

OFFICIAL STATEMENT DATED MAY 30, 2019

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, as amended (the "Code"). Interest on the Bonds will not be included in computing the alternative minimum taxable income of individuals. 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 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. The Bonds will not be designated as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Code.

TOWN OF BRAINTREE, MASSACHUSETTS
\$32,365,000 GENERAL OBLIGATION MUNICIPAL PURPOSE LOAN OF 2019 BONDS

DATED
Date of Delivery

DUE
June 1
(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, or any integral multiple thereof. (See "THE BONDS - Book-Entry Transfer System" herein.)

Principal of the Bonds will be payable June 1 of the years in which the Bonds mature. Interest on the Bonds will be payable June 1 and December 1, commencing December 1, 2019. 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 will be subject to redemption prior to their stated maturity dates as described 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, and that the principal of and interest on the Bonds are payable from taxes that may be levied upon all the property within the territorial limits of the Town, subject to the limit imposed by Chapter 59, Section 21 of the General Laws.

MATURITIES, AMOUNTS, RATES, YIELDS AND CUSIPS

Due June 1	Principal Amount	Interest Rate	Yield	Cusip 105025	Due June 1	Principal Amount	Interest Rate	Yield	Cusip 105025
2020	\$ 1,315,000	5.00 %	1.30 %	3L2	2030	\$ 1,700,000	4.00 %	1.80 %	3W8
2021	1,310,000	5.00	1.31	3M0	2031	1,755,000	4.00	1.93	3X6
2022	1,350,000	5.00	1.32	3N8	2032	1,810,000	4.00	2.05	3Y4
2023	1,395,000	5.00	1.33	3P3	2033	1,865,000	3.00	2.63	3Z1
2024	1,440,000	5.00	1.34	3Q1	2034	1,910,000	3.00	2.70	4A5
2025	1,465,000	5.00	1.38	3R9	2035	1,765,000	3.00	2.75	4B3
2026	1,510,000	5.00	1.42	3S7	2036	1,815,000	3.00	2.80	4C1
2027	1,565,000	5.00	1.47	3T5	2037	1,865,000	3.00	2.85	4D9
2028	1,620,000	5.00	1.54	3U2	2038	1,920,000	3.00	2.90	4E7
2029	1,675,000	5.00	1.62	3V0	2039	1,315,000	3.00	2.95	4F4

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. Hilltop Securities Inc., Boston, Massachusetts has acted as Financial Advisor to the Town of Braintree, Massachusetts, with respect to the Bonds. The Bonds in definitive form will be delivered to DTC, or its custodial agent, on or about June 12, 2019, against payment to the Town in federal funds.

MESIROW FINANCIAL, INC.

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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: Thursday, May 30, 2019, 11:00 A.M. (Eastern Time).

Location of Sale: Hilltop Securities Inc., 54 Canal Street, 3rd Floor, Boston, Massachusetts 02114.

Issuer: Town of Braintree, Massachusetts.

Issue: \$32,365,000 General Obligation Municipal Purpose Loan of 2019 Bonds, see "THE BONDS Book-Entry Transfer System" herein.

Official Statement Dated: May 30, 2019.

Dated Date of the Bonds: As of their date of delivery.

Principal Due: Serially June 1, 2020 through June 1, 2039 as detailed herein.

Interest Payable: Semi-annually June 1 and December 1, commencing December 1, 2019.

Purpose and Authority: The Bonds are authorized by the Town for various municipal purposes under provisions of the Massachusetts General Laws as detailed herein.

Redemption: The Bonds will be subject to redemption prior to their stated maturity dates as detailed herein.

Security: The Bonds are valid and binding general obligations of the Town, and are payable from taxes that may be levied upon taxable property within the territorial limits of the Town, subject to the limit imposed by Chapter 59, Section 21 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. **BIDS MUST INCLUDE A PREMIUM OF AT LEAST \$155,000.**

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 are not 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: 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 June 12, 2019, 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) 794-8165 or Cinder McNerney, Managing Director, Hilltop Securities Inc., Boston, Massachusetts Telephone (617) 619-4408.

NOTICE OF SALE

TOWN OF BRAINTREE, MASSACHUSETTS

\$35,105,000* GENERAL OBLIGATION MUNICIPAL PURPOSE LOAN OF 2019 BONDS

The Town of Braintree, Massachusetts (the "Town") will receive sealed and electronic (as described herein) proposals until 11:00 A.M., Eastern Time, Thursday, May 30, 2019, for the purchase of the following described General Obligation Municipal Purpose Loan of 2019 Bonds of the Town (the "Bonds"):

\$35,105,000* General Obligation Municipal Purpose Loan of 2019 Bonds payable June 1 of the years and in the amounts as follows:

Due June 1	Principal Amount*	Due June 1	Principal Amount*
2020	\$ 1,685,000	2030	** \$ 1,705,000
2021	1,695,000	2031	** 1,770,000
2022	1,730,000	2032	** 1,830,000
2023	1,740,000	2033	** 1,880,000
2024	1,780,000	2034	** 1,925,000
2025	1,610,000	2035	** 1,785,000
2026	1,660,000	2036	** 1,835,000
2027	1,715,000	2037	** 1,885,000
2028	1,775,000	2038	** 1,945,000
2029	** 1,825,000	2039	** 1,330,000

*Preliminary, subject to change.

**Callable maturities. May be combined into not more than three Term Bonds as described herein.

The Bonds will be dated their date of delivery. Principal of the Bonds will be payable on June 1 of the years in which the Bonds mature. Interest will be payable on June 1 and December 1, commencing December 1, 2019.

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 or integral multiples 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 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.

The Bonds maturing on and before June 1, 2028 are not subject to redemption prior to their stated maturity dates. Bonds maturing on and after June 1, 2029 are subject to redemption prior to their stated maturity dates, at the option of the Town, on and after June 1, 2028 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.

For Bonds maturing on and after June 1, 2029, 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, and shall be subject to mandatory redemption or mature a 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 June 1 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 plus accrued interest to the redemption date, without premium.

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.

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 or (c) **any coupon in excess of 5.0%. NO BID OF LESS THAN PAR PLUS A PREMIUM OF AT LEAST \$155,000 WILL BE CONSIDERED.**

The current Bond structure does not reflect any premium. Any premium above the \$155,000 amount required, will be used to reduce the par amount of the Bonds. The Town reserves the right to decrease the aggregate principal amount of the Bonds after determination of the winning bid and the amount of net premium to be received by the Town, and to restructure the amortization of certain purposes of the Bonds within each fund on an equal principal or level debt service basis, essentially mirroring the current structure. 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 local time 4 p.m. on the day of the sale.

Bids must be submitted either:

- (a) In a sealed envelope marked "Proposal for Bonds" and addressed to Ms. Barbara Walls, Treasurer/Collector, Town of Braintree, Massachusetts c/o 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 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 Hilltop Securities Inc. Hilltop Securities Inc. will act as agent for the bidder, but neither the Town nor Hilltop Securities Inc. shall be responsible for any errors in connection with bids submitted in this manner.
- (a) 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 of Braintree 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.

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.

The Bonds will not 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”).

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 23, 2019, (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 Town Treasurer to the effect that, to the best of her knowledge and belief, as of its date and the date of sale the Preliminary Official Statement did not, and as of its date and the date of the delivery of the Bonds, the Final Official Statement did not and does not, contain any untrue statement of a material fact and did not 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 appearing as Appendix C of the Preliminary Official Statement.

Establishment of Issue Price

The successful bidder shall assist the Town in establishing the issue price of the Bonds and shall execute and deliver to the Town on the Closing Date an “issue price” or similar certificate, in the applicable form set forth in Exhibit 1 to this Notice of Sale, setting forth the reasonably expected initial offering prices to the public or the sales price of the Bonds together with the supporting pricing wires or equivalent communications, or, if applicable, the amount bid, with such modifications as may be appropriate or necessary, in the reasonable judgment of the successful bidder, the Town and Bond Counsel. All actions to be taken by the Town under this Notice of Sale to establish the issue price of the Bonds may be taken on behalf of the Town by Hilltop Securities Inc. (the “Financial Advisor”) and any notice or report to be provided to the Town may be provided to the Financial Advisor.

Competitive Sale Requirements. If the competitive sale requirements (“competitive sale requirements”) set forth in Treasury Regulation § 1.148-1(f)(3)(i) (defining “competitive sale” for purposes of establishing the issue price of the Bonds) have been satisfied, the Town will furnish to the successful bidder on the Closing Date a certificate of the Financial Advisor, which will certify each of the following conditions to be true:

1. the Town has disseminated this Notice of Sale to potential underwriters in a manner that is reasonably designed to reach potential underwriters;
2. all bidders had an equal opportunity to bid;
3. the Town received bids from at least three underwriters of municipal bonds who have established industry reputations for underwriting new issuances of municipal bonds; and
4. the Town awarded the sale of the Bonds to the bidder who submitted a firm offer to purchase the Bonds at the highest price (or lowest interest cost), as set forth in this Notice of Sale.

Any bid submitted pursuant to this Notice of Sale shall be considered a firm offer for the purchase of the Bonds, as specified in the bid. Unless a bidder notifies the Town prior to submitting its bid by contacting the Financial Advisor, telephone (617) 619-4400, and affirming in writing via email or facsimile, or in its bid submitted via Parity, that it will NOT be an “underwriter” (as defined below) of the Bonds, by submitting its bid, each bidder shall be deemed to confirm that it has an established industry reputation for underwriting new issuances of municipal bonds. Unless the bidder has notified the Town that it will not be an “underwriter” (as defined below) of the Bonds, in submitting a bid, each bidder is deemed to acknowledge that it is an “underwriter” that intends to reoffer the Bonds to the public.

In the event that the competitive sale requirements are not satisfied, the Town shall so advise the successful bidder.

Failure to Meet the Competitive Sale Requirements – Option A – The Successful Bidder Intends to Reoffer the Bonds to the Public and the 10% Test to Apply. If the competitive sale requirements are not satisfied and the successful bidder intends to reoffer the Bonds to the public, the Successful Bidder may, at its option, will use the first price at which 10% of a maturity of the Bonds (the “10% test”) is sold to the public as the issue price of that maturity, applied on a maturity-by-maturity basis, of the Bonds. The successful bidder shall advise the Financial Advisor if any maturity of the Bonds satisfies the 10% test as of the date and time of the award of the Bonds.

If the competitive sale requirements are not satisfied, then until the 10% test has been satisfied as to each maturity of the Bonds or all of the Bonds are sold to the public, the successful bidder agrees to promptly report to the Financial Advisor the prices at which the unsold Bonds of each maturity have been sold to the public, which reporting obligation shall continue, whether or not the Closing Date has occurred, until the 10% test has been satisfied for each maturity of the Bonds or until all the Bonds of a maturity have been sold. The successful bidder shall be obligated to report each sale of Bonds to the Financial Advisor until notified in writing by the Town or the Financial Advisor that it no longer needs to do so. If the successful bidder uses Option A the Successful Bidder shall provide to the Town on or before the closing date, the certificate attached to this Notice of Sale as Exhibit 1 – Option A.

By submitting a bid and if the competitive sale requirements are not met, each bidder confirms that: (i) any agreement among underwriters, any selling group agreement and each retail distribution agreement (to which the bidder is a party) relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each underwriter, each dealer who is a member of the selling group, and each broker-dealer that is a party to such retail distribution agreement, as applicable, to report the prices at which it sells to the public the unsold Bonds of each maturity allotted to it until it is notified by the successful bidder that either the 10% test has been satisfied as to the Bonds of that maturity or all Bonds of that maturity have been sold to the public, if and for so long as directed by the successful bidder and as set forth in the related pricing wires and (ii) any agreement among underwriters relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each underwriter that is a party to a retail distribution agreement to be employed in connection with the initial sale of the Bonds to the public to require each broker-dealer that is a party to such retail distribution agreement to report the prices at which it sells to the public the unsold Bonds of each maturity allotted to it until it is notified by the successful bidder or such underwriter that either the 10% test has been satisfied as to the Bonds of that maturity or all Bonds of that maturity have been sold to the public if and for so long as directed by the successful bidder or such underwriter and as set forth in the related pricing wires.

Sales of any Bonds to any person that is a related party to an underwriter shall not constitute sales to the public for purposes of this Notice of Sale. Further, for purposes of this Notice of Sale:

1. “public” means any person other than an underwriter or a related party,
2. “underwriter” means (A) any person that agrees pursuant to a written contract with the Town (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the public and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the Bonds to the public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the public), and
3. a purchaser of any of the Bonds is a “related party” to an underwriter if the underwriter and the purchaser are subject, directly or indirectly, to (i) at least 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (ii) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (iii) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other).

Failure to Meet the Competitive Sale Requirements – Option B – The Successful Bidder Intends to Reoffer the Bonds to the Public and Agrees to Hold the Price of Maturities of Bonds for Which the 10% Test in Option A is Not Met as of the Sale Date. The successful bidder may, at its option, notify the Financial Advisor in writing, which may be by email (the “Hold the Price Notice”), not later than 4:00 p.m. on the Sale Date, that it has not sold 10% of the maturities of the Bonds listed in the Hold the Price Notice (the “Unsold Maturities”) and that the successful bidder will not offer the Unsold Maturities to any person at a price that is higher than the initial offering price to the public during the period starting on the Sale Date and ending on the earlier of (i) the close of the fifth business day after the Sale Date or (ii) the date on which the successful bidder has sold at least 10% of the applicable Unsold Maturity to the public at a price that is no higher than the initial offering price to the public. If the successful bidder delivers a Hold the Price Notice to the Financial Advisor, the successful bidder must provide to the Issuer on or before the Closing Date, in addition to the certification described in Option A above, evidence that each underwriter of the Bonds, including underwriters in an underwriting syndicate or

selling group, has agreed in writing to hold the price of the Unsold Maturities in the manner described in the preceding sentence.

The Successful Bidder Does Not Intend to Reoffer the Bonds to the Public – Option C. If the successful bidder has purchased the Bonds for its own account and will not distribute or resell the Bonds to the public, then, whether or not the competitive sale requirements were met, the reoffering price certificate will recite such facts and identify the price or prices at which the purchase of the Bonds was made.

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.

Additional information concerning the Town of Weymouth and the Bonds is contained in the Preliminary Official Statement dated May 23, 2019, 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 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, 5 copies of the Final Official Statement will be available from the 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.

The Bonds in definitive form will be delivered to The Depository Trust Company or its custodial agent on or about June 12, 2019 for settlement in federal funds.

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

May 23, 2019

**Issue Price Certificate for Use If the Competitive
Sale Requirements Are Met
\$35,105,000*
Town of Braintree, Massachusetts
General Obligation Municipal Purpose Loan of 2019 Bonds**

ISSUE PRICE CERTIFICATE AND RECEIPT

The undersigned, on behalf of _____ (the "Successful Bidder"), hereby certifies as set forth below with respect to the sale of the above-captioned obligations (the "Bonds") of the Town of Braintree, Massachusetts (the "Issuer").

1. Reasonably Expected Initial Offering Prices.

(a) As of the Sale Date, the reasonably expected initial offering prices of the Bonds to the Public by the Successful Bidder are the prices listed in Schedule A (the "Expected Offering Prices"). The Expected Offering Prices are the prices for the Maturities of the Bonds used by the Successful Bidder in formulating its bid to purchase the Bonds. Attached as Schedule B is a true and correct copy of the bid provided by the Successful Bidder to purchase the Bonds.

(b) The Successful Bidder was not given the opportunity to review other bids prior to submitting its bid.

(c) The bid submitted by the Successful Bidder constituted a firm offer to purchase the Bonds.

2. Defined Terms.

(a) *Maturity* means Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate Maturities.

(b) *Public* means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term "related party" for purposes of this certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.

(c) *Sale Date* means the first day on which there is a binding contract in writing for the sale of a Maturity of the Bonds. The Sale Date of the Bonds is May 30, 2019.

(d) *Underwriter* means (i) any person, including the Successful Bidder, that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public).

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents the Successful Bidder's interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the Tax Certificate and with respect to compliance with the federal income tax rules affecting the Bonds, and by Locke Lord LLP in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Issuer from time to time relating to the Bonds. The Successful Bidder hereby acknowledges receipt from the Issuer of the Bonds and further acknowledges receipt of all certificates, opinions and other documents required to be delivered to the Successful Bidder, before or simultaneously with the delivery of such Bonds, which certificates, opinions and other documents are satisfactory to the Successful Bidder.

Dated: _____, 2019

Successful Bidder

By: _____

Name:

Title:

*Preliminary, subject to change.

SCHEDULE A
EXPECTED OFFERING PRICES
(To be Attached)

SCHEDULE B
COPY OF UNDERWRITER'S BID
(To Be Attached)

**Issue Price Certificate for Use If the Competitive Sale Requirements Are
Not Met and the 10% Test to Apply
\$35,105,000*
Town of Braintree, Massachusetts
General Obligation Municipal Purpose Loan of 2019 Bonds
ISSUE PRICE CERTIFICATE AND RECEIPT**

The undersigned, on behalf of _____ (the (“Successful Bidder”), on behalf of itself and [NAMES OF OTHER SUCCESSFUL BIDDER]] hereby certifies as set forth below with respect to the sale and issuance of the above-captioned obligations (the “Bonds”) by the Town of Braintree, Massachusetts (The “Issuer”).

1. Sale of the Bonds. As of the date of this certificate, [except as set forth in paragraph 2 below,] for each Maturity of the Bonds, the first price at which at least 10% of such Maturity of the Bonds was sold to the Public is the respective price listed in Schedule A.

[Only use the next paragraph if the 10% test has not been met or all of the Bonds have not been sold for one or more Maturities of Bonds as of the Closing Date.]

2. For each Maturity of the Bonds as to which no price is listed in Schedule A, as set forth in the Notice of Sale for the Bonds, until the 10% test has been satisfied as to each Maturity of the Bonds or all of the Bonds are sold to the Public, the Successful Bidder agrees to promptly report to the Town of Weymouth’s financial advisor, Hilltop Securities Inc. (the “Financial Advisor”) the prices at which the unsold Bonds of each Maturity have been sold to the Public, which reporting obligation shall continue after the date hereof until the 10% test has been satisfied for each Maturity of the Bonds or until all the Bonds of a Maturity have been sold. The Successful Bidder shall continue to report each sale of Bonds to the Financial Advisor until notified by email or in writing by the State or the Financial Advisor that it no longer needs to do so.

3. Defined Terms.

(a) *Maturity* means Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate Maturities.

(b) *Public* means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term “related party” for purposes of this certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.

(c) *Underwriter* means (i) any person, including the Successful Bidder that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public).

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents the Successful Bidder’s interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the Tax Certificate and with respect to compliance with the federal income tax rules affecting the Bonds, and by Locke Lord LLP in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Issuer from time to time relating to the Bonds. The Successful Bidder hereby acknowledges receipt from the Issuer of the Bonds and further acknowledges receipt of all certificates, opinions and other documents required to be delivered to the Successful Bidder, before or simultaneously with the delivery of such Bonds, which certificates, opinions and other documents are satisfactory to the Successful Bidder.

Dated: _____ 2019

SUCCESSFUL BIDDER

By: _____

Name:

Title:

*Preliminary, subject to change.

SALE PRICES
[(Attached)]

SCHEDULE A

Issue Price Certificate for Use If the Competitive Sale Requirements Are Not Met and the Hold the Price Rule Is Imposed
\$35,105,000*
TOWN OF BRAINTREE, MASSACHUSETTS
GENERAL OBLIGATION MUNICIPAL PURPOSE LOAN OF 2019 BONDS

DATED JUNE 12, 2019

ISSUE PRICE CERTIFICATE AND RECEIPT

The undersigned, on behalf of _____ (the (“[Successful Bidder][Representative]”), on behalf of itself and [NAMES OF OTHER UNDERWRITERS] hereby certifies as set forth below with respect to the sale and issuance of the above-captioned obligations (the “Bonds”) by the Town of Braintree, Massachusetts (the “Issuer”).

1. Sale of the Bonds. As of the date of this certificate, [except as set forth in paragraph 2 below,] for each Maturity of the Bonds, the first price at which at least 10% of such Maturity of the Bonds was sold to the Public is the respective price listed in Schedule A.

[Only use the next paragraph if the 10% test has not been met as of the Sale Date.]

2. For each Maturity of the Bonds as to which no price is listed in Schedule A (the “Unsold Maturities”), as set forth in the Notice of Sale for the Bonds, the [Successful Bidder][Representative] and any other Underwriter did not reoffer the Unsold Maturities to any person at a price that is higher than the initial offering price to the public until the earlier of (i) _____, 2019 or (ii) the date on which the “Successful Bidder][Representative] sold at least 10% of each Unsold Maturity at a price that is no higher than the initial offering price to the Public.

3. Defined Terms.

(a) Maturity means Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate Maturities.

(b) Public means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term “related party” for purposes of this certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.

(c) Underwriter means (i) any person, including the [Successful Bidder][Representative], that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public).

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents the [Successful Bidder’s][Representative’s] interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the

Tax Certificate and with respect to compliance with the federal income tax rules affecting the Bonds, and by Locke Lord LLP in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Issuer from time to time relating to the Bonds. The [Successful Bidder][Representative] hereby acknowledges receipt from the Issuer of the bonds if the Issue and further acknowledges receipt of all certificates, opinions and other documents required to be delivered to the [Successful Bidder][Representative], before or simultaneously with the delivery of such bonds of the Issue, which certificates, opinions and other documents are satisfactory to the [Successful Bidder][Representative].

*Preliminary, subject to change.

Dated: _____, 2019

[SUCCESSFUL BIDDER] [REPRESENTATIVE]

By: _____
Name:
Title:

[SCHEDULE A

SALE PRICES

(To be Attached)]

OFFICIAL STATEMENT

TOWN OF BRAINTREE, MASSACHUSETTS

\$32,365,000 GENERAL OBLIGATION MUNICIPAL PURPOSE LOAN OF 2019 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 \$32,365,000 stated principal amount of its General Obligation Municipal Purpose Loan of 2019 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 December 1 and June 1, commencing December 1, 2019. The Bonds shall mature on June 1 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, 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 disbursement 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 June 1, 2028 shall not be subject to redemption prior to their stated maturity dates. Bonds maturing on or after June 1, 2029 shall be subject to redemption prior to maturity, at the option of the Town, on or after June 1, 2028, 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

Notice of any redemption of Bonds, prior to their dates of maturity, specifying the Bonds (or the portions thereof) to be redeemed shall be mailed to DTC not more than 60 days nor less than 30 days prior to the redemption date. Any failure on the part of DTC to notify the Direct Participants of the redemption or failure on the part of DTC's Participants, Indirect Participants or of a nominee of a Beneficial Owner having received notice from a DTC Participant or otherwise to notify the Beneficial Owners shall not affect the validity of the redemption.

Record Date

The record date for each payment of interest on the Bonds (the "Record Date") is the fifteenth day of the month preceding the interest payment date, provided that, if such date is not a business day, the Record Date shall be the next succeeding business day. Under certain circumstances, 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 has a rating from S&P Global Ratings of AA+. 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.

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 effect 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 sets forth the purposes, principal amounts, amounts originally authorized, notes outstanding, statutory authority, and dates of Town approval for the current offering of Bonds:

Purpose	This Issue*	Original Bond Authorization	Bond Anticipation Notes Outstanding	Statutory Reference	Dates of Approval
Renovations to Town Hall and Water/Sewer Building	\$ 228,000	\$ 1,500,000	\$ -	Ch. 44, s. 7(1)	10/24/2005
Library Building Repairs	150,000	250,000	-	Ch. 44, s. 7(1)	12/3/2015
Town Hall Renovations	478,000	478,000	-	Ch. 44, s. 7(1)	12/14/2016
Library Renovations	95,000	100,000	-	Ch. 44, s. 7(1)	12/14/2016
DPW Shaw Street Bridge	315,000	315,000	-	Ch. 44, s. 7(1)	12/14/2016
DPW Recreation Playground Reconstruction	120,000	164,000	-	Ch. 44, s. 7(1)	12/14/2016
Roadway Resurfacing	1,700,000	1,700,000	-	Ch. 44, s. 7(1)	3/5/2018
Fire Ladder Truck	132,500	900,000	-	Ch. 44, s. 7(1)	3/5/2018
ESCO	8,750,000	10,300,000	8,900,000	Ch. 44, s. 7(1)	3/5/2018
Daugherty Gym Building Repairs	65,000	350,000	-	Ch. 44, s. 7(1)	5/20/2014
East Middle School Renovations	17,000,000	83,472,211	-	Ch.70B	9/8/2017
Golf Simulators	138,000	160,000	-	Ch. 44, s. 7(1)	1/17/2018
Water Distribution System Improvements - Water Mains and Roadwork	3,000,000	3,000,000	-	Ch. 44, s. 8(5)	3/5/2018
Water/Sewer Department Vector Truck	193,500	300,000	-	Ch. 44, s. 7(1)	3/5/2018
	<u>\$ 32,365,000</u>		<u>\$ 8,900,000</u> (1)		

(1) A portion of this issue will retire bond anticipation notes maturing June 13, 2019.

Principal Payments by Purpose

Year	General Fund	School	ESCO	Golf	Water/Sewer	Total
2020	\$ 223,500	\$ 560,000	\$ 305,000	\$ 33,000	\$ 193,500	\$ 1,315,000
2021	215,000	565,000	310,000	30,000	190,000	1,310,000
2022	215,000	595,000	325,000	25,000	190,000	1,350,000
2023	210,000	625,000	345,000	25,000	190,000	1,395,000
2024	210,000	655,000	360,000	25,000	190,000	1,440,000
2025	205,000	690,000	380,000		190,000	1,465,000
2026	200,000	725,000	395,000		190,000	1,510,000
2027	200,000	760,000	415,000		190,000	1,565,000
2028	200,000	795,000	440,000		185,000	1,620,000
2029	195,000	835,000	460,000		185,000	1,675,000
2030	180,000	880,000	480,000		160,000	1,700,000
2031	180,000	915,000	500,000		160,000	1,755,000
2032	180,000	950,000	520,000		160,000	1,810,000
2033	180,000	980,000	545,000		160,000	1,865,000
2034	180,000	1,010,000	560,000		160,000	1,910,000
2035	50,000	1,040,000	575,000		100,000	1,765,000
2036	50,000	1,070,000	595,000		100,000	1,815,000
2037	50,000	1,105,000	610,000		100,000	1,865,000
2038	50,000	1,140,000	630,000		100,000	1,920,000
2039	45,000	1,170,000	-		100,000	1,315,000
Total	<u>\$ 3,218,500</u>	<u>\$ 17,065,000</u>	<u>\$ 8,750,000</u>	<u>\$ 138,000</u>	<u>\$ 3,193,500</u>	<u>\$ 32,365,000</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, as amended (the “Code”). Bond Counsel is of the further opinion that interest on the Bonds will not be included in computing the alternative minimum taxable income of Bondholders who are individuals. 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 Bonds will not be designated as “qualified tax-exempt obligations” for purposes of Section 265(b)(3) of the Code.

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 not 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 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 either the reasonably expected initial offering price to the public or the first price at which a substantial amount of such maturity of the Bonds is sold to the public, as applicable. 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 reasonably expected initial offering price or, if applicable, 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.

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.

Risk of Future Legislative Changes and/or Court Decisions

Legislation affecting tax-exempt obligations is regularly considered by the United States Congress and may also be considered by the Massachusetts legislature. Court proceedings may also be filed, the outcome of which could modify the tax treatment of obligations such as the Bonds. There can be no assurance that legislation enacted or proposed, or actions by a court, after the date of issuance of the Bonds will not have an adverse effect on the tax status of interest on the Bonds or the market value or marketability of the Bonds. These adverse effects could result, for example, from changes to federal or state income tax rates, changes in the structure of federal or state income taxes (including replacement with another type of tax), or repeal (or reduction in the benefit) of the exclusion of interest on the Bonds from gross income for federal or state income tax purposes for all or certain taxpayers.

For example, H.R. 1, signed into law on December 22, 2017, reduces the corporate tax rate, modifies individual tax rates, eliminates many deductions, and raises the income threshold above which the individual alternative minimum tax is invoked, among other things. These changes may increase, reduce or otherwise change the financial benefits of owning state and local government bonds. Additionally, Bondholders should be aware that future legislative actions (including federal income tax reform) may retroactively change the treatment of all or a portion of the interest on the Bonds for federal income tax purposes for all or certain taxpayers. In all such events, the market value of the Bonds may be affected and the ability of Bondholders to sell their Bonds in the secondary market may be reduced. The Bonds are not subject to special mandatory redemption, and the interest rates on the Bonds are not subject to adjustment, in the event of any such change in the tax treatment of interest on the Bonds.

Investors should consult their own financial and tax advisors to analyze the importance of these risks.

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” as described below (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 Lien. 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 Clean Water 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 generally 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, however, 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"). 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. Said 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 Hilltop Securities Inc.

Hilltop Securities Inc., Boston, Massachusetts serves as financial advisor to the Town.

Continuing Disclosure

In order to assist the 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 enumerated events. Other than the Town, there are no obligated persons with respect to the Bonds within the meaning of the Rule. 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 past 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	Nicole I. Taub	Appointed	Indefinite
Treasurer/Collector	Barbara Walls	Appointed	Indefinite
Town Clerk	James Casey	Appointed	2020
Town Accountant	Mark Lin	Appointed	Indefinite
Town Councilors:			
President	Charles B. Ryan	Elected	2020
Vice President	Charles C. Kokoros	Elected	2020
Councilor	Sean E. Powers	Elected	2020
Councilor	Thomas M. Bowes	Elected	2020
Councilor	Thomas W. Whalen	Elected	2020
Councilor	Shannon Hume	Elected	2020
Councilor	Steve C. O'Brien	Elected	2020
Councilor	David M. Ringius, Jr.	Elected	2020
Councilor	Timothy P. Carey	Elected	2020

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

	2014	2015	Actual 2016	2017	2018
Elementary (K-5)	2,738	2,791	2,644	2,646	2,614
Middle/Junior High (6-8)	1,396	1,439	1,410	1,381	1,435
Senior High (9-12)	1,600	1,582	1,755	1,801	1,793
Total	<u>5,734</u>	<u>5,812</u>	<u>5,809</u>	<u>5,828</u>	<u>5,842</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				
	2013	2014	2015	2016	2017
Construction	1,165	1,188	1,686	1,771	1,629
Manufacturing	2,009	1,931	1,827	1,676	1,756
Trade, Transportation and Utilities	7,891	7,917	8,097	7,923	8005
Information	554	611	636	666	681
Financial Activities	2,626	2,666	2,796	2,856	2,902
Professional and Business Services	4,168	4,128	4,385	4,568	4,650
Education and Health Services	5,188	4,918	4,843	5,155	5,450
Leisure and Hospitality	2,595	2,805	2,785	2,746	2,811
Other Services	941	1,011	1,028	1,079	982
Public Administration	674	773	799	795	795
Total Employment	<u>27,811</u>	<u>27,948</u>	<u>28,882</u>	<u>29,235</u>	<u>29,661</u>
Number of Establishments	1,580	1,646	1,689	1,723	1,744
Average Weekly Wages	\$ 971	\$ 997	\$ 1,076	\$ 1,085	\$ 1,143
Total Wages	<u>\$ 1,404,367,695</u>	<u>\$ 1,438,200,330</u>	<u>\$ 1,615,771,002</u>	<u>\$ 1,650,028,742</u>	<u>\$ 1,762,122,011</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

Name	Product/Function	Approximate No. of Employees
Daniel Quirk	Auto Dealership	1000
Haemonetics	Biomedical	500
Health South/Braintree Rehab	Rehabilitation Hospital	499
Verizon	Utility	400
Sears	Retail	363
Symmons Industries	Plumbing Manufacturer	290
ING	Financial Services	250
Mass State Lottery	State Agency	250
Nordstrom	Retail	250
Macy's	Retail	200

SOURCE: Individual employers listed, 2019.

