



FRANKLIN TOWN COUNCIL

April 1, 2015

7:00 PM

- A. APPROVAL OF MINUTES:** *February 4, 2015, March 4, 2015, March 18, 2015, March 18, 2015 – Executive Session*
- B. ANNOUNCEMENTS** – *This meeting is being recorded by Franklin TV and shown on Comcast channel 11 and Verizon channel 29. This meeting is being recorded by Franklin Matters.*
- C. PROCLAMATIONS/RECOGNITIONS** – *Purple Heart Town*
- D. CITIZEN COMMENTS**
- E. APPOINTMENTS**
- F. HEARINGS**
- G. LICENSE TRANSACTIONS** - *Transfer of Liquor License – Jimmy D’s d/b/a the GBU*
- H. PRESENTATIONS/DISCUSSIONS** – *Gary McCarraher – Ping 4 Alert
Melanson Heath, FY 14 Audit*
- I. SUBCOMMITTEE REPORTS**
- J. LEGISLATION FOR ACTION**
- Resolution 15-13: Appropriation: Town Administration – Insurance Recovery Account*
 - Resolution 15-14: Appropriation: Capital FY 15 – Diesel Asphalt Hot Box*
- K. TOWN ADMINISTRATOR’S REPORT**
- L. OLD BUSINESS**
- M. NEW BUSINESS**
- N. COUNCIL COMMENTS**
- O. EXECUTIVE SESSION**
- P. ADJOURN**

**FRANKLIN TOWN COUNCIL
MINUTES OF MEETING
February 4, 2015**

A meeting of the Town Council was held on Wednesday, February 4, 2015 at the Franklin Municipal Building, 355 East Central Street, Franklin, Massachusetts. Councilors present: Andrew Bissanti, Robert Dellorco, Matt Kelly, Tom Mercer, Peter Padula, Judith Pond Pfeffer, Robert Vallee, Steve Williams. Administrative personnel in attendance: Jeffrey Nutting, Town Administrator; Maxine Kinhart, Assistant to the Town Administrator; Mark Cerel, Town Attorney.

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

APPROVAL OF MINUTES: None.

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

PROCLAMATIONS/RECOGNITIONS: None.

CITIZEN COMMENTS: None.

APPOINTMENTS: *Town of Franklin Other Post-Employment Benefits (“OPEB”)*

Trust Trust Agreement: Ms. Pfeffer read motions to appoint Pete Lounsbury and Gregory A. McNeillie to fill the two resident trustee positions called for in Article 5 of the Trust Agreement.

MOTION to Approve by Mercer. **SECOND:** Dellorco. **VOTE to Approve: Yes-8, No-0, Absent-1.**

HEARINGS: None.

LICENSE TRANSACTIONS: None.

PRESENTATIONS/DISCUSSIONS: *Brutus Cantoreggi, DPW Director:* Mr. Cantoreggi discussed three areas of interest during his presentation: Sewer Interceptor, Recycling, and Snow. ► The Beaver Street culvert originated in 1914. The pipe runs next to Mine Brook. Pipe failed. Last year trees were cleared off the pipe. Nearest access to culvert is Beaver Street, about one mile. Worked with MBTA to use tracks during downtown to fix pipe and saved money. Sewerage issue is contained at Mine Brook, but needs continuous checking as it is a very old system. ► Solid Waste Recycling Contamination starts in the cart and goes to the plant. State law that person may not put trash in recycling container. DEP will spot check towns by going to the recycling center and checking amount of trash in recycling. Pricing will be evaluated by amount of contamination in recycling beginning July 1st. Concerned about trash fees/rates if recycling contamination is high. Residents should only put recycling and trash materials in the proper containers as it will affect the cost of the trash and recycling service. A picture of the contents of each resident’s recycling and trash container is taken as it is being disposed of in the truck. In addition, Chris White, Solid Waste Coordinator, provided information regarding public

outreach methods in the Town to educate residents on trash and recycling information. Warnings/citations will be given for non-compliance of trash and recycling contents in carts. ► Due to the number of storms in a short period of time, the snow has been accumulating and snow banks are getting high. The DPW works to clear all public roadways, school facilities and municipal buildings, and sidewalks identified as “walking routes,” and all other areas as quickly as possible. The cost to salt the entire Town is approximately \$30,000. Using the Five Truck Route is less expensive at approximately \$8,000.00. Addressed many residents’ concerns regarding snow plowing/snow removal in Town. Asked residents to clear snow away from fire hydrants near their homes. DPW will be putting markers on every hydrant.

SUBCOMMITTEE REPORTS: None.

LEGISLATION FOR ACTION:

1. Resolution 15-06: Approval of Extension of Intermunicipal Agreement for Regional Public Safety Communications and Dispatch Center: MOTION to Waive the reading by Kelly. **SECOND:** Mercer. **VOTE: Yes-8, No-0, Absent-1.** MOTION to Move Resolution 15-06 by Mercer. **SECOND** by Kelly. **Discussion:** ► Mr. Nutting stated that in order to enter into a long-term lease with the Town of Norfolk, requesting to extend the intermunicipal agreement from 2020 to 2040. **VOTE: Yes-8, No-0, Absent-1.**

2. Resolution 15-07: Acceptance of Gift – Town of Franklin: Councilor Pfeffer read the resolution as the Town of Franklin has received a generous donation of \$200.00 from Christopher John Blassick of Los Angeles, California, to be used as seen fit. **MOTION to Move** by Mercer. **SECOND** by Kelly. **Discussion:** ► Mr. Mercer stated he knows the gentleman’s father and will inquire about the donation as a note was not included with the check. **VOTE: Yes-8, No-0, Absent-1.**

3. Resolution 15-08: Appropriation – Zoning Board of Appeals: Councilor Pfeffer read the resolution for the Appropriation – Zoning Board of Appeals for authorization that the sum of Two Thousand dollars (\$2,000.00) be transferred from Available Funds (Free Cash) to the FY 2015 Zoning Board of Appeals Budget, Account 01176200-534030. **MOTION to Move** Resolution 15-08 by Mercer. **SECOND** by Padula. **Discussion:** ► Mr. Nutting stated they were doing more business than usual--more requests for variance and special permits **VOTE: Yes-8, No-0, Absent-1.**

TOWN ADMINISTRATOR’S REPORT: ► Mr. Nutting thanked the DPW for doing a great job. ► Vacancy on Board of Assessor’s to serve on Board for remaining term. Candidates should send in resume as soon as possible. It is a joint appointment of Town Council and Board of Assessors. ► Draft of Capital Budget for FY 2015 submitted. Will be contingent upon snow and ice budget. First meeting next Wednesday. ► Looking to issue RFP to find Recreation Department space as Old Municipal Building has sold. ► At next week’s meeting will be asking for vote to over-expend snow and ice budget.

OLD BUSINESS: None.

NEW BUSINESS: ► Ms. Pfeffer mentioned letter sent by Franklin Federated Church in regards to the South Franklin Church. Perhaps another deed could be drawn to convey deed to Town

directly, not through Historical Commission. ► Mr. Nutting has engineering firm looking at structural integrity of building and expects to have report by March. Letter from Church allows Town to consider variety of purposes without restriction. Will ask if the Historical Commission has ideas for use.

COUNCIL COMMENTS: None.

EXECUTIVE SESSION: None.

ADJOURN: MOTION by Kelly to **Adjourn. SECOND** by Mercer. **VOTE: Yes-8, No-0, Absent-1. Meeting adjourned at 7:58 PM.**

Respectfully submitted,

Judith Lizardi

**FRANKLIN TOWN COUNCIL
MINUTES OF MEETING
March 4, 2015**

A meeting of the Town Council was held on Wednesday, March 4, 2015 at the Franklin Municipal Building, 355 East Central Street, Franklin, Massachusetts. Councilors present: Andrew Bissanti, Robert Dellorco, Brett Feldman, Matt Kelly, Peter Padula, Judith Pond Pfeffer, Robert Vallee, Steve Williams. Administrative personnel in attendance: Jeffrey Nutting, Town Administrator; Maxine Kinhart, Assistant to the Town Administrator; Mark Cerel, Town Attorney.

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

APPROVAL OF MINUTES: *January 7, 2015; February 11, 2015; April 2, 2014; April 16, 2014; May 7, 2014.* **MOTION to Approve** by Kelly. **SECOND** by Bissanti. **VOTE: Yes- 8, No-0, Absent-0.**

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

PROCLAMATIONS/RECOGNITIONS: None.

CITIZEN COMMENTS: None.

APPOINTMENTS: ► *Cultural Council.* **MOTION** by Padula to **Ratify** the appointments of Madison Weber and Teresa Burr by the Town Administrator to serve as members of the Cultural Council. **SECOND** by Kelly. **VOTE to Approve:** Yes-8, No-0, Absent-0.

► *Board of Assessors: Joint appointment by the Town Council and the remaining members of the Board of Assessors of a new member to complete the remainder of the term.* **MOTION** by Pfeffer to **Appoint** Donna Greenwood to the Board of Assessors. **SECOND** by Kelly. **ROLL CALL VOTE:** Bissanti-YES; Dellorco-YES; Feldman-YES; Kelly-YES; Padula-YES; Pfeffer-YES; Vallee-YES; Williams-YES; Chris Feeley, Board of Assessors-YES; Ken Norman, Board of Assessors-YES. **YES-10, NO-0. Passes.**

HEARINGS: None.

LICENSE TRANSACTIONS: *Acapulco's – Change of Officers/Directors and Change of Manager.* ► **MOTION** by Pfeffer to **Approve** the application by Avocado Inc. dba Acapulco's for approval of new Officers/Directors being Jorge Moreno, Jesus Ruelas, and Yadira Gutierrez. **SECOND** by Kelly. **VOTE to Approve: Yes-8, No-0, Absent-0.**

Discussion: Mr. Kelly stated that Acapulco's is a great restaurant within the community. As well, thanked Acapulco's for their participation in the yearly Fourth of July celebration, for being a great member of the community and for giving back to the community. Mr. Bissanti stated that the restaurant has done a lot for the community, is a backbone to the Franklin Center businesses and would like to see them continue to succeed.

► **MOTION** by Pfeffer to **Approve** the application by Avocado Inc. dba Acapulco's for approval of the new Manager, Hilda Gutierrez. **SECOND** by Bissanti. **VOTE to Approve: Yes-0, No-0, Absent-0.**

PRESENTATIONS/DISCUSSIONS: None.

SUBCOMMITTEE REPORTS: ► Mr. Bissanti noted that people are waiting for information on the RFPs. Waiting for traffic study on the Pond Street area, and entire Town, and then will set up EDC meeting. Most of the input from the public has been positive and Council is listening.

LEGISLATION FOR ACTION: None.

TOWN ADMINISTRATOR'S REPORT: ► Mr. Nutting sent each Councilor a report from the MBTA regarding costs to make repairs to parking lot and area around Dean Station with estimated cost of \$350,000. They have no funding and would need an Architecture Board access waiver. Jeff Roy's office is also working on this. Town will hopefully receive some funding at some point to get this resolved. ► Refinanced about \$700 million in bonds last week saving Town about \$600,000. Thanks go to Jim Dacey who keeps Town aware of such items. The net bond was 1.9% which is a low interest rate. ► DPW was awarded \$119,000 grant for storm water mitigation. The DPW keeps applying and getting such grants. At this time work is mostly on rain gardens, such as at the corner of Green Street and Miller Street. DPW does a great job. ► Fire department will be making a presentation for the public at the Public Library on Wednesday, March 11, at 7:00PM in the Community Room, regarding the SAFE program. It is free and a good way for citizens to find out about public safety. ► Police officers recently took class regarding responding to persons with mental illnesses. Their professional development is always appreciated. They do a great job. ► Snow and ice budget was approximately \$950,000. It has been exceeded by \$350,000 and winter is not over. Town does have free cash available to pay for this, but it will cut into other capital items. ► Thanks go to the DPW for doing an excellent job this winter. ► Would like to recognize the passing of Attorney Roche, a long-time citizen of Franklin. He has served the community well and will be greatly missed. Thoughts and prayers are with the family. ► Executive Session needed for discussion of Real Property.

OLD BUSINESS: None.

NEW BUSINESS: None.

COUNCIL COMMENTS: None.

EXECUTIVE SESSION: *To Consider Purchase of Real Property (unimproved land).*

Motion by Pfeffer that Town Council enters executive session for discussion to consider purchase of real property (unimproved land). **SECOND** by Kelly. **ROLL CALL VOTE:** Bissanti-YES; Dellorco-YES; Feldman-YES; Kelly-YES; Padula-YES; Pfeffer-YES; Vallee-YES; Williams-YES. **YES-8, NO-0. Passes.**

Town Council Meeting Public Session ended at 7:16PM.

Respectfully submitted,

Judith Lizardi
Recording Secretary

**FRANKLIN TOWN COUNCIL
MINUTES OF MEETING
March 18, 2015**

A meeting of the Town Council was held on Wednesday, March 18, 2015 at the Franklin Municipal Building, 355 East Central Street, Franklin, Massachusetts. Councilors present: Andrew Bissanti, Robert Dellorco, Brett Feldman, Matt Kelly, Thomas Mercer, Peter Padula, Judith Pond Pfeffer, Robert Vallee, Steve Williams. Administrative personnel in attendance: Jeffrey Nutting, Town Administrator; Maxine Kinhart, Assistant to the Town Administrator; Mark Cerel, Town Attorney.

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

APPROVAL OF MINUTES: *April 30 2014 Budget Hearing Pt.1; May 1, 2014 Budget Hearing Pt. 2; January 7, 2015 – Executive Session; March 4, 2015 – Executive Session.* **MOTION to Approve** by Kelly. **SECOND** by Mercer. **VOTE: Yes- 9, No-0, Absent-0.**

ANNOUNCEMENTS: Chairman Vallee announced the meeting would be recorded by Franklin TV and available for viewing on Comcast Channel 11 and Verizon Channel 29. This meeting may also be recorded by and available on *Franklin Matters*.

PROCLAMATIONS/RECOGNITIONS: None.

