ 50.00
To be added to the department Gift Fund
- Peter and Patricia Huie \$ 25.00
To be added to the department Gift Fund

NOW THEREFORE, BE IT RESOLVED THAT:

The Town Council of the Town of Franklin on behalf of the Franklin Police Department gratefully accepts these generous donations and thanks the Koudelka Family, Daniel and Joan Spiegel, Guerriere & Halnon Corporation and Peter and Patricia Huie for their continued support and generosity.

This resolution shall become effective according to the provisions of the Town of Franklin Home Rule Charter.

DATED: _____, 2018

VOTED: _____

UNANIMOUSLY: _____

A True Record Attest:

YES: ____ **NO:** ____

ABSTAIN: ____ **ABSENT:** ____

Teresa M. Burr
Town Clerk

Glenn Jones, Clerk
Franklin Town Council



Sponsor: Administration

TOWN OF FRANKLIN

RESOLUTION 18-03

**LOCAL ADOPTION OF G.L. CHAPTER 64N, SECTION 3, AS AMENDED:
LOCAL TAX ON MARIJUANA RETAIL SALES AND
ESTABLISHMENT OF TAX RATE**

WHEREAS, The General Court, by its passage of Chapter 55 of the Legislative Acts of 2017, amended G.L. Chapter 64N, the Regulation and Taxation of Marijuana Act passed by the voters at the November 2016 state election, including Section 3 thereof, and

WHEREAS, Chapter 64N, Section 3, as amended, now provides a local sales tax option on the sale or transfer of marijuana or marijuana products by a marijuana retailer at a rate not greater than three percent of the total sales price.

NOW, THEREFORE, the Franklin Town Council, acting on behalf of the Town of Franklin, hereby adopts G.L. Chapter 64N, Section 3, as amended, authorizing the imposition of a local sales tax on the sale or transfer of marijuana or marijuana products by a marijuana retailer, all as defined in the statute, and establishes the rate of said tax at the maximum of three percent (3%), as provided in said statute.

This Resolution shall become effective according to the rules and regulations of the Town of Franklin Home Rule Charter.

DATED: _____, 2018

VOTED:

UNANIMOUS _____

A True Record Attest:

YES _____ **NO** _____

ABSTAIN _____

**Teresa M. Burr
Town Clerk**

ABSENT _____

**Glenn Jones, Clerk
Franklin Town Council**

Memo

To: Town Council
From: Jeffrey Nutting
cc: DPW, Police
Date: January 18, 2018
Re: Bylaw Amendment 18-798

I am proposing to add language to the current bylaw to give the town enforcement language when folks leave large amounts of dirt and debris on the road. I went down Maple Street several times when they were cutting trees for the 10 lot subdivision and there was mud and dirt all over the road. This additional language would allow us to tell them to clean up their mess.

It is one of those laws that would be used rarely but needed when folks create problems on our public ways.

I am happy to answer any questions.



TOWN OF FRANKLIN

BYLAW AMENDMENT 18-798

CHAPTER 155, STREETS AND SIDEWALKS

A BYLAW TO AMEND THE CODE OF THE TOWN OF FRANKLIN AT CHAPTER 155, ARTICLE II

BE IT ENACTED BY THE FRANKLIN TOWN COUNCIL that Chapter 155, Article II of the Code of the Town of Franklin is amended by amending Article II as follows:

Article II: Snow and Ice, Leaves and Yard Waste, **Soil, Gravel, or Debris**, or Water Discharge in Public Way

~~Violations of any section or provision of this chapter shall be enforced by the Franklin Police Department or the Director of Public Works or his designee.~~

§ 155-21 Deposit of snow and ice.

No person shall plow, push, deposit, throw or pile snow or ice into or across any public street, sidewalk or property nor direct nor cause the same to be done unless in the employ of the Town.

§ 155-22 Deposit of leaves and yard waste.

No person shall rake, blow, deposit throw or pile leaves or yard waste into or across any public street, sidewalk or property nor cause the same to be done unless in the employ of the Town.

