

**TOWN OF BRAINTREE, MASSACHUSETTS
COMPREHENSIVE ANNUAL FINANCIAL REPORT**



FOR THE FISCAL YEAR ENDED JUNE 30, 2013

On the Cover:

A view of Town Hall with the 911 Memorial Flags



Sunset Lake

**The Town of
Braintree, Massachusetts**



**Comprehensive
Annual Financial Report**

**For the Fiscal Year Ended
June 30, 2013**

**Prepared by:
Edward J. Spellman, Jr.
Director of Municipal Finance**

Town of Braintree, Massachusetts

**Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2013**

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Introductory Section



Watson Park and Peterson Splash Pad

Introductory Section

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Edward J. Spellman, Jr.
Director of Finance



Joseph C. Sullivan
Mayor

TOWN OF BRAintree
DEPARTMENT OF MUNICIPAL FINANCE

One JFK Memorial Drive, Braintree, MA 02184
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Letter of Transmittal

December 17, 2013

To the Honorable Town Council and Citizens of the Town of Braintree:

State law requires the Town of Braintree to publish at the close of each fiscal year a complete set of financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) that are audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the Comprehensive Annual Financial Report (CAFR) of the Town of Braintree, Massachusetts, for the fiscal year ending June 30, 2013 for your review.

The report is designed to be used by the elected and appointed officials of the Town and others who are concerned with its management and progress such as bond analysts, banking institutions and credit raters. Just as important, the design and format of this report is aimed at providing the residents and taxpayers of Braintree a more easily readable and, therefore, a more easily understandable financial report.

This report consists of management's representations concerning the finances of the Town of Braintree. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects. In order to provide a reasonable basis for making these financial representations, management continues to review and improve its established comprehensive internal controls. The framework for these controls is designed to protect, to the extent possible, the government's assets from loss, theft or misuse. The cost of internal controls should not outweigh their benefits. As a result, the Town of Braintree's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements for the fiscal year ended June 30, 2013, are fairly presented in conformity with GAAP.

The Town of Braintree's financial statements have been audited by Powers & Sullivan, LLC, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the Town of Braintree for the fiscal year ended June 30, 2013, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the Town of Braintree's financial statements for the fiscal year ended June 30, 2013, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report. The independent audit of the financial statements of the Town of Braintree was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards

governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are available in the Town of Braintree's separately issued Single Audit Report.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The Town of Braintree's MD&A can be found immediately following the report of the independent auditors.

Profile of the Town

The Town of Braintree is a suburban community with a strong residential character located twelve miles south of Boston, with a land area of 14.52 square miles. Incorporated in 1640, Braintree has a rich history. Old Braintree was the birthplace of two presidents, John Adams and John Quincy Adams, as well as John Hancock and General Sylvanus Thayer, the founder of West Point. The Town is ideally situated at the crossroads of Route I-93 (128) and Route 3 for easy access to the Greater Boston area and Cape Cod as well as having excellent public transportation to Boston and Logan International Airport.

There is a strong business base which includes one of the largest regional shopping centers in the northeast; the South Shore Plaza. Attractive office and industrial parks are located in the Town as well, because of its ideal location.

The Town offers a full range of services including police and fire protection, education, maintenance of streets and infrastructure, solid waste collection and disposal, health and human services, cultural and recreational, administrative and financial services.

The Town operates under a Mayor and Town Council form of government. A nine-member Town Council, 3 members at large and 6 district members, serve as representative legislature.

The School Committee consisting of 6 elected members and the Mayor, appoint the School Superintendent who administers the public school system of the Town.

Factors Affecting Financial Condition

The Town of Braintree continues to reflect a strong local economic condition through the recent fiscal crisis. The per capita income continues to rise and outpace the state averages. The Town also has a low comparable unemployment rate.

The Town remains a very desirable community and this is reflected in the strong residential sales market, which have regained their pre-fiscal crisis levels. The Town offers a unique mix of proximity to Boston and major highways and transportation, while maintaining a desirable residential community. The Town offers a broad range of high quality services and an attractive quality of life.

The growth of the Town's main source of revenues, property taxes, is capped by Proposition 2½ and can only be overridden by a majority vote at a Town election. While revenue increases have been limited in recent years, tax base growth was enhanced by commercial construction. This helped offset the steady increases in fixed costs, including health insurance and pension costs, which have increased substantially. On the Town's operating side, the FY13 budgets and service level were maintained through a modest 2% increase in the operating budget. This allowed the Town to continue to provide high quality services while minimizing the impact on the property tax burden.

The Town continues to manage its financial affairs in a prudent manner, primarily through considerable long-term planning and strong financial policies. It has maintained a high bond rating even with the overall unsettled economy. It has been able to do so by incorporating long range planning tools such as a five-year Capital Improvement Program; maintaining reserve balances despite tight budgets; investing in technology to ensure efficient operations; negotiating sustainable collective bargaining agreements, and maintaining an aggressive pay as you go financing strategy for capital improvements. The Town's long-term policies will preserve its strong financial position for the foreseeable future.

The Town has remained dedicated to an aggressive retirement of debt policy. Whenever possible, debt is issued for shorter time periods than allowed, typically ten years. The Town monitors and schedules retirement and issuance of debt to ensure that debt service does not exceed 10% of the operating budget to ensure availability of resources for ongoing operations.

The Town contributes to the Braintree Contributory Retirement System, a cost-sharing, multiple-employer defined benefit pension plan (Plan) administered by the Braintree Contributory Retirement Board. Every two years, an independent actuary engaged by the Board calculates the amount of the annual contribution that the Town must make to the pension plan to ensure its ability to fully meet its obligations to retired employees. As required by law, the Town fully funds each year's annual required contribution to the pension plan as determined by the actuary. As of January 1, 2012, the latest actuarial valuation date, the System had succeeded in funding 62.4% of the present value of the projected benefits earned by employees. The remaining unfunded amount is being systematically funded over the remaining 20 years as part of the annual required contribution as calculated by the actuary.

The Town also provides postemployment health care benefits for certain retirees and their dependents. There are approximately 900 retired employees receiving these benefits, which are financed on a pay-as-you-go basis. GAAP now requires the Town to conduct an actuarial valuation to determine the unfunded liability and to recognize the annual cost of reducing this liability in addition to the current year benefits. The Town's most recent actuarial valuation is dated January 1, 2012. If the Town is unable to fund the minimum annual contribution as determined by the actuarial valuation, the unpaid amount will be required to be recorded as a liability on the financial statements of the Town.

Financial and Management Systems

Internal Controls

The Mayor and Director of Municipal Finance of the Town are responsible for establishing and maintaining an internal control structure designed to ensure the assets of the Town are protected from loss, theft or misuse and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The Director of Municipal Finance is responsible for evaluating the adequacy and effectiveness of the internal control structure and implementing improvements.

Because the cost of internal controls should not outweigh their benefits, the Town of Braintree's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement.

Budgetary Controls

The Mayor is responsible for preparing and presenting the budget to the Town Council. The Council, having the authority to amend down and/or reject the budget or any line item, adopts the expenditure budget by majority vote.

The level of budgetary control is established by Town Council and defines the level at which expenditures may not exceed appropriations. This level is typically at the individual department program level. The Town Accountant is responsible for ensuring all payroll and invoices are within the budgetary control level before authorizing payment. Additional appropriations may be approved by Town Council throughout the fiscal year.

Acknowledgements

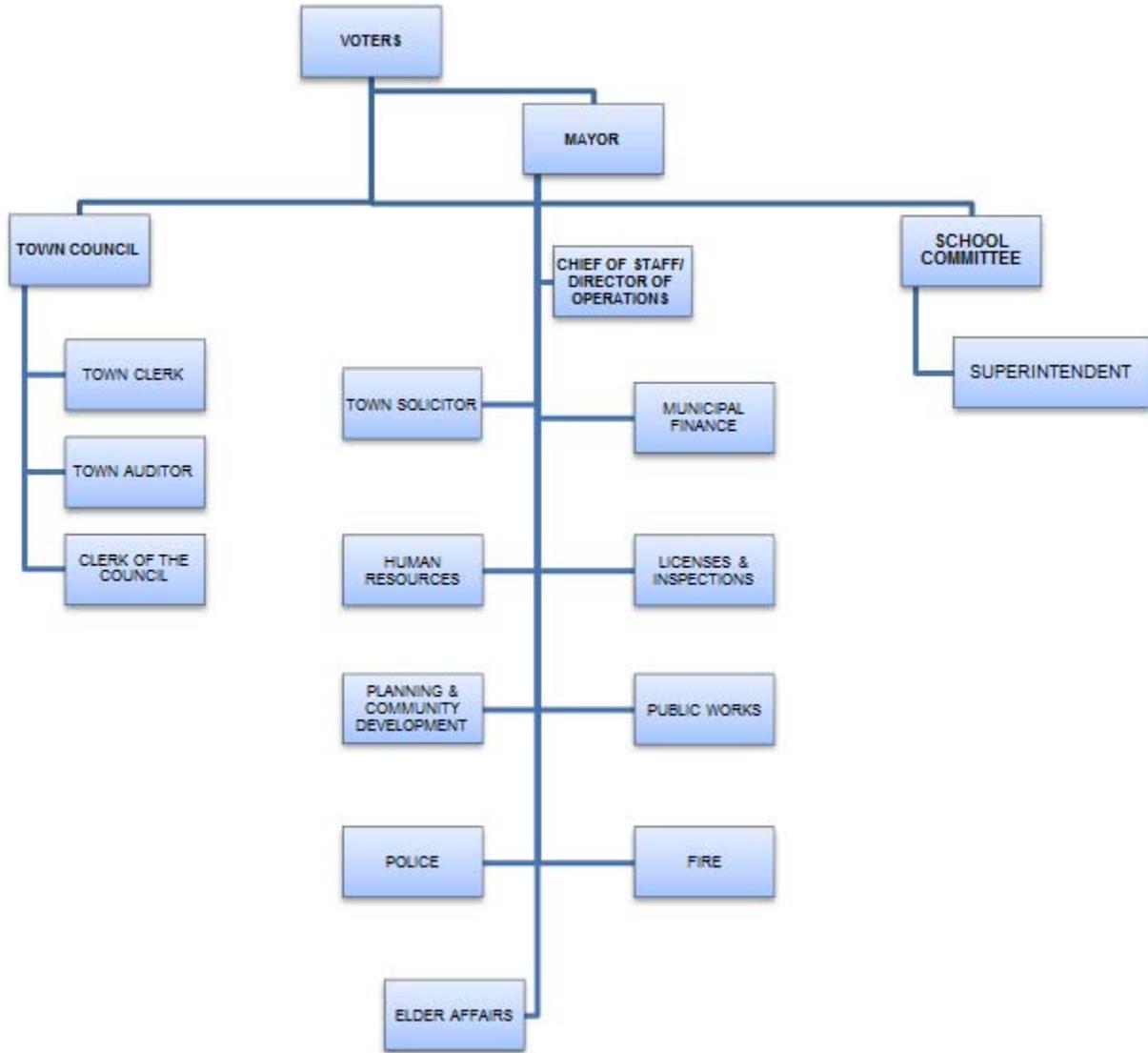
This report represents significant effort by the entire financial team of the Town, whose dedicated efforts have significantly improved the financial operations of the Town. We would like to express our appreciation to the members of all the departments who assisted and contributed to the preparation of this report. I would also like to acknowledge and give credit to the Mayor and the Town Council for their constant support to uphold the highest standards of professionalism in the management of the Town of Braintree's finances.

Respectfully submitted,



Edward J. Spellman, Jr.
Director of Municipal Finance

Town of Braintree Organizational Chart



Principal Town Officials

Elected Officials	Term Expires
Mayor	Joseph C. Sullivan 2016
Town Council	<u>Councilors-at-Large</u> Charles B. Ryan 2014 Leland A. Dingee 2014 Sean E. Powers 2014 <u>District Councilors</u> Charles C. Kokoros, President 2014 Thomas M. Bowes, Vice-President 2014 John C. Mullaney 2014 Henry N. Joyce 2014 Ronald E. DeNapoli 2014 Paul Dan Clifford 2014
School Committee	Shannon Hume, Chairperson 2014 David Ringius, Jr., Vice Chairperson 2014 Pamela Kiley, Recording Secretary 2014 Thomas Devin 2016 Lisa Heger 2016 Sarah Nichols 2016 Joseph C. Sullivan, Mayor 2016

Appointed Officials

Appointed by the Mayor

Chief of Staff	Peter J. Morin
Director of Municipal Finance	Edward J. Spellman, Jr.
Town Solicitor	Carolyn Murray
Director of Human Resources	Karen Shanley
Director of Inspectional Services	Marybeth McGrath
Director of Department of Public Works	Thomas Whalen
Director of Planning & Community Development	Christine Stickney
Police Chief	Russ Jenkins
Fire Chief	James O'Brien
Director of Elder Affairs	Sharmila Biswas
Assessor	Robert Brinkmann
Treasurer/Collector	Barbara Walls
Town Accountant	Mark Lin

Appointed by the Town Council

Town Clerk	Joseph F. Powers
Town Auditor	Eric A. Kinsherf
Clerk of the Council	James M. Casey

Appointed by the School Committee

School Superintendent	Maureen Murray, Ed.D
School Business Manager	Peter Kress



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**Town of Braintree
Massachusetts**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2012

Executive Director/CEO

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Financial Section



Police Department Honor Guard

Financial Section

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Independent Auditor's Report

To the Honorable Mayor and the Town Council
Town of Braintree, Massachusetts

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 Braintree, Massachusetts as of and for the year ended June 30, 2013 (except for the Braintree Contributory Retirement System which is as of and for the year ended December 31, 2012), 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

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 did not audit the financial statements of the Braintree Electric Light Department as of December 31, 2012, which is both a major fund and 76%, 65%, and 82%, respectively, of the assets, net position, and revenues of the business-type activities. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the business-type activities of the Braintree Electric Light Department, is based solely on the report of the other auditors. 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, based on our audit and the report of other auditors, 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 Braintree, Massachusetts, as of June 30, 2013 (except for the Braintree Contributory Retirement System and the Braintree Electric Light Department which are as of and for the year ended December 31, 2012), and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information, as listed in the table of contents, 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 and other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Braintree, Massachusetts' basic financial statements. The introductory section, combining and individual fund statements, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, based on our audit, the procedures performed as described above, the combining and individual fund statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 17, 2013, on our consideration of the Town of Braintree, Massachusetts' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Braintree, Massachusetts' internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Powers + Juliani, LLC". The signature is written in a cursive, flowing style.

December 17, 2013

Management's Discussion and Analysis

Management's Discussion and Analysis

As management of the Town of Braintree, we offer readers of these financial statements this narrative overview and analysis of the financial activities for the fiscal year ended June 30, 2013. We encourage readers to consider the information presented in this report. All amounts, unless otherwise indicated, are expressed in whole dollars.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Town of Braintree's basic financial statements. These basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. The government-wide financial statements provide both long-term and short-term information about the Town as a whole. The fund financial statements focus on the individual components of the Town government, reporting the Town's operations in more detail than the government-wide statements. Both presentations (government-wide and fund) allow the user to address relevant questions, broaden the basis of comparison and enhance the Town's accountability. An additional part of the basic financial statements are the notes to the financial statements. The 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 finances, in a manner similar to private-sector business.

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

The *statement of activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future 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, sanitation, community preservation, human services, culture and recreation, and interest. The business-type activities include the water and sewer, golf course, and electric light activities.

The government-wide financial statements include not only the Town of Braintree itself (known as the *primary government*), but also a legally separate public employee retirement system for which the Town of Braintree is financially accountable. Financial information for this *component unit* is reported separately within the fiduciary fund statements.

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 statements focus on *near-term inflows 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*.

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

The Town's general fund is shown separately and the remaining governmental funds are aggregated and shown as nonmajor governmental funds.

Proprietary funds. The Town maintains two types of propriety funds.

Enterprise funds are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The Town uses enterprise funds to account for its water and sewer, golf course and electric light activities.

Internal service funds are an accounting device used to accumulate and allocate costs internally among various functions. The Town uses internal service funds to account for health insurance activities.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statement 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 the basic financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Financial Highlights.

As noted earlier, net position may serve over time as a useful indicator of a government’s financial position. The Town of Braintree’s governmental assets exceeded liabilities for governmental activities by \$50.5 million and the business-type activities assets exceeded liabilities by \$91.7 million at the close of the most recent fiscal year. Key components of the Town’s activities are presented below.

Governmental Activities

	2013	2012
Assets:		
Current assets.....	\$ 61,781,745	\$ 57,242,485
Capital assets, non depreciable.....	17,049,796	14,794,468
Capital assets, net of accumulated depreciation.....	58,640,598	56,742,522
Total assets.....	137,472,139	128,779,475
Liabilities:		
Current liabilities (excluding debt).....	11,291,335	10,635,015
Noncurrent liabilities (excluding debt).....	52,383,018	43,778,115
Current debt.....	2,461,998	2,560,568
Noncurrent debt.....	20,843,005	20,165,003
Total liabilities.....	86,979,356	77,138,701
Net position:		
Net investment in capital assets.....	54,067,678	52,564,200
Restricted.....	19,486,773	19,081,454
Unrestricted.....	(23,061,668)	(20,004,880)
Total net position.....	\$ 50,492,783	\$ 51,640,774

Net investment in capital assets of \$54.1 million reflects our investment in capital assets (e.g., land, buildings, machinery, and equipment); less any related debt used to acquire those assets that are still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the investment in its capital assets is reported net of its related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of net position, \$19.5 million, represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* resulted in a \$23.1 million deficit mainly relating to the cumulative effect of recording \$50.4 million of other postemployment benefit liabilities through June 30, 2013.

	2013	2012
Program revenues:		
Charges for services.....	\$ 7,693,422	\$ 7,507,858
Operating grants and contributions.....	34,800,674	33,518,827
Capital grants and contributions.....	3,146,209	4,773,929
General Revenues:		
Real estate and personal property taxes.....	74,746,576	69,679,306
Motor vehicle and other excise taxes.....	5,175,048	4,039,432
Hotel/motel tax.....	1,141,705	784,781
Nonrestricted grants.....	4,885,456	4,989,211
Unrestricted investment income.....	243,114	215,677
Other revenues.....	1,226,438	1,118,801
Total revenues.....	133,058,642	126,627,822
Expenses:		
General government.....	6,793,916	6,120,306
Public safety.....	23,907,018	22,644,632
Education.....	91,537,391	87,632,097
Public works.....	6,903,790	6,258,439
Sanitation.....	1,614,505	1,734,699
Community preservation.....	133,513	168,276
Human services.....	1,269,546	1,108,036
Culture and recreation.....	3,856,790	3,685,605
Interest.....	594,798	668,246
Total expenses.....	136,611,267	130,020,336
Excess (Deficiency) before transfers.....	(3,552,625)	(3,392,514)
Transfers.....	2,404,634	2,289,778
Change in net position.....	(1,147,991)	(1,102,736)
Net position - beginning.....	51,640,774	52,743,510
Net position - ending.....	\$ 50,492,783	\$ 51,640,774

The governmental net position decreased by \$1.1 million during the current fiscal year as compared to a similar decrease in the prior year. The decrease in net position is mainly attributable to the recording of an additional \$8.4 million in other postemployment benefit expenses. Total revenues increased approximately \$6.3 million mainly from an increase in real estate and personal property taxes of \$5.0 million and an increase in motor vehicle and other excise taxes of \$1.1 million. Expenses increased approximately 5% mainly due to an increase in the OPEB expense, an increase in the school's operating budget and snow and ice expense.

Business-type Activities. Business-type activities increased the Town's net position by \$2 million compared to a decrease of \$2.2 million in the prior year. The change relates mainly to the Electric Light Department where total expenses were \$4.5 million less than the previous year. This was mainly due to decreases in energy prices and fuel costs. The electric light operations are presented on a calendar basis for the year ended December 31, 2012.

The water and sewer fund was established in 1984 pursuant to an act establishing the water and sewer commission. Water and sewer business-type activities assets exceeded liabilities by \$31.8 million at the close of fiscal year 2013. Net investment in capital assets was \$26.5 million (83%) while unrestricted net position was \$5.3 million (17%). There was a decrease of \$133,000 in net position compared to an increase of \$8,000 in the prior year.

Golf Course business-type activities assets exceeded liabilities by \$442,000 at the close of fiscal year 2013. Net investment in capital assets was \$947,000 while unrestricted net position was in a deficit in the amount of \$505,000. There was a decrease of \$256,000 in net position compared to a decrease of \$147,000 in the prior year. This decrease was mainly from the recognition of an additional \$75,000 in other postemployment benefit expenses.

Electric business-type activities assets exceeded liabilities by \$59.4 million at December 31, 2012. Net investment in capital assets was \$48.1 million (81%) and unrestricted net position was \$11.3 million (19%). There was an increase of \$2.4 million in net position compared to a decrease of \$2.1 million in the prior year.

Business-type Activities

	2013	2012
Assets:		
Current assets.....	\$ 45,556,422	\$ 45,639,646
Noncurrent assets (excluding capital).....	945,035	858,466
Capital assets, non depreciable.....	2,498,618	3,171,802
Capital assets, net of accumulated depreciation.....	194,191,790	196,162,194
Total assets.....	243,191,865	245,832,108
Liabilities:		
Current liabilities (excluding debt).....	7,811,627	8,596,632
Non-current liabilities (excluding debt).....	15,786,401	15,405,823
Current debt.....	7,848,284	7,943,963
Noncurrent debt.....	120,090,127	124,273,959
Total liabilities.....	151,536,439	156,220,377
Net position:		
Net investment in capital assets.....	75,572,798	75,916,986
Unrestricted.....	16,082,628	13,694,745
Total net position.....	\$ 91,655,426	\$ 89,611,731

	<u>2013</u>	<u>2012</u>
Program revenues:		
Charges for services.....	\$ 85,896,321	\$ 85,098,744
Capital grants and contributions.....	142,560	281,643
General Revenues:		
Unrestricted investment income.....	126,607	55,743
Total revenues.....	<u>86,165,488</u>	<u>85,436,130</u>
Expenses:		
Water and sewer.....	13,759,942	12,960,228
Golf Course.....	1,547,221	1,510,491
Electric Light.....	<u>66,409,996</u>	<u>70,895,924</u>
Total expenses.....	<u>81,717,159</u>	<u>85,366,643</u>
Excess before transfers.....	4,448,329	69,487
Transfers.....	<u>(2,404,634)</u>	<u>(2,289,778)</u>
Change in net position.....	2,043,695	(2,220,291)
Net position - beginning.....	<u>89,611,731</u>	<u>91,832,022</u>
Net position - ending.....	<u>\$ 91,655,426</u>	<u>\$ 89,611,731</u>

Financial Analysis of the Government's Funds

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

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

As of the end of the current fiscal year, governmental funds reported combined ending fund balances of \$40.9 million, which represents an increase of \$1.2 million from the prior year. The general fund increased by \$3 million and the nonmajor funds decreased by \$1.8 million.

The general fund is the chief operating fund. At the end of the current fiscal year, unassigned fund balance of the general fund was \$17.9 million, while total fund balance was \$20 million. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 15.2% of total general fund expenditures, while total fund balance represents 17% of that same amount.

General fund revenues increased by \$7.6 million or approximately 6.8% over the previous year. These increases came mainly from real estate taxes and intergovernmental revenues related to education. Expenditures increased by \$6 million or approximately 5.3% from virtually all categories. The net change in fund balance for the year was an increase of \$3 million, which compared to an increase in the prior year of \$2.1 million.

Proprietary funds. The Town's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. Factors concerning the finances of these funds have already been addressed in the discussion of the Town's business-type activities.

General Fund Budgetary Highlights

The Town of Braintree adopts an annual appropriated budget for its general fund. A budgetary comparison schedule has been provided as required supplementary information for the general fund to demonstrate compliance with this budget.

During fiscal year 2013, the Town Council also approved supplemental appropriations totaling approximately \$1.4 million. These supplemental appropriations mainly consisted of \$275,000 appropriated for fire suppression, \$237,000 appropriated for education, and \$597,000 was from the stabilization fund for snow and ice.

