

CHARLES C. KOKOROS
President
District 1

LELAND A. DINGEE
At Large

SEAN E. POWERS
At Large

CHARLES B. RYAN
At Large

JOHN C. MULLANEY
District 2



THOMAS M. BOWES
Vice President
District 3

HENRY N. JOYCE
District 4

RONALD E. DENAPOLI
District 5

PAUL "DAN" CLIFFORD
District 6

OFFICE OF THE TOWN COUNCIL

- AGENDA -

March 5, 2013 • Horace T. Cahill Auditorium, Town Hall • Starting Time: 7:30_{PM}

PLEDGE OF ALLEGIANCE/MOMENT OF SILENCE

ROLL CALL

CORRESPONDENCE

ANNOUNCEMENTS

- 009 13 Council President: Super Saturday's Recreational Program
- 010 13 Council President: Run for Charlotte
- 011 13 Council Joyce: Recreational Department – Upcoming Events
- 013 13 Council President: Retirement Celebration – Dr. Peter Kurzberg
- 014 13 Council President: Braintree Rotary Club – Safety Net Event

APPROVAL OF MINUTES

- February 26, 2013

CITIZEN CONCERNS/COUNCIL RESPONSE

OLD BUSINESS

None

COMMUNICATIONS AND REPORTS FROM THE MAYOR AND TOWN BOARDS

- 006 13 – Council President: FY2012 Outside Auditor Management Letter, Reports on Federal Award Programs and Report on Examination of Basic Statements

NEW BUSINESS

Refer to Committee on Ways & Means

- 13 004 – School Department: Statement of Interest – East Middle School Project

Topics the Chair does not reasonably anticipate will be discussed

ADJOURNMENT

- Next Council Meetings: **Tuesday, March 19, 2013 @ 7:30pm**

#009 13

ANNOUNCEMENT

Julianne,

I will have you placed on the March 5th agenda. Jim Casey will contact you to confirm your time.

Thanks,

Chuck

Sent from my iPhone

On Feb 26, 2013, at 2:08 PM, "Quintiliani, Julianne" <JQuintiliani@braintree.ma.gov> wrote:

Hi Chuck,

After our discussion the other day, we Super Saturday's (aka. Braintree Special Needs Recreational Program) would love to come to the council meeting on March 5th and share our program with you all and the community. We were thinking about 10-15 minutes, the Director Mary Ford Clark will review program first, and then Fundraiser Chairs will discuss upcoming events: Sprint for Super Saturday and The Annual Golf Tournament. If there is anything else you would like us to present please let us know. How should we proceed with getting our names on the agenda?? Thank you for reaching out to such a great program!

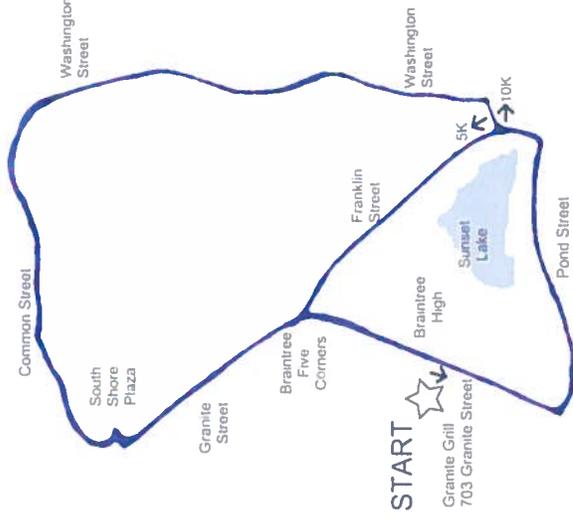
Julianne Quintiliani
Morrison Elementary
Special Education K-3

About Neuroblastoma

Neuroblastoma is an aggressive form of cancer associated with the nerve cells and adrenal glands. It commonly occurs in infants and very young children. Its cause is unknown. Only 650 new cases are reported in the United States annually. Neuroblastoma therefore is regarded as an orphan disease, one that does not attract funding. As such, it is left largely to the families of neuroblastoma patients to raise the necessary funds to further research to find a cure.

Third Annual Run for Charlotte

Last April, over three thousand runners and walkers came together to honor an amazing child while raising funds to fight a horrible disease. Since 2011, Prayers for Charlotte has sponsored \$75,000 in research grants and allocated over \$25,000 to families battling cancer. Our work is not done. On April 7, 2013 we will meet again at the starting line, to continue the race against cancer. We hope you will join us to support this year's event, to benefit neuroblastoma research and relief for families fighting cancer.



USATF Certified Course
MA11044/MA11045

10K, 5K, Youth, and Wheelchair Divisions

5K Walk

Kids Activities following Race

**Race begins and ends at
Granite Grill
703 Granite Street, Braintree**



Run For Charlotte



**Race for Neuroblastoma
Research & Relief for
Families Fighting
Cancer**

**April 7, 2013
10:00 am**

Post Race Entertainment by
Jim Plunkett
New England's Favorite Entertainer

Registration Information

Race Details

Registration Form

Please complete and mail a check to:
Prayers for Charlotte
PO Box 850833
Braintree, MA 02185

Name _____
Address _____
City _____
State _____
Zip _____
Telephone _____
Email _____
Date of Birth _____
Running Club Affiliation _____

- \$30 Adult Pre-Registration
- \$20 Youth Division (Under 18)
- Please accept my additional donation of \$ _____

Gender: Male Female

Event:

- 5K Run
- 10K Run
- Wheelchair
- Youth (Under 18) 5K Run
- Youth (Under 18) 10K Run
- 5K Walk
- Youth (Under 18) 5K Walk

T-Shirt Size (adult sizes):

- XS S M L XL XXL

WAIVER: I hereby for myself, my heirs, executors and administrators, waive and release any and all rights and claims for damages I may have against Charlotte's Run and sponsors, coordinating groups and any individuals associated with the event, their representatives and assigns, and will hold them harmless for any and all injuries suffered in connection with this event. I attest that I am physically fit to compete in this event. Further, I hereby grant full permission to any and all of the foregoing to use my likeness in all media including photographs, pictures, recordings or any other record of this event for any legitimate purpose. **(Required:** If you are under18 please have a parent or guardian sign):

Race: Sunday, April 7, 2013

Start: 10:00 am

Routes:

Races begin and end at Granite Grill

703 Granite Street, Braintree

- 10K Road Race
- 5K Road Race
- 5K Walk
- Wheelchair Division
- Youth (Under 18) Divisions

Free Kids Activities Following Race

Entry Fees:

\$30 Pre-Registration by April 1, 2012
\$35 Day of Race

Youth Division Ages 13-17, \$20
Long Sleeve Moisture Wicking T-shirt
Guaranteed to First 800 Registered Participants

Shirt and Number Pickup:

Pre-Registered Runners:
Saturday, April 6, 3 pm to 7 pm,
at Granite Grill

Race Day Registration:

7:00 am to 9:30 am at Granite Grill

For more information, please visit:

prayersforcharlotte.org
[@P4Charlotte](https://www.facebook.com/RunForCharlotte)

Who Was Charlotte?

Charlotte was diagnosed with stage IV neuroblastoma at the age of two. She endured aggressive treatments for two and a half years by holding the hands of her parents, brothers, family and friends, as she endured chemotherapy, surgeries, tandem stem-cell transplants, radiation and anti-body treatments. Charlotte was brave and stoic through her darkest days and courageously fought until her little body could take no more. Who was Charlotte? Five year old Charlotte was the color orange, Lego creations, babies, birthdays, and swings. She was singing chipmunks, markers and stickers, ballet slippers, and books. Describing her short life is best framed in the phrase "Faith, Hope and Love" but as it is said, the greatest of these is Love. Charlotte Rose Kelly was Love.

Charlotte Rose Kelly
August 14, 2006 ~ December 7, 2011
Forever In Our Hearts

Prayers for Charlotte

Prayers for Charlotte, is a 100% volunteer organization that works to raise funds for neuroblastoma research and relief for families fighting cancer. There are no salaried employees and all proceeds from our events, including this road race, will support this dual effort. *Prayers for Charlotte* is a 501(c)(3) non-profit organization.

BRAINTREE RECREATION PRE-

The 2013

BOSTON
FLOWER
& GARDEN **SHOW**

The Recreation Department has discounted tickets for the 2013 Boston Flower Show at the SEAPORT WORLD TRADE CENTER IN BOSTON.

Leave behind the gray days of winter and rejoice in the show, themed:

“Seeds of Change”

Tips and inspiration for trying new plants!

Dates are March 13—17th

Tickets are \$16—A \$4 savings!

No transportation available. You may use the tickets on any date.

Show hours are 10:00 a.m.—9:00 p.m. 3/13-3/14-3/15

3/16—9:00 a.m.—9:00 p.m.

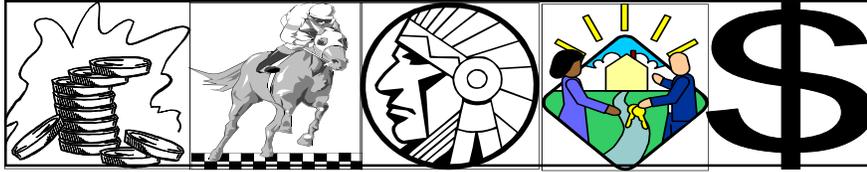
3/17—9:00 a.m.—6:00 p.m.

Please contact the Recreation Department

781-794-8901

www.braintreerec.com

Join Braintree Recreation Department on an exciting day trip to



FOXWOODS CASINO

YOUR PACKAGE INCLUDES:

- ◆ Deluxe motorcoach transportation throughout.
- ◆ Refreshments served on board.
- ◆ **7 hrs** to enjoy Casino games & 6,400+ slot machines.
- ◆ **Casino Bonus: \$10 Food** (valid for any restaurant or the full buffet) & \$10 Keno.
- ◆ Bonus is subject to change by casino.
- ◆ All taxes; except customary gratuities to driver/escort.

Complete Cost **\$29.00** per person

Date: Sunday, March 24, 2013

Departs: **8:00 AM Braintree**

Braintree Town Hall Rear Parking Lot

First Come—First Served!

For reservations, contact:

Braintree Recreation Dept (781) 794-8901

Trip operated by: Celebration Tours, Inc.
 500 Victory Road, Marina Bay, Quincy MA 02171
 (617) 696-1900 * (800) 792-5208
 www.celebrationtours.net



RESERVATION FORM

RETURN TO: BRAINTREE RECREATION DEPT
85 QUINCY AVENUE
BRAINTREE MA 02184

FOXWOODS CASINO
Complete Cost: \$29.00 pp
MARCH 24, 2013

Enclosed please find \$_____per person as payment in full for ___person(s). Full payment is due at time of reservation. Cancellations received within 7 days of departure, no refunds. No refunds for no-shows on day of departure. Please note any health restrictions. Please make checks payable to: **TOWN OF BRAINTREE**

Name: _____ Phone: _____

Address: _____ City: _____ State: _____ Zip: _____

Must be 21 years of age to enter the casino.

Braintree Recreation Department presents ...

It's Showtime at the Log Cabin for some Irish mirth!

"Irish Pub Shenanigans" Malone and The Lads

The Log Cabin in Holyoke, MA

March 14, 2013

THURSDAY DAY TRIP

Complete Cost \$ 89.00 per person



FULL PAYMENT DUE WITH RESERVATION

Cancellation Policy: Cancellations received after payment until 16 days prior to departure-\$10 pp. No refunds for cancellations received within 15 days of departure. Trip Cancellation Waiver: Protects in case of cancellation, for any reason, up to 48 hours prior to day of departure. (Recreation Dept/Travel office must be notified of cancellation.) Amount must be included with deposit at time of reservation. Not available on reservations made within 30 days of departure. Waiver fees are non-refundable, non-transferable and valid for specified applicant/tour only.

Waiver Fee—\$10 per person

Trip operated by: **CELEBRATION TOURS**
500 Victory Road, Quincy MA 02171
(617) 696-1900 * (800) 792-5208
www.celebrationtours.net



YOUR DAY WILL INCLUDE:

- ◆ Deluxe motorcoach transportation.
- ◆ Beverages & donuts served onboard.
- ◆ Menu: Hors d'oeuvre Welcome Tray, Irish Stew Soup, Garlic Bread Sticks, Corned Beef Dinner (Chicken Masala available), Bailey's Irish Crème Cake, Coffee, Tea, Decaf Coffee & Complimentary Glass of Wine or Guinness Beer!
- ◆ Entertainment featuring Gerry Malone and The Lads "Irish Pub Shenanigans" sing along and enjoy these masters of Irish mirth!
- ◆ All taxes & gratuities for included features except gratuity to driver/escort.
- ◆ Celebration Tours escort throughout.

For reservations, contact:

Braintree Recreation Dept (781) 794-8901

RESERVATION FORM

**RETURN TO: BRAINTREE RECREATION DEPT
85 QUINCY AVENUE
BRAINTREE MA 02184**

LOG CABIN IRISH DAY TRIP

DATE: MARCH 14, 2013

Complete Cost: \$89.00 per person

Enclosed please find \$_____per person as payment in full for ____person(s). Full payment is due at time of reservation. Cancellations received after payment until 16 days prior to departure-\$25pp fee. Cancellations received within 15 days of departure—no refunds. Please note any health restrictions. Please make check payable to: **TOWN OF BRAINTREE**

Name: _____ Home Phone: _____ Cell Phone: _____

Street: _____ City _____ State _____ Zip _____

Traveling with: _____ Email: _____

In case of emergency, contact: _____ Home Phone: _____ Cell: _____

#013 13

ANNOUNCEMENT

SAVE THE DATE!

For the Retirement Celebration for Dr. Peter A. Kurzberg

May 22, 2013 6:00 p.m. – 10:00 p.m.

Granite Links Golf Club at Quarry Hills – Quincy, MA

There will be more information to come about tickets.

In the meantime, please mark your calendars.



The Braintree Rotary Club
Presents an informational meeting:

Wednesday, March 13, 2013

4:00 – 5:00 p.m.

Braintree Town Hall Auditorium

Representatives from the Braintree Police Department, the Norfolk County Sheriff's Department, the Mayor's Office and the SafetyNet division of LoJack will be on hand to demonstrate the SafetyNet bracelet, a peace of mind, and possibly life saving device for the caregivers of children with special needs and adults with memory impairment. The Rotary Club has established a fund to help alleviate the expense of these devices for those in need in our community.

For more information call Joanne Tully: 781-664-9064

CHARLES C. KOKOROS
President
District 1

LELAND A. DINGEE
At Large

SEAN E. POWERS
At Large

CHARLES B. RYAN
At Large

JOHN C. MULLANEY
District 2



THOMAS M. BOWES
Vice President
District 3

HENRY N. JOYCE
District 4

RONALD E. DENAPOLI
District 5

PAUL "DAN" CLIFFORD
District 6

OFFICE OF THE TOWN COUNCIL

February 26, 2013

MINUTES

A meeting of the Town Council was held in the Horace T. Cahill Auditorium, Braintree Town Hall, on Tuesday, February 26, 2013 beginning at 7:30p.m.

Council President Kokoros was in the chair.

The Clerk of the Council conducted the roll call.

Present: Charles Kokoros, President
Thomas Bowes, Vice President
Leland Dingee
Sean Powers
Charles Ryan
John Mullaney
Henry Joyce
Paul Dan Clifford

Not Present: Ronald DeNapoli

Others: Joseph Sullivan, Mayor
Peter Morin, Chief of Staff
Carolyn, Murray, Town Solicitor
Edward Spellman, Finance Director
Russell Jenkins, Police Chief
Christine Stickney, Director Planning & Community Development
Sharmila Biswas, Director of Elder Affairs
Barbara Mello, Grant Writer
Peter Kurzberg, Superintendent of Schools
Erick Erskine, Building Division
Joseph Powers, Town Clerk
Carl Johnson, Attorney for Hancock Street Realty Trust
Thomas Pattavina, Property Owner

CORRESPONDENCE

None

ANNOUNCEMENTS

- 004 13 Council President: Sustainable Braintree – 5th Annual Green Gala
- Councilor Ryan: Run for Charlotte
- Councilor Joyce: Recreational Department – Upcoming Events
- Councilor Powers: Retirement Celebration – Dr. Peter Kurzberg
- Council President: Status Update on Councilor DeNapoli

APPROVAL OF MINUTES

- **February 5, 2013**

Motion: by Councilor Bowes to approve minutes of February 5, 2013

Second: by Councilor Ryan

Discussion: Councilor Clifford submitted corrections on Order 12 035

Vote: For (8), Against (0), Absent (1-DeNapoli)

CITIZEN CONCERNS/COUNCIL RESPONSE

None

COMMUNICATIONS AND REPORTS FROM THE MAYOR

- 005 13 Mayor: State of the Town Address

Mayor Sullivan presented his State of the Town Address. He spoke of the many improvements that have been made over the last five years; improving schools, adding teachers, updating buildings and adding full-day kindergarten; improvements in public safety with new leadership, new personnel and new equipment; and, improvements with public works; resurfacing hundreds of roads and enhancing recreational facilities. Mayor Sullivan commented that the financial health of the Town is better than many communities with a improved bond rating, increased reserves (\$12.9 million versus \$2.4 million in 2008); improved services in the town; and an enhanced PILOT payment from BELD (\$2.5 million versus \$750,000 in 2008). Through enhanced revenues the town was able to absorb reductions in state aid from \$7.7 million in FY2008 to \$4.9 million in FY13. Mayor Sullivan noted that the review of the skating rink and Peterson Pool has been completed and construction will begin sometime this year. Lastly, Mayor Sullivan stated a resolution of the Tri-Town water treatment plant needs to be reached. For the last five years he has worked in good faith with neighboring communities of Randolph and Holbrook to develop a mutually acceptable plan to shares the costs of the design and construction of a replacement treatment plan. The time has come for Holbrook and Randolph to make the determination whether they wish to work with Braintree or part ways as friends. If an agreement is not reached an alternative option must be explored.

OLD BUSINESS

Committee on Ways & Means

(PUBLIC HEARING)

- **13 002 Mayor: Request for Appropriation – Community Preservation Fund: Monatiquot Riverwalk**

Motion: by Councilor Bowes to open public hearing on Order 13 002

Second: by Councilor Ryan

Vote: For (8), Against (0), Absent (1-DeNapoli)

Councilor Clifford, Chairman of the Ways & Means Committee, reported that a detailed overview of the riverwalk project was presented by Christine Stickney and the committee has recommended favorable action on the funding request.

Councilor President Kokoros asked if any member of the Council or public had any other comments they would like to present. No one came forward.

Motion: by Councilor Bowes to close public hearing on Order 13 002

Second: by Councilor Ryan

Vote: For (8), Against (0), Absent (1-DeNapoli)

Councilor Bowes read the motion as printed in the January 16, 2013 memo from Mayor Sullivan.

Motion: by Councilor Bowes to approve Order 13 002

Second: by Councilor Ryan

Vote: For (8), Against (0), Absent (1-DeNapoli)

Committee on Ordinance & Rules

- **12 049 Hancock Street Realty Trust – Petition to Rezone 107 Hancock Street from Residence B to General Business**

Motion: by Councilor Bowes to open public hearing on Order 12 049

Second: by Councilor Ryan

Vote: For (8), Against (0), Absent (1-DeNapoli)

Councilor Powers, Chairman of the Ordinance & Rules Committee, reported that the committee has recommended favorable action on the zoning request for 107 Hancock Street.

Carl Johnson, Attorney for Hancock Street Realty Trust, explained that the property subject to this rezone petition is located at 107 Hancock Street and consists of a portion of the lot shown on Assessor's Map 1009, Lot 68 that contains 44,083 square feet of land, of which 30,166 square feet is zoned Residence B and the remaining 13,833 square feet zoned General Business. Attorney Johnson commented that adjacent properties are similarly situated as split lots and the historic use of the adjacent properties has been predominately business use. He further commented that the original structure, a market, was demolished in 1989 and the property has remained vacant since that time. In 1979 the Zoning Board of Appeals granted permission to use the Resident B land area for business use. In 1981 a building permit was issued to construct an addition to an existing structure at 107 Hancock Street. However, the addition was never constructed. Granting the change in zoning classification would allow a redevelopment parcel that could accommodate a new neighborhood business development. However, at this time a timeline for redevelopment is unknown. Attorney Johnson noted that an understanding to provide protection during the planning process has been reached with residents abutting the property.

Councilor President Kokoros asked if any member of the Council or public had any other comments they would like to present. No one came forward.

Motion: by Councilor Powers to close public hearing on Order 12 049

Second: by Councilor Ryan

Vote: For (8), Against (0), Absent (1-DeNapoli)

Councilor Bowes read the following motion:

At the request of Dr. Vincent Pattavina and Mrs. O. Frances Pattavina, Trustees of Hancock Street Realty Trust, owner of 107 Hancock Street, Braintree, MA, that the Town Council vote to amend the Town's Zoning Map, as most recently amended, by re-zoning from Residence B Zoning District to General Business Zoning District a portion of the lot commonly known as 107 Hancock Street in Braintree and identified on the Town of Braintree Assessors Map 1009, Plot 68. The entire parcel contains approximately 44,049 square feet of land, of which 30,166 square feet of land is currently within the Residence B Zoning District and the balance of 13,883 of land is within a General Business Zoning District. The portion of the parcel to be re-zoned to the General Business Zoning District is the 30,166 SF portion of the lot currently within the Residence B Zoning District, as shown on a plan entitled "Zoning Change Plan, 107 Hancock Street, Braintree, MA 02184" prepared for 107 Hancock, LLC, 232 West Street, Braintree, MA, dated August 17, 2012, prepared by Alpha Surveying and Engineering Inc. as submitted with the petitioner's application for re-zoning filed with the Town Council on October 15, 2012, as on file with the Office of the Town Clerk, and as described as follows:

Legal Description of 107 Church Street, Braintree:

A certain parcel of land situated in Braintree, Norfolk County, Massachusetts, now being know and numbered as 107 Hancock Street, being shown on a certain map entitled “Zoning Change Plan”, duly recorded with Norfolk Deeds as Plan No. 732 of 1987, in Book 370, bounded and described as follows:

Beginning at a point on the southerly lot line being S76° 12’12”W ninety-eight (98) feet more or less from the drill hole previously mentioned on the west side of Hancock Street thence; S76° 12’12”W (88) feet more or less, being and overall distance of one hundred eighty-five and fifty-seven hundredths (185.57) feet, thence; S59° 49’00”W twenty-four and eighty-six hundredths (24.86) feet to a mag spike set, thence; N24° 48’33”W one hundred ten and twenty-seven hundredths (110.27) feet to an iron rod with a cap set, thence; N00° 26’00”W sixty-seven and ninety-three hundredths (67.93) feet to an iron rod with a cap set, thence; N63° 04’13”E forty-six and eleven hundredths (46.11) feet to an iron rod with a cap set, thence; N14° 15’55”W ninety-six and eight-six hundredths (96.86) feet to an iron rod with a cap set, thence; N74° 37’30”E seventy-two and twenty-one hundredths (72.21) feet to a stone post with a drill hole found, thence; S01° 18’05”E one hundred fifteen and ninety hundredths (115.90) feet to an iron rod with a cap set, thence; N87° 18’26”E sixty-three (63) feet more or less to a corner, thence; S00° 26’00”E one hundred fifty-six (156) feet more or less to the point of beginning. Said portion of the LOT contains 30.166± S.F. meaning and intending to describe that portion of Assessors Map 1009 Lot 68 which is not currently zoned as General Business.

Motion: by Councilor Bowes to approve Order 12 049

Second: by Councilor Ryan

Vote: For (8), Against (0), Absent (1-DeNapoli)

COMMUNICATIONS AND REPORTS FROM TOWN BOARDS

- 008 13 Council President: Resolution in Support of the Preservation of Tax-Exempt Financing

James Regan, Chairman of the Braintree Electric Light Commission, requested that the Town Council support, and offer a resolution, in support of the preservation of tax-exempt financing.

Councilor Bowes read the following resolution:

WHEREAS, municipal bonds are the means by which state and local governments finance the critical infrastructure of our nation, including roads, bridges, hospitals, schools and utility systems; and

WHEREAS, under current law the owners of municipal bonds are not required to pay federal income tax on the interest income they receive from the bonds; and

WHEREAS, this tax exemption is part of a more than century-long system of reciprocal immunity under which owners of federal bonds are, in turn, not required to pay state and local income tax on the interest they receive from federal bonds; and

WHEREAS, this federal tax exemption provides a significant difference between public sector and private sector debt financing; and

WHEREAS, municipalities benefit from this tax exemption through substantial savings on the interest cost of borrowed money; and

WHEREAS, the benefit of lower capital costs attributable to tax exempt financing are passed on to property taxpayers through reduced rates, greater local investments, or both; and

WHEREAS, from time to time Congress and the President have proposed legislation to tax – or alter the federal tax exemption of – interest on municipal bonds; and

NOW, THEREFORE, BE IT RESOLVED that the Braintree Town Council opposes any efforts by Congress and this, or any future, President to eliminate or limit the federal tax exemption on interest earned from municipal bonds.

BE IT FURTHER RESOLVED that a copy of this resolution shall be sent to our Congressional Representatives and key members of the Administration and shall be submitted to the American Public Power Association, Municipal Electric Utilities of Massachusetts and Northeast Public Power Association in support of future debate and action on preserving tax-exempt financing.

Motion: by Councilor Bowes to adopt resolution 008 13

Second: by Councilor Powers

Vote: For (8), Against (0), Absent (1-DeNapoli)

NEW BUSINESS

- None

ADJOURNMENT

It was unanimously voted to adjourn the meeting at 8:41p.m.

Respectfully submitted,
James M. Casey
Clerk of the Council

Documents provided for Meeting

- February 5, 2013 Minutes
- 13 002 Mayor: Request for Appropriation – Community Preservation Fund: Monatiquot Riverwalk
- 12 049 Hancock Street Realty Trust – Petition to Rezone 107 Hancock Street from
Residence B to General Business
- 005 13 Mayor: State of the Town Address
- 008 13 Council President: Resolution in Support of the Preservation of Tax-Exempt Financing

TOWN OF BRAINTREE, MASSACHUSETTS

MANAGEMENT LETTER

JUNE 30, 2012



100 Quannapowitt Parkway
Suite 101
Wakefield, MA 01880
T. 781-914-1700
F. 781-914-1701
www.powersandsullivan.com

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

We have audited the 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 for the fiscal year ended June 30, 2012, and have issued our report thereon dated December 12, 2012. Our opinions on the financial statements and this report, insofar as they relate to the Braintree Electric Light Department, are based solely on the report of other auditors. In planning and performing our audit of the 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 (Town) as of and for the fiscal year ended June 30, 2012, in accordance with auditing standards generally accepted in the United States of America, we considered the Town's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the Town's financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance that all such deficiencies have been identified. However, as discussed below, we identified certain deficiencies in internal control that we consider to be significant deficiencies.

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

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the following deficiencies in the Town's internal control to be significant deficiencies:

The Treasurer's office has been operating for several years without a full staff. Because of the staffing issues cash receipts have not been posted in a timely manner and monthly reconciliations of cash and accounts receivable have also not been done on a timely basis.

During our audit we also became aware of several matters that are opportunities for strengthening internal controls and operating efficiency. The memorandum that accompanies this letter summarizes our comments and suggestions concerning those matters.

The Town's written responses to the *significant deficiencies and other matters* identified in our audit have not been subjected to the audit procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

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

Powers + Juliani, LLC

December 12, 2012

TOWN OF BRAINTREE, MASSACHUSETTS

MANAGEMENT LETTER

JUNE 30, 2012

TABLE OF CONTENTS

PAGE

<i>OTHER MATTERS PREVIOUSLY REPORTED</i>	1
Treasury Operations	2
Internal Control Policies and Procedures Manuals	2
Identification and Reporting of Federal Awards	3
<i>CURRENT YEAR COMMENTS</i>	4
Accounting for Trust Funds	5
Budget Reconciliation and Role of the Town Accountant	5
Informational Comment – Future GASB Statements for Pensions and OPEB	6

OTHER MATTERS PREVIOUSLY REPORTED

SIGNIFICANT DEFICIENCY

TREASURY OPERATIONS

Previous Comment

Since fiscal year 2009 and continuing through fiscal year 2012, the Treasurer's office has been operating with less than a full staff. The Treasurer's position has turned over 3 times and certain tasks have not been completed on a consistent basis including the timely postings of cash receipts to the general ledger and monthly reconciliations of cash and accounts receivables to the general ledger balances and to the Accountant's balances. The department has retained the help of a part-time outside consultant to assist in getting the cash postings and bank reconciliations brought up-to-date but this situation continues to exist.