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

	Braintree	Boston SMSA	Massachusetts
Establishments:			
1992	335	20,420	38,491
1987	331	17,662	38,905
1982	348	21,551	47,312
Sales (000):			
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
Per Capita Sales:			
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 September 2018, the Town had a total labor force of 21,582 of which 20,845 were employed and 737 or 3.4% were unemployed, compared with 3.2% for the Commonwealth.

UNEMPLOYMENT RATES

Year	Town of Braintree		Massachusetts Unemployment Rate	United States Unemployment Rate
	Labor Force	Unemployment Rate		
2017	20,527	3.3 %	3.7 %	4.4 %
2016	20,334	3.4	3.9	4.9
2015	20,188	4.1	4.9	5.3
2014	19,958	5.3	5.8	6.2
2013	19,158	6.3	6.7	7.4

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
2018	16	\$4,949,028	3	\$13,295,000	1576	\$41,981,117	297	\$94,789,685	1,892	\$155,014,830
2017	4	1,536,000	1	4,500,000	1016	31,274,861	216	35,951,559	1,237	73,262,420
2016	5	1,778,700	2	38,630,942 (3)	1200	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

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 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

	<u>Fiscal 2015</u>	<u>Fiscal 2016</u>	<u>Fiscal 2017</u>	<u>Fiscal 2018</u>	<u>Fiscal 2019</u>
Total Appropriations(1)	\$ 130,580,575	\$ 143,118,888	\$ 143,219,834	\$ 146,398,876	\$ 155,774,346
Additions:					
State and County Assessments	3,768,561	3,628,994	3,692,079	4,061,825	4,009,186
Overlay Reserve	1,124,209	1,135,942	1,110,896	1,132,086	1,040,464
Other Additions(2)	73,435	47,745	71,589	82,835	48,212
Total Additions	<u>4,966,205</u>	<u>4,812,681</u>	<u>4,874,564</u>	<u>5,276,746</u>	<u>5,097,862</u>
Gross Amount to be Raised	<u>135,546,780</u>	<u>147,931,569</u>	<u>148,094,398</u>	<u>151,675,622</u>	<u>160,872,208</u>
Deductions:					
Local Estimated Receipts(3)	34,582,488	35,710,684	38,607,428	39,298,964	43,105,366
State Aid(4)	20,269,698	21,103,515	22,629,954	23,419,123	24,189,526
Available Funds(5):					
Free Cash	-	5,518,789	-	-	1,790,396
Other Available Funds	836,964	2,704,874	2,284,186	603,309	725,301
Total Deductions	<u>55,689,150</u>	<u>65,037,862</u>	<u>63,521,568</u>	<u>63,321,396</u>	<u>69,810,589</u>
Net Amount to be Raised (Tax Levy)	<u>\$ 79,857,630</u>	<u>\$ 82,893,707</u>	<u>\$ 84,572,830</u>	<u>\$ 88,354,226</u>	<u>\$ 91,061,619</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 five 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		
2019	\$ 7,104,757,567	\$ 102,568,140	\$ 7,207,325,707	\$ 10.09	\$ 22.20	\$ 22.11	\$ 91,061,619	\$ 2,548
2018	6,548,496,711	99,184,210	6,647,680,921	10.54	23.37	23.26	88,354,226	2,472
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

(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 2017, 2018 and 2019.

Property Type	2017		2018		2019	
	Amount	% of Total	Amount	% of Total	Amount	% of Total
Residential	\$ 4,929,037,567	78.6 %	\$ 5,209,622,684	78.4 %	\$ 5,681,558,754	78.8 %
Commercial	1,040,225,465	16.6	1,132,068,827	17.0	1,204,854,113	16.7
Industrial	198,891,500	3.2	206,805,200	3.1	218,344,700	3.0
Personal	100,886,290	1.6	99,184,210	1.5	102,568,140	1.4
Total Real Estate	<u>\$ 6,269,040,822</u>	<u>100.0 %</u>	<u>\$ 6,647,680,921</u>	<u>100.0 %</u>	<u>\$ 7,207,325,707</u>	<u>100.0 %</u>

LARGEST TAXPAYERS

The following table lists the ten largest taxpayers in the Town based upon assessed valuation for fiscal 2019, all of which are current in paying property taxes.

Name	Nature of Business	Fiscal 2019 Assessed Valuation	Percent of Total Assessed Value
Braintree Property Associates	Malls	\$ 306,616,800	4.25 %
Messina Francis X et al	Developer/Real Estate	165,026,300	2.29
Braintree Hill Office Park, LLC	Office Park	95,777,100	1.33
Lenox Farms Limited Partnership	Apartments	67,856,900	0.94
EQR - Lincoln Braintree LLC	Apartments	34,802,000	0.48
UDR Ridge at Blue Hills LLC	Apartments	29,997,100	0.42
Braintree IRF Investment Group Inc.	Rehabilitation Hospital	25,715,600	0.36
TRT Braintree II LLC	Retail	23,408,000	0.32
2001 Washington Street LLC	Private School	22,454,000	0.31
EIP Campanelli Parkway LLC	Office/Warehouse	21,321,600	0.30
		<u>\$ 792,975,400</u>	<u>11.00 %</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
2018	\$ 7,169,361,300	11.7 %
2016	6,327,219,800	13.5
2015	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	(0.5)

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, 2018
		Dollar Amount	As a % of Net Levy	
2018	\$ 87,222,140	\$ 1,132,086	1.30 %	\$ 547,747
2017	83,461,934	1,110,896	1.33	610,599
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

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.

Fiscal Year	Gross Tax Levy	Overlay Reserve for Abatements	Net Tax Levy	Collections During Fiscal Year Payable (1)(2)	
				Dollar Amount	% of Net Levy
				2018	\$ 88,354,226
2017	84,572,830	1,110,896	83,461,934	83,492,751	100.0
2016	82,893,707	1,135,942	81,757,765	81,998,754	100.3
2015	79,857,630	1,124,209	78,733,421	78,644,968	99.9
2014	77,063,779	1,094,569	75,969,210	75,806,678	99.8

(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>
2018	\$ 1,131,606
2017	1,058,352
2016	1,175,204
2015	1,374,320
2014	1,487,627

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 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. There was not a tax lien sale in fiscal 2018.

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
2019	\$ 7,207,325,707	\$ 180,183,143	\$ 92,686,291	\$ 91,061,619	\$ 89,121,524	\$ 1,624,672
2018	6,647,680,921	166,192,023	89,528,431	88,354,226	77,837,797	1,174,205
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

(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 2016 through 2020. 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 2020	Fiscal 2019	Fiscal 2018	Fiscal 2017	Fiscal 2016
Town Council Programs	\$ 315,261	\$ 318,461	\$ 316,814	\$ 306,377	\$ 303,417
Mayor's Office Programs	579,847	649,694	566,157	551,141	471,866
Finance Programs	11,290,501	10,120,012	8,647,454	7,858,621	6,560,248
Law	311,746	349,750	399,735	280,251	276,811
Human Resources	21,682,163	20,896,366	19,726,326	19,651,801	18,762,238
Town Clerk	454,044	381,219	370,004	350,370	334,112
Planning and Development	653,548	649,583	610,575	576,043	519,969
Police	10,405,868	10,245,425	9,225,087	9,240,126	9,152,307
Fire	8,736,445	8,724,499	8,491,785	8,440,692	8,475,556
Municipal Licenses and Inspections	982,236	958,648	1,000,079	984,230	940,363
Education	70,628,795	67,243,706	64,709,631	62,108,827	59,508,827
Blue Hill Regional	2,697,242	2,779,024	2,702,125	2,561,797	2,467,754
Public Works	8,758,332	8,692,026	8,088,822	7,605,961	7,287,438
Elder Affairs	326,593	322,611	304,393	291,253	285,150
Library	1,508,954	1,552,346	1,473,444	1,469,439	1,446,378
Golf	1,907,151	1,586,992	1,577,452	1,493,763	1,443,034
Sewer	11,267,230	11,111,600	10,927,005	10,184,566	9,787,574
Water	7,854,431	7,471,249	7,055,506	7,189,567	7,026,792
Stormwater	582,029	620,525	-	-	-
Totals	\$ 160,942,416	\$ 154,673,736	\$ 146,192,394	\$ 141,144,825	\$ 135,049,834

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 \$1,296,860 in fiscal 2014, \$1,467,638 in fiscal 2015, \$1,596,257 in fiscal 2016, \$1,569,459 in fiscal 2017, and \$1,585,651 in fiscal 2018.

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, 2016, 2017, and 2018, the Town received \$1,017,862, \$1,142,349, \$1,166,320, and \$1,208,369, 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, 2018, the Town levied \$738,055 in surcharges and received state matching funds totaling \$119,439.

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, 2018, by the Mayor as follows, with a base fee of \$17.25 per quarter for both water and sewer shown below.

Tier	Usage	Rate
Water tier 1	0-500 CF	\$ 2.89
Water tier 2	501-3,500 CF	4.36
Water tier 3	3,501 -20,000 CF	8.22
Water tier 4	Over 20,0001 CF	11.70
Sewer tier 1	0-500 CF	\$ 5.90
Sewer tier 2	501-3,500 CF	7.46
Sewer tier 3	3,501 -20,000 CF	13.44
Sewer tier 4	Over 20,0001 CF	14.76

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, 2018 and is attached hereto as Appendix A. 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, 2018, June 30, 2017 and June 30, 2016, and Statements of Revenues, Expenditures and Changes in Fund Balance, for the fiscal years ended June 30, 2014 through fiscal year ended June 30, 2018. Said statements were extracted from audited financial statements.

**TOWN OF BRAintree, MASSACHUSETTS
GOVERNMENTAL FUNDS BALANCE SHEET
JUNE 30, 2018(1)**

	General	Town Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 30,380,191	\$ 27,777,636	\$ 19,156,694	\$ 77,314,521
Investments	-	-	6,854,552	6,854,552
Receivables, net of uncollectibles:				
Real estate and personal property taxes	1,131,562	-	-	1,131,562
Tax liens	1,133,054	-	-	1,133,054
Community preservation fund surtax	-	-	1,779	1,779
Motor vehicle and other excise taxes	488,725	-	-	488,725
Departmental and other	111,974	-	-	111,974
Intergovernmental	423,647	932,065	1,202,384	2,558,096
Community preservation state share	-	-	84,548	84,548
Tax foreclosures	78,281	-	-	78,281
Due from other funds	2,279	-	-	2,279
TOTAL ASSETS	\$ 33,749,713	\$ 28,709,701	\$ 27,299,957	\$ 89,759,371
LIABILITIES AND FUND BALANCES				
Liabilities:				
Warrants payable	\$ 1,043,096	\$ 3,141,169	\$ 783,570	\$ 4,967,835
Accrued payroll	5,982,699	-	6,345	5,989,044
Tax refunds payable	983,000	-	-	983,000
Due from other funds	-	-	2,279	2,279
Fees collected in advance	888,593	-	-	888,593
Notes payable	-	8,900,000	-	8,900,000
TOTAL LIABILITIES	8,897,388	12,041,169	792,194	21,730,751
DEFERRED INFLOWS OF RESOURCES:				
Unavailable Revenues	\$ 2,767,476	\$ -	\$ 1,285,591	\$ 4,053,067
FUND BALANCES:				
Nonspendable	-	-	2,564,529	2,564,529
Restricted	-	16,668,532	22,657,643	39,326,175
Committed	1,678,124	-	-	1,678,124
Assigned	1,105,156	-	-	1,105,156
Unassigned	19,301,569	-	-	19,301,569
TOTAL FUND BALANCES	22,084,849	16,668,532	25,222,172	63,975,553
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 33,749,713	\$ 28,709,701	\$ 27,299,957	\$ 89,759,371

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

**TOWN OF BRAINTREE, MASSACHUSETTS
GOVERNMENTAL FUNDS BALANCE SHEET
JUNE 30, 2017(1)**

	General	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 29,903,608	\$ 21,263,239	\$ 51,166,847
Investments	81,152	6,629,073	6,710,225
Receivables, net of uncollectibles:			
Real estate and personal property taxes	1,273,580	-	1,273,580
Tax liens	980,071	-	980,071
Motor vehicle and other excise taxes	718,443	-	718,443
Departmental and other	98,843	5,506	104,349
Intergovernmental	375,707	1,530,586	1,906,293
Tax foreclosures	78,281	-	78,281
Due from other funds	788,314	-	788,314
TOTAL ASSETS	\$ 34,297,999	\$ 29,428,404	\$ 63,726,403
LIABILITIES AND FUND BALANCES			
Liabilities:			
Warrants payable	\$ 1,385,548	\$ 1,216,424	\$ 2,601,972
Accrued payroll	5,622,092	5,982	5,628,074
Tax refunds payable	1,600,000	-	1,600,000
Due from other funds	-	788,314	788,314
Fees collected in advance	866,134	-	866,134
TOTAL LIABILITIES	9,473,774	2,010,720	11,484,494
DEFERRED INFLOWS OF RESOURCES:			
Unavailable Revenues	\$ 2,858,494	\$ 747,779	\$ 3,606,273
FUND BALANCES:			
Nonspendable	-	2,564,529	2,564,529
Restricted	-	24,105,376	24,105,376
Committed	2,355,268	-	2,355,268
Assigned	785,040	-	785,040
Unassigned	18,825,423	-	18,825,423
TOTAL FUND BALANCES	21,965,731	26,669,905	48,635,636
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 34,297,999	\$ 29,428,404	\$ 63,726,403

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

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

	General	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS			
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
TOTAL ASSETS	\$ 35,755,672	\$ 26,885,310	\$ 62,640,982
LIABILITIES AND FUND BALANCES			
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
TOTAL LIABILITIES	10,314,475	1,801,599	12,116,074
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
Committed	1,344,269	-	1,344,269
Assigned	2,170,153	-	2,170,153
Unassigned	18,830,121	(316,019)	18,514,102
TOTAL FUND BALANCES	22,344,543	23,946,597	46,291,140
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 35,755,672	\$ 26,885,310	\$ 62,640,982

(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, 2018 (1)**

	General	Town Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES:				
Real estate and personal property taxes net of tax refunds	\$ 88,217,335	\$ -	\$ -	\$ 88,217,335
Tax liens	320,163	-	1,433	321,596
Motor vehicle and other excise taxes	6,614,593	-	-	6,614,593
Hotel/motel tax	1,558,537	-	-	1,558,537
Meals Tax	1,208,369	-	-	1,208,369
Penalties and interest on taxes	318,098	-	-	318,098
Payments in lieu of taxes	668,783	-	-	668,783
Intergovernmental - state aid	23,978,769	-	-	23,978,769
Intergovernmental - teachers retirement	14,882,115	-	-	14,882,115
Intergovernmental - other	1,210,955	3,445,539	7,071,684	11,728,178
Departmental and other	5,689,946	-	2,845,101	8,535,047
Community preservation taxes	-	-	733,774	733,774
Community preservation state match	-	-	119,439	119,439
Contributions and donations	-	-	481,615	481,615
Investment income	415,190	-	245,801	660,991
Miscellaneous	65,050	-	-	65,050
TOTAL REVENUES	\$ 145,147,903	\$ 3,445,539	\$ 11,498,847	\$ 160,092,289
EXPENDITURES:				
Current:				
General government	\$ 4,595,239	\$ 529,609	\$ 856,564	\$ 5,981,412
Public safety	21,296,658	733,167	380,621	22,410,446
Education	67,681,293	7,675,874	8,660,601	84,017,768
Public works	5,780,890	2,426,968	522,860	8,730,718
Human services	892,915	656,116	233,259	1,782,290
Sanitation	1,628,673	-	-	1,628,673
Culture and recreation	2,556,801	52,070	343,452	2,952,323
Community preservation	-	-	568,296	568,296
Pension benefits-town	6,973,028	-	-	6,973,028
Pension benefits-teachers	14,882,115	-	-	14,882,115
Property and liability insurance	519,829	-	-	519,829
Employee benefits	12,517,334	-	-	12,517,334
State and county charges	3,918,138	-	-	3,918,138
Debt service:				
Principal	3,165,700	-	-	3,165,700
Interest	912,521	-	-	912,521
TOTAL EXPENDITURES	\$ 147,321,134	\$ 12,073,804	\$ 11,565,653	\$ 170,960,591
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ (2,173,231)	\$ (8,628,265)	\$ (66,806)	\$ (10,868,302)
OTHER FINANCING SOURCES (USES):				
Issuance of bonds	-	22,764,000	-	22,764,000
Premium from issuance of bonds	-	890,000	236,360	1,126,360
Transfers In	2,593,171	209,000	194,917	2,997,088
Transfers Out	(300,822)	-	(378,407)	(679,229)
TOTAL OTHER FINANCING SOURCES (USES)	\$ 2,292,349	\$ 23,863,000	\$ 52,870	\$ 26,208,219
NET CHANGE IN FUND BALANCES	119,118	15,234,735	(13,936)	15,339,917
FUND BALANCES AT BEGINNING OF YEAR	21,965,731	1,433,797	25,236,108	48,635,636
FUND BALANCES AT END OF YEAR	\$ 22,084,849	\$ 16,668,532	\$ 25,222,172	\$ 63,975,553

(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, 2017 (1)**

	General	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES:			
Real estate and personal property taxes net of tax refunds	\$ 82,951,838	\$ -	\$ 82,951,838
Tax liens	509,621	16	509,637
Motor vehicle and other excise taxes	6,321,563	-	6,321,563
Hotel/motel tax	1,561,777	-	1,561,777
Meals Tax	1,166,320	-	1,166,320
Penalties and interest on taxes	301,991	-	301,991
Payments in lieu of taxes	401,155	-	401,155
Intergovernmental	38,521,600	9,249,099	47,770,699
Departmental and other	6,162,659	2,994,109	9,156,768
Community preservation	-	696,779	696,779
Contributions	-	639,541	639,541
Investment income	298,615	43,409	342,024
TOTAL REVENUES	<u>\$ 138,197,139</u>	<u>\$ 13,622,953</u>	<u>\$ 151,820,092</u>
EXPENDITURES:			
Current:			
General government	\$ 4,379,830	\$ 531,929	\$ 4,911,759
Public safety	19,955,704	389,440	20,345,144
Education	65,377,120	9,834,572	75,211,692
Public works	4,878,295	3,656,869	8,535,164
Sanitation	1,527,540	-	1,527,540
Community development	-	303,227	303,227
Human services	853,063	283,593	1,136,656
Culture and recreation	2,524,736	662,383	3,187,119
Pension benefits-town	6,522,861	-	6,522,861
Pension benefits-teachers	14,169,187	-	14,169,187
Property and liability insurance	475,142	-	475,142
Employee benefits	12,675,021	-	12,675,021
State and county charges	3,649,290	-	3,649,290
Debt service:			
Principal	3,218,000	-	3,218,000
Interest	856,872	-	856,872
TOTAL EXPENDITURES	<u>\$ 141,062,661</u>	<u>\$ 15,662,013</u>	<u>\$ 156,724,674</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>\$ (2,865,522)</u>	<u>\$ (2,039,060)</u>	<u>\$ (4,904,582)</u>
OTHER FINANCING SOURCES (USES):			
Issuance of long-term debt	-	4,537,300	4,537,300
Premium from issuance of bonds	-	632,244	632,244
Transfers In	2,666,106	614,183	3,280,289
Transfers Out	(179,396)	(1,021,359)	(1,200,755)
TOTAL OTHER FINANCING SOURCES (USES)	<u>\$ 2,486,710</u>	<u>\$ 4,762,368</u>	<u>\$ 7,249,078</u>
NET CHANGE IN FUND BALANCES	(378,812)	2,723,308	2,344,496
FUND BALANCES AT BEGINNING OF YEAR	<u>22,344,543</u>	<u>23,946,597</u>	<u>46,291,140</u>
FUND BALANCES AT END OF YEAR	<u>\$ 21,965,731</u>	<u>\$ 26,669,905</u>	<u>\$ 48,635,636</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
REVENUES:			
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
TOTAL REVENUES	<u>\$ 131,228,162</u>	<u>\$ 13,192,212</u>	<u>\$ 144,420,374</u>
EXPENDITURES:			
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
TOTAL EXPENDITURES	<u>\$ 130,523,292</u>	<u>\$ 17,810,636</u>	<u>\$ 148,333,928</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>\$ 704,870</u>	<u>\$ (4,618,424)</u>	<u>\$ (3,913,554)</u>
OTHER FINANCING SOURCES (USES):			
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)
TOTAL OTHER FINANCING SOURCES (USES)	<u>\$ 2,598,460</u>	<u>\$ 4,268,531</u>	<u>\$ 6,866,991</u>
NET CHANGE IN FUND BALANCES	3,303,330	(349,893)	2,953,437
FUND BALANCES AT BEGINNING OF YEAR	<u>19,041,213</u>	<u>24,296,490</u>	<u>43,337,703</u>
FUND BALANCES AT END OF YEAR	<u>\$ 22,344,543</u>	<u>\$ 23,946,597</u>	<u>\$ 46,291,140</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, 2015 (1)

	General	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES:			
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
TOTAL REVENUES	\$ 122,627,144	\$ 12,352,535	\$ 134,979,679
EXPENDITURES:			
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
TOTAL EXPENDITURES	\$ 125,116,957	\$ 16,109,266	\$ 141,226,223
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ (2,489,813)	\$ (3,756,731)	\$ (6,246,544)
OTHER FINANCING SOURCES (USES):			
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)
TOTAL OTHER FINANCING SOURCES (USES)	\$ 1,960,597	\$ 3,530,480	\$ 5,491,077
NET CHANGE IN FUND BALANCES	(529,216)	(226,251)	(755,467)
FUND BALANCES AT BEGINNING OF YEAR	19,570,429	24,522,741	44,093,170
FUND BALANCES AT END OF YEAR	\$ 19,041,213	\$ 24,296,490	\$ 43,337,703

(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
REVENUES:			
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
TOTAL REVENUES	\$ 123,764,408	\$ 13,183,862	\$ 136,948,270
EXPENDITURES:			
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
TOTAL EXPENDITURES	\$ 125,225,359	\$ 14,062,704	\$ 139,288,063
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ (1,460,951)	\$ (878,842)	\$ (2,339,793)
OTHER FINANCING SOURCES (USES):			
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)
TOTAL OTHER FINANCING SOURCES (USES)	\$ 1,021,749	\$ 4,542,851	\$ 5,564,600
NET CHANGE IN FUND BALANCES	(439,202)	3,664,009	3,224,807
FUND BALANCES AT BEGINNING OF YEAR	20,009,631	20,858,732	40,868,363
FUND BALANCES AT END OF YEAR	\$ 19,570,429	\$ 24,522,741	\$ 44,093,170

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

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.

	Free Cash (July 1)	
2018	\$	13,950,232
2017		15,028,618
2016		14,503,965
2015		12,928,109
2014		14,267,766

Enterprise Funds

	Free Cash (July 1)		
	Water & Sewer		Golf
2018	\$	4,868,849	\$ (194,459)
2017		3,819,815	(35,431)
2016		3,762,324	247,850
2015		2,292,780	66,591
2014		1,614,661	31,208

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.

Fiscal Year	Balance
2019 (projected)	\$ 147,000
2018	145,160
2017	87,885 (1)
2016	540,963
2015	692,737

(1) Decrease attributable to unexpected expenses due to additional Police and Fire Operational needs/commitments, unexpected overtime, legal costs to town, and infrastructure related repair costs.

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, 2016 was \$1,292,263. The balance of the fund as of June 30, 2017 was \$2,074,140. The balance as of June 30, 2018 was \$1,432,703. The balance projected as of June 30, 2019 is approximately \$2,300,000.

In addition, the Town also maintains a Health Insurance Trust Fund. The balance of the fund at June 30, 2016 was \$6,966,041. The balance of the fund as of June 30, 2017 was \$8,513,848. The balance as of June 30, 2018 was \$10,160,271. The balance projected as of June 30, 2019 is approximately \$8,700,000.

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

As of June 30, 2018, Including Subsequent Issues

General Obligation Bonds:

Outstanding (1)		
Sewer (2)	\$	2,257,076
Water (3)		24,480,263
School (4)		28,733,300
Electric (5)		64,625,000
General		18,237,300
Golf (2)		216,700
Total Long Term Debt Outstanding		\$ 138,549,639
This Issue of Bonds to be dated June 12, 2019		32,365,000
Short Term Indebtedness		
Bond Anticipation Notes (6)	8,900,000	
Less:		
To Be Retired with Bond Proceeds	(8,900,000)	
New Money (7)	1,000,000	
Total Short Term Indebtedness:		1,000,000
Total Direct Debt		\$ 170,914,639

- (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. \$24,195,263 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.
- (6) Payable June 13, 2019.
- (7) To be issued at the same time as this issue, payable June 12, 2020.

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	Population (2010 Federal Census)	Equalized Valuation(2)	Per Capita Debt (1)	Ratio Debt To Equalized Valuation (1)
2018	\$138,330,089	35,744	\$6,327,219,800	\$3,870	2.19 %
2017	121,417,680	35,744	6,327,219,800	3,397	1.92
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

- (1) Includes \$64,625,000 outstanding self-supporting electric light general obligation bonds issued by the Town in fiscal 2009, refunded in March 2015.
- (2) 2012 equalized valuation is used for fiscal years 2013 and 2014; 2014 equalized valuation is used for fiscal years 2015 and 2016; 2016 equalized valuation is used for fiscal years 2017 and 2018.

Principal Payments by Purpose

The following table sets forth the principal payments by purpose for the outstanding debt of the Town of Braintree as of June 30, 2018.

GENERAL OBLIGATION BONDS PRINCIPAL PAYMENTS BY PURPOSE As of June 30, 2018, including Subsequent Issue

Fiscal Year	Enterprise Debt (1)					Governmental Debt			Total Principal Payments
	Water	Sewer	Electric	Golf	Total Enterprise	General	School	Total Governmental	
2019	\$1,901,731	\$556,217	\$5,875,000	65,000.00	\$8,397,948	\$2,270,000	\$1,511,000	\$3,781,000	\$12,178,948
2020	1,864,067	569,172	5,965,000	60,000.00	8,458,239	2,134,000	1,459,000	3,593,000	12,051,239
2021	1,856,510	367,672	6,180,000	58,700.00	8,462,882	1,947,200	1,399,000	3,346,200	11,809,082
2022	1,805,660	302,080	6,515,000	13,000.00	8,635,740	1,759,700	1,268,400	3,028,100	11,663,840
2023	1,623,117	101,080	6,785,000	-	8,509,197	1,615,000	1,165,000	2,780,000	11,289,197
2024	1,610,481	76,080	7,120,000	-	8,806,561	1,388,000	1,100,000	2,488,000	11,294,561
2025	1,604,853	76,080	7,475,000	-	9,155,933	1,309,000	1,115,000	2,424,000	11,579,933
2026	1,605,232	71,080	7,845,000	-	9,521,312	1,254,000	1,130,000	2,384,000	11,905,312
2027	1,430,418	71,080	7,545,000	-	9,046,498	1,115,100	904,100	2,019,200	11,065,698
2028	1,348,013	44,580	3,320,000	-	4,712,593	937,000	880,000	1,817,000	6,529,593
2029	1,345,415	21,955	-	-	1,367,370	722,000	873,000	1,595,000	2,962,370
2030	1,026,825	-	-	-	1,026,825	606,000	873,000	1,479,000	2,505,825
2031	1,031,244	-	-	-	1,031,244	392,000	783,000	1,175,000	2,206,244
2032	943,671	-	-	-	943,671	315,000	703,000	1,018,000	1,961,671
2033	874,106	-	-	-	874,106	171,000	677,000	848,000	1,722,106
2034	754,551	-	-	-	754,551	101,000	692,000	793,000	1,547,551
2035	650,004	-	-	-	650,004	91,000	717,000	808,000	1,458,004
2036	545,466	-	-	-	545,466	66,000	727,000	793,000	1,338,466
2037	408,900	-	-	-	408,900	44,300	746,800	791,100	1,200,000
2038	250,000	-	-	-	250,000	-	765,000	765,000	1,015,000
2039	-	-	-	-	-	-	790,000	790,000	790,000
2040	-	-	-	-	-	-	815,000	815,000	815,000
2041	-	-	-	-	-	-	845,000	845,000	845,000
2042	-	-	-	-	-	-	875,000	875,000	875,000
2043	-	-	-	-	-	-	905,000	905,000	905,000
2044	-	-	-	-	-	-	935,000	935,000	935,000
2045	-	-	-	-	-	-	970,000	970,000	970,000
2046	-	-	-	-	-	-	1,000,000	1,000,000	1,000,000
2047	-	-	-	-	-	-	1,035,000	1,035,000	1,035,000
2048	-	-	-	-	-	-	1,075,000	1,075,000	1,075,000
Total:	\$24,480,263	\$2,257,076	\$64,625,000	\$196,700	\$91,559,039	\$18,237,300	\$28,733,300	\$46,970,600	\$138,529,639

(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 As of June 30, 2018, including Subsequent Issue

Fiscal Year	Principal	Interest	Total
2019	\$12,188,948	\$5,762,737	\$17,951,685
2020	12,061,239	5,275,667	17,336,906
2021	11,809,082	4,817,255	16,626,337
2022	11,663,840	4,317,499	15,981,339
2023	11,289,197	3,864,504	15,153,701
2024	11,294,561	3,350,209	14,644,770
2025	11,579,933	2,829,531	14,409,464
2026	11,905,312	2,292,502	14,197,814
2027	11,065,698	1,745,916	12,811,614
2028	6,529,593	1,236,309	7,765,901
2029	2,962,370	947,525	3,909,895
2030	2,505,825	834,821	3,340,646
2031	2,206,244	739,343	2,945,586
2032	1,961,671	666,558	2,628,229
2033	1,722,106	599,021	2,321,128
2034	1,547,551	538,057	2,085,608
2035	1,458,004	481,634	1,939,638
2036	1,338,466	436,265	1,774,731
2037	1,200,000	394,050	1,594,050
2038	1,015,000	355,575	1,370,575
2039	790,000	322,588	1,112,588
2040	815,000	295,925	1,110,925
2041	845,000	267,400	1,112,400
2042	875,000	237,825	1,112,825
2043	905,000	207,200	1,112,200
2044	935,000	175,525	1,110,525
2045	970,000	142,800	1,112,800
2046	1,000,000	108,850	1,108,850
2047	1,035,000	73,850	1,108,850
2048	1,075,000	37,625	1,112,625
Total:	<u>\$138,549,639</u>	<u>\$43,354,567</u>	<u>\$181,904,206</u>

Authorized Unissued Debt and Prospective Financing

Following the delivery of the Bonds, the Town will have approximately \$91.7 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 2019 assessments by the overlapping entities to the Town.

Overlapping Entity	Outstanding Debt	Braintree's Estimated Share(1)	Fiscal 2019 Dollar Assessment(2)
Norfolk County(3)	\$ 13,754,000	4.663%	\$ 293,866
Massachusetts Water Resources Authority(4) Sewer	3,449,020,000	1.886%	6,043,488
Massachusetts Bay Transportation Authority(5)	5,728,840,000	0.484%	826,330

(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. Debt is as of June 30, 2018. Assessment is for fiscal 2019. 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. Debt is as of June 30, 2018. 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. Debt is as of June 30, 2018. 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. The cost for the contract with Sunrise Scavenger was \$1,283,701 in fiscal 2014, \$1,324,847 in fiscal 2015, \$1,341,991 in fiscal 2016, \$1,378,061 in fiscal 2017, and \$1,384,837 in fiscal 2018. The estimated cost for fiscal 2019 is \$2,040,944.

