



FRANKLIN TOWN COUNCIL

February 6, 2013

7:00 PM

A. APPROVAL OF MINUTES – *November 28, 2013, December 19, 2013, Executive Session*

B. ANNOUNCEMENTS – *This meeting is being recorded by Franklin TV and shown on Comcast channel 11 and Verizon channel 29. This meeting may be recorded by Franklin Matters.*

C. PROCLAMATIONS/RECOGNITIONS

D. CITIZEN COMMENTS

E. APPOINTMENTS

F. HEARINGS

G. LICENSE TRANSACTIONS .

H. PRESENTATIONS/DISCUSSIONS - *Jim Dacey, Treasurer-Collector
Melanson Heath & Co., 2012 Audit*

I. SUBCOMMITTEE REPORTS

J. LEGISLATION FOR ACTION

1. *Resolution 13-05: Hoffmann Farms, A Private Definitive Subdivision Acceptance of Covenant with Owner*
2. *Resolution 13-06: Appropriation: Town Clerk - Advertising*
3. *Zoning Bylaw Amendment 12-695: Changes to § 185-31. Site Plan and Design
Review – 2nd Reading*
4. *Zoning Bylaw Amendment 12-696: Changes to § 185-20. H. Signs. Sign Approvals-
2nd Reading*
5. *Zoning Bylaw Amendment 12-697: Changes to § 185-45. N. Administration and
Enforcement. Design Review Commission-
2nd Reading*

K. TOWN ADMINISTRATOR'S REPORT

L. OLD BUSINESS

M. NEW BUSINESS

N. COUNCIL COMMENTS

O. EXECUTIVE SESSION – *Negotiations, Litigation, Real Property, as May Be Required*

P. ADJOURN

**FRANKLIN TOWN COUNCIL
MINUTES OF MEETING
November 28, 2012**

A meeting of the Town Council was held on Wednesday, November 28, 2012 at the Franklin Municipal Building, 355 East Central Street, Franklin, Massachusetts. Councilors present; Andrew Bissanti, Robert Dellorco, Glenn Jones, Matt Kelly, Thomas Mercer, Judith Pfeffer, Tina Powderly, Jeff Roy, Robert Vallee. Administrative personnel in attendance: Jeffrey Nutting; Town Administrator, Mark Cerel; Town Attorney and Maxine Kinhart; Assistant to the Town Administrator. Other officials present: Kevin W. Doyle; Director of Assessing.

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

APPROVAL OF MINUTES: *March 21, 2012, April 4, 2012 & November 7, 2012 Executive Session.*
MOTION by Councilor Powderly to move approval of all minutes **SECONDED** by Councilor Kelly.
VOTE to Approve: Yes-9, No-0, Absent-0.

ANNOUNCEMENTS: Chairman Vallee announced the meeting was recorded by Franklin TV and available for viewing on Comcast Channel 11 and Verizon Channel 29. The meeting was also recorded by Franklin Matters.

PROCLAMATIONS/RECOGNITIONS: NONE.

CITIZEN COMMENTS: Citizen Thomas Greenhalgh spoke about the need to create an acceptable policy for Slacklining on Town property. Chairman Vallee asked Mr. Greenhalgh to stay until the New Business portion of the meeting so that the Councilors can discuss Mr. Greenhalgh's request.

APPOINTMENTS: NONE.

LEGISLATION FOR ACTION:

Resolution 12-76: Debt – Interest: \$1,405: Councilor Pfeffer read the resolution to transfer/appropriate \$1,405 from Free Cash for Personal Property Revaluation. **MOTION** by Councilor Pfeffer to approve Resolution 12-76 **SECONDED** by Councilor Jones. **DISCUSSION:** Mr. Nutting explained this resolution was necessary to reconcile the cost estimate with the actual cost of the Revaluation. **VOTE to Approve: Yes-9, No-0, Absent-0.**

Resolution 12-77: Adoption of FY 2013 Budget – Revision: **MOTION** by Councilor Powderly to waive the reading **SECONDED** by Councilor Kelly. **VOTE to Approve: Yes-9, No-0, Absent-0.** **MOTION** by Councilor Powderly to move Resolution 12-77 **SECONDED** by Councilor Kelly. **DISCUSSION:** Mr. Nutting explained this resolution corrects the budget by the same amount of money as the previous resolution. **VOTE to Approve: Yes-9, No-0, Absent-0.**

TOWN ADMINISTRATOR'S REPORT: Mr. Nutting provided the following updates: ► An engineering study has been commissioned to determine the feasibility of installing a turn only lane at Panther Way and Route 140. ► Thanked the Facilities Department, DPW and the Concerts on The Common Committee for the great event that occurred this past Sunday. ► Holiday Stroll will take place on November 29, 2012. ► Mr. Nutting and Planning Director Bryan Taberner recently spoke at the Regional Metrowest Economic Development Academy. ► Franklin was highlighted by the Department of Environmental Protection Commission for the Town's success in reducing water consumption. ► Appealed to public to remember those who are less fortunate and donate to their favorite local charity.

HEARINGS: Ken Norman; Board of Assessors Chairman, Chris Feeley; Board of Assessors Clerk, John Neas; Board of Assessors Member and Kevin W. Doyle; Director of Assessing were present for the hearing. Mr. Doyle reviewed the 27-page packet, which detailed the Town's Tax Rate. **MOTION** by Councilor Jones to close the hearing **SECONDED** by Councilor Kelly. **VOTE to Approve: Yes-9, No-0, Absent-0.**

LICENSE TRANSACTIONS: NONE.

PRESENTATIONS/DISCUSSIONS: NONE.

SUBCOMMITTEE REPORTS: NONE.

Note: Legislation For Action was conducted in two sections to allow the Hearing to begin at 7:10PM.

LEGISLATION FOR ACTION:

Resolution 12-78: Property Tax Classification – Residential Factor: Councilor Pfeffer read the resolution to set the Residential Factor at 1 (one). **MOTION** by Councilor Powderly to move Resolution 12-78 **SECONDED** by Councilor Jones. **DISCUSSION:** Councilor Powderly explained a Tax Rate of “1” means the Town will be maintaining a single tax rate between residential and business properties. Councilor Powderly went on to explain why she supports a single tax rate. **VOTE to Approve: Yes-9, No-0, Absent-0.**

Resolution 12-79: Property Tax Classification – Open Space Exemption: Councilor Pfeffer read the resolution that there not be an exemption for open space. **MOTION** by Councilor Pfeffer to move Resolution 12-79 **SECONDED** by Councilor Powderly. **DISCUSSION:** Mr. Nutting explained if Open Space were given a tax exemption, the residential properties would have to make up the difference in lost tax revenue. **VOTE to Approve: Yes-9, No-0, Absent-0.**

Resolution 12-80: Property Tax Classification - Small Business Exemption: Councilor Pfeffer read the resolution that there not be an exemption for small businesses. **MOTION** by Councilor Pfeffer to move Resolution 12-80 **SECONDED** by Councilor Powderly. **DISCUSSION:** Mr. Nutting explained the qualifications that would allow a small business to be eligible for a tax exemption and stated that allowing such a tax exemption would cause homeowners to make up for the lost tax revenue. **VOTE to Approve: Yes-9, No-0, Absent-0.**

Resolution 12-81: Property Tax Classification - Residential Property Exemption: Councilor Pfeffer read the resolution that there not be an exemption for residential property. **MOTION** by Councilor Pfeffer to move Resolution 12-81 **SECONDED** by Councilor Powderly. **VOTE to Approve: Yes-9, No-0, Absent-0.**

OLD BUSINESS: NONE.

NEW BUSINESS: ► Councilor Mercer asked about a change in the snow removal policy. Mr. Nutting said he was not aware of a change in policy, but would look into the matter. ► Councilor Kelly requested Mr. Nutting review for residents what the procedure is to report potholes on Town roads. ► Councilor Powderly requested Mr. Nutting create an acceptable policy for slacklining on Town property. Mr. Nutting asked Mr. Greenhalgh to give his office a call to discuss the matter. ► Councilor Jones inquired about the 2013 Town Council Meeting Schedule. Mr. Nutting said the 2013 Schedule will be posted at the next meeting. ► Chairman Vallee discussed with Mr. Nutting the possibility of waiving the downtown parking meter fees during the holiday season. ► Councilor Bissanti said he supports waiving the parking meter fees for the holiday season. ► Councilor Dellorco suggested limiting the parking meter fee waiver to the last week before Christmas to limit the logistics of such a measure.

COUNCILOR COMMENTS: ► Councilor Dellorco congratulated the Franklin High School Girls Soccer Team on winning the State Championship. ► Councilor Kelly said he was pleased with how well the Town Common looks. ► Councilor Powderly also congratulated the Girls Soccer Team and said the Town Common was moving in the right direction. ► Councilor Pfeffer acknowledged Franklin Fire Fighters David Smith and Keith Darling for going to New York to assist in the aftermath of Hurricane Sandy. Mr. Nutting confirmed per Councilor Pfeffer's inquiry that the Recycling Center's hours are posted on the Town's website. ► Councilor Jones also said he was pleased with the way the Town Common looks after the tree removal and the additional Christmas lights. ► Councilor Bissanti brought up the issue with Mr. Nutting of who should be responsible for putting the flags up when a veteran passes away. ► Councilor Roy also congratulated the Girls Soccer Team. Councilor Roy recognized the high school as being on the Advanced Placement (AP) Honor Roll, which he said was a tremendous honor. ► Chairman Vallee announced Stella Jeon would be receiving the Good Citizenship Award at the December 5th Town Council Meeting and that Jim Vallee would be attending the December 19th Town Council Meeting.

ADJOURN: MOTION by Councilor Mercer to adjourn **SECONDED** by Councilor Jones. **VOTE to Approve: Yes-9, No-0, Absent-0.** Meeting adjourned at 7:40PM.

Respectfully Submitted,

Jan Brecht, Recording Secretary

PRESENTATIONS
AND
DISCUSSIONS

1. JIM DACEY, TREASURER
COLLECTOR
2. MELANSON HEATH & CO.,
AUDITORS

Office of the Town Administrator



MEMORANDUM

Date: February 6, 2013

To: Franklin Town Council

From: Jeffrey D. Nutting, Town Administrator

Subject: Request Pursuant to G.L. Chapter 43B, §10(b) for Proposed Amendments to Town Charter

It is my recommendation that the Franklin Town Charter be amended to change the Treasurer-Collector from an elected to an appointed position. I am therefore requesting, pursuant to G.L. Chapter 43B, §10(b) that you consider and vote upon the following charter amendments:

- Amend **Article Three Elected Town Boards and Officers Section 1 General Provisions** by striking, in 3.1.2: “(b) a Town Treasurer-Collector” and by re-lettering the remaining positions.
- Amend **Article Four The Town Administrator Section 2. Powers and duties** by adding, in 4.2.5: in (a), before “fire chief,”: a Town Treasurer-Collector.
- Amend **Article Eight Transitional Provisions Section 1 Effective Date** by adding: 8.1.2 An amendment to this charter to change the Treasurer-Collector from an elected to an appointed officer shall be effective when approved by the voters at the general town election, provided that the incumbent Treasurer-Collector shall serve the remainder of his current term.

TOWN OF FRANKLIN, MASSACHUSETTS

Annual Financial Statements

For the Year Ended June 30, 2012

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MELANSON HEATH & COMPANY, PC

CERTIFIED PUBLIC ACCOUNTANTS
MANAGEMENT ADVISORS

INDEPENDENT AUDITORS' REPORT

To the Town Council
Town of Franklin, Massachusetts

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Franklin, Massachusetts, as of and for the year ended June 30, 2012, which collectively comprise the Town's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the Town of Franklin's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Franklin, Massachusetts as of June 30, 2012, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated January 24, 2013, 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and Schedule of Funding Progress information 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.

Melanson, Heath + Company P.C.
January 24, 2013

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 of Franklin for the fiscal year ended June 30, 2012. Unless otherwise noted, all amounts are expressed in thousands.

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 are comprised of three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the 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 Assets presents information on all assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position is improving or deteriorating.

The Statement of Activities presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future 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 financial 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 funds are maintained as follows:

Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. Specifically, enterprise funds are used to account for sewer, water and solid waste operations.

Proprietary funds provide the same type of information as the business-type activities reported in the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the sewer, water and solid waste operations. The sewer and water funds are considered 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 infor-

mation 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 exceeded liabilities by \$ 166,905 (i.e., net assets), a change of \$ (1,239) in comparison to the prior year.
- As of the close of the current fiscal year, governmental activities reported unrestricted net assets of \$ (8,150), a change of \$ (2,920), in comparison to the prior year. This change is primarily due to an increase in net OPEB Obligation of \$ 5,957.
- As of the close of the current fiscal year, governmental funds reported combined ending fund balances of \$ 27,014, a change of \$ 4,124 in comparison to the prior year.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$ 4,289, a change of \$ 759 in comparison to the prior year.
- Total bonds payable at the close of the current fiscal year was \$ 52,879, a change of \$ (3,050) 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>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Current and other assets	\$ 38,458	\$ 32,948	\$ 11,487	\$ 12,005	\$ 49,945	\$ 44,953
Capital assets	148,957	149,343	56,681	57,357	205,638	206,700
Total assets	<u>187,415</u>	<u>182,291</u>	<u>68,168</u>	<u>69,362</u>	<u>255,583</u>	<u>251,653</u>
Long-term liabilities outstanding	71,668	66,243	9,957	10,720	81,625	76,963
Bond anticipation notes	2,500	475	-	640	2,500	1,115
Other liabilities	3,347	4,708	1,206	723	4,553	5,431
Total liabilities	<u>77,515</u>	<u>71,426</u>	<u>11,163</u>	<u>12,083</u>	<u>88,678</u>	<u>83,509</u>
Net assets:						
Invested in capital assets, net	104,078	103,918	46,869	46,002	150,947	149,920
Restricted	13,972	12,177	-	-	13,972	12,177
Unrestricted	<u>(8,150)</u>	<u>(5,230)</u>	<u>10,136</u>	<u>11,277</u>	<u>1,986</u>	<u>6,047</u>
Total net assets	<u>\$ 109,900</u>	<u>\$ 110,865</u>	<u>\$ 57,005</u>	<u>\$ 57,279</u>	<u>\$ 166,905</u>	<u>\$ 168,144</u>

	Governmental Activities		Business-Type Activities		Total	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Revenues:						
Program revenues:						
Charges for services	\$ 7,352	\$ 6,374	\$ 11,899	\$ 12,595	\$ 19,251	\$ 18,969
Operating grants and contributions	14,734	13,466	-	-	14,734	13,466
Capital grants and contributions	972	1,385	-	-	972	1,385
General revenues:						
Property taxes	56,048	55,111	-	-	56,048	55,111
Excises	3,857	3,770	-	-	3,857	3,770
Penalties, interest, and other taxes	361	306	-	-	361	306
Grants and contributions not restricted to specific programs	29,951	30,024	-	-	29,951	30,024
Investment income	426	210	25	25	451	235
Miscellaneous	1,296	1,045	-	-	1,296	1,045
Total revenues	<u>114,997</u>	<u>111,691</u>	<u>11,924</u>	<u>12,620</u>	<u>126,921</u>	<u>124,311</u>
Expenses:						
General government	10,066	9,361	-	-	10,066	9,361
Public safety	9,730	9,806	-	-	9,730	9,806
Education	70,575	68,962	-	-	70,575	68,962
Public works	5,308	6,448	-	-	5,308	6,448
Human services	837	780	-	-	837	780
Culture and recreation	1,271	1,716	-	-	1,271	1,716
Employee benefits	14,048	13,371	-	-	14,048	13,371
Interest on long-term debt	1,719	1,951	-	-	1,719	1,951
Intergovernmental	4,458	4,308	-	-	4,458	4,308
Sewer	-	-	3,928	3,507	3,928	3,507
Water	-	-	4,333	4,922	4,333	4,922
Sanitation	-	-	1,887	1,602	1,887	1,602
Total expenses	<u>118,012</u>	<u>116,703</u>	<u>10,148</u>	<u>10,031</u>	<u>128,160</u>	<u>126,734</u>
Change in net assets before transfers	(3,015)	(5,012)	1,776	2,589	(1,239)	(2,423)
Transfers in (out)	<u>2,050</u>	<u>1,620</u>	<u>(2,050)</u>	<u>(1,620)</u>	<u>-</u>	<u>-</u>
Change in net assets	(965)	(3,392)	(274)	969	(1,239)	(2,423)
Net assets - beginning of year	<u>110,865</u>	<u>114,257</u>	<u>57,279</u>	<u>56,310</u>	<u>168,144</u>	<u>170,567</u>
Net assets - end of year	<u>\$ 109,900</u>	<u>\$ 110,865</u>	<u>\$ 57,005</u>	<u>\$ 57,279</u>	<u>\$ 166,905</u>	<u>\$ 168,144</u>

As noted earlier, net assets 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 assets were \$ 166,905, a change of \$ (1,239) from the prior year.