Actual revenues came in higher than budgeted by approximately \$2 million or 1.9%. The largest area of surplus was motor vehicle and other excise taxes of \$888,000 due to revenue coming in higher than the Town's conservative budget amount.

Actual expenditures and encumbrances came in \$1.7 million less than budgeted. All departments realized budget savings except for state and county assessments, which under state law, is allowed to deficit spend.

Capital Asset and Debt Administration

In conjunction with the operating budget, the Town annually prepares capital budgets for the upcoming fiscal year.

During fiscal year 2013, the Town expended \$7.1 million on governmental activities capital assets. The expenditures consisted mainly of roadway improvements and the purchase of various Town vehicles. The business type activities expended \$7 million during fiscal year 2013. This consisted mainly of \$3.4 million in the electric light plant and \$3.6 million for water mains in the water and sewer fund.

Outstanding long-term debt of the governmental activities, as of June 30, 2013, totaled \$22.9 million, of which \$12.3 million is related to public building construction, \$6.6 million relates to road construction, \$1.6 million relates to land acquisition, and \$2.4 million relates to other projects.

The enterprise fund has \$22.8 million in water and sewer enterprise debt and \$97.5 million in Electric Light debt that is fully supported by the rates and do not rely on a general fund subsidy.

During fiscal year 2013 the Town issued long-term bonds in the amounts of \$3.1 million for governmental funds, and \$3.3 million for the water and sewer enterprise fund.

Please refer to Notes 4, 6, 7, and 8 of the notes to the financial statements for further discussion of the major capital and debt activity, respectively.

Requests for Information

This financial report is designed to provide a general overview of the Town of Braintree's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Director of Municipal Finance, Town Hall, One JFK Memorial Drive, Braintree, Massachusetts 02184.

Basic Financial Statements

STATEMENT OF NET POSITION

JUNE 30, 2013

	<i>Primary Government</i>		
	Governmental Activities	Business-type Activities	Total
ASSETS			
CURRENT:			
Cash and cash equivalents.....	\$ 44,477,551	\$ 28,871,233	\$ 73,348,784
Investments.....	6,790,441	-	6,790,441
Receivables, net of allowance for uncollectibles:			
Real estate and personal property taxes.....	2,227,019	-	2,227,019
Tax liens.....	1,008,772	13,109	1,021,881
Motor vehicle and other excise taxes.....	791,891	-	791,891
User fees.....	-	10,013,084	10,013,084
Departmental and other.....	278,884	936,168	1,215,052
Intergovernmental.....	5,436,906	-	5,436,906
Tax foreclosures.....	78,281	-	78,281
Inventory.....	-	3,852,232	3,852,232
Working capital deposit.....	692,000	-	692,000
Prepaid expenses.....	-	418,989	418,989
Purchased power advanced deposits.....	-	1,451,607	1,451,607
Total current assets.....	61,781,745	45,556,422	107,338,167
NONCURRENT:			
Investment in Hydro Quebec.....	-	30,857	30,857
Investment in Energy New England.....	-	779,142	779,142
Other assets.....	-	135,036	135,036
Capital assets, non depreciable.....	17,049,796	2,498,618	19,548,414
Capital assets, net of accumulated depreciation.....	58,640,598	194,191,790	252,832,388
Total noncurrent assets.....	75,690,394	197,635,443	273,325,837
TOTAL ASSETS.....	137,472,139	243,191,865	380,664,004
LIABILITIES			
CURRENT:			
Warrants payable.....	1,736,520	5,580,945	7,317,465
Accrued payroll.....	4,960,162	40,437	5,000,599
Health claims payable.....	1,223,500	-	1,223,500
Tax refunds payable.....	402,000	-	402,000
Accrued interest.....	103,356	105,807	209,163
Participant advances and reserves.....	-	1,318,616	1,318,616
Other liabilities.....	9,095	5,477	14,572
Unearned revenue.....	790,156	332,055	1,122,211
Capital lease obligations.....	59,236	268,572	327,808
Compensated absences.....	1,766,969	377,697	2,144,666
Workers' compensation.....	299,577	50,593	350,170
Bonds payable.....	2,402,762	7,579,712	9,982,474
Total current liabilities.....	13,753,333	15,659,911	29,413,244
NONCURRENT:			
Capital lease obligations.....	89,968	274,098	364,066
Customer deposits payable.....	-	695,058	695,058
Compensated absences.....	1,654,670	72,828	1,727,498
Workers' compensation.....	346,268	71,997	418,265
Unearned revenue.....	-	9,352,270	9,352,270
Other postemployment benefits.....	50,382,080	5,594,248	55,976,328
Bonds payable.....	20,753,037	119,816,029	140,569,066
Total noncurrent liabilities.....	73,226,023	135,876,528	209,102,551
TOTAL LIABILITIES.....	86,979,356	151,536,439	238,515,795
NET POSITION			
Net investment in capital assets.....	54,067,678	75,572,798	129,640,476
Restricted for:			
Permanent funds:			
Expendable.....	7,502,688	-	7,502,688
Nonexpendable.....	2,564,886	-	2,564,886
Grants and gifts.....	4,094,587	-	4,094,587
Community preservation.....	5,324,612	-	5,324,612
Unrestricted.....	(23,061,668)	16,082,628	(6,979,040)
TOTAL NET POSITION.....	\$ 50,492,783	\$ 91,655,426	\$ 142,148,209

See notes to basic financial statements.

STATEMENT OF ACTIVITIES

FISCAL YEAR ENDED JUNE 30, 2013

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary Government:					
<i>Governmental Activities:</i>					
General government.....	\$ 6,793,916	\$ 757,713	\$ 487,688	\$ -	\$ (5,548,515)
Public safety.....	23,907,018	2,208,455	10,777	-	(21,687,786)
Education.....	91,537,391	2,287,988	33,468,623	138,522	(55,642,258)
Public works.....	6,903,790	627,466	170,154	2,703,068	(3,403,102)
Sanitation.....	1,614,505	1,401,085	-	-	(213,420)
Community preservation.....	133,513	-	-	304,619	171,106
Human services.....	1,269,546	33,119	607,013	-	(629,414)
Culture and recreation.....	3,856,790	377,596	56,419	-	(3,422,775)
Interest.....	594,798	-	-	-	(594,798)
Total Governmental Activities.....	136,611,267	7,693,422	34,800,674	3,146,209	(90,970,962)
<i>Business-Type Activities:</i>					
Water and Sewer.....	13,759,942	13,830,066	-	142,560	212,684
Golf course.....	1,547,221	1,347,448	-	-	(199,773)
Electric light.....	66,409,996	70,718,807	-	-	4,308,811
Total Business-Type Activities.....	81,717,159	85,896,321	-	142,560	4,321,722
Total Primary Government.....	\$ 218,328,426	\$ 93,589,743	\$ 34,800,674	\$ 3,288,769	\$ (86,649,240)

See notes to basic financial statements.

(Continued)

STATEMENT OF ACTIVITIES

FISCAL YEAR ENDED JUNE 30, 2013

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Changes in net position:			
Net (expense) revenue from previous page.....	\$ (90,970,962)	\$ 4,321,722	\$ (86,649,240)
<i>General revenues:</i>			
Real estate and personal property taxes, net of tax refunds payable.....	74,746,576	-	74,746,576
Motor vehicle and other excise taxes.....	5,175,048	-	5,175,048
Hotel/motel tax.....	1,141,705	-	1,141,705
Community preservation tax.....	590,915	-	590,915
Penalties and interest on taxes.....	381,757	-	381,757
Payments in lieu of taxes.....	211,386	-	211,386
Grants and contributions not restricted to specific programs.....	4,885,456	-	4,885,456
Unrestricted investment income.....	243,114	126,607	369,721
Miscellaneous.....	42,380	-	42,380
<i>Transfers, net</i>	2,404,634	(2,404,634)	-
Total general revenues and transfers.....	89,822,971	(2,278,027)	87,544,944
Change in net position.....	(1,147,991)	2,043,695	895,704
<i>Net position:</i>			
Beginning of year.....	51,640,774	89,611,731	141,252,505
End of year.....	\$ <u>50,492,783</u>	\$ <u>91,655,426</u>	\$ <u>142,148,209</u>

See notes to basic financial statements.

(Concluded)

**GOVERNMENTAL FUNDS
BALANCE SHEET**

JUNE 30, 2013

ASSETS	<u>General</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Cash and cash equivalents.....	\$ 26,242,259	\$ 14,059,251	\$ 40,301,510
Investments.....	317,176	6,473,265	6,790,441
Receivables, net of uncollectibles:			
Real estate and personal property taxes.....	2,227,019	-	2,227,019
Tax liens.....	1,008,772	-	1,008,772
Motor vehicle and other excise taxes.....	791,891	-	791,891
Departmental and other.....	99,451	3,765	103,216
Intergovernmental.....	157,790	5,279,116	5,436,906
Tax foreclosures.....	78,281	-	78,281
Due from other funds.....	330,637	-	330,637
TOTAL ASSETS.....	\$ 31,253,276	\$ 25,815,397	\$ 57,068,673
 LIABILITIES AND FUND BALANCES			
LIABILITIES:			
Warrants payable.....	\$ 1,362,808	\$ 113,126	\$ 1,475,934
Accrued payroll.....	4,945,697	14,465	4,960,162
Tax refunds payable.....	402,000	-	402,000
Deferred revenues.....	4,524,045	4,498,437	9,022,482
Due to other funds.....	-	330,637	330,637
Other liabilities.....	9,095	-	9,095
TOTAL LIABILITIES.....	11,243,645	4,956,665	16,200,310
 FUND BALANCES:			
Nonspendable.....	-	2,564,886	2,564,886
Restricted.....	-	18,293,846	18,293,846
Committed.....	988,955	-	988,955
Assigned.....	1,140,211	-	1,140,211
Unassigned.....	17,880,465	-	17,880,465
TOTAL FUND BALANCES.....	20,009,631	20,858,732	40,868,363
TOTAL LIABILITIES AND FUND BALANCES.....	\$ 31,253,276	\$ 25,815,397	\$ 57,068,673

See notes to basic financial statements.

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TOTAL FUND BALANCES TO THE STATEMENT OF NET POSITION**

JUNE 30, 2013

Total governmental fund balances.....		\$ 40,868,363
Capital assets (net) used in governmental activities are not financial resources and, therefore, are not reported in the funds.....		75,690,394
Accounts receivable are not available to pay for current-period expenditures and, therefore, are deferred in the funds.....		8,232,326
Internal service funds are used by management to account for retirees' health insurance and workers' compensation activities.		
The assets and liabilities of the internal service funds are included in the governmental activities in the statement of net position.....		3,559,623
In the statement of activities, interest is accrued on outstanding long-term debt, whereas in governmental funds interest is not reported until due.....		(103,356)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds:		
Bonds payable.....	(23,155,799)	
Other postemployment benefits.....	(50,382,080)	
Capital lease obligations.....	(149,204)	
Worker' compensation.....	(645,845)	
Compensated absences.....	(3,421,639)	
Net effect of reporting long-term liabilities.....		<u>(77,754,567)</u>
Net position of governmental activities.....		<u>\$ 50,492,783</u>

See notes to basic financial statements.

GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

FISCAL YEAR ENDED JUNE 30, 2013

	General	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES:			
Real estate and personal property taxes, net of tax refunds.....	\$ 73,976,466	\$ -	\$ 73,976,466
Tax liens.....	45,681	-	45,681
Motor vehicle and other excise taxes.....	4,962,622	-	4,962,622
Hotel/motel tax.....	1,141,705	-	1,141,705
Penalties and interest on taxes.....	381,757	-	381,757
Payments in lieu of taxes.....	211,386	-	211,386
Intergovernmental.....	32,898,626	6,557,575	39,456,201
Departmental and other.....	4,887,569	3,320,496	8,208,065
Community preservation.....	-	592,836	592,836
Contributions.....	-	932,928	932,928
Investment income.....	194,264	125,448	319,712
Miscellaneous.....	-	42,380	42,380
TOTAL REVENUES.....	118,700,076	11,571,663	130,271,739
EXPENDITURES:			
Current:			
General government.....	3,831,620	743,687	4,575,307
Public safety.....	16,080,970	1,365,234	17,446,204
Education.....	53,666,066	9,784,646	63,450,712
Public works.....	4,338,108	3,578,209	7,916,317
Sanitation.....	1,607,190	-	1,607,190
Community development.....	-	325,972	325,972
Human services.....	754,621	141,641	896,262
Culture and recreation.....	2,413,192	805,812	3,219,004
Pension benefits-Town.....	5,255,971	-	5,255,971
Pension benefits-Teachers.....	13,272,469	-	13,272,469
Property and liability insurance.....	439,651	-	439,651
Employee benefits.....	9,551,401	-	9,551,401
State and county charges.....	3,567,251	-	3,567,251
Debt service:			
Principal.....	2,451,000	-	2,451,000
Interest.....	752,290	-	752,290
TOTAL EXPENDITURES.....	117,981,800	16,745,201	134,727,001
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....	718,276	(5,173,538)	(4,455,262)
OTHER FINANCING SOURCES (USES):			
Issuance of long-term debt.....	-	3,140,000	3,140,000
Premium from issuance of bonds.....	-	114,778	114,778
Transfers in.....	2,530,984	940,578	3,471,562
Transfers out.....	(228,000)	(838,928)	(1,066,928)
TOTAL OTHER FINANCING SOURCES (USES).....	2,302,984	3,356,428	5,659,412
NET CHANGE IN FUND BALANCES.....	3,021,260	(1,817,110)	1,204,150
FUND BALANCES AT BEGINNING OF YEAR.....	16,988,371	22,675,842	39,664,213
FUND BALANCES AT END OF YEAR.....	\$ 20,009,631	\$ 20,858,732	\$ 40,868,363

See notes to basic financial statements.

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

FISCAL YEAR ENDED JUNE 30, 2013

Net change in fund balances - total governmental funds.....	\$	1,204,150
<p>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.</p>		
Capital outlay.....	7,149,019	
Depreciation expense.....	<u>(2,995,615)</u>	
Net effect of reporting capital assets.....		4,153,404
<p>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.....</p>		
		2,786,903
<p>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. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities.</p>		
Principal payments on capital leases.....	63,388	
Proceeds from bonds and notes.....	(3,140,000)	
Debt service principal payments.....	<u>2,451,000</u>	
Net effect of reporting long-term debt.....		(625,612)
<p>Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.</p>		
Net change in compensated absences accrual.....	(111,867)	
Net change in accrued interest on long-term debt.....	(3,466)	
Net change in other postemployment benefits accrual.....	(8,380,374)	
Net change in workers' compensation accrual.....	(143,830)	
Net amortization of premium from issuance of bonds.....	<u>46,180</u>	
Net effect of recording long-term liabilities.....		(8,593,357)
<p>Internal service funds are used by management to account for health insurance and workers' compensation activities.</p>		
The net activity of internal service funds is reported with Governmental Activities.....		<u>(73,479)</u>
Change in net position of governmental activities.....	\$	<u><u>(1,147,991)</u></u>

See notes to basic financial statements.

PROPRIETARY FUNDS
STATEMENT OF NET POSITION

JUNE 30, 2013

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Fund
	Water and Sewer	Golf Course	Electric Light December 31, 2012	Total	
ASSETS					
CURRENT:					
Cash and cash equivalents.....	\$ 8,291,161	\$ 20,296	\$ 20,559,776	\$ 28,871,233	\$ 4,176,041
Receivables, net of allowance for uncollectibles:					
User fees.....	2,967,695	-	7,045,389	10,013,084	-
Water and sewer liens.....	13,109	-	-	13,109	-
Departmental and other.....	-	-	936,168	936,168	175,668
Inventory.....	-	56,787	3,795,445	3,852,232	-
Working capital deposit.....	-	-	-	-	692,000
Prepaid expenses.....	-	-	418,989	418,989	-
Purchased power advanced deposits.....	-	-	1,451,607	1,451,607	-
Total current assets.....	11,271,965	77,083	34,207,374	45,556,422	5,043,709
NONCURRENT:					
Investment in Hydro Quebec.....	-	-	30,857	30,857	-
Investment in Energy New England.....	-	-	779,142	779,142	-
Other assets.....	-	-	135,036	135,036	-
Capital assets, non depreciable.....	939,508	375,876	1,183,234	2,498,618	-
Capital assets, net of accumulated depreciation.....	44,916,981	571,296	148,703,513	194,191,790	-
Total noncurrent assets.....	45,856,489	947,172	150,831,782	197,635,443	-
TOTAL ASSETS.....	57,128,454	1,024,255	185,039,156	243,191,865	5,043,709
LIABILITIES					
CURRENT:					
Warrants payable.....	651,436	66,968	4,171,369	4,889,773	260,586
Accrued liabilities.....	-	-	691,172	691,172	-
Accrued payroll.....	23,996	16,441	-	40,437	-
Health claims payable.....	-	-	-	-	1,223,500
Accrued interest.....	105,807	-	-	105,807	-
Participant advances and reserves.....	-	-	1,318,616	1,318,616	-
Other liabilities.....	5,477	-	-	5,477	-
Unearned revenue.....	-	140,055	192,000	332,055	-
Capital lease obligations.....	-	-	268,572	268,572	-
Compensated absences.....	97,994	61,143	218,560	377,697	-
Workers' compensation.....	50,593	-	-	50,593	-
Bonds payable.....	2,406,242	-	5,173,470	7,579,712	-
Total current liabilities.....	3,341,545	284,607	12,033,759	15,659,911	1,484,086
NONCURRENT:					
Capital lease obligations.....	-	-	274,098	274,098	-
Customer deposits payable.....	-	2,150	692,908	695,058	-
Compensated absences.....	40,870	31,958	-	72,828	-
Workers' compensation.....	71,997	-	-	71,997	-
Unearned revenue.....	-	-	9,352,270	9,352,270	-
Other postemployment benefits.....	720,470	263,457	4,610,321	5,594,248	-
Bonds payable.....	21,182,799	-	98,633,230	119,816,029	-
Total noncurrent liabilities.....	22,016,136	297,565	113,562,827	135,876,528	-
TOTAL LIABILITIES.....	25,357,681	582,172	125,596,586	151,536,439	1,484,086
NET POSITION					
Net investment in capital assets.....	26,486,776	947,172	48,138,850	75,572,798	-
Unrestricted.....	5,283,997	(505,089)	11,303,720	16,082,628	3,559,623
TOTAL NET POSITION.....	\$ 31,770,773	\$ 442,083	\$ 59,442,570	\$ 91,655,426	\$ 3,559,623

See notes to basic financial statements.

PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

FISCAL YEAR ENDED JUNE 30, 2013

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Fund
	Water and Sewer	Golf Course	Electric Light December 31, 2012	Total	
OPERATING REVENUES:					
Employee contributions	\$ -	\$ -	\$ -	\$ -	\$ 6,044,939
Employer contributions	-	-	-	-	9,082,852
Charges for services	13,823,989	1,347,448	-	15,171,437	-
Sales to ultimate customers.....	-	-	56,384,464	56,384,464	-
Sales for resale.....	-	-	12,605,128	12,605,128	-
Other operating revenues.....	-	-	1,729,215	1,729,215	-
Utility liens.....	6,077	-	-	6,077	-
TOTAL OPERATING REVENUES	13,830,066	1,347,448	70,718,807	85,896,321	15,127,791
OPERATING EXPENSES:					
Cost of services and administration	3,536,228	1,287,442	15,209,307	20,032,977	-
MWRA Assessment.....	7,597,309	-	-	7,597,309	-
Fuel for generation.....	-	-	3,410,218	3,410,218	-
Purchased power.....	-	-	27,852,573	27,852,573	-
Repairs and maintenance.....	309,715	201,404	7,799,938	8,311,057	-
Depreciation.....	1,545,037	58,375	7,996,846	9,600,258	-
Employee benefits	-	-	-	-	15,201,270
TOTAL OPERATING EXPENSES	12,988,289	1,547,221	62,268,882	76,804,392	15,201,270
OPERATING INCOME (LOSS).....	841,777	(199,773)	8,449,925	9,091,929	(73,479)
NONOPERATING REVENUES (EXPENSES):					
Investment income.....	2,683	-	123,924	126,607	-
Interest expense.....	(771,653)	-	(4,141,114)	(4,912,767)	-
TOTAL NONOPERATING REVENUES (EXPENSES), NET.....	(768,970)	-	(4,017,190)	(4,786,160)	-
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS.....	72,807	(199,773)	4,432,735	4,305,769	(73,479)
CAPITAL CONTRIBUTIONS.....	142,560	-	-	142,560	-
TRANSFERS:					
Transfers out.....	(348,244)	(56,390)	(2,000,000)	(2,404,634)	-
CHANGE IN NET POSITION.....	(132,877)	(256,163)	2,432,735	2,043,695	(73,479)
NET POSITION AT BEGINNING OF YEAR.....	31,903,650	698,246	57,009,835	89,611,731	3,633,102
NET POSITION AT END OF YEAR.....	\$ 31,770,773	\$ 442,083	\$ 59,442,570	\$ 91,655,426	\$ 3,559,623

See notes to basic financial statements.

PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS

FISCAL YEAR ENDED JUNE 30, 2013

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Fund
	Water and Sewer	Golf Course	Electric Light December 31, 2012	Total	
CASH FLOWS FROM OPERATING ACTIVITIES:					
Receipts from customers and users.....	\$ 13,947,789	\$ 1,311,147	\$ 69,306,378	\$ 84,565,314	\$ 6,044,939
Receipts from interfund services provided.....	-	-	-	-	9,082,852
Payments to vendors.....	(9,494,276)	(788,548)	(46,139,077)	(56,421,901)	-
Payments to employees.....	(1,306,061)	(575,807)	(9,709,440)	(11,591,308)	-
Payments for interfund services used.....	-	-	-	-	(14,711,252)
NET CASH FROM OPERATING ACTIVITIES.....	3,147,452	(53,208)	13,457,861	16,552,105	416,539
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:					
Transfers out.....	(348,244)	(56,390)	(2,000,000)	(2,404,634)	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:					
Proceeds from the issuance of bonds and notes.....	3,282,240	-	-	3,282,240	-
Capital contributions.....	142,560	-	-	142,560	-
Acquisition and construction of capital assets.....	(3,637,116)	(5,520)	(3,091,862)	(6,734,498)	-
Principal payments on bonds and notes.....	(2,324,846)	-	(4,410,000)	(6,734,846)	-
Principal payments on capital lease obligations.....	-	-	(235,194)	(235,194)	-
Interest expense.....	(832,179)	-	(4,899,584)	(5,731,763)	-
Participant advances and reserves.....	-	-	402,203	402,203	-
NET CASH FROM CAPITAL AND RELATED FINANCING ACTIVITIES.....	(3,369,341)	(5,520)	(12,234,437)	(15,609,298)	-
CASH FLOWS FROM INVESTING ACTIVITIES:					
Investment in Hydro Quebec.....	-	-	17,093	17,093	-
Investment in Energy New England.....	-	-	(97,599)	(97,599)	-
Investment income.....	2,683	-	123,924	126,607	-
NET CASH FROM INVESTING ACTIVITIES.....	2,683	-	43,418	46,101	-
NET CHANGE IN CASH AND CASH EQUIVALENTS.....	(567,450)	(115,118)	(733,158)	(1,415,726)	416,539
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR.....	8,858,611	135,414	21,292,934	30,286,959	3,759,502
CASH AND CASH EQUIVALENTS AT END OF YEAR.....	\$ 8,291,161	\$ 20,296	\$ 20,559,776	\$ 28,871,233	\$ 4,176,041
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES:					
Operating income (loss).....	\$ 841,777	\$ (199,773)	\$ 8,449,925	\$ 9,091,929	\$ (73,479)
Adjustments to reconcile operating income to net cash from operating activities:					
Depreciation.....	1,545,037	58,375	7,996,846	9,600,258	-
Changes in assets and liabilities:					
Water and sewer liens.....	37,434	-	-	37,434	-
User fees.....	74,812	-	(450,666)	(375,854)	-
Departmental and other.....	-	-	(927,923)	(927,923)	80,471
Inventory.....	-	(30,811)	8,081	(22,730)	-
Working capital deposit.....	-	-	-	-	108,000
Prepaid expenses.....	-	-	106,684	106,684	-
Purchased power advance deposits.....	-	-	(150,113)	(150,113)	-
Warrants payable.....	394,213	51,455	(1,637,087)	(1,191,419)	253,047
Accrued liabilities.....	-	-	19,407	19,407	-
Accrued payroll.....	(920)	(2,777)	-	(3,697)	-
Health claims payable.....	-	-	-	-	48,500
Customer deposits payable.....	-	-	55,558	55,558	-
Other liabilities.....	5,477	-	-	5,477	-
Unearned revenues.....	-	(5,490)	(89,398)	(94,888)	-
Accrued compensated absences.....	4,277	675	(65,459)	(60,507)	-
Workers' compensation.....	122,590	-	-	122,590	-
Other postemployment benefits.....	122,755	75,138	142,006	339,899	-
Total adjustments.....	2,305,675	146,565	5,007,936	7,460,176	490,018
NET CASH FROM OPERATING ACTIVITIES.....	\$ 3,147,452	\$ (53,208)	\$ 13,457,861	\$ 16,552,105	\$ 416,539
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES:					
Borrowing under capital leases.....	-	-	228,235	228,235	-
Acquisition of capital assets on account.....	169,707	-	-	169,707	-
NET NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES.....	\$ 169,707	\$ -	\$ 228,235	\$ 397,942	\$ -

See notes to basic financial statements.

FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITION

JUNE 30, 2013

	Pension Trust Fund (as of December 31, 2012)	Other Postemployment Benefit Trust Fund	Private Purpose Trust Funds	Agency Funds
ASSETS				
Cash and cash equivalents.....	\$ 2,728,743	\$ 1,957,051	\$ 11,396	\$ 324,528
Investments:				
Equity mutual funds.....	-	-	621,353	-
Fixed income mutual funds.....	55,387,418	-	-	-
Domestic equity mutual funds.....	35,622,160	-	-	-
International equity mutual funds.....	19,088,862	-	-	-
Pension reserve investment trust.....	36,136,136	-	-	-
Receivables, net of allowance for uncollectibles:				
Departmental and other.....	163,694	-	-	-
Prepaid expenses.....	8,224	-	-	-
TOTAL ASSETS.....	149,135,237	1,957,051	632,749	324,528
LIABILITIES				
Warrants payable.....	59,793	-	-	-
Liabilities due depositors.....	-	-	-	324,528
TOTAL LIABILITIES.....	59,793	-	-	324,528
NET POSITION				
Held in trust for:				
Pension benefits.....	149,075,444	-	-	-
Other postemployment benefits.....	-	1,957,051	-	-
Other purposes.....	-	-	632,749	-
TOTAL NET POSITION.....	\$ 149,075,444	\$ 1,957,051	\$ 632,749	\$ -

See notes to basic financial statements.

FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

FISCAL YEAR ENDED JUNE 30, 2013

	Pension Trust Fund (as of December 31, 2012)	Other Postemployment Benefit Trust Fund	Private Purpose Trust Funds
ADDITIONS:			
Contributions:			
Employer.....	\$ 7,691,487	\$ 1,039,758	\$ -
Plan members.....	3,786,903	-	-
Private donations.....	-	-	502,380
Total contributions.....	<u>11,478,390</u>	<u>1,039,758</u>	<u>502,380</u>
Net investment income:			
Net change in fair value of investments.....	13,818,203	-	(14,527)
Interest.....	1,056,904	3,176	-
Dividends.....	2,010,493	-	-
Total investment income (loss).....	16,885,600	3,176	(14,527)
Less: investment expense.....	<u>(692,503)</u>	<u>-</u>	<u>-</u>
Net investment income (loss).....	<u>16,193,097</u>	<u>3,176</u>	<u>(14,527)</u>
Intergovernmental.....	292,666	-	-
Transfers from other systems.....	369,825	-	-
TOTAL ADDITIONS.....	<u>28,333,978</u>	<u>1,042,934</u>	<u>487,853</u>
DEDUCTIONS:			
Administration.....	265,492	-	-
Transfers to other systems.....	583,187	-	-
Retirement benefits and refunds.....	13,706,289	-	-
Educational scholarships.....	-	-	11,345
TOTAL DEDUCTIONS.....	<u>14,554,968</u>	<u>-</u>	<u>11,345</u>
CHANGE IN NET POSITION.....	13,779,010	1,042,934	476,508
NET POSITION AT BEGINNING OF YEAR.....	<u>135,296,434</u>	<u>914,117</u>	<u>156,241</u>
NET POSITION AT END OF YEAR.....	<u>\$ 149,075,444</u>	<u>\$ 1,957,051</u>	<u>\$ 632,749</u>

See notes to basic financial statements.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

The Town is a municipal corporation that is governed by an elected Mayor. A nine-member Town Council, 3 members elected at large and 6 district members, serves as a representative legislature.

For financial reporting purposes, the Town has included all funds, organizations, agencies, boards, commissions and institutions. The Town has also considered all potential component units for which it is financially accountable as well as other organizations for which the nature and significance of their relationship with the Town are such that exclusion would cause the basic financial statements to be misleading or incomplete. As required by GAAP, these basic financial statements present the Town (the primary government) and its component units. One entity has been included as a component unit in the reporting entity, because of the significance of its operational and/or financial relationship.

Component Unit Presented as a Fiduciary Fund – The following component unit is presented as a Fiduciary Fund of the primary government due to the nature and significance of the relationship between the Town and the component unit.

In the Fiduciary Funds:

- (1) The Braintree Contributory Retirement System (the System) was established to provide retirement benefits to Town employees, Braintree Housing Authority employees, and their beneficiaries. The System is governed by a five-member board comprised of two elected members, (nominees must be active or retired members), two appointed members by the Executive Authority, and the fifth member shall be an independent member appointed by the other four members.

Availability of Financial Information for Component Units, the Electric Light Department and Joint Ventures

The System did not issue a separate audited financial statement. The System issues a publicly available unaudited financial report in accordance with guidelines established by the Commonwealth of Massachusetts' (Commonwealth) Public Employee Retirement Administration Commission (PERAC). That report may be obtained by contacting the System located at 74 Pond Street, Braintree, Massachusetts, 02184.

In accordance with Massachusetts General Laws, Chapter 164, the Braintree Electric Light Department (the BELD) was established to generate and distribute electricity for municipal and residential use within the Town. The BELD is governed by an elected three-member board and is operated by a manager appointed by the BELD's elected board. The manager has charge of BELD's operations and is subject to the direction and control of the Braintree Municipal Light Board. It is not a separate legal entity and therefore the condensed financial statements of the BELD are reported as an enterprise fund. A complete audited financial statement for the BELD, for the year ended December 31, 2012, can be obtained directly from their administrative office located at 150 Potter Road, Braintree, Massachusetts, 02184.

Joint Venture – The Town is a member of the Blue Hills Regional Technical School that provides educational services to nine area communities. This joint venture assesses each community its share of operating and debt service costs based on student population and other factors. In fiscal year 2013, Braintree’s share of the operating and debt expenses was \$1,801,174. There is no equity interest reported in these financial statements. Complete audited financial statements can be obtained directly from the District’s administrative office located at 800 Randolph Street, Canton, Massachusetts, 02021.

B. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

The government-wide financial statements (i.e., statement of net position and the statement of changes in net position) report information on all of the non-fiduciary activities of the primary government and its component units.

Governmental activities, which are primarily supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which are supported primarily by user fees and charges.

Fund Financial Statements

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

Major Fund Criteria

Major funds must be reported if the following criteria are met:

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

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

Internal service funds and fiduciary funds are reported by fund type.

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

Government-Wide Financial Statements

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

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

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

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

For the most part, the effect of interfund activity has been removed from the government-wide financial statements. However, the effect of interfund services provided and used between functions is not eliminated as the elimination of these charges would distort the direct costs and program revenues reported for the functions affected.

Fund Financial Statements

Governmental fund financial statements are reported using the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., measurable and available). Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to pay liabilities of the current period. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on general long-term debt which is recognized when due, and certain compensated absences, claims and judgments which are recognized when the obligations are expected to be liquidated with current expendable available resources.

Real estate and personal property tax revenues are considered available if they are collected within 60 days after fiscal year-end. Investment income is susceptible to accrual. Other receipts and tax revenues become measurable and available when the cash is received and are recognized as revenue at that time.

Entitlements and shared revenues are recorded at the time of receipt or earlier if the susceptible to accrual criteria is met. Expenditure driven grants recognize revenue when the qualifying expenditures are incurred and all other grant requirements are met.

The following major governmental fund is reported:

The *general fund* is the primary operating fund. It is used to account for all financial resources, except those that are required to be accounted for in another fund. Included within the general fund is a stabilization fund. The balance in the stabilization fund decreased from \$1,698,000 in 2012 to \$973,000 in 2013. The stabilization fund balance can be used for general and/or capital purposes upon Town Council and the Mayor's approval.

The nonmajor governmental funds consist of other special revenue, capital projects and permanent funds that are aggregated and presented in the *nonmajor governmental funds* column on the governmental funds financial statements. The following describes the general use of these fund types:

The *special revenue fund* is used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than permanent funds or capital projects.

The *capital projects fund* is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets of the governmental funds.

The *permanent fund* is used to account for and report financial resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support the governmental programs.

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

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

The following major proprietary funds are reported:

The *water and sewer enterprise fund* was jointly established in 1984 pursuant to an act establishing the water and sewer commission. It is used to account for water and sewer activities.

The *golf course enterprise fund* is used to account for the operations of the municipal golf course.

The *electric light enterprise fund* is used to account for electric light activities.

Additionally, the following proprietary fund type is reported:

The *internal service fund* is used to account for the financing of services provided by one department to other departments or governmental units. This fund is used to account for risk financing activities related to health insurance.

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

The following fiduciary fund types are reported:

The *pension trust fund* is used to account for the activities of the Braintree Contributory Retirement System, which accumulates resources to provide pension benefits to eligible retirees and their beneficiaries.

The *other postemployment benefit trust fund* is used to accumulate resources to provide funding for future other postemployment benefits liabilities.

The *private-purpose trust fund* is used to account for trust arrangements that exclusively benefit individuals, private organizations, or other governments. Some of these trust funds have donor restrictions and trustee policies that do not allow the endowment portion and any unrealized appreciation to be spent. These restrictions and trustee policies only allows the trustees to approve spending of the realized investment earnings. The Town's educational scholarships are accounted for in this fund.

The *agency fund* is used to account for assets held in a purely custodial capacity. The Town's agency fund mainly consists of off-duty work details, performance bonds, and fees collected on behalf of other governments. Agency funds apply the accrual basis of accounting but do not have a measurement focus.

D. Cash and Investments

Government-Wide and Fund Financial Statements

Cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with an original maturity of three months or less from the date of acquisition.

Investments are carried at fair value. The fair values were determined by the closing price for those securities traded on national stock exchanges and at the average bid-and-asked quotation for those securities traded in the over-the-counter market.

E. Accounts Receivable

Government-Wide and Fund Financial Statements

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

Real Estate, Personal Property Taxes and Tax Liens

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 August 1st, November 1st, February 1st and May 1st 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 of the levy.

Tax liens are imposed three years after the original tax is considered delinquent and are processed subsequent to July 1st every year.

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

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

Motor Vehicle and Other Excise Taxes

Motor vehicle excise taxes are assessed annually for each vehicle registered in the Town and are recorded as receivables in the fiscal year of the levy. The Commonwealth is responsible for reporting the number of vehicles registered and the fair values of those vehicles. The tax calculation is the fair value of the vehicle multiplied by \$25 per \$1,000 of value. Boat excise taxes are assessed annually for each boat registered and are recorded as receivables in the fiscal year of the levy. The Commonwealth is responsible for reporting the number of boats registered and the fair value of those boats. The tax calculation is the fair value of the boat multiplied by \$10 per \$1,000 of value.

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

Room Occupancy Tax

The Town levies 6% of the cost of renting hotel, motel, lodging house and bed and breakfast rooms in accordance with Massachusetts General Law, Chapter 64G, Section 3A. The tax is paid by the operator of each establishment to the State Commissioner of Revenue, who in turn pays the tax back to the Town in quarterly distributions. The room occupancy tax receivable is categorized as an intergovernmental receivable.

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

Meals Tax

The Town levies 0.75% for the sale of restaurant meals in accordance with Massachusetts General Law, Chapter 64L, Section 2. The tax is paid by the operator of each establishment to the State Commissioner of Revenue, who in turn pays the tax back to the Town in quarterly distributions. The meals tax receivable is categorized as an intergovernmental receivable.

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

Trash

Trash fees have been levied on an annual basis for each residential property that utilizes the collection service. Each per living unit is billed annually by the Public Works Department for all residents not choosing one of the several opt-out methods. The collection service includes weekly curbside collection.

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

Water and Sewer and Electric Light Department

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

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

Departmental and Other

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

Intergovernmental

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

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

F. Inventories

Government-Wide and Fund Financial Statements

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

Inventories of the golf course and BELD enterprise funds are stated at the lower of cost or market. Cost for materials and supplies inventories are determined by the first-in, first-out method.

G. Capital Assets

Government-Wide and Proprietary Fund Financial Statements

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

All purchases and construction costs in excess of \$5,000 are capitalized at the date of acquisition or construction, respectively, with expected useful lives of greater than one year.

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

<u>Capital Asset Type</u>	<u>Estimated Useful Life (in years)</u>
Land improvements.....	10 - 30
Plant in service.....	30 - 40
Buildings.....	40
Machinery and equipment.....	5 - 15
Infrastructure.....	20 - 50

The statutory provision for depreciation of a utility plant is computed on the straight-line method at 3 percent of the cost of plant in service at the beginning of the year, exclusive of land and land rights. Massachusetts law stipulates that the Electric Department may change from the statutory depreciation rate only with the approval of the Massachusetts Department of Public Utilities. The Department has consistently used an overall depreciation rate of approximately 3.5%, which approximates GAAP.

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

Governmental Fund Financial Statements

Capital asset costs are recorded as expenditures in the acquiring fund in the fiscal year of the purchase.

H. Deferred Outflows/Inflows of Resources*Government-Wide Financial Statements (Net Position)*

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

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The Town did not have any items that qualify for reporting in this category.

I. Interfund Receivables and Payables

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

Government-Wide Financial Statements

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

Fund Financial Statements

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

J. Interfund Transfers

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

Government-Wide Financial Statements

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

Fund Financial Statements

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

K. Deferred and Unearned Revenue

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

Unearned revenue at the government-wide and fund financial statement level represents resources that have been received, but not yet earned.

L. Net Position and Fund Equity*Government-Wide Financial Statements (Net Position)*

Net position reported as “net investment in capital assets” includes capital assets, net of accumulated depreciation, less the principal balance of outstanding debt used to acquire capital assets. Unspent proceeds of capital related debt are not considered to be capital assets.

Net position is reported as restricted when amounts that are not available for appropriation or are legally restricted by outside parties for a specific future use.

Net position has been “restricted for” the following:

“Permanent funds - expendable” represents amounts of realized and unrealized investment earnings of donor restricted trusts. The restrictions and trustee policies only allows the trustees to approve spending of the realized investment earnings.

“Permanent funds - nonexpendable” represents the endowment portion of donor restricted trusts.

“Grants and gifts” represents amounts held for school and other Town grants, and for gift funds.

“Community preservation” represents amounts held for uses restricted by law for community preservation purposes.

Sometimes the Town will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Town’s policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

Fund Financial Statements (Fund Balances)

Governmental fund equity is classified as fund balance. Fund balance is further classified as follows:

“Nonspendable” fund balance includes amounts that cannot be spent because they are either not in spendable form or they are legally or contractually required to be maintained intact.

“Restricted” fund balance includes amounts subject to constraints placed on the use of resources that are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or that are imposed by law through constitutional provisions or enabling legislation.

“Committed” fund balance includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government’s highest level of decision-making authority. The Mayor and Town Council are the highest level of decision making authority that can commit funds for a specific purpose. Once voted, the limitation imposed by the vote remains in place until the funds are used for their intended purpose or a vote is taken to rescind the commitment.

“Assigned” fund balance includes amounts that are constrained by the Town’s intent to be used for specific purposes, but are neither restricted nor committed. The Town’s by-laws authorize the Town Accountant to assign fund balance. Assignments generally only exist temporarily. Additional action does not have to be taken for the removal of an assignment.

“Unassigned” fund balance includes the residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund.

The Town’s spending policy is to spend restricted fund balance first, followed by committed, assigned and unassigned fund balance. Most governmental funds are designated for one purpose at the time of their creation. Therefore, any expenditure from the fund will be allocated to the applicable fund balance classifications in the order of the aforementioned spending policy. The general fund and certain other funds may have more than one purpose.

M. Long-term debt

Government-Wide and Proprietary Fund Financial Statements

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

Governmental Fund Financial Statements

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

N. Investment Income

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

Investment income from proprietary funds is maintained in those funds.

O. Compensated Absences

Employees are granted vacation and sick leave in varying amounts based on collective bargaining agreements, state laws and executive policies.

Government-Wide and Proprietary Fund Financial Statements

Vested or accumulated vacation and sick leave are reported as liabilities and expensed as incurred.

Governmental Fund Financial Statements

Compensated absences are reported in the governmental funds only if they have matured as a result of employee resignations or retirements. Vested or accumulated vacation and sick leave, which will be liquidated with expendable available financial resources, are reported as expenditures and fund liabilities upon maturity of the liability.

P. Use of Estimates*Government-Wide and Fund Financial Statements*

The preparation of basic financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure 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.

Q. Total Column*Government-Wide Financial Statements*

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

Fund Financial Statements

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

NOTE 2 – CASH AND INVESTMENTS

A cash and investment pool is maintained that is available for use by all funds. Each fund type's portion of this pool is displayed on the balance sheet as "Cash and cash equivalents." The deposits and investments of the trust funds are held separately from those of other funds.

Statutes authorize the investment in obligations of the U.S. Treasury, agencies, and instrumentalities, certificates of deposit, repurchase agreements, money market accounts, bank deposits and the State Treasurer's Investment Pool (the Pool). The Treasurer may also invest trust funds in securities, other than mortgages or collateral loans, which are legal for the investment of funds of savings banks under the laws of the Commonwealth.

The Pool meets the criteria of an external investment pool. The Pool is administered by the Massachusetts Municipal Depository Trust (MMDT), which was established by the Treasurer of the Commonwealth who serves as Trustee. The fair value of the position in the Pool is the same as the value of the Pool shares.

The Retirement System participates, as a Participating member, in the Pension Reserves Investment Trust (PRIT), which meets the criteria of an external investment pool. PRIT is administered by the Pension Reserves

Investment Management Board, which was established by the Treasurer of the Commonwealth of Massachusetts who serves as trustee. The fair value of the position in the PRIT is the same as the value of the PRIT shares.

The PRIT fund, as a pool, invests in various products including, but not limited to, money market mutual funds, equities, pooled foreign and domestic fixed income and equity funds, United States government sponsored enterprises and Treasury notes, real estate, and commodities. The underlying components of PRIT's fixed income portfolio had an effective weighted duration rate ranging from 0.08 to 10.37 years.

Custodial Credit Risk – Deposits

In the case of deposits, this is the risk that in the event of a bank failure, the Town's deposits may not be returned to it. The Town does not have a deposit policy for custodial risk. At fiscal year-end, the carrying amount of deposits totaled \$28,785,630, and the bank balances totaled \$33,194,927. Of the bank balance, \$1,985,297 was covered by Federal Depository Insurance, \$14,644,932 was covered by the Depositors Insurance Fund, and \$16,564,698 was exposed to custodial credit risk because it was uninsured and uncollateralized.

The Braintree Retirement System limits its custodial credit risk by utilizing an institutional custodial bank, currently State Street Bank, to custody all separately held securities which are registered under a nominee name that is specific to the System. Assets held in commingled fund accounts are also held in a similar fashion, with individual fund securities held in the fund's name at their custodian bank. A small percentage of the System's assets (typically less than 5%) may be held from time to time in commingled cash equivalent vehicles where the assets are subject to counterparty risk. At December 31, 2012, the carrying amount of deposits for the System totaled \$2,654,697 and the bank balance totaled \$2,749,711. The bank balance was fully covered by Federal Depository Insurance.

Custodial Credit Risk – Investments

For an investment, this is the risk that, in the event of a failure by the counterparty, the Town will not be able to recover the value of its investments or collateral security that are in the possession of an outside party. The Town has custodial credit risk exposure relating to its \$232,237 investment in Government Sponsored Enterprises because the securities are uninsured, unregistered, and held by the counterparty. The Town does not have an investment policy for custodial credit risk.

The Retirement System investments are not subjected to custodial credit risk as all of the securities are insured or registered, and held by its agents in the name of the Town of Braintree.

Investments

As of June 30, 2013, the Town had the following investments and maturities:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities</u>		
		<u>Under 1 Year</u>	<u>1-5 Years</u>	<u>6-10 Years</u>
<u>Debt Securities:</u>				
Government Sponsored Enterprises.....	\$ 232,237	\$ <u>50,343</u>	\$ <u>128,129</u>	\$ <u>53,765</u>
<u>Other Investments:</u>				
Equity Mutual Funds.....	319,027			
Money Market Mutual Funds.....	16,699,649			
MMDT Short-Term Bond Funds.....	6,860,530			
MMDT Cash Portfolio.....	<u>30,156,480</u>			
Total Investments.....	\$ <u>54,267,923</u>			

The Town participates in MMDT, which maintains a cash portfolio and a short-term bond fund with average maturities of approximately 31 to 54 days and a weighted average maturity of 3 years, respectively. The Town's investments in MMDT are unrated.

As of December 31, 2012, the System had the following investments:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities</u>	
		<u>6-10 Years</u>	<u>Over 10 Years</u>
<u>Debt Securities:</u>			
Fixed Income Mutual Funds.....	\$ 55,387,418	\$ <u>16,816,370</u>	\$ <u>38,571,048</u>
<u>Other Investments:</u>			
Domestic Equity Mutual Fund.....	35,622,160		
International Equity Mutual Fund.....	19,088,862		
Money Market Mutual Fund.....	74,046		
Pension Reserve Investment Trust (PRIT)...	<u>36,136,136</u>		
Total Investments.....	\$ <u>146,308,622</u>		

Interest Rate Risk

The Town does not have a formal policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

All of the Braintree Retirement System’s fixed income assets are held in professionally managed, institutional commingled funds. The System limits its effective exposure to interest rate risk by benchmarking its commingled fixed income investment accounts to an intermediate duration benchmark (Barclays) with duration of 4-5 years.

Credit Risk

The Town has not adopted a formal policy related to Credit Risk.

The Town’s investments in Government Sponsored Enterprises are rated AAA.

The remaining System investments are rated as follows by Moody’s Investor’s Service:

<u>Rated Debt Investments</u>	<u>Fair Value</u>	<u>Quality Ratings</u>	
		<u>AA2</u>	<u>A1</u>
Fixed Income Mutual Funds.....	\$ 55,387,418	\$ 16,816,370	\$ 38,571,048

The Retirement System controls and limits its exposure to credit risk by investing in well diversified, commingled fixed income funds that are both passively and actively managed by the Barclays Aggregate Index, which represents the overall U.S. investment-grade bond market. In the case of the actively managed fixed income fund, investments in below-investment grade securities are permitted, up to a maximum position of 10% of that individual commingled fund's assets, which would represent approximately 2% of the Braintree Retirement System's total assets.

Concentration of Credit Risk

The Town places no limit on the amount the Town may invest in any one issuer. No investments with any one issuer exceeded 5% of the total investments of the Town.