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 following fiscal years are as follows:

<u>Fiscal Year</u>	<u>Fiscal Contribution</u>
2019	\$ 10,691,027
2018	9,899,098
2017	8,972,107
2016	8,652,623
2015	8,273,433

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 \$93,712,302 at January 1, 2018, based on an accrued liability of \$302,925,811 and an actuarial value of assets of \$197,117,030.

The pension benefit obligation of the Town was computed as part of an actuarial valuation performed as of January 1, 2018. Actuarial assumptions used in the valuation include (1) projected salary increases of 4.0% per year and (2) and a 7.65% 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	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)© Transfers	Total Employer Cost	Increase Over Prior Year	Unfunded Actuarial Accrued Liability
2019	\$ 3,973,670	\$ 6,446,535	\$ 11,204	\$ 4,535	\$ 120,083	\$ 135,000	\$ 10,691,027		\$ 105,808,781
2020	4,132,617	7,154,074		4,535	120,083	135,000	11,546,309	8.00	107,073,661
2021	4,297,922	7,917,009			120,083	135,000	12,470,014	8.00	107,712,825
2022	4,469,839	8,742,693			120,083	135,000	13,467,615	8.00	107,614,011
2023	4,648,633	9,761,391				135,000	14,545,024	8.00	106,650,953
2024	4,834,579	10,739,047				135,000	15,708,626	8.00	104,681,867
2025	5,027,962	11,802,354				135,000	16,965,316	8.00	101,547,783
2026	5,229,080	12,958,461				135,000	18,322,541	8.00	97,070,712
2027	5,438,243	14,215,101				135,000	19,788,344	8.00	91,051,634
2028	5,655,773	15,580,639				135,000	21,371,412	8.00	83,268,275
2029	5,882,003	16,315,774				135,000	22,332,777	8.00	73,472,682
2030	6,117,283	16,968,405				135,000	23,220,688	8.00	62,164,990
2031	6,361,975	17,647,141				135,000	24,144,116	8.00	49,315,125
2032	6,616,454	18,353,027				135,000	25,104,481	8.00	34,778,026
2033	6,881,112	19,087,149				135,000	26,103,261	8.00	18,396,451
2034	7,156,356					135,000	7,291,356	-72.07	
2035	7,442,610					135,000	7,577,610	3.93	
2036	7,740,315					135,000	7,875,315	3.93	
2037	8,049,928					135,000	8,184,928	3.93	
2038	8,371,926					135,000	8,506,926	3.93	
2039	8,706,803					135,000	8,841,803	3.94	
2040	9,055,076					135,000	9,190,076	3.94	
2041	9,417,279					135,000	9,552,279	3.94	
2042	9,793,970					135,000	9,928,970	3.94	
2043	10,185,728					135,000	10,320,728	3.95	
2044	10,593,158					135,000	10,728,158	3.95	
2045	11,016,884					135,000	11,151,884	3.95	
2046	11,457,560					135,000	11,592,560	3.95	
2047	11,915,862					135,000	12,050,862	3.95	
2048	12,392,497					135,000	12,527,497	3.96	

Source: January 1, 2018 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 \$103,036,373 as of June 30, 2018, using a 7.0% 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, 2018 was \$11,598,563. The balance projected as of June 30, 2019 is approximately \$13,800,000.

EMPLOYEE RELATIONS

The Town employs approximately 386 full-time workers, of whom 105 are employed by the Public Works Department, 89 by the Fire Department, and the 171 balance by various other Town Departments. There are 65 part-time employees (including Library Pages, Recycling Workers and Traffic Supervisors/Matrons.) The Braintree School Department employs 810 full and 43 part-time workers. In addition, the Braintree Electric Light Department employs 97 full time employees. 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.

<u>Union</u>	<u>Contract Expires</u>	<u>Number of Members</u>
American Federation of State, County and Municipal Employees (A.F.S.C.M.E.)	6/30/2019	74
Braintree Library Staff Association (B.L.S.A.)	6/30/2019	22
Braintree Police Patrolmen's Club (B.P.P.C.)	6/30/2019	63
Braintree Professional Management Association (B.P.M.A.)	6/30/2019	29
Braintree Police Superior Officers Association (B.P.S.O.A.)	6/30/2019	20
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	15
School BEA	8/31/2019	649
School Custodians	6/30/2019	32
School Cafeteria Workers	6/30/2019	52
School Maintenance Workers	6/30/2019	2
School Transportation	6/30/2019	37

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.

May 30, 2019

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

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



FOR THE YEAR ENDED JUNE 30, 2018

On the Cover: Spring sunrise over Sunset Lake.



Braintree American Legion Post 86 joined by Governor Baker and Mayor Sullivan during the Town's annual Braintree Day Parade celebrating Independence Day.

**Town of
Braintree, Massachusetts**



**Comprehensive
Annual Financial Report**

**For the Year Ended
June 30, 2018**

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

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TOWN OF BRAINTREE, MASSACHUSETTS

COMPREHENSIVE ANNUAL FINANCIAL REPORT

June 30, 2018

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Introductory Section



Mayor Sullivan joined by Massachusetts State Treasurer Deborah Goldberg, Representative Mark Cusack, and Town Councilors Thomas Bowes and Timothy Carey during the groundbreaking of the East Middle School building project.

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Introductory Section

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TOWN OF BRAINTREE
DEPARTMENT OF MUNICIPAL FINANCE

One JFK Memorial Drive, Braintree, MA 02184
Tel: 781-794-8035 Fax: 781-794-8181

Letter of Transmittal

December 19, 2018

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, 2018.

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, 2018, 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, 2018, 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, 2018, 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, three members at large and six district members, serves as representative legislature.

The School Committee consisting of six 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 FY18 budgets and service level were maintained through a 4.3% increase in the operating budget. Funded with a 4.5% increase in real estate and personal property tax revenue and \$3.8 million use of

free cash, this allowed the Town to continue to provide high quality services while minimizing the impact on the property tax burden.

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

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

The Town remains committed to the ongoing and continuous repair and improvement of our infrastructure. Four major projects of note are 1) The East Middle School (EMS) renovation and addition, 2) The South Middle School (SMS) addition, 3) The Tri Town regional Water treatment plant and 4) The Peterson pool and recreation complex. Additionally, annual repair and maintenance of our public buildings, roads, sidewalks and ADA compliance remain priority items.

The school projects are part of a town wide adjustment of the school system. These projects will add classrooms to both middle schools and allow the town to move the fifth-grade classes to the middle school which will free up 22 classrooms at the six elementary schools and relieve space issues due to increased enrollment and other educational requirements such as ELL programming in the elementary schools. The new configuration will be elementary K-4 grade, middle school 5-8 and high school 9-12. This option will keep in place our neighborhood schools so we won't need to redistrict town wide. In addition, the middle schools will operate as two academies 5-6 and 7-8. This plan will also allow for the fifth grade to be able to access certain middle school programs that do not exist at the elementary level.

The East Middle School renovation and addition began construction of an eighty-three million-dollar repair and renovation in June 2018. The Massachusetts School Building Authority (MSBA) is partnering with the Town and providing over forty-one million dollars of the total cost. We have appropriated one million dollars for planning and design funds for the South Middle School (SMS). We renovated the SMS several years ago with an MSBA "Green Repair Program" as the initial work towards the renovation and upgrading of the entire school. The projected cost is currently estimated at forty million and we expect the MSBA to participate at the same reimbursement rate.

The Tri-Town Regional Treatment plant is a regional effort with Braintree, Randolph and Holbrook. Through Tri-Town a new larger regional water treatment plant will replace the two smaller plants both built in the 1930s one owned and operated by Braintree and the other jointly owned by Randolph and Holbrook. One new larger and more efficient plant will allow all communities to benefit through shared construction and operating costs. Through a regional approach Tri Town can access low interest rate funds through the Massachusetts Water Abatement Trust saving all communities significant interest over the term of the bonds.

Additionally, the Peterson Pool and Recreational complex is an exciting public private partnership that will be built on town owned land located at the high school. The Captain Peterson pool trust fund will contribute \$1.5 million towards an estimated \$22 million dollar project to build a sports complex that will include two regulation-sized ice rinks and an AAU approved pool is scheduled to open next year that will serve the residents of the Town, the school sport teams, and other local sport teams. The site will allow for a regional usage for local and regional

swim and hockey tournaments that will increase revenue into our local economy through meals and hotel rooms' tax.

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, 2017. This was the sixth time that the Town submitted a CAFR to the GFOA. The Town was awarded this Certificate in all six 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.

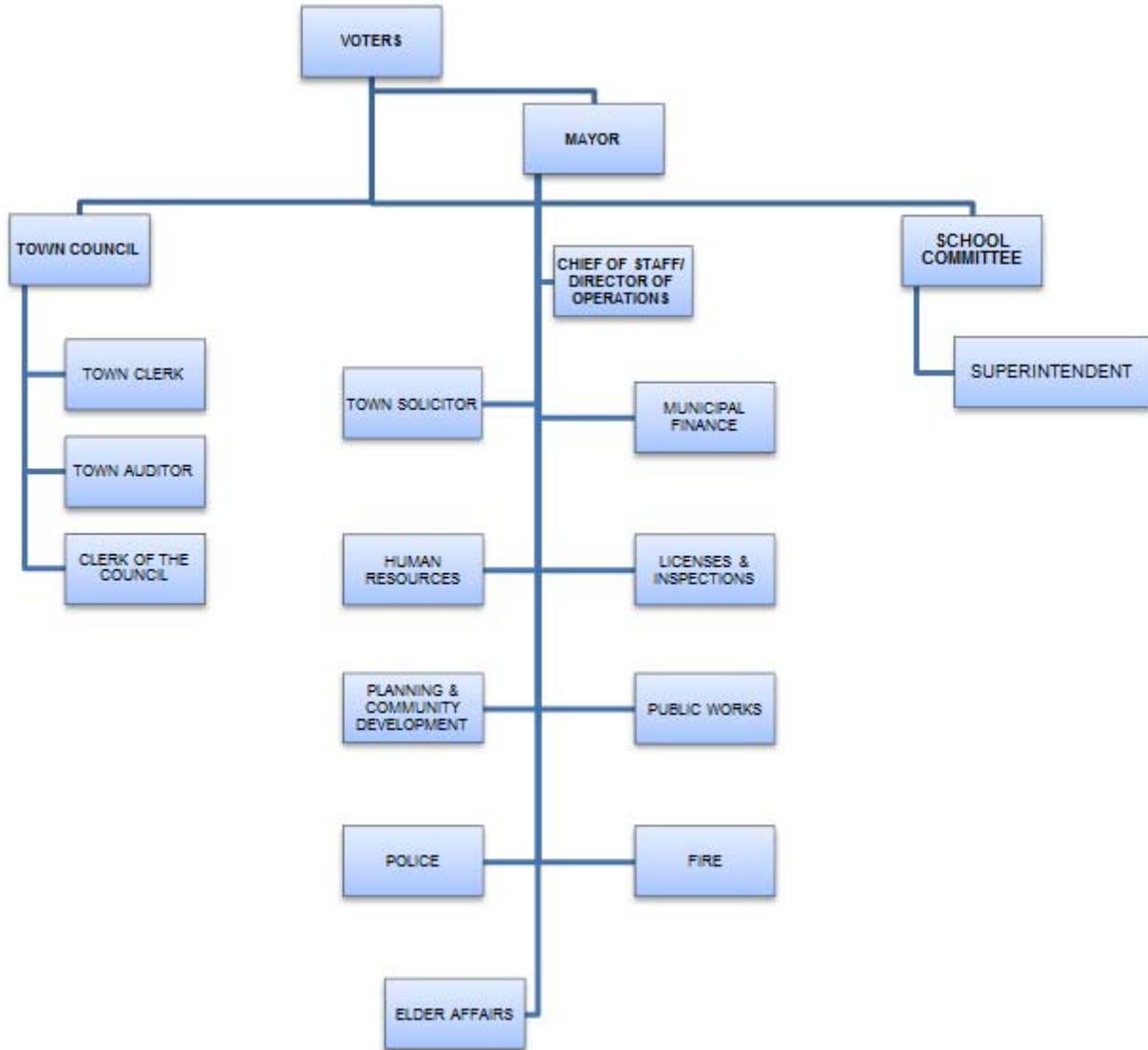
This report represents significant effort by the entire financial team of the Town, whose dedicated efforts have significantly improved the financial operations of the Town. We would like to express our appreciation to the members of all the departments who assisted and contributed to the preparation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

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>	
	Charles B. Ryan, President	2020
	Sean E. Powers	2020
	Shannon Hume	2020
	<u>District Councilors</u>	
	Thomas M. Bowes	2020
	Charles C. Kokoros, Vice President	2020
	David Ringius, Jr.	2020
	Timothy Carey	2020
	Stephen C. O'Brien	2020
	Thomas Whalen	2020
School Committee	Lisa Fiske Heger, Chairperson	2020
	Thomas Devin, Vice Chairperson	2020
	George Kokoros	2022
	Cyril Chafe	2022
	Kate Naughton	2020
	Jennifer A. Dolan	2022
	Joseph C. Sullivan, Mayor	2020

Appointed Officials

Appointed by the Mayor

Chief of Staff	Joseph Reynolds
Director of Municipal Finance	Edward J. Spellman, Jr.
Town Solicitor	Nicole I. Taub
Director of Human Resources	Karen M. Shanley
Director of Inspectional Services	Marybeth McGrath
Director of Department of Public Works	James Arsenault
Director of Planning & Community Development	Christine Stickney
Police Chief	Paul Shastany
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 Assistant Superintendent	James Lee
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, 2017

Christopher P. Morill

Executive Director/CEO

Financial Section



State Champion BHS Girls Basketball marched during the Braintree Day Parade.

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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, 2018 (except for the Braintree Contributory Retirement System which is as of and for the year ended December 31, 2017), and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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, 2017, which is both a major fund and 71%, 61%, and 77%, 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, 2018 (except for the Braintree Contributory Retirement System and the Braintree Electric Light Department which are as of and for the year ended December 31, 2017), 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 19, 2018, 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 19, 2018

Management's Discussion and Analysis

Management's Discussion and Analysis

This analysis, prepared by the Finance Director, offers readers of the Town's financial statements a narrative overview and analysis of the financial activities of the Town of Braintree for the year ended June 30, 2018. We encourage readers to consider the information presented in this report in conjunction with additional information that we have furnished in our letter of transmittal.

The Governmental Accounting Standards Board (GASB) is the authoritative standard setting body that provides guidance on how to prepare financial statements in conformity with generally accepted accounting principles (GAAP). Users of these financial statements (such as investors and rating agencies) rely on the GASB to establish consistent reporting standards for all governments in the United States. This consistent application is the only way users (including citizens, the media, legislators and others) can assess the financial condition of one government compared to others.

Governments must adhere to GASB pronouncements in order to issue their financial statements in conformity with GAAP. The users of financial statements also rely on the independent auditor's opinion. If the Town's financial statements have significant departures from GAAP the independent auditors may issue a modified opinion or a disclaimer (where no opinion is given). These types of opinions may have an adverse effect on the Town's bond rating and our ability to borrow money at favorable interest rates. The Town has enjoyed an unmodified opinion on its financial statements for many years.

Financial Highlights

- The Town's government-wide assets and deferred outflows of resources were less than its liabilities and deferred inflows of resources for governmental activities at the close of the most recent year by \$31.9 million. Business-type activities assets and deferred outflows of resources exceeded liabilities and deferred inflows of activities at the close of the most recent year by \$96.6 million. The business-type activities include the activities of the water and sewer, golf course, and the electric light enterprise funds.
- At the close of the current year, the Town of Braintree's general fund reported an ending fund balance of \$22.1 million, a slight increase of \$119,000 from the prior year. Total fund balance represents 15% of total general fund expenditures. Approximately \$19.3 million of this total amount is available for appropriation at the Town's discretion.
- The Town's governmental long-term debt, net of unamortized premiums, increased by \$20.5 million during the current year as a result of new issuances of \$23.9 million and scheduled principal payments and premium amortizations of \$3.4 million.
- GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, was implemented this year. This standard affected the financial statements themselves by requiring the Town to fully record its net OPEB liability for the first time. Beginning net position of governmental activities and the business-type activities, except for the Electric Light Department for which this accounting standard is not yet applicable, were revised to reflect the implementation.

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. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of 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 and Town capital projects are 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's liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources for governmental activities by \$31.9 million. Key components of the Town's activities are presented below.

Governmental Activities

	2018	2017 (As Revised)
Assets:		
Current assets.....	\$ 101,108,888	\$ 72,749,983
Capital assets, non depreciable.....	23,766,841	16,856,461
Capital assets, net of accumulated depreciation....	71,649,582	69,849,202
Total assets.....	196,525,311	159,455,646
Deferred outflows of resources.....	21,185,971	18,586,003
Liabilities:		
Current liabilities (excluding debt).....	16,876,663	14,596,370
Noncurrent liabilities (excluding debt).....	164,857,208	165,971,969
Current debt.....	12,852,657	3,329,955
Noncurrent debt.....	44,483,426	24,638,998
Total liabilities.....	239,069,954	208,537,292
Deferred inflows of resources.....	10,539,851	-
Net position:		
Net investment in capital assets.....	62,716,807	60,170,507
Restricted.....	25,308,498	25,344,615
Unrestricted.....	(119,923,828)	(116,010,765)
Total net position.....	\$ (31,898,523)	\$ (30,495,643)

Net investment in capital assets of \$62.7 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, \$25.3 million, represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* resulted in a deficit of \$119.9 million. The primary reason for this deficit balance is the recognition of the pension and OPEB liabilities in the amounts of \$70 million and \$92 million, respectively.

Beginning net position of the governmental activities has been revised to reflect the implementation of GASB Statement #75. The implementation of this standard required the OPEB liability to be revised due to the use of different methods and assumptions as previously required by GASB Statement #45. Accordingly, previously reported net position of \$(32.8) million has been revised and totals \$(30.5) million.

	2018	2017 (As Revised)
Program Revenues:		
Charges for services.....	\$ 8,189,597	\$ 8,603,311
Operating grants and contributions.....	41,185,089	40,670,272
Capital grants and contributions.....	4,880,757	1,983,085
General Revenues:		
Real estate and personal property taxes, net of tax refunds payable.....	87,933,671	82,934,174
Tax and other liens.....	470,064	375,756
Motor vehicle and other excise taxes.....	6,602,941	6,275,782
Hotel/motel tax.....	1,558,537	1,561,777
Meals tax.....	1,208,369	1,166,320
Community preservation tax.....	733,774	696,795
Penalties and interest on taxes.....	318,098	301,991
Payments in lieu of taxes.....	668,783	401,155
Grants and contributions not restricted to specific programs.....	6,128,412	5,880,155
Unrestricted investment income.....	660,991	342,024
Total revenues.....	160,539,083	151,192,597
Expenses:		
General government.....	8,149,833	8,247,179
Public safety.....	29,703,546	33,089,768
Education.....	108,661,022	105,764,895
Public works.....	9,467,149	9,086,973
Human services.....	1,489,530	1,540,809
Sanitation.....	1,661,204	1,564,617
Culture and recreation.....	3,956,871	4,623,888
Community preservation.....	459,507	238,972
Interest.....	711,160	778,257
Total expenses.....	164,259,822	164,935,358
Excess (Deficiency) before transfers.....	(3,720,739)	(13,742,761)
Transfers.....	2,317,859	2,079,534
Change in net position.....	(1,402,880)	(11,663,227)
Net position, beginning of year (as revised).....	(30,495,643)	(18,832,416)
Net position, end of year.....	\$ (31,898,523)	\$ (30,495,643)

The governmental net position decreased by \$1.4 million during the current year as compared to an \$11.7 million decrease in the prior year. In the current year pension and OPEB expenses totaled \$6.4 million whereas these

same expenses in 2017 totaled \$15.5 million for a change of \$9.1 million just for these two amounts. Otherwise, revenues increased by \$9.3 million from property taxes and school capital grants and other expenses increased by \$8.4 million which accounts for the change between years.

Business-type Activities. Business-type activities increased the Town's net position by \$5.4 million compared to an increase of \$6.1 million 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 and deferred inflows of resources by \$38.8 million at the close of 2018. Net investment in capital assets was \$34.4 million while unrestricted net position was \$4.4 million. There was an increase of \$3.2 million in net position compared to an increase of \$1.8 million in the prior year. This increase was from an increase in the water rates and partly from a \$679,000 grant received from the Massachusetts Water Resource Authority (MWRA).

Golf Course business-type activities liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by \$1.3 at the close of 2018. Net investment in capital assets was \$896,000 while unrestricted net position was in a deficit in the amount of \$2.2 million. There was a decrease of \$443,000 in net position compared to a decrease of \$144,000 in the prior year.

Electric business-type activities assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$59.2 million at December 31, 2017. Net investment in capital assets was \$55 million, while restricted net position was \$3.8 million and unrestricted net position was \$369,000. There was an increase of \$2.7 million in net position compared to an increase of \$4.4 million in the prior year.

Beginning net position of the water and sewer and the golf course funds have been revised to reflect the implementation of GASB Statement #75. The implementation of this standard required the OPEB liability to be revised due to the use of different methods and assumptions as previously required by GASB Statement #45. Accordingly, previously reported net position of the water and sewer and the golf course funds of \$35.7 million and \$(844,000) have been revised and totals \$35.6 million and \$(877,000), respectively, (see Note 17). Note that the Electric department reports its financial information on a calendar year basis and GASB Statement #75 is not applicable for them until their year-end of December 31, 2018.

Business Type Activities

	2018	2017 (As Revised)
Assets:		
Current assets..... \$	52,407,550	\$ 49,027,399
Noncurrent assets (excluding capital).....	3,685,674	3,268,790
Capital assets, non depreciable.....	12,865,000	6,618,785
Capital assets, net of accumulated depreciation....	183,132,161	185,998,997
Total assets.....	252,090,385	244,913,971
Deferred outflows of resources.....	14,928,905	17,077,027
Liabilities:		
Current liabilities (excluding debt).....	10,533,650	6,980,593
Noncurrent liabilities (excluding debt).....	37,591,597	39,670,822
Current debt.....	10,027,220	9,774,337
Noncurrent debt.....	102,229,729	106,155,072
Total liabilities.....	160,382,196	162,580,824
Deferred inflows of resources.....	10,014,678	8,183,227
Net position:		
Net investment in capital assets.....	90,227,690	90,727,735
Restricted.....	5,038,499	5,038,499
Unrestricted.....	1,356,227	(4,539,287)
Total net position..... \$	96,622,416	\$ 91,226,947

	2018	2017 (As Revised)
Program Revenues:		
Charges for services..... \$	89,112,948	\$ 89,160,273
Operating grants and contributions.....	352,867	-
Capital grants and contributions.....	710,203	174,408
General Revenues:		
Unrestricted investment income.....	133,951	230,814
Total revenues.....	90,309,969	89,565,495
Expenses:		
Water and sewer.....	15,960,271	15,659,572
Golf course.....	1,931,876	1,666,098
Municipal Light.....	64,704,494	64,040,283
Total expenses.....	82,596,641	81,365,953
Excess (Deficiency) before transfers.....	7,713,328	8,199,542
Transfers.....	(2,317,859)	(2,079,534)
Change in net position.....	5,395,469	6,120,008
Net position, beginning of year (as revised).....	91,226,947	85,106,939
Net position, end of year..... \$	96,622,416	\$ 91,226,947

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 \$64 million, which represents an increase of \$15.3 million from the prior year. The general fund increased by \$119,000, the Town capital project fund increased by \$15.2 million, and the nonmajor funds decreased by \$14,000.

The general fund is the chief operating fund. At the end of the current year, unassigned fund balance of the general fund was \$19.3 million, while total fund balance was \$22.1 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 13% of total general fund expenditures, while total fund balance represents 15% of that same amount.

The Town capital project fund is used to account for the acquisition, construction or improvement of major capital assets. At the end of the current year, total fund balance was \$16.7 million which represents an increase of \$15.2 million from the prior year. The increase is primarily due to the issuance of general obligation bonds of \$22.8 million, less \$12.1 million of expenditures primarily for the East Middle School and various roadway projects.

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 2018, the Town Council also approved supplemental appropriations totaling approximately \$6.0 million. These supplemental appropriations mainly consisted of \$2.4 million appropriated for stabilization, \$2.2 million for public safety, and \$912,000 for public works (snow and ice).

Actual revenues came in higher than budgeted by approximately \$2 million or 1.5%. The largest areas of surplus were intergovernmental revenue of \$715,000, unbudgeted tax liens of \$320,000, real estate and personal property taxes of \$378,000, and motor vehicle and other excise taxes of \$305,000.

Actual expenditures and encumbrances came in \$1.4 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 2018, the Town expended \$13 million on governmental activities capital assets. The expenditures consisted mainly of roadway improvements, construction in progress primarily of the East Middle School and the purchase of various Town vehicles. The business type activities expended \$12.8 million during 2018. This consisted mainly of \$6.2 million in the electric light plant, \$4.9 million for the water distribution system, and \$97,000 for golf.

Outstanding long-term debt of the governmental activities, as of June 30, 2018, totaled \$46.5 million, of which \$30.8 million is related to public building construction, \$9.9 million relates to road construction, \$1.1 million relates to land acquisition, and \$4.7 million relates to other projects.

The enterprise funds had \$27 million in water and sewer debt, \$217,000 in golf course debt, and \$72.3 million in Electric Light debt that is fully supported by the rates and do not rely on a general fund subsidy.

During 2018, the Town issued long-term bonds in the amounts of \$22.8 million for governmental funds. Water and sewer enterprise fund issued \$5.5 million in long term bonds. Golf enterprise fund issued \$20,000 in long term bonds.

During 2018, the Town issued \$8.9 million of bond anticipation notes for governmental funds related to the ESCO project.

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, 2018

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
CURRENT:			
Cash and cash equivalents.....	\$ 87,303,728	\$ 31,895,354	\$ 119,199,082
Investments.....	6,854,552	-	6,854,552
Receivables, net of allowance for uncollectibles:			
Real estate and personal property taxes.....	1,133,341	-	1,133,341
Tax liens.....	1,133,054	36,546	1,169,600
Motor vehicle and other excise taxes.....	488,725	-	488,725
User charges.....	-	12,682,326	12,682,326
Departmental and other.....	828,963	938,956	1,767,919
Intergovernmental.....	2,558,096	-	2,558,096
Tax foreclosures.....	78,281	-	78,281
Inventory.....	-	4,413,830	4,413,830
Other assets.....	645,600	2,440,538	3,086,138
Total current assets.....	101,108,888	52,407,550	153,516,438
NONCURRENT:			
Other assets.....	-	3,685,674	3,685,674
Capital assets, nondepreciable.....	23,766,841	12,865,000	36,631,841
Capital assets, net of accumulated depreciation.....	71,649,582	183,132,161	254,781,743
Total noncurrent assets.....	95,416,423	199,682,835	295,099,258
TOTAL ASSETS.....	196,525,311	252,090,385	448,615,696
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows for refunding debt.....	-	7,745,915	7,745,915
Deferred outflows related to pensions.....	7,969,315	6,844,844	14,814,159
Deferred outflows related to other postemployment benefits.....	13,216,656	338,146	13,554,802
TOTAL DEFERRED OUTFLOWS OF RESOURCES.....	21,185,971	14,928,905	36,114,876
LIABILITIES			
CURRENT:			
Warrants payable.....	5,194,360	4,812,075	10,006,435
Accrued payroll.....	5,989,044	52,186	6,041,230
Health claims payable.....	965,000	-	965,000
Tax refunds payable.....	983,000	-	983,000
Accrued interest.....	177,940	137,864	315,804
Other liabilities.....	-	2,608,127	2,608,127
Fees collected in advance.....	888,593	2,286,387	3,174,980
Capital lease obligations.....	-	139,073	139,073
Compensated absences.....	2,595,081	528,656	3,123,737
Workers' compensation.....	83,645	108,355	192,000
Notes payable.....	8,900,000	-	8,900,000
Bonds payable.....	3,952,657	9,888,147	13,840,804
Total current liabilities.....	29,729,320	20,560,870	50,290,190
NONCURRENT:			
Customer deposits.....	-	915,845	915,845
Capital lease obligations.....	-	150,809	150,809
Compensated absences.....	2,755,708	228,481	2,984,189
Workers' compensation.....	45,639	59,120	104,759
Net pension liability.....	70,020,777	28,484,242	98,505,019
Net other postemployment benefits liability.....	92,035,084	1,914,416	93,949,500
Other postemployment benefits - BELD.....	-	5,989,493	5,989,493
Bonds payable.....	44,483,426	102,078,920	146,562,346
Total noncurrent liabilities.....	209,340,634	139,821,326	349,161,960
TOTAL LIABILITIES.....	239,069,954	160,382,196	399,452,150
DEFERRED INFLOWS OF RESOURCES			
Rate stabilization reserve.....	-	8,926,086	8,926,086
Deferred inflows related to pensions.....	5,889,185	960,539	6,849,724
Deferred inflows related to other postemployment benefits.....	4,650,666	128,053	4,778,719
TOTAL DEFERRED INFLOWS OF RESOURCES.....	10,539,851	10,014,678	20,554,529
NET POSITION			
Net investment in capital assets.....	62,716,807	90,227,690	152,944,497
Restricted for:			
Depreciation.....	-	5,038,499	5,038,499
Permanent funds:			
Expendable.....	6,994,052	-	6,994,052
Nonexpendable.....	2,564,529	-	2,564,529
Gifts and grants.....	8,145,824	-	8,145,824
Community preservation.....	7,604,093	-	7,604,093
Unrestricted.....	(119,923,828)	1,356,227	(118,567,601)
TOTAL NET POSITION.....	\$ (31,898,523)	\$ 96,622,416	\$ 64,723,893

See notes to basic financial statements.

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2018

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary Government:					
<i>Governmental Activities:</i>					
General government.....	\$ 8,149,833	\$ 988,714	\$ 341,034	\$ -	\$ (6,820,085)
Public safety.....	29,703,546	2,612,379	522,151	-	(26,569,016)
Education.....	108,661,022	1,852,628	39,526,254	3,747,102	(63,535,038)
Public works.....	9,467,149	891,097	163,168	985,977	(7,426,907)
Human services.....	1,489,530	31,597	581,989	-	(875,944)
Sanitation.....	1,661,204	1,448,823	-	-	(212,381)
Culture and recreation.....	3,956,871	364,359	50,493	-	(3,542,019)
Community preservation.....	459,507	-	-	147,678	(311,829)
Interest.....	711,160	-	-	-	(711,160)
Total Governmental Activities.....	164,259,822	8,189,597	41,185,089	4,880,757	(110,004,379)
<i>Business-Type Activities:</i>					
Water and sewer.....	15,960,271	18,820,970	-	710,203	3,570,902
Golf course.....	1,931,876	1,536,470	-	-	(395,406)
Municipal Light.....	64,704,494	68,755,508	352,867	-	4,403,881
Total Business-Type Activities.....	82,596,641	89,112,948	352,867	710,203	7,579,377
Total Primary Government.....	\$ 246,856,463	\$ 97,302,545	\$ 41,537,956	\$ 5,590,960	\$ (102,425,002)

See notes to basic financial statements.