The largest portion of net assets \$ 150,947 reflects our investment in capital assets (e.g., land, buildings, machinery, and equipment); 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 assets \$ 13,972 represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets \$ 1,986 may be used to meet the government's ongoing obligations to citizens and creditors.

Governmental activities. Governmental activities for the year resulted in a change in net assets of \$ (965). Key elements of this change are as follows:

General fund revenues and transfers in in excess of expenditures and transfers out	\$ 3,683
Capital assets additions from current year revenues, net of disposals	3,614
MSBA grants recognized in prior years	(826)
Increase in net OPEB obligation	(5,957)
Depreciation expense in excess of principal debt service expense	(1,889)
Other	410
Total	\$ <u>(965)</u>

Business-type activities. Business-type activities for the year resulted in a change in net assets of \$ (274). Key elements of this change are as follows:

Sewer operations ⁽¹⁾	\$ (812)
Water operations	502
Solid waste operations	36
Total	\$ <u>(274)</u>

⁽¹⁾ Primarily results from the use of \$ 600 of Certified Retained Earnings.

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 \$ 27,014, a change of \$ 4,124 in comparison to the prior year. Key elements of this change are as follows:

General fund revenues and transfers in in excess of expenditures and transfers out	\$ 3,683
High School construction expenditures in excess of revenues and transfers in	(2,479)
Special revenue fund revenues and transfers in in excess of expenditures and transfers out	2,297
Trust fund revenues in excess of expenditures	184
Capital projects fund revenues and transfers in in excess of expenditures and transfers out	<u>439</u>
Total	<u>\$ 4,124</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 \$ 4,289, while total fund balance was \$ 15,076. 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>6/30/12</u>	<u>6/30/11</u>	<u>Change</u>	<u>% of Total General Fund Expenditures</u>
Unassigned fund balance	\$ 4,289	\$ 3,530	\$ 759	4.2%
Total fund balance ⁽¹⁾	15,076	11,392	3,684	14.8%

⁽¹⁾ Includes stabilization funds.

The total fund balance of the general fund changed by \$ 3,684 during the current fiscal year. Key factors in this change are as follows:

Use of free cash as a funding source	\$ (3,111)
Add back amount added to stabilization	<u>725</u>
Subtotal	(2,386)
Revenues in excess of budget	1,335
Expenditures less than budget	1,324
Decrease in year-end encumbrances	(987)
Unspent fiscal year 2012 articles	3,822
Other	<u>576</u>
Total	<u>\$ 3,684</u>

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

	<u>6/30/12</u>	<u>6/30/11</u>	<u>Change</u>
General stabilization	\$ 5,210	\$ 4,779	\$ 431
Public Works stabilization	276	275	1
Senior Center stabilization	150	-	150
Athletic fields stabilization	150	-	150
Fire truck stabilization	75	-	75
Traffic signal stabilization	<u>5</u>	<u>5</u>	<u>-</u>
Total	<u>\$ 5,866</u>	<u>\$ 5,059</u>	<u>\$ 807</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 assets of the enterprise funds at the end of the year amounted to \$ 10,136, a change of \$ (1,141) 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 \$ 4,328. Major reasons for these amendments include:

- \$ 85 appropriated for fire department salary increases, funded by taxes.
- \$ 1,802 appropriated for the capital plan, funded by ambulance receipt reserve fund and free cash.
- \$ 150 appropriated for emergency repairs to Partridge Street Culvert, funded by taxes.
- \$ 10 appropriated for the Elections and Registrations budget, funded by free cash.
- \$ 50 appropriated for future unemployment costs in the Unemployment Trust Fund, funded by free cash.
- \$ 62 appropriated for the purchase of two police cruisers, funded by free cash.
- \$ 205 appropriated for the demolition of Nustyle building, funded by free cash and taxes.
- \$ 10 appropriated for the Beaver Street Recycling Center, funded by free cash.
- \$ 750 appropriated for drainage, sidewalk and road improvements, funded by taxes and free cash.
- \$ 50 appropriated for library salaries, books and publications, funded by free cash.
- \$ 13 appropriated for OPEB actuary study, funded by free cash.
- \$ 25 appropriated for costs related to public acceptance of approved subdivision roads, funded by free cash.
- \$ 25 appropriated for engineering/architect study for Davis Thayer School remodel, funded by free cash and capital project fund.
- \$ 445 appropriated for DPW Garage/storage building, funded by capital project, water and sewer funds.
- \$ 80 appropriated for fire department salaries, funded by free cash.
- \$ 151 appropriated for contract settlements, funded by additional state aid.
- \$ 40 appropriated for veteran benefits, funded by free cash.
- \$ 75 appropriated for the Fire Stabilization Fund, funded by free cash
- \$ 150 appropriated for the Athletic Fields Capital Improvement Stabilization Fund, funded by free cash
- \$ 150 appropriated for the Senior Center Capital Improvement Stabilization Fund, funded by free cash
- \$ (350) reduction of the school budget, as a reduction in taxes.
- \$ 350 appropriated for the General Stabilization Fund, funded by taxes.

F. CAPITAL ASSET AND DEBT ADMINISTRATION

Capital assets. Total investment in capital assets for governmental and business-type activities at year-end amounted to \$ 205,638 (net of accumulated depreciation), a change of \$ (1,062) from the prior year. This investment in capital assets includes land, buildings and improvements, machinery and equipment, and infrastructure.

Major capital asset events during the current fiscal year include ongoing construction costs for the new high school, school HVAC improvements, water system improvements, various street improvements, and the acquisition of vehicles, and equipment for police, fire, public works, and school departments.

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

Change in credit rating. During the fiscal year, the Standard & Poor's credit rating of AA did not change.

Long-term debt. At the end of the current fiscal year, total bonded debt outstanding was \$ 52,879, 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 the 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 account that resulted in having a balance of over \$ 9,000 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 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 their fiscal policy (\$ 4,500 or 5% of general operating budget), no other funds have been used for any purpose.

The table below sets forth the Stabilization Fund balances at year-end for the last eight fiscal years.

<u>As of June 30</u>	<u>Stabilization Fund Balance</u>	<u>Debt Stabilization</u>	<u>Public Works Stabilization</u>	<u>Other Stabilization</u>	<u>Total Stabilization</u>
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
2007	5,224	552	924	-	6,700
2006	7,008	535	1,172	-	8,715
2005	6,957	865	1,124	-	8,946

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

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 ASSETS

JUNE 30, 2012

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current:			
Cash and short-term investments	\$ 23,987,539	\$ 7,031,708	\$ 31,019,247
Investments	8,418,312	-	8,418,312
Receivables, net of allowance for uncollectibles:			
Property taxes	431,593	-	431,593
Excises	255,289	-	255,289
User fees	-	4,454,964	4,454,964
Intergovernmental	917,476	-	917,476
Departmental and other	1,310,354	-	1,310,354
Other assets	43,600	-	43,600
Noncurrent:			
Receivables, net of allowance for uncollectibles:			
Property taxes	571,646	-	571,646
Intergovernmental	2,477,801	-	2,477,801
Deferred assets	44,000	-	44,000
Capital assets not being depreciated	21,914,329	4,348,360	26,262,689
Capital assets being depreciated, net of accumulated depreciation	<u>127,042,682</u>	<u>52,332,923</u>	<u>179,375,605</u>
TOTAL ASSETS	187,414,621	68,167,955	255,582,576
LIABILITIES			
Current:			
Warrants payable	1,306,159	433,736	1,739,895
Accrued and other liabilities	2,040,618	772,327	2,812,945
Notes payable	2,500,000	-	2,500,000
Current portion of long-term liabilities:			
Bonds payable	4,129,089	868,175	4,997,264
Other liabilities	80,539	7,220	87,759
Noncurrent:			
Bonds payable, net of current portion	38,937,123	8,944,327	47,881,450
Net OPEB obligation	26,990,856	-	26,990,856
Other liabilities, net of current portion	<u>1,530,242</u>	<u>137,172</u>	<u>1,667,414</u>
TOTAL LIABILITIES	77,514,626	11,162,957	88,677,583
NET ASSETS			
Invested in capital assets, net of related debt	104,077,538	46,868,781	150,946,319
Restricted for:			
Grants and other statutory restrictions	9,226,861	-	9,226,861
Permanent funds:			
Nonexpendable	503,930	-	503,930
Expendable	4,241,344	-	4,241,344
Unrestricted	<u>(8,149,678)</u>	<u>10,136,217</u>	<u>1,986,539</u>
TOTAL NET ASSETS	\$ <u>109,899,995</u>	\$ <u>57,004,998</u>	\$ <u>166,904,993</u>

See notes to financial statements.

TOWN OF FRANKLIN, MASSACHUSETTS

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2012

	Program Revenues		Net (Expenses) Revenues and Changes in Net Assets	
	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-Type Activities
	Expenses	Capital Grants and Contributions	Total	
Governmental Activities:				
General government	\$ 10,066,124	\$ -	\$ (7,351,316)	\$ (7,351,316)
Public safety	9,730,390	124,446	(7,703,998)	(7,703,998)
Education	70,575,248	12,466,291	(54,135,326)	(54,135,326)
Public works	5,308,373	13,785	(4,156,834)	(4,156,834)
Health and human services	837,463	972,001	(613,781)	(613,781)
Culture and recreation	1,270,574	113,565	(768,959)	(768,959)
Employee benefits	14,047,514	21,280	(14,047,514)	(14,047,514)
Interest	1,718,681	-	(1,718,681)	(1,718,681)
Intergovernmental	4,457,830	-	(4,457,830)	(4,457,830)
Total Governmental Activities	118,012,197	14,733,758	(94,954,239)	(94,954,239)
Business-Type Activities:				
Sewer services	3,928,631	-	-	53,334
Water services	4,333,038	-	-	1,584,942
Sanitation services	1,886,780	-	-	112,520
Total Business-Type Activities	10,148,449	-	-	1,750,796
Total	\$ 128,160,646	\$ 14,733,758	(94,954,239)	(93,203,443)
General Revenues and transfers:				
Property taxes			56,047,999	-
Excises			3,857,388	-
Penalties, interest and other taxes			360,656	-
Grants and contributions not restricted to specific programs			29,951,521	-
Investment income			426,115	24,736
Miscellaneous			1,296,229	-
Transfers, net			2,049,599	(2,049,599)
Total general revenues			93,989,507	(2,024,863)
Change in Net Assets			(964,732)	(274,067)
Net Assets:				
Beginning of year			110,864,727	57,279,065
End of year			\$ 109,899,995	\$ 57,004,998
				\$ 166,904,993

See notes to financial statements.

TOWN OF FRANKLIN, MASSACHUSETTS

GOVERNMENTAL FUNDS

BALANCE SHEET

JUNE 30, 2012

	<u>General</u>	<u>High School Construction Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and short-term investments	\$ 13,354,610	\$ 45,340	\$ 10,587,590	\$ 23,987,540
Investments	4,210,088	-	4,208,224	8,418,312
Receivables:				
Property taxes	1,199,316	-	-	1,199,316
Excises	529,501	-	-	529,501
Intergovernmental	-	-	91,542	91,542
Due from other funds	137,905	-	-	137,905
Departmental and other	1,310,354	-	-	1,310,354
TOTAL ASSETS	\$ 20,741,774	\$ 45,340	\$ 14,887,356	\$ 35,674,470
LIABILITIES AND FUND BALANCES				
Liabilities:				
Warrants payable	\$ 949,794	\$ 197,705	\$ 158,660	\$ 1,306,159
Accrued liabilities	1,380,538	-	-	1,380,538
Due to other funds	-	-	137,905	137,905
Other liabilities	296,435	-	-	296,435
Deferred revenues	3,039,170	-	-	3,039,170
Notes payable	-	2,500,000	-	2,500,000
TOTAL LIABILITIES	5,665,937	2,697,705	296,565	8,660,207
Fund Balances:				
Nonspendable	-	-	503,930	503,930
Restricted	7,484	-	14,121,659	14,129,143
Committed	10,192,282	-	142,180	10,334,462
Assigned	587,513	-	-	587,513
Unassigned	4,288,558	(2,652,365)	(176,978)	1,459,215
TOTAL FUND BALANCES	15,075,837	(2,652,365)	14,590,791	27,014,263
TOTAL LIABILITIES AND FUND BALANCES	\$ 20,741,774	\$ 45,340	\$ 14,887,356	\$ 35,674,470

See notes to financial statements.

TOWN OF FRANKLIN, MASSACHUSETTS

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

JUNE 30, 2012

Total governmental fund balances	\$ 27,014,263
<ul style="list-style-type: none">• Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	148,957,011
<ul style="list-style-type: none">• Revenues are reported on the accrual basis of accounting and are not reported at the fund level.	2,656,481
<ul style="list-style-type: none">• MSBA reimbursements for contracted assistance projects, are not receivable in the current period and, therefore, are not reported in the governmental funds.	3,303,735
<ul style="list-style-type: none">• In the statement of activities, interest is accrued on outstanding long-term debt, whereas in governmental funds interest is not reported until due.	(363,646)
<ul style="list-style-type: none">• Long-term liabilities, including bonds payable, compensated absences, and net OPEB obligation, are not due and payable in the current period and, therefore, are not reported in the governmental funds.	<u>(71,667,849)</u>
Net assets of governmental activities	\$ <u>109,899,995</u>

See notes to financial statements.

