

OFFICIAL STATEMENT DATED MAY 17, 2017

Rating: See "Rating" herein.  
S&P Global Ratings: AA+

New Issue

In the opinion of Locke Lord LLP, Bond Counsel, based upon an analysis of existing law and assuming, among other matters, compliance with certain covenants, interest on the Bonds is excluded from gross income for federal income tax purposes under the Internal Revenue Code of 1986 (the "Code"). Interest on the Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, although such interest is included in adjusted current earnings when calculating corporate alternative minimum taxable income. Under existing law, interest on the Bonds is exempt from Massachusetts personal income taxes, and the Bonds are exempt from Massachusetts personal property taxes. The Bonds will be designated as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Code. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on, the Bonds. See "Tax Exemption" herein.

**TOWN OF BRAINTREE, MASSACHUSETTS**  
**\$8,083,000 GENERAL OBLIGATION MUNICIPAL PURPOSE LOAN OF 2017 BONDS**

**DATED**  
Date of Delivery

**DUE**  
May 15  
(as shown below)

The Bonds are issuable only in fully registered form, registered in the name of Cede & Co., as Bondowner and nominee for The Depository Trust Company ("DTC"), New York, New York. DTC will act as securities depository for the Bonds. Purchases of the Bonds will be made in book-entry form in the denomination of \$5,000, with the exception of three \$1,000 denominations maturing in 2018 or any integral multiple thereof. (See "Book-Entry-Transfer System" herein.)

Principal of the Bonds will be payable May 15 of the years in which the Bonds mature. Interest on the Bonds will be payable May 15 and November 15 of each year, commencing November 15, 2017. Principal and semiannual interest on the Bonds will be paid by U.S. Bank National Association, Boston, Massachusetts, as Paying Agent. So long as DTC or its nominee, Cede & Co., is the Bondowner, such payments will be made directly to such Bondowner. Disbursement of such payments to the DTC Participants is the responsibility of DTC and disbursement of such payments to the Beneficial Owners is the responsibility of the DTC Participants and Indirect Participants, as more fully described herein.

The Bonds are subject to redemption prior to their stated maturity dates as stated herein.

An opinion of Bond Counsel will be delivered with the Bonds to the effect that the Bonds are valid general obligations of the Town of Braintree, Massachusetts (the "Town"), and that to the extent not paid from other sources, the principal of and interest on the Bonds are payable from taxes which may be levied upon all taxable property in the Town, subject to the limit imposed by Chapter 59, Section 21C of the General Laws.

**MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES, YIELDS AND CUSIPS**

<u>Due</u> <u>May 15</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Yield</u>	<u>Cusip</u> <u>105025</u>	<u>Due</u> <u>May 15</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Yield</u>	<u>Cusip</u> <u>105025</u>
2018	\$658,000	2.00 %	0.90 %	X96	2028	\$ 350,000	3.00 %	2.20 %	Z37
2019	645,000	3.00	0.95	Y20	2029	345,000	3.00	2.35	Z45
2020	625,000	4.00	1.09	Y38	2030	345,000	3.00	2.45	Z52
2021	620,000	4.00	1.20	Y46	2031	340,000	3.00	2.50	Z60
2022	605,000	4.00	1.35	Y53	2032	335,000	3.00	2.60	Z78
2023	440,000	4.00	1.50	Y61	2033	215,000	3.00	2.70	Z86
2024	435,000	4.00	1.65	Y79	2034	215,000	3.00	2.80	Z94
2025	425,000	4.00	1.85	Y87	2035	215,000	3.00	2.85	2A7
2026	425,000	4.00	2.00	Y95	2036	215,000	3.00	2.90	2B5
2027	420,000	4.00	2.10	Z29	2037	210,000	3.00	3.00	2C3

The Bonds are offered subject to the final approving opinion of Locke Lord LLP, Boston, Massachusetts, Bond Counsel, as aforesaid, and to certain other conditions referred to herein and in the Notice of Sale. FirstSouthwest, a Division of Hilltop Securities Inc., Boston, Massachusetts has acted as Financial Advisor to the Town, with respect to the Bonds. The Bonds in definitive form will be delivered to DTC, or its custodial agent, on or about May 25, 2017, against payment to the Town in federal funds.

**JANNEY MONTGOMERY SCOTT LLC**

## TABLE OF CONTENTS

	<u>Page</u>		<u>Page</u>
SUMMARY STATEMENT	3	TOWN FINANCES:	
NOTICE OF SALE	4	The Budget and Appropriation Process	25
Redemption Provisions	4	Budget Trends	25
Bidding Parameters	5	Budget Comparison	25
OFFICIAL STATEMENT	7	General Fund Revenues	26
INTRODUCTION	7	Property Taxes	26
THE BONDS	7	State Aid	26
Description of the Bonds	7	State School Building Assistance Program	26
Redemption Provisions	7	Motor Vehicle Excise	26
Notice of Redemption	7	Room Occupancy	27
Record Date	7	Local Options Meal Tax	27
Book-Entry-Transfer System	8	Other	27
Authorization of the Bonds and Use of Proceeds	9	Community Preservation Act	27
Principal Payments by Purpose	10	Enterprises	28
Tax Exemption	10	Annual Audits	28
Security and Remedies	11	Summary of Significant Accounting Policies	28
Opinion of Bond Counsel	13	Financial Statements	28
Rating	13	Combined Balance Sheets - Fiscal Year Ending:	
Financial Advisory Services of FirstSouthwest, a Division		June 30, 2016	29
Of Hilltop Securities, Inc.	13	June 30, 2015	30
Continuing Disclosure	13	June 30, 2014	31
THE TOWN OF BRAINTREE, MASSACHUSETTS:		Statement of Revenues, Expenditures and	
General	14	Changes in Fund Balances:	
Principal Town Officials	14	June 30, 2016 – 2012	32
History	14	Free Cash	37
Municipal Services	14	General Fund	37
Transportation	15	Enterprise Fund	37
Education	15	Stabilization Fund	37
Public School Enrollments	15	Tax Increment for Development Districts	38
Industry and Commerce	15	Investment of Town Funds	38
Employment and Payrolls	15	INDEBTEDNESS:	
Largest Employers	16	Authorization Procedure and Limitations	39
Retail Sales	16	Types of Obligations	39
Labor Force, Employment and Unemployment	17	Direct Debt Summary	40
Unemployment Rates	17	Debt Ratios	41
Building Permits	17	Principal Payments by Purpose	41
Population and Income	18	Debt Service Requirements	42
Population Trends	18	Authorized Unissued Debt and Prospective	
PROPERTY TAXATION:		Financing	42
Tax Levy Computation	19	Overlapping Debt	43
Assessed and Equalized Valuations	20	Contractual Obligations	44
Classification of Property	20	Retirement Plan	44
Largest Taxpayers	21	Current Funding Schedule	46
State Equalized Valuation	21	Other Post-Employment Benefits	47
Overlay	21	Employee Relations	47
Tax Collections	22	Litigation	48
Tax Titles and Possessions	22	APPENDIX A - Fiscal 2016 Audit	
Sales of Tax Receivables	23	APPENDIX B - Proposed Form of Legal Opinion of Bond	
Taxation to Meet Deficits	23	Counsel	
Tax Limitations	23	APPENDIX C – Proposed Form of Continuing	
Unused Levy Capacity	24	Disclosure Certificate	
Pledged Taxes	24		
Initiative Petitions	24		

The information and expressions of opinion in this Official Statement are subject to change without notice. Neither the delivery of this Official Statement nor any sale of the Bonds shall, under any circumstances, create any implication that there has been no material change in the affairs of the Town since the date of this Official Statement.

## SUMMARY STATEMENT

The information set forth below is qualified in its entirety by the information and financial statements appearing elsewhere in the Official Statement.

Date of Sale:	Wednesday, May 17, 2017, 11:00 a.m. (Eastern Daylight Time).
Location of Sale:	FirstSouthwest, a Division of Hilltop Securities Inc., 54 Canal Street, 3rd Floor, Boston, Massachusetts 02114.
Issuer:	Town of Braintree, Massachusetts.
Issue:	\$8,083,000 General Obligation Municipal Purpose Loan of 2017 Bonds, see "THE BONDS Book-Entry-Transfer System" herein.
Official Statement Dated:	May 17, 2017.
Dated Date of the Bonds:	As of their date of delivery.
Principal Due:	Serially May 15, 2018 through May 15, 2037, as detailed herein.
Interest Payable:	May 15 and November 15 of each year, commencing November 15, 2017.
Purpose and Authority:	Bond proceeds will be used to fund various capital improvements detailed herein. See "Authorization of the Bonds and Use of Proceeds."
Redemption:	The Bonds are subject to redemption prior to their stated maturity dates as stated herein.
Security:	The Bonds will be general obligations of the Town of Braintree and, except to the extent they are paid from any other available moneys, the principal of and interest on the Bonds are payable from taxes which may be levied upon all taxable property in the Town, subject to the limit imposed by Chapter 59, Section 21C of the General Laws.
Credit Rating:	S&P Global Ratings has assigned a rating of AA+ to the Bonds.
Bond Insurance:	The Town has not contracted for the issuance of any policy of municipal bond insurance or any other credit enhancement facility.
Basis of Award:	Lowest True Interest Cost (TIC), as of the dated date. <b><u>Bids must include a premium of at least \$85,000.</u></b>
Tax Exemption:	Refer to "THE BONDS - Tax Exemption" herein and Appendix B, "Proposed Form of Legal Opinion."
Continuing Disclosure:	Refer to "THE BONDS - Continuing Disclosure" herein and Appendix C, "Proposed Form of Continuing Disclosure Certificate."
Bank Qualification:	The Bonds <u>will be</u> designated by the Town as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended.
Paying Agent	U.S. Bank National Association, Boston, Massachusetts.
Legal Opinion:	Locke Lord LLP, Boston, Massachusetts.
Financial Advisor:	FirstSouthwest, a Division of Hilltop Securities Inc., Boston, Massachusetts.
Delivery and Payment:	It is expected that delivery of the Bonds in book-entry only form will be made to The Depository Trust Company, or to its custodial agent, on or about May 25, 2017, against payment in federal funds.
Issuer Official:	Questions concerning the Official Statement should be addressed to: Ms. Barbara Walls, Treasurer/Collector, Town of Braintree, Massachusetts Telephone (781) 794-8135 or Cinder McNerney, Managing Director, FirstSouthwest, a Division of Hilltop Securities Inc., Boston, Massachusetts Telephone (617) 619-4408.

## NOTICE OF SALE

### TOWN OF BRAINTREE, MASSACHUSETTS

#### **\$8,629,000\* GENERAL OBLIGATION MUNICIPAL PURPOSE LOAN OF 2017 BONDS**

The Town of Braintree, Massachusetts (the "Town") will receive sealed and electronic (as described herein) proposals until 11:00 a.m., Eastern Daylight Time, Wednesday, May 17, 2017, for the purchase of the following described General Obligation Municipal Purpose Loan of 2017 Bonds of the Town (the "Bonds"):

\$8,629,000\* General Obligation Municipal Purpose Loan of 2017 Bonds payable May 15 of the years and in the amounts as follows:

<u>Due May 15</u>	<u>Principal Amount*</u>	<u>Due May 15</u>		<u>Principal Amount*</u>
2018	\$ 724,000	2028	**	\$ 380,000
2019	685,000	2029	**	375,000
2020	650,000	2030	**	370,000
2021	640,000	2031	**	365,000
2022	620,000	2032	**	360,000
2023	465,000	2033	**	240,000
2024	460,000	2034	**	235,000
2025	455,000	2035	**	235,000
2026	450,000	2036	**	235,000
2027	450,000	2037	**	235,000

\*Preliminary, subject to change.

\*\*Callable maturities. May be combined into one, two or three Term Bonds as described herein.

The Bonds will be dated their date of delivery. Principal of the Bonds will be payable on November 15 of the years in which the Bonds mature. Interest will be payable on May 15 and November 15 of each year, commencing November 15, 2017.

The Bonds will be issued by means of a book-entry system with no physical distribution of the Bonds made to the public. One certificate for each maturity of the Bonds will be issued to The Depository Trust Company, New York, New York ("DTC"), and immobilized in its custody. Ownership of the Bonds in principal amounts of \$5,000 with the exception of four\* \$1,000 denominations maturing in 2018 or any integral multiple thereof, will be evidenced by a book-entry system with transfers of ownership effected on the records of DTC and its Participants pursuant to rules and procedures established by DTC and its Participants. The winning bidder, as a condition to delivery of the Bonds, shall be required to deposit the Bonds with DTC, registered in the name of Cede & Co. Interest and principal on the Bonds will be payable to DTC or its nominee as registered owner of the Bonds. Transfer of principal and interest payments to participants of DTC will be the responsibility of DTC. Transfer of principal and interest payments to beneficial owners will be the responsibility of such participants and other nominees of beneficial owners. The Town will not be responsible or liable for maintaining, supervising or reviewing the records maintained by DTC, its participants or persons acting through such participants.

The original Bonds to be immobilized at DTC will be prepared under the supervision of FirstSouthwest, a Division of Hilltop Securities Inc., Boston, Massachusetts and their legality will be approved by Locke Lord LLP, Boston, Massachusetts, whose opinion will be furnished to the purchaser without charge to such purchaser.

#### **Redemption Provisions**

The Bonds maturing on May 15 in the years 2018 through 2027, inclusive, will not be subject to redemption prior to maturity. The Bonds maturing on and after May 15, 2028 shall be subject to redemption prior to maturity, at the option of the Town, on or after May 15, 2027, either in whole or in part at any time, and if in part, by lot within a maturity, at the par amount of the Bonds to be redeemed.

For Bonds maturing on May 15, 2028, and thereafter, bidders may specify that all of the principal amount of such Bonds in any two or more consecutive years may, in lieu of maturing in each such year, be combined to comprise one maturity of Term Bonds scheduled to mature in the latest of the combined years, and shall be subject to mandatory redemption prior to maturity at par as described above, in each of the years and in the principal amounts specified in

the foregoing maturity schedule. Each mandatory redemption shall be allocated to the payment of the term bond maturing in the nearest subsequent year. Bidders may specify no more than three Term Bonds.

Term Bonds, if any, shall be subject to mandatory redemption on May 15 of the year or years immediately prior to the stated maturity of such Term Bond (the particular Bonds of such maturity to be redeemed to be selected by lot) as indicated in the foregoing maturity schedule at the principal amount thereof, without premium.

### **Bidding Parameters**

Bidders shall state the rate or rates of interest per annum which the Bonds are to bear in a multiple of 1/20 or 1/8 of one percent, but shall not state (a) more than one interest rate for any Bonds having a like maturity, (b) any interest rate which exceeds the interest rate stated for any other Bonds by more than 3 percent and **(c) any coupon in excess of 4.0%. No bid of less than par plus a premium of at least \$85,000 will be accepted.**

As between proposals which comply with this Notice of Sale, the award will be to the bidder who offers to purchase all the Bonds at the lowest net effective interest rate to the Town. Such interest rate shall be determined on a true interest cost (TIC) basis, which shall mean that rate which, as of the delivery date, discounts semiannually all future payments on account of principal and interest to the price bid. In the event there is more than one proposal specifying the lowest such rate, the Bonds will be awarded to the bidder whose proposal is selected by the Town Treasurer by lot among all such proposals.

**The Town reserves the right to change the aggregate principal amount of the Bonds and the maturity schedule after the determination of the winning bid by decreasing the aggregate principal amount and to increase or decrease the principal amount of each maturity by such amounts as may be necessary to decrease the amount of each purpose of the bonds by its prorata share of the premium, net of issuance costs, to be received by the Town. THE SUCCESSFUL BIDDER MAY NOT WITHDRAW ITS BID OR CHANGE THE INTEREST RATES BID OR THE INITIAL REOFFERING PRICES, AS A RESULT OF ANY CHANGES MADE TO THE ANNUAL PRINCIPAL AMOUNTS WITHIN THESE LIMITS. The dollar amount bid for the Bonds by the winning bidder will be adjusted, if applicable, to reflect changes in the dollar amount of the amortization schedule. Any price that is adjusted will reflect changes in the dollar amount of the underwriter's discount and original issue premium, if any, but will not change the per bond underwriter's discount (net of insurance premium, if any) provided in such bid. Nor will it change the interest rate specified for each maturity. Any such adjustments will be communicated to the winning bidder for the Bonds by 4 p.m. on the day of the sale.**

Bids must be submitted either:

- (b) In a sealed envelope marked "Proposal for Bonds" and addressed to Ms. Barbara Walls, Treasurer/Collector, Town of Braintree, Massachusetts c/o FirstSouthwest, a Division of Hilltop Securities Inc., 54 Canal Street, Boston, Massachusetts 02114. Signed blank bid forms may be faxed to (617) 619-4411 prior to submitting bids, and actual bids may be telephoned to FirstSouthwest, a Division of Hilltop Securities Inc., telephone (617) 619-4400, at least one-half hour prior to the 11:00 a.m. sale and after receipt of the faxed bid form by FirstSouthwest, a Division of Hilltop Securities Inc.. FirstSouthwest, a Division of Hilltop Securities Inc. will act as agent for the bidder, but neither the Town nor FirstSouthwest, a Division of Hilltop Securities Inc. shall be responsible for any errors in connection with bids submitted in this manner.
- (c) Electronically via Parity in accordance with this Notice of Sale. To the extent any instructions or directions set forth in Parity conflict with this Notice of Sale, the terms of this Notice of Sale shall control. For further information about Parity, potential bidders may contact the Financial Advisor to the Town or I-deal at 40 West 23rd Street, 5th Floor, New York, NY 10010 (212) 404-8102. An electronic bid made in accordance with this Notice of Sale shall be deemed an offer to purchase the Bonds in accordance with the terms provided in this Notice of Sale and shall be binding upon the bidder as if made by a signed and sealed written bid delivered to the Town.

The award of the Bonds to the winning bidder will not be effective until the bid has been approved by the Treasurer and the Mayor of the Town.

The right is reserved to reject all bids and to reject any bid not complying with this Notice of Sale and, so far as permitted by law, to waive any irregularity with respect to any proposal.

The Town has not contracted for the issuance of any policy of municipal bond insurance for the Bonds. If the Bonds qualify for issuance of any such policy or commitment therefor, any purchase of such insurance or commitment shall be at the sole option and expense of the bidder. Proposals shall not be conditioned upon the issuance of any such

policy or commitment. Any failure of the Bonds to be so insured or of any such policy or commitment to be issued shall not in any way relieve the purchaser of its contractual obligations arising from the acceptance of its proposal for the purchase of the Bonds. Should the bidder purchase municipal bond insurance, all expenses associated with such policy or commitment will be borne by the bidder, except for the fee paid to S&P Global Ratings for a rating on the Bonds. Any such fee paid to S&P Global Ratings would be borne by the Town.

It shall be a condition to the obligation of the successful bidder to accept delivery of and pay for the Bonds that it shall be furnished, without cost, with (a) the approving opinion of the firm of Locke Lord LLP, Boston, Massachusetts, substantially in the form appearing as Appendix B of the Preliminary Official Statement dated May 10, 2017, (b) a certificate in the form satisfactory to Bond Counsel dated as of the date of delivery of the Bonds and receipt of payment therefor to the effect that there is no litigation pending or, to the knowledge of the signers thereof, threatened which affects the validity of the Bonds or the power of the Town to levy and collect taxes to pay them, (c) a certificate of the Treasurer to the effect that, to the best of her knowledge and belief of the signer thereof, as of the date of sale the Preliminary Official Statement did not, and as of the date of the delivery of the Bonds, the Final Official Statement does not, contain any untrue statement of a material fact and does not omit to state a material fact necessary to make the statements made therein, in the light of the circumstances under which they were made, not misleading, and (d) a Continuing Disclosure Certificate in the form described in the Preliminary Official Statement.

On or prior to the date of delivery of the Bonds, the successful bidder shall furnish to the Town a certificate acceptable to Bond Counsel generally to the effect that (i) as of May 17, 2017 (the "Sale Date"), the purchaser had offered or reasonably expected to offer all of the Bonds to the general public (excluding bond houses, brokers, or similar persons acting in the capacity of underwriters or wholesalers) in a bona fide public offering at the prices set forth in such certificate, plus accrued interest, if any, (ii) such prices represent fair market prices of the Bonds as of the Sale Date, and (iii) as of the date of such certificate, all of the Bonds have been offered to the general public in a bona fide offering at the prices set forth in such certificate, and at least 10% of each maturity of the Bonds actually has been sold to the general public at such prices. To the extent the certifications described in the preceding sentence are not factually accurate with respect to the reoffering of the Bonds, Bond Counsel should be consulted by the bidder as to alternative certifications that will be suitable to establish the "issue price" of the Bonds for federal tax law purposes. If a municipal bond insurance policy or similar credit enhancement is obtained with respect to the Bonds by the successful bidder, such bidder will also be required to certify as to the net present value savings on the Bonds resulting from payment of insurance premiums or other credit enhancement fees.

In order to assist bidders in complying with Rule 15c2-12(b)(5) promulgated by the Securities and Exchange Commission, the Town will undertake to provide annual reports and notices of certain significant events. A description of this undertaking is set forth in the Preliminary Official Statement dated May 10, 2017.

The Bonds will be designated as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Internal Revenue Code of 1986 as amended (the "Code").

Additional information concerning the Town and the Bonds is contained in the Preliminary Official Statement dated May 10, 2017, to which prospective bidders are directed. The Preliminary Official Statement is provided for informational purposes only and is not a part of this Notice of Sale. Said Preliminary Official Statement is deemed final by the Town except for the omission of the reoffering price(s), interest rate(s), delivery date, the identity of the underwriter(s), and any other pertinent terms of the Bonds depending on such matters, but is subject to change without notice to completion or amendment in a Final Official Statement. Copies of the Preliminary Official Statement may be obtained from FirstSouthwest, a Division of Hilltop Securities Inc., 54 Canal Street, Boston, Massachusetts 02114 (Telephone: 617-619-4400). Within seven (7) business days following the award of the Bonds in accordance herewith, 20 copies of the Final Official Statement will be available from FirstSouthwest, a Division of Hilltop Securities Inc. to the successful bidder for use in reoffering the Bonds. Upon request, additional copies will be provided at the expense of the requester.

It is anticipated that CUSIP identification numbers will be printed on the Bonds. The Town assumes no responsibility for any CUSIP Service Bureau or other charge that may be imposed for the assignment of such numbers.

The Bonds in definitive form will be delivered to DTC or its custodial agent on or about May 25, 2017 for settlement in federal funds.

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TOWN OF BRAINTREE, MASSACHUSETTS  
/s/ Barbara Walls., Treasurer/Collector

May 10, 2017

## OFFICIAL STATEMENT

### TOWN OF BRAINTREE, MASSACHUSETTS

#### **\$8,083,000 GENERAL OBLIGATION MUNICIPAL PURPOSE LOAN OF 2017 BONDS**

This Official Statement is provided for the purpose of presenting certain information relating to the Town of Braintree, Massachusetts (the "Town") in connection with the sale of \$8,083,000 stated principal amount of its General Obligation Municipal Purpose Loan of 2017 Bonds (the "Bonds"). The information contained herein has been furnished by the Town, except information attributed to another governmental agency or official as the source.

### THE BONDS

#### **Description of the Bonds**

The Bonds will be dated their date of delivery and will bear interest payable semiannually on May 15 and November 15 of each year, commencing November 15, 2017. The Bonds shall mature on May 15 of the years and in the principal amounts as set forth on the first page of this Official Statement.

The Bonds are issuable only in fully registered form, without coupons, and, when issued, will be registered in the name of Cede & Co., as Bondowner and nominee for The Depository Trust Company ("DTC"), New York, New York. DTC will act as securities depository for the Bonds. Purchases of the Bonds will be made in book-entry form, in the denomination of \$5,000 with the exception of three \$1,000 denominations maturing in 2018 or any integral multiple thereof. Purchasers will not receive certificates representing their interests in Bonds purchased. So long as Cede & Co. is the Bondowner, as nominee of DTC, references herein to the Bondowners or registered owners shall mean Cede & Co., as aforesaid, and shall not mean the Beneficial Owners (as defined herein) of the Bonds. (See "Book-Entry Transfer System" herein.)

Principal and semiannual interest on the Bonds will be paid by U.S. Bank National Association, Boston, Massachusetts as Paying Agent. So long as DTC or its nominee, Cede & Co., is the Bondowner, such payments will be made directly to DTC. Disbursement of such payments to the DTC Participants is the responsibility of DTC and disbursements of such payments to the Beneficial Owners is the responsibility of the DTC Participants and the Indirect Participants, as more fully described herein.

#### **Redemption Provisions**

##### **Optional Redemption**

Bonds maturing on or prior to May 15, 2027 shall not be subject to redemption prior to their stated maturity dates. Bonds maturing on or after May 15, 2028 shall be subject to redemption prior to maturity, at the option of the Town, on or after May 15, 2027, either in whole or in part at any time, and if in part, by lot within a maturity, at the par amount of the Bonds to be redeemed, plus accrued interest to the date set for redemption.

##### **Notice of Redemption**

So long as DTC is the registered owner of the Bonds, notice of any redemption of Bonds prior to their maturities, specifying the Bonds (or the portion thereof) to be redeemed shall be mailed to DTC not more than sixty (60) days nor less than thirty (30) days prior to the redemption date. Any failure on the part of DTC to notify the DTC Participants of the redemption or failure on the part of the DTC Participants, Indirect Participants, or of a nominee of a Beneficial Owner (having received notice from DTC Participant or otherwise) to notify the Beneficial Owner shall not affect the validity of the redemption.

##### **Record Date**

The record date for each payment of interest is the last business day of the month preceding the interest payment date; provided that, with respect to overdue interest, the Paying Agent may establish a special record date. The special record date may not be more than twenty (20) days before the date set for payment. The Paying Agent will mail notice of a special record date to the Bondowners at least ten (10) days before the special record date.

## Book-Entry Transfer System

The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the Bonds. The Bonds will be issued in fully-registered form registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One-fully registered certificate will be issued for each maturity of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC is rated AA+ by S&P Global Ratings. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com).

Purchases of securities under the DTC system must be made by or through Direct Participants, which will receive a credit for such securities on DTC's records. The ownership interest of each actual purchaser of each security deposited by DTC ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the securities deposited by DTC are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the securities deposited with DTC, except in the event that use of the book-entry system for such securities is discontinued.

To facilitate subsequent transfers, all securities deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of securities with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the securities deposited with DTC; DTC's records reflect only the identity of the Direct Participants to whose accounts such securities are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to DTC. If less than all of the Bonds are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in the Bonds to be redeemed.

Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to securities deposited with DTC unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the issuer of such securities or its paying agent as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts such securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on securities deposited with DTC will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from Town or its paying agent, on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners

will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC (nor its nominee), the issuer of such securities or its paying agent, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the issuer of such securities or its paying agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to securities held by it at any time by giving reasonable notice to the issuer of such securities or its paying agent. Under such circumstances, in the event that a successor depository is not obtained, physical certificates are required to be printed and delivered to Beneficial Owners.

The Town may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, physical certificates will be printed and delivered to Beneficial Owners.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Town believes to be reliable, but the Town takes no responsibility for the accuracy thereof.

### Authorization of the Bonds and Use of Proceeds

The following table sets forth the principal amounts, purposes, amounts authorized, statutory references and dates of approval, for the current offering of Bonds.

Purpose	This Issue	Original Bond Authorization	Statutory Reference	Dates of Approval
Town Hall And Water Building	\$ 74,100	\$ 1,500,000	7(1)	10/24/2005
Police Station Improvements	12,000	56,000	7(1)	5/20/2014
Daugherty Gym Building Repairs	33,500	350,000	7(1)	5/20/2014
DPW Underground Storage Tank Replacement	9,900	80,000	7(1)	5/20/2014
DPW Playground Equipment	19,200	150,000	7(1)	5/20/2014
Roadway Repair	338,000	365,000	7(1)	2/5/15 & 7/17/15
Fire Station Headquarters Renovation	64,400	425,000	7(1)	2/5/15 & 7/17/15
Elders Affairs Addition	665,500	705,000	7(1)	2/5/15 & 7/17/15
Roadway Resurfacing	1,329,000	1,500,000	7(1)	12/3/2015
Library Building Renovations	94,100	250,000	7(1)	12/3/2015
Police Evidence Room	188,700	200,000	7(1)	12/6/2016
Fire Engine	545,100	600,000	7(1)	12/5/2016
DPW Cemetery Sweeper and Mower	33,200	75,000	7(1)	12/3/2015
DPW Highway Equipment- Tractor and Sweeper	163,500	380,000	7(1)	12/3/2015
DPW Recreation Field and Fence Repair	38,000	50,000	7(1)	12/3/2015
Water Distribution Improvements	2,829,700	3,000,000	44 s.8	2/13/15 & 7/17/15
Water System Improvements	566,300	3,000,000	44 s.8	12/3/2015
School Remodeling	52,000	700,000	7(1)	5/24/2013
School Building Renovations	39,800	455,000	7(1)	5/20/2014
School Technology	14,000	254,000	7(28)	11/10/2014
School Projects and Building Renovation	150,800	700,000	7(1)	2/5/15 & 7/17/15
School Data Processing Improvements	245,700	300,000	7(9)	12/3/2015
School Building Renovations	99,100	240,000	7(1)	12/3/2015
School Paving Resurfacing	101,000	440,000	7(1)	12/3/2015
School Technology	226,700	300,000	7(9)	12/6/2016
Golf Triplex Mower	28,500	30,000	7(1)	12/3/2015
Sand Trap Rake	21,000	22,000	7	12/3/2015
Gold Utility Vehicle	24,000	25,000	7(1)	12/3/2015
Club House Deck Repairs	19,200	30,000	7(1)	2/5/15 & 7/17/15
Surry Lane Pump Stations	57,000	300,000	44	2/5/15 & 7/17/15
Total:	<u>\$ 8,083,000</u>			

## Principal Payments By Purpose

Year	General	Water	School	Golf	Sewer	Total
2018	\$ 295,900	\$ 184,300	\$ 144,800	\$ 21,000	\$ 12,000	\$ 658,000
2019	295,000	181,000	137,000	20,000	12,000	645,000
2020	284,000	181,000	129,000	20,000	11,000	625,000
2021	282,200	179,100	129,000	18,700	11,000	620,000
2022	274,700	177,900	128,400	13,000	11,000	605,000
2023	230,000	175,000	35,000	-	-	440,000
2024	228,000	172,000	35,000	-	-	435,000
2025	224,000	171,000	30,000	-	-	425,000
2026	224,000	171,000	30,000	-	-	425,000
2027	220,100	170,800	29,100	-	-	420,000
2028	167,000	168,000	15,000	-	-	350,000
2029	167,000	165,000	13,000	-	-	345,000
2030	166,000	166,000	13,000	-	-	345,000
2031	162,000	165,000	13,000	-	-	340,000
2032	160,000	162,000	13,000	-	-	335,000
2033	46,000	162,000	7,000	-	-	215,000
2034	46,000	162,000	7,000	-	-	215,000
2035	46,000	162,000	7,000	-	-	215,000
2036	46,000	162,000	7,000	-	-	215,000
2037	44,300	158,900	6,800	-	-	210,000
Total	<u>\$ 3,608,200</u>	<u>\$ 3,396,000</u>	<u>\$ 929,100</u>	<u>\$ 92,700</u>	<u>\$ 57,000</u>	<u>\$ 8,083,000</u>

## Tax Exemption

In the opinion of Locke Lord LLP, Bond Counsel to the Town (“Bond Counsel”), based upon an analysis of existing laws, regulations, rulings, and court decisions, and assuming, among other matters, compliance with certain covenants, interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the “Code”). Bond Counsel is of the further opinion that interest on the Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, although Bond Counsel observes that such interest is included in adjusted current earnings when calculating corporate alternative minimum taxable income. In the opinion of Bond Counsel, the Bonds are “qualified tax-exempt obligations” for purposes of Section 265(b)(3) of the Code. Bond Counsel expresses no opinion regarding any other federal tax consequences arising with respect to the ownership or disposition of, or the accrual or receipt of interest on, the Bonds.

The Code imposes various requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the Bonds. Failure to comply with these requirements may result in interest on the Bonds being included in gross income for federal income tax purposes, possibly from the date of original issuance of the Bonds. The Town has covenanted to comply with such requirements to ensure that interest on the Bonds will be included in federal gross income. The opinion of Bond Counsel assumes compliance with these requirements.

Bond Counsel is also of the opinion that, under existing law, interest on the Bonds is exempt from Massachusetts personal income taxes, and the Bonds are exempt from Massachusetts personal property taxes. Bond Counsel has not opined as to other Massachusetts tax consequences arising with respect to the Bonds. Prospective Bondholders should be aware, however, that the Bonds are included in the measure of Massachusetts estate and inheritance taxes, and the Bonds and the interest thereon are included in the measure of certain Massachusetts corporate excise and franchise taxes. Bond Counsel expresses no opinion regarding any other Massachusetts tax consequences or as to the taxability of the Bonds or the income therefrom or any other tax consequences arising with respect to the Bonds under the laws of any state other than Massachusetts. A complete copy of the proposed form of opinion of Bond Counsel is set forth in Appendix B hereto.

To the extent the issue price of any maturity of the Bonds is less than the amount to be paid at maturity of such Bonds (excluding amounts stated to be interest and payable at least annually over the term of such Bonds), the difference constitutes “original issue discount,” the accrual of which, to the extent properly allocable to each owner thereof, is treated as interest on the Bonds which is excluded from gross income for federal income tax purposes and is exempt from Massachusetts personal income taxes. For this purpose, the issue price of a particular maturity of the Bonds is

the first price at which a substantial amount of such maturity of the Bonds is sold to the public (excluding bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers). The original issue discount with respect to any maturity of the Bonds accrues daily over the term to maturity of such Bonds on the basis of a constant interest rate compounded semiannually (with straight-line interpolations between compounding dates). The accruing original issue discount is added to the adjusted basis of such Bonds to determine taxable gain or loss upon disposition (including sale, redemption, or payment on maturity) of such Bonds. Bondholders should consult their own tax advisors with respect to the tax consequences of ownership of Bonds with original issue discount, including the treatment of purchasers who do not purchase such Bonds in the original offering to the public at the first price at which a substantial amount of such Bonds is sold to the public.

Bonds purchased, whether at original issuance or otherwise, for an amount greater than the stated principal amount to be paid at maturity of such Bonds, or, in some cases, at the earlier redemption date of such Bonds ("Premium Bonds"), will be treated as having amortizable bond premium for federal income tax purposes and Massachusetts personal income tax purposes. No deduction is allowable for the amortizable bond premium in the case of obligations, such as the Premium Bonds, the interest on which is excluded from gross income for federal income tax purposes. However, a Bondholder's basis in a Premium Bond will be reduced by the amount of amortizable bond premium properly allocable to such Bondholder. Holders of Premium Bonds should consult their own tax advisors with respect to the proper treatment of amortizable bond premium in their particular circumstances.

Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken) or events occurring (or not occurring) after the date of issuance of the Bonds may adversely affect the value of, or the tax status of interest on, the Bonds.

Prospective Bondholders should be aware that from time to time legislation is or may be proposed which, if enacted into law, could result in interest on the Bonds being subject directly or indirectly to federal income taxation, or otherwise prevent Bondholders from realizing the full benefit provided under current federal tax law of the exclusion of interest on the Bonds from gross income. To date, no such legislation has been enacted into law. However, it is not possible to predict whether any such legislation will be enacted into law. Further, no assurance can be given that any pending or future legislation, including amendments to the Code, if enacted into law, or any proposed legislation, including amendments to the Code, or any future judicial, regulatory or administrative interpretation or development with respect to existing law, will not adversely affect the market value and marketability of, or the tax status of interest on, the Bonds. Prospective Bondholders are urged to consult their own tax advisors with respect to any such legislation, interpretation or development.

Although Bond Counsel is of the opinion that interest on the Bonds is excluded from gross income for federal income tax purposes and is exempt from Massachusetts personal income taxes, the ownership or disposition of, or the accrual or receipt of interest on, the Bonds may otherwise affect the federal or state tax liability of a Bondholder. Among other possible consequences of ownership or disposition of, or the accrual or receipt of interest on, the Bonds, the Code requires recipients of certain social security and certain railroad retirement benefits to take into account receipts or accruals of interest on the Bonds in determining the portion of such benefits that are included in gross income. The nature and extent of all such other tax consequences will depend upon the particular tax status of the Bondholder or the Bondholder's other items of income, deduction or exclusion. Bond Counsel expresses no opinion regarding any such other tax consequences, and Bondholders should consult with their own tax advisors with respect to such consequences.

## **Security and Remedies**

*Full Faith and Credit.* General obligation bonds and notes of a Massachusetts city or town constitute a pledge of its full faith and credit. Payment is not limited to a particular fund or revenue source. Except for "qualified bonds" (see "*Serial Bonds and Notes*" under "INDEBTEDNESS-TYPES OF OBLIGATIONS" below) and setoffs of state distributions as described below (see "*State Distributions*" below), no provision is made by the Massachusetts statutes for priorities among bonds and notes and other general obligations, although the use of certain moneys may be restricted.

*Tax Levy.* The Massachusetts statutes direct the municipal assessors to include annually in the tax levy for the next fiscal year "all debt and interest charges matured and maturing during the next fiscal year and not otherwise provided for [and] all amounts necessary to satisfy final judgments". Specific provision is also made for including in the next tax levy payments of rebate amounts not otherwise provided for and payment of notes in anticipation of federal or state aid, if the aid is no longer forthcoming.

The total amount of a tax levy is limited by statute. However, the voters in each municipality may vote to exclude from the limitation any amounts required to pay debt service on indebtedness incurred before November 4, 1980. Local voters may also vote to exempt specific subsequent bond issues from the limitation. (See “*Tax Limitations*” Under “PROPERTY TAXATION” below.) In addition, obligations incurred before November 4, 1980 may be constitutionally entitled to payment from taxes in excess of the statutory limit.

*No Liens.* Except for taxes on the increased value of certain property in designated development districts which may be pledged for the payment of debt service on bonds issued to finance economic development projects within such districts, no provision is made for a lien on any portion of the tax levy or any other moneys to secure particular bonds or notes or bonds and notes generally (or judgments on bonds or notes) in priority to other claims. Provision is made, however, for borrowing to pay judgments, subject to the General Debt Limit. (See “INDEBTEDNESS-Authorization Procedures and Limitations” below.) Subject to the approval of the State Director of Accounts for judgments above \$10,000, judgments may also be paid from available funds without appropriation and included in the next tax levy unless other provision is made.

*Court Proceedings.* Massachusetts cities and towns are subject to suit on their general obligation bonds and notes and courts of competent jurisdiction have power in appropriate proceedings to order payment of a judgment on the bonds or notes from lawfully available funds or, if necessary, to order the city or town to take lawful action to obtain the required money, including the raising of it in the next annual tax levy, within the limits prescribed by law. (See “*Tax Limitations*” under “PROPERTY TAXATION” below.) In exercising their discretion as to whether to enter such an order, the courts could take into account all relevant factors including the current operating needs of the city or town and the availability and adequacy of other remedies. The Massachusetts Supreme Judicial Court has stated in the past that a judgment against a municipality can be enforced by the taking and sale of the property of any inhabitant. However, there has been no judicial determination as to whether this remedy is constitutional under current due process and equal protection standards.

*Restricted Funds.* Massachusetts statutes also provide that certain water, gas and electric, community antenna television system, telecommunications, sewer, parking meter and passenger ferry fee, community preservation and affordable housing receipts may be used only for water, gas and electric, community antenna television system, telecommunications, sewer, parking, mitigation of ferry service impacts, community preservation and affordable housing purposes, respectively; accordingly, moneys derived from these sources may be unavailable to pay general obligation bonds and notes issued for other purposes. A city or town that accepts certain other statutory provisions may establish an enterprise fund for a utility, health care, solid waste, recreational or transportation facility and for police or fire services; under those provisions any surplus in the fund is restricted to use for capital expenditures or reduction of user charges. In addition, subject to certain limits, a city or town may annually authorize the establishment of one or more revolving funds in connection with use of certain revenues for programs that produce those revenues; interest earned on a revolving fund is treated as general fund revenue. A city or town may also establish an energy revolving loan fund to provide loans to owners of privately-held property in the city or town for certain energy conservation and renewable energy projects, and may borrow to establish such a fund. The loan repayments and interest earned on the investment of amounts in the fund shall be credited to the fund. Also, the annual allowance for depreciation of a gas and electric plant or a community antenna television and telecommunications system is restricted to use for plant or system renewals and improvements, for nuclear decommissioning costs, and costs of contractual commitments, or, with the approval of the State Department of Telecommunications and Energy, to pay debt incurred for plant or system reconstruction or renewals. Revenue bonds and notes issued in anticipation of them may be secured by a prior lien on specific revenues. Receipts from industrial users in connection with industrial revenue financings are also not available for general municipal purposes.

*State Distributions.* State grants and distributions may in some circumstances be unavailable to pay general obligation bonds and notes of a city or town in that the State Treasurer is empowered to deduct from such grants and distributions the amount of any debt service paid on “qualified bonds” (See “*Serial Bonds and Notes*” under “INDEBTEDNESS-TYPES OF OBLIGATIONS” below) and any other sums due and payable by the city or town to the Commonwealth or certain other public entities, including any unpaid assessments for costs of any public transportation authority (such as the Massachusetts Bay Transportation Authority (“MBTA”) or a regional transit authority) of which it is a member, for costs of the Massachusetts Water Resources Authority (“MWRA”) if the city or town is within the territory served by the MWRA, for any debt service due on obligations issued to the Massachusetts School Building Authority (“MSBA”), or for charges necessary to meet obligations under the Commonwealth’s Water Pollution Abatement or Drinking Water Revolving Loan Programs, including such charges imposed by another local governmental unit that provides wastewater collection or treatment services or drinking water services to the city or town.

If a city or town is (or is likely to be) unable to pay principal or interest on its bonds or notes when due, it is required to notify the State Commissioner of Revenue. The Commissioner shall in turn, after verifying the inability, certify the inability to the State Treasurer. The State Treasurer shall pay the due or overdue amount to the paying agent for the bonds or notes, in trust, within three days after the certification or one business day prior to the due date (whichever is later). This payment is limited, however, to the estimated amount otherwise distributable by The Commonwealth of Massachusetts (the

“Commonwealth”) to the city or town during the remainder of the fiscal year (after the deductions mentioned in the foregoing paragraph). If for any reason any portion of the certified sum has not been paid at the end of the fiscal year, the State Treasurer shall pay it as soon as practicable in the next fiscal year to the extent of the estimated distributions for that fiscal year. The sums so paid shall be charged (with interest and administrative costs) against the distributions to the city or town.

The foregoing does not constitute a pledge of the faith and credit of the Commonwealth. The Commonwealth has not agreed to maintain existing levels of state distributions, and the direction to use estimated distributions to pay debt service may be subject to repeal by future legislation. Moreover, adoption of the annual appropriation act has sometimes been delayed beyond the beginning of the fiscal year and estimated distributions which are subject to appropriation may be unavailable to pay local debt service until they are appropriated.