Continuing Recommendation

In order to strengthen internal controls over financial reporting and to safeguard the Town's assets we recommend that management should take whatever actions may be necessary to ensure that the day-to-day activities of the Treasury Department are being completed on a timely basis and that detailed reconciliations with the general ledger balances and with other departments are occurring on a routine basis as prescribed by management.

Management's Response/Current Status

The Town has hired an experienced Treasurer/Collector who took office the beginning of July 2010. The position has been filled again with another experienced individual who started in the fall of 2012. Continued improvements are being made to the cash receipts and reporting system. We have been working with the software company on a new treasurer receipts software package that will improve the efficiency of the cash receipts process. Significant improvements have been made in the tax collector's accounts receivables procedures including the direct input of payments over the counter in to the accounts receivable software and more timely reconciliation of the detailed receivables to the general ledger. The goal for FY2013 is to have the detail of cash and accounts receivable reconciled to the ledger on a monthly basis.

OTHER MATTERS

INTERNAL CONTROL POLICIES AND PROCEDURES MANUAL

Continuing Comment

We noted that most departments do not maintain a formal internal control policy and procedures manual documenting day-to-day processing and controls. Recently the Town has experienced turnover in several departments while at the same time significant operational changes are being implemented including a new Town-wide general ledger software conversion and within the public works department and in the water and sewer fund. The Town is at risk if critical tasks cannot be completed due to extended or unforeseen absences and for undocumented operational changes. A formal internal control policy and procedures manual would assist each department head with training, documenting, and assuring the continuity of operational policies and procedures that have been approved by management.

Continuing Recommendation

We recommend that each department head develop an internal control policy and procedures manual that includes proper reviews and approvals by management. The document should be written with sufficient detail to allow a new employee the ability to complete the task by reviewing its respective directions. This document should be updated for any system or policy changes. A master manual of all procedures should be maintained and stored in a secure location. In addition, all department heads should be familiar with all policies and procedures within their office and be able to complete all necessary tasks in order to sufficiently train employees.

Management's Response

We agree with the comment as this has been demonstrated by the turnover in key staff positions in certain departments. Management will address this over the next fiscal year.

IDENTIFICATION AND REPORTING OF FEDERAL AWARDS

Continuing Comment

The Town is required to prepare the Schedule of Expenditures of Federal Awards (SEFA) each year as part of the Single Audit requirements. The SEFA reports the total federal awards expended for the fiscal year being audited, by program name and Catalog of Federal Domestic Assistance Number (CFDA). The SEFA must also indicate if the funds were received directly from a federal agency, or if applicable, the pass-through entity's name. The Town expends approximately \$4.3 million in federal funds each year from a variety of programs. The Town does not have a strong system in place to readily provide the necessary information to complete the Schedule of Expenditures of Federal Awards.

This schedule is currently populated based on information gathered from several websites and from review of the expenditures reported in the general ledger. As a result, there is a risk that the Town could unintentionally misclassify a state award, or omit a federal award from being reported on the SEFA.

Continuing Recommendation

We recommend that the Town develops policies and procedures that will ensure that all federal awards are identified as awarded, and that all of the pertinent information is provided to the Town Accountant prior to accounts being setup on the general ledger to account for the programs. A specific sequence of fund numbers should be designated on the Town's general ledger to separately account for federal and state awards. This would provide greater efficiency in the preparation of the report and reduce the risk of error in the reporting of federal awards expended.

Management's Response

We agree and will schedule a meeting with our School Department (our largest recipient of Federal funds) and develop policies and procedures to identify and classify Federal funds received and expended. We will see if it is possible to record the CFDA number in the grant title field. Once we have developed these policies and procedures with the School Department we will be implementing them in all departments receiving Federal funds.

CURRENT YEAR COMMENTS

ACCOUNTING FOR TRUST FUNDS

Comment

The Town is not consistently classifying trust fund activity in the general ledger. There were several instances where receipts were posted to investment income but should have been classified as transfers in or as contributions. As a result, there were audit adjustments made as part of the audit to properly classify these transactions. We also noted several instances where bank deposits were not posted to the general ledger side at all.

Recommendation

We recommend that the Town make timely entries into their general ledger to account for the trust fund deposits and reconcile these accounts on a monthly basis.

Management's Response

We agree with this recommendation and have implemented procedures beginning with the installation of the new accounting system as of July 1, 2012 to address these matters as part of our normal day-to-day activities.

BUDGET RECONCILIATION AND ROLE OF THE TOWN ACCOUNTANT

Comment

Every year, as required by Massachusetts General Law, the Town adopts a balanced budget upon approval by Town Council. Changes or transfers made subsequent to the approval of this annual budget occur frequently throughout the year. The Town Accountant enters the original approved budget into their general ledger software for the beginning of the fiscal year along with any council orders made throughout the year. However, the Town does not maintain any type of crosswalk to prove the amount recording in the general ledger to the amounts voted by Town Council. The Town Accountant should have a more significant role in monitoring the budget and working with the departments to compare budgeted to actual results. This comparison should be done monthly so that the budget can be properly monitored.

Recommendation

We recommend the Town Accountant have a more significant role in managing the budget process and that management should improve procedures for monitoring the budget with all concerned parties throughout the year.

Management's Response

The Town Auditor has developed a document that the Town Accountant can modify slightly and the modified form can be used to tie out the general ledger totals and detail to the Town Council actions on a monthly basis.

Informational Comment

FUTURE GOVERNMENT ACCOUNTING STANDARDS BOARD (GASB) STATEMENTS FOR PENSIONS AND OPEB

Comment

The GASB has issued new pronouncements that will significantly affect the accounting and reporting requirements for Pensions and Other Postemployment Benefits (OPEB). These new standards will start to phase in during fiscal year 2013 and will substantially impact your financial statements and will also affect the requirements for accumulating the necessary data to meet the reporting requirements.

The new standards that have been issued and their effective dates are as follows:

- The GASB issued Statement #63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, which is required to be implemented in fiscal year 2013.
- The GASB issued Statement #65, *Items Previously Reported as Assets and Liabilities*, which is required to be implemented in fiscal year 2014.
- The GASB issued Statement #67, *Financial Reporting for Pension Plans, an amendment of GASB Statement No. 25*, which is required to be implemented in fiscal year 2014.
- The GASB issued Statement #68, *Accounting and Financial Reporting for Pensions, an amendment of GASB Statement No. 27*, which is required to be implemented in fiscal year 2015.

The GASB is expected to issue additional standards following #67 & #68 for Pensions, which will similarly affect accounting and financial reporting for OPEB Plans. The GASB is encouraging earlier application of these standards.

To briefly summarize these new standards –

- GASB #63 and GASB #65 will require reporting each of the financial position elements in a separate section in the statements of financial position. These elements are Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position; where assets + deferred inflows – liabilities – deferred inflows = net position. These new requirements will affect certain aspects of the financial statements currently and they will pave the way for the new reporting requirements of the new Pension and OPEB standards.
- GASB #67 and #68 will substantially change the reporting for pension liabilities and expenses. Changes in pension liability will be immediately recognized as pension expense or reported as deferred outflows/inflows of resources depending on the nature of the changes. Substantial changes to methods and assumptions used to determine actuarial information for GAAP reporting purposes will be required. Current actuarial methods may continue to be used to determine funding amounts. Employers will report in their financial statements a net pension liability (asset) determined annually as of the fiscal year end. Net pension liability (asset) equals the total pension liability for the plan net of the plan net position. Pension liability is the actuarial present value of projected benefits attributed to past service, and plan net position is the accumulated plan assets net of any financial statement liabilities of the plan.

The Town should expect to record significant pension and OPEB liabilities in the future.

Recommendation

We recommend that management begin to study and evaluate these changes for financial statement reporting and disclosure purposes, and to formulate plans to meet with your actuaries and financial advisers as more information becomes available. You may want to consider how and when this information should be communicated to your constituents and other financial statement users.

Management's Response

Management will begin to study and evaluate the impact of GASB's new pronouncement to the financial statements.

TOWN OF BRAINTREE, MASSACHUSETTS

COMPREHENSIVE ANNUAL FINANCIAL REPORT



FOR THE FISCAL YEAR ENDED JUNE 30, 2012

On the Cover:

A view of Town Hall from the Veterans Memorial Mall

Photo by Christopher Griffin

**The Town of
Braintree, Massachusetts**



**Comprehensive
Annual Financial Report**

**For the Fiscal Year Ended
June 30, 2012**

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

Town of Braintree, Massachusetts

**Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2012**

Table of Contents

Introductory Section..... 1

Letter of Transmittal 2

Organizational Chart 6

Principal Town Officials..... 7

Financial Section 9

Independent Auditors' Report 11

Management's Discussion and Analysis 13

Basic Financial Statements..... 22

 Statement of Net Assets 23

 Statement of Activities..... 24

 Governmental Funds – Balance Sheet 26

 Reconciliation of the Governmental Funds Balance Sheet Total Fund Balances to the Statement of Net Assets .. 27

 Governmental Funds – Statement of Revenues, Expenditures and Changes in Fund Balances 28

 Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities 29

 Proprietary Funds – Statement of Net Assets..... 30

 Proprietary Funds – Statement of Revenues, Expenses and Changes in Fund Net Assets..... 31

 Proprietary Funds – Statement of Cash Flows 32

 Fiduciary Funds – Statement of Fiduciary Net Assets..... 33

 Fiduciary funds – Statement of Changes in Fiduciary Net Asset..... 34

 Notes to Basic Financial Statements 35

Required Supplementary Information 67

 General Fund Budgetary Comparison Schedule 68

 Schedule of Revenues, Expenditures and Changes in Fund Balance – General Fund – Budget and Actual..... 69

 Other Postemployment Benefits Plan Schedules 72

 Other Postemployment Benefits Plan Schedule of Funding Progress and Employer Contributions 73

 Other Postemployment Benefits Plan Actuarial Methods and Assumptions..... 74

Notes to Required Supplementary Information..... 75

Other Supplementary Information..... 77

 Combining Statements 78

Nonmajor Governmental Funds	79
Nonmajor Governmental Funds – Combining Balance Sheet.....	80
Nonmajor Governmental Funds – Combining Statement of Revenues, Expenditures and Changes in Fund Balances	82
Pension and Other Employee Benefit Trust Funds.....	84
Pension and Other Employee Benefit Trust Funds – Combining Statement of Net Assets	85
Pension and Other Employee Benefit Trust Funds – Combining Statement of Changes in Net Assets.....	86
Agency Fund	87
Agency Fund - Statement of Changes in Assets and Liabilities	88
Statistical Section.....	89
Net Assets by Component – Last Ten Fiscal Years	90
Changes in Net Assets – Last Ten Fiscal Years	91
Fund Balances – Governmental Funds – Last Ten Fiscal Years	92
Changes in Fund Balances – Governmental Funds – Last Ten Fiscal Years.....	93
Assessed Value and Actual Value of Taxable Property by Classification and Tax Rates – Last Ten Fiscal Years ...	94
Principal Taxpayers – Current Year and Nine Years Ago	95
Property Tax Levies and Collections – Last Ten Fiscal Years	96
Ratios of Outstanding Debt and General Bonded Debt – Last Ten Fiscal Years.....	97
Direct and Overlapping Governmental Activities Debt.....	98
Computation of Legal Debt Margin – Last Ten Fiscal Years	99
Demographic and Economic Statistics – Last Ten Fiscal Years	100
Principal Employers – Current Year and Nine Years Ago	101
Full-Time Equivalent Town Employees by Function – Last Ten Fiscal Years.....	102
Operating Indicators by Function/Program – Last Ten Fiscal Years	103
Capital Asset Statistics by Function/Program – Last Ten Fiscal Years.....	104

Introductory Section



**Town of Braintree, Massachusetts
Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2012**

Introductory Section

Edward J. Spellman, Jr.
Director of Finance



Joseph C. Sullivan
Mayor

TOWN OF BRAINTREE
DEPARTMENT OF MUNICIPAL FINANCE
One JFK Memorial Drive, Braintree, MA 02184
Tel: 781-794-8035 Fax: 781-794-8181

Letter of Transmittal

December 12, 2012

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

State law requires the Town of Braintree to publish at the close of each fiscal year a complete set of financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) that are audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, I hereby issue the Comprehensive Annual Financial Report (CAFR) of the Town of Braintree, Massachusetts, for the fiscal year ending June 30, 2012 for your review.

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

This report consists of management's representations concerning the finances of the Town of Braintree. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects. In order to provide a reasonable basis for making these financial representations, management continues to review and improve its established comprehensive internal controls. The framework for these controls is designed to protect, to the extent possible, the government's assets from loss, theft or misuse. The cost of internal controls should not outweigh their benefits. As a result, the Town of Braintree's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements for the fiscal year ended June 30, 2012, are fairly presented in conformity with GAAP.

The Town of Braintree's financial statements have been audited by Powers & Sullivan, LLC, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the Town of Braintree for the fiscal year ended June 30, 2012, 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 unqualified opinion that the Town of Braintree's financial statements for the fiscal year ended June 30, 2012, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the Town of Braintree was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of

the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are available in the Town of Braintree's separately issued Single Audit Report.

This CAFR is presented in three sections: **Introductory**, **Financial** and **Statistical**. This **Introductory Section** contains this transmittal letter along with the Town's organizational chart and principal officials. The **Financial Section** contains the report of our independent auditor, a Management's Discussion and Analysis (MD&A) section, and the financial statements and related notes. Generally accepted accounting principles (GAAP) require that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of an MD&A. This letter of transmittal is designed to complement the MD&A where the financial analysis is now presented. The Town's MD&A can be found immediately following the independent auditor's report from Powers & Sullivan, LLC. The Town of Braintree is responsible for the accuracy of the financial statements as well as their completeness and fairness. We believe the statements are accurate in all material aspects and that they fairly set forth the financial position of the Town. The **Statistical Section** contains, in most cases, a ten-year history of trends of both financial and demographic data.

Profile of the Town

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

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

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

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

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

Factors Affecting Financial Condition

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

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

The growth of the Town's main source of revenues, property taxes, is capped by Proposition 2½ and can only be overridden by a majority vote at a Town election. While revenue increases have been limited in recent years, tax

base growth was enhanced by commercial construction. This helped offset the steady increases in fixed costs, including health insurance and pension costs, which have increased substantially. On the Town's operating side, the FY12 budgets and service level were maintained through a modest 2% increase in the operating budget. This allowed the Town to continue to provide high quality services while minimizing the impact on the property tax burden.

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

In FY12, the Town continued to demonstrate its commitment to the Financial Policy of maintaining and building an appropriate reserve account. Despite a tight budget process, the Town did not use any funding from the reserves in its continued commitment to increase these.

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

The Town contributes to the Braintree Contributory Retirement System, a cost-sharing, multiple-employer defined benefit pension plan (Plan) administered by the Braintree Contributory Retirement Board. Every two years, an independent actuary engaged by the Board calculates the amount of the annual contribution that the Town must make to the pension plan to ensure its ability to fully meet its obligations to retired employees. As required by law, the Town fully funds each year's annual required contribution to the pension plan as determined by the actuary. As of January 1, 2010, the latest actuarial valuation date, the System had succeeded in funding 67.6% of the present value of the projected benefits earned by employees. The remaining unfunded amount is being systematically funded over the remaining 20 years as part of the annual required contribution as calculated by the actuary.

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

Financial and Management Systems

Internal Controls

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

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

Budgetary Controls

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

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

Acknowledgements

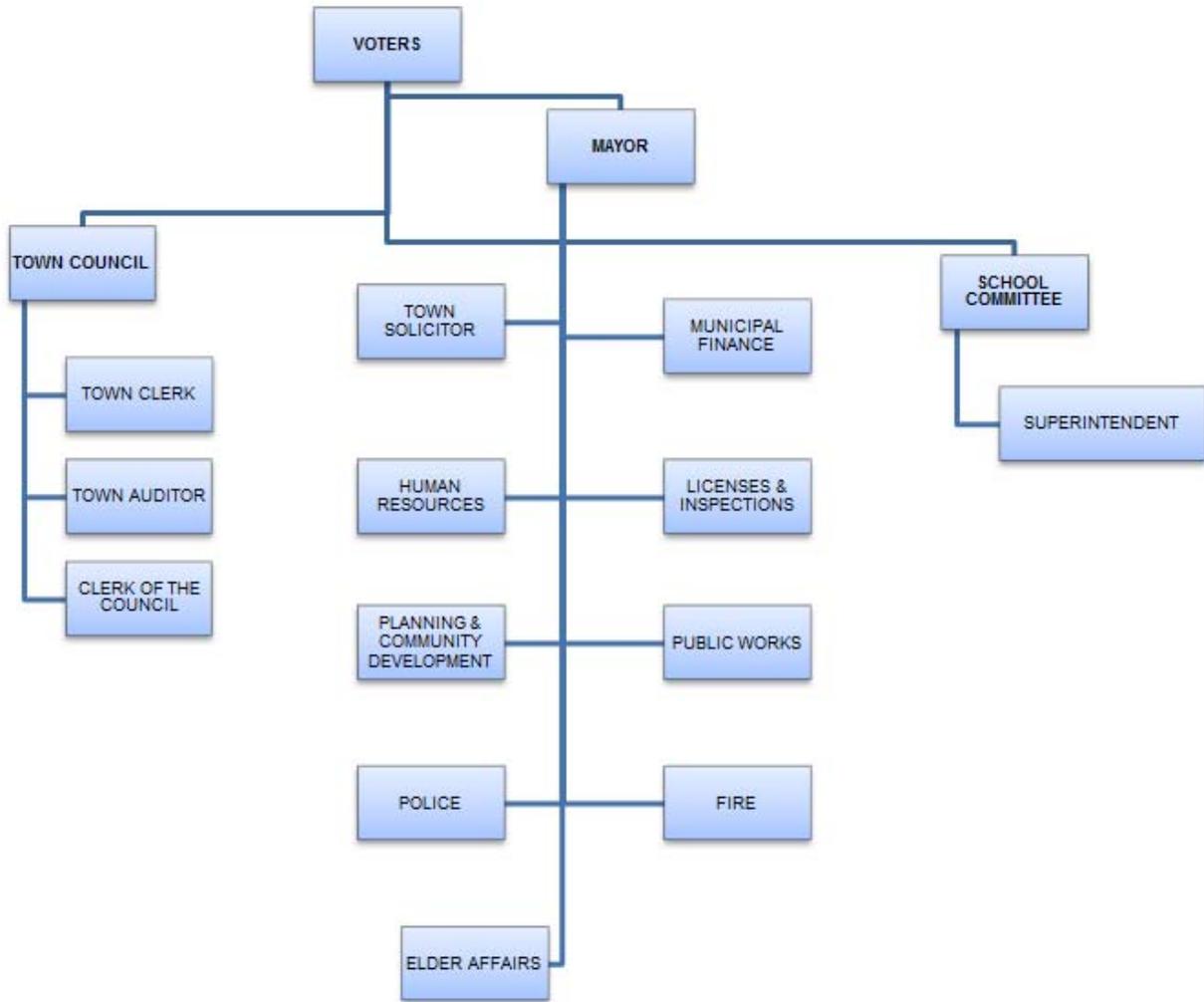
This report represents significant effort by the entire financial team of the Town, whose dedicated efforts have significantly improved the financial operations of the Town. I would like to express our appreciation to the members of all the departments who assisted and contributed to the preparation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

Respectfully submitted,



Edward J. Spellman, Jr.
Director of Municipal Finance

Town of Braintree Organizational Chart



Principal Town Officials

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

Appointed Officials

Appointed by the Mayor

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

Appointed by the Town Council

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

Appointed by the School Committee

School Superintendent	Peter A. Kurzberg, Ph.D.
Assistant School Superintendent	Maureen Murray, Ed.D
School Business Manager	Peter Kress

This page intentionally left blank.

Financial Section



**Town of Braintree, Massachusetts
Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2012**

Financial Section

This page intentionally left blank.



100 Quannapowitt Parkway
Suite 101
Wakefield, MA 01880
T. 781-914-1700
F. 781-914-1701
www.powersandsullivan.com

Independent Auditors' Report

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Braintree, Massachusetts, as of and for the fiscal year ended June 30, 2012 (except for the Braintree Contributory Retirement System and the Braintree Electric Light Department which are as of and for the year ended December 31, 2011), which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town of Braintree, Massachusetts' management. 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, 2011. The Braintree Electric Light Department is a major fund and reflects approximately 77% of the total assets, 64% of the net assets, and approximately 83% of the total revenues of the business-type activities. Those financial statements were audited by another auditor whose report thereon 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 another auditor.

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

In our opinion, based on our audit and the report of another auditor, the financial statements referred to previously 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, 2012 (except for the Braintree Contributory Retirement System and the Braintree Electric Light Department which are as of December 31, 2011), and the respective changes in financial position and cash flows, where applicable, thereof for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 12, 2012 on our consideration of the Town of Braintree, Massachusetts' internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Braintree's basic financial statements. The combining statements, as listed in the table of contents, are presented for the purpose of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements taken as a whole.

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 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.

The introductory section and statistical tables, as listed in the table of contents, are presented for the purposes of additional analysis and are not a required part of the basic financial statements. Such information has 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 it.



December 12, 2012

Management's Discussion and Analysis

Management's Discussion and Analysis

As management of the Town of Braintree, we offer readers of these financial statements this narrative overview and analysis of the financial activities for the fiscal year ended June 30, 2012. We encourage readers to consider the information presented in this report. All amounts, unless otherwise indicated, are expressed in whole dollars.

Overview of the Financial Statements

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

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

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

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

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

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

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

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund statements focus on *near-term inflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

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

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

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

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

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

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statement because the resources of those funds are *not* available to support the Town's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

Notes to the basic financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Financial Highlights.

As noted earlier, net assets may serve over time as a useful indicator of a government’s financial position. The Town of Braintree’s governmental assets exceeded liabilities for governmental activities by \$51.6 million and the business-type activities assets exceeded liabilities by \$89.6 million at the close of the most recent fiscal year. Key components of the Town’s activities are presented below.

Governmental Activities

	2012	2011
Assets:		
Current assets.....	\$ 57,242,485	\$ 57,352,006
Capital assets, non depreciable.....	14,794,468	13,755,668
Capital assets, net of accumulated depreciation.....	56,742,522	47,915,441
Total assets.....	128,779,475	119,023,115
Liabilities:		
Current liabilities (excluding debt).....	10,635,015	10,022,691
Noncurrent liabilities (excluding debt).....	43,778,115	37,091,036
Current debt.....	2,560,568	2,285,878
Noncurrent debt.....	20,165,003	16,880,000
Total liabilities.....	77,138,701	66,279,605
Net Assets:		
Invested in capital assets, net of related debt.....	52,564,200	47,910,553
Restricted.....	19,081,454	18,984,718
Unrestricted.....	(20,004,880)	(14,151,761)
Total net assets.....	\$ 51,640,774	\$ 52,743,510

Invested in capital assets, net of related debt of \$52.6 million reflects its 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 the net assets \$19.1 million represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net assets* resulted in a \$20 million deficit mainly relating to the cumulative effect of recording \$42 million of other postemployment benefit liabilities through June 30, 2012.

	<u>2012</u>	<u>2011</u>
Program revenues:		
Charges for services.....	\$ 7,507,858	\$ 7,629,799
Operating grants and contributions.....	33,518,827	33,221,854
Capital grants and contributions.....	4,773,929	3,793,516
General Revenues:		
Real estate and personal property taxes.....	69,679,306	68,085,843
Motor vehicle and other excise taxes.....	4,039,432	4,284,625
Hotel/motel tax.....	784,781	718,452
Nonrestricted grants.....	4,989,211	4,949,885
Unrestricted investment income.....	215,677	267,612
Other revenues.....	1,118,801	1,162,109
Total revenues.....	<u>126,627,822</u>	<u>124,113,695</u>
Expenses:		
General government.....	6,120,306	6,219,480
Public safety.....	22,644,632	22,731,221
Education.....	87,632,097	85,120,589
Public works.....	6,258,439	7,075,816
Sanitation.....	1,734,699	1,421,972
Community preservation.....	168,276	76,049
Human services.....	1,108,036	1,064,014
Culture and recreation.....	3,685,605	3,733,359
Interest.....	668,246	620,316
Total expenses.....	<u>130,020,336</u>	<u>128,062,816</u>
Excess (Deficiency) before transfers.....	(3,392,514)	(3,949,121)
Transfers.....	<u>2,289,778</u>	<u>2,284,796</u>
Change in net assets.....	\$ <u>(1,102,736)</u>	\$ <u>(1,664,325)</u>

The governmental net assets decreased by \$1.1 million during the current fiscal year as compared to a decrease of \$1.7 million in the prior year. The decrease in net assets is mainly attributable to the recording of an additional \$6.7 million in other postemployment benefit expenses. Total revenues increased approximately \$2.5 million from a \$1 million land donation and from an increase in real estate and personal property taxes of \$1.5 million. Expenses increased approximately 1.5% mainly for educational expenses.

Business-type Activities. Business-type activities decreased the Town’s net assets by \$2.2 million compared to an increase of \$1.8 million in the prior year. The change relates mainly to the Electric Light Department where total revenues were \$5.3 million less than the previous year. Total expenses were also less than the previous year by approximately \$1.6 million. The lower sales amounts in the current year were attributed to weather related demand being lower.

The water and sewer fund was established in 1984 pursuant to an act establishing the water and sewer commission. Water and sewer business-type activities assets exceeded liabilities by \$31.9 million at the close of fiscal year 2012. Invested in capital assets, net of related debt was \$21.1 million (66%) while unrestricted net assets were \$10.8 million (34%). There was an increase of \$8,000 in net assets compared to an increase of \$131,000 in the prior year.

Golf Course business-type activities assets exceeded liabilities by \$698,000 at the close of fiscal year 2012. Invested in capital assets, net of related debt was \$1 million while unrestricted net assets were in a deficit in the amount of \$302,000. There was a decrease of \$147,000 in net assets compared to a decrease of \$53,000 in the prior year. This decrease was mainly from the recognition of an additional \$70,000 in other postemployment benefit expenses.

Electric business-type activities assets exceeded liabilities by \$57 million at December 31, 2011. Invested in capital assets, net of related debt were \$49.5 million (87%) and unrestricted net assets were \$7.5 million (13%). There was a decrease of \$2.1 million in net assets compared to an increase of \$1.7 in the prior year.

Business-type Activities

	2012	2011
Assets:		
Current assets.....	\$ 45,639,646	\$ 49,864,452
Noncurrent assets (excluding capital).....	858,466	842,884
Capital assets, non depreciable.....	3,171,802	4,034,479
Capital assets, net of accumulated depreciation.....	196,162,194	194,447,509
Total assets.....	245,832,108	249,189,324
Liabilities:		
Current liabilities (excluding debt).....	8,596,632	7,337,240
Non-current liabilities (excluding debt).....	15,405,823	14,418,717
Current debt.....	7,943,963	7,392,048
Noncurrent debt.....	124,273,959	128,209,297
Total liabilities.....	156,220,377	157,357,302
Net Assets:		
Invested in capital assets, net of related debt.....	71,591,338	69,022,850
Unrestricted.....	18,020,393	22,809,172
Total net assets.....	\$ 89,611,731	\$ 91,832,022

	2012	2011
Program revenues:		
Charges for services.....	\$ 84,207,284	\$ 89,035,491
Other revenues.....	891,460	1,398,980
Operating grants and contributions.....	-	215,783
Capital grants and contributions.....	281,643	-
General Revenues:		
Unrestricted investment income.....	55,743	244,779
Total revenues.....	85,436,130	90,895,033
Expenses:		
Water and sewer.....	12,960,228	12,992,288
Golf Course.....	1,510,491	1,400,980
Electric Light.....	70,895,924	72,454,533
Total expenses.....	85,366,643	86,847,801
Excess before transfers.....	69,487	4,047,232
Transfers.....	(2,289,778)	(2,284,796)
Change in net assets.....	\$ (2,220,291)	\$ 1,762,436

Financial Analysis of the Government's Funds

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

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

As of the end of the current fiscal year, governmental funds reported combined ending fund balances of \$39.7 million, which represents an increase of \$517,000 from the prior year. The general fund increased by \$2.1 million and the nonmajor funds decreased by \$1.6 million.