NOTE 3 – RECEIVABLES

At June 30, 2013, receivables for the individual major and nonmajor governmental funds and internal service funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

<u>Receivables:</u>	<u>Gross Amount</u>	<u>Allowance for Uncollectibles</u>	<u>Net Amount</u>
Real estate and personal property taxes.....	\$ 2,359,753	\$ (132,734)	\$ 2,227,019
Tax liens.....	1,008,772	-	1,008,772
Motor vehicle and other excise taxes.....	1,440,115	(648,224)	791,891
Departmental and other.....	165,686	(62,470)	103,216
Intergovernmental.....	5,436,906	-	5,436,906
Total.....	\$ 10,411,232	\$ (843,428)	\$ 9,567,804

At June 30, 2013, receivables for the proprietary funds consist of the following:

	Gross Amount	Allowance for Uncollectibles	Net Amount
	<u> </u>	<u> </u>	<u> </u>
<u>Receivables:</u>			
<i>Water and Sewer</i>			
Tax liens.....	\$ 13,109	\$ -	\$ 13,109
User fees.....	2,967,695	-	2,967,695
<i>Electric Light</i>			
User fees.....	7,200,989	(155,600)	7,045,389
Departmental and other.....	936,168	-	936,168
<i>Internal Service</i>			
Departmental and other.....	<u>175,668</u>	<u>-</u>	<u>175,668</u>
Total.....	<u>\$ 11,293,629</u>	<u>\$ (155,600)</u>	<u>\$ 11,138,029</u>

At December 31, 2012 the Pension Trust Fund had departmental and other receivables totaling \$163,694.

Governmental funds report *deferred revenue* in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. At the end of the current fiscal year, the various components of *deferred revenue* reported in the governmental funds were as follows:

	General Fund	Nonmajor Governmental Funds	Total
	<u> </u>	<u> </u>	<u> </u>
<u>Receivables and other asset types:</u>			
Real estate and personal property taxes.....	\$ 1,734,512	\$ -	\$ 1,734,512
Tax liens.....	1,008,772	-	1,008,772
Motor vehicle and other excise taxes.....	638,983	-	638,983
Departmental and other.....	905,707	3,765	909,472
Intergovernmental.....	157,790	4,494,672	4,652,462
Tax foreclosures.....	<u>78,281</u>	<u>-</u>	<u>78,281</u>
Total.....	<u>\$ 4,524,045</u>	<u>\$ 4,498,437</u>	<u>\$ 9,022,482</u>

Departmental and other deferred revenues include approximately \$790,000 of fiscal year 2013 trash fees that were collected in advance. These amounts are reported as *unearned revenue* on the Governmental Activities Statement of Net Position.

The golf course and electric light enterprise funds defer revenue for amounts that have been received in advance of being earned. These amounts are reported as *unearned revenue* on the Proprietary Statement of Net Position and total \$140,055 and \$9,544,270, respectively.

NOTE 4 – CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2013, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
<u>Capital assets not being depreciated:</u>				
Land.....	\$ 14,794,468	\$ -	\$ -	\$ 14,794,468
Construction in progress.....	-	2,255,328	-	2,255,328
Total capital assets not being depreciated.....	<u>14,794,468</u>	<u>2,255,328</u>	<u>-</u>	<u>17,049,796</u>
<u>Capital assets being depreciated:</u>				
Land improvements.....	10,470,136	-	-	10,470,136
Buildings.....	45,407,195	526,390	(144,508)	45,789,077
Machinery and equipment.....	15,027,296	1,721,168	-	16,748,464
Infrastructure.....	58,391,046	2,646,133	-	61,037,179
Total capital assets being depreciated.....	<u>129,295,673</u>	<u>4,893,691</u>	<u>(144,508)</u>	<u>134,044,856</u>
<u>Less accumulated depreciation for:</u>				
Land improvements.....	(7,252,091)	(200,883)	-	(7,452,974)
Buildings.....	(28,761,624)	(867,554)	144,508	(29,484,670)
Machinery and equipment.....	(12,741,074)	(664,424)	-	(13,405,498)
Infrastructure.....	(23,798,362)	(1,262,754)	-	(25,061,116)
Total accumulated depreciation.....	<u>(72,553,151)</u>	<u>(2,995,615)</u>	<u>144,508</u>	<u>(75,404,258)</u>
Total capital assets being depreciated, net.....	<u>56,742,522</u>	<u>1,898,076</u>	<u>-</u>	<u>58,640,598</u>
Total governmental activities capital assets, net.....	<u>\$ 71,536,990</u>	<u>\$ 4,153,404</u>	<u>\$ -</u>	<u>\$ 75,690,394</u>

	Beginning Balance	Increases	Decreases	Ending Balance
Business-Type Activities:				
<u>Capital assets not being depreciated:</u>				
Land.....	\$ 2,498,618	\$ -	\$ -	\$ 2,498,618
Construction in progress.....	673,184	-	(673,184)	-
Total capital assets not being depreciated.....	3,171,802	-	(673,184)	2,498,618
<u>Capital assets being depreciated:</u>				
Land improvements.....	1,121,473	-	-	1,121,473
Plant in service.....	234,424,954	4,027,586	(540,311)	237,912,229
Buildings.....	1,492,692	-	-	1,492,692
Machinery and equipment.....	3,002,790	184,786	-	3,187,576
Infrastructure.....	69,118,609	3,457,850	-	72,576,459
Total capital assets being depreciated.....	309,160,518	7,670,222	(540,311)	316,290,429
<u>Less accumulated depreciation for:</u>				
Land improvements.....	(691,351)	(24,229)	-	(715,580)
Plant in service.....	(81,711,813)	(7,996,846)	499,943	(89,208,716)
Buildings.....	(1,039,254)	(26,413)	-	(1,065,667)
Machinery and equipment.....	(2,773,343)	(86,244)	-	(2,859,587)
Infrastructure.....	(26,782,563)	(1,466,526)	-	(28,249,089)
Total accumulated depreciation.....	(112,998,324)	(9,600,258)	499,943	(122,098,639)
Total capital assets being depreciated, net.....	196,162,194	(1,930,036)	(40,368)	194,191,790
Total business-type activities capital assets, net.....	\$ 199,333,996	\$ (1,930,036)	\$ (713,552)	\$ 196,690,408

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

Governmental Activities:	
General government.....	\$ 266,388
Public safety.....	484,518
Education.....	499,707
Public works.....	1,352,802
Human services.....	14,676
Culture and recreation.....	339,160
Community development.....	38,364
Total depreciation expense - governmental activities.....	\$ 2,995,615
Business-Type Activities:	
Water and Sewer.....	\$ 1,545,037
Golf.....	58,375
Electric light.....	7,996,846
Total depreciation expense - business-type activities.....	\$ 9,600,258

NOTE 5 – INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

As of June 30, 2013, the Town has an interfund receivable/payable totaling \$330,637 of which \$43,324 exists between the general fund and school lunch fund and \$287,313 exists between the general fund and highway improvements fund. The purpose of this balance is to cover short-term cash needs that will be funded by future grant proceeds.

Interfund transfers for the fiscal year ended June 30, 2013, are summarized as follows:

Transfers Out:	Transfers In:		
	General Fund	Nonmajor Governmental Funds	Total
General Fund.....	\$ -	\$ 228,000	\$ 228,000 (1)
Nonmajor Governmental Funds.....	126,350	712,578	838,928 (2)
Water and Sewer Enterprise Fund.....	348,244	-	348,244 (3)
Golf Course Enterprise Fund.....	56,390	-	56,390 (3)
Electric Light Enterprise Fund.....	2,000,000	-	2,000,000 (4)
Total.....	\$ 2,530,984	\$ 940,578	\$ 3,471,562

- (1) Represents transfers from the stabilization fund to the nonmajor special revenue fund and the nonmajor capital project fund
- (2) Represents budgeted transfers to the general fund from various nonmajor special revenue funds. Also represents transfers within the nonmajor governmental funds.
- (3) Represents budgeted transfers from water and sewer and golf enterprise funds to the general fund for administration.
- (4) Represents the Payment in Lieu of Tax payment from the Braintree Electric Light Department.

NOTE 6 – LEASES

Capital Leases

The Town has entered into lease agreements to finance the acquisition of two fire trucks, three police vehicles and certain heavy equipment for the highway and parks departments. The lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of their future minimum lease payments as of the inception date. The following identifies the assets acquired through capital lease agreements:

Asset:	Governmental Activities
Machinery and equipment.....	\$ 1,733,302
Less: accumulated depreciation.....	(1,211,694)
Total.....	\$ 521,608

The following schedule presents the future minimum lease payments as of June 30, 2013:

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Governmental</u> <u>Activities</u>
2014.....	\$ 65,469
2015.....	31,600
2016.....	31,529
2017.....	<u>31,455</u>
Total minimum lease payments.....	160,053
Less: amounts representing interest.....	<u>(10,849)</u>
Present value of minimum lease payments.....	<u>\$ 149,204</u>

The BELD entered into a capitalized lease for cable and light division equipment expiring through 2016. The assets and liabilities under the capital lease are recorded at the present value of the minimum lease payments. The assets are depreciated over the life of the equipment.

The following schedule presents the future minimum lease payments as of December 31, 2012:

<u>Years Ending December 31,</u>	<u>Business-Type</u> <u>Activities</u>
2013.....	\$ 268,572
2014.....	210,263
2015.....	105,711
2016.....	<u>14,762</u>
Total minimum lease payments.....	599,308
Less: amounts representing interest.....	<u>(56,548)</u>
Present value of minimum lease payments.....	<u>\$ 542,760</u>

Operating Leases

The Town leases school buses under a noncancelable operating lease that is scheduled to expire in fiscal year 2016. The cost of the lease for the fiscal year ended June 30, 2013, totaled approximately \$322,000, and is reported as education expenditures in the general fund.

The future minimum lease payments are as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Governmental Activities</u>
2014.....	\$ 305,836
2015.....	305,836
2016.....	<u>305,836</u>
Total.....	<u>\$ 917,508</u>

The Golf Course leases golf carts under noncancelable operating leases that are scheduled to expire in fiscal year 2018. The cost of the lease for the fiscal year ended June 30, 2013, totaled approximately \$45,000.

The future minimum lease payments are as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Business-Type Activities</u>
2014.....	\$ 35,268
2015.....	35,268
2016.....	35,268
2017.....	35,268
2018.....	<u>35,268</u>
Total.....	<u>\$ 176,340</u>

NOTE 7 – SHORT-TERM FINANCING

Short-term debt may be authorized and issued to fund the following:

- Current operating costs prior to the collection of revenues through issuance of revenue or tax anticipation notes (RANS or TANS).
- Capital project costs and other approved expenditures incurred prior to obtaining permanent financing through issuance of bond anticipation notes (BANS) or grant anticipation notes (GANS).

Short-term loans are general obligations and carry maturity dates that are limited by statute. Interest expenditures and expenses for short-term borrowings are accounted for in the general fund and enterprise funds, respectively.

The Governmental and Enterprise Funds did not issue or redeem short-term debt during the year and did not have any amounts outstanding at year-end.

NOTE 8 – LONG-TERM DEBT

Under the provisions of Chapter 44, Section 10, Municipal Law authorizes indebtedness up to a limit of 5% of the equalized valuation. Debt issued in accordance with this section of the law is designated as being "inside the

debt limit". In addition, however, debt may be authorized in excess of that limit for specific purposes. Such debt, when issued, is designated as being "outside the debt limit".

Details related to the Town's general obligation indebtedness at June 30, 2013, and the debt service requirements are as follows:

Bonds and Notes Payable Schedule – Governmental Funds

Project	Maturities Through Fiscal Year	Original Loan Amount	Interest Rate (%)	Outstanding at June 30, 2012	Issued	Redeemed	Outstanding at June 30, 2013
Municipal Purpose Loan of 1999.....	2013	\$ 4,500,000	4.20 - 5.20	\$ 250,000	\$ -	\$ 250,000	\$ -
Municipal Purpose Loan of 2002.....	2013	5,099,000	2.50 - 3.75	80,000	-	80,000	-
Municipal Purpose Loan of 2006.....	2026	2,250,000	4.14 - 4.34	1,440,000	-	130,000	1,310,000
Municipal Purpose Refunding Loan of 2006.....	2017	1,055,000	4.20 - 5.20	1,015,000	-	5,000	1,010,000
Municipal Purpose Loan of 2007.....	2027	700,000	4.30 - 4.90	525,000	-	35,000	490,000
Municipal Purpose Loan of 2009.....	2028	3,600,000	3.00 - 5.00	2,165,000	-	475,000	1,690,000
Municipal Purpose Loan of 2010.....	2030	6,782,000	1.50 - 4.50	5,715,000	-	530,000	5,185,000
Municipal Purpose Loan of 2011.....	2031	6,100,000	2.00 - 4.50	5,690,000	-	410,000	5,280,000
Municipal Purpose Loan of 2012.....	2032	5,286,000	2.00 - 4.00	5,286,000	-	536,000	4,750,000
Municipal Purpose Loan of 2013.....	2033	3,140,000	2.00 - 2.75	-	3,140,000	-	3,140,000
Sub-Total.....				22,166,000	3,140,000	2,451,000	22,855,000
Unamortized Premiums on Bonds.....				346,979	114,778	160,958	300,799
Total.....				\$ 22,512,979	\$ 3,254,778	\$ 2,611,958	\$ 23,155,799

Debt service requirements for principal and interest for Governmental bonds payable in future fiscal years are as follows:

Fiscal Year	Principal	Interest	Total
2014.....	\$ 2,360,000	\$ 745,578	\$ 3,105,578
2015.....	2,330,000	671,543	3,001,543
2016.....	2,130,000	598,909	2,728,909
2017.....	2,075,000	527,839	2,602,839
2018.....	1,610,000	462,272	2,072,272
2019.....	1,415,000	409,941	1,824,941
2020.....	1,410,000	365,262	1,775,262
2021.....	1,315,000	317,099	1,632,099
2022.....	1,290,000	269,381	1,559,381
2023.....	1,195,000	227,708	1,422,708
2024.....	1,120,000	188,351	1,308,351
2025.....	1,120,000	150,210	1,270,210
2026.....	1,075,000	110,732	1,185,732
2027.....	745,000	77,533	822,533
2028.....	585,000	57,708	642,708
2029.....	395,000	37,277	432,277
2030.....	395,000	22,113	417,113
2031.....	185,000	6,827	191,827
2032.....	85,000	2,075	87,075
2033.....	20,000	561	20,561
Total.....	\$ 22,855,000	\$ 5,248,919	\$ 28,103,919

Bonds and Notes Payable Schedule – Water and Sewer Enterprise Fund

Project	Maturities Through Fiscal Year	Original Loan Amount	Interest Rate (%)	Outstanding at June 30, 2012	Issued	Redeemed	Outstanding at June 30, 2013
Municipal Purpose Loan of 2002.....	2018	\$ 2,130,000	2.50 - 4.25	\$ 840,000	\$ -	\$ 140,000	\$ 700,000
Municipal Purpose Loan of 2006.....	2026	4,480,000	4.14	3,110,000	-	220,000	2,890,000
Municipal Purpose Refunding Loan of 2006.....	2017	2,355,000	4.20 - 5.20	1,050,000	-	245,000	805,000
Municipal Purpose Loan of 2007.....	2027	1,430,000	4.14 - 4.90	1,025,000	-	80,000	945,000
Municipal Purpose Loan of 2009.....	2029	8,842,000	3.00 - 5.00	6,820,000	-	670,000	6,150,000
Municipal Purpose Refunding Loan of 2011.....	2022	3,575,000	2.00 - 4.00	3,455,000	-	430,000	3,025,000
Municipal Purpose Loan of 2011.....	2031	2,286,000	2.00 - 4.50	2,135,000	-	145,000	1,990,000
MWRA Loan of 2011.....	2017	344,230	0.00	344,230	-	68,846	275,384
Municipal Purpose Loan of 2012.....	2032	3,101,000	2.00 - 4.00	3,101,000	-	326,000	2,775,000
Municipal Purpose Loan of 2013.....	2033	3,108,000	2.00 - 2.75	-	3,108,000	-	3,108,000
MWRA Loan of 2013.....	2018	174,240	0.00	-	174,240	-	174,240
Sub-Total.....				21,880,230	3,282,240	2,324,846	22,837,624
Unamortized Premiums on Bonds.....				812,893	-	61,476	751,417
Total.....				\$ 22,693,123	\$ 3,282,240	\$ 2,386,322	\$ 23,589,041

Debt service requirements for principal and interest for water and sewer enterprise fund bonds and notes payable in future fiscal years are as follows:

Fiscal Year	Principal	Interest	Total
2014.....	\$ 2,346,694	\$ 772,350	\$ 3,119,044
2015.....	2,278,694	703,092	2,981,786
2016.....	2,268,694	637,342	2,906,036
2017.....	2,258,694	567,819	2,826,513
2018.....	1,679,848	505,481	2,185,329
2019.....	1,365,000	447,556	1,812,556
2020.....	1,360,000	396,141	1,756,141
2021.....	1,355,000	345,904	1,700,904
2022.....	1,305,000	294,557	1,599,557
2023.....	945,000	250,130	1,195,130
2024.....	945,000	212,880	1,157,880
2025.....	950,000	175,342	1,125,342
2026.....	950,000	137,516	1,087,516
2027.....	745,000	99,615	844,615
2028.....	650,000	70,607	720,607
2029.....	605,000	46,724	651,724
2030.....	260,000	23,050	283,050
2031.....	265,000	14,625	279,625
2032.....	185,000	7,575	192,575
2033.....	120,000	3,301	123,301
Total.....	\$ 22,837,624	\$ 5,711,607	\$ 28,549,231

Bonds and Notes Payable Schedule – Electric Light Enterprise Fund

Project	Maturities Through Year Ended	Original Loan Amount	Interest Rate (%)	Outstanding at December 31, 2011	Issued	Redeemed	Outstanding at December 31, 2012
Municipal Purpose Loan of 2001.....	2012	\$ 1,500,000	2.50 - 3.75	\$ 150,000	\$ -	\$ 150,000	\$ -
Municipal Purpose Loan of 2009.....	2028	109,700,000	3.00 - 5.00	101,715,000	-	4,260,000	97,455,000
Sub-Total.....				101,865,000	-	4,410,000	97,455,000
Unamortized Premiums on Bonds.....				7,110,170	-	758,470	6,351,700
Total.....				\$ 108,975,170	\$ -	\$ 5,168,470	\$ 103,806,700

Debt service requirements for principal and interest for electric light enterprise fund bonds and notes payable in future years are as follows:

Year Ended	Principal	Interest	Total
2013.....	\$ 4,415,000	\$ 4,789,853	\$ 9,204,853
2014.....	4,630,000	4,583,794	9,213,794
2015.....	4,855,000	4,352,294	9,207,294
2016.....	5,085,000	4,123,194	9,208,194
2017.....	5,335,000	3,875,944	9,210,944
2018.....	5,600,000	3,610,244	9,210,244
2019.....	5,875,000	3,330,244	9,205,244
2020.....	6,175,000	3,036,494	9,211,494
2021.....	6,480,000	2,727,744	9,207,744
2022.....	6,810,000	2,403,744	9,213,744
2023.....	7,150,000	2,063,244	9,213,244
2024.....	7,510,000	1,705,744	9,215,744
2025.....	7,855,000	1,354,844	9,209,844
2026.....	8,245,000	962,094	9,207,094
2027.....	7,930,000	549,844	8,479,844
2028.....	3,505,000	153,344	3,658,344
Total.....	\$ 97,455,000	\$ 43,622,663	\$ 141,077,663

Authorized and unissued debt

The Town is subject to various debt limits by statute and may issue additional general obligation debt under the normal debt limit. At June 30, 2013, the Town had the following authorized and unissued debt:

Purpose	Amount
Water and sewer projects.....	\$ 658,157
MWRA.....	1,893,200
Renovations to Town Hall.....	850,000
School projects.....	2,183,326
Water distribution system improvements.....	3,500,000
Roads.....	1,700,000
Fire aerial platform truck.....	450,000
Public safety repairs and equipment.....	408,000
Public works repairs and equipment.....	100,000
Public works building improvements.....	107,000
Public works drainage.....	180,000
Public works dump trucks.....	265,000
Library building improvements.....	100,000
Total.....	\$ 12,394,683

Changes in Long-term Liabilities

During the fiscal year ended June 30, 2013, the following changes occurred in long-term liabilities:

	Beginning Balance	Bonds and Notes Issued	Bonds and Notes Redeemed	Other Increases	Other Decreases	Ending Balance	Due Within One Year
Governmental Activities:							
Long-term bonds payable.....	\$ 22,166,000	\$ 3,140,000	\$ (2,451,000)	\$ -	\$ -	\$ 22,855,000	\$ 2,360,000
Add: Unamortized premium on bonds.....	346,979	114,778	(160,958)	-	-	300,799	42,762
Total bonds payable.....	22,512,979	3,254,778	(2,611,958)	-	-	23,155,799	2,402,762
Capital lease obligations.....	212,592	-	-	-	(63,388)	149,204	59,236
Compensated absences.....	3,309,772	-	-	1,854,813	(1,742,946)	3,421,639	1,766,969
Workers' compensation.....	502,015	-	-	436,262	(292,432)	645,845	299,577
Other postemployment benefits.....	42,001,706	-	-	13,584,467	(5,204,093)	50,382,080	-
Total governmental activity long-term liabilities.....	<u>\$ 68,539,064</u>	<u>\$ 3,254,778</u>	<u>\$ (2,611,958)</u>	<u>\$ 15,875,542</u>	<u>\$ (7,302,859)</u>	<u>\$ 77,754,567</u>	<u>\$ 4,528,544</u>
Business-Type Activities:							
Bonds and notes payable.....	\$ 123,745,230	\$ 3,282,240	\$ (6,734,846)	\$ -	\$ -	\$ 120,292,624	\$ 6,761,694
Add: Unamortized premium on bonds.....	7,923,063	-	(819,946)	-	-	7,103,117	818,018
Total bonds payable.....	131,668,293	3,282,240	(7,554,792)	-	-	127,395,741	7,579,712
Unearned revenue.....	9,779,213	-	-	242,657	(337,545)	9,684,325	332,055
Capital lease obligations.....	549,629	-	-	228,235	(235,194)	542,670	268,572
Customer deposits payable.....	639,500	-	-	55,558	-	695,058	-
Compensated absences.....	511,032	-	-	380,219	(440,726)	450,525	377,697
Workers' compensation.....	-	-	-	122,590	-	122,590	50,593
Other postemployment benefits.....	5,254,349	-	-	1,323,048	(983,149)	5,594,248	-
Total business-type activity long-term liabilities.....	<u>\$ 148,402,016</u>	<u>\$ 3,282,240</u>	<u>\$ (7,554,792)</u>	<u>\$ 2,352,307</u>	<u>\$ (1,996,614)</u>	<u>\$ 144,485,157</u>	<u>\$ 8,608,629</u>

The governmental activities long-term liabilities are generally liquidated by the general fund. Business-type activities long-term liabilities are liquidated by each respective fund.

NOTE 9 – GOVERNMENTAL FUND BALANCE CLASSIFICATIONS

The Town adopted GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, as part of the fiscal year 2012 reporting. The intention of the GASB is to provide a more structured classification of fund balance and to improve the usefulness of fund balance reporting to the users of the Town's financial statements. The reporting standard establishes a hierarchy for fund balance classifications and the constraints imposed on the uses of those resources.

GASB 54 provides for two major types of fund balances, which are nonspendable and spendable. Nonspendable fund balances are balances that cannot be spent because they are not expected to be converted to cash or they are legally or contractually required to remain intact. Examples of this classification are prepaid items, inventories, and principal (corpus) of an endowment fund. The Town has reported principal portions of endowment funds as nonspendable.

In addition to the nonspendable fund balance, GASB 54 has provided a hierarchy of spendable fund balances, based on a hierarchy of spending constraints.

- Restricted: fund balances that are constrained by external parties, constitutional provisions, or enabling legislation.
- Committed: fund balances that contain self-imposed constraints of the government from its highest level of decision making authority. The Town's highest level of decision making is made by Town Council.
- Assigned: fund balances that contain self-imposed constraints of the government to be used for a particular purpose.
- Unassigned: fund balance of the general fund that is not constrained for any particular purpose.

Massachusetts General Law Ch.40 §5B allows for the establishment of Stabilization funds for one or more different purposes. The creation of a fund requires a two-thirds vote of the legislative body and must clearly define the purpose of the fund. Any change to the purpose of the fund along with any additions to or appropriations from the fund requires a two-thirds vote of the legislative body.

In accordance with Statement No. 54, the stabilization fund has been reported in the general fund. At year end the balance of the General Stabilization Fund is \$972,856 and is reported as unassigned fund balance within the General Fund.