§155-23 Deposit of soil, gravel, or debris.

~~No person shall cause or permit any truck, or other vehicle or equipment to push, drop, track, or otherwise deposit any soil, gravel or other debris into any public roadway or onto my public roadway surface from a construction or other worksite, unless in the employ of the Town.~~

§ 155-~~23~~24 Discharge of storm- or groundwater.

No person shall discharge or direct stormwater surface run-off or groundwater by means of a pipe, pump, trench, or other means into or across any public street, sidewalk or property nor cause the same to be done unless in the employ of the Town or prior written permission has been received from the Director of Public Works or his designee.

§ 155-~~24~~25 Violations and penalties.

A violation of § 155-21, 155-22, ~~or 155-23~~ or 155-24 may be punished by a fine of up to \$300; ~~in the case of a violation of § 155-23, each day shall constitute a separate violation; for purposes of noncriminal disposition, fines for violations shall be assessed as follows:~~

First Offense: _____ \$100
Second Offense: _____ \$200
Third and Subsequent Offense(s): \$300

Each day that any prohibited deposit remains shall be considered a separate offense.

§ 155-~~2526~~ **Enforcement.**

Violations of ~~this any~~ section contained in this Article shall be enforced by the Franklin Police Department or the Director of Public Works or his designee.

This bylaw amendment shall become effective upon passage in accordance with the provisions of the Franklin Home Rule Charter.



DATED: _____, 2018

VOTED:

UNANIMOUS _____

YES _____ **NO** _____

ABSTAIN _____

ABSENT _____

A True Record Attest:

Teresa M. Burr
Town Clerk

Glenn Jones, Clerk
Franklin Town Council

OFFICE OF THE TOWN ADMINISTRATOR



MEMORANDUM

DATE: January 17, 2018
TO: Town Council
FROM: Jeffrey D. Nutting, Town Administrator
Jamie Hellen, Deputy Town Administrator
RE: Sewer Rate Increase

We are requesting a sewer rate increase effective June 30, 2018. The last increase was in 2013.

The requested sewer rate increase is 10% for FY 19 and 10% in FY 20. The requested increase will raise about \$1,000,000. The proposed rates are as follows:

	Current Rates	Proposed <u>FY 19</u>	Proposed <u>FY 20</u>
0-15 CCF (a 100 cubic feet or 748 gallons)	\$5.00	\$5.50	\$6.05
16-40 CCF	\$5.30	\$5.85	\$6.45
41+ CCF	\$6.10	\$6.70	\$7.40
Homes with sewer only	\$150 per quarter	\$165 per quarter	\$183 per quarter

Currently our annual operating budget is being balanced by using retained earnings. (funds left over at the end of the fiscal year). Currently we have \$900,000 in the fund but we have already committed \$400,000 to balance the FY 18 sewer budget. This means the fund balance could be down to \$500,000 and we will need to commit another \$400,000 this year leaving very little in the account.

If we do not increase the rate the fund balance will go negative and it will be deducted from our Free Cash. Further we are unable to make capital improvements at this time without a rate increase.

The big driver of the problem is the nearly \$1,500,000 increase in our assessment from the Charles River Pollution Control District for the capital improvements to the Sewer Plant.

Accordingly if we increase the rate by 20% over the next two years it should produce about \$1,000,000 in revenue. About ½ of this will go to balance the FY 19 budget and the remaining to help with ongoing capital improvements in FY 20.

I believe this rate increase should last about 5 years unless the town starts on the replacement of the Beaver Street Interceptor. This will take many years and when the time comes will require another rate increase.

The average bill will increase by approximately \$40 in each of the next two years. We do have a tiered system so a smaller user will pay less and a larger user more.

I am happy to answer any questions that you may have.