Bankruptcy. Enforcement of a claim for payment of principal or interest on general obligation bonds or notes would be subject to the applicable provisions of Federal bankruptcy laws and to the provisions of other statutes, if any, hereafter enacted by the Congress or the State legislature extending the time for payment or imposing other constraints upon enforcement insofar as the same may be constitutionally applied. Massachusetts municipalities are not currently authorized by the Massachusetts General Laws to file a petition for bankruptcy under Federal Bankruptcy laws. In cases involving significant financial difficulties faced by a single city, town or regional school district, the Commonwealth has enacted special legislation to permit the appointment of a fiscal overseer, finance control board or, in the most extreme cases, a state receiver. In a limited number of these situations, such special legislation has also authorized the filing of federal bankruptcy proceedings, with the prior approval of the Commonwealth. In each case where such authority was granted, it expired at the termination of the Commonwealth’s oversight of the financially distressed city, town or regional school district. To date, no such filings have been approved or made.

### **Opinion of Bond Counsel**

The purchaser will be furnished the legal opinion of the firm of Locke Lord LLP, Boston, Massachusetts, Bond Counsel to the Town. The opinion will be dated and given on and will speak only as of the date of original delivery of the Bonds to the successful bidder. The opinion will be substantially in the form presented in Appendix B.

Other than as to matters expressly set forth herein as the opinion of Bond Counsel, Bond Counsel is not passing upon and does not assume any responsibility for the accuracy or adequacy of the statements made in this Official Statement and makes no representation that they have independently verified the same.

### **Rating**

S&P Global Ratings has assigned a rating of AA+ to the Bonds. Such rating, only reflects the rating agency's views and is subject to revision or withdrawal, which could affect the market price of the Bonds.

### **Financial Advisory Services of FirstSouthwest, a Division of Hilltop Securities Inc.**

FirstSouthwest, a Division of Hilltop Securities Inc., Boston, Massachusetts serves as financial advisor to the Town of Braintree, Massachusetts.

### **Continuing Disclosure**

In order to assist Underwriters in complying with Rule 15c2-12 (b)(5) promulgated by the Securities and Exchange Commission, (the “Rule”), the Town will covenant for the benefit of owners of the Bonds to provide certain financial information and operating data relating to the Town by not later than 270 days after the end of each fiscal year (the “Annual Report”), and to provide notices of the occurrence of certain significant events. The covenants will be contained in a Continuing Disclosure Certificate, the proposed form of which is provided in Appendix C. The Certificate will be executed by the signers of the Bonds, and incorporated by reference in the Bonds.

**In the last five years, the Town believes that it has complied, in all material respects, with its previous undertakings to provide annual reports or notices of significant events in accordance with the Rule.**

# TOWN OF BRAINTREE, MASSACHUSETTS

## General

The Town of Braintree is located in Norfolk County, approximately 10 miles south of Boston. According to the 2010 Federal Census, Braintree has a population of 35,744 and occupies a land area of 13.7 square miles. Incorporated as a Town in 1640, Braintree is governed by a Mayor and Town Council form of government. Prior to January 1, 2008, the Town had been governed by a Board of Selectmen and a representative town meeting. The Town's location at the junction of the major highways approaching Boston from the south makes it one of the prime retail and office park sites in the region.

Local school affairs are administered by a school committee of seven persons. Local taxes are assessed by a board of three assessors all appointed for staggered three-year terms on an at-large basis.

## PRINCIPAL TOWN OFFICIALS

<u>Title</u>	<u>Name</u>	<u>Selection Method</u>	<u>Term Expires</u>
Mayor	Joseph C. Sullivan	Elected	2020
Chief of Staff	Joseph Reynolds	Appointed	Indefinite
Finance Director	Edward J. Spellman	Appointed	Indefinite
Town Solicitor	Lisa Shehill Maki	Appointed	Indefinite
Treasurer/Collector	Barbara Walls	Appointed	Indefinite
Town Clerk	James Casey	Appointed	2017
Town Accountant	Mark Lin	Appointed	Indefinite
Town Councilors:			
President	Sean E. Powers	Elected	2018
Vice President	Charles B. Ryan	Elected	2018
Councillor	Thomas M. Bowes	Elected	2018
Councillor	Paul Dan Clifford	Elected	2018
Councillor	Shannon Hume	Elected	2018
Councillor	Steve C. O'Brien	Elected	2018
Councillor	Michael J. Owens	Elected	2018
Councillor	John C. Mullaney	Elected	2018
Councillor	Charles C. Kokoros	Elected	2018

## History

Braintree was first settled in 1634. The Town was named for Braintree, England, the town from which many of the earlier settlers of the area had emigrated. The name Braintree may have been derived from the Saxon word "Branchtreau", which means "town near a river".

Iron works, grist mills, and shipbuilding were the three commercial enterprises first developed in the Town. Braintree grew into an industrial town whose factories produced textiles, shoes, lumber, spices, shovels, nails, punches and fans. Today, Braintree is primarily a residential community with a substantial retail/commercial base.

## Municipal Services

The Town provides general governmental services for the territory within its boundaries, including police and fire protection, disposal of rubbish, public education in grades kindergarten through twelve, water and sewer services, street maintenance and recreational facilities. The Town also owns and operates its own electric generating and distribution facilities on a self-supporting basis. The Braintree Electric Light Department ("BELD" or the "Department") also offers high speed fiber optic internet, cable TV and telephone services to Town residents. In fiscal 2016, the Department contributed \$1,725,460 to the general fund.

The Town owns and operates its own water supply and distribution system on a self-supporting basis. Sewerage is provided for through connections to the Massachusetts Water Resources Authority ("MWRA").

The principal services provided by Norfolk County are a jail and house of correction and registries of deeds and probate.

## Transportation

The Southeast Expressway, the primary roadway to downtown Boston from the south, divides in Braintree with State Route 3 proceeding along the eastern edge of the Town to Cape Cod and Interstate Route 93 proceeding along the northern edge of the Town to State Route 24 and Interstate 95. One of the MBTA's major rapid transit lines (the "Red Line") originates in the Town, and the three spurs of the recently restored Old Colony commuter rail line merge in the Town.

## Education

The Town operates seven elementary schools, two middle schools, and a senior high school. Total capacity is estimated at 6,100. The following table sets forth the trend in public school enrollments.

### PUBLIC SCHOOL ENROLLMENTS — OCTOBER 1

	Actual				
	2012	2013	2014	2015	2016
Elementary (K-5)	2,712	2,727	2,738	2,791	2,644
Middle/Junior High (6-8)	1,349	1,401	1,396	1,439	1,410
Senior High (9-12)	1,537	1,564	1,600	1,582	1,755
Total	<u>5,598</u>	<u>5,692</u>	<u>5,734</u>	<u>5,812</u>	<u>5,809</u>

## Industry and Commerce

Braintree is a residential suburb of Boston, located within the Boston Standard Metropolitan Statistical Area. As the table below indicates, the Town's economy has a diverse mix of manufacturing, services, and commercial trades.

### EMPLOYMENT AND PAYROLLS

Since 2002, the U.S. Department of Labor uses the North American Industry Classification System (NAICS) as the basis for the assignment and tabulation of the economic data by industry shown below.

Industry	Calendar Year Average				
	2010	2012	2013	2014	2015
Construction	991	1,048	1,165	1,188	1,686
Manufacturing	2,025	1,940	2,009	1,931	1,827
Trade, Transportation and Utilities	7,290	7,513	7,891	7,917	8,097
Information	786	562	554	611	636
Financial Activities	2,606	2,593	2,626	2,666	2,796
Professional and Business Services	4,072	3,954	4,168	4,128	4,385
Education and Health Services	4,760	4,762	5,188	4,918	4,843
Leisure and Hospitality	2,041	2,207	2,595	2,805	2,785
Other Services	1,065	1,078	941	1,011	1,028
Public Administration	672	669	674	773	799
Total Employment	<u>26,308</u>	<u>26,326</u>	<u>27,811</u>	<u>27,948</u>	<u>28,882</u>
Number of Establishments	1,559	1,599	1,580	1,646	1,689
Average Weekly Wages	\$ 922	\$ 938	\$ 971	\$ 997	\$ 1,076
Total Wages	<u>\$ 1,260,668,499</u>	<u>\$ 1,283,604,148</u>	<u>\$ 1,404,367,695</u>	<u>\$ 1,438,200,330</u>	<u>\$ 1,615,771,002</u>

Source: Massachusetts Department of Education and Training. Data based upon place of employment, not place of residence.

The following table sets forth the largest employers in Braintree, exclusive of the Town itself.

### LARGEST EMPLOYERS

<u>Name</u>	<u>Product/Function</u>	<u>Approximate No. of Employees</u>
Health South/Braintree Rehab	Rehabilitaion Hospital	750
ING	Financial Services	568
Haemonetics	Biomedical	448
Verizon	Utility	400
Sears	Retail	363
Mass State Lottery	State Agency	300
Symmons Industries	Plumbing Manufacturer	290
Nordstrom	Retail	250
Daniel Quirk	Auto Dealerships	210
Macy's	Retail	200
Braintree Manor	Nursing Home	200
Target	Retail	200
Dave and Buster's	Restaurant/Entertainment	200
Carey Limousine	Retail/Service	140

SOURCE: Individual employers listed, 2016.

The following table compares the most recent U.S. Census of Retail Trade data for the Town of Braintree with that of the Boston Standard Metropolitan Statistical Area (of which the Town is a member community) and for the Commonwealth as a whole. More current data are not available.

### RETAIL SALES

	<u>Braintree</u>	<u>Boston SMSA</u>	<u>Massachusetts</u>
<b>Establishments:</b>			
1992	335	20,420	38,491
1987	331	17,662	38,905
1982	348	21,551	47,312
<b>Sales (000):</b>			
1992	\$668,462	\$27,058,734	\$47,663,248
1987	706,896	22,575,167	44,818,481
1982	482,530	15,013,835	28,815,549
<b>Per Capita Sales:</b>			
1992	\$19,072	N.A.	\$7,922
1987	19,454	\$11,620	7,731
1982	13,279	5,433	5,023

SOURCE: 1992, 1987 and 1982 U.S. Census of Retail Trade.

## Labor Force, Employment and Unemployment

According to the Massachusetts Department of Employment and Training data in December 2016, the Town had a total labor force of 20,484 of which 19,972 were employed and 512 or 2.5% were unemployed, compared with an average of 2.8% for the Commonwealth (unadjusted).

The following table sets forth the trend in the Town's average labor force and unemployment rates and also unemployment rates for The Commonwealth of Massachusetts (the "Commonwealth") and the United States for the same period.

### UNEMPLOYMENT RATES

Year	Town of Braintree		Massachusetts Unemployment Rate	United States Unemployment Rate
	Labor Force	Unemployment Rate		
2015	\$ 20,188	4.1 %	4.6 %	5.0 %
2014	19,958	5.3	5.8	6.2
2013	19,158	6.3	6.1	7.4
2012	19,223	6.0	6.7	8.1
2011	19,010	6.6	6.8	8.9

SOURCE: Mass. Department of Employment and Training, Federal Reserve Bank of Boston and U.S. Bureau of Labor Statistics. Data based upon place of residence, not place of employment.

## Building Permits

The following table sets forth the trend in the number of building permits issued and the estimated dollar value of new construction and alterations. Permits are filed for both private constructions as well as for Town projects.

### BUILDING PERMITS

Calendar Year	New Construction				Additions/Alterations				Totals	
	Residential (1)		Non-Residential		Residential (2)		Non-Residential		No.	Value
	No.	Value	No.	Value	No.	Value	No.	Value		
2016	5	\$1,778,700	2	\$38,630,942 (3)	1,200	\$29,507,018	321	\$33,089,143	1,528	\$ 103,005,803
2015	51	3,133,674	3	4,554,400	1195	25,617,933	227	30,738,868	1,476	64,044,875
2014	105	3,396,713	4	5,552,997	981	19,260,500	354	27,474,169	1,444	55,684,379
2013	88	14,973,518	3	2,083,518	783	16,752,169	430	25,176,532	1,304	58,985,737
2012	90	5,815,374	4	15,479,407	758	12,430,228	415	40,813,010	1,267	74,538,019

SOURCE: Report of the Building Inspector.

- (1) Dwelling units only.
- (2) Includes sheds, pool and garages, etc. as well as alterations and additions.
- (3) Increase attributable to the number of permits of required for large commercial projects, including Residence Inn by Marriot, 110 Grille and The Landing.

**Population and Income**

The following table compares the 2010 federal census figures to prior years' averages for the Town, the Commonwealth and the United States.

	<u>Braintree</u>	<u>Massachusetts</u>	<u>United States</u>
Median Age:			
2010	40.5	39.1	37.2
2000	40.0	36.5	35.3
1990	37.3	33.6	32.9
1980	33.7	31.2	30.0
1970	29.6	29.0	28.1
Median Family Income:			
2010	\$ 97,262	\$ 81,165	\$ 51,144
2000	73,552	61,664	50,046
1990	51,920	44,367	35,225
1980	24,810	21,166	19,908
1970	13,030	10,835	9,867
Per Capita Income:			
2010	\$ 37,317	\$ 33,966	\$ 27,334
2000	28,667	25,952	21,587
1990	18,624	17,224	14,420
1980	7,968	7,459	7,313

On the basis of the 2010 Federal census, the Town has a population density of approximately 2,609 persons per square mile.

**POPULATION TRENDS**

<u>2010</u>	<u>2000</u>	<u>1990</u>	<u>1980</u>
35,744	33,828	33,836	36,337

SOURCE: Federal Census.

## PROPERTY TAXATION

### Tax Levy Computation

The principal revenue source of the Town is the tax on real and personal property. The amount to be levied in each year is the amount appropriated or required by law to be raised for municipal expenditures less estimated receipts from other sources and less appropriations voted from funds on hand. The total amount levied is subject to certain limits prescribed by law; for a description of those limits, see "Tax Limitations" below. As to the inclusion of debt service and final judgments, see "Security and Remedies", above. The estimated receipts for a fiscal year from sources other than the property tax may not exceed the actual receipts during the preceding fiscal year from the same sources unless approved by the State Commissioner of Revenue. Excepting special funds the use of which is otherwise provided for by law, the deduction for appropriations voted from funds on hand for a fiscal year cannot exceed the "free cash" as of the beginning of the prior fiscal year as certified by the State Director of Accounts plus up to nine months' collections and receipts on account of earlier years' taxes after that date. Subject to certain adjustments, free cash is surplus revenue less uncollected overdue property taxes from earlier years. Although an allowance is made in the tax levy for abatements (see "Overlay" below) no reserve is generally provided for uncollectible real property taxes. Since some of the levy is inevitably not collected, this creates a cash deficiency which may or may not be offset by other items (See "Taxation to Meet Deficits" below).

The following table illustrates the manner in which the tax levy was determined for the following fiscal years.

### TAX LEVY COMPUTATION

	Fiscal 2013	Fiscal 2014	Fiscal 2015	Fiscal 2016	Fiscal 2017
Total Appropriations(1)	\$ 119,721,186	\$ 124,929,683	\$ 130,580,575	\$ 143,118,888	\$ 143,219,834
Additions:					
State and County Assessments	3,512,505	3,608,396	3,768,561	3,628,994	3,692,079
Overlay Reserve	1,152,260	1,094,569	1,124,209	1,135,942	1,110,896
Other Additions(2)	87,033	114,738	73,435	47,745	71,589
Total Additions	<u>4,751,798</u>	<u>4,817,703</u>	<u>4,966,205</u>	<u>4,812,681</u>	<u>4,874,564</u>
Gross Amount to be Raised	<u>124,472,984</u>	<u>129,747,386</u>	<u>135,546,780</u>	<u>147,931,569</u>	<u>148,094,398</u>
Deductions:					
Local Estimated Receipts(3)	30,154,989	32,322,289	34,582,488	35,710,684	38,607,428
State Aid(4)	18,911,822	19,308,099	20,269,698	21,103,515	22,629,954
Available Funds(5):					
Free Cash	-	-	-	5,518,789	-
Other Available Funds	1,002,017	1,053,219	836,964	2,704,874	2,284,186
Total Deductions	<u>50,068,828</u>	<u>52,683,607</u>	<u>55,689,150</u>	<u>65,037,862</u>	<u>63,521,568</u>
Net Amount to be Raised (Tax Levy)	<u>\$ 74,404,156</u>	<u>\$ 77,063,779</u>	<u>\$ 79,857,630</u>	<u>\$ 82,893,707</u>	<u>\$ 84,572,830</u>

- (1) Includes annual appropriations from taxation voted subsequent to adoption of the annual budget but prior to setting the tax rate.
- (2) Includes overlay deficits of prior years.
- (3) Includes receipts from enterprise funds, except electric.
- (4) Estimated by the State Department of Revenue and required by law to be used in setting of the tax rate. Actual state aid payments may vary upward or downward from said estimates, and the State may withhold (generally quarterly) payments pending receipt of State and County assessments.
- (5) Transfers from available funds, including "Free Cash" (see TOWN FINANCES – Free Cash) can be made to reduce the tax rate or as an offset to a particular appropriation item.

## Assessed Valuations and Tax Levies

Property is classified for the purpose of taxation according to its use. The legislature has in substance created three classes of taxable property: (1) residential real property, (2) open space land, and (3) all other (commercial, industrial and personal property). Within limits, cities and towns are given the option of determining the share of the annual levy to be borne by each of the three categories. The share required to be borne by residential real property is at least 50 per cent of its share of the total taxable valuation; the effective rate for open space must be at least 75 per cent of the effective rate for residential real property; and the share of commercial, industrial and personal property must not exceed 175 percent of their share of the total valuation. A city or town may also exempt up to 20 percent of the valuation of residential real property (where used as the taxpayer's principal residence) and up to 10 percent of the valuation of commercial real property (where occupied by certain small businesses). Property may not be classified in a city or town until the State Commissioner of Revenue certifies that all property in the city or town has been assessed at its fair cash value. Such certification must take place every three years, or pursuant to a revised schedule as may be issued by the Commissioner.

Related statutes provide that certain forest land, agricultural or horticultural land (assessed at the value it has for these purposes) and recreational land (assessed on the basis of its use at a maximum of 25 percent of its fair cash value) are all to be taxed at the rate applicable to commercial property. Land classified as forest land is valued for this purpose at five percent of fair cash value but not less than ten dollars per acre.

The following table sets forth the trend in the Town's assessed valuations, tax rates, tax levies, and tax levies per capita.

Fiscal Year	Real Estate Valuation	Personal Property Valuation	Total Assessed Valuation	Tax Rates			Tax Levy	Tax Levy Per Capita(1)
				Residential	Comm.-Ind.	Personal		
2017	\$ 6,168,154,532	\$100,886,290	\$ 6,269,040,822	\$ 10.74	\$ 23.72	\$ 23.61	\$ 84,572,830	\$ 2,366
2016	5,818,130,730	94,335,830	5,912,466,560	10.98	24.66	24.53	82,893,707	2,319
2015 (2)	5,540,602,357	87,817,050	5,628,419,407	11.07	24.95	24.83	79,857,630	2,234
2014	5,104,879,490	96,048,240	5,200,927,730	11.42	26.06	25.93	77,063,779	2,156
2013	5,046,851,162	97,088,850	5,143,940,012	11.11	25.44	25.31	74,404,156	2,082

(1) Based on the 2010 Federal Census of 35,744.

(2) Revaluation year.

## Classification of Properties

The following is a breakdown of the Town's assessed valuation of real estate in fiscal years 2015, 2016 and 2017.

Property Type	2015 (1)		2016		2017	
	Amount	% of Total	Amount	% of Total	Amount	% of Total
Residential	\$ 4,352,696,656	77.3 %	\$ 4,586,821,359	77.6 %	\$ 4,929,037,567	78.6 %
Commercial	997,106,201	17.7	1,031,327,521	17.4	1,040,225,465	16.6
Industrial	190,799,500	3.4	199,981,850	3.4	198,891,500	3.2
Personal	87,817,050	1.6	94,335,830	1.6	100,886,290	1.6
Total Real Estate	<u>\$ 5,628,419,407</u>	<u>100.0 %</u>	<u>\$ 5,912,466,560</u>	<u>100.0 %</u>	<u>\$ 6,269,040,822</u>	<u>100.0 %</u>

(1) Revaluation year.

## LARGEST TAXPAYERS

The following table lists the ten largest taxpayers in the Town based upon assessed valuation for fiscal 2017, all of which are current in paying property taxes.

Name	Nature of Business	Fiscal 2017 Assessed Valuation	Percent of Total Assessed Value
Braintree Property Associates	Mall	\$ 267,132,500	4.26 %
Messina Francis X et AL	Developer/Real Estate	156,081,700	2.49
Braintree Hill Office Park	Office Park	68,673,400	1.10
Lenox Farms Limited Partnership	Apartments	62,075,400	0.99
EQR - Lincoln Braintree	Apartments	31,556,100	0.50
UDR Ridge at Blue Hills LLC	Apartments	27,135,200	0.43
Braintree IRF Investment Group Inc.	Rehabilitation Hospital	23,973,200	0.38
TRT Braintree II LLC	Retail	20,311,600	0.32
2001 Washington Street LLC	Private School	20,154,400	0.32
CGCMT 2005C7 Braintree	Limited Liability Company	19,502,900	0.31
		<u>\$ 696,596,400</u>	<u>11.11 %</u>

### State Equalized Valuation

In order to determine appropriate relative values for the purposes of certain distributions to and assessments upon cities and towns, the Commissioner of Revenue biennially makes a redetermination of the fair cash value of the taxable property in each municipality. This is known as the "Equalized Value".

The following table sets forth the trend in equalized valuations of the Town of Braintree.

January 1,	State Equalized Valuation	% Change
2016	\$ 6,327,219,800	13.5 %
2014	5,574,551,500	(0.9)
2012	5,627,043,400	(3.0)
2010	5,803,418,500	(4.9)
2008	6,103,206,100	4.0
2006	5,867,650,200	19.9

Local assessed valuations are determined annually as of January 1 and used for the fiscal year beginning on the next July 1.

### Overlay

The Town is authorized to increase each tax levy by an amount approved by the Commissioner of Revenue as an "overlay" to provide for tax abatements. If abatements are granted in excess of the applicable overlay, the resultant "overlay deficit" is required to be added to the next tax levy. An abatement granted after a tax payment has been made is accounted for as a refund on the books of the Town. Abatements are granted where exempt real or personal property has been assessed or where taxable real or personal property has been overvalued or disproportionately valued. The assessors may also abate uncollectible personal property taxes. They may abate real and personal property taxes on broad grounds (including inability to pay) with the approval of the State Commissioner of Revenue.

The following table sets forth the trend in the amount of the overlay reserve for recent fiscal years.

Fiscal Year	Net Tax Levy	Overlay Reserve		Abatements Granted Through June 30, 2016
		Dollar Amount	As a % of Net Levy	
2016	\$ 81,757,765	\$ 1,135,942	1.39 %	\$ 422,218
2015	78,733,421	1,124,209	1.43	591,173
2014	75,969,210	1,094,569	1.44	545,270
2013	73,251,896	1,152,260	1.57	743,830
2012	69,849,485	1,123,064	1.61	615,730

### Tax Collections

Property tax bills are payable quarterly on August 1, November 1, February 1, and May 1 of each fiscal year. Interest accrues on delinquent taxes at the rate of 14 percent per annum. Real property (land and buildings) is subject to a lien for the taxes assessed upon it, subject to any paramount federal lien and subject to bankruptcy and insolvency laws. If the property has been transferred, an unenforced lien expires on the fourth December 31 after the end of the fiscal year to which the tax relates. If the property has not been transferred by the fourth December 31, an unenforced lien expires upon a later transfer of the property. Provision is made, however, for continuation of the lien where it could not be enforced because of a legal impediment. The persons against whom real or personal property taxes are assessed are personally liable for the tax (subject to bankruptcy and insolvency laws). In the case of real property, this personal liability is effectively extinguished by sale or taking of the property as described below.

The following table compares the trend in the Town's net tax collections with its net (gross tax levy less overlay reserve for abatements) tax levies during and subsequent to the fiscal year when due.

### Tax Collections

Fiscal Year	Gross Tax Levy	Overlay Reserve for Abatements	Net Tax Levy	Collections During Fiscal Year Payable (1)		Collections as of June 30, 2016(1)(2)	
				Dollar Amount	% of Net Levy	Dollar Amount	% of Net Levy
2016	\$ 82,893,707	\$ 1,135,942	\$ 81,757,765	\$ 81,998,754	100.3 %	\$ 81,998,754	100.3 %
2015	79,857,630	1,124,209	78,733,421	78,644,968	99.9	79,684,832	101.2
2014	77,063,779	1,094,569	75,969,210	75,806,678	99.8	76,474,385	100.7
2013	74,404,156	1,152,260	73,251,896	72,999,903	99.7	74,088,042	101.1
2012	70,972,549	1,123,064	69,849,485	68,511,310	98.1	70,513,984	101.0

(1) Actual dollar collections net of refunds. Does not include abatements, proceeds of tax titles or tax possessions attributable to each levy or other non-cash credits.

(2) Collections for the current fiscal year are comparable to previous fiscal years.

### Tax Titles and Possessions

Massachusetts law permits a municipality either to sell by public sale (at which the municipality may become the purchaser) or to take real property for non-payment of taxes. In either case the property owner can redeem the property by paying the unpaid taxes, with interest and other charges, but if the right of redemption is not exercised within six months (which may be extended an additional year in the case of certain installment payments) it can be foreclosed by petition to the Land Court.

Upon such foreclosure, a tax title purchased or taken by the municipality becomes a "tax possession" and may be held and disposed of in the same manner as other land held for municipal purposes. Uncollectible real property taxes are ordinarily not written off until they become municipal tax titles by purchase at the public sale or by taking, at which time the tax is written off in full by reserving the amount of tax and charging surplus.

The following table sets forth the trend in the amount of tax titles and possessions outstanding at the end of the fiscal year.

<u>Fiscal Year</u>	<u>Total Tax Titles and Possessions</u>
2016	\$ 1,175,204
2015	1,374,320
2014	1,487,627
2013	1,008,772
2012	646,064

**Sale of Tax Receivables**

Cities and towns are authorized to sell delinquent property tax receivables by public sale or auction, either individually or in bulk. In September 2014, the Town had a tax lien sale which consisted of 4 properties for a total tax amount of \$227,332 owed. In March, 2016, the Town had a tax lien sale which consisted of 1 property for a total tax amount of \$52,974 taxed owed. In June, 2016, the Town had a tax lien sale which consisted of 7 properties for a total tax amount of \$301,490 owed.

**Taxation to Meet Deficits**

As noted elsewhere (see “Overlay” above) overlay deficits, i.e., tax abatements in excess of the overlay included in the tax levy to cover abatements, are required to be added to the next tax levy. It is generally understood that revenue deficits, i.e., those resulting from non-property tax revenues being less than anticipated, are also required to be added to the next tax levy (at least to the extent not covered by surplus revenue). Amounts lawfully expended since the prior tax levy and not included therein are also required to be included in the annual tax levy. The circumstances under which this can arise are limited since municipal departments are generally prohibited from incurring liabilities in excess of appropriations except for major disasters, mandated items, contracts in aid of housing and renewal projects and other long-term contracts. In addition, utilities must be paid at established rates and certain established salaries, e.g., civil service, must legally be paid for work actually performed, whether or not covered by appropriations.

The Town of Braintree has not experienced any revenue deficits in any of the last five fiscal years. To the extent there have been any unprovided or overdrawn accounts, including overlay deficits, such deficiencies have been provided for, in accordance with Massachusetts law, in the following year’s tax levy.

Cities and towns are authorized to appropriate sums, and thus to levy taxes, to cover deficits arising from other causes, such as “free cash” deficits arising from a failure to collect taxes. This is not generally understood, however, and it has not been the practice to levy taxes to cover free cash deficits. Except to the extent that such deficits have been reduced or eliminated by subsequent collections of uncollected taxes (including sales of tax titles and tax possessions), lapsed appropriations, non-property tax revenues in excess of estimates, other miscellaneous items or funding loans authorized by special act, they remain in existence. See “TOWN FINANCES — Free Cash”.

**Tax Limitations**

Chapter 59, Section 21C of the General Laws, also known as Proposition 2½, imposes two separate limits on the annual tax levy of a city or town.

The primary limitation is that the tax levy cannot exceed 2½ percent of the full and fair cash value. If a city or town exceeds the primary limitation, it must reduce its tax levy by at least 15 percent annually until it is in compliance, provided that the reduction can be reduced in any year to not less than 7½ percent by majority vote of the voters, or to less than 7½ percent by two-thirds vote of the voters.

For cities and towns at or below the primary limit, a 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 2½ percent, subject to exceptions for property added to the tax rolls or property which has had an increase, other than as part of a general revaluation, in its assessed valuation over the prior year’s valuation.

This “growth” limit on the tax levy may be exceeded in any year by a majority vote of the voters, but an increase in the secondary or growth limit under this procedure does not permit a tax levy in excess of the primary limitation, since the two limitations apply independently. In addition, if the voters vote to approve taxes in excess of the “growth” limit for the purpose of funding a stabilization fund, such increased amount may only be taken into account for purposes of calculating the maximum levy limit in each subsequent year if the board of selectmen of a town or the city council of a city votes by a two-thirds vote to appropriate such increased amount in such subsequent year to the stabilization fund.

The applicable tax limits may also be reduced in any year by a majority vote of the voters.

The State Commissioner of Revenue may adjust any tax limit “to counterbalance the effects of extraordinary, non-recurring events which occurred during the base year”.

The statute further provides that the voters may exclude from the taxes subject to the tax limits and from the calculation of the maximum tax levy (a) the amount required to pay debt service on bonds and notes issued before November 4, 1980, if the exclusion is approved by a majority vote of the voters, and (b) the amount required to pay debt service on any specific subsequent issue for which similar approval is obtained. Even with voter approval, the holders of the obligations for which unlimited taxes may be assessed do not have a statutory priority or security interest in the portion of the tax levy attributable to such obligations. It should be noted that Massachusetts General Laws Chapter 44, Section 20 requires that the taxes excluded from the levy limit to pay debt service on any such bonds and notes be calculated based on the true interest cost of the issue. Accordingly, the Department of Revenue limits the amount of taxes which may be levied in each year to pay debt service on any such bonds and notes to the amount of such debt service, less a pro rata portion of any original issue premium received by the city or town that was not applied to pay costs of issuance.

Voters may also exclude from the Proposition 2½ limits the amount required to pay specified capital outlay expenditures or for the city or town’s apportioned share for certain capital outlay expenditures by a regional governmental unit. In addition, the city council of a city, with the approval of the mayor if required, or the board of selectmen or the town council of a town may vote to exclude from the Proposition 2½ limits taxes raised in lieu of sewer or water charges to pay debt service on bonds or notes issued by the municipality (or by an independent authority, commission or district) for water or sewer purposes, provided that the municipality’s sewer or water charges are reduced accordingly.

In addition, Proposition 2½ limits the annual increase in the total assessments on cities and towns by any county, district, authority, the Commonwealth or any other governmental entity (except regional school districts, the MWRA and certain districts for which special legislation provides otherwise) to the sum of (a) 2½ percent of the prior year’s assessments and (b) “any increases in costs, charges or fees for services customarily provided locally or for services subscribed to at local option”. Regional water districts, regional sewerage districts and regional veterans districts may exceed these limitations under statutory procedures requiring a two-thirds vote of the district’s governing body and either approval of the local appropriating authorities (by two-thirds vote in districts with more than two members or by majority vote in two-member districts) or approval of the registered voters in a local election (in the case of two-member districts). Under Proposition 2½ any State law to take effect on or after January 1, 1981 imposing a direct service or cost obligation on a city or town will become effective only if accepted or voluntarily funded by the city or town or if State funding is provided. Similarly, State rules or regulations imposing additional costs on a city or town or laws granting or increasing local tax exemptions are to take effect only if adequate State appropriations are provided. These statutory provisions do not apply to costs resulting from judicial decisions.

**Unused Levy Capacity**

Fiscal Year	Estimated Full Valuation (1)	Primary Levy Limit	Maximum Levy Limit	Actual Tax Levy	Under(over) Primary Levy Limit	Under(over) Maximum Levy Limit
2017	\$ 6,269,040,822	\$ 156,726,021	\$86,299,839	\$ 84,572,830	\$ 72,153,191	\$1,727,009
2016	5,912,466,560	147,811,664	82,954,706	82,893,707	64,917,957	60,999
2015	5,628,419,407	140,710,485	80,058,826	79,857,630	60,852,855	201,196
2014	5,200,927,730	130,023,193	77,077,760	77,063,779	52,959,414	13,981
2013	5,143,940,012	128,598,500	74,428,465	74,404,156	54,194,344	24,309

(1) Local assessed valuation.

**Pledged Taxes**

Taxes on the increased value of certain property in designated development districts may be pledged for the payment of costs of economic development projects within such districts and may therefore be unavailable for other municipal purposes. The Town has no such Districts.

**Initiative Petitions**

Various proposals have been made in recent years for legislative amendments to the Massachusetts Constitution to impose limits on state and local taxes. To be adopted, such amendments must be approved by two successive legislatures and then by the voters at a state election.

## TOWN FINANCES

### Budget and Appropriation Process

The annual appropriations of the Town are ordinarily made after the annual budget hearings by the Town Council which usually take place in May. Additional appropriations may also be voted at other Town Council meetings. The Town has a Ways and Means Committee which is a subcommittee of the Council. The Mayor by Town Charter submits the Budget to the Town Council. The Town Council refers all financial matters to its Ways and Means Committee. The Ways and Means Committee holds public hearings and makes recommendations on all financial matters to the full Town Council for action.

The school budget is limited to the total amount appropriated by the Town Council, but the school committee retains full power to allocate the funds appropriated.

Under recent legislation, the town council on the recommendation of the mayor may transfer within the last 2 months of the fiscal year any amount appropriated for the use of any department to the appropriation for any other department, provided that no such transfer may be made from any appropriation for a school department, regional school district, or municipal light department.

State and county assessments, abatements in excess of overlays, principal and interest not otherwise provided for, and final judgments are included in the tax levy whether or not included in the budget. Revenues are not required to be set forth in the budget, but estimated non-tax revenues are taken into account by the assessors in fixing the tax levy. (See "PROPERTY TAXATION," above.)

### Budget Trends

The following table sets forth a comparison of the operating budget appropriations for fiscal years 2013 through 2017. As such, said budgets reflect neither revenues nor state and county assessments and other mandatory items. Also said budgets do not reflect expenditures authorized for non-recurring (generally capital) purposes or transfers occurring subsequent to the original passage of the budget.

### BUDGET COMPARISON (000)

	Fiscal 2017	Fiscal 2016	Fiscal 2015	Fiscal 2014	Fiscal 2013
Town Council Programs	\$ 306,377	\$ 303,417	\$ 309,099	\$ 308,028	\$ 308,028
Mayor's Office Programs	551,141	471,866	455,781	425,598	410,758
Finance Programs	7,858,621	6,560,248	6,491,662	6,519,262	6,112,843
Law	280,251	276,811	256,758	248,059	219,683
Human Resources	19,651,801	18,762,238	17,729,791	17,726,575	15,501,567
Town Clerk	350,370	334,112	298,002	276,457	261,725
Planning and Development	576,043	519,969	438,807	403,222	438,130
Police	9,240,126	9,152,307	8,698,278	8,271,116	7,972,821
Fire	8,440,692	8,475,556	8,032,499	7,409,119	7,312,369
Municipal Licenses and Inspectic	984,230	940,363	911,832	832,146	835,207
Education	62,108,827	59,508,827	57,242,261	53,761,517	51,662,856
Blue Hill Regional	2,561,797	2,467,754	2,143,378	2,130,748	1,734,807
Public Works	7,605,961	7,287,438	7,169,364	6,751,716	6,754,219
Elder Affairs	291,253	285,150	280,172	255,103	262,966
Library	1,469,439	1,446,378	1,405,403	1,344,673	1,311,495
Golf	1,493,763	1,443,034	1,399,510	1,479,006	1,389,925
Sewer	10,184,566	9,787,574	9,390,815	8,830,628	8,832,013
Water	7,189,567	7,026,792	6,972,163	6,899,705	6,712,101
<b>Totals</b>	<b>\$ 141,144,825</b>	<b>\$ 135,049,834</b>	<b>\$ 129,625,575</b>	<b>\$ 123,872,678</b>	<b>\$ 118,033,513</b>

## General Fund Revenues

Property Taxes: Property taxes are the major source of revenue for the Town. The total amount levied is subject to certain limits prescribed by law; for a description of those limits see "PROPERTY TAXATION–Tax Limitations" above.

State Aid – In addition to grants for specified capital purposes (some of which are payable over the life of the bonds issued for the projects), the Commonwealth provides financial assistance to cities and towns for current purposes. Payments to cities and towns are derived primarily from a percentage of the State's personal income, sales and use, and corporate excise tax receipts, together with the net receipts from the State Lottery. A municipality's state aid entitlement is based on a number of different formulas, of which the "schools" and "lottery" formulas are the most important. Both of the major formulas tend to provide more state aid to poorer communities. None of the major local aid programs has a termination date under existing law and while a formula might indicate that a particular amount of state aid is owed, the amount of state aid actually paid is limited to the amount appropriated by the state legislature.

In the fall of 1986, both the State Legislature (by statute repealed as of July 1, 1999) and the voters (by initiative petition) placed limits on the growth of state tax revenues. Although somewhat different in detail, each measure essentially limited the annual growth in state tax revenues to an average rate of growth in wages and salaries in the Commonwealth over the three previous calendar years. If not amended, the remaining law could restrict the amount of state revenues available for state aid to local communities.

State School Building Assistance Program: Under its school building assistance program, the Commonwealth of Massachusetts provides grants to cities, towns and regional school districts for school construction projects. Until July 26, 2004, the State Board of Education was responsible for approving grants for school projects and otherwise administering the program. Grant amounts ranged from 50% to 90% of approved project costs. Municipalities generally issued bonds to finance the entire project cost, and the Commonwealth disbursed the grants in equal annual installments over the term of the related bonds.

Pursuant to legislation which became effective on July 26, 2004, the state legislature created the Massachusetts School Building Authority (the "Authority") to finance and administer the school building assistance program. The Authority has assumed all powers and obligations of the Board of Education with respect to the program. In addition to certain other amounts, the legislation dedicates a portion of Commonwealth sales tax receipts to the Authority to finance the program.

Projects previously approved for grants by the State Board of Education are entitled to receive grant payments from the Authority based on the approved project cost and reimbursement rate applicable under the prior law. The Authority has paid and is expected to continue to pay the remaining amounts of the grants for such projects either in annual installments to reimburse debt service on bonds issued by the municipalities to finance such projects, or as lump sum payments to contribute to the defeasance of such bonds.

Projects on the priority waiting list as of July 1, 2004 are also entitled to receive grant payments from the Authority based on the eligible project costs and reimbursement rates applicable under the prior law. With limited exceptions, the Authority is required to fund the grants for such projects in the order in which they appear on the waiting list. Grants for any such projects that have been completed or substantially completed have been paid and are expected to continue to be paid by the Authority in lump sum payments, thereby eliminating the need for the Authority to reimburse interest expenses that would otherwise be incurred by the municipalities to permanently finance the Authority's share of such project costs. Interest on debt issued by municipalities prior to July 1, 2004 to finance such project costs, and interest on temporary debt until receipt of the grant, is included in the approved costs of such projects. Grants for any such projects that have not yet commenced or that are underway have been and are expected to continue to be paid by the Authority as project costs are incurred by the municipality pursuant to a project funding agreement between the Authority and the municipality, eliminating the need for the municipality to borrow even on a temporary basis to finance the Authority's share of the project costs in most cases.

The maximum reimbursement rate for new project grant applications submitted to the Authority on or after July 1, 2007 is 80% of approved project costs. The Authority promulgated new regulations with respect to the application and approval process for projects submitted after July 1, 2007. The Authority expects to pay grants for such projects as project costs are incurred pursuant to project funding agreements between the Authority and the municipalities. None of the interest expense incurred on debt issued by municipalities to finance their portion of the costs of new projects will be included in the approved project costs eligible for reimbursement.

Motor Vehicle Excise: An excise is imposed on the registration of motor vehicles (subject to exemptions) at a rate of \$25 per \$1,000 of valuation. Valuations are determined by a statutory formula based on manufacturer's list price and

year of manufacture. Bills not paid when due bear interest at 12 per cent per annum. Provision is also made for non-renewal of license and registration by the registrar of motor vehicles.

**Room Occupancy Tax:** Under this tax, local governments may tax the provision of hotel, motel and lodging house rooms at a rate not to exceed 6% of the cost of renting such rooms. The tax is paid by the operator of the hotel, motel or lodging house to the State Commissioner of Revenue, who in turn pays the tax back to the municipality in which the rooms are located in quarterly distributions. The Town has levied the full 4% as permitted under the law since the inception of the tax. On August 11, 2009, the Town adopted an increase in the room occupancy tax to 6% to be effective October 1, 2009. This tax produced \$751,650 in fiscal 2012, \$1,098,078 in fiscal 2013, \$1,296,860 in fiscal 2014, \$1,467,638 in fiscal 2015 and \$1,596,257 in fiscal 2016.

**Local Options Meals Tax:** The Town voted to accept the provisions of General Laws Chapter 641, Section 2(a) to impose a local meals excise tax beginning July 1, 2013, and for all proceeds derived from said excise tax to be used solely to fund capital improvements, including but not limited to, equipment purchases and/or leases. In fiscal years 2015 and 2016, the Town received \$1,017,862 and \$1,142,349, respectively in meals tax.

**Other:** Other sources of revenue include departmental income, investment income and various other sources.

### **Community Preservation Act**

The Massachusetts Community Preservation Act (the "CPA") permits cities and towns that accept its provisions to levy a surcharge on its real property tax levy, dedicate revenue (other than state or federal funds), and to receive state matching funds for (i) the acquisition, creation, preservation, rehabilitation and restoration of land for recreational use, open space, and affordable housing and (ii) the acquisition, preservation, rehabilitation and restoration of historic resources. The provisions of the CPA must be accepted by the voters of the city or town at an election after such provisions have first been accepted by either a vote of the legislative body of the city or town or an initiative petition signed by 5% of its registered voters.

A city or town may approve a surcharge of up to 3% (but not less than 1% under certain circumstances) and may make an additional commitment of funds by dedicating revenue other than state or federal funds, provided that the total funds collected do not exceed 3% of the real property tax levy, less any exemptions adopted (such as an exemption for low-income individuals and families and for low and moderate-income senior citizens, an exemption for \$100,000 of the value of each taxable parcel of residential real property or \$100,000 of the value of each taxable parcel of class three, commercial property, and class four, industrial property as defined in Chapter 59, Section 2A of the General Laws, and an exemption for commercial and industrial properties in cities and towns with classified tax rates). In the event that the municipality shall no longer dedicate all or part of the additional funds to community preservation, the surcharge on the real property tax levy of not less than 1% shall remain in effect, provided that any such change must be approved pursuant to the same process as acceptance of the CPA. The surcharge is not counted in the total taxes assessed for the purpose of determining the permitted levy amount under Proposition 2½ (see "Tax Limitations" under "PROPERTY TAX" above). A city or town may revoke its acceptance of the provisions of the CPA at any time after 5 years from the date of such acceptance and may change the amount of the surcharge or the exemptions to the surcharge at any time, including reducing the surcharge to 1% and committing additional municipal funds as outlined above, provided that any such revocation or change must be approved pursuant to the same process as acceptance of the CPA.