The Town has classified its fund balances with the following hierarchy:

	<u>General</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Fund Balances:			
Nonspendable:			
Permanent fund principal.....\$	-	\$ 2,564,886	\$ 2,564,886
Restricted for:			
Town special revenue funds.....	-	2,543,215	2,543,215
School lunch.....	-	13,811	13,811
School revolving funds.....	-	1,537,561	1,537,561
Community preservation fund.....	-	5,014,284	5,014,284
Town capital projects.....	-	1,682,287	1,682,287
Expendable trust funds.....	-	7,502,688	7,502,688
Committed to:			
Articles and continuing appropriations:			
General government.....	37,087	-	37,087
Public safety.....	598,320	-	598,320
Public works.....	345,519	-	345,519
Human services.....	6,669	-	6,669
Culture and recreation.....	1,360	-	1,360
Assigned to:			
Encumbrances:			
General government.....	1,079,015	-	1,079,015
Public safety.....	13,706	-	13,706
Education.....	23,030	-	23,030
Public works.....	24,460	-	24,460
Unassigned.....	<u>17,880,465</u>	<u>-</u>	<u>17,880,465</u>
Total Fund Balances.....\$	<u>20,009,631</u>	<u>\$ 20,858,732</u>	<u>\$ 40,868,363</u>

NOTE 10 – RISK FINANCING

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. The amount of claim settlements has not exceeded insurance coverage in any of the previous three fiscal years.

The Town is self-insured for its health and workers’ compensation insurance activities. Health insurance activities are accounted for in the internal service fund where revenues are recorded when earned and expenses are recorded when the liability is incurred. Workers’ compensation claims are administered by a third party administrator and are funded on a pay-as-you-go basis from annual appropriations.

Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNR). The result of the process to estimate the claims liability is not an exact amount as it depends on many factors. Accordingly, claims are reevaluated periodically to consider the effects of inflation, recent claims settlement trends, and other economic and social factors.

(a) *Health Insurance*

The estimate of IBNR claims is based on management’s best estimate of claims history. The Town purchases individual stop loss insurance for claims in excess of the coverage provided by the Town in the amount of \$100,000 per claim. At June 30, 2013, the amount of the liability for health insurance claims totaled \$1,223,500 which is the best estimate based on available information. Changes in the reported liability since July 1, 2011 are as follows:

	Balance at Beginning of Fiscal Year	Current Year Claims and Changes in Estimate	Claims Payments	Balance at Fiscal Year-End Currently Due
Fiscal Year 2012.....	\$ 881,903	\$ 13,802,245	\$ (13,509,148)	\$ 1,175,000
Fiscal Year 2013.....	1,175,000	13,729,643	(13,681,143)	1,223,500

(b) *Workers’ Compensation*

The estimated future workers’ compensation liability is based on history and injury type. The Town purchases individual workers’ compensation insurance for claims in excess of the coverage provided by the Town in the amounts ranging between \$300,000 and \$500,000 per claim. At June 30, 2013, the amount of the liability for workers’ compensation claims totaled \$768,435. Changes in the reported liability since July 1, 2011 are as follows:

	Balance at Beginning of Fiscal Year	Current Year Claims and Changes in Estimate	Claims Payments	Balance at Fiscal Year-End
Fiscal Year 2012.....	\$ 536,569	\$ 257,834	\$ (292,388)	\$ 502,015
Fiscal Year 2013.....	502,015	1,243,288	(976,868)	768,435

The BELD participates in the Massachusetts Municipal Self-Insurance Trust (the Trust) with 17 other municipal light departments for the purpose of sharing excess liability and directors’ and officers’ liability risks. Through the Trust, BELD is commercially insured for \$25,000,000 per occurrence, with a \$500,000 deductible that would be paid by the Trust. Each of the participating light department’s contributes to the Trust based on its share of the group’s total kilowatt-hour sales. Payments for claims under the deductible limit are funded by trust assets or, if required, additional contributions from the participants. The BELD considers its share of potential losses to be immaterial to its financial statements as of December 31, 2012.

NOTE 11 – PENSION PLAN

Plan Description - The Town contributes to the System, a cost-sharing, multiple-employer defined benefit pension plan administered by the Braintree Contributory Retirement Board. Substantially all employees are members of the System, except for public school teachers and certain administrators who are members of the Massachusetts Teachers Retirement System, to which the Town does not contribute. Pension benefits and administrative expenses paid by the Teachers Retirement Board are the legal responsibility of the Commonwealth. The amount of these on-behalf payments totaled approximately \$13,272,000 for the fiscal year ended June 30, 2013, and, accordingly, are reported in the general fund as intergovernmental revenues and pension expenditures.

The System provides retirement, disability and death benefits to plan members and beneficiaries. Chapter 32 of the MGL assigns authority to establish and amend benefit provisions of the plan. Cost-of-living adjustments granted between 1981 and 1997 and any increase in other benefits imposed by the Commonwealth's state law during those years are borne by the Commonwealth and are deposited into the pension fund. Cost-of-living adjustments granted after 1997 must be approved by the Braintree Contributory Retirement Board and are borne by the System. The System issues a publicly available unaudited financial report in accordance with guidelines established by the Commonwealth's PERAC. That report may be obtained by contacting the System located at 74 Pond Street, Braintree, Massachusetts, 02184.

At December 31, 2012, the System's membership consists of the following:

Active members.....	735
Inactive members.....	80
Disabled members.....	57
Retirees and beneficiaries currently receiving benefits.....	<u>447</u>
 Total.....	 <u><u>1,319</u></u>

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 system-wide actuarial determined contribution that is apportioned among the employers based on active current payroll. Administrative expenses are funded through investment earnings. The current and two preceding fiscal years apportionment of the annual pension cost between the two employers required the Town to contribute 98.5% of the total. Chapter 32 of the MGL governs the contributions of plan members and the Town.

Annual Pension Cost - The Town contributions to the System for the fiscal years ended June 30, 2013, 2012, and 2011 were \$7,455,924, \$7,201,414, and \$6,835,093, which equaled its required contribution for each fiscal year. At June 30, 2013, the Town did not have a net pension obligation. The required contribution was determined as part of the January 1, 2012, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions included a 7.875% investment rate of return and projected salary increases of 4.00% per year. The actuarial value of the System's assets was determined using the fair value of the assets. The System's unfunded actuarial accrued liability is being amortized as a level percentage of projected payrolls on a closed basis. The remaining amortization period at January 1, 2012, was 20 years. The general fund and the enterprise funds each pay their respective portions of the total pension expense annually.

Schedule of Funding Progress (dollar amounts in thousands)

Actuarial Valuation Date	Actuarial Value of Assets (A)	Actuarial Accrued Liability (AAL) Entry Age (B)	Unfunded AAL (UAAL) (B-A)	Funded Ratio (A/B)	Covered Payroll (C)	UAAL as a Percentage of Covered Payroll ((B-A)/C)
1/1/12	\$ 137,542	\$ 220,508	\$ 82,966	62.4%	\$ 36,453	227.6%
1/1/10	137,153	202,777	65,624	67.6%	35,051	187.2%
1/1/08	141,346	189,266	47,920	74.7%	33,894	141.4%
1/1/06	119,722	167,313	47,591	71.6%	30,861	154.2%
1/1/04	103,345	151,324	47,979	68.3%	29,450	162.9%
1/1/02	91,927	132,850	40,923	69.2%	28,775	142.2%

Funding progress is reported based on the biennial actuarial valuation performed by the System, and is being accumulated on a biennial basis. The Town is responsible for approximately 98% of the unfunded liability.

NOTE 12 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

Plan Description – The Town administers a single-employer defined benefit healthcare plan (“the Retiree Health Plan”). The plan provides lifetime healthcare and life insurance for eligible retirees and their spouses through the Town’s group health insurance plan, which covers both active and retired members, including teachers. Chapter 32B of the MGL assigns authority to establish and amend benefit provisions of the Plan. Medical and prescription drug benefits are provided to all eligible retirees through a variety of plans offered by Blue Cross Blue Shield of Massachusetts, Harvard Pilgrim Health Care, and Tufts Health Plan. Benefit provisions are negotiated between the Town and the unions representing Town employees and are renegotiated each bargaining period. The Retiree Health Plan does not issue a publicly available financial report.

At January 1, 2012, the Plan’s membership consisted of the following:

Current retirees, beneficiaries, and dependents.....	885
Current active members.....	<u>1,230</u>
Total.....	<u><u>2,115</u></u>

Funding Policy – Contributions requirements are also negotiated between the Town and union representatives. The required contribution is based on a pay-as-you-go financing requirement. Retired plan members and beneficiaries currently receiving benefits are required to contribute between 33% and 50% of the cost of benefits provided depending on the plan they choose. The Town is required to contribute the balance of the current premiums and may contribute additional amounts to pre-fund benefits. The Town contributed approximately \$5.4 million including a pre-funding contribution of approximately \$540,000 during fiscal year 2013 and the BELD contributed approximately \$830,000 including a pre-funding contribution of \$520,000 during calendar year 2012 towards these benefits. Administrative costs of the Plan are assumed to be included in the fully insured premium rates.

The Commonwealth of Massachusetts passed special legislation that has allowed the Town to establish the Postemployment Benefits Trust Fund and to begin pre-funding its OPEB liabilities. Through June 30, 2013, the Town has accumulated approximately \$1,957,000 towards these future liabilities.

Annual OPEB Costs and Net OPEB Obligation – The Town’s annual OPEB cost (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 #45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The components of the Town’s and the BELD’s annual OPEB cost for the periods, the amount actually contributed to the plan, and changes in the net OPEB obligation are summarized in the following table:

Annual required contribution.....	\$	15,326,220
Interest on net OPEB obligation.....		1,723,201
Adjustments to annual required contribution.....		<u>(2,091,964)</u>
Annual OPEB cost/expense.....		14,957,457
Contributions made.....		<u>(6,237,184)</u>
Increase/(Decrease) in net OPEB obligation.....		8,720,273
Net OPEB obligation - beginning of year.....		<u>47,256,055</u>
Net OPEB obligation - end of year.....	\$	<u><u>55,976,328</u></u>

The annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the current and two previous years was as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
6/30/2013	\$ 14,957,457	42%	\$ 55,976,328
6/30/2012	14,569,998	46%	47,256,055
6/30/2011	17,154,572	33%	39,449,840

Funded Status and Funding Progress – The funded status of the Plan as of the most recent and two prior actuarial valuation dates are as follows:

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (A)</u>	<u>Actuarial Accrued Liability (AAL) Projected Unit Credit (B)</u>	<u>Unfunded AAL (UAAL) (B-A)</u>	<u>Funded Ratio (A/B)</u>	<u>Covered Payroll (C)</u>	<u>UAAL as a Percentage of Covered Payroll ((B-A)/C)</u>
1/1/2012	\$ 652,936	\$ 189,802,014	\$ 189,149,078	0.3%	\$ 68,300,737	276.94%
1/1/2010	-	192,200,348	192,200,348	0%	61,475,231	312.65%
1/1/2007	-	158,006,080	158,006,080	0%	73,735,316	214.29%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include 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 basic financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions – Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer 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

employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effect of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The following additional information is provided as of the latest actuarial valuation:

Actuarial Methods:

Valuation date.....	1/1/2012
Actuarial cost method.....	Projected Unit Credit
Amortization method.....	Amortization payments increasing at 3.25%, based on a level percentage of projected payroll
Remaining amortization period.....	26 years at January 1, 2012, closed
Asset valuation method.....	Market value

Actuarial Assumptions:

Investment rate of return.....	4.00%
Inflation rate.....	2.50% per year
Projected salary increases.....	3.00% per year
Medical/drug cost trend rate.....	7.00% graded to 5.00% in fiscal year 2015

NOTE 13 – COMMITMENTS

Under the terms of an Administrative Consent Order (ACO) from the Commonwealth’s Department of Environmental Protection, the Town is obligated to make various repairs and improvements to its sewer and drainage system. Accordingly, the Town has expended over \$12.7 million on improvements to the system over the last 11 years to comply with the ACO.

The Town has entered into contracts totaling approximately \$3.3 million for various school, public safety and public works projects. The Town has authorized building renovations of approximately \$5.2 million. The Town also plans to authorize and contract for an additional \$11.0 million for school, vehicles, water, sewer and roadway projects.

The BELD has entered into a Power Sales Agreement (PSA), as a participant in Nuclear Project No. 5, with Massachusetts Municipal Wholesale Electric Company (MMWEC) for a share of the power supply capability of Seabrook Unit 1. BELD effectively participates in a 0.6% (7.5 MW) share of Seabrook Unit 1. Under the terms of the PSA, the BELD is obligated to pay for its share of MMWEC’s actual operating and capital costs, including decommissioning, interest and financing costs related to this generating unit. Seabrook Unit 1 began commercial operations in 1990, and its operating license expires in 2030. The BELD’s obligations to pay are not contingent on the future operation of the unit. The BELD’s total principal obligation, excluding operating and maintenance, interest and decommissioning expenses associated with its share of MMWEC’s Seabrook Unit 1 outstanding debt, is approximately \$9,501,000 at December 31, 2012.

The BELD has also entered into various long-term agreements to purchase power from other utilities. At December 31, 2012, the estimated capacity costs relating to these agreements total approximately \$28,800,000. The amount estimated for 2013 is \$5,800,000 with annual decrease estimated as contract entitlements decreases and expires through 2021.

NOTE 14 – CONTINGENCIES

The Town participates in a number of federal award programs. Although the grant programs have been audited in accordance with the provisions of the Single Audit Act Amendments of 1996 through June 30, 2013, these programs are still subject to financial and compliance audits. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although it is expected such amounts, if any, to be immaterial.

The BELD is subject, like other electric utilities, to evolving standards administered by federal, state and local authorities relating to the quality of the environment. These standards affect the sighting of electric property, ambient air and water quality, plant safety and other environmental factors. These standards have had an impact on the BELD's operations in the past and they will continue to have an impact on future operations, capital costs and construction schedules.

Various legal actions and claims are pending. Litigation is subject to many uncertainties, and the outcome of individual litigated matters is not always predictable. Although the amount of liability, if any, at June 30, 2013, cannot be ascertained, management believes any resulting liability should not materially affect the financial statements at June 30, 2013.

NOTE 15 – IMPLEMENTATION OF NEW GASB PRONOUNCEMENTS

During fiscal year 2013, the following GASB pronouncements were implemented:

- GASB Statement #60, *Accounting and Financial Reporting for Service Concession Arrangements*. The implementation of this pronouncement did not impact the basic financial statements.
- GASB Statement #61, *The Financial Reporting Entity: Omnibus*. The implementation of this pronouncement did not impact the basic financial statements.
- GASB Statement #63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. Financial statement changes include net assets changing to net position and invested in capital assets, net of related debt changing to net investment in capital assets. Notes to the basic financial statements were changed to provide additional disclosure on deferred outflows of resources and deferred inflows of resources.
- GASB Statement #66, *Technical Corrections – 2012, an amendment of GASB Statements No. 10 and No. 62*. The implementation of this pronouncement did not impact the basic financial statements.

The following GASB pronouncements will be implemented in future fiscal years:

- The GASB issued Statement #65, *Items Previously Reported as Assets and Liabilities*, which is required to be implemented in fiscal year 2014.
- The GASB issued Statement #67, *Financial Reporting for Pension Plans, an amendment of GASB Statement No. 25*, which is required to be implemented in fiscal year 2014.
- The GASB issued Statement #68, *Accounting and Financial Reporting for Pensions, an amendment of GASB Statement No. 27*, which is required to be implemented in fiscal year 2015.

- The GASB issued Statement #69, *Government Combinations and Disposals of Government Operations*, which is required to be implemented in fiscal year 2015.
- The GASB issued Statement #70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*, which is required to be implemented in fiscal year 2014.

Management is currently assessing the impact the implementation of these pronouncements will have on the basic financial statements.

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Required Supplementary Information

General Fund Budgetary Comparison Schedule

The General Fund is the general operating fund of the Town. It is used to account for all of the Town's financial resources, except those required to be accounted for in another fund.

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL

FISCAL YEAR ENDED JUNE 30, 2013

	Budgeted Amounts		Actual Budgetary Amounts	Amounts Carried Forward To Next Year	Variance to Final Budget
	Original Budget	Final Budget			
REVENUES:					
Real estate and personal property taxes, net of tax refunds.....	\$ 73,251,896	\$ 73,251,896	\$ 73,093,466	\$ -	\$ (158,430)
Tax liens.....	-	-	45,681	-	45,681
Motor vehicle and other excise taxes.....	4,075,000	4,075,000	4,962,622	-	887,622
Hotel/motel tax.....	750,000	750,000	1,141,705	-	391,705
Penalties and interest on taxes.....	340,000	340,000	381,757	-	41,757
Payments in lieu of taxes.....	2,230,000	2,230,000	2,211,386	-	(18,614)
Intergovernmental.....	19,259,789	19,259,789	19,626,157	-	366,368
Departmental and other.....	4,569,950	4,569,950	4,887,569	-	317,619
Investment income.....	75,000	75,000	187,817	-	112,817
TOTAL REVENUES.....	104,551,635	104,551,635	106,538,160	-	1,986,525
EXPENDITURES:					
Current:					
General Government:					
Town Council					
Administration.....	194,028	194,028	172,333	-	21,695
Reserve Fund.....	40,000	-	-	-	-
Internal Audit.....	74,000	74,000	43,106	-	30,894
Total.....	308,028	268,028	215,439	-	52,589
Mayor's Office					
Administration.....	414,052	481,602	473,516	-	8,086
Fair Housing.....	2,275	2,275	135	-	2,140
Commission on Disabilities.....	1,025	1,025	375	-	650
Transition Costs.....	1,129	1,129	-	1,129	-
Articles.....	4,535	4,535	-	4,535	-
Total.....	423,016	490,566	474,026	5,664	10,876
Finance Department					
Administration.....	271,156	126,703	125,135	-	1,568
Accounting.....	240,740	239,780	225,179	-	14,601
Assessing.....	281,135	381,135	357,192	-	23,943
Information Technology.....	371,675	406,675	300,695	75,146	30,834
General Insurances.....	474,000	474,000	439,651	-	34,349
Treasurer/Collector.....	1,023,948	1,023,619	921,943	19,400	82,276
Bond Principal.....	2,507,433	2,502,433	2,451,000	-	51,433
Bond Interest.....	832,883	800,883	752,290	-	48,593
Leases.....	123,660	188,660	188,455	-	205
Capital Project.....	31,346	31,346	-	31,346	-
Articles.....	3,976	76	-	76	-
Total.....	6,161,952	6,175,310	5,761,540	125,968	287,802
Law Department					
Administration.....	190,121	220,121	215,133	-	4,988
Licensing Board.....	29,562	29,562	29,440	-	122
Total.....	219,683	249,683	244,573	-	5,110
Human Resources					
Administration.....	536,333	536,333	454,350	-	81,983
Employee Benefits.....	15,379,781	15,307,281	14,372,372	810,098	124,811
Veterans Benefits.....	330,061	302,181	264,750	-	37,431
Celebrations.....	7,000	7,000	6,441	-	559
Total.....	16,253,175	16,152,795	15,097,913	810,098	244,784
Town Clerk					
Administration.....	104,388	107,623	99,239	2,439	5,945
Elections.....	35,837	65,712	47,231	-	18,481
Registration.....	121,500	129,259	123,676	3	5,580
Total.....	261,725	302,594	270,146	2,442	30,006

(Continued)

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL

FISCAL YEAR ENDED JUNE 30, 2013

	Budgeted Amounts		Actual Budgetary Amounts	Amounts Carried Forward To Next Year	Variance to Final Budget
	Original Budget	Final Budget			
Planning and Community Development					
Administration.....	138,340	138,340	123,649	-	14,691
Planning.....	126,879	126,879	102,606	16,579	7,694
Conservation.....	100,119	104,419	81,000	18,495	4,924
Economic Development.....	74,846	74,598	63,657	10,856	85
Historical Commission.....	2,000	2,000	955	1,000	45
Capital Projects.....	125,000	125,000	-	125,000	-
Total.....	567,184	571,236	371,867	171,930	27,439
Total General Government.....	24,194,763	24,210,212	22,435,504	1,116,102	658,606
Public Safety:					
Police					
Administration.....	736,392	733,990	711,672	2,920	19,398
Building Maintenance.....	121,600	119,600	113,174	800	5,626
Equipment Maintenance.....	230,512	265,511	248,228	3,705	13,578
Patrol Bureau.....	4,440,061	4,615,061	4,611,658	-	3,403
Communications.....	806,695	726,695	713,876	-	12,819
Detective Bureau.....	879,253	879,253	821,948	4,210	53,095
Traffic Bureau.....	169,898	169,898	165,620	-	4,278
Special Services/Community Policing.....	567,945	532,859	505,725	1,850	25,284
Harbormaster.....	4,350	4,350	3,727	-	623
Animal Control.....	61,956	61,713	60,329	220	1,164
Capital Projects.....	247,904	247,904	4,404	243,500	-
Articles.....	140,382	140,381	140,000	381	-
Total.....	8,406,948	8,497,215	8,100,361	257,586	139,268
Fire					
Administration.....	279,760	272,009	256,369	-	15,640
Building Maintenance.....	138,519	138,519	138,260	-	259
Equipment Maintenance.....	138,193	138,093	136,147	-	1,946
Fire Suppression.....	6,429,195	6,769,980	6,489,814	-	280,166
Fire Alarm Repair.....	116,897	116,705	111,522	-	5,183
Fire Hazmat.....	98,918	96,818	95,493	-	1,325
Fire Prevention.....	102,558	102,558	101,320	-	1,238
Training.....	105,893	103,383	92,901	-	10,482
Capital Project.....	175,000	175,000	-	175,000	-
Articles.....	172,500	172,500	-	172,500	-
Total.....	7,757,433	8,085,565	7,421,826	347,500	316,239
Municipal Licenses and Inspection					
Administration.....	200,175	219,875	215,001	-	4,874
Equipment Maintenance.....	5,000	4,600	3,645	-	955
Inspections/Code Enforcement.....	357,354	362,354	356,793	-	5,561
Weights and Measures.....	66,052	63,834	38,832	-	25,002
Health.....	209,244	209,244	207,279	-	1,965
Zoning Board of Appeals.....	300	300	109	-	191
Articles.....	6,940	6,940	-	6,940	-
Total.....	845,065	867,147	821,659	6,940	38,548
Total Public Safety.....	17,009,446	17,449,927	16,343,846	612,026	494,055
Education:					
Education.....	51,772,726	52,001,408	51,652,320	23,030	326,058
Regional School District.....	1,801,174	1,801,174	1,801,174	-	-
Total Education.....	53,573,900	53,802,582	53,453,494	23,030	326,058

(Continued)

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL

FISCAL YEAR ENDED JUNE 30, 2013

	Budgeted Amounts		Actual Budgetary Amounts	Amounts Carried Forward To Next Year	Variance to Final Budget
	Original Budget	Final Budget			
Public Works:					
Public Works					
Administration.....	281,835	281,835	274,837	-	6,998
Facilities and Equipment Maintenance.....	804,373	723,648	707,715	-	15,933
Equipment Maintenance.....	290,500	290,500	287,157	-	3,343
Engineering.....	174,435	174,435	174,386	-	49
Construction Administration.....	195,478	195,478	195,370	-	108
Highway.....	1,270,411	1,361,353	1,282,775	8,210	70,368
Drains.....	20,000	20,000	16,430	-	3,570
Sidewalks.....	30,000	30,000	29,894	-	106
Street Lighting.....	340,000	340,000	340,000	-	-
Traffic.....	169,538	169,538	152,200	5,975	11,363
Snow and Ice.....	350,000	947,053	946,928	-	125
Environmental Affairs and Waste Collection.....	1,674,177	1,669,127	1,607,504	1,454	60,169
Cemetery.....	76,598	76,598	75,700	-	898
Maintenance Town Hall.....	95,000	95,000	94,347	-	653
Recreation and Community Events.....	146,229	166,289	166,223	-	66
Watson Building Maintenance.....	30,808	54,808	38,176	-	16,632
Grounds Maintenance.....	562,370	562,370	514,130	8,821	39,419
Summer Programs.....	153,215	153,215	153,215	-	-
Brawley Recreation.....	88,331	89,981	89,981	-	-
Daugherty Gym.....	15,000	35,000	800	-	34,200
Capital Project.....	80,294	80,294	-	80,294	-
Articles.....	272,873	272,873	7,648	265,225	-
Total Public Works.....	7,121,465	7,789,395	7,155,416	369,979	264,000
Human Services:					
Council on Aging					
Administration.....	193,910	193,910	192,383	-	1,527
Equipment Maintenance.....	38,830	38,830	38,830	-	-
Building Maintenance.....	19,226	19,226	19,226	-	-
Articles.....	18,997	18,997	12,328	6,669	-
Total Human Services.....	270,963	270,963	262,767	6,669	1,527
Culture and Recreation:					
Library					
Administration.....	182,193	182,573	182,032	-	541
Building Maintenance.....	110,000	110,000	109,505	-	495
Equipment Maintenance.....	1,000	1,000	144	-	856
Technology.....	52,000	52,000	51,527	-	473
Current Topics and Titles.....	823,462	823,462	813,360	-	10,102
Lifelong Learning.....	121,340	121,340	120,813	-	527
Community Commons.....	21,500	21,500	8,881	-	12,619
Capital Project.....	1,360	1,360	-	1,360	-
Total Culture and Recreation.....	1,312,855	1,313,235	1,286,262	1,360	25,613
State and County Assessments.....	3,512,505	3,512,505	3,567,251	-	(54,746)
Claims and Judgments.....	25,000	25,000	25,000	-	-
TOTAL EXPENDITURES.....	107,020,897	108,373,819	104,529,540	2,129,166	1,715,113
EXCESS (DEFICIENCY) OF REVENUES					
OVER (UNDER) EXPENDITURES.....	(2,469,262)	(3,822,184)	2,008,620	(2,129,166)	3,701,638
OTHER FINANCING SOURCES (USES):					
Transfers in.....	530,984	1,128,037	1,128,037	-	-
NET CHANGE IN FUND BALANCE.....	(1,938,278)	(2,694,147)	3,136,657	(2,129,166)	3,701,638
BUDGETARY FUND BALANCE, Beginning of year.....	16,580,390	16,580,390	16,580,390	-	-
BUDGETARY FUND BALANCE, End of year.....	\$ 14,642,112	\$ 13,886,243	\$ 19,717,047	\$ (2,129,166)	\$ 3,701,638

See notes to required supplementary information.