CITIZEN COMMENTS: Dale Lippert, 8 Beth Road. Mr. Lippert stated that he purchased his house in 1966; the house was built in 1963 on a spring area. In 1967, 1968, and 1969 the area flooded and each time a Town firetruck pumped the water over the hill into a storm drain on Tyson Road as there is no other way to remove the water. In 1970 the pressure under the house was so intense, it blew a 5 ft. hole through the cellar floor and water filled the basement almost to the rafters. The Town pumper truck again pumped the water. At that time, the DPW Director engineered a drainage system including two submersible pumps, manholes in the back and side yards, and perforated pipe in the side yard. Mr. Lippert installed a French drain in his basement and was told by the DPW to connect it to the created drainage system. In 1973 the Town added a generator to the pumping system in case of an electricity outage. For 45 years, the Town has maintained this pumping station, including replacing worn pumps. Last spring there were problems with both pumps and the cellar filled with water. The Town investigated and changed the check valve on one pump; it resumed working. Although the other pump was not repaired, the water resided. However, two pumps are needed. When this year's snow melts, it will be too much for one pump to handle and the area will become flooded. The Town replaced the broken pump last Tuesday. On Thursday, Mr. Lippert received a letter from the DPW stating that they no longer have any responsibility for the pumping equipment on his property. The following Monday, Mr. Lippert spoke with Brutus Cantoreggi, DPW, who stated that as the area was private property with no easement, the homeowner would now be responsible. Mr. Lippert reported that the pumps and pumping of this area was previously approved by the Board of Selectman; but, there are no records, only residents and former Board members that remember this situation. The cost to maintain the pumps is significant. Mr. Lippert stated the legal liability is great as if he does not maintain the pumps and neighbors flood, they could possibly take legal action against him for not maintaining the pumping equipment. It is an injustice that the DPW has stated that they will no longer maintain the pumps.

Chairman Vallee stated the Council would discuss this during *New Business*.

APPOINTMENTS: ► *Finance Committee.* **MOTION** by Padula to **Appoint** Kerri Anne Bertone to serve as a member of the Finance Committee. **SECOND** by Mercer. **VOTE to Approve: Yes-9, No-0, Absent-0.**

HEARINGS: *Public Hearing to determine whether it is in the public interest to accept Lenox Drive, Berkshire Drive, and Symphony Drive.* ► Mr. Cerel stated that this is part of the ongoing process pursuant to the Special Legislation to accept roadways that did not go through the normal acceptance process. Acceptance plans have been prepared, abutters have received notices and the Public Hearing is a requirement. There are additional streets currently being worked on. Most of the Town roads that have not yet been accepted are due to the complex acceptance process not being followed correctly during times of peak building. Currently, the process is more clearly followed and enforced.

Mr. Nutting stated that they have reviewed Town streets and reached out to firms that may have started or will prepare road acceptance plans in the required legal and recordable format. Some of the older streets that need to be accepted will be challenging as the plans will be more difficult and expensive to prepare. About four years ago \$25,000 was made available for this purpose. There is some financial advantage to having more accepted public ways as State funding is based on miles of road.

Public Hearing to determine whether it is in the public interest to accept Windsor Circle. ► Mr. Cerel stated that this is a recent subdivision where the developer went under and the Town completed the roadway with bank money.

MOTION by Mercer to **Close** the Public Hearing to determine whether it is in the public interest to accept Lenox Drive, Berkshire Drive, and Symphony Drive, and to **Close** the Public Hearing to determine whether it is in the public interest to accept Windsor Circle. **SECOND** by Kelly. **VOTE to Approve: Yes-9, No-0, Absent-0.**

LICENSE TRANSACTIONS: ► *The Curry House-Transfer of License.* **MOTION** by Pfeffer to **Approve** the transfer of the All Alcoholic Beverages Restaurant License from Franklin Deli, LLC d/b/a/ Franklin Café & Grill to the new licensee, Jai Ho Group Inc. d/b/a/ The Curry House and the new manager, Krishna KC. **SECOND** by Mercer. **VOTE to Approve: Yes-9, No-0, Absent-0.**

► *The Bamboo House-Transfer of License.* **MOTION** by Pfeffer to **Approve** the transfer of the All Alcoholic Beverages Restaurant License from Pu Yong, Inc. d/b/a Bamboo House to Zhu Jiang, Inc. d/b/a Bamboo House, and the manager is to be Limei Qiu. **SECOND** by Bissanti. **VOTE to Approve: Yes-9, No-0, Absent-0.**

PRESENTATIONS/DISCUSSIONS: ► *FY 16 Budget.* Mr. Nutting stated that the State's proposed budget with the local aid numbers was released showing an increase in the Charter School budget. After investigation, it was determined that the Department of Education used the wrong enrollment numbers and added 190 students to the Charter School. The State will revise the estimate which should be available in early April. Out to bid on health insurance and waiting for the Firefighter's Arbitration award. Once all information is available, will meet with Budget Sub-Committee and work to finalize budget.

► *Gus Brown – Building Commissioner.* Mr. Brown provided an overview of the Franklin Building and Zoning Department functions. He reviewed the staffing, daily operations, residential and commercial new buildings, and number of issued permits for 2014. He described various types of field inspections, including Chestnut Ridge, Franklin Retail/Liscotti Development, Dean Avenue wireless tower, fire response, pools without permits, obstruction of view on corner lots, unregistered vehicles, and vacant properties. Mr. Brown discussed a State offered program to help with vacant properties. As well, he indicated that solar roofing applications are frequently encountered in his office. The structural

component of the roof must be reviewed to determine if the roof can handle the weight of the solar, including snow.

► Ms. Pfeffer stated that Mr. Brown has been a great asset in working with the Housing Trust. Also, the house the Tri County the students are completing will be an Affordable House open for lottery. ► Mr. Dellorco stated that Mr. Brown did a great job. ► Mr. Nutting conveyed that Mr. Brown worked nights and weekends to get the Affordable Houses completed. His entire staff, including the customer service aspect, is excellent.

SUBCOMMITTEE REPORTS: None.

LEGISLATION FOR ACTION:

1. Resolution 15-10-Order of Layout, Acceptance, and Taking of Lenox Drive, Berkshire Drive, and Symphony Drive and related Drainage Lot and Easement. MOTION to Waive the reading by Kelly. SECOND by Mercer. VOTE: Yes-9, No-0, Absent-0. MOTION to Move Resolution 15-10 by Mercer. SECOND by Kelly. VOTE: Yes-9, No-0, Absent-0.

2. Resolution 15-11-Order of Layout, Acceptance, and Taking of Windsor Circle and Related Drainage Lot and Easement. MOTION to Waive the reading by Kelly. SECOND by Mercer. VOTE: Yes-9, No-0, Absent-0. MOTION to Move Resolution 15-11 by Kelly. SECOND by Mercer. VOTE: Yes-9, No-0, Absent-0.

3. Resolution 15-12-Acceptance of Gift-Town of Franklin Police Department. Ms. Pfeffer read Resolution 15-12-Acceptance of Gift-Town of Franklin Police Department. **MOTION** by Mercer to **MOVE** Resolution 15-12. **SECOND** by Kelly. **DISCUSSION:** Mr. Nutting recommended a Thank You letter. **VOTE: Yes-9, No-0, Absent-0.**

4. Bylaw Amendment 15-746: Chapter 181, Wetlands Protection – 1st Reading. Ms. Pfeffer read Bylaw Amendment 15-746: Chapter 181, Wetlands Protection-1st Reading. **MOTION** by Mercer to **MOVE** Bylaw Amendment 15-746: Chapter 181, Wetlands Protection, to a second reading. **SECOND** by Bissanti. **DISCUSSION:** Mr. Nutting stated this would be similar to other laws the Planning Board and Zoning Board have when an applicant needs to get an outside consultant. With a large building or development, the Conservation Committee may not have enough money to cover the costs. This amendment is to make sure the Town is not paying the costs. **VOTE: Yes-9, No-0, Absent-0.**

TOWN ADMINISTRATOR’S REPORT: ► The snow and ice budget is near \$500,000--final number available mid-April. Need to make sure salt barn is full at end of season in preparation for next winter. ► Thanked Lacrosse and Soccer helpers who donated money to clear snow from the turf fields for the children to use. ► Approved High School turf field at \$839,000 and will move ahead when weather improves.

OLD BUSINESS: None.

NEW BUSINESS: ►► **Responses to Citizen Comments:** ► Mr. Cerel stated that Mr. Lippert’s concern was brought to his attention by the DPW. There are no records available regarding this matter. Although previously Town employees assisted the homeowner with the drainage issues, this is not a Town issue. It is a private lot where a house was built with incorrect drainage. This is not an issue of an easement as the Municipality is not gaining any public benefit. It is not roadway drainage that is causing the issue, rather the topography of the land from either groundwater or surface water. Mr. Lippert has had the benefit of the Town maintaining the drainage for past years, but there was never any authorization to do so. Public funds cannot be used for this purpose. Therefore, moving forward, Mr. Lippert will be on his own. ► Mr. Lippert provided a copy of a letter addressed to the Town allowing them access to his property to fix the

situation. As well, he had pictures showing the street floods onto his land. In response to the legality of the issue, Mr. Lippert asked if it was legal for the Town to give away equipment as there are two pumps and a generator on his property. ► Mr. Cerel indicated that the developer or builder of the house is responsible and should have provided remedy. The Municipality should not have become involved to assist the homeowner. There is no liability from the Town due to the original permitting. As the house is on a flood plain which is not buildable, it is not clear how the house was allowed to be built. Mr. Cerel stated that although something wrong was done many years ago, it does not give the Town the right to continue to do so. Town is constrained on how taxpayer money can be spent. ► Mr. Kelly stated that as the Town has been taking care of this for 47 years, the Town has shown intent that they planned to continue to take care of this problem. There is Town pipe that goes across private properties and into a public storm drain. He would like to have a meeting to reach a workable solution. The Town should not simply state they will no longer take care of the flooding. ► Mr. Nutting responded that he would take a second look at the problem to try to work out a legal remedy. However, the Town did something wrong many years ago by providing a solution. ► Mr. Bissanti indicated that the Town should help Mr. Lippert as this has been going on for 47 years. As the pictures show, the entire cul-de-sac flooded which is a public issue. He became a Council Member in order to help and would like to provide such help to Mr. Lippert. ► Ms. Pfeffer stated that as the Town stepped in a long time ago and took care of the problem, the Town should continue to take care of it, otherwise everyone in that area is going to be flooded.

►► Ms. Pfeffer stated the Towns of Upton and Uxbridge are known as Purple Heart Communities. She spoke with Bob Fahey, Veteran's Agent, and he is in favor of the Town of Franklin being designated as a Purple Heart Community. ► Mr. Nutting stated he would look into this.

COUNCIL COMMENTS: ► Mr. Padula thanked the DPW for being extremely prompt and professional in fixing a frozen water line for his rental property. ► Mr. Kelly stated that Mr. Brown's staff in the Building Department is always courteous and helpful. ► Mr. Feldman showed the new logo of the *Franklin Solar Challenge* created by local artist David Mann. ► Ms. Pfeffer stated that Dean College, in recognition of Stella Jeon, is sponsoring a lecture series at the Senior Center. ► Ms. Pfeffer stated that Mr. Feldman and she went to an open house event at the Helen Keller School regarding Spectra Engineering's Algonquin Pipeline expansion project that goes through Franklin. The presentation was extremely polished and slick. ► Mr. Nutting thanked Ms. Alger's 5th grade class at Davis Thayer for the opportunity to read to the class.

EXECUTIVE SESSION: *To Consider Purchase of Real Property (unimproved land).* Motion to Move by Pfeffer that Town Council enters executive session for discussion to consider purchase, exchange or lease of real property (unimproved land). **ROLL CALL VOTE:** Bissanti-YES; Dellorco-YES; Feldman-YES; Kelly-YES; Mercer-YES; Padula-YES; Pfeffer-YES; Vallee-YES; Williams-YES. **YES-9, NO-0. Passes.**

Town Council Meeting Public Session ended at 8:18PM.

Respectfully submitted,

Judith Lizardi
Recording Secretary

Town of Franklin



A PROCLAMATION

- WHEREAS,** the people of the Town of Franklin have great admiration and the utmost gratitude for all the men and women who have selflessly served their country and this community in the Armed Forces; and
- WHEREAS,** veterans have paid the high price of freedom by leaving their families and communities and placing themselves in harm's way for the good of all; and
- WHEREAS,** the contributions and sacrifices of the men and women from Franklin who served in the Armed Forces have been vital in maintaining the freedoms and way of life enjoyed by our citizens; and
- WHEREAS,** many men and women in uniform have given their lives while serving in the Armed Forces; and
- WHEREAS,** many citizens of our community have earned the Purple Heart Medal as a result of being wounded while engaged in combat with an enemy force, construed as a singularly meritorious act of essential service.

NOW, THEREFORE, BE IT RESOLVED THAT that the Town Council of the Town of Franklin hereby proclaims the Town of Franklin as a Purple Heart Town, one of the few communities in Massachusetts so designated, honoring the service and sacrifice of our nation's men and women in uniform wounded or killed by the enemy while serving to protect the freedoms enjoyed by all Americans.

April 1, 2015

Robert Vallee,
Chairman,
Franklin Town Council

LICENSE TRANSACTIONS

- #1. JIMMY D'S LLC D/B/A
THE GBU



License Transactions:

Jimmy D's LLC
d/b/a The GBU
338 Union Street

Jimmy D's LLC d/b/a The GBU has petitioned the Council for a transfer of the license formerly held by Socco Rose d/b/a The GBU and the new manager to be James A. DeVito

MOTION to approve the license transaction, by Jimmy D's LLC d/b/a The GBU and for the new manager to be James A. DeVito.

DATED: _____, 2015

VOTED:

UNANIMOUS _____

YES _____ **NO** _____

ABSTAIN _____

ABSENT _____

A True Record Attest:

Deborah L. Pellegri
Town Clerk

Judith Pond Pfeffer, Clerk
Franklin Town Council



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

For Reconsideration

FORM 43
MUST BE SIGNED BY LOCAL LICENSING AUTHORITY

043000020
 ABCC License Number

Franklin
 City/Town

April 1, 2015
 Local Approval Date

TRANSACTION TYPE (Please check all relevant transactions):

- | | | | |
|---|--|---|---|
| <input type="checkbox"/> New License | <input type="checkbox"/> New Officer/Director | <input type="checkbox"/> Pledge of License | <input type="checkbox"/> Change Corporate Name |
| <input checked="" type="checkbox"/> Transfer of License | <input type="checkbox"/> Change of Location | <input type="checkbox"/> Pledge of Stock | <input type="checkbox"/> Seasonal to Annual |
| <input type="checkbox"/> Change of Manager | <input type="checkbox"/> Alteration of Licensed Premises | <input type="checkbox"/> Transfer of Stock | <input type="checkbox"/> Change of License Type |
| <input type="checkbox"/> Cordials/Liqueurs Permit | <input type="checkbox"/> Issuance of Stock | <input type="checkbox"/> New Stockholder | <input type="checkbox"/> Other <input type="text"/> |
| <input type="checkbox"/> 6-Day to 7-Day License | <input type="checkbox"/> Management/Operating Agreement | <input type="checkbox"/> Wine & Malt to All Alcohol | |

Name of Licensee: Jimmy D's LLC EIN of Licensee: 47-2818221
 D/B/A: The GBU Manager: James A. DeVito
 ADDRESS: 338 Union Street CITY/TOWN: Franklin STATE: MA ZIP CODE: 02038
 Annual or Seasonal: Annual Category: All Alcohol Type: Restaurant
Category: (All Alcohol- Wine & Malt Wine, Malt & Cordials) Type: (Restaurant, Club, Package Store, General On Premises, Etc.)