Any city or town that accepts the provisions of the CPA will receive annual state matching grants to supplement amounts raised by its surcharge and dedication of revenue. The state matching funds are raised from certain recording and filing fees of the registers of deeds. Those amounts are deposited into a state trust fund and are distributed to cities and towns that have accepted the provisions of the CPA, which distributions are not subject to annual appropriation by the state legislature. The amount distributed to each city and town is based on a statutory formula and the total state distribution made to any city or town may not exceed 100% of the amount raised locally by the surcharge on the real property tax levy.

The amounts raised by the surcharge on taxes, the dedication of revenue and received in state matching funds are required to be deposited in a dedicated community preservation fund. Each city or town that accepts the provisions of the CPA is required to establish a community preservation committee to study the community preservation needs of the community and to make recommendations to the legislative body of the city or town regarding the community preservation projects that should be funded from the community preservation fund. Upon the recommendations of the committee, the legislative body of the city or town may appropriate amounts from the fund for permitted community preservation purposes or may reserve amounts for spending in future fiscal years, provided that at least 10% of the total annual revenues to the fund must be spent or set aside for open space purposes, 10% for historic resource purposes and 10% for affordable housing purposes.

The CPA authorizes cities and towns that accept its provisions to issue bonds and notes in anticipation of the receipt of surcharge and dedicated revenues to finance community preservation projects approved under the provisions of the CPA. Bonds and notes issued under the CPA are general obligations of the city or town and are payable from amounts on deposit in the community preservation fund. In the event that a city or town revokes its acceptance of the provisions of the CPA, the surcharge shall remain in effect until all contractual obligations incurred by the city or town prior to such revocation, including the payment of bonds or notes issued under the CPA, have been fully discharged.

**The Town adopted the CPA at an additional charge of 1% in April 2002, effective beginning in fiscal 2003. As of June 30, 2016, the Town levied \$699,096 in surcharges and received state matching funds totaling \$199,688.**

### Enterprises

The Town’s water and sewer, golf course and electric light activities are accounted for as enterprises. See “Appendix A – Braintree Electric Light Department” for a discussion of the operations of the electric light activities enterprise.

A new water/sewer rate structure was approved, effective June 1, 2016, by the Mayor as follows, with a base fee of \$17.00 per quarter for both water and sewer shown below. The Town plans to increase water and sewer rates in 2018.

Tier	Usage	Rate
Water tier 1	0-500 CF	\$ 2.72
Water tier 2	501-3,500 CF	4.10
Water tier 3	3,501 -20,000 CF	7.42
Water tier 4	Over 20,0001 CF	10.57
Sewer tier 1	0-500 CF	\$ 5.05
Sewer tier 2	501-3,500 CF	6.38
Sewer tier 3	3,501 -20,000 CF	9.99
Sewer tier 4	Over 20,0001 CF	10.97

### Annual Audits

The Town’s finances are annually audited by Powers & Sullivan, Certified Public Accountant, the most recent of which was performed for the fiscal year ended June 30, 2016. Prior audits are available upon request from the Town.

The attached report speaks only as of its date, and only to the matters expressly set forth therein. The auditors have not been engaged to review this Official Statement or to perform audit procedures regarding the post-audit period, nor have the auditors been requested to give their consent to the inclusion of their report in Appendix A. Except as stated in their report, the auditors have not been engaged to verify the financial information set out in Appendix A and are not passing upon and do not assume responsibility for the sufficiency, accuracy or completeness of the financial information presented in that appendix.

### Summary of Significant Accounting Policies

See Appendix A attached.

### Financial Statements

Set forth on the following pages are Governmental Funds Balance Sheets for fiscal years ending June 30, 2016, June 30, 2015 and June 30, 2014, and Statements of Revenues, Expenditures and Changes in Fund Balance, for the fiscal years ended June 30, 2012 through fiscal year ended June 30, 2016. Said statements were extracted from audited financial statements.

**TOWN OF BRAINTREE, MASSACHUSETTS  
GOVERNMENTAL FUNDS BALANCE SHEET  
JUNE 30, 2016(1)**

	General	Nonmajor Governmental Funds	Total Governmental Funds
<b>ASSETS</b>			
Cash and cash equivalents	\$ 31,493,601	\$ 18,198,958	\$ 49,692,559
Investments	156,013	6,451,516	6,607,529
Receivables, net of uncollectibles:			
Real estate and personal property taxes	1,415,510	-	1,415,510
Tax liens	1,115,204	-	1,115,204
Motor vehicle and other excise taxes	776,699	-	776,699
Departmental and other	83,609	6,972	90,581
Intergovernmental	209,032	2,227,864	2,436,896
Tax foreclosures	78,281	-	78,281
Due from other funds	427,723	-	427,723
<b>TOTAL ASSETS</b>	<b>\$ 35,755,672</b>	<b>\$ 26,885,310</b>	<b>\$ 62,640,982</b>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Warrants payable	\$ 1,119,104	\$ 1,282,080	\$ 2,401,184
Accrued payroll	7,126,564	91,796	7,218,360
Tax refunds payable	1,100,000	-	1,100,000
Due from other funds	-	427,723	427,723
Fees collected in advance	968,807	-	968,807
<b>TOTAL LIABILITIES</b>	<b>10,314,475</b>	<b>1,801,599</b>	<b>12,116,074</b>
DEFERRED INFLOWS OF RESOURCES:			
Unavailable Revenues	\$ 3,096,654	\$ 1,137,114	\$ 4,233,768
FUND BALANCES:			
Nonspendable	-	2,564,529	2,564,529
Restricted	-	21,698,087	21,698,087
Comitted	1,344,269	-	1,344,269
Assigned	2,170,153	-	2,170,153
Unassigned	18,830,121	(316,019)	18,514,102
<b>TOTAL FUND BALANCES</b>	<b>22,344,543</b>	<b>23,946,597</b>	<b>46,291,140</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>	<b>\$ 35,755,672</b>	<b>\$ 26,885,310</b>	<b>\$ 62,640,982</b>

(1) Extracted from the Town's audited financial statements.

**TOWN OF BRAINTREE, MASSACHUSETTS  
GOVERNMENTAL FUNDS BALANCE SHEET  
JUNE 30, 2015(1)**

	General	Nonmajor Governmental Funds	Total Governmental Funds
<b>ASSETS</b>			
Cash and cash equivalents	\$ 27,318,169	\$ 18,349,287	\$ 45,667,456
Investments	226,128	6,577,870	6,803,998
Receivables, net of uncollectibles:			
Real estate and personal property taxes	1,174,734	-	1,174,734
Tax liens	1,374,320	-	1,374,320
Motor vehicle and other excise taxes	715,546	-	715,546
Departmental and other	44,156	10,114	54,270
Intergovernmental	240,329	2,056,577	2,296,906
Tax foreclosures	78,281	-	78,281
Due from other funds	441,475		
<b>TOTAL ASSETS</b>	<b>\$ 31,613,138</b>	<b>\$ 26,993,848</b>	<b>\$ 58,606,986</b>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Warrants payable	\$ 1,143,182	\$ 643,523	\$ 1,786,705
Accrued payroll	6,469,547	67,373	6,536,920
Tax refunds payable	881,000	-	881,000
Due from other funds	-	441,475	441,475
Other Liabilities	6,325	-	6,325
Fees collected in advance	909,607	-	909,607
<b>TOTAL LIABILITIES</b>	<b>9,409,661</b>	<b>1,152,371</b>	<b>10,562,032</b>
DEFERRED INFLOWS OF RESOURCES:			
Unavailable Revenues	\$ 3,162,264	\$ 1,544,987	\$ 4,707,251
FUND BALANCES:			
Nonspendable	-	2,564,529	2,564,529
Restricted	-	21,731,961	21,731,961
Comitted	2,103,635	-	2,103,635
Assigned	666,097	-	666,097
Unassigned	16,271,481		
<b>TOTAL FUND BALANCES</b>	<b>19,041,213</b>	<b>24,296,490</b>	<b>43,337,703</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>	<b>\$ 31,613,138</b>	<b>\$ 26,993,848</b>	<b>\$ 58,606,986</b>

(1) Extracted from the Town's audited financial statements.

**TOWN OF BRAINTREE, MASSACHUSETTS  
GOVERNMENTAL FUNDS BALANCE SHEET  
JUNE 30, 2014 (1)**

	General	Nonmajor Governmental Funds	Total Governmental Funds
	<u>General</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 25,668,009	\$ 18,086,447	\$ 43,754,456
Investments	323,458	6,664,907	6,988,365
Receivables, net of uncollectibles:			
Real estate and personal property taxes	2,016,865	-	2,016,865
Tax liens	1,409,346	-	1,409,346
Motor vehicle and other excise taxes	631,719	-	631,719
Departmental and other	44,555	10,976	55,531
Intergovernmental	192,402	3,431,801	3,624,203
Tax foreclosures	78,281	-	78,281
Due from other funds	1,861,998	-	1,861,998
<b>TOTAL ASSETS</b>	<u>\$ 32,226,633</u>	<u>\$ 28,194,131</u>	<u>\$ 60,420,764</u>
<b>LIABILITIES</b>			
Liabilities:			
Warrants payable	\$ 507,365	\$ 203,038	\$ 710,403
Accrued payroll	6,872,125	25,576	6,897,701
Tax refunds payable	570,000	-	570,000
Due to other funds	-	1,861,998	1,861,998
Other liabilities	7,887	-	7,887
Fees collected in advance	736,583	-	736,583
<b>TOTAL LIABILITIES</b>	<u>8,693,960</u>	<u>2,090,612</u>	<u>10,784,572</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable revenues	<u>3,962,244</u>	<u>1,580,778</u>	<u>5,543,022</u>
<b>FUND BALANCES:</b>			
Nonspendable	-	2,564,529	2,564,529
Restricted	-	21,958,212	21,958,212
Committed	2,049,917	-	2,049,917
Assigned	1,164,142	-	1,164,142
Unassigned	16,356,370	-	16,356,370
<b>TOTAL FUND BALANCES</b>	<u>19,570,429</u>	<u>24,522,741</u>	<u>44,093,170</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>	<u>\$ 32,226,633</u>	<u>\$ 28,194,131</u>	<u>\$ 60,420,764</u>

(1) Extracted from the Town's audited financial statements.

**TOWN OF BRAINTREE, MASSACHUSETTS  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES  
FISCAL YEAR ENDED JUNE 30, 2016 (1)**

	General	Nonmajor Governmental Funds	Total Governmental Funds
<b>REVENUES:</b>			
Real estate and personal property taxes net of tax refunds	\$ 81,325,550	\$ -	\$ 81,325,550
Tax liens	1,361,835	575	1,362,410
Motor vehicle and other excise taxes	6,173,244	-	6,173,244
Hotel/motel tax	1,614,166	-	1,614,166
Meals Tax	1,142,349	-	1,142,349
Penalties and interest on taxes	439,913	-	439,913
Payments in lieu of taxes	449,490	-	449,490
Intergovernmental	32,370,602	7,798,992	40,169,594
Departmental and other	6,233,621	3,869,865	10,103,486
Community preservation	-	659,905	659,905
Contributions	-	615,646	615,646
Investment income	117,392	247,229	364,621
<b>TOTAL REVENUES</b>	<b>\$ 131,228,162</b>	<b>\$ 13,192,212</b>	<b>\$ 144,420,374</b>
<b>EXPENDITURES:</b>			
Current:			
General government	\$ 4,252,630	\$ 669,847	\$ 4,922,477
Public safety	18,871,468	476,097	19,347,565
Education	61,347,191	9,916,007	71,263,198
Public works	5,381,641	5,655,523	11,037,164
Sanitation	1,571,359	-	1,571,359
Community development	-	70,099	70,099
Human services	812,220	259,119	1,071,339
Culture and recreation	2,318,167	763,944	3,082,111
Pension benefits-town	6,214,492	-	6,214,492
Pension benefits-teachers	10,146,237	-	10,146,237
Property and liability insurance	426,679	-	426,679
Employee benefits	11,892,555	-	11,892,555
State and county charges	3,711,416	-	3,711,416
Debt service:			
Principal	2,774,000	-	2,774,000
Interest	803,237	-	803,237
<b>TOTAL EXPENDITURES</b>	<b>\$ 130,523,292</b>	<b>\$ 17,810,636</b>	<b>\$ 148,333,928</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>\$ 704,870</b>	<b>\$ (4,618,424)</b>	<b>\$ (3,913,554)</b>
<b>OTHER FINANCING SOURCES (USES):</b>			
Issuance of long-term debt	-	3,898,000	3,898,000
Premium from issuance of bonds	-	319,033	319,033
Proceeds from the sale of land	300,000	225,000	525,000
Transfers In	2,496,086	441,096	2,937,182
Transfers Out	(197,626)	(614,598)	(812,224)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>\$ 2,598,460</b>	<b>\$ 4,268,531</b>	<b>\$ 6,866,991</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>3,303,330</b>	<b>(349,893)</b>	<b>2,953,437</b>
<b>FUND BALANCES AT BEGINNING OF YEAR</b>	<b>19,041,213</b>	<b>24,296,490</b>	<b>43,337,703</b>
<b>FUND BALANCES AT END OF YEAR</b>	<b>\$ 22,344,543</b>	<b>\$ 23,946,597</b>	<b>\$ 46,291,140</b>

(1) Extracted from the Town's audited financial statements.

**TOWN OF BRAINTREE, MASSACHUSETTS**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES**  
**FISCAL YEAR ENDED JUNE 30, 2015 (1)**

	General	Nonmajor Governmental Funds	Total Governmental Funds
<b>REVENUES:</b>			
Real estate and personal property taxes net of tax refunds	\$ 79,073,666	\$ -	\$ 79,073,666
Tax liens	1,098,862	1,963	1,100,825
Motor vehicle and other excise taxes	5,609,682	-	5,609,682
Hotel/motel tax	1,491,419	-	1,491,419
Meals Tax	1,017,863	-	-
Penalties and interest on taxes	522,767	-	522,767
Payments in lieu of taxes	693,850	-	693,850
Intergovernmental	27,647,574	7,695,199	35,342,773
Departmental and other	5,273,477	3,224,077	8,497,554
Community preservation	-	659,352	659,352
Contributions	-	643,529	643,529
Investment income	197,984	102,345	300,329
Miscellaneous	-	26,070	26,070
<b>TOTAL REVENUES</b>	<b>\$ 122,627,144</b>	<b>\$ 12,352,535</b>	<b>\$ 134,979,679</b>
<b>EXPENDITURES:</b>			
Current:			
General government	\$ 3,848,648	\$ 1,170,820	\$ 5,019,468
Public safety	18,565,202	657,935	19,223,137
Education	60,059,965	8,927,146	68,987,111
Public works	6,805,580	3,616,295	10,421,875
Sanitation	1,487,659	-	1,487,659
Community development	-	894,362	894,362
Human services	904,706	159,878	1,064,584
Culture and recreation	2,482,492	682,830	3,165,322
Pension benefits-town	5,793,428	-	5,793,428
Pension benefits-teachers	6,597,576	-	6,597,576
Property and liability insurance	438,383	-	438,383
Employee benefits	10,925,437	-	10,925,437
State and county charges	3,722,290	-	3,722,290
Debt service:			
Principal	2,698,134	-	2,698,134
Interest	787,457	-	787,457
<b>TOTAL EXPENDITURES</b>	<b>\$ 125,116,957</b>	<b>\$ 16,109,266</b>	<b>\$ 141,226,223</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>\$ (2,489,813)</b>	<b>\$ (3,756,731)</b>	<b>\$ (6,246,544)</b>
<b>OTHER FINANCING SOURCES (USES):</b>			
Issuance of long-term debt	-	3,259,000	3,259,000
Issuance of refunding bonds	1,680,000	-	1,680,000
Premium from issuance of bonds	-	171,463	171,463
Premium from issuance of refunding bonds	334,581	-	334,581
Payments of refunded bonds escrow agent	(2,014,581)	-	(2,014,581)
Transfers In	2,116,964	512,953	2,629,917
Transfers Out	(156,367)	(412,936)	(569,303)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>\$ 1,960,597</b>	<b>\$ 3,530,480</b>	<b>\$ 5,491,077</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>(529,216)</b>	<b>(226,251)</b>	<b>(755,467)</b>
<b>FUND BALANCES AT BEGINNING OF YEAR</b>	<b>19,570,429</b>	<b>24,522,741</b>	<b>44,093,170</b>
<b>FUND BALANCES AT END OF YEAR</b>	<b>\$ 19,041,213</b>	<b>\$ 24,296,490</b>	<b>\$ 43,337,703</b>

(1) Extracted from the Town's audited financial statements.

**TOWN OF BRAINTREE, MASSACHUSETTS**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES**  
**FISCAL YEAR ENDED JUNE 30, 2014 (1)**

	General	Nonmajor Governmental Funds	Total Governmental Funds
<b>REVENUES:</b>			
Real estate and personal property taxes net of tax refunds	\$ 75,918,774	\$ -	\$ 75,918,774
Tax liens	407,348	-	407,348
Motor vehicle and other excise taxes	5,259,928	-	5,259,928
Hotel/motel tax	1,324,541	-	1,324,541
Meals tax	807,740	-	807,740
Penalties and interest on taxes	475,877	-	475,877
Payments in lieu of taxes	24,854	-	24,854
Intergovernmental	34,400,032	8,050,453	42,450,485
Departmental and other	4,942,734	3,325,559	8,268,293
Community preservation	-	607,219	607,219
Contributions	-	530,070	530,070
Investment income	202,580	182,251	384,831
Miscellaneous	-	38,310	38,310
Claims and judgments	-	450,000	450,000
<b>TOTAL REVENUES</b>	<b>\$ 123,764,408</b>	<b>\$ 13,183,862</b>	<b>\$ 136,948,270</b>
<b>EXPENDITURES:</b>			
Current:			
General government	\$ 3,714,667	\$ 342,907	\$ 4,057,574
Public safety	17,319,243	237,012	17,556,255
Education	57,774,159	9,102,638	66,876,797
Public works	4,722,980	3,332,311	8,055,291
Sanitation	1,498,193	-	1,498,193
Community development	-	247,083	247,083
Human services	780,221	160,894	941,115
Culture and recreation	2,312,809	639,859	2,952,668
Pension benefits-town	5,705,325	-	5,705,325
Pension benefits-teachers	13,718,462	-	13,718,462
Property and liability insurance	433,381	-	433,381
Employee benefits	10,508,381	-	10,508,381
State and county charges	3,636,782	-	3,636,782
Debt service:			
Principal	2,360,000	-	2,360,000
Interest	740,756	-	740,756
<b>TOTAL EXPENDITURES</b>	<b>\$ 125,225,359</b>	<b>\$ 14,062,704</b>	<b>\$ 139,288,063</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>\$ (1,460,951)</b>	<b>\$ (878,842)</b>	<b>\$ (2,339,793)</b>
<b>OTHER FINANCING SOURCES (USES):</b>			
Issuance of long-term debt	-	3,519,000	3,519,000
Premium from issuance of bonds	-	224,936	224,936
Transfers in	2,159,303	925,622	3,084,925
Transfers out	(1,137,554)	(126,707)	(1,264,261)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>\$ 1,021,749</b>	<b>\$ 4,542,851</b>	<b>\$ 5,564,600</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>(439,202)</b>	<b>3,664,009</b>	<b>3,224,807</b>
<b>FUND BALANCES AT BEGINNING OF YEAR</b>	<b>20,009,631</b>	<b>20,858,732</b>	<b>40,868,363</b>
<b>FUND BALANCES AT END OF YEAR</b>	<b>\$ 19,570,429</b>	<b>\$ 24,522,741</b>	<b>\$ 44,093,170</b>

(1) Extracted from the Town's audited financial statements.

**TOWN OF BRAINTREE, MASSACHUSETTS**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES**  
**FISCAL YEAR ENDED JUNE 30, 2013 (1)**

	General	Nonmajor Governmental Funds	Total Governmental Funds
<b>REVENUES:</b>			
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
<b>TOTAL REVENUES</b>	<b>\$ 118,700,076</b>	<b>\$ 11,571,663</b>	<b>\$ 130,271,739</b>
<b>EXPENDITURES:</b>			
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
<b>TOTAL EXPENDITURES</b>	<b>\$ 117,981,800</b>	<b>\$ 16,745,201</b>	<b>\$ 134,727,001</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>\$ 718,276</b>	<b>\$ (5,173,538)</b>	<b>\$ (4,455,262)</b>
<b>OTHER FINANCING SOURCES (USES):</b>			
Issuance of long-term debt	-	3,140,000	3,140,000
Premium from issuance of bonds	-	114,778	114,778
Operating transfers in	2,530,984	940,578	3,471,562
Operating transfers out	(228,000)	(838,928)	(1,066,928)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>\$ 2,302,984</b>	<b>\$ 3,356,428</b>	<b>\$ 5,659,412</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>3,021,260</b>	<b>(1,817,110)</b>	<b>1,204,150</b>
<b>FUND BALANCES AT BEGINNING OF YEAR</b>	<b>16,988,371</b>	<b>22,675,842</b>	<b>39,664,213</b>
<b>FUND BALANCES AT END OF YEAR</b>	<b>\$ 20,009,631</b>	<b>\$ 20,858,732</b>	<b>\$ 40,868,363</b>

(1) Extracted from the Town's audited financial statements.

**TOWN OF BRAINTREE, MASSACHUSETTS**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES**  
**FISCAL YEAR ENDED JUNE 30, 2012 (1)**

	General	Nonmajor Governmental Funds	Total Governmental Funds
<b>REVENUES:</b>			
Real estate and personal property taxes net of tax refunds	\$ 69,729,818	\$ -	\$ 69,729,818
Tax liens	77,774	-	77,774
Motor vehicle and other excise taxes	4,081,969	-	4,081,969
Hotel/motel tax	784,781	-	784,781
Penalties and interest on taxes	371,394	-	371,394
Payments in lieu of taxes	118,112	-	118,112
Intergovernmental	30,870,356	10,657,877	41,528,233
Departmental and other	4,890,956	3,194,805	8,085,761
Community preservation	-	559,244	559,244
Contributions	-	453,433	453,433
Investment income	167,156	(14,152)	153,004
Miscellaneous	-	17,564	17,564
<b>TOTAL REVENUES</b>	<b>\$ 111,092,316</b>	<b>\$ 14,868,771</b>	<b>\$ 125,961,087</b>
<b>EXPENDITURES:</b>			
Current:			
General government	\$ 3,497,526	\$ 1,800,542	\$ 5,298,068
Public safety	15,549,043	1,633,314	17,182,357
Education	50,827,010	13,176,974	64,003,984
Public works	3,796,829	3,774,060	7,570,889
Sanitation	1,726,367	-	1,726,367
Community development	-	643,366	643,366
Human services	664,913	152,801	817,714
Culture and recreation	2,432,532	451,183	2,883,715
Pension benefits-town	5,046,381	-	5,046,381
Pension benefits-teachers	12,736,422	-	12,736,422
Property and liability insurance	428,125	-	428,125
Employee benefits	8,840,249	-	8,840,249
State and county charges	3,571,252	-	3,571,252
Debt service:			
Principal	2,200,000	-	2,200,000
Interest	686,619	-	686,619
<b>TOTAL EXPENDITURES</b>	<b>\$ 112,003,268</b>	<b>\$ 21,632,240</b>	<b>\$ 133,635,508</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>\$ (910,952)</b>	<b>\$ (6,763,469)</b>	<b>\$ (7,674,421)</b>
<b>OTHER FINANCING SOURCES (USES):</b>			
Issuance of long-term debt	-	5,286,000	5,286,000
Premium from issuance of bonds	307,702	61,502	369,204
Capital lease financing	246,395	-	246,395
Operating transfers in	2,432,033	263,839	2,695,872
Operating transfers out	-	(406,094)	(406,094)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>\$ 2,986,130</b>	<b>\$ 5,205,247</b>	<b>\$ 8,191,377</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>2,075,178</b>	<b>(1,558,222)</b>	<b>516,956</b>
<b>FUND BALANCES AT BEGINNING OF YEAR (2)</b>	<b>14,913,193</b>	<b>24,234,064</b>	<b>39,147,257</b>
<b>FUND BALANCES AT END OF YEAR</b>	<b>\$ 16,988,371</b>	<b>\$ 22,675,842</b>	<b>\$ 39,664,213</b>

(1) Extracted from the Town's audited financial statements.

(2) Restated.

## Free Cash

### General Fund

Under Massachusetts law an amount known as “free cash” is certified as of the beginning of each fiscal year by the State Department of Revenue Bureau of Accounts and this, together with certain subsequent tax receipts, is used as the basis for subsequent appropriations from available funds, which are not required to be included in the annual tax levy.

The following table sets forth the trend in free cash as certified by the Bureau of Accounts.

	<u>Free Cash (July 1)</u>	
2016	\$	14,503,965
2015		12,928,109
2014		14,267,766
2013		14,923,843
2012		11,272,994

### Enterprise Funds

	<u>Free Cash (July 1)</u>			
	<u>Water &amp; Sewer</u>		<u>Golf</u>	
2016	\$	3,762,324	\$	247,850
2015		2,292,780		66,591
2014		1,614,661		31,208
2013		2,884,850		(52,033)
2012		3,023,225		111,962

### Stabilization Fund

The Town maintains a stabilization fund that is accounted for in the Trust Funds. Funded by an appropriation, the Stabilization Fund plus interest income may be appropriated at an annual or special town meeting for any project. The following table sets forth the trend in Stabilization Fund balance for the following fiscal years.

<u>Fiscal Year</u>	<u>Balance</u>
2016	\$ 540,963
2015	692,737
2014	944,571
2013	976,524
2012	1,697,909

On February 23, 2014, the Town created a Building Capital Stabilization Fund with an initial deposit of \$1,000,000. The balance of the fund as of June 30, 2014 was \$1,004,395. The balance of the Fund as of June 30, 2015 was \$1,404,851. The balance of the Fund as of June 30, 2016 was \$1,292,263.

In addition, the Town also maintains a Health Insurance Trust Fund. The balance as of June 30, 2013 was \$3,555,623. The balance as of June 30, 2014 was \$5,088,764. The balance of the fund at June 30, 2015 was \$5,877,154. The balance of the fund at June 30, 2016 was \$6,966,041.

## **Tax Increment Financing for Development Districts**

Under recent legislation, cities and towns are authorized to establish development districts to encourage increased residential, industrial and commercial activity. All or a portion of the taxes on growth in assessed value in such districts may be pledged and used solely to finance economic development projects pursuant to the city or town's development program for the district. This includes pledging such "tax increments" for the payment of bonds issued to finance such projects. As a result of any such pledge, tax increments raised from new growth properties in development districts are not available for other municipal purposes. Tax increments are taken into account in determining the total taxes assessed for the purpose of calculating the maximum permitted tax levy under Proposition 2 ½ (see "Property Tax Limitation" under "PROPERTY TAXATION" above.) The Town has not adopted any tax increment financing for development districts.

## **Investment of Town Funds**

All funds of the Town, except for trust funds, are invested in accordance with Section 55 of Chapter 44 of the Massachusetts General Laws (MGL). This section permits investment of available funds and bond and note proceeds in term deposits and Certificates of Deposit of banks and trust companies, in obligations issued or unconditionally guaranteed by the federal government or an agency thereof with a maturity of one year or less, in repurchase agreements secured by federal or federal agency securities, with a maturity of 90 days or less, in participation units in the Massachusetts Municipal Depository Trust (MMDT), or in shares in SEC-registered money market funds with the highest possible rating from at least one nationally recognized rating organization. MMDT is an investment pool created by the Commonwealth. The State Treasurer is the sole trustee and the fund is managed under contract by Federated Investors Inc. of Pittsburgh.

According to the State Treasurer the MMDT's investment policy is designed to maintain an average weighted maturity of 90 days or less and is limited to high-quality, readily marketable fixed income instruments, including U.S. government obligations and highly-rated corporate securities with maturities of one year or less.

Trust funds, unless otherwise provided by the donor, may be invested in accordance with Section 54 of Chapter 44 of the MGL, which permits a broader range of investments than Section 55, including any bonds or notes that are legal, investments for savings banks in the Commonwealth. The restrictions imposed by Sections 54 and 55 do not apply to town retirement systems.

A breakdown of above investments may be obtained from the Town Treasurer.

## INDEBTEDNESS

### Authorization Procedure and Limitations

Serial bonds and notes are authorized on behalf of the Town by vote of two-thirds of all members of the Town Council, and the approval of the Mayor. Provision is made for a referendum on the borrowing authorization if there is a timely filing of a petition bearing the requisite number of signatures. Borrowings for some purposes require State administrative approval.

When serial bonds or notes have been authorized, bond anticipation notes may be issued by the officers authorized to issue the serial bonds or notes. Temporary debt in anticipation of the revenue of the fiscal year in which the debt is incurred or in anticipation of authorized federal and state aid generally may be incurred by the Treasurer with the approval of the Mayor.

### Types of Obligations

General Obligations. Massachusetts cities and towns are authorized to issue general obligation indebtedness of these types:

Serial Bonds and Notes. These are generally required to be payable in annual principal amounts beginning no later than the end of the next fiscal year commencing after the date of issue and ending within the terms permitted by law. A level debt service schedule, or a schedule that provides for a more rapid amortization of principal than level debt service, is permitted. The principal amounts of certain economic development bonds supported by tax increment financing may be payable in equal, diminishing or increasing amounts beginning within 5 years after the date of issue. The maximum terms of serial bonds and notes vary from one year to 40 years, depending on the purpose of the issue. The maximum terms permitted are set forth in the statutes. In addition, for many projects, the maximum term may be determined in accordance with useful life guidelines promulgated by the State Department of Revenue ("DOR"). Serial bonds and notes may be issued for the purposes set forth in the statutes. In addition, serial bonds and notes may be issued for any other public work improvement or asset not specifically listed in the Statutes that has a useful life of at least 5 years. Bonds or notes may be made callable and redeemed prior to their maturity, and a redemption premium may be paid. Refunding bonds or notes may be issued subject to the maximum applicable term measured from the date of the original bonds or notes and must produce present value savings over the debt service of the refunded bonds. Generally, the first required annual payment of principal of the refunding bonds cannot be later than the first principal payment of any of the bonds or notes being refunded thereby, however, principal payments made before the first principal payment of any of the bonds or notes being refunded thereby may be in any amount.

Serial bonds may be issued as "qualified bonds" with the approval of the state Municipal Finance Oversight Board composed of the State Treasurer, the State Auditor, the Attorney General and the Director of Accounts, subject to such conditions and limitations (including restrictions on future indebtedness) as may be required by the Board. Qualified bonds may mature not less than 10 nor more than 30 years from their dates and are not subject to the amortization requirements described above. The State Treasurer is required to pay the debt service on qualified bonds and thereafter to withhold the amount of the debt service paid by the State from state aid or other state payments; administrative costs and any loss of interest income to the State are to be assessed upon the city or town.

Tax Credit Bonds or Notes. Subject to certain provisions and conditions, the officers authorized to issue bonds or notes may designate any duly authorized issue of bonds or notes as "tax credit bonds" to the extent such bonds and notes are otherwise permitted to be issued with federal tax credits or other similar subsidies for all or a portion of the borrowing costs. Tax credit bonds may be made payable without regard to the annual installments required by any other law, and a sinking fund may be established for the payment of such bonds. Any investment that is part of such a sinking fund may mature not later than the date fixed for payment or redemption of the applicable bonds.

Bond Anticipation Notes. These generally must mature within two years of their original dates of issuance but may be refunded from time to time for a period not to exceed ten years from their original dates of issuance, provided that for each year that the notes are refunded beyond the second year they must be paid in part from revenue funds in an amount at least equal to the minimum annual payment that would have been required if the bonds had been issued at the end of the second year. For certain school projects, however, notes may be refunded from time to time for a period not to exceed seven years without having to pay any portion of the principal of the notes from revenue funds. The maximum term of bonds issued to refund bond anticipation notes is measured (except for certain school projects) from the date of the original issue of the notes.

Revenue Anticipation Notes. The amount borrowed in each fiscal year by the issue of revenue anticipation notes is limited to the tax levy of the prior fiscal year, together with the net receipts in the prior fiscal year from the motor vehicle excise and certain payments made by the Commonwealth in lieu of taxes. The fiscal year ends on June 30. Notes may mature in the following fiscal year, and notes may be refunded into the following fiscal year to the extent of the uncollected, unabated current tax levy and certain other items, including revenue deficits, overlay deficits, final judgments and lawfully unappropriated expenditures, which are to be added to the next tax levy, but excluding deficits arising from a failure to collect taxes of earlier years. (See "Taxation to Meet Deficits" under "PROPERTY TAX" above). In any event, the period from an original borrowing to its final maturity cannot exceed one year.

The Town has not issued revenue anticipation notes during the past ten fiscal years.

Grant Anticipation Notes. These are issued for temporary financing in anticipation of federal grants and state and county reimbursements. Generally they must mature within two years but may be refunded from time to time as long as the municipality remains entitled to the grant or reimbursement.

Revenue Bonds. Cities and towns may issue revenue bonds for solid waste disposal facilities, for projects financed under the Commonwealth Clean Water Revolving Loan Programs and for certain economic development projects supported by tax increment financing. In addition to general obligation bonds and notes, cities and towns having electric departments may issue revenue bonds, and notes in anticipation of such bonds, subject to the approval of the State Department of Telecommunications and Energy.

## TOWN OF BRAINTREE, MASSACHUSETTS

### DIRECT DEBT SUMMARY

Projected as of June 30, 2017

**General Obligation Bonds:**

Outstanding (1)			
Sewer (2)	\$	2,154,716	
Water (3)		17,904,964	
School (4)		8,195,000	
Electric (5)		70,225,000	
General		14,855,000	
Total Long Term Debt Outstanding			\$ 113,334,680
This Issue			8,083,000
<b>Total Direct Debt After This Issue</b>			<b>\$ 121,417,680</b>

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- (1) Principal amount only. Excludes lease and installment purchase obligations, overlapping debt and unfunded pension liability and other post-employment benefits liability.
  - (2) Self-supporting.
  - (3) Self-supporting. \$17,569,964 is outside the Town's debt limit.
  - (4) Does not reflect reimbursement to be received from the Massachusetts School Building Authority for school building assistance.
  - (5) Self-supporting. Outside the Town's debt limit.

## Debt Ratios

The table below sets forth the trend in the percentage of debt to equalized valuation and per capita debt ratios at the end of the following fiscal years. The table considers the principal amount of general obligation bonds of the Town of Braintree only. The table does not deduct anticipated state grant payments applicable to the principal amount of outstanding bonds or debt that may be supported in whole, or part, by non-tax revenues. (See "Direct Debt Summary".)

Fiscal Year End	General Obligation Bonds Outstanding (1)	Population (2010 Federal Census)	Equalized Valuation(2)	Per Capita Debt (1)	Ratio Debt To Equalized Valuation (1)
2017 (3)	\$113,334,680	35,744	\$6,327,219,800	\$3,171	1.79 %
2016	124,653,544	35,744	5,574,551,500	3,487	2.24
2015	128,087,736	35,744	5,574,551,500	3,583	2.30
2014	135,162,930	35,744	5,627,043,400	3,781	2.40
2013	138,732,624	35,744	5,627,043,400	3,881	2.47
2012	141,651,230	35,744	5,803,418,500	3,963	2.44

- (1) Includes \$70,225,000 outstanding self-supporting electric light general obligation bonds issued by the Town in fiscal 2009, refunded in March 2015.
- (2) 2010 equalized valuation is used for fiscal year 2012; 2012 equalized valuation is used for fiscal years 2013 and 2014; 2014 equalized valuation is used for fiscal year 2015 and 2016; 2016 equalized valuation is used for fiscal year 2017.
- (3) Projected. Excludes this issue.

## Principal Payments by Purpose

The following table sets forth the principal payments by purpose for the outstanding debt of the Town of Braintree projected as of June 30, 2017.

### GENERAL OBLIGATION BONDS PRINCIPAL PAYMENTS BY PURPOSE Projected as of June 30, 2017 (Excludes This Issue of Bonds)

Fiscal Year	Enterprise Debt (1)				Governmental Debt			Total Principal Payments
	Water	Sewer	Electric	Total Enterprise	General	School	Total Governmental	
2018	\$1,733,401	\$532,440	\$5,600,000	\$7,865,841	\$1,880,000	\$935,000	\$2,815,000	\$10,680,841
2019	1,458,731	487,592	5,875,000	7,821,323	1,660,000	925,000	2,585,000	10,406,323
2020	1,423,067	483,592	5,965,000	7,871,659	1,575,000	895,000	2,470,000	10,341,659
2021	1,417,410	282,092	6,180,000	7,879,502	1,405,000	825,000	2,230,000	10,109,502
2022	1,367,760	221,500	6,515,000	8,104,260	1,250,000	645,000	1,895,000	9,999,260
2023	1,188,117	31,500	6,785,000	8,004,617	1,155,000	625,000	1,780,000	9,784,617
2024	1,183,481	31,500	7,120,000	8,334,981	1,080,000	620,000	1,700,000	10,034,981
2025	1,178,853	31,500	7,475,000	8,685,353	1,005,000	615,000	1,620,000	10,305,353
2026	1,179,232	26,500	7,845,000	9,050,732	955,000	610,000	1,565,000	10,615,732
2027	1,004,618	26,500	7,545,000	8,576,118	825,000	360,000	1,185,000	9,761,118
2028	925,013	-	3,320,000	4,245,013	700,000	325,000	1,025,000	5,270,013
2029	925,415	-	-	925,415	500,000	295,000	795,000	1,720,415
2030	605,825	-	-	605,825	385,000	270,000	655,000	1,260,825
2031	611,244	-	-	611,244	180,000	150,000	330,000	941,244
2032	526,671	-	-	526,671	105,000	50,000	155,000	681,671
2033	462,106	-	-	462,106	75,000	15,000	90,000	552,106
2034	342,551	-	-	342,551	55,000	15,000	70,000	412,551
2035	238,004	-	-	238,004	45,000	15,000	60,000	298,004
2036	133,466	-	-	133,466	20,000	5,000	25,000	158,466
<b>Total:</b>	<b>\$17,904,964</b>	<b>\$2,154,716</b>	<b>\$70,225,000</b>	<b>\$90,284,680</b>	<b>\$14,855,000</b>	<b>\$8,195,000</b>	<b>\$23,050,000</b>	<b>\$113,334,680</b>

- (1) Self-supporting.

## Debt Service Requirements

The following table sets forth the required principal and interest payments on outstanding general obligation bonds of the Town of Braintree.

### GENERAL OBLIGATION DEBT Projected as of June 30, 2017 (Excludes This Issue of Bonds)

Fiscal Year	Principal	Interest	Total
2018	\$10,680,841	\$4,847,464	\$15,528,305
2019	10,406,323	4,407,234	14,813,557
2020	10,341,659	3,954,323	14,295,982
2021	10,109,502	3,573,411	13,682,913
2022	9,999,260	3,129,505	13,128,765
2023	9,784,617	2,751,461	12,536,078
2024	10,034,981	2,305,765	12,340,746
2025	10,305,353	1,841,487	12,146,840
2026	10,615,732	1,361,709	11,977,440
2027	9,761,118	873,122	10,634,240
2028	5,270,013	422,315	5,692,328
2029	1,720,415	187,282	1,907,696
2030	1,260,825	128,678	1,389,503
2031	941,244	88,549	1,029,793
2032	681,671	62,964	744,635
2033	552,106	43,278	595,384
2034	412,551	26,963	439,514
2035	298,004	13,790	311,794
2036	158,466	4,403	162,869
Total:	<u>\$113,334,680</u>	<u>\$30,023,702</u>	<u>\$143,358,382</u>

## Authorized Unissued Debt and Prospective Financing

Currently, the Town has approximately \$25.04 million of authorized unissued debt. The Town is preparing a comprehensive capital plan which includes potential borrowings for major school construction and reconstruction projects and water and sewer upgrades. Potential project estimates are not currently available and the priority of projects has not yet been determined. Any such water and sewer debt would be supported by user fees and rates. Prospective school construction projects would be expected to be subject to a debt exclusion and eligible for approximately 56% state school construction grants.

## Overlapping Debt

The Town of Braintree is located in Norfolk County and is a member of the Massachusetts Water Resources Authority ("MWRA") and the Massachusetts Bay Transportation Authority ("MBTA"). The following table sets forth the outstanding bonded debt, exclusive of temporary loans in anticipation of bonds or current revenue, of Norfolk County, the MWRA and the MBTA, as well as the Town's share of such debt and the fiscal 2017 assessments by the overlapping entities to the Town.

<u>Overlapping Entity</u>	<u>Outstanding Debt</u>	<u>Braintree's Estimated Share(1)</u>	<u>Fiscal 2017 Dollar Assessment(2)</u>
Norfolk County(3)	\$ 11,830,000	4.700%	\$ 281,759
Massachusetts Water Resources Authority(4) Sewer	3,690,804,000	2.250%	3,452,055
Massachusetts Bay Transportation Authority(5)	5,656,191,000	0.484%	794,306

(1) Estimated share of debt only.

(2) Dollar assessment based upon total net operating expenses, inclusive of debt service.

(3) SOURCE: Norfolk County Treasurer's Office. Assessment includes debt service and other County expenses assessed upon the Town in proportion to its equalized valuation. Legislation enacted in 1997 abolished the county governments of Franklin and Middlesex Counties as of July 1, 1997, with their assets, functions, debts and other obligations being assumed by the Commonwealth. The abolishment of the Middlesex County government was in part in response to a default by the County in the payment of general obligation notes of the County. The legislation also abolished the county governments of Hampden and Worcester Counties as of July 1, 1998. Legislation enacted in 1998 abolished the county governments of Hampshire, Essex and Berkshire counties as of January 1, 1999, July 1, 1999 and July 1, 2000, respectively. The legislation also requires the state secretary for administration and finance to establish a plan to recover the Commonwealth's expenditures for liabilities and other debts assumed and paid by the Commonwealth on behalf of an abolished county. Unless these provisions are changed by further legislation, the state treasurer shall assess upon each city and town within the jurisdiction of an abolished county an amount not exceeding or equal to the county tax paid by each city and town for the fiscal year immediately prior to the abolishment of the county until such expenditures by the Commonwealth are recovered. It is possible that similar legislation will be sought to provide for the abolishment of county governments in all the remaining counties.

(4) SOURCE: MWRA. The MWRA provides wholesale drinking water services in whole or in part to 48 cities, towns and special purpose entities and provides wastewater collection and treatment services to 43 cities, towns and special purpose entities. Under its enabling legislation, as amended, the aggregate principal amount of all bonds issued by the MWRA for its corporate purposes may not exceed \$6.1 billion outstanding at any time. Its obligations are secured by revenues of the MWRA. The MWRA assesses member cities, towns and special purpose entities, which continue to provide direct retail water and sewer services to users. The cities, towns and other entities collect fees from the users to pay all or part of the assessments; some municipalities levy property taxes to pay part of the amounts assessed upon them.