TOWN OF FRANKLIN, MASSACHUSETTS

GOVERNMENTAL FUNDS

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

FOR THE YEAR ENDED JUNE 30, 2012

	<u>General</u>	<u>High School Construction Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:				
Property taxes	\$ 56,355,137	\$ -	\$ -	\$ 56,355,137
Excise taxes	3,891,220	-	-	3,891,220
Penalties, interest and other taxes	363,706	-	-	363,706
Charges for services	1,844,531	-	4,321,756	6,166,287
Intergovernmental	38,207,652	-	5,621,160	43,828,812
Licenses and permits	910,373	-	-	910,373
Contributions	-	-	2,654,402	2,654,402
Fines and forfeitures	121,636	-	-	121,636
Investment income	222,807	-	203,308	426,115
Miscellaneous	1,158,560	36,505	101,165	1,296,230
Total Revenues	<u>103,075,622</u>	<u>36,505</u>	<u>12,901,791</u>	<u>116,013,918</u>
Expenditures:				
Current:				
General government	8,615,257	-	1,312,699	9,927,956
Public safety	8,857,312	-	109,448	8,966,760
Education	60,311,774	2,537,874	9,246,280	72,095,928
Public works	3,196,488	-	633,935	3,830,423
Health and human services	499,534	-	179,998	679,532
Culture and recreation	918,057	-	114,306	1,032,363
Employee benefits	7,958,815	-	131,499	8,090,314
Debt service	5,873,526	-	-	5,873,526
Intergovernmental	4,457,830	-	-	4,457,830
Capital outlay	985,100	-	-	985,100
Total Expenditures	<u>101,673,693</u>	<u>2,537,874</u>	<u>11,728,165</u>	<u>115,939,732</u>
Excess (deficiency) of revenues over expenditures	1,401,929	(2,501,369)	1,173,626	74,186
Other Financing Sources (Uses):				
Proceeds of refunding bonds	11,310,000	-	-	11,310,000
Payment to escrow agent	(11,310,000)	-	-	(11,310,000)
Bond proceeds	-	-	2,000,000	2,000,000
Transfers in	2,333,412	21,916	52,000	2,407,328
Transfers out	(52,000)	-	(305,730)	(357,730)
Total Other Financing Sources (Uses)	<u>2,281,412</u>	<u>21,916</u>	<u>1,746,270</u>	<u>4,049,598</u>
Change in fund balance	3,683,341	(2,479,453)	2,919,896	4,123,784
Fund Balance, at Beginning of Year, as reclassified	<u>11,392,496</u>	<u>(172,912)</u>	<u>11,670,895</u>	<u>22,890,479</u>
Fund Balance, at End of Year	<u>\$ 15,075,837</u>	<u>\$ (2,652,365)</u>	<u>\$ 14,590,791</u>	<u>\$ 27,014,263</u>

See notes to 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, 2012

NET CHANGES IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	\$ 4,123,784
<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: 	
Capital outlay purchases, net of disposals	5,613,848
Depreciation	(6,000,095)
<ul style="list-style-type: none"> 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. 	(158,461)
<ul style="list-style-type: none"> Some revenues reported in the Statement of Activities, such as MSBA reimbursements for contracted assistance, do not provide current financial resources and therefore, are not reported as revenues in the governmental funds. 	(825,934)
<ul style="list-style-type: none"> The issuance of long-term debt (e.g., bonds and leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the financial resources of governmental funds. Neither transaction, however, has any effect on net assets: 	
Repayments of debt	4,111,585
Bond proceeds	(2,000,000)
Proceeds of refunding bonds	(11,310,000)
Payment to Escrow Agent	11,310,000
<ul style="list-style-type: none"> In the statement of activities, interest is accrued on outstanding long-term debt, whereas in governmental funds interest is not reported until due. 	86,860
<ul style="list-style-type: none"> Some expenses reported in the Statement of Activities, such as net OPEB obligation and compensated absences, do not require the use of current financial resources and therefore, are not reported as expenditures in the governmental funds. 	(5,916,319)
CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES	\$ (964,732)

See notes to 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, 2012

	Budgeted Amounts				Variance with
	Original Budget	Final Budget	Actual Amounts		Final Budget Positive (Negative)
Revenues and Transfers In:					
Taxes	\$ 54,933,727	\$ 55,733,727	\$ 55,733,727	\$	-
Motor vehicle excise	3,450,000	3,450,000	3,890,524		440,524
Penalties, interest and other taxes	265,000	265,000	363,706		98,706
Intergovernmental	30,645,921	30,797,035	30,785,593		(11,442)
Licenses and permits	635,000	635,000	910,373		275,373
Charges for services	1,679,500	1,679,500	1,844,531		165,031
Fines and forfeits	70,000	70,000	121,636		51,636
Investment income	50,000	50,000	140,733		90,733
Miscellaneous	950,500	950,500	1,158,560		208,060
Transfers in	981,000	1,636,944	1,653,481		16,537
Total Revenues and Transfers In	93,660,648	95,267,706	96,602,864		1,335,158
Expenditures and Transfers Out:					
General government	8,648,029	8,935,984	8,818,904		117,080
Public safety	8,817,091	8,781,960	8,658,794		123,166
Education	53,180,992	52,856,135	52,841,488		14,647
Public works	3,892,012	5,236,812	4,850,306		386,506
Health and human services	450,885	505,228	502,047		3,181
Culture and recreation	924,327	1,005,327	922,429		82,898
Debt service	5,245,467	5,230,467	5,193,595		36,872
Intergovernmental	4,705,622	4,705,622	4,457,830		247,792
Employee benefits	8,184,223	8,269,539	7,965,192		304,347
Capital outlay	-	2,074,796	2,067,191		7,605
Transfers out	2,000	777,000	777,000		-
Total Expenditures and Transfers Out	94,050,648	98,378,870	97,054,776		1,324,094
Excess (deficiency) of revenues and transfers in over expenditures and transfers out	(390,000)	(3,111,164)	(451,912)		2,659,252
Other Financing Source:					
Use of free cash	390,000	3,111,164	-		(3,111,164)
Excess of revenues and other financing sources over expenditures and other financing uses	\$ -	\$ -	\$ (451,912)	\$	(451,912)

See notes to financial statements.

TOWN OF FRANKLIN, MASSACHUSETTS

PROPRIETARY FUNDS

STATEMENT OF NET ASSETS

JUNE 30, 2012

	Business-Type Activities Enterprise Funds			
	Sewer Fund	Water Fund	Non-major Solid Waste Fund	Total
<u>ASSETS</u>				
Current:				
Cash and short-term investments	\$ 2,587,873	\$ 3,970,093	\$ 473,742	\$ 7,031,708
User fees, net of allowance for uncollectibles	1,820,487	2,324,963	309,514	4,454,964
Total current assets	4,408,360	6,295,056	783,256	11,486,672
Noncurrent:				
Capital assets not being depreciated	679,558	3,621,871	46,931	4,348,360
Capital assets being depreciated, net of accumulated depreciation	11,583,680	40,150,683	598,560	52,332,923
Total noncurrent assets	12,263,238	43,772,554	645,491	56,681,283
TOTAL ASSETS	16,671,598	50,067,610	1,428,747	68,167,955
<u>LIABILITIES</u>				
Current:				
Warrants payable	146,194	148,472	139,070	433,736
Accrued liabilities and other liabilities	273,058	402,841	96,428	772,327
Current portion of long-term liabilities:				
Bonds payable	122,427	745,748	-	868,175
Other liabilities	2,208	4,321	691	7,220
Total current liabilities	543,887	1,301,382	236,189	2,081,458
Noncurrent:				
Bonds payable, net of current portion	1,269,434	7,674,893	-	8,944,327
Other liabilities, net of current portion	41,947	82,100	13,125	137,172
Total noncurrent liabilities	1,311,381	7,756,993	13,125	9,081,499
TOTAL LIABILITIES	1,855,268	9,058,375	249,314	11,162,957
<u>NET ASSETS</u>				
Invested in capital assets, net of related debt	10,871,377	35,351,913	645,491	46,868,781
Unrestricted	3,944,953	5,657,322	533,942	10,136,217
TOTAL NET ASSETS	\$ 14,816,330	\$ 41,009,235	\$ 1,179,433	\$ 57,004,998

See notes to financial statements.

TOWN OF FRANKLIN, MASSACHUSETTS

PROPRIETARY FUNDS

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

FOR THE YEAR ENDED JUNE 30, 2012

	Business-Type Activities Enterprise Funds			
	Sewer Fund	Water Fund	Non-major Solid Waste Fund	Total
Operating Revenues:				
Charges for services	\$ 3,981,965	\$ 5,917,980	\$ 1,999,300	\$ 11,899,245
Total Operating Revenues	3,981,965	5,917,980	1,999,300	11,899,245
Operating Expenses:				
Personnel	570,769	1,054,220	70,745	1,695,734
Non-personnel	338,535	1,560,007	1,726,680	3,625,222
Depreciation	415,541	1,417,614	79,808	1,912,963
Intergovernmental	2,550,140	-	-	2,550,140
Total Operating Expenses	3,874,985	4,031,841	1,877,233	9,784,059
Operating Income	106,980	1,886,139	122,067	2,115,186
Nonoperating Revenues (Expenses):				
Interest income	7,340	13,577	3,819	24,736
Interest expense	(53,646)	(301,197)	(9,547)	(364,390)
Total Nonoperating Revenues (Expenses)	(46,306)	(287,620)	(5,728)	(339,654)
Income Before Transfers	60,674	1,598,519	116,339	1,775,532
Transfers:				
Transfers out	(872,749)	(1,096,850)	(80,000)	(2,049,599)
Total Other Financing Sources (Uses)	(872,749)	(1,096,850)	(80,000)	(2,049,599)
Change in Net Assets	(812,075)	501,669	36,339	(274,067)
Net Assets at Beginning of Year	15,628,405	40,507,566	1,143,094	57,279,065
Net Assets at End of Year	\$ 14,816,330	\$ 41,009,235	\$ 1,179,433	\$ 57,004,998

See notes to financial statements.

TOWN OF FRANKLIN, MASSACHUSETTS

PROPRIETARY FUNDS

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2012

	Business-Type Activities Enterprise Funds			
	Sewer Fund	Water Fund	Non-major Solid Waste Fund	Total
<u>Cash Flows From Operating Activities:</u>				
Receipts from customers and users	\$ 4,155,556	\$ 6,070,071	\$ 1,982,776	\$ 12,208,403
Payments to vendors	(2,852,033)	(1,733,253)	(1,723,292)	(6,308,578)
Payments to employees	(560,070)	(1,021,052)	(59,342)	(1,640,464)
Net Cash Provided By Operating Activities	743,453	3,315,766	200,142	4,259,361
<u>Cash Flows From Noncapital Financing Activities:</u>				
Transfer out	(872,749)	(1,096,850)	(80,000)	(2,049,599)
Net Cash (Used For) Noncapital Financing Activities	(872,749)	(1,096,850)	(80,000)	(2,049,599)
<u>Cash Flows From Capital and Related Financing Activities:</u>				
Acquisition and construction of capital assets, net disposals	(358,468)	(878,824)	-	(1,237,292)
Principal payments on bonds	(126,727)	(732,259)	-	(858,986)
Proceeds of refunding bonds	878,200	2,253,460	-	3,131,660
Payments to Escrow Agent	(900,000)	(2,280,000)	-	(3,180,000)
Interest expense	(56,643)	(310,442)	(9,547)	(376,632)
Payments of notes	-	-	(640,000)	(640,000)
Net Cash (Used For) Capital and Related Financing Activities	(563,638)	(1,948,065)	(649,547)	(3,161,250)
<u>Cash Flows From Investing Activities:</u>				
Investment income	7,340	13,577	3,819	24,736
Net Change in Cash and Short-Term Investments	(685,594)	284,428	(525,586)	(926,752)
Cash and Short-Term Investments, Beginning of Year	3,273,467	3,685,665	999,328	7,958,460
Cash and Short-Term Investments, End of Year	\$ 2,587,873	\$ 3,970,093	\$ 473,742	\$ 7,031,708
<u>Reconciliation of Operating Income to Net Cash Provided by (Used For) Operating Activities:</u>				
Operating income (loss)	\$ 106,980	\$ 1,886,139	\$ 122,067	\$ 2,115,186
Adjustments to reconcile operating income to net cash provided by (used for) operating activities:				
Depreciation	415,541	1,417,614	79,808	1,912,963
Changes in assets and liabilities:				
User fees	(87,738)	(207,328)	(112,952)	(408,018)
Warrants payable	36,642	(173,246)	3,388	(133,216)
Other liabilities	272,028	392,587	107,831	772,446
Net Cash Provided By Operating Activities	\$ 743,453	\$ 3,315,766	\$ 200,142	\$ 4,259,361

See notes to financial statements.

TOWN OF FRANKLIN, MASSACHUSETTS

FIDUCIARY FUNDS

STATEMENT OF FIDUCIARY NET ASSETS

JUNE 30, 2012

	Other Post Employment Benefits Trust <u>Fund</u>	Private Purpose Trust <u>Funds</u>	Agency <u>Funds</u>
<u>ASSETS</u>			
Cash and short-term investments	\$ 70,625	\$ 7,692	\$ 461,948
Investments	-	90,841	-
Other assets	<u>-</u>	<u>-</u>	<u>1,863,835</u>
Total Assets	70,625	98,533	2,325,783
<u>LIABILITIES AND NET ASSETS</u>			
Warrants payable	-	-	47,797
Other liabilities	<u>-</u>	<u>-</u>	<u>2,277,986</u>
Total Liabilities	<u>-</u>	<u>-</u>	<u>2,325,783</u>
<u>NET ASSETS</u>			
Total net assets held in trust for OPEB and other purposes	<u>\$ 70,625</u>	<u>\$ 98,533</u>	<u>\$ -</u>

See notes to financial statements.

TOWN OF FRANKLIN, MASSACHUSETTS

FIDUCIARY FUNDS

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS

FOR THE YEAR ENDED JUNE 30, 2012

	Other Post Employment Benefits Trust Fund	Private Purpose Trust Funds
Additions:		
Contributions	\$ 69,000	\$ 7,797
Investment income	<u>1,625</u>	<u>1,704</u>
Total additions	70,625	9,501
Deductions:		
Other	<u>-</u>	<u>14,250</u>
Total deductions	<u>-</u>	<u>14,250</u>
Change in net assets	70,625	(4,749)
Net assets:		
Beginning of year	<u>-</u>	<u>103,282</u>
End of year	<u>\$ 70,625</u>	<u>\$ 98,533</u>

See notes to financial statements.

TOWN OF FRANKLIN, MASSACHUSETTS

Notes to the 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 government 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 2012, it was determined that no entities met the required GASB 39 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 Assets and the Statement of Changes in Net Assets) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund 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 govern-

mental 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*, as is the proprietary fund and fiduciary fund financial statements. 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 government 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 government 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.

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.

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

The government reports the following major proprietary funds:

- Sewer Fund
- Water Fund

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.

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 Trust Funds consist of marketable securities, bonds and short-term money market investments. Investments are carried at market value.

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 2012 tax levy reflected an excess capacity of \$ 9,341.

G. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (for enterprise funds only), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government 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 estimated fair market 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.

Property, plant and equipment 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 government'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 assets.

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 assets".

Fund Balance - Generally, fund balance represents the difference between the current assets and current liabilities. 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.

The Town's fund balance classification policies and procedures are as follows:

- 1) Nonspendable funds are either unspendable in the current form (i.e., inventory or prepaid items) or can never be spent (i.e., perpetual care).

- 2) Restricted funds are used solely for the purpose in which the fund was established. In the case of special revenue funds, these funds are created by statute or otherwise have external constraints on how the funds can be expended.
- 3) Committed funds are reported and expended as a result of motions passed by the highest decision making authority in the government (i.e., the Town Council).
- 4) Assigned funds are used for specific purposes as established by management. These funds, which include encumbrances, have been assigned for specific goods and services ordered but not yet paid for. This account also includes fund balance (free cash) voted to be used in the subsequent fiscal year.
- 5) Unassigned funds are available to be spent 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 Assets - Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt, consist 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 assets are 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. All other net assets are 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. 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 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)	\$ 103,075,622	\$ 101,673,693
Other financing sources/uses (GAAP Basis)	<u>13,643,412</u>	<u>11,362,000</u>
Subtotal (GAAP Basis)	116,719,034	113,035,693
Adjust tax revenue to accrual basis	(719,215)	-
Reverse beginning of year appropriation carryforwards from expenditures	-	(2,079,225)
Add end-of-year appropriation carryforwards from expenditures		4,913,884
To reclass non-budgeted items	(11,974,896)	(11,393,517)
To reverse the effect of non- budgeted State contributions for teachers retirement	<u>(7,422,059)</u>	<u>(7,422,059)</u>
Budgetary Basis	\$ <u><u>96,602,864</u></u>	\$ <u><u>97,054,776</u></u>

D. Deficit Fund Equity

The following funds had deficits as of June 30, 2012:

High School Construction Fund	\$ (2,652,365)
Chapter 90	(116,340)
EPA Nustyle Cleanup	(31,803)
Drop off	(7,500)
SETB Training Grant	(6,746)
Norfolk County Tech Rescue Team	(4,496)
Governors Highway Safety	(3,288)
Cops in Shops	(2,759)
Elder Affairs Grant	(2,217)
Curbside	(1,080)
SPED Program Improvement	<u>(749)</u>
	\$ <u><u>(2,829,343)</u></u>

The deficits in these funds will be eliminated through future departmental revenues, bond proceeds, and transfers from other funds.