Complete Description of Licensed Premises:

One story block and brick building (1400 sq. feet) consisting of dining room and bar, store room and kitchen, one front entrance and exit, and one side door.

Application Filed: March 2015 Advertisised: Milford Daily News Mar 19, 2015 Abutters Notified: Yes No
Date & Time Date & Attach Publication

Contact Person for Transaction: Apostolis Kolovos Esq. Phone: 508-541-3000
 ADDRESS: 124 Grove Street, Suite 220 CITY/TOWN: Franklin STATE: MA ZIP CODE: 02038

Remarks: Change of DBA Only

The Local Licensing Authorities
 By: _____

 Judith Pond Pfeffer
 Clerk, Franklin Town

Alcoholic Beverages Control Commission
 Ralph Sacramone
 Executive Director

ABCC Remarks: _____



**Commonwealth of Massachusetts
Alcoholic Beverages Control Commission
239 Causeway Street, First Floor
Boston, MA 02114**

**PETITION FOR TRANSFER OF OWNERSHIP, TRANSFER OF STOCK, NEW OFFICER(S),
DIRECTOR(S), STOCKHOLDER(S) AND LLC MANAGER(S)**

043000020

ABCC License Number

Franklin

City/Town

The licensee A. Soco Rose, Inc. and the proposed transferee B. Jimmy D's LLC respectfully petition the Licensing Authorities to approve the following transfer of ownership. Any Corporation, LLC or Association, Partnership, Individual, Sole Proprietor Listed in box (A.) must submit a certificate of good standing from the Massachusetts Department of Revenue (DOR).



Is the PRESENT licensee a Corporation/LLC listed in box (A.), duly registered under the laws of the Commonwealth of Massachusetts?

Yes No If YES, please list the officers, directors and stockholders, their residences, and shares owned by each.

Name	Title	Address	Stock or % Owned
Christina Bridges	President, Treasurer, Direc	20 Howard St, Franklin, MA 02038	100

Is the PROPOSED transferee a Corporation/LLC listed in box (B.), duly registered under the laws of the Commonwealth of Massachusetts?

Yes No

TO: (Place an * before the name of each DIRECTOR/LLC Manager.)

Name	Title	Address	Stock or % Owned
James A. DeVito	Manager	84 Cobb Street, Norton, MA 02766	100%

The above named proposed transferee hereby joins in this petition for transfer of said license.

SIGNATURE OF LAST-APPROVED LICENSEE: Chris Bridges

(If a Corporation/LLC, by its authorized representative)

Date Signed 3-4-15

SIGNATURE OF PROPOSED TRANSFEEE: James A. DeVito

APPLICATION FOR RETAIL ALCOHOLIC BEVERAGE LICENSE

City/Town

Franklin

1. LICENSEE INFORMATION:

A. Legal Name/Entity of Applicant:(Corporation, LLC or Individual) Jimmy D's LLC

B. Business Name (if different) : The GBU

C. Manager of Record: James A. DeVito

D. ABCC License Number (for existing licenses only) : 043000020

E. Address of Licensed Premises: 338 Union Street

City/Town: Franklin

State: MA

Zip: 02038

F. Business Phone: 508 528 7626

G. Cell Phone: 774 265 8978

H. Email: jamesadevito@comcast.net

I. Website:

J. Mailing address (if different from E.):

City/Town:

State:

Zip:

2. TRANSACTION:

- New License
- New Officer/Director
- Transfer of Stock
- Issuance of Stock
- Pledge of Stock
- Transfer of License
- New Stockholder
- Management/Operating Agreement
- Pledge of License

The following transactions must be processed as new licenses:

- Seasonal to Annual
- (6) Day to (7)-Day License
- Wine & Malt to All Alcohol

IMPORTANT ATTACHMENTS (1): The applicant must attach a vote of the entity authorizing all requested transactions, including the appointment of a Manager of Record or principal representative.

3. TYPE OF LICENSE:

- \$12 Restaurant
- \$12 Hotel
- \$12 Club
- \$12 Veterans Club
- \$12 General On-Premises
- \$12 Tavern (No Sundays)
- \$15 Package Store

4. LICENSE CATEGORY:

- All Alcoholic Beverages
- Wine & Malt Beverages Only
- Wine or Malt Only
- Wine & Malt Beverages with Cordials/Liqueurs Permit

5. LICENSE CLASS:

- Annual
- Seasonal

6. CONTACT PERSON CONCERNING THIS APPLICATION (ATTORNEY IF APPLICABLE)

NAME:

ADDRESS:

CITY/TOWN: STATE: ZIP CODE:

CONTACT PHONE NUMBER: FAX NUMBER:

EMAIL:

7. DESCRIPTION OF PREMISES:

Please provide a complete description of the premises to be licensed. Please note that this must be identical to the description on the Form 43.

Total Square Footage: Number of Entrances: Number of Exits:

Occupancy Number: Seating Capacity:

IMPORTANT ATTACHMENTS (2): The applicant must attach a floor plan with dimensions and square footage for each floor & room.

8. OCCUPANCY OF PREMISES:

By what right does the applicant have possession and/or legal occupancy of the premises?

IMPORTANT ATTACHMENTS (3): The applicant must submit a copy of the final lease or documents evidencing a legal right to occupy the premises. Other:

Landlord is a(n): Other:

Name: Phone:

Address: City/Town: State: Zip:

Initial Lease Term: Beginning Date Ending Date

Renewal Term: Options/Extensions at: Years Each

Rent: Per Year Rent: Per Month

Do the terms of the lease or other arrangement require payments to the Landlord based on a percentage of the alcohol sales?
 Yes No

IMPORTANT ATTACHMENTS(4):

1. If yes, the Landlord is deemed a person or entity with a financial or beneficial interest in this license. Each individual with an ownership interest with the Landlord must be disclosed in §10 and must submit a completed Personal Information Form attached to this application.
2. Entity formation documents for the Landlord entity must accompany the application to confirm the individuals disclosed.
3. If the principals of the applicant corporation or LLC have created a separate corporation or LLC to hold the real estate, the applicant must still provide a lease between the two entities.

9. LICENSE STRUCTURE:

The Applicant is a(n):

Other :

If the applicant is a Corporation or LLC, complete the following:

Date of Incorporation/Organization:

State of Incorporation/Organization:

Is the Corporation publicly traded? Yes No

10. INTERESTS IN THIS LICENSE:

List all individuals involved in the entity (e.g. corporate stockholders, directors, officers and LLC members and managers) and any person or entity with a direct or indirect, beneficial or financial interest in this license (e.g. landlord with a percentage rent based on alcohol sales).

IMPORTANT ATTACHMENTS (5):

A. All individuals or entities listed below are required to complete a Personal Information Form.

B. All shareholders, LLC members or other individuals with any ownership in this license must complete a CORI Release Form.

Name	All Titles and Positions	Specific # of Stock or % Owned	Other Beneficial Interest
James A. DeVito	Manager	100%	

*if additional space is needed, please use last page.

11. EXISTING INTEREST IN OTHER LICENSES:

Does any individual listed in §10 have any direct or indirect, beneficial or financial interest in any other license to sell alcoholic beverages? Yes No **If yes, list said interest below:**

Name	License Type	Licensee Name & Address
	<input type="text" value="Please Select"/>	
	<input type="text" value="Please Select"/>	
	<input type="text" value="Please Select"/>	
	<input type="text" value="Please Select"/>	
	<input type="text" value="Please Select"/>	
	<input type="text" value="Please Select"/>	
	<input type="text" value="Please Select"/>	

*If additional space is needed, please use last page.

12. PREVIOUSLY HELD INTERESTS IN OTHER LICENSES:

Has any individual listed in §10 who has a direct or indirect beneficial interest in this license ever held a direct or indirect, beneficial or financial interest in a license to sell alcoholic beverages, which is not presently held? Yes No If yes, list said interest below:

Name	Licensee Name & Address	Date	Reason Terminated
			Please Select
			Please Select
			Please Select

13. DISCLOSURE OF LICENSE DISCIPLINARY ACTION:

Have any of the disclosed licenses to sell alcoholic beverages listed in §11 and/or §12 ever been suspended, revoked or cancelled? Yes No If yes, list said interest below:

Date	License	Reason of Suspension, Revocation or Cancellation

14. CITIZENSHIP AND RESIDENCY REQUIREMENTS FOR A (§15) PACKAGE STORE LICENSE ONLY :

A.) For Individual(s):

1. Are you a U.S. Citizen? Yes No
2. Are you a Massachusetts Residents? Yes No

B.) For Corporation(s) and LLC(s) :

1. Are all Directors/LLC Managers U.S. Citizens? Yes No
2. Are a majority of Directors/LLC Managers Massachusetts Residents? Yes No
3. Is the License Manager or Principal Representative a U.S. Citizen? Yes No

C.) Shareholder(s), Member(s), Director(s) and Officer(s):

- 1.. Are all Shareholders, Members, Directors, LLC Managers and Officers involved at least twenty-one (21) years old? Yes No

15. CITIZENSHIP AND RESIDENCY REQUIREMENTS FOR (§12) RESTAURANT, HOTEL, CLUB, GENERAL ON PREMISE, TAVERN, VETERANS CLUB LICENSE ONLY:

A.) For Individual(s):

1. Are you a U.S. Citizen? Yes No

B.) For Corporation(s) and LLC(s) :

1. Are a majority of Directors/LLC Managers **NOT** U.S. Citizen(s)? Yes No
2. Is the License Manager or Principal Representative a U.S. Citizen? Yes No

C.) Shareholder(s), Member(s), Director(s) and Officer(s):

- 1.. Are all Shareholders, Members, Directors, LLC Managers and Officers involved at least twenty-one (21) years old? Yes No

16. COSTS ASSOCIATED WITH LICENSE TRANSACTION:

A. Purchase Price for Real Property:

B. Purchase Price for Business Assets:

C. Costs of Renovations/Construction:

D. Initial Start-Up Costs:

E. Purchase Price for Inventory:

F. Other: (Specify)

G: TOTAL COST

H. TOTAL CASH

I. TOTAL AMOUNT FINANCED

IMPORTANT ATTACHMENTS (6): Submit any and all records, documents and affidavits including loan agreements that explain the source(s) of money for this transaction. Sources of cash must include a minimum of three (3) months of bank statements.

The amounts listed in subsections (H) and (I) must total the amount reflected in (G).

17. PROVIDE A DETAILED EXPLANATION OF THE FORM(S) AND SOURCE(S) OF FUNDING FOR THE COSTS IDENTIFIED ABOVE (INCLUDE LOANS, MORTGAGES, LINES OF CREDIT, NOTES, PERSONAL FUNDS, GIFTS):

Cash, see attached bank statements.

*If additional space is needed, please use last page.

18. LIST EACH LENDER AND LOAN AMOUNT(S) FROM WHICH "TOTAL AMOUNT FINANCED" NOTED IN SUB-SECTIONS 16(I) WILL DERIVE:

A.

Name	Dollar Amount	Type of Financing

*If additional space is needed, please use last page.

B. Does any individual or entity listed in §19 as a source of financing have a direct or indirect, beneficial or financial interest in this license or any other license(s) granted under Chapter 138? Yes No

If yes, please describe:

19. PLEDGE: (i.e. COLLATERAL FOR A LOAN)

A.) Is the applicant seeking approval to pledge the license? Yes No

1. If yes, to whom:

2. Amount of Loan: 3. Interest Rate: 4. Length of Note:

5. Terms of Loan :

B.) If a corporation, is the applicant seeking approval to pledge any of the corporate stock? Yes No

1. If yes, to whom:

2. Number of Shares:

C.) Is the applicant pledging the inventory? Yes No

If yes, to whom:

IMPORTANT ATTACHMENTS (7): If you are applying for a pledge, submit the pledge agreement, the promissory note and a vote of the Corporation/LLC approving the pledge.

20. CONSTRUCTION OF PREMISES:

Are the premises being remodeled, redecorated or constructed in any way? If YES, please provide a description of the work being performed on the premises: Yes No

21. ANTICIPATED OPENING DATE:

IF ALL OF THE INFORMATION AND
ATTACHMENTS ARE NOT COMPLETE
THE APPLICATION WILL BE
RETURNED



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

MANAGER APPLICATION

All proposed managers are required to complete a Personal Information Form,
and attach a copy of the corporate vote authorizing this action and appointing a manager.

1. LICENSEE INFORMATION:

Legal Name of Licensee: Business Name (dba):
Address:
City/Town: State: Zip Code:
ABCC License Number: Phone Number of Premise:
(If existing licensee)

2. MANAGER INFORMATION:

A. Name: B. Cell Phone Number:
C. List the number of hours per week you will spend on the licensed premises:

3. CITIZENSHIP INFORMATION:

A. Are you a U.S. Citizen: Yes No B. Date of Naturalization:
C. Court of Naturalization:
(Submit proof of citizenship and/or naturalization such as U.S. Passport, Voter's Certificate, Birth Certificate or Naturalization Papers)

4. BACKGROUND INFORMATION:

A. Do you now, or have you ever, held any direct or indirect, beneficial or financial interest
in a license to sell alcoholic beverages? Yes No
If yes, please describe:
B. Have you ever been the Manager of Record of a license to sell alcoholic beverages that
has been suspended, revoked or cancelled? Yes No
If yes, please describe:
C. Have you ever been the Manager of Record of a license that was issued by this Commission? Yes No
If yes, please describe:
D. Please list your employment for the past ten years (Dates, Position, Employer, Address and Telephone):

I hereby swear under the pains and penalties of perjury that the information I have provided in this application is true and accurate:

Signature

Date



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

PERSONAL INFORMATION FORM

Each individual listed in Section 10 of this application must complete this form.

1. LICENSEE INFORMATION:

A. Legal Name of Licensee	Jimmy D's LLC	B. Business Name (dba)	The GBU
C. Address	338 Union Street	D. ABCC License Number (If existing licensee)	043000020
E. City/Town	Franklin	State	MA Zip Code 02038
F. Phone Number of Premise	508 528 7626	G. EIN of License	47 2818221

2. PERSONAL INFORMATION:

A. Individual Name	James A. DeVito	B. Home Phone Number	508 285 4696
C. Address	84 Cobb Street		
D. City/Town	Norton	State	MA Zip Code 02766
E. Social Security Number		F. Date of Birth	
G. Place of Employment	Retired		

3. BACKGROUND INFORMATION:

Have you ever been convicted of a state, federal or military crime? Yes No

If yes, as part of the application process, the individual must attach an affidavit as to any and all convictions. The affidavit must include the city and state where the charges occurred as well as the disposition of the convictions.