(5) SOURCE: MBTA. The MBTA was created in 1964 to finance and operate mass transportation facilities within the greater Boston metropolitan area. Under its enabling act, the MBTA is authorized to issue bonds for capital purposes, other than refunding bonds, and for certain specified purposes to an outstanding amount, which does not exceed the aggregate principal amount of \$3,556,300,000. In addition, pursuant to certain of the Commonwealth's transportation bond bills, the MBTA is authorized to issue additional bonds for particular capital projects. The MBTA also is authorized to issue bonds for the purpose of refunding bonds. Under the MBTA's enabling act, debt service and other operating expenses of the MBTA are to be financed by a dedicated revenue stream consisting of the amounts assessed on the cities and towns of the MBTA and a dedicated portion of the statewide sales tax. The amount assessed to each city and town is based on its weighted percentage of the total population of the authority as provided in the enabling act. The aggregate amount of such assessments is not permitted to increase by more than 2.5 percent per year.

## **Contractual Obligations**

Municipal contracts are generally limited to currently available appropriations. A city or town generally has authority to enter into contracts for the exercise of any of its corporate powers for any period of time deemed to serve its best interest, but generally only when funds are available for the first fiscal year; obligations for succeeding fiscal years generally are expressly subject to availability and appropriation of funds. Municipalities have specific authority in relatively few cases for long-term contractual obligations that are not subject to annual appropriation, including contracts for refuse disposal and sewage treatment and disposal. Municipalities may also enter into long-term contracts in aid of housing and renewal projects. There may be implied authority to make other long-term contracts required to carry out authorized municipal functions, such as contracts to purchase water from private water companies.

Municipal contracts relating to solid waste disposal facilities may contain provisions requiring the delivery of minimum amounts of waste and payments based thereon and requiring payments in certain circumstances without regard to the operational status of the facilities.

Municipal electric departments have statutory power to enter into long-term contracts for joint ownership and operation of generating and transmission facilities and for the purchase or sale of capacity, including contracts requiring payments without regard to the operational status of the facilities. See Appendix A for information relating to contractual obligations of the Town's Electric Department.

Pursuant to the Home Rule Amendment to the Massachusetts Constitution, cities and towns may also be empowered to make other contracts and leases.

Other than the contracts of the Town's Electric Department referred to above, the Town has no contractual agreements of any significance other than a five-year contract with Sunrise Scavenger for trash and recyclables pickup, which commenced July 1, 2013. Previously the Town was in a contract with Capital Waste Management. The cost for that contract was \$1,535,934 for fiscal year 2013. The cost for the contract with Sunrise Scavenger was \$1,283,701 in fiscal 2014. The cost for the contract with Sunrise Scavenger was \$1,324,847 in fiscal 2015 and \$1,341,991 in fiscal 2016. The estimated cost for fiscal 2017 \$1,358,452.

## **RETIREMENT PLAN**

The Massachusetts General Laws provide for the establishment of contributory retirement systems for state employees, for teachers and for county, city and town employees other than teachers. Teachers are assigned to a separate statewide teachers' system and not to the city and town systems. For all employees other than teachers, this law is subject to acceptance in each city and town. Substantially all employees of an accepting city or town are covered. If a town has a population of less than 10,000 when it accepts the statute, its non-teacher employees participate through the county system and its share of the county cost is proportionate to the aggregate annual rate of regular compensation of its covered employees. In addition to the contributory systems, cities and towns provide non-contributory pensions to a limited number of employees, primarily persons who entered service prior to July 1, 1937 and their dependents. The Public Employee Retirement Administration Commission ("PERAC") provides oversight and guidance for and regulates all state and local retirement systems.

The obligations of a city or town, whether direct or through a county system, are contractual legal obligations and are required to be included in the annual tax levy. If a city or town, or the county system of which it is a member, has not established a retirement system funding schedule as described below, the city or town is required to provide for the payment of the portion of its current pension obligations which is not otherwise covered by employee contributions and investment income. "Excess earnings," or earnings on individual employees' retirement accounts in excess of a predetermined rate, are required to be set aside in a pension reserve fund for future, not current, pension liabilities. Cities and towns may voluntarily appropriate to their system's pension reserve fund in any given year up to five percent of the preceding year's tax levy. The aggregate amount in the fund may not exceed ten percent of the equalized valuation of the city or town.

If a city or town, or each member city and town of a county retirement system, has accepted the applicable law, it is required to annually appropriate an amount sufficient to pay not only its current pension obligations, but also a portion of its future pension liability. The portion of each such annual payment allocable to future pension obligations is required to be deposited in the pension reserve fund. The amount of the annual city or town appropriation for each such system is prescribed by a retirement system funding schedule which is periodically reviewed and approved by PERAC. Each system's retirement funding schedule is designed to reduce the unfunded actuarial pension liability of the system to zero by not later than June 30, 2040, with annual increases in the scheduled payment amounts of not more than 4.5 percent. The funding schedule must provide that payment in any year of the schedule is not less than 95 percent of the amount

appropriated in the previous fiscal year. City, town and county systems which have an approved retirement funding schedule receive annual pension funding grants from the Commonwealth for the first 16 years of such funding schedule. Pursuant to recent legislation, a system (other than the state employees' retirement system and the teachers' retirement system) which conducts an actuarial valuation as of January 1, 2009, or later, may establish a revised schedule which reduces the unfunded actuarial liability to zero by not later than June 30, 2040, subject to certain conditions. If the schedule is so extended under such provisions and a later updated valuation allows for the development of a revised schedule with reduced payments, the revised schedule shall be adjusted to provide that the appropriation for each year shall not be less than that for such year under the prior schedule, thus providing for a shorter schedule rather than reduced payments.

City, town and county systems may choose to participate in the Pension Reserves Investment Trust Fund (the "PRIT Fund"), which receives additional state funds to offset future pension costs of participating state and local systems. If a local system participates in the PRIT Fund, it must transfer ownership and control of all assets of its system to the Pension Reserves Investment Management Board, which manages the investment and reinvestment of the PRIT Fund. Cities and towns with systems participating in the PRIT Fund continue to be obligated to fund their pension obligations in the manner described above. The additional state appropriations to offset future pension liabilities of state and local systems participating in the PRIT Fund are required to total at least 1.3 percent of state payroll. Such additional state appropriations are deposited in the PRIT Fund and shared by all participating systems in proportion to their interests in the assets of the PRIT Fund as of July 1 for each fiscal year.

Cost-of-living increases for each local retirement system may be granted and funded only by the local system, and only if it has established a funding schedule. Those statutory provisions are subject to acceptance by the local retirement board and approval by the local legislative body, which acceptance may not be revoked.

All Town employees, other than teachers, participate in the Town of Braintree Contributory Retirement System (the "System"). Contributions to provide benefits under the System are made by the Town, the Electric Light Department and the Braintree Housing Authority, in accordance with a funding schedule determined by an actuarial valuation, in accordance with Massachusetts General Laws, Chapter 22D. Active Town employees contribute 5%, 7%, 8% or 9%, (depending on date of employment) of their regular compensation, as defined by PERAC. Participants of the plan hired after 1978 are required to contribute an additional 2% of compensation over \$30,000.

The Town's contributions to its contributory retirement system in the current and last five fiscal years are as follows:

<u>Fiscal Year</u>		<u>Fiscal Contribution</u>	
2017	(budget)	\$	9,042,628
2016			8,652,623
2015			8,273,433
2014			7,956,604
2013			7,455,924
2012			7,201,414

Massachusetts Contributory Retirement System benefits are uniform from system to system. The System provides for retirement allowance benefits up to a maximum of 80% of a member's highest three-year average annual rate of regular compensation. Benefit payments are based on a member's age, length of creditable service, level of compensation and group classification.

Members become vested after 10 years of creditable services. A superannuation retirement allowance may be received upon the completion of 20 years of service or upon reaching the age of 55 with 10 years of service. Normal retirement for most employees occurs at age 65. (For certain hazardous duty and public safety positions, normal retirement age is at 55.)

A retirement allowance consists of two parts: an annuity and a pension. A member's accumulated total deductions and a portion of the interest he or she generates constitutes the annuity. The differential between the total retirement benefit is currently approximately 80% to 85% pension and 15% to 20% annuity.

Under recent legislation, cost of living adjustments (COLA) for the System would be granted and funded by the System. Those statutory provisions have been accepted by the Retirement Board with the approval of the Town Council, which acceptance may not be revoked.

The total unfunded actuarial accrued liability applicable to the Town's employees in the System was \$94,654,096 at January 1, 2016, based on an accrued liability of \$273,681,112 and an actuarial value of assets of \$179,027,096.

The pension benefit obligation of the Town was computed as part of an actuarial valuation performed as of January 1, 2016. Actuarial assumptions used in the valuation include (1) projected salary increases of 4.0% per year and (2) and a 7.75% assumed rate of return.

In addition to pension benefits, cities and towns may provide retired employees with payments for a portion of their health care and life insurance benefits. These benefit payments are generally provided on a pay-as-you-go basis.

Under legislation enacted in 2003, cities and towns that accepted its provisions and that obtained certain state approvals therefor could, within limits, reduce the amount of their scheduled appropriations for fiscal year 2004 and fiscal year 2005 for the unfunded portion of their pension liability to offset recent reductions in state aid. Cities and towns that reduced such appropriations were required to revise their retirement system funding schedule for eliminating their unfunded pension liability and could extend such schedule by one year, provided that in no event could such funding schedule extend beyond June 30, 2028. Braintree did not accept such provisions.

For additional information with respect to the System, see Appendix A.

### Current Funding Schedule

Fiscal Year Ending	Employer Normal Cost	Amortization Payment of UAL	Amortization Payment of ERI 2002	Amortization Payment of ERI 2003	Amortization Payment of ERI 2010	Net 3(8)(c) Transfers	Total Employer Cost	Unfunded Actuarial Accrued Liability
2017	\$3,441,045	\$5,453,741	\$11,210	\$4,539	\$120,296	\$135,000	\$9,165,831	94,654,096
2018	3,578,689	6,049,364	11,210	4,539	120,296	135,000	9,899,098	96,187,440
2019	3,721,838	6,698,144	11,210	4,539	120,296	135,000	10,691,027	97,221,346
2020	3,870,710	7,415,764	-	4,538	120,296	135,000	11,546,308	97,661,928
2021	4,025,538	8,189,179	-	-	120,296	135,000	12,470,013	97,403,383
2022	4,186,559	9,025,759	-	-	120,295	135,000	13,467,613	96,326,686
2023	4,354,023	10,055,999	-	-	-	135,000	14,545,022	94,298,154
2024	4,528,184	11,041,615	-	-	-	135,000	15,704,799	91,167,862
2025	4,709,312	11,483,280	-	-	-	135,000	16,327,592	86,771,877
2026	4,897,684	11,942,611	-	-	-	135,000	16,975,295	81,576,743
2027	5,093,591	12,420,316	-	-	-	135,000	17,648,907	75,502,188
2028	5,297,335	12,917,129	-	-	-	135,000	18,349,464	68,460,985
2029	5,509,229	13,433,814	-	-	-	135,000	19,078,043	60,358,383
2030	5,729,599	13,971,166	-	-	-	135,000	19,835,765	51,091,496
2031	5,958,782	14,530,012	-	-	-	135,000	20,623,794	40,548,639
2032	6,197,135	15,111,213	-	-	-	135,000	21,443,348	28,608,614
2033	6,445,019	15,715,661	-	-	-	135,000	22,295,680	15,139,935
2034	6,702,820	-	-	-	-	135,000	6,837,820	-
2035	6,970,933	-	-	-	-	135,000	7,105,933	-
2036	7,249,772	-	-	-	-	135,000	7,384,772	-
2037	7,539,761	-	-	-	-	135,000	7,674,761	-
2038	7,841,352	-	-	-	-	135,000	7,976,352	-
2039	8,155,007	-	-	-	-	135,000	8,290,007	-
2040	8,481,207	-	-	-	-	135,000	8,616,207	-
2041	8,820,456	-	-	-	-	135,000	8,955,456	-
2042	9,173,273	-	-	-	-	135,000	9,308,273	-
2043	9,540,205	-	-	-	-	135,000	9,675,205	-
2044	9,921,812	-	-	-	-	135,000	10,056,812	-
2045	10,318,686	-	-	-	-	135,000	10,453,686	-
2046	10,731,433	-	-	-	-	135,000	10,866,433	-

Source: January 1, 2016 Actuarial Valuation Report of the Braintree Contributory Retirement System, PERAC.

## Other Post-Employment Benefits

In addition to pension benefits, cities and towns may provide retired employees with health care and life insurance benefits. The portion of the cost of such benefits paid by cities or towns is generally provided on a pay-as-you-go basis.

In addition to pension benefits, cities and towns may provide retired employees with health care and life insurance benefits. The portion of the cost of such benefits paid by cities and towns is generally provided on a pay-as-you-go basis. The Governmental Accounting Standards Board (“GASB”) promulgated its Statement Nos. 43 and 45, which require public sector entities to report the future costs of these non-pension, post-employment benefits in their financial statements. These accounting standards do not require pre-funding the payment of these costs as the liability for such costs accrues, but the basis applied by the standards for measurement of costs and liabilities for these benefits is conservative if they continue to be funded on a pay-as-you-go basis and will result in larger yearly cost and liability accruals than if the cost of such benefits were pre-funded in a trust fund in the same manner as traditional pension benefits. Cities and towns that choose to self-insure all or a portion of the cost of the health care benefits they provide to employees and retirees may establish a trust fund for the purpose of paying claims. In addition, cities and towns may establish a trust fund for the purpose of pre-funding other post-employment benefits liability in the same manner as traditional pension benefits.

The Town was required to implement the GASB reporting requirements for other post-employment benefits beginning with its fiscal year 2007 audit. An outside firm recently updated the actuarial valuation of the Town’s post-employment liability and the unfunded OPEB liability is estimated at \$185,797,436 as of January 1, 2014, using a 4.0% discount rate, assuming the plan is funded on a pay-as-you go basis.

The Town has considered various options to fully fund this liability, including modifying existing health care plan design, copayments and premium share in addition to having a GASB approved OPEB Trust Fund to which increasing annual contributions have been and are planned to be appropriated. The Town decided to continue funding this liability through annual appropriations on a pay-as-you go basis. The Town appropriated \$1.3 million of its General and Enterprise Funds in fiscal 2013. The Town decided to increase this appropriation annually by a minimum of \$145,000 through 2033, when the Town’s unfunded pension liability is planned to be fully funded. At this point the Town expects to appropriate the same amount as it had been raising to fund pensions, to fully fund the OPEB liability annually through 2040. The OPEB Trust Fund Balance as of June 30, 2016 was \$6,238,771.

## EMPLOYEE RELATIONS

The Town employs approximately 327 full-time workers, of whom 70 are employed by the Public Works Department, 88 by the Fire Department, and the 171 balance by various other Town Departments. There are 57 part-time employees (including Library Pages, Recycling Workers and Traffic Supervisors/Matrons.) The Braintree School Department employs 756 full and 59 part-time workers. In addition, the Braintree Electric Light Department employs 99 full time employees and 1 part-time employee. Most town employees are entitled to join unions and to bargain collectively on questions of wages, hours and other terms and conditions of employment. The following table outlines the Town’s existing unions.

Union	Contract Expires (1)	Number of Members
American Federation of State, County and Municipal Employees (A.F.S.C.M.E.)	6/30/2019	72
Braintree Library Staff Association (B.L.S.A.)	6/30/2019	22
Braintree Police Patrolmen's Club (B.P.P.C.)	6/30/2016	58
Braintree Professional Management Association (B.P.M.A.)	6/30/2019	31
Braintree Police Superior Officers Association (B.P.S.O.A.)	6/30/2016	17
International Association of Fire Fighters (I.A.F.F.)	6/30/2019	88
Utility Workers Union of America (U.W.U.A.)	6/30/2019	16
School BEA	8/31/2019	646
School Custodians	6/30/2019	36
School Cafeteria Workers	6/30/2016	42
School Maintenance Workers	6/30/2016	3
School Transportation	6/30/2019	43

(1) Expired contracts are currently in negotiations.

## LITIGATION

At present there are various cases pending in various courts throughout the Commonwealth where the Town of Braintree is a defendant. In the opinion of the Town, none of the pending litigation is likely to result, either individually or in the aggregate, in final judgments against the Town that would materially affect its financial position or its ability to pay its obligations.

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TOWN OF BRAintree, MASSACHUSETTS  
/s/ Barbara Walls, Treasurer-Collector

May 17, 2017

# TOWN OF BRAINTREE, MASSACHUSETTS COMPREHENSIVE ANNUAL FINANCIAL REPORT



**FOR THE YEAR ENDED JUNE 30, 2016**

On the Cover: Town Hall



Braintree Police Department Honor Guard

**The Town of  
Braintree, Massachusetts**



**Comprehensive  
Annual Financial Report**

**For the Year Ended  
June 30, 2016**

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

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TOWN OF BRAINTREE, MASSACHUSETTS

COMPREHENSIVE ANNUAL FINANCIAL REPORT

June 30, 2016

**TABLE OF CONTENTS**

***Introductory Section*..... A-1**

Letter of Transmittal ..... A-3

Organizational Chart ..... A-7

Principal Town Officials..... A-8

Certificate of Achievement for Excellence in Financial Reporting ..... A-9

***Financial Section* ..... A-11**

Independent Auditor’s Report ..... A-13

Management’s Discussion and Analysis ..... A-16

Basic Financial Statements..... A-25

    Statement of Net Position..... A-27

    Statement of Activities..... A-28

    Governmental Funds – Balance Sheet ..... A-30

    Reconciliation of the Governmental Funds Balance Sheet Total Fund Balances to the Statement of Net  
    Position..... A-31

    Governmental Funds – Statement of Revenues, Expenditures and Changes in Fund Balances ..... A-32

    Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of  
    Governmental Funds to the Statement of Activities..... A-33

    Proprietary Funds – Statement of Net Position..... A-34

    Proprietary Funds – Statement of Revenues, Expenses and Changes in Net Position ..... A-35

    Proprietary Funds – Statement of Cash Flows ..... A-36

    Fiduciary Funds – Statement of Fiduciary Net Position ..... A-37

    Fiduciary funds – Statement of Changes in Fiduciary Net Position ..... A-38

    Notes to Basic Financial Statements ..... A-39

Required Supplementary Information ..... A-79

    General Fund Budgetary Comparison Schedule ..... A-80

        Schedule of Revenues, Expenditures and Changes in Fund Balance – General Fund – Budget and  
        Actual ..... A-81

    Pension Plan Schedules – Retirement System..... A-84

        Schedule of Changes in the Net Pension Liability and Related Ratios..... A-85

        Schedule of Contributions ..... A-86

        Schedule of Investment Return ..... A-87

Pension Plan Schedules - Town .....	A-88
Schedule of the Town's Proportionate Share of the Net Pension Liability .....	A-89
Schedule of the Municipal Light Plant's Proportionate Share of the Net Pension Liability .....	A-90
Schedule of the Town's Contributions .....	A-91
Schedule of the Special Funding Amounts of the Net Pension Liability.....	A-92
Other Postemployment Benefits Plan Schedules .....	A-93
Other Postemployment Benefits Plan Schedule of Funding Progress and Employer Contributions .....	A-94
Other Postemployment Benefits Plan Actuarial Methods and Assumptions.....	A-95
Notes to Required Supplementary Information .....	A-96
Other Supplementary Information.....	A-101
Combining and Individual Fund Statements .....	A-102
Nonmajor Governmental Funds .....	A-103
Nonmajor Governmental Funds – Combining Balance Sheet.....	A-104
Nonmajor Governmental Funds – Combining Statement of Revenues, Expenditures and Changes in Fund Balances .....	A-106
Agency Fund .....	A-108
Agency Fund – Statement of Changes in Assets and Liabilities .....	A-109
<b>Statistical Section.....</b>	<b>A-111</b>
Net Position by Component – Last Ten Years.....	A-112
Changes in Net Position – Last Ten Years.....	A-113
Fund Balances – Governmental Funds – Last Ten Years.....	A-114
Changes in Fund Balances – Governmental Funds – Last Ten Years .....	A-115
Assessed Value and Actual Value of Taxable Property by Classification and Tax Rates - Last Ten Years.....	A-116
Principal Taxpayers – Current Year and Nine Years Ago .....	A-117
Property Tax Levies and Collections – Last Ten Years.....	A-118
Ratios of Outstanding Debt and General Bonded Debt – Last Ten Years .....	A-119
Direct and Overlapping Governmental Activities Debt.....	A-120
Computation of Legal Debt Margin – Last Ten Years.....	A-121
Demographic and Economic Statistics – Last Ten Years.....	A-122
Principal Employers – Current Year and Nine Years Ago .....	A-123
Full-Time Equivalent Town Employees by Function – Last Ten Years .....	A-124
Operating Indicators by Function/Program – Last Ten Years .....	A-125
Capital Asset Statistics by Function/Program – Last Ten Years .....	A-126

# *Introductory Section*



Braintree Annual 4<sup>th</sup> of July Parade marching Colonial Militia

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# ***Introductory Section***

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**Edward J. Spellman, Jr.**  
**Director of Finance**



**Joseph C. Sullivan**  
**Mayor**

**TOWN OF BRAintree**  
**DEPARTMENT OF MUNICIPAL FINANCE**

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Tel: 781-794-8035 Fax: 781-794-8181

**Letter of Transmittal**

December 27, 2016

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 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 this Comprehensive Annual Financial Report (CAFR) of the Town of Braintree, Massachusetts, for the year ending June 30, 2016.

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 year ended June 30, 2016, 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 year ended June 30, 2016, 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 year ended June 30, 2016, 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 Town'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, serves 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. 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 both increased substantially. On the Town's operating side, the FY16 budgets and service level were maintained through a 6.5% increase in the operating

budget. With a 5% increase in expected revenue and the use of available reserves, 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.

## **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 year.

## **Awards and Acknowledgements**

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Town for its CAFR for the year ended June 30, 2015. This was the fourth time that the Town submitted a CAFR to the GFOA. The Town was awarded this Certificate in all four years. In order to receive this prestigious award, a government had to publish an easily readable and efficiently organized CAFR that satisfied both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

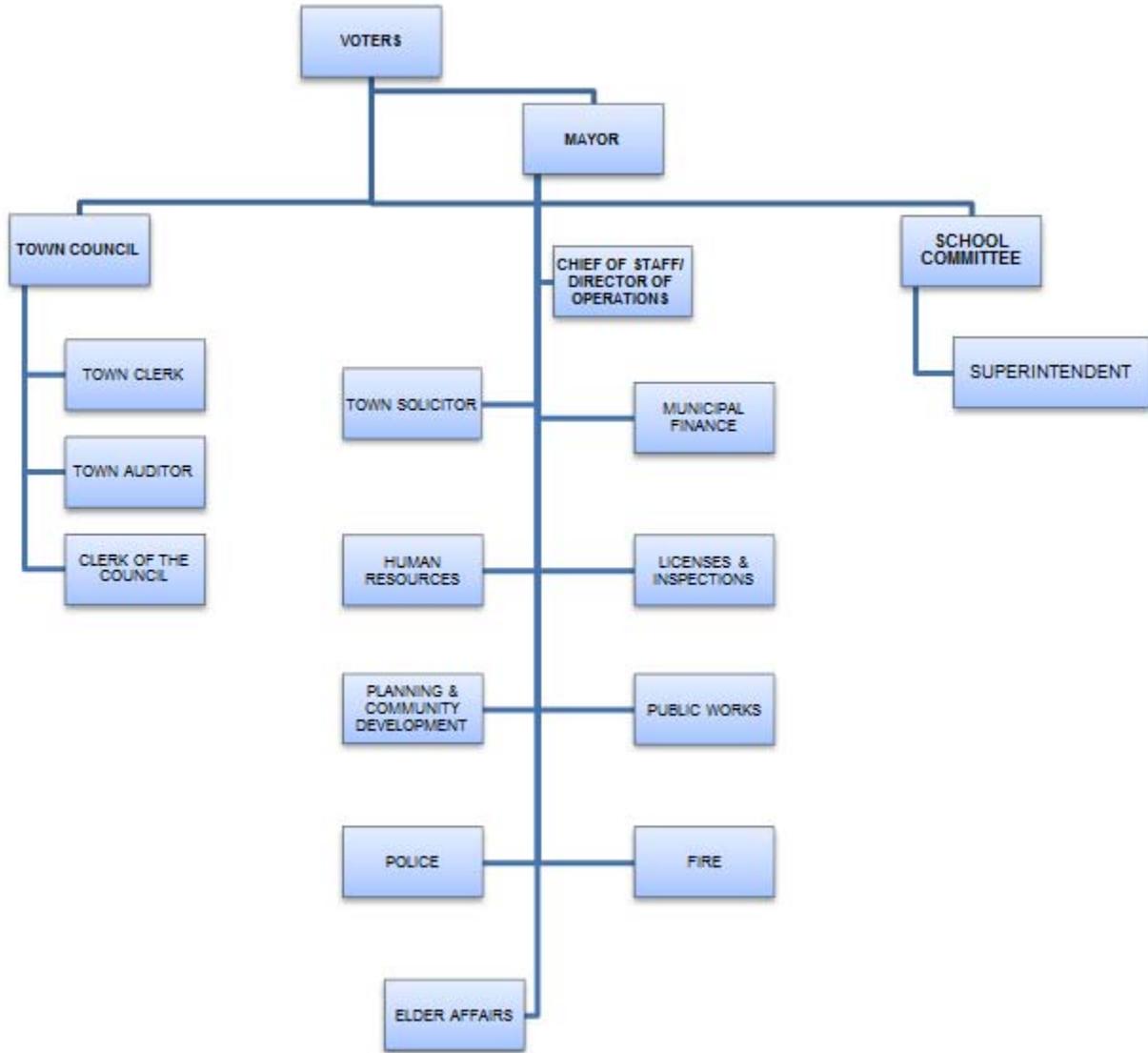
This report represents significant effort by the entire financial team of the Town, whose dedicated efforts have significantly improved the financial operations of the Town. We would like to express our appreciation to the members of all the departments who assisted and contributed to the preparation 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,

A handwritten signature in black ink, appearing to read "Edward J. Spellman, Jr.", with a stylized flourish at the end.

Edward J. Spellman, Jr.  
Director of Municipal Finance

# Town of Braintree Organizational Chart



## Principal Town Officials

Elected Officials		Term Expires
Mayor	Joseph C. Sullivan	2020
Town Council	<u>Councilors-at-Large</u>	
	Sean E. Powers, President	2018
	Charles B. Ryan, Vice President	2018
	Shannon Hume	2018
	<u>District Councilors</u>	
	Thomas M. Bowes	2018
	Charles C. Kokoros	2018
	John C. Mullaney	2018
	Paul Dan Clifford	2018
	Stephen C. O'Brien	2018
	Michael J. Owens	2018
School Committee	Lisa Fiske Heger, Chairperson	2020
	Thomas Devin, Vice Chairperson	2020
	George Kokoros	2018
	Cyril Chafe	2018
	Kate Naughton	2020
	David Ringius, Jr.	2018
	Joseph C. Sullivan, Mayor	2020

### Appointed Officials

#### Appointed by the Mayor

Chief of Staff	Michael T. Coughlin
Director of Municipal Finance	Edward J. Spellman, Jr.
Director of Human Resources	Karen M. Shanley
Director of Inspectional Services	Marybeth McGrath
Interim Director of Department of Public Works	Bob Campbell
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	James M. Casey
Clerk of the Council	Susan M. Cimino

#### Appointed by the School Committee

School Superintendent	Frank Hackett, Ed.D
School Business Manager	Edward Cronin



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, 2015**

Executive Director/CEO

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# ***Financial Section***



Sunset Lake

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# ***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, 2016 (except for the Braintree Contributory Retirement System which is as of and for the year ended December 31, 2015), 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, 2015, which is both a major fund and 74%, 61%, and 80%, 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, 2016 (except for the Braintree Contributory Retirement System and the Braintree Electric Light Department which are as of and for the year ended December 31, 2015), 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 27, 2016, 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 27, 2016

# ***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 year ended June 30, 2016. 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 deferred outflows and liabilities and deferred inflows 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 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 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 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 liabilities exceeded assets and deferred outflows for governmental activities by \$21.1 million. Key components of the Town's activities are presented below.

### Governmental Activities

	2016	2015
<b>Assets:</b>		
Current assets.....	\$ 70,552,422	\$ 65,256,606
Capital assets, non depreciable.....	14,889,610	17,979,855
Capital assets, net of accumulated depreciation.....	69,480,842	61,869,232
<b>Total assets.....</b>	<b>154,922,874</b>	<b>145,105,693</b>
<b>Deferred outflows of resources.....</b>	<b>10,750,264</b>	<b>1,891,142</b>
<b>Liabilities:</b>		
Current liabilities (excluding debt).....	15,700,278	13,905,118
Noncurrent liabilities (excluding debt).....	145,008,049	125,512,817
Current debt.....	3,307,264	2,888,898
Noncurrent debt.....	22,797,888	21,808,695
<b>Total liabilities.....</b>	<b>186,813,479</b>	<b>164,115,528</b>
<b>Net position:</b>		
Net investment in capital assets.....	58,265,300	57,366,463
Restricted.....	24,396,588	22,222,634
Unrestricted.....	(103,802,229)	(96,707,790)
<b>Total net position.....</b>	<b>\$ (21,140,341)</b>	<b>\$ (17,118,693)</b>

Net investment in capital assets of \$58.3 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, \$24.4 million, represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* resulting in a deficit of \$103.8 million. The deficit is the result of the implementation of GASB #68 and #71 which required the Town to record its net pension liability of \$67.8 million, along with the other postemployment benefits liability of \$74.9 million.

	2016	2015
<b>Program Revenues:</b>		
Charges for services.....	\$ 9,490,264	\$ 8,251,084
Operating grants and contributions.....	34,917,830	30,278,006
Capital grants and contributions.....	906,508	831,972
<b>General Revenues:</b>		
Real estate and personal property taxes.....	82,610,777	79,271,011
Motor vehicle and other excise taxes.....	6,229,679	5,678,581
Hotel/motel tax.....	1,614,166	1,491,419
Meals tax.....	1,142,349	1,017,863
Nonrestricted grants.....	5,315,517	5,224,867
Unrestricted investment income.....	169,918	195,103
Gain on the sale of land.....	479,038	-
Other revenues.....	1,549,883	1,904,002
<b>Total revenues.....</b>	<b>144,425,929</b>	<b>134,143,908</b>
<b>Expenses:</b>		
General government.....	7,502,823	7,100,754
Public safety.....	29,432,081	26,710,830
Education.....	96,802,496	92,481,566
Public works.....	8,524,059	9,686,905
Sanitation.....	1,601,041	1,504,795
Community preservation.....	112,414	642,312
Human services.....	1,475,863	1,439,972
Culture and recreation.....	4,348,816	3,857,160
Interest.....	772,942	486,438
<b>Total expenses.....</b>	<b>150,572,535</b>	<b>143,910,732</b>
<b>Excess (Deficiency) before transfers.....</b>	<b>(6,146,606)</b>	<b>(9,766,824)</b>
<b>Transfers.....</b>	<b>2,124,958</b>	<b>2,060,614</b>
<b>Change in net position.....</b>	<b>(4,021,648)</b>	<b>(7,706,210)</b>
<b>Net position beginning of the year.....</b>	<b>(17,118,693)</b>	<b>(9,412,483)</b>
<b>Net position - ending.....</b>	<b>\$ (21,140,341)</b>	<b>\$ (17,118,693)</b>

The governmental net position decreased by \$4.0 million during the current year as compared to a \$7.7 million decrease in the prior year. The decrease in net position is mainly attributable to the recording of an additional \$3.2 million of pension related expenses and \$7.4 million in other postemployment benefit expenses. Total operating grants increased due to the Massachusetts Teachers Retirement System's implementation of GASB #68 which increased the revenue and corresponding expense by \$3.5 million over the prior year amount. The Town saw increases in real estate and personal property taxes of \$3.3 million and an increase in motor vehicle and other excise of \$551,000. Expenses increased approximately 5% mainly due to an increase in the OPEB expense and an increase in net pension expense.

**Business-type Activities.** Business-type activities increased the Town's net position by \$9.2 million compared to a decrease of \$82,000 in the prior year. The results of operations for the business-type activities are discussed in the following paragraphs and tables.

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 and deferred outflows of resources exceeded liabilities by \$33.8 million at the close of 2016. Net investment in capital assets was \$30.0 million (88%) while unrestricted net position was \$3.9 million (12%). There was an increase of \$2.6 million in net position compared to an increase of \$1.6 million in the prior year. This increase was partly from a \$922,000 grant received from the Massachusetts Water Resource Authority (MWRA) and from an increase in the water rates.

Golf Course business-type activities assets and deferred outflows of resources were less than liabilities by \$700,000 at the close of 2016. Net investment in capital assets was \$723,000 while unrestricted net position was in a deficit in the amount of \$1.4 million. There was a decrease of \$60,000 in net position compared to a decrease of \$57,000 in the prior year.

Electric business-type activities assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$52.0 million at December 31, 2015. Net investment in capital assets was \$43.1 million, while restricted net position was \$5.0 million and unrestricted net position was \$4.0 million. There was an increase of \$6.6 million in net position compared to a decrease of \$1.6 million in the prior year. Lower fuel costs for generation was the main contributing factor towards the positive results in the current year.

<b><i>Business-Type Activities</i></b>	2016	2015 (As Revised/ Restated)
<b>Assets:</b>		
Current assets.....	\$ 48,064,022	\$ 44,629,562
Noncurrent assets (excluding capital).....	2,797,400	2,314,343
Capital assets, non depreciable.....	2,599,427	2,770,074
Capital assets, net of accumulated depreciation.....	188,177,594	188,194,339
<b>Total assets.....</b>	<b>241,638,443</b>	<b>237,908,318</b>
<b>Deferred outflows of resources.....</b>	<b>13,331,218</b>	<b>2,981,255</b>
<b>Liabilities:</b>		
Current liabilities (excluding debt).....	7,555,062	7,281,088
Non-current liabilities (excluding debt).....	32,408,842	30,429,795
Current debt.....	8,958,680	8,752,416
Noncurrent debt.....	113,126,890	109,881,763
<b>Total liabilities.....</b>	<b>162,049,474</b>	<b>156,345,062</b>
<b>Deferred inflows of resources.....</b>	<b>7,735,295</b>	<b>8,564,074</b>
<b>Net Position:</b>		
Net investment in capital assets.....	73,728,340	76,442,398
Restricted.....	5,038,499	5,353,621
Unrestricted.....	6,418,053	(5,815,582)
<b>Total net position.....</b>	<b>\$ 85,184,892</b>	<b>\$ 75,980,437</b>

	2016	2015 (As Revised/ Restated)
<b>Program Revenues:</b>		
Charges for services.....	\$ 92,237,314	\$ 90,897,119
Capital grants and contributions.....	921,557	787,500
<b>General Revenues:</b>		
Unrestricted investment income.....	33,586	80,939
<b>Total revenues.....</b>	<b>93,192,457</b>	<b>91,765,558</b>
<b>Expenses:</b>		
Water and sewer.....	14,555,945	14,834,145
Golf Course.....	1,677,140	1,491,676
Electric Light.....	65,629,959	73,461,461
<b>Total expenses.....</b>	<b>81,863,044</b>	<b>89,787,282</b>
<b>Excess before transfers.....</b>	<b>11,329,413</b>	<b>1,978,276</b>
<b>Transfers.....</b>	<b>(2,124,958)</b>	<b>(2,060,614)</b>
<b>Change in net position.....</b>	<b>9,204,455</b>	<b>(82,338)</b>
<b>Net position beginning of the year, as revised/restated.....</b>	<b>75,980,437</b>	<b>76,062,775</b>
<b>Net position - ending.....</b>	<b>\$ 85,184,892</b>	<b>\$ 75,980,437</b>

### **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 year.

At the end of the current year, governmental funds reported combined ending fund balances of \$46.3 million, which represents an increase of \$3.0 million from the prior year. The general fund increased by \$3.3 million and the nonmajor funds decreased by \$350,000.

The general fund is the chief operating fund. At the end of the current year, unassigned fund balance of the general fund was \$18.8 million, while total fund balance was \$22.3 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 14% of total general fund expenditures, while total fund balance represents 17% of that same amount.

General fund revenues increased by \$8.6 million or approximately 7.0% over the previous year. This increase came mainly from intergovernmental revenue which recognized the Massachusetts Teachers' Retirement System's (MTRS) implementation of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, along with an increase in real estate taxes. Expenditures increased by \$5.4 million or approximately 4.3%.

Virtually all expenditures increased with the exception of public works due to lower snow and ice expenditures in the current year. The expenditures with major increases were education, pension benefits – teachers and other employee benefits. The change in fund balance for the year was an increase of \$3.3 million, which compared to a decrease in the prior year of \$529,000.

**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 2016, the Town Council also approved supplemental appropriations totaling approximately \$2.1 million. These supplemental appropriations mainly consisted of \$213,000 appropriated for the fire department, \$170,000 for the police patrol bureau, \$356,000 appropriated for education, and \$1.1 million was the department of public works. Town Council also approved changes to amounts transferred between the general fund and the stabilization funds.

Actual revenues came in higher than budgeted by approximately \$3.7 million or 3.1%. The largest areas of surplus was unbudgeted tax liens of \$1.4 million, motor vehicle and other excise of \$645,000 and departmental and other of \$927,000 due to revenue coming in higher than the Town's conservative budget estimates.

Actual expenditures and encumbrances came in \$1.9 million less than budgeted. All departments realized budgetary savings.

### ***Capital Asset and Debt Administration***

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

During 2016, the Town expended \$8.7 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 \$8.9 million during 2016. This consisted mainly of \$5.4 million in the electric light plant, \$3.5 million for water mains in the water and sewer fund, and \$60,000 for golf.

Outstanding long-term debt of the governmental activities, as of June 30, 2016, totaled \$25.6 million, of which \$11 million is related to public building construction, \$9 million relates to road construction, \$1.3 million relates to land acquisition, and \$4.3 million relates to other projects.

The enterprise fund has \$22.9 million in water and sewer enterprise debt, \$219,000 in golf course enterprise debt, and \$80.6 million in Electric Light debt that is fully supported by the rates and do not rely on a general fund subsidy.

During 2016, the Town issued long-term bonds in the amounts of \$3.9 million for governmental funds. Water and sewer enterprise fund issued \$2.6 million in long term bonds in which \$228,000 were MWRA bonds. Golf enterprise fund issued \$219,000 in long term bonds. The Electric Light Department refunded a portion of its long-term debt that will lower debt service costs by approximately \$3.8 million in future years.

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***

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**STATEMENT OF NET POSITION**

JUNE 30, 2016

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
<b>CURRENT:</b>			
Cash and cash equivalents.....	\$ 56,908,092	\$ 28,178,310	\$ 85,086,402
Investments.....	6,607,529	-	6,607,529
Receivables, net of allowance for uncollectibles:			
Real estate and personal property taxes.....	1,415,510	-	1,415,510
Tax liens.....	1,115,204	44,308	1,159,512
Motor vehicle and other excise taxes.....	776,699	-	776,699
User fees.....	-	10,440,203	10,440,203
Departmental and other.....	522,211	740,962	1,263,173
Intergovernmental.....	2,436,896	-	2,436,896
Tax foreclosures.....	78,281	-	78,281
Inventory.....	-	4,925,763	4,925,763
Working capital deposit.....	692,000	-	692,000
Prepaid expenses.....	-	869,012	869,012
Purchased power advanced deposits.....	-	2,865,464	2,865,464
<b>Total current assets.....</b>	<b>70,552,422</b>	<b>48,064,022</b>	<b>118,616,444</b>
<b>NONCURRENT:</b>			
Investment in Energy New England.....	-	934,435	934,435
Other assets.....	-	1,862,965	1,862,965
Capital assets, non depreciable.....	14,889,610	2,599,427	17,489,037
Capital assets, net of accumulated depreciation.....	69,480,842	188,177,594	257,658,436
<b>Total noncurrent assets.....</b>	<b>84,370,452</b>	<b>193,574,421</b>	<b>277,944,873</b>
<b>TOTAL ASSETS.....</b>	<b>154,922,874</b>	<b>241,638,443</b>	<b>396,561,317</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred loss on refunding.....	-	9,938,599	9,938,599
Deferred outflows related to pensions.....	10,750,264	3,392,619	14,142,883
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES.....</b>	<b>10,750,264</b>	<b>13,331,218</b>	<b>24,081,482</b>
<b>LIABILITIES</b>			
<b>CURRENT:</b>			
Warrants payable.....	2,629,306	5,065,206	7,694,512
Accrued liabilities.....	-	518,485	518,485
Accrued payroll.....	7,218,360	20,902	7,239,262
Health claims payable.....	1,145,000	-	1,145,000
Tax refunds payable.....	1,100,000	-	1,100,000
Accrued interest.....	112,643	124,060	236,703
Participant advances and reserves.....	-	1,173,052	1,173,052
Fees collected in advance.....	968,807	159,981	1,128,788
Capital lease obligations.....	-	104,479	104,479
Compensated absences.....	2,334,162	488,312	2,822,474
Workers' compensation.....	192,000	5,064	197,064
Bonds payable.....	3,307,264	8,854,201	12,161,465
<b>Total current liabilities.....</b>	<b>19,007,542</b>	<b>16,513,742</b>	<b>35,521,284</b>
<b>NONCURRENT:</b>			
Capital lease obligations.....	-	79,618	79,618
Customer deposits payable.....	-	776,847	776,847
Compensated absences.....	2,346,807	210,514	2,557,321
Workers' compensation.....	37,186	70,755	107,941
Fees collected in advance.....	-	1,002,802	1,002,802
Net pension liability.....	67,750,547	22,768,464	90,519,011
Other postemployment benefits.....	74,873,509	7,579,460	82,452,969
Bonds payable.....	22,797,888	113,047,272	135,845,160
<b>Total noncurrent liabilities.....</b>	<b>167,805,937</b>	<b>145,535,732</b>	<b>313,341,669</b>
<b>TOTAL LIABILITIES.....</b>	<b>186,813,479</b>	<b>162,049,474</b>	<b>348,862,953</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Rate Stabilization Reserve.....	-	7,735,295	7,735,295
<b>NET POSITION</b>			
Net investment in capital assets.....	58,265,300	73,728,340	131,993,640
Restricted for:			
Depreciation.....	-	5,038,499	5,038,499
Permanent funds:			
Expendable.....	7,305,682	-	7,305,682
Nonexpendable.....	2,564,529	-	2,564,529
Grants and gifts.....	7,884,842	-	7,884,842
Community preservation.....	6,641,535	-	6,641,535
Unrestricted.....	(103,802,229)	6,418,053	(97,384,176)
<b>TOTAL NET POSITION.....</b>	<b>\$ (21,140,341)</b>	<b>\$ 85,184,892</b>	<b>\$ 64,044,551</b>

See notes to basic financial statements.