TOWN OF FRANKLIN
BY-LAW AMENDMENT 18-799

SEWER RATES

A **BY-LAW TO AMEND** the Code of the Town of Franklin, Chapter 82, entitled Fees, at Appendix B, as follows:

Appendix B
List of Service Rates

Effective for bills issued after June, 30, 2012 18 Sewer Usage rates shall be as follows:

CCF	Sewer Usage	Sewer Usage	Sewer Usage
	Rate 6-30-2013	Rate 6-30-2018	Rate 6-30-2019
0 – 15	\$5.00	\$5.50	\$6.05
16 – 40	\$5.30	\$5.85	\$6.45
41+	\$6.10	\$6.70	\$7.40

Sewer Usage for Residences without Municipal Water: \$125.00/2012 \$165 per quarter/2018 and \$150.00/2013 \$183 per quarter/2019.

This By-Law shall become effective according to the provisions outlined in the Franklin Home Rule Charter.

DATED: _____, 2018

A True Record Attest:

Teresa M. Burr
Town Clerk

VOTED:

UNANIMOUS _____

YES _____ **NO** _____

ABSTAIN _____

ABSENT _____

Glenn Jones, Clerk
Franklin Town Council



TOWN OF FRANKLIN

RESOLUTION 17 - 33

ADOPTION OF FY 2018 BUDGET

- WHEREAS, the Town Council conducted two Public Hearings on the FY 2018 Budget on May 24, 2017 and May 25, 2017, after due notice was given in the Milford Daily News; and
- WHEREAS, The Finance Committee issued printed recommendations with Copies made available at each Public Hearing; and
- WHEREAS, The Town Council considered the FY 2018 Budget on a Departmental basis, and by vote so determined the size of the appropriations for each Department item on May 25, 2017.

NOW, THEREFORE, BE IT MOVED AND VOTED to adopt said General Fund Budget, Water Enterprise Fund Budget, Sewer Enterprise Fund Budget and Solid Waste Enterprise Fund Budget as voted on May 25, 2017 with a Total Appropriation of 120,465,810 of which \$108,538,815 is to be raised and appropriated and the balance transferred from Enterprise Fund revenues and Retained Earnings to be appropriated as follows:

7-0-1

Reginal. 2,373,202.00 - \$ abstain

WATER FEES (ENTERPRISE FUND)	\$ 4,869,903
SEWER FEES (ENTERPRISE FUND)	\$ 4,715,150
SEWER RETAINED EARNINGS	400,000
SOLID WASTE FEES (ENTERPRISE FUND)	\$ 1,803,942
SOLID WASTE RETAINED EARNINGS	\$ 138,000
TOTAL ENTERPRISE FUND:	\$ 11,926,995

Bal of budget \$ 118,092,608.00 - 8 in favor

This Resolution shall become effective according to the rules and regulations of the Town of Franklin Home Charter.

DATED: May 25, 2017

VOTED: 8 (NE)
 UNANIMOUS 8 for 118,092,608.00
 YES 8 NO -
 ABSTAIN -
 ABSENT 1

A True Record Attest:

 Teresa M. Burr
 Town Clerk

Judith Pond Pfeffer, Clerk
 Franklin Town Council

Charles River Pollution Control Assessment

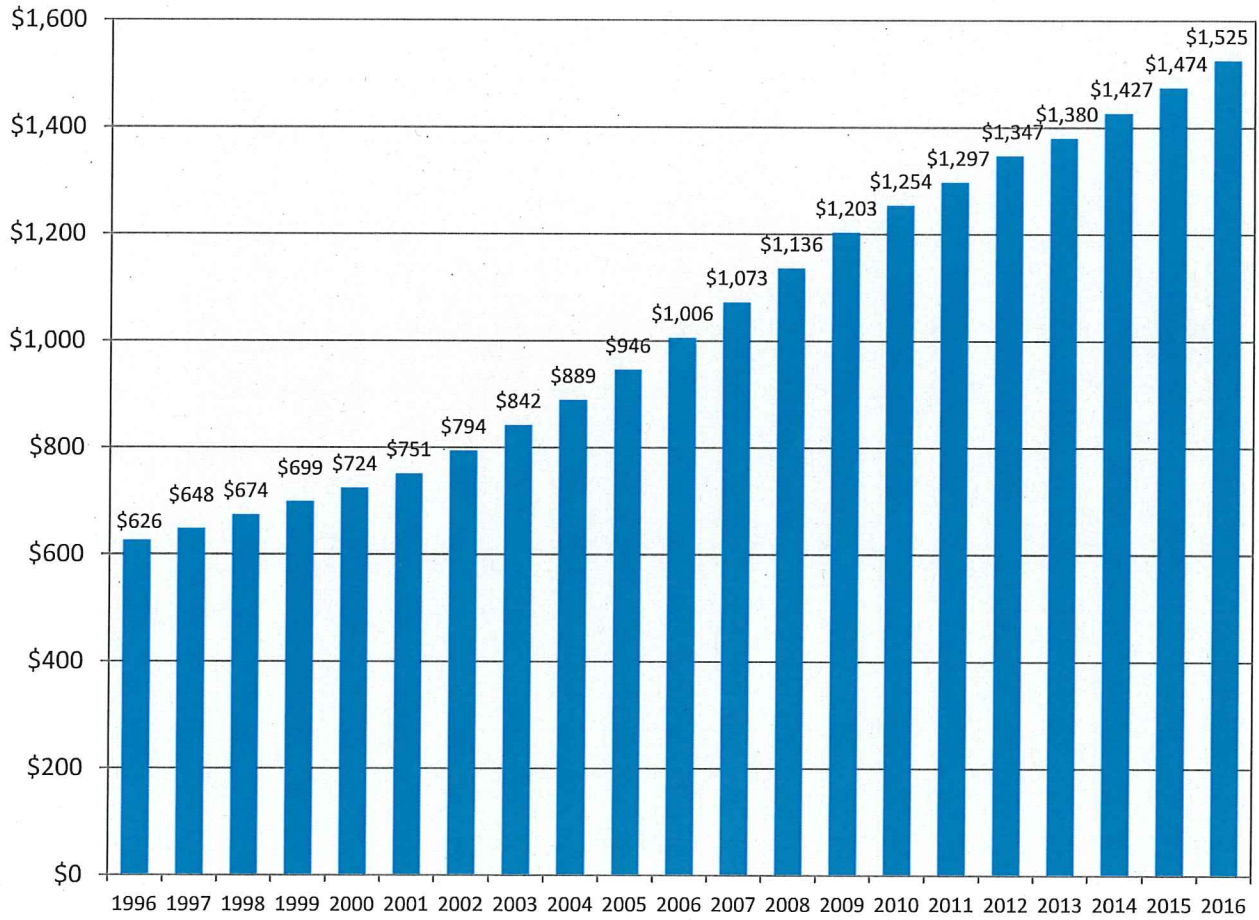
Year	amount	growth
FY 14	2,158,040	-
FY 15	2,272,730	114,690
FY 16	2,943,810	671,080
FY 17	3,593,880	650,070
FY 18	3,651,680	57,800

growth over 4 years \$ 1,493,640
59%

Combined Annual Water & Sewer Charges in MWRA Communities

1996 – 2016

(Consumption at 120 HCF \approx 90 kgal)



OFFICE OF THE TOWN ADMINISTRATOR



MEMORANDUM

DATE: January 17, 2018
TO: Town Council
FROM: Jeffrey D. Nutting, Town Administrator
Jamie Hellen, Deputy Town Administrator
RE: Water Rate Increase

We are requesting a water rate increase by 10% effective June 30, 2018. The last increase was in 2012. A 10% rate increase will produce about \$500,000 in revenue. The proposed rate is as follows:

	Current Rate	Proposed Rate
0-15 CCF (a 100 cubic feet or 748 gallons)	\$5.25	\$5.75
16-40 CCF	\$5.50	\$6.05
41+ CCF	\$6.45	\$7.10

The requested rate increase is to pay:

1. Allow us to finish the previous approved projects in FY 20 and FY 21 (approximately \$1,700,000)
2. Allow us to continue the other capital improvements (water meters, station upgrades, small projects, equipment)
3. Help ease the rate increase in a few years when the Water Treatment Plant debt comes due.