(Concluded)

Retirement System Schedules of Funding Progress and Employer Contributions

The Retirement System Schedule of Funding Progress presents multiyear trend information, relating to the cost-sharing plan as a whole, of which the Town is one participating employer, about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

The Retirement System Schedule of Employer Contributions presents multiyear trend information for required and actual contributions relating to the cost-sharing plan as a whole, of which the Town is one participating employer, as well as the Town's proportionate share of the plan's annual contribution.

BRAINTREE CONTRIBUTORY RETIREMENT SYSTEM
SCHEDULE OF FUNDING PROGRESS

(Dollar amounts in thousands)

Actuarial Valuation Date	Actuarial Value of Assets (A)	Actuarial Accrued Liability (AAL) Entry Age (B)	Unfunded AAL (UAAL) (B-A)	Funded Ratio (A/B)	Covered Payroll (C)	UAAL as a Percentage of Covered Payroll ((B-A)/C)
1/1/12	\$ 137,542	\$ 220,508	\$ 82,966	62.4%	\$ 36,453	227.6%
1/1/10	137,153	202,777	65,624	67.6%	35,051	187.2%
1/1/08	141,346	189,266	47,920	74.7%	33,894	141.4%
1/1/06	119,722	167,313	47,591	71.6%	30,861	154.2%
1/1/04	103,345	151,324	47,979	68.3%	29,450	162.9%
1/1/02	91,927	132,850	40,923	69.2%	28,775	142.2%
1/1/00	89,822	117,318	27,496	76.6%	24,276	113.3%

The Town's share of the AAL is approximately 98.5%.

See notes to required supplementary information.

BRAINTREE CONTRIBUTORY RETIREMENT SYSTEM
SCHEDULE OF EMPLOYER CONTRIBUTIONS

System-Wide				Town of Braintree	
<u>Fiscal Year Ended June 30,</u>	<u>Annual Required Contributions</u>	<u>(A) Actual Contributions</u>	<u>Percentage Contributed</u>	<u>(B) Actual Contributions</u>	<u>(B/A) Town's Percentage of System-Wide Actual Contributions</u>
2013	\$ 7,570,687	\$ 7,570,687	100%	\$ 7,455,924	\$ 98.48%
2012	7,303,937	7,303,937	100%	7,201,414	98.60%
2011	6,943,721	6,943,721	100%	6,835,093	98.44%
2010	6,747,969	6,747,969	100%	6,646,676	98.50%
2009	6,342,166	6,342,166	100%	6,251,721	98.57%

See notes to required supplementary information.

Other Postemployment Benefits Plan Schedules

The Schedule of Funding progress compares, over time, the actuarial accrued liability for benefits with the actuarial value of accumulated plan assets.

The Schedule of Employer Contributions compares, over time, the Annual Required Contributions to the Actual Contributions made.

The Schedule of Actuarial Methods and Assumptions presents factors that significantly affect the identification of trends in the amounts reported.

OTHER POSTEMPLOYMENT BENEFITS PLAN
SCHEDULE OF FUNDING PROGRESS AND EMPLOYER CONTRIBUTIONS

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (A)	Actuarial Accrued Liability (AAL) Projected Unit Credit (B)	Unfunded AAL (UAAL) (B-A)	Funded Ratio (A/B)	Covered Payroll (C)	UAAL as a Percentage of Covered Payroll ((B-A)/C)
1/1/2012	\$ 652,936	\$ 189,802,014	\$ 189,149,078	0.3%	\$ 68,300,737	276.94%
1/1/2010	-	192,200,348	192,200,348	0%	61,475,231	312.65%
1/1/2007	-	158,006,080	158,006,080	0%	73,735,316	214.29%

Schedule of Employer Contributions

Year Ended	Annual Required Contribution (ARC)	Actual Contributions Made	Percentage of the ARC Contributed
6/30/2013	\$ 15,326,220	\$ 6,237,184	41%
6/30/2012	15,278,511	6,763,783	44%
6/30/2011	17,392,724	5,820,239	33%
6/30/2010	16,760,687	5,357,220	32%
6/30/2009	14,426,107	5,497,619	38%

See notes to required supplementary information.

OTHER POSTEMPLOYMENT BENEFITS PLAN
ACTUARIAL METHODS AND ASSUMPTIONS

Actuarial Methods:

Valuation date.....	1/1/2012
Actuarial cost method.....	Projected Unit Credit
Amortization method.....	Amortization payments increasing at 3.25%, based on a level percentage of projected payroll
Remaining amortization period.....	26 years at January 1, 2012, closed
Asset valuation method.....	Market value

Actuarial Assumptions:

Investment rate of return.....	4.00%
Inflation rate.....	2.50% per year
Projected salary increases.....	3.00% per year
Medical/drug cost trend rate.....	7.00% graded to 5.00% in fiscal year 2015

Plan Membership:

Current retirees, beneficiaries, and dependents.....	885
Current active members.....	<u>1,230</u>
Total.....	<u><u>2,115</u></u>

See notes to required supplementary information.

NOTE A – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**A. Budgetary Information**

Municipal Law requires the adoption of a balanced budget that is approved by Town Council. The Mayor presents an annual budget to the Town Council, which includes estimates of revenues and other financing sources and recommendations of expenditures and other financing uses. The Town Council, which has authority to amend down and/or reject the budget or any line item, adopts the expenditure budget by majority vote.

Increases or transfers between and within departments subsequent to the approval of the annual budget, requires majority Town Council approval at a regular Council meeting.

The majority of appropriations are non-continuing which lapse at the end of each fiscal year. Others are continuing appropriations for which the governing body has authorized that an unspent balance from a prior fiscal year be carried forward and made available for spending in the current fiscal year. These carry forwards are included as part of the subsequent fiscal year's original budget.

Generally, expenditures may not exceed the legal level of spending (program and capital) authorized for an appropriation account. However, the payment of debt service is statutorily required, regardless of whether such amounts are appropriated. Additionally, expenditures for disasters, natural or otherwise, and final judgments may exceed the level of spending authorized by two-thirds majority vote of the Town Council and written approval from the Massachusetts Department of Revenue.

An annual budget is adopted for the general fund in conformity with the guidelines described above. The original fiscal year 2013 approved budget authorized approximately \$107 million in appropriations and other amounts to be raised, including \$1.1 million in amounts carried over from previous fiscal years. During fiscal year 2013, the Town Council also approved supplemental appropriations totaling approximately \$1.4 million. These supplemental appropriations mainly consisted of \$275,000 appropriated for fire suppression, \$237,000 appropriated for education, and \$597,000 was from the stabilization fund for snow and ice.

The Town Accountant has the responsibility to ensure that budgetary control is maintained. Budgetary control is exercised through the accounting system.

B. Budgetary - GAAP Reconciliation

For budgetary financial reporting purposes, the Uniform Municipal Accounting System basis of accounting (established by the Commonwealth) is followed, which differs from the GAAP basis of accounting. A reconciliation of budgetary-basis to GAAP-basis results for the general fund for the fiscal year ended June 30, 2013, is presented below:

Net change in fund balance - budgetary basis.....	\$	3,136,657
<u>Perspective differences:</u>		
Activity of the stabilization fund recorded in the general fund for GAAP.....		(721,384)
Activity of the municipal building insurance fund recorded in the general fund for GAAP.....		(97,222)
<u>Basis of accounting differences:</u>		
Net change in recording tax refunds payable.....		883,000
Net change in recording accrued payroll.....		(179,791)
Recognition of revenue for on-behalf payments.....		13,272,469
Recognition of expenditures for on-behalf payments.....		<u>(13,272,469)</u>
Net change in fund balance - GAAP basis.....	\$	<u>3,021,260</u>

C. Appropriation Deficits

Expenditures exceeded appropriation in state and county assessments. This is based on a state assessment which is not required to be raised in the tax levy.

NOTE B – PENSION PLAN

The Town contributes to the System, a cost-sharing, multiple-employer defined benefit pension plan (“Plan”) administered by the Braintree Contributory Retirement Board. The System provides retirement, disability, and death benefits to members and beneficiaries. Chapter 32 of the MGL assigns authority to establish and amend benefit provisions of the Plan. The Town is required to pay into the Retirement System its share of the system-wide actuarially determined contribution which is apportioned among the employers based on active covered payroll.

The schedule of funding progress, presented as required supplementary information presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits. Additionally, the schedule of employer contributions, presented as required supplementary information presents multi-year trend information for required and actual contributions relating to the cost-sharing plan as a whole, of which the Town is one participating employer, as well as the Town’s proportionate share of the plan’s annual contributions. This information is designed to be helpful for understanding the scale of the information presented relative to the Town.

The following actuarial methods and assumptions were used in the Retirement System's most recent actuarial valuation:

Actuarial Methods and Assumptions:

Valuation Date.....	January 1, 2012
Actuarial Cost Method.....	Entry Age Normal Cost Method
Amortization Method.....	Increasing at 4.00% per year
Remaining Amortization Period.....	20 years, closed
Asset Valuation Method.....	Market value adjusted by accounts payable and receivables adjusted to phase in over 4 years investment gains or losses above or below the expected rate of investment return. The actuarial value of assets must be no less than 90% of the adjusted market value nor more than 110% of the adjusted market value.
Investment Rate of Return.....	7.875%
Projected Salary Increases.....	4.00%
Cost of Living Adjustments.....	3.00% for the first \$12,000 of retirement income.

NOTE C – OTHER POSTEMPLOYMENT BENEFITS

The Town administers a single-employer defined benefit healthcare plan ("The Retiree Health Plan"). The plan provides lifetime healthcare and life insurance for eligible retirees and their spouses through the Town's group health insurance plan, which covers both active and retired members.

The Town currently finances its other postemployment benefits (OPEB) on a pay-as-you-go basis. As a result, the funded ratio (actuarial value of assets expressed as a percentage of the actuarial accrued liability) is 0.3%. In accordance with Governmental Accounting Standards, the Town has recorded its OPEB cost equal to the actuarial determined annual required contribution (ARC) which includes the normal cost of providing benefits for the year and a component for the amortization of the total unfunded actuarial accrued liability of the plan.

The Schedule of Funding Progress presents multiyear trend information which compares, over time, the actuarial accrued liability for benefits with the actuarial value of accumulated plan assets.

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

The Schedule of Employer Contributions presents multiyear trend information for required and actual contributions relating to the plan.

The Schedule of Actuarial Methods and Assumptions presents factors that significantly affect the identification of trends in the amounts reported.

Other Supplementary Information

Combining Statements

The combining financial statements provide a more detailed view of the “Basic Financial Statements” presented in the preceding subsection.

Combining statements are presented when there are more than one fund of a given fund type.

Nonmajor Governmental Funds

Special Revenue Funds

Special revenue funds are used to account for the proceeds of specific revenue sources (other than permanent funds or capital project funds) that are restricted by law or administrative action to expenditures for specified purposes.

Town Special Revenue Funds – accounts for the non-school related funds designated for specific programs, this fund consists primarily of state and federal grants and gifts as well as the non-school related activity of revolving funds established in accordance with MGL Chapter 44, Section 53E ½.

School Lunch Fund – account used for all cafeteria activities and is funded by user charges, federal and state grants and commodities received.

School Special Revenue Funds – accounts for the school department's funds designated for specific programs, this fund consists primarily of state and federal grants and gifts as well as the non-school related activity of revolving funds established in accordance with MGL Chapter 44, Section 53E ½.

Community Preservation Fund – accounts for the accumulation of resources for the acquisition, creation, preservation and support of open space, historic resources, recreational uses and community housing.

Highway Improvements Fund – accounts for construction, reconstruction and improvements of roadways, streets and sidewalks.

Capital Project Funds

Capital Projects Funds are used to account for financial resources to be used for the acquisition, construction or improvement of major capital assets (other than those financed by enterprise funds). Such resources are derived principally from proceeds of general obligation bonds and grants.

Town Capital Project Funds – accounts for the construction and renovation of Town projects.

Permanent Funds

Permanent funds are used to report resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support governmental programs.

Nonexpendable Trust Funds – accounts for the endowment portion of donor restricted trusts that support governmental programs.

Expendable Trust Funds – accounts for the accumulated realized and unrealized investment earnings of donor restricted funds within the nonexpendable trust funds.

**NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET**

JUNE 30, 2013

	<i>Special Revenue Funds</i>					
	Town Special Revenue Funds	School Lunch Fund	School Special Revenue Funds	Community Preservation Fund	Highway Improvements Fund	Subtotal
ASSETS						
Cash and cash equivalents.....	\$ 2,597,604	\$ -	\$ 1,152,217	\$ 5,014,284	\$ -	\$ 8,764,105
Investments.....	18,550	-	-	-	-	18,550
Receivables, net of uncollectibles:						
Departmental and other.....	-	-	-	3,765	-	3,765
Intergovernmental.....	-	70,386	426,745	306,563	4,475,422	5,279,116
TOTAL ASSETS.....	\$ 2,616,154	\$ 70,386	\$ 1,578,962	\$ 5,324,612	\$ 4,475,422	\$ 14,065,536
LIABILITIES AND FUND BALANCES						
LIABILITIES:						
Warrants payable.....	\$ 71,725	\$ -	\$ 41,401	\$ -	\$ -	\$ 113,126
Accrued payroll.....	1,214	13,251	-	-	-	14,465
Deferred revenues.....	-	-	-	310,328	4,188,109	4,498,437
Due to other funds.....	-	43,324	-	-	287,313	330,637
TOTAL LIABILITIES.....	72,939	56,575	41,401	310,328	4,475,422	4,956,665
FUND BALANCES:						
Nonspendable.....	-	-	-	-	-	-
Restricted.....	2,543,215	13,811	1,537,561	5,014,284	-	9,108,871
TOTAL FUND BALANCES.....	2,543,215	13,811	1,537,561	5,014,284	-	9,108,871
TOTAL LIABILITIES AND FUND BALANCES.....	\$ 2,616,154	\$ 70,386	\$ 1,578,962	\$ 5,324,612	\$ 4,475,422	\$ 14,065,536

Permanent Funds				
Town Capital Projects	Nonexpendable Trust Funds	Expendable Trust Funds	Subtotal	Total Nonmajor Governmental Funds
\$ 1,682,287	\$ 2,564,886	\$ 1,047,973	\$ 3,612,859	\$ 14,059,251
-	-	6,454,715	6,454,715	6,473,265
-	-	-	-	3,765
-	-	-	-	5,279,116
<u>\$ 1,682,287</u>	<u>\$ 2,564,886</u>	<u>\$ 7,502,688</u>	<u>\$ 10,067,574</u>	<u>\$ 25,815,397</u>
\$ -	\$ -	\$ -	\$ -	\$ 113,126
-	-	-	-	14,465
-	-	-	-	4,498,437
-	-	-	-	330,637
-	-	-	-	4,956,665
-	2,564,886	-	2,564,886	2,564,886
<u>1,682,287</u>	<u>-</u>	<u>7,502,688</u>	<u>7,502,688</u>	<u>18,293,846</u>
<u>1,682,287</u>	<u>2,564,886</u>	<u>7,502,688</u>	<u>10,067,574</u>	<u>20,858,732</u>
<u>\$ 1,682,287</u>	<u>\$ 2,564,886</u>	<u>\$ 7,502,688</u>	<u>\$ 10,067,574</u>	<u>\$ 25,815,397</u>

NONMAJOR GOVERNMENTAL FUNDS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

FISCAL YEAR ENDED JUNE 30, 2013

	<i>Special Revenue Funds</i>					
	Town Special Revenue Funds	School Lunch Fund	School Special Revenue Funds	Community Preservation Fund	Highway Improvements Fund	Subtotal
	REVENUES:					
Intergovernmental.....	\$ 230,775	\$ 526,527	\$ 4,564,977	\$ 150,763	\$ 946,011	\$ 6,419,053
Departmental and other.....	525,618	981,184	1,813,694	-	-	3,320,496
Community preservation.....	-	-	-	592,836	-	592,836
Contributions.....	528,909	-	383,754	-	-	912,663
Investment income.....	31	246	102	10,340	-	10,719
Miscellaneous.....	42,380	-	-	-	-	42,380
TOTAL REVENUES.....	1,327,713	1,507,957	6,762,527	753,939	946,011	11,298,147
EXPENDITURES:						
Current:						
General government.....	269,960	-	-	-	-	269,960
Public safety.....	96,519	-	-	-	-	96,519
Education.....	-	1,638,584	6,982,791	-	-	8,621,375
Public works.....	107,200	-	-	-	946,011	1,053,211
Community development.....	-	-	-	325,972	-	325,972
Human services.....	141,641	-	-	-	-	141,641
Culture and recreation.....	680,752	-	-	-	-	680,752
TOTAL EXPENDITURES.....	1,296,072	1,638,584	6,982,791	325,972	946,011	11,189,430
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....	31,641	(130,627)	(220,264)	427,967	-	108,717
OTHER FINANCING SOURCES (USES):						
Issuance of long-term debt.....	-	-	-	-	-	-
Premium from issuance of bonds.....	114,778	-	-	-	-	114,778
Transfers in.....	548,826	-	263,752	-	-	812,578
Transfers out.....	(126,350)	-	-	-	-	(126,350)
TOTAL OTHER FINANCING SOURCES (USES).....	537,254	-	263,752	-	-	801,006
NET CHANGE IN FUND BALANCES.....	568,895	(130,627)	43,488	427,967	-	909,723
FUND BALANCES AT BEGINNING OF YEAR.....	1,974,320	144,438	1,494,073	4,586,317	-	8,199,148
FUND BALANCES AT END OF YEAR.....	\$ 2,543,215	\$ 13,811	\$ 1,537,561	\$ 5,014,284	\$ -	\$ 9,108,871

Permanent Funds				
Town Capital Projects	Nonexpendable Trust Funds	Expendable Trust Funds	Subtotal	Total Nonmajor Governmental Funds
\$ 138,522	\$ -	\$ -	\$ -	\$ 6,557,575
-	-	-	-	3,320,496
-	-	-	-	592,836
-	-	20,265	20,265	932,928
-	-	114,729	114,729	125,448
-	-	-	-	42,380
<u>138,522</u>	<u>-</u>	<u>134,994</u>	<u>134,994</u>	<u>11,571,663</u>
394,972	-	78,755	78,755	743,687
1,268,715	-	-	-	1,365,234
1,163,271	-	-	-	9,784,646
2,524,998	-	-	-	3,578,209
-	-	-	-	325,972
-	-	-	-	141,641
<u>125,060</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>805,812</u>
<u>5,477,016</u>	<u>-</u>	<u>78,755</u>	<u>78,755</u>	<u>16,745,201</u>
<u>(5,338,494)</u>	<u>-</u>	<u>56,239</u>	<u>56,239</u>	<u>(5,173,538)</u>
3,140,000	-	-	-	3,140,000
-	-	-	-	114,778
128,000	-	-	-	940,578
-	-	(712,578)	(712,578)	(838,928)
<u>3,268,000</u>	<u>-</u>	<u>(712,578)</u>	<u>(712,578)</u>	<u>3,356,428</u>
(2,070,494)	-	(656,339)	(656,339)	(1,817,110)
<u>3,752,781</u>	<u>2,564,886</u>	<u>8,159,027</u>	<u>10,723,913</u>	<u>22,675,842</u>
<u>\$ 1,682,287</u>	<u>\$ 2,564,886</u>	<u>\$ 7,502,688</u>	<u>\$ 10,067,574</u>	<u>\$ 20,858,732</u>

Agency Fund

Fund Description

Agency Funds are used to account for the collection and payment of charges for off-duty work details, performance bonds, and fees collected on behalf of other governments, and other funds.

AGENCY FUND
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Agency Accounts <u>June 30, 2012</u>	<u>Additions</u>	<u>Deletions</u>	Agency Accounts <u>June 30, 2013</u>
ASSETS				
Cash and cash equivalents.....	\$ 221,504	\$ 2,124,356	\$ (2,021,332)	\$ 324,528
LIABILITIES				
Liabilities due depositors.....	\$ 221,504	\$ 2,124,356	\$ (2,021,332)	\$ 324,528

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Statistical Section



Braintree High School

Statistical Section

This part of the Town of Braintree's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the Town's overall financial health.

Financial Trends

These schedules contain trend information to help the reader understand how the Town's financial performance and well-being have changed over time.

Revenue Capacity

These schedules contain information to help the reader assess the Town's most significant local revenue source, the property tax.

Debt Capacity

These schedules present information to help the reader assess the affordability of the Town's current levels of outstanding debt and the Town's ability to issue additional debt in the future.

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the Town's financial activities take place.

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the Town's financial report relates to the services the Town provides and the activities it performs.

SOURCES: Unless otherwise noted, the information in these schedules is derived from the audited financial reports for the relevant year or our Official Statements.