**STATEMENT OF ACTIVITIES**

YEAR ENDED JUNE 30, 2016

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
<b>Primary Government:</b>					
<i>Governmental Activities:</i>					
General government.....	\$ 7,502,823	\$ 804,350	\$ 971,843	\$ -	\$ (5,726,630)
Public safety.....	29,432,081	3,910,060	43,698	-	(25,478,323)
Education.....	96,802,496	2,049,131	32,601,457	-	(62,151,908)
Public works.....	8,524,059	865,166	578,900	721,961	(6,358,032)
Sanitation.....	1,601,041	1,430,004	-	-	(171,037)
Community preservation.....	112,414	-	-	184,547	72,133
Human services.....	1,475,863	44,036	662,417	-	(769,410)
Culture and recreation.....	4,348,816	387,517	59,515	-	(3,901,784)
Interest.....	772,942	-	-	-	(772,942)
<b>Total Governmental Activities.....</b>	<b>150,572,535</b>	<b>9,490,264</b>	<b>34,917,830</b>	<b>906,508</b>	<b>(105,257,933)</b>
<i>Business-Type Activities:</i>					
Water and Sewer.....	14,555,945	16,697,701	-	921,557	3,063,313
Golf course.....	1,677,140	1,685,815	-	-	8,675
Electric light.....	65,629,959	73,853,798	-	-	8,223,839
<b>Total Business-Type Activities.....</b>	<b>81,863,044</b>	<b>92,237,314</b>	<b>-</b>	<b>921,557</b>	<b>11,295,827</b>
<b>Total Primary Government.....</b>	<b>\$ 232,435,579</b>	<b>\$ 101,727,578</b>	<b>\$ 34,917,830</b>	<b>\$ 1,828,065</b>	<b>\$ (93,962,106)</b>

See notes to basic financial statements.

(Continued)

**STATEMENT OF ACTIVITIES**

YEAR ENDED JUNE 30, 2016

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>Changes in net position:</b>			
Net (expense) revenue from previous page.....	\$ <b>(105,257,933)</b>	\$ <b>11,295,827</b>	\$ <b>(93,962,106)</b>
<i>General revenues:</i>			
Real estate and personal property taxes, net of tax refunds payable.....	82,610,777	-	82,610,777
Motor vehicle and other excise taxes.....	6,229,679	-	6,229,679
Hotel/motel tax.....	1,614,166	-	1,614,166
Meals tax.....	1,142,349	-	1,142,349
Community preservation tax.....	660,480	-	660,480
Penalties and interest on taxes.....	439,913	-	439,913
Payments in lieu of taxes.....	449,490	-	449,490
Grants and contributions not restricted to specific programs.....	5,315,517	-	5,315,517
Unrestricted investment income.....	169,918	33,586	203,504
Gain on sale of land.....	479,038	-	479,038
<i>Transfers, net</i> .....	2,124,958	(2,124,958)	-
Total general revenues and transfers.....	101,236,285	(2,091,372)	99,144,913
Change in net position.....	(4,021,648)	9,204,455	5,182,807
<i>Net position:</i>			
Beginning of year, as revised/restated.....	(17,118,693)	75,980,437	58,861,744
End of year.....	\$ <b>(21,140,341)</b>	\$ <b>85,184,892</b>	\$ <b>64,044,551</b>

See notes to basic financial statements.

(Concluded)

**GOVERNMENTAL FUNDS  
BALANCE SHEET**

JUNE 30, 2016

	General	Nonmajor Governmental Funds	Total Governmental Funds
<b>ASSETS</b>			
Cash and cash equivalents.....	\$ 31,493,601	\$ 18,198,958	\$ 49,692,559
Investments.....	156,013	6,451,516	6,607,529
Receivables, net of uncollectibles:			
Real estate and personal property taxes.....	1,415,510	-	1,415,510
Tax liens.....	1,115,204	-	1,115,204
Motor vehicle and other excise taxes.....	776,699	-	776,699
Departmental and other.....	83,609	6,972	90,581
Intergovernmental.....	209,032	2,227,864	2,436,896
Tax foreclosures.....	78,281	-	78,281
Due from other funds.....	427,723	-	427,723
<b>TOTAL ASSETS.....</b>	<b>\$ 35,755,672</b>	<b>\$ 26,885,310</b>	<b>\$ 62,640,982</b>
<b>LIABILITIES</b>			
Warrants payable.....	\$ 1,119,104	\$ 1,282,080	\$ 2,401,184
Accrued payroll.....	7,126,564	91,796	7,218,360
Tax refunds payable.....	1,100,000	-	1,100,000
Due to other funds.....	-	427,723	427,723
Fees collected in advance.....	968,807	-	968,807
<b>TOTAL LIABILITIES.....</b>	<b>10,314,475</b>	<b>1,801,599</b>	<b>12,116,074</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable revenues.....	3,096,654	1,137,114	4,233,768
<b>FUND BALANCES</b>			
Nonspendable.....	-	2,564,529	2,564,529
Restricted.....	-	21,698,087	21,698,087
Committed.....	1,344,269	-	1,344,269
Assigned.....	2,170,153	-	2,170,153
Unassigned.....	18,830,121	(316,019)	18,514,102
<b>TOTAL FUND BALANCES.....</b>	<b>22,344,543</b>	<b>23,946,597</b>	<b>46,291,140</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES.....</b>	<b>\$ 35,755,672</b>	<b>\$ 26,885,310</b>	<b>\$ 62,640,982</b>

See notes to basic financial statements.

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

JUNE 30, 2016

Total governmental fund balances.....		\$ 46,291,140
Capital assets (net) used in governmental activities are not financial resources and, therefore, are not reported in the funds.....		84,370,452
Accounts receivable are not available to pay for current-period expenditures and, therefore, are unavailable in the funds.....		4,233,768
Certain changes in the net pension liability are required to be included in pension expense over future periods. These changes are reported as deferred outflows of resources or (deferred inflows of resources) related to pensions.....		10,750,264
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.....		6,966,041
In the statement of activities, interest is accrued on outstanding long-term debt, whereas in governmental funds interest is not reported until due.....		(112,643)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds:		
Bonds payable.....	(26,105,152)	
Net pension liability.....	(67,750,547)	
Other postemployment benefits.....	(74,873,509)	
Workers' compensation.....	(229,186)	
Compensated absences.....	(4,680,969)	
Net effect of reporting long-term liabilities.....		<u>(173,639,363)</u>
Net position of governmental activities.....		<u>\$ (21,140,341)</u>

See notes to basic financial statements.

**GOVERNMENTAL FUNDS**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**YEAR ENDED JUNE 30, 2016**

	General	Nonmajor Governmental Funds	Total Governmental Funds
<b>REVENUES:</b>			
Real estate and personal property taxes, net of tax refunds.....	\$ 81,325,550	\$ -	\$ 81,325,550
Tax liens.....	1,361,835	575	1,362,410
Motor vehicle and other excise taxes.....	6,173,244	-	6,173,244
Hotel/motel tax.....	1,614,166	-	1,614,166
Meals tax.....	1,142,349	-	1,142,349
Penalties and interest on taxes.....	439,913	-	439,913
Payments in lieu of taxes.....	449,490	-	449,490
Intergovernmental.....	32,370,602	7,798,992	40,169,594
Departmental and other.....	6,233,621	3,869,865	10,103,486
Community preservation.....	-	659,905	659,905
Contributions.....	-	615,646	615,646
Investment income.....	117,392	247,229	364,621
<b>TOTAL REVENUES.....</b>	<b>131,228,162</b>	<b>13,192,212</b>	<b>144,420,374</b>
<b>EXPENDITURES:</b>			
Current:			
General government.....	4,252,630	669,847	4,922,477
Public safety.....	18,871,468	476,097	19,347,565
Education.....	61,347,191	9,916,007	71,263,198
Public works.....	5,381,641	5,655,523	11,037,164
Sanitation.....	1,571,359	-	1,571,359
Community development.....	-	70,099	70,099
Human services.....	812,220	259,119	1,071,339
Culture and recreation.....	2,318,167	763,944	3,082,111
Pension benefits-Town.....	6,214,492	-	6,214,492
Pension benefits-Teachers.....	10,146,237	-	10,146,237
Property and liability insurance.....	426,679	-	426,679
Employee benefits.....	11,892,555	-	11,892,555
State and county charges.....	3,711,416	-	3,711,416
Debt service:			
Principal.....	2,774,000	-	2,774,000
Interest.....	803,237	-	803,237
<b>TOTAL EXPENDITURES.....</b>	<b>130,523,292</b>	<b>17,810,636</b>	<b>148,333,928</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....</b>	<b>704,870</b>	<b>(4,618,424)</b>	<b>(3,913,554)</b>
<b>OTHER FINANCING SOURCES (USES):</b>			
Issuance of long-term debt.....	-	3,898,000	3,898,000
Premium from issuance of bonds.....	-	319,033	319,033
Proceeds from the sale of land.....	300,000	225,000	525,000
Transfers in.....	2,496,086	441,096	2,937,182
Transfers out.....	(197,626)	(614,598)	(812,224)
<b>TOTAL OTHER FINANCING SOURCES (USES).....</b>	<b>2,598,460</b>	<b>4,268,531</b>	<b>6,866,991</b>
<b>NET CHANGE IN FUND BALANCES.....</b>	<b>3,303,330</b>	<b>(349,893)</b>	<b>2,953,437</b>
<b>FUND BALANCES AT BEGINNING OF YEAR.....</b>	<b>19,041,213</b>	<b>24,296,490</b>	<b>43,337,703</b>
<b>FUND BALANCES AT END OF YEAR.....</b>	<b>\$ 22,344,543</b>	<b>\$ 23,946,597</b>	<b>\$ 46,291,140</b>

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**

YEAR ENDED JUNE 30, 2016

Net change in fund balances - total governmental funds.....	\$	2,953,437
<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.....		8,693,849
Capital asset deletions.....		(295,962)
Depreciation expense.....		<u>(3,876,522)</u>
Net effect of reporting capital assets.....		4,521,365
<p>Revenues in the Statement of Activities that do not provide current financial resources are unavailable 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 unavailable revenue.....</p>		
		(473,483)
<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 unavailable and amortized in the Statement of Activities.</p>		
Proceeds from bonds and notes.....		(3,898,000)
Premium from issuance of bonds.....		(319,033)
Net amortization of premium from issuance of bonds.....		35,474
Debt service principal payments.....		<u>2,774,000</u>
Net effect of reporting long-term debt.....		(1,407,559)
<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.....		(109,920)
Net change in accrued interest on long-term debt.....		(5,179)
Net change in deferred outflow/(inflow) of resources related to pensions.....		8,859,122
Net change in net pension liability.....		(12,011,798)
Net change in other postemployment benefits accrual.....		(7,447,501)
Net change in workers' compensation accrual.....		<u>10,981</u>
Net effect of recording long-term liabilities.....		(10,704,295)
<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>1,088,887</u>
Change in net position of governmental activities.....	\$	<u>(4,021,648)</u>

See notes to basic financial statements.

**PROPRIETARY FUNDS**  
**STATEMENT OF NET POSITION**

JUNE 30, 2016

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Fund
	Water and Sewer	Golf Course	Electric Light December 31, 2015	Total	
<b>ASSETS</b>					
<b>CURRENT:</b>					
Cash and cash equivalents.....	\$ 8,958,007	\$ 412,979	\$ 18,807,324	\$ 28,178,310	\$ 7,215,533
Receivables, net of allowance for uncollectibles:					
User fees.....	3,817,894	-	6,622,309	10,440,203	-
Water and sewer liens.....	44,308	-	-	44,308	-
Departmental and other.....	-	-	740,962	740,962	431,630
Inventory.....	-	23,900	4,901,863	4,925,763	-
Working capital deposit.....	-	-	-	-	692,000
Prepaid expenses.....	-	-	869,012	869,012	-
Purchased power advanced deposits.....	-	-	2,865,464	2,865,464	-
Total current assets.....	<u>12,820,209</u>	<u>436,879</u>	<u>34,806,934</u>	<u>48,064,022</u>	<u>8,339,163</u>
<b>NONCURRENT:</b>					
Investment in Energy New England.....	-	-	934,435	934,435	-
Other assets.....	-	-	1,862,965	1,862,965	-
Capital assets, non depreciable.....	1,024,230	391,963	1,183,234	2,599,427	-
Capital assets, net of accumulated depreciation.....	<u>48,596,773</u>	<u>451,534</u>	<u>139,129,287</u>	<u>188,177,594</u>	<u>-</u>
Total noncurrent assets.....	<u>49,621,003</u>	<u>843,497</u>	<u>143,109,921</u>	<u>193,574,421</u>	<u>-</u>
<b>TOTAL ASSETS.....</b>	<u>62,441,212</u>	<u>1,280,376</u>	<u>177,916,855</u>	<u>241,638,443</u>	<u>8,339,163</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Deferred loss on refunding.....	698,987	-	9,239,612	9,938,599	-
Deferred outflows related to pensions.....	<u>581,060</u>	<u>190,245</u>	<u>2,621,314</u>	<u>3,392,619</u>	<u>-</u>
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES.....</b>	<u>1,280,047</u>	<u>190,245</u>	<u>11,860,926</u>	<u>13,331,218</u>	<u>-</u>
<b>LIABILITIES</b>					
<b>CURRENT:</b>					
Warrants payable.....	106,925	35,992	4,922,289	5,065,206	228,122
Accrued liabilities.....	-	-	518,485	518,485	-
Accrued payroll.....	-	20,902	-	20,902	-
Health claims payable.....	-	-	-	-	1,145,000
Accrued interest.....	124,060	-	-	124,060	-
Participant advances and reserves.....	-	-	1,173,052	1,173,052	-
Fees collected in advance.....	-	121,815	38,166	159,981	-
Capital lease obligations.....	-	-	104,479	104,479	-
Compensated absences.....	162,092	94,085	232,135	488,312	-
Workers' compensation.....	5,064	-	-	5,064	-
Bonds payable.....	<u>3,086,846</u>	<u>49,000</u>	<u>5,708,355</u>	<u>8,854,201</u>	<u>-</u>
Total current liabilities.....	<u>3,494,987</u>	<u>321,794</u>	<u>12,696,961</u>	<u>16,513,742</u>	<u>1,373,122</u>
<b>NONCURRENT:</b>					
Capital lease obligations.....	-	-	79,618	79,618	-
Customer deposits payable.....	-	2,150	774,697	776,847	-
Compensated absences.....	137,245	73,269	-	210,514	-
Workers' compensation.....	70,755	-	-	70,755	-
Fees collected in advance.....	-	-	1,002,802	1,002,802	-
Net pension liability.....	3,678,340	1,204,330	17,885,794	22,768,464	-
Other postemployment benefits.....	988,805	399,313	6,191,342	7,579,460	-
Bonds payable.....	<u>21,511,199</u>	<u>170,000</u>	<u>91,366,073</u>	<u>113,047,272</u>	<u>-</u>
Total noncurrent liabilities.....	<u>26,386,344</u>	<u>1,849,062</u>	<u>117,300,326</u>	<u>145,535,732</u>	<u>-</u>
<b>TOTAL LIABILITIES.....</b>	<u>29,881,331</u>	<u>2,170,856</u>	<u>129,997,287</u>	<u>162,049,474</u>	<u>1,373,122</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Rate stabilization reserve.....	-	-	6,810,293	6,810,293	-
Unearned revenue - Contributions in aid of construction.....	<u>-</u>	<u>-</u>	<u>925,002</u>	<u>925,002</u>	<u>-</u>
<b>TOTAL DEFERRED INFLOWS OF RESOURCES.....</b>	<u>-</u>	<u>-</u>	<u>7,735,295</u>	<u>7,735,295</u>	<u>-</u>
<b>NET POSITION</b>					
Net investment in capital assets.....	29,951,477	722,867	43,053,996	73,728,340	-
Restricted for:					
Depreciation.....	-	-	5,038,499	5,038,499	-
Unrestricted.....	<u>3,888,451</u>	<u>(1,423,102)</u>	<u>3,952,704</u>	<u>6,418,053</u>	<u>6,966,041</u>
<b>TOTAL NET POSITION.....</b>	<u>\$ 33,839,928</u>	<u>\$ (700,235)</u>	<u>\$ 52,045,199</u>	<u>\$ 85,184,892</u>	<u>\$ 6,966,041</u>

See notes to basic financial statements.

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

YEAR ENDED JUNE 30, 2016

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Fund
	Water and Sewer	Golf Course	Electric Light December 31, 2015	Total	
<b>OPERATING REVENUES:</b>					
Employee contributions.....	\$ -	\$ -	\$ -	\$ -	\$ 7,386,098
Employer contributions.....	-	-	-	-	11,405,112
Charges for services.....	16,559,811	1,685,815	-	18,245,626	-
Sales to ultimate customers.....	-	-	57,907,265	57,907,265	-
Sales for resale.....	-	-	12,760,028	12,760,028	-
Other operating revenues.....	-	-	3,186,505	3,186,505	-
Utility liens.....	137,890	-	-	137,890	-
<b>TOTAL OPERATING REVENUES</b> .....	<b>16,697,701</b>	<b>1,685,815</b>	<b>73,853,798</b>	<b>92,237,314</b>	<b>18,791,210</b>
<b>OPERATING EXPENSES:</b>					
Cost of services and administration.....	3,653,419	1,413,877	16,361,877	21,429,173	-
MWRA Assessment.....	8,507,387	-	-	8,507,387	-
Fuel for generation.....	-	-	2,704,778	2,704,778	-
Purchased power.....	-	-	27,008,013	27,008,013	-
Repairs and maintenance.....	287,851	207,314	9,010,222	9,505,387	-
Depreciation.....	1,717,537	55,949	7,305,875	9,079,361	-
Employee benefits.....	-	-	-	-	17,702,323
<b>TOTAL OPERATING EXPENSES</b> .....	<b>14,166,194</b>	<b>1,677,140</b>	<b>62,390,765</b>	<b>78,234,099</b>	<b>17,702,323</b>
<b>OPERATING INCOME</b> .....	<b>2,531,507</b>	<b>8,675</b>	<b>11,463,033</b>	<b>14,003,215</b>	<b>1,088,887</b>
<b>NONOPERATING REVENUES (EXPENSES):</b>					
Investment income.....	21,220	-	12,366	33,586	-
Interest expense.....	(389,751)	-	(3,239,194)	(3,628,945)	-
<b>TOTAL NONOPERATING REVENUES (EXPENSES), NET</b> .....	<b>(368,531)</b>	<b>-</b>	<b>(3,226,828)</b>	<b>(3,595,359)</b>	<b>-</b>
<b>INCOME (LOSS) BEFORE TRANSFERS AND CAPITAL CONTRIBUTIONS</b> .....	<b>2,162,976</b>	<b>8,675</b>	<b>8,236,205</b>	<b>10,407,856</b>	<b>1,088,887</b>
<b>CAPITAL CONTRIBUTIONS</b> .....	<b>921,557</b>	<b>-</b>	<b>-</b>	<b>921,557</b>	<b>-</b>
<b>TRANSFERS:</b>					
Transfers in.....	56,868	5,158	-	62,026	-
Transfers out.....	(500,452)	(73,807)	(1,612,725)	(2,186,984)	-
<b>TOTAL TRANSFERS</b> .....	<b>(443,584)</b>	<b>(68,649)</b>	<b>(1,612,725)</b>	<b>(2,124,958)</b>	<b>-</b>
<b>CHANGE IN NET POSITION</b> .....	<b>2,640,949</b>	<b>(59,974)</b>	<b>6,623,480</b>	<b>9,204,455</b>	<b>1,088,887</b>
<b>NET POSITION AT BEGINNING OF YEAR, AS REVISED/RESTATED</b> ....	<b>31,198,979</b>	<b>(640,261)</b>	<b>45,421,719</b>	<b>75,980,437</b>	<b>5,877,154</b>
<b>NET POSITION AT END OF YEAR</b> .....	<b>\$ 33,839,928</b>	<b>\$ (700,235)</b>	<b>\$ 52,045,199</b>	<b>\$ 85,184,892</b>	<b>\$ 6,966,041</b>

See notes to basic financial statements.

**PROPRIETARY FUNDS**  
STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 2016

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Fund
	Water and Sewer	Golf Course	Electric Light December 31, 2015	Total	
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>					
Receipts from customers and users.....	\$ 16,811,175	\$ 1,696,865	\$ 73,731,965	\$ 92,240,005	\$ 7,386,098
Receipts from interfund services provided.....	-	-	-	-	11,405,112
Payments to vendors.....	(11,304,377)	(1,108,924)	(46,127,775)	(58,541,076)	-
Payments to employees.....	(1,339,100)	(529,525)	(9,415,364)	(11,283,989)	-
Payments for interfund services used.....	-	-	-	-	(17,025,801)
<b>NET CASH FROM OPERATING ACTIVITIES.....</b>	<b>4,167,698</b>	<b>58,416</b>	<b>18,188,826</b>	<b>22,414,940</b>	<b>1,765,409</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>					
Transfers in.....	56,868	5,158	-	62,026	-
Transfers out.....	(500,452)	(73,807)	(1,612,725)	(2,186,984)	-
<b>NET CASH FROM NONCAPITAL FINANCING ACTIVITIES.....</b>	<b>(443,584)</b>	<b>(68,649)</b>	<b>(1,612,725)</b>	<b>(2,124,958)</b>	<b>-</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>					
Proceeds from the issuance of bonds.....	2,621,960	219,000	-	2,840,960	-
Premium from the issuance of refunding bonds.....	-	-	197,967	197,967	-
Capital contributions.....	921,557	-	-	921,557	-
Acquisition and construction of capital assets.....	(3,468,392)	(60,253)	(5,294,016)	(8,822,661)	-
Principal payments on bonds and notes.....	(2,761,294)	-	(4,855,000)	(7,616,294)	-
Principal payments on capital lease obligations.....	-	-	(182,169)	(182,169)	-
Interest expense.....	(528,536)	-	(4,086,506)	(4,615,042)	-
Participant advances and reserves.....	-	-	(83,155)	(83,155)	-
<b>NET CASH FROM CAPITAL AND RELATED FINANCING ACTIVITIES.....</b>	<b>(3,214,705)</b>	<b>158,747</b>	<b>(14,302,879)</b>	<b>(17,358,837)</b>	<b>-</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>					
Investment in Energy New England.....	-	-	(35,086)	(35,086)	-
Investment income.....	21,220	-	12,366	33,586	-
<b>NET CASH FROM INVESTING ACTIVITIES.....</b>	<b>21,220</b>	<b>-</b>	<b>(22,720)</b>	<b>(1,500)</b>	<b>-</b>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS.....</b>	<b>530,629</b>	<b>148,514</b>	<b>2,250,502</b>	<b>2,929,645</b>	<b>1,765,409</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR.....</b>	<b>8,427,378</b>	<b>264,465</b>	<b>16,556,822</b>	<b>25,248,665</b>	<b>5,450,124</b>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR.....</b>	<b>\$ 8,958,007</b>	<b>\$ 412,979</b>	<b>\$ 18,807,324</b>	<b>\$ 28,178,310</b>	<b>\$ 7,215,533</b>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES:</b>					
Operating income (loss).....	\$ 2,531,507	\$ 8,675	\$ 11,463,033	\$ 14,003,215	\$ 1,088,887
Adjustments to reconcile operating income to net cash from operating activities:					
Depreciation.....	1,717,537	55,949	7,305,875	9,079,361	-
Deferred (outflows)/inflows related to pensions.....	(478,295)	(155,990)	(595,142)	(1,229,427)	-
Deferred (outflows)/inflows related to rate stabilization reserve.....	-	-	(1,746,915)	(1,746,915)	-
Deferred (outflows)/inflows related to unearned revenue.....	-	-	918,136	918,136	-
Changes in assets and liabilities:					
Water and sewer liens.....	(10,776)	-	-	(10,776)	-
User fees.....	124,250	-	133,251	257,501	-
Departmental and other.....	-	-	209,429	209,429	517,341
Inventory.....	-	7,025	170,601	177,626	-
Working capital deposit.....	-	-	-	-	-
Other assets.....	-	-	(447,971)	(447,971)	-
Prepaid expenses.....	-	-	(421,211)	(421,211)	-
Purchased power advance deposits.....	-	-	(717,384)	(717,384)	-
Warrants payable.....	(435,713)	(150,272)	1,052,273	466,288	44,181
Accrued liabilities.....	-	-	(150,223)	(150,223)	-
Accrued payroll.....	(25,372)	(1,415)	-	(26,787)	-
Health claims payable.....	-	-	-	-	115,000
Customer deposits payable.....	-	(4,075)	125,205	121,130	-
Unearned revenues.....	-	8,100	239,061	247,161	-
Accrued compensated absences.....	6,711	35,675	35,856	78,242	-
Workers' compensation.....	(5,104)	-	-	(5,104)	-
Net pension liability.....	649,482	194,711	341,463	1,185,656	-
Other postemployment benefits.....	93,471	60,033	273,489	426,993	-
<b>Total adjustments.....</b>	<b>1,636,191</b>	<b>49,741</b>	<b>6,725,793</b>	<b>8,411,725</b>	<b>676,522</b>
<b>NET CASH FROM OPERATING ACTIVITIES.....</b>	<b>\$ 4,167,698</b>	<b>\$ 58,416</b>	<b>\$ 18,188,826</b>	<b>\$ 22,414,940</b>	<b>\$ 1,765,409</b>
<b>NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES:</b>					
Capital lease financing.....	\$ -	\$ -	\$ 69,308	\$ 69,308	\$ -
Issuance of refunding bonds.....	-	-	58,750,000	58,750,000	-
Long-term bonds refunded.....	-	-	(61,660,000)	(61,660,000)	-
Refunding premium.....	-	-	12,149,612	12,149,612	-
Change in the deferred loss on debt refunding.....	(119,076)	-	(9,239,612)	-	-
Acquisition of capital assets on account.....	57,341	-	-	57,341	-

See notes to basic financial statements.

**FIDUCIARY FUNDS**  
STATEMENT OF FIDUCIARY NET POSITION

JUNE 30, 2016

	Pension Trust Fund (as of December 31, 2015)	Other Postemployment Benefit Trust Fund	Private Purpose Trust Funds	Agency Funds
<b>ASSETS</b>				
Cash and cash equivalents.....	\$ 3,512,759	\$ 6,238,771	\$ 7,535	\$ 420,462
Investments:				
Equity mutual funds.....	-	-	700,570	-
Fixed income mutual funds.....	46,020,546	-	-	-
Domestic equity mutual funds.....	40,891,900	-	-	-
International equity mutual funds.....	31,050,868	-	-	-
Pension reserve investment trust.....	45,695,634	-	-	-
Receivables, net of allowance for uncollectibles:				
Departmental and other.....	124,816	-	-	-
Prepaid expenses.....	19,868	-	-	-
<b>TOTAL ASSETS.....</b>	<b>167,316,391</b>	<b>6,238,771</b>	<b>708,105</b>	<b>420,462</b>
<b>LIABILITIES</b>				
Warrants payable.....	82,531	-	-	-
Liabilities due depositors.....	-	-	-	420,462
<b>TOTAL LIABILITIES.....</b>	<b>82,531</b>	<b>-</b>	<b>-</b>	<b>420,462</b>
<b>NET POSITION</b>				
Restricted for pensions.....	167,233,860	-	-	-
Held in trust for other postemployment benefits.....	-	6,238,771	-	-
Held in trust for other purposes.....	-	-	708,105	-
<b>TOTAL NET POSITION.....</b>	<b>\$ 167,233,860</b>	<b>\$ 6,238,771</b>	<b>\$ 708,105</b>	<b>\$ -</b>

See notes to basic financial statements.

**FIDUCIARY FUNDS**  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

YEAR ENDED JUNE 30, 2016

	Pension Trust Fund (as of December 31, 2015)	Other Postemployment Benefit Trust Fund	Private Purpose Trust Funds
<b>ADDITIONS:</b>			
Contributions:			
Employer.....	\$ 8,771,129	\$ 1,665,798	\$ -
Plan members.....	4,115,211	-	-
Total contributions.....	12,886,340	1,665,798	-
Net investment income:			
Net change in fair value of investments.....	(5,130,996)	-	42,842
Interest.....	1,295,606	4,146	-
Dividends.....	1,946,788	-	-
Total investment income.....	(1,888,602)	4,146	42,842
Less: investment expense.....	(1,002,802)	-	-
Net investment income.....	(2,891,404)	4,146	42,842
Intergovernmental.....	227,483	-	-
Transfers from other systems.....	413,960	-	-
TOTAL ADDITIONS.....	10,636,379	1,669,944	42,842
<b>DEDUCTIONS:</b>			
Administration.....	266,847	-	-
Transfers to other systems.....	762,656	-	-
Retirement benefits and refunds.....	15,198,665	-	-
TOTAL DEDUCTIONS.....	16,228,168	-	-
CHANGE IN NET POSITION.....	(5,591,789)	1,669,944	42,842
NET POSITION AT BEGINNING OF YEAR.....	172,825,649	4,568,827	665,263
NET POSITION AT END OF YEAR.....	\$ 167,233,860	\$ 6,238,771	\$ 708,105

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.

The Braintree Contributory Retirement System (the “System”) was established to provide retirement benefits to Town employees and 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. The System is presented using the accrual basis of accounting and is reported as a pension trust fund in the fiduciary fund financial statements.

**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’ 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, 2015, 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 (“School”) that serves the members students from nine area communities seeking an education in academic and technical studies. The

members share in the operations of the School and each member is responsible for its proportionate share of the operational and capital costs of the School, which are paid in the form of assessments. The Town does not have an equity interest in the School and the 2016 assessment was \$2,461,467. The School issues a publically available financial report that includes its financial statements. That report can be obtained by writing to the School Business Manager 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 and deferred outflows of resources, liabilities and deferred inflows of resources, revenues, or expenditures/expenses of an individual governmental or enterprise fund are at least 10 percent of the corresponding element (assets and deferred outflows of resources, liabilities and deferred inflows or resources, etc.) for all funds of that category or type (total governmental or total enterprise funds), *and*
- If the total assets and deferred outflows of resources, liabilities and deferred inflows of resources, 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 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 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 are two stabilization funds. The balance in the general stabilization fund decreased from \$693,000 in 2015 to \$541,000 in 2016 and the capital stabilization fund increased from \$1.4 million in 2015 to \$1.7 million in 2016. The stabilization funds 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. Fair Value Measurements

The Town reports required types of financial instruments in accordance with the fair value standards. These standards require an entity to maximize the use of observable inputs (such as quoted prices in active markets) and minimize the use of unobservable inputs (such as appraisals or valuation techniques) to determine fair value. Fair value standards also require the government to classify these financial instruments into a three-level hierarchy, based on the priority of inputs to the valuation technique or in accordance with net asset value practical expedient rules, which allow for either Level 2 or Level 3 depending on lock up and notice periods associated with the underlying funds.

Instruments measured and reported at fair value are classified and disclosed in one of the following categories:

Level 1 – Quoted prices are available in active markets for identical instruments as of the reporting date. Instruments, which are generally included in this category, include actively traded equity and debt securities, U.S. government obligations, and mutual funds with quoted market prices in active markets.

Level 2 – Pricing inputs are other than quoted in active markets, which are either directly or indirectly observable as of the reporting date, and fair value is determined through the use of models or other valuation methodologies. Certain fixed income securities, primarily corporate bonds, are classified as Level 2 because fair values are estimated using pricing models, matrix pricing, or discounted cash flows.

Level 3 – Pricing inputs are unobservable for the instrument and include situations where there is little, if any, market activity for the instrument. The inputs into the determination of fair value require significant management judgment or estimation.

In some instances the inputs used to measure fair value may fall into different levels of the fair value hierarchy and is based on the lowest level of input that is significant to the fair value measurement.

Market price is affected by a number of factors, including the type of instrument and the characteristics specific to the instrument. Instruments with readily available active quoted prices generally will have a higher degree of market price observability and a lesser degree of judgment used in measuring fair value. It is reasonably possible that change in values of these instruments will occur in the near term and that such changes could materially

affect amounts reported in these financial statements. For more information on the fair value of the Town's financial instruments, see Note 2 – Cash and Investments.

#### F. 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 1<sup>st</sup> 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 1<sup>st</sup>, November 1<sup>st</sup>, February 1<sup>st</sup> and May 1<sup>st</sup> 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 year of the levy.

Tax liens are imposed three years after the original tax is considered delinquent and are processed subsequent to July 1<sup>st</sup> 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 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 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.

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 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 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.

**G. 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 enterprise fund are stated at the lower of cost or market. Inventories of the BELD

enterprise fund are stated at original cost, using the average cost method.

H. 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 year of the purchase.

I. Deferred Outflows/Inflows of Resources

*Government-Wide Financial Statements (Net Position)*

In addition to assets, the statement of financial 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 has reported deferred loss on refunding and deferred outflows of resources related to pensions 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 has recorded the electric light department's rate stabilization reserve as deferred inflows of resources on the government-wide statement of net position as allowed under GASB Statement #65, for *regulated operations*.

#### *Governmental Fund Financial Statements*

In addition to liabilities, the governmental funds balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents amounts that have been recorded in the governmental fund financial statements but the revenue is not available and so will not be recognized as an inflow of resources (revenue) until it becomes available. The Town has recorded unavailable revenue as deferred inflows of resources in the governmental funds balance sheet.

#### J. 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.

#### K. 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.

### L. Unearned and Unavailable Revenue

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

Unavailable 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, i.e. receivables that are not considered to be available to liquidate liabilities of the current period. Unavailable revenue is recognized as revenue in the conversion to the government-wide (full accrual) financial statements.

### M. 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:

“Depreciation – represents amounts restricted in the Electric department for the statutory reserve for funded depreciation.

“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. A Town Council vote to approve a Council Order submitted by the Mayor is the highest level of decision making authority that can commit funds for specific purposes. 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.

#### N. 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.

#### O. Pensions

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

#### P. 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.

#### Q. 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.

#### R. 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 year. Actual results could vary from estimates that were used.

#### S. 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 Other Postemployment Benefits (OPEB) trust participates as a Purchasing Member of the Pension Reserve Investment Trust (PRIT) through the State Retirees Benefits Trust Fund (SRBTF). Government entities are allowed to invest their OPEB funds through the SRBTF. OPEB trusts are allowed to invest in the \$60 billion PRIT fund and get the economies of scale and diversification that an individual community with a small fund could not obtain on its own.

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 0.14 to 24.23 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 year-end, the carrying amount of deposits totaled \$46,301,345, and the bank balances totaled \$49,944,039. Of the bank balance, \$2,725,793 was covered by Federal Depository Insurance, \$18,380,279 was covered by the Depositors Insurance Fund, \$1,782,321 was covered by the Share Insurance Fund, \$21,919,513 was collateralized, and \$5,136,133 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, 2015, the carrying amount of deposits for the System totaled \$3,162,451 and the bank balance totaled \$3,176,555. 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 \$215,825 investment in Debt Securities and its \$330,124 investment in Equity Securities 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, 2016, the Town had the following investments and maturities:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities</u>		
		<u>Less Than 1 Year</u>	<u>1-5 Years</u>	<u>6-10 Years</u>
<u>Debt Securities:</u>				
Government Sponsored Enterprises.....	\$ 190,301	\$ 80,249	\$ 83,154	\$ 26,898
Corporate Bonds.....	25,524	-	25,524	-
Total Debt Securities.....	215,825	\$ 80,249	\$ 108,678	\$ 26,898
<u>Other Investments:</u>				
Equity Securities.....	330,124			
Equity Mutual Funds.....	376,079			
Money Market Mutual Funds.....	5,860,537			
MMDT Short-Term Bond Funds.....	6,386,071			
MMDT Cash Portfolio.....	39,591,288			
Total Investments.....	\$ 52,759,924			

The Town participates in MMDT, which maintains a cash portfolio and a short-term bond fund with average maturities of approximately 30 to 65 days and a weighted average maturity of 3 years, respectively. The Town’s investments in MMDT are unrated.

As of December 31, 2015, the Retirement System had the following investments:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities</u>			
		<u>Less Than 1 Year</u>	<u>1-5 Years</u>	<u>6-10 Years</u>	<u>Over 10 Years</u>
<u>Debt Securities:</u>					
Fixed Income Mutual Funds.....	\$ 46,020,546	\$ 6,169,344	\$ 19,661,956	\$ 13,416,158	\$ 6,773,088
<u>Other Investments:</u>					
Domestic Equity Mutual Fund.....	40,891,900				
International Equity Mutual Fund.....	31,050,868				
Private Equity.....	1,112,305				
Money Market Mutual Fund.....	350,308				
Pension Reserve Investment Trust (PRIT).....	44,583,329				
Total Investments.....	\$ 164,009,256				

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, and the Town’s investments in Corporate Bonds are rated A. Additionally, the Town has investments in money market mutual funds and MMDT which are unrated.

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

<u>Quality Rating</u>	<u>Fixed Income Mutual Funds</u>
AAA.....	\$ 11,960,593
AA.....	1,469,328
A.....	12,657,781
BBB.....	13,173,487
BB.....	3,414,053
B.....	1,124,824
Not Rated....	2,220,480
Fair Value....	\$ 46,020,546

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. 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.

Fair Value Measurement

The Town holds investments that are measured at fair value on a recurring basis. Because investing is not a core part of the Town’s mission, the Town determines that the disclosures related to these investments only need to be disaggregated by major type. The Town chooses a tabular format for disclosing the levels within the fair value hierarchy.

The Town categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The following table presents financial assets at June 30, 2016, that the Town measures fair value on a recurring basis, by level, within the fair value hierarchy:

Investment Type	June 30, 2016	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<b>Investments Measured at Fair Value:</b>				
<u>Debt Securities:</u>				
Government Sponsored Enterprises.....	\$ 190,301	\$ 190,301	\$ -	\$ -
Corporate Bonds.....	25,524	-	25,524	-
Total Debt Securities.....	215,825	190,301	25,524	-
<u>Other investments:</u>				
Equity Securities.....	330,124	330,124	-	-
Equity Mutual Funds.....	376,079	376,079	-	-
Money Market Mutual Funds.....	5,860,537	5,860,537	-	-
MMDT Short-Term Bond Funds.....	6,386,071	6,386,071	-	-
Total Other Investments.....	12,952,811	12,952,811	-	-
Total investments measured at fair value.....	13,168,636	\$ 13,143,112	\$ 25,524	\$ -
<b>Investments Measured at Amortized Cost:</b>				
MMDT Cash Portfolio.....	39,591,288			
Total Investments.....	\$ 52,759,924			

Government Sponsored Enterprises, Equity Securities, Mutual Funds, and MMDT Short-Term Bond Funds classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Corporate Bonds classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

The Town holds investments in the MMDT Cash Portfolio which are valued at amortized cost. Under the amortized cost valuation method, an investment is valued initially at its cost and thereafter adjusted for the amount of interest income accrued each day over the term of the investment to account for any difference between the initial cost of the investment and the amount payable at its maturity. If amortized cost is determined not to approximate fair value, the value of the portfolio securities will be determined under procedures established by MMDT's adviser, Federated Investment Corporation.

The System's retiree pension defined benefit plan holds significant amounts of investments that are measured at fair value on a recurring basis. Because investing is a key part of the plan's activities, the plan shows greater disaggregation in its disclosures. The plan chooses a tabular format for disclosing the levels within the fair value hierarchy.

The System categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles.

The following table presents financial assets at December 31, 2015, that the System measures fair value on a recurring basis, by level, within the fair value hierarchy:

Investment Type	December 31, 2015	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<b>Investments Measured at Fair Value:</b>				
<u>Debt Securities:</u>				
Fixed Income Mutual Funds.....	\$ 46,020,546	\$ -	\$ 46,020,546	\$ -
<u>Other Investments:</u>				
Domestic Equity Mutual Fund.....	40,891,900	40,891,900	-	-
International Equity Mutual Fund.....	31,050,868	31,050,868	-	-
Private Equity.....	1,112,305	-	-	1,112,305
Money Market Mutual Fund.....	350,308	350,308	-	-
Total Other Investments.....	73,405,381	72,293,076	-	1,112,305
Total investments measured at fair value.....	119,425,927	\$ 72,293,076	\$ 46,020,546	\$ 1,112,305
<b>Investments Measured at Net Asset Value:</b>				
Pension Reserve Investment Trust (PRIT).....	44,583,329			
Total Investments.....	\$ 164,009,256			

Equity Mutual Funds classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Fixed Income Mutual Funds classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

Private equity investments classified in Level 3 are valued using either a discounted cash flow or market comparable companies technique.

PRIT investments are valued using the net asset value method. This investment pool was established by the Treasurer of the Commonwealth of Massachusetts, who serves as Trustee. PRIT is administered by the Pension Reserves Investment Management Board (PRIM). The fair values of the positions in each investment Pool are the same as the value of each Pool's shares. The System does not have the ability to control any of the investment decisions relative to its funds in PRIT.

**NOTE 3 – RECEIVABLES**

At June 30, 2016, 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>Gross Amount</u>	<u>Allowance for Uncollectibles</u>	<u>Net Amount</u>
<u>Receivables:</u>			
Real estate and personal property taxes.....	\$ 1,617,784	\$ (202,274)	\$ 1,415,510
Tax liens.....	1,115,204	-	1,115,204
Motor vehicle and other excise taxes.....	1,466,747	(690,048)	776,699
Departmental and other.....	588,991	(66,780)	522,211
Intergovernmental.....	<u>2,436,896</u>	<u>-</u>	<u>2,436,896</u>
Total.....	<u>\$ 7,225,622</u>	<u>\$ (959,102)</u>	<u>\$ 6,266,520</u>

At June 30, 2016, receivables for the proprietary funds consist of the following:

	<u>Gross Amount</u>	<u>Allowance for Uncollectibles</u>	<u>Net Amount</u>
<u>Receivables:</u>			
<i>Water and Sewer</i>			
Tax liens.....	\$ 44,308	\$ -	\$ 44,308
User fees.....	3,817,894	-	3,817,894
<i>Electric Light</i>			
User fees.....	6,740,975	(118,666)	6,622,309
Departmental and other.....	<u>740,962</u>	<u>-</u>	<u>740,962</u>
Total.....	<u>\$ 11,344,139</u>	<u>\$ (118,666)</u>	<u>\$ 11,225,473</u>

At December 31, 2015 the Pension Trust Fund had departmental and other receivables totaling \$124,816.