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, 2012, \$ 22,192,961 of the Town's bank balance of \$ 33,113,081 was exposed to custodial credit risk as uninsured or uncollateralized. The amount exposed to custodial credit risk at June 30, 2012 results partially from a \$ 5,990,216 receipt from the Commonwealth of Massachusetts on June 30th, of which \$ 3,506,741 was paid to Norfolk County Retirement on July 2, 2012. \$ 356,534 of the exposed balance was on deposit with the Massachusetts Municipal Depository Trust (MMDT) with the remainder held in four high rated banks according to the Veribanc Report. Three are rated GREEN/** and one is 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):

<u>Investment Type</u>	<u>Fair Value</u>	<u>Rating as of Year-end</u>					<u>Not Rated</u>
		<u>Aaa</u>	<u>A1</u>	<u>A</u>	<u>Baa</u>		
U.S. Treasury notes	\$ 3,306	\$ 3,306	\$ -	\$ -	\$ -	\$ -	-
Federal agency securities	3,351	3,351	-	-	-	-	-
Corporate bonds	400	42	202	79	77	-	-
Certificates of deposits	1,236	-	-	-	-	-	1,236
Mutual funds	216	-	-	-	-	-	216
Total investments	<u>\$ 8,509</u>	<u>\$ 6,699</u>	<u>\$ 202</u>	<u>\$ 79</u>	<u>\$ 77</u>	<u>\$ 1,452</u>	

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 will be held in the Town's name and the tax identification number and held by a third-party custodian.

Of the Town's investments of \$ 8,509,153, the government has a custodial risk exposure of \$ 924,923 because the related securities are uninsured, unregistered, and/or held by the Town's brokerage firm, which is also the Counterparty to these securities. The Town manages this custodial credit risk with SIPC and excess SIPC.

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. Treasury securities and mutual funds) that represent 5% or more of total investments are as follows:

Federal Home Loan Bank	\$	582,389
Federal National Mortgage Association		2,107,670
Federal Home Loan Mortgage		<u>564,851</u>
Total	\$	<u><u>3,254,910</u></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>Investment Maturities (in Years)</u>			
	<u>Fair Value</u>	<u>Less Than 1</u>	<u>1-5</u>	<u>6-10</u>
U.S. Treasury notes	\$ 3,306	\$ 370	\$ 1,212	\$ 1,724
Federal agency securities	3,351	460	2,804	87
Corporate bonds	400	202	156	42
Certificates of deposit	1,236	295	941	-
Total	<u>\$ 8,293</u>	<u>\$ 1,327</u>	<u>\$ 5,113</u>	<u>\$ 1,853</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.

5. Taxes Receivable

Real estate and personal property taxes are levied and based on values assessed on January 1st 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.

Fourteen days after the due date for the final tax bill for real estate taxes, 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.

Taxes receivable at June 30, 2012 consist of the following (in thousands):

Real Estate		
2012	\$ 432	
Prior	<u>3</u>	
		435
Personal Property		
2012	21	
Prior	<u>95</u>	
		116
Tax Liens		635
Deferred Taxes		10
Other		<u>3</u>
Total		<u>\$ 1,199</u>

6. Allowance for Doubtful Accounts

The receivables reported in the accompanying entity-wide financial statements reflect the following estimated allowances for doubtful accounts (in thousands):

	<u>Governmental</u>	<u>Business-Type</u>
Property taxes	\$ 196	\$ -
Excises	\$ 274	\$ -
Water	\$ -	\$ 103
Sewer	\$ -	\$ 75
Trash	\$ -	\$ 41

7. Intergovernmental Receivables

This balance represents Massachusetts School Building Authority grants as well as certain other fiscal year 2012 grant funds. Future receipts are as follows:

	<u>MSBA</u>	<u>Other</u>	<u>Total</u>
2013	\$ 825,934	\$ 91,542	\$ 917,476
2014	825,934	-	825,934
2015	825,934	-	825,934
2016	<u>825,933</u>	<u>-</u>	<u>825,933</u>
	<u>\$ 3,303,735</u>	<u>\$ 91,542</u>	<u>\$ 3,395,277</u>

8. Capital Assets

Capital asset activity for the year ended June 30, 2012 was as follows (in thousands):

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital assets, being depreciated:				
Buildings and improvements	\$ 142,473	\$ -	\$ -	\$ 142,473
Machinery, equipment, and furnishings	9,752	360	(465)	9,647
Infrastructure	72,400	868	-	73,268
Total capital assets, being depreciated	224,625	1,228	(465)	225,388
Less accumulated depreciation for:				
Buildings and improvements	(47,414)	(3,579)	-	(50,993)
Machinery, equipment, and furnishings	(6,152)	(701)	437	(6,416)
Infrastructure	(39,216)	(1,720)	-	(40,936)
Total accumulated depreciation	(92,782)	(6,000)	437	(98,345)
Total capital assets, being depreciated, net	131,843	(4,772)	(28)	127,043
Capital assets, not being depreciated:				
Land	16,515	-	-	16,515
Construction in progress	985	4,605	(191)	5,399
Total capital assets, not being depreciated	17,500	4,605	(191)	21,914
Governmental activities capital assets, net	<u>\$ 149,343</u>	<u>\$ (167)</u>	<u>\$ (219)</u>	<u>\$ 148,957</u>
	Beginning Balance	Increases	Decreases	Ending Balance
Business-Type Activities:				
Capital assets, being depreciated:				
Buildings and improvements	\$ 281	\$ -	\$ -	\$ 281
Machinery, equipment, and furnishings	1,286	-	(24)	1,262
Infrastructure	91,710	1,237	-	92,947
Total capital assets, being depreciated	93,277	1,237	(24)	94,490
Less accumulated depreciation for:				
Buildings and improvements	(91)	(8)	-	(99)
Machinery, equipment, and furnishings	(890)	(89)	24	(955)
Infrastructure	(39,287)	(1,816)	-	(41,103)
Total accumulated depreciation	(40,268)	(1,913)	24	(42,157)
Total capital assets, being depreciated, net	53,009	(676)	-	52,333
Capital assets, not being depreciated:				
Land	4,348	-	-	4,348
Total capital assets, not being depreciated	4,348	-	-	4,348
Business-type activities capital assets, net	<u>\$ 57,357</u>	<u>\$ (676)</u>	<u>\$ -</u>	<u>\$ 56,681</u>

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

Governmental Activities:

General government	\$ 146
Public safety	703
Education	2,563
Public works	2,140
Health and human services	160
Culture and recreation	<u>288</u>

Total depreciation expense - governmental activities	\$ <u>6,000</u>
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Business-Type Activities:

Sewer	\$ 415
Water	1,418
Solid waste	<u>80</u>

Total depreciation expense - business-type activities	\$ <u>1,913</u>
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9. Warrants Payable

Warrants payable represent 2012 expenditures paid by July 15, 2012, as permitted by law.

10. Deferred Revenue

Governmental funds report *deferred revenue* in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period.

11. Anticipation Notes Payable

The Town had the following bond anticipation notes outstanding at June 30, 2012:

	Interest <u>Rate</u>	Date of <u>Issue</u>	Date of <u>Maturity</u>	Balance at <u>6/30/12</u>
High School Feasibility Study	1.5%	5/2/12	8/16/12	\$ 400,000
High School construction	1.5%	5/2/12	8/16/12	<u>2,100,000</u>
Total				\$ <u>2,500,000</u>

The following summarizes activity in notes payable during fiscal year 2012:

	Balance Beginning of Year	New Issues	Maturities	Balance End of Year
Trash Toters	\$ 640,000	\$ -	\$ (640,000)	\$ -
High School Feasibility Study	400,000	400,000	(400,000)	400,000
School remodeling	75,000	-	(75,000)	-
High School construction	-	2,100,000	-	2,100,000
Total	<u>\$ 1,115,000</u>	<u>\$ 2,500,000</u>	<u>\$ (1,115,000)</u>	<u>\$ 2,500,000</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 6/30/12
<u>Governmental Activities:</u>				
General obligation	04/01/03	04/01/23	4.13	\$ 405,000
Building remodeling - school	04/01/04	11/15/23	3.72	405,000
School project - refunding	04/01/04	11/15/15	2.00 - 5.00	3,020,497
Outdoor recreational facility	03/15/05	03/15/19	3.25 - 5.50	750,000
Outdoor recreational facility	03/15/05	03/15/19	3.25 - 5.50	150,000
School project	03/15/05	03/15/25	3.25 - 5.50	1,095,000
DPW garage	03/15/05	03/15/25	3.25 - 5.50	239,526
School project	03/15/06	03/15/26	3.75 - 5.00	3,780,000
School project	03/15/06	03/15/26	3.75 - 5.00	420,000
DPW garage	03/15/06	03/15/26	3.75 - 5.00	2,450,000
DPW garage	03/15/06	03/15/24	3.75 - 5.00	460,000
DPW garage	04/01/07	04/07/27	3.45 - 4.125	2,142,849
General obligation	01/03/09	03/01/28	2.00 - 5.00	14,480,000
General obligation - refunding 2002	12/15/11	06/30/23	2.00 - 4.00	382,700
General obligation - refunding 2003	12/15/11	06/30/23	2.00 - 4.00	3,916,500
Building repairs - school	05/02/12	06/30/22	2.00 - 4.00	2,000,000
General obligation - refunding 2004	05/02/12	06/30/22	2.00 - 4.00	1,207,000
General obligation - refunding 2005	05/02/12	06/30/22	2.00 - 4.00	5,762,140
Total Governmental Activities:				<u>\$ 43,066,212</u>

	Original	Serial	Interest	Amount
	Issue	Maturities	Rate(s) %	Outstanding
<u>Business-Type Activities:</u>		<u>Through</u>		<u>as of</u>
				<u>6/30/12</u>
MWPAT Title V	09/28/01	08/01/19	4.50 - 5.75	\$ 13,661
Sewer	04/01/04	11/15/23	3.72	150,000
Water	04/01/04	11/15/23	3.72	225,000
Water treatment facility - refunding	04/01/04	11/15/15	2.00 - 5.00	719,504
Water treatment facility DW-02-12	11/15/04	08/01/24	2.50 - 5.25	4,070,051
Water mains	03/15/05	03/15/25	4.26	210,474
Sewer	03/15/06	03/15/26	3.75 - 5.00	350,000
Water treatment plant	04/01/07	04/01/27	3.45 - 4.125	225,000
Water improvements	04/01/07	04/01/27	3.45 - 4.125	717,152
Water - refunding 2002	12/15/11	06/30/23	2.00 - 4.00	860,100
Sewer - refunding 2002	12/15/11	06/30/23	2.00 - 4.00	430,700
Water - refunding 2004	05/02/12	06/30/22	2.00 - 4.00	670,500
Sewer - refunding 2004	05/02/12	06/30/22	2.00 - 4.00	447,500
Water - refunding 2005	05/02/12	06/30/22	2.00 - 4.00	722,860
Total Business-Type Activities:				<u>\$ 9,812,502</u>

B. Future Debt Service

The annual payments to retire all general obligation long-term debt outstanding as of June 30, 2012 are as follows:

<u>Governmental</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 4,129,089	\$ 1,627,881	\$ 5,756,970
2014	4,126,637	1,467,290	5,593,927
2015	4,013,158	1,316,127	5,329,285
2016	3,495,062	1,167,269	4,662,331
2017	3,183,812	1,039,504	4,223,316
2018-2022	14,688,078	3,404,684	18,092,762
2023-2027	9,305,376	988,156	10,293,532
2028	125,000	5,625	130,625
Total	<u>\$ 43,066,212</u>	<u>\$ 11,016,536</u>	<u>\$ 54,082,748</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, 2012.

<u>Business-Type</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 868,175	\$ 397,438	\$ 1,265,613
2014	875,388	357,920	1,233,308
2015	886,808	321,734	1,208,542
2016	874,475	284,703	1,159,178
2017	715,306	246,305	961,611
2018-2022	3,636,572	777,602	4,414,174
2023-2027	<u>1,955,778</u>	<u>113,537</u>	<u>2,069,315</u>
Total	<u>\$ 9,812,502</u>	<u>\$ 2,499,239</u>	<u>\$ 12,311,741</u>

C. Changes in General Long-Term Liabilities

During the year ended June 30, 2012, the following changes occurred in long-term liabilities (in thousands):

	<u>Total Balance 7/1/11</u>	<u>Additions</u>	<u>Reductions</u>	<u>Refundings, Net</u>	<u>Total Balance 6/30/12</u>	<u>Less Current Portion</u>	<u>Equals Long-Term Portion 6/30/12</u>
<u>Governmental Activities</u>							
Bonds payable	\$ 45,209	\$ 2,000	\$ (4,111)	\$ (32)	\$ 43,066	\$ (4,129)	\$ 38,937
Other:							
Net OPEB obligation	21,034	8,438	(2,481)	-	26,991	-	26,991
Accrued employee benefits	<u>1,695</u>	<u>-</u>	<u>(84)</u>	<u>-</u>	<u>1,611</u>	<u>(81)</u>	<u>1,530</u>
Totals	<u>\$ 67,938</u>	<u>\$ 10,438</u>	<u>\$ (6,676)</u>	<u>\$ (32)</u>	<u>\$ 71,668</u>	<u>\$ (4,210)</u>	<u>\$ 67,458</u>
							<u>Equals Long-Term Portion 6/30/12</u>
	<u>Total Balance 7/1/11</u>	<u>Additions</u>	<u>Reductions</u>	<u>Refundings, Net</u>	<u>Total Balance 6/30/12</u>	<u>Less Current Portion</u>	<u>Equals Long-Term Portion 6/30/12</u>
<u>Business-Type Activities</u>							
Bonds payable	\$ 10,720	\$ -	\$ (859)	\$ (48)	\$ 9,813	\$ (868)	\$ 8,945
Other:							
Accrued employee benefits	<u>89</u>	<u>55</u>	<u>-</u>	<u>-</u>	<u>144</u>	<u>(7)</u>	<u>137</u>
Totals	<u>\$ 10,809</u>	<u>\$ 55</u>	<u>\$ (859)</u>	<u>\$ (48)</u>	<u>\$ 9,957</u>	<u>\$ (875)</u>	<u>\$ 9,082</u>

D. Advance and Current Refundings

Prior Year

In prior years, the Town has defeased various bond issues by creating separate irrevocable trust funds. The proceeds from the new 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 refunded bonds mature in 2016. For financial reporting purposes, the debt has been considered defeased and therefore removed as a liability from the

Town's balance sheet. As of June 30, 2012, the amount of defeased debt outstanding but removed from the governmental activities and business-type activities was \$ 11,310,000 and \$ 3,180,000, respectively.

Current Year

On December 15, 2011, the Town issued general obligation bonds in the amount of \$ 5,600,000 with a variable interest rate ranging from 2.0% to 4.0% to advance refund \$ 5,800,000 of term bonds with an interest rate ranging from 4.5% to 5.0%. The proceeds of the bonds will be used to call all of the refunded bonds.