(Continued)

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2018

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Changes in net position:			
Net (expense) revenue from previous page..... \$	(110,004,379)	7,579,377	(102,425,002)
<i>General revenues:</i>			
Real estate and personal property taxes, net of tax refunds payable.....	87,933,671	-	87,933,671
Tax and other liens.....	470,064	-	470,064
Motor vehicle and other excise taxes.....	6,602,941	-	6,602,941
Hotel/motel tax.....	1,558,537	-	1,558,537
Meals tax.....	1,208,369	-	1,208,369
Community preservation tax.....	733,774	-	733,774
Penalties and interest on taxes.....	318,098	-	318,098
Payments in lieu of taxes.....	668,783	-	668,783
Grants and contributions not restricted to specific programs.....	6,128,412	-	6,128,412
Unrestricted investment income.....	660,991	133,951	794,942
<i>Transfers, net</i>	2,317,859	(2,317,859)	-
Total general revenues and transfers.....	108,601,499	(2,183,908)	106,417,591
Change in net position.....	(1,402,880)	5,395,469	3,992,589
<i>Net position:</i>			
Beginning of year, as revised.....	(30,495,643)	91,226,947	60,731,304
End of year..... \$	(31,898,523)	96,622,416	64,723,893

(Concluded)

See notes to basic financial statements.

**GOVERNMENTAL FUNDS
BALANCE SHEET**

JUNE 30, 2018

	General	Town Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents.....	\$ 30,380,191	\$ 27,777,636	\$ 19,156,694	\$ 77,314,521
Investments.....	-	-	6,854,552	6,854,552
Receivables, net of uncollectibles:				
Real estate and personal property taxes.....	1,131,562	-	-	1,131,562
Tax liens.....	1,133,054	-	-	1,133,054
Community preservation fund surtax.....	-	-	1,779	1,779
Motor vehicle and other excise taxes.....	488,725	-	-	488,725
Departmental and other.....	111,974	-	-	111,974
Intergovernmental.....	423,647	932,065	1,202,384	2,558,096
Community preservation state share.....	-	-	84,548	84,548
Tax foreclosures.....	78,281	-	-	78,281
Due from other funds.....	2,279	-	-	2,279
TOTAL ASSETS.....	\$ 33,749,713	\$ 28,709,701	\$ 27,299,957	\$ 89,759,371
LIABILITIES				
Warrants payable.....	\$ 1,043,096	\$ 3,141,169	\$ 783,570	\$ 4,967,835
Accrued payroll.....	5,982,699	-	6,345	5,989,044
Tax refunds payable.....	983,000	-	-	983,000
Due to other funds.....	-	-	2,279	2,279
Fees collected in advance.....	888,593	-	-	888,593
Notes payable.....	-	8,900,000	-	8,900,000
TOTAL LIABILITIES.....	8,897,388	12,041,169	792,194	21,730,751
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue.....	2,767,476	-	1,285,591	4,053,067
FUND BALANCES				
Nonspendable.....	-	-	2,564,529	2,564,529
Restricted.....	-	16,668,532	22,657,643	39,326,175
Committed.....	1,678,124	-	-	1,678,124
Assigned.....	1,105,156	-	-	1,105,156
Unassigned.....	19,301,569	-	-	19,301,569
TOTAL FUND BALANCES.....	22,084,849	16,668,532	25,222,172	63,975,553
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES.....	\$ 33,749,713	\$ 28,709,701	\$ 27,299,957	\$ 89,759,371

See notes to basic financial statements.

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

JUNE 30, 2018

Total governmental fund balances.....		\$ 63,975,553
Capital assets (net) used in governmental activities are not financial resources and, therefore, are not reported in the funds.....		95,416,423
Accounts receivable are not available to pay for current-period expenditures and, therefore, are unavailable in the funds.....		4,053,067
The statement of net position includes certain deferred inflows of resources and deferred outflows of resources that will be amortized over future periods. In governmental funds, these amounts are not deferred.....		10,646,120
The assets and liabilities of the internal service funds are included in the governmental activities in the statement of net position.....		10,160,271
In the statement of activities, interest is accrued on outstanding long-term debt, whereas in governmental funds interest is not reported until due.....		(177,940)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds:		
Bonds payable.....	(48,436,083)	
Net pension liability.....	(70,020,777)	
Other postemployment benefits.....	(92,035,084)	
Workers' compensation.....	(129,284)	
Compensated absences.....	<u>(5,350,789)</u>	
Net effect of reporting long-term liabilities.....		<u>(215,972,017)</u>
Net position of governmental activities.....		<u>\$ (31,898,523)</u>

See notes to basic financial statements.

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

YEAR ENDED JUNE 30, 2018

	General	Town Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES:				
Real estate and personal property taxes, net of tax refunds.....	\$ 88,217,335	\$ -	\$ -	\$ 88,217,335
Tax liens.....	320,163	-	1,433	321,596
Motor vehicle and other excise taxes.....	6,614,593	-	-	6,614,593
Hotel/motel tax.....	1,558,537	-	-	1,558,537
Meals tax.....	1,208,369	-	-	1,208,369
Penalties and interest on taxes.....	1,210,098	-	-	318,098
Payments in lieu of taxes.....	668,783	-	-	668,783
Intergovernmental - state aid.....	23,978,769	-	-	23,978,769
Intergovernmental - Teachers Retirement.....	14,882,115	-	-	14,882,115
Intergovernmental - other.....	1,210,955	3,445,539	7,071,684	11,728,178
Departmental and other.....	5,689,946	-	2,845,101	8,535,047
Community preservation taxes.....	-	-	733,774	733,774
Community preservation state match.....	-	-	119,439	119,439
Contributions and donations.....	-	-	481,615	481,615
Investment income.....	415,190	-	245,801	660,991
Miscellaneous.....	65,050	-	-	65,050
TOTAL REVENUES.....	145,147,903	3,445,539	11,498,847	160,092,289
EXPENDITURES:				
Current:				
General government.....	4,595,239	529,609	856,564	5,981,412
Public safety.....	21,296,658	733,167	380,621	22,410,446
Education.....	67,681,293	7,675,874	8,660,601	84,017,768
Public works.....	5,780,890	2,426,968	522,860	8,730,718
Human services.....	892,915	656,116	233,259	1,782,290
Sanitation.....	1,628,673	-	-	1,628,673
Culture and recreation.....	2,556,801	52,070	343,452	2,952,323
Community preservation.....	-	-	568,296	568,296
Pension benefits - Town.....	6,973,028	-	-	6,973,028
Pension benefits - Teachers Retirement.....	14,882,115	-	-	14,882,115
Property and liability insurance.....	519,829	-	-	519,829
Employee benefits.....	12,517,334	-	-	12,517,334
State and county charges.....	3,918,138	-	-	3,918,138
Debt service:				
Principal.....	3,165,700	-	-	3,165,700
Interest.....	912,521	-	-	912,521
TOTAL EXPENDITURES.....	147,321,134	12,073,804	11,565,653	170,960,591
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....	(2,173,231)	(8,628,265)	(66,806)	(10,868,302)
OTHER FINANCING SOURCES (USES):				
Issuance of bonds.....	-	22,764,000	-	22,764,000
Premium from issuance of bonds.....	-	890,000	236,360	1,126,360
Transfers in.....	2,593,171	209,000	194,917	2,997,088
Transfers out.....	(300,822)	-	(378,407)	(679,229)
TOTAL OTHER FINANCING SOURCES (USES)....	2,292,349	23,863,000	52,870	26,208,219
NET CHANGE IN FUND BALANCES.....	119,118	15,234,735	(13,936)	15,339,917
FUND BALANCES AT BEGINNING OF YEAR.....	21,965,731	1,433,797	25,236,108	48,635,636
FUND BALANCES AT END OF YEAR.....	\$ 22,084,849	\$ 16,668,532	\$ 25,222,172	\$ 63,975,553

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, 2018

Net change in fund balances - total governmental funds.....		\$ 15,339,917
<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.....	12,977,197	
Depreciation expense.....	<u>(4,266,437)</u>	
Net effect of reporting capital assets.....		8,710,760
<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 differ between the two statements. This amount represents the net change in unavailable revenue.....</p>		
		446,794
<p>The issuance of long-term debt 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 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>		
Issuance of bonds.....	(22,764,000)	
Premium from issuance of bonds.....	(1,126,360)	
Net amortization of premium from issuance of bonds.....	257,530	
Debt service principal payments.....	<u>3,165,700</u>	
Net effect of reporting long-term debt.....		(20,467,130)
<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.....	(677,215)	
Net change in accrued interest on long-term debt.....	(56,169)	
Net change in deferred outflow/(inflow) of resources related to pensions.....	(10,696,491)	
Net change in net pension liability.....	7,286,797	
Net change in deferred outflow/(inflow) of resources related to other postemployment benefits...	3,771,608	
Net change in other postemployment benefits liability.....	(6,747,147)	
Net change in workers' compensation liability.....	<u>38,973</u>	
Net effect of recording long-term liabilities.....		(7,079,644)
The net activity of internal service funds is reported with Governmental Activities.....		<u>1,646,423</u>
Change in net position of governmental activities.....		\$ <u><u>(1,402,880)</u></u>

See notes to basic financial statements.

PROPRIETARY FUNDS
STATEMENT OF NET POSITION

JUNE 30, 2018

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Fund
	Water and Sewer	Golf Course	Electric Light December 31, 2017	Total	
ASSETS					
CURRENT:					
Cash and cash equivalents.....	\$ 11,331,058	\$ 68,023	\$ 20,496,273	\$ 31,895,354	\$ 9,989,207
Receivables, net of allowance for uncollectibles:					
Liens - user charges.....	36,546	-	-	36,546	-
User charges.....	4,363,415	-	8,318,911	12,682,326	-
Departmental and other.....	-	-	938,956	938,956	716,989
Inventory.....	-	40,260	4,373,570	4,413,830	-
Other assets.....	-	-	2,440,538	2,440,538	645,600
Total current assets.....	15,731,019	108,283	36,568,248	52,407,550	11,351,796
NONCURRENT:					
Other assets.....	-	-	3,685,674	3,685,674	-
Capital assets, non depreciable.....	11,289,334	375,876	1,199,790	12,865,000	-
Capital assets, net of accumulated depreciation.....	45,739,702	591,306	136,801,153	183,132,161	-
Total noncurrent assets.....	57,029,036	967,182	141,686,617	199,682,835	-
TOTAL ASSETS.....	72,760,055	1,075,465	178,254,865	252,090,385	11,351,796
DEFERRED OUTFLOWS OF RESOURCES					
Deferred loss on refunding.....	490,450	-	7,255,465	7,745,915	-
Deferred outflows related to pensions.....	424,164	158,206	6,262,474	6,844,844	-
Deferred outflows related to other postemployment benefits.....	260,134	78,012	-	338,146	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES.....	1,174,748	236,218	13,517,939	14,928,905	-
LIABILITIES					
CURRENT:					
Warrants payable.....	234,381	22,076	4,555,618	4,812,075	226,525
Accrued payroll.....	31,171	21,015	-	52,186	-
Health claims payable.....	-	-	-	-	965,000
Accrued interest.....	137,864	-	-	137,864	-
Other liabilities.....	-	-	2,608,127	2,608,127	-
Fees collected in advance.....	-	100,008	2,186,379	2,286,387	-
Capital lease obligations.....	-	-	139,073	139,073	-
Compensated absences.....	206,142	94,692	227,822	528,656	-
Workers' compensation.....	108,355	-	-	108,355	-
Bonds payable.....	2,747,918	75,000	7,065,229	9,888,147	-
Total current liabilities.....	3,465,831	312,791	16,782,248	20,560,870	1,191,525
NONCURRENT:					
Customer deposits.....	-	2,150	913,695	915,845	-
Capital lease obligations.....	-	-	150,809	150,809	-
Compensated absences.....	154,026	74,455	-	228,481	-
Workers' compensation.....	59,120	-	-	59,120	-
Net pension liability.....	3,726,827	1,390,047	23,367,368	28,484,242	-
Net other postemployment benefits liability.....	1,354,562	559,854	-	1,914,416	-
Other postemployment benefits.....	-	-	5,989,493	5,989,493	-
Bonds payable.....	25,977,991	141,700	75,959,229	102,078,920	-
Total noncurrent liabilities.....	31,272,526	2,168,206	106,380,594	139,821,326	-
TOTAL LIABILITIES.....	34,738,357	2,480,997	123,162,842	160,382,196	1,191,525
DEFERRED INFLOWS OF RESOURCES					
Rate stabilization reserve.....	-	-	8,926,086	8,926,086	-
Deferred inflows related to pensions.....	313,449	116,912	530,178	960,539	-
Deferred inflows related to other postemployment benefits.....	94,416	33,637	-	128,053	-
TOTAL DEFERRED INFLOWS OF RESOURCES.....	407,865	150,549	9,456,264	10,014,678	-
NET POSITION					
Net investment in capital assets.....	34,355,183	896,022	54,976,485	90,227,690	-
Restricted for:					
Depreciation.....	-	-	3,808,501	3,808,501	-
Unrestricted.....	4,433,398	(2,215,885)	368,712	2,586,225	10,160,271
TOTAL NET POSITION.....	\$ 38,788,581	\$ (1,319,863)	\$ 59,153,698	\$ 96,622,416	\$ 10,160,271

See notes to basic financial statements.

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

YEAR ENDED JUNE 30, 2018

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Fund
	Water and Sewer	Golf Course	Electric Light December 31, 2017	Total	
OPERATING REVENUES:					
Employee contributions.....	\$ -	\$ -	\$ -	\$ -	\$ 7,624,351
Employer contributions.....	-	-	-	-	10,741,147
Charges for services.....	18,639,240	1,536,470	66,967,960	87,143,670	-
Liens - charges for services.....	181,170	-	-	181,170	-
Other operating revenues.....	560	-	1,787,548	1,788,108	-
TOTAL OPERATING REVENUES	18,820,970	1,536,470	68,755,508	89,112,948	18,365,498
OPERATING EXPENSES:					
Cost of services and administration.....	3,585,896	1,640,985	18,017,930	23,244,811	-
MWRA assessment.....	9,599,185	-	-	9,599,185	-
Purchased power.....	-	-	22,637,112	22,637,112	-
Fuel for generation.....	-	-	3,576,238	3,576,238	-
Repairs and maintenance.....	387,818	229,937	10,140,879	10,758,634	-
Depreciation.....	1,681,479	51,152	7,621,843	9,354,474	-
Employee benefits.....	-	-	-	-	16,719,075
TOTAL OPERATING EXPENSES	15,254,378	1,922,074	61,994,002	79,170,454	16,719,075
OPERATING INCOME (LOSS)	3,566,592	(385,604)	6,761,506	9,942,494	1,646,423
NONOPERATING REVENUES (EXPENSES):					
Investment income.....	133,951	-	352,867	486,818	-
Interest expense.....	(705,893)	(9,802)	(2,710,492)	(3,426,187)	-
TOTAL NONOPERATING REVENUES (EXPENSES), NET	(571,942)	(9,802)	(2,357,625)	(2,939,369)	-
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	2,994,650	(395,406)	4,403,881	7,003,125	1,646,423
CAPITAL CONTRIBUTIONS	710,203	-	-	710,203	-
TRANSFERS:					
Transfers in.....	55,519	36,303	-	91,822	-
Transfers out.....	(600,118)	(84,113)	(1,725,450)	(2,409,681)	-
TOTAL TRANSFERS	(544,599)	(47,810)	(1,725,450)	(2,317,859)	-
CHANGE IN NET POSITION	3,160,254	(443,216)	2,678,431	5,395,469	1,646,423
NET POSITION AT BEGINNING OF YEAR, AS REVISED	35,628,327	(876,647)	56,475,267	91,226,947	8,513,848
NET POSITION AT END OF YEAR	\$ 38,788,581	\$ (1,319,863)	\$ 59,153,698	\$ 96,622,416	\$ 10,160,271

See notes to basic financial statements.

PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 2018

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Fund
	Water and Sewer	Golf Course	Electric Light December 31, 2017	Total	
<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>					
Receipts from customers and users.....	\$ 18,715,026	\$ 1,523,912	\$ 68,744,263	\$ 88,983,201	\$ 7,624,351
Receipts from interfund services provided.....	-	-	-	-	10,741,147
Payments to vendors.....	(11,312,358)	(284,538)	(40,245,220)	(51,842,116)	53,400
Payments to employees.....	(1,967,467)	(1,231,148)	(10,542,683)	(13,741,298)	-
Payments for interfund services used.....	-	-	-	-	(16,861,136)
NET CASH FROM OPERATING ACTIVITIES.....	5,435,201	8,226	17,956,360	23,399,787	1,557,762
<u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</u>					
Transfers in.....	55,519	36,303	-	91,822	-
Transfers out.....	(600,118)	(84,113)	(1,725,450)	(2,409,681)	-
Intergovernmental.....	-	-	-	-	-
NET CASH FROM NONCAPITAL FINANCING ACTIVITIES.....	(544,599)	(47,810)	(1,725,450)	(2,317,859)	-
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</u>					
Proceeds from the issuance of bonds.....	5,467,250	20,000	-	5,487,250	-
Premium from the issuance of bonds.....	475,000	-	-	475,000	-
Capital contributions.....	710,203	-	-	710,203	-
Acquisition and construction of capital assets.....	(6,470,559)	(81,051)	(5,967,489)	(12,519,099)	-
Principal payments on bonds and notes.....	(2,507,141)	(66,000)	(5,335,000)	(7,908,141)	-
Principal payments on capital lease obligations.....	-	-	(71,735)	(71,735)	-
Interest expense.....	(810,988)	(9,802)	(3,509,115)	(4,329,905)	-
NET CASH FROM CAPITAL AND RELATED FINANCING ACTIVITIES.....	(3,136,235)	(136,853)	(14,883,339)	(18,156,427)	-
<u>CASH FLOWS FROM INVESTING ACTIVITIES:</u>					
Investment income.....	133,951	-	352,867	486,818	-
NET CHANGE IN CASH AND CASH EQUIVALENTS.....	1,888,318	(176,437)	1,700,438	3,412,319	1,557,762
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR.....	9,442,740	244,460	18,795,835	28,483,035	8,431,445
CASH AND CASH EQUIVALENTS AT END OF YEAR.....	\$ 11,331,058	\$ 68,023	\$ 20,496,273	\$ 31,895,354	\$ 9,989,207
<u>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES:</u>					
Operating income (loss).....	\$ 3,566,592	\$ (385,604)	\$ 6,761,506	\$ 9,942,494	\$ 1,646,423
Adjustments to reconcile operating income to net cash from operating activities:					
Depreciation.....	1,681,479	51,152	7,621,843	9,354,474	-
Deferred (outflows)/inflows related to pensions.....	592,569	155,135	1,233,674	1,981,378	-
Deferred (outflows)/inflows related to other postemployment benefits.....	(165,718)	(44,375)	-	(210,093)	-
Deferred (outflows)/inflows related to rate stabilization reserve.....	-	-	1,272,023	1,272,023	-
Changes in assets and liabilities:					
Liens - user charges.....	(1,560)	-	-	(1,560)	-
User charges.....	(104,384)	-	(1,490,968)	(1,595,352)	-
Departmental and other.....	-	-	(312,428)	(312,428)	(35,540)
Inventory.....	-	(13,267)	1,187,806	1,174,539	-
Other assets.....	-	-	350,085	350,085	53,400
Warrants payable.....	93,808	(12,533)	440,423	521,698	73,479
Accrued payroll.....	7,960	7,590	-	15,550	-
Health claims payable.....	-	-	-	-	(180,000)
Fees collected in advance.....	-	(12,558)	457,071	444,513	-
Customer deposits.....	-	-	63,057	63,057	-
Other liabilities.....	-	-	801,342	801,342	-
Compensated absences.....	11,647	(3,389)	16,341	24,599	-
Workers' compensation.....	62,074	-	-	62,074	-
Net pension liability.....	(528,538)	201,516	55,100	(271,922)	-
Other postemployment benefits.....	219,272	64,559	(500,515)	(216,684)	-
Total adjustments.....	1,868,609	393,830	11,194,854	13,457,293	(88,661)
NET CASH FROM OPERATING ACTIVITIES.....	\$ 5,435,201	\$ 8,226	\$ 17,956,360	\$ 23,399,787	\$ 1,557,762
<u>NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES:</u>					
Capital lease financing.....	-	-	214,754	214,754	-
Premium applied to the issuance of debt.....	-	-	1,509,362	1,509,362	-
Change in the deferred loss on debt refunding.....	(99,526)	-	(710,739)	(810,265)	-

See notes to basic financial statements.

FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITION

JUNE 30, 2018

	Pension and Other Employee Benefit Trust Funds (1)	Private Purpose Trust Funds	Agency Funds
ASSETS			
Cash and cash equivalents.....	\$ 264,583	\$ 140,862	\$ 530,343
Investments:			
Investments in Pension Reserve Investment Trust.....	20,845,123	-	-
Government sponsored enterprises.....	-	128,318	-
Corporate bonds.....	-	69,995	-
Equity securities.....	676,540	285,198	-
Equity mutual funds.....	117,441,218	-	-
Fixed income mutual funds.....	44,846,153	20,221	-
Pooled alternative investments.....	31,312,723	-	-
Receivables, net of allowance for uncollectibles:			
Departmental and other.....	10,463	-	-
Intergovernmental.....	74,627	-	-
TOTAL ASSETS.....	215,471,430	644,594	530,343
LIABILITIES			
Warrants payable.....	63,754	-	-
Liabilities due depositors.....	-	-	530,343
TOTAL LIABILITIES.....	63,754	-	530,343
NET POSITION			
Restricted for pensions.....	203,809,113	-	-
Restricted for other postemployment benefits.....	11,598,563	-	-
Held in trust for other purposes.....	-	644,594	-
TOTAL NET POSITION.....	\$ 215,407,676	\$ 644,594	\$ -

(1) The Pension Trust Fund is as of December 31, 2017

See notes to basic financial statements.

FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

YEAR ENDED JUNE 30, 2018

	Pension and Other Employee Benefit Trust Funds (1)	Private Purpose Trust Funds
ADDITIONS:		
Contributions:		
Employer contributions.....	\$ 11,708,198	\$ -
Employer contributions for other postemployment benefit payments....	4,464,476	-
Member contributions.....	4,482,120	-
Transfers from other systems.....	316,172	-
3(8)c contributions from other systems.....	257,874	-
Workers compensation settlements.....	4,000	-
State COLA reimbursements.....	144,205	-
Member makeup payments and redeposits.....	13,282	-
Intergovernmental.....	124,592	-
	<u>21,514,919</u>	<u>-</u>
Net investment income:		
Investment income (loss).....	6,509,629	(2,735)
Net change in fair value of investments.....	22,852,395	-
Less: investment expense.....	(1,123,370)	-
	<u>28,238,654</u>	<u>(2,735)</u>
Net investment income (loss).....	<u>28,238,654</u>	<u>(2,735)</u>
	<u>49,753,573</u>	<u>(2,735)</u>
DEDUCTIONS:		
Administration.....	287,298	-
Transfers to other systems.....	432,832	-
3(8)c transfer to other systems.....	381,309	-
Retirement benefits and refunds.....	16,251,114	-
Other postemployment benefit payments.....	4,464,476	-
Educational scholarships.....	-	39,999
	<u>21,817,029</u>	<u>39,999</u>
TOTAL DEDUCTIONS.....	<u>21,817,029</u>	<u>39,999</u>
NET INCREASE (DECREASE) IN NET POSITION.....	27,936,544	(42,734)
NET POSITION AT BEGINNING OF YEAR.....	<u>187,471,132</u>	<u>687,328</u>
NET POSITION AT END OF YEAR.....	<u>\$ 215,407,676</u>	<u>\$ 644,594</u>

(1) The Pension Trust Fund is as of the year ended December 31, 2017

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 the Joint Venture

The System issues a publicly available financial report in accordance with guidelines established by the Commonwealth of Massachusetts’ (Commonwealth) Public Employee Retirement Administration Commission (PERAC). That report may be obtained by contacting the System located at 74 Pond Street, 2nd Floor, Braintree, MA 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, 2017, 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 2018 assessment was \$2,665,281. 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 funds are 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 three stabilization funds. The balance in the general stabilization fund increased from \$87,885 in 2017 to \$145,160 in 2018, the capital stabilization fund decreased from \$2.1 million in 2017 to \$1.8 million in 2018, and the school building stabilization fund which was established in fiscal year 2018, ended the year with \$1 million. The stabilization funds can be used for general and/or capital purposes upon Town Council and the Mayor's approval.

The *town capital project fund* is used to account for the construction and renovation of various Town projects.

The nonmajor governmental funds consist of other special revenue 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 and other employee benefits trust funds* 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, and 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 1st of every year. Assessed values are established by the Board of Assessor's for 100% of the estimated fair market value. Taxes are due on August 1st, November 1st, February 1st and May 1st and are subject to penalties and interest if they are not paid by the respective due date. Real estate and personal property taxes levied are recorded as receivables in the year of the levy.

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

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

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

Motor Vehicle and Other Excise Taxes

Motor vehicle excise taxes are assessed annually for each vehicle registered in the Town and are recorded as receivables in the 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 quarterly for water and sewer and monthly for electric light, 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; donated works of art, historical treasures and similar assets; and capital assets received in service concession arrangements are recorded at acquisition value. 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 a deferred loss on refunding and deferred outflows of resources related to pensions and other postemployment benefits 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 deferred inflows related to pensions, other postemployment benefits, and for the electric light department's rate stabilization reserve as allowed under GASB Statement No. 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 general fund is the only governmental fund that can report a positive unassigned fund balance. In other governmental funds it is not appropriate to report a positive unassigned fund balance amount. However, in governmental funds other than the general fund, if expenditures incurred for specific purposes exceed the amounts that are restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance in that 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 0.15 to 16.31 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 \$47,790,996, and the bank balances totaled \$49,921,376. Of the bank balance, \$2,616,865 was covered by Federal Depository Insurance, \$20,976,592 was covered by the Depositors Insurance Fund, \$1,822,091 was

covered by the Share Insurance Fund, \$14,871,208 was collateralized, and \$9,634,620 was exposed to custodial credit risk because it was uninsured and uncollateralized.

The System limits its custodial credit risk by utilizing an institutional custodial bank, currently SEI Private Trust Company, 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, 2017, the carrying amount of deposits for the System totaled \$264,583 and the bank balance totaled \$385,616. 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 \$198,313 investment in Debt Securities and its \$285,198 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 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, 2018, the Town had the following investments and maturities:

<u>Investment Type</u>	<u>Fair value</u>	<u>Maturities</u>	
		<u>1-5 Years</u>	<u>6-10 Years</u>
<u>Debt securities:</u>			
U.S. treasury bonds.....	\$ 78,936	\$ 78,936	\$ -
Government sponsored enterprises.....	49,382	24,798	24,584
Corporate bonds.....	69,995	69,995	-
Total debt securities.....	198,313	<u>\$ 173,729</u>	<u>\$ 24,584</u>
<u>Other investments:</u>			
Equity securities.....	285,198		
Equity mutual funds.....	355,916		
Fixed income.....	20,221		
Money market mutual funds.....	10,944,164		
Pension Reserve Investment Trust (PRIT).....	11,598,563		
MMDT - Bond portfolio.....	6,498,636		
MMDT - Cash portfolio.....	61,135,127		
Total investments.....	<u>\$ 91,036,138</u>		

The Town participates in MMDT, which maintains a cash portfolio and a short-term bond fund with average maturities of approximately 28 to 68 days and a weighted average maturity of 2.82 years, respectively. The Town’s investments in MMDT are unrated.

As of December 31, 2017, the Braintree Contributory Retirement System had the following investments:

<u>Investment Type</u>	<u>Fair value</u>
<u>Other investments:</u>	
Equity securities.....	\$ 676,540
Equity mutual funds.....	117,441,218
Fixed income.....	44,846,153
Private equity.....	31,312,723
Pension Reserve Investment Trust (PRIT).....	9,246,560
 Total investments.....	 \$ <u>203,523,194</u>

Interest Rate Risk

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

All of the 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 are rated as follows:

<u>Quality Rating</u>	<u>U.S. Treasury Bonds</u>	<u>Government Sponsored Enterprises</u>	<u>Corporate Bonds</u>	<u>Total</u>
AAA.....	\$ 78,936	\$ 49,382	\$ -	\$ 128,318
A.....	-	-	45,373	45,373
BAA.....	-	-	24,622	24,622
 Total.....	 \$ <u>78,936</u>	 \$ <u>49,382</u>	 \$ <u>69,995</u>	 \$ <u>198,313</u>

The 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 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, 2018, that the Town measures fair value on a recurring basis, by level, within the fair value hierarchy:

Investment Type	June 30, 2018	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)
Investments measured at fair value:				
<u>Debt securities:</u>				
U.S. treasury bonds.....	\$ 78,936	\$ 78,936	\$ -	-
Government sponsored enterprises.....	49,382	49,382	-	-
Corporate bonds.....	69,995	-	69,995	-
Total debt securities.....	198,313	128,318	69,995	-
<u>Other investments:</u>				
Equity securities.....	285,198	285,198	-	-
Equity mutual funds.....	355,916	355,916	-	-
Fixed income.....	20,221	20,221	-	-
Money market mutual funds.....	10,944,164	10,944,164	-	-
MMDT - Bond portfolio.....	6,498,636	6,498,636	-	-
Total other investments.....	18,104,135	18,104,135	-	-
Total investments measured at fair value.....	18,302,448	\$ 18,232,453	\$ 69,995	\$ -
Investments measured at amortized cost:				
MMDT - Cash portfolio.....	61,135,127			
Investments measured at net asset value:				
Pension Reserve Investment Trust (PRIT).....	11,598,563			
Total investments.....	\$ 91,036,138			

US Treasury bonds, government sponsored enterprises, equity securities, equity mutual funds, fixed income, money market 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 Retirement 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.

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. Neither the Town nor the System have the ability to control any of the investment decisions relative to its funds in PRIT.

The Retirement 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, 2017, that the System measures fair value on a recurring basis, by level, within the fair value hierarchy:

Investment Type	December 31, 2017	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)
Investments measured at fair value:				
<u>Other investments:</u>				
Equity securities.....	\$ 676,540	\$ 676,540	\$ -	\$ -
Equity mutual funds.....	117,441,218	117,441,218	-	-
Fixed income.....	44,846,153	-	44,846,153	-
Private equity.....	31,312,723	-	-	31,312,723
Total other investments.....	194,276,634	118,117,758	44,846,153	31,312,723
Total investments measured at fair value.....	194,276,634	\$ 118,117,758	\$ 44,846,153	\$ 31,312,723
Investments measured at net asset value:				
Pension Reserve Investment Trust (PRIT).....	9,246,560			
Total investments.....	\$ 203,523,194			

Equity securities and 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 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.