Net Position By Component

Last Ten Fiscal Years

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Governmental activities										
Net investment in capital assets.....	\$ 35,368,873	\$ 40,789,164	\$ 43,345,827	\$ 43,316,956	\$ 44,741,728	\$ 43,952,129	\$ 44,776,089	\$ 47,910,553	\$ 52,564,200	\$ 54,067,678
Restricted.....	13,239,956	14,907,893	15,473,044	17,085,091	14,564,774	15,387,436	17,909,375	18,984,718	19,081,454	19,486,773
Unrestricted.....	4,992,568	5,069,719	2,866,257	7,669,389	3,262,565	(1,978,165)	(8,277,629)	(14,151,761)	(20,004,880)	(23,061,668)
Total governmental activities net position.....	\$ 53,601,397	\$ 60,766,776	\$ 61,685,128	\$ 68,071,436	\$ 62,569,067	\$ 57,361,400	\$ 54,407,835	\$ 52,743,510	\$ 51,640,774	\$ 50,492,783
Business-type activities										
Net investment in capital assets.....	\$ 57,764,648	\$ 59,488,429	\$ 64,607,373	\$ 63,680,466	\$ 63,472,319	\$ 73,771,758	\$ 72,287,202	\$ 69,022,850	\$ 71,591,338	\$ 75,572,798
Restricted.....	2,743,606	4,033,000	-	-	-	-	-	-	-	-
Unrestricted.....	20,234,857	19,021,674	18,513,324	19,790,984	24,074,877	14,243,145	17,782,384	22,809,172	18,020,393	16,082,628
Total business-type activities net position.....	\$ 80,743,111	\$ 82,543,103	\$ 83,120,697	\$ 83,471,450	\$ 87,547,196	\$ 88,014,903	\$ 90,069,586	\$ 91,832,022	\$ 89,611,731	\$ 91,655,426
Primary government										
Net investment in capital assets.....	\$ 93,133,521	\$ 100,277,593	\$ 107,953,200	\$ 106,997,422	\$ 108,214,047	\$ 117,723,887	\$ 117,063,291	\$ 116,933,403	\$ 124,155,538	\$ 129,640,476
Restricted.....	15,983,562	18,940,893	15,473,044	17,085,091	14,564,774	15,387,436	17,909,375	18,984,718	19,081,454	19,486,773
Unrestricted.....	25,227,425	24,091,393	21,379,581	27,460,373	27,337,442	12,264,980	9,504,755	8,657,411	(1,984,487)	(6,979,040)
Total primary government net position.....	\$ 134,344,508	\$ 143,309,879	\$ 144,805,825	\$ 151,542,886	\$ 150,116,263	\$ 145,376,303	\$ 144,477,421	\$ 144,575,532	\$ 141,252,505	\$ 142,148,209

Changes in Net Position

Last Ten Fiscal Years

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Expenses										
Governmental activities:										
General government.....	\$ 5,162,891	\$ 4,748,448	\$ 4,362,423	\$ 4,610,401	\$ 4,554,086	\$ 5,734,392	\$ 5,547,521	\$ 6,219,480	\$ 6,120,306	\$ 6,793,916
Public safety.....	18,395,293	17,699,899	19,978,932	20,274,993	22,301,233	22,235,903	23,103,086	22,731,221	22,644,632	23,907,018
Education.....	57,535,022	61,636,873	66,563,400	69,958,696	76,732,757	79,763,519	82,719,562	85,120,589	87,632,097	91,537,391
Public works.....	4,067,043	3,958,571	5,142,253	4,766,713	5,787,762	6,576,806	6,004,346	7,075,816	6,258,439	6,903,790
Sanitation.....	1,572,296	1,521,317	1,529,887	1,556,431	1,597,784	1,654,683	1,531,123	1,421,972	1,734,699	1,614,505
Community preservation.....	13,602	148,258	27,002	249,447	104,793	35,109	41,392	76,049	168,276	133,513
Human services.....	1,296,532	1,121,171	1,093,133	1,056,047	1,273,880	978,727	980,215	1,064,014	1,108,036	1,269,546
Culture and recreation.....	2,797,240	2,760,733	3,234,716	3,299,641	3,532,149	3,508,767	3,504,511	3,733,359	3,685,605	3,856,790
Interest.....	489,382	359,592	422,825	357,055	444,173	367,644	543,891	620,316	668,246	594,798
Total governmental activities expenses.....	91,329,301	93,954,862	102,354,571	106,129,424	116,328,617	120,855,550	123,975,647	128,062,816	130,020,336	136,611,267
Business-type activities:										
Water and Sewer.....	10,088,353	10,127,709	10,970,570	11,751,499	11,993,133	12,234,294	12,357,150	12,992,288	12,960,228	13,759,942
Golf.....	985,156	978,575	1,045,810	1,123,675	1,258,562	1,282,255	1,400,980	1,400,980	1,510,491	1,547,221
Electric.....	43,951,002	47,687,729	51,616,634	61,409,672	62,262,396	65,563,538	71,421,238	72,454,533	70,895,924	66,409,996
Total business-type activity expenses.....	55,024,511	58,794,013	63,570,114	74,284,846	75,514,091	79,080,087	84,883,923	86,847,801	85,366,643	81,717,159
Total primary government expenses.....	\$ 146,353,812	\$ 152,748,875	\$ 165,924,685	\$ 180,414,270	\$ 191,842,708	\$ 199,935,637	\$ 208,859,570	\$ 214,910,617	\$ 215,386,979	\$ 218,328,426
Program Revenues										
Governmental activities:										
Charges for services:										
General government.....	\$ 852,689	\$ 759,576	\$ 721,928	\$ 749,484	\$ 654,663	\$ 613,460	\$ 596,828	\$ 517,136	\$ 616,829	\$ 757,713
Public safety.....	2,631,471	2,858,475	2,821,158	3,210,084	2,930,799	3,784,281	2,144,216	2,280,546	2,378,405	2,208,455
Education.....	4,525,351	4,843,321	5,510,661	5,763,417	2,663,710	2,597,937	2,443,837	2,368,875	2,017,758	2,287,988
Public works.....	1,770,464	331,467	248,130	236,047	559,293	609,110	338,823	471,878	553,002	627,466
Sanitation.....	322,403	1,412,272	1,778,699	2,176,617	1,600,028	1,593,698	1,613,247	1,568,749	1,548,721	1,401,085
Human services.....	127,909	132,320	161,380	204,551	151,360	142,817	24,205	25,792	31,332	33,119
Culture and recreation.....	407,569	494,674	456,502	477,168	345,587	393,249	379,560	396,823	361,811	377,596
Operating grants and contributions.....	17,094,611	20,224,583	19,559,212	23,943,924	24,465,441	28,083,776	30,924,968	33,221,854	33,518,827	34,800,674
Capital grants and contributions.....	1,892,836	2,096,024	1,813,873	1,073,666	1,898,266	927,140	1,127,450	3,793,516	4,773,929	3,146,209
Total government activities program revenues.....	29,625,303	33,152,712	33,071,543	37,834,958	35,269,147	38,745,468	39,589,134	44,645,169	45,800,614	45,640,305
Business-type activities:										
Charges for services:										
Water and Sewer.....	10,372,001	10,508,277	11,380,011	12,081,357	13,675,011	12,580,294	12,561,820	13,208,817	12,932,512	13,830,066
Golf.....	982,958	976,813	945,430	1,101,047	1,211,206	1,174,675	1,172,533	1,329,340	1,404,095	1,347,448
Electric.....	46,248,689	49,167,046	51,521,575	60,497,429	63,700,105	65,900,014	73,443,746	75,896,314	70,762,137	70,718,807
Operating grants and contributions.....	76,433	91,186	33,402	37,736	32,443	-	-	215,783	-	-
Capital grants and contributions.....	-	-	225,000	-	-	-	-	-	281,643	142,560
Total business-type activities program revenues.....	57,680,081	60,743,322	64,105,418	73,717,569	78,618,765	79,654,983	87,178,099	90,650,254	85,380,387	86,038,881
Total primary government program revenues.....	\$ 87,305,384	\$ 93,896,034	\$ 97,176,961	\$ 111,552,527	\$ 113,887,912	\$ 118,400,451	\$ 126,767,233	\$ 135,295,423	\$ 131,181,001	\$ 131,679,186
Net (Expense)/Revenue										
Governmental activities.....	\$ (61,703,998)	\$ (60,802,150)	\$ (69,283,028)	\$ (68,294,466)	\$ (81,059,470)	\$ (82,110,082)	\$ (84,386,513)	\$ (83,417,647)	\$ (84,219,722)	\$ (90,970,962)
Business-type activities.....	2,655,570	1,949,309	535,304	(567,277)	3,104,674	574,896	2,294,176	3,802,453	13,744	4,321,722
Total primary government net expense.....	\$ (59,048,428)	\$ (58,852,841)	\$ (68,747,724)	\$ (68,861,743)	\$ (77,954,796)	\$ (81,535,186)	\$ (82,092,337)	\$ (79,615,194)	\$ (84,205,978)	\$ (86,649,240)
General Revenues and other Changes in Net Position										
Governmental activities:										
Real estate, personal property taxes and tax liens,										
net of tax refunds payable.....	\$ 50,526,807	\$ 53,281,088	\$ 54,950,810	\$ 57,664,837	\$ 59,616,548	\$ 62,714,975	\$ 65,822,590	\$ 68,085,843	\$ 69,679,306	\$ 74,746,576
Tax liens.....	71,156	131,573	246,461	172,271	195,256	102,402	-	-	-	-
Motor vehicle and other excise taxes.....	4,754,565	4,466,604	4,608,617	4,230,104	4,641,332	4,021,318	4,067,074	4,284,625	4,039,432	5,175,048
Hotel/motel tax.....	650,942	759,466	868,033	854,486	735,915	768,355	745,319	718,452	784,781	1,141,705
Community preservation tax.....	411,603	432,367	459,792	474,210	455,258	551,133	530,249	558,590	559,244	590,915
Penalties and interest on taxes.....	339,959	230,204	458,484	310,116	332,155	297,882	345,208	417,749	371,394	381,757
Payments in lieu of taxes.....	858,044	892,969	906,189	918,556	1,049,810	1,049,817	2,193,890	116,425	118,112	211,386
Grants and contributions not restricted to										
specific programs.....	6,357,189	6,618,722	6,674,487	7,426,676	7,163,431	6,619,494	5,072,674	4,949,885	4,989,211	4,885,456
Unrestricted investment income.....	373,990	499,383	817,046	1,390,441	716,560	530,782	486,914	267,612	215,677	243,114
Gain on sale of land.....	-	10,972	-	656,876	-	-	-	-	-	-
Affordable housing development fees.....	-	-	-	-	-	-	1,800,000	-	-	-
Miscellaneous.....	28,770	474,864	104,033	401,646	551,830	91,623	77,800	69,345	70,051	42,380
Transfers.....	1,271,283	149,317	107,428	110,555	99,004	154,634	291,230	2,284,796	2,289,778	2,404,634
Total governmental activities.....	65,644,308	67,967,529	70,201,380	74,610,774	75,557,101	76,902,415	81,432,948	81,753,322	83,116,986	89,822,971
Business-type activities:										
Unrestricted investment income.....	-	-	149,718	308,420	1,070,076	47,445	51,737	244,779	55,743	126,607
Claims and judgments.....	-	-	-	675,365	-	-	-	-	-	-
Transfers.....	(1,271,283)	(149,317)	(107,428)	(110,555)	(99,004)	(154,634)	(291,230)	(2,284,796)	(2,289,778)	(2,404,634)
Total business-type activities.....	(1,271,283)	(149,317)	42,290	873,230	971,072	(107,189)	(239,493)	(2,040,017)	(2,234,035)	(2,278,027)
Total primary government.....	\$ 64,373,025	\$ 67,818,212	\$ 70,243,670	\$ 75,484,004	\$ 76,528,173	\$ 76,795,226	\$ 81,193,455	\$ 79,713,305	\$ 80,882,951	\$ 87,544,944
Changes in Net Position										
Governmental activities.....	\$ 3,940,310	\$ 7,165,379	\$ 918,352	\$ 6,316,308	\$ (5,502,369)	\$ (5,207,667)	\$ (2,953,565)	\$ (1,664,325)	\$ (1,102,736)	\$ (1,147,991)
Business-type activities.....	1,384,287	1,799,992	577,594	305,953	4,075,746	467,707	2,054,683	1,762,436	(2,220,291)	2,043,695
Total primary government.....	\$ 5,324,597	\$ 8,965,371	\$ 1,495,946	\$ 6,622,261	\$ (1,426,623)	\$ (4,739,960)	\$ (898,882)	\$ 98,111	\$ (3,323,027)	\$ 895,704

Fund Balances, Governmental Funds

Last Ten Fiscal Years

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General Fund										
Reserved.....	\$ 655,529	\$ 1,454,741	\$ 508,261	\$ 865,705	\$ 760,035	\$ 281,374	\$ 895,787	\$ -	\$ -	\$ -
Unreserved.....	5,197,385	4,161,475	3,414,564	3,790,923	3,088,264	7,287,516	9,178,146	-	-	-
Committed.....	-	-	-	-	-	-	-	-	-	988,955
Assigned.....	-	-	-	-	-	-	-	1,250,576	1,140,720	1,140,211
Unassigned.....	-	-	-	-	-	-	-	13,160,254	15,847,651	17,880,465
Total general fund.....	\$ 5,852,914	\$ 5,616,216	\$ 3,922,825	\$ 4,656,628	\$ 3,848,299	\$ 7,568,890	\$ 10,073,933	\$ 14,410,830	\$ 16,988,371	\$ 20,009,631
All Other Governmental Funds										
Reserved.....	\$ 2,598,841	\$ 2,594,497	\$ 2,586,848	\$ 2,513,808	\$ 2,505,157	\$ 2,606,133	\$ 2,506,133	\$ -	\$ -	\$ -
Unreserved, reported in:										
Special revenue funds.....	5,182,238	6,738,874	6,592,674	8,672,575	6,583,933	8,102,411	9,599,385	-	-	-
Capital projects funds.....	1,049,221	34,599	(1,374,542)	1,094,496	(494,856)	1,322,865	2,825,324	-	-	-
Permanent funds.....	5,175,256	5,574,522	5,829,563	6,742,763	6,979,609	6,157,529	7,857,627	-	-	-
Nonspendable.....	-	-	-	-	-	-	-	2,507,881	2,564,886	2,564,886
Restricted.....	-	-	-	-	-	-	-	21,726,183	20,110,956	18,293,846
Total all other governmental funds.....	\$ 14,005,556	\$ 14,942,492	\$ 13,634,543	\$ 19,023,642	\$ 15,573,843	\$ 18,188,938	\$ 22,788,469	\$ 24,234,064	\$ 22,675,842	\$ 20,858,732

The Town implemented GASB 54 in fiscal year 2011. Fund balances prior to fiscal year 2011 have been reported in the pre-GASB 54 format.

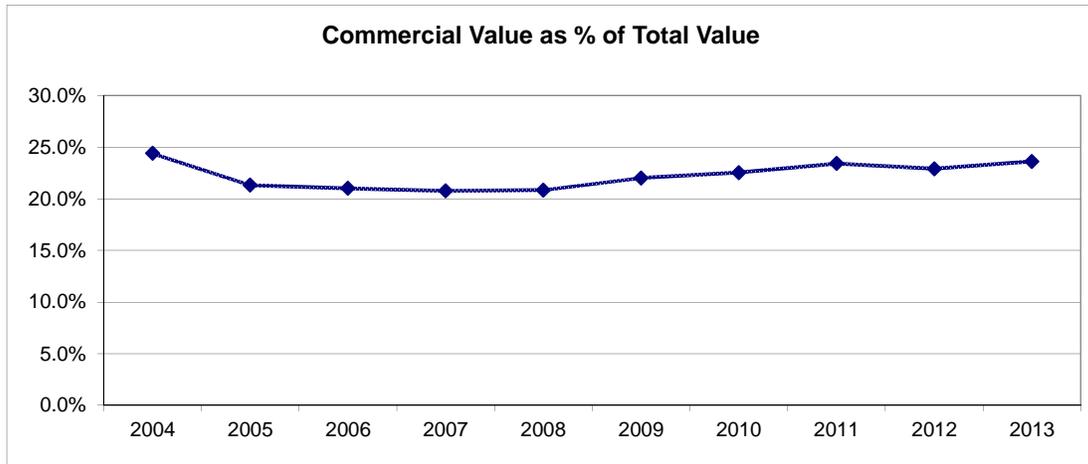
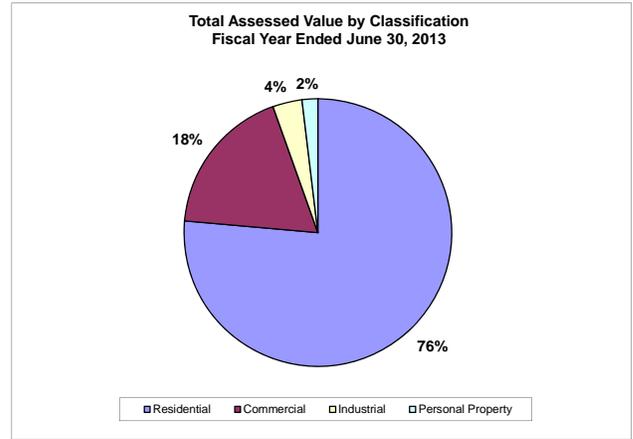
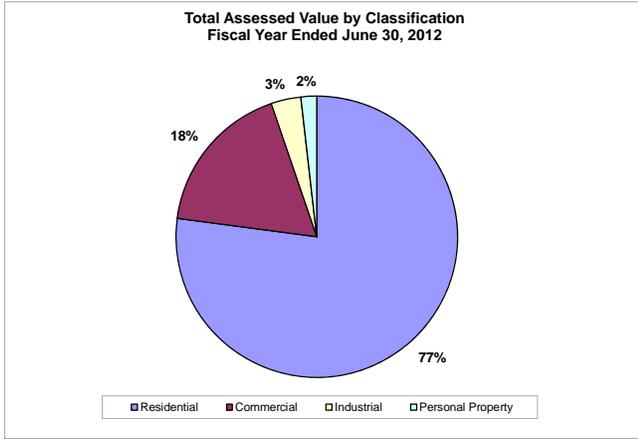
Changes in Fund Balances, Governmental Funds

Last Ten Fiscal Years

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Revenues:										
Real estate, personal property taxes and tax liens, net of tax refunds.....	\$ 50,718,391	\$ 52,961,468	\$ 55,158,554	\$ 57,768,689	\$ 59,497,459	\$ 62,755,355	\$ 65,496,774	\$ 67,862,201	\$ 69,729,818	\$ 73,976,466
Tax Liens.....	55,883	52,311	231,598	172,271	63,809	76,974	57,843	81,120	77,774	45,681
Motor vehicle and other excise taxes.....	4,523,270	4,685,843	4,281,453	4,201,636	4,611,877	4,165,414	3,985,784	4,306,011	4,081,969	4,962,622
Hotel/Motel tax.....	650,942	759,466	868,033	854,486	735,915	768,355	745,319	718,452	784,781	1,141,705
Penalties and interest on taxes.....	339,959	230,204	458,484	310,116	332,155	297,882	345,208	417,749	371,394	381,757
Payments in lieu of taxes.....	858,044	892,969	906,189	918,556	1,049,810	1,049,817	2,193,890	116,425	118,112	211,386
Intergovernmental.....	23,692,431	25,198,861	25,775,357	28,812,244	30,601,263	34,012,768	35,740,583	38,999,975	41,528,233	39,456,201
Departmental and other.....	7,307,259	7,689,484	7,563,960	9,027,969	10,250,943	10,450,639	7,761,742	7,788,136	8,085,761	8,208,065
Community preservation.....	404,489	432,367	459,792	474,210	455,258	551,133	530,249	558,590	559,244	592,836
Affordable housing development fees.....	-	-	-	-	-	-	1,800,000	-	-	-
Contributions.....	280,144	231,500	367,149	768,016	366,096	1,071,110	640,918	364,569	453,433	932,928
Investment income.....	913,927	1,165,574	1,263,802	2,460,899	369,561	(201,774)	995,846	1,325,987	153,004	319,712
Miscellaneous.....	-	207,040	323,687	301,176	514,828	91,623	69,100	49,524	17,564	42,380
Total Revenue.....	89,744,739	94,507,087	97,658,058	106,070,268	108,848,974	115,089,296	120,363,256	122,588,739	125,961,087	130,271,739
Expenditures:										
General government.....	3,229,584	3,056,052	3,623,271	3,859,688	4,018,166	4,287,338	5,603,583	4,349,148	5,298,068	4,575,307
Public safety.....	12,536,792	12,990,781	13,751,123	14,157,997	15,134,523	14,323,808	14,560,325	15,180,496	17,182,357	17,446,204
Education.....	42,431,467	45,611,005	50,871,069	50,932,438	54,203,401	54,471,474	57,170,086	60,004,947	64,003,984	63,450,712
Public works.....	7,056,165	5,464,382	6,266,787	5,444,425	5,404,878	5,863,834	6,567,757	7,986,879	7,570,889	7,916,317
Sanitation services.....	1,474,581	1,446,446	1,523,236	1,549,913	1,590,363	1,647,010	1,522,144	1,412,691	1,726,367	1,607,190
Community development.....	63,602	148,258	568,182	376,126	1,799,290	14,977	41,392	76,049	643,366	325,972
Human services.....	761,371	779,780	818,353	849,053	876,798	708,984	748,949	792,326	817,714	896,262
Culture and recreation.....	2,139,687	2,437,864	2,508,150	2,892,558	2,863,866	2,447,161	2,544,523	2,626,796	2,883,715	3,219,004
Pension benefits-Town.....	4,935,096	3,742,770	4,019,936	4,138,193	4,306,969	4,442,266	4,759,946	4,808,035	5,046,381	5,255,971
Pension benefits-School.....	6,248,000	7,656,294	8,168,218	8,869,092	9,962,702	10,994,534	11,884,275	12,219,339	12,736,422	13,272,469
Property and liability insurance.....	373,104	418,507	475,422	483,391	406,416	419,313	402,567	368,027	428,125	439,651
Employee benefits.....	5,046,719	5,776,019	6,274,307	7,204,764	7,392,728	7,802,047	7,833,635	8,459,804	8,840,249	9,551,401
State and county charges.....	2,534,654	2,741,801	3,100,048	3,534,187	3,593,911	3,798,662	4,158,266	3,883,609	3,571,252	3,567,251
Debt service										
Principal.....	1,394,000	1,380,000	1,365,000	1,630,000	1,645,000	1,480,000	1,910,000	2,432,000	2,200,000	2,451,000
Interest.....	473,435	351,740	413,209	354,814	445,990	351,879	524,464	590,897	686,619	752,290
Total Expenditures.....	90,698,257	94,001,699	103,746,311	106,276,639	113,645,001	113,053,287	120,231,912	125,191,043	133,635,508	134,727,001
Excess of revenues over (under) expenditures.....	(953,518)	505,388	(6,088,253)	(206,371)	(4,796,027)	2,036,009	131,344	(2,602,304)	(7,674,421)	(4,455,262)
Other Financing Sources (Uses)										
Issuance of long-term debt.....	-	32,340	2,800,000	2,100,000	-	3,600,000	6,782,000	6,100,000	5,286,000	3,140,000
Premium from issuance of bonds and notes.....	-	-	-	169,060	379,762	445,043	-	-	369,204	114,778
Issuance of refunding bonds.....	-	-	-	1,055,000	-	-	-	-	-	-
Payment to refunded bond escrow agent.....	-	-	-	(1,045,217)	-	-	-	-	-	-
Capital lease financing.....	-	-	179,485	400,000	-	-	-	-	246,395	-
Proceeds from the sale of land.....	-	13,193	-	739,875	-	-	-	-	-	-
Transfers in.....	2,475,991	1,725,580	1,235,622	1,211,438	1,446,885	620,955	981,424	2,935,526	2,695,872	3,471,562
Transfers out.....	(1,134,753)	(1,576,263)	(1,128,194)	(1,100,883)	(1,288,748)	(466,321)	(690,194)	(650,730)	(406,094)	(1,066,928)
Total other financing sources (uses).....	1,341,238	194,850	3,086,913	3,529,273	537,899	4,199,677	7,073,230	8,384,796	8,191,377	5,659,412
Net change in fund balance.....	\$ 387,720	\$ 700,238	\$ (3,001,340)	\$ 3,322,902	\$ (4,258,128)	\$ 6,235,686	\$ 7,204,574	\$ 5,782,492	\$ 516,956	\$ 1,204,150
Debt service as a percentage of noncapital expenditures.....	2.17%	1.93%	1.87%	1.97%	1.93%	1.65%	2.14%	2.55%	2.37%	2.61%

Assessed Value and Actual Value of Taxable Property by Classification and Tax Rates
Last Ten Fiscal Years

Fiscal Year	Assessed and Actual Values and Tax Rates									
	Residential Value	Residential Tax Rate	Commercial Value	Industrial Value	Total Commercial Value	Commercial Tax Rate	Personal Property	Personal Property Tax Rate	Total Direct Rate (1)	Total Town Value
2004	\$3,234,740,307	\$9.55	\$822,851,708	\$169,224,250	\$992,075,958	\$20.39	\$51,903,536	\$20.35	\$12.19	\$4,278,719,801
2005	\$3,816,730,562	\$8.38	\$803,790,978	\$171,059,625	\$974,850,603	\$21.30	\$58,953,330	\$21.24	\$11.13	\$4,850,534,495
2006	\$4,398,266,375	\$7.65	\$914,089,440	\$192,596,650	\$1,106,686,090	\$19.17	\$63,261,160	\$19.11	\$10.07	\$5,568,213,625
2007	\$4,440,944,260	\$8.14	\$906,688,005	\$191,245,200	\$1,097,933,205	\$18.92	\$66,247,340	\$18.87	\$10.38	\$5,605,124,805
2008	\$4,435,836,632	\$8.67	\$907,253,337	\$189,911,800	\$1,097,165,137	\$18.97	\$70,461,720	\$18.91	\$10.82	\$5,603,463,489
2009	\$4,318,764,733	\$9.06	\$933,566,836	\$193,093,000	\$1,126,659,836	\$20.18	\$91,904,620	\$20.11	\$11.51	\$5,537,329,189
2010	\$4,151,406,685	\$9.67	\$932,243,691	\$192,792,100	\$1,125,035,791	\$21.72	\$83,075,790	\$21.65	\$12.39	\$5,359,518,266
2011	\$3,998,205,703	\$10.20	\$937,402,065	\$192,184,900	\$1,129,586,965	\$23.29	\$93,061,520	\$23.17	\$13.26	\$5,220,854,188
2012	\$4,069,650,840	\$10.45	\$932,748,073	\$181,064,400	\$1,113,812,473	\$23.65	\$95,068,610	\$23.53	\$13.47	\$5,278,531,923
2013	\$3,929,047,295	\$11.11	\$934,953,167	\$182,850,700	\$1,117,803,867	\$25.44	\$97,088,850	\$25.31	\$14.49	\$5,143,940,012



(1) Weighted average direct tax rate, calculated as weighted average of residential, commercial and personal property tax rates.
 Source: Assessor's Department, Town of Braintree and Official Statements.
 All property in the Commonwealth of Massachusetts is assessed at 100% of fair cash value.