On May 2, 2012, the Town issued general obligation bonds in the amount of \$ 8,810,000 with a variable interest rate ranging from 2.0% to 4.0% to advance refund \$ 8,690,000 of term bonds with an interest rate ranging from 3.5% to 4.5%. The proceeds of the bonds will be used to call all of the refunded bonds.

13. 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 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, 2012:

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 reserves for 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 general fund encumbrances funded by 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. This fund balance classification includes general fund encumbrances for non-lapsing, special article appropriations approved at Town Meeting, stabilization funds set aside by Town Meeting vote for future capital acquisitions and improvements (now reported as part of the general fund per GASB 54), and various special revenue 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.

Following is a breakdown of the Town's fund balances at June 30, 2012:

	General Fund	High School Construction Fund	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable				
Nonexpendable permanent funds	\$ -	\$ -	\$ 503,930	\$ 503,930
Total Nonexpendable	-	-	503,930	503,930
Restricted				
Bonded projects	-	-	686,973	686,973
Special revenue funds				
Revolving funds	-	-	2,194,959	2,194,959
Circuit breaker & School choice	-	-	2,768,959	2,768,959
Receipts reserved	-	-	1,324,375	1,324,375
PEG state grant	-	-	946,898	946,898
Other special revenue funds	-	-	1,954,669	1,954,669
Expendable permanent funds	-	-	4,244,826	4,244,826
MSBA revenue reserved for debt service	7,484	-	-	7,484
Total Restricted	7,484	-	14,121,659	14,129,143
Committed				
Stabilization funds	5,865,911	-	-	5,865,911
Reserved for resolutions	4,326,371	-	-	4,326,371
Capital project funds	-	-	142,180	142,180
Total Committed	10,192,282	-	142,180	10,334,462
Assigned				
Encumbrances	587,513	-	-	587,513
Total Assigned	587,513	-	-	587,513
Unassigned	4,288,558	(2,652,365)	(176,978)	1,459,215
Total Fund Balance	\$ 15,075,837	\$ (2,652,365)	\$ 14,590,791	\$ 27,014,263

14. Interfund Transfers

The government reports interfund transfers between many of its funds. The sum of all transfers presented in the table below agrees with the sum of interfund transfers presented in the governmental and proprietary fund financial statements. The following is an analysis of interfund transfers made in fiscal year 2012:

<u>Governmental Funds:</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 2,333,412	\$ 52,000
High School Construction Fund	21,916	-
Nonmajor Funds:		
Special Revenue Funds:	2,000	240,429
Capital Project Funds:	-	65,300
Expendable Trust Funds:	50,000	-
Subtotal Nonmajor Funds	52,000	305,729
Total Governmental Funds	2,407,328	357,729
<u>Business-Type Funds</u>		
Sewer Fund	-	872,749
Water Fund	-	1,096,850
Trash Fund	-	80,000
Subtotal Business-type funds	-	2,049,599 ⁽¹⁾
Grand Total	\$ 2,407,328	\$ 2,407,328

(1) Includes \$ 966,000 of indirect costs, \$ 679,931 reimbursement to General Fund for debt service, \$ 400,000 to fund the DPW garage/storage building project and \$ 3,668 to fund capital projects

15. Restricted Net Assets

The accompanying entity-wide financial statements report restricted net assets when external constraints from grantors or contributors are placed on net assets.

Permanent fund restricted net assets are segregated between nonexpendable and expendable. The nonexpendable portion represents the original restricted principal contribution, and the expendable represents accumulated earnings which are available to be spent based on donor restrictions.

16. Subsequent Events

Subsequent to June 30, 2012, the Town has incurred the following additional debt:

	<u>Amount</u>	<u>Interest Rate</u>	<u>Issue Date</u>	<u>Maturity Date</u>
General obligation bond anticipation note	\$ <u>27,000,000</u>	1.25%	8/16/12	8/16/13

17. Commitments and Contingencies

Outstanding Legal Issues - There are several pending legal issues in which the Town is involved. The Town's management is of the opinion that the potential future settlement of such claims 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 indeterminable, although the Town expects such amounts, if any, to be immaterial.

18. Pension Plan

The Town follows the provisions of GASB Statement No. 27, (as amended by GASB 50) *Accounting for Pensions for State and Local Government Employees*, with respect to the employees' retirement funds.

A. Plan Description

The Town contributes to the Norfolk Retirement System (the "System"), a cost-sharing multiple-employer, defined benefit pension plan administered by a county retirement board. The System provides retirement, disability and death benefits to plan members and beneficiaries. Chapter 32 of the Massachusetts General Laws assigns the System the authority to establish and amend benefit provisions of the plan and grant cost-of-living increases. The System issues a publicly available financial report that

can be obtained through the Norfolk Retirement System at 480 Neponset Street, Canton, Massachusetts 02021.

B. Funding Policy

Plan members are required to contribute to the System at rates ranging from 5% to 11% of annual covered compensation. The Town is required to pay into the System its share of the remaining system-wide actuarially determined contribution plus administration costs which are apportioned among the employers based on active covered payroll. The contributions of plan members and the Town are governed by Chapter 32 of the Massachusetts General Laws. The Town's contributions to the System for the years ended June 30, 2012, 2011, and 2010 were \$ 3,341,223, \$ 3,558,923, and \$ 3,430,350, respectively, which were equal to its annual required contributions for each of these years.

C. Teachers

As required by State statutes, teachers of the Town are covered by the Massachusetts Teachers Retirement System (MTRS). The MTRS is funded by contributions from covered employees and the Commonwealth of Massachusetts. The Town is not required to contribute.

All persons employed on at least a half-time basis, who are covered under a contractual agreement requiring certification by the Board of Education are eligible, and must participate in the MTRS.

Based on the Commonwealth of Massachusetts' retirement laws, employees covered by the pension plan must contribute a percentage of gross earnings into the pension fund. The percentage is determined by the participant's date of entry into the system and gross earnings, up to \$ 30,000, as follows:

Before January 1, 1975	5%
January 1, 1975 - December 31, 1983	7% *
January 1, 1984 - June 30, 1996	8% *
July 1, 1996 - June 30, 2001	9% *
Beginning July 1, 2001	11%

*Effective January 1, 1990, all participants hired after January 1, 1979, who have not elected to increase to 11%, contribute an additional 2% of salary in excess of \$ 30,000.

The Town's current year covered payroll for teachers and administrators was unknown.

In fiscal year 2012, the Commonwealth of Massachusetts contributed \$ 7,422,059 to the MTRS on behalf of the Town. This is included in the education expenditures and intergovernmental revenues in the general fund.

19. Post-Employment Healthcare and Life Insurance Benefits

Other Post-Employment Benefits

The Town implemented 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 Assets 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, 2011, the actuarial valuation date, approximately 445 retirees and 969 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

Retirees contribute between 32% and 50% of the cost of the health plan, 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 2012 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, 2012, 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, 2011.

Annual Required Contribution (ARC)	\$ 7,596,402
Interest on net OPEB obligation	841,346
Adjustment to ARC	<u>(700,122)</u>
Annual OPEB cost	7,737,626
Contributions made	<u>(1,780,427)</u>
Increase in net OPEB obligation	5,957,199
Net OPEB obligation - beginning of year	<u>21,033,657</u>
Net OPEB obligation - end of year	<u>\$ 26,990,856</u>

The Town's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation 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>
2012	\$ 7,737,626	23%	\$ 26,990,856
2011	\$ 7,289,909	23%	\$ 21,033,657
2010	\$ 6,661,999	26%	\$ 15,399,197
2009	\$ 12,080,283	14%	\$ 10,440,519

The Town's net OPEB obligation as of June 30, 2012 is recorded as a component of the "other long-term liabilities" line item.

E. Funded Status and Funding Progress

The funded status of the plan as of June 30, 2011, the date of the most recent actuarial valuation was as follows:

Actuarial accrued liability (AAL)	\$ 84,749,415
Actuarial value of plan assets	-
Unfunded actuarial accrued liability (UAAL)	<u>\$ 84,749,415</u>
Funded ratio (actuarial value of plan assets/AAL)	<u>0%</u>
Covered payroll (active plan members)	<u>\$ 52,999,681</u>
UAAL as a percentage of covered payroll	<u>159.91%</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 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, 2011 actuarial valuation, the projected unit credit cost method was used. The actuarial value of assets was not determined as the Town has not advance funded its obligation. The actuarial assumptions included a 4% investment rate of return and an initial annual healthcare cost trend rate of 8% which decreases to a 4.5% long-term rate for all healthcare benefits after eight 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 4.0%.

20. Risk Management

The Town is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the government carries commercial insurance. There were no significant reductions in insurance coverage from the previous year and have been no material settlements in excess of coverage in any of the past three fiscal years.

21. Beginning Fund Balance Reclassification

The Town's major governmental funds for fiscal year 2012, as defined by GASB Statement 34, have changed from the previous fiscal year. Accordingly, the following reconciliation is provided:

	Fund Equity 6/30/11 (as previously reported)	Reclassification	Fund Equity 6/30/11 (as restated)
General fund	\$ 11,392,496	\$ -	\$ 11,392,496
High School Construction Fund	-	(172,912)	(172,912)
Nonmajor funds	11,497,983	172,912	11,670,895
Total	\$ 22,890,479	\$ -	\$ 22,890,479

22. Implementation of New GASB Standards

- The GASB has issued Statement No. 63, *Financial reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, which is required to be implemented in fiscal year 2013. Management's current assessment is that this pronouncement will have a significant impact on the Town's basic financial statements by eliminating the deferred charges. The Town anticipates that by eliminating the deferred charges, its net assets will be reduced accordingly.
- The GASB has issued Statement No. 68 *Accounting and Financial Reporting for Pensions*, which is required to be implemented in fiscal year 2015. Management's current assessment is that this pronouncement will have a significant impact on the Town's basic financial statements by recognizing as a liability and expense, the Town's applicable portion of the County's actuarially accrued liability.

TOWN OF FRANKLIN, MASSACHUSETTS
SCHEDULE OF FUNDING PROGRESS
REQUIRED SUPPLEMENTARY INFORMATION

June 30, 2012
(Unaudited)

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]
06/30/11	\$ -	\$ 84,749,415	\$ 84,749,415	0.0%	\$ 52,999,681	159.91%
06/30/09	\$ -	\$ 79,942,606	\$ 79,942,606	0.0%	\$ 53,737,744	148.76%
07/01/07	\$ -	\$ 116,638,532	\$ 116,638,532	0.0%	N/A	N/A

See Independent Auditors' Report.

TOWN OF FRANKLIN, MASSACHUSETTS

Management Letter

For the Year Ended June 30, 2012

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MELANSON HEATH & COMPANY, PC

CERTIFIED PUBLIC ACCOUNTANTS
MANAGEMENT ADVISORS

To the Town Council
Town of Franklin, Massachusetts

In planning and performing our audit of the financial statements of the Town of Franklin, Massachusetts as of and for the year ended June 30, 2012, in accordance with auditing standards generally accepted in the United States of America, we considered the Town of Franklin's internal accounting control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be deficiencies, significant deficiencies, or material weaknesses. In addition, because of the inherent limitation in internal control, including the possibility of management's override of controls, misstatements due to error or fraud may occur and not be detected by such controls. We did not identify any deficiencies in internal control that we consider to be material weaknesses.

During our audit, we became aware of matters that we believe represent opportunities for strengthening internal controls and operating efficiency. The recommendations that accompany this letter summarize our comments and suggestions concerning those matters.

The Town's written response to our comments and suggestions has not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

This communication is intended solely for the information and use of management, Town Council, and others within the organization, and is not intended to be and should not be used by anyone other than these specified parties.

After you have had an opportunity to consider our comments and recommendations, we would be pleased to discuss them with you.

Melanson, Heath + Company P.C.
January 24, 2013

STATUS OF PRIOR YEAR RECOMMENDATION:

1. Develop a More Formal Risk Assessment Process

Prior Year Issue:

In the prior year, we recommended that the Town implement a more formal risk assessment process.

Current Year Status:

The Town continues to informally perform risk assessment for possible fraud or material misstatement through various policies and procedures and regular reviews of trends in the financial statements. Risk assessment is a management function designed to identify where an organization may be vulnerable to errors and/or irregularities. A complete risk assessment process involves a written description of risk areas identified by those charged with governance (management and elected officials) and a description of how the organization intends on responding to the risks.

Further Action Needed:

We continue to recommend that the Town implement a more formal risk assessment process that includes internal audits and written identification of areas where potential fraud or material misstatements to the basic financial statements may occur. The Town should pay particular attention to its assessment of the Control environment; specifically, the risks associated with the departmental receipt process, related parties and potential conflicts of interest. Regular department head meetings could be used as a starting point for such risk assessment discussion.

Town's Response:

The Comptroller and Treasurer are developing a formal Risk Assessment & Control Activities worksheet. This worksheet will be used to analyze the risks department-wide and government-wide. Once those two departments are complete, the Treasurer and Comptroller will work with the department heads to review each individual department's risk. This will be formalized into a manual that will be reviewed annually.

CURRENT YEAR RECOMMENDATIONS:

2. Improve Accounting for Fire Detail

The Fire Department is responsible for all aspects of outside fire detail, including, billing, collection and remittance of funds. As a result, there is an increased risk that errors and irregularities could occur and not be detected. We further noted that the Fire Department's records for outside fire detail are not complete and up to date, and as a result, did not reconcile with the general ledger.

We recommend that the Town maintain current and complete records for fire outside detail accounts and monitor the receivables on a monthly basis to ensure these balances reconcile to the general ledger. This will provide an accurate audit trail over the billing and collection activity, as well as provide additional checks and balances and simplified year-end reconciliation process.

Town's Response:

The Town acknowledges certain weaknesses in the Fire Detail reconciliation process. Clerical help has been assigned in the Fire Department with the task of tracking the accounts receivable and reconciling with the Comptroller's office.

3. Segregate Ambulance Billing and Collection Procedures

The Fire Department is responsible for all aspects of ambulance fees, including, billing, collection and remittance of funds. As a result, there is an increased risk that errors and irregularities could occur and not be detected.

We recommend that the Town segregate and monitor its ambulance billing and collection procedures by transferring collections to the Treasurer's office and by having the Fire Department provide an aged receivables listing to the Town Accountant for review on a monthly basis. This will strengthen internal controls over ambulance revenues and will help to ensure adequate control over this account.

Town's Response:

The Town will be seeking bids for an outside ambulance billing and collection company to handle ambulance receivables.

4. Formalize a Fund Balance Policy

The Town does not have a formal (written) fund balance policy to guide the Town in maintaining a required or desired level of unassigned fund balance and set policy over other types of governmental fund balances. As a result, inconsistent classification of governmental fund balance may exist. The other types of government fund balance includes nonspendable, restricted, committed, and assigned, the definitions of which can be found in the Town's basic financial statements.

Specific items that should be addressed in a fund balance policy include (but are not limited to):

- Required/desired level of unassigned fund balance.
- Required/desired level of unrestricted net assets.
- Specify prioritization of fund balance amounts when multiple sources are used for one project, grant or activity (i.e., general fund monies are appropriated to partially fund a capital project, or grant match).
- Specify the body or official authorized to make assignments of fund balance and define time constraints on each assignment.
- Distinguish between encumbrances (commitments related to contracts not yet performed and orders not yet filled) and other assignments (previously called designations).
- Define any approval process for modifying existing assignments.

We recommend that the Town formalize a fund balance policy to provide guidance over the above noted areas.

Town's Response:

The Town will develop a formal Fund Balance Policy.