The average bill will increase by approximately \$40 per year. We do have a tiered system so smaller user will pay less and larger user more.

I am happy to answer any questions that you may have.



TOWN OF FRANKLIN
BY-LAW AMENDMENT 18-800

WATER RATES

A BY-LAW TO AMEND the Code of the Town of Franklin, Chapter 82, entitled Fees, at Appendix B, as follows:

Appendix B
List of Service Rates

Effective for bills issued after June, 30, 2012-18 Water Usage rates shall be as follows:

CCF	Water Usage Rate 6/30/2012	Water Usage Rate 6-30-2018
0 -15	\$5.25	\$5.75
16-40	\$5.50	\$6.05
41+	\$6.45	\$7.10

This By-Law shall become effective according to the provisions outlined in the Franklin Home Rule Charter.

DATED: _____, 2018

VOTED: _____

A True Record Attest:

UNANIMOUS _____
YES _____ NO _____
ABSTAIN _____
ABSENT _____

Teresa M. Burr
Town Clerk

Glenn Jones, Clerk
Franklin Town Council

Town of Franklin DPW – Proposed Water Capital Projects

Replacement Well at Well Station No. 3

- **Purpose:** To have the ability to produce the entire DEP approved yield from this site a new supplemental water supply well (Well No. 3A) is proposed.
- **Project:** Well Construction, Source Approval, and connection into the system
- **Benefit:** To increase supply production into the system and to gain more operational flexibility.

Treatment Plant at Well Stations No. 3 and No. 6

1. Well Station Nos. 3 & 6 Treatment Plant

- **Purpose:** To provide treatment for Well Station Nos. 3 & 6.
- **Project:** New Water Treatment Plant (approx. 5000 sq. ft.) and associated treatment equipment to treat Well Station Nos. 3 & 6 water.
- **Benefit:** To provide manganese and iron filtration at Well Station Nos. 3 & 6 to supply the total approved yield of 1.22 MGD.

2. Modifications and Demolition at Well Station No. 6

- **Purpose:** Remove the existing vacuum pumping system and install submersible pumps at each well at Station No. 6.
- **Project:** New Well pumps and modifications for the six Wells that make up Well Station No. 6; Demolition of the existing Well No. 6 pump station; modifications to the existing Well Station No. 6 Chemical Building
- **Benefit:** To increase efficiency and operational flexibility of the existing Well Field to operate with the new Water Treatment Plant.

3. Modifications at Well Station No. 3

- **Purpose:** Make recommended structural and architectural repairs to the existing Well Station No. 3 pump station and chemical building.
- **Project:** Concrete repair, roof replacements, and minor process modifications within the Chemical Building
- **Benefit:** To provide resiliency to the existing infrastructure for continued operation now and into the future.

Town of Franklin DPW – Proposed Water Capital Projects

Pleasant Street Tank Service Area Energy Efficiency Project & Hillside Tank #1 Improvements

- **Purpose:** Reconfigure the existing low service area (Pleasant Street) system to eliminate the “in series” pumping. Preservation of the historic 1888 420,000-gallon Hillside Tank #1.
- **Project:** Demolition of the old tank and booster station, new prefabricated pressure-reducing valve (PRV) stations at Pleasant Street and Greystone Road and at Miller Street @ Brook Street Ext. Replace the pump at Well No. 4 with a pump capable of supplying the approved yield of Well Station No. 4 (0.921 MGD). The project also includes exterior and interior rehabilitation of Hillside Tank #1.
- **Benefit:** To reduce energy and maintenance costs associated with the existing infrastructure.

Estimated Project Costs & Schedule

Project Name	Estimated Opinion of Probable Project Costs	Anticipated Completion Date
Replacement Well at Well Station No. 3	\$0.9M	Fall 2018
Treatment Plant at Well Stations No. 3 and No. 6	\$12.6M	Fall 2020
Pleasant Street Tank Service Area Energy Efficiency Project	\$2.0M	Spring 2021
Totals	\$15.5M	