NOTE 3 – RECEIVABLES

At June 30, 2018, receivables for the individual major, nonmajor governmental funds, and the internal service fund in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	Gross Amount	Allowance for Uncollectibles	Net Amount
<u>Receivables:</u>			
Real estate and personal property taxes.....	\$ 1,377,562	\$ (246,000)	\$ 1,131,562
Tax liens.....	1,133,054	-	1,133,054
Community preservation fund surtax.....	1,779	-	1,779
Motor vehicle and other excise taxes.....	1,208,725	(720,000)	488,725
Departmental and other.....	893,763	(64,800)	828,963
Intergovernmental - other.....	2,558,096	-	2,558,096
Community preservation state share.....	84,548	-	84,548
 Total.....	 <u>\$ 7,257,527</u>	 <u>\$ (1,030,800)</u>	 <u>\$ 6,226,727</u>

At June 30, 2018 (December 31, 2017 for the Electric Light balances), receivables for the proprietary funds consist of the following:

	Gross Amount	Allowance for Uncollectibles	Net Amount
<u>Receivables:</u>			
Water and sewer liens - user charges.....	\$ 36,546	\$ -	\$ 36,546
Water and sewer user charges.....	4,363,415	-	4,363,415
Electric light user charges.....	8,478,760	(159,849)	8,318,911
Electric light departmental and other.....	938,956	-	938,956
 Total.....	 <u>\$ 13,817,677</u>	 <u>\$ (159,849)</u>	 <u>\$ 13,657,828</u>

At December 31, 2017 the Pension Trust Fund had departmental and intergovernmental receivables totaling \$85,090.

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	Other Governmental Funds	Total
<u>Receivables:</u>			
Real estate and personal property taxes.....	\$ 807,089	\$ -	\$ 807,089
Tax liens.....	1,131,607	-	1,131,607
Community preservation fund surtax.....	-	1,778	1,778
Motor vehicle and other excise taxes.....	488,724	-	488,724
Departmental and other.....	261,775	-	261,775
Intergovernmental - other.....	-	1,283,813	1,283,813
Tax foreclosures.....	78,281	-	78,281
 Total.....	 <u>\$ 2,767,476</u>	 <u>\$ 1,285,591</u>	 <u>\$ 4,053,067</u>

NOTE 4 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2018, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
<u>Capital assets not being depreciated:</u>				
Land.....	\$ 14,748,506	\$ -	\$ -	\$ 14,748,506
Construction in progress.....	2,107,955	7,757,778	(847,398)	9,018,335
 Total capital assets not being depreciated....	 <u>16,856,461</u>	 <u>7,757,778</u>	 <u>(847,398)</u>	 <u>23,766,841</u>
 <u>Capital assets being depreciated:</u>				
Land improvements.....	11,386,470	-	-	11,386,470
Buildings.....	51,984,541	1,390,110	-	53,374,651
Machinery and equipment.....	22,355,011	845,771	(1,495,281)	21,705,501
Vehicles.....	-	1,339,217	-	1,339,217
Infrastructure.....	74,215,522	2,491,719	-	76,707,241
 Total capital assets being depreciated.....	 <u>159,941,544</u>	 <u>6,066,817</u>	 <u>(1,495,281)</u>	 <u>164,513,080</u>
 <u>Less accumulated depreciation for:</u>				
Land improvements.....	(8,368,365)	(237,891)	-	(8,606,256)
Buildings.....	(32,864,006)	(950,372)	-	(33,814,378)
Machinery and equipment.....	(17,973,832)	(1,305,118)	1,495,281	(17,783,669)
Vehicles.....	-	(138,360)	-	(138,360)
Infrastructure.....	(30,886,139)	(1,634,696)	-	(32,520,835)
 Total accumulated depreciation.....	 <u>(90,092,342)</u>	 <u>(4,266,437)</u>	 <u>1,495,281</u>	 <u>(92,863,498)</u>
 Total capital assets being depreciated, net.....	 <u>69,849,202</u>	 <u>1,800,380</u>	 <u>-</u>	 <u>71,649,582</u>
 Total governmental activities capital assets, net.....	 <u>\$ 86,705,663</u>	 <u>\$ 9,558,158</u>	 <u>\$ (847,398)</u>	 <u>\$ 95,416,423</u>

	Beginning Balance	Increases	Decreases	Ending Balance
Business-Type Activities:				
<u>Capital assets not being depreciated:</u>				
Land.....	\$ 2,208,198	\$ -	\$ -	\$ 2,208,198
Intangible plant.....	289,851	-	-	289,851
Construction in progress.....	4,120,736	6,262,302	(16,087)	10,366,951
Total capital assets not being depreciated....	6,618,785	6,262,302	(16,087)	12,865,000
<u>Capital assets being depreciated:</u>				
Land improvements.....	1,121,473	13,444	-	1,134,917
Plant in service.....	254,023,189	6,191,587	(766,946)	259,447,830
Buildings.....	1,630,852	34,056	-	1,664,908
Machinery and equipment.....	3,489,496	196,195	(702,133)	2,983,558
Infrastructure.....	81,285,026	78,825	-	81,363,851
Total capital assets being depreciated.....	341,550,036	6,514,107	(1,469,079)	346,595,064
<u>Less accumulated depreciation for:</u>				
Land improvements.....	(812,446)	(25,521)	-	(837,967)
Plant in service.....	(115,765,310)	(7,621,844)	740,477	(122,646,677)
Buildings.....	(1,165,309)	(21,256)	-	(1,186,565)
Machinery and equipment.....	(3,251,372)	(88,340)	702,133	(2,637,579)
Infrastructure.....	(34,556,602)	(1,597,513)	-	(36,154,115)
Total accumulated depreciation.....	(155,551,039)	(9,354,474)	1,442,610	(163,462,903)
Total capital assets being depreciated, net.....	185,998,997	(2,840,367)	(26,469)	183,132,161
Total business-type activities capital assets, net....	\$ 192,617,782	\$ 3,421,935	\$ (42,556)	\$ 195,997,161

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

Governmental Activities:	
General government.....	\$ 265,515
Public safety.....	658,660
Education.....	744,358
Public works.....	2,246,533
Health and human services.....	29,009
Culture and recreation.....	249,839
Community preservation.....	72,523
Total depreciation expense - governmental activities.....	\$ 4,266,437
Business-Type Activities:	
Water and sewer.....	\$ 1,681,479
Golf course.....	51,152
Electric Light.....	7,621,843
Total depreciation expense - business-type activities.....	\$ 9,354,474

NOTE 5 – INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

At June 30, 2018, the Town has an interfund receivable/payable totaling \$2,279 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, 2018, are summarized as follows:

Transfers Out:	Transfers In:					Total
	General fund	Town capital projects	Nonmajor governmental funds	Water and Sewer enterprise fund	Golf Course enterprise fund	
General fund.....	\$ -	\$ 209,000	\$ -	\$ 55,519	\$ 36,303	\$ 300,822 (1)
Nonmajor governmental funds.....	183,490	-	194,917	-	-	378,407 (2)
Water and Sewer enterprise fund....	600,118	-	-	-	-	600,118 (3)
Golf Course enterprise fund.....	84,113	-	-	-	-	84,113 (3)
Electric Light enterprise fund.....	1,725,450	-	-	-	-	1,725,450 (4)
Total.....	\$ 2,593,171	\$ 209,000	\$ 194,917	\$ 55,519	\$ 36,303	\$ 3,088,910

- (1) Represents transfers from the general fund to the capital project fund for public safety upgrades. Also represents transfers to the water and sewer enterprise fund for debt service and the golf enterprise fund for the prior year deficit and debt service.
- (2) Represents budgeted transfers to the general fund from various nonmajor special revenue funds and various 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 BELD.

NOTE 6 – LEASES

Capital Leases

The BELD entered into a capitalized lease for cable and light division equipment expiring through 2020. 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, 2017:

Years ending December 31:	Business-Type Activities
2018.....	\$ 139,074
2019.....	110,628
2020.....	67,888
Total minimum lease payments.....	317,590
Less: amounts representing interest.....	(27,708)
Present value of minimum lease payments... \$	<u>289,882</u>

Operating Leases

The Town leases school buses under noncancelable operating leases that are scheduled to expire in 2020. The cost of the lease for the year ended June 30, 2018 totaled approximately \$435,000 and is reported as education expenditures in the general fund.

The future minimum lease payments are as follows:

<u>Years ending June 30:</u>	<u>Governmental Activities</u>
2019.....	\$ 435,302
2020.....	<u>142,209</u>
 Total	 \$ <u><u>577,511</u></u>

The Golf Course leases golf carts under noncancelable operating leases that are scheduled to expire in 2023. The cost of the lease for the year ended June 30, 2018, totaled approximately \$35,000.

The future minimum lease payments are as follows:

<u>Years ending June 30:</u>	<u>Business-Type Activities</u>
2019.....	\$ 53,378
2020.....	53,378
2021.....	53,378
2022.....	53,378
2023.....	<u>53,377</u>
 Total	 \$ <u><u>266,889</u></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.

Details related to the short-term debt activity for the year ended June 30, 2018 is as follows:

Type	Purpose	Rate (%)	Due Date	Balance at June 30, 2017	Renewed/ Issued	Retired/ Redeemed	Balance at June 30, 2018
Governmental Funds:							
BAN	Municipal Purpose (ESCO Project)...	2.75%	06/13/19	\$ -	\$ 8,900,000	\$ -	\$ 8,900,000

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, 2018, and the debt service requirements are as follows:

Bonds and Notes Payable Schedule – Governmental Funds

Project	Maturities Through	Original Loan Amount	Interest Rate (%)	Outstanding at June 30, 2018
Municipal Purpose Loan of 2009.....	2019	\$ 2,614,570	3.00 - 5.00	\$ 60,000
Municipal Purpose Loan of 2010.....	2030	6,782,000	1.5 - 4.5	3,045,000
Municipal Purpose Loan of 2011.....	2031	6,010,000	2.00 - 4.50	3,310,000
Municipal Purpose Loan of 2012.....	2032	4,240,000	2.00-4.00	2,460,000
Municipal Purpose Loan of 2013.....	2033	3,140,000	2.00-2.75	1,890,000
Municipal Purpose Loan of 2014.....	2034	3,519,000	2.00 - 4.00	2,230,000
Municipal Purpose Refunding Loan of 2015.....	2028	1,680,000	3.00 - 5.00	1,455,000
Municipal Purpose Loan of 2015.....	2035	3,259,000	3.00 - 5.00	2,335,000
Municipal Purpose Loan of 2016.....	2036	3,898,000	2.00 - 4.00	2,875,000
Municipal Purpose Loan of 2017.....	2037	4,537,300	2.00 - 4.00	4,096,600
Municipal Purpose Loan of 2018.....	2048	22,764,000	3.00 - 5.00	22,764,000
Total Bonds Payable.....				46,520,600
Add: Unamortized premium on bonds.....				1,915,483
Total.....				\$ 48,436,083

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

Year	Principal	Interest	Total
2019.....	\$ 3,736,000	\$ 1,691,701	\$ 5,427,701
2020.....	3,548,000	1,580,199	5,128,199
2021.....	3,301,200	1,440,270	4,741,470
2022.....	2,983,100	1,320,746	4,303,846
2023.....	2,735,000	1,205,343	3,940,343
2024.....	2,443,000	1,098,328	3,541,328
2025.....	2,379,000	1,001,607	3,380,607
2026.....	2,339,000	905,521	3,244,521
2027.....	1,974,200	817,007	2,791,207
2028.....	1,772,000	743,625	2,515,625
2029.....	1,595,000	674,648	2,269,648
2030.....	1,479,000	615,248	2,094,248
2031.....	1,175,000	558,056	1,733,056
2032.....	1,018,000	519,502	1,537,502
2033.....	848,000	485,118	1,333,118
2034.....	793,000	454,591	1,247,591
2035.....	808,000	423,895	1,231,895
2036.....	793,000	398,610	1,191,610
2037.....	791,100	373,033	1,164,133
2038.....	765,000	347,450	1,112,450
2039.....	790,000	322,588	1,112,588
2040.....	815,000	295,925	1,110,925
2041.....	845,000	267,400	1,112,400
2042.....	875,000	237,825	1,112,825
2043.....	905,000	207,200	1,112,200
2044.....	935,000	175,525	1,110,525
2045.....	970,000	142,800	1,112,800
2046.....	1,000,000	108,850	1,108,850
2047.....	1,035,000	73,850	1,108,850
2048.....	1,075,000	37,634	1,112,634
Total.....	\$ <u>46,520,600</u>	\$ <u>18,524,095</u>	\$ <u>65,044,695</u>

Bonds and Notes Payable Schedule – Water and Sewer Enterprise Fund

Project	Maturities Through	Original Loan Amount	Interest Rate (%)	Outstanding at June 30, 2018
Municipal Purpose Loan of 2009.....	2019	\$ 8,070,000	3.00 - 5.00	\$ 345,000
Municipal Purpose Refunding Loan of 2011.....	2022	3,575,000	2.00 - 4.00	1,100,000
Municipal Purpose Loan of 2011.....	2031	2,286,000	2.00 - 4.50	1,265,000
Municipal Purpose Loan of 2012.....	2032	2,000,000	2.00-4.00	1,280,000
Municipal Purpose Loan of 2013.....	2033	3,108,000	2.00-2.75	2,250,000
Municipal Purpose Loan of 2014.....	2034	2,248,000	2.00-4.00	1,705,000
MWRA Sewer Bonds of 2015.....	2020	962,500	0.00	385,000
Municipal Purpose Refunding Loan of 2015.....	2028	5,890,000	3.00 - 5.00	5,385,000
Municipal Purpose Loan of 2015.....	2035	2,084,000	3.00 - 5.00	1,765,000
MWRA Sewer Bonds of 2016.....	2021	227,960	0.00	136,776
Municipal Purpose Loan of 2016.....	2036	2,394,000	2.00 - 4.00	2,120,000
Municipal Purpose Loan of 2016.....	2036	391,042	2.00	358,563
MWRA Sewer Bonds of 2017.....	2027	165,000	0.00	148,500
Municipal Purpose Loan of 2017.....	2037	3,453,000	2.00 - 4.00	3,256,700
Municipal Purpose Loan of 2018.....	2038	5,241,000	3.00 - 5.00	5,241,000
MWRA Sewer Bonds of 2018.....	2028	226,250	0.00	226,250
Total Bonds Payable.....				26,967,789
Add: Unamortized premium on bonds.....				1,758,120
Total.....				\$ 28,725,909

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

Year	Principal	Interest	Total
2019.....	\$ 2,502,948	\$ 1,148,881	\$ 3,651,829
2020.....	2,456,284	1,067,115	3,523,399
2021.....	2,247,227	966,425	3,213,652
2022.....	2,130,785	870,464	3,001,249
2023.....	1,747,242	777,258	2,524,500
2024.....	1,709,607	687,357	2,396,964
2025.....	1,703,978	597,976	2,301,954
2026.....	1,699,356	509,209	2,208,565
2027.....	1,524,543	421,660	1,946,203
2028.....	1,415,638	343,287	1,758,925
2029.....	1,345,415	274,825	1,620,240
2030.....	1,026,825	208,955	1,235,780
2031.....	1,031,244	171,335	1,202,579
2032.....	943,671	141,110	1,084,781
2033.....	874,106	111,915	986,021
2034.....	754,550	83,469	838,019
2035.....	650,004	57,742	707,746
2036.....	545,466	37,654	583,120
2037.....	408,900	21,017	429,917
2038.....	250,000	8,123	258,123
Total.....	\$ 26,967,789	\$ 8,505,777	\$ 35,473,566

Bonds and Notes Payable Schedule – Golf Course Enterprise Fund

Project	Maturities Through	Original Loan Amount	Interest Rate (%)	Outstanding at June 30, 2018
Municipal Purpose Loan of 2016.....	2021	\$ 219,000	4.00	\$ 125,000
Municipal Purpose Loan of 2017.....	2022	92,700	2.00 - 4.00	71,700
Municipal Purpose Loan of 2018.....	2020	20,000	5.00	20,000
Total Bonds Payable.....				\$ 216,700

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

Year	Principal	Interest	Total
2019.....	\$ 75,000	\$ 8,168	\$ 83,168
2020.....	70,000	5,268	75,268
2021.....	58,700	2,868	61,568
2022.....	13,000	520	13,520
Total.....	\$ 216,700	\$ 16,824	\$ 233,524

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

Project	Maturities Through	Original Loan Amount	Interest Rate (%)	Outstanding at June 30, 2018
Municipal Purpose Loan of 2009.....	2019	\$ 109,700,000	3.00 - 5.00	\$ 11,475,000
Municipal Purpose Refunding Loan of 2015.....	2028	58,750,000	4.00 - 5.00	<u>58,750,000</u>
Total Bonds Payable.....				\$ 70,225,000
Add: Unamortized premium on bonds.....				<u>12,799,458</u>
Total.....				<u><u>\$ 83,024,458</u></u>

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

Year	Principal	Interest	Total
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.....	<u>3,320,000</u>	<u>166,000</u>	<u>3,486,000</u>
Total.....	<u>\$ 70,225,000</u>	<u>\$ 29,861,632</u>	<u>\$ 100,086,632</u>

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, 2018, the Town had the following authorized and unissued debt:

<u>Purpose</u>	<u>Amount</u>
Building compliance ADA.....	\$ 75,000
Daugherty gym.....	434,000
DPW building repairs.....	102,000
DPW cemetery.....	120,000
DPW engineering drainage work.....	63,000
DPW facilities.....	481,000
DPW fence reconstruction.....	35,000
DPW field reconstruction.....	75,000
DPW highway.....	99,000
DPW park equipment and court repairs.....	100,000
DPW recreation.....	172,000
DPW Shaw street bridge.....	315,000
DPW sidewalk plow.....	150,000
East Middle School renovation/addition.....	61,058,737
Elder Affairs paving.....	15,000
Electronic archiving.....	89,000
Fire equipment.....	1,010,000
Fire station headquarters renovation.....	1,335,000
Golf course.....	235,000
Great Pond dam repair project.....	311
High School field irrigation.....	40,000
Library building renovation.....	245,000
Police station building.....	135,000
Road capital.....	1,700,000
School building renovation/repairs.....	438,000
School education technology.....	40,000
School paving.....	30,000
School roofs.....	3,000,000
School security upgrades.....	12,000
Sewer commerce drive pump station.....	800,000
Sewer MWRA.....	878,200
South Middle school planning and development.....	650,000
Town clerk polling books.....	75,000
Town Hall and water building renovations.....	228,000
Town Hall building renovations.....	478,000
Town school ESCO project.....	10,300,000
Tri town water plant.....	25,000,000
Water meters.....	100,000
Water sewer department truck.....	300,000
Water system improvements.....	3,000,000
Water treatment plant.....	428,000
Total.....	<u>\$ 113,841,248</u>

Changes in Long-term Liabilities

During the year ended June 30, 2018, the following changes occurred in long-term liabilities:

	Beginning Balance	Bonds and Notes Issued	Bonds and Notes Redeemed	Other Increases	Other Decreases	Ending Balance	Due Within One Year
Governmental Activities:							
Long-term bonds payable.....	\$ 26,922,300	\$ 22,764,000	\$ (3,165,700)	\$ -	\$ -	\$ 46,520,600	\$ 3,736,000
Add: Unamortized premium on bonds..	1,046,653	1,126,360	(257,530)	-	-	1,915,483	216,657
Total bonds payable.....	27,968,953	23,890,360	(3,423,230)	-	-	48,436,083	3,952,657
Compensated absences.....	4,673,574	-	-	3,039,538	(2,362,323)	5,350,789	2,595,081
Workers' compensation.....	168,257	-	-	79,077	(118,050)	129,284	83,645
Net pension liability.....	77,307,574	-	-	4,726,811	(12,013,608)	70,020,777	-
Other postemployment benefits.....	86,302,937	-	-	10,972,133	(5,239,986)	92,035,084	-
Total governmental activity long-term liabilities.....	\$ 196,421,295	\$ 23,890,360	\$ (3,423,230)	\$ 18,817,559	\$ (19,733,967)	\$ 215,972,017	\$ 6,631,383
Business-Type Activities:							
Long-term bonds payable.....	\$ 99,830,380	\$ 5,487,250	\$ (7,908,141)	\$ -	\$ -	\$ 97,409,489	\$ 9,643,177
Add: Unamortized premium on bonds..	15,805,303	475,000	(1,722,725)	-	-	14,557,578	244,970
Total bonds payable.....	115,635,683	5,962,250	(9,630,866)	-	-	111,967,067	9,888,147
Capital lease obligations.....	146,863	-	-	214,754	(71,735)	289,882	139,073
Compensated absences.....	732,538	-	-	527,916	(503,317)	757,137	528,656
Workers' compensation.....	105,401	-	-	136,024	(73,950)	167,475	108,355
Net pension liability.....	28,756,164	-	-	243,042	(514,964)	28,484,242	-
Other postemployment benefits.....	7,328,861	-	-	1,739,444	(1,164,396)	7,903,909	-
Total business-type activity long-term liabilities.....	\$ 152,705,510	\$ 5,962,250	\$ (9,630,866)	\$ 2,861,180	\$ (2,328,362)	\$ 149,569,712	\$ 10,664,231

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:

	General	Town Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
Fund Balances:				
Nonspendable:				
Permanent fund principal..... \$	-	-	2,564,529	2,564,529
Restricted for:				
Town capital projects.....	-	16,668,532	-	16,668,532
Town special revenue funds.....	-	-	5,367,319	5,367,319
School lunch.....	-	-	364,705	364,705
School revolving funds.....	-	-	2,413,800	2,413,800
Community preservation fund.....	-	-	7,517,767	7,517,767
Expendable trust funds.....	-	-	6,994,052	6,994,052
Committed to:				
Articles and continuing appropriations:				
General government.....	499,382	-	-	499,382
Public safety.....	504,515	-	-	504,515
Education.....	119,643	-	-	119,643
Public works.....	440,544	-	-	440,544
Health and human services.....	45,146	-	-	45,146
Culture and recreation.....	68,894	-	-	68,894
Assigned to:				
Encumbrances:				
General government.....	648,764	-	-	648,764
Public safety.....	175,160	-	-	175,160
Education.....	14,308	-	-	14,308
Public works.....	261,490	-	-	261,490
Culture and recreation.....	5,434	-	-	5,434
Unassigned.....	19,301,569	-	-	19,301,569
Total Fund Balances..... \$	22,084,849	16,668,532	25,222,172	63,975,553

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 June 30, 2018 the balances of the general, capital stabilization and school building stabilization funds were \$145,160, \$1,803,417 and \$1,031,097, respectively. These amounts are included in the 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, 2018, the amount of the liability for health insurance claims totaled \$965,000 which is the best estimate based on available information. Changes in the reported liability since July 1, 2016 are as follows:

	Balance at Beginning of Year		Current Year Claims and Changes in Estimate		Claims Payments		Balance at Year-End Currently Due
2017.....	\$ 1,145,000	\$	15,573,298	\$	(15,573,298)	\$	1,145,000
2018.....	1,145,000		14,867,168		(15,047,168)		965,000

(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 \$1,742,669 in 2018. At June 30, 2018, the amount of the liability for workers’ compensation claims totaled \$296,759, of which \$192,000 is current.

Changes in the reported liability since July 1, 2016 are as follows:

	Balance at Beginning of Year	Current Year Claims and Changes in Estimate	Claims Payments	Balance at Year-End
2017.....	\$ 305,005	\$ 224,377	\$ (255,724)	\$ 273,658
2018.....	273,658	331,405	(308,304)	296,759

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, 2017.

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 within the fiduciary fund financial statements. The System issues a publicly available financial report in accordance with guidelines established by the Commonwealth of Massachusetts’ (Commonwealth) Public Employee Retirement Administration Commission (PERAC). That report may be obtained by contacting the System located at 74 Pond Street, 2nd Floor, Braintree, MA 02184.

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, 2017. The Town’s portion of the collective pension expense, contributed by the Commonwealth, of \$14,882,115 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 \$142,585,990 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, 2017.

At December 31, 2017, the BCRS membership consists of the following:

Active members.....	803
Inactive members entitled to but not yet receiving benefits.....	122
Inactive members or beneficiaries currently receiving benefits.....	<u>504</u>
Total.....	<u><u>1,429</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, 2017 was \$9,899,089, 22.24% 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 \$7,561,879 which equaled its actual contribution.

Pension Liabilities

The components of the net pension liability of the participating member units at December 31, 2017 were as follows:

Total pension liability.....	\$	302,925,806
Total pension plan's fiduciary net position.....		<u>(203,809,113)</u>
Total net pension liability.....	\$	<u>99,116,693</u>
The pension plan's fiduciary net position as		
a percentage of the total pension liability.....		67.28%

At June 30, 2018, the Town reported a liability of \$98,505,019 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2018. 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, 2017, the Town's proportion was 75.81%, which decreased by 1.1% from its proportion measured at December 31, 2016.

Pension Expense

For the year ended June 30, 2018, the Town recognized a net pension expense of \$11,391,776. At June 30, 2018, Town reported deferred outflows of resources related to pensions of \$14,814,159, and deferred inflows of resources related to pensions of \$6,849,724.

The balances of deferred outflows and inflows at June 30, 2018 consist of the following:

<u>Deferred Category</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Total</u>
Differences between expected and actual experience.....	\$ 4,502,068	\$ (2,185,609)	\$ 2,316,459
Difference between projected and actual earnings, net.....	-	(3,313,165)	(3,313,165)
Changes in assumptions.....	7,886,726	-	7,886,726
Changes in proportion and proportionate share of contributions.	99,794	(1,350,950)	(1,251,156)
Contributions made subsequent to the measurement date.....	<u>2,325,571</u>	<u>-</u>	<u>2,325,571</u>
Total deferred outflows/(inflows) of resources.....	\$ <u>14,814,159</u>	\$ <u>(6,849,724)</u>	\$ <u>7,964,435</u>

Deferred outflows of resources related to pension resulting from contributions subsequent to the measurement date will be recognized in pension expense in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2019.....	\$ 3,803,120
2020.....	3,293,141
2021.....	64,524
2022.....	(1,573,822)
2023.....	<u>51,901</u>
Subtotal amortized deferred outflows/(inflows) of resources.....	<u>5,638,864</u>
Contributions made subsequent to the measurement date.....	<u>2,325,571</u>
Total deferred outflows/(inflows) of resources....	<u><u>\$ 7,964,435</u></u>

Actuarial Assumptions

The total pension liability in the January 1, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement that was updated to December 31, 2017:

Valuation date.....	1/1/2018
Actuarial cost method.....	Entry Age Normal.
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.
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 and c) 25% of gains and losses of the third prior year. 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.....	7.65% per year. Previously 7.75% per year.

Discount rate.....	7.65%
Inflation rate.....	3.75% per year
Projected salary increases.....	Group 1: 6% to 4.25% based on service. Group 4: 7% to 4.75% based on service.
Payroll growth.....	4% per year
Cost of living adjustments.....	3% of the pension amount, capped at \$360 per year.
Mortality rates.....	RP-2000 Mortality Table (base year 2009) with full generational mortality improvement using Scale BB. For disabled members, RP-2000 Mortality Table (base year 2012) with full generational mortality improvement using Scale BB.

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, 2016 are summarized in the table on the following page.

<u>Asset Class</u>	<u>Long-Term Expected Asset Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic equity.....	32.00%	6.20%
International equity.....	17.00%	7.30%
Domestic fixed income.....	18.00%	4.50%
Hedge funds.....	5.00%	6.70%
Private equity.....	8.00%	9.70%
Real estate.....	10.00%	5.30%
Alternative investments.....	7.00%	9.40%
Other.....	3.00%	6.80%
Total.....	<u>100.00%</u>	

Rate of Return

For the year ended December 31, 2017, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 15.45%. 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 7.65%, which decreased from 7.75% the prior year. 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 7.65%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.65%) or 1-percentage-point higher (8.65%) than the current rate:

	1% Decrease (6.65%)	Current Discount (7.65%)	1% Increase (8.65%)
<u>December 31, 2017 Measurement Date</u>			
The Town's proportionate share of the net pension liability.....	\$ 99,909,404	\$ 75,137,651	\$ 53,976,698
BCRS total net pension liability.....	\$ 131,793,975	\$ 99,116,693	\$ 71,202,543
<u>December 31, 2016 Measurement Date</u>			
The Municipal Light Plant's proportionate share of the net pension liability.....	\$ 30,158,113	\$ 23,367,368	\$ 17,567,125

Changes of Assumptions

- Investment rate of return was decreased from 7.75% to 7.65%.

Changes in Plan Provisions – None.

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.

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. For 2018, the Town’s age-adjusted contribution to the plan totaled \$6,273,576. For the year ended June 30, 2018, the Town’s average contribution rate was 7.09% of covered-employee payroll.

The Commonwealth of Massachusetts passed special legislation that has allowed the Town to establish a postemployment benefit trust fund and to enable the Town to raise taxes necessary to begin pre-funding its OPEB liabilities. The Town has named the Health Care Security Board of Trustees (HCSBT) as Trustees of the OPEB Fund and as such has authorized the OPEB Trust Funds to be invested entirely in the State Retirement Benefits Trust Fund (SRBT Fund). Massachusetts General Law directs the HSCBT to invest the SRBT Fund in the Pension Reserves Investment Trust (PRIT) Fund. The Trustees have adopted a trust agreement detailing their duties and responsibilities as Trustees. The PRIT Fund is subject to oversight by the Pension Reserves Investment Management Board (PRIM) Board. A nine member Board of Trustees governs the PRIM Board. The Board of Trustees has the authority to employ an Executive Director, outside investment managers, custodians, consultants, and others as it deems necessary to formulate policies and procedures and to take such other actions as necessary and appropriate to manage the assets of the PRIT Fund.

For the year ending June 30, 2018, the Town pre-funded future OPEB liabilities totaling \$1,809,100 by contributing funds to the Other Postemployment Benefit Fund in excess of the pay-as-you-go required contribution. These funds are reported within the Fiduciary Funds financial statements. As of June 30, 2018, the balance of this fund totaled \$11,598,563.

GASB Statement #74 – OPEB Plan Financial Reporting

Measurement Date – GASB #74 requires the net OPEB liability to be measured as of the OPEB Plan’s most recent fiscal year-end. Accordingly, the net OPEB liability was measured as of June 30, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of July 1, 2017.

Employees Covered by Benefit Terms – The following table represents the Plan’s membership at June 30, 2018:

Active members.....	1,301
Inactive members currently receiving benefits.....	<u>909</u>
Total.....	<u><u>2,210</u></u>

Components of OPEB Liability – The following table represents the components of the Plan’s Net OPEB liability as of June 30, 2018:

Total OPEB liability.....	\$ 114,634,936
Less: OPEB plan’s fiduciary net position.....	<u>(11,598,563)</u>
Net OPEB liability.....	<u><u>\$ 103,036,373</u></u>
The OPEB plan’s fiduciary net position as a percentage of the total OPEB liability.....	10.12%

Significant Actuarial Methods and Assumptions – The total OPEB liability in the July 1, 2017, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified, that was updated to June 30, 2018, to be in accordance with GASB Statement #74:

Valuation date.....	July 1, 2017
Actuarial cost method.....	Individual Entry Age Normal Cost Method.
Asset valuation method.....	Market value of assets as of the reporting date, June 30, 2018.
Investment rate of return.....	7.04%, net of OPEB plan investment expense, including inflation.
Municipal bond rate.....	3.45% as of June 30, 2018 (source: S&P Municipal Bond 20-Year High Grade Index - SAPIHG).
Single equivalent discount rate.....	7.00%, net of OPEB plan investment expense, including inflation. Using a blend of the Municipal Bond Index Rate for unfunded periods and the Investment Rate of Return for funded periods, based on GASB No. 74 Implementation Guide Exposure Draft; IG ED 4.136.
Inflation rate.....	2.75% as of June 30, 2018 and for future periods.
Salary increases.....	3.00% annually as of June 30, 2018 and for future periods.
Cost of living adjustments.....	Not applicable.
Pre-retirement mortality.....	RP-2000 Employees Mortality Table projected generationally with scale BB and a base year 2009 for males and females.
Post-retirement mortality.....	RP-2000 Healthy Annuitant Mortality Table projected generationally with scale BB and a base year 2009 for males and females.
Disabled mortality.....	RP-2000 Healthy Annuitant Table projected generationally with Scale BB and a base year 2012 for males and females.
Mortality experience study.....	The mortality assumptions reflect PERAC's recent experience analysis published in 2014 (based on the years 2006-2011), updated to reflect data through January 1, 2015 for post-retirement mortality, and professional judgement. As such, mortality assumptions reflect observed current mortality as well as expected mortality improvements.