5. Prepare to Implement GASB 68

Beginning in fiscal year 2015, the Town is required to implement the Governmental Accounting Standards Board (GASB) Statement 68 – *Accounting and Financial Reporting for Pensions* that will require the unfunded pension liability be recognized on the Town's Statement of Net Assets, including enterprise funds. It is widely expected that the implementation of this accounting standard will have a material impact on the Town's basic financial statements.

We recommend the Town begin planning for the implementation of GASB 68, which includes gaining an understanding of the new requirements, education applicable for financial statement users, and ensuring that the Town's applicable portions of unfunded retirement system's unfunded liability is audited and available for inclusion in your financial statements. We will be monitoring best practices for implementing this standard across the state and will provide guidance in the coming year.

Town's Response:

The Town acknowledges the need to prepare for GASB 68. The Town will be seeking a breakdown of its share of the unfunded pension liability from the Norfolk County Retirement System.

LEGISLATION

FOR

ACTION



Sponsor: Administration

TOWN OF FRANKLIN

**RESOLUTION 13-05
HOFFMANN FARMS, A PRIVATE DEFINITIVE SUBDIVISION
ACCEPTANCE OF COVENANT WITH OWNER**

WHEREAS, the Franklin Planning Board on January 7, 2013 voted to approve with conditions a definitive plan for a two-lot residential subdivision known as Hoffmann Farms, which vote was filed with the Town Clerk on January 11, 2013; and

WHEREAS, said vote included conditions that the roadway and related drainage be and remain private and that the private property owner(s) have the exclusive obligation to maintain and repair the same, as well as to remove snow therefrom; and

WHEREAS, Nicholas and Jeannine Hoffmann with a principal place of residence at 914 Barre Road, in New Braintree, MA are the owners of the subject property and have executed a covenant, incorporating the foregoing conditions, a true copy being attached hereto as Exhibit 1;

NOW, THEREFORE, BE IT ORDERED that the Town of Franklin, acting by and through its Town Council, hereby authorizes the Town Administrator to execute the covenant, a copy of which is attached hereto as Exhibit 1, on behalf of the Town of Franklin.

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

DATED: February __, 2013

VOTED:

UNANIMOUS _____

A True Record Attest:

YES _____ **NO** _____

**Deborah L. Pellegrini
Town Clerk**

ABSTAIN _____

ABSENT _____

**Judith Pond Pfeffer, Clerk
Franklin Town Council**

EXHIBIT 1

COVENANT WITH THE TOWN OF FRANKLIN

(HOFFMANN FARM ROAD, A PRIVATE WAY)

We, Nicholas Hoffmann and Jeannine Hoffmann, husband and wife residing at 914 Barre Road, New Braintree, Worcester County, Massachusetts, 01531, are the owners of the Land shown as Lots 1, 2, Parcel A and Parcel B (Hoffmann Farm Road) situated on the westerly side of Daniels Street in said Franklin, Norfolk County and Commonwealth of Massachusetts, shown on a plan entitled, "Hoffmann Farms, A Private Definitive subdivision Plan of Land in Franklin, Norfolk County, Massachusetts," (being a subdivision of Lot 2 shown on Plan 1045 of 1974 recorded in plan book 247), hereinafter the "Plan," dated November 11, 2012, and revised through January 14, 2013 prepared by United Consultants, Inc., 850 Franklin Street Suite 11D, Wrentham, MA, recorded herewith at Norfolk Registry of Deeds in Plan Book _____ Page _____.

Parcel B is shown on said plan as Hoffmann Farm Road, a private way, containing 35,627 square feet, and is the site of a Private Way. The Plan was approved with conditions by the Planning Board of the Town of Franklin by Certificate of Vote dated January 9, 2013, filed with the Town Clerk of the Town of Franklin on January 11, 2013, a certified copy of which is registered herewith.

In accordance with said Plan and said Certificate of Vote we, for valuable consideration paid, the receipt of which is hereby acknowledged, do for ourselves and our heirs, successors, transferees and assigns, covenant and agree with the Town of Franklin, by and through its Town Administrator, whose signature is affixed hereto, together with a Resolution of the Town Council of said Town of Franklin, as follows:

1. Hoffmann Farm Road shall be constructed as a private road in accordance with the above-described Plan and any and all waivers granted by the Franklin Planning Board, in the Town of Franklin;
2. The property owners served by said Hoffmann Farm Road shall have the exclusive and continuing obligation for maintenance, repair and snow removal of said way and the maintenance and repair of said Drainage Swale;
3. Hoffmann Farm Road shall remain a private road and is not intended to be now, or at any time in the future, a public way and the Drainage Swale shall remain a private drainage structure for the benefit of Lots 1 and 2;
4. No petition shall ever be made to the Town of Franklin seeking to change the status of Hoffmann Farm Road and/or the Drainage Swale from that of a private way/private drainage structure or to transfer the obligation for maintenance, repair and/or snow removal from the private property owners to the Town of Franklin;

5. Hoffmann Farm Road and the Drainage Swale shall be constructed in accordance with the standards set forth in Section 300, Subdivision of Land Rules and Regulations of the Town of Franklin, except those waived by the Planning Board. Maintenance and repair of the access drive, parking area, water supply system, sewer pipes, electric distribution system and storm water system shall be the responsibility of the owners and shall never be the responsibility of the Town, and the Town shall never be required to perform any service, repair or maintenance with respect to said ways, areas, or any of the aforementioned systems within the subject property. The Town will never be required to provide snow plowing with respect to the subject property; and
6. The Town of Franklin, its agents and servants, shall have the right but not the obligation at all times to enter Hoffmann Farm Road and the Drainage Swale on Lot 2 for the purposes of inspecting, maintaining, and/or making emergency repairs including, but not limited to, drainage. In such event, the private property owners shall be liable, jointly and severally, for the payment of all expenses incurred by the Town in connection therewith, and unpaid expenses shall constitute a lien on their property.

This Covenant shall be binding upon the Record owners of Lots 1 and 2 and Parcels A and B, their heirs, successors, transferees and assigns and shall run with the land.

Executed as a sealed instrument this 27th day of January, 2013.

Nicholas Hoffmann and Jeannine Hoffmann

By: [Signature]

Nicholas Hoffmann

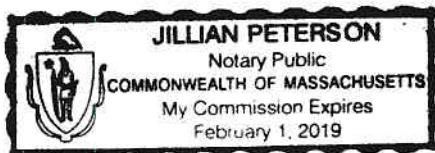
By: [Signature]

Jeannine Hoffmann

COMMONWEALTH OF MASSACHUSETTS

Norfolk, ss.

On this 27th day of January, 2013, before me, the undersigned notary public, personally appeared Nicholas Hoffmann Jeannine Hoffmann as aforesaid, proved to me through satisfactory evidence of identification, which was a Massachusetts Driver's License, to be the person whose name is signed on the preceding or attached document, and acknowledged to me that he signed it voluntarily for its stated purpose.



[Signature]
Notary Public
My Commission Expires: 2/1/19

Town of Franklin

By: _____
Jeffrey D. Nutting,
Jeffrey D. Nutting, Franklin Town Administrator,
Duly Authorized

COMMONWEALTH OF MASSACHUSETTS

Norfolk, ss.

On this ____ day of _____, 2013, before me, the undersigned notary public, personally appeared Jeffrey D. Nutting, proved to me through satisfactory evidence of identification, which was a Massachusetts Driver's License, to be the person whose name is signed on the preceding or attached document, and acknowledged to me that he signed it voluntarily for its stated purpose.

Notary Public
My Commission Expires:

TOWN OF FRANKLIN

RESOLUTION NO.: 13-06

APPROPRIATION: Town Clerk- Advertising

AMOUNT REQUESTED: \$ 1,000

PURPOSE: To appropriate from Free Cash to the Town Clerk 2013 Expense Budget

FINANCE COMMITTEE ACTION

Meeting Date: 2/5/13 **Vote:**

Recommended Amount: \$ 1,000

MOTION

Be It Moved and Voted by the Town Council that the sum of One thousand dollars (\$1,000.00) be transferred from Available Funds (Free Cash) to the FY 2013 Town Clerk Expenses- Advertising ; 01161200-534030.

DATED: _____, 2013

VOTED:

UNANIMOUS _____

YES _____ **NO** _____

A True Record Attest:

ABSTAIN _____

ABSENT _____

Deborah L. Pellegrini
Town Clerk

Judith Pond Pfeffer, Clerk
Franklin Town Council

From: Debbie Pellegri Wednesday, January 30, 2013 3:57:03 PM
Subject: Fwd: Request for funds
To: Susan Gagner
Cc: Maxine Kinhart

Jeff asked me to copy this to you both.

Deborah L. Pellegri CMC
Town Clerk/Election Administrator
Office Hours: Monday, Tuesday and Thursday 8:00am to 4:00pm
Wednesday, 8:00am to 6:00pm & Friday 8:00am to 1:00pm
508-520-4900

----- Original Message -----

Hi Jeff,
I mentioned to you back a few weeks ago that I would need to add funds to my advertising account. Since the Council has been doing alot of work on the bylaws, it was difficult to plan an exact amount that I would be needing. I'm rquesting \$1,000.00 now and then I'll see what comes to me to advertise within the next few months. If I need more, I will let you know. Right now I have \$0 in the account.
Thanks.

Deborah L. Pellegri CMC
Town Clerk/Election Administrator
Office Hours: Monday, Tuesday and Thursday 8:00am to 4:00pm
Wednesday, 8:00am to 6:00pm & Friday 8:00am to 1:00pm
508-520-4900

SPONSOR:

*Department of Planning and
Community Development*

TOWN OF FRANKLIN

ZONING BY-LAW AMENDMENT 12-695

SITE PLAN AND DESIGN REVIEW

**A ZONING BY-LAW TO AMEND THE FRANKLIN TOWN CODE AT
CHAPTER 185, SECTION 31.**

BE IT ENACTED BY THE FRANKLIN TOWN COUNCIL THAT:

Chapter 185 of the Code of the Town of Franklin is hereby amended by deleting the entire section of §185-31. Site Plan and Design Review, and adding the following text:

§185-31 Site Plan and Design Review.

1. Site Plan Review

A. Purpose and Intent.

The purpose of this section is to protect the health, safety and welfare of the inhabitants of the Town of Franklin by providing for a review of plans for uses and structures which may have impacts on traffic, environmental quality, community character and parking. It is also the intent of this Bylaw that the site plan review and design review process will ensure compliance with Chapter 185 of the Code of the Town of Franklin and good zoning practices.

B. Authority

(1) General Requirements.

- (a) No Building Permit shall be issued for, and no person shall undertake, any construction, alteration, or other improvements unless they have first obtained site plan review approval from the Planning Board.**

(2) Exemptions.

- (a) The Town of Franklin or any of its Departments.**
- (b) Single-family and two-family dwellings.**
- (c) Religious and Educational uses as defined in Massachusetts General Law Chapter 40A, Section 3 as to aesthetic considerations only.**
- (d) Any exterior addition, exterior alteration or exterior improvement to structures and/or land not greater than 600 s.f. and not involving any substantial change in use as determined by the Zoning Enforcement Agent's interpretation of the Zoning Code Use Regulations Schedule.**

(3) Reviewing Board.

- (a) The Planning Board shall conduct Site Plan review and Limited Site Plan review, for all actions that are subject to the provisions of this section and shall issue decisions.

C. Site Plan Approval.

- (1) Filing criteria. Any exterior addition, alteration or improvement to structures and/or land that does not qualify as a Limited Site Plan Modification (see §185-31.D Limited Site Plan Approval) or is not exempt under §185-31.1.B.(2) Exemptions shall require Site Plan approval.
- (2) Application Submittal Requirements. Applicants must submit the following information concurrently, to be considered a complete application for site plan review; incomplete applications may result in refusal of application.
- (a) Eleven (11), 24 x 36 inch, folded copies of the Site Plan along with six (6), 11 x 17 reduced size copies of the site plan.
- (b) One (1) original, Form P site plan application and one (1) copy.
- (c) One (1) original, notarized, certificate of ownership and one (1) copy.
- (d) Certified list of abutters from Assessors Office.
- [1] Projects under this section require a public hearing per §185-45.M Notice of public hearings.
- (e) Filing fee. Fee submitted as calculated in Chapter 82, Appendix A of the Franklin Town Code, List of Service Fee Rates Section I, Planning.
- (f) If required, the applicant must submit an application for Design Review Commission per §185-31.(2) Design Review Commission, Site Plans, facades, landscape and lighting, §185-45.N. Administration and enforcement. Design Review Commission, and §185-20.H. Signs. Sign Approvals.
- (g) The Planning Board may determine that a proposed project warrants the use of an outside consultant (e.g., Civil Engineer) per §185-45.L.(1) Consultant Review Fees.
- [1] If required, the applicant must send one copy of all submittal requirements to the requested outside consultant (e.g., Civil Engineer). Please contact the Department of Planning and Community Development for consultant contact information.
- (h) Other. Additional materials as requested by Town staff and/or the Planning Board.
- (3) Drawing Requirements. Plans subject to site plan review, shall be prepared by a professional land surveyor and/or professional engineer as required; drawings must contain the appropriate professional stamp prior to submittal. Supplemental plans may be prepared by a professional architect or landscape

requirements of *Chapter 185 (Zoning)* showing:

- (a) Plans prepared at a scale between 1" = 20' and 1" = 50'.
- (b) The plan name (if applicable), date of plan preparation, all revisions to plan and the nature of the revisions, North point, scale, legend, Assessor's map and parcel identification numbers and appropriate title information.
- (c) The name and address of the following: the record owner, the applicant, professional land surveyor and/or professional engineer.
- (d) A vicinity/locus map including the location and boundaries of the site, abutting land uses and zoning information (descriptive and technical data).
- (e) Existing and proposed land and building uses.
- (f) Existing topography and proposed grading for the entire site. This should include earth removal as defined in §185-3. *Definitions*.
- (g) An indication of wetlands or other areas potentially subject to the Wetlands and Rivers Protection Act.
- (h) Areas included in any floodplain district and areas included in the Water Resource District.
- (i) The location of any proposed structures, streets, ways, walls, hydrants, principal drives, fences, outdoor lighting, open space areas, recreation areas, egresses, service entries, loading facilities, facilities for waste disposal or storage, snow storage areas and parking with individual spaces identified.
- (j) The location, size and sketch of all proposed signs.
- (k) A Landscaping Plan showing existing vegetation, proposed vegetation and the distinction between proposed and retained vegetation. A note shall be placed on the plan that all Plantings shall come from the Best Development Practices Guidebook.
- (l) A Photometric Plan with sufficient illuminance values, to determine compliance with §185-31.1.C.(4).(e). *Site Plan. Review Criteria*.
- (m) Location and relevant details of proposed and existing water, drainage and sewerage systems in enough detail to determine if the applicant may be upon request of the Planning Board, required to provide a Stormwater Report to ensure compliance with Stormwater Management Standards, Low Impact Development Practices and use of the Town of Franklin Best Development Practices Manual.
- (n) Sufficient data to determine compliance with the rules and regulations of the Architectural Barriers Board for handicapped parking, if applicable.
- (o) A parking schedule showing the number of parking spaces required for the proposed use(s) as required by §185-21. *Parking, loading and driveway*

provided, if applicable.