Note: Chapter 59, Section 21C of the Massachusetts General Laws, known as "Proposition 2 1/2", imposes 2 separate limits on the annual tax levy of the Town. The primary limitation is that the tax levy cannot exceed 2 1/2 percent of the full and fair cash value. The secondary limitation is that the tax levy cannot exceed the maximum levy limit for the preceding fiscal year as determined by the State Commissioner of Revenue by more than 2 1/2 percent, subject to an exception for property added to the tax rolls and for certain substantial valuation increases other than as part of a general revaluation. The secondary limit may be exceeded in any year by a majority vote of the voters, however it cannot exceed the primary limitation.

Principal Taxpayers

Current Year and Nine Years Ago

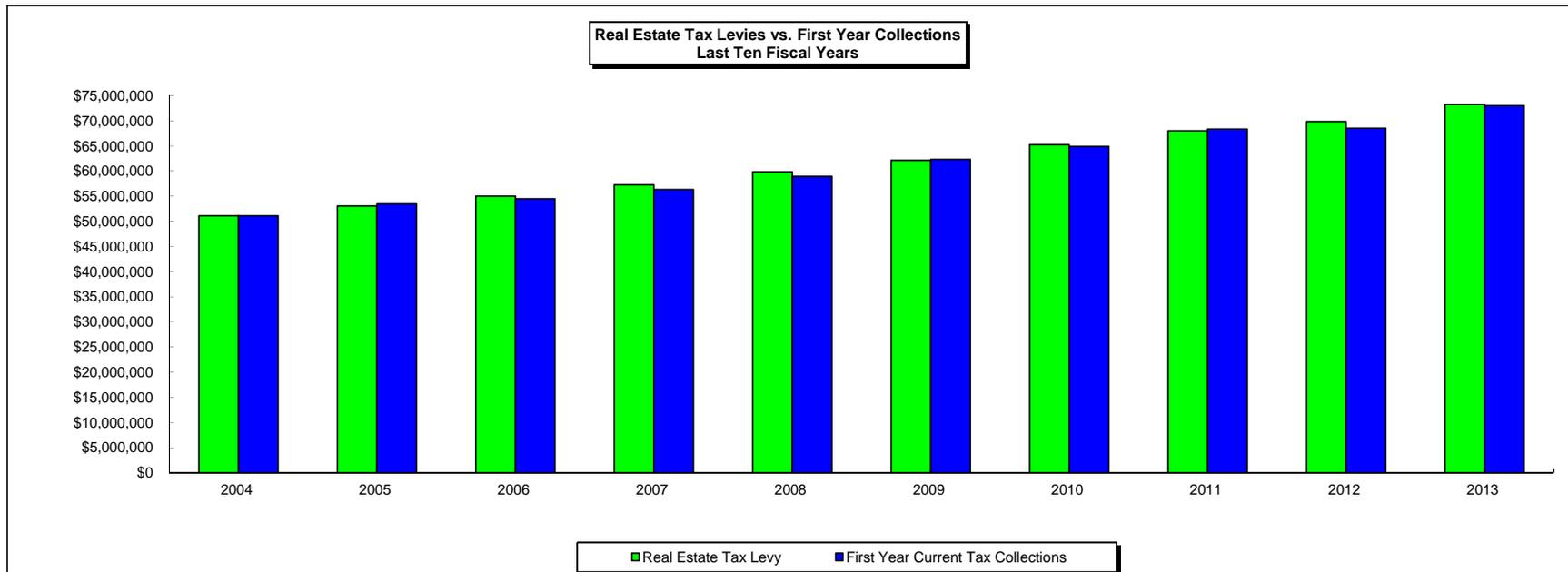
Name	Nature of Business	2013			2004		
		Assessed Valuation	Rank	Percentage of Total Taxable Assessed Value	Assessed Valuation	Rank	Percentage of Total Taxable Assessed Value
Braintree Property Associates	Malls	\$ 252,064,808	1	4.90%	\$ 160,980,000	1	3.76%
Messina, Francis X. (et al)	Developer/Real Estate	140,613,800	2	2.73%	43,458,100	3	1.02%
Flatley, John (et al)	Real Estate	76,133,500	3	1.48%	-	-	-
Lenox Farms LTD Partnership	Developer/Real Estate	56,129,900	4	1.09%	-	-	-
AMB Property LP	Retail Clothing	27,510,000	5	0.53%	28,384,300	4	0.66%
EQR-Lincoln Braintree LLC	Developer/Real Estate	27,480,000	6	0.53%	20,575,300	7	0.48%
Ridge at Blue Hills LTD Partnership	Developer/Real Estate	23,684,400	7	0.46%	-	-	-
WBF Braintree Equity Partnership LLC	Retail	23,564,700	8	0.46%	-	-	-
TRT Braintree LLC DCX	Malls	18,683,000	9	0.36%	-	-	-
Direct Invest Braintree Park LLC	Real Estate	17,701,700	10	0.34%	-	-	-
T.J. Flatley (et al)	Real Estate	-	-	-	52,971,800	2	1.24%
Flatley Family Trust	Developer/Real Estate	-	-	-	27,603,100	5	0.65%
Sheraton Braintree Hotel	Hotel	-	-	-	24,384,700	6	0.57%
The Flatley Company	Developer/Real Estate	-	-	-	16,669,800	8	0.39%
Harvest Properties Trust	Real Estate	-	-	-	16,419,100	9	0.38%
KHMT Corporation	Retail	-	-	-	15,962,600	10	0.37%
	Totals \$	<u>663,565,808</u>		<u>12.90%</u>	<u>\$ 407,408,800</u>		<u>9.52%</u>

Source: Official Statements, Town of Braintree

Property Tax Levies and Collections

Last Ten Fiscal Years

Fiscal Year	Total Tax Levy	Less Reserve for Abatements & Exemptions	Net Tax Levy	Net as % of Total	First Year Current Tax Collections	Percent of Net Levy Collected	Delinquent Tax Collections	Total Tax Collections	Percent of Total Tax Collections to Net Tax Levy (1)
2004	\$52,132,908	\$1,052,841	\$51,080,067	97.98%	\$51,064,750	99.97%	\$15,317	\$51,080,067	100.00%
2005	\$53,947,300	\$905,342	\$53,041,958	98.32%	\$53,432,258	100.74%	\$256,505	\$53,688,763	101.22%
2006	\$56,006,448	\$992,187	\$55,014,261	98.23%	\$54,476,389	99.02%	\$1,234,211	\$55,710,600	101.27%
2007	\$58,111,612	\$893,219	\$57,218,393	98.46%	\$56,345,257	98.47%	\$1,904,192	\$58,249,449	101.80%
2008	\$60,537,365	\$695,318	\$59,842,047	98.85%	\$58,896,572	98.42%	\$1,900,328	\$60,796,900	101.60%
2009	\$63,634,439	\$1,480,050	\$62,154,389	97.67%	\$62,315,590	100.26%	\$1,320,308	\$63,635,898	102.38%
2010	\$66,301,452	\$1,089,175	\$65,212,277	98.36%	\$64,882,825	99.49%	\$1,486,604	\$66,369,429	101.77%
2011	\$69,110,686	\$1,100,000	\$68,010,686	98.41%	\$68,362,146	100.52%	\$549,201	\$68,911,347	101.32%
2012	\$70,972,549	\$1,123,064	\$69,849,485	98.42%	\$68,511,310	98.08%	\$870,848	\$69,382,158	99.33%
2013	\$74,404,156	\$1,152,260	\$73,251,896	98.45%	\$72,999,903	99.66%	\$0	\$72,999,903	99.66%



(1) If the actual abatements and exemptions are lower than the reserve, the actual collections can exceed the levy.

Source: Assessor's Department and Official Statements, Town of Braintree

Ratios of Outstanding Debt and General Bonded Debt

Last Ten Fiscal Years

Fiscal Year	U. S. Census Population	Personal Income	Assessed Value	Governmental Activities				
				General Obligation Bonds	Capital Leases	Per Capita	Percentage of Personal Income	Percentage of Assessed Value
2004	33,728	\$ 1,005,555,799	\$4,278,719,801	\$ 9,485,000	\$ 285,234	\$281	0.94%	0.22%
2005	33,873	\$ 1,050,273,934	\$4,850,534,495	\$ 8,105,000	\$ 111,512	\$239	0.77%	0.17%
2006	33,681	\$ 1,086,093,568	\$5,568,213,625	\$ 9,540,000	\$ 205,430	\$283	0.88%	0.17%
2007	34,185	\$ 1,146,439,624	\$5,605,124,805	\$ 10,065,000	\$ 490,892	\$294	0.88%	0.18%
2008	34,422	\$ 1,200,563,244	\$5,603,463,489	\$ 8,420,000	\$ 350,640	\$245	0.70%	0.15%
2009	35,294	\$ 1,280,215,743	\$5,537,329,189	\$ 10,540,000	\$ 244,817	\$299	0.82%	0.19%
2010	35,296	\$ 1,312,199,392	\$5,359,518,266	\$ 15,412,000	\$ 167,410	\$437	1.17%	0.29%
2011	35,744	\$ 1,382,008,876	\$5,220,854,188	\$ 19,080,000	\$ 85,878	\$534	1.38%	0.37%
2012	35,981	\$ 1,446,817,954	\$5,278,531,923	\$ 22,512,979	\$ 212,592	\$626	1.56%	0.43%
2013	36,220	\$ 1,514,666,243	\$5,143,940,012	\$ 23,155,799	\$ 149,204	\$639	1.53%	0.45%

Fiscal Year	Business-Type Activities		Total Primary Government			
	General Obligation Bonds	Capital Leases	Total Debt Outstanding	Per Capita	Percentage of Personal Income	Percentage of Assessed Value
2004	\$ 16,130,052	\$ -	\$ 25,615,052	\$ 759	2.55%	0.60%
2005	\$ 15,258,315	\$ 186,586	\$ 23,363,315	\$ 690	2.22%	0.48%
2006	\$ 18,399,241	\$ 135,017	\$ 27,939,241	\$ 830	2.57%	0.50%
2007	\$ 18,094,073	\$ 78,457	\$ 28,159,073	\$ 824	2.46%	0.50%
2008	\$ 16,213,906	\$ 16,425	\$ 24,633,906	\$ 716	2.05%	0.44%
2009	\$ 24,030,740	\$ -	\$ 34,570,740	\$ 980	2.70%	0.62%
2010	\$ 140,062,687	\$ 103,418	\$ 155,474,687	\$ 4,405	11.85%	2.90%
2011	\$ 143,224,964	\$ 273,680	\$ 162,304,964	\$ 4,541	11.74%	3.11%
2012	\$ 131,668,293	\$ 549,628	\$ 154,181,272	\$ 4,285	10.66%	2.92%
2013	\$ 127,395,741	\$ 542,670	\$ 150,551,540	\$ 4,157	9.94%	2.93%

Source: Audited Financial Statements, U. S. Census

Direct and Overlapping Governmental Activities Debt

As of June 30, 2013

<u>Town of Braintree, Massachusetts</u>	<u>Debt Outstanding</u>	<u>Percentage Applicable (1)</u>	<u>Estimated Share of Overlapping Debt</u>	<u>Current Year Assessment for Operations and Debt Service</u>
Norfolk County.....	\$ 12,860,000	5.36%	\$ 689,682	\$ 259,040
Town debt.....			23,155,799	
Town capital leases.....			149,204	
Total Town direct debt.....			<u>23,305,003</u>	
Total direct and overlapping debt.....			<u>\$ 23,994,685</u>	

Source: Treasurer's Office, Town of Braintree

Note: The Town obtains the debt outstanding and percentages directly from the entities.

Note: Overlapping governments are those that coincide, at least in part, with geographic boundaries of the Town. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the taxpayers of the Town. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire debt burden borne by the property taxpayers should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

(1) County expenses, including debt service, are assessed upon the towns within the county in proportion to their taxable valuation.

Computation of Legal Debt Margin

Last Ten Fiscal Years

Fiscal Year

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Equalized Valuation.....	\$ 4,894,372,100	\$ 4,894,372,100	\$ 5,878,650,200	\$ 5,878,650,200	\$ 6,103,206,100	\$ 6,103,206,100	\$ 5,803,418,500	\$ 5,803,418,500	\$ 5,627,043,400	\$ 5,627,043,400
Debt Limit - 5% of Equalized Valuation.....	\$ 244,718,605	\$ 244,718,605	\$ 293,932,510	\$ 293,932,510	\$ 305,160,305	\$ 305,160,305	\$ 290,170,925	\$ 290,170,925	\$ 281,352,170	\$ 281,352,170
Less:										
Outstanding debt applicable to limit.....	9,485,000	8,105,000	9,540,000	10,065,000	11,911,000	129,166,500	122,688,000	119,186,500	115,619,000	111,805,000
Authorized and unissued debt.....	9,351,485	13,931,485	101,272,800	106,696,485	121,696,485	5,609,485	4,017,485	7,254,622	10,452,483	12,394,683
Legal debt margin.....	\$ 225,882,120	\$ 222,682,120	\$ 183,119,710	\$ 177,171,025	\$ 171,552,820	\$ 170,384,320	\$ 163,465,440	\$ 163,729,803	\$ 155,280,687	\$ 157,152,487
Total debt applicable to the limit as a percentage of the limit.....	7.70%	9.00%	37.70%	39.72%	43.78%	44.17%	43.67%	43.57%	44.81%	44.14%

Source: Treasurer's Department, Town of Braintree / Official Statements

Demographic and Economic Statistics

Last Ten Fiscal Years

Fiscal Year	Population Estimates	Personal Income	Per Capita Personal Income	Median Age	School Enrollment	Unemployment Rate
2004	33,728	\$ 1,005,555,799	\$ 29,814	40	5,154	5.00%
2005	33,873	\$ 1,050,273,934	\$ 31,006	40	5,252	4.50%
2006	33,681	\$ 1,086,093,568	\$ 32,246	40	5,229	4.70%
2007	34,185	\$ 1,146,439,624	\$ 33,536	40	5,325	4.20%
2008	34,422	\$ 1,200,563,244	\$ 34,878	40	5,443	5.00%
2009	35,294	\$ 1,280,215,743	\$ 36,273	40	5,441	7.80%
2010	35,296	\$ 1,312,199,392	\$ 37,177	40	5,557	8.20%
2011	35,744	\$ 1,382,008,876	\$ 38,664	40	5,565	7.20%
2012	35,981	\$ 1,446,817,954	\$ 40,211	40	5,601	6.00%
2013	36,220	\$ 1,514,666,243	\$ 41,819	40	5,678	5.60%

Source: U. S. Census, Division of Local Services
 Median age is based on most recent census data

Principal Employers
Current Year and Nine Years Ago

Employer	Nature of Business	2013			2004		
		Employees	Rank	Percentage of Total Town Employment	Employees	Rank	Percentage of Total Town Employment
United Liquors	Distributor	800	1	3.04%	-	-	-
Health South/Braintree Rehab	Rehabilitation Hospital	750	2	2.85%	900	2	4.79%
Haemonetics	Biomedical	720	3	2.74%	450	6	2.39%
Macy's	Retail	600	4	2.28%	260	10	1.38%
ING	Financial Services	568	5	2.16%	-	-	-
Verizon	Utility	400	6	1.52%	-	-	-
Sears	Retail	363	7	1.38%	300	8	1.60%
Mass State Lottery	State Agency	300	8	1.14%	-	-	-
Symmons Industries	Plumbing Manufacturer	290	9	1.10%	300	9	1.60%
Nordstrom	Retail	250	10	0.95%	-	-	-
Boston Financial Data Services	Account Services	-	-	-	1,200	1	6.39%
NYNEX	Utility	-	-	-	640	3	3.41%
Filene's	Retail	-	-	-	600	4	3.19%
South Shore VNA	Visiting Nurses Association	-	-	-	476	5	2.53%
Harvard/Pilgrim Health Care	Health Care	-	-	-	300	7	1.60%
		<u>4,241</u>		<u>16.12%</u>	<u>5,426</u>		<u>28.87%</u>

Source: Massachusetts Workplace Development Agency & the Town's personnel and department records.

Full-time Equivalent Town Employees by Function

Last Ten Fiscal Years

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Function:										
General government.....	48	52	55	55	47	45	38	41	42	43
Police.....	76	84	91	94	91	84	82	81	83	90
Fire.....	81	85	89	90	92	88	87	87	86	83
Education.....	612	626	639	652	666	674	648	675	689	714
Public works.....	44	47	50	46	44	48	43	39	39	38
Human services.....	10	11	11	11	13	10	10	11	11	12
Culture and recreation.....	18	19	19	18	19	20	19	19	19	20
Water & Sewer	23	26	29	27	29	23	21	23	23	24
Golf.....	9	9	10	10	10	9	9	9	9	9
Electric Light	108	110	111	111	107	111	111	110	110	110
Total	<u>1,029</u>	<u>1,069</u>	<u>1,103</u>	<u>1,113</u>	<u>1,117</u>	<u>1,111</u>	<u>1,067</u>	<u>1,094</u>	<u>1,110</u>	<u>1,143</u>

Source: Town personnel records and various Town departments.

Operating Indicators by Function/Program

Last Ten Fiscal Years

Function/Program	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General Government										
Population.....	32,972	32,760	32,669	32,474	32,434	32,931	35,744	35,744	35,744	35,744
Registered voters, annual town election.....	7,666	7,229	6,254	9,541	N/A	6,178	N/A	7,500	N/A	N/A
Town Clerk										
Births.....	367	364	397	413	371	412	365	380	411	407
Marriages.....	214	177	173	198	145	189	197	213	234	193
Deaths.....	517	554	473	471	480	440	465	465	469	500
Police										
Accidents covered by an officer.....	1,362	1,320	1,213	1,302	1,199	1,152	1,247	1,177	287	481
Citations issued.....	4,877	6,594	12,052	9,957	5,786	3,833	3,849	2,722	1,304	3,737
Arrests.....	809	935	1,206	1,107	1,085	813	766	754	262	835
Larcenies.....	910	933	915	917	881	802	662	615	245	511
Fire										
Fires.....	136	141	101	143	102	84	116	92	94	64
Emergency medical service.....	2,124	2,301	2,564	2,620	2,850	3,085	3,107	2,725	1,786	2,629
False alarm.....	714	771	796	839	855	761	676	759	493	773
Other responses.....	1,328	1,418	1,262	1,315	983	1,046	1,150	1,196	948	1,422
Hazmat responses.....	456	465	429	417	363	336	281	360	207	351
Building Department										
Residential building permits issued.....	1,042	938	1,082	998	897	891	950	979	976	850
Non-Residential building permits issued.....	252	264	230	268	315	301	324	295	361	403
Education										
Public school enrollment.....	5,154	5,252	5,229	5,325	5,443	5,441	5,557	5,565	5,601	5,678
Public Works										
Cemetery										
Lots sold.....	N/A	N/A	N/A	N/A	N/A	N/A	N/A	25	15	28
Water										
Service connections.....	N/A	N/A	N/A	N/A	N/A	N/A	N/A	11,497	11,500	11,492
Consumption in billions of gallons.....	1,303	1,367	1,428	1,585	1,542	1,421	1,374	1,371	N/A	1,285
Daily consumption in millions of gallons.....	3.7	3.7	4.0	4.2	3.7	3.6	3.8	3.7	N/A	4.7
Sewer										
Service connections.....	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	11,500	11,423
Daily average collection (MGD).....	N/A	N/A	N/A	N/A	N/A	6.61	6.97	6.52	6.89	6.66
Highway										
Miles of public road.....	126.7	127.2	127.2	129.0	129.0	129.0	129.0	129.0	129.0	130.0
Human Services										
Board of Health										
Inspections.....	1,491	1,473	1,478	1,531	1,324	1,257	1,151	1,338	1,321	1,263
Council on Aging										
Home delivered meals.....	1,718	1,095	825	1,213	634	1,220	616	N/A	N/A	N/A
Transportation.....	3,311	3,187	3,298	3,459	3,595	3,783	3,917	3,763	4,121	5,280
Volunteer service hours.....	7,575	6,883	7,164	10,182	10,431	9,322	7,252	6,583	6,029	5,214
Fitness/exercise program participants.....	2,498	2,456	2,567	2,980	3,343	3,396	3,588	3,673	3,734	3,420
Recreation/social event participants.....	6,880	7,018	7,496	7,342	7,444	8,182	7,739	8,242	9,221	8,200
Libraries										
Volumes in collection.....	118,174	122,976	125,300	123,920	151,406	154,966	157,057	157,764	125,145	131,000
Circulation.....	250,406	270,668	280,937	198,710	306,081	320,510	350,966	384,947	379,752	293,733
Program attendance.....	5,942	6,863	6,564	5,892	6,473	7,881	7,605	10,279	11,011	9,421

Source: Various Town Departments
N/A: Information not available

Capital Asset Statistics by Function/Program

Last Ten Fiscal Years

Function/Program	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General Government										
Number of buildings.....	4	4	4	4	4	4	8	8	8	8
Police										
Number of stations.....	1	1	1	1	1	1	1	1	1	1
Fire										
Number of stations.....	3	3	3	3	3	3	3	3	3	3
Number of vehicles.....	17	17	17	17	17	17	17	17	17	17
Education										
Number of elementary schools.....	7	6	6	6	6	6	6	6	6	6
Number of middle schools.....	2	2	2	2	2	2	2	2	2	2
Number of high schools.....	1	1	1	1	1	1	1	1	1	1
Number of other buildings.....	4	5	5	5	5	5	5	5	5	5
Public Works										
Water mains (miles).....	161	161	161	161	161	161	161	161	161	161
Fire hydrants.....	1,211	1,211	1,211	1,211	1,211	1,211	1,211	1,211	1,211	1,211
Sanitary sewers (miles).....	138	138	138	138	138	138	138	138	138	138
Number of wells.....	1	1	1	1	1	1	1	1	1	1
Number of water storage tanks.....	5	5	5	5	5	5	4	4	4	4
Number of pump stations.....	15	15	15	15	15	15	15	15	15	15
Human Services										
Senior center.....	1	1	1	1	1	1	1	1	1	1
Culture and Recreation										
Recreation building.....	1	1	1	1	1	1	1	1	1	1
Library.....	1	1	1	1	1	1	1	1	1	1

Source: Various Town Departments