The general fund is the chief operating fund. At the end of the current fiscal year, unassigned fund balance of the general fund was \$15.8 million, while total fund balance was \$17 million. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 14.1% of total general fund expenditures, while total fund balance represents 15.2% of that same amount.

General fund revenues increased by \$3.5 million or approximately 3.2% over the previous year. These increases came mainly from real estate taxes and intergovernmental revenues for the schools. Expenditures increased by just over \$4 million or approximately 3.7% from virtually all categories. The deficit in expenditures over revenues collected was offset by budgeted transfers from the enterprise funds for administration and for a payment in-lieu of taxes made by the Electric Light Department. The net change in fund balance for the year was an increase of \$2.1 million, compared to an increase in the prior of \$2.3 million.

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

General Fund Budgetary Highlights

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

Actual revenues came in higher than budgeted by approximately \$927,000 or just less than 1%. The largest area of surplus was departmental and other of \$796,000 due to more building permits being issued than projected.

Actual expenditures came in \$1.1 million less than budgeted. All departments realized budget savings except for state and county assessments, which under state law, is allowed to deficit spend.

Capital Asset and Debt Administration

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

During fiscal year 2012 the Town expended \$11.9 million on governmental activities capital assets, in addition to accepting several parcels of land donated to the Town valued at approximately \$1,039,000. The expenditures consisted mainly of roadway improvements. The business type activities expended \$11.1 million during 2012. This consisted mainly of \$7.6 million on the new power plant at the electric light plant and \$3.5 million water mains in the water and sewer fund.

Outstanding long-term debt of the governmental activities, as of June 30, 2012, totaled \$22.2 million, of which \$12.7 million is related to public building construction, \$5.9 million relates to road construction, \$1.6 million relates to land acquisition, and \$2.0 million relates to other projects.

The enterprise fund has \$21.9 million in water and sewer enterprise debt and \$101.9 million in Electric Light debt that is fully supported by the rates and do not rely on a general fund subsidy.

During fiscal year 2012 the Town issued long-term general obligation bonds in the amounts of \$5.3 million for governmental funds, and \$3.4 million for the water and sewer enterprise fund.

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

Requests for Information

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

Basic Financial Statements

STATEMENT OF NET ASSETS

JUNE 30, 2012

	<i>Primary Government</i>		
	Governmental Activities	Business-type Activities	Total
ASSETS			
CURRENT:			
Cash and cash equivalents.....	\$ 41,402,953	\$ 30,286,959	\$ 71,689,912
Investments.....	7,091,800	-	7,091,800
Receivables, net of allowance for uncollectibles:			
Real estate and personal property taxes.....	2,094,593	-	2,094,593
Tax liens.....	647,985	50,543	698,528
Motor vehicle and other excise taxes.....	544,447	-	544,447
User fees.....	-	9,159,973	9,159,973
Departmental and other.....	428,214	485,502	913,716
Intergovernmental.....	4,154,212	-	4,154,212
Tax foreclosures.....	78,281	-	78,281
Inventory.....	-	3,829,502	3,829,502
Working capital deposit.....	800,000	-	800,000
Prepaid expenses.....	-	525,673	525,673
Purchased power advanced deposits.....	-	1,301,494	1,301,494
Total current assets.....	<u>57,242,485</u>	<u>45,639,646</u>	<u>102,882,131</u>
NONCURRENT:			
Investment in Hydro Quebec.....	-	47,950	47,950
Investment in Energy New England.....	-	675,480	675,480
Other assets.....	-	135,036	135,036
Capital assets, non depreciable.....	14,794,468	3,171,802	17,966,270
Capital assets, net of accumulated depreciation.....	<u>56,742,522</u>	<u>196,162,194</u>	<u>252,904,716</u>
Total noncurrent assets.....	71,536,990	200,192,462	271,729,452
TOTAL ASSETS.....	<u>128,779,475</u>	<u>245,832,108</u>	<u>374,611,583</u>
LIABILITIES			
CURRENT:			
Warrants payable.....	923,597	6,752,957	7,676,554
Accrued payroll.....	4,393,080	44,134	4,437,214
Health claims payable.....	1,175,000	-	1,175,000
Tax refunds payable.....	1,285,000	-	1,285,000
Accrued interest.....	99,890	104,857	204,747
Participant advances and reserves.....	-	916,413	916,413
Other liabilities.....	6,633	-	6,633
Unearned revenue.....	716,437	337,545	1,053,982
Capital lease obligations.....	63,388	239,171	302,559
Compensated absences.....	1,742,946	440,726	2,183,672
Workers' compensation.....	292,432	-	292,432
Bonds payable.....	<u>2,497,180</u>	<u>7,704,792</u>	<u>10,201,972</u>
Total current liabilities.....	<u>13,195,583</u>	<u>16,540,595</u>	<u>29,736,178</u>
NONCURRENT:			
Capital lease obligations.....	149,204	310,458	459,662
Customer deposits payable.....	-	639,500	639,500
Compensated absences.....	1,566,826	70,306	1,637,132
Workers' compensation.....	209,583	-	209,583
Unearned revenue.....	-	9,441,668	9,441,668
Other postemployment benefits.....	42,001,706	5,254,349	47,256,055
Bonds payable.....	<u>20,015,799</u>	<u>123,963,501</u>	<u>143,979,300</u>
Total noncurrent liabilities.....	<u>63,943,118</u>	<u>139,679,782</u>	<u>203,622,900</u>
TOTAL LIABILITIES.....	<u>77,138,701</u>	<u>156,220,377</u>	<u>233,359,078</u>
NET ASSETS			
Invested in capital assets, net of related debt.....	52,564,200	71,591,338	124,155,538
Restricted for:			
Permanent funds:			
Expendable.....	8,159,027	-	8,159,027
Nonexpendable.....	2,564,886	-	2,564,886
Grants and gifts.....	3,612,831	-	3,612,831
Community preservation.....	4,744,710	-	4,744,710
Unrestricted.....	<u>(20,004,880)</u>	<u>18,020,393</u>	<u>(1,984,487)</u>
TOTAL NET ASSETS.....	<u>\$ 51,640,774</u>	<u>\$ 89,611,731</u>	<u>\$ 141,252,505</u>

See notes to basic financial statements.

STATEMENT OF ACTIVITIES

FISCAL YEAR ENDED JUNE 30, 2012

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary Government:					
<i>Governmental Activities:</i>					
General government.....	\$ 6,120,306	\$ 616,829	\$ 163,327	\$ 1,038,800	\$ (4,301,350)
Public safety.....	22,644,632	2,378,405	395,096	-	(19,871,131)
Education.....	87,632,097	2,017,758	32,289,115	1,346,266	(51,978,958)
Public works.....	6,258,439	553,002	181,143	2,240,500	(3,283,794)
Sanitation.....	1,734,699	1,548,721	-	-	(185,978)
Community preservation.....	168,276	-	-	148,363	(19,913)
Human services.....	1,108,036	31,332	419,038	-	(657,666)
Culture and recreation.....	3,685,605	361,811	71,108	-	(3,252,686)
Interest.....	668,246	-	-	-	(668,246)
Total Governmental Activities.....	130,020,336	7,507,858	33,518,827	4,773,929	(84,219,722)
<i>Business-Type Activities:</i>					
Water and Sewer.....	12,960,228	12,932,512	-	281,643	253,927
Golf.....	1,510,491	1,404,095	-	-	(106,396)
Electric.....	70,895,924	70,762,137	-	-	(133,787)
Total Business-Type Activities.....	85,366,643	85,098,744	-	281,643	13,744
Total Primary Government.....	\$ 215,386,979	\$ 92,606,602	\$ 33,518,827	\$ 5,055,572	\$ (84,205,978)

See notes to basic financial statements.

(Continued)

STATEMENT OF ACTIVITIES

FISCAL YEAR ENDED JUNE 30, 2012

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Changes in net assets:			
Net (expense) revenue from previous page.....	\$ (84,219,722)	\$ 13,744	\$ (84,205,978)
<i>General revenues:</i>			
Real estate and personal property taxes, net of tax refunds payable.....	69,679,306	-	69,679,306
Motor vehicle and other excise taxes.....	4,039,432	-	4,039,432
Hotel/motel tax.....	784,781	-	784,781
Community preservation tax.....	559,244	-	559,244
Penalties and interest on taxes.....	371,394	-	371,394
Payments in lieu of taxes.....	118,112	-	118,112
Grants and contributions not restricted to specific programs.....	4,989,211	-	4,989,211
Unrestricted investment income.....	215,677	55,743	271,420
Miscellaneous.....	70,051	-	70,051
<i>Transfers, net</i>	2,289,778	(2,289,778)	-
Total general revenues and transfers.....	83,116,986	(2,234,035)	80,882,951
Change in net assets.....	(1,102,736)	(2,220,291)	(3,323,027)
<i>Net Assets:</i>			
Beginning of year.....	52,743,510	91,832,022	144,575,532
End of year.....	\$ 51,640,774	\$ 89,611,731	\$ 141,252,505

See notes to basic financial statements.

(Concluded)

**GOVERNMENTAL FUNDS
BALANCE SHEET**

JUNE 30, 2012

ASSETS	<u>General</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Cash and cash equivalents.....	\$ 21,627,516	\$ 16,015,935	\$ 37,643,451
Investments.....	414,399	6,677,401	7,091,800
Receivables, net of uncollectibles:			
Real estate and personal property taxes.....	2,094,593	-	2,094,593
Tax liens.....	646,064	1,921	647,985
Motor vehicle and other excise taxes.....	544,447	-	544,447
Departmental and other.....	161,548	10,527	172,075
Intergovernmental.....	154,376	3,999,836	4,154,212
Tax foreclosures.....	78,281	-	78,281
Due from other funds.....	<u>1,422,839</u>	<u>-</u>	<u>1,422,839</u>
TOTAL ASSETS.....	\$ <u>27,144,063</u>	\$ <u>26,705,620</u>	\$ <u>53,849,683</u>
 LIABILITIES AND FUND BALANCES			
LIABILITIES:			
Warrants payable.....	\$ 916,058	\$ -	\$ 916,058
Accrued payroll.....	4,375,586	17,494	4,393,080
Tax refunds payable.....	1,285,000	-	1,285,000
Deferred revenues.....	3,572,415	2,589,445	6,161,860
Due to other funds.....	-	1,422,839	1,422,839
Other liabilities.....	<u>6,633</u>	<u>-</u>	<u>6,633</u>
TOTAL LIABILITIES.....	<u>10,155,692</u>	<u>4,029,778</u>	<u>14,185,470</u>
 FUND BALANCES:			
Nonspendable.....	-	2,564,886	2,564,886
Restricted.....	-	20,110,956	20,110,956
Assigned.....	1,140,720	-	1,140,720
Unassigned.....	<u>15,847,651</u>	<u>-</u>	<u>15,847,651</u>
TOTAL FUND BALANCES.....	<u>16,988,371</u>	<u>22,675,842</u>	<u>39,664,213</u>
TOTAL LIABILITIES AND FUND BALANCES.....	\$ <u>27,144,063</u>	\$ <u>26,705,620</u>	\$ <u>53,849,683</u>

See notes to basic financial statements.

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

JUNE 30, 2012

Total governmental fund balances.....		\$ 39,664,213
Capital assets (net) used in governmental activities are not financial resources and, therefore, are not reported in the funds.....		71,536,990
Accounts receivable are not available to pay for current-period expenditures and, therefore, are deferred in the funds.....		5,445,423
Internal service funds are used by management to account for retirees' health insurance and workers' compensation activities.		
The assets and liabilities of the internal service funds are included in the governmental activities in the statement of net assets.....		3,633,102
In the statement of activities, interest is accrued on outstanding long-term debt, whereas in governmental funds interest is not reported until due.....		(99,890)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds		
Bonds payable.....	(22,512,979)	
Other postemployment benefits.....	(42,001,706)	
Capital lease obligations.....	(212,592)	
Worker' compensation.....	(502,015)	
Compensated absences.....	<u>(3,309,772)</u>	
Net effect of reporting long-term liabilities.....		<u>(68,539,064)</u>
Net assets of governmental activities.....		<u>\$ 51,640,774</u>

See notes to basic financial statements.

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

FISCAL YEAR ENDED JUNE 30, 2012

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

See notes to basic financial statements.

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

FISCAL YEAR ENDED JUNE 30, 2012

Net change in fund balances - total governmental funds.....	\$	516,956
<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.....		11,938,962
Donated assets.....		1,038,800
Depreciation expense.....		<u>(3,111,881)</u>
Net effect of reporting capital assets.....		9,865,881
<p>Revenues in the Statement of Activities that do not provide current financial resources are fully deferred in the Statement of Revenues, Expenditures and Changes in Fund Balances. Therefore, the recognition of revenue for various types of accounts receivable (i.e., real estate and personal property, motor vehicle excise, etc.) differ between the two statements. This amount represents the net change in deferred revenue.....</p>		
		(372,065)
<p>The issuance of long-term debt (e.g., bonds and leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities.</p>		
Principal payments on capital leases.....		119,681
Proceeds from bonds and notes.....		(5,286,000)
Premium from issuance of bonds.....		(369,204)
Capital lease financing.....		(246,395)
Debt service principal payments.....		<u>2,200,000</u>
Net effect of reporting long-term debt.....		(3,581,918)
<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.....		(198,796)
Net change in accrued interest on long-term debt.....		(3,852)
Net change in other postemployment benefits accrual.....		(6,729,879)
Net change in workers' compensation accrual.....		34,554
Amortization of premium from issuance of bonds.....		<u>22,225</u>
Net effect of recording long-term liabilities.....		(6,875,748)
<p>Internal service funds are used by management to account for health insurance and workers' compensation activities.</p>		
The net activity of internal service funds is reported with Governmental Activities.....		<u>(655,842)</u>
Change in net assets of governmental activities.....	\$	<u>(1,102,736)</u>

See notes to basic financial statements.

PROPRIETARY FUNDS
STATEMENT OF NET ASSETS

JUNE 30, 2012

	Business-type Activities - Enterprise Funds					Governmental Activities - Internal Service Fund
	Water and Sewer	Golf Course	Electric Light December 31, 2011	Total		
ASSETS						
CURRENT:						
Cash and cash equivalents.....	\$ 8,858,611	\$ 135,414	\$ 21,292,934	\$ 30,286,959	\$	3,759,502
Receivables, net of allowance for uncollectibles:						
User fees.....	3,042,507	-	6,117,466	9,159,973		-
Water and sewer liens.....	50,543	-	-	50,543		-
Departmental and other.....	-	-	485,502	485,502		256,139
Inventory.....	-	25,976	3,803,526	3,829,502		-
Working capital deposit.....	-	-	-	-		800,000
Prepaid expenses.....	-	-	525,673	525,673		-
Purchased power advanced deposits.....	-	-	1,301,494	1,301,494		-
Total current assets.....	<u>11,951,661</u>	<u>161,390</u>	<u>33,526,595</u>	<u>45,639,646</u>		<u>4,815,641</u>
NONCURRENT:						
Investment in Hydro Quebec.....	-	-	47,950	47,950		-
Investment in Energy New England.....	-	-	675,480	675,480		-
Other assets.....	-	-	135,036	135,036		-
Capital assets, non depreciable.....	939,508	375,876	1,856,418	3,171,802		-
Capital assets, net of accumulated depreciation.....	<u>42,824,902</u>	<u>624,151</u>	<u>152,713,141</u>	<u>196,162,194</u>		<u>-</u>
Total noncurrent assets.....	<u>43,764,410</u>	<u>1,000,027</u>	<u>155,428,025</u>	<u>200,192,462</u>		<u>-</u>
TOTAL ASSETS.....	<u>55,716,071</u>	<u>1,161,417</u>	<u>188,954,620</u>	<u>245,832,108</u>		<u>4,815,641</u>
LIABILITIES						
CURRENT:						
Warrants payable.....	257,223	15,513	5,808,456	6,081,192		7,539
Accrued liabilities.....	-	-	671,765	671,765		-
Accrued payroll.....	24,916	19,218	-	44,134		-
Health claims payable.....	-	-	-	-		1,175,000
Accrued interest.....	104,857	-	-	104,857		-
Participant advances and reserves.....	-	-	916,413	916,413		-
Unearned revenue.....	-	145,545	192,000	337,545		-
Capital lease obligations.....	-	-	239,171	239,171		-
Compensated absences.....	94,075	62,632	284,019	440,726		-
Bonds payable.....	<u>2,386,322</u>	<u>-</u>	<u>5,318,470</u>	<u>7,704,792</u>		<u>-</u>
Total current liabilities.....	<u>2,867,393</u>	<u>242,908</u>	<u>13,430,294</u>	<u>16,540,595</u>		<u>1,182,539</u>
NONCURRENT:						
Capital lease obligations.....	-	-	310,458	310,458		-
Customer deposits payable.....	-	2,150	637,350	639,500		-
Compensated absences.....	40,512	29,794	-	70,306		-
Unearned revenue.....	-	-	9,441,668	9,441,668		-
Other postemployment benefits.....	597,715	188,319	4,468,315	5,254,349		-
Bonds payable.....	<u>20,306,801</u>	<u>-</u>	<u>103,656,700</u>	<u>123,963,501</u>		<u>-</u>
Total noncurrent liabilities.....	<u>20,945,028</u>	<u>220,263</u>	<u>118,514,491</u>	<u>139,679,782</u>		<u>-</u>
TOTAL LIABILITIES.....	<u>23,812,421</u>	<u>463,171</u>	<u>131,944,785</u>	<u>156,220,377</u>		<u>1,182,539</u>
NET ASSETS						
Invested in capital assets, net of related debt.....	21,071,287	1,000,027	49,520,024	71,591,338		-
Unrestricted.....	<u>10,832,363</u>	<u>(301,781)</u>	<u>7,489,811</u>	<u>18,020,393</u>		<u>3,633,102</u>
TOTAL NET ASSETS.....	<u>\$ 31,903,650</u>	<u>\$ 698,246</u>	<u>\$ 57,009,835</u>	<u>\$ 89,611,731</u>	<u>\$</u>	<u>3,633,102</u>

See notes to basic financial statements.

PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS

FISCAL YEAR ENDED JUNE 30, 2012

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Fund
	Water and Sewer	Golf Course	Electric Light December 31, 2011	Total	
OPERATING REVENUES:					
Employee contributions	\$ -	\$ -	\$ -	\$ -	\$ 6,045,400
Employer contributions	-	-	-	-	8,308,922
Charges for services	12,929,826	1,404,095	-	14,333,921	-
Sales to ultimate customers.....	-	-	57,155,898	57,155,898	-
Sales for resale.....	-	-	12,714,779	12,714,779	-
Other operating revenues.....	-	-	891,460	891,460	-
Utility liens.....	2,686	-	-	2,686	-
TOTAL OPERATING REVENUES	12,932,512	1,404,095	70,762,137	85,098,744	14,354,322
OPERATING EXPENSES:					
Cost of services and administration	3,100,642	1,235,303	16,782,677	21,118,622	-
MWRA Assessment.....	7,226,112	-	-	7,226,112	-
Fuel for generation.....	-	-	3,682,742	3,682,742	-
Purchased power.....	-	-	30,052,040	30,052,040	-
Repairs and maintenance.....	394,271	212,754	7,526,648	8,133,673	-
Depreciation.....	1,457,567	62,434	8,542,045	10,062,046	-
Employee benefits	-	-	-	-	15,010,164
TOTAL OPERATING EXPENSES	12,178,592	1,510,491	66,586,152	80,275,235	15,010,164
OPERATING INCOME (LOSS).....	753,920	(106,396)	4,175,985	4,823,509	(655,842)
NONOPERATING REVENUES (EXPENSES):					
Investment income.....	2,583	-	53,160	55,743	-
Interest expense.....	(781,636)	-	(4,309,772)	(5,091,408)	-
TOTAL NONOPERATING REVENUES (EXPENSES), NET.....	(779,053)	-	(4,256,612)	(5,035,665)	-
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS.....	(25,133)	(106,396)	(80,627)	(212,156)	(655,842)
CAPITAL CONTRIBUTIONS.....	281,643	-	-	281,643	-
TRANSFERS:					
Transfers out.....	(248,746)	(41,032)	(2,000,000)	(2,289,778)	-
CHANGE IN NET ASSETS.....	7,764	(147,428)	(2,080,627)	(2,220,291)	(655,842)
NET ASSETS AT BEGINNING OF YEAR, AS REVISED.....	31,895,886	845,674	59,090,462	91,832,022	4,288,944
NET ASSETS AT END OF YEAR.....	\$ 31,903,650	\$ 698,246	\$ 57,009,835	\$ 89,611,731	\$ 3,633,102

See notes to basic financial statements.

**PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS**

FISCAL YEAR ENDED JUNE 30, 2012

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Fund
	Water and Sewer	Golf Course	Electric Light December 31, 2011	Total	
<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>					
Receipts from customers and users.....	\$ 12,773,078	\$ 1,405,535	\$ 74,138,840	\$ 88,317,453	\$ 6,045,400
Receipts from interfund services provided.....	-	-	-	-	8,308,922
Payments to vendors.....	(9,172,653)	(813,891)	(46,685,851)	(56,672,395)	-
Payments to employees.....	(1,333,200)	(567,464)	(9,787,786)	(11,688,450)	-
Payments for interfund services used.....	-	-	-	-	(14,706,960)
NET CASH FROM OPERATING ACTIVITIES.....	2,267,225	24,180	17,665,203	19,956,608	(352,638)
<u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</u>					
Transfers out.....	(248,746)	(41,032)	(2,000,000)	(2,289,778)	-
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</u>					
Proceeds from the issuance of bonds and notes.....	3,445,230	-	-	3,445,230	-
Premium from the issuance of bonds and notes.....	180,714	-	-	180,714	-
Capital contributions.....	281,643	-	-	281,643	-
Acquisition and construction of capital assets.....	(4,089,298)	(48,276)	(6,950,063)	(11,087,637)	-
Principal payments on bonds and notes.....	(1,911,000)	-	(4,550,000)	(6,461,000)	-
Principal payments on capital lease obligations.....	-	-	(178,627)	(178,627)	-
Interest expense.....	(830,455)	-	(5,096,577)	(5,927,032)	-
Participant advances and reserves.....	-	-	(916,503)	(916,503)	-
NET CASH FROM CAPITAL AND RELATED FINANCING ACTIVITIES.....	(2,923,166)	(48,276)	(17,691,770)	(20,663,212)	-
<u>CASH FLOWS FROM INVESTING ACTIVITIES:</u>					
Investment in Hydro Quebec.....	-	-	10,336	10,336	-
Investment in Energy New England.....	-	-	(27,882)	(27,882)	-
Investment income.....	2,583	-	53,160	55,743	-
NET CASH FROM INVESTING ACTIVITIES.....	2,583	-	35,614	38,197	-
NET CHANGE IN CASH AND CASH EQUIVALENTS.....	(902,104)	(65,128)	(1,990,953)	(2,958,185)	(352,638)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR.....	9,760,715	200,542	23,283,887	33,245,144	4,112,140
CASH AND CASH EQUIVALENTS AT END OF YEAR.....	\$ 8,858,611	\$ 135,414	\$ 21,292,934	\$ 30,286,959	\$ 3,759,502
<u>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES:</u>					
Operating income (loss).....	\$ 753,920	\$ (106,396)	\$ 4,175,985	\$ 4,823,509	\$ (655,842)
Adjustments to reconcile operating income to net cash from operating activities:					
Depreciation.....	1,457,567	62,434	8,542,045	10,062,046	-
Changes in assets and liabilities:					
Water and sewer liens.....	5,970	-	-	5,970	-
User fees.....	(165,404)	-	(2,832)	(168,236)	-
Departmental and other.....	-	-	1,646,675	1,646,675	67,752
Inventory.....	-	8,565	(134,149)	(125,584)	-
Working capital deposit.....	-	-	-	-	104,000
Other assets.....	-	-	1,964	1,964	-
Prepaid expenses.....	-	-	(226,423)	(226,423)	-
Purchased power advance deposits.....	-	-	(189)	(189)	-
Warrants payable.....	89,438	(22,097)	931,882	999,223	(161,645)
Accrued liabilities.....	-	-	(4,706)	(4,706)	-
Accrued payroll.....	5,297	4,572	-	9,869	-
Health claims payable.....	-	-	-	-	293,097
Customer deposits payable.....	-	-	98,074	98,074	-
Unearned revenues.....	-	(7,125)	1,634,786	1,627,661	-
Accrued compensated absences.....	16,328	14,092	99,999	130,419	-
Other postemployment benefits.....	104,109	70,135	902,092	1,076,336	-
Total adjustments.....	1,513,305	130,576	13,489,218	15,133,099	303,204
NET CASH FROM OPERATING ACTIVITIES.....	\$ 2,267,225	\$ 24,180	\$ 17,665,203	\$ 19,956,608	\$ (352,638)

See notes to basic financial statements.

FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET ASSETS

JUNE 30, 2012

	Pension and Other Employee Benefit Trust Funds (1)	Private Purpose Trust Funds	Agency Funds
ASSETS			
Cash and cash equivalents..... \$	3,043,654	-	\$ 221,504
Investments:			
Equity mutual funds.....	-	156,241	-
Fixed income mutual funds.....	52,600,105	-	-
Domestic equity mutual funds.....	31,809,128	-	-
International equity mutual funds.....	16,590,807	-	-
Pension reserve investment trust.....	32,128,530	-	-
Receivables, net of allowance for uncollectibles:			
Departmental and other.....	81,293	-	-
Prepaid expenses.....	7,969	-	-
TOTAL ASSETS.....	136,261,486	156,241	221,504
LIABILITIES			
Warrants payable.....	50,935	-	-
Liabilities due depositors.....	-	-	221,504
TOTAL LIABILITIES.....	50,935	-	221,504
NET ASSETS			
Held in trust for:			
Pension benefits.....	135,296,434	-	-
Other postemployment benefits.....	914,117	-	-
Other purposes.....	-	156,241	-
TOTAL NET ASSETS..... \$	136,210,551	156,241	\$ -

(1) The Pension Trust Fund is as of December 31, 2011.

See notes to basic financial statements.

FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS

FISCAL YEAR ENDED JUNE 30, 2012

	Pension and Other Employee Benefit Trust Funds (1)	Private Purpose Trust Funds
ADDITIONS:		
Contributions:		
Employer.....	\$ 8,143,552	\$ -
Plan members.....	3,480,827	-
Private donations.....	-	71,110
Total contributions.....	11,624,379	71,110
Net investment income:		
Net change in fair value of investments.....	(2,076,151)	(12,181)
Interest.....	949,475	-
Dividends.....	2,472,656	-
Total investment income (loss).....	1,345,980	(12,181)
Less: investment expense.....	(662,624)	-
Net investment income (loss).....	683,356	(12,181)
Intergovernmental.....	319,598	-
Transfers from other systems.....	359,554	-
TOTAL ADDITIONS.....	12,986,887	58,929
DEDUCTIONS:		
Administration.....	242,237	26,500
Transfers to other systems.....	961,290	-
Retirement benefits and refunds.....	13,272,421	-
TOTAL DEDUCTIONS.....	14,475,948	26,500
CHANGE IN NET ASSETS.....	(1,489,061)	32,429
NET ASSETS AT BEGINNING OF YEAR.....	137,699,612	123,812
NET ASSETS AT END OF YEAR.....	\$ 136,210,551	\$ 156,241

(1) The Pension Trust Fund is as of December 31, 2011.

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.

Blended Component Units – Blended component units are entities that are legally separate from the Town, but are so related that they are, in substance, the same as the Town or entities providing services entirely or almost entirely for the benefit of the Town. The following component unit is blended within the primary government:

In the Fiduciary Funds:

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

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

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

In accordance with Massachusetts General Laws, Chapter 164, the Braintree Electric Light Department (the BELD) was established to generate and distribute electricity for municipal and residential use within the Town. The BELD is governed by an elected three-member board and is operated by a manager appointed by the BELD's elected board. The manager has charge of BELD's operations and is subject to the direction and control of the Braintree Municipal Light Board. It is not a separate legal entity and therefore the condensed financial statements of the BELD are reported as an enterprise fund. A complete audited financial statement for the BELD, for the year ended December 31, 2011, can be obtained directly from their administrative office located at 150 Potter Road, Braintree, Massachusetts, 02184.