- (p) A table showing the requirements of §185 Attachment 9: Schedule of Lot, Area, Frontage, Yard and Height Requirements for the Zoning District in which the property is located and how the proposed structure and/or uses will comply with the requirements.
 - (q) Materials required for design review as provided for in §185-31.(2) Design Review Commission, if applicable.
 - (r) Data quantifying on-site generation of noise and odors, if applicable.
 - (s) Description of traffic circulation, safety and capacity in sufficient enough detail for the Board to make a determination of whether a traffic impact analysis is necessary. If information is not sufficient, upon the request of the Planning Board, an applicant may be required to provide a comprehensive traffic study detailing the effects of the proposed development.
 - (t) Sight line information at proposed entrance/exit ways.
 - (u) Limit of work area, including proposed tree line.
 - (v) Plans should be prepared in consideration with policies set forth in the Best Development Practices Guidebook and The Design Review Commission Guidelines.
- (4) Review Criteria: The Planning Board shall approve a Site Plan *only* upon its determination of the following:
- (a) Internal circulation, queuing, entrance and egress are such that traffic safety is protected and access via secondary streets servicing residential neighborhoods is minimized.
 - (b) Reasonable use is made of building location, grading and vegetation to reduce visibility of structures, parking area, outside storage or other outdoor service areas (e.g., waste removal) from public views.
 - (c) Adequate access to each structure for fire and service equipment is provided.
 - (d) Utilities, drainage and fire-protection provisions serving the site provide functional service to each structure and paved area in the same manner as required for lots within a subdivision.
 - (e) No site feature or activity shall create glare or illumination which extends beyond a site's property lines and creates a hazard or nuisance to neighboring property owners or on adjacent roadways. Lighting shall be designed to provide the minimum illumination necessary for the safety and security of the proposed activity. Lighting shall be designed such that the light source is shielded and the light is directed downward.

- (f) Proposed limit of work is reasonable and protects sensitive environmental and/or cultural resources. The site plan as designed will not cause substantial or irrevocable damage to the environment, which damage could be avoided or mitigated through an alternative development plan.
- (g) All other requirements of the Zoning Bylaw are satisfied.

D. Limited Site Plan Approval.

- (1) Filing Criteria. Any exterior addition, alteration or improvement to structures and/or land that meets all of the following criteria:
 - (a) Has previous site plan approval from the Planning Board, or was constructed prior to 1930, date of original Zoning Bylaw approval;
 - (b) results in the creation of no more than 15 additional parking spaces;
 - (c) results in the exterior addition, alteration or improvement to structures and/or land of no more than 5,000 square feet;
 - (d) results in an increase in impervious surface of no more than ten (10) percent of existing impervious coverage;
 - (e) does not alter the access to a public way;
 - (f) does not result in substantial change in use as determined by the Zoning Enforcement Agent; and
 - (g) Does not require any additional relief from the Zoning Board of Appeals.
- (2) Application Submittal Requirements. Applicants must submit the following information concurrently, to be considered a complete application for limited site plan review; incomplete applications may result in refusal of application.
 - (a) Eleven (11), 24 x 36 inch, *folded* copies of the Site Plan along with six (6), 11 x 17 reduced size copies of the site plan.
 - (b) One (1) original, limited site plan application and one (1) copy.
 - (c) One (1) original, notarized, certificate of Ownership and one (1) copy.
 - (d) Filing fee. Fee submitted as calculated in Chapter 82, Appendix A of the Franklin Town Code, List of Service Fee Rates Section I, Planning.
 - (e) If required, the applicant must submit an application for Design Review Commission per §185-31.(2) *Design Review Commission, Site Plans, facades, landscape and lighting, §185-45.N. Administration and enforcement. Design Review Commission,, and §185-20. H. Signs. Sign Approvals.*
 - (f) Other. Additional materials as requested by Town staff and/or the Planning Board.
- (3) Drawing Requirements. Plans subject to limited site plan review, shall be prepared by a professional land surveyor and/or professional engineer as required; drawings must contain the appropriate professional stamp prior to submittal. Supplemental plans may be prepared by a professional architect or

various requirements of Chapter 185 (Zoning) and at a minimum show the following:

- (a) Plans prepared at a scale between 1" = 20' and 1" = 50'.
 - (b) The plan name (if applicable), date of plan preparation, all revisions to plan and the nature of the revisions, North point, scale, legend, Assessor's map and parcel identification numbers and appropriate title information.
 - (c) The name and address of the following: the record owner, the applicant, professional land surveyor and/or professional engineer.
 - (d) The location and boundaries of the site; vicinity map.
 - (e) Plan sets shall include previously approved site plan sheets necessary to show where changes will occur.
 - (f) Existing and proposed land and building uses including, location of any proposed structures, streets, ways, walls, hydrants, principal drives, fences, outdoor lighting, open space areas, recreation areas, egresses, service entries, loading facilities, facilities for waste disposal or storage, snow storage areas and parking with individual spaces identified.
 - (g) The Planning Board may ask for plans to include drawing requirements as defined under §185-31.1.C.(3). *Site Plan Approval. Drawing Requirements*, upon the representation from technical staff or consultants that additional plans are needed in order to sufficiently review the limited site plan.
 - [1] Applicants are advised to ask technical staff for guidance on drawing requirements prior to plan submittals.
 - [2] Technical staff and/or consultants shall advise the Planning Board within a reasonable amount of time that additional plans are needed from an applicant for sufficient plan review.
- (4) Review Criteria. The Planning Board shall approve Limited Site Plans only upon determination of the following:
- (a) Site plan is consistent with §185-31.1.C.(4) *Site Plan Approval. Review Criteria*.

E. Special Permits

- (1) Where special permit(s) are required, a site plan or limited site plan must be submitted under one application for approval, with the special permit application.
 - (a) No separate site plan approval shall be issued for a special permit application(s), but rather a site plan shall be approved as part of a special permit approval.

- (b) Accompanying Site Plans shall be submitted according to §185-31.1.C.(3). Drawing requirements, while accompanying limited site plans shall be filed according to §185-31.1.D.(3). Drawing requirements.
- (2) Special Permits shall be granted by the Planning Board as defined under §185-45 E. and F. Administration and Enforcement.

F. Notice to Town Boards and other Town Officials

- (1) The Planning Board shall notify the Design Review Commission, Fire Chief, Police Chief, Department of Public Works, Department of Planning & Community Development, Building Commissioner, Conservation Commission, and Board of Health of its public hearing schedule and in addition, may, in making its determination request information or analysis from any of the Departments, Boards or Commissions listed above.

G. Public Hearings

- (1) Public Hearings shall be advertised and noticed given pursuant to the requirements of §185-45.M Administration and enforcement, Notice of public hearings.
 - (a) Projects reviewed under §185-31.1.C Site Plan approvals and §185-31.1.E Special Permits require a Public Hearing per §185-45.M Administration and enforcement, Notice of public hearings.

H. Decisions

- (1) No decision shall be issued by the Planning Board until all other Boards or Commissions having jurisdiction over a proposed development have issued decisions if a Board's or Commission's decision is likely to impact the Site Plan/Limited Site Plan being reviewed by the Planning Board. A Board or Commission may issue a letter to the Planning Board indicating no adverse impact will occur if the Planning Board issues a decision prior to the other Boards or Commissions.
- (2) No building permit shall be issued until the final site plan has been endorsed by the Planning Board.
- (3) All required improvements specified in the Planning Board's final decision must commence within a one-year period and once commenced shall proceed continuously until completion as determined by the Planning Board, unless an extension is granted by the Board.

I. Penalties

- (1) Any person who fails without good cause to complete the required improvements within the period of time specified by the Planning Board shall be considered in violation of this chapter and §185-45 of the Town of Franklin Zoning Code. Any violation of this section shall result in a fine of \$300 for each offense; each day that such violation continues shall constitute a separate offense. Enforcement shall be by the Building Commissioner or his designee.

J. Certificate of Completion.

- (1) A Certificate of Completion or a Certificate of Partial Completion shall be submitted by the applicant's engineer or surveyor upon completion of all required improvements. A Temporary Certificate of Occupancy of 30 days maximum may be issued upon consideration of the Building Commissioner provided requirements of all other Town Departments have been satisfied. No final Certificate of Occupancy shall be issued by the Building Commissioner until a Certificate of Completion has been reviewed and approved by the Planning Board.
- (2) The Planning Board will use outside consultant services, to complete construction inspections which shall be paid by the applicant as defined in §185-45.L Consultant Review Fees.
- (3) The Board will act on certificate of completion requests within 30 days and will notify the Building Commissioner of approved certificates of completion within five business days of its action.

2. Design Review Commission, site plans, facades, landscape and lighting

A. Purpose and Intent.

The purpose of design review is to promote safe, functional and attractive development of business and commercial areas; to preserve and enhance the New England character of the Town's commercial centers and thoroughfares as a valid general welfare concern; to unify commercial properties, both visually and physically, with surrounding land uses; to facilitate a more healthful urban atmosphere; to protect and preserve the unique and cultural features within the Town; and to protect commercial property values by enhancing the Town's appearance.

- Every reasonable effort shall be made to preserve the distinguishing original qualities of a building, structure or site and its environment.
- The removal or alteration of any historic material, architectural features or trees shall be avoided when possible.
- Distinctive stylistic features and/or examples of skilled or period craftsmanship which characterize a building, structure or site shall be treated with sensitivity.
- Contemporary design for alterations and additions to existing properties shall not be discouraged when such alterations and additions do not destroy significant historical, architectural or cultural material and when such design is compatible with the surrounding environment.

B. Design Review Commission Review Requirements.

- (1) Applicants must file with Design Review Commission for any external use of land, building, structure or project that requires site plan review or limited site plan review and/or a building permit and is at least one of the following, except for single and two-family dwellings:
 - Within Commercial I, Commercial II, Business Zoning Districts, Downtown Commercial or Office.

- Listed as a principal use in the Use Regulation Schedule Part II, 2. Commercial, regardless of the underlying zoning district.
- Listed as a principal use in the Use Regulation Schedule Part V, 5. Recreational, regardless of the underlying zoning district.
- Considered one of the following additional principal uses as listed in the Use Regulation Schedule:
 - Part III, 3. Industrial, utility, 3.1: Bus, railroad station.
 - Part III, 3. Industrial, utility, 3.10: Conference and training center.
 - Part IV, 4. Institutional, 4.2: Hospital, charitable institution, similar noncorrectional use.
 - Part IV, 4. Institutional, 4.3: Library, museum, art gallery, civic center.
 - Part IV, 4. Institutional, 4.4: Lodge, other nonprofit social or civic use.
 - Part IV, 4. Institutional, 4.5: Public Use and 4.5.a: Municipal public safety.
 - Part VI, 6. Residential, 6.1: Multifamily or apartment.
 - Signs

C. Application Submittal Requirements.

- (1) Applicants must submit the following information concurrently, to be considered a complete application for review before the Design Review Commission; incomplete applications may result in refusal of application.
 - (a) One (1), original, Form Q, Design Review Application.
 - (b) When applicable, a materials sample board should be brought to the Design Review Commission Meeting for review; color palette numbers and product numbers are required for the record.
 - (c) Nine (9), color (as applicable) copies of the site plan including the following detailed information as applicable:
 - [1] Landscape plan showing plantings; plantings must be from Best Development Practices Guidebook.
 - [2] Photometric Plan indicating lighting levels and specifications of lighting proposed.
 - [3] Building elevations showing size and height of building(s); front, rear and side elevations, including color and type of surface materials.
 - [4] Renderings or photographs showing the proposed building site and surrounding properties. Applications for alterations and/or additions shall depict existing structures to be altered and their relationship to adjacent properties.
 - [5] If there is currently signage on an existing building or at a site please provide detailed photos of the sign(s) and its location on the building(s) or location(s) at the site or provide the required application for sign review for new signage under §185-20.H.2. Application Submittal Requirements.

(2) Review Criteria. The Design Review Commission shall consider, at a minimum, the following standards in the course of the design review of a proposed action:

- (a) Height. The height of any proposed alteration should be compatible with the style and character of the surrounding buildings, within zoning requirements.
- (b) Proportions of windows and doors. The proportions and relationships between doors and windows should be compatible with the architectural style and character of the surrounding area.
- (c) Relations of building masses and spaces. The relationship of a structure to the open space between it and adjoining structures should be compatible.
- (d) Roof shape. The design and pitch of the roof should be compatible with that characteristic of New England architectural styles.
- (e) Scale. The scale of the structure should be compatible with its architectural style and the character of the surrounding New England-style buildings.
- (f) Facade line, shape and profile. Facades shall blend with other structures in the surrounding area with regard to the dominant vertical or horizontal context.
- (g) Architectural details. Architectural details, including signs, materials, colors and textures, shall be treated so as to be compatible with New England architectural styles and to preserve and enhance the character of the surrounding area.
- (h) Advertising features. The size, location, design color, texture, lighting and materials of all permanent signs and outdoor advertising structures or features shall not detract from the use and enjoyment of the proposed buildings and structures and the surrounding properties.
- (i) Heritage. Removal or disruption of historic, traditional or significant uses, structures or architectural elements shall be minimized insofar as practicable.
- (j) Energy efficiency. To the maximum extent reasonably practicable, proposals shall utilize energy-efficient technology and renewable energy resources and shall adhere to the principles of energy-conscious design with regard to orientation, building materials, shading, landscaping and other elements.
- (k) Landscape. The landscape should improve the character and appearance of the surrounding area, and parking areas should be located to the side or rear of buildings when reasonably possible.
- (l) Design Review Commission shall also utilize the standards as set forth in the *Design Review Commission Design Guidelines*. (Attachment 11, Zoning Bylaw).

The foregoing Zoning By-law amendment shall take effect in accordance with the Franklin Home Rule Charter and Massachusetts General Law Chapter 40A, Section 5.

DATED: _____, 2013

VOTED:

UNANIMOUS _____

A True Record Attest:

YES _____ **NO** _____

ABSTAIN _____

Deborah L. Pellegri
Town Clerk

ABSENT _____

Judith Pond Pfeffer, Clerk

Application Scenarios with the Planning Board – Current Site Plan Bylaw vs. Proposed Site Plan Bylaw

Scenario A: Current Bylaw: Frank proposes construction of 20+ parking spaces, an 8,000 s.f. building, landscaping and infrastructure improvements, files a full site plan application required according to the bylaw, completing required advertising and abutters notifications at a cost of \$250, paying a \$1,500 application fee and waiting the required amount of time to have a scheduled public hearing, completing the site plan application process in approximately 45 days. Alex proposes a nearly identical development just down the road from Frank and is able to file a limited site plan with the Planning Board at a cost of \$500 and quickly gets on the next available Planning Board agenda receiving an approval within 10 days. When Frank hears of this Town staff is asked by Frank why was Alex allowed to file a limited site plan when I had to file a full site plan at twice the cost and in four times the amount of time? Town staff tries to explain that under the site plan bylaw, limited site plans can be reviewed by the Planning Board on a case-by-case basis and the Planning Board felt this case should be reviewed as a limited site plan. Frank leaves the Municipal Building not understanding why two extremely similar projects have such different filing requirements?

Proposed Bylaw: The proposed bylaw would require any applicant proposing the above development scenario to file a full site plan with clear criteria indicating why; all applicants would have the same filing criteria to follow when submitting an application eliminating any question as to how an application should be filed. The above scenario would no longer occur under the proposed bylaw.

Scenario B: Current Bylaw: Acme Apparel at the Franklin Village Mall goes out of business and Franklin Sports Wear wants to lease the vacant space. Franklin Sports Wear has 3 weeks to move into the space because their existing lease runs out, but is informed because the site plan bylaw states “reuse of any structure” must receive site plan review, Franklin Sports Wear must apply to the Planning Board before they can officially begin their tenant fit-up. Since limited site plans are granted on a case-by-case basis the business decides to file a Limited Site Plan application, at a cost of \$500, submits plans, attends a meeting and receives their approvals, which takes 2 weeks, soon they realize, they will still need their plans endorsed, adding another two weeks to their move-in timeline, a total of 4 weeks when they only have three weeks to move, all for a simple change in use! Franklin Sports Wear is not happy. The applicant returns to the Municipal Building and has a meeting with the Building Commissioner, adding another trip on their already busy schedule and thankfully the Building Commissioner is able to give the business a temporary certificate of occupancy to complete the needed work in time for the company to occupy their new space while completing the Planning Board process.