Rate of return – For the year ended June 30, 2018, the annual money-weighted rate of return on investments, net of investment expense, was 9.25%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of 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 of by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The Plan's expected future real rate of return of

4.79% is added to the expected inflation of 2.75% to produce the long-term expected nominal rate of return of 7.54%. Best estimates of geometric real rates of return for each major asset class included in the OPEB plan’s target asset allocation as of June 30, 2018 are summarized in the following table:

Asset Class	Long-Term Expected Asset Allocation	Long-Term Expected Real Rate of Return
Domestic equity - Large cap.....	14.50%	4.00%
Domestic equity - Small/mid cap.....	3.50%	6.00%
International equity - developed market..	16.00%	4.50%
International equity - emerging market...	6.00%	7.00%
Domestic fixed income.....	20.00%	2.00%
International fixed income.....	3.00%	3.00%
Alternatives.....	23.00%	6.50%
Real estate.....	14.00%	6.25%
Total.....	100.00%	

Discount rate – The discount rate used to measure the total OPEB liability was 7.00% as of June 30, 2018 and 6.75% as of June 30, 2017. The projection of cash flows used to determine the discount rate assumed that contributions will be made in accordance with the Plan’s funding policy. Based on those assumptions, the OPEB plan’s fiduciary net position was projected to be sufficient to make all projected benefit payments to current plan members. Therefore the long-term expected rate of return on the OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate – The following table presents the net other postemployment benefit liability and service cost, calculated using the discount rate of 7.00%, as well as what the net other postemployment benefit liability and service cost would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00%) or 1-percentage-point higher (8.00%) than the current rate.

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Net OPEB liability.....	\$ 119,250,754	\$ 103,036,373	\$ 86,821,992

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Trend – The following table presents the net other postemployment benefit liability and service cost, calculated using the current healthcare trend rate of 5.00%, as well as what the net other postemployment benefit liability and service cost would be if it were calculated using a healthcare trend rate that is 1-percentage-point lower or 1-percentage-point higher.

	1% Decrease (4.00%)	Current Trend (5.00%)	1% Increase (6.00%)
Net OPEB liability.....	\$ 80,141,872	\$ 103,036,373	\$ 131,553,643

Changes of Assumptions

The discount rate is 7.00% - previously 6.75%.

Teacher retirement rates were updated to reflect PERAC's experience studies.

Changes in Plan Provisions – None.

GASB Statement #75 – OPEB Employer Financial Reporting for the Town

Summary of Significant Accounting Policies – For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Plan and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, the Plan recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest-earning investment contracts (repurchase agreements) that have a maturity at the time of purchase of one year or less, which are reported at cost, whenever applicable.

Measurement Date – GASB Statement #75 requires the net OPEB liability to be measured as of a date no earlier than the end of the employer's prior fiscal year and no later than the end of the employer's current fiscal year, consistently applied from period to period. Accordingly, the net OPEB liability was measured as of June 30, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of July 1, 2017.

The BELD is reported in the Town's basic financial statements as of December 31, 2017, which is prior to the required implementation date of GASB Statement #75. The BELD will implement this Standard next year. The amounts reported in the GASB Statement #75 footnote disclosures are based on the Town taken in total, inclusive of the BELD's proportionate share of the net OPEB liability of \$6,103,922 at June 30, 2017.

Significant Actuarial Methods and Assumptions – The total OPEB liability in the July 1, 2017, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified, to be in accordance with GASB Statement #75:

Valuation date.....	July 1, 2017
Actuarial cost method.....	Individual Entry Age Normal Cost Method.
Asset valuation method.....	2018.
Discount rate.....	7.00% per annum (previously 3.50%).
Investment rate of return.....	7.04%, net of OPEB plan investment expense, including inflation.

Municipal bond rate.....	3.13% as of July 1, 2017 (source: S&P Municipal Bond 20-Year High Grade Index - SAPIHG).
Participation rate.....	It was assumed that 80% of employees eligible to receive retirement benefits would enroll in the retiree medical plans upon retirement. For life insurance plans, it was assumed that 80% of eligible employees would elect coverage upon retirement.
Percent married.....	It was assumed that 80% of male employees and 70% of female employees who elect retiree healthcare coverage for themselves would also elect coverage for a spouse upon retirement. If provided, the actual census information was used. Otherwise it was assumed that a male spouse is three years older than a female spouse and same sex spouses are assumed to be the same age.
Salary increases.....	3.00% per year.
Pre-retirement mortality.....	It is assumed that pre-retirement mortality is represented by the RP-2000 Employees Mortality Table projected generationally with scale BB and a base year 2009 for males and females.
Post-retirement mortality.....	It is assumed that post-retirement mortality is represented by the RP-2000 Healthy Annuitant Mortality Table projected generationally with scale BB and a base year 2009 for males and females.
Disabled mortality.....	It is assumed that disabled mortality is represented by the RP-2000 Healthy Annuitant Table projected generationally with Scale BB and a base year 2012 for males and females.
Mortality experience study.....	The mortality assumptions reflect PERAC's recent experience analysis published in 2014 (based on the years 2006-2011), updated to reflect data through January 1, 2015 for post-retirement mortality, and professional judgement. As such, mortality assumptions reflect observed current mortality as well as expected mortality improvements.

Changes in the Net OPEB Liability

	Increase (Decrease)		
	Plan		
	Total OPEB Liability (a)	Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances at June 30, 2016.....	\$ 99,870,569	\$ 6,238,771	\$ 93,631,798
Changes for the year:			
Service cost.....	2,399,962	-	2,399,962
Interest.....	6,993,990	-	6,993,990
Changes of benefit terms.....	-	-	-
Differences between expected and actual experience.....	(5,871,558)	-	(5,871,558)
Changes in assumptions and other inputs.....	10,295,994	-	10,295,994
Net investment income.....	-	941,382	(941,382)
Employer contributions to Trust.....	-	6,455,382	(6,455,382)
Benefit payments.....	(4,794,382)	(4,794,382)	-
Net change.....	9,024,006	2,602,382	6,421,624
Balances at June 30, 2017.....	\$ 108,894,575	\$ 8,841,153	\$ 100,053,422

The Governmental Activities along with the water and sewer and golf enterprise funds' proportionate share of the net OPEB liability is \$93,949,500 and the BELD enterprise funds' proportionate share is \$6,103,922.

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate – The following table presents the net other postemployment benefit liability, calculated using the discount rate of 7.00%, as well as what the net other postemployment benefit liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00%) or 1-percentage-point higher (8.00%) than the current discount rate.

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Net OPEB liability.....	\$ 115,455,868	\$ 100,053,422	\$ 84,650,976

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates – The following table presents the net other postemployment benefit liability, calculated using the current healthcare trend rate of 5.00%, as well as what the net other postemployment benefit liability would be if it were calculated using a healthcare trend rate that is 1-percentage-point lower or 1-percentage-point higher.

	1% Decrease (4.00%)	Current Trend (5.00%)	1% Increase (6.00%)
Net OPEB liability.....	\$ 78,321,018	\$ 100,053,422	\$ 127,123,190

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB – For the year ended June 30, 2017, the GASB Statement #75 measurement date, the Town recognized OPEB expense of \$8,082,624. At June 30, 2017, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

Deferred Category	Deferred Outflows of Resources	Deferred Inflows of Resources	Total
Differences between expected and actual experience.....	\$ -	\$ (4,448,851)	\$ (4,448,851)
Difference between projected and actual earnings.....	-	(329,868)	(329,868)
Changes in assumptions.....	7,801,226	-	7,801,226
Contributions made subsequent to the measurement date.....	<u>5,753,576</u>	<u>-</u>	<u>5,753,576</u>
Total deferred outflows/(inflows) of resources.....	<u>\$ 13,554,802</u>	<u>\$ (4,778,719)</u>	<u>\$ 8,776,083</u>

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

Year ended June 30:

2018.....	\$ 623,296
2019.....	623,296
2020.....	623,296
2021.....	623,297
2022.....	<u>529,322</u>
Subtotal amortized deferred outflows/(inflows) of resources.....	<u>3,022,507</u>
Contributions made subsequent to the measurement date.....	<u>5,753,576</u>
Total.....	<u>\$ 8,776,083</u>

Changes of Assumptions – The discount rate is 7.00% - previously 3.50%.

Changes in Plan Provisions – None.

GASB Statement #45 – Electric Light Department OPEB Liability

Plan Description – The Electric Light Department (BELD) participates in the Town sponsored single employer defined benefit health plan. BELD provides certain health care and life insurance benefits for eligible retirees, spouse and dependents. Chapter 32B of the MGL assigns authority to establish and amend benefit provisions of the plan.

At January 1, 2017, BELD’s membership consisted of the following:

Active members.....	101
Inactive employees or beneficiaries currently receiving benefits.....	<u>69</u>
Total.....	<u><u>170</u></u>

Funding Policy – BELD recognizes the cost of providing these benefits, in accordance with government accounting standards, on a pay-as-you-go basis, by expensing the annual insurance premiums charged to BELD by the Town, which aggregated to approximately \$952,000 for the year ended December 31, 2017. The cost of providing these benefits for retirees is not readily separable from the costs for active employees. Retired plan members and beneficiaries currently receiving benefits are required to contribute 33-50% of the cost of benefits provided depending on the plan they chose.

Annual OPEB Costs – BELD’s annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution (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 costs each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years.

The components of BELD’s annual OPEB cost for the year ending December 31, 2017, the amount actually contributed to the plan, and the changes in the department’s net OPEB obligation based on an actuarial valuation as of January 1, 2017, as summarized in the following table:

Annual required contribution.....	\$ 392,130
Contributions made.....	<u>(372,645)</u>
Increase in the net OPEB obligation.....	19,485
Transfer to the OPEB Trust Fund.....	<u>(520,000)</u>
Change in the net OPEB obligation.....	(500,515)
Net OPEB obligation, beginning of year.....	<u>6,490,008</u>
Net OPEB obligation, end of year.....	<u><u>\$ 5,989,493</u></u>

The BELD’s annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2017 and the two preceding years were as follows:

Year ended	Annual OPEB Cost	Percentage of OPEB Cost Contributed	Net OPEB Obligation
12/13/2017	\$ 392,130	227.6%	\$ 5,989,493
12/31/2016	1,204,402	75.2%	6,490,008
12/13/2015	1,147,266	76.2%	6,191,342

Funded Status and Funding Progress – As of January 1, 2017, the most recent actuarial valuation date, the actuarial accrued liability for benefits was \$9.5 million. At December 31, 2017 BELD had assets of \$3.9 million set aside for this obligation.

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 annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year 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 benefit costs between the employer and the 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.

As of the January 1, 2017 actuarial valuation the projected unit credit cost method was used. The actuarial assumptions included an initial annual health care cost trend rate of 5.00%. The actuarial value of assets was determined using the market value of investments. BELD's unfunded actuarial accrued liability is being amortized as a level percentage of pay on a closed basis.

NOTE 13 – FINANCIAL STATEMENTS FOR PENSION AND OTHER POSTEMPLOYMENT BENEFITS TRUST FUNDS

GAAP requires that all Pension and Other Postemployment Trust Funds be combined and presented in one column in the Fiduciary Funds financial statements and that the individual financial statements for each trust fund plan are reported in the notes to the financial statements. Provided below are the individual financial statements for the pension and OPEB plans that are included in the Fiduciary Funds as Pension and Other Postemployment Benefit Trust Funds.

	Pension Trust Fund (as of December 31, 2017)	Other Postemployment Benefit Trust Fund	Total Pension and Other Employee Benefit Trust Funds
ASSETS			
Cash and cash equivalents.....	\$ 264,583	\$ -	\$ 264,583
Investments:			
Investments in Pension Reserve Investment Trust.....	9,246,560	11,598,563	20,845,123
Equity securities.....	676,540	-	676,540
Equity mutual funds.....	117,441,218	-	117,441,218
Fixed income mutual funds.....	44,846,153	-	44,846,153
Pooled alternative investments.....	31,312,723	-	31,312,723
Receivables, net of allowance for uncollectibles:			
Departmental and other.....	10,463	-	10,463
Intergovernmental.....	74,627	-	74,627
TOTAL ASSETS.....	203,872,867	11,598,563	215,471,430
LIABILITIES			
Warrants payable.....	63,754	-	63,754
NET POSITION			
Restricted for pensions.....	203,809,113	-	203,809,113
Restricted for other postemployment benefits.....	-	11,598,563	11,598,563
TOTAL NET POSITION.....	\$ 203,809,113	\$ 11,598,563	\$ 215,407,676

	Pension Trust Fund (as of December 31, 2017)	Other Postemployment Benefit Trust Fund	Total Pension and Other Employee Benefit Trust Funds
ADDITIONS:			
Contributions:			
Employer contributions.....	\$ 9,899,098	\$ 1,809,100	\$ 11,708,198
Employer contributions for other postemployment benefit payments.....	-	4,464,476	4,464,476
Member contributions.....	4,482,120	-	4,482,120
Transfers from other systems.....	316,172	-	316,172
3(8)c contributions from other systems.....	257,874	-	257,874
Workers compensation settlements.....	4,000	-	4,000
State COLA reimbursements.....	144,205	-	144,205
Member makeup payments and redeposits.....	13,282	-	13,282
Intergovernmental.....	124,592	-	124,592
Total contributions.....	15,241,343	6,273,576	21,514,919
Net investment income:			
Investment income.....	5,561,319	948,310	6,509,629
Net change in fair value of investments.....	22,852,395	-	22,852,395
Less: investment expense.....	(1,123,370)	-	(1,123,370)
Net investment income.....	27,290,344	948,310	28,238,654
TOTAL ADDITIONS.....	42,531,687	7,221,886	49,753,573
DEDUCTIONS:			
Administration.....	287,298	-	287,298
Transfers to other systems.....	432,832	-	432,832
3(8)c transfer to other systems.....	381,309	-	381,309
Retirement benefits and refunds.....	16,251,114	-	16,251,114
Other postemployment benefit payments.....	-	4,464,476	4,464,476
TOTAL DEDUCTIONS.....	17,352,553	4,464,476	21,817,029
NET INCREASE IN NET POSITION.....	25,179,134	2,757,410	27,936,544
NET POSITION AT BEGINNING OF YEAR.....	178,629,979	8,841,153	187,471,132
NET POSITION AT END OF YEAR.....	\$ 203,809,113	\$ 11,598,563	\$ 215,407,676

NOTE 14 – 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 \$15.5 million on improvements to the system over the last 15 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 \$90.3 million for school building repairs and renovations, roadway repairs, water distribution system projects, and the East Middle

School project of \$83,472,279 has an expected MSBA reimbursement rate of 57.98% of eligible costs or \$41,221,711 which will reduce the \$90.3 million debt to be issued.

Seabrook Project

BELD has entered into a power sales agreement, 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 power sales agreement, 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. BELD’s obligations to pay are not contingent on the future operation of the unit. As of December 31, 2017, MMWEC’s total future debt service requirement on outstanding bonds issued for the projects is \$11,425,000, of which \$129,000 is anticipated to be billed to BELD in the future. BELD paid for Seabrook debt through April 2017 and the remaining debt was paid through MMWEC Bond Reserve Dollars. The Seabrook bonds were paid off in full in June 2018 by MMWEC. BELD will continue to pay for Seabrook capacity and energy on a monthly basis.

Long-term Power Purchase Commitments

BELD’s total capacity, O&M and debt costs related to its long-term power purchase commitments as of year-end 2017 are approximately as follows:

Seabrook 1 Nuclear Unit	\$	2,225,000
NYPA		1,000,000
Hydro Quebec Phase II		<u>450,000</u>
	\$	<u>3,675,000</u>

The contract entitlements decrease and expire as follows:

2018	\$	1,250,000
2019		525,000
2020		450,000
2021-2025		<u>1,450,000</u>
Total	\$	<u>3,675,000</u>

NOTE 15 – 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 sighting of electric property, ambient air and water quality, plant safety and other environmental factors. These standards have had an impact

on the BELD’s operations in the past and they will continue to have an impact on future operations, capital costs and construction schedules.

Various legal actions and claims are pending. Litigation is subject to many uncertainties, and the outcome of individual litigated matters is not always predictable. Although the amount of liability, if any, at June 30, 2018, cannot be ascertained, management believes any resulting liability should not materially affect the financial statements at June 30, 2018.

NOTE 16 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through December 19, 2018, which is the date the financial statements were available to be issued.

NOTE 17 – REVISION OF NET POSITION PREVIOUSLY REPORTED

Beginning net position of the governmental and business-type activities has been revised to reflect the implementation of GASB Statement #75. To reflect this change, the Town has revised the net other postemployment liability (OPEB), which has resulted in the revision of the June 30, 2017, balances as follows:

	06/30/2017 Previously Reported Balances	Implementation of GASB #75	06/30/2017 Revised Balances
	<u> </u>	<u> </u>	<u> </u>
Government-Wide Financial Statements			
Governmental activities.....	\$ (32,803,568)	\$ 2,307,925	\$ (30,495,643)
Business-type activities.....	91,304,900	(77,953)	91,226,947
Total.....	<u>\$ 58,501,332</u>	<u>\$ 2,229,972</u>	<u>\$ 60,731,304</u>
Business-type Activities - Enterprise Funds			
Water and sewer.....	\$ 35,674,126	\$ (45,799)	\$ 35,628,327
Golf course.....	(844,493)	(32,154)	(876,647)
Total.....	<u>\$ 34,829,633</u>	<u>\$ (77,953)</u>	<u>\$ 34,751,680</u>

NOTE 18 – IMPLEMENTATION OF NEW GASB PRONOUNCEMENTS

During 2018, the following GASB pronouncements were implemented:

- GASB Statement #75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The basic financial statements, related notes and required supplementary information were updated to be in compliance with this pronouncement.
- GASB Statement #81, *Irrevocable Split-Interest Agreements*. This pronouncement did not impact the basic financial statements.
- GASB Statement #85, *Omnibus 2017*. This pronouncement did not impact the basic financial statements.

- GASB Statement #86, *Certain Debt Extinguishment Issues*. This pronouncement did not impact the basic financial statements.

The following GASB pronouncements will be implemented in the future:

- The GASB issued Statement #83, *Certain Asset Retirement Obligations*, which is required to be implemented in 2019.
- The GASB issued Statement #84, *Fiduciary Activities*, which is required to be implemented in 2019.
- The GASB issued Statement #87, *Leases*, which is required to be implemented in 2021.
- The GASB issued Statement #88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*, which is required to be implemented in 2019.
- The GASB issued Statement #89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, which is required to be implemented in 2021.
- The GASB issued Statement #90, *Majority Equity Interests – an amendment of GASB Statements #14 and #61*, which is required to be implemented in 2020.

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, 2018

	Budgeted Amounts		Actual Budgetary Amounts	Amounts Carried Forward To Next Year	Variance to Final Budget
	Original Budget	Final Budget			
REVENUES:					
Real estate and personal property taxes, net of tax refunds.....	\$ 87,222,140	\$ 87,222,140	\$ 87,600,334	\$ -	\$ 378,194
Tax liens.....	-	-	320,163	-	320,163
Motor vehicle and other excise taxes.....	6,310,000	6,310,000	6,614,593	-	304,593
Hotel/motel tax.....	1,569,000	1,569,000	1,558,537	-	(10,463)
Meals tax.....	1,142,000	1,142,000	1,208,369	-	66,369
Penalties and interest on taxes.....	295,000	295,000	318,098	-	23,098
Payments in lieu of taxes.....	2,400,000	2,400,000	2,394,233	-	(5,767)
Intergovernmental.....	24,484,719	24,484,719	25,199,752	-	715,033
Departmental and other.....	5,861,000	5,861,000	5,944,415	-	83,415
Investment income.....	279,000	279,000	380,392	-	101,392
TOTAL REVENUES.....	129,562,859	129,562,859	131,538,886	-	1,976,027
EXPENDITURES:					
Current:					
General Government:					
Town Council					
Administration.....	203,064	203,060	199,950	1,076	2,034
Reserve Fund.....	40,000	40,000	-	-	40,000
Internal Audit.....	122,636	122,636	70,440	52,196	-
Articles.....	41,510	41,510	11,693	29,817	-
Total.....	407,210	407,206	282,083	83,089	42,034
Mayor's Office					
Administration.....	566,157	541,157	537,358	-	3,799
Fair Housing.....	2,275	2,275	692	-	1,583
Commission on Disabilities.....	1,025	1,025	598	-	427
Articles.....	114,650	139,650	53,861	85,789	-
Total.....	684,107	684,107	592,509	85,789	5,809
Finance Department					
Administration.....	172,967	172,967	153,186	19,500	281
Accounting.....	266,299	266,749	256,379	9,238	1,132
Assessing.....	286,794	287,684	280,482	201	7,001
Information Technology.....	472,314	472,314	463,146	9,168	-
General Insurances.....	537,958	567,958	519,829	10,958	37,171
Treasurer/Collector.....	1,714,395	1,717,924	1,705,966	4,122	7,836
Bond Principal.....	3,205,040	3,165,700	3,165,700	-	-
Bond Interest.....	964,757	918,307	912,521	-	5,786
Leases.....	61,360	61,360	61,360	-	-
Capital Project.....	9,731	9,731	-	9,731	-
Articles.....	149,874	205,674	30,573	175,101	-
Total.....	7,841,489	7,846,388	7,549,142	238,019	59,207
Law Department					
Administration.....	386,831	506,831	435,860	25,974	44,997
Licensing Board.....	33,881	33,881	33,221	-	660
Total.....	420,712	540,712	469,081	25,974	45,657
Human Resources					
Administration.....	498,600	498,600	460,492	-	38,108
Employee Benefits.....	18,982,619	18,982,619	18,330,362	369,190	283,067
Veterans Benefits.....	389,291	389,291	373,328	231	15,732
Celebrations.....	7,000	7,000	6,843	-	157
Total.....	19,877,510	19,877,510	19,171,025	369,421	337,064
Town Clerk					
Administration.....	127,836	127,836	108,241	3,050	16,545
Elections.....	65,655	65,655	40,043	-	25,612
Registration.....	178,935	179,235	168,688	-	10,547
Articles.....	1,156	13,156	10,524	2,632	-
Total.....	373,582	385,882	327,496	5,682	52,704

(Continued)

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

YEAR ENDED JUNE 30, 2018

	Budgeted Amounts		Actual Budgetary Amounts	Amounts Carried Forward To Next Year	Variance to Final Budget
	Original Budget	Final Budget			
Planning and Community Development					
Administration.....	279,595	279,595	269,226	764	9,605
Planning.....	9,856	29,856	6,740	19,500	3,616
Conservation.....	152,505	152,505	106,901	6,847	38,757
Zoning Board of Appeals.....	84,664	84,664	81,325	-	3,339
Economic Development.....	156,743	184,743	54,709	116,749	13,285
Historical Commission.....	9,210	9,210	4,109	-	5,101
Capital Projects.....	224,026	234,026	37,714	196,312	-
Total.....	916,599	974,599	560,724	340,172	73,703
Total General Government.....	30,521,209	30,716,384	28,952,060	1,148,146	616,178
Public Safety:					
Police					
Administration.....	969,984	994,319	991,061	2,821	437
Building Maintenance.....	126,404	126,402	96,079	29,737	586
Equipment Maintenance.....	229,634	229,634	177,996	44,535	7,103
Patrol Bureau.....	5,118,554	6,479,499	6,471,746	7,750	3
Communications.....	909,558	1,036,259	1,032,313	3,946	-
Detective Bureau.....	1,099,920	1,344,045	1,341,985	1,770	290
Traffic Bureau.....	76,061	93,723	93,583	-	140
Special Services/Community Policing.....	660,099	785,121	783,766	785	570
Harbormaster.....	9,700	9,700	9,588	-	112
Animal Control.....	69,080	69,080	67,158	1,493	429
Capital Projects.....	460,104	373,923	131,343	242,580	-
Total.....	9,729,098	11,541,705	11,196,618	335,417	9,670
Fire					
Administration.....	277,986	277,986	273,065	4,861	60
Building Maintenance.....	149,859	149,859	148,463	1,058	338
Equipment Maintenance.....	166,303	166,303	166,269	-	34
Fire Suppression.....	7,406,659	7,811,659	7,794,705	10,449	6,505
Fire Alarm Repair.....	122,232	162,232	162,114	-	118
Fire Hazmat.....	117,844	117,844	114,966	-	2,878
Fire Prevention.....	119,423	119,423	119,423	-	-
Training.....	116,822	116,822	116,822	-	-
Fire Boat.....	35,000	35,000	751	-	34,249
Capital Projects.....	782,819	782,819	544,824	237,995	-
Total.....	9,294,947	9,739,947	9,441,402	254,363	44,182
Municipal Licenses and Inspection					
Administration.....	262,694	262,994	256,040	300	6,654
Equipment Maintenance.....	2,500	2,500	773	-	1,727
Inspections/Code Enforcement.....	579,317	579,317	401,823	65,655	111,839
Health.....	221,448	221,448	219,166	-	2,282
Articles.....	23,940	23,940	-	23,940	-
Total.....	1,089,899	1,090,199	877,802	89,895	122,502
Total Public Safety.....	20,113,944	22,371,851	21,515,822	679,675	176,354
Education:					
Education.....	64,758,500	64,758,504	64,737,987	14,308	6,209
Regional School District.....	2,702,125	2,702,125	2,665,281	-	36,844
Capital Projects.....	101,403	397,669	278,026	119,643	-
Total Education.....	67,562,028	67,858,298	67,681,294	133,951	43,053

(Continued)

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

YEAR ENDED JUNE 30, 2018

	Budgeted Amounts		Actual Budgetary Amounts	Amounts Carried Forward To Next Year	Variance to Final Budget
	Original Budget	Final Budget			
Public Works:					
Public Works					
Administration.....	326,173	326,473	308,168	-	18,305
Building Maintenance.....	1,164,284	1,164,284	1,083,527	-	80,757
Equipment Maintenance.....	285,180	285,180	285,032	148	-
Engineering.....	206,231	206,231	201,343	-	4,888
Construction Administration.....	276,236	276,536	241,830	-	34,706
Highway.....	1,716,697	1,746,697	1,549,723	94,848	102,126
Drains.....	189,200	189,200	73,014	105,570	10,616
Sidewalks.....	29,400	29,400	24,047	-	5,353
Street Lighting.....	415,000	415,000	415,000	-	-
Traffic.....	131,152	131,152	103,928	2,178	25,046
Snow and Ice.....	500,000	1,017,769	1,017,769	-	-
Environmental Affairs and Waste Collection.....	1,697,731	1,697,731	1,628,673	48,321	20,737
Cemetery.....	144,172	144,172	122,164	-	22,008
Maintenance Town Hall.....	116,469	116,469	116,469	-	-
Recreation and Community Events.....	176,100	176,100	172,853	425	2,822
Grounds Maintenance.....	531,149	531,149	519,055	10,000	2,094
Summer Programs.....	209,095	209,095	185,101	-	23,994
Brawley Recreation.....	105,953	105,953	105,953	-	-
Articles.....	478,575	841,756	401,212	440,544	-
Total Public Works.....	8,698,797	9,610,347	8,554,861	702,034	353,452
Human Services:					
Council on Aging					
Administration.....	219,107	219,408	215,968	-	3,440
Equipment Maintenance.....	63,122	63,122	61,322	-	1,800
Building Maintenance.....	22,532	22,533	22,533	-	-
Articles.....	40,146	45,146	-	45,146	-
Total Human Services.....	344,907	350,209	299,823	45,146	5,240
Culture and Recreation:					
Library					
Administration.....	224,630	224,780	224,351	-	429
Building Maintenance.....	121,511	121,510	104,632	5,434	11,444
Equipment Maintenance.....	1,000	1,000	325	-	675
Technology.....	54,000	54,000	53,869	-	131
Current Topics and Titles.....	942,561	942,561	918,988	-	23,573
Lifelong Learning.....	136,603	136,603	134,028	-	2,575
Community Commons.....	16,600	16,600	9,059	-	7,541
Articles.....	135,661	140,661	71,767	68,894	-
Total Culture and Recreation.....	1,632,566	1,637,715	1,517,019	74,328	46,368
State and County Assessments.....	4,061,825	4,061,825	3,918,138	-	143,687
TOTAL EXPENDITURES.....	132,935,276	136,606,629	132,439,017	2,783,280	1,384,332
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....	(3,372,417)	(7,043,770)	(900,131)	(2,783,280)	3,360,359
OTHER FINANCING SOURCES (USES):					
Transfers in.....	1,037,540	3,274,028	3,644,741	-	370,713
Transfers out.....	(1,055,431)	(3,421,821)	(3,421,821)	-	-
TOTAL OTHER FINANCING SOURCES (USES).....	(17,891)	(147,793)	222,920	-	370,713
NET CHANGE IN FUND BALANCE.....	(3,390,308)	(7,191,563)	(677,211)	(2,783,280)	3,731,072
BUDGETARY FUND BALANCE, Beginning of year.....	21,123,107	21,123,107	21,123,107	-	-
BUDGETARY FUND BALANCE, End of year.....	\$ 17,732,799	\$ 13,931,544	\$ 20,445,896	\$ (2,783,280)	\$ 3,731,072

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	December 31, 2016	December 31, 2017
Total pension liability:				
Service cost.....	\$ 6,023,441	\$ 6,023,441	\$ 7,011,992	\$ 7,317,237
Interest.....	18,204,152	19,380,005	21,147,039	22,115,653
Changes in benefit terms.....	-	-	-	-
Differences between expected and actual experience.....	-	1,815,050	-	(3,576,168)
Changes in assumptions.....	-	9,995,718	-	7,136,232
Benefit payments.....	(15,009,048)	(15,148,464)	(15,656,177)	(16,251,114)
Interest on benefit payments.....	-	-	-	-
Net change in total pension liability.....	9,218,545	22,065,750	12,502,854	16,741,840
Total pension liability - beginning.....	242,396,817	251,615,362	273,681,112	286,183,966
Total pension liability - ending (a).....	<u>\$ 251,615,362</u>	<u>\$ 273,681,112</u>	<u>\$ 286,183,966</u>	<u>\$ 302,925,806</u>
Plan fiduciary net position:				
Employer contributions.....	\$ 8,455,791	\$ 8,771,129	\$ 9,165,831	\$ 9,899,098
Member contributions.....	4,658,478	3,889,183	4,043,379	4,482,120
Net investment income (loss).....	9,407,198	(2,891,404)	14,033,058	27,290,344
Administrative expenses.....	(267,893)	(266,847)	(314,174)	(287,298)
Retirement benefits and refunds.....	(15,009,048)	(15,148,464)	(15,656,177)	(16,251,114)
Other receipts.....	-	54,614	124,202	45,984
Net increase (decrease) in fiduciary net position.....	7,244,526	(5,591,789)	11,396,119	25,179,134
Fiduciary net position - beginning of year.....	165,581,123	172,825,649	167,233,860	178,629,979
Fiduciary net position - end of year (b).....	<u>\$ 172,825,649</u>	<u>\$ 167,233,860</u>	<u>\$ 178,629,979</u>	<u>\$ 203,809,113</u>
Net pension liability - ending (a)-(b).....	<u>\$ 78,789,713</u>	<u>\$ 106,447,252</u>	<u>\$ 107,553,987</u>	<u>\$ 99,116,693</u>
Plan fiduciary net position as a percentage of the total pension liability.....	68.69%	61.11%	62.42%	67.28%
Covered payroll.....	\$ 38,444,353	\$ 39,982,127	\$ 47,022,635	\$ 44,507,860
Net pension liability as a percentage of covered payroll.....	204.94%	266.24%	228.73%	222.69%

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.