Joint Venture – The Town is a member of the Blue Hills Regional Technical School that provides educational services to nine area communities. This joint venture assesses each community its share of operating and debt service costs based on student population and other factors. In fiscal year 2012, Braintree’s share of the operating and debt expenses was \$1,759,902. There is no equity interest reported in these financial statements. Complete audited financial statements can be obtained directly from the District’s administrative office located at 800 Randolph Street, Canton, Massachusetts, 02021.

B. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

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

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

Fund Financial Statements

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

Major Fund Criteria

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

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

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

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

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

Government-Wide Financial Statements

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

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

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

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

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

Fund Financial Statements

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

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

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

The following major governmental fund is reported:

The *general fund* is the primary operating fund. It is used to account for all financial resources, except those that are required to be accounted for in another fund. Included within the general fund is a stabilization fund. The balance in the fund has decreased from \$1,751,000 in 2011 to \$1,698,000 in 2012. The stabilization fund balance can be used for general and/or capital purposes upon Town Council and the Mayor's approval.

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

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

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

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

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

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

The following major proprietary funds are reported:

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

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

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

Additionally, the following proprietary fund type is reported:

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

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

The following fiduciary fund types are reported:

The *pension and other employee benefit trust funds* are 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 the other postemployment benefit trust fund which accumulates resources to provide funding for future OPEB (other postemployment benefits) liabilities.

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

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

D. Cash and Investments

Government-Wide and Fund Financial Statements

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

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

E. Accounts Receivable

Government-Wide and Fund Financial Statements

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

Real Estate, Personal Property Taxes and Tax Liens

Real estate and personal property taxes are levied and based on values assessed on January 1st of every year. Assessed values are established by the Board of Assessor's for 100% of the estimated fair market value. Taxes are due on August 1st, November 1st, February 1st and May 1st and are subject to penalties and interest if they are not paid by the respective due date. Real estate and personal property taxes levied are recorded as receivables in the fiscal year of the levy.

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

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

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

Motor Vehicle and Other Excise Taxes

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

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

Trash

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

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

Water and Sewer and Electric Light Department

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

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

Departmental and Other

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

Intergovernmental

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

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

F. Inventories

Government-Wide and Fund Financial Statements

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

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

G. Capital Assets

Government-Wide and Proprietary Fund Financial Statements

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

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

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

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

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

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

Governmental Fund Financial Statements

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

H. 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 assets. Any residual balances outstanding

between the governmental activities and business-type activities are reported in the statement of net assets 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.

I. 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 assets. 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.

J. Deferred and Unearned Revenue

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

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

K. Net Assets and Fund Equity

Government-Wide Financial Statements (Net Assets)

Net assets reported as “invested in capital assets, net of related debt” 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 assets are reported as restricted when amounts that are not available for appropriation or are legally restricted by outside parties for a specific future use.

Net assets have been “restricted for” the following:

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

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

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

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

Fund Financial Statements (Fund Balances)

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

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

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

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

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

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

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

L. 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 assets. 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.

M. 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).

N. 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.

O. Restatement of Beginning Fund Balances

The beginning fund balances of the general fund and the internal service fund have changed relating to the reclassification of the municipal building insurance fund from the internal service funds to the general fund.

P. Use of Estimates

Government-Wide and Fund Financial Statements

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

Q. Total Column

Government-Wide Financial Statements

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

Fund Financial Statements

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

NOTE 2 – CASH AND INVESTMENTS

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

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

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

The Retirement System participates, as a Participating member, in the Pension Reserves Investment Trust (PRIT), which meets the criteria of an external investment pool. PRIT is administered by the Pension Reserves Investment Management Board, which was established by the Treasurer of the Commonwealth of Massachusetts who serves as trustee. The fair value of the position in the PRIT is the same as the value of the PRIT shares.

The PRIT fund, as a pool, invests in various products including, but not limited to, money market mutual funds, equities, pooled foreign and domestic fixed income and equity funds, United States government sponsored enterprises and Treasury notes, real estate, and commodities. The underlying components of PRIT's fixed income portfolio had an effective weighted duration rate ranging from 0.08 to 11.60 years.

Custodial Credit Risk – Deposits

In the case of deposits, this is the risk that in the event of a bank failure, the Town's deposits may not be returned to it. The Town does not have a deposit policy for custodial risk. At fiscal year-end, the carrying amount of deposits totaled \$25,562,256, and the bank balances totaled \$28,800,744. Of the bank balance, \$1,999,616 was covered by Federal Depository Insurance, \$13,411,568 was covered by the Depositors Insurance Fund, and \$13,389,560 was exposed to custodial credit risk because it was uninsured and uncollateralized.

The Braintree Retirement System limits its custodial credit risk by utilizing an institutional custodial bank, currently State Street Bank, to custody all separately held securities which are registered under a nominee name that is specific to the System. Assets held in commingled fund accounts are also held in a similar fashion, with individual fund securities held in the fund's name at their custodian bank. A small percentage of the System's assets (typically less than 5%) may be held from time to time in commingled cash equivalent vehicles where the assets are subject to counterparty risk. At December 31, 2011, the carrying amount of deposits for the System totaled \$1,968,318 and the bank balance totaled \$2,171,117. 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 does not have an investment policy for custodial credit risk.

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

Investments

As of June 30, 2012, the Town had the following investments and maturities:

<u>Investment Type</u>	<u>Fair Value</u>
<u>Other Investments:</u>	
Equity Mutual Funds.....	\$ 260,927
Money Market Mutual Funds.....	9,436,569
MMDT Short-Term Bond Funds.....	6,987,114
MMDT Cash Portfolio.....	<u>37,826,708</u>
 Total Investments.....	 \$ <u>54,511,318</u>

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

As of December 31, 2011, the System had the following investments:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities</u>	
		<u>6-10 Years</u>	<u>Over 10 Years</u>
<u>Debt Securities:</u>			
Fixed Income Mutual Funds.....	\$ 52,600,105	\$ <u>18,431,856</u>	\$ <u>34,168,249</u>
<u>Other Investments:</u>			
Domestic Equity Mutual Fund.....	31,809,128		
International Equity Mutual Fund.....	16,590,807		
Money Market Mutual Fund.....	161,219		
Pension Reserve Investment Trust (PRIT) ..	<u>32,128,530</u>		
 Total Investments.....	 \$ <u>133,289,789</u>		

Interest Rate Risk

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

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

Credit Risk

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

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

<u>Rated Debt Investments</u>	<u>Fair Value</u>	<u>Quality Ratings</u>	
		<u>AA2</u>	<u>A1</u>
Fixed Income Mutual Funds.....	\$ <u>52,600,105</u>	\$ <u>18,431,856</u>	\$ <u>34,168,249</u>

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

Concentration of Credit Risk

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

NOTE 3 – RECEIVABLES

At June 30, 2012, receivables for the individual major and nonmajor governmental funds and internal service funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

<u>Receivables:</u>	<u>Gross Amount</u>	<u>Allowance for Uncollectibles</u>	<u>Net Amount</u>
Real estate and personal property taxes.....	\$ 2,226,903	\$ (132,310)	\$ 2,094,593
Tax liens.....	647,985	-	647,985
Motor vehicle and other excise taxes.....	1,158,397	(613,950)	544,447
Departmental and other.....	226,515	(54,440)	172,075
Intergovernmental.....	<u>4,154,212</u>	<u>-</u>	<u>4,154,212</u>
Total.....	\$ <u>8,414,012</u>	\$ <u>(800,700)</u>	\$ <u>7,613,312</u>

At June 30, 2012, receivables for the proprietary funds consist of the following:

	Gross Amount	Allowance for Uncollectibles	Net Amount
<u>Receivables:</u>			
<i>Water and Sewer</i>			
Tax liens.....	\$ 50,543	\$ -	\$ 50,543
User fees.....	3,042,507	-	3,042,507
<i>Electric Light</i>			
User fees.....	6,304,872	(187,406)	6,117,466
Departmental and other.....	485,502	-	485,502
<i>Internal Service</i>			
Departmental and other.....	256,139	-	256,139
Total.....	<u>\$ 10,139,563</u>	<u>\$ (187,406)</u>	<u>\$ 9,952,157</u>

At December 31, 2011 the Pension Trust Fund had departmental and other receivables totaling \$81,293.

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

	General Fund	Nonmajor Governmental Funds	Total
<u>Receivables and other asset types:</u>			
Real estate and personal property taxes.....	\$ 1,372,793	\$ -	\$ 1,372,793
Tax liens.....	646,064	1,921	647,985
Motor vehicle and other excise taxes.....	435,166	-	435,166
Departmental and other.....	885,735	10,527	896,262
Intergovernmental.....	154,376	2,576,997	2,731,373
Tax foreclosures.....	78,281	-	78,281
Total.....	<u>\$ 3,572,415</u>	<u>\$ 2,589,445</u>	<u>\$ 6,161,860</u>

Departmental and other deferred revenues include approximately \$716,000 of fiscal year 2013 trash fees that were collected in advance. These amounts are reported as *unearned revenue* on the Governmental Activities Statement of Net Assets.

The golf course and electric light enterprise funds defer revenue for amounts that have been received in advance of being earned. These amounts are reported as *unearned revenue* on the Proprietary Statement of Net Assets and total \$145,545 and \$9,633,668, respectively.

NOTE 4 – CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2012, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
<u>Capital assets not being depreciated:</u>				
Land.....	\$ 13,755,668	\$ 1,038,800	\$ -	\$ 14,794,468
<u>Capital assets being depreciated:</u>				
Land improvements.....	7,497,620	3,462,934	-	10,960,554
Buildings.....	42,478,001	2,929,194	-	45,407,195
Machinery and equipment.....	13,523,954	1,503,342	-	15,027,296
Infrastructure.....	53,857,136	4,043,492	-	57,900,628
Total capital assets being depreciated.....	117,356,711	11,938,962	-	129,295,673
<u>Less accumulated depreciation for:</u>				
Land improvements.....	(7,051,208)	(200,883)	-	(7,252,091)
Buildings.....	(27,635,921)	(1,125,703)	-	(28,761,624)
Machinery and equipment.....	(12,156,046)	(585,028)	-	(12,741,074)
Infrastructure.....	(22,598,095)	(1,200,267)	-	(23,798,362)
Total accumulated depreciation.....	(69,441,270)	(3,111,881)	-	(72,553,151)
Total capital assets being depreciated, net.....	47,915,441	8,827,081	-	56,742,522
Total governmental activities capital assets, net.....	\$ 61,671,109	\$ 9,865,881	\$ -	\$ 71,536,990

	Beginning Balance	Increases	Decreases	Ending Balance
Business-Type Activities:				
<u>Capital assets not being depreciated:</u>				
Land.....	\$ 2,498,618	\$ -	\$ -	\$ 2,498,618
Construction in progress.....	2,719,095	3,564,482	(5,610,393)	673,184
Total capital assets not being depreciated.....	<u>5,217,713</u>	<u>3,564,482</u>	<u>(5,610,393)</u>	<u>3,171,802</u>
<u>Capital assets being depreciated:</u>				
Land improvements.....	1,121,475	-	-	1,121,475
Plant in service.....	227,425,328	8,271,382	(1,275,426)	234,421,284
Buildings.....	1,492,692	-	-	1,492,692
Machinery and equipment.....	2,975,362	48,276	-	3,023,638
Infrastructure.....	64,248,541	4,849,220	-	69,097,761
Total capital assets being depreciated.....	<u>297,263,398</u>	<u>13,168,878</u>	<u>(1,275,426)</u>	<u>309,156,850</u>
<u>Less accumulated depreciation for:</u>				
Land improvements.....	(667,123)	(24,229)	-	(691,352)
Plant in service.....	(74,232,612)	(8,542,045)	1,066,513	(81,708,144)
Buildings.....	(1,012,840)	(26,413)	-	(1,039,253)
Machinery and equipment.....	(2,691,080)	(82,263)	-	(2,773,343)
Infrastructure.....	(25,395,468)	(1,387,096)	-	(26,782,564)
Total accumulated depreciation.....	<u>(103,999,123)</u>	<u>(10,062,046)</u>	<u>1,066,513</u>	<u>(112,994,656)</u>
Total capital assets being depreciated, net.....	<u>193,264,275</u>	<u>3,106,832</u>	<u>(208,913)</u>	<u>196,162,194</u>
Total business-type activities capital assets, net.....	<u>\$ 198,481,988</u>	<u>\$ 6,671,314</u>	<u>\$ (5,819,306)</u>	<u>\$ 199,333,996</u>

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

Governmental Activities:

General government.....	\$ 220,038
Public safety.....	417,172
Education.....	864,649
Public works.....	1,293,967
Human services.....	12,451
Culture and recreation.....	276,781
Community development.....	<u>26,823</u>

Total depreciation expense - governmental activities..... \$ 3,111,881

Business-Type Activities:

Water and Sewer.....	\$ 1,457,567
Golf.....	62,434
Electric light.....	<u>8,542,045</u>

Total depreciation expense - business-type activities..... \$ 10,062,046

NOTE 5 – INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

As of June 30, 2012, the Town has an interfund receivable/payable of \$1,422,839 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 fiscal year ended June 30, 2012, are summarized as follows:

Transfers Out:	Transfers In:		
	General Fund	Nonmajor Governmental Funds	Total
Nonmajor Governmental Funds.....	\$ 142,255	\$ 263,839	\$ 406,094 (1)
Water and Sewer Enterprise Fund.....	248,746	-	248,746 (2)
Golf Course Enterprise Fund.....	41,032	-	41,032 (2)
Electric Light Enterprise Fund.....	2,000,000	-	2,000,000 (3)
Total.....	\$ 2,432,033	\$ 263,839	\$ 2,695,872

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

NOTE 6 – LEASES

Capital Leases

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

<u>Asset:</u>	<u>Governmental Activities</u>
Machinery and equipment.....	\$ 1,733,302
Less: accumulated depreciation.....	<u>(1,078,990)</u>
Total.....	\$ <u>654,312</u>

The following schedule presents the future minimum lease payments as of June 30, 2012:

<u>Fiscal Year Ending June 30,</u>	<u>Governmental Activities</u>
2013.....	\$ 72,644
2014.....	65,469
2015.....	31,600
2016.....	31,529
2017.....	<u>31,455</u>
Total minimum lease payments.....	232,697
Less: amounts representing interest.....	<u>(20,105)</u>
Present value of minimum lease payments.....	<u>\$ 212,592</u>

The BELD entered into a capitalized lease for cable division equipment expiring through 2015. 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, 2011:

<u>Years Ending December 31,</u>	<u>Business-Type Activities</u>
2012.....	\$ 239,171
2013.....	196,021
2014.....	137,712
2015.....	<u>40,624</u>
Total minimum lease payments.....	613,528
Less: amounts representing interest.....	<u>(63,900)</u>
Present value of minimum lease payments.....	<u>\$ 549,628</u>

Operating Leases

The Town leases school buses under a noncancelable operating lease that is scheduled to expire June 30, 2013. The cost of the lease for the fiscal year ended June 30, 2012, totaled approximately \$322,000, and is reported as education expenditures in the general fund.

The future minimum lease payments are as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Governmental Activities</u>
2013.....	<u>\$ 321,743</u>

The Golf Course leases golf carts under a noncancelable operating lease that was entered into in April 2010.

The future minimum lease payments are as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Business-Type Activities</u>
2013.....	\$ <u>45,474</u>

The BELD leases cable converter boxes and office equipment under separate operating lease agreements. The cost of the leases for the year ended December 31, 2011, totaled approximately \$50,000.

The future minimum lease payments are as follows:

<u>Years Ending December 31,</u>	<u>Business-Type Activities</u>
2012.....	\$ <u>49,682</u>

NOTE 7 – SHORT-TERM FINANCING

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

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

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

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

NOTE 8 – LONG-TERM DEBT

Under the provisions of Chapter 44, Section 10, Municipal Law authorizes indebtedness up to a limit of 5% of the equalized valuation. Debt issued in accordance with this section of the law is designated as being "inside the debt limit". In addition, however, debt may be authorized in excess of that limit for specific purposes. Such debt, when issued, is designated as being "outside the debt limit".

Details related to the Town's general obligation indebtedness at June 30, 2012, 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, 2011	Issued	Redeemed	Outstanding at June 30, 2012
Municipal Purpose Loan of 1999.....	2017	\$ 4,500,000	4.20 - 5.20	\$ 500,000	\$ -	\$ 250,000	\$ 250,000
Municipal Purpose Loan of 2002.....	2013	5,099,000	2.50 - 3.75	160,000	-	80,000	80,000
Municipal Purpose Loan of 2006.....	2026	2,250,000	4.14 - 4.34	1,575,000	-	135,000	1,440,000
Municipal Purpose Refunding Loan of 2006.....	2017	1,055,000	4.20 - 5.20	1,020,000	-	5,000	1,015,000
Municipal Purpose Loan of 2007.....	2027	2,100,000	4.30 - 4.90	840,000	-	315,000	525,000
Municipal Purpose Loan of 2009.....	2028	3,600,000	3.00 - 5.00	2,640,000	-	475,000	2,165,000
Municipal Purpose Loan of 2010.....	2030	6,782,000	1.50 - 4.50	6,245,000	-	530,000	5,715,000
Municipal Purpose Loan of 2011.....	2031	6,100,000	2.00 - 4.50	6,100,000	-	410,000	5,690,000
Municipal Purpose Loan of 2012.....	2032	5,286,000	2.00 - 4.00	-	5,286,000	-	5,286,000
Sub-Total.....				19,080,000	5,286,000	2,200,000	22,166,000
Unamortized Premiums on Bonds.....				-	369,204	22,225	346,979
Total.....				\$ 19,080,000	\$ 5,655,204	\$ 2,222,225	\$ 22,512,979

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

Fiscal Year	Principal	Interest	Total
2013.....	\$ 2,451,000	\$ 762,546	\$ 3,213,546
2014.....	2,110,000	682,118	2,792,118
2015.....	2,080,000	612,550	2,692,550
2016.....	1,880,000	544,917	2,424,917
2017.....	1,825,000	478,849	2,303,849
2018.....	1,360,000	418,280	1,778,280
2019.....	1,200,000	370,949	1,570,949
2020.....	1,195,000	330,570	1,525,570
2021.....	1,100,000	286,707	1,386,707
2022.....	1,080,000	243,289	1,323,289
2023.....	985,000	205,816	1,190,816
2024.....	975,000	170,659	1,145,659
2025.....	975,000	135,418	1,110,418
2026.....	930,000	98,840	1,028,840
2027.....	600,000	68,541	668,541
2028.....	440,000	51,782	491,782
2029.....	375,000	34,625	409,625
2030.....	375,000	19,963	394,963
2031.....	165,000	5,175	170,175
2032.....	65,000	975	65,975
Total.....	\$ 22,166,000	\$ 5,522,569	\$ 27,688,569

Bonds and Notes Payable Schedule – Water and Sewer Enterprise Fund

Project	Maturities Through	Original Loan Amount	Interest Rate (%)	Outstanding at June 30, 2011	Issued	Redeemed	Outstanding at June 30, 2012
Municipal Purpose Loan of 2001.....	2012	\$ 5,720,000	3.30 - 5.25	\$ 285,000	\$ -	\$ 285,000	\$ -
Municipal Purpose Loan of 2002.....	2018	2,130,000	2.50 - 4.25	980,000	-	140,000	840,000
Municipal Purpose Loan of 2006.....	2026	4,480,000	4.14	3,325,000	-	215,000	3,110,000
Municipal Purpose Refunding Loan of 2006.....	2017	2,355,000	4.20 - 5.20	1,300,000	-	250,000	1,050,000
Municipal Purpose Loan of 2007.....	2027	1,430,000	4.14 - 4.90	1,105,000	-	80,000	1,025,000
Municipal Purpose Loan of 2009.....	2029	8,842,000	3.00 - 5.00	7,490,000	-	670,000	6,820,000
Municipal Purpose Refunding Loan of 2011.....	2022	3,575,000	2.00 - 4.00	3,575,000	-	120,000	3,455,000
Municipal Purpose Loan of 2011.....	2031	2,286,000	2.00 - 4.50	2,286,000	-	151,000	2,135,000
MWRA Loan of 2011.....	2017	344,230	0.00	-	344,230	-	344,230
Municipal Purpose Loan of 2012.....	2032	3,101,000	2.00 - 4.00	-	3,101,000	-	3,101,000
Sub-Total.....				20,346,000	3,445,230	1,911,000	21,880,230
Unamortized Premiums on Bonds.....				669,366	180,714	37,187	812,893
Total.....				\$ 21,015,366	\$ 3,625,944	\$ 1,948,187	\$ 22,693,123

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

Fiscal Year	Principal	Interest	Total
2013.....	\$ 2,324,846	\$ 784,361	\$ 3,109,207
2014.....	2,133,846	706,228	2,840,074
2015.....	2,073,846	639,974	2,713,820
2016.....	2,063,846	577,624	2,641,470
2017.....	2,053,846	511,501	2,565,347
2018.....	1,475,000	452,563	1,927,563
2019.....	1,200,000	398,038	1,598,038
2020.....	1,195,000	349,923	1,544,923
2021.....	1,190,000	302,986	1,492,986
2022.....	1,140,000	254,939	1,394,939
2023.....	780,000	213,812	993,812
2024.....	780,000	179,862	959,862
2025.....	785,000	145,624	930,624
2026.....	785,000	111,098	896,098
2027.....	580,000	76,497	656,497
2028.....	485,000	50,985	535,985
2029.....	485,000	30,824	515,824
2030.....	140,000	10,150	150,150
2031.....	145,000	4,725	149,725
2032.....	65,000	975	65,975
Total.....	\$ 21,880,230	\$ 5,802,689	\$ 27,682,919

Bonds and Notes Payable Schedule – Electric Light Enterprise Fund

Project	Maturities Through	Original Loan Amount	Interest Rate (%)	Outstanding at December 31, 2010	Issued	Redeemed	Outstanding at December 31, 2011
Municipal Purpose Loan of 2001.....	2012	\$ 1,500,000	2.50 - 3.75	\$ 300,000	\$ -	\$ 150,000	\$ 150,000
Municipal Purpose Loan of 2002.....	2011	3,500,000	3.30 - 5.25	350,000	-	350,000	-
Municipal Purpose Loan of 2009.....	2028	109,700,000	3.00 - 5.00	105,765,000	-	4,050,000	101,715,000
Sub-Total.....				106,415,000	-	4,550,000	101,865,000
Unamortized Premiums on Bonds.....				7,897,299	-	787,129	7,110,170
Total.....				\$ 114,312,299	\$ -	\$ 5,337,129	\$ 108,975,170

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

Year Ended	Principal	Interest	Total
2012.....	\$ 4,410,000	\$ 4,974,494	\$ 9,384,494
2013.....	4,415,000	4,789,856	9,204,856
2014.....	4,630,000	4,583,794	9,213,794
2015.....	4,855,000	4,352,294	9,207,294
2016.....	5,085,000	4,123,194	9,208,194
2017.....	5,335,000	3,875,944	9,210,944
2018.....	5,600,000	3,610,244	9,210,244
2019.....	5,875,000	3,330,244	9,205,244
2020.....	6,175,000	3,036,494	9,211,494
2021.....	6,480,000	2,727,744	9,207,744
2022.....	6,810,000	2,403,744	9,213,744
2023.....	7,150,000	2,063,244	9,213,244
2024.....	7,510,000	1,705,744	9,215,744
2025.....	7,855,000	1,354,844	9,209,844
2026.....	8,245,000	962,094	9,207,094
2027.....	7,930,000	549,844	8,479,844
2028.....	3,505,000	153,344	3,658,344
Total.....	\$ 101,865,000	\$ 48,597,160	\$ 150,462,160

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, 2012, the Town had the following authorized and unissued debt:

<u>Purpose</u>	<u>Amount</u>
Water and sewer projects.....	\$ 528,157
MWRA.....	200,612
Renovations to Town Hall.....	850,000
School projects.....	904,326
Wastewater system rehab.....	1,271,388
Water distribution system improvements.....	2,426,000
Roadway resurfacing.....	561,000
Roads.....	1,700,000
Public safety repairs and equipment.....	925,000
Public works repairs and equipment.....	271,000
Public works building improvements.....	275,000
Public works drainage.....	200,000
Library building improvements.....	190,000
Library equipment.....	<u>150,000</u>
Total.....	<u>\$ 10,452,483</u>

Changes in Long-term Liabilities

During the fiscal year ended June 30, 2012, 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.....	\$ 19,080,000	\$ 5,286,000	\$ (2,200,000)	\$ -	\$ -	\$ 22,166,000	\$ 2,451,000
Add: Unamortized premium on bonds.....	-	369,204	(22,225)	-	-	346,979	46,180
Total bonds payable.....	19,080,000	5,655,204	(2,222,225)	-	-	22,512,979	2,497,180
Other postemployment benefits.....	35,271,827	-	-	12,772,883	(6,043,004)	42,001,706	-
Workers' compensation.....	536,569	-	-	215,528	(250,082)	502,015	292,432
Compensated absences.....	3,110,976	-	-	1,777,050	(1,578,254)	3,309,772	1,742,946
Capital lease obligations.....	85,878	-	-	212,592	(85,878)	212,592	63,388
Total governmental activity long-term liabilities.....	\$ 58,085,250	\$ 5,655,204	\$ (2,222,225)	\$ 14,978,053	\$ (7,957,218)	\$ 68,539,064	\$ 4,595,946
Business-Type Activities:							
Bonds and notes payable.....	\$ 126,761,000	\$ 3,445,230	\$ (6,461,000)	\$ -	\$ -	\$ 123,745,230	\$ 6,734,846
Add: Unamortized premium on bonds.....	8,566,665	180,714	(824,316)	-	-	7,923,063	969,946
Total bonds payable.....	135,327,665	3,625,944	(7,285,316)	-	-	131,668,293	7,704,792
Other postemployment benefits.....	4,178,013	-	-	1,975,099	(898,763)	5,254,349	-
Compensated absences.....	380,613	-	-	451,552	(321,133)	511,032	440,726
Capital lease obligations.....	273,680	-	-	382,683	(106,734)	549,629	239,171
Customer deposits payable.....	2,374,342	-	-	(818,429)	-	1,555,913	-
Unearned revenue.....	8,151,552	-	-	1,972,331	(344,670)	9,779,213	337,545
Total business-type activity long-term liabilities.....	\$ 150,685,865	\$ 3,625,944	\$ (7,285,316)	\$ 3,963,236	\$ (1,671,300)	\$ 149,318,429	\$ 8,722,234

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

NOTE 9 – GOVERNMENTAL FUND BALANCE CLASSIFICATIONS

The Town adopted GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, as part of the fiscal year 2011 reporting. The intention of the GASB is to provide a more structured classification of fund balance and to improve the usefulness of fund balance reporting to the users of the Town's financial statements. The reporting standard establishes a hierarchy for fund balance classifications and the constraints imposed on the uses of those resources.

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

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

- **Restricted:** fund balances that are constrained by external parties, constitutional provisions, or enabling legislation.

- **Committed:** fund balances that contain self-imposed constraints of the government from its highest level of decision making authority. The Town’s highest level of decision making is made by Town Council.
- **Assigned:** fund balances that contain self-imposed constraints of the government to be used for a particular purpose.
- **Unassigned:** fund balance of the general fund that is not constrained for any particular purpose.

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

In accordance with Statement No. 54, the stabilization fund has been reported in the general fund. At year end the balance of the General Stabilization Fund is \$1,693,141 and is reported as unassigned fund balance within the General Fund.

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

	<u>General</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Fund Balances:			
Nonspendable:			
Permanent fund principal..... \$	-	\$ 2,564,886	\$ 2,564,886
Restricted for:			
Town special revenue funds.....	-	1,974,320	1,974,320
School lunch.....	-	144,438	144,438
School revolving funds.....	-	1,494,073	1,494,073
Community preservation fund.....	-	4,586,317	4,586,317
Town capital projects.....	-	3,752,781	3,752,781
Expendable trust funds.....	-	8,159,027	8,159,027
Trust funds.....	-	-	-
Assigned to:			
General government.....	134,416	-	134,416
Public safety.....	611,331	-	611,331
Education.....	109,870	-	109,870
Public works.....	275,746	-	275,746
Human services.....	7,997	-	7,997
Culture and recreation.....	1,360	-	1,360
Unassigned.....	<u>15,847,651</u>	-	<u>15,847,651</u>
Total Fund Balances..... \$	<u>16,988,371</u>	<u>\$ 22,675,842</u>	<u>\$ 39,664,213</u>

NOTE 10 – RISK FINANCING

The Town is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the Town carries commercial insurance. The amount of claim settlements has not exceeded insurance coverage in any of the previous three fiscal years.