4. FINANCIAL INTEREST:

Provide a detailed description of your direct or indirect, beneficial or financial interest in this license.

I am the sole owner of the business.

IMPORTANT ATTACHMENTS (8): For all cash contributions, attach last (3) months of bank statements for the source(s) of this cash.
 *If additional space is needed, please use the last page

I hereby swear under the pains and penalties of perjury that the information I have provided in this application is true and accurate:

Signature James A DeVito Date 3-4-2015
 Title Manager (If Corporation/LLC Representative)



**The Commonwealth of Massachusetts
William Francis Galvin**

Minimum Fee: \$500.00

Secretary of the Commonwealth, Corporations Division
One Ashburton Place, 17th floor
Boston, MA 02108-1512
Telephone: (617) 727-9640

Certificate of Organization

(General Laws, Chapter)

Identification Number: 001157822

1. The exact name of the limited liability company is: JIMMY D'S LLC

2a. Location of its principal office:

No. and Street: 84 COBB STREET
City or Town: NORTON State: MA Zip: 02766 Country: USA

2b. Street address of the office in the Commonwealth at which the records will be maintained:

No. and Street: 84 COBB STREET
City or Town: NORTON State: MA Zip: 02766 Country: USA

3. The general character of business, and if the limited liability company is organized to render professional service, the service to be rendered:

THE GENERAL CHARACTER OF THE BUSINESS OF THE LIMITED LIABILITY COMPANY IS TO OPERATE AND MANAGE RESTAURANTS, BARS, LOUNGES AND ANY OTHER ESTABLISHMENT SELLING PREPARED FOOD, BEVERAGES AND ALCOHOL; TO ENGAGE IN ANY ACTIVITIES DIRECTLY OR INDIRECTLY RELATED OR INCIDENTAL THERETO; AND TO CARRY ON ANY LAWFUL BUSINESS, TRADE, PURPOSE OR ACTIVITY.

4. The latest date of dissolution, if specified:

5. Name and address of the Resident Agent:

Name: JAMES A. DEVITO
No. and Street: 84 COBB STREET
City or Town: NORTON State: MA Zip: 02766 Country: USA

I, JAMES A. DEVITO resident agent of the above limited liability company, consent to my appointment as the resident agent of the above limited liability company pursuant to G. L. Chapter 156C Section 12.

6. The name and business address of each manager, if any:

Title	Individual Name First, Middle, Last, Suffix	Address (no PO Box) Address, City or Town, State, Zip Code
MANAGER	JAMES A. DEVITO	84 COBB STREET NORTON, MA 02766 USA

7. The name and business address of the person(s) in addition to the manager(s), authorized to execute documents to be filed with the Corporations Division, and at least one person shall be named if there are no managers.

Title	Individual Name First, Middle, Last, Suffix	Address (no PO Box) Address, City or Town, State, Zip Code

8. The name and business address of the person(s) authorized to execute, acknowledge, deliver and record any recordable instrument purporting to affect an interest in real property:

Title	Individual Name First, Middle, Last, Suffix	Address (no PO Box) Address, City or Town, State, Zip Code
REAL PROPERTY	JAMES A. DEVITO	84 COBB STREET NORTON, MA 02766 USA

9. Additional matters:

**SIGNED UNDER THE PENALTIES OF PERJURY, this 16 Day of January, 2015,
JAMES A. DEVITO**

(The certificate must be signed by the person forming the LLC.)

THE COMMONWEALTH OF MASSACHUSETTS

I hereby certify that, upon examination of this document, duly submitted to me, it appears that the provisions of the General Laws relative to corporations have been complied with, and I hereby approve said articles; and the filing fee having been paid, said articles are

deemed to have been filed with me on:

January 16, 2015 01:41 PM

A handwritten signature in cursive script that reads "William Francis Galvin". The signature is written in black ink and is centered on the page.

WILLIAM FRANCIS GALVIN

Secretary of the Commonwealth

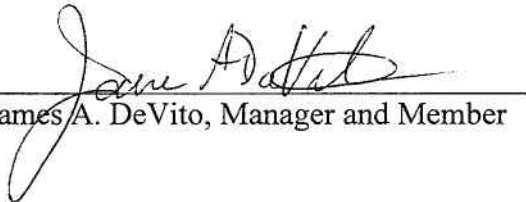
JIMMY D'S LLC
MANAGERS' AND MEMBERS' CERTIFICATE

The undersigned, being the sole Manager and Member of JimmyD's LLC (the "LLC"), does hereby certify that:

(a) The LLC is authorized to submit an application for Transfer of License to the Town of Franklin and does hereby appoint James A. DeVito as manager of such license.

(b) The Manager is hereby authorized, on behalf of the LLC, to execute and deliver the instruments and documents authorized by the foregoing paragraph with such changes as he, in his sole discretion, may deem necessary or appropriate, his execution and delivery thereof to be conclusive of his authority.

EXECUTED as of the 4 day of March, 2015



James A. DeVito, Manager and Member

APPLICANT'S STATEMENT

I, James A. DeVito the sole proprietor; partner; corporate principal; LLC/LLP member

of Jimmy D's LLC, hereby submit this application for Transfer of License (hereinafter the "Application"), to the local licensing authority (the "LLA") and the Alcoholic Beverages Control Commission (the "ABCC" and together with the LLA collectively the "Licensing Authorities") for approval.

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

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

Signature:

James A. DeVito

Date:

3-4-15

Title:

Manager

PRESENTATIONS

AND

DISCUSSIONS

- GARY MCCARRAHER – PING 4
ALERT
- MELANSON HEATH, FY 14 AUDIT

TOWN OF FRANKLIN, MASSACHUSETTS

Annual Financial Statements

For the Year Ended June 30, 2014

Town of Franklin, Massachusetts

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INDEPENDENT AUDITORS' REPORT

To the Town Council
Town of Franklin, Massachusetts

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Franklin, Massachusetts, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that

are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Franklin, Massachusetts, as of June 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 11, 2015 on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.

Melanson Heath

March 11, 2015

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, 2014.

A. OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

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

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

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

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide

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

B. FINANCIAL HIGHLIGHTS

- As of the close of the current fiscal year, the total of assets exceeded liabilities by \$202,827,224 (i.e., net position), a change of \$29,232,444 in comparison to the prior year.
- As of the close of the current fiscal year, governmental activities reported unrestricted net position of \$(17,756,888), a change of \$(5,104,002), in comparison to the prior year. This change is primarily due to an increase in the unfunded other post-employment benefits liability of \$5,433,494.
- As of the close of the current fiscal year, governmental funds reported combined ending fund balances of \$38,308,475, a change of \$25,250,769 in comparison to the prior year. This change is primarily due to activity associated with the ongoing High School construction project, which is funded by MSBA grant revenues and bond proceeds. The project is expected to be completed in 2015.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$10,407,862, a change of \$1,640,881 in comparison to the prior year.
- Total bonds payable at the close of the current fiscal year was \$91,869,425, a change of \$43,987,975 in comparison to the prior year. This increase is due to a fiscal year 2014 bond issuance totaling \$48,990,000 for the High School construction project and water line infrastructure improvements.

C. GOVERNMENT-WIDE FINANCIAL ANALYSIS

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

	<u>NET POSITION</u>					
	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Current assets	\$ 46,468	\$ 47,610	\$ 15,478	\$ 13,059	\$ 61,946	\$ 60,669
Noncurrent assets	222,744	173,415	57,668	57,325	280,412	230,740
Total assets	269,212	221,025	73,146	70,384	342,358	291,409
Current liabilities	12,512	36,658	1,828	4,226	14,340	40,884
Noncurrent liabilities	112,726	68,234	12,462	8,696	125,188	76,930
Deferred inflows of resources	3	-	-	-	3	-
Total liabilities	125,241	104,892	14,290	12,922	139,531	117,814
Net position:						
Net investment in capital	150,017	117,879	45,826	46,405	195,843	164,284
Restricted	11,711	10,906	-	-	11,711	10,906
Unrestricted	(17,757)	(12,652)	13,030	11,057	(4,727)	(1,595)
Total net position	\$ 143,971	\$ 116,133	\$ 58,856	\$ 57,462	\$ 202,827	\$ 173,595

CHANGES IN NET POSITION

	<u>Governmental</u>		<u>Business-Type</u>		<u>Total</u>	
	<u>Activities</u>		<u>Activities</u>			
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Revenues:						
Program revenues:						
Charges for services	\$ 6,332	\$ 6,137	\$ 13,418	\$ 12,893	\$ 19,750	\$ 19,030
Operating grants and contributions	42,529	41,259	-	-	42,529	41,259
General revenues:						
Property taxes	61,168	57,839	-	-	61,168	57,839
Excises	5,455	5,104	-	-	5,455	5,104
Penalties, interest, and other taxes	283	329	-	-	283	329
Grants and contributions not restricted to specific programs	33,683	17,096	-	-	33,683	17,096
Investment income	353	100	20	23	373	123
Miscellaneous	1,586	294	8	10	1,594	304
Total revenues	<u>151,389</u>	<u>128,158</u>	<u>13,446</u>	<u>12,926</u>	<u>164,835</u>	<u>141,084</u>
Expenses:						
General government	9,859	12,602	-	-	9,859	12,602
Public safety	10,336	9,971	-	-	10,336	9,971
Education	74,621	72,676	-	-	74,621	72,676
Public works	6,363	6,805	-	-	6,363	6,805
Human services	869	834	-	-	869	834
Culture and recreation	1,446	1,365	-	-	1,446	1,365
Employee benefits	13,380	12,924	-	-	13,380	12,924
Interest on long-term debt	3,223	1,980	-	-	3,223	1,980
Intergovernmental	4,653	4,589	-	-	4,653	4,589
Sewer	-	-	3,733	4,438	3,733	4,438
Water	-	-	4,567	4,253	4,567	4,253
Sanitation	-	-	2,055	1,707	2,055	1,707
Total expenses	<u>124,750</u>	<u>123,746</u>	<u>10,355</u>	<u>10,398</u>	<u>135,105</u>	<u>134,144</u>
Change in net position before transfers	26,639	4,412	3,091	2,528	29,730	6,940
Transfers in (out)	1,199	1,402	(1,697)	(1,652)	(498)	(250)
Change in net position	27,838	5,814	1,394	876	29,232	6,690
Net position - beginning of year	<u>116,133</u>	<u>110,319</u>	<u>57,462</u>	<u>56,586</u>	<u>173,595</u>	<u>166,905</u>
Net position - end of year	<u>\$ 143,971</u>	<u>\$ 116,133</u>	<u>\$ 58,856</u>	<u>\$ 57,462</u>	<u>\$ 202,827</u>	<u>\$ 173,595</u>

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. At the close of the most recent fiscal year, total net position was \$202,827,224, a change of \$29,232,444 from the prior year.

The largest portion of net position \$195,843,047 reflects our investment in capital assets (e.g., land, buildings, machinery and equipment, infrastructure); less any related debt used to acquire those assets that is still outstanding. These capital assets are used to provide services to citizens; consequently, these assets are not available for future spending. Although the investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of net position \$11,710,743 represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position is \$(4,726,566).

Governmental activities. Governmental activities for the year resulted in a change in net position of \$27,838,498. Key elements of this change are as follows:

General fund revenues and transfers in excess of expenditures and transfers out	\$ 2,552,905
High School construction fund change in fund balance, net of capital additions	30,466,378
Nonmajor governmental funds change in funds balance, net of capital additions	1,399,067
Depreciation expense in excess of principal debt service expense	(1,810,098)
Capital additions funded by operating cash	2,935,973
Increase in net OPEB obligation	(5,433,494)
MSBA grants recognized in prior years	(825,934)
Change in accrued interest on long-term debt	(748,556)
Other	<u>(697,743)</u>
Total	<u>\$ 27,838,498</u>

Business-type activities. Business-type activities for the year resulted in a change in net position of \$1,393,946. Key elements of this change are as follows:

Sewer operations	\$ 800,073
Water operations	762,198
Solid waste operations	<u>(168,325)</u>
Total	<u>\$ 1,393,946</u>

D. FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

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

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

As of the end of the current fiscal year, governmental funds reported combined ending fund balances of \$38,308,475, a change of \$25,250,769 in comparison to the prior year. Key elements of this change are as follows:

General fund revenues and other financing sources in excess of expenditures and transfers out	\$ 2,552,905
High School construction MSBA grant revenues and other financing sources in excess of expenditures	22,003,645
Special revenue fund revenues and transfers in excess of expenditures and transfers out	1,147,895
Nonmajor capital projects fund expenditures and transfers out in excess of revenues	(303,857)
Trust fund expenditures and transfers out in excess of revenues	<u>(149,819)</u>
Total	<u>\$ 25,250,769</u>

The general fund is the chief operating fund. At the end of the current fiscal year, unassigned fund balance of the general fund was \$10,407,862, while total fund balance was \$17,933,507. 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>6/30/14</u>	<u>6/30/13</u>	<u>Change</u>	<u>% of Total General Fund Expenditures</u>
Unassigned fund balance ⁽¹⁾	\$ 10,407,862	\$ 8,766,981	\$ 1,640,881	9.4%
Total fund balance	\$ 17,933,507	\$ 15,380,602	\$ 2,552,905	16.2%

⁽¹⁾ Includes \$4,894,603 in general stabilization and \$1,312,495 in budget stabilization funds.

The total fund balance of the general fund changed by \$2,552,905 during the current fiscal year. Key factors in this change are as follows:

Use of free cash, overlay surplus, and other reserves as a funding source	\$ (2,766,566)
Add back transfers to stabilization funds	<u>1,055,000</u>
Subtotal	(1,711,566)
Revenues in excess of budget	1,707,697
Expenditures less than budget	1,366,457
Other	<u>1,190,317</u>
Total	<u>\$ 2,552,905</u>

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

	<u>6/30/14</u>	<u>6/30/13</u>	<u>Change</u>
General stabilization	\$ 4,894,603	\$ 4,831,767	\$ 62,836
Budget stabilization	1,312,495	1,003,688	308,807
Public works stabilization	276,728	276,201	527
Senior center stabilization	910,207	351,301	558,906
Athletic fields stabilization	454,038	351,301	102,737
Fire truck stabilization	277,103	175,650	101,453
Traffic signal stabilization	<u>4,585</u>	<u>4,574</u>	<u>11</u>
Total	<u>\$ 8,129,759</u>	<u>\$ 6,994,482</u>	<u>\$ 1,135,277</u>

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

Unrestricted net position of the enterprise funds at the end of the year amounted to \$13,030,322, a change of \$1,973,040 in comparison to the prior year. Other factors concerning the finances of proprietary funds have already been addressed in the entity-wide discussion of business-type activities.