Governmental funds report *unavailable 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 year, the various components of *unavailable revenue* reported in the governmental funds were as follows:

	General Fund	Nonmajor Governmental Funds	Total
<u>Receivables and other asset types:</u>			
Real estate and personal property taxes.....	\$ 1,107,148	\$ -	\$ 1,107,148
Tax liens.....	1,115,204	-	1,115,204
Motor vehicle and other excise taxes.....	554,419	-	554,419
Departmental and other.....	32,570	6,972	39,542
Intergovernmental.....	209,032	1,130,142	1,339,174
Tax foreclosures.....	78,281	-	78,281
 Total.....	 <u>\$ 3,096,654</u>	 <u>\$ 1,137,114</u>	 <u>\$ 4,233,768</u>

**NOTE 4 – CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2016, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental Activities:</b>				
<u>Capital assets not being depreciated:</u>				
Land.....	\$ 14,794,468	\$ -	\$ (45,962)	\$ 14,748,506
Construction in progress.....	3,185,387	141,104	(3,185,387)	141,104
 Total capital assets not being depreciated.....	 <u>17,979,855</u>	 <u>141,104</u>	 <u>(3,231,349)</u>	 <u>14,889,610</u>
<u>Capital assets being depreciated:</u>				
Land improvements.....	11,257,418	79,052	-	11,336,470
Buildings.....	47,149,622	4,601,094	-	51,750,716
Machinery and equipment.....	19,402,589	1,609,370	-	21,011,959
Infrastructure.....	66,159,677	5,198,616	-	71,358,293
 Total capital assets being depreciated.....	 <u>143,969,306</u>	 <u>11,488,132</u>	 <u>-</u>	 <u>155,457,438</u>
<u>Less accumulated depreciation for:</u>				
Land improvements.....	(7,884,161)	(240,852)	-	(8,125,013)
Buildings.....	(31,082,268)	(866,118)	-	(31,948,386)
Machinery and equipment.....	(15,346,138)	(1,256,085)	-	(16,602,223)
Infrastructure.....	(27,787,507)	(1,513,467)	-	(29,300,974)
 Total accumulated depreciation.....	 <u>(82,100,074)</u>	 <u>(3,876,522)</u>	 <u>-</u>	 <u>(85,976,596)</u>
 Total capital assets being depreciated, net.....	 <u>61,869,232</u>	 <u>7,611,610</u>	 <u>-</u>	 <u>69,480,842</u>
 Total governmental activities capital assets, net.....	 <u>\$ 79,849,087</u>	 <u>\$ 7,752,714</u>	 <u>\$ (3,231,349)</u>	 <u>\$ 84,370,452</u>

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Business-Type Activities:</b>				
<u>Capital assets not being depreciated:</u>				
Land.....	\$ 2,498,618	\$ -	\$ -	\$ 2,498,618
Construction in progress.....	271,456	100,809	(271,456)	100,809
Total capital assets not being depreciated.....	<u>2,770,074</u>	<u>100,809</u>	<u>(271,456)</u>	<u>2,599,427</u>
<u>Capital assets being depreciated:</u>				
Land improvements.....	1,121,473	-	-	1,121,473
Plant in service.....	244,286,914	5,364,041	(1,603,799)	248,047,156
Buildings.....	1,492,692	-	-	1,492,692
Machinery and equipment.....	3,345,841	44,166	-	3,390,007
Infrastructure.....	77,415,876	3,655,126	-	81,071,002
Total capital assets being depreciated.....	<u>327,662,796</u>	<u>9,063,333</u>	<u>(1,603,799)</u>	<u>335,122,330</u>
<u>Less accumulated depreciation for:</u>				
Land improvements.....	(764,038)	(24,229)	-	(788,267)
Plant in service.....	(103,215,076)	(7,306,081)	1,603,288	(108,917,869)
Buildings.....	(1,118,493)	(26,412)	-	(1,144,905)
Machinery and equipment.....	(3,054,957)	(96,113)	-	(3,151,070)
Infrastructure.....	(31,315,893)	(1,626,732)	-	(32,942,625)
Total accumulated depreciation.....	<u>(139,468,457)</u>	<u>(9,079,567)</u>	<u>1,603,288</u>	<u>(146,944,736)</u>
Total capital assets being depreciated, net.....	<u>188,194,339</u>	<u>(16,234)</u>	<u>(511)</u>	<u>188,177,594</u>
Total business-type activities capital assets, net.....	<u>\$ 190,964,413</u>	<u>\$ 84,575</u>	<u>\$ (271,967)</u>	<u>\$ 190,777,021</u>

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

**Governmental Activities:**

General government.....	\$ 274,369
Public safety.....	565,650
Education.....	660,000
Public works.....	2,038,293
Human services.....	12,948
Culture and recreation.....	282,947
Community development.....	<u>42,315</u>

Total depreciation expense - governmental activities..... \$ 3,876,522

**Business-Type Activities:**

Water and Sewer.....	\$ 1,717,537
Golf.....	55,949
Electric light.....	<u>7,305,875</u>

Total depreciation expense - business-type activities..... \$ 9,079,361

**NOTE 5 – INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS**

At June 30, 2016, the Town has an interfund receivable/payable totaling \$427,723 which 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 year ended June 30, 2016, are summarized as follows:

Transfers Out:	Transfers In:				Total
	General Fund	Nonmajor Governmental Funds	Water and Sewer Enterprise Fund	Golf Enterprise Fund	
General Fund.....	\$ -	\$ 135,600	\$ 56,868	\$ 5,158	\$ 197,626 (1)
Nonmajor Governmental Funds.....	309,102	305,496	-	-	614,598 (2)
Water and Sewer Enterprise Fund.....	500,452	-	-	-	500,452 (3)
Golf Course Enterprise Fund.....	73,807	-	-	-	73,807 (3)
Electric Light Enterprise Fund.....	1,612,725	-	-	-	1,612,725 (4)
Total.....	<u>\$ 2,496,086</u>	<u>\$ 441,096</u>	<u>\$ 56,868</u>	<u>\$ 5,158</u>	<u>\$ 2,999,208</u>

- (1) Represents transfers from the general fund to the nonmajor special revenue fund to fund insurance proceeds and the workers compensation trust. Also represents transfers to the water and sewer enterprise fund for debt service and the golf enterprise fund.
- (2) Represents budgeted transfers to the general fund from various nonmajor special revenue funds to fund the 2016 operating budget. 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 received from the Braintree Electric Light Department.

**NOTE 6 – LEASES**

Capital Leases

The BELD entered into a capitalized lease for cable and light division equipment expiring through 2018. 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, 2015:

<u>Years Ending December 31,</u>	<u>Business-Type Activities</u>
2016.....	\$ 104,479
2017.....	53,999
2018.....	35,327
2019.....	<u>13,864</u>
Total minimum lease payments.....	207,669
Less: amounts representing interest.....	<u>(23,572)</u>
Present value of minimum lease payments.....	<u>\$ 184,097</u>

Operating Leases

The Town leases school buses under noncancelable operating leases that are scheduled to expire in 2017. The cost of the lease for the year ended June 30, 2016, totaled approximately \$452,000, and is reported as education expenditures in the general fund.

The future minimum lease payments are as follows:

<u>Year Ending June 30,</u>	<u>Governmental Activities</u>
2017.....	<u>\$ 114,282</u>

The Golf Course leases golf carts under noncancelable operating leases that are scheduled to expire in 2018. The cost of the lease for the year ended June 30, 2016, totaled approximately \$35,000.

The future minimum lease payments are as follows:

<u>Year Ending June 30,</u>	<u>Business-Type Activities</u>
2017.....	\$ 35,268
2018.....	<u>35,268</u>
Total.....	<u>\$ 70,536</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, 2016, and the debt service requirements are as follows:

**Bonds and Notes Payable Schedule – Governmental Funds**

Project	Maturities Through Year	Original Loan Amount	Interest Rate (%)	Outstanding at June 30, 2015	Issued	Redeemed	Outstanding at June 30, 2016
Municipal Purpose Loan of 2006.....	2026	\$ 2,250,000	4.14 - 4.34	\$ 130,000	\$ -	\$ (130,000)	-
Municipal Purpose Refunding Loan of 2006.....	2017	1,055,000	4.20 - 5.20	500,000	-	(250,000)	250,000
Municipal Purpose Loan of 2007.....	2027	700,000	4.30 - 4.90	70,000	-	(35,000)	35,000
Municipal Purpose Loan of 2009.....	2028	2,614,570	3.00 - 5.00	700,000	-	(220,000)	480,000
Municipal Purpose Loan of 2010.....	2030	6,782,000	1.50 - 4.50	4,125,000	-	(360,000)	3,765,000
Municipal Purpose Loan of 2011.....	2031	6,100,000	2.00 - 4.50	4,470,000	-	(400,000)	4,070,000
Municipal Purpose Loan of 2012.....	2032	5,286,000	2.00 - 4.00	3,720,000	-	(485,000)	3,235,000
Municipal Purpose Loan of 2013.....	2033	3,140,000	2.00 - 2.75	2,640,000	-	(250,000)	2,390,000
Municipal Purpose Loan of 2014.....	2034	3,519,000	2.00 - 4.00	3,185,000	-	(320,000)	2,865,000
Municipal Purpose Refunding Loan of 2015.....	2028	1,680,000	3.00 - 5.00	1,680,000	-	-	1,680,000
Municipal Purpose Loan of 2015.....	2035	3,259,000	3.00 - 5.00	3,259,000	-	(324,000)	2,935,000
Municipal Purpose Loan of 2016.....		3,898,000		-	3,898,000	-	3,898,000
Sub-Total.....				24,479,000	3,898,000	(2,774,000)	25,603,000
Unamortized Premiums on Bonds.....				218,593	319,033	(35,474)	502,152
Total.....				\$ 24,697,593	\$ 4,217,033	\$ (2,809,474)	\$ 26,105,152

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

Year	Principal	Interest	Total
2017.....	\$ 3,218,000	\$ 881,338	\$ 4,099,338
2018.....	2,725,000	797,540	3,522,540
2019.....	2,495,000	708,463	3,203,463
2020.....	2,385,000	616,330	3,001,330
2021.....	2,145,000	527,669	2,672,669
2022.....	1,850,000	445,295	2,295,295
2023.....	1,735,000	379,766	2,114,766
2024.....	1,655,000	317,351	1,972,351
2025.....	1,575,000	254,650	1,829,650
2026.....	1,520,000	193,474	1,713,474
2027.....	1,140,000	140,619	1,280,619
2028.....	980,000	103,706	1,083,706
2029.....	795,000	67,939	862,939
2030.....	655,000	42,189	697,189
2031.....	330,000	19,867	349,867
2032.....	155,000	11,363	166,363
2033.....	90,000	7,769	97,769
2034.....	70,000	5,032	75,032
2035.....	60,000	2,726	62,726
2036.....	25,000	750	25,750
<b>Total.....</b>	<b>\$ 25,603,000</b>	<b>\$ 5,523,836</b>	<b>\$ 31,126,836</b>

**Bonds and Notes Payable Schedule – Water and Sewer Enterprise Fund**

Project	Maturities Through Year	Original Loan Amount	Interest Rate (%)	Outstanding at June 30, 2015	Issued	Redeemed	Outstanding at June 30, 2016
Municipal Purpose Loan of 2002.....	2018	\$ 2,130,000	2.50 - 4.25	\$ 420,000	\$ -	\$ (140,000)	280,000
Municipal Purpose Loan of 2006.....	2026	4,480,000	4.14	220,000	-	(220,000)	-
Municipal Purpose Refunding Loan of 2006.....	2017	2,355,000	4.20 - 5.20	365,000	-	(190,000)	175,000
Municipal Purpose Loan of 2007.....	2027	1,430,000	4.14 - 4.90	140,000	-	(70,000)	70,000
Municipal Purpose Loan of 2009.....	2029	8,070,000	3.00 - 5.00	1,770,000	-	(475,000)	1,295,000
Municipal Purpose Refunding Loan of 2011.....	2022	3,575,000	2.00 - 4.00	2,200,000	-	(410,000)	1,790,000
Municipal Purpose Loan of 2011.....	2031	2,286,000	2.00 - 4.50	1,700,000	-	(145,000)	1,555,000
MWRA Loan of 2011.....	2017	344,230	0.00	137,692	-	(68,846)	68,846
Municipal Purpose Loan of 2012.....	2032	3,101,000	2.00 - 4.00	2,105,000	-	(345,000)	1,760,000
Municipal Purpose Loan of 2013.....	2033	3,108,000	2.00 - 2.75	2,760,000	-	(170,000)	2,590,000
MWRA Loan of 2013.....	2018	174,240	0.00	104,544	-	(34,848)	69,696
Municipal Purpose Loan of 2014.....	2034	2,248,000	2.00 - 4.00	2,161,100	-	(191,100)	1,970,000
MWRA Loan of 2015.....	2020	962,500	0.00	962,500	-	(192,500)	770,000
Municipal Purpose Refunding Loan of 2015.....	2029	5,890,000	3.00 - 5.00	5,890,000	-	-	5,890,000
Municipal Purpose Loan of 2015.....	2035	2,084,000	3.00 - 5.00	2,084,000	-	(109,000)	1,975,000
MWRA Loan of 2016.....	2021	227,960	0.00	-	227,960	-	227,960
Municipal Purpose Loan of 2016.....	2036	2,394,000	2.00 - 4.00	-	2,394,000	-	2,394,000
Sub-Total.....				23,019,836	2,621,960	(2,761,294)	22,880,502
Unamortized Premiums on Bonds.....				1,978,224	-	(250,681)	1,727,543
Total.....				\$ 24,998,060	\$ 2,621,960	\$ (3,011,975)	\$ 24,608,045

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

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017.....\$	2,865,786	\$ 950,132	\$ 3,815,918
2018.....	2,277,940	881,807	3,159,747
2019.....	1,958,092	810,532	2,768,624
2020.....	1,918,092	741,267	2,659,359
2021.....	1,710,592	662,880	2,373,472
2022.....	1,600,000	583,352	2,183,352
2023.....	1,230,000	512,090	1,742,090
2024.....	1,225,000	443,802	1,668,802
2025.....	1,220,000	374,424	1,594,424
2026.....	1,215,000	305,626	1,520,626
2027.....	1,040,000	238,053	1,278,053
2028.....	950,000	179,657	1,129,657
2029.....	905,000	129,386	1,034,386
2030.....	585,000	81,626	666,626
2031.....	590,000	64,155	654,155
2032.....	505,000	47,507	552,507
2033.....	440,000	33,808	473,808
2034.....	320,000	20,668	340,668
2035.....	215,000	10,252	225,252
2036.....	110,000	3,299	113,299
Total.....\$	<u>22,880,502</u>	<u>\$ 7,074,323</u>	<u>\$ 29,954,825</u>

**Bonds and Notes Payable Schedule – Golf Course Enterprise Fund**

<u>Project</u>	<u>Maturities Through Year</u>	<u>Original Loan Amount</u>	<u>Interest Rate (%)</u>	<u>Outstanding at June 30, 2015</u>	<u>Issued</u>	<u>Redeemed</u>	<u>Outstanding at June 30, 2016</u>
Municipal Purpose Loan of 2016.....	2021	\$ 219,000	4.00	\$ -	\$ 219,000	\$ -	\$ 219,000

Debt service requirements for principal and interest for the golf course enterprise fund bonds and notes payable in future years are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017.....\$	49,000	\$ 8,346	\$ 57,346
2018.....	45,000	6,800	51,800
2019.....	45,000	5,000	50,000
2020.....	40,000	3,200	43,200
2021.....	40,000	1,600	41,600
Total.....\$	<u>219,000</u>	<u>\$ 24,946</u>	<u>\$ 243,946</u>

**Bonds and Notes Payable Schedule – Electric Light Enterprise Fund (BELD)**

Project	Maturities Through Year Ended	Original Loan Amount	Interest Rate (%)	Outstanding at December 31, 2014	Issued	Redeemed	Outstanding at December 31, 2015
Municipal Purpose Loan of 2009.....	2028	\$ 109,700,000	3.00 - 5.00	\$ 88,410,000	\$ -	\$ (66,515,000)	\$ 21,895,000
Municipal Purpose Refunding Loan of 2015.....	2028	58,750,000	4.00 - 5.00	-	58,750,000	-	58,750,000
Sub-Total.....				88,410,000	58,750,000	(66,515,000)	80,645,000
Unamortized Premiums on Bonds.....				4,929,161	12,149,612	(649,345)	16,429,428
Total.....				\$ 93,339,161	\$ 70,899,612	\$ (67,164,345)	\$ 97,074,428

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

Calendar Year Ended	Principal	Interest	Total
2016.....	\$ 5,085,000	\$ 6,931,794	\$ 12,016,794
2017.....	5,335,000	6,684,544	12,019,544
2018.....	5,600,000	6,418,844	12,018,844
2019.....	5,875,000	6,138,844	12,013,844
2020.....	5,965,000	5,845,094	11,810,094
2021.....	6,180,000	2,570,000	8,750,000
2022.....	6,515,000	2,265,100	8,780,100
2023.....	6,785,000	2,004,500	8,789,500
2024.....	7,120,000	1,665,250	8,785,250
2025.....	7,475,000	1,309,250	8,784,250
2026.....	7,845,000	935,500	8,780,500
2027.....	7,545,000	543,250	8,088,250
2028.....	3,320,000	165,998	3,485,998
Total.....	\$ 80,645,000	\$ 43,477,968	\$ 124,122,968

In order to take advantage of favorable interest rates, the BELD issued \$58,750,000 of general obligation refunding bonds. \$61,660,000 of general obligation bonds were defeased by placing the proceeds of the refunding bonds, including the premium, in an irrevocable trust to provide for the full debt service payments on the refunded bonds. Accordingly, the trust’s account assets and liabilities for the defeased bonds are not included in these basic financial statements. The transaction resulted in an economic gain of \$3,789,838 and a reduction in future debt service payments of \$4,511,219.

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, 2016, the Town had the following authorized and unissued debt:

Purpose	Amount
Town hall and water building renovations.....	\$ 493,000
Water treatment plant.....	428,000
Water mains.....	100,000
Elder Affairs Addition.....	705,000
School projects.....	1,145,000
School educational technology.....	314,000
School capital.....	175,000
Water distribution system improvements.....	6,000,000
Roads.....	1,800,000
MWRA.....	2,443,200
Pump station.....	1,004,000
Public safety repairs and equipment.....	572,000
Public works repairs and equipment.....	446,000
Public works building improvements.....	647,000
Public works drainage.....	163,000
Public works dump trucks.....	112,000
Great Pond Dam repair project.....	652,277
Library building repairs .....	250,000
Golf equipment and supplies.....	77,000
Golf building repairs.....	30,000
	<hr/>
Total.....	\$ <u>17,556,477</u>

**Changes in Long-term Liabilities**

During the year ended June 30, 2016, 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
<b>Governmental Activities:</b>							
Long-term bonds payable.....	\$ 24,479,000	\$ 3,898,000	\$ (2,774,000)	\$ -	\$ -	\$ 25,603,000	\$ 3,218,000
Add: Unamortized premium on bonds.....	218,593	319,033	(35,474)	-	-	502,152	1,174,827
Total bonds payable.....	24,697,593	4,217,033	(2,809,474)	-	-	26,105,152	4,392,827
Capital lease obligations.....	-	-	-	-	-	-	-
Compensated absences.....	4,571,049	-	-	2,381,076	(2,271,156)	4,680,969	2,334,162
Workers' compensation.....	240,167	-	-	181,019	(192,000)	229,186	192,000
Net pension liability.....	55,738,749	-	-	12,011,798	-	67,750,547	-
Other postemployment benefits.....	67,426,008	-	-	8,030,744	(583,243)	74,873,509	-
Total governmental activity long-term liabilities.....	\$ 152,673,566	\$ 4,217,033	\$ (2,809,474)	\$ 22,604,637	\$ (3,046,399)	\$ 173,639,363	\$ 6,918,989
<b>Business-Type Activities:</b>							
Bonds and notes payable.....	\$ 111,429,836	\$ 61,590,960	\$ (69,276,294)	\$ -	\$ -	\$ 103,744,502	\$ 7,999,786
Add: Unamortized premium on bonds.....	6,907,385	12,149,612	(900,026)	-	-	18,156,971	854,416
Total bonds payable.....	118,337,221	73,740,572	(70,176,320)	-	-	121,901,473	8,854,202
Fees collected in advance.....	915,622	-	-	399,042	(151,881)	1,162,783	159,981
Capital lease obligations.....	296,958	-	-	147,645	(260,506)	184,097	104,479
Customer deposits payable.....	655,717	-	-	121,130	-	776,847	-
Compensated absences.....	620,584	-	-	504,687	(426,445)	698,826	488,312
Workers' compensation.....	80,923	-	-	-	(5,104)	75,819	5,064
Net pension liability.....	4,038,477	-	-	18,729,987	-	22,768,464	-
Other postemployment benefits.....	7,152,467	-	-	458,611	(31,618)	7,579,460	-
Total business-type activity long-term liabilities.....	\$ 132,097,969	\$ 73,740,572	\$ (70,176,320)	\$ 20,361,102	\$ (875,554)	\$ 155,147,769	\$ 9,612,038

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 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.

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

	<u>General</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Fund Balances:</b>			
<b>Nonspendable:</b>			
Permanent fund principal..... \$	-	\$ 2,564,529	\$ 2,564,529
<b>Restricted for:</b>			
Town special revenue funds.....	-	5,827,143	5,827,143
School lunch.....	-	279,692	279,692
School revolving funds.....	-	1,778,007	1,778,007
Community preservation fund.....	-	6,507,563	6,507,563
Expendable trust funds.....	-	7,305,682	7,305,682
<b>Committed to:</b>			
<b>Articles and continuing appropriations:</b>			
General government.....	215,313	-	215,313
Public safety.....	23,939	-	23,939
Education.....	469,664	-	469,664
Public works.....	570,353	-	570,353
Human services.....	65,000	-	65,000
<b>Assigned to:</b>			
<b>Encumbrances:</b>			
General government.....	615,454	-	615,454
Public safety.....	670,180	-	670,180
Education.....	646,177	-	646,177
Public works.....	145,736	-	145,736
Human services.....	285	-	285
Culture and recreation.....	92,321	-	92,321
Unassigned.....	<u>18,830,121</u>	<u>(316,019)</u>	<u>18,514,102</u>
<b>Total Fund Balances..... \$</b>	<b><u>22,344,543</u></b>	<b><u>23,946,597</u></b>	<b><u>46,291,140</u></b>

The details for the Committed and Assigned amounts in the table above are provided on the Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual in the *Required Supplementary Information* section of this Report. The amounts are listed under the column titled *Amounts Carried Forward to Next Year*. The Restricted amounts presented above are for funds that are subject to externally imposed constraints relating to grants, contributions, or laws and regulations by other governments.

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 funds have been reported in the general fund. At year end the balance of the general stabilization fund is \$540,963 and the balance of the capital stabilization fund is \$1,662,977 and are reported as unassigned fund balance.

**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 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 specific stop loss insurance for claims in excess of \$100,000 per claim. At June 30, 2016, the amount of the liability for health insurance claims totaled \$1,145,000 which is the best estimate based on available information. Changes in the reported liability since July 1, 2014 are as follows:

	Balance at Beginning of Year	Current Year Claims and Changes in Estimate	Claims Payments	Balance at Year-End Currently Due
2015.....	1,252,000	14,664,806	(14,886,806)	1,030,000
2016.....	1,030,000	16,047,091	(15,932,091)	1,145,000

(b) *Workers’ Compensation*

The estimated workers’ compensation liability is based on claims history, frequency and injury type. The Town purchases specific reinsurance with attachment points from \$450,000 to \$500,000 per claim and aggregate reinsurance with an attachment point of \$1,600,625 in FY16. At June 30, 2016, the amount of

the liability for workers' compensation claims totaled \$305,005, of which \$197,064 is current. Changes in the reported liability since July 1, 2014 are as follows:

	Balance at Beginning of Year	Current Year Claims and Changes in Estimate	Claims Payments	Balance at Year-End
2015.....	\$ 451,562	\$ 459,248	\$ (589,720)	\$ 321,090
2016.....	321,090	198,315	(214,400)	305,005

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 \$500,000 per occurrence, with a \$50,000 deductible that would be paid by the BELD. Environmental insurance coverage provides for \$1,500,000 per occurrence, with a \$100,000 deductible that would be paid by the BELD. Each of the participating light departments 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, 2015.

**NOTE 11 – PENSION PLAN**

*Plan Descriptions*

The Town is a member of the Braintree Contributory Retirement System (BCRS), a cost-sharing multiple-employer defined benefit pension plan covering eligible employees of the 2 member units. The System is administered by five board members (Board) on behalf of all current employees and retirees except for current teachers and retired teachers. Chapter 32 of the MGL assigns authority to establish and amend benefit provisions of the plan. The System is a component unit and is reported as a pension trust fund in the fiduciary fund financial statements.

The Town is a member of the Massachusetts Teachers' Retirement System (MTRS), a cost-sharing multi-employer defined benefit plan. MTRS is managed by the Commonwealth of Massachusetts (Commonwealth) on behalf of municipal teachers and municipal teacher retirees. The Commonwealth is a nonemployer contributor and is responsible for 100% of the contributions and future benefit requirements of the MTRS. The MTRS covers certified teachers in cities (except Boston), towns, regional school districts, charter schools, educational collaboratives and Quincy College. The MTRS is part of the Commonwealth's reporting entity and the audited financial report may be obtained by visiting <http://www.mass.gov/osc/publications-and-reports/financial-reports/>.

*Special Funding Situation*

The Commonwealth is a nonemployer contributor and is required by statute to make 100% of all actuarially determined employer contributions on behalf of the Town to the MTRS. Therefore, the Town is considered to be in a special funding situation as defined by GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and the Commonwealth is a nonemployer contributor in MTRS. Since the Town does not contribute directly to MTRS, there is no net pension liability to recognize. The total of the Commonwealth provided contributions have been allocated based on each employer's covered payroll to the total covered payroll of employers in MTRS as of the measurement date of June 30, 2015. The Town's portion of the collective pension expense, contributed by the Commonwealth, of \$10,146,237 is reported in the general fund as intergovernmental

revenue and pension benefits in the current fiscal year. The portion of the Commonwealth’s collective net pension liability associated with the Town is \$125,093,998 as of the measurement date.

*Benefits Provided*

Both Systems provide retirement, disability, survivor and death benefits to plan members and beneficiaries. Massachusetts Contributory Retirement System benefits are, with certain minor exceptions, uniform from system to system. The Systems provide retirement allowance benefits up to a maximum of 80% of a member's highest three-year average annual rate of regular compensation. For persons who became members on or after April 2, 2012, average salary is the average annual rate of regular compensation received during the five consecutive years that produce the highest average, or, if greater, during the last five years (whether or not consecutive) preceding retirement. Benefit payments are based upon a member's age, length of creditable service, level of compensation, and group classification. Members become vested after ten years of creditable service.

Employees who resign from service and who are not eligible to receive a retirement allowance or are under the age of 55 are entitled to request a refund of their accumulated total deductions. Survivor benefits are extended to eligible beneficiaries of members whose death occurs prior to or following retirement.

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 Board and are borne by the System.

There were no changes of benefit terms that affected the total pension liability at December 31, 2015.

At December 31, 2015, the BCRS membership consists of the following:

Active members.....	816
Inactive members.....	108
Retirees and beneficiaries currently receiving benefits.....	<u>516</u>
 Total.....	 <u><u>1,440</u></u>

*Contributions*

Chapter 32 of the MGL governs the contributions of plan members and member units. Active plan members are required to contribute at rates ranging from 5% to 9% of gross regular compensation with an additional 2% contribution required for compensation exceeding \$30,000. The percentage rate is keyed to the date upon which an employee's membership commences. The member units are required to pay into the BCRS a legislatively mandated actuarial determined contribution that is apportioned among the employers based on active current payroll. The total member units’ contribution for the year ended December 31, 2015 was \$8,771,129, 21.94% of covered payroll, actuarially determined as an amount that, when combined with plan member contributions, is expected to finance the costs of benefits earned by plan members during the year, with an additional amount to finance any unfunded accrued liability. The Town’s proportionate share of the required contribution was \$8,652,623 which equaled its actual contribution.

*Pension Liabilities*

The components of the net pension liability of the participating member units at June 30, 2016 were as follows:

Total pension liability.....	\$ 261,870,344
The pension plan's fiduciary net position.....	<u>(167,233,860)</u>
Total net pension liability.....	<u>\$ 94,636,484</u>
The pension plan's fiduciary net position as a percentage of the total pension liability.....	63.86%

At June 30, 2016, the Town reported a liability of \$90,519,011 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2014. Accordingly, update procedures were used to roll forward the total pension liability to the measurement date. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating members. At December 31, 2015, the Town's proportion was 98.65%, which increased by 0.08% from its proportion measured at December 31, 2014.

*Pension Expense*

For the year ended June 30, 2016, the Town recognized pension expense of \$12,187,937. At June 30, 2016, the Town reported deferred outflows of resources related to pensions of \$14,142,883, from the net difference between projected and actual investment earnings on pension plan investments. Since the System performs an actuarial valuation biennially, there are no reported differences between expected and actual experience or changes of assumptions as of December 31, 2015.

The balances of deferred outflows and inflows at June 30, 2016 consist of the following:

<u>Deferred category</u>	<u>Deferred Outflows of Resources</u>
Difference between projected and actual earnings.....	\$ 12,080,556
Changes in proportionate share of contributions.....	47,854
Contributions made subsequent to the measurement date.....	<u>2,014,473</u>
Total Deferred Outflows/(Inflows) of Resources.....	<u>\$ 14,142,883</u>

The deferred outflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2017.....	\$ 5,174,806
2018.....	3,160,333
2019.....	3,160,335
2020.....	<u>2,647,409</u>
Total.....	\$ <u><u>14,142,883</u></u>

*Actuarial Assumptions*

The total pension liability in the January 1, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement that was updated to December 31, 2015:

Valuation date.....	1/1/2014
Actuarial cost method.....	Entry Age Normal Cost Method.
Amortization method - UAAL.....	Increasing dollar amount at 4% to reduce the Unfunded Actuarial Accrued Liability to zero on or before June 30, 2033.
Amortization method - 2002, 2003, & 2010 ERI Actuarial Liability.....	Level dollar amount to reduce the 2002, 2003 and 2010 ERI Actuarial Accrued Liability to zero on or before June 30, 2019, June 30, 2020 and June 30, 2022, respectively.
Remaining amortization period.....	5 year straight-line amortization.
Asset valuation method.....	The Actuarial Value of Assets is the market value of assets as of the valuation date reduced by the sum of: a) 75% of gains and losses of the prior year, b) 50% of gains and losses of the second prior year, c) 25% of gains and losses of the third prior year and Investment gains and losses are determined by the excess or deficiency of the expected return over the actual return on the market value. The actuarial valuation of assets is further constrained to be not less than 90% or more than 110% of market value.
Investment rate of return.....	7.75%, net of pension plan investment expense, including inflation.
Discount rate.....	7.75%
Inflation rate.....	3.75% per year (US) and 3% per year (global)
Projected salary increases.....	4% per year, including longevity.

Payroll growth.....	4% per year
Cost of living adjustments.....	3.0% of first \$12,000 of the annual retirement allowance.
Mortality rates.....	RP-2000 Mortality Table projected to 2020 with Scale AA for pre-retirement mortality and the RP-2000 Mortality Table projected to 2015 with Scale AA for post-retirement mortality. For disabled lives, the mortality rates were based on the RP-2000 Mortality Table (no projection) set forward two years.

*Investment policy*

The pension plan’s policy in regard to the allocation of invested assets is established and may be amended by the Board. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the pension plan.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan’s target asset allocation as of January 1, 2014 are summarized in the table on the following page.

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>	<u>Long-Term Expected Asset Allocation</u>
Domestic equity.....	8.00%	22.00%
International equity.....	8.75%	20.00%
Domestic Fixed Income.....	4.48%	25.00%
Global fixed income.....	3.00%	3.00%
PRIT Fund.....	10.00%	15.00%
Hedge funds.....	7.25%	5.00%
Real estate.....	7.00%	5.00%
Private equity.....	10.00%	5.00%
		<hr/> 100.00%

*Rate of return*

For the year ended December 31, 2015, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was negative 1.70%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

*Discount rate*

The discount rate used to measure the total pension liability was 7.75%. The projection of cash flows used to determine the discount rate assumed plan member contributions will be made at the current contribution rate and that contributions will be made at rates equal to the actuarially determined contribution rate. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

*Sensitivity of the net pension liability to changes in the discount rate*

The following presents the net pension liability, calculated using the discount rate of 7.75%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.75%) or 1-percentage-point higher (8.75%) than the current rate:

	<u>1% Decrease (6.75%)</u>	<u>Current Discount (7.75%)</u>	<u>1% Increase (8.75%)</u>
<u>December 31, 2015 Measurement Date</u>			
The Town's proportionate share of the net pension liability.....	\$ <u>92,914,496</u>	\$ <u>72,633,217</u>	\$ <u>53,581,914</u>
BCRS total net pension liability.....	\$ <u>121,061,707</u>	\$ <u>94,636,484</u>	\$ <u>69,813,842</u>
<u>December 31, 2014 Measurement Date</u>			
The Municipal Light Plant's proportionate share of the net pension liability.....	\$ <u>23,752,949</u>	\$ <u>17,885,794</u>	\$ <u>12,405,248</u>

The Town's proportionate share of the net pension liability of \$93,358,891 includes \$20,725,674 for the Braintree Electric Light Department that will not be recorded until their calendar year-end of December 31, 2016.

**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, 2016, the Plan’s membership consisted of the following:

Current retirees, beneficiaries, and dependents.....	863
Current active members.....	<u>1,282</u>
Total.....	<u><u>2,145</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 \$1,075,000 during 2016 and the BELD contributed approximately \$874,000 including a pre-funding contribution of \$520,000 during calendar year 2015 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, 2016, the Town has accumulated approximately \$6,239,000 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.....	\$	14,615,754
Interest on net OPEB obligation.....		2,403,122
Adjustments to annual required contribution.....		<u>(2,847,258)</u>
Annual OPEB cost/expense.....		14,171,618
Contributions made.....		<u>(6,297,124)</u>
Increase/(Decrease) in net OPEB obligation.....		7,874,494
Net OPEB obligation - beginning of year.....		<u>74,578,475</u>
Net OPEB obligation - end of year.....	\$	<u><u>82,452,969</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:

Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2016	\$ 14,171,618	44%	\$ 82,452,969
6/30/2015	16,594,359	42%	74,578,475
6/30/2014	15,682,836	43%	64,932,710

*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:

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)
1/1/2016	\$ 5,764,078	\$ 202,340,241	\$ 196,576,163	2.8%	\$ 81,826,380	240.24%
1/1/2014	2,943,163	188,740,599	185,797,436	1.6%	71,715,774	259.07%
1/1/2012	652,936	189,802,016	189,149,080	0%	68,300,737	276.94%

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.....	1/1/2016
Actuarial cost method.....	Projected Unit Credit
Amortization method.....	Amortization payments increasing at 3.25%, per year over 30 years at transition
Remaining amortization period.....	22 years at January 1, 2016, closed
Asset valuation method.....	Market value

Actuarial Assumptions:

Investment rate of return.....	3.50%
Inflation rate.....	2.75% per year
Projected salary increases.....	3.00% per year
Medical/drug cost trend rate.....	5.00% per year

**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 \$14.6 million on improvements to the system over the last 14 years to comply with the ACO.

The Town has entered into contracts totaling approximately \$9.5 million for various water, public works, school, and public safety building projects. The Town has authorized water system and public works renovations of approximately \$4.3 million. The Town also plans to authorize and contract for an additional \$30.2 million for school building repairs and renovations, roadway repairs, and water distribution system 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 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. As of December 31, 2015 MMWEC’s total future debt service requirement on

outstanding bonds issued for the projects is \$121,353,000, of which \$3,903,000 is anticipated to be billed to the BELD in the future.

The BELD has also entered into various long-term agreements to purchase power from other utilities. At December 31, 2015, the estimated capacity costs relating to these agreements total approximately \$16,672,000. The amount estimated for 2016 is \$3,935,000 with annual decreases estimated as contract entitlements decrease and expire through 2022.

#### **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 Title 2 *U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, 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 siting 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, 2016, cannot be ascertained, management believes any resulting liability should not materially affect the financial statements at June 30, 2016.

#### **NOTE 15 – SUBSEQUENT EVENTS**

Management has evaluated subsequent events through December 27, 2016, which is the date the financial statements were available to be issued.

#### **NOTE 16 – REVISION/RESTATEMENT OF NET POSITION**

Beginning net position of electric light enterprise fund has been revised to reflect the implementation of GASB Statements #67, #68 and #71 totaling (\$15,518,159) and restated by \$900,891 of which \$358,095 was for an overstatement to accumulated depreciation and \$542,796 was for a decrease in the 2014 depreciation expense.

#### **NOTE 17 – IMPLEMENTATION OF NEW GASB PRONOUNCEMENTS**

During 2016, the following GASB pronouncements were implemented:

- GASB Statement #72, *Fair Value Measurement and Application*. Notes to the basic financial statements were changed to provide additional disclosure on fair value measurement.

- GASB Statement #73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. This pronouncement did not impact the basic financial statements.
- GASB Statement #76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. This pronouncement did not impact the basic financial statements.
- GASB Statement #79, *Certain External Investment Pools and Pool Participants*. The basic financial statements and related notes were updated to be in compliance with this pronouncement.

The following GASB pronouncements will be implemented in the future:

- The GASB issued Statement #74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, which is required to be implemented in 2017.
- The GASB issued Statement #75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which is required to be implemented in 2018.
- The GASB issued Statement #77, *Tax Abatement Disclosures*, which is required to be implemented in 2017.
- The GASB issued Statement #78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*, which is required to be implemented in 2017.
- The GASB issued Statement #80, *Blending Requirements for Certain Component Units – an amendment of GASB Statement #14*, which is required to be implemented in 2017.
- The GASB issued Statement #81, *Irrevocable Split-Interest Agreements*, which is required to be implemented in 2018.
- The GASB issued Statement #82, *Pension Issues – an amendment of GASB Statements #67, #68, and #73*, which is required to be implemented in 2018.
- The GASB issued Statement #83, *Certain Asset Retirement Obligations*, which is required to be implemented in 2019.