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

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

(a) *Health Insurance*

The estimate of IBNR claims is based on management’s best estimate of claims history. The Town purchases individual stop loss insurance for claims in excess of the coverage provided by the Town in the amount of \$100,000 per claim. At June 30, 2012, the amount of the liability for health insurance claims totaled \$1,175,000 which is the best estimate based on available information. Changes in the reported liability since July 1, 2010 are as follows:

	Balance at Beginning of Fiscal Year		Current Year Claims and Changes in Estimate		Claims Payments		Balance at Fiscal Year-End Currently Due
Fiscal Year 2011.....	\$ 1,042,472	\$	11,555,938	\$	(11,716,507)	\$	881,903
Fiscal Year 2012.....	881,903		13,802,245		(13,509,148)		1,175,000

(b) *Workers’ Compensation*

The estimated future workers’ compensation liability is based on history and injury type. The Town purchases individual workers’ compensation insurance for claims in excess of the coverage provided by the Town in the amounts ranging between \$300,000 and \$500,000 per claim. At June 30, 2012, the amount of the liability for workers’ compensation claims totaled \$401,583. Changes in the reported liability since July 1, 2010 are as follows:

	Balance at Beginning of Fiscal Year		Current Year Claims and Changes in Estimate		Claims Payments		Balance at Fiscal Year-End
Fiscal Year 2011.....	\$ 565,210	\$	222,581	\$	(251,222)	\$	536,569
Fiscal Year 2012.....	536,569		257,834		(292,388)		502,015

The BELD participates in the Massachusetts Municipal Self-Insurance Trust (the Trust) with 17 other municipal light departments for the purpose of sharing excess liability and directors’ and officers’ liability risks. Through the

Trust, BELD is commercially insured for \$25,000,000 per occurrence, with a \$500,000 deductible that would be paid by the Trust. Each of the participating light department's contributes to the Trust based on its share of the group's total kilowatt-hour sales. Payments for claims under the deductible limit are funded by trust assets or, if required, additional contributions from the participants. The BELD considers its share of potential losses to be immaterial to its financial statements as of December 31, 2011.

NOTE 11 – PENSION PLAN

Plan Description - The Town contributes to the System, a cost-sharing, multiple-employer defined benefit pension plan administered by the Braintree Contributory Retirement Board. Substantially all employees are members of the System, except for public school teachers and certain administrators who are members of the Massachusetts Teachers Retirement System, to which the Town does not contribute. Pension benefits and administrative expenses paid by the Teachers Retirement Board are the legal responsibility of the Commonwealth. The amount of these on-behalf payments totaled approximately \$12,736,000 for the fiscal year ended June 30, 2012, and, accordingly, are reported in the general fund as intergovernmental revenues and pension expenditures.

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

At December 31, 2011, the System's membership consists of the following:

Active members.....	728
Inactive members.....	66
Disabled members.....	64
Retirees and beneficiaries currently receiving benefits.....	<u>440</u>
 Total.....	 <u><u>1,298</u></u>

Funding Policy - Plan members are required to contribute to the System at rates ranging from 5% to 11% of annual covered compensation. The Town is required to pay into the System its share of the system-wide actuarial determined contribution that is apportioned among the employers based on active current payroll. Administrative expenses are funded through investment earnings. The current and two preceding fiscal years apportionment of the annual pension cost between the two employers required the Town to contribute 99% of the total. Chapter 32 of the MGL governs the contributions of plan members and the Town.

Annual Pension Cost - The Town contributions to the System for the fiscal years ended June 30, 2012, 2011, and 2010 were \$7,201,414, \$6,835,093, and \$6,646,676, which equaled its required contribution for each fiscal year. At June 30, 2012, the Town did not have a net pension obligation. The required contribution was determined as part of the January 1, 2010, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions included a 7.875% investment rate of return and projected salary increases of 4.25% per year. The actuarial value of the System's assets was determined using the fair value of the assets. The System's unfunded actuarial accrued liability is being amortized as a level percentage of projected payrolls on a closed basis. The remaining amortization period at January 1, 2010, was 19 years. The general fund and the enterprise funds each pay their respective portions of the total pension expense annually.

Schedule of Funding Progress (dollar amounts in thousands)

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

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

NOTE 12 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

Plan Description – The Town administers a single-employer defined benefit healthcare plan (“the Retiree Health Plan”), which the BELD participates in. 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.

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

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

Funding Policy – Contributions requirements are also negotiated between the Town and union representatives. The required contribution is based on a pay-as-you-go financing requirement. Retired plan members and beneficiaries currently receiving benefits are required to contribute between 33% and 50% of the cost of benefits provided depending on the plan they choose. The Town and the BELD are required to contribute the balance of the current premiums and may contribute additional amounts to pre-fund benefits. The Town contributed approximately \$6.2 million including a pre-funding contribution of approximately \$523,000 during fiscal year 2012, and the BELD contributed approximately \$518,000 including a pre-funding contribution of \$130,000 during calendar year 2011 towards these benefits. Administrative costs of the Plan are assumed to be included in the fully insured premium rates.

The Commonwealth of Massachusetts passed special legislation that has allowed the Town to establish the Postemployment Benefits Trust Fund and to enable the Town to raise taxes necessary to begin pre-funding its OPEB liabilities. Through June 30, 2012, the Town has contributed approximately \$912,000 towards these future liabilities.

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

Annual required contribution.....	\$	15,278,511
Interest on net OPEB obligation.....		1,586,909
Adjustments to annual required contribution.....		<u>(2,295,422)</u>
Annual OPEB cost/expense.....		14,569,998
Contributions made.....		<u>(6,763,783)</u>
Increase/(Decrease) in net OPEB obligation.....		7,806,215
Net OPEB obligation - beginning of year.....		<u>39,449,840</u>
Net OPEB obligation - end of year.....	\$	<u><u>47,256,055</u></u>

The annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation was as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2012	\$ 14,569,998	46%	\$ 47,256,055
6/30/2011	17,154,572	33%	39,449,840
6/30/2010	15,942,714	34%	28,115,507

Funded Status and Funding Progress – The funded status of the Plan as of the most recent actuarial valuation date is as follows:

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

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the basic financial statements,

presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

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

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

Actuarial Methods:

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

Actuarial Assumptions:

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

NOTE 13 – COMMITMENTS

Under the terms of an Administrative Consent Order (ACO) from the Commonwealth’s Department of Environmental Protection, the Town is obligated to make various repairs and improvements to its sewer and drainage system. Accordingly, the Town has expended over \$11.8 million on improvements to the system over the last 10 years to comply with the ACO.

The Town has entered into contracts totaling approximately \$2.3 million for various school, public safety and public works projects. The Town has authorized building renovations of approximately \$1.3 million. The Town also plans to authorize and contract for an additional \$6.7 million for water and roadway projects.

The BELD has entered into a Power Sales Agreement (PSA), as a participant in Nuclear Project No. 5, with Massachusetts Municipal Wholesale Electric Company (MMWEC) for a share of the power supply capability of Seabrook Unit 1. BELD effectively participates in a 0.6% (7 MW) share of Seabrook Unit 1. Under the terms of the PSA, the BELD is obligated to pay for its share of MMWEC’s actual operating and capital costs, including decommissioning, interest and financing costs related to this generating unit. Seabrook Unit 1 began commercial operations in 1990, and its operating license expires in 2030. The BELD’s obligations to pay are not contingent on the future operation of the unit. The BELD’s total principal obligation, excluding operating and maintenance, interest and decommissioning expenses associated with its share of MMWEC’s Seabrook Unit 1 outstanding debt, is approximately \$12,617,000 at December 31, 2011.

The BELD has also entered into various long-term agreements to purchase power from other utilities. At December 31, 2011, the estimated annual capacity costs relating to these agreements total approximately

\$35,200,000. The amount estimated for 2012 is \$5,900,000 with annual decrease estimated as contract entitlements decreases and expires through 2019.

NOTE 14 – CONTINGENCIES

The Town participates in a number of federal award programs. Although the grant programs have been audited in accordance with the provisions of the Single Audit Act Amendments of 1996 through June 30, 2012, 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, 2012, cannot be ascertained, management believes any resulting liability should not materially affect the financial statements at June 30, 2012.

NOTE 15 – LAND TAKING

During fiscal year 2003, the Metropolitan District Commission took, by eminent domain, a conservation easement on a portion of Town owned land, for which it compensated the Town \$2,000,000. The Town subsequently voted that the funds received would be managed by the Trust Fund Commissioners. The yearly income from such funds is to be spent under the direction of the Braintree School Committee for the support of the public schools. The fund is included with other permanent funds in the Nonmajor Governmental Funds.

NOTE 17 – IMPLEMENTATION OF NEW GASB PRONOUNCEMENTS

During fiscal year 2012, the following GASB pronouncements were implemented:

- GASB Statement #62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. The implementation of this pronouncement did not impact the basic financial statements.
- GASB Statement #64, *Derivative Instruments: Application of Hedge Accounting Termination Provisions, an amendment of GASB Statement No. 53*. The implementation of this pronouncement did not impact the basic financial statements.

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

- The GASB issued Statement #60, *Accounting and Financial Reporting for Service Concession Arrangements*, which is required to be implemented in fiscal year 2013.
- The GASB issued Statement #61, *The Financial Reporting Entity: Omnibus*, which is required to be implemented in fiscal year 2013.
- The GASB issued Statement #63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, which is required to be implemented in fiscal year 2013.
- The GASB issued Statement #65, *Items Previously Reported as Assets and Liabilities*, which is required to be implemented in fiscal year 2013.
- The GASB issued Statement #66, *Technical Corrections – 2012, an amendment of GASB Statements No. 10 and No. 62*, which is required to be implemented in fiscal year 2013.
- The GASB issued Statement #67, *Financial Reporting for Pension Plans, an amendment of GASB Statement No. 25*, which is required to be implemented in fiscal year 2014.
- The GASB issued Statement #68, *Accounting and Financial Reporting for Pensions, an amendment of GASB Statement No. 27*, which is required to be implemented in fiscal year 2015.

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

FISCAL YEAR ENDED JUNE 30, 2012

	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.....	\$ 69,849,485	\$ 69,849,485	\$ 69,727,818	\$ -	\$ (121,667)
Tax liens.....	-	-	77,774	-	77,774
Motor vehicle and other excise taxes.....	4,234,000	4,234,000	4,081,969	-	(152,031)
Hotel/motel tax.....	741,000	741,000	784,781	-	43,781
Penalties and interest on taxes.....	315,000	315,000	371,394	-	56,394
Payments in lieu of taxes.....	2,140,571	2,140,571	2,118,112	-	(22,459)
Intergovernmental.....	17,979,557	17,979,557	18,133,934	-	154,377
Departmental and other.....	4,095,344	4,095,344	4,890,956	-	795,612
Investment income.....	75,000	75,000	169,940	-	94,940
TOTAL REVENUES.....	99,429,957	99,429,957	100,356,678	-	926,721
EXPENDITURES:					
Current:					
General Government:					
Town Council					
Administration.....	234,028	194,028	161,528	-	32,500
Internal Audit.....	74,000	60,679	32,150	-	28,529
Articles.....	5,714	5,714	50	5,664	-
Total.....	313,742	260,421	193,728	5,664	61,029
Mayor's Office					
Administration.....	405,137	375,137	354,668	6,594	13,875
Fair Housing.....	2,275	2,275	468	-	1,807
Commission on Disabilities.....	1,017	1,017	157	-	860
Total.....	408,429	378,429	355,293	6,594	16,542
Finance Department					
Administration.....	319,678	129,269	125,529	2,750	990
Accounting.....	229,335	229,335	214,299	6,035	9,001
Assessing.....	287,834	287,834	278,087	-	9,747
Information Technology.....	327,745	327,745	292,029	31,510	4,206
General Insurances.....	390,000	445,000	428,125	5,000	11,875
Treasurer/Collector.....	836,684	836,684	786,248	37,077	13,359
Bond Principal.....	2,200,000	2,200,000	2,200,000	-	-
Bond Interest.....	686,619	686,619	686,619	-	-
Leases.....	246,089	246,089	245,892	-	197
Capital Project.....	31,346	31,346	-	31,346	-
Articles.....	3,976	3,976	-	3,976	-
Total.....	5,559,306	5,423,897	5,256,828	117,694	49,375
Law Department					
Administration.....	195,492	195,492	181,581	-	13,911
Licensing Board.....	28,684	28,684	28,314	-	370
Total.....	224,176	224,176	209,895	-	14,281
Human Resources					
Administration.....	529,957	479,957	409,668	410	69,879
Employee Benefits.....	13,998,676	13,963,676	13,616,859	-	346,817
Veterans Benefits.....	291,570	291,570	233,905	-	57,665
Celebrations.....	6,700	6,700	5,578	-	1,122
Total.....	14,826,903	14,741,903	14,266,010	410	475,483
Town Clerk					
Administration.....	98,415	98,415	94,180	-	4,235
Elections.....	53,825	53,825	51,887	-	1,938
Registration.....	102,618	102,618	93,613	-	9,005
Total.....	254,858	254,858	239,680	-	15,178

(Continued)

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

FISCAL YEAR ENDED JUNE 30, 2012

	Budgeted Amounts		Actual Budgetary Amounts	Amounts Carried Forward To Next Year	Variance to Final Budget
	Original Budget	Final Budget			
Planning and Community Development					
Administration.....	134,254	134,254	133,000	54	1,200
Planning.....	72,370	72,370	71,064	-	1,306
Conservation.....	97,995	97,995	80,056	-	17,939
Economic Development.....	75,746	75,746	51,564	4,000	20,182
Historical Commission.....	2,000	2,000	1,937	-	63
Total.....	382,365	382,365	337,621	4,054	40,690
Total General Government.....	21,969,779	21,666,049	20,859,055	134,416	672,578
Public Safety:					
Police					
Administration.....	718,696	718,696	704,797	8,378	5,521
Building Maintenance.....	136,104	116,104	108,700	2,000	5,404
Equipment Maintenance.....	213,380	283,380	253,734	10,512	19,134
Patrol Bureau.....	4,115,839	4,205,839	4,194,392	-	11,447
Communications.....	872,520	722,520	691,451	18,244	12,825
Detective Bureau.....	808,951	808,951	800,176	-	8,775
Traffic Bureau.....	165,741	165,741	164,546	-	1,195
Special Services/Community Policing.....	531,320	561,320	550,418	4,800	6,102
Harbormaster.....	4,100	4,100	3,890	-	210
Animal Control.....	62,652	62,652	57,702	1,907	3,043
Capital Projects.....	15,000	15,000	10,596	4,404	-
Articles.....	193,688	193,688	53,306	140,382	-
Total.....	7,837,991	7,857,991	7,593,708	190,627	73,656
Fire					
Administration.....	255,710	261,710	243,453	17,798	459
Building Maintenance.....	139,057	125,357	110,991	14,242	124
Equipment Maintenance.....	144,605	158,105	156,913	1,160	32
Fire Suppression.....	6,227,494	6,282,494	6,225,729	56,714	51
Fire Alarm Repair.....	116,141	110,141	109,730	407	4
Fire Hazmat.....	101,822	99,822	97,002	2,820	-
Fire Prevention.....	98,739	101,939	101,184	750	5
Training.....	100,323	107,323	103,648	3,673	2
Capital Project.....	150,000	150,000	9,500	140,500	-
Articles.....	215,500	215,500	40,500	175,000	-
Total.....	7,549,391	7,612,391	7,198,650	413,064	677
Municipal Licenses and Inspection					
Administration.....	191,908	191,908	186,869	300	4,739
Equipment Maintenance.....	4,755	4,755	3,740	400	615
Inspections/Code Enforcement.....	344,043	346,043	342,939	-	3,104
Weights and Measures.....	62,747	62,747	62,235	-	512
Health.....	205,699	205,849	200,007	-	5,842
Zoning Board of Appeals.....	495	495	309	-	186
Articles.....	6,940	6,940	-	6,940	-
Total.....	816,587	818,737	796,099	7,640	14,998
Total Public Safety.....	16,203,969	16,289,119	15,588,457	611,331	89,331
Education:					
Education.....	49,100,160	49,270,160	49,146,797	109,870	13,493
Regional School District.....	1,759,902	1,759,902	1,759,902	-	-
Total Education.....	50,860,062	51,030,062	50,906,699	109,870	13,493

(Continued)

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

FISCAL YEAR ENDED JUNE 30, 2012

	Budgeted Amounts		Actual Budgetary Amounts	Amounts Carried Forward To Next Year	Variance to Final Budget
	Original Budget	Final Budget			
Public Works:					
Public Works					
Administration.....	273,797	273,797	261,443	-	12,354
Facilities and Equipment Maintenance.....	708,084	718,084	695,554	27	22,503
Equipment Maintenance.....	277,026	352,026	318,189	-	33,837
Engineering.....	178,461	178,461	171,100	-	7,361
Construction Administration.....	192,113	192,113	187,617	-	4,496
Highway.....	1,268,316	1,325,816	1,259,393	4,598	61,825
Drains.....	20,000	20,000	16,259	-	3,741
Sidewalks.....	34,800	34,800	30,940	-	3,860
Street Lighting.....	325,000	325,000	325,000	-	-
Traffic.....	167,543	167,543	147,672	-	19,871
Snow and Ice.....	300,000	237,926	237,926	-	-
Environmental Affairs and Waste Collection.....	1,762,000	1,762,000	1,726,313	6,315	29,372
Cemetery.....	74,541	74,541	68,899	-	5,642
Maintenance Town Hall.....	95,000	89,500	88,545	-	955
Recreation and Community Events.....	138,496	158,496	149,554	3,081	5,861
Watson Building Maintenance.....	26,750	29,750	26,136	58	3,556
Grounds Maintenance.....	537,877	537,877	516,514	-	21,363
Summer Programs.....	145,000	145,000	145,000	-	-
Brawley Recreation.....	80,000	80,000	80,000	-	-
Daugherty Gym.....	10,000	10,000	5,302	-	4,698
Capital Project.....	80,294	80,294	-	80,294	-
Articles.....	244,389	244,389	63,015	181,373	1
Total Public Works.....	6,939,487	7,037,413	6,520,371	275,746	241,296
Human Services:					
Council on Aging					
Administration.....	187,032	187,032	184,957	-	2,075
Equipment Maintenance.....	37,019	38,519	38,492	-	27
Building Maintenance.....	19,226	17,726	17,720	-	6
Articles.....	7,997	7,997	-	7,997	-
Total Human Services.....	251,274	251,274	241,169	7,997	2,108
Culture and Recreation:					
Library					
Administration.....	188,366	188,366	156,247	-	32,119
Building Maintenance.....	109,000	109,000	108,937	-	63
Equipment Maintenance.....	1,000	1,000	529	-	471
Technology.....	52,000	52,000	51,793	-	207
Current Topics and Titles.....	816,073	816,073	762,503	-	53,570
Lifelong Learning.....	119,574	119,574	118,678	-	896
Community Commons.....	3,500	3,500	3,308	-	192
Capital Project.....	150,000	150,000	148,640	1,360	-
Total Culture and Recreation.....	1,439,513	1,439,513	1,350,635	1,360	87,518
State and County Assessments.....	3,551,580	3,551,580	3,571,252	-	(19,672)
TOTAL EXPENDITURES.....	101,215,664	101,265,010	99,037,638	1,140,720	1,086,652
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....	(1,785,707)	(1,835,053)	1,319,040	(1,140,720)	2,013,373
OTHER FINANCING SOURCES (USES):					
Premium from issuance of bonds.....	-	-	307,702	-	307,702
Transfers in.....	518,149	518,149	589,900	-	71,751
TOTAL OTHER FINANCING SOURCES (USES).....	518,149	518,149	897,602	-	379,453
NET CHANGE IN FUND BALANCE.....	(1,267,558)	(1,316,904)	2,216,642	(1,140,720)	2,392,826
BUDGETARY FUND BALANCE, Beginning of year.....	14,363,748	14,363,748	14,363,748	-	-
BUDGETARY FUND BALANCE, End of year.....	\$ 13,096,190	\$ 13,046,844	\$ 16,580,390	\$ (1,140,720)	\$ 2,392,826

See notes to required supplementary information.

(Concluded)

Other Postemployment Benefits Plan Schedules

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

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

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

**OTHER POSTEMPLOYMENT BENEFITS PLAN
SCHEDULE OF FUNDING PROGRESS AND EMPLOYER CONTRIBUTIONS**

Schedule of Funding Progress

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

Schedule of Employer Contributions

Year Ended	Annual Required Contribution (ARC)	Actual Contributions Made	Percentage of the ARC Contributed
6/30/2012	\$ 15,278,511	\$ 6,763,783	44%
6/30/2011	17,392,724	5,820,239	33%
6/30/2010	16,760,687	5,357,220	32%
6/30/2009	14,426,107	5,497,619	38%
6/30/2008	13,479,497	5,040,160	37%

See notes to required supplementary information.

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

Actuarial Methods:

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

Actuarial Assumptions:

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

Plan Membership:

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

See notes to required supplementary information.

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

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

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

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

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

An annual budget is adopted for the general fund in conformity with the guidelines described above. The original fiscal year 2012 approved budget authorized approximately \$101.2 million in appropriations and other amounts to be raised, including \$1,251,000 in amounts carried over from previous fiscal years. During fiscal year 2012, the Town Council also approved supplemental appropriations totaling approximately \$49,000.

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

B. Budgetary - GAAP Reconciliation

For budgetary financial reporting purposes, the Uniform Municipal Accounting System basis of accounting (established by the Commonwealth) is followed, which differs from the GAAP basis of accounting. A reconciliation of budgetary-basis to GAAP-basis results for the general fund for the fiscal year ended June 30, 2012, is presented below:

Net change in fund balance - budgetary basis.....	\$	2,216,642
<u>Perspective differences:</u>		
Activity of the stabilization fund recorded in the general fund for GAAP.....		(53,099)
Activity of the municipal building insurance fund recorded in the general fund for GAAP.....		(87,965)
<u>Basis of accounting differences:</u>		
Net change in recording tax refunds payable.....		2,000
Net change in recording accrued payroll.....		(2,400)
Recognition of revenue for on-behalf payments.....		12,736,422
Recognition of expenditures for on-behalf payments.....		<u>(12,736,422)</u>
Net change in fund balance - GAAP basis.....	\$	<u>2,075,178</u>

C. Appropriation Deficits

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

NOTE B – OTHER POSTEMPLOYMENT BENEFITS

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

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

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

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

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

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

Other Supplementary Information

Combining Statements

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

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

Nonmajor Governmental Funds

Special Revenue Funds

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

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

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

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

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

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

Capital Project Funds

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

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

Permanent Funds

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

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

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

**NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET**

JUNE 30, 2012

	<i>Special Revenue Funds</i>					Subtotal
	Town Special Revenue Funds	School Lunch	School Special Revenue Funds	Community Preservation Fund	Highway Improvements	
ASSETS						
Cash and cash equivalents.....	\$ 1,957,875	\$ 154,546	\$ 1,499,482	\$ 4,586,317	\$ -	\$ 8,198,220
Investments.....	18,422	-	-	-	-	18,422
Receivables, net of uncollectibles:						
Tax liens.....	-	-	-	1,921	-	1,921
Departmental and other.....	-	-	-	10,527	-	10,527
Intergovernmental.....	-	-	-	145,945	3,853,891	3,999,836
TOTAL ASSETS.....	\$ 1,976,297	\$ 154,546	\$ 1,499,482	\$ 4,744,710	\$ 3,853,891	\$ 12,228,926
LIABILITIES AND FUND BALANCES						
LIABILITIES:						
Accrued payroll.....	\$ 1,977	\$ 10,108	\$ 5,409	\$ -	\$ -	\$ 17,494
Deferred revenues.....	-	-	-	158,393	2,431,052	2,589,445
Due to other funds.....	-	-	-	-	1,422,839	1,422,839
TOTAL LIABILITIES.....	1,977	10,108	5,409	158,393	3,853,891	4,029,778
FUND BALANCES:						
Nonspendable.....	-	-	-	-	-	-
Restricted.....	1,974,320	144,438	1,494,073	4,586,317	-	8,199,148
TOTAL FUND BALANCES.....	1,974,320	144,438	1,494,073	4,586,317	-	8,199,148
TOTAL LIABILITIES AND FUND BALANCES.....	\$ 1,976,297	\$ 154,546	\$ 1,499,482	\$ 4,744,710	\$ 3,853,891	\$ 12,228,926

<u>Permanent Funds</u>				
Town Capital Projects	Nonexpendable Trust	Expendable Trust	Subtotal	Total Nonmajor Governmental Funds
\$ 3,752,781	\$ 2,564,886	\$ 1,500,048	\$ 4,064,934	\$ 16,015,935
-	-	6,658,979	6,658,979	6,677,401
-	-	-	-	1,921
-	-	-	-	10,527
-	-	-	-	3,999,836
<u>\$ 3,752,781</u>	<u>\$ 2,564,886</u>	<u>\$ 8,159,027</u>	<u>\$ 10,723,913</u>	<u>\$ 26,705,620</u>
\$ -	\$ -	\$ -	\$ -	\$ 17,494
-	-	-	-	2,589,445
-	-	-	-	1,422,839
-	-	-	-	4,029,778
-	2,564,886	-	2,564,886	2,564,886
<u>3,752,781</u>	<u>-</u>	<u>8,159,027</u>	<u>8,159,027</u>	<u>20,110,956</u>
<u>3,752,781</u>	<u>2,564,886</u>	<u>8,159,027</u>	<u>10,723,913</u>	<u>22,675,842</u>
<u>\$ 3,752,781</u>	<u>\$ 2,564,886</u>	<u>\$ 8,159,027</u>	<u>\$ 10,723,913</u>	<u>\$ 26,705,620</u>

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

FISCAL YEAR ENDED JUNE 30, 2012

	Special Revenue Funds					
	Town Special Revenue Funds	School Lunch	School Special Revenue Funds	Community Preservation Fund	Highway Improvements	Subtotal
REVENUES:						
Intergovernmental.....	\$ 613,821	\$ 503,820	\$ 5,521,323	\$ 145,945	\$ 2,526,702	\$ 9,311,611
Departmental and other.....	550,906	1,098,002	1,545,897	-	-	3,194,805
Community preservation.....	-	-	-	559,244	-	559,244
Contributions.....	112,289	-	195,653	-	-	307,942
Investment income.....	46	477	376	12,446	-	13,345
Miscellaneous.....	17,564	-	-	-	-	17,564
TOTAL REVENUES.....	1,294,626	1,602,299	7,263,249	717,635	2,526,702	13,404,511
EXPENDITURES:						
Current:						
General government.....	232,530	-	-	-	-	232,530
Public safety.....	152,419	-	-	-	-	152,419
Education.....	-	1,616,766	7,396,017	-	-	9,012,783
Public works.....	132,101	-	-	-	2,526,702	2,658,803
Community development.....	-	-	-	643,366	-	643,366
Human services.....	152,801	-	-	-	-	152,801
Culture and recreation.....	437,888	-	-	-	-	437,888
TOTAL EXPENDITURES.....	1,107,739	1,616,766	7,396,017	643,366	2,526,702	13,290,590
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....	186,887	(14,467)	(132,768)	74,269	-	113,921
OTHER FINANCING SOURCES (USES):						
Issuance of long-term debt.....	-	-	-	-	-	-
Premium from issuance of bonds.....	61,502	-	-	-	-	61,502
Transfers in.....	130,500	-	133,339	-	-	263,839
Transfers out.....	(228,371)	-	-	-	-	(228,371)
TOTAL OTHER FINANCING SOURCES (USES)..	(36,369)	-	133,339	-	-	96,970
NET CHANGE IN FUND BALANCES.....	150,518	(14,467)	571	74,269	-	210,891
FUND BALANCES AT BEGINNING OF YEAR.....	1,823,802	158,905	1,493,502	4,512,048	-	7,988,257
FUND BALANCES AT END OF YEAR.....	\$ 1,974,320	\$ 144,438	\$ 1,494,073	\$ 4,586,317	\$ -	\$ 8,199,148