See notes to required supplementary information.

**SCHEDULE OF CONTRIBUTIONS
BRAINTREE CONTRIBUTORY RETIREMENT SYSTEM**

Year	Actuarially determined contribution	Contributions in relation to the actuarially determined contribution	Contribution deficiency (excess)	Covered payroll	Contributions as a percentage of covered payroll
December 31, 2017.....	\$ 9,899,098	\$ (9,899,098)	-	\$ 44,507,860	22.24%
December 31, 2016.....	9,165,831	(9,165,831)	-	47,022,635	19.49%
December 31, 2015.....	8,771,129	(8,771,129)	-	39,982,127	21.94%
December 31, 2014.....	8,393,425	(8,393,425)	-	38,444,353	21.83%

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 RETURNS
BRAINTREE CONTRIBUTORY RETIREMENT SYSTEM**

Year	Annual money-weighted rate of return, net of investment expense
December 31, 2017.....	15.45%
December 31, 2016.....	8.49%
December 31, 2015.....	-1.70%
December 31, 2014.....	5.73%

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.

Pension Plan Schedules – Town & Electric Light Department

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 Town 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**

Year	Proportion of the net pension liability (asset)	Proportionate share of the net pension liability (asset)	Covered payroll	Net pension liability as a percentage of covered payroll	Plan fiduciary net position as a percentage of the total pension liability
December 31, 2017.....	75.81%	\$ 75,137,651	\$ 35,646,572	210.79%	67.28%
December 31, 2016.....	76.94%	82,751,470	36,176,897	228.74%	62.42%
December 31, 2015.....	76.75%	72,633,217	30,706,775	236.54%	61.11%
December 31, 2014.....	75.87%	59,777,226	29,167,473	204.94%	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.

See notes to required supplementary information.

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

Year	Proportion of the net pension liability (asset)	Proportionate share of the net pension liability (asset)	Covered payroll	Net pension liability as a percentage of covered payroll	Plan fiduciary net position as a percentage of the total pension liability
December 31, 2016.....	22.02%	\$ 23,367,368	\$ 10,215,635	228.74%	62.42%
December 31, 2015.....	22.70%	23,312,268	9,902,018	235.43%	61.11%
December 31, 2014.....	21.90%	17,885,794	8,727,126	204.94%	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 Electric Light Enterprise Fund year end is December 31st, while the Town is June 30th.

The Electric Light Enterprise Fund's initial implementation of GASB 68 was for the year ended December 31, 2015 and used the measurement date of December 31, 2014.

See notes to required supplementary information.

**SCHEDULE OF THE TOWN'S CONTRIBUTIONS
BRAintree CONTRIBUTORY RETIREMENT SYSTEM**

Year	Actuarially determined contribution	Contributions in relation to the actuarially determined contribution	Contribution deficiency (excess)	Covered payroll	Contributions as a percentage of covered payroll
Town of Braintree (1):					
June 30, 2018.....	\$ 7,561,879	\$ (7,561,879)	\$ -	36,359,503	20.80%
June 30, 2017.....	6,957,634	(6,957,634)	-	36,900,435	18.86%
June 30, 2016.....	6,638,150	(6,638,150)	-	31,320,911	21.19%
June 30, 2015.....	6,247,261	(6,247,261)	-	29,750,822	21.00%
Electric Light Department:					
December 31, 2017.....	\$ 2,205,290	\$ (2,205,290)	\$ -	10,215,635	21.59%
December 31, 2016.....	2,084,994	(2,084,994)	-	9,902,018	21.06%
December 31, 2015.....	2,014,473	(2,014,473)	-	8,727,126	23.08%

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.

(1) Excluding the Electric Light Department.

See notes to required supplementary information.

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

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. Therefore, there is no net pension liability to recognize. This schedule discloses the Commonwealth's 100% share of the associated collective net pension liability; the portion of the collective pension expense as both a revenue and pension expense recognized; and the Plan's fiduciary net position as a percentage of the total liability.

Year	Commonwealth's 100% Share of the Braintree Teachers' Associated Net Pension Liability	Expense and Revenue Recognized for the Commonwealth's Support	Plan Fiduciary Net Position as a Percentage of the Total Liability
2018.....	\$ 142,585,990	\$ 14,882,115	54.25%
2017.....	138,904,668	14,169,187	52.73%
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 Changes in the Town's Net Other Postemployment Benefit Liability and Related Ratios presents multi-year trend information on changes in the Plan's total OPEB liability, changes in the Plan's net position, and ending net OPEB liability. It also demonstrates the Plan's net position as a percentage of the total liability and the Plan's net other postemployment benefit liability as a percentage of covered employee payroll.

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

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

GASB #45 – Electric Light Department

The Electric Light Department reports on a calendar year basis and their plan is to implement GASB 75 for the year ended December 31, 2018.

The Schedule of the Electric Light Department's Funding Progress compares, over time, the actuarial accrued liability for benefits with the actuarial value of accumulated plan assets.

The Schedule of the Electric Light Department's Employer Contributions presents multi-year trend information for required and actual contributions relating to the plan.

The Schedule of the Electric Light Department's Actuarial Methods and Assumptions presents factors that significantly affect the identification trends in the amounts reported.

**SCHEDULE OF CHANGES IN THE
TOWN'S NET OPEB LIABILITY AND RELATED RATIOS
OTHER POSTEMPLOYMENT BENEFIT PLAN**

	June 30, 2017	June 30, 2018
Total OPEB Liability		
Service Cost.....	\$ 2,399,962	\$ 2,556,839
Interest.....	6,993,990	8,481,030
Changes of benefit terms.....	-	-
Differences between expected and actual experience....	(5,871,558)	(6,228,755)
Changes of assumptions.....	10,295,994	5,395,723
Benefit payments.....	<u>(4,794,382)</u>	<u>(4,464,476)</u>
Net change in total OPEB liability.....	9,024,006	5,740,361
Total OPEB liability - beginning.....	<u>99,870,569</u>	<u>108,894,575</u>
Total OPEB liability - ending (a).....	<u>\$ 108,894,575</u>	<u>\$ 114,634,936</u>
Plan fiduciary net position		
Employer contributions.....	\$ 1,610,000	\$ 1,809,100
Employer contributions for OPEB payments.....	4,794,382	4,464,476
Net investment income.....	992,382	948,310
Benefit payments.....	<u>(4,794,382)</u>	<u>(4,464,476)</u>
Net change in plan fiduciary net position.....	2,602,382	2,757,410
Plan fiduciary net position - beginning of year.....	<u>6,238,771</u>	<u>8,841,153</u>
Plan fiduciary net position - end of year (b).....	<u>\$ 8,841,153</u>	<u>\$ 11,598,563</u>
Net OPEB liability - ending (a)-(b).....	<u>\$ 100,053,422</u>	<u>\$ 103,036,373</u>
Plan fiduciary net position as a percentage of the total OPEB liability.....	8.12%	10.12%
Covered-employee payroll.....	\$ 85,926,398	\$ 88,504,190
Net OPEB liability as a percentage of covered-employee payroll.....	116.44%	116.42%

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 TOWN'S CONTRIBUTIONS
OTHER POSTEMPLOYMENT BENEFIT PLAN**

<u>Year</u>	<u>Actuarially determined contribution</u>	<u>Contributions in relation to the actuarially determined contribution</u>	<u>Contribution deficiency (excess)</u>	<u>Covered- employee payroll</u>	<u>Contributions as a percentage of covered- employee payroll</u>
June 30, 2018.....	\$ 10,150,937	\$ (6,273,576)	\$ 3,877,361	\$ 88,504,190	7.09%
June 30, 2017.....	9,955,126	(6,455,382)	3,499,744	85,926,398	7.51%

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 RETURNS
OTHER POSTEMPLOYMENT BENEFIT PLAN

Year	Annual money-weighted rate of return, net of investment expense
June 30, 2018.....	9.25%
June 30, 2017.....	12.53%

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 ELECTRIC LIGHT DEPARTMENT'S FUNDING PROGRESS AND EMPLOYER CONTRIBUTIONS
OTHER POSTEMPLOYMENT BENEFITS PLAN**

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)
1/1/2017	\$ 3,946,240	\$ 9,482,014	\$ 5,535,774	41.6%	\$ 10,559,024	52.43%
1/1/2015	2,888,773	16,217,599	13,328,826	17.8%	9,889,131	134.78%
1/1/2013	1,695,434	18,672,732	16,977,298	9.1%	9,642,568	176.07%

Schedule of Employer Contributions

Year Ended	Annual Required Contribution (ARC)	Actual Contributions Made	Percentage of the ARC Contributed
12/31/2017	\$ 392,130	\$ 372,645	95%
12/31/2016	1,204,402	385,737	32%
12/31/2015	1,147,266	353,777	31%
12/31/2014	1,645,813	451,869	27%
12/31/2013	1,579,787	426,199	27%
12/31/2012	1,122,347	310,025	28%

See notes to required supplementary information.

THE ELECTRIC LIGHT DEPARTMENT'S ACTUARIAL METHODS AND ASSUMPTIONS
OTHER POSTEMPLOYMENT BENEFITS PLAN

Actuarial Methods:

Valuation date.....	1/1/2017
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 2018 approved budget authorized approximately \$134 million in appropriations and other amounts to be raised, including \$3.1 million in amounts carried over from previous years. During 2018, the Town Council also approved supplemental appropriations totaling approximately \$6 million. These supplemental appropriations mainly consisted of \$2.3 million appropriated for stabilization fund, \$1.4 million for the police patrol bureau, \$405,000 for fire suppression, \$363,000 for public works articles and \$518,000 was for snow and ice. 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, 2018, is presented in the table below:

Net change in fund balance - budgetary basis.....	\$ (677,211)
<u>Perspective differences:</u>	
Activity of the stabilization fund recorded in the general fund for GAAP.....	817,648
Activity of the municipal building insurance fund recorded in the general fund for GAAP.....	(74,657)
<u>Basis of accounting differences:</u>	
Net change in recording tax refunds payable.....	617,000
Net change in recording accrued revenues.....	(563,662)
Recognition of revenue for on-behalf payments.....	14,882,115
Recognition of expenditures for on-behalf payments.....	<u>(14,882,115)</u>
Net change in fund balance - GAAP basis.....	<u>\$ 119,118</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.

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 1st of each year. 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 1st of each year. 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: Investment rate of return was decreased from 7.75% to 7.65%.

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 Other Post Employment Benefit Plan"). The plan provides lifetime healthcare, dental and life insurance for eligible retirees and their spouses through the Town's health insurance plan, which covers both active and retired members, including teachers.

The Other Postemployment Benefit Plan**A. Schedule of Changes in the Town's Net Other Postemployment Benefit Liability and Related Ratios**

The Schedule of Changes in the Town's Net Other Postemployment Benefit Liability and Related Ratios presents multi-year trend information on changes in the Plan's total OPEB liability, changes in the Plan's net position, and ending net OPEB liability. It also demonstrates the Plan's net position as a percentage of the total liability and the Plan's net other postemployment benefit liability as a percentage of covered employee payroll.

B. Schedule of the Town’s Contributions

The Schedule of the Town’s Contributions includes the Town’s annual required contribution to the Plan, along with the contribution made in relation to the actuarially determined contribution and the covered employee payroll. The Town is not required to fully fund this contribution. It also demonstrates the contributions as a percentage of covered payroll. Actuarially contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported. Methods and assumptions used to determine contribution rates are as follows:

Valuation date.....	July 1, 2017
Actuarial cost method.....	Individual Entry Age Normal Cost Method.
Asset valuation method.....	2018.
Discount rate.....	7.00% per annum (previously 3.50%).
Investment rate of return.....	7.04%, net of OPEB plan investment expense, including inflation.
Municipal bond rate.....	3.13% as of July 1, 2017 (source: S&P Municipal Bond 20-Year High Grade Index - SAPIHG).
Participation rate.....	It was assumed that 80% of employees eligible to receive retirement benefits would enroll in the retiree medical plans upon retirement. For life insurance plans, it was assumed that 80% of eligible employees would elect coverage upon retirement.
Percent married.....	It was assumed that 80% of male employees and 70% of female employees who elect retiree healthcare coverage for themselves would also elect coverage for a spouse upon retirement. If provided, the actual census information was used. Otherwise it was assumed that a male spouse is three years older than a female spouse and same sex spouses are assumed to be the same age.
Salary increases.....	3.00% per year.
Pre-retirement mortality.....	It is assumed that pre-retirement mortality is represented by the RP-2000 Employees Mortality Table projected generationally with scale BB and a base year 2009 for males and females.

Post-retirement mortality.....	It is assumed that post-retirement mortality is represented by the RP-2000 Healthy Annuitant Mortality Table projected generationally with scale BB and a base year 2009 for males and females.
Disabled mortality.....	It is assumed that disabled mortality is represented by the RP-2000 Healthy Annuitant Table projected generationally with Scale BB and a base year 2012 for males and females.
Mortality experience study.....	The mortality assumptions reflect PERAC's recent experience analysis published in 2014 (based on the years 2006-2011), updated to reflect data through January 1, 2015 for post-retirement mortality, and professional judgement. As such, mortality assumptions reflect observed current mortality as well as expected mortality improvements.

C. Schedule of Investment Return

The Schedule of Investment Return includes the money-weighted investment return on the Plan's other postemployment assets, net of investment expense.

D. Changes in Assumptions

The discount rate is 7.00% - previously 3.50%.

E. Changes in Plan Provisions

None.

F. Schedule of Funding Progress

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

G. Schedule of Employer Contributions

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

H. Schedule of Actuarial Methods and Assumptions

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

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.

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, 2018

	Special Revenue Funds					Subtotal
	Town Special Revenue Funds	School Lunch Fund	School Special Revenue Funds	Community Preservation Fund	Highway Improvement Fund	
ASSETS						
Cash and cash equivalents.....	\$ 5,567,924	\$ 399,790	\$ 2,829,663	\$ 7,655,288	\$ -	\$ 16,452,665
Investments.....	-	-	-	-	-	-
Receivables, net of uncollectibles:						
Community preservation fund surtax.....	-	-	-	1,779	-	1,779
Intergovernmental - other.....	-	-	-	-	1,202,384	1,202,384
Community preservation state share.....	-	-	-	84,548	-	84,548
TOTAL ASSETS.....	\$ 5,567,924	\$ 399,790	\$ 2,829,663	\$ 7,741,615	\$ 1,202,384	\$ 17,741,376
LIABILITIES						
Warrants payable.....	\$ 194,370	\$ 35,085	\$ 415,863	\$ 137,412	\$ 840	\$ 783,570
Accrued payroll.....	6,235	-	-	110	-	6,345
Due to other funds.....	-	-	-	-	2,279	2,279
TOTAL LIABILITIES.....	200,605	35,085	415,863	137,522	3,119	792,194
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue.....	-	-	-	86,326	1,199,265	1,285,591
FUND BALANCES						
Nonspendable.....	-	-	-	-	-	-
Restricted.....	5,367,319	364,705	2,413,800	7,517,767	-	15,663,591
TOTAL FUND BALANCES.....	5,367,319	364,705	2,413,800	7,517,767	-	15,663,591
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES.....	\$ 5,567,924	\$ 399,790	\$ 2,829,663	\$ 7,741,615	\$ 1,202,384	\$ 17,741,376

<u>Permanent Funds</u>				
<u>Nonexpendable Trust Funds</u>	<u>Expendable Trust Funds</u>	<u>Subtotal</u>		<u>Total Nonmajor Governmental Funds</u>
\$ 2,564,529	\$ 139,500	\$ 2,704,029	\$	19,156,694
-	6,854,552	6,854,552		6,854,552
-	-	-		1,779
-	-	-		1,202,384
-	-	-		84,548
<u>\$ 2,564,529</u>	<u>\$ 6,994,052</u>	<u>\$ 9,558,581</u>	<u>\$</u>	<u>27,299,957</u>
\$ -	\$ -	\$ -	\$	783,570
-	-	-		6,345
-	-	-		2,279
-	-	-		792,194
-	-	-		1,285,591
2,564,529	-	2,564,529		2,564,529
-	6,994,052	6,994,052		22,657,643
<u>2,564,529</u>	<u>6,994,052</u>	<u>9,558,581</u>		<u>25,222,172</u>
<u>\$ 2,564,529</u>	<u>\$ 6,994,052</u>	<u>\$ 9,558,581</u>	<u>\$</u>	<u>27,299,957</u>

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

YEAR ENDED JUNE 30, 2018

	Special Revenue Funds					Subtotal
	Town Special Revenue Funds	School Lunch Fund	School Special Revenue Funds	Community Preservation Fund	Highway Improvement Fund	
REVENUES:						
Real estate and personal property taxes,						
Tax liens.....	\$ -	\$ -	\$ -	\$ 1,433	\$ -	\$ 1,433
Intergovernmental - other.....	335,379	601,884	5,658,017	50,420	425,984	7,071,684
Departmental and other.....	574,177	1,163,290	1,107,634	-	-	2,845,101
Community preservation taxes.....	-	-	-	733,774	-	733,774
Community preservation state match.....	-	-	-	119,439	-	119,439
Contributions and donations.....	290,763	-	169,842	-	-	460,605
Investment income.....	328	5,575	340	94,134	-	100,377
TOTAL REVENUES.....	1,200,647	1,770,749	6,935,833	999,200	425,984	11,332,413
EXPENDITURES:						
Current:						
General government.....	448,643	-	-	-	-	448,643
Public safety.....	380,621	-	-	-	-	380,621
Education.....	-	1,849,330	6,811,271	-	-	8,660,601
Public works.....	96,876	-	-	-	425,984	522,860
Human services.....	233,259	-	-	-	-	233,259
Culture and recreation.....	342,921	-	-	-	-	342,921
Community preservation.....	-	-	-	568,296	-	568,296
TOTAL EXPENDITURES.....	1,502,320	1,849,330	6,811,271	568,296	425,984	11,157,201
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....	(301,673)	(78,581)	124,562	430,904	-	175,212
OTHER FINANCING SOURCES (USES):						
Premium from issuance of bonds.....	236,360	-	-	-	-	236,360
Transfers in.....	10,999	-	143,918	-	-	154,917
Transfers out.....	(216,990)	-	-	-	-	(216,990)
TOTAL OTHER FINANCING SOURCES (USES).....	30,369	-	143,918	-	-	174,287
NET CHANGE IN FUND BALANCES.....	(271,304)	(78,581)	268,480	430,904	-	349,499
FUND BALANCES AT BEGINNING OF YEAR.....	5,638,623	443,286	2,145,320	7,086,863	-	15,314,092
FUND BALANCES AT END OF YEAR.....	\$ 5,367,319	\$ 364,705	\$ 2,413,800	\$ 7,517,767	\$ -	\$ 15,663,591

<u>Permanent Funds</u>			
<u>Nonexpendable</u>	<u>Expendable</u>		<u>Total</u>
<u>Trust Funds</u>	<u>Trust Funds</u>	<u>Subtotal</u>	<u>Nonmajor</u>
			<u>Governmental</u>
			<u>Funds</u>
\$ -	\$ -	\$ -	\$ 1,433
-	-	-	7,071,684
-	-	-	2,845,101
-	-	-	733,774
-	-	-	119,439
-	21,010	21,010	481,615
-	145,424	145,424	245,801
-	166,434	166,434	11,498,847
-	407,921	407,921	856,564
-	-	-	380,621
-	-	-	8,660,601
-	-	-	522,860
-	-	-	233,259
-	531	531	343,452
-	-	-	568,296
-	408,452	408,452	11,565,653
-	(242,018)	(242,018)	(66,806)
-	-	-	236,360
-	40,000	40,000	194,917
-	(161,417)	(161,417)	(378,407)
-	(121,417)	(121,417)	52,870
-	(363,435)	(363,435)	(13,936)
2,564,529	7,357,487	9,922,016	25,236,108
\$ 2,564,529	\$ 6,994,052	\$ 9,558,581	\$ 25,222,172

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

YEAR ENDED JUNE 30, 2018

	June 30, 2017	Additions	Deletions	June 30, 2018
ASSETS				
CURRENT:				
Cash and cash equivalents.....	\$ 628,933	\$ 2,855,121	\$ (2,953,711)	\$ 530,343
LIABILITIES				
Liabilities due depositors.....	\$ 628,933	\$ 2,855,121	\$ (2,953,711)	\$ 530,343

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Statistical Section



Bob Beach, former golf pro at Braintree Municipal Golf Course, serving as Grand Marshal to the 2018 Braintree Day Parade.

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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

	2009	2010	2011	2012	2013	2014 (1)	2015	2016	2017 (2)	2018
Governmental activities										
Net investment in capital assets.....	\$ 43,952,129	\$ 44,776,089	\$ 47,910,553	\$ 52,564,200	\$ 54,067,678	\$ 56,111,895	\$ 57,366,463	\$ 58,265,300	\$ 60,170,507	\$ 62,716,807
Restricted.....	15,387,436	17,909,375	18,984,718	19,081,454	19,486,773	21,298,935	22,222,634	24,396,588	25,344,615	25,308,498
Unrestricted.....	(1,978,165)	(8,277,629)	(14,151,761)	(20,004,880)	(23,061,668)	(86,823,313)	(96,707,790)	(103,802,229)	(120,805,147)	(119,923,828)
Total governmental activities net position.....	\$ 57,361,400	\$ 54,407,835	\$ 52,743,510	\$ 51,640,774	\$ 50,492,783	\$ (9,412,483)	\$ (17,118,693)	\$ (21,140,341)	\$ (35,290,025)	\$ (31,898,523)
Business-type activities										
Net investment in capital assets.....	\$ 73,771,758	\$ 72,287,202	\$ 69,022,850	\$ 71,591,338	\$ 75,572,798	\$ 76,307,554	\$ 76,442,398	\$ 73,728,340	\$ 90,727,735	\$ 90,227,690
Restricted.....	-	-	-	-	-	3,732,114	5,353,621	5,038,499	5,038,499	5,038,499
Unrestricted.....	14,243,145	17,782,384	22,809,172	18,020,393	16,082,628	10,640,375	8,801,686	6,418,053	(4,539,287)	1,356,227
Total business-type activities net position.....	\$ 88,014,903	\$ 90,069,586	\$ 91,832,022	\$ 89,611,731	\$ 91,655,426	\$ 90,680,043	\$ 90,597,705	\$ 85,184,892	\$ 91,226,947	\$ 96,622,416
Primary government										
Net investment in capital assets.....	\$ 117,723,887	\$ 117,063,291	\$ 116,933,403	\$ 124,155,538	\$ 129,640,476	\$ 132,419,449	\$ 133,808,861	\$ 131,993,640	\$ 150,898,242	\$ 152,944,497
Restricted.....	15,387,436	17,909,375	18,984,718	19,081,454	19,486,773	25,031,049	27,576,255	29,435,087	30,383,114	30,346,997
Unrestricted.....	12,264,980	9,504,755	8,657,411	(1,984,487)	(6,979,040)	(76,182,938)	(87,906,104)	(97,384,176)	(125,344,434)	(118,567,601)
Total primary government net position.....	\$ 145,376,303	\$ 144,477,421	\$ 144,575,532	\$ 141,252,505	\$ 142,148,209	\$ 81,267,560	\$ 73,479,012	\$ 64,044,551	\$ 55,936,922	\$ 64,723,893

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

(2) The 2017 unrestricted net position for governmental and business-type activities has been revised due to the implementation of GASB #75.

Changes in Net Position

Last Ten Years

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Expenses										
Governmental activities:										
General government.....	\$ 5,734,392	\$ 5,547,521	\$ 6,219,480	\$ 6,120,306	\$ 6,793,916	\$ 6,286,240	\$ 7,100,754	\$ 7,502,823	\$ 8,247,179	\$ 8,149,833
Public safety.....	22,235,903	23,103,086	22,731,221	22,644,632	23,907,018	24,515,683	26,710,830	29,432,081	33,089,768	29,703,546
Education.....	79,763,519	82,719,562	85,120,589	87,632,097	91,537,391	96,438,899	92,481,566	96,802,496	105,764,895	108,661,022
Public works.....	6,576,806	6,004,346	7,075,816	6,258,439	6,903,790	8,158,789	9,686,905	8,524,059	9,086,973	9,467,149
Human services.....	978,727	980,215	1,064,014	1,108,036	1,269,546	1,228,698	1,439,972	1,475,863	1,540,809	1,489,530
Sanitation.....	1,654,683	1,531,123	1,421,972	1,734,699	1,614,505	1,504,893	1,504,795	1,601,041	1,564,617	1,661,204
Culture and recreation.....	3,508,767	3,504,511	3,733,359	3,685,605	3,856,790	3,638,147	3,857,160	4,348,816	4,623,888	3,956,871
Community preservation.....	35,109	41,392	76,049	168,276	133,513	187,852	642,312	112,414	238,972	459,507
Interest.....	367,644	543,891	620,316	668,246	594,798	471,412	486,438	772,942	778,257	711,160
Total governmental activities expenses.....	120,855,550	123,975,647	128,062,816	130,020,336	136,611,267	142,430,613	143,910,732	150,572,535	164,935,358	164,259,822
Business-type activities:										
Water and Sewer.....	12,234,294	12,357,150	12,992,288	12,960,228	13,759,942	13,732,799	14,834,145	14,555,945	15,659,572	15,960,271
Golf.....	1,282,255	1,105,535	1,400,980	1,510,491	1,547,221	1,576,338	1,491,676	1,677,140	1,666,098	1,931,876
Electric.....	65,563,538	71,421,238	72,454,533	70,895,924	66,409,996	68,036,931	73,461,461	65,629,959	64,040,283	64,704,494
Total business-type activity expenses.....	79,080,087	84,883,923	86,847,801	85,366,643	81,717,159	83,346,068	89,787,282	81,863,044	81,365,953	82,596,641
Total primary government expenses.....	\$ 199,935,637	\$ 208,859,570	\$ 214,910,617	\$ 215,386,979	\$ 218,328,426	\$ 225,776,681	\$ 233,698,014	\$ 232,435,579	\$ 246,301,311	\$ 246,856,463
Program Revenues										
Governmental activities:										
Charges for services:										
General government.....	\$ 613,460	\$ 596,828	\$ 517,136	\$ 616,829	\$ 757,713	\$ 863,484	\$ 924,180	\$ 804,350	\$ 1,062,799	\$ 988,714
Public safety.....	3,784,281	2,144,216	2,280,546	2,378,405	2,208,455	1,823,403	2,510,631	3,910,060	2,878,536	2,612,379
Education.....	2,597,937	2,443,837	2,368,875	2,017,758	2,287,988	2,226,802	2,094,328	2,049,131	1,942,356	1,852,628
Public works.....	609,110	334,823	471,878	553,002	627,466	1,160,134	897,304	865,166	898,200	891,097
Human services.....	142,817	24,205	25,792	31,332	33,119	32,811	47,689	34,036	34,809	31,597
Sanitation.....	1,583,698	1,613,247	1,568,749	1,548,721	1,401,085	1,387,356	1,394,047	1,430,004	1,422,536	1,448,823
Culture and recreation.....	393,249	379,560	396,823	361,811	377,596	384,999	382,905	387,517	364,075	364,359
Community preservation.....	-	-	-	-	-	-	-	-	-	-
Operating grants and contributions.....	28,083,776	30,924,968	33,221,854	33,518,827	34,800,674	35,660,762	30,278,006	34,917,830	40,670,272	41,185,089
Capital grants and contributions.....	927,140	1,127,450	3,793,516	4,773,929	3,146,209	662,210	831,972	906,508	1,983,085	4,880,757
Total government activities program revenues.....	38,745,468	39,589,134	44,645,169	45,800,614	45,640,305	44,201,961	39,361,062	45,314,602	51,256,668	54,255,443
Business-type activities:										
Charges for services:										
Water and Sewer.....	12,580,294	12,561,820	13,208,817	12,932,512	13,830,066	14,980,596	16,117,460	16,697,701	17,551,761	18,820,970
Golf.....	1,174,675	1,172,533	1,329,340	1,404,095	1,347,448	1,398,978	1,505,920	1,685,815	1,584,527	1,536,470
Electric.....	65,900,014	73,443,746	75,896,314	70,762,137	70,718,791	71,671,791	73,273,739	73,853,798	70,023,985	68,755,508
Operating grants and contributions.....	-	-	215,783	-	-	-	-	-	-	352,867
Capital grants and contributions.....	-	-	-	281,643	142,560	-	787,500	921,557	174,408	710,203
Total business-type activities program revenues.....	79,654,983	87,178,099	90,650,254	85,380,387	86,038,881	88,051,365	91,684,619	93,158,871	89,334,681	90,176,018
Total primary government program revenues.....	\$ 118,400,451	\$ 126,767,233	\$ 135,295,423	\$ 131,181,001	\$ 131,679,186	\$ 132,253,326	\$ 131,045,681	\$ 138,473,473	\$ 140,591,349	\$ 144,431,461
Net (Expense)/Revenue										
Governmental activities.....	\$ (82,110,082)	\$ (84,386,513)	\$ (83,417,647)	\$ (84,219,722)	\$ (90,970,962)	\$ (98,228,652)	\$ (104,549,670)	\$ (105,257,933)	\$ (113,678,690)	\$ (110,004,379)
Business-type activities.....	574,896	2,294,176	3,802,453	13,744	4,321,722	4,705,297	1,897,337	11,295,827	7,968,728	7,579,377
Total primary government net expense.....	\$ (81,535,186)	\$ (82,092,337)	\$ (79,615,194)	\$ (84,205,978)	\$ (86,649,240)	\$ (93,523,355)	\$ (102,652,333)	\$ (93,962,106)	\$ (105,709,962)	\$ (102,425,002)
General Revenues and other Changes in Net Position										
Governmental activities:										
Real estate, personal property taxes and tax liens, net of tax refunds payable.....	\$ 62,714,975	\$ 65,822,590	\$ 68,085,843	\$ 69,679,306	\$ 74,746,576	\$ 76,783,315	\$ 79,271,011	\$ 82,610,777	\$ 83,309,930	\$ 87,933,671
Tax liens.....	102,402	-	-	-	-	-	-	-	-	470,064
Motor vehicle and other excise taxes.....	4,021,318	4,067,074	4,284,625	4,039,432	5,175,048	5,087,519	5,678,581	6,229,679	6,275,782	6,602,941
Hotel/motel tax.....	768,355	745,319	718,452	784,781	1,141,705	1,324,541	1,491,419	1,614,166	1,561,777	1,558,537
Meals tax.....	-	-	-	-	-	807,740	1,017,863	1,142,349	1,166,320	1,208,369
Community preservation tax.....	551,133	530,249	558,590	559,244	590,915	607,219	661,315	660,480	696,795	733,774
Penalties and interest on taxes.....	297,882	345,208	417,749	371,394	381,757	475,877	522,767	439,913	301,991	318,098
Payments in lieu of taxes.....	1,049,817	2,193,890	116,425	118,112	211,386	24,854	693,850	449,490	401,155	668,783
Court settlements.....	-	-	-	-	-	-	-	-	-	-
Grants and contributions not restricted to specific programs.....	6,619,494	5,072,674	4,949,885	4,989,211	4,885,456	5,434,532	5,224,867	5,315,517	5,880,155	6,128,412
Unrestricted investment income.....	530,782	486,914	267,612	215,677	243,114	216,968	195,103	169,918	342,024	660,991
Gain on sale of land.....	-	-	-	-	-	-	-	479,038	-	-
Affordable housing development fees.....	-	1,800,000	-	-	-	-	-	-	-	-
Miscellaneous.....	91,623	77,800	69,345	70,051	42,380	38,317	26,070	-	-	-
Transfers.....	154,634	291,230	2,284,796	2,289,778	2,404,634	1,820,664	2,060,614	2,124,958	2,079,534	2,317,859
Total governmental activities.....	76,902,415	81,432,948	81,753,322	83,116,986	89,822,971	92,621,546	96,843,460	101,236,285	102,015,463	108,601,499
Business-type activities:										
Unrestricted investment income.....	47,445	51,737	244,779	55,743	126,607	74,085	80,939	33,586	230,814	133,951
Gain (loss) on sale of capital assets.....	-	-	-	-	-	-	-	-	-	-
Transfers.....	(154,634)	(291,230)	(2,284,796)	(2,289,778)	(2,404,634)	(1,820,664)	(2,060,614)	(2,124,958)	(2,079,534)	(2,317,859)
Total business-type activities.....	(107,189)	(239,493)	(2,040,017)	(2,234,035)	(2,278,027)	(1,746,579)	(1,979,675)	(2,091,372)	(1,848,720)	(2,183,908)
Total primary government.....	\$ 76,795,226	\$ 81,193,455	\$ 79,713,305	\$ 80,882,951	\$ 87,544,944	\$ 90,874,967	\$ 94,863,785	\$ 99,144,913	\$ 100,166,743	\$ 106,417,591
Changes in Net Position										
Governmental activities.....	\$ (5,207,667)	\$ (2,953,565)	\$ (1,664,325)	\$ (1,102,736)	\$ (1,147,991)	\$ (5,607,106)	\$ (7,706,210)	\$ (4,021,648)	\$ (11,663,227)	\$ (1,402,880)
Business-type activities.....	467,707	2,054,683	1,762,436	(2,220,291)	2,043,695	2,958,718	(82,338)	9,204,455	6,120,008	5,395,469
Total primary government.....	\$ (4,739,960)	\$ (898,882)	\$ 98,111	\$ (3,323,027)	\$ 895,704	\$ (2,648,388)	\$ (7,788,548)	\$ 5,182,807	\$ (5,543,219)	\$ 3,992,589