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

# ***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**

YEAR ENDED JUNE 30, 2016

	Budgeted Amounts		Actual Budgetary Amounts	Amounts Carried Forward To Next Year	Variance to Final Budget
	Original Budget	Final Budget			
<b>REVENUES:</b>					
Real estate and personal property taxes, net of tax refunds.....	\$ 81,386,250	\$ 81,386,250	\$ 81,544,550	\$ -	\$ 158,300
Tax liens.....	-	-	1,361,835	-	1,361,835
Motor vehicle and other excise taxes.....	5,528,340	5,528,340	6,173,244	-	644,904
Hotel/motel tax.....	1,460,000	1,460,000	1,614,166	-	154,166
Meals tax.....	1,015,000	1,015,000	1,142,349	-	127,349
Penalties and interest on taxes.....	475,000	475,000	439,913	-	(35,087)
Payments in lieu of taxes.....	2,255,000	2,255,000	2,062,215	-	(192,785)
Intergovernmental.....	22,013,770	22,013,770	22,224,365	-	210,595
Departmental and other.....	4,918,944	4,918,944	6,233,621	-	1,314,677
Investment income.....	173,000	173,000	172,208	-	(792)
<b>TOTAL REVENUES.....</b>	<b>119,225,304</b>	<b>119,225,304</b>	<b>122,968,466</b>	<b>-</b>	<b>3,743,162</b>
<b>EXPENDITURES:</b>					
Current:					
General Government:					
Town Council					
Administration.....	189,661	191,161	183,156	-	8,005
Reserve Fund.....	40,000	-	-	-	-
Internal Audit.....	74,000	24,667	10,380	-	14,287
Articles.....	25,000	45,000	3,490	41,510	-
Total.....	328,661	260,828	197,026	41,510	22,292
Mayor's Office					
Administration.....	491,166	493,484	486,486	-	6,998
Fair Housing.....	2,275	2,275	312	-	1,963
Commission on Disabilities.....	1,025	1,025	107	-	918
Opioid Education and Prevention.....	11,129	95,409	1,076	94,333	-
Articles.....	4,535	4,535	-	4,535	-
Total.....	510,130	596,728	487,981	98,868	9,879
Finance Department					
Administration.....	150,883	153,348	137,936	8,250	7,162
Accounting.....	256,843	259,903	235,884	2,000	22,019
Assessing.....	278,436	278,436	268,870	-	9,566
Information Technology.....	522,420	483,828	397,528	70,071	16,229
General Insurances.....	451,100	431,100	426,679	-	4,421
Treasurer/Collector.....	1,423,051	1,414,881	1,382,637	6,490	25,754
Bond Principal.....	2,750,833	2,819,000	2,774,000	-	45,000
Bond Interest.....	788,966	815,106	803,237	-	11,869
Leases.....	89,659	89,659	89,659	-	-
Capital Project.....	20,546	20,546	-	20,546	-
Articles.....	220,000	220,000	61,059	158,941	-
Total.....	6,952,737	6,985,807	6,577,489	266,298	142,020
Law Department					
Administration.....	246,450	370,771	370,467	-	304
Licensing Board.....	32,040	32,040	30,846	-	1,194
Total.....	278,490	402,811	401,313	-	1,498
Human Resources					
Administration.....	536,256	535,470	503,462	32,189	(181)
Employee Benefits.....	17,883,400	17,883,400	17,237,047	66,323	580,030
Veterans Benefits.....	397,331	397,331	326,991	-	70,340
Celebrations.....	7,000	7,000	6,880	-	120
Total.....	18,823,987	18,823,201	18,074,380	98,512	650,309
Town Clerk					
Administration.....	112,040	111,996	98,231	-	13,765
Elections.....	58,525	58,525	40,733	-	17,792
Registration.....	164,447	164,447	146,250	-	18,197
Articles.....	90,000	90,000	79,673	10,327	-
Total.....	425,012	424,968	364,887	10,327	49,754

(Continued)

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

YEAR ENDED JUNE 30, 2016

	Budgeted Amounts		Actual Budgetary Amounts	Amounts Carried Forward To Next Year	Variance to Final Budget
	Original Budget	Final Budget			
<b>Planning and Community Development</b>					
Administration.....	172,512	172,512	160,355	2,000	10,157
Planning.....	153,348	158,348	147,556	5,000	5,792
Conservation.....	129,274	129,274	85,122	35,125	9,027
Economic Development.....	82,707	131,198	81,627	28,430	21,141
Historical Commission.....	6,030	6,030	1,239	-	4,791
Capital Projects.....	311,484	311,484	66,787	244,697	-
<b>Total.....</b>	<b>855,355</b>	<b>908,846</b>	<b>542,686</b>	<b>315,252</b>	<b>50,908</b>
<b>Total General Government.....</b>	<b>28,174,372</b>	<b>28,403,189</b>	<b>26,645,762</b>	<b>830,767</b>	<b>926,660</b>
<b>Public Safety:</b>					
<b>Police</b>					
Administration.....	919,982	914,415	890,869	13,639	9,907
Building Maintenance.....	127,050	139,729	128,116	10,400	1,213
Equipment Maintenance.....	234,400	231,417	216,444	13,931	1,042
Patrol Bureau.....	4,880,773	5,050,313	5,047,357	-	2,956
Communications.....	964,227	943,437	934,854	8,583	-
Detective Bureau.....	1,154,713	1,164,562	1,161,021	3,541	-
Traffic Bureau.....	166,947	166,947	157,715	6,500	2,732
Special Services/Community Policing.....	731,980	731,002	730,475	-	527
Harbormaster.....	8,350	8,350	3,720	-	4,630
Animal Control.....	66,356	65,506	63,206	1,300	1,000
Capital Projects.....	614,356	618,422	257,585	360,837	-
<b>Total.....</b>	<b>9,869,134</b>	<b>10,034,100</b>	<b>9,591,362</b>	<b>418,731</b>	<b>24,007</b>
<b>Fire</b>					
Administration.....	265,414	265,947	262,593	2,073	1,281
Building Maintenance.....	174,856	174,856	172,955	-	1,901
Equipment Maintenance.....	232,508	232,508	148,771	10,800	72,937
Fire Suppression.....	7,336,519	7,549,409	7,345,636	28,246	175,527
Fire Alarm Repair.....	124,586	124,586	121,769	-	2,817
Fire Hazmat.....	113,833	113,833	111,382	-	2,451
Fire Prevention.....	115,412	115,412	112,896	-	2,516
Training.....	123,228	123,228	99,428	-	23,800
Capital Project.....	668,818	668,818	499,143	144,675	25,000
<b>Total.....</b>	<b>9,155,174</b>	<b>9,368,597</b>	<b>8,874,573</b>	<b>185,794</b>	<b>308,230</b>
<b>Municipal Licenses and Inspection</b>					
Administration.....	245,798	245,798	232,197	-	13,601
Equipment Maintenance.....	6,600	4,400	2,403	-	1,997
Inspections/Code Enforcement.....	541,668	556,248	462,712	65,655	27,881
Mileage.....	-	-	-	-	-
Health.....	214,202	214,202	210,731	-	3,471
Zoning Board of Appeals.....	500	500	491	-	9
Articles.....	70,803	37,082	13,143	23,939	-
<b>Total.....</b>	<b>1,079,571</b>	<b>1,058,230</b>	<b>921,677</b>	<b>89,594</b>	<b>46,959</b>
<b>Total Public Safety.....</b>	<b>20,103,879</b>	<b>20,460,927</b>	<b>19,387,612</b>	<b>694,119</b>	<b>379,196</b>
<b>Education:</b>					
Education.....	59,624,754	59,727,321	59,081,144	646,177	-
Regional School District.....	2,467,754	2,467,754	2,461,467	-	6,287
Capital Project.....	436,037	689,604	219,940	469,664	-
<b>Total Education.....</b>	<b>62,528,545</b>	<b>62,884,679</b>	<b>61,762,551</b>	<b>1,115,841</b>	<b>6,287</b>

(Continued)

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

YEAR ENDED JUNE 30, 2016

	Budgeted Amounts		Actual Budgetary Amounts	Amounts Carried Forward To Next Year	Variance to Final Budget
	Original Budget	Final Budget			
<b>Public Works:</b>					
<b>Public Works</b>					
Administration.....	293,711	293,711	255,699	175	37,837
Building Maintenance.....	1,075,667	1,549,917	1,462,827	-	87,090
Equipment Maintenance.....	285,182	285,180	228,795	-	56,385
Engineering.....	185,598	185,596	179,535	-	6,061
Construction Administration.....	218,494	259,420	259,420	-	-
Highway.....	1,601,031	1,582,003	1,457,496	6,550	117,957
Drains.....	39,200	39,200	37,370	-	1,830
Sidewalks.....	29,400	29,400	28,821	-	579
Street Lighting.....	385,500	385,500	385,000	-	500
Traffic.....	128,396	128,396	85,833	-	42,563
Snow and Ice.....	450,000	711,677	711,677	-	-
Environmental Affairs and Waste Collection.....	1,598,307	1,662,887	1,571,359	64,011	27,517
Cemetery.....	92,335	92,335	62,306	-	30,029
Maintenance Town Hall.....	93,100	93,100	93,100	-	-
Recreation and Community Events.....	164,530	164,530	160,189	-	4,341
Watson Building Maintenance.....	-	-	-	-	-
Grounds Maintenance.....	472,946	472,946	416,959	-	55,987
Summer Programs.....	178,625	178,625	144,353	-	34,272
Brawley Recreation.....	100,893	100,893	100,893	-	-
Capital Project.....	75,000	75,000	-	75,000	-
Articles.....	386,768	653,275	82,922	570,353	-
<b>Total Public Works.....</b>	<b>7,854,683</b>	<b>8,943,591</b>	<b>7,724,554</b>	<b>716,089</b>	<b>502,948</b>
<b>Human Services:</b>					
<b>Council on Aging</b>					
Administration.....	203,198	203,198	197,852	-	5,346
Equipment Maintenance.....	59,239	59,239	54,323	-	4,916
Building Maintenance.....	22,713	22,713	19,233	285	3,195
Capital Project.....	40,000	-	-	-	-
Articles.....	25,119	65,119	119	65,000	-
<b>Total Human Services.....</b>	<b>350,269</b>	<b>350,269</b>	<b>271,527</b>	<b>65,285</b>	<b>13,457</b>
<b>Culture and Recreation:</b>					
<b>Library</b>					
Administration.....	218,028	219,097	216,795	-	2,302
Building Maintenance.....	115,800	115,800	114,861	-	939
Equipment Maintenance.....	1,000	1,000	486	-	514
Technology.....	53,000	53,000	53,000	-	-
Current Topics and Titles.....	912,128	912,128	852,222	-	59,906
Lifelong Learning.....	130,722	130,722	127,431	-	3,291
Community Commons.....	15,700	15,700	14,659	1,041	-
Capital Project.....	153,590	153,590	62,310	91,280	-
<b>Total Culture and Recreation.....</b>	<b>1,599,968</b>	<b>1,601,037</b>	<b>1,441,764</b>	<b>92,321</b>	<b>66,952</b>
<b>State and County Assessments.....</b>	<b>3,628,994</b>	<b>3,675,415</b>	<b>3,711,416</b>	<b>-</b>	<b>(36,001)</b>
<b>TOTAL EXPENDITURES.....</b>	<b>124,240,710</b>	<b>126,319,107</b>	<b>120,945,186</b>	<b>3,514,422</b>	<b>1,859,499</b>
<b>EXCESS (DEFICIENCY) OF REVENUES</b>					
<b>OVER (UNDER) EXPENDITURES.....</b>	<b>(5,015,406)</b>	<b>(7,093,803)</b>	<b>2,023,280</b>	<b>(3,514,422)</b>	<b>5,602,661</b>
<b>OTHER FINANCING SOURCES (USES):</b>					
Proceeds from the sale of land.....	-	-	300,000	-	300,000
Transfers in.....	1,076,124	3,400,714	2,787,150	-	(613,564)
Transfers out.....	-	(20,000)	(2,192,468)	-	(2,172,468)
<b>TOTAL OTHER FINANCING</b>					
<b>SOURCES (USES).....</b>	<b>1,076,124</b>	<b>3,380,714</b>	<b>894,682</b>	<b>-</b>	<b>(2,486,032)</b>
<b>NET CHANGE IN FUND BALANCE.....</b>	<b>(3,939,282)</b>	<b>(3,713,089)</b>	<b>2,917,962</b>	<b>(3,514,422)</b>	<b>3,116,629</b>
<b>BUDGETARY FUND BALANCE, Beginning of year.....</b>	<b>19,022,037</b>	<b>19,022,037</b>	<b>19,022,037</b>	<b>-</b>	<b>-</b>
<b>BUDGETARY FUND BALANCE, End of year.....</b>	<b>\$ 15,082,755</b>	<b>\$ 15,308,948</b>	<b>\$ 21,939,999</b>	<b>\$ (3,514,422)</b>	<b>\$ 3,116,629</b>

(Concluded)

See notes to required supplementary information.

# ***Pension Plan Schedules – Retirement System***

The Pension Plan's Schedule of Changes in the Net Pension Liability presents multi-year trend information on the net pension liability and related ratios.

The Pension Plan's Schedule of Contributions presents multi-year trend information on the required and actual contributions to the pension plan and related ratios.

The Pension Plan's Schedule of Investment Return presents multi-year trend information on the money-weighted investment return on retirement assets, net of investment expense.

These schedules are intended to present information for ten years. Until a ten year trend is compiled, information is presented for those years for which information is available.

**SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY  
AND RELATED RATIOS  
BRAINTREE CONTRIBUTORY RETIREMENT SYSTEM**

	December 31, 2014	December 31, 2015
<b>Total pension liability:</b>		
Service cost.....	\$ 6,023,441	\$ 6,023,441
Interest.....	18,204,152	19,380,005
Changes in benefit terms.....	-	-
Differences between expected and actual experience.....	-	-
Changes in assumptions.....	-	-
Benefit payments.....	<u>(15,009,048)</u>	<u>(15,148,464)</u>
Net change in total pension liability.....	9,218,545	10,254,982
Total pension liability, beginning.....	<u>242,396,817</u>	<u>251,615,362</u>
Total pension liability, ending (a).....	<u>\$ 251,615,362</u>	<u>\$ 261,870,344</u>
<b>Plan fiduciary net position:</b>		
Employer contributions.....	\$ 8,455,791	\$ 8,771,129
Member contributions.....	4,658,478	3,889,183
Net investment income (loss).....	9,407,198	(2,891,404)
Retirement benefits and refunds.....	(15,009,048)	(15,148,464)
Administrative expenses.....	(267,893)	(266,847)
Other receipts.....	<u>-</u>	<u>54,614</u>
Net increase (decrease) in fiduciary net position.....	7,244,526	(5,591,789)
Fiduciary net position at beginning of year.....	<u>165,581,123</u>	<u>172,825,649</u>
Fiduciary net position at end of year (b).....	<u>\$ 172,825,649</u>	<u>\$ 167,233,860</u>
<b>Net pension liability - ending (a) - (b).....</b>	<u>\$ 78,789,713</u>	<u>\$ 94,636,484</u>
Plan fiduciary net position as a percentage of the total pension liability.....	68.69%	63.86%
Covered-employee payroll.....	\$ 38,444,353	\$ 39,982,127
Net pension liability as a percentage of covered-employee payroll.....	204.94%	236.70%

Note: this schedule is intended to present information for 10 years.  
Until a 10-year trend is compiled, information is presented for those years for  
which information is available.

See notes to required supplementary information.

**SCHEDULE OF CONTRIBUTIONS  
BRAINTREE CONTRIBUTORY RETIREMENT SYSTEM**

	December 31, 2014	December 31, 2015
Actuarially determined contribution.....	\$ 8,393,425	\$ 8,771,129
Contributions in relation to the actuarially determined contribution.....	<u>(8,393,425)</u>	<u>(8,771,129)</u>
Contribution deficiency (excess).....	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll.....	\$ 38,444,353	\$ 39,982,127
Contributions as a percentage of covered- employee payroll.....	21.83%	21.94%

Note: this schedule is intended to present information for 10 years.  
Until a 10-year trend is compiled, information is presented for those  
years for which information is available.

See notes to required supplementary information.

**SCHEDULE OF INVESTMENT RETURN  
BRAintree CONTRIBUTORY RETIREMENT SYSTEM**

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	December 31, 2014	December 31, 2015
Annual money-weighted rate of return, net of investment expense.....	5.73%	-1.70%

Note: this schedule is intended to present information for 10 years.  
Until a 10-year trend is compiled, information is presented for those  
years for which information is available.

The annual money-weighted rate of return has been calculated by  
the Pension Reserves Investment Management Board (PRIM).

See notes to required supplementary information.

# ***Pension Plan Schedules – Town***

The Schedule of the Town's Proportionate Share of the Net Pension Liability presents multi-year trend information on the Town's net pension liability and related ratios.

The Schedule of the Electric Light Department's Proportionate Share of the Net Pension Liability presents multi-year trend information on the Town's net pension liability and related ratios.

The Schedule of the Town's Contributions presents multi-year trend information on the Town's required and actual contributions to the pension plan and related ratios.

The Schedule of the Special Funding Amounts of the Net Pension Liability for the Massachusetts Teachers Contributory Retirement System presents multi-year trend information on the liability and expense assumed by the Commonwealth of Massachusetts on behalf of the City along with related ratios.

These schedules are intended to present information for ten years. Until a ten year trend is compiled, information is presented for those years for which information is available.

**SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE  
OF THE NET PENSION LIABILITY  
BRAINTREE CONTRIBUTORY RETIREMENT SYSTEM**

	December 31, 2014	December 31, 2015
Town's proportionate share of the net pension liability (asset).....	75.87%	76.75%
Town's proportionate share of the net pension liability (asset)..... \$	59,777,226	\$ 72,633,217
Town's covered employee payroll..... \$	29,167,473	\$ 30,706,775
Net pension liability as a percentage of covered-employee payroll.....	204.94%	236.54%
Plan fiduciary net position as a percentage of the total pension liability.....	68.69%	63.86%

Note: this schedule is intended to present information for 10 years.  
Until a 10-year trend is compiled, information is presented for those years for  
which information is available.

Except for the Town's Electric Light Department, the Town implemented GASB 68 in fiscal year 2015  
and used the measurement date of December 31, 2014. This schedule does not include the  
Electric Light Department which is presented on its own schedule.

See notes to required supplementary information.

**SCHEDULE OF THE ELECTRIC LIGHT DEPARTMENT'S PROPORTIONATE SHARE  
OF THE NET PENSION LIABILITY  
BRAINTREE CONTRIBUTORY RETIREMENT SYSTEM**

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	December 31, 2014
Light Department's proportion of the net pension liability (asset).....	22.70%
Light Department's proportionate share of the net pension liability (asset)..... \$	17,885,794
Light Department's covered employee payroll..... \$	8,727,126
Net pension liability as a percentage of covered-employee payroll.....	204.94%
Plan fiduciary net position as a percentage of the total pension liability.....	68.69%

Note: this schedule is intended to present information for 10 years.  
Until a 10-year trend is compiled, information is presented for those years for  
which information is available.

The Town's Electric Light Enterprise Fund year end is December 31st while the Town is June 30th.  
The Town's Electric Light Enterprise initial implementation of GASB 68 was for the year ended  
December 31, 2015 and used the measurement date of December 31, 2014. This schedule provides  
only the Electric Light Department's information.

See notes to required supplementary information.

**SCHEDULE OF TOWN'S CONTRIBUTIONS  
BRAINTREE CONTRIBUTORY RETIREMENT SYSTEM**

	December 31, 2014	December 31, 2015
Actuarially determined contribution.....	\$ 8,273,433	\$ 8,652,623
Contributions in relation to the actuarially determined contribution.....	(8,273,433)	(8,652,623)
Contribution deficiency (excess).....	\$ -	\$ -
Covered-employee payroll .....	\$ 29,167,473	\$ 30,706,775
Contributions as a percentage of covered- employee payroll.....	28.37%	28.18%

Note: this schedule is intended to present information for 10 years.  
Until a 10-year trend is compiled, information is presented for those  
years for which information is available.

See notes to required supplementary information.

**SCHEDULE OF THE SPECIAL FUNDING AMOUNTS  
OF THE NET PENSION LIABILITY  
MASSACHUSETTS TEACHERS' RETIREMENT SYSTEM**

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The Commonwealth of Massachusetts is a nonemployer contributor and is required by statute to make all actuarially determined employer contributions on behalf of the member employers which creates a special funding situation. Since the Town does not contribute directly to MTRS, there is no net pension liability to recognize. This schedule discloses the Commonwealth's 100% share of the collective net pension liability that is associated with the Town; the portion of the collective pension expense as both a revenue and pension expense recognized by the Town; and the Plan's fiduciary net position as a percentage of the total liability.

Year	Commonwealth's 100% Share of the Net Pension Liability Associated with the Town	Town's Expense and Revenue Recognized for the Commonwealth's Support	Plan Fiduciary Net Position as a Percentage of the Total Liability
2016.....	\$ 125,093,998	\$ 10,146,237	55.38%
2015.....	94,963,590	6,597,576	61.64%

Note: this schedule is intended to present information for 10 years.  
Until a 10-year trend is compiled, information is presented for those years for which information is available.

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)
1/1/2016	\$ 5,764,078	\$ 202,340,241	\$ 196,576,163	2.8%	\$ 81,826,380	240.24%
1/1/2014	2,943,163	188,740,599	185,797,436	1.6%	71,715,774	259.07%
1/1/2012	652,936	189,802,016	189,149,080	0%	68,300,737	276.94%

**Schedule of Employer Contributions**

Year Ended	Annual Required Contribution (ARC)	Actual Contributions Made	Percentage of the ARC Contributed
6/30/2016	\$ 14,615,754	\$ 6,297,124	43%
6/30/2015	16,700,626	6,948,594	42%
6/30/2014	16,108,388	6,726,454	42%
6/30/2013	15,326,220	6,237,184	41%
6/30/2012	15,278,511	6,763,783	44%

See notes to required supplementary information.

**OTHER POSTEMPLOYMENT BENEFITS PLAN**  
**ACTUARIAL METHODS AND ASSUMPTIONS**

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Actuarial Methods:

Valuation date.....	1/1/2016
Actuarial cost method.....	Projected Unit Credit
Amortization method.....	Amortization payments increasing at 3.25%, per year over 30 years at transition
Remaining amortization period.....	22 years at January 1, 2016, closed
Asset valuation method.....	Market value

Actuarial Assumptions:

Investment rate of return.....	3.50%
Inflation rate.....	2.75% per year
Projected salary increases.....	3.00% per year
Medical/drug cost trend rate.....	5.00% per year

Plan Membership:

Current retirees, beneficiaries, and dependents.....	863
Current active members.....	<u>1,282</u>
 Total.....	 <u><u>2,145</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 year. Others are continuing appropriations for which the governing body has authorized that an unspent balance from a prior year be carried forward and made available for spending in the current year. These carry forwards are included as part of the subsequent 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 2016 approved budget authorized approximately \$124.2 million in appropriations and other amounts to be raised, including \$2.8 million in amounts carried over from previous years. During 2016, the Town Council also approved supplemental appropriations totaling approximately \$2.1 million. These supplemental appropriations mainly consisted of \$213,000 appropriated for the fire department, \$218,000 for the police patrol bureau, \$103,000 appropriated for education, and \$844,000 was the department of public works. Town Council also approved changes to amounts transferred between the general fund and the stabilization funds.

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 year ended June 30, 2016, is presented below:

Net change in fund balance - budgetary basis.....	\$ 2,917,962
<u>Perspective differences:</u>	
Activity of the stabilization fund recorded in the general fund for GAAP.....	106,352
Activity of the municipal building insurance fund recorded in the general fund for GAAP.....	(70,115)
<u>Basis of accounting differences:</u>	
Net change in recording tax refunds payable.....	(219,000)
Net change in recording accrued expenditures.....	(264,900)
Net change in recording accrued payroll.....	833,031
Recognition of revenue for on-behalf payments.....	10,146,237
Recognition of expenditures for on-behalf payments.....	<u>(10,146,237)</u>
Net change in fund balance - GAAP basis.....	<u>\$ 3,303,330</u>

**NOTE B – PENSION PLAN**

***Pension Plan Schedules – Retirement System***

A. Changes in the Net Pension Liability and Related Ratios

The Schedule of Changes in the Net Pension Liability and Related Ratios includes the detailed changes in the systems total pension liability, changes in the systems net position, and the ending net pension liability. It also demonstrates the plan’s net position as a percentage of the total pension liability and the net pension liability as a percentage of covered payroll.

Since the retirement system performs an actuarial valuation bi-annually, there are no reported amounts for the changes in benefit terms, differences between expected and actual experience and changes in assumptions as of December 31, 2015.

B. Contributions

Governmental employers are required to pay an annual appropriation as established by PERAC. The total appropriation includes the amounts to pay the pension portion of each member’s retirement allowance, an amount to amortize the actuarially determined unfunded liability to zero in accordance with the system’s funding schedule, and additional appropriations in accordance with adopted early retirement incentive programs. The total appropriations are payable on July 1 and January 1. Employers may choose to pay the entire appropriation in July at a discounted rate. Accordingly, actual employer contributions may be less than the “total appropriation”. The pension fund appropriations are allocated amongst employers based on covered payroll.

### C. Schedule of Investment Return

The money weighted rate of return is calculated as the internal rate of return on pension plan investments, net of pension plan investment expense. A money weighted rate of return expresses investment performance, net of pension plan investment expense, adjusted for the changing amounts actually invested. Inputs to the money weighted rate of return calculation are determined monthly.

### ***Pension Plan Schedules - Town***

#### A. Schedule of the Town's Proportionate Share of the Net Pension Liability

The Schedule of the Town's Proportionate Share of the Net Pension Liability details the allocated percentage of the net pension liability (asset), the proportionate share of the net pension liability, and the covered employee payroll. It also demonstrates the net position as a percentage of the pension liability and the net pension liability as a percentage of covered payroll.

#### B. Schedule of Town's Contributions

Governmental employers are required to pay an annual appropriation as established by PERAC. The appropriation includes the amounts to pay the pension portion of each member's retirement allowance, an amount to amortize the actuarially determined unfunded liability to zero in accordance with the system's funding schedule, and additional appropriations in accordance with adopted early retirement incentive programs. The appropriations are payable on July 1 and January 1. The Town may choose to pay the entire appropriation in July at a discounted rate. Accordingly, actual contributions may be less than the "total appropriation". The pension fund appropriation is allocated to the Town based on covered payroll.

#### C. Schedule of the Special Funding Amounts of the Net Pension Liabilities

The Commonwealth of Massachusetts is a nonemployer contributor and is required by statute to make all actuarially determined employer contributions on behalf of the member employers which creates a special funding situation. Since the Town does not contribute directly to MTRS, there is no net pension liability to recognize. This schedule discloses the Commonwealth's 100% share of the collective net pension liability that is associated with the Town; the portion of the collective pension expense as both revenue and pension expense recognized by the Town; and the Plan's fiduciary net position as a percentage of the total liability.

D. Changes in Assumptions: There were no changes in assumptions.

E. Changes in Plan Provisions: There were no changes in plan provisions.

### **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 combined pre-funded and 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 1.6%. 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.

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# ***Other Supplementary Information***

# ***Combining and Individual Fund Statements***

The combining and individual fund 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 various 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, 2016

	<i>Special Revenue Funds</i>					
	Town Special Revenue Funds	School Lunch Fund	School Special Revenue Funds	Community Preservation Fund	Highway Improvements Fund	Subtotal
<b>ASSETS</b>						
Cash and cash equivalents.....	\$ 5,919,620	\$ 309,502	\$ 1,942,340	\$ 6,507,563	\$ -	\$ 14,679,025
Investments.....	19,634	-	-	-	-	19,634
Receivables, net of uncollectibles:						
Departmental and other.....	-	-	-	6,972	-	6,972
Intergovernmental.....	-	-	-	127,000	2,100,864	2,227,864
<b>TOTAL ASSETS.....</b>	<b>\$ 5,939,254</b>	<b>\$ 309,502</b>	<b>\$ 1,942,340</b>	<b>\$ 6,641,535</b>	<b>\$ 2,100,864</b>	<b>\$ 16,933,495</b>
<b>LIABILITIES</b>						
Warrants payable.....	\$ 110,062	\$ 10,416	\$ 93,980	\$ -	\$ 669,999	\$ 884,457
Accrued payroll.....	2,049	19,394	70,353	-	-	91,796
Due to other funds.....	-	-	-	-	427,723	427,723
<b>TOTAL LIABILITIES.....</b>	<b>112,111</b>	<b>29,810</b>	<b>164,333</b>	<b>-</b>	<b>1,097,722</b>	<b>1,403,976</b>
<b>DEFERRED INFLOWS</b>						
Unavailable revenues.....	-	-	-	133,972	1,003,142	1,137,114
<b>FUND BALANCES</b>						
Nonspendable.....	-	-	-	-	-	-
Restricted.....	5,827,143	279,692	1,778,007	6,507,563	-	14,392,405
Unassigned.....	-	-	-	-	-	-
<b>TOTAL FUND BALANCES.....</b>	<b>5,827,143</b>	<b>279,692</b>	<b>1,778,007</b>	<b>6,507,563</b>	<b>-</b>	<b>14,392,405</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES.....</b>	<b>\$ 5,939,254</b>	<b>\$ 309,502</b>	<b>\$ 1,942,340</b>	<b>\$ 6,641,535</b>	<b>\$ 2,100,864</b>	<b>\$ 16,933,495</b>

<b>Permanent Funds</b>				
<b>Town Capital Projects</b>	<b>Nonexpendable Trust Funds</b>	<b>Expendable Trust Funds</b>	<b>Subtotal</b>	<b>Total Nonmajor Governmental Funds</b>
\$ 81,604	\$ 2,564,529	\$ 873,800	\$ 3,438,329	\$ 18,198,958
-	-	6,431,882	6,431,882	6,451,516
-	-	-	-	6,972
-	-	-	-	2,227,864
<u>\$ 81,604</u>	<u>\$ 2,564,529</u>	<u>\$ 7,305,682</u>	<u>\$ 9,870,211</u>	<u>\$ 26,885,310</u>
\$ 397,623	\$ -	\$ -	\$ -	\$ 1,282,080
-	-	-	-	91,796
-	-	-	-	427,723
<u>397,623</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,801,599</u>
-	-	-	-	1,137,114
-	2,564,529	-	2,564,529	2,564,529
-	-	7,305,682	7,305,682	21,698,087
<u>(316,019)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(316,019)</u>
<u>(316,019)</u>	<u>2,564,529</u>	<u>7,305,682</u>	<u>9,870,211</u>	<u>23,946,597</u>
<u>\$ 81,604</u>	<u>\$ 2,564,529</u>	<u>\$ 7,305,682</u>	<u>\$ 9,870,211</u>	<u>\$ 26,885,310</u>

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

YEAR ENDED JUNE 30, 2016

	<i>Special Revenue Funds</i>					
	Town Special Revenue Funds	School Lunch Fund	School Special Revenue Funds	Community Preservation Fund	Highway Improvements Fund	Subtotal
	<b>REVENUES:</b>					
Tax liens.....	\$ -	\$ -	\$ -	\$ 575	\$ -	\$ 575
Intergovernmental.....	626,758	711,090	5,120,271	191,688	1,122,693	7,772,500
Departmental and other.....	1,241,493	1,148,048	1,280,324	-	-	3,669,865
Community preservation.....	-	-	-	659,905	-	659,905
Contributions.....	343,235	-	187,085	-	-	530,320
Investment income.....	76	663	229	17,825	-	18,793
<b>TOTAL REVENUES.....</b>	<b>2,211,562</b>	<b>1,859,801</b>	<b>6,587,909</b>	<b>869,993</b>	<b>1,122,693</b>	<b>12,651,958</b>
<b>EXPENDITURES:</b>						
Current:						
General government.....	562,708	-	-	-	-	562,708
Public safety.....	214,382	-	-	-	-	214,382
Education.....	-	1,683,376	6,754,427	-	-	8,437,803
Public works.....	39,055	-	-	-	1,122,693	1,161,748
Community development.....	-	-	-	70,099	-	70,099
Human services.....	259,119	-	-	-	-	259,119
Culture and recreation.....	377,292	-	-	-	-	377,292
<b>TOTAL EXPENDITURES.....</b>	<b>1,452,556</b>	<b>1,683,376</b>	<b>6,754,427</b>	<b>70,099</b>	<b>1,122,693</b>	<b>11,083,151</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....</b>	<b>759,006</b>	<b>176,425</b>	<b>(166,518)</b>	<b>799,894</b>	<b>-</b>	<b>1,568,807</b>
<b>OTHER FINANCING SOURCES (USES):</b>						
Issuance of long-term debt.....	-	-	-	-	-	-
Premium from issuance of bonds.....	319,033	-	-	-	-	319,033
Proceeds from the sale of land.....	225,000	-	-	-	-	225,000
Transfers in.....	135,600	-	305,496	-	-	441,096
Transfers out.....	(223,102)	-	-	-	-	(223,102)
<b>TOTAL OTHER FINANCING SOURCES (USES).....</b>	<b>456,531</b>	<b>-</b>	<b>305,496</b>	<b>-</b>	<b>-</b>	<b>762,027</b>
<b>NET CHANGE IN FUND BALANCES.....</b>	<b>1,215,537</b>	<b>176,425</b>	<b>138,978</b>	<b>799,894</b>	<b>-</b>	<b>2,330,834</b>
<b>FUND BALANCES AT BEGINNING OF YEAR.....</b>	<b>4,611,606</b>	<b>103,267</b>	<b>1,639,029</b>	<b>5,707,669</b>	<b>-</b>	<b>12,061,571</b>
<b>FUND BALANCES AT END OF YEAR.....</b>	<b>\$ 5,827,143</b>	<b>\$ 279,692</b>	<b>\$ 1,778,007</b>	<b>\$ 6,507,563</b>	<b>\$ -</b>	<b>\$ 14,392,405</b>

<b>Permanent Funds</b>				
<b>Town Capital Projects</b>	<b>Nonexpendable Trust Funds</b>	<b>Expendable Trust Funds</b>	<b>Subtotal</b>	<b>Total Nonmajor Governmental Funds</b>
\$ -	\$ -	\$ -	\$ -	575
26,492	-	-	-	7,798,992
-	-	200,000	200,000	3,869,865
-	-	-	-	659,905
-	-	85,326	85,326	615,646
-	-	228,436	228,436	247,229
<u>26,492</u>	<u>-</u>	<u>513,762</u>	<u>513,762</u>	<u>13,192,212</u>
92,152	-	14,987	14,987	669,847
261,715	-	-	-	476,097
1,478,204	-	-	-	9,916,007
4,493,775	-	-	-	5,655,523
-	-	-	-	70,099
-	-	-	-	259,119
<u>129,634</u>	<u>-</u>	<u>257,018</u>	<u>257,018</u>	<u>763,944</u>
<u>6,455,480</u>	<u>-</u>	<u>272,005</u>	<u>272,005</u>	<u>17,810,636</u>
<u>(6,428,988)</u>	<u>-</u>	<u>241,757</u>	<u>241,757</u>	<u>(4,618,424)</u>
3,898,000	-	-	-	3,898,000
-	-	-	-	319,033
-	-	-	-	225,000
-	-	-	-	441,096
-	-	(391,496)	(391,496)	(614,598)
<u>3,898,000</u>	<u>-</u>	<u>(391,496)</u>	<u>(391,496)</u>	<u>4,268,531</u>
(2,530,988)	-	(149,739)	(149,739)	(349,893)
<u>2,214,969</u>	<u>2,564,529</u>	<u>7,455,421</u>	<u>10,019,950</u>	<u>24,296,490</u>
<u>\$ (316,019)</u>	<u>\$ 2,564,529</u>	<u>\$ 7,305,682</u>	<u>\$ 9,870,211</u>	<u>\$ 23,946,597</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 YEAR ENDED JUNE 30, 2016

	Agency Accounts <u>June 30, 2015</u>	<u>Additions</u>	<u>Deletions</u>	Agency Accounts <u>June 30, 2016</u>
<b>ASSETS</b>				
Cash and cash equivalents.....	\$ 415,454	\$ 3,795,072	\$ (3,790,064)	\$ 420,462
<b>LIABILITIES</b>				
Liabilities due depositors.....	\$ 415,454	\$ 3,795,072	\$ (3,790,064)	\$ 420,462

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# ***Statistical Section***



Lt. Governor Polito with Town Officials at the Commonwealth Compact signing

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# ***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 Years**

	2007	2008	2009	2010	2011	2012	2013	2014 (1)	2015	2016
<b>Governmental activities</b>										
Net investment in capital assets.....	\$ 43,316,956	\$ 44,741,728	\$ 43,952,129	\$ 44,776,089	\$ 47,910,553	\$ 52,564,200	\$ 54,067,678	\$ 56,111,895	\$ 57,366,463	\$ 58,265,300
Restricted.....	17,085,091	14,564,774	15,387,436	17,909,375	18,984,718	19,081,454	19,486,773	21,298,935	22,222,634	24,396,588
Unrestricted.....	7,669,389	3,262,565	(1,978,165)	(8,277,629)	(14,151,761)	(20,004,880)	(23,061,668)	(86,823,313)	(96,707,790)	(103,802,229)
<b>Total governmental activities net position.....</b>	<b>\$ 68,071,436</b>	<b>\$ 62,569,067</b>	<b>\$ 57,361,400</b>	<b>\$ 54,407,835</b>	<b>\$ 52,743,510</b>	<b>\$ 51,640,774</b>	<b>\$ 50,492,783</b>	<b>\$ (9,412,483)</b>	<b>\$ (17,118,693)</b>	<b>\$ (21,140,341)</b>
<b>Business-type activities</b>										
Net investment in capital assets.....	\$ 63,680,466	\$ 63,472,319	\$ 73,771,758	\$ 72,287,202	\$ 69,022,850	\$ 71,591,338	\$ 75,572,798	\$ 76,307,554	\$ 76,442,398	\$ 73,728,340
Restricted.....	-	-	-	-	-	-	-	3,732,114	5,353,621	5,038,499
Unrestricted.....	19,790,984	24,074,877	14,243,145	17,782,384	22,809,172	18,020,393	16,082,628	10,640,375	8,801,686	6,418,053
<b>Total business-type activities net position.....</b>	<b>\$ 83,471,450</b>	<b>\$ 87,547,196</b>	<b>\$ 88,014,903</b>	<b>\$ 90,069,586</b>	<b>\$ 91,832,022</b>	<b>\$ 89,611,731</b>	<b>\$ 91,655,426</b>	<b>\$ 90,680,043</b>	<b>\$ 90,597,705</b>	<b>\$ 85,184,892</b>
<b>Primary government</b>										
Net investment in capital assets.....	\$ 106,997,422	\$ 108,214,047	\$ 117,723,887	\$ 117,063,291	\$ 116,933,403	\$ 124,155,538	\$ 129,640,476	\$ 132,419,449	\$ 133,808,861	\$ 131,993,640
Restricted.....	17,085,091	14,564,774	15,387,436	17,909,375	18,984,718	19,081,454	19,486,773	25,031,049	27,576,255	29,435,087
Unrestricted.....	27,460,373	27,337,442	12,264,980	9,504,755	8,657,411	(1,984,487)	(6,979,040)	(76,182,938)	(87,906,104)	(97,384,176)
<b>Total primary government net position.....</b>	<b>\$ 151,542,886</b>	<b>\$ 150,116,263</b>	<b>\$ 145,376,303</b>	<b>\$ 144,477,421</b>	<b>\$ 144,575,532</b>	<b>\$ 141,252,505</b>	<b>\$ 142,148,209</b>	<b>\$ 81,267,560</b>	<b>\$ 73,479,012</b>	<b>\$ 64,044,551</b>

(1) The 2014 unrestricted net position for governmental and business-type activities has been revised due to the implementation of GASB #68 and #71.

**Changes in Net Position**

**Last Ten Years**

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>Expenses</b>										
Governmental activities:										
General government.....	\$ 4,610,401	\$ 4,554,086	\$ 5,734,392	\$ 5,547,521	\$ 6,219,480	\$ 6,120,306	\$ 6,793,916	\$ 6,286,240	\$ 7,100,754	\$ 7,502,823
Public safety.....	20,274,993	22,301,233	22,235,903	23,103,086	22,731,221	22,644,632	23,907,018	24,515,683	26,710,830	29,432,081
Education.....	69,958,696	76,732,757	79,763,519	82,719,562	85,120,589	87,632,097	91,537,391	96,438,899	92,481,566	96,802,496
Public works.....	4,766,713	5,787,762	6,576,806	6,004,346	7,075,816	6,258,439	6,903,790	8,158,789	9,686,905	8,524,059
Sanitation.....	1,556,431	1,597,784	1,654,683	1,531,123	1,421,972	1,734,699	1,614,505	1,504,893	1,504,795	1,601,041
Community preservation.....	249,447	104,793	35,109	41,392	76,049	168,276	133,513	187,852	642,312	112,414
Human services.....	1,056,047	1,273,880	978,727	980,215	1,064,014	1,108,036	1,269,546	1,228,698	1,439,972	1,475,863
Culture and recreation.....	3,299,641	3,532,149	3,508,767	3,504,511	3,733,359	3,685,605	3,856,790	3,638,147	3,857,160	4,348,816
Interest.....	357,055	444,173	367,644	543,891	620,316	668,246	594,798	471,412	486,438	772,942
<b>Total governmental activities expenses.....</b>	<b>106,129,424</b>	<b>116,328,617</b>	<b>120,855,550</b>	<b>123,975,647</b>	<b>128,062,816</b>	<b>130,020,336</b>	<b>136,611,267</b>	<b>142,430,613</b>	<b>143,910,732</b>	<b>150,572,535</b>
Business-type activities:										
Water and Sewer.....	11,751,499	11,993,133	12,234,294	12,357,150	12,992,288	12,960,228	13,759,942	13,732,799	14,834,145	14,555,945
Golf.....	1,123,675	1,258,562	1,282,255	1,105,535	1,400,980	1,510,491	1,547,221	1,576,338	1,491,676	1,677,140
Electric.....	61,409,672	62,262,396	65,563,538	71,421,238	72,454,533	70,895,924	66,409,996	68,036,931	73,461,461	65,629,959
<b>Total business-type activity expenses.....</b>	<b>74,284,846</b>	<b>75,514,091</b>	<b>79,080,087</b>	<b>84,883,923</b>	<b>86,847,801</b>	<b>85,366,643</b>	<b>81,717,159</b>	<b>83,346,068</b>	<b>89,787,282</b>	<b>81,863,044</b>
<b>Total primary government expenses.....</b>	<b>\$ 180,414,270</b>	<b>\$ 191,842,708</b>	<b>\$ 199,935,637</b>	<b>\$ 208,859,570</b>	<b>\$ 214,910,617</b>	<b>\$ 215,386,979</b>	<b>\$ 218,328,426</b>	<b>\$ 225,776,681</b>	<b>\$ 233,698,014</b>	<b>\$ 232,435,579</b>
<b>Program Revenues</b>										
Governmental activities:										
Charges for services:										
General government.....	\$ 749,484	\$ 654,663	\$ 613,460	\$ 596,828	\$ 517,136	\$ 616,829	\$ 757,713	\$ 863,484	\$ 924,180	\$ 804,350
Public safety.....	3,210,084	2,930,799	3,784,281	2,144,216	2,280,546	2,378,405	2,208,455	1,823,403	2,510,631	3,910,060
Education.....	5,763,417	2,663,710	2,597,937	2,443,837	2,368,875	2,017,758	2,287,988	2,226,802	2,094,328	2,049,131
Public works.....	236,047	559,293	609,110	334,823	471,878	553,002	627,466	1,160,134	897,304	865,166
Sanitation.....	2,176,617	1,600,028	1,593,698	1,613,247	1,568,749	1,548,721	1,401,085	1,387,356	1,394,047	1,430,004
Human services.....	204,551	151,360	142,817	24,205	25,792	31,332	33,119	32,811	47,689	44,036
Culture and recreation.....	477,168	345,587	393,249	379,560	396,823	361,811	377,596	384,999	382,905	387,517
Operating grants and contributions.....	23,943,924	24,465,441	28,083,776	30,924,968	33,221,854	33,518,827	34,800,674	35,660,762	30,278,006	34,917,830
Capital grants and contributions.....	1,073,666	1,898,266	927,140	1,127,450	3,793,516	4,773,929	3,146,209	662,210	831,972	906,508
<b>Total governmental activities program revenues.....</b>	<b>37,834,958</b>	<b>35,269,147</b>	<b>38,745,468</b>	<b>39,589,134</b>	<b>44,645,169</b>	<b>45,800,614</b>	<b>45,640,305</b>	<b>44,201,961</b>	<b>39,361,062</b>	<b>45,314,602</b>
Business-type activities:										
Charges for services:										
Water and Sewer.....	12,081,357	13,675,011	12,580,294	12,561,820	13,208,817	12,932,512	13,830,066	14,980,596	16,117,460	16,697,701
Golf.....	1,101,047	1,211,206	1,174,675	1,172,533	1,329,340	1,404,095	1,347,448	1,398,978	1,505,920	1,685,815
Electric.....	60,497,429	63,700,105	65,900,014	73,443,746	75,896,314	70,762,137	70,718,807	71,671,971	73,273,739	73,853,798
Operating grants and contributions.....	37,736	32,443	-	-	215,783	-	-	-	-	-
Capital grants and contributions.....	-	-	-	-	-	281,643	142,560	-	787,500	921,557
<b>Total business-type activities program revenues.....</b>	<b>73,717,569</b>	<b>78,618,765</b>	<b>79,654,983</b>	<b>87,178,099</b>	<b>90,650,254</b>	<b>85,380,387</b>	<b>86,038,881</b>	<b>88,051,365</b>	<b>91,684,619</b>	<b>93,158,871</b>
<b>Total primary government program revenues.....</b>	<b>\$ 111,552,527</b>	<b>\$ 113,887,912</b>	<b>\$ 118,400,451</b>	<b>\$ 126,767,233</b>	<b>\$ 135,295,423</b>	<b>\$ 131,181,001</b>	<b>\$ 131,679,186</b>	<b>\$ 132,253,326</b>	<b>\$ 131,045,681</b>	<b>\$ 138,473,473</b>
<b>Net (Expense)/Revenue</b>										
Governmental activities.....	\$ (68,294,466)	\$ (81,059,470)	\$ (82,110,082)	\$ (84,386,513)	\$ (83,417,647)	\$ (84,219,722)	\$ (90,970,962)	\$ (98,228,652)	\$ (104,549,670)	\$ (105,257,933)
Business-type activities.....	(567,277)	3,104,674	574,896	2,294,176	3,802,453	13,744	4,321,722	4,705,297	1,897,337	11,295,827
<b>Total primary government net expense.....</b>	<b>\$ (68,861,743)</b>	<b>\$ (77,954,796)</b>	<b>\$ (81,535,186)</b>	<b>\$ (82,092,337)</b>	<b>\$ (79,615,194)</b>	<b>\$ (84,205,978)</b>	<b>\$ (86,649,240)</b>	<b>\$ (93,523,355)</b>	<b>\$ (102,652,333)</b>	<b>\$ (93,962,106)</b>
<b>General Revenues and other Changes in Net Position</b>										
Governmental activities:										
Real estate, personal property taxes and tax liens, net of tax refunds payable.....	\$ 57,664,837	\$ 59,616,548	\$ 62,714,975	\$ 65,822,590	\$ 68,085,843	\$ 69,679,306	\$ 74,746,576	\$ 76,783,315	\$ 79,271,011	\$ 82,610,777
Tax liens.....	172,271	195,258	102,402	-	-	-	-	-	-	-
Motor vehicle and other excise taxes.....	4,230,104	4,641,332	4,021,318	4,067,074	4,284,625	4,039,432	5,175,048	5,087,519	5,678,581	6,229,679
Hotel/motel tax.....	854,486	735,915	768,355	745,319	718,452	784,781	1,141,705	1,324,541	1,491,419	1,614,166
Meals tax.....	-	-	-	-	-	-	-	807,740	1,017,863	1,142,349
Community preservation tax.....	474,210	455,258	551,133	530,249	558,590	559,244	590,915	607,219	661,315	660,480
Penalties and interest on taxes.....	310,116	332,155	297,882	345,208	417,749	371,394	381,757	475,877	522,767	439,913
Payments in lieu of taxes.....	918,556	1,049,810	1,049,817	2,193,890	116,425	118,112	211,386	24,854	693,850	449,490
Grants and contributions not restricted to specific programs.....	7,426,676	7,163,431	6,619,494	5,072,674	4,949,885	4,989,211	4,885,456	5,434,532	5,224,867	5,315,517
Unrestricted investment income.....	1,390,441	716,560	530,782	486,914	267,612	215,677	243,114	216,968	195,103	169,918
Gain on sale of land.....	656,876	-	-	-	-	-	-	-	-	479,038
Affordable housing development fees.....	-	-	-	1,800,000	-	-	-	-	-	-
Miscellaneous.....	401,646	551,830	91,623	77,800	69,345	70,051	42,380	38,317	26,070	-
Transfers.....	110,555	99,004	154,634	291,230	2,284,796	2,289,778	2,404,634	1,820,664	2,060,614	2,124,958
<b>Total governmental activities.....</b>	<b>74,610,774</b>	<b>75,557,101</b>	<b>76,902,415</b>	<b>81,432,948</b>	<b>81,753,322</b>	<b>83,116,986</b>	<b>89,822,971</b>	<b>92,621,546</b>	<b>96,843,460</b>	<b>101,236,285</b>
Business-type activities:										
Unrestricted investment income.....	308,420	1,070,076	47,445	51,737	244,779	55,743	126,607	74,085	80,939	33,586
Claims and judgments.....	675,365	-	-	-	-	-	-	-	-	-
Transfers.....	(110,555)	(99,004)	(154,634)	(291,230)	(2,284,796)	(2,289,778)	(2,404,634)	(1,820,664)	(2,060,614)	(2,124,958)
<b>Total business-type activities.....</b>	<b>873,230</b>	<b>971,072</b>	<b>(107,189)</b>	<b>(239,493)</b>	<b>(2,040,017)</b>	<b>(2,234,035)</b>	<b>(2,278,027)</b>	<b>(1,746,579)</b>	<b>(1,979,675)</b>	<b>(2,091,372)</b>
<b>Total primary government.....</b>	<b>\$ 75,484,004</b>	<b>\$ 76,528,173</b>	<b>\$ 76,795,226</b>	<b>\$ 81,193,455</b>	<b>\$ 79,713,305</b>	<b>\$ 80,882,951</b>	<b>\$ 87,544,944</b>	<b>\$ 90,874,967</b>	<b>\$ 94,863,785</b>	<b>\$ 99,144,913</b>
<b>Changes in Net Position</b>										
Governmental activities.....	\$ 6,316,308	\$ (5,502,369)	\$ (5,207,667)	\$ (2,953,565)	\$ (1,664,325)	\$ (1,102,736)	\$ (1,147,991)	\$ (5,607,106)	\$ (7,706,210)	\$ (4,021,648)
Business-type activities.....	305,953	4,075,746	467,707	2,054,683	1,762,436	(2,220,291)	2,043,695	2,958,718	(82,338)	9,204,455
<b>Total primary government.....</b>	<b>\$ 6,622,261</b>	<b>\$ (1,426,623)</b>	<b>\$ (4,739,960)</b>	<b>\$ (898,882)</b>	<b>\$ 98,111</b>	<b>\$ (3,323,027)</b>	<b>\$ 895,704</b>	<b>\$ (2,648,388)</b>	<b>\$ (7,788,548)</b>	<b>\$ 5,182,807</b>