Permanent Funds

Town Capital Projects	Nonexpendable Trust	Expendable Trust	Subtotal	Total Governmental Funds
\$ 1,346,266	\$ -	\$ -	\$ -	\$ 10,657,877
-	-	-	-	3,194,805
-	-	-	-	559,244
-	-	145,491	145,491	453,433
-	58,953	(86,450)	(27,497)	(14,152)
-	-	-	-	17,564
<u>1,346,266</u>	<u>58,953</u>	<u>59,041</u>	<u>117,994</u>	<u>14,868,771</u>
1,511,169	-	56,843	56,843	1,800,542
1,480,895	-	-	-	1,633,314
4,164,191	-	-	-	13,176,974
1,115,257	-	-	-	3,774,060
-	-	-	-	643,366
-	-	-	-	152,801
13,295	-	-	-	451,183
<u>8,284,807</u>	<u>-</u>	<u>56,843</u>	<u>56,843</u>	<u>21,632,240</u>
<u>(6,938,541)</u>	<u>58,953</u>	<u>2,198</u>	<u>61,151</u>	<u>(6,763,469)</u>
5,286,000	-	-	-	5,286,000
-	-	-	-	61,502
-	-	-	-	263,839
-	-	(177,723)	(177,723)	(406,094)
<u>5,286,000</u>	<u>-</u>	<u>(177,723)</u>	<u>(177,723)</u>	<u>5,205,247</u>
(1,652,541)	58,953	(175,525)	(116,572)	(1,558,222)
<u>5,405,322</u>	<u>2,505,933</u>	<u>8,334,552</u>	<u>10,840,485</u>	<u>24,234,064</u>
<u>\$ 3,752,781</u>	<u>\$ 2,564,886</u>	<u>\$ 8,159,027</u>	<u>\$ 10,723,913</u>	<u>\$ 22,675,842</u>

Pension and Other Employee Benefit Trust Funds

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

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

PENSION AND OTHER EMPLOYEE BENEFIT TRUST FUNDS
COMBINING STATEMENT OF NET ASSETS

JUNE 30, 2012

	Pension Trust Fund (as of December 31, 2011)	Other Postemployment Benefit Trust Fund
ASSETS		
Cash and cash equivalents.....	\$ 2,129,537	\$ 914,117
Investments:		
Fixed income mutual funds.....	52,600,105	-
Domestic equity mutual funds.....	31,809,128	-
International equity mutual funds.....	16,590,807	-
Pension reserve investment trust.....	32,128,530	-
Receivables, net of allowance for uncollectibles:		
Departmental and other.....	81,293	-
Prepaid expenses.....	7,969	-
TOTAL ASSETS.....	135,347,369	914,117
LIABILITIES		
Warrants payable.....	50,935	-
NET ASSETS		
Held in trust for pension and OPEB benefits.....	\$ <u>135,296,434</u>	\$ <u>914,117</u>

PENSION AND OTHER EMPLOYEE BENEFIT TRUST FUNDS
COMBINING STATEMENT OF CHANGES IN NET ASSETS

FISCAL YEAR ENDED JUNE 30, 2012

	Pension Trust Fund (as of December 31, 2011)	Other Postemployment Benefit Trust Fund
ADDITIONS:		
Contributions:		
Employer.....	\$ 7,376,253	\$ 767,299
Employee.....	3,480,827	-
Total contributions.....	10,857,080	767,299
Net investment income:		
Net change in fair value of investments.....	(2,076,151)	-
Interest.....	947,770	1,705
Dividends.....	2,472,656	-
Total investment income.....	1,344,275	1,705
Less: investment expense.....	(662,624)	-
Net investment income.....	681,651	1,705
Intergovernmental.....	319,598	-
Transfers from other systems.....	359,554	-
TOTAL ADDITIONS.....	12,217,883	769,004
DEDUCTIONS:		
Administration.....	242,237	-
Transfers to other systems.....	961,290	-
Retirement benefits and refunds.....	13,272,421	-
TOTAL DEDUCTIONS.....	14,475,948	-
CHANGE IN NET ASSETS.....	(2,258,065)	769,004
NET ASSETS AT BEGINNING OF YEAR.....	137,554,499	145,113
NET ASSETS AT END OF YEAR.....	\$ 135,296,434	\$ 914,117

Agency Fund

Fund Description

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

AGENCY FUND
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Agency Accounts <u>June 30, 2011</u>	<u>Additions</u>	<u>Deletions</u>	Agency Accounts <u>June 30, 2012</u>
ASSETS				
Cash and cash equivalents.....	\$ 196,824	\$ 2,325,813	\$ (2,301,133)	\$ 221,504
LIABILITIES				
Liabilities due depositors.....	\$ 196,824	\$ 2,325,813	\$ (2,301,133)	\$ 221,504

Statistical Section



**Town of Braintree, Massachusetts
Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2012**

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 Assets By Component

Last Ten Fiscal Years

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Governmental activities										
Invested in capital assets, net of related debt.....	\$ 33,061,812	\$ 35,368,873	\$ 40,789,164	\$ 43,345,827	\$ 43,316,956	\$ 44,741,728	\$ 43,952,129	\$ 44,776,089	\$ 47,910,553	\$ 52,564,200
Restricted.....	11,512,196	13,239,956	14,907,893	15,473,044	17,085,091	14,564,774	15,387,436	17,909,375	18,984,718	19,081,454
Unrestricted.....	5,087,079	4,992,568	5,069,719	2,866,257	7,669,389	3,262,565	(1,978,165)	(8,277,629)	(14,151,761)	(20,004,880)
Total governmental activities net assets.....	\$ 49,661,087	\$ 53,601,397	\$ 60,766,776	\$ 61,685,128	\$ 68,071,436	\$ 62,569,067	\$ 57,361,400	\$ 54,407,835	\$ 52,743,510	\$ 51,640,774
Business-type activities										
Invested in capital assets, net of related debt.....	\$ 58,974,463	\$ 57,764,648	\$ 59,488,429	\$ 64,607,373	\$ 63,680,466	\$ 63,472,319	\$ 73,771,758	\$ 72,287,202	\$ 69,022,850	\$ 71,591,338
Restricted.....	2,376,658	2,743,606	4,033,000	-	-	-	-	-	-	-
Unrestricted.....	18,007,703	20,234,857	19,021,674	18,513,324	19,790,984	24,074,877	14,243,145	17,782,384	22,809,172	18,020,393
Total business-type activities net assets.....	\$ 79,358,824	\$ 80,743,111	\$ 82,543,103	\$ 83,120,697	\$ 83,471,450	\$ 87,547,196	\$ 88,014,903	\$ 90,069,586	\$ 91,832,022	\$ 89,611,731
Primary government										
Invested in capital assets, net of related debt.....	\$ 92,036,275	\$ 93,133,521	\$ 100,277,593	\$ 107,953,200	\$ 106,997,422	\$ 108,214,047	\$ 117,723,887	\$ 117,063,291	\$ 116,933,403	\$ 124,155,538
Restricted.....	13,888,854	15,983,562	18,940,893	15,473,044	17,085,091	14,564,774	15,387,436	17,909,375	18,984,718	19,081,454
Unrestricted.....	23,094,782	25,227,425	24,091,393	21,379,581	27,460,373	27,337,442	12,264,980	9,504,755	8,657,411	(1,984,487)
Total primary government net assets.....	\$ 129,019,911	\$ 134,344,508	\$ 143,309,879	\$ 144,805,825	\$ 151,542,886	\$ 150,116,263	\$ 145,376,303	\$ 144,477,421	\$ 144,575,532	\$ 141,252,505

Changes in Net Assets

Last Ten Fiscal Years

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Expenses										
Governmental activities:										
General government.....	\$ 5,463,853	\$ 5,162,891	\$ 4,748,448	\$ 4,362,423	\$ 4,610,401	\$ 4,554,086	\$ 5,734,392	\$ 5,547,521	\$ 6,219,480	\$ 6,120,306
Public safety.....	19,327,749	18,395,293	17,699,899	19,978,932	20,274,993	22,301,233	22,235,903	23,103,086	22,731,221	22,644,632
Education.....	57,353,310	57,535,022	61,636,873	66,563,400	69,958,696	76,732,757	79,763,519	82,719,562	85,120,589	87,632,097
Public works.....	4,274,420	4,067,043	3,958,571	5,142,253	4,766,713	5,787,762	6,576,806	6,004,346	7,075,816	6,258,439
Sanitation.....	1,327,825	1,572,296	1,521,317	1,529,887	1,556,431	1,597,784	1,654,683	1,531,123	1,421,972	1,734,699
Community preservation.....	-	13,602	148,258	27,002	249,447	104,793	35,109	41,392	76,049	168,276
Human services.....	1,212,456	1,296,532	1,121,171	1,093,133	1,056,047	1,273,880	978,727	980,215	1,064,014	1,108,036
Culture and recreation.....	2,969,436	2,797,240	2,760,733	3,234,716	3,299,641	3,532,149	3,508,767	3,504,511	3,733,359	3,685,605
Interest.....	386,181	489,382	359,592	422,825	357,055	444,173	367,644	543,891	620,316	668,246
Total governmental activities expenses.....	92,315,230	91,329,301	93,954,862	102,354,571	106,129,424	116,328,617	120,855,550	123,975,647	128,062,816	130,020,336
Business-type activities:										
Water and Sewer.....	9,647,140	10,088,353	10,127,709	10,907,670	11,751,499	11,993,133	12,234,294	12,357,150	12,992,288	12,960,228
Golf.....	978,636	985,156	978,575	1,045,810	1,123,675	1,258,562	1,282,255	1,105,535	1,400,980	1,510,491
Electric.....	40,125,951	43,951,002	47,687,729	51,616,634	61,409,672	62,262,396	65,563,538	71,421,238	72,454,533	70,895,924
Total business-type activity expenses.....	50,751,727	55,024,511	58,794,013	63,570,114	74,284,846	75,514,091	79,080,087	84,883,923	86,847,801	85,366,643
Total primary government expenses.....	\$ 143,066,957	\$ 146,353,812	\$ 152,748,875	\$ 165,924,685	\$ 180,414,270	\$ 191,842,708	\$ 199,935,637	\$ 208,859,570	\$ 214,910,617	\$ 215,386,979
Program Revenues										
Governmental activities:										
Charges for services:										
General government.....	\$ 717,957	\$ 852,689	\$ 759,576	\$ 721,928	\$ 749,484	\$ 654,663	\$ 613,460	\$ 596,828	\$ 517,136	\$ 616,829
Public safety.....	2,036,686	2,631,471	2,858,475	2,821,158	3,210,084	2,930,799	3,784,281	2,144,216	2,280,546	2,378,405
Education.....	3,804,096	4,525,351	4,843,321	5,510,681	5,763,417	2,663,710	2,597,937	2,443,837	2,368,875	2,017,758
Public works.....	230,812	1,770,464	331,467	248,130	236,047	559,293	609,110	334,823	471,878	553,002
Sanitation.....	373,147	322,403	1,412,272	1,778,699	2,176,617	1,600,028	1,593,698	1,613,247	1,568,749	1,548,721
Human services.....	137,746	127,909	132,220	161,380	204,551	151,360	142,817	24,205	25,792	31,332
Culture and recreation.....	353,210	407,569	494,674	456,502	477,168	345,587	393,249	379,560	396,823	361,811
Operating grants and contributions.....	15,157,695	17,094,611	20,224,583	19,559,212	23,943,924	24,465,441	28,083,776	30,924,968	33,221,854	33,518,827
Capital grants and contributions.....	1,489,199	1,892,836	2,096,024	1,813,873	1,073,666	1,898,266	927,140	1,127,450	3,793,516	4,773,929
Total government activities program revenues.....	24,300,548	29,625,303	33,152,712	33,071,543	37,834,958	35,269,147	38,745,468	39,589,134	44,645,169	45,800,614
Business-type activities:										
Charges for services:										
Water and Sewer.....	8,838,469	10,372,001	10,508,277	11,380,011	12,081,357	13,675,011	12,580,294	12,561,820	13,208,817	12,932,512
Golf.....	1,006,462	4,892,958	976,614	945,430	1,101,047	1,211,206	1,174,675	1,172,533	1,329,340	1,404,085
Electric.....	40,724,114	46,248,689	49,167,046	51,521,575	60,497,429	63,700,105	65,900,014	73,443,746	75,896,314	70,762,137
Operating grants and contributions.....	549,120	76,433	91,186	33,402	37,736	32,443	-	-	215,783	-
Capital grants and contributions.....	434,712	-	225,000	-	-	-	-	-	-	281,643
Total business-type activities program revenues.....	51,552,877	57,680,081	60,743,322	64,105,418	73,717,569	78,618,765	79,654,983	87,178,099	90,650,254	85,380,387
Total primary government program revenues.....	\$ 75,853,425	\$ 87,305,384	\$ 93,896,034	\$ 97,176,961	\$ 111,552,527	\$ 113,887,912	\$ 118,400,451	\$ 126,767,233	\$ 135,295,423	\$ 131,181,001
Net (Expense)/Revenue										
Governmental activities.....	\$ (68,014,682)	\$ (61,703,998)	\$ (60,802,150)	\$ (69,283,028)	\$ (68,294,466)	\$ (81,059,470)	\$ (82,110,082)	\$ (84,386,513)	\$ (83,417,647)	\$ (84,219,722)
Business-type activities.....	801,150	2,655,570	1,949,309	535,304	(567,277)	3,104,674	574,896	2,294,176	3,802,453	13,744
Total primary government net expense.....	\$ (67,213,532)	\$ (59,048,428)	\$ (58,852,841)	\$ (68,747,724)	\$ (68,861,743)	\$ (77,954,796)	\$ (81,535,186)	\$ (82,092,337)	\$ (79,615,194)	\$ (84,205,978)
General Revenues and other Changes in Net Assets										
Governmental activities:										
Real estate, personal property taxes and tax liens, net of tax refunds payable.....	\$ 49,286,483	\$ 50,526,807	\$ 53,281,088	\$ 54,950,810	\$ 57,664,837	\$ 59,616,548	\$ 62,714,975	\$ 65,822,590	\$ 68,085,843	\$ 69,679,306
Tax liens.....	158,722	71,156	131,573	246,461	172,271	195,258	102,402	-	-	-
Motor vehicle and other excise taxes.....	3,727,878	4,754,565	4,486,604	4,608,617	4,230,104	4,641,332	4,021,318	4,067,074	4,284,625	4,039,432
Hotel/motel tax.....	806,756	650,942	759,466	868,033	854,486	735,915	768,355	745,319	718,452	784,781
Community preservation tax.....	377,358	411,603	432,367	459,792	474,210	455,258	551,133	530,249	558,590	559,244
Penalties and interest on taxes.....	345,889	339,959	230,204	458,484	310,116	332,155	297,882	345,208	417,749	371,394
Payments in lieu of taxes.....	1,027,775	858,044	892,969	906,189	918,556	1,049,810	1,049,817	2,193,890	116,425	118,112
Grants and contributions not restricted to specific programs.....	6,667,294	6,357,189	6,618,722	6,674,487	7,426,676	7,163,431	6,619,494	5,072,674	4,949,885	4,989,211
Unrestricted investment income.....	484,387	373,990	499,383	817,046	1,390,441	716,560	530,782	486,914	267,612	215,677
Gain on sale of land.....	-	-	10,972	-	656,876	-	-	-	-	-
Income from granting an easement on land.....	2,000,000	-	-	-	-	-	-	-	-	-
Affordable housing development fees.....	-	-	-	-	-	-	-	1,800,000	-	-
Miscellaneous.....	122,774	28,770	474,864	104,033	401,646	551,830	91,623	77,800	69,345	70,051
Transfers.....	1,221,236	1,271,283	149,317	107,428	110,555	99,004	154,634	291,230	2,284,796	2,289,778
Total governmental activities.....	66,226,552	65,644,308	67,967,529	70,201,380	74,610,774	75,557,101	76,902,415	81,432,948	81,753,322	83,116,986
Business-type activities:										
Unrestricted investment income.....	-	-	-	149,718	308,420	1,070,076	47,445	51,737	244,779	55,743
Claims and judgments.....	-	-	-	-	675,365	-	-	-	-	-
Transfers.....	(1,221,236)	(1,271,283)	(149,317)	(107,428)	(110,555)	(99,004)	(154,634)	(291,230)	(2,284,796)	(2,289,778)
Total business-type activities.....	(1,221,236)	(1,271,283)	(149,317)	42,290	873,230	971,072	(107,189)	(239,493)	(2,040,017)	(2,234,035)
Total primary government.....	\$ 65,005,316	\$ 64,373,025	\$ 67,818,212	\$ 70,243,670	\$ 75,484,004	\$ 76,528,173	\$ 76,795,226	\$ 81,193,455	\$ 79,713,305	\$ 80,882,951
Changes in Net Assets										
Governmental activities.....	\$ (1,788,130)	\$ 3,940,310	\$ 7,165,379	\$ 918,352	\$ 6,316,308	\$ (5,502,369)	\$ (5,207,667)	\$ (2,953,565)	\$ (1,664,325)	\$ (1,102,736)
Business-type activities.....	(420,086)	1,384,287	1,799,992	577,594	305,953	4,075,746	467,707	2,054,683	1,762,436	(2,220,291)
Total primary government.....	\$ (2,208,216)	\$ 5,324,597	\$ 8,965,371	\$ 1,495,946	\$ 6,622,261	\$ (1,426,623)	\$ (4,739,960)	\$ (898,882)	\$ 98,111	\$ (3,323,027)

Fund Balances, Governmental Funds

Last Ten Fiscal Years

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
General Fund										
Reserved.....	\$ 492,763	\$ 655,529	\$ 1,454,741	\$ 508,261	\$ 865,705	\$ 760,035	\$ 281,374	\$ 895,787	\$ -	\$ -
Unreserved.....	5,343,096	5,197,385	4,161,475	3,414,564	3,790,923	3,088,264	7,287,516	9,178,146	-	-
Assigned.....	-	-	-	-	-	-	-	-	1,250,576	1,140,720
Unassigned.....	-	-	-	-	-	-	-	-	13,160,254	15,847,651
Total general fund.....	\$ 5,835,859	\$ 5,852,914	\$ 5,616,216	\$ 3,922,825	\$ 4,656,628	\$ 3,848,299	\$ 7,568,890	\$ 10,073,933	\$ 14,410,830	\$ 16,988,371
All Other Governmental Funds										
Reserved.....	\$ 6,220,026	\$ 2,598,841	\$ 2,594,497	\$ 2,586,848	\$ 2,513,808	\$ 2,505,157	\$ 2,606,133	\$ 2,506,133	\$ -	\$ -
Unreserved, reported in:										
Special revenue funds.....	(74,843)	5,182,238	6,738,874	6,592,674	8,672,575	6,583,933	8,102,411	9,599,385	-	-
Capital projects funds.....	2,696,595	1,049,221	34,599	(1,374,542)	1,094,496	(494,856)	1,322,865	2,825,324	-	-
Permanent funds.....	4,793,116	5,175,256	5,574,522	5,829,563	6,742,763	6,979,609	6,157,529	7,857,627	-	-
Nonspendable.....	-	-	-	-	-	-	-	-	2,507,881	2,564,886
Restricted.....	-	-	-	-	-	-	-	-	21,726,183	20,110,956
Total all other governmental funds.....	\$ 13,634,894	\$ 14,005,556	\$ 14,942,492	\$ 13,634,543	\$ 19,023,642	\$ 15,573,843	\$ 18,188,938	\$ 22,788,469	\$ 24,234,064	\$ 22,675,842

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

Changes in Fund Balances, Governmental Funds

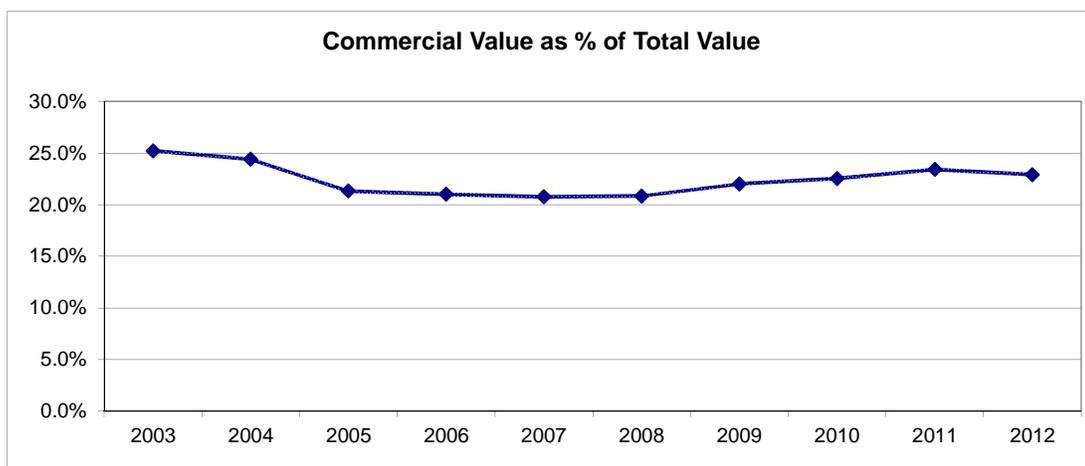
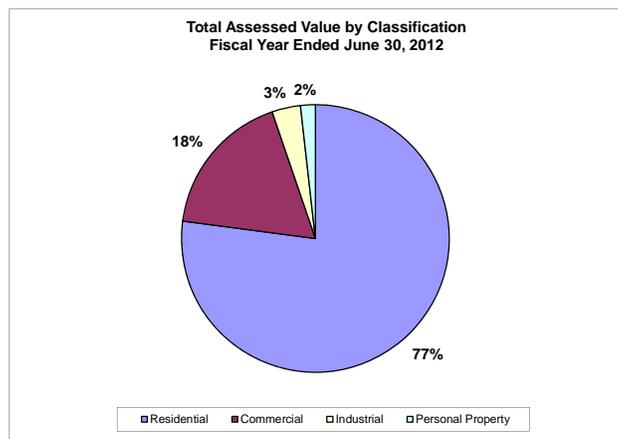
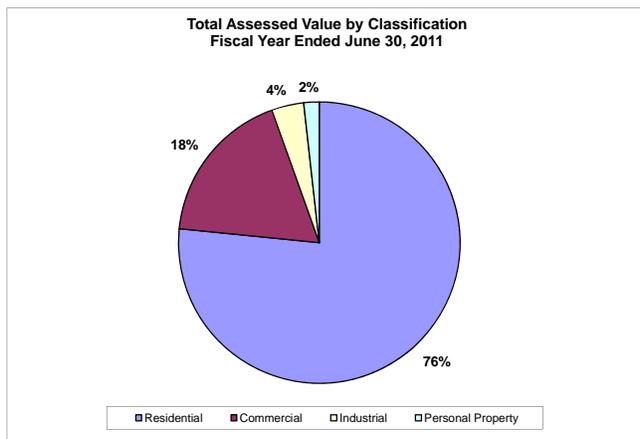
Last Ten Fiscal Years

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Revenues:										
Real estate, personal property taxes and tax liens, net of tax refunds.....	\$ 49,383,103	\$ 50,718,391	\$ 52,961,468	\$ 55,158,554	\$ 57,768,689	\$ 59,497,459	\$ 62,755,355	\$ 65,496,774	\$ 67,862,201	\$ 69,729,818
Tax Liens.....	93,762	55,883	52,311	231,598	172,271	63,809	76,974	57,843	81,120	77,774
Motor vehicle and other excise taxes.....	4,168,251	4,523,270	4,685,843	4,281,453	4,201,636	4,611,877	4,165,414	3,985,784	4,306,011	4,081,969
Hotel/Motel tax.....	806,756	650,942	759,466	868,033	854,486	735,915	768,355	745,319	718,452	784,781
Penalties and interest on taxes.....	345,889	339,959	230,204	458,484	310,116	332,155	297,882	345,208	417,749	371,394
Payments in lieu of taxes.....	1,027,775	858,044	892,969	906,189	918,556	1,049,810	1,049,817	2,193,890	116,425	118,112
Intergovernmental.....	22,830,943	23,692,431	25,198,861	25,775,357	28,812,244	30,601,263	34,012,768	35,740,583	38,999,975	41,528,233
Departmental and other.....	5,019,021	7,307,259	7,689,484	7,563,960	9,027,969	10,250,943	10,450,639	7,761,742	7,788,136	8,085,761
Community preservation.....	377,358	404,489	432,367	459,792	474,210	455,258	551,133	530,249	558,590	559,244
Affordable housing development fees.....	-	-	-	-	-	-	-	1,800,000	-	-
Contributions.....	101,183	280,144	231,500	367,149	768,016	366,096	1,071,110	640,918	364,569	453,433
Investment income.....	611,150	913,927	1,165,574	1,263,802	2,460,899	369,561	(201,774)	995,846	1,325,987	153,004
Miscellaneous.....	500	-	207,040	323,687	301,176	514,828	91,623	69,100	49,524	17,564
Total Revenue.....	84,765,691	89,744,739	94,507,087	97,658,058	106,070,268	108,848,974	115,089,296	120,363,256	122,588,739	125,961,087
Expenditures:										
General government.....	3,450,414	3,229,584	3,056,052	3,623,271	3,859,688	4,018,166	4,287,338	5,603,583	4,349,148	5,298,068
Public safety.....	13,689,305	12,536,792	12,990,781	13,751,123	14,157,997	15,134,523	14,323,808	14,560,325	15,180,496	17,182,357
Education.....	43,962,743	42,431,467	45,611,005	50,871,069	50,932,438	54,203,401	54,471,474	57,170,086	60,004,947	64,003,984
Public works.....	7,474,337	7,056,165	5,464,382	6,266,787	5,444,425	5,404,878	5,863,834	6,567,757	7,986,879	7,570,889
Sanitation services.....	1,233,392	1,474,581	1,446,446	1,523,236	1,549,913	1,590,363	1,647,010	1,522,144	1,412,691	1,726,367
Community development.....	-	63,602	148,258	568,182	376,126	1,799,290	14,977	41,392	76,049	643,366
Human services.....	705,933	761,371	779,780	818,353	849,053	876,798	708,984	748,949	792,326	817,714
Culture and recreation.....	2,270,273	2,139,687	2,437,864	2,508,150	2,892,558	2,863,866	2,447,161	2,544,523	2,626,796	2,883,715
Pension benefits-Town.....	4,785,557	4,935,096	3,742,770	4,019,936	4,138,193	4,306,969	4,442,266	4,759,946	4,808,035	5,046,381
Pension benefits-School.....	5,383,000	6,248,000	7,656,294	8,168,218	8,869,092	9,962,702	10,994,534	11,884,275	12,219,339	12,736,422
Property and liability insurance.....	343,954	373,104	418,507	475,422	483,391	406,416	419,313	402,567	368,027	428,125
Employee benefits.....	4,591,903	5,046,719	5,776,019	6,274,307	7,204,764	7,392,728	7,802,047	7,833,635	8,459,804	8,840,249
State and county charges.....	2,488,724	2,534,654	2,741,801	3,100,048	3,534,187	3,593,911	3,798,662	4,158,266	3,883,609	3,571,252
Debt service										
Principal.....	715,000	1,394,000	1,380,000	1,365,000	1,630,000	1,645,000	1,480,000	1,910,000	2,432,000	2,200,000
Interest.....	374,964	473,435	351,740	413,209	354,814	445,990	351,879	524,464	590,897	686,619
Total Expenditures.....	91,469,499	90,698,257	94,001,699	103,746,311	106,276,639	113,645,001	113,053,287	120,231,912	125,191,043	133,635,508
Excess of revenues over (under) expenditures.....	(6,703,808)	(953,518)	505,388	(6,088,253)	(206,371)	(4,796,027)	2,036,009	131,344	(2,602,304)	(7,674,421)
Other Financing Sources (Uses)										
Issuance of long-term debt.....	5,099,000	-	32,340	2,800,000	2,100,000	-	3,600,000	6,782,000	6,100,000	5,286,000
Premium from issuance of bonds and notes.....	79,531	-	-	-	169,060	379,762	445,043	-	-	369,204
Issuance of refunding bonds.....	-	-	-	-	1,055,000	-	-	-	-	-
Income from granting an easement on land.....	2,000,000	-	-	-	-	-	-	-	-	-
Payment to refunded bond escrow agent.....	-	-	-	-	(1,045,217)	-	-	-	-	-
Capital lease financing.....	-	-	-	179,485	400,000	-	-	-	-	246,395
Proceeds from the sale of land.....	-	-	13,193	-	739,875	-	-	-	-	-
Transfers in.....	6,487,259	2,475,991	1,725,580	1,235,622	1,211,438	1,446,885	620,955	981,424	2,935,526	2,695,872
Transfers out.....	(5,203,541)	(1,134,753)	(1,576,263)	(1,128,194)	(1,100,883)	(1,288,748)	(466,321)	(690,194)	(650,730)	(406,094)
Total other financing sources (uses).....	8,462,249	1,341,238	194,850	3,086,913	3,529,273	537,899	4,199,677	7,073,230	8,384,796	8,191,377
Net change in fund balance.....	\$ 1,758,441	\$ 387,720	\$ 700,238	\$ (3,001,340)	\$ 3,322,902	\$ (4,258,128)	\$ 6,235,686	\$ 7,204,574	\$ 5,782,492	\$ 516,956
Debt service as a percentage of noncapital expenditures.....	1.27%	2.17%	1.93%	1.87%	1.97%	1.93%	1.65%	2.14%	2.55%	2.37%

Assessed Value and Actual Value of Taxable Property by Classification and Tax Rates

Last Ten Fiscal Years

Fiscal Year	Assessed and Actual Values and Tax Rates										
	Residential Value	Residential Tax Rate	Commercial Value	Industrial Value	Total Commercial Value	Commercial Tax Rate	Personal Property	Personal Property Tax Rate	Total Direct Rate (2)	Total Town Value	
2003	(1)	\$3,058,585,167	\$10.21	\$815,178,573	\$170,234,550	\$985,413,123	\$18.46	\$46,063,970	\$18.42	\$12.29	\$4,090,062,260
2004		\$3,234,740,307	\$9.55	\$822,851,708	\$169,224,250	\$992,075,958	\$20.39	\$51,903,536	\$20.35	\$12.19	\$4,278,719,801
2005		\$3,816,730,562	\$8.38	\$803,790,978	\$171,059,625	\$974,850,603	\$21.30	\$58,953,330	\$21.24	\$11.13	\$4,850,534,495
2006	(1)	\$4,398,266,375	\$7.65	\$914,089,440	\$192,596,650	\$1,106,686,090	\$19.17	\$63,261,160	\$19.11	\$10.07	\$5,568,213,625
2007		\$4,440,944,260	\$8.14	\$906,688,005	\$191,245,200	\$1,097,933,205	\$18.92	\$66,247,340	\$18.87	\$10.38	\$5,605,124,805
2008		\$4,435,836,632	\$8.67	\$907,253,337	\$189,911,800	\$1,097,165,137	\$18.97	\$70,461,720	\$18.91	\$10.82	\$5,603,463,489
2009	(1)	\$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	(1)	\$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



(1) Revaluation year.