E. GENERAL FUND BUDGETARY HIGHLIGHTS

Differences between the original budget and the final amended budget resulted in an overall change in appropriations of \$3,236,442. Major reasons for this change include:

\$ 77,438	appropriated to complete roadwork and other related infrastructure work at Spring Valley Estates/Brielle Way; funded by a transfer from the Forfeited Performance Bond special revenue account.
326,500	appropriated for the purchase of land off Cottontail Lane; funded by a transfer from the Open Space expendable trust account.
5,083	appropriated to fund a deficit in the outside detail agency account; funded by free cash.
161,000	appropriated for the purchase of land at 92 Wachusett Street; funded by a transfer from the Open Space expendable trust account.
100,000	appropriated for the Athletic Fields Capital Improvement Stabilization Fund; funded by free cash.
200,000	appropriated for the Other Post Employment Benefits Trust Fund; funded by free cash.
100,000	appropriated for the Fire Truck Stabilization Fund; funded by free cash.

(continued)

(continued)

430,000	appropriated for the Senior Center Capital Improvement Stabilization Fund; funded by free cash.
1,377,921	appropriated for the 2014 Capital Improvement Plan; funded by free cash, overlay surplus, and a transfer from the King Street Reconstruction capital project fund.
150,000	appropriated for a recreation spray park at Fletcher Field; funded by free cash.
7,000	appropriated for the recreation programs budget; funded by free cash.
10,000	appropriated for the central services postage budget; funded by free cash.
500	appropriated for the zoning board of appeals budget; funded by free cash.
10,000	appropriated for the legal budget; funded by free cash.
280,000	appropriated for the snow & ice budget; funded by free cash.
1,000	appropriated for the comptroller budget; funded by free cash.
<u>\$ 3,236,442</u>	Total supplemental appropriations

F. CAPITAL ASSET AND DEBT ADMINISTRATION

Capital assets. Total investment in capital assets for governmental and business-type activities at year-end amounted to \$278,759,764 (net of accumulated depreciation), a change of \$50,527,379 from the prior year. This investment in capital assets includes land, construction in progress, buildings and improvements, machinery and equipment, and infrastructure.

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

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

Credit rating. During the fiscal year, the Town's Standard & Poor's credit rating was upgraded from AA to AA+.

Long-term debt. At the end of the current fiscal year, total bonded debt outstanding was \$91,869,425, all of which was backed by the full faith and credit of the government.

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

G. STABILIZATION FUNDS

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

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

The Town Council voted in FY 2004, 2007 and 2008 to use general stabilization funds to balance the annual operating budget. However, once the fund reached the minimum amount established by the Town Council's fiscal policy (\$4.5 million or 5% of general operating budget), no other funds were used until FY2013, when the Town Council voted to use \$350,000 for the annual operating budget.

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

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

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

<u>As of June 30</u>	<u>Stabilization Fund Balance</u>	<u>Budget Stabilization</u>	<u>Debt Stabilization</u>	<u>Public Works Stabilization</u>	<u>Other Stabilization</u>	<u>Total Stabilization</u>
2014	\$ 4,895	\$ 1,312	\$ -	\$ 277	\$ 1,646	\$ 8,130
2013	\$ 4,832	\$ 1,004	\$ -	\$ 276	\$ 882	\$ 6,994
2012	\$ 5,210	\$ -	\$ -	\$ 276	\$ 380	\$ 5,866
2011	\$ 4,779	\$ -	\$ -	\$ 275	\$ 5	\$ 5,059
2010	\$ 4,647	\$ -	\$ 380	\$ 130	\$ -	\$ 5,157
2009	\$ 4,573	\$ -	\$ 403	\$ 738	\$ -	\$ 5,714
2008	\$ 4,137	\$ -	\$ 568	\$ 792	\$ -	\$ 5,497
2007	\$ 5,224	\$ -	\$ 552	\$ 924	\$ -	\$ 6,700
2006	\$ 7,008	\$ -	\$ 535	\$ 1,172	\$ -	\$ 8,715

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Town of Franklin's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

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

TOWN OF FRANKLIN, MASSACHUSETTS

STATEMENT OF NET POSITION

JUNE 30, 2014

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current:			
Cash and short-term investments	\$ 32,580,366	\$ 11,979,261	\$ 44,559,627
Investments	11,133,812	-	11,133,812
Receivables, net of allowance for uncollectibles:			
Property taxes	460,444	-	460,444
Excises	315,272	-	315,272
User fees	378,846	3,468,774	3,847,620
Intergovernmental	1,356,666	-	1,356,666
Betterments	1,210	30,240	31,450
Other assets	241,157	-	241,157
Noncurrent:			
Receivables, net of allowance for uncollectibles:			
Property taxes	559,623	-	559,623
Intergovernmental	825,933	-	825,933
Betterments	13,696	253,747	267,443
Land and construction in progress	99,558,492	4,348,360	103,906,852
Capital assets being depreciated, net of accumulated depreciation	<u>121,786,681</u>	<u>53,066,231</u>	<u>174,852,912</u>
TOTAL ASSETS	269,212,198	73,146,613	342,358,811
LIABILITIES			
Current:			
Warrants and accounts payable	4,261,291	518,336	4,779,627
Accrued liabilities	2,260,798	82,004	2,342,802
Tax refunds payable	340,600	-	340,600
Other liabilities	562,283	-	562,283
Current portion of long-term liabilities:			
Bonds payable	4,998,159	1,221,808	6,219,967
Compensated absences	88,797	6,097	94,894
Noncurrent:			
Bonds payable, net of current portion	73,802,327	11,847,131	85,649,458
Compensated absences, net of current portion	1,687,134	115,841	1,802,975
Other post-employment benefits	37,236,673	499,206	37,735,879
DEFERRED INFLOWS OF RESOURCES	<u>3,102</u>	<u>-</u>	<u>3,102</u>
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	125,241,164	14,290,423	139,531,587
NET POSITION			
Net investment in capital assets	150,017,179	45,825,868	195,843,047
Restricted for:			
Grants and other statutory restrictions	8,326,362	-	8,326,362
Permanent funds:			
Nonexpendable	503,930	-	503,930
Expendable	2,880,451	-	2,880,451
Unrestricted	<u>(17,756,888)</u>	<u>13,030,322</u>	<u>(4,726,566)</u>
TOTAL NET ASSETS	<u>\$ 143,971,034</u>	<u>\$ 58,856,190</u>	<u>\$ 202,827,224</u>

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

TOWN OF FRANKLIN, MASSACHUSETTS
STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2014

	Program Revenues		Net (Expenses) Revenues and Changes in Net Position		
	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities:					
General government	\$ 9,859,386	\$ 1,797,066	\$ (7,843,970)	\$ -	\$ (7,843,970)
Public safety	10,335,469	375,177	(8,190,869)	-	(8,190,869)
Education	74,621,155	40,048,685	(31,056,412)	-	(31,056,412)
Public works	6,362,983	117,236	(6,101,733)	-	(6,101,733)
Health and human services	868,977	127,177	(608,814)	-	(608,814)
Culture and recreation	1,445,800	55,901	(838,174)	-	(838,174)
Insurance and benefits	13,379,930	7,306	(13,372,624)	-	(13,372,624)
Interest	3,222,988	-	(3,222,988)	-	(3,222,988)
Intergovernmental	4,653,232	-	(4,653,232)	-	(4,653,232)
Total Governmental Activities	124,749,920	42,528,548	(75,888,816)	-	(75,888,816)
Business-Type Activities:					
Sewer services	3,732,704	-	-	1,453,992	1,453,992
Water services	4,567,305	-	-	1,706,711	1,706,711
Sanitation services	2,054,952	-	-	(97,873)	(97,873)
Total Business-Type Activities	10,354,961	-	-	3,062,830	3,062,830
Total	\$ 135,104,881	\$ 42,528,548	(75,888,816)	3,062,830	(72,825,986)
General Revenues and transfers:					
Property taxes			61,168,462	-	61,168,462
Excises			5,455,257	-	5,455,257
Penalties, interest and other taxes			282,904	-	282,904
Grants and contributions not restricted to specific programs			33,682,728	-	33,682,728
Investment income			352,823	20,356	373,179
Miscellaneous			1,586,315	7,585	1,593,900
Transfers, net			1,198,825	(1,696,825)	(498,000)
Total general revenues			103,727,314	(1,668,884)	102,058,430
Change in Net Position			27,838,498	1,393,946	29,232,444
Net Position:					
Beginning of year			116,132,536	57,462,244	173,594,780
End of year			\$ 143,971,034	\$ 58,856,190	\$ 202,827,224

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

TOWN OF FRANKLIN, MASSACHUSETTS

GOVERNMENTAL FUNDS

BALANCE SHEET

JUNE 30, 2014

	General Fund	High School Construction Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS				
Cash and short-term investments	\$ 13,672,194	\$ 10,460,342	\$ 8,447,830	\$ 32,580,366
Investments	6,802,260	-	4,331,552	11,133,812
Receivables:				
Property taxes	1,239,746	-	-	1,239,746
Excises	583,458	-	-	583,458
Special assessments	38	-	-	38
User fees	541,209	-	-	541,209
Intergovernmental	-	-	530,732	530,732
Other assets	240,757	-	-	240,757
TOTAL ASSETS	\$ 23,079,662	\$ 10,460,342	\$ 13,310,114	\$ 46,850,118
LIABILITIES				
Warrants and accounts payable	\$ 865,803	\$ 3,054,607	\$ 340,881	\$ 4,261,291
Accrued liabilities	1,188,822	-	-	1,188,822
Tax refunds payable	340,600	-	-	340,600
Other liabilities	562,283	-	-	562,283
TOTAL LIABILITIES	2,957,508	3,054,607	340,881	6,352,996
DEFERRED INFLOWS OF RESOURCES	2,188,647	-	-	2,188,647
FUND BALANCES				
Nonspendable	240,757	-	503,930	744,687
Restricted	-	7,405,735	11,413,587	18,819,322
Committed	5,533,655	-	1,462,295	6,995,950
Assigned	1,751,233	-	-	1,751,233
Unassigned	10,407,862	-	(410,579)	9,997,283
TOTAL FUND BALANCES	17,933,507	7,405,735	12,969,233	38,308,475
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 23,079,662	\$ 10,460,342	\$ 13,310,114	\$ 46,850,118

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

TOWN OF FRANKLIN, MASSACHUSETTS

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

JUNE 30, 2014

Total governmental fund balances	\$ 38,308,475
• Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	221,345,173
• Revenues are reported on the accrual basis of accounting and are not deferred until collection.	1,550,585
• MSBA reimbursements for contracted assistance projects are not receivable in the current period; therefore, they are not reported in the governmental funds.	1,651,867
• In the Statement of Activities, interest is accrued on outstanding long-term debt, whereas in governmental funds interest is not reported until due.	(1,071,976)
• Long-term liabilities, including bonds payable, compensated absences, and other post-employment benefits, are not due and payable in the current period and therefore are not reported in the governmental funds.	<u>(117,813,090)</u>
Net position of governmental activities	\$ <u>143,971,034</u>

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

TOWN OF FRANKLIN, MASSACHUSETTS

GOVERNMENTAL FUNDS

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

FOR THE YEAR ENDED JUNE 30, 2014

	General Fund	High School Construction Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:				
Property taxes	\$ 61,204,514	\$ -	\$ -	\$ 61,204,514
Excises	5,543,496	-	-	5,543,496
Penalties, interest and other taxes	258,773	-	431	259,204
Special assessments	2,440	-	-	2,440
Charges for services	1,978,964	-	3,893,698	5,872,662
Licenses and permits	931,358	-	-	931,358
Intergovernmental	40,027,291	29,396,178	6,104,369	75,527,838
Fines and forfeitures	159,488	-	80,663	240,151
Contributions	-	-	533,706	533,706
Investment income	339,308	-	43,125	382,433
Miscellaneous	32,072	-	817,089	849,161
Total Revenues	110,477,704	29,396,178	11,473,081	151,346,963
Expenditures:				
Current:				
General government	9,256,880	-	1,287,122	10,544,002
Public safety	9,196,435	-	185,264	9,381,699
Education	65,035,884	-	7,147,507	72,183,391
Public works	4,125,496	-	238,294	4,363,790
Health and human services	522,817	-	186,529	709,346
Culture and recreation	1,132,302	-	39,673	1,171,975
Insurance and benefits	7,940,369	-	6,068	7,946,437
Debt service	6,557,469	-	-	6,557,469
Intergovernmental	4,653,231	-	-	4,653,231
Capital outlay	2,094,655	52,392,533	739,426	55,226,614
Total Expenditures	110,515,538	52,392,533	9,829,883	172,737,954
Excess (deficiency) of revenues over expenditures	(37,834)	(22,996,355)	1,643,198	(21,390,991)
Other Financing Sources (Uses):				
Bond proceeds	-	43,990,000	-	43,990,000
Bond premium	1,452,935	-	-	1,452,935
Transfers in	2,608,778	1,010,000	60,974	3,679,752
Transfers out	(1,470,974)	-	(1,009,953)	(2,480,927)
Total Other Financing Sources (Uses)	2,590,739	45,000,000	(948,979)	46,641,760
Change in fund balance	2,552,905	22,003,645	694,219	25,250,769
Fund Balance, at Beginning of Year	15,380,602	(14,597,910)	12,275,014	13,057,706
Fund Balance, at End of Year	\$ <u>17,933,507</u>	\$ <u>7,405,735</u>	\$ <u>12,969,233</u>	\$ <u>38,308,475</u>

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

TOWN OF FRANKLIN, MASSACHUSETTS

RECONCILIATION OF THE STATEMENT OF REVENUES
EXPENDITURES, AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2014

Net changes in fund balances - total governmental funds	\$ 25,250,769				
<ul style="list-style-type: none"> Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense: <table> <tr> <td style="padding-left: 40px;">Capital outlay purchases</td> <td style="text-align: right;">56,093,554</td> </tr> <tr> <td style="padding-left: 40px;">Depreciation</td> <td style="text-align: right;">(5,936,735)</td> </tr> </table> 		Capital outlay purchases	56,093,554	Depreciation	(5,936,735)
Capital outlay purchases	56,093,554				
Depreciation	(5,936,735)				
<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. (584,370) 					
<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 position: <table> <tr> <td style="padding-left: 40px;">Issuance of debt</td> <td style="text-align: right;">(43,990,000)</td> </tr> <tr> <td style="padding-left: 40px;">Repayments of debt</td> <td style="text-align: right;">4,126,637</td> </tr> </table> 		Issuance of debt	(43,990,000)	Repayments of debt	4,126,637
Issuance of debt	(43,990,000)				
Repayments of debt	4,126,637				
<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. (748,556) 					
<ul style="list-style-type: none"> Some expenses reported in the Statement of Activities, such as compensated absences and other post-employment benefits, do not require the use of current financial resources and therefore, are not reported as expenditures in the governmental funds. <u>(5,546,867)</u> 					
Change in net position of governmental activities	<u>\$ 27,838,498</u>				