**Fund Balances, Governmental Funds**

**Last Ten Years**

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>General Fund</b>										
Reserved.....	\$ 865,705	\$ 760,035	\$ 281,374	\$ 895,787	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved.....	3,790,923	3,088,264	7,287,516	9,178,146	-	-	-	-	-	-
Committed.....	-	-	-	-	-	-	988,955	2,049,917	2,103,635	1,344,269
Assigned.....	-	-	-	-	1,250,576	1,140,720	1,140,211	1,164,142	666,097	2,170,153
Unassigned.....	-	-	-	-	13,160,254	15,847,651	17,880,465	16,356,370	16,271,481	18,830,121
<b>Total general fund.....</b>	<b>\$ 4,656,628</b>	<b>\$ 3,848,299</b>	<b>\$ 7,568,890</b>	<b>\$ 10,073,933</b>	<b>\$ 14,410,830</b>	<b>\$ 16,988,371</b>	<b>\$ 20,009,631</b>	<b>\$ 19,570,429</b>	<b>\$ 19,041,213</b>	<b>\$ 22,344,543</b>
<b>All Other Governmental Funds</b>										
Reserved.....	\$ 2,513,808	\$ 2,505,157	\$ 2,606,133	\$ 2,506,133	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:										
Special revenue funds.....	8,672,575	6,583,933	8,102,411	9,599,385	-	-	-	-	-	-
Capital projects funds.....	1,094,496	(494,856)	1,322,865	2,825,324	-	-	-	-	-	-
Permanent funds.....	6,742,763	6,979,609	6,157,529	7,857,627	-	-	-	-	-	-
Nonspendable.....	-	-	-	-	2,507,881	2,564,886	2,564,886	2,564,529	2,564,529	2,564,529
Restricted.....	-	-	-	-	21,726,183	20,110,956	18,293,846	21,958,212	21,731,961	21,698,087
Unassigned.....	-	-	-	-	-	-	-	-	-	(316,019)
<b>Total all other governmental funds.....</b>	<b>\$ 19,023,642</b>	<b>\$ 15,573,843</b>	<b>\$ 18,188,938</b>	<b>\$ 22,788,469</b>	<b>\$ 24,234,064</b>	<b>\$ 22,675,842</b>	<b>\$ 20,858,732</b>	<b>\$ 24,522,741</b>	<b>\$ 24,296,490</b>	<b>\$ 23,946,597</b>

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

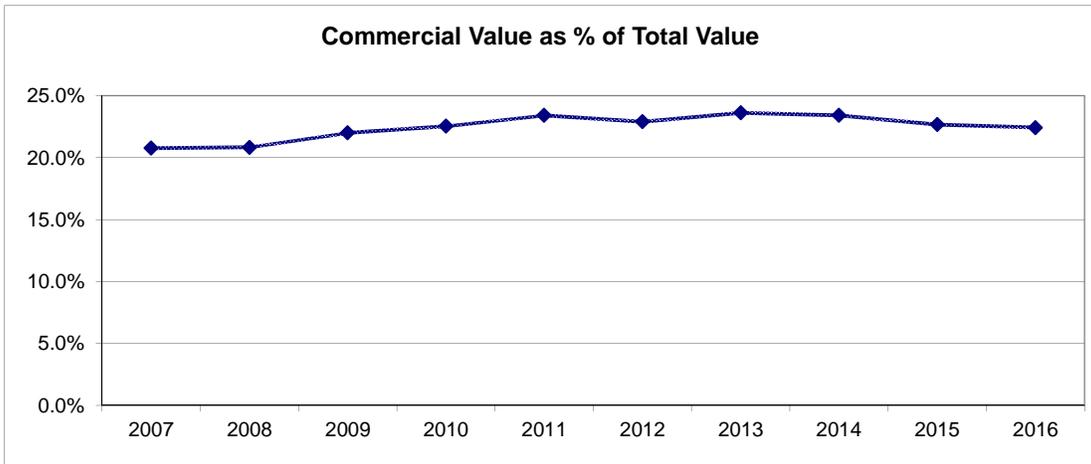
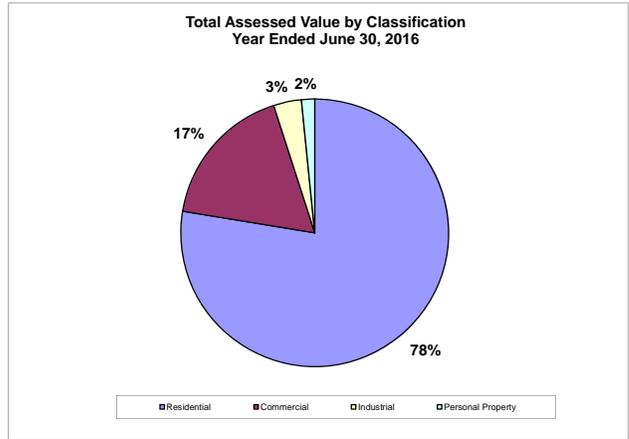
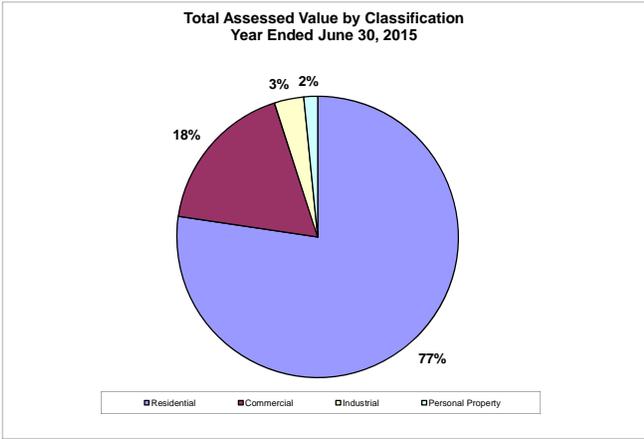
**Changes in Fund Balances, Governmental Funds**

**Last Ten Years**

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>Revenues:</b>										
Real estate, personal property taxes and tax liens, net of tax refunds.....	\$ 57,768,689	\$ 59,497,459	\$ 62,755,355	\$ 65,496,774	\$ 67,862,201	\$ 69,729,818	\$ 73,976,466	\$ 75,918,774	\$ 79,073,666	81,325,550
Tax Liens.....	172,271	63,809	76,974	57,843	81,120	77,774	45,681	407,348	1,100,825	1,362,410
Motor vehicle and other excise taxes.....	4,201,636	4,611,877	4,165,414	3,985,784	4,306,011	4,081,969	4,962,622	5,259,928	5,609,682	6,173,244
Hotel/Motel tax.....	854,486	735,915	768,355	745,319	718,452	784,781	1,141,705	1,324,541	1,491,419	1,614,166
Meals tax.....	-	-	-	-	-	-	-	807,740	1,017,863	1,142,349
Penalties and interest on taxes.....	310,116	332,155	297,882	345,208	417,749	371,394	381,757	475,877	522,767	439,913
Payments in lieu of taxes.....	918,556	1,049,810	1,049,817	2,193,890	116,425	118,112	211,386	24,854	693,850	449,490
Intergovernmental.....	28,812,244	30,601,263	34,012,768	35,740,583	38,999,975	41,528,233	39,456,201	42,450,485	35,342,773	40,169,594
Departmental and other.....	9,027,969	10,250,943	10,450,639	7,761,742	7,788,136	8,085,761	8,208,065	8,268,293	8,497,554	10,103,486
Community preservation.....	474,210	455,258	551,133	530,249	558,590	559,244	592,836	607,219	659,352	659,905
Affordable housing development fees.....	-	-	-	1,800,000	-	-	-	-	-	-
Contributions.....	768,016	366,096	1,071,110	640,918	364,569	453,433	932,928	530,070	643,529	615,646
Investment income.....	2,460,899	369,561	(201,774)	995,846	1,325,987	153,004	319,712	384,831	300,329	364,621
Claims and judgments.....	-	-	-	-	-	-	-	450,000	-	-
Miscellaneous.....	301,176	514,828	91,623	69,100	49,524	17,564	42,380	38,310	26,070	-
<b>Total Revenue.....</b>	<b>106,070,268</b>	<b>108,848,974</b>	<b>115,089,296</b>	<b>120,363,256</b>	<b>122,588,739</b>	<b>125,961,087</b>	<b>130,271,739</b>	<b>136,948,270</b>	<b>134,979,679</b>	<b>144,420,374</b>
<b>Expenditures:</b>										
General government.....	3,859,688	4,018,166	4,287,338	5,603,583	4,349,148	5,298,068	4,575,307	4,057,574	5,019,468	4,922,477
Public safety.....	14,157,997	15,134,523	14,323,808	14,560,325	15,180,496	17,182,357	17,446,204	17,556,255	19,223,137	19,347,565
Education.....	50,932,438	54,203,401	54,471,474	57,170,086	60,004,947	64,003,984	63,450,712	66,876,797	68,987,111	71,263,198
Public works.....	5,444,425	5,404,878	5,863,834	6,567,757	7,986,879	7,570,889	7,916,317	8,055,291	10,421,875	11,037,164
Sanitation services.....	1,549,913	1,590,363	1,647,010	1,522,144	1,412,691	1,726,367	1,607,190	1,498,193	1,487,659	1,571,359
Community development.....	376,126	1,799,290	14,977	41,392	76,049	643,366	325,972	247,083	894,362	70,099
Human services.....	849,053	876,798	708,984	748,949	792,326	817,714	896,262	941,115	1,064,584	1,071,339
Culture and recreation.....	2,892,558	2,863,866	2,447,161	2,544,523	2,626,796	2,883,715	3,219,004	2,952,668	3,165,322	3,082,111
Pension benefits-Town.....	4,138,193	4,306,969	4,442,266	4,759,946	4,808,035	5,046,381	5,255,971	5,703,325	5,793,428	6,214,492
Pension benefits-School.....	8,869,092	9,962,702	10,994,534	11,884,275	12,219,339	12,736,422	13,272,469	13,718,462	6,597,576	10,146,237
Property and liability insurance.....	483,391	406,416	419,313	402,567	368,027	428,125	439,651	433,381	438,383	426,679
Employee benefits.....	7,204,764	7,392,728	7,802,047	7,833,635	8,459,804	8,840,249	9,551,401	10,508,381	10,925,437	11,892,555
State and county charges.....	3,534,187	3,593,911	3,798,662	4,158,266	3,883,609	3,571,252	3,567,251	3,636,782	3,722,290	3,711,416
Debt service										
Principal.....	1,630,000	1,645,000	1,480,000	1,910,000	2,432,000	2,200,000	2,451,000	2,360,000	2,698,134	2,774,000
Interest.....	354,814	445,990	351,879	524,464	590,897	686,619	752,290	740,756	787,457	803,237
<b>Total Expenditures.....</b>	<b>106,276,639</b>	<b>113,645,001</b>	<b>113,053,287</b>	<b>120,231,912</b>	<b>125,191,043</b>	<b>133,635,508</b>	<b>134,727,001</b>	<b>139,288,063</b>	<b>141,226,223</b>	<b>148,333,928</b>
Excess of revenues over (under) expenditures.....	(206,371)	(4,796,027)	2,036,009	131,344	(2,602,304)	(7,674,421)	(4,455,262)	(2,339,793)	(6,246,544)	(3,913,554)
<b>Other Financing Sources (Uses)</b>										
Issuance of long-term debt.....	2,100,000	11,892,555	3,600,000	6,782,000	6,100,000	5,286,000	3,140,000	3,519,000	3,259,000	3,898,000
Premium from issuance of bonds and notes.....	169,060	379,762	445,043	-	-	369,204	114,778	224,936	171,463	319,033
Issuance of refunding bonds.....	1,055,000	-	-	-	-	-	-	-	1,680,000	-
Premium from issuance of refunding bonds.....	-	-	-	-	-	-	-	-	334,581	-
Payment to refunded bond escrow agent.....	(1,045,217)	-	-	-	-	-	-	-	(2,014,581)	-
Capital lease financing.....	400,000	-	-	-	-	246,395	-	-	-	-
Proceeds from the sale of land.....	739,875	-	-	-	-	-	-	-	-	525,000
Transfers in.....	1,211,438	1,446,885	620,955	981,424	2,935,526	2,695,872	3,471,562	3,084,925	2,629,917	2,937,182
Transfers out.....	(1,100,883)	(1,288,748)	(466,321)	(690,194)	(650,730)	(406,094)	(1,066,928)	(1,264,261)	(569,303)	(812,224)
<b>Total other financing sources (uses).....</b>	<b>3,529,273</b>	<b>12,430,454</b>	<b>4,199,677</b>	<b>7,073,230</b>	<b>8,384,796</b>	<b>8,191,377</b>	<b>5,659,412</b>	<b>5,564,600</b>	<b>5,491,077</b>	<b>6,866,991</b>
<b>Net change in fund balance.....</b>	<b>\$ 3,322,902</b>	<b>\$ 7,634,427</b>	<b>\$ 6,235,686</b>	<b>\$ 7,204,574</b>	<b>\$ 5,782,492</b>	<b>\$ 516,956</b>	<b>\$ 1,204,150</b>	<b>\$ 3,224,807</b>	<b>\$ (755,467)</b>	<b>2,953,437</b>
Debt service as a percentage of noncapital expenditures.....	1.97%	1.93%	1.65%	2.14%	2.55%	2.37%	2.51%	2.30%	2.58%	2.56%

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

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
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
2014	\$3,983,279,285	\$11.42	\$942,124,005	\$179,476,200	\$1,121,600,205	\$26.06	\$96,048,240	\$25.93	\$14.85	\$5,200,927,730
2015	\$4,352,696,656	\$11.07	\$997,106,201	\$190,799,500	\$1,187,905,701	\$24.95	\$87,817,050	\$24.83	\$14.21	\$5,628,419,407
2016	\$4,586,821,359	\$10.98	\$1,031,327,521	\$199,981,850	\$1,231,309,371	\$24.66	\$94,335,830	\$24.53	\$14.05	\$5,912,466,560



(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 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**

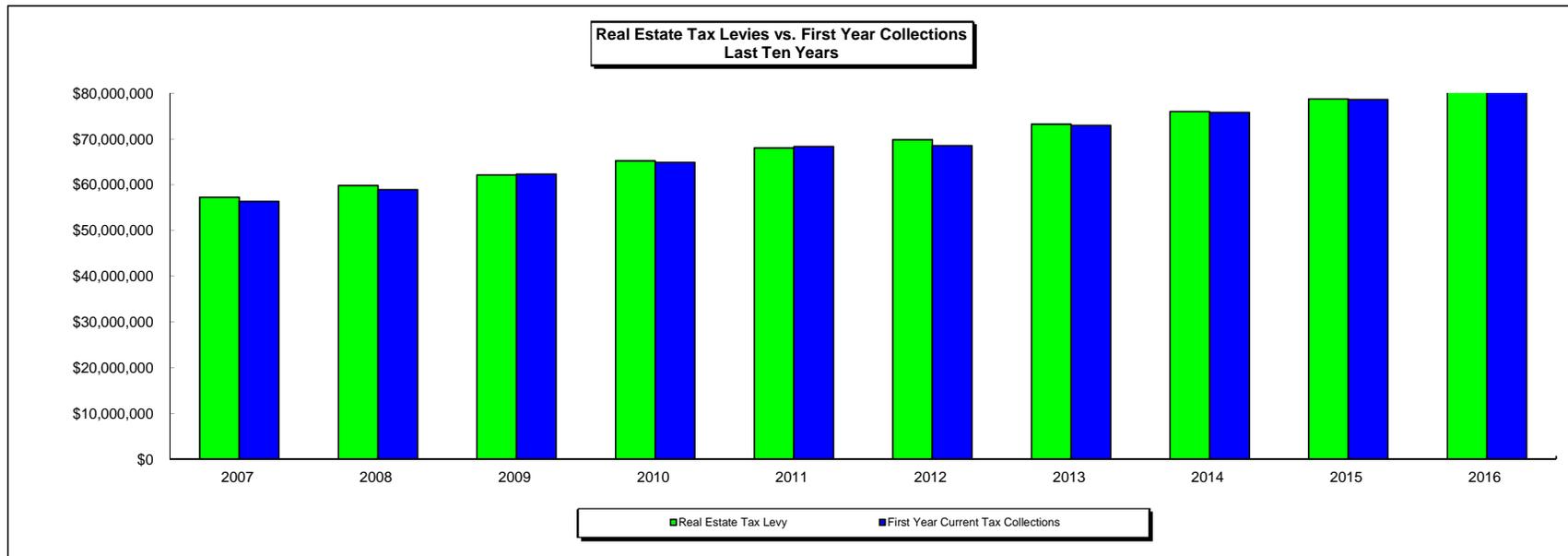
Name	Nature of Business	2016			2007		
		Assessed Valuation	Rank	Percentage of Total Taxable Assessed Value	Assessed Valuation	Rank	Percentage of Total Taxable Assessed Value
Braintree Property Associates	Malls	\$ 266,045,900	1	4.50%	\$ 189,770,400	1	3.39%
Messina, Francis X. (et al)	Developer/Real Estate	133,959,300	2	2.27%	66,167,900	3	1.18%
Braintree Hill Office Park, LLC	Office Park	63,902,800	3	1.08%	-	-	-
Lenox Farms LTD Partnership	Developer/Real Estate	62,108,700	4	1.05%	-	-	-
EQR-Lincoln Braintree LLC	Developer/Real Estate	31,155,100	5	0.53%	29,369,700	6	0.52%
UDR Ridge at Blue Hills LLC	Developer/Real Estate	27,132,500	6	0.46%	-	-	-
TRT Braintree LLC DCX	Malls	20,346,200	7	0.34%	-	-	-
CGCMT 2008 C7	Developer/Real Estate	19,503,600	8	0.33%	-	-	-
Karma Nominee Trust	Hotel	18,243,700	9	0.31%	-	-	-
New Boston Granite LTD Partnership	Developer/Real Estate	15,809,600	10	0.27%	-	-	-
Flatley, John (et al)	Real Estate	-	-	-	68,181,100	2	1.22%
AMB Property LP	Retail Clothing	-	-	-	37,546,300	4	0.67%
Flatley Family Trust	Developer/Real Estate	-	-	-	31,646,100	5	0.56%
The Flatley Company	Developer/Real Estate	-	-	-	18,924,900	7	0.34%
Federated Dept. Stores, Inc.	Retail	-	-	-	17,800,200	8	0.32%
Tedeschi Realty Corp	Mall	-	-	-	17,658,200	9	0.32%
Sheraton Braintree Hotel	Hotel	-	-	-	17,617,400	10	0.31%
<b>Totals \$</b>		<u>658,207,400</u>		<u>11.13%</u>	<u>\$ 494,682,200</u>		<u>8.83%</u>

Source: Official Statements, Town of Braintree

**Property Tax Levies and Collections**

**Last Ten Years**

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)
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%	\$533,026	\$73,532,929	100.38%
2014	\$77,063,779	\$1,094,569	\$75,969,210	98.58%	\$75,806,678	99.79%	\$359,964	\$76,166,642	100.26%
2015	\$79,857,630	\$1,124,209	\$78,733,421	98.59%	\$78,644,968	99.89%	\$643,692	\$79,288,660	100.71%
2016	\$82,893,707	\$1,135,942	\$81,757,765	98.63%	\$81,327,841	99.47%	\$0	\$81,327,841	99.47%



(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 Years**

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
2007	34,185	\$ 1,146,439,624	\$ 5,605,124,805	\$ 10,065,000	\$ 490,892	\$ 309	0.92%	0.18%
2008	34,422	\$ 1,200,563,244	\$ 5,603,463,489	\$ 8,420,000	\$ 350,640	\$ 255	0.73%	0.15%
2009	35,294	\$ 1,280,215,743	\$ 5,537,329,189	\$ 10,540,000	\$ 244,817	\$ 306	0.84%	0.19%
2010	35,296	\$ 1,312,199,392	\$ 5,359,518,266	\$ 15,412,000	\$ 167,410	\$ 441	1.19%	0.29%
2011	35,744	\$ 1,382,008,876	\$ 5,220,854,188	\$ 19,080,000	\$ 85,878	\$ 536	1.39%	0.37%
2012	35,981	\$ 1,446,817,954	\$ 5,278,531,923	\$ 22,512,979	\$ 212,592	\$ 632	1.57%	0.43%
2013	35,983	\$ 1,446,817,954	\$ 5,143,940,012	\$ 23,155,799	\$ 149,204	\$ 648	1.61%	0.45%
2014	36,220	\$ 1,575,253,345	\$ 5,200,927,730	\$ 24,272,037	\$ 89,968	\$ 673	1.55%	0.47%
2015	36,223	\$ 1,638,405,602	\$ 5,628,419,407	\$ 24,697,593	\$ -	\$ 682	1.51%	0.44%
2016	36,460	\$ 1,715,090,554	\$ 5,912,466,560	\$ 26,105,152	\$ -	\$ 716	1.52%	0.44%

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
2007	\$ 18,094,073	\$ 78,457	\$ 28,728,422	\$ 840	2.51%	0.51%
2008	\$ 16,213,906	\$ 16,425	\$ 25,000,971	\$ 726	2.08%	0.45%
2009	\$ 24,030,740	\$ -	\$ 34,815,557	\$ 986	2.72%	0.63%
2010	\$ 140,062,687	\$ 103,418	\$ 155,745,515	\$ 4,413	11.87%	2.91%
2011	\$ 143,224,964	\$ 273,680	\$ 162,664,522	\$ 4,551	11.77%	3.12%
2012	\$ 131,668,293	\$ 549,628	\$ 154,943,492	\$ 4,306	10.71%	2.94%
2013	\$ 127,395,741	\$ 542,670	\$ 151,243,414	\$ 4,203	10.45%	2.94%
2014	\$ 122,093,961	\$ 485,394	\$ 146,941,360	\$ 4,057	9.33%	2.83%
2015	\$ 118,337,221	\$ 296,958	\$ 143,331,772	\$ 3,957	8.75%	2.55%
2016	\$ 121,901,473	\$ 184,097	\$ 148,190,722	\$ 4,065	8.64%	2.51%

Source: Audited Financial Statements, U. S. Census

**Direct and Overlapping Governmental Activities Debt**

**As of June 30, 2016**

<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.....	\$ 12,235,000	4.76%	\$ 582,386	\$ 274,886
Town debt.....			<u>24,697,593</u>	
Total direct and overlapping debt.....			<u>\$ 25,279,979</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 Years**

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Equalized Valuation.....	\$ 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	\$ 5,574,551,500	\$ 5,574,551,500
Debt Limit - 5% of Equalized Valuation.....	\$ 293,932,510	\$ 293,932,510	\$ 305,160,305	\$ 305,160,305	\$ 290,170,925	\$ 290,170,925	\$ 281,352,170	\$ 281,352,170	\$ 278,727,575	\$ 278,727,575
Less:										
Outstanding debt applicable to limit.....	14,748,763	12,619,000	15,132,500	19,434,000	22,604,500	26,032,230	26,927,624	27,669,930	28,527,736	29,447,502
Authorized and unissued debt.....	106,696,485	121,696,485	5,609,485	4,017,485	7,254,622	10,452,483	12,395,003	12,391,520	15,904,964	17,556,477
Legal debt margin.....	\$ 172,487,262	\$ 159,617,025	\$ 284,418,320	\$ 281,708,820	\$ 260,311,803	\$ 253,686,212	\$ 242,029,543	\$ 241,290,720	\$ 234,294,875	\$ 231,723,596
Total debt applicable to the limit as a percentage of the limit.....	41.32%	45.70%	6.80%	7.68%	10.29%	12.57%	13.98%	14.24%	15.94%	16.86%

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

## Demographic and Economic Statistics

### Last Ten Years

Year	Population Estimates	Personal Income	Per Capita Personal Income	Median Age	School Enrollment	Unemployment Rate
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	35,983	\$ 1,504,756,371	\$ 41,819	40	5,678	5.60%
2014	36,220	\$ 1,575,253,345	\$ 43,492	40	5,734	5.40%
2015	36,223	\$ 1,638,405,602	\$ 45,232	40	5,812	5.10%
2016	36,460	\$ 1,715,090,554	\$ 47,041	40	5,860	4.90%

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	2016			2007		
		Employees	Rank	Percentage of Total Town Employment	Employees	Rank	Percentage of Total Town Employment
United Liquors	Distributor	767	1	2.74%	-	-	-
Health South/Braintree Rehab	Rehabilitation Hospital	750	2	2.68%	900	2	3.19%
ING	Financial Services	568	3	2.03%	-	-	-
Haemonetics	Biomedical	450	4	1.61%	450	6	1.60%
Verizon	Utility	400	5	1.43%	-	-	-
Sears	Retail	363	6	1.30%	300	8	1.06%
Mass State Lottery	State Agency	300	7	1.07%	-	-	-
Symmons Industries	Plumbing Manufacturer	290	8	1.04%	300	9	1.06%
Nordstrom	Retail	250	9	0.89%	-	-	-
Daniel Quirk	Auto Dealership	210	10	0.75%	-	-	-
Boston Financial Data Services	Account Services	-	-	-	1,200	1	4.25%
NYNEX	Utility	-	-	-	640	3	2.27%
Filene's	Retail	-	-	-	600	4	2.13%
South Shore VNA	Visiting Nurses Association	-	-	-	476	5	1.69%
Harvard/Pilgrim Health Care	Health Care	-	-	-	300	7	1.06%
Macy's	Retail	-	-	-	260	10	0.92%
		4,348		15.56%	5,426		19.24%

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

**Full-time Equivalent Town Employees by Function**

**Last Ten Years**

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Function:										
General government.....	55	47	45	38	41	42	43	43	43	43
Police.....	94	91	84	82	81	83	90	96	97	94
Fire.....	90	92	88	87	87	86	83	86	88	90
Education.....	652	666	674	648	675	689	714	736	770	778
Public works.....	46	44	48	43	39	39	38	40	40	43
Human services.....	11	13	10	10	11	11	12	12	12	12
Culture and recreation.....	18	19	20	19	19	19	20	19	17	20
Water & Sewer .....	27	29	23	21	23	23	24	23	23	25
Golf.....	10	10	9	9	9	9	9	8	8	8
Electric Light .....	111	107	111	111	110	110	110	101	100	101
Total .....	<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>	<u>1,164</u>	<u>1,198</u>	<u>1,214</u>

Source: Town personnel records and various Town departments.

**Operating Indicators by Function/Program**

**Last Ten Years**

<b>Function/Program</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
<b>General Government</b>										
Population.....	34,185	34,422	35,294	35,296	35,744	35,981	35,983	36,220	36,223	36,460
Registered voters, annual town election.....	9,541	N/A	6,178	N/A	7,500	N/A	N/A	N/A	N/A	N/A
<b>Town Clerk</b>										
Births.....	413	371	412	365	380	411	407	410	382	410
Marriages.....	198	145	189	197	213	234	193	211	218	239
Deaths.....	471	480	440	465	465	469	500	478	505	500
<b>Police</b>										
Accidents covered by an officer.....	1,302	1,199	1,152	1,247	1,177	287	481	1,611	524	1,631
Citations issued.....	9,957	5,786	3,833	3,849	2,722	1,304	3,737	4,311	9,370	4,774
Arrests.....	1,107	1,085	813	766	754	262	835	985	952	1,005
Larcenies.....	917	881	802	662	615	245	511	1,167	619	1,070
<b>Fire</b>										
Fires.....	143	102	84	116	92	94	64	132	136	45
Emergency medical service.....	2,620	2,850	3,085	3,107	2,725	1,786	2,629	2,558	2,733	1,889
False alarm.....	839	855	761	676	759	493	773	857	633	228
Other responses.....	1,315	983	1,046	1,150	1,196	948	1,422	1,456	1,366	735
Hazmat responses.....	417	363	336	281	360	207	351	258	255	39
<b>Building Department</b>										
Residential building permits issued.....	998	897	891	950	979	976	850	926	1,352	1,313
Non-Residential building permits issued.....	268	315	301	324	295	361	403	399	382	324
<b>Education</b>										
Public school enrollment.....	5,325	5,443	5,441	5,557	5,565	5,601	5,678	5,734	5,828	5,860
<b>Public Works</b>										
<b>Cemetery</b>										
Lots sold.....	N/A	N/A	N/A	N/A	25	15	28	23	39	40
<b>Water</b>										
Service connections.....	N/A	N/A	N/A	N/A	11,497	11,500	11,492	11,454	11,561	11,540
Consumption in billions of gallons.....	1,585	1,542	1,421	1,374	1,371	N/A	1,285	1,166	927	918
Daily consumption in millions of gallons.....	4.2	3.7	3.6	3.8	3.7	N/A	4.7	3.5	3	3
<b>Sewer</b>										
Service connections.....	N/A	N/A	N/A	N/A	N/A	11,500	11,423	11,417	11,541	11,554
Daily average collection (MGD).....	N/A	N/A	6.61	6.97	6.52	6.89	6.66	6.81	N/A	N/A
<b>Highway</b>										
Miles of public road.....	129.0	129.0	129.0	129.0	129.0	129.0	130.0	130.0	134	134
<b>Human Services</b>										
<b>Board of Health</b>										
Inspections.....	1,531	1,324	1,257	1,151	1,338	1,321	1,263	1,139	1,291	1,359
<b>Council on Aging</b>										
Home delivered meals.....	1,213	634	1,220	616	N/A	N/A	N/A	N/A	N/A	N/A
Transportation.....	3,459	3,595	3,783	3,917	3,763	4,121	5,280	5,295	5,368	5,450
Volunteer service hours.....	10,182	10,431	9,322	7,252	6,583	6,029	5,214	4,423	4,686	4,662
Fitness/exercise program participants.....	2,980	3,343	3,396	3,588	3,673	3,734	3,420	4,298	4,415	4,826
Recreation/social event participants.....	7,342	7,444	8,182	7,739	8,242	9,221	8,200	8,172	8,959	9,495
<b>Libraries</b>										
Volumes in collection.....	123,920	151,406	154,966	157,057	157,764	125,145	131,000	140,213	285,730	271,978
Circulation.....	198,710	306,081	320,510	350,966	384,947	379,752	293,733	384,109	365,580	352,638
Program attendance.....	5,892	6,473	7,881	7,605	10,279	11,011	9,421	9,695	8,660	10,272

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

**Capital Asset Statistics by Function/Program**

**Last Ten Years**

<b><u>Function/Program</u></b>	<b><u>2007</u></b>	<b><u>2008</u></b>	<b><u>2009</u></b>	<b><u>2010</u></b>	<b><u>2011</u></b>	<b><u>2012</u></b>	<b><u>2013</u></b>	<b><u>2014</u></b>	<b><u>2015</u></b>	<b><u>2016</u></b>
General Government										
Number of buildings.....	4	4	4	8	8	8	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.....	6	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.....	5	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	4	4	4	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	2
Library.....	1	1	1	1	1	1	1	1	1	1

Source: Various Town Departments



Mr. James Cleverly, MP who is the member of Parliament for Braintree, Essex, UK during his visit with Mayor Sullivan welcoming him to Braintree, Massachusetts, USA



Mayor Sullivan with members of the Braintree AARP at the Saint Patrick's Day celebration



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(Date of Delivery)

Barbara Walls, Treasurer  
Town of Braintree  
Braintree, Massachusetts

\$8,083,000  
Town of Braintree, Massachusetts  
General Obligation Municipal Purpose Loan of 2017 Bonds  
Dated May 25, 2017

We have acted as bond counsel to the Town of Braintree, Massachusetts (the "Town") in connection with the issuance by the Town of the above-referenced bonds (the "Bonds"). In such capacity, we have examined the law and such certified proceedings and other papers as we have deemed necessary to render this opinion.

As to questions of fact material to our opinion we have relied upon representations and covenants of the Town contained in the certified proceedings and other certifications of public officials furnished to us, without undertaking to verify the same by independent investigation.

Based on our examination, we are of the opinion, under existing law, as follows:

1. The Bonds are valid and binding general obligations of the Town and, except to the extent they are paid from other sources, the principal of and interest on the Bonds are payable from taxes which may be levied upon all taxable property in the Town, subject to the limit imposed by Chapter 59, Section 21C of the General Laws.

2. Interest on the Bonds is excluded from the gross income of the owners of the Bonds for federal income tax purposes. In addition, interest on the Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes. However, such interest is included in adjusted current earnings when calculating corporate alternative minimum taxable income. In rendering the opinions set forth in this paragraph, we

B-1

have assumed compliance by the Town with all requirements of the Internal Revenue Code of 1986 that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, and continue to be, excluded from gross income for federal income tax purposes. The Town has covenanted to comply with all such requirements. Failure by the Town to comply with certain of such requirements may cause interest on the Bonds to become included in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds. Except as set forth in paragraph 4 below, we express no opinion regarding any other federal tax consequences arising with respect to the Bonds.

3. Interest on the Bonds is exempt from Massachusetts personal income taxes and the Bonds are exempt from Massachusetts personal property taxes. We express no opinion regarding any other Massachusetts tax consequences arising with respect to the Bonds or any tax consequences arising with respect to the Bonds under the laws of any state other than Massachusetts.

4. The Bonds are qualified tax exempt obligations within the meaning of Section 265(b)(3) of the Code.

This opinion is expressed as of the date hereof, and we neither assume nor undertake any obligation to update, revise, supplement or restate this opinion to reflect any action taken or omitted, or any facts or circumstances or changes in law or in the interpretation thereof, that may hereafter arise or occur, or for any other reason.

The rights of the holders of the Bonds and the enforceability of the Bonds may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable, and their enforcement may also be subject to the exercise of judicial discretion in appropriate cases.

/s/ LOCKE LORD LLP

**PROPOSED FORM OF  
CONTINUING DISCLOSURE CERTIFICATE**

This Continuing Disclosure Certificate (the “Disclosure Certificate”) is executed and delivered by the Town of Braintree, Massachusetts (the “Issuer”) in connection with the issuance of its \$8,083,000 General Obligation Municipal Purpose Loan of 2017 Bonds dated May 25, 2017 (the “Bonds”). The Issuer covenants and agrees as follows:

**SECTION 1. Purpose of the Disclosure Certificate.** This Disclosure Certificate is being executed and delivered by the Issuer for the benefit of the Owners of the Bonds and in order to assist the Participating Underwriters in complying with the Rule.

**SECTION 2. Definitions.** For purposes of this Disclosure Certificate the following capitalized terms shall have the following meanings:

“Annual Report” shall mean any Annual Report provided by the Issuer pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

“Listed Events” shall mean any of the events listed in Section 5(a) of this Disclosure Certificate.

“MSRB” shall mean the Municipal Securities Rulemaking Board as established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934, or any successor thereto or to the functions of the MSRB contemplated by this Disclosure Certificate. Filing information relating to the MSRB is set forth in Exhibit A attached hereto.

“Obligated Person” shall mean the Issuer.

“Owners of the Bonds” shall mean the registered owners, including beneficial owners, of the Bonds.

“Participating Underwriter” shall mean any of the original underwriters of the Bonds required to comply with the Rule in connection with offering of the Bonds.

“Rule” shall mean Rule 15c2-12 adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

**SECTION 3. Provision of Annual Reports.**

(a) The Issuer shall, not later than 270 days after the end of each fiscal year, provide to the MSRB an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the Issuer may be submitted when available separately from the balance of the Annual Report.

(b) If the Issuer is unable to provide to the MSRB an Annual Report by the date required in subsection (a), the Issuer shall send a notice to the MSRB, in substantially the form attached as Exhibit B.

SECTION 4. Content of Annual Reports. The Issuer's Annual Report shall contain or incorporate by reference the following:

(a) quantitative information for the preceding fiscal year of the type presented in the Issuer's Official Statement dated May 17, 2017 relating to the Bonds regarding (i) the revenues and expenditures of the Issuer relating to its operating budget, (ii) capital expenditures, (iii) fund balances, (iv) property tax information, (v) outstanding indebtedness and overlapping debt of the Issuer, (vi) pension obligations of the Issuer, and (vii) other post-employment benefits liability of the Issuer, and

(b) the most recently available audited financial statements of the Issuer, prepared in accordance with generally accepted accounting principles, with certain exceptions permitted by the Massachusetts Uniform Municipal Accounting System promulgated by the Department of Revenue of the Commonwealth. If audited financial statements for the preceding fiscal year are not available when the Annual Report is submitted, the Annual Report will include unaudited financial statements for the preceding fiscal year and audited financial statements for such fiscal year shall be submitted when available.

Any or all of the items listed above may be incorporated by reference from other documents, including official statements of debt issues of the Issuer or related public entities, which (i) are available to the public on the MSRB internet website or (ii) have been filed with the Securities and Exchange Commission. The Issuer shall clearly identify each such other document so incorporated by reference.

SECTION 5. Reporting of Significant Events.

(a) The Issuer shall give notice, in accordance with the provisions of this Section 5, of the occurrence of any of the following events with respect to the Bonds:

1. Principal and interest payment delinquencies.
2. Non-payment related defaults, if material.
3. Unscheduled draws on debt service reserves reflecting financial difficulties.
4. Unscheduled draws on credit enhancements reflecting financial difficulties.
5. Substitution of credit or liquidity providers, or their failure to perform.
6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds.

7. Modifications to rights of the Owners of the Bonds, if material.
  8. Bond calls, if material, and tender offers.
  9. Defeasances.
  10. Release, substitution or sale of property securing repayment of the Bonds, if material.
  11. Rating changes.
  12. Bankruptcy, insolvency, receivership or similar event of the Obligated Person.\*
  13. The consummation of a merger, consolidation, or acquisition involving an Obligated Person or the sale of all or substantially all of the assets of the Obligated Person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material.
  14. Appointment of a successor or additional trustee or the change of name of a trustee, if material.
- (b) Upon the occurrence of a Listed Event, the Issuer shall, in a timely manner not in excess of ten (10) business days after the occurrence of the event, file a notice of such occurrence with the MSRB.

SECTION 6. Transmission of Information and Notices. Unless otherwise required by law, all notices, documents and information provided to the MSRB shall be provided in electronic format as prescribed by the MSRB and shall be accompanied by identifying information as prescribed by the MSRB.

SECTION 7. Termination of Reporting Obligation. The Issuer's obligations under this Disclosure Certificate shall terminate upon the prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the Issuer shall give notice of such termination in the same manner as for a Listed Event under Section 5(b).

SECTION 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the Issuer may amend this Disclosure Certificate and any provision of this Disclosure Certificate may be waived if such amendment or waiver is permitted by the Rule, as

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\* As noted in the Rule, this event is considered to occur when any of the following occur: (i) the appointment of a receiver, fiscal agent or similar officer for the Obligated Person in a proceeding under the U.S. Bankruptcy Code or in any proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Obligated Person, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or (ii) the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Obligated Person.

evidenced by an opinion of counsel expert in federal securities law (which may include bond counsel to the Issuer), to the effect that such amendment or waiver would not cause the Disclosure Certificate to violate the Rule. The first Annual Report filed after enactment of any amendment to or waiver of this Disclosure Certificate shall explain, in narrative form, the reasons for the amendment or waiver and the impact of the change in the type of information being provided in the Annual Report.

If the amendment provides for a change in the accounting principles to be followed in preparing financial statements, the Annual Report for the year in which the change is made shall present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. The comparison shall include a qualitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information in order to provide information to investors to enable them to evaluate the ability of the Issuer to meet its obligations. To the extent reasonably feasible, the comparison shall also be quantitative. A notice of the change in the accounting principles shall be sent to the MSRB.

SECTION 9. Default. In the event of a failure of the Issuer to comply with any provision of this Disclosure Certificate any Owner of the Bonds may seek a court order for specific performance by the Issuer of its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not constitute a default with respect to the Bonds, and the sole remedy under this Disclosure Certificate in the event of any failure of the Issuer to comply with this Disclosure Certificate shall be an action for specific performance of the Issuer's obligations hereunder and not for money damages in any amount.

SECTION 10. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Owners of the Bonds from time to time, and shall create no rights in any other person or entity.

Date: May 25, 2017

TOWN OF BRAINTREE,  
MASSACHUSETTS

By \_\_\_\_\_  
Treasurer

\_\_\_\_\_  
Mayor

[EXHIBIT A: Filing Information for the MSRB]  
[EXHIBIT B: Form of Notice of Failure to File Annual Report]