(2) Weighted average direct tax rate, calculated as weighted average of residential, commercial and personal property tax rates.
Source: Assessor's Department, Town of Braintree and Official Statements.

All property in the Commonwealth of Massachusetts is assessed at 100% of fair cash value.

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

Principal Taxpayers
Current Year and Nine Years Ago

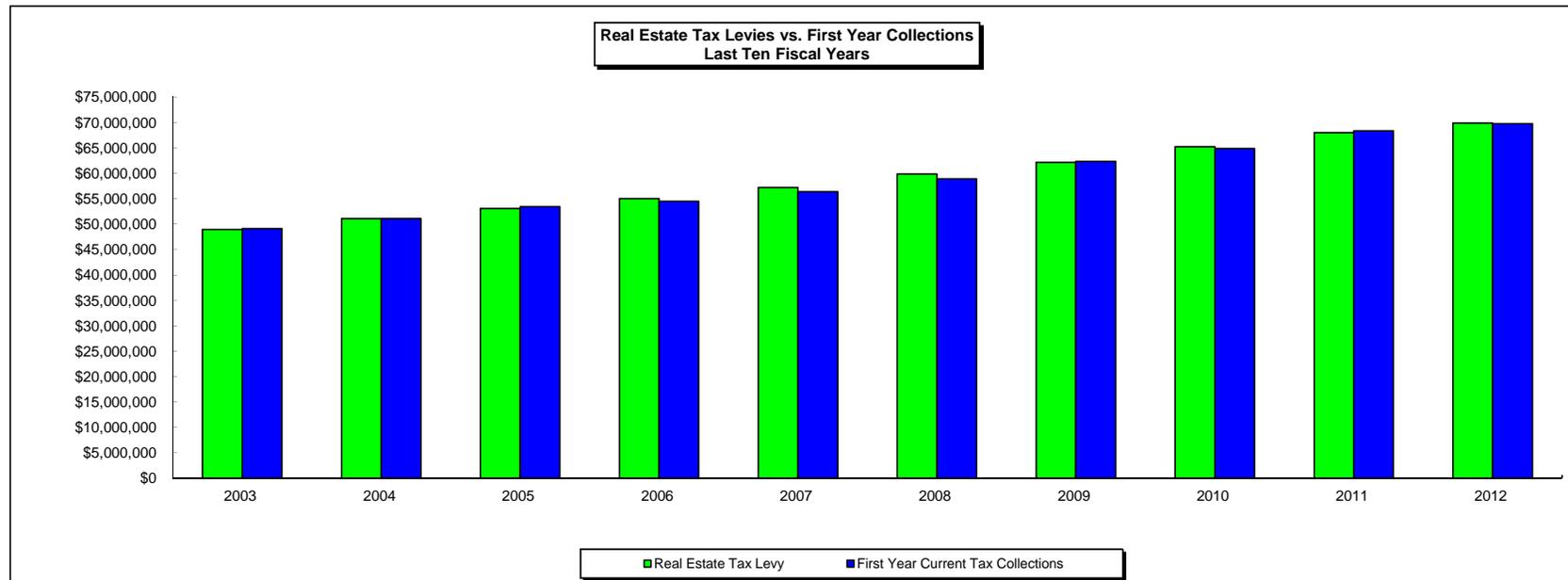
Name	Nature of Business	2012			2003		
		Assessed Valuation	Rank	Percentage of Total Taxable Assessed Value	Assessed Valuation	Rank	Percentage of Total Taxable Assessed Value
Braintree Property Associates	Malls	\$ 250,843,100	1	4.75%	\$ 137,302,600	1	4.40%
Messina, Francis X. (et al)	Developer/Real Estate	146,441,100	2	2.77%	33,441,800	3	1.07%
Flatley, John (et al)	Real Estate	81,382,200	3	1.54%	-	-	-
Lenox Farms LTD Partnership	Developer/Real Estate	56,129,900	4	1.06%	-	-	-
AMB Property LP	Retail Clothing	38,566,700	5	0.73%	24,108,800	5	0.77%
EQR-Lincoln Braintree LLC	Developer/Real Estate	27,480,000	6	0.52%	-	-	-
Ridge at Blue Hills LTD Partnership	Developer/Real Estate	23,684,400	7	0.45%	-	-	-
WBF Braintree Equity Partnership LLC	Retail	23,422,000	8	0.44%	-	-	-
TRT Braintree LLC DCX	Malls	18,683,000	9	0.35%	-	-	-
Direct Invest Braintree Park LLC	Real Estate	17,592,900	10	0.33%	-	-	-
T.J. Flatley (et all)	Real Estate	-	-	-	46,148,100	2	1.48%
Flatley Family Trust	Developer/Real Estate	-	-	-	29,314,200	4	0.94%
Sheraton Braintree Hotel	Hotel	-	-	-	21,465,600	6	0.69%
The Flatley Company	Developer/Real Estate	-	-	-	18,046,800	7	0.58%
Federated Department Stores	Retail Clothing	-	-	-	15,311,100	8	0.49%
Kelton Health Corp.	Office Buildings	-	-	-	14,998,000	9	0.48%
Liberty Woods, LLC	Real Estate	-	-	-	14,634,500	10	0.47%
Totals \$		<u>684,225,300</u>		<u>12.94%</u>	<u>\$ 354,771,500</u>		<u>11.37%</u>

Source: Official Statements, Town of Braintree

Property Tax Levies and Collections

Last Ten Fiscal Years

Fiscal Year	Total Tax Levy	Less Reserve for Abatements & Exemptions	Net Tax Levy	Net as % of Total	First Year Current Tax Collections	Percent of Net Levy Collected	Delinquent Tax Collections	Total Tax Collections	Percent of Total Tax Collections to Net Tax Levy (2)
2003	\$49,374,288	\$410,496	\$48,963,792	99.17%	\$49,135,880	100.35%	\$850,034	\$49,985,914	102.09%
2004	\$52,132,908	\$1,052,841	\$51,080,067	97.98%	\$51,064,750	99.97%	\$15,317	\$51,080,067	100.00%
2005	\$53,947,300	\$905,342	\$53,041,958	98.32%	\$53,432,258	100.74%	\$256,505	\$53,688,763	101.22%
2006	\$56,006,448	\$992,187	\$55,014,261	98.23%	\$54,476,389	99.02%	\$1,234,211	\$55,710,600	101.27%
2007	\$58,111,612	\$893,219	\$57,218,393	98.46%	\$56,345,257	98.47%	\$1,904,192	\$58,249,449	101.80%
2008	\$60,537,365	\$695,318	\$59,842,047	98.85%	\$58,896,572	98.42%	\$1,900,328	\$60,796,900	101.60%
2009	\$63,634,439	\$1,480,050	\$62,154,389	97.67%	\$62,315,590	100.26%	\$1,320,308	\$63,635,898	102.38%
2010	\$66,301,452	\$1,089,175	\$65,212,277	98.36%	\$64,882,825	99.49%	\$1,441,807	\$66,324,632	101.71%
2011	\$69,110,686	\$1,100,000	\$68,010,686	98.41%	\$68,362,146	100.52%	\$436,917	\$68,799,063	101.16%
2012	\$70,972,549	\$1,123,064	\$69,849,485	98.42%	\$69,757,876	99.87%	\$0	\$69,757,876	99.87%



(1) Revaluation year.

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

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

Ratios of Outstanding Debt and General Bonded Debt

Last Ten Fiscal Years

Fiscal Year	U. S. Census Population	Personal Income	Assessed Value	Governmental Activities				
				General Obligation Bonds	Capital Leases	Per Capita	Percentage of Personal Income	Percentage of Assessed Value
2003	33,917	\$ 972,298,639	\$4,090,062,260	\$10,879,000	\$450,413	\$334	1.17%	0.28%
2004	33,728	\$ 1,005,555,799	\$4,278,719,801	\$9,485,000	\$285,234	\$290	0.97%	0.23%
2005	33,873	\$ 1,050,273,934	\$4,850,534,495	\$8,105,000	\$111,512	\$243	0.78%	0.17%
2006	33,681	\$ 1,086,093,568	\$5,568,213,625	\$9,540,000	\$205,430	\$289	0.90%	0.18%
2007	34,185	\$ 1,146,439,624	\$5,605,124,805	\$10,065,000	\$490,892	\$309	0.92%	0.19%
2008	34,422	\$ 1,200,563,244	\$5,603,463,489	\$8,420,000	\$350,640	\$255	0.73%	0.16%
2009	35,294	\$ 1,280,215,743	\$5,537,329,189	\$10,540,000	\$244,817	\$306	0.84%	0.19%
2010	35,296	\$ 1,312,199,392	\$5,359,518,266	\$15,412,000	\$167,410	\$441	1.19%	0.29%
2011	35,744	\$ 1,382,008,876	\$5,220,854,188	\$19,080,000	\$85,878	\$536	1.39%	0.37%
2012	35,981	\$ 1,446,817,954	\$5,278,531,923	\$22,512,979	\$212,592	\$632	1.57%	0.43%

Fiscal Year	Business-Type Activities		Total Primary Government			
	General Obligation Bonds	Capital Leases	Total Debt Outstanding	Per Capita	Percentage of Personal Income	Percentage of Assessed Value
2003	\$ 17,541,315	\$ -	\$28,870,728	\$851	2.97%	0.71%
2004	\$ 16,130,052	\$ -	\$25,900,286	\$768	2.58%	0.61%
2005	\$ 15,258,315	\$ 186,586	\$23,661,413	\$699	2.25%	0.49%
2006	\$ 18,399,241	\$ 135,017	\$28,279,688	\$840	2.60%	0.51%
2007	\$ 18,094,073	\$ 78,457	\$28,728,422	\$840	2.51%	0.51%
2008	\$ 16,213,906	\$ 16,425	\$25,000,971	\$726	2.08%	0.45%
2009	\$ 24,030,740	\$ -	\$34,815,557	\$986	2.72%	0.63%
2010	\$ 140,062,687	\$ 103,418	\$155,745,515	\$4,413	11.87%	2.91%
2011	\$ 143,224,964	\$ 273,680	\$162,664,522	\$4,551	11.77%	3.12%
2012	\$ 131,668,293	\$ 549,628	\$154,943,492	\$4,306	10.71%	2.94%

Source: Audited Financial Statements, U. S. Census

Direct and Overlapping Governmental Activities Debt

As of June 30, 2012

<u>Town of Braintree, Massachusetts</u>	<u>Debt Outstanding</u>	<u>Percentage Applicable</u>	<u>Share of Overlapping Debt</u>
Norfolk County.....	\$ 900,000	5.36%	\$ 250,124
Town debt.....			22,512,979
Town capital leases.....			<u>212,592</u>
Total Town direct debt.....			<u>22,725,571</u>
Total direct and overlapping debt.....			<u>\$ 22,975,695</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 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.

Computation of Legal Debt Margin

Last Ten Fiscal Years

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Equalized Valuation.....	\$ 4,078,937,500	\$ 4,894,372,100	\$ 4,894,372,100	\$ 5,878,650,200	\$ 5,878,650,200	\$ 6,103,206,100	\$ 6,103,206,100	\$ 5,803,418,500	\$ 5,803,418,500	\$ 5,803,418,500
Debt Limit - 5% of Equalized Valuation.....	\$ 203,946,875	\$ 244,718,605	\$ 244,718,605	\$ 293,932,510	\$ 293,932,510	\$ 305,160,305	\$ 305,160,305	\$ 290,170,925	\$ 290,170,925	\$ 290,170,925
Less:										
Outstanding debt applicable to limit.....	\$ 10,879,000	\$ 9,485,000	\$ 8,105,000	\$ 9,540,000	\$ 10,065,000	\$ 11,911,000	\$ 129,166,500	\$ 122,688,000	\$ 119,186,500	\$ 115,619,000
Authorized and unissued debt.....	8,976,485	9,351,485	13,931,485	101,272,800	106,696,485	121,696,485	5,609,485	4,017,485	7,254,622	10,452,483
Legal debt margin.....	\$ 184,091,390	\$ 225,882,120	\$ 222,682,120	\$ 183,119,710	\$ 177,171,025	\$ 171,552,820	\$ 170,384,320	\$ 163,465,440	\$ 163,729,803	\$ 164,099,442
Total debt applicable to the limit as a percentage of the limit.....	9.74%	7.70%	9.00%	37.70%	39.72%	43.78%	44.17%	43.67%	43.57%	43.45%

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

Demographic and Economic Statistics

Last Ten Fiscal Years

Fiscal Year	Population Estimates	Personal Income	Per Capita Personal Income	Median Age	School Enrollment	Unemployment Rate
2003	33,917	\$ 972,298,639	\$ 28,667	40	5,066	5.30%
2004	33,728	\$ 1,005,555,799	\$ 29,814	40	5,154	5.00%
2005	33,873	\$ 1,050,273,934	\$ 31,006	40	5,252	4.50%
2006	33,681	\$ 1,086,093,568	\$ 32,246	40	5,229	4.70%
2007	34,185	\$ 1,146,439,624	\$ 33,536	40	5,325	4.20%
2008	34,422	\$ 1,200,563,244	\$ 34,878	40	5,443	5.00%
2009	35,294	\$ 1,280,215,743	\$ 36,273	40	5,441	7.80%
2010	35,296	\$ 1,312,199,392	\$ 37,177	40	5,557	8.20%
2011	35,744	\$ 1,382,008,876	\$ 38,664	40	5,565	7.20%
2012	35,981	\$ 1,446,817,954	\$ 40,211	40	5,601	5.87%

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	2012			2003		
		Employees	Rank	Percentage of Total Town Employment	Employees	Rank	Percentage of Total Town Employment
Health South/Braintree Rehab	Rehabilitation Hospital	750	1	2.85%	900	2	4.79%
Haemonetics	Biomedical	700	2	2.66%	450	6	2.39%
Macy's	Retail	600	3	2.28%	260	10	1.38%
South Shore VNA	Visiting Nurses Association	476	4	1.81%	476	5	2.53%
Verizon	Utility	400	5	1.52%	-		-
Sears	Retail	363	6	1.38%	300	8	1.60%
Harvard/Pilgrim Health Care	Health Care	310	7	1.18%	300	7	1.60%
Mass State Lottery	State Agency	300	8	1.14%	-		-
Symmons Industries	Plumbing Manufacturer	290	9	1.10%	300	9	1.60%
Nordstrom	Retail	250	10	0.95%	-		-
Boston Financial Data Services	Account Services	-		-	1,200	1	6.39%
NYNEX	Utility	-		-	640	3	3.41%
Filene's	Retail	-		-	600	4	3.19%
		<u>4,439</u>		<u>16.87%</u>	<u>5,426</u>		<u>28.87%</u>

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

Full-time Equivalent Town Employees by Function

Last Ten Fiscal Years

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Function:										
General government.....	50	48	52	55	55	47	45	38	41	42
Police.....	89	76	84	91	94	91	84	82	81	83
Fire.....	89	81	85	89	90	92	88	87	87	86
Education.....	688	612	626	639	652	666	674	648	675	689
Public works.....	45	44	47	50	46	44	48	43	39	39
Human services.....	11	10	11	11	11	13	10	10	11	11
Culture and recreation.....	20	18	19	19	18	19	20	19	19	19
Water & Sewer	28	23	26	29	27	29	23	21	23	23
Golf.....	10	9	9	10	10	10	9	9	9	9
Electric Light	109	108	110	111	111	107	111	111	110	110
Total	<u>1,138</u>	<u>1,029</u>	<u>1,069</u>	<u>1,103</u>	<u>1,113</u>	<u>1,117</u>	<u>1,111</u>	<u>1,067</u>	<u>1,094</u>	<u>1,110</u>

Source: Town personnel records and various Town departments.

Operating Indicators by Function/Program

Last Ten Fiscal Years

Function/Program	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
General Government										
Population.....	33,509	32,972	32,760	32,669	32,474	32,434	32,931	35,744	35,744	35,744
Registered voters, annual town election.....	6,929	7,666	7,229	6,254	9,541	N/A	6,178	N/A	7,500	N/A
Town Clerk										
Births.....	400	367	364	397	413	371	412	365	380	196
Marriages.....	187	214	177	173	198	145	189	197	213	81
Deaths.....	540	517	554	473	471	480	440	465	465	235
Police										
Accidents covered by an officer.....	1,411	1,362	1,320	1,213	1,302	1,199	1,152	1,247	1,177	287
Citations issued.....	3,502	4,877	6,594	12,052	9,957	5,786	3,833	3,849	2,722	1,304
Arrests.....	878	809	935	1,206	1,107	1,085	813	766	754	262
Larcenies.....	888	910	933	915	917	881	802	662	615	245
Fire										
Fires.....	141	136	141	101	143	102	84	116	92	94
Emergency medical service.....	2,165	2,124	2,301	2,564	2,620	2,850	3,085	3,107	2,725	1,786
False alarm.....	812	714	771	796	839	855	761	676	759	493
Other responses.....	1,360	1,328	1,418	1,262	1,315	983	1,046	1,150	1,196	948
Hazmat responses.....	558	456	465	429	417	363	336	281	360	207
Building Department										
Residential building permits issued.....	1,099	1,042	938	1,082	998	897	891	950	979	322
Non-Residential building permits issued.....	242	252	264	230	268	315	301	324	295	149
Education										
Public school enrollment.....	5066	5,154	5,154	5,252	5,229	5,325	5,443	5,441	5,557	5,565
Public Works										
Cemetery										
Lots sold.....	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	25	15
Water										
Service connections.....	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	11,497	11,500
Consumption in billions of gallons.....	1,201	1,303	1,367	1,428	1,585	1,542	1,421	1,374	1,371	N/A
Daily consumption in millions of gallons.....	3.7	3.7	3.7	4.0	4.2	3.7	3.6	3.8	3.7	N/A
Sewer										
Service connections.....	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	11,500
Daily average collection (MGD).....	N/A	N/A	N/A	N/A	N/A	N/A	6.61	6.97	6.52	6.89
Highway										
Miles of public road.....	126.7	126.7	127.2	127.2	129.0	129.0	129.0	129.0	129.0	129.0
Human Services										
Board of Health										
Inspections	1,282	1,491	1,473	1,478	1,531	1,324	1,257	1,151	1,338	605
Council on Aging										
Home delivered meals.....	1,388	1,718	1,095	825	1,213	634	1,220	616	N/A	N/A
Transportation.....	3,896	3,311	3,187	3,298	3,459	3,595	3,783	3,917	3,763	4,121
Volunteer service hours.....	9,604	7,575	6,883	7,164	10,182	10,431	9,322	7,252	6,583	6,029
Fitness/exercise program participants.....	2,411	2,498	2,456	2,567	2,980	3,343	3,396	3,588	3,673	3,734
Recreation/social event participants.....	6,258	6,880	7,018	7,496	7,342	7,444	8,182	7,739	8,242	9,221
Libraries										
Volumes in collection.....	132,738	118,174	122,976	125,300	123,920	151,406	154,966	157,057	157,764	125,145
Circulation.....	240,683	250,406	270,668	280,937	198,710	306,081	320,510	350,966	384,947	379,752
Program attendance.....	6,496	5,942	6,863	6,564	5,892	6,473	7,881	7,605	10,279	11,011

Source: Various Town Departments

N/A: Information not available

Capital Asset Statistics by Function/Program

Last Ten Fiscal Years

Function/Program	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
General Government										
Number of buildings.....	4	4	4	4	4	4	4	8	8	8
Police										
Number of stations.....	1	1	1	1	1	1	1	1	1	1
Fire										
Number of stations.....	3	3	3	3	3	3	3	3	3	3
Number of vehicles.....	17	17	17	17	17	17	17	17	17	17
Education										
Number of elementary schools.....	7	7	6	6	6	6	6	6	6	6
Number of middle schools.....	2	2	2	2	2	2	2	2	2	2
Number of high schools.....	1	1	1	1	1	1	1	1	1	1
Number of other buildings.....	4	4	5	5	5	5	5	5	5	5
Public Works										
Water mains (miles).....	161	161	161	161	161	161	161	161	161	161
Fire hydrants.....	1,211	1,211	1,211	1,211	1,211	1,211	1,211	1,211	1,211	1,211
Sanitary sewers (miles).....	138	138	138	138	138	138	138	138	138	138
Number of wells.....	1	1	1	1	1	1	1	1	1	1
Number of water storage tanks.....	5	5	5	5	5	5	5	4	4	4
Number of pump stations.....	15	15	15	15	15	15	15	15	15	15
Human Services										
Senior center.....	1	1	1	1	1	1	1	1	1	1
Culture and Recreation										
Recreation building.....	1	1	1	1	1	1	1	1	1	1
Library.....	1	1	1	1	1	1	1	1	1	1

Source: Various Town Departments

TOWN OF BRAINTREE, MASSACHUSETTS

REPORTS ON FEDERAL AWARD PROGRAMS

FISCAL YEAR ENDED JUNE 30, 2012

TOWN OF BRAINTREE, MASSACHUSETTS
REPORTS ON FEDERAL AWARD PROGRAMS
FISCAL YEAR ENDED JUNE 30, 2012

TABLE OF CONTENTS

	<u>Page</u>
Report on internal control over financial reporting and on compliance and other matters based on an audit of financial statements performed in accordance with <i>Government Auditing Standards</i>	1
Report on compliance with requirements that could have a direct and material effect on each major program and on internal control over compliance in accordance with OMB Circular A-133	3
Schedule of expenditures of federal awards	5
Notes to schedule of expenditures of federal awards	6
Schedule of findings and questioned costs	8



100 Quannapowitt Parkway
Suite 101
Wakefield, MA 01880
T. 781-914-1700
F. 781-914-1701
www.powersandsullivan.com

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT
OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

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

We have audited the 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, 2012 (December 31, 2011 for the Braintree Contributory Retirement System and the Braintree Electric Light Department), which collectively comprise the Town's basic financial statements and have issued our report thereon dated December 12, 2012. Our report includes a reference to 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. Other auditors audited the financial statements of the Braintree Electric Light Department, as described in our report on the Town of Braintree, Massachusetts' financial statements. The financial statements of the Braintree Electric Light Department were not audited in accordance with *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Town of Braintree, Massachusetts' internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Braintree, Massachusetts' internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Town of Braintree's internal control over financial reporting.

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

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs as finding #12-01 that we consider to be significant deficiencies in internal control over financial reporting. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Braintree, Massachusetts' financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain other matters that we reported to management of the Town of Braintree, Massachusetts' in a separate letter dated December 12, 2012.

The Town of Braintree, Massachusetts' response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the Town of Braintree, Massachusetts' response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management of the Town of Braintree, Massachusetts and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

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

December 12, 2012



100 Quannapowitt Parkway
Suite 101
Wakefield, MA 01880
T. 781-914-1700
F. 781-914-1701
www.powersandsullivan.com

REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

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

Compliance

We have audited the compliance of the Town of Braintree, Massachusetts, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that could have a direct and material effect on each of the Town of Braintree, Massachusetts' major federal programs for the fiscal year ended June 30, 2012. The Town of Braintree's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the Town of Braintree's management. Our responsibility is to express an opinion on the Town of Braintree, Massachusetts' compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred.

An audit includes examining, on a test basis, evidence about the Town of Braintree's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Town of Braintree's compliance with those requirements.

In our opinion, the Town of Braintree, Massachusetts, complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal programs for the fiscal year ended June 30, 2012.

Internal Control Over Compliance

Management of The Town of Braintree, Massachusetts, is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Town of Braintree's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Town of Braintree's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis.

A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

Schedule of Expenditures of Federal Awards

We have audited the 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 fiscal year ended June 30, 2012 (December 31, 2011 for the Braintree Contributory Retirement System and the Braintree Electric Light Department), and have issued our report thereon dated December 12, 2012. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the Town of Braintree, Massachusetts' basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

The Town of Braintree, Massachusetts' response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the Town of Braintree, Massachusetts' response and, accordingly, we express no opinion on it.

This report is intended solely for the use of management of the Town of Braintree, Massachusetts, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than those specified parties.