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

TOWN OF FRANKLIN, MASSACHUSETTS

GENERAL FUND

STATEMENT OF REVENUES AND OTHER SOURCES, EXPENDITURES AND OTHER USES - BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
Revenues and Transfers In:				
Property taxes	\$ 60,759,716	\$ 60,759,716	\$ 60,759,716	\$ -
Motor vehicle excise	3,517,000	3,517,000	4,544,568	1,027,568
Other excise	895,000	895,000	998,928	103,928
Penalties, interest and other taxes	258,000	258,000	261,213	3,213
Charges for services	1,639,500	1,639,500	1,978,965	339,465
Licenses and permits	840,000	840,000	931,358	91,358
Intergovernmental	31,329,435	31,329,435	31,326,010	(3,425)
Fines and forfeitures	115,000	115,000	159,488	44,488
Investment income	190,000	190,000	259,030	69,030
Miscellaneous	-	-	32,072	32,072
Transfers in	1,260,100	1,967,453	1,967,453	-
Total Revenues and Transfers In	100,803,751	101,511,104	103,218,801	1,707,697
Expenditures and Transfers Out:				
General government	8,924,944	9,464,282	9,290,177	174,105
Public safety	9,662,608	9,662,608	9,431,596	231,012
Education	56,486,638	56,486,638	56,441,321	45,317
Public works	3,998,901	4,356,339	4,136,595	219,744
Health and human services	548,291	551,133	522,817	28,316
Culture and recreation	1,117,119	1,157,432	1,132,576	24,856
Debt service	6,216,397	6,216,397	6,210,519	5,878
Insurance and benefits	8,508,597	8,442,104	7,993,558	448,546
Capital outlay	500,000	2,027,921	2,023,700	4,221
Intergovernmental	4,889,668	4,889,668	4,653,232	236,436
Transfers out	1,641,000	2,476,083	2,528,057	(51,974)
Total Expenditures and Transfers Out	102,494,163	105,730,605	104,364,148	1,366,457
Excess (deficiency) of revenues and transfers in over expenditures and transfers out	(1,690,412)	(4,219,501)	(1,145,347)	3,074,154
Other Financing Sources:				
Use of bond premium	1,452,935	1,452,935	1,452,935	-
Use of free cash and overlay surplus	15,000	2,544,089	2,544,089	-
Use of other fund balance reserves	222,477	222,477	222,477	-
Excess of revenues and other financing sources over expenditures and other financing uses	\$ -	\$ -	\$ 3,074,154	\$ 3,074,154

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

TOWN OF FRANKLIN, MASSACHUSETTS

PROPRIETARY FUNDS

STATEMENT OF NET POSITION

JUNE 30, 2014

	Business-Type Activities Enterprise Funds			Total
	Sewer Fund	Water Fund	Non-major Solid Waste Fund	
ASSETS				
Current:				
Cash and short-term investments	\$ 3,061,620	\$ 8,312,619	\$ 605,022	\$ 11,979,261
Receivables, net of allowance for uncollectibles:				
User fees	1,464,678	1,802,266	201,830	3,468,774
Betterments	<u>30,240</u>	<u>-</u>	<u>-</u>	<u>30,240</u>
Total current assets	4,556,538	10,114,885	806,852	15,478,275
Noncurrent:				
Receivables, net of allowance for uncollectibles:				
Betterments	253,747	-	-	253,747
Land and construction in progress	679,558	3,621,871	46,931	4,348,360
Other capital assets, net of accumulated depreciation	<u>10,968,503</u>	<u>41,658,828</u>	<u>438,900</u>	<u>53,066,231</u>
Total noncurrent assets	<u>11,901,808</u>	<u>45,280,699</u>	<u>485,831</u>	<u>57,668,338</u>
TOTAL ASSETS	16,458,346	55,395,584	1,292,683	73,146,613
LIABILITIES				
Current:				
Warrants and accounts payable	65,497	288,961	163,878	518,336
Accrued liabilities	9,201	72,803	-	82,004
Current portion of long-term liabilities:				
Bonds payable	121,727	1,100,081	-	1,221,808
Compensated absences	<u>2,484</u>	<u>3,161</u>	<u>452</u>	<u>6,097</u>
Total current liabilities	198,909	1,465,006	164,330	1,828,245
Noncurrent:				
Bonds payable, net of current portion	1,025,980	10,821,151	-	11,847,131
Compensated absences, net of current portion	47,190	60,062	8,589	115,841
Other post-employment benefits	<u>188,216</u>	<u>310,990</u>	<u>-</u>	<u>499,206</u>
Total noncurrent liabilities	<u>1,261,386</u>	<u>11,192,203</u>	<u>8,589</u>	<u>12,462,178</u>
TOTAL LIABILITIES	1,460,295	12,657,209	172,919	14,290,423
NET POSITION				
Net investment in capital assets	10,500,354	34,839,683	485,831	45,825,868
Unrestricted	<u>4,497,697</u>	<u>7,898,692</u>	<u>633,933</u>	<u>13,030,322</u>
TOTAL NET POSITION	\$ 14,998,051	\$ 42,738,375	\$ 1,119,764	\$ 58,856,190

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

TOWN OF FRANKLIN, MASSACHUSETTS

PROPRIETARY FUNDS

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

FOR THE YEAR ENDED JUNE 30, 2014

	Business-Type Activities Enterprise Funds			Total
	Sewer Fund	Water Fund	Non-major Solid Waste Fund	
Operating Revenues:				
Charges for services	\$ 5,186,696	\$ 6,274,016	\$ 1,957,079	\$ 13,417,791
Total Operating Revenues	5,186,696	6,274,016	1,957,079	13,417,791
Operating Expenses:				
Personnel	625,095	934,571	60,732	1,620,398
Non-personnel	488,284	1,709,921	1,914,368	4,112,573
Depreciation	418,908	1,499,260	79,852	1,998,020
Intergovernmental	2,157,040	-	-	2,157,040
Total Operating Expenses	3,689,327	4,143,752	2,054,952	9,888,031
Operating Income	1,497,369	2,130,264	(97,873)	3,529,760
Nonoperating Revenues (Expenses):				
Interest income	5,600	13,293	1,463	20,356
Miscellaneous revenues	-	-	7,585	7,585
Interest expense	(43,377)	(423,553)	-	(466,930)
Total Nonoperating Revenues (Expenses)	(37,777)	(410,260)	9,048	(438,989)
Income Before Transfers	1,459,592	1,720,004	(88,825)	3,090,771
Transfers:				
Transfers in	40,000	-	-	40,000
Transfers out	(699,519)	(957,806)	(79,500)	(1,736,825)
Total Other Financing Sources (Uses)	(659,519)	(957,806)	(79,500)	(1,696,825)
Change in Net Position	800,073	762,198	(168,325)	1,393,946
Net Position at Beginning of Year	14,197,978	41,976,177	1,288,089	57,462,244
Net Position at End of Year	\$ 14,998,051	\$ 42,738,375	\$ 1,119,764	\$ 58,856,190

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

TOWN OF FRANKLIN, MASSACHUSETTS

PROPRIETARY FUNDS

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2014

	Business-Type Activities Enterprise Funds			Total
	Sewer Fund	Water Fund	Non-major Solid Waste Fund	
<u>Cash Flows From Operating Activities:</u>				
Receipts from customers and users	\$ 5,117,104	\$ 6,302,245	\$ 1,951,631	\$ 13,370,980
Payments to vendors	(2,643,074)	(1,650,443)	(1,752,766)	(6,046,283)
Payments to employees	(619,677)	(952,579)	(60,752)	(1,633,008)
Net Cash Provided By Operating Activities	1,854,353	3,699,223	138,113	5,691,689
<u>Cash Flows From Noncapital Financing Activities:</u>				
Miscellaneous revenues	-	-	7,585	7,585
Transfer in	40,000	-	-	40,000
Transfer out	(699,519)	(957,806)	(79,500)	(1,736,825)
Net Cash (Used For) Noncapital Financing Activities	(659,519)	(957,806)	(71,915)	(1,689,240)
<u>Cash Flows From Capital and Related Financing Activities:</u>				
Acquisition and construction of capital assets	(120,823)	(2,247,757)	-	(2,368,580)
Proceeds of bonds	-	5,000,000	-	5,000,000
Payments on notes	-	(3,000,000)	-	(3,000,000)
Principal payments on bonds	(121,727)	(753,661)	-	(875,388)
Interest expense	(44,734)	(388,899)	-	(433,633)
Net Cash (Used For) Capital and Related Financing Activities	(287,284)	(1,390,317)	-	(1,677,601)
<u>Cash Flows From Investing Activities:</u>				
Investment income	5,600	13,293	1,463	20,356
Net Change in Cash and Short-Term Investments	913,150	1,364,393	67,661	2,345,204
Cash and Short-Term Investments, Beginning of Year	2,148,470	6,948,226	537,361	9,634,057
Cash and Short-Term Investments, End of Year	\$ 3,061,620	\$ 8,312,619	\$ 605,022	\$ 11,979,261
<u>Reconciliation of Operating Income to Net Cash Provided by (Used For) Operating Activities:</u>				
Operating income	\$ 1,497,369	\$ 2,130,264	\$ (97,873)	\$ 3,529,760
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	418,908	1,499,260	79,852	1,998,020
Changes in assets and liabilities:				
User fees receivable	(69,593)	28,229	(5,448)	(46,812)
Warrants and accounts payable	2,250	59,478	161,602	223,330
Other liabilities	5,419	(18,008)	(20)	(12,609)
Net Cash Provided By Operating Activities	\$ 1,854,353	\$ 3,699,223	\$ 138,113	\$ 5,691,689

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

TOWN OF FRANKLIN, MASSACHUSETTS
 FIDUCIARY FUNDS
 STATEMENT OF FIDUCIARY NET POSITION
 JUNE 30, 2014

	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	\$ 20,510	\$ 14,147	\$ 534,030
Investments	806,416	105,076	-
Departmental receivable	-	-	82,601
Other assets	-	-	1,607,813
	<hr/>	<hr/>	<hr/>
Total Assets	826,926	119,223	2,224,444
 <u>LIABILITIES AND NET POSITION</u>			
Warrants payable	-	-	50,479
Other liabilities	-	-	2,173,965
	<hr/>	<hr/>	<hr/>
Total Liabilities	-	-	2,224,444
 <u>NET POSITION</u>			
Total net position held in trust	\$ <u>826,926</u>	\$ <u>119,223</u>	\$ <u>-</u>

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

TOWN OF FRANKLIN, MASSACHUSETTS
 FIDUCIARY FUNDS
 STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
 FOR THE YEAR ENDED JUNE 30, 2014

	Other Post Employment Benefits Trust Fund	Private Purpose Trust Funds
Additions:		
Contributions	\$ -	\$ 28,800
Investment income	<u>8,064</u>	<u>957</u>
Total additions	8,064	29,757
Deductions:		
Scholarship payments	<u>-</u>	<u>8,300</u>
Total deductions	-	8,300
Other financing sources:		
Transfers in	<u>498,000</u>	<u>-</u>
Total other financing sources	<u>498,000</u>	<u>-</u>
Net increase	506,064	21,457
Net position:		
Beginning of year	<u>320,862</u>	<u>97,766</u>
End of year	<u>\$ 826,926</u>	<u>\$ 119,223</u>

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

TOWN OF FRANKLIN, MASSACHUSETTS

Notes to Financial Statements

1. Summary of Significant Accounting Policies

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

A. Reporting Entity

The Town is a municipal corporation governed by an elected Town Council. As required by generally accepted accounting principles, these financial statements present the government and applicable component units for which the government is considered to be financially accountable. In fiscal year 2014, it was determined that no entities met the required GASB 14 (as amended) criteria of component units.

B. Government-wide and Fund Financial Statements

Government-wide Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of 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 governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

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

Government-wide Financial Statements

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, 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 Town considers property tax revenues to be available if they are collected within 60 days of the end of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

The Town reports the following major governmental funds:

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

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with

a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise fund are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The government reports the following major proprietary funds:

- Sewer Fund
- Water Fund

The *Other Post-Employment Benefits Trust Fund* is used to account for monies the Town is setting aside to fund its future post-retirement health insurance obligations.

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 stabilization funds and trust funds consist of bank certificates of deposit, U.S. Treasury notes and agencies, corporate bonds, and mutual funds. Investments are carried at 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 2014 tax levy reflected an excess capacity of \$688.

G. Capital Assets

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

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

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

H. Compensated Absences

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

I. Long-Term Obligations

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

J. Fund Equity

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

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

K. Use of Estimates

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

2. Stewardship, Compliance, and Accountability

A. Budgetary Information

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

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

Formal budgetary integration is employed as a management control device during the year for the General Fund. 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)	\$ 110,477,704	\$ 110,515,538
Other financing sources/uses (GAAP Basis)	<u>4,061,713</u>	<u>1,470,974</u>
Subtotal (GAAP Basis)	114,539,417	111,986,512
Adjust tax revenue to accrual basis	(444,798)	-
Reverse beginning of year appropriation carryforwards from expenditures	-	(5,364,557)
Add end-of-year appropriation carryforwards to expenditures	-	5,362,226
Reverse effect of non-budgeted State contributions for teacher's retirement	(8,701,281)	(8,701,281)
Reverse effect of combining stabilization funds with general fund per GASB 54	(80,277)	1,055,000
Record use of bond premium	(1,452,935)	-
Reclass non-budgeted items	<u>(641,325)</u>	<u>26,248</u>
Budgetary Basis	<u>\$ 103,218,801</u>	<u>\$ 104,364,148</u>

D. Deficit Fund Equity

The following funds had deficits as of June 30, 2014:

School grants	\$ (84,349)
Town grants	<u>(326,230)</u>
	<u>\$ (410,579)</u>

The temporary deficits in these funds will be eliminated through future intergovernmental revenues.