Fund Balances, Governmental Funds

Last Ten Years

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
General Fund										
Reserved.....	\$ 281,374	\$ 895,787	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved.....	7,287,516	9,178,146	-	-	-	-	-	-	-	-
Committed.....	-	-	-	-	988,955	2,049,917	2,103,635	1,344,269	2,355,268	1,678,124
Assigned.....	-	-	1,250,576	1,140,720	1,140,211	1,164,142	666,097	2,170,153	785,040	1,105,156
Unassigned.....	-	-	13,160,254	15,847,651	17,880,465	16,356,370	16,271,481	18,830,121	18,825,423	19,301,569
Total general fund.....	\$ 7,568,890	\$ 10,073,933	\$ 14,410,830	\$ 16,988,371	\$ 20,009,631	\$ 19,570,429	\$ 19,041,213	\$ 22,344,543	\$ 21,965,731	\$ 22,084,849
All Other Governmental Funds										
Reserved.....	\$ 2,606,133	\$ 2,506,133	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:										
Special revenue funds.....	8,102,411	9,599,385	-	-	-	-	-	-	-	-
Capital projects funds.....	1,322,865	2,825,324	-	-	-	-	-	-	-	-
Permanent funds.....	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	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	24,105,376	39,326,175
Unassigned.....	-	-	-	-	-	-	-	(316,019)	-	-
Total all other governmental funds.....	\$ 18,188,938	\$ 22,788,469	\$ 24,234,064	\$ 22,675,842	\$ 20,858,732	\$ 24,522,741	\$ 24,296,490	\$ 23,946,597	\$ 26,669,905	\$ 41,890,704

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

Changes in Fund Balances, Governmental Funds

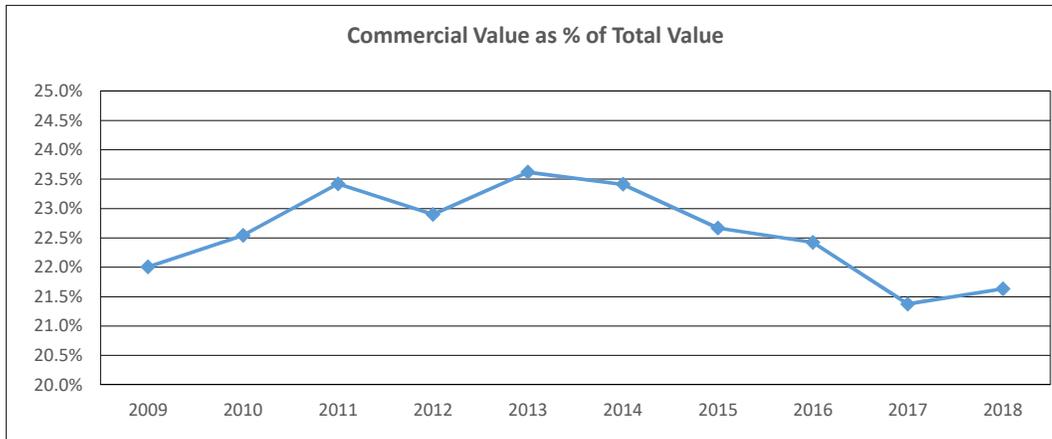
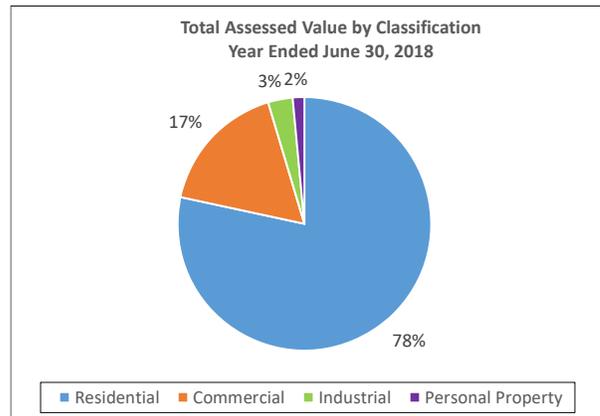
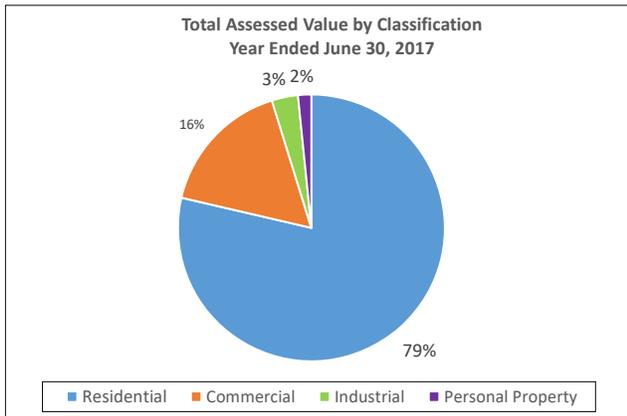
Last Ten Years

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Revenues:										
Real estate, personal property taxes and tax liens, net of tax refunds.....	\$ 62,755,355	\$ 65,496,774	\$ 67,862,201	\$ 69,729,818	\$ 73,976,466	\$ 75,918,774	\$ 79,073,666	\$ 81,325,550	\$ 82,951,838	\$ 88,217,335
Tax Liens.....	76,974	57,843	81,120	77,774	45,681	407,348	1,100,825	1,362,410	509,637	321,596
Motor vehicle and other excise taxes.....	4,165,414	3,985,784	4,306,011	4,081,969	4,962,622	5,259,928	5,609,682	6,173,244	6,321,563	6,614,593
Hotel/Motel tax.....	768,355	745,319	718,452	784,781	1,141,705	1,324,541	1,491,419	1,614,166	1,561,777	1,558,537
Meals tax.....	-	-	-	-	-	807,740	1,017,863	1,142,349	1,166,320	1,208,369
Penalties and interest on taxes.....	297,882	345,208	417,749	371,394	381,757	475,877	522,767	439,913	301,991	318,098
Payments in lieu of taxes.....	1,049,817	2,193,890	116,425	118,112	211,386	24,854	693,850	449,490	401,155	668,783
Intergovernmental.....	34,012,768	35,740,583	38,999,975	41,528,233	39,456,201	42,450,485	35,342,773	40,169,594	47,770,699	50,708,501
Departmental and other.....	10,450,639	7,761,742	7,788,136	8,085,761	8,208,065	8,268,293	8,497,554	10,103,486	9,156,768	8,535,047
Community preservation taxes.....	551,133	530,249	558,590	559,244	592,836	607,219	659,352	659,905	696,779	733,774
Affordable housing development fees.....	-	1,800,000	-	-	-	-	-	-	-	-
Contributions.....	1,071,110	640,918	364,569	453,433	932,928	530,070	643,529	615,646	639,541	481,615
Investment income.....	(201,774)	995,846	1,325,987	153,004	319,712	384,831	300,329	364,621	342,024	660,991
Claims and judgments.....	-	-	-	-	-	450,000	-	-	-	-
Miscellaneous.....	91,623	69,100	49,524	17,564	42,380	38,310	26,070	-	-	65,050
Total Revenue.....	115,089,296	120,363,256	122,588,739	125,961,087	130,271,739	136,948,270	134,979,679	144,420,374	151,820,092	160,092,289
Expenditures:										
General government.....	4,287,338	5,603,583	4,349,148	5,298,068	4,575,307	4,057,574	5,019,468	4,922,477	4,911,759	5,981,412
Public safety.....	14,323,808	14,323,808	15,180,496	17,182,357	17,446,204	17,556,255	19,223,137	19,347,565	20,345,144	22,410,446
Education.....	54,471,474	57,170,086	60,004,947	64,003,984	63,450,712	66,876,797	68,987,111	71,263,198	75,211,692	84,017,768
Public works.....	5,863,834	6,567,757	7,986,879	7,570,889	7,916,317	8,055,291	10,421,875	11,037,164	8,535,164	8,730,718
Human services.....	708,984	748,949	792,326	817,714	896,262	941,115	1,064,584	1,071,339	1,136,656	1,782,290
Sanitation services.....	1,647,010	1,522,144	1,412,691	1,726,367	1,607,190	1,498,193	1,487,659	1,571,359	1,527,540	1,628,673
Culture and recreation.....	2,447,161	2,544,523	2,626,796	2,883,715	3,219,004	2,952,668	3,165,322	3,082,111	3,187,119	2,952,323
Community development.....	14,977	41,392	76,049	643,366	325,972	247,083	894,362	70,099	303,227	568,296
Pension benefits-Town.....	4,442,266	4,759,946	4,808,035	5,046,381	5,255,971	5,705,325	5,793,428	6,214,492	6,522,861	6,973,028
Pension benefits-School.....	10,994,534	11,884,275	12,219,339	12,736,422	13,272,469	13,718,462	6,597,576	10,146,237	14,169,187	14,882,115
Property and liability insurance.....	419,313	402,567	368,027	428,125	439,651	433,381	438,383	426,679	475,142	519,829
Employee benefits.....	7,802,047	7,833,635	8,459,804	8,840,249	9,551,401	10,508,381	10,925,437	11,892,555	12,675,021	12,517,334
State and county charges.....	3,798,662	4,158,266	3,883,609	3,571,252	3,567,251	3,636,782	3,722,290	3,711,416	3,649,290	3,918,138
Debt service										
Principal.....	1,480,000	1,910,000	2,432,000	2,200,000	2,451,000	2,360,000	2,698,134	2,774,000	3,218,000	3,165,700
Interest.....	351,879	524,464	590,897	686,619	752,290	740,756	787,457	803,237	856,872	912,521
Total Expenditures.....	113,053,287	120,231,912	125,191,043	133,635,508	134,727,001	139,288,063	141,226,223	148,333,928	156,724,674	170,960,591
Excess of revenues over (under) expenditures.....	<u>2,036,009</u>	<u>131,344</u>	<u>(2,602,304)</u>	<u>(7,674,421)</u>	<u>(4,455,262)</u>	<u>(2,339,793)</u>	<u>(6,246,544)</u>	<u>(3,913,554)</u>	<u>(4,904,582)</u>	<u>(10,868,302)</u>
Other Financing Sources (Uses)										
Issuance of long-term debt.....	3,600,000	6,782,000	6,100,000	5,286,000	3,140,000	3,519,000	3,259,000	3,898,000	4,537,300	22,764,000
Premium from issuance of bonds and notes.....	445,043	-	-	369,204	114,778	224,936	171,463	319,033	632,244	1,126,360
Issuance of refunding bonds.....	-	-	-	-	-	-	1,680,000	-	-	-
Premium from issuance of refunding bonds.....	-	-	-	-	-	-	334,581	-	-	-
Payment to refunded bond escrow agent.....	-	-	-	-	-	-	(2,014,581)	-	-	-
Capital lease financing.....	-	-	-	246,395	-	-	-	-	-	-
Proceeds from the sale of land.....	-	-	-	-	-	-	-	525,000	-	-
Transfers in.....	620,955	981,424	2,935,526	2,695,872	3,471,562	3,084,925	2,629,917	2,937,182	3,280,289	2,997,088
Transfers out.....	(466,321)	(690,194)	(650,730)	(406,094)	(1,066,928)	(1,264,261)	(569,303)	(812,224)	(1,200,755)	(679,229)
Total other financing sources (uses).....	4,199,677	7,073,230	8,384,796	8,191,377	5,659,412	5,564,600	5,491,077	6,866,991	7,249,078	26,208,219
Net change in fund balance.....	\$ 6,235,686	\$ 7,204,574	\$ 5,782,492	\$ 516,956	\$ 1,204,150	\$ 3,224,807	\$ (755,467)	\$ 2,953,437	\$ 2,344,496	\$ 15,339,917
Debt service as a percentage of noncapital expenditures.....	1.65%	2.14%	2.55%	2.37%	2.51%	2.30%	2.58%	2.56%	2.71%	2.58%

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
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
2017	\$4,929,037,567	\$10.74	\$1,040,225,465	\$198,891,500	\$1,239,116,965	\$23.72	\$100,886,290	\$23.61	\$13.51	\$6,269,040,822
2018	\$5,209,622,684	\$10.54	\$1,132,068,827	\$206,805,200	\$1,338,874,027	\$23.37	\$99,184,210	\$23.26	\$13.31	\$6,647,680,921



(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

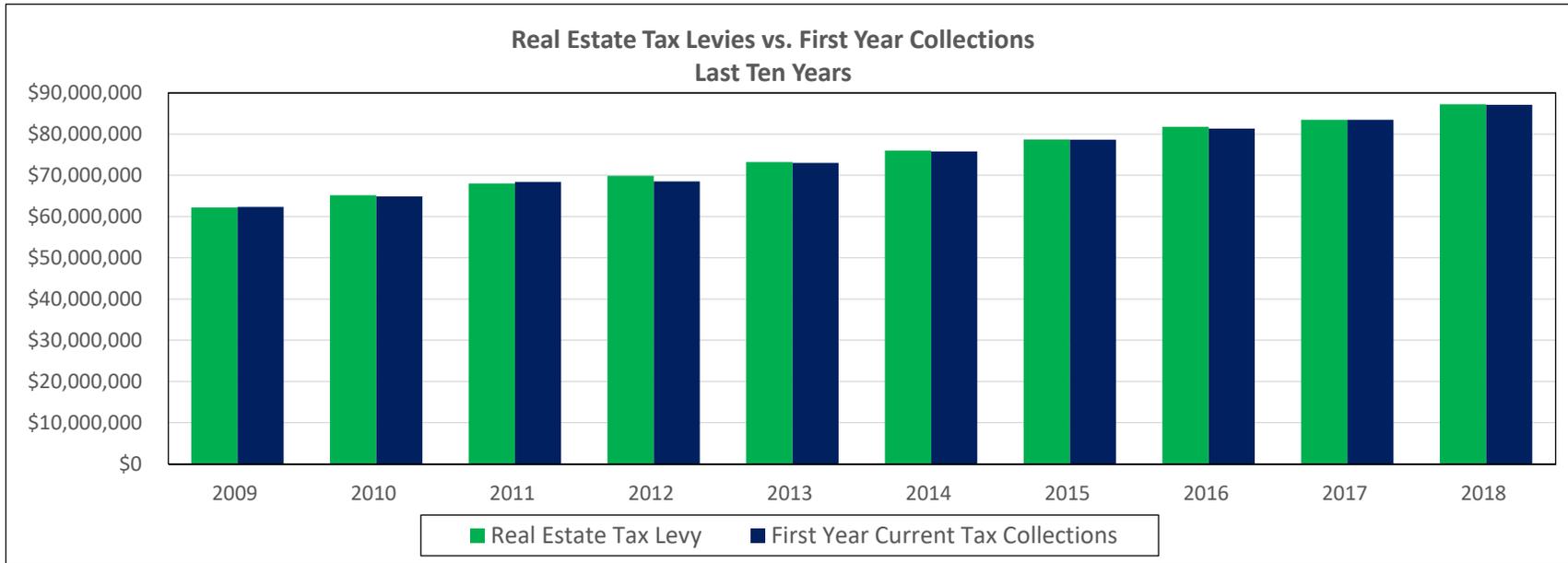
Name	Nature of Business	2018			2009		
		Assessed Valuation	Rank	Percentage of Total Taxable Assessed Value	Assessed Valuation	Rank	Percentage of Total Taxable Assessed Value
Braintree Property Associates	Malls	\$ 285,640,900	1	4.30%	\$ 195,183,304	1	3.52%
Messina, Francis X. (et al)	Developer/Real Estate	160,557,100	2	2.42%	139,534,500	2	2.52%
Braintree Hill Office Park, LLC	Office Park	72,897,200	3	1.10%	-	-	-
Lenox Farms LTD Partnership	Apartments	63,790,400	4	0.96%	23,391,000	8	0.42%
EQR - Lincoln Braintree LLC	Apartments	32,616,100	5	0.49%	28,968,200	5	0.52%
UDR Ridge at Blue Hills LLC	Apartments	28,065,200	6	0.42%	-	-	-
Braintree IRF Investment Group, Inc.	Rehabilitation Hospital	25,062,200	7	0.38%	-	-	-
TRT Braintree II LLC	Retail	21,793,200	8	0.33%	17,886,600	9	0.32%
2001 Washington Street LLC	Private School	20,698,900	9	0.31%	-	-	-
EIP Campanelli Parkway LLC	Office/ Warehouse	20,366,500	10	0.31%	-	-	-
Flatley, John (et al)	Real Estate	-	-	-	87,998,100	3	1.59%
AMB Property LP	Retail Clothing	-	-	-	42,573,700	4	0.77%
Ridge at Blue Hills LTD Partnership	Apartments	-	-	-	24,729,000	6	0.45%
WBF Braintree Equity Part LLC	Retail	-	-	-	24,669,500	7	0.45%
HRESI Properties Trust	Rehabilitation Hospital	-	-	-	17,875,700	10	0.32%
Totals \$		<u>731,487,700</u>		<u>11.00%</u>	<u>\$ 602,809,604</u>		<u>10.89%</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)
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%	\$783,701	\$82,111,542	100.43%
2017	\$84,572,830	\$1,110,896	\$83,461,934	98.69%	\$83,492,751	100.04%	\$539,092	\$84,031,843	100.68%
2018	\$88,354,226	\$1,132,086	\$87,222,140	98.72%	\$87,108,933	99.87%	\$0	\$87,108,933	99.87%



(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 by Type

Last Ten Years

Year	Governmental Activities		Business-type Activities		Total Debt Outstanding	Percentage of Personal Income (2)	U. S. Census Population	Debt Per Capita
	General Obligation Bonds (1)	Capital Leases	General Obligation Bonds (1)	Capital Leases				
2009	\$ 10,540,000	\$ 244,817	\$ 24,030,740	\$ -	34,815,557	2.72%	35,294	\$ 986
2010	15,412,000	167,410	140,062,687	103,418	155,745,515	11.87%	35,296	4,413
2011	19,080,000	85,878	143,224,964	273,680	162,664,522	11.77%	35,744	4,551
2012	22,512,979	212,592	131,668,293	549,628	154,943,492	10.71%	35,981	4,306
2013	23,155,799	149,204	127,395,741	542,670	151,243,414	10.05%	35,983	4,203
2014	24,272,037	89,968	122,093,961	485,394	146,941,360	9.33%	36,220	4,057
2015	24,697,593	-	118,337,221	296,958	143,331,772	8.75%	36,223	3,957
2016	26,105,152	-	121,901,473	184,097	148,190,722	8.64%	36,460	4,065
2017	27,968,953	-	115,635,683	146,863	143,751,499	8.11%	36,223	3,969
2018	48,436,083	-	111,967,067	289,882	160,693,032	8.66%	36,460	4,407

(1) Presented net of original issuance discounts and premiums.

(2) Personal income is disclosed on the Schedule of Demographic and Economic Statistics.

Source: Audited Financial Statements, U. S. Census

Ratios of General Bonded Debt Outstanding

Last Ten Years

Year	General Obligation Bonds (1)	Less: Amounts Available in Debt Service Fund	Total	Percentage of Estimated Actual Taxable Value of Property (2)	Per Capita (3)
2009	\$ 34,570,740	\$ -	\$ 34,570,740	0.62%	\$ 980
2010	155,474,687	-	155,474,687	2.90%	4,405
2011	162,304,964	-	162,304,964	3.11%	4,541
2012	154,181,272	-	154,181,272	2.92%	4,285
2013	150,551,540	-	150,551,540	2.93%	4,184
2014	146,365,998	-	146,365,998	2.81%	4,041
2015	143,034,814	-	143,034,814	2.54%	3,949
2016	148,006,625	-	148,006,625	2.50%	4,059
2017	143,604,636	-	143,604,636	2.29%	3,964
2018	160,403,150	-	160,403,150	2.41%	4,399

(1) This is the general bonded debt of both governmental and business-type activities, net of original issuance discounts and premiums.

(2) Property value data is disclosed on the Schedule of Assessed Value of Taxable Property by Classification and Tax Rates.

(3) Population data is disclosed on the Schedule of Demographic and Economic Statistics.

Source: Audited Financial Statements, U. S. Census

Direct and Overlapping Governmental Activities Debt

As of June 30, 2018

<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.....	\$ 14,204,000	4.70%	\$ 667,588	\$ 286,698
Town debt.....			<u>48,436,083</u>	
Total direct and overlapping debt.....			<u>\$ 49,103,671</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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Equalized Valuation.....	\$ 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	\$ 6,327,219,800	\$ 6,327,219,800
Debt Limit - 5% of Equalized Valuation.....	\$ 305,160,305	\$ 305,160,305	\$ 290,170,925	\$ 290,170,925	\$ 281,352,170	\$ 281,352,170	\$ 278,727,575	\$ 278,727,575	\$ 316,360,990	\$ 316,360,990
Less:										
Outstanding debt applicable to limit.....	15,132,500	19,434,000	22,604,500	26,032,230	26,927,624	27,669,930	28,527,736	28,527,736	29,891,716	29,509,826
Authorized and unissued debt.....	5,609,485	4,017,485	7,254,622	10,452,483	12,395,003	12,391,520	15,904,964	15,904,964	16,402,511	23,069,000
Legal debt margin.....	\$ <u>284,418,320</u>	\$ <u>281,708,820</u>	\$ <u>260,311,803</u>	\$ <u>253,686,212</u>	\$ <u>242,029,543</u>	\$ <u>241,290,720</u>	\$ <u>234,294,875</u>	\$ <u>234,294,875</u>	\$ <u>270,066,763</u>	\$ <u>263,782,164</u>
Total debt applicable to the limit as a percentage of the limit.....	6.80%	7.68%	10.29%	12.57%	13.98%	14.24%	15.94%	15.94%	14.63%	16.62%

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
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	5,809	4.90%
2017	36,223	\$ 1,772,099,499	\$ 48,922	40	5,839	4.90%
2018	36,460	\$ 1,855,041,944	\$ 50,879	40	5,828	3.10%

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	2018			2009		
		Employees	Rank	Percentage of Total Town Employment	Employees	Rank	Percentage of Total Town Employment
Health South/Braintree Rehab	Rehabilitation Hospital	750	1	2.57%	750	1	2.91%
ING	Financial Services	568	2	1.94%	-	-	-
Haemonetics	Biomedical	448	3	1.53%	700	2	2.72%
Verizon	Utility	400	4	1.37%	400	5	1.55%
Sears	Retail	363	5	1.24%	363	6	1.41%
Mass State Lottery	State Agency	300	6	1.03%	-	-	-
Symmons Industries	Plumbing Manufacturer	290	7	0.99%	290	8	1.13%
Nordstrom	Retail	250	8	0.86%	-	-	-
Daniel Quirk	Auto Dealership	210	9	0.72%	210	9	0.82%
Macy's	Retail	200	10	0.68%	600	3	2.33%
South Shore VNA	Visiting Nurses Association	-	-	-	476	4	1.85%
Harvard/Pilgrim Health Care	Health Care	-	-	-	310	7	1.20%
Braintree Manor	Nursing Home	-	-	-	200	10	0.78%
		<u>3,779</u>		<u>12.93%</u>	<u>4,299</u>		<u>16.69%</u>

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

Full-time Equivalent Town Employees by Function

Last Ten Years

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Function:										
General government.....	45	38	41	42	43	43	43	43	46	43
Police.....	84	82	81	83	90	96	97	94	96	103
Fire.....	88	87	87	86	83	86	88	90	90	90
Education.....	674	648	675	689	714	736	770	778	784	779
Public works.....	48	43	39	39	38	40	40	43	41	44
Human services.....	10	10	11	11	12	12	12	12	11	11
Culture and recreation.....	20	19	19	19	20	19	17	20	20	19
Water & Sewer	23	21	23	23	24	23	23	25	24	24
Golf.....	9	9	9	9	9	8	8	8	8	8
Electric Light	111	111	110	110	110	101	100	101	101	99
Total	<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>	<u>1,221</u>	<u>1,220</u>

Source: Town personnel records and various Town departments.

Operating Indicators by Function/Program

Last Ten Years

Function/Program	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Government										
Population.....	35,294	35,296	35,744	35,981	35,983	36,220	36,223	36,460	37,297	37,156
Registered voters, annual town election.....	6,178	N/A	7,500	N/A						
Town Clerk										
Births.....	412	365	380	411	407	410	382	410	357	372
Marriages.....	189	197	213	234	193	211	218	239	214	305
Deaths.....	440	465	465	469	500	478	505	500	499	491
Police										
Accidents covered by an officer.....	1,152	1,247	1,177	287	481	1,611	524	1,631	1,764	588
Citations issued.....	3,833	3,849	2,722	1,304	3,737	4,311	9,370	4,774	3,423	2,877
Arrests.....	813	766	754	262	835	985	952	1,005	906	743
Larcenies.....	802	662	615	245	511	1,167	619	1,070	1,012	439
Fire										
Fires.....	84	116	92	94	64	132	136	45	106	82
Emergency medical service.....	3,085	3,107	2,725	1,786	2,629	2,558	2,733	1,889	3,781	4,302
False alarm.....	761	676	759	493	773	857	633	228	853	858
Other responses.....	1,046	1,150	1,196	948	1,422	1,456	1,366	735	1,144	1,551
Hazmat responses.....	336	281	360	207	351	258	255	39	251	295
Building Department										
Residential building permits issued.....	891	950	979	976	850	926	1,352	1,313	1,215	1,176
Non-Residential building permits issued.....	301	324	295	361	403	399	382	324	349	400
Education										
Public school enrollment.....	5,441	5,557	5,565	5,601	5,678	5,734	5,828	5,860	5,839	5,828
Public Works										
Cemetery										
Lots sold.....	N/A	N/A	25	15	28	23	39	40	46	39
Water										
Service connections.....	N/A	N/A	11,497	11,500	11,492	11,454	11,561	11,540	11,549	11,549
Consumption in billions of gallons.....	1,421	1,374	1,371	N/A	1,285	1,166	927	918	914	914
Daily consumption in millions of gallons.....	3.6	3.8	3.7	N/A	4.7	3.5	3	3	3	3
Sewer										
Service connections.....	N/A	N/A	N/A	11,500	11,423	11,417	11,541	11,554	11,513	11,513
Daily average collection (MGD).....	6.61	6.97	6.52	6.89	6.66	6.81	N/A	N/A	N/A	N/A
Highway										
Miles of public road.....	129.0	129.0	129.0	129.0	130.0	130.0	134	134	135	135
Human Services										
Board of Health										
Inspections.....	1,257	1,151	1,338	1,321	1,263	1,139	1,291	1,359	1,256	1,514
Elder Affairs										
Home delivered meals.....	1,220	616	N/A							
Transportation.....	3,783	3,917	3,763	4,121	5,280	5,295	5,368	5,450	5,018	5,598
Volunteer service hours.....	9,322	7,252	6,583	6,029	5,214	4,423	4,686	4,662	4,550	3,798
Fitness/exercise program participants.....	3,396	3,588	3,673	3,734	3,420	4,298	4,415	4,826	4,710	6,088
Recreation/social event participants.....	8,182	7,739	8,242	9,221	8,200	8,172	8,959	9,495	9,220	9,819
Libraries										
Volumes in collection.....	154,966	157,057	157,764	125,145	131,000	140,213	285,730	271,978	773,224	161,840
Circulation.....	320,510	350,966	384,947	379,752	293,733	384,109	365,580	352,638	324,720	302,310
Program attendance.....	7,881	7,605	10,279	11,011	9,421	9,695	8,660	10,272	9,191	10,524

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

Capital Asset Statistics by Function/Program

Last Ten Years

Function/Program	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Government										
Number of buildings.....	4	8	8	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	4	4	4	4	4	4	4	4	4
Number of pump stations.....	15	15	15	15	15	15	15	15	15	14
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	2	2	2
Library.....	1	1	1	1	1	1	1	1	1	1

Source: Various Town Departments



Colonial muskets fired during annual Braintree Day Parade.



Fireworks over Sunset Lake.

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www.lockelord.com

(Date of Delivery)

Barbara Walls, Treasurer
Town of Braintree
Braintree, Massachusetts

\$32,365,000
Town of Braintree, Massachusetts
General Obligation Municipal Purpose Loan of 2019 Bonds
Dated June 12, 2019

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 alternative minimum tax. In rendering the opinions set forth in this paragraph, we have assumed compliance by the Town with all requirements of the Internal Revenue Code of 1986, as amended 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. 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.

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.

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 \$32,365,000 General Obligation Municipal Purpose Loan of 2019 Bonds dated June 12, 2019 (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 a timely manner, 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 30, 2019 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.
 15. Incurrence of a financial obligation of the Obligated Person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the Obligated Person, any of which affect Owners of the Bonds, if material.†
 16. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the Obligated Person, any of which reflect financial difficulties.†
- (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.

* 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.

† For purposes of event numbers 15 and 16 in Section 5(a) of this Disclosure Certificate, the term “financial obligation” means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term “financial obligation” excludes municipal securities for which a final official statement has been provided to the MSRB consistent with the Rule.

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 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: June 12, 2019

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]