Proposed Bylaw: There is no exterior addition, alteration or improvement to structures and/or land and there is no substantial change in use so therefore the applicant is exempt from site plan review and would handle the matter directly with the Building Commissioner saving time from attending a Planning Board meeting and saving the expense of having to produce plans and submitting filing fees with the Planning Board. The above scenario would no longer occur under the proposed bylaw.

Scenario C: An applicant comes to the Department of Planning and Community Development (DPCD) and indicates they would like to add a 3,000 s.f. addition to their existing building, they state they have an existing site plan that was approved in 2010 with drainage and believe they will not need any additional parking, and definitely don't need any ZBA relief. They indicate that they will be using the additional 3,000 s.f. for office space just as the rest of the building is currently used and would like to know how to file with the Planning Board?

Current Bylaw: DPCD staff indicates they think it will likely be considered a limited site plan modification by the Planning Board, however aren't able to formally say this as it is up to the Planning Board to make this determination. DPCD indicates there are two options: 1. the applicant can take a chance and file limited site plan application and understand there is the possibility the Board may ask for a full site plan or 2. informally

Application Scenarios with the Planning Board – Current Site Plan Bylaw vs. Proposed Site Plan Bylaw

attend a Planning Board meeting ask how the Board would like them to file and then file the application, which takes longer but you then know for sure which application to file. The potential applicant takes their chances and files a limited site plan application only to get to the Planning Board and have the Board ask the applicant to file a full site plan, which will require notification of abutters and advertising. The applicant is not pleased as this now adds at least 4-6 weeks of time on their construction plans and this is just something they wish they knew for sure when they started the process.

Proposed Bylaw: Clearly defined set of filing criteria would indicate to an applicant that this is limited site plan application and DPCD staff would be better able to assist a customer thus expediting the filing process with the Planning Board for the potential applicant. The above scenario would no longer occur under the proposed bylaw.

Scenario D: Anne has operated an office out of the same owner/operated, multi-tenant building since 1962. Anne decides after 50 years in business that she is going to retire and will convert her office space to a restaurant. Anne goes to pull her building permits but is told by the Building Commissioner she will need to file for site plan review with the Planning Board. Anne is not happy about this request, indicating she has owned and run her business from the building for 50 plus years, is a small business owner and does not understand why a change in use like this would need site plan review; it is an expense she simply can not afford.

Current Bylaw: The Building Commissioner, with the help of the Town Planner try to explain to Anne that the site plan bylaw requires any change of use, big or small to go for site plan review. It is explained that the Planning Board will require a full site plan review as the site currently does not have adequate drainage, lighting, landscaping to screen abutters or sufficient handicap parking nor the required parking for a change in use from an office to a restaurant; it is also mentioned that being a multi-tenant building, the entire site will need to be compliant with the zoning bylaw. Anne is also informed that there is significant concern regarding traffic flow on to the very busy Route 140 if a restaurant is added to her site. Anne is then shown the site plan bylaw to which she says, how many plans do I file? What application is it? Will I need a traffic study if you are concerned about traffic impacts? Do I file a drainage study? Anne understands the staff is doing their best to help, but leaves frustrated as she is unable to understand the process for filing a site plan by reading the bylaw. Anne notes that without a clear path to follow, she hopes it doesn't cost her a lot in engineering expenses by not knowing what she should be submitting to the Planning Board, after all, she is just a small business owner on the verge of retiring!

Proposed Bylaw: As under the current bylaw, Anne would be required to file a full site plan review under the proposed bylaw, in order to bring the entire site into compliance with the Zoning Bylaw. There are clearly defined set of criteria for staff to show Anne why this is required and clear list of documents and drawing requirements needed for Anne to know what is required for submittal on her now limited retirement budget. It would be more likely that less Planning Board meetings would be required because she will be able to submit a complete application with sufficient documents and plan sets for not only the Planning Board to Review but also for staff to make informed recommendations to the Planning Board in a timely manner, greatly reducing Anne's cost in engineering services, plan production and hopefully leaving Anne less frustrated with the Planning Board process because the staff was given necessary tools to help Anne through an otherwise difficult process to understand.

Current Bylaw		Proposed Bylaw
Exemptions	No provision for exemptions.	Any exterior addition, alteration or improvement to structures and/or land not greater than 500 s.f. and not involving any substantial change in use as determined by the Zoning Enforcement Agent's interpretation of the Zoning Code Use Regulations Schedule. Allows for minor changes in use and small projects to be handled by the Building Commissioner without site plan review.
Site Plan		
Filing Requirements	Currently, all "construction, alteration, use, or reuse of any structure other than a single-family or two-family dwelling (requiring a building permit) must receive (full) site plan review.	Any application not exempt or classified as a limited site plan must file as a site plan. Allows Planning Board to ensure sites that are exempt or do not qualify as limited site plans, are compliant with the Town's Zoning Bylaw.
Plan Submittal Requirements	Vague submittal requirements defined; leads to submittal of incomplete applications to the Planning Board.	Submittal criteria clearly defined; Planning Board does not have to continue meetings to ask the applicant for additional materials not submitted in advance. Plans for submittal are defined based upon the number of people who review the plans to make sure they are compliant with Zoning and Town Code to ensure the safety of the community and/or who must retain a copy for public record: 6 Planning Board members, 2 DPW (Town Engineer/other), Town Planner, Fire Chief, Police Chief, Building Commissioner, Town Clerk, Board of Health, ZBA (when needed), Conservation Commission (when needed).
Fee	Existing Fee	No Change
Limited Site Plan		
Filing Requirements	No filing process defined. Applicant must attend Planning Board meeting to get guidance from the Board before knowing if a plan should be filed as a full site plan or a limited site plan. No provision in current bylaw for any plan review other than Full Site Plan Review.	Criteria defined for determination if a plan is a limited site plan. An applicant will know specifically which application to fill out without needing to go to the Planning Board. If the applicant meets all the requirements for a limited site plan they will be guaranteed this type of review and know in advance.
Fee	Existing Fee	No Change
Plan Submittal Requirements	Very vague/limited submittal requirements defined.	Process defined for an applicant so they know what to submit ahead of a Planning Board meeting.
Special Permit		
Filing Requirements	Not currently defined under site plan Applications for special permits are filed separately from a site plan or limited site plan application and approved separately.	Where a special permit is required, a site plan or a limited site plan must be submitted under one application; site plans will no longer be approved without approved special permits.
Fee	Existing Fee	No Change

TOWN OF FRANKLIN
ZONING BY-LAW AMENDMENT 12-696

SIGNS.
SIGN APPROVALS.

**A ZONING BY-LAW TO AMEND THE FRANKLIN TOWN CODE AT
CHAPTER 185, SECTION 20.**

BE IT ENACTED BY THE FRANKLIN TOWN COUNCIL THAT:

Chapter 185 of the Code of the Town of Franklin is hereby amended by ~~deleting~~ and adding the following text at §185-20. Signs:

H. — Enforcement

- ~~(1) — The Enforcement Agent for this bylaw shall be the Building Commissioner or his designee and the Franklin Police Department.~~
- ~~(2) — The Building Commissioner may order the cessation, repair, alteration, correction or removal of any sign that is not in compliance with the provisions of this bylaw.~~
- ~~(3) — Any sign may be inspected periodically by the Building Commissioner for compliance with this bylaw and other requirements of law. Any sign which has been ordered removed by Building Commissioner, or is abandoned or discontinued, shall be removed by the sign owner or the owner of the property on which the sign is located within thirty (30) days of written notice from the Building Commissioner. Violation of any provision of this by law or any lawful order of the Building Commissioner shall be subject to the following fines. Each day that violation continues shall constitute a separate offense.~~
 - ~~(1) First Offense ————— \$50.00.~~
 - ~~(2) Second Offense ————— \$100.00.~~
 - ~~(3) Third and Subsequent Offense ————— \$200.00.~~

I. — Appeals

~~Any Applicant may appeal a Design Review Commission decision to the Zoning Board of Appeals (ZBA) within 10 days of the decision, by filing the appeal in writing to the ZBA Administrative Secretary specifying the grounds for such appeal. Any Applicant may appeal the Building Commissioner's order of removal to the Zoning Board of Appeals within 10 days of the issuance of written notice, by filing the appeal in writing to the ZBA Administrative Secretary specifying the grounds for such appeal. Refer to Section 185-45 Zoning for more information regarding the ZBA.~~

H. Sign Approvals.

(1) Design Review Commission Sign Approvals

- (a) All new signs and sign modifications must be reviewed and approved by the Design Review Commission prior to issuance of a Building Permit.

(2) Application Submittal Requirements. Applicants must submit the following information concurrently, to be considered a complete application for review of Signs; incomplete applications may result in refusal of application.

- (a) One (1), original, Form Q, Design Review Application with questions A-F completed.
- (b) Nine (9), color copies of the proposed sign rendering as required in §185-31.2.F(2).(a).
- (c) Nine (9) copies of the plan showing sign as required in §185-31.2.F(2).
- (d) Picture(s) of existing sign(s) if applicable.

(3) Drawing Requirements.

- (a) Color rendering of the proposed sign which includes but is not limited to the following detailed information:
 - [1] Type of sign (i.e. wall, pylon, etc.)
 - [2] Size/dimensions
 - [3] Style of lettering
 - [4] Colors being used (specific name of color)
 - [5] Materials
 - [6] Lighting (illuminated, non-illuminated)
 - [7] Style of lighting being used (internally illuminated, externally illuminated) and provide details of lighting fixtures.
- (b) A plan showing the proposed location of existing signs or proposed signs and any proposed landscaping, if applicable to sign area.

(4) Review Criteria.

- (a) Signs shall be reviewed by the Design Review Commission according to the criteria set forth in the *Design Review Commission Design Review Guidelines, Part IV Sign Guidelines* (Attachment 10, Zoning Bylaw).

I. Enforcement

- (1) The Enforcement Agent for this bylaw shall be the Building Commissioner or his designee and the Franklin Police Department.
- (2) The Building Commissioner may order the cessation, repair, alteration, correction or removal of any sign that is not in compliance with the provisions of this bylaw.

(3) Any sign may be inspected periodically by the Building Commissioner for compliance with this bylaw and other requirements of law. Any sign which has been ordered removed by Building Commissioner, or is abandoned or discontinued, shall be removed by the sign owner or the owner of the property on which the sign is located within thirty (30) days of written notice from the Building Commissioner. Violation of any provision of this by-law or any lawful order of the Building Commissioner shall be subject to the following fines. Each day that violation continues shall constitute a separate offense.

- | | | |
|-----|------------------------------|-----------|
| (1) | First Offense | \$50.00. |
| (2) | Second Offense | \$100.00. |
| (3) | Third and Subsequent Offense | \$200.00. |

J. Appeals

Any Applicant may appeal a Design Review Commission decision to the Zoning Board of Appeals (ZBA) within 10 days of the decision, by filing the appeal in writing to the ZBA Administrative Secretary specifying the grounds for such appeal. Any Applicant may appeal the Building Commissioner's order of removal to the Zoning Board of Appeals within 10 days of the issuance of written notice, by filing the appeal in writing to the ZBA Administrative Secretary specifying the grounds for such appeal. Refer to Section 185-45 Zoning for more information regarding the ZBA.

DATED: _____, 2013

VOTED:

UNANIMOUS _____

A True Record Attest:

YES _____ **NO** _____

ABSTAIN _____

Deborah L. Pellegrini
Town Clerk

ABSENT _____

Judith Pond Pfeffer, Clerk

SPONSOR:

*Department of Planning and
Community Development*

TOWN OF FRANKLIN

ZONING BY-LAW AMENDMENT 12-697

**ADMINISTRATION & ENFORCEMENT.
DESIGN REVIEW COMMISSION.**

**A ZONING BY-LAW TO AMEND THE FRANKLIN TOWN CODE AT
CHAPTER 185, SECTION 45.**

BE IT ENACTED BY THE FRANKLIN TOWN COUNCIL THAT:

Chapter 185 of the Code of the Town of Franklin is hereby amended at Section 45.

Administration and enforcement by adding the following:

N. Design Review Commission.

(1) Authority.

- (a) The Design Review Commission shall review and act upon applications for all actions that are subject to the provisions of §185-20. Signs and §185-31. Site Plan and Design Review; in addition, the Commission shall make recommendations to the Planning Board or Zoning Board of Appeals, as appropriate, concerning the conformance of a proposed development with design review standards contained herein.

(2) Composition.

- (a) Make up. The Franklin Design Review Commission shall be composed of five members and two associate members. Members and associate members shall be appointed by the Town Administrator, and ratified by the Town Council.
- (b) Terms. Staggered terms shall be established for all members of the Design Review Commission and shall be three years in length. Associate members will serve for one-year terms.
- (c) Associate Members. Associate members of the Design Review Commission shall participate in all matters before the Commission, in the same manner as members, except, associate members may not vote unless authorized to do so by the Chair or Acting Chair. An associate member, if present, shall be authorized to vote, in the absence, inability to act or conflict of interest on the part of any member.

- (3) Design guidelines. A set of design guidelines specific to Franklin's business and commercial areas shall be adopted by the Planning Board after study by an ad hoc committee established by the Town Council. The Design Review

Commission Guidelines shall be consulted and applied by the applicant in the development of plans. The guidelines shall also serve as the basis for decisions for the Design Review Commission. Once adopted, the design guidelines may be amended by a majority vote of the Planning Board after a public hearing in accordance with Article VI, § 4-15 of the Code of the Town of Franklin.

(5) Procedures.

(a) Application Review.

- [1] The Design Review Commission will hold a meeting on an application within 30 days of its receipt.
- [2] The applicant or a representative for the applicant shall appear at the meeting of the Design Review Commission at which the proposed project is reviewed, unless the Chairman of the Commission determines, in his sound discretion, that any benefit of the applicants attendance would be outweighed by the expense or inconvenience involved, in which case, the Chairman shall inform the applicant that they do not need to attend the meeting.
- [3] The Design Review Commission shall notify the Planning Board, Fire Chief, Police Chief, Department of Public Works, Department of Planning & Community Development, Building Commissioner, Conservation Commission, and Board of Health of its meeting schedule as necessary and may, in making its determination request information or analysis from any of the Departments, Boards or Commissions listed above.
- [4] The Commission will review the proposal taking into consideration information or analysis from Departments, Boards or Commissions listed above in subsection [3].

(6) Decisions.

- (a) Based on compliance with the requirements and design guidelines, the project may be either recommended for approval, with or without conditions or denial. When a project is recommended to be approved or denied, the applicant shall receive written notice of the recommendation within five days of the date of said meeting; in the case of the latter decision, reasons for denial shall be provided in detail and with specificity.
- (b) If the Commission fails to make its recommendation within the time frame established, the permitting authority shall consider that the Commission has no objection to the building and other design features.
- (c) No project shall commence until the Design Review Commission has reviewed the proposal and forwarded its recommendation to the Planning Board or Board of Appeals for their consideration within the allotted time established under §185-31(1) or 185-45.D.

(7) Appeals.

- (a) Appeals of any Design Review Commission decisions relating to signs may be made to the Zoning Board of Appeals within 10 days of the decision.
- (b) Appeals other than signs. The Design Review Commission is advisory to the Planning Board and the Zoning Board of Appeals with reference to site plan review. Its recommendations are not binding on the permitting board.

DATED: _____, 2013

VOTED:

UNANIMOUS _____

A True Record Attest:

YES _____ **NO** _____

ABSTAIN _____

Deborah L. Pellegrini
Town Clerk

ABSENT _____

Judith Pond Pfeffer, Clerk