3. **Cash and Short-Term Investments**

Custodial Credit Risk - Deposits. Custodial credit risk is the risk that in the event of a bank failure, the Town's deposits may not be returned. Massachusetts General Law Chapter 44, Section 55, limits the Town's deposits "in a bank or trust company or banking company to an amount not exceeding sixty percent of the capital and surplus of such bank or trust company or banking company, unless satisfactory security is given to it by such bank or trust company or banking company for such excess."

As of June 30, 2014, \$22,343,418 of the Town's bank balance of \$47,861,090 was exposed to custodial credit risk as uninsured or uncollateralized. These funds are primarily held in four highly rated banks according to the Veribanc Report. All of the banks are rated GREEN/***.

4. **Investments**

A. Credit Risk

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

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

<u>Investment Type</u>	Fair <u>Value</u>	<u>Rating as of Year-end</u>				Not <u>Rated</u>
		<u>Aaa</u>	<u>A1</u>	<u>A3</u>	<u>Baa1</u>	
U.S. Treasury notes	\$ 2,687	\$ 2,687	\$ -	\$ -	\$ -	\$ -
Federal agency securities	5,307	5,307	-	-	-	-
Corporate bonds	1,132	31	323	201	258	319
Certificates of deposits	2,284	-	-	-	-	2,284
Mutual funds	635	-	-	-	-	635
Total investments	<u>\$ 12,045</u>	<u>\$ 8,025</u>	<u>\$ 323</u>	<u>\$ 201</u>	<u>\$ 258</u>	<u>\$ 3,238</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 held by a third-party custodian will be held in the Town's name and tax identification number.

As of June 30, 2014, \$1,045,253 of the Town's investments are exposed to custodial credit risk because the securities are uninsured, unregistered, and/or held by the Town's investment banks, which are also the Counterparty to these securities. The Town manages this custodial credit risk with SIPC and excess SIPC insurance.

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 (in thousands):

Federal Home Loan Bank	\$ 2,343
Federal National Mortgage Association	1,202
Federal Home Loan Mortgage	<u>1,564</u>
Total	<u>\$ 5,109</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>More Than 10</u>
U.S. Treasury notes	\$ 2,687	\$ -	\$ 1,955	\$ 732	\$ -
Federal agency securities	5,307	76	4,728	210	293
Corporate bonds	1,132	101	1,017	14	-
Certificates of deposit	<u>2,284</u>	<u>891</u>	<u>1,393</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 11,410</u>	<u>\$ 1,068</u>	<u>\$ 9,093</u>	<u>\$ 956</u>	<u>\$ 293</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, 2014 consist of the following:

Real Estate		
2014	\$ 399,624	
2013	6,840	
2012	4,267	
Prior	<u>2,278</u>	413,009
Personal Property		
2014	13,933	
2013	16,890	
2012	13,341	
Prior	<u>92,818</u>	136,982
Tax Liens		677,691
Deferred Taxes		10,269
Other		<u>1,795</u>
Total		<u>\$ 1,239,746</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	\$ 219,679	\$ -
Excises	\$ 268,186	\$ -
User fees	\$ 162,363	\$ -
Sewer	\$ -	\$ 44,481
Water	\$ -	\$ 53,600
Trash	\$ -	\$ 27,557

7. Intergovernmental Receivables

This balance represents Massachusetts School Building Authority grants as well as certain other fiscal year 2014 grant funds. Future receipts are as follows:

	<u>MSBA</u>	<u>Other</u>	<u>Total</u>
2015	\$ 825,934	\$ 530,732	\$ 1,356,666
2016	<u>825,933</u>	<u>-</u>	<u>825,933</u>
	<u>\$ 1,651,867</u>	<u>\$ 530,732</u>	<u>\$ 2,182,599</u>

8. Capital Assets

Capital asset activity for the year ended June 30, 2014 was as follows (in thousands):

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital assets, being depreciated:				
Buildings and improvements	\$ 143,823	\$ 709	\$ -	\$ 144,532
Machinery, equipment, and furnishings	10,198	508	(20)	10,686
Infrastructure	<u>75,214</u>	<u>1,062</u>	<u>-</u>	<u>76,276</u>
Total capital assets, being depreciated	229,235	2,279	(20)	231,494
Less accumulated depreciation for:				
Buildings and improvements	(54,605)	(3,663)	-	(58,268)
Machinery, equipment, and furnishings	(6,605)	(687)	20	(7,272)
Infrastructure	<u>(42,580)</u>	<u>(1,587)</u>	<u>-</u>	<u>(44,167)</u>
Total accumulated depreciation	<u>(103,790)</u>	<u>(5,937)</u>	<u>20</u>	<u>(109,707)</u>
Total capital assets, being depreciated, net	125,445	(3,658)	-	121,787
Capital assets, not being depreciated:				
Land	16,515	612	-	17,127
Construction in progress	<u>29,229</u>	<u>53,202</u>	<u>-</u>	<u>82,431</u>
Total capital assets, not being depreciated	<u>45,744</u>	<u>53,814</u>	<u>-</u>	<u>99,558</u>
Governmental activities capital assets, net	<u>\$ 171,189</u>	<u>\$ 50,156</u>	<u>\$ -</u>	<u>\$ 221,345</u>
	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-Type Activities:				
Capital assets, being depreciated:				
Buildings and improvements	\$ 281	\$ -	\$ -	\$ 281
Machinery, equipment, and furnishings	1,363	-	-	1,363
Infrastructure	<u>95,081</u>	<u>2,369</u>	<u>-</u>	<u>97,450</u>
Total capital assets, being depreciated	96,725	2,369	-	99,094
Less accumulated depreciation for:				
Buildings and improvements	(109)	(7)	-	(116)
Machinery, equipment, and furnishings	(968)	(98)	-	(1,066)
Infrastructure	<u>(42,953)</u>	<u>(1,893)</u>	<u>-</u>	<u>(44,846)</u>
Total accumulated depreciation	<u>(44,030)</u>	<u>(1,998)</u>	<u>-</u>	<u>(46,028)</u>
Total capital assets, being depreciated, net	52,695	371	-	53,066
Capital assets, not being depreciated:				
Land	<u>4,348</u>	<u>-</u>	<u>-</u>	<u>4,348</u>
Total capital assets, not being depreciated	<u>4,348</u>	<u>-</u>	<u>-</u>	<u>4,348</u>
Business-type activities capital assets, net	<u>\$ 57,043</u>	<u>\$ 371</u>	<u>\$ -</u>	<u>\$ 57,414</u>

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

Governmental Activities:		
General government	\$	126
Public safety		711
Education		2,690
Public works		1,963
Health and human services		156
Culture and recreation		<u>291</u>
Total depreciation expense - governmental activities	\$	<u>5,937</u>
Business-Type Activities:		
Sewer	\$	419
Water		1,499
Solid waste		<u>80</u>
Total depreciation expense - business-type activities	\$	<u>1,998</u>

9. Warrants and Accounts Payable

Warrants payable represent 2014 expenditures paid by July 15, 2014, as permitted by law. Accounts payable represent additional 2014 expenditures paid after July 15, 2014.

10. Anticipation Notes Payable

The following summarizes activity in notes payable during fiscal year 2014:

	Balance Beginning of Year	New Issues	Maturities	Balance End of Year
High School construction	\$ 24,000,000	\$ -	\$ (24,000,000)	\$ -
Water infrastructure	<u>3,000,000</u>	<u>-</u>	<u>(3,000,000)</u>	<u>-</u>
Total	<u>\$ 27,000,000</u>	<u>\$ -</u>	<u>\$ (27,000,000)</u>	<u>\$ -</u>

11. 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	Serial	Interest	Amount
	Issue	Maturities	Rate(s) %	Outstanding
<u>Governmental Activities:</u>		Through		as of
				<u>6/30/14</u>
School building remodeling	04/01/04	11/15/14	3.72	\$ 135,000
School project refunding	04/01/04	11/15/15	2.00 - 5.00	1,134,596
Outdoor recreational facilities	03/15/05	03/15/15	3.25 - 5.50	250,000
Outdoor recreational facilities	03/15/05	03/15/15	3.25 - 5.50	50,000
Keller-Sullivan School	03/15/05	03/15/15	3.25 - 5.50	365,000
Horace Mann School (1)	03/15/06	03/15/26	3.75 - 5.00	3,240,000
Horace Mann School (2)	03/15/06	03/15/26	3.75 - 5.00	360,000
DPW garage	03/15/06	03/15/24	3.75 - 5.00	380,000
DPW garage	03/15/06	03/15/26	3.75 - 5.00	2,100,000
DPW garage	04/01/07	04/01/27	3.45 - 4.13	1,805,687
General obligation (various uses)	03/01/09	03/01/28	2.00 - 5.00	12,560,000
School building repairs	05/02/12	06/30/22	2.00 - 4.00	1,600,000
General obligation refunding 2002	12/15/11	06/30/23	2.00 - 4.00	302,000
General obligation refunding 2003	12/15/11	06/30/23	2.00 - 4.00	3,499,000
General obligation refunding 2004	05/02/12	06/30/22	2.00 - 4.00	1,207,000
General obligation refunding 2005	05/02/12	06/30/26	2.00 - 4.00	5,822,203
High School construction	08/15/13	06/15/38	4.13 - 5.00	43,990,000
Total Governmental Activities:				<u>\$ 78,800,486</u>

	Original	Serial	Interest	Amount
	Issue	Maturities	Rate(s) %	Outstanding
<u>Business-Type Activities:</u>		Through		as of
				<u>6/30/14</u>
MWPAT Title V	09/28/01	08/01/19	4.50 - 5.75	\$ 10,207
Sewer	04/01/04	11/15/15	3.72	50,000
Sewer	03/15/06	03/15/26	3.75 - 5.00	300,000
Sewer refunding 2002	12/15/11	06/30/23	2.00 - 4.00	340,000
Sewer refunding 2004	05/02/12	06/30/22	2.00 - 4.00	447,500
Water	04/01/04	11/15/14	3.72	75,000
Water treatment facility refunding	04/01/04	11/15/15	2.00 - 5.00	350,404
Water treatment facility DW-02-12	11/15/04	08/01/24	2.50 - 5.25	3,559,216
Water mains	03/15/05	03/15/25	4.26	787,798
Water treatment plant	04/01/07	04/01/27	3.45 - 4.125	195,000
Water improvements	04/01/07	04/01/27	3.45 - 4.125	604,314
Water refunding 2002	12/15/11	06/30/23	2.00 - 4.00	679,000
Water refunding 2004	05/02/12	06/30/22	2.00 - 4.00	670,500
Water line replacement	08/15/13	06/15/28	4.00 - 5.00	5,000,000
Total Business-Type Activities:				<u>\$ 13,068,939</u>

B. Future Debt Service

The annual payments to retire all general obligation long-term debt outstanding as of June 30, 2014 are as follows:

<u>Governmental</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 4,998,159	\$ 3,207,415	\$ 8,205,574
2016	4,530,062	3,012,981	7,543,043
2017	4,268,812	2,832,217	7,101,029
2018	4,276,350	2,648,505	6,924,855
2019	4,308,350	2,477,290	6,785,640
2020-2024	19,914,732	9,955,297	29,870,029
2025-2029	13,214,021	6,268,824	19,482,845
Thereafter	<u>23,290,000</u>	<u>5,496,263</u>	<u>28,786,263</u>
Total	<u>\$ 78,800,486</u>	<u>\$ 35,898,792</u>	<u>\$ 114,699,278</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, 2014.

<u>Business-Type</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 1,221,808	\$ 535,134	\$ 1,756,942
2016	1,209,475	483,028	1,692,503
2017	1,050,305	427,880	1,478,185
2018	1,047,349	381,854	1,429,203
2019	1,059,719	338,964	1,398,683
2020-2024	5,156,075	1,009,397	6,165,472
2025-2029	<u>2,324,208</u>	<u>183,224</u>	<u>2,507,432</u>
Total	<u>\$ 13,068,939</u>	<u>\$ 3,359,481</u>	<u>\$ 16,428,420</u>

C. Changes in General Long-Term Liabilities

During the year ended June 30, 2014, the following changes occurred in long-term liabilities (in thousands):

	Total Balance <u>7/1/13</u>	Additions	Reductions	Total Balance <u>6/30/14</u>	Less Current Portion	Equals Long-Term Portion <u>6/30/14</u>
<u>Governmental Activities</u>						
Bonds payable	\$ 38,937	\$ 43,990	\$ (4,127)	\$ 78,800	\$ (4,998)	\$ 73,802
Other:						
Compensated absences	1,706	75	(5)	1,776	(89)	1,687
Other post-employment benefits	<u>31,803</u>	<u>7,673</u>	<u>(2,239)</u>	<u>37,237</u>	-	<u>37,237</u>
Totals	<u>\$ 72,446</u>	<u>\$ 51,738</u>	<u>\$ (6,371)</u>	<u>\$ 117,813</u>	<u>\$ (5,087)</u>	<u>\$ 112,726</u>
<u>Business-Type Activities</u>						
Bonds payable	\$ 8,945	\$ 5,000	\$ (876)	\$ 13,069	\$ (1,222)	\$ 11,847
Other:						
Compensated absences	128	4	(10)	122	(6)	116
Other post-employment benefits	<u>505</u>	<u>121</u>	<u>(127)</u>	<u>499</u>	-	<u>499</u>
Totals	<u>\$ 9,578</u>	<u>\$ 5,125</u>	<u>\$ (1,013)</u>	<u>\$ 13,690</u>	<u>\$ (1,228)</u>	<u>\$ 12,462</u>

12. Deferred Inflows of Resources

Deferred inflows of resources are the acquisition of net assets by the Town that are applicable to future reporting periods. Deferred inflows of resources have a negative effect on net position, similar to liabilities.

The following is a summary of deferred inflow of resources balances as of June 30, 2014:

	<u>Entity-wide Basis</u>	<u>Fund Basis</u>
	<u>Governmental</u>	<u>Governmental Funds</u>
	<u>Activities</u>	<u>General Fund</u>
Uncommitted taxes	\$ 3,102	\$ 3,102
Committed taxes	-	1,060,878
Committed excises	-	583,458
Billed user fees	-	541,209
Total	<u>\$ 3,102</u>	<u>\$ 2,188,647</u>

13. Restricted Net Position

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

Permanent fund restricted net position is 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.

14. Governmental Funds - Balances

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

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

The following types of fund balances are reported at June 30, 2014:

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

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

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

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

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

Following is a breakdown of the Town's fund balances at June 30, 2014:

	General Fund	High School Construction Fund	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable				
Prepaid expenditures	\$ 240,757	\$ -	\$ -	\$ 240,757
Nonexpendable permanent funds	-	-	503,930	503,930
Total Nonexpendable	240,757	-	503,930	744,687
Restricted				
Special revenue funds:				
School revolving funds	-	-	2,600,225	2,600,225
School circuit breaker	-	-	2,121,655	2,121,655
School choice	-	-	1,126,264	1,126,264
School grants and other funds	-	-	123,011	123,011
Town revolving funds	-	-	693,461	693,461
Town grants and other funds	-	-	914,869	914,869
Receipts reserved	-	-	746,877	746,877
Capital projects funds:				
High School construction	-	7,405,735	-	7,405,735
Other bonded projects	-	-	206,775	206,775
Expendable trust funds:				
Affordable housing	-	-	1,297,574	1,297,574
Open space acquisition	-	-	1,064,636	1,064,636
Other trust funds	-	-	518,240	518,240
Total Restricted	-	7,405,735	11,413,587	18,819,322

	<u>General Fund</u>	<u>High School Construction Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Committed				
Reserve for continuing resolutions	3,610,994	-	-	3,610,994
Capital improvement stabilization funds	1,922,661	-	-	1,922,661
Expendable insurance reserves	-	-	1,462,295	1,462,295
Total Committed	5,533,655	-	1,462,295	6,995,950
Assigned				
Budgetary encumbrances	1,751,233	-	-	1,751,233
Total Assigned	1,751,233	-	-	1,751,233
Unassigned				
General fund	4,200,764	-	-	4,200,764
General stabilization fund	4,894,603	-	-	4,894,603
Budget stabilization fund	1,312,495	-	-	1,312,495
Special revenue funds:				
School grants	-	-	(84,349)	(84,349)
Town grants	-	-	(326,230)	(326,230)
Total Unassigned	10,407,862	-	(410,579)	9,997,283
Total Fund Balance	\$ 17,933,507	\$ 7,405,735	\$ 12,969,233	\$ 38,308,475

15. 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 2014:

<u>Governmental Funds:</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General fund	\$ 2,608,778	\$ 1,470,974
High school construction fund	1,010,000	-
Nonmajor Funds:		
Special revenue funds	9,000	340,038
Capital project funds	-	142,415
Expendable trust funds	51,974	527,500
Subtotal Nonmajor Funds	60,974	1,009,953
Total Governmental Funds	3,679,752	2,480,927
<u>Business-Type Funds</u>		
Sewer fund	40,000	699,519
Water fund	-	957,806
Solid waste fund	-	79,500
Subtotal Business-type funds	40,000	1,736,825 ⁽¹⁾
<u>Fiduciary Funds</u>		
Other post-employment benefits trust	498,000	-
Subtotal Fiduciary Funds	498,000	-
Grand Total	\$ 4,217,752	\$ 4,217,752

⁽¹⁾ Includes \$997,500 of indirect costs, \$641,325 reimbursement to General Fund for debt service costs for the DPW garage/storage building project, and \$98,000 transfer to OPEB Trust.

16. 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.

17. 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 Position over time.

A. Plan Description

In addition to providing the pension benefits described, the Town provides post-employment healthcare and life insurance benefits for retired employees through the Town's plan. The benefits, benefit levels, employee contributions and employer contributions are governed by Chapter 32 of the Massachusetts General Laws. As of June 30, 2013, the actuarial valuation date, approximately 502 retirees and 955 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 2014 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, 2014, 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, 2013.

Normal Cost	\$ 4,394,917
Amortization of unfunded actuarially accrued liability	<u>3,181,382</u>
Annual Required Contribution (ARC)	7,576,299
Interest on net OPEB obligation	1,302,344
Adjustment to ARC	<u>(1,085,287)</u>
Annual OPEB cost	7,793,356
Expected benefit payments (pay as you go)	(1,868,076)
Contributions to OPEB Trust	<u>(498,000)</u>
Increase in net OPEB obligation	5,427,280
Net OPEB obligation - beginning of year	<u>32,308,599</u>
Net OPEB obligation - end of year	<u>\$ 37,735,879</u>

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

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
2014	\$ 7,793,356	30%	\$ 37,735,879
2013	\$ 7,354,066	28%	\$ 32,308,599
2012	\$ 7,737,626	23%	\$ 26,990,856

The Town's net OPEB obligation as of June 30, 2014 is recorded as a long-term liability on the Statement of Net Position.

E. Funded Status and Funding Progress

The funded status of the plan as of June 30, 2013, the date of the most recent actuarial valuation was as follows:

Actuarial accrued liability (AAL)	\$ 89,053,917
Actuarial value of plan assets	-
Unfunded actuarial accrued liability (UAAL)	<u>\$ 89,053,917</u>
Funded ratio (actuarial value of plan assets/AAL)	<u>0%</u>
Covered payroll (active plan members)	<u>\$ 53,065,851</u>
UAAL as a percentage of covered payroll	<u>167.8%</u>

In fiscal year 2012, the Town established an Other Post-Employment Benefits Trust Fund to accumulate resources to fund future post-employment liabilities. Because of the timing of the Town's contributions, the June 30, 2014 assets of this trust, which are reported in the fiduciary funds Statement of Fiduciary Net Position, are not included in the actuarial results reported in the actuarial valuation as of June 30, 2013.

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, 2013 actuarial valuation, the projected unit credit cost method was used. The actuarial value of assets was zero. The actuarial assumptions included a 4% investment rate of return and an initial annual healthcare cost trend rate of 7.5% 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%.

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, 2014, 2013, and 2012 were \$3,662,597, \$3,506,741, and \$3,341,223, 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 2014, the Commonwealth of Massachusetts contributed \$8,701,281 to the MTRS on behalf of the Town. This is included in the education expenditures and intergovernmental revenues in the general fund.

19. 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 Town 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.

20. Implementation of New GASB Standards

The Governmental Accounting Standards Board (GASB) has issued Statement No. 68, *Accounting and Financial Reporting for Pensions*, which the Town is required to implement 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 requiring the Town to recognize, as a liability and expense, its applicable portion of the Norfolk County Retirement System's (System) unfunded actuarially accrued liability (UAAL). As of June 30, 2014, the System's UAAL was \$550,913,993. The Town's portion of this unfunded liability is estimated to be \$45,725,861 (8.3%).

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

June 30, 2014

(Unaudited)

(Amounts Expressed in thousands)

Other Post-Employment Benefits

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b-a)/c]
06/30/13	\$ -	\$ 89,054	\$ 89,054	0.0%	\$ 53,066	167.8%
06/30/11	\$ -	\$ 84,749	\$ 84,749	0.0%	\$ 52,999	159.9%
06/30/09	\$ -	\$ 79,942	\$ 79,942	0.0%	\$ 53,737	148.8%
06/30/07	\$ -	\$ 116,638	\$ 116,638	0.0%	N/A	N/A

**NORFOLK COUNTY RETIREMENT SYSTEM
REQUIRED SUPPLEMENTARY INFORMATION
(Unaudited)**

**Employees' Retirement System
Schedule of Funding Progress**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b-a)/c]
01/01/14	\$ 696,683	\$ 1,247,597	\$ 550,914	55.8%	\$ 246,723	223.3%
01/01/12	\$ 608,235	\$ 1,128,960	\$ 520,725	53.9%	\$ 229,095	227.3%
01/01/10	\$ 600,791	\$ 1,001,881	\$ 401,090	60.0%	\$ 223,333	179.6%
01/01/08	\$ 596,157	\$ 907,719	\$ 311,562	65.7%	\$ 223,815	139.2%

**Employees' Retirement System
Schedule of Employer Contributions**

Plan Year Ended	System Wide			Town of Franklin, MA	
	Annual Required Contributions	Actual Contributions	Percentage Contributed	Actual Contributions	Town Contributions as a % of Actual Contributions
12/31/13	\$ 44,800	\$ 44,026	98.3%	\$ 3,663	8.3%
12/31/12	\$ 42,715	\$ 42,233	98.9%	\$ 3,507	8.3%
12/31/11	\$ 41,207	\$ 40,293	97.8%	\$ 3,341	8.3%
12/31/10	\$ 42,794	\$ 39,084	91.3%	\$ 3,559	9.1%

See Independent Auditors' Report.

TOWN OF FRANKLIN, MASSACHUSETTS

Management Letter

For the Year Ended June 30, 2014

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1. Develop a More Formal Risk Assessment Process	3

Additional Offices:

Nashua, NH
Manchester, NH
Greenfield, MA
Ellsworth, ME

To the Town Council
Town of Franklin, Massachusetts

In planning and performing our audit of the basic financial statements of the Town of Franklin, Massachusetts as of and for the year ended June 30, 2014, in accordance with auditing standards generally accepted in the United States of America, we considered the Town's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinions 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 over financial reporting.

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 material weaknesses. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

During our audit, we became aware of a matter that we believe represents an opportunity for strengthening internal controls and operating efficiency. The recommendations that accompany this letter summarize our comments and suggestions concerning that matter.

The Town's written response to our comment 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.

The purpose of this communication, which is an integral part of our audit, is to describe for management and those charged with governance, including overseeing the financial reporting process, the scope of our testing of internal control and the results of that testing. Accordingly, this communication is not intended to be and should not be used for any other purpose.

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

Melanson Heath

March 11, 2015

STATUS OF PRIOR YEAR RECOMMENDATION:

1. Develop a More Formal Risk Assessment Process

Prior Year Issue:

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

Current Year Status:

In fiscal year 2014, the Comptroller and Treasurer/Collector continued the process of performing internal audits and working to develop a formal Risk Assessment and Control Activities worksheet to analyze departmental-level and Town-wide risks.

Further Action Needed:

We recommend the Comptroller and Treasurer/Collector continue working towards developing a risk assessment matrix that can be used by all managers to assess the risk factors within their departments and identify controls that have been implemented to mitigate these risks.

We also recommend the Town expand its risk assessment process to include a formal assessment of the risks associated with the Town's increasing use of information technology, particularly in the area of electronic banking. This assessment should include written documentation of policies and procedures the Town has established to protect the Town's assets and address cyber risk.

Town's Response:

The Comptroller and Treasurer/Collector agree that the Risk Assessment process is an invaluable tool to insure that proper Internal Controls are in place. This is a very large, multi-year project. We will continue to work towards completing this process. Several internal audits were done in FY14 and FY15. We will meet with Technology to discuss internal controls as they relate to banking and other areas.



Town of Franklin Comptroller's Office

PHONE: (508) 520-4925
FAX (508) 541-5253

355 East Central Street
Franklin, MA 02038-1352

TO: Jeff Nutting

FROM: Susan Gagner

RE: Insurance Proceeds Over \$20,000

DATE: March 25, 2015

MGL Chp 44 Sec 53 requires that insurance proceeds in excess of \$20,000 be authorized by Town Council vote. The sprinkler loss at Keller Sullivan School on 11/10/14 resulted in direct damages of \$53,537.63. There were other costs attributable to this loss but were paid directly by the insurance company to the vendors.

A resolution is needed to authorize payments of invoices to date.

TOWN OF FRANKLIN

RESOLUTION NO.: 15-13

APPROPRIATION: Town Administration: Insurance Recovery Account
28123490

AMOUNT REQUESTED: \$ 53,537.63

PURPOSE: To appropriate Insurance Proceeds to pay invoices related to damages at the Keller Sullivan School.

MOTION

Be It Moved and Voted by the Town Council that the sum of Fifty-three thousand five hundred and thirty-seven dollars and sixty-three cents (\$53,537.63) be appropriated from Insurance Proceeds (MGL Ch 44 Sec 53) for purposes of paying invoices related to damages at the Keller Sullivan School.

DATED: _____, 2015

VOTED:

UNANIMOUS _____

YES _____ **NO** _____

A True Record Attest:

ABSTAIN _____

ABSENT _____

Deborah L. Pellegri
Town Clerk

Judith Pond Pfeffer, Clerk
Franklin Town Council

Town of Franklin

Sprinkler loss Keller Sullivan School 11/10/14

Contractor	Task	Bill amount		
Simplex	Remount smokes	\$ 1,500.03		
Jasco	Dry Electrical Panels	\$ 360.00		
ATC	Remove wall shelves for Servicemaster	\$ 940.00		
Total Contractor		\$ 2,800.03	\$	2,800.03

School Overtime for Flood and Repair work on weekends
Spreadsheet attached \$ 2,170.34

Damaged Educational Contents

21243011-557090 Flood at ASMS

PO #	Vendor	Amount	PO Copy	Pack Slip	Inv Copy	Paid?
15002829	Barnes & Noble	\$ 5,366.00	X	X	X	X
15002880	WB Mason	\$ 4,964.00	X	X	X	X
15002884	Chair Slippers	\$ 3,177.73	X	X	X	X
15002948	Barnes & Noble	\$ 7,201.64	X		X	X
15003014	Barnes & Noble	\$ 2,716.00	X		X	X
15003055	Barnes & Noble	\$ 3,303.00	X	X	X	X
15003154	The Prophet Corp	\$ 1,079.93	X	N/A	X	X
15003208	McGraw-Hill	\$ 5,162.22	X			
15003209	Teachers' Curr Inst	\$ 9,975.00	X			
15003210	Pearson Education	\$ 3,118.74	X			
Total Educational Contents loss		\$ 46,064.26				\$ 46,064.26

TECHNOLOGY LOSS

Tag	Description	SN	Quantity	Cost	Date Purchased
13147	HP LaserJet P3015	VNBCC7C7FV	1	\$699.00	4/9/2012
4348	CRT Monitor	1X00345TA	1	\$164.00	10/21/2002
4404	HP Deskjet 960	MY1B11S0DF	1	\$179	6/10/2002
4391	HP Deskjet 960	MY11U1C14G	1	\$179	6/10/2002
5645	eMac	G831340DNU1	1	\$963.00	3/26/2003
	Dukane 28A55A		2	\$319	7/14/2004
TECHNOLOGY LOSS TOTAL				\$2,503.00	\$ 2,503.00

Grand Total Material, Contractors, Overtime, Technology **\$ 53,537.63**

TOWN OF FRANKLIN

RESOLUTION NO.: 15-14

APPROPRIATION: Capital FY 15 – Diesel Asphalt Hot Box

TOTAL REQUESTED: \$ 35,000

PURPOSE: To transfer/appropriate funds for the 2015 Capital Improvement Plan- DPW Diesel Asphalt Hot Box

MOTION

Be It Moved and Voted by the Town Council that the sum of Thirty-five Thousand Dollars (\$35,000) be transferred/appropriated from Free Cash to purchase a Diesel Asphalt Hot Box.

DATED: _____, 2015

VOTED:

UNANIMOUS _____

YES _____ **NO** _____

A True Record Attest:

ABSTAIN _____

ABSENT _____

Deborah L. Pellegri
Town Clerk

Judith Pond Pfeffer, Clerk
Franklin Town Council