December 12, 2012

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE FISCAL YEAR ENDED JUNE 30, 2012

<u>Federal Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Expenditures</u>
U.S. DEPARTMENT OF AGRICULTURE:		
<u>Passed through State Department of Elementary and Secondary Education:</u>		
Non-Cash Assistance (Commodities):		
National School Lunch Program	10.555	\$ 133,530
Cash Assistance:		
School Breakfast Program	10.553	60,856
National School Lunch Program	10.555	414,547
		<hr/>
TOTAL AGRICULTURE		608,933
U.S. DEPARTMENT OF DEFENSE:		
<u>Passed through State Military Division:</u>		
ARRA - National Guard Military Operations and Maintenance Projects	12.401	2,107
		<hr/>
U.S. DEPARTMENT OF CRIMINAL JUSTICE:		
<u>Direct Programs:</u>		
Federal Equitable Sharing Program	16.UNK	40,605
Bulletproof Vest Partnership Program	16.607	35,192
		<hr/>
TOTAL CRIMINAL JUSTICE		75,797
U.S. DEPARTMENT OF TRANSPORTATION:		
<u>Passed through Governor's Highway Safety Bureau:</u>		
Interagency Hazardous Materials Public Sector Training and Planning Grants	20.703	11,309
		<hr/>
NATIONAL ENDOWMENT FOR THE ARTS:		
<u>Direct Programs:</u>		
Promotion of the Arts - Grants to Organizations and Individuals	45.024	5,000
		<hr/>
ENVIRONMENTAL PROTECTION AGENCY:		
<u>Passed through State Office of the Administrator:</u>		
Performance Partnership Grants	66.605	87,100
		<hr/>
U.S. DEPARTMENT OF EDUCATION:		
<u>Passed through State Department of Elementary and Secondary Education:</u>		
Title I Grants to Local Educational Agencies	84.010	331,861
Special Education Grants to States	84.027	1,489,007
Handicapped - State Grants	84.027A	58,488
Safe and Drug-Free Schools and Communities State Grants	84.186	18,000
English Language Acquisition	84.365	24,457
Improving Teacher Quality State Grants	84.367	123,331
ARRA - Title I Grants to Local Educational Agencies	84.389	27,752
ARRA - Special Education Grants to States	84.391	24,578
ARRA - State Fiscal Stabilization Fund (SFSF) - Education State Grants	84.394	755,397
ARRA - Stabilization Fund Race-to-the-Top Incentive Grants	84.395	37,558
Education Jobs Fund	84.410	491,157
		<hr/>
<u>Passed through State Department of Early Education and Care:</u>		
Special Education - Preschool Grants	84.173	32,502
ARRA - Special Education - Preschool Grants	84.392	7,702
		<hr/>
TOTAL EDUCATION		3,421,790
SOCIAL SECURITY ADMINISTRATION:		
<u>Passed through Massachusetts Rehabilitation Commission:</u>		
Social Security Disability Insurance	96.001	370
		<hr/>
U.S. DEPARTMENT OF HOMELAND SECURITY:		
<u>Passed through Massachusetts Emergency Management Agency:</u>		
Disaster Grants - Public Assistance	97.036	114,749
		<hr/>
TOTAL		\$ 4,327,155

See notes to schedule of expenditures of federal awards.

Note 1 – Definition of Reporting Entity

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal financial assistance programs of the Town of Braintree, Massachusetts. All federal financial assistance received directly from federal agencies as well as federal financial assistance passed through other governmental agencies is included on the schedule.

Note 2 – Significant Accounting Policies

The accounting and reporting policies of the Town of Braintree, Massachusetts, are set forth below:

- (a) Basis of Presentation – The accompanying Schedule of Expenditures of Federal Awards is presented on the cash basis of accounting. Accordingly, grant revenues are recognized when received and expenditures when paid.
- (b) Cash Assistance – School Breakfast and Lunch Program – Program expenditures represent federal reimbursement for meals provided during the fiscal year.
- (c) Non-Cash Assistance (Commodities) – School Lunch Program – Program expenditures represent the value of donated foods received during the fiscal year.
- (d) Disaster Grants have been recorded the year the grant was approved.

Note 3 – Program Clusters

In accordance with Subpart A §_105 of OMB Circular No. A-133, Audits of States, Local Governments and Non Profit Organizations, certain programs have been clustered in determining major programs. The following represents the clustered programs applicable to the Town of Braintree:

<u>Name of Cluster/Program</u>	<u>CFDA Number</u>
Child Nutrition Cluster	
School Breakfast Program	10.553
National School Lunch Program	10.555
Special Milk Program for Children	10.556
Summer Food Service Program for Children	10.559
Highway Safety Cluster	
State and Community Highway Safety	20.600
Safety Incentive Grants for Use of Seatbelts	20.604
Title I, Part A Cluster	
Title I Grants to Local Educational Agencies	84.010
ARRA – Title I Grants to Local Educational Agencies	84.389

<u>Name of Cluster/Program</u>	<u>CFDA Number</u>
Special Education Cluster	
Special Education Grants to States	84.027
Special Education Preschool Grants	84.173
ARRA – Special Education – Grants to States	84.391
ARRA – Special Education – Preschool Grants	84.392
Educational Technology State Grants Cluster	
Education Technology State Grants (Enhancing Education through Technology Program)	84.318
ARRA – Education Technology State Grants (Enhancing Education through Technology Program)	84.386
State Fiscal Stabilization Fund Cluster	
ARRA – State Fiscal Stabilization Fund (SFSF) – Education State Grants	84.394
ARRA – State Fiscal Stabilization Fund (SFSF) – Government Services	84.397

A. Summary of Auditors' Results

1. The auditors' report expresses an unqualified opinion on the financial statements of the Town of Braintree, Massachusetts.
2. Significant deficiencies relating to the audit of the financial statements are reported in the Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.
3. No instances of noncompliance material to the financial statements of the Town of Braintree, Massachusetts were disclosed during the audit.
4. No significant deficiencies relating to the audit of the major federal award programs are reported in the Report on Compliance with Requirements that could have a Direct and Material Effect on each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133.
5. The auditors' report on compliance for the major federal award programs for the Town of Braintree, Massachusetts, expresses an unqualified opinion.
6. There were no audit findings relative to the major federal award programs of the Town of Braintree, Massachusetts.
7. The programs tested as major grants include:

<u>Program Title</u>	<u>CFDA Number</u>
ARRA – State Fiscal Stabilization Fund (SFSF) – Education State Grants	84.394
Education Jobs Fund	84.410

8. The threshold for distinguishing Types A and B programs was \$300,000.
9. The Town of Braintree, Massachusetts was determined to be a low-risk auditee.

B. Findings – Financial Statements Audit**SIGNIFICANT DEFICIENCY**

12-01: Lack of Timely Postings and Reconciliations in the Treasury Department

Condition and Criteria: Since fiscal year 2009 and continuing through fiscal year 2012, the Treasurer's office has been operating with less than a full staff. The Treasurer's position has turned over 3 times and certain tasks have not been completed on a consistent basis including the timely postings of cash receipts to the general ledger and monthly reconciliations of cash and accounts receivables to the general ledger balances and to the Accountant's balances. The department has retained the help of a part-time outside consultant to assist in getting the cash postings and bank reconciliations brought up-to-date but this situation continues to exist.

Effect: The overall effect of this deficiency deteriorates management's ability to properly report financial information on a timely basis and potentially impedes management's ability to safeguard its assets.

Cause: Lack of proper staffing in the department to achieve management's objectives and adherence to internal control policies.

Recommendation: In order to strengthen internal controls over financial reporting and to safeguard the Town's assets we recommend that management should take whatever actions may be necessary to ensure that the day-to-day activities of the Treasury Department are being completed on a timely basis and that detailed reconciliations with the general ledger balances and with other departments are occurring on a routine basis as prescribed by management.

Management's Response/Current Status: The Town has hired an experienced Treasurer/Collector who took office the beginning of July 2010. The position has been filled again with another experienced individual who started in the fall of 2012. Continued improvements are being made to the cash receipts and reporting system. We have been working with the software company on a new treasurer receipts software package that will improve the efficiency of the cash receipts process. Significant improvements have been made in the tax collector's accounts receivables procedures including the direct input of payments over the counter in to the accounts receivable software and more timely reconciliation of the detailed receivables to the general ledger. The goal for FY2013 is to have the detail of cash and accounts receivable reconciled to the ledger on a monthly basis.

C. Findings and Questioned Costs – Major Federal Award Program Audit

None

D. Prior Year Audit Findings and Questioned Costs

SIGNIFICANT DEFICIENCY

11-01: Lack of Timely Postings and Reconciliations in the Treasury Department.

Current Status: This matter continued to exist during fiscal year 2012 and has been repeated as current year finding #12-01.

U.S. DEPARTMENT OF EDUCATION

		<u>Questioned Costs</u>
Special Education Grants to States	84.027	None
Special Education Preschool Grants	84.173	None
ARRA – Special Education Grants to States	84.391	None
ARRA – Special Education Preschool Grants	84.392	None

11-02: *Condition and Criteria:* OMB Circular A-87, “Cost Principles for State, Local and Indian Tribal Governments” requires grantees to maintain documentation of employee time and effort that has been charged to federal awards. If 100% of an employee’s salary is charged to a federal award, a grant recipient is required to maintain semi-annual certifications stating that 100% of the employee’s time was spent working on grant activities. If less than 100% of an employee’s salary is charged to a federal award, a grant recipient is required to maintain monthly personnel activity reports documenting 100% of the employee’s time.

Current Status: Beginning with the 2012 School year, the Town maintained time and effort certifications for all required programs.



BRAINTREE PUBLIC SCHOOLS

348 Pond Street
Braintree, MA 02184
Telephone (781) 380-0130
FAX (781) 380-0146

MAUREEN S. MURRAY, Ed.D.
Assistant Superintendent

PETER A. KURZBERG, Ph.D.
Superintendent of Schools

PETER B. KRESS
Business Manager

February 27, 2013

Braintree Town Council
Braintree Town Hall
1 JFK Memorial Drive
Braintree, MA 02184

Dear Members of the Braintree Town Council:

Attached please find a Statement of Interest to be submitted to the Massachusetts School Building Authority (MSBA) requesting participation in a renovation project for East Middle School which would include replacement of the heating system, electrical safety updates and expansion, installation of a fire suppression system and floor tile replacement. This is similar to the project undertaken at South Middle School. Submission to MSBA requires School Committee approval and Town Council approval. The School Committee voted at its meeting held on Monday, February 25, 2013 to submit such a Statement of Interest and approved both resolutions which must also be approved by the Town Council. Final signatures must include that of the Mayor, School Committee Chair and Superintendent of Schools.

Thank you in advance for your consideration of this request.

Sincerely,

Peter A. Kurzberg
Superintendent of Schools

PAK:mac
Attachments

Copy: Mayor Joseph Sullivan
Braintree School Committee

Massachusetts School Building Authority

Next Steps to Finalize Submission of your FY 2013 Statement of Interest

Thank you for submitting your FY 2013 Statement of Interest (SOI) to the MSBA electronically. **Please note, the District's submission is not yet complete.** The District is required to print and mail a hard copy of the SOI to the MSBA along with the required supporting documentation, which is described below.

Each SOI has two Certification pages that must be signed by the Superintendent, the School Committee Chair, and the Chief Executive Officer*. Please make sure that **both** certifications contained in the SOI have been signed and dated by each of the specified parties and that the hardcopy SOI is submitted to the MSBA with **original signatures**.

SIGNATURES: Each SOI has two (2) Certification pages that must be signed by the District.

In some Districts, two of the required signatures may be that of the same person. If this is the case, please have that person sign in both locations. Please do not leave any of the signature lines blank or submit photocopied signatures, as your SOI will be incomplete.

**Local chief executive officer: In a city or town with a manager form of government, the manager of the municipality; in other cities, the mayor; and in other towns, the board of selectmen unless, in a city or town, some other municipal office is designated as the chief executive office under the provisions of a local charter.*

VOTES: Each SOI must be submitted with the proper vote documentation. This means that (1) the required governing bodies have voted to submit each SOI, (2) the specific vote language required by the MSBA has been used, and (3) the District has submitted a record of the vote in the format required by the MSBA.

- **School Committee Vote:** Submittal of all SOIs must be approved by a vote of the School Committee.
 - For documentation of the vote of the School Committee, Minutes of the School Committee meeting at which the vote was taken must be submitted with the original signature of the Committee Chairperson. The Minutes must contain the actual text of the vote taken which should be substantially the same as the MSBA's SOI vote language.
- **Municipal Body Vote:** SOIs that are submitted by cities and towns must be approved by a vote of the appropriate municipal body (e.g., City Council/ Aldermen/Board of Selectmen) in addition to a vote of the School Committee.
 - Regional School Districts do not need to submit a vote of the municipal body.
 - For the vote of the municipal governing body, a copy of the text of the vote, which shall be substantially the same as the MSBA's SOI vote language, must be submitted with a certification of the City/Town Clerk that the vote was taken and duly recorded, and the date of the vote must be provided.

CLOSED SCHOOLS: Districts that have reported closed school information must download the report from the "Closed School" tab, which can be found on the District Main page. Please print this report, which then must be signed by the Superintendent, the School Committee Chair, and the Chief Executive Officer. A signed report, with original signatures must be included with the District's hard copy SOI submittal. **If a District submits multiple SOIs, only one copy of the Closed School information is required.**

ADDITIONAL DOCUMENTATION FOR SOI PRIORITIES #1 AND #3: If a District selects Priority #1 and/or Priority #3, the District is required to submit additional documentation with its SOI.

- If a District selects Priority #1, Replacement or renovation of a building which is structurally unsound or otherwise in

a condition seriously jeopardizing the health and safety of the school children, where no alternative exists, the MSBA requires a hard copy of the engineering or other report detailing the nature and severity of the problem and a written professional opinion of how imminent the system failure is likely to manifest itself. The District also must submit photographs of the problematic building area or system to the MSBA.

- If a District selects Priority #3, Prevention of a loss of accreditation, the MSBA requires the full accreditation report (s) and any supporting correspondence between the District and the accrediting entity.

ADDITIONAL INFORMATION: In addition to the information required with the SOI hard copy submittal, the District may also provide any reports, pictures, or other information they feel will give the MSBA a better understanding of the issues identified at a facility.

If you have any questions about the SOI process please contact Brian McLaughlin at 617-720-4466 or Brian.McLaughlin@massschoolbuildings.org.

Massachusetts School Building Authority

School District Braintree

District Contact Peter B Kress TEL: (781) 380-0130

Name of School East Middle School

Submission Date 3/19/13

SOI CERTIFICATION

To be eligible to submit a Statement of Interest (SOI), a district must certify the following:

- The district hereby acknowledges and agrees that this SOI is NOT an application for funding and that submission of this SOI in no way commits the MSBA to accept an application, approve an application, provide a grant or any other type of funding, or places any other obligation on the MSBA.
- The district hereby acknowledges that no district shall have any entitlement to funds from the MSBA, pursuant to M.G.L. c. 70B or the provisions of 963 CMR 2.00.
- The district hereby acknowledges that the provisions of 963 CMR 2.00 shall apply to the district and all projects for which the district is seeking and/or receiving funds for any portion of a municipally-owned or regionally-owned school facility from the MSBA pursuant to M.G.L. c. 70B.
- The district hereby acknowledges that this SOI is for one existing municipally-owned or regionally-owned public school facility in the district that is currently used or will be used to educate public PreK-12 students and that the facility for which the SOI is being submitted does not serve a solely early childhood or Pre-K student population.
- After the district completes and submits this SOI electronically, the district must sign the required certifications and submit one signed original hard copy of the SOI to the MSBA, with all of the required documentation described under the "Vote" tab, on or before the deadline.
- The district will schedule and hold a meeting at which the School Committee will vote, using the specific language contained in the "Vote" tab, to authorize the submission of this SOI. This is required for cities, towns, and regional school districts.
- Prior to the submission of the hard copy of the SOI, the district will schedule and hold a meeting at which the City Council/Board of Aldermen or Board of Selectmen/equivalent governing body will vote, using the specific language contained in the "Vote" tab, to authorize the submission of this SOI. This is not required for regional school districts.
- On or before the SOI deadline, the district will submit the minutes of the meeting at which the School Committee votes to authorize the Superintendent to submit this SOI. The District will use the MSBA's vote template and the vote will specifically reference the school and the priorities for which the SOI is being submitted. The minutes will be signed by the School Committee Chair. This is required for cities, towns, and regional school districts.
- The district has arranged with the City/Town Clerk to certify the vote of the City Council/Board of Aldermen or Board of Selectmen/equivalent governing body to authorize the Superintendent to submit this SOI. The district will use the MSBA's vote template and submit the full text of this vote, which will specifically reference the school and the priorities for which the SOI is being submitted, to the MSBA on or before the SOI deadline. This is not required for regional school districts.
- The district hereby acknowledges that this SOI submission will not be complete until the MSBA has received all of the required vote documentation and certification signatures in a format acceptable to the MSBA.

Chief Executive Officer *

School Committee Chair

Superintendent of Schools

(print name)

(print name)

(print name)

(signature)

(signature)

(signature)

Date

Date

Date

* Local chief executive officer: In a city or town with a manager form of government, the manager of the municipality; in other cities, the mayor; and in other towns, the board of selectmen unless, in a city or town, some other municipal office is designated to the chief executive office under the provisions of a local charter.

replacement, ceiling replacement, and rebuilding of the heating system. The East Middle School was built 50 years ago. In order to address the technological requirements for current day educational priorities and goals, an electrical upgrade and expansion is required. This would allow for additional electrical outlets in each classroom for computers, LCD projectors and other media devices. This would require additional circuits and sub-electrical panels. New lighting circuits and fixtures would also be installed. The various systems associated with the heating system are marginally operational and extremely inefficient. New energy efficient, digitally controlled unit ventilators would allow for better temperature control and improved air quality throughout the building.

District's Proposed Schedule: What is the District's proposed schedule to achieve the goal(s) stated above?

The Braintree Public Schools, working with the MSBA and the Town of Braintree is ready to invest the necessary funds to begin and complete this renovation project at East Middle School. The Braintree Public Schools would like to begin the design of this project during the spring of 2013 and bid this project in December 2013 so that construction could begin as early as spring 2014. This project would then be completed by October 1, 2014. The Town of Braintree has voted to set East Middle School as our next priority for completion. The proposed total cost of this project would be approximately \$6,000,000.

Is this part of a larger facilities plan? NO

If "YES", please provide the following:

Facilities Plan Date:

Planning Firm:

Please provide an overview of the plan including as much detail as necessary to describe the plan, its goals and how the school facility that is the subject of this SOI fits into that plan:

Please provide the current student to teacher ratios at the school facility that is the subject of this SOI: 22 students per teacher

Please provide the originally planned student to teacher ratios at the school facility that is the subject of this SOI: 25 students per teacher

Does the District have a Master Educational Plan that includes facility goals for this building and all school buildings in District? NO

Does the District have related report(s)/document(s) that detail its facilities, student configurations at each facility, and District operational budget information, both current and proposed? NO

If "NO", please note that:

If, based on the SOI review process, a facility rises to the level of need and urgency and is invited into the Eligibility Period, the District will need to provide to the MSBA a detailed Educational Plan for not only that facility, but all facilities in the District in order to move forward in the MSBA's school building construction process.

Is there overcrowding at the school facility? YES

If "YES", please describe in detail, including specific examples of the overcrowding.

All Braintree Public Schools are overcrowded. We have converted former bathrooms, closets, and store rooms into educational learning space. No new educational space has been added to this school since it was built.

Has the district had any recent teacher layoffs or reductions? NO

If "YES", how many teaching positions were affected? 0

At which schools in the district?

Please describe the types of teacher positions that were eliminated (e.g., art, math, science, physical education, etc.).

Has the district had any recent staff layoffs or reductions? NO

If "YES", how many staff positions were affected? 0

At which schools in the district?

Please describe the types of staff positions that were eliminated (e.g., guidance, administrative, maintenance, etc.).

Please provide a description of the program modifications as a consequence of these teacher and/or staff reductions, including the impact on district class sizes and curriculum.

Does Not Apply

Please provide a detailed description of your most recent budget approval process including a description of any budget reductions and the impact of those reductions on the district's school facilities, class sizes, and educational program.

There was no reduction in the total funds, local and state, to the Braintree Public Schools.

General Description

BRIEF BUILDING HISTORY: Please provide a detailed description of when the original building was built, and the date(s) and project scopes(s) of any additions and renovations (maximum of 5000 characters).

East Middle School was constructed in 1961. It is a masonry building. There have been no additions and no renovations with the except of an elevator which was installed in 1999. The building has been maintained in good working condition. the majority of the windows were replaced in 2011 with insulated glass.

TOTAL BUILDING SQUARE FOOTAGE: Please provide the original building square footage PLUS the square footage of any additions.

106761

SITE DESCRIPTION: Please provide a detailed description of the current site and any known existing conditions that would impact a potential project at the site. Please note whether there are any other buildings, public or private, that share this current site with the school facility. What is the use(s) of this building(s)? (maximum of 5000 characters).

East Middle School is located on a 46 acre site and there are no site limitations.

ADDRESS OF FACILITY: Please type address, including number, street name and city/town, if available, or describe the location of the site. (Maximum of 300 characters)

305 River Street, Braintree, MA 02184

BUILDING ENVELOPE: Please provide a detailed description of the building envelope, types of construction materials used, and any known problems or existing conditions (maximum of 5000 characters).

East Middle School is a masonry building. The majority of the windows were replaced in 2011. Additional windows are in need of replacement with insulated glass. Doors also need to be replaced.

Has there been a Major Repair or Replacement of the EXTERIOR WALLS ? NO

Year of Last Major Repair or Replacement: 1961

Description of Last Major Repair or Replacement:

None

Has there been a Major Repair or Replacement of the ROOF? YES

Year of Last Major Repair or Replacement: 2005

Type Of ROOF: EPDM

Description of Last Major Repair or Replacement:

sectional roof replacement

Has there been a Major Repair or Replacement of the WINDOWS? YES

Year of Last Major Repair or Replacement: 2011

Type Of WINDOWS: Single hung insulated glass

Description of Last Major Repair or Replacement:

Removed 85% of all uninsulated windows and replaced with single hung insulated glass window systems

MECHANICAL and ELECTRICAL SYSTEMS: Please provide a detailed description of the current mechanical and electrical systems and any known problems or existing conditions (maximum of 5000 characters).

Mechanical systems are as built in 1961. These systems are outdated, inefficient and undercapacity.

Has there been a Major Repair or Replacement of the BOILERS? NO

Year of Last Major Repair or Replacement: 1997

Description of Last Major Repair or Replacement:

gas conversion and boiler replacement

Has there been a Major Repair or Replacement of the HVAC SYSTEM ? NO

Year of Last Major Repair or Replacement: 1961

Description of Last Major Repair or Replacement:

none

Has there been a Major Repair or Replacement of the ELECTRICAL SERVICES AND DISTRIBUTION SYSTEM? NO

Year of Last Major Repair or Replacement: 1961

Description of Last Major Repair or Replacement:

none

BUILDING INTERIOR: Please provide a detailed description of the current building interior including a description of the flooring systems, finishes, ceilings, lighting, etc. (maximum of 5000 characters).

Interior is in an as built condition and is in fair condition. Flooring is asbestos tile, which is in disrepair and needs replacement. Ceilings and ceiling lighting is in poor condition and needs replacement with energy efficient lighting. The interior of the school has been painted during the past year.

PROGRAMS and OPERATIONS: Please provide a detailed description of the current programs offered and indicate whether there are program components that cannot be offered due to facility constraints, operational constraints, etc. (maximum of 5000 characters).

All standard middle school programs and curricula are offered. The constraints are the lack of modern educational space, the lack of proper HVAC controls, the lack of electrical capacity, and poor lighting.

CORE EDUCATIONAL SPACES: Please provide a detailed description of the Core Educational Spaces within the facility, a description of the number and sizes (in square feet) of classrooms, a description of science rooms/labs including ages and most recent updates, and a description of the media center/library (maximum of 5000 characters).

East Middle School constructed in 1961 contains 47 classrooms within its 106,761 sq. ft. Each classroom is approximately 700 sq. ft. The school contains a media center, gymnasium, cafeteria, and a number of science technology labs.

CAPACITY and UTILIZATION: Please provide a detailed description of the current capacity and utilization of the school facility. If the school is overcrowded, please describe steps taken by the administration to address capacity issues. Please also describe in detail any spaces that have been converted from their intended use to be used as classroom space (maximum of 5000 characters).

This school facility is at capacity and all available space, some substandard, has been converted into instructional learning space.

MAINTENANCE and CAPITAL REPAIR: Please provide a detailed description of the district's current maintenance practices, its capital repair program, and the maintenance program in place at the facility that is the subject of this SOI. Please include specific examples of capital repair projects undertaken in the past, including any override or debt exclusion votes that were necessary (maximum of 5000 characters).

The Braintree Public Schools invests over \$1.5 million dollars in direct maintenance to all of our school facilities every year. This does not include custodial services. The Braintree Public Schools also employs their own electrician, plumber, carpenters, and HVAC technician as well.

Priority 5

Question 1: Please provide a detailed description of the issues surrounding the school facility systems (e.g., roof, windows, boilers, HVAC system, and/or electrical service and distribution system) that you are indicating require repair or replacement. Please describe all deficiencies to all systems in sufficient detail to explain the problem.

Heating Systems

The East Middle School needs a complete rebuild of its heating system. The boiler as well as all the ancillary piping, unitventilators, controls, and pneumatics were installed in 1961. Today, 47 years later, these systems are only marginally operating and they are not operating in any efficient manner. Not only would the students and staff significantly benefit with a new heating system, the Braintree Public Schools and the Town of Braintree would realize a substantial reduction in the amount we are currently spending on natural gas and electricity. Our proposal is to **convert East Middle School from a steam system to a hot water heating system** at a cost of approximately \$2,500,000 in all. This would entail the need to purchase an additional boiler and remove all asbestos-covered piping and replace with copper piping and new insulation. All new energy-efficient digitally-controlled unitventilators would be installed in all classrooms and office space. All steam controls would be eliminated and replaced with new necessary water pumps and controls.

Electrical Safety Upgrade and Expansion

The Braintree Public Schools has not built a new school since 1972. The Braintree Public Schools built East Middle School in 1961. The Braintree Public Schools is in critical need of electrical upgrades and expansion. The Braintree Public Schools is still operating with one electrical outlet in some classrooms and generally no more than two electrical outlets in probably 90% of our classrooms district wide. New energy efficient lighting is needed throughout this school. New classroom ceilings will be required to properly install new lighting systems in each classroom.

With the technological revolution that we are experiencing in our world, we are also experiencing an educational revolution in the way we instruct our students. Our classrooms were all built before computers, LCD projectors, and other technological media devices had even been invented. The Braintree Public Schools needs more than two electrical outlets per classroom. In order to increase the number of electrical outlets per classroom, we would also need to add additional circuits and sub- electrical panels. As part of the electrical upgrade, new lighting circuits and new lighting fixtures should be installed at the same time. The estimated cost of this electrical safety upgrade and expansion would be approximately \$2,000,000.

The building is sound and in reasonably good condition, but the electrical supply is seriously constricting our ability to incorporate new electronic technology in the education of our children.

Installation of a Fire Suppression System.

The East Middle School, built in 1961, has no Fire Suppression System. (Sprinkler System) When the East Middle School was built a Fire Suppression System was not required. New schools that are being built in our Commonwealth now require a Fire Suppression System. With the removal of all of the ceilings during the electrical safety upgrade and expansion, as noted above, the Braintree Fire Department will require the School Department to install a Fire Suppression System. the installation of a fire suppression system will require the replacement of all interior doors. the new doors must be equipped with automatic closing devices in case of fire. The estimated cost of this Fire Suppression System would be approximately \$900,000.

The building is in sound and in reasonably good condition but a Fire Suppression System must be installed in order to go forward with any interior renovations to the East Middle School. This Fire Suppression System is for the safety of our students, staff, and

fire fighters. Additionally, the Fire Suppression System protects the East Middle School assets and building.

Floor Tile Replacement

The East Middle School built in 1961, has the original floor tile in all classrooms and corridors. This asbestos-containing tile is in significant disrepair. The estimated cost to replace the floor tile throughout the school is \$600,000.

Priority 5

Question 2: Please describe the measures the district has already taken to mitigate the problem/issues described in Question 1 above.

The Braintree Public Schools has made a concerted and substantial effort to reduce energy consumption since 1999. In 1999 the Braintree Public Schools hired Energy Education, Inc. for a period of three years to constantly monitor our consumption of natural gas, electricity, and oil. We have saved over \$1.5 million since 1999 on energy consumption. Additionally, we have installed time clocks in all schools, new condensing boilers at Braintree High School. We have installed insulated windows at the East Middle School, as well as the Flaherty School, Highlands School, Hollis Elementary School, Liberty Elementary School, Ross Elementary School and South Middle School. All of these improvements have been made in the concerted effort to increase energy conservation, decrease energy-related costs, and improve the air quality in our schools for students and staff.

The Braintree Public Schools has made a concerted and substantial effort to improve technological education in our schools. During the past few years, we have wired every classroom, learning space, and office with internet connections. During the past few years, we have seen to it that all staff members have a computer in all learning spaces for their use and the use of their students. We have purchased LCD projectors and short throw projectors in all of our classrooms. We need to have the power to operate this equipment safely and without the use of extension cords running throughout our classrooms which can be a major safety condition that could seriously jeopardize the health and safety of our school children.

The Braintree Public Schools with the support from the MSBA, has totally renovated the South Middle School with energy-efficient lighting, new electrical service, a new HVAC system, four new boilers, new fire suppression system, new ceilings in every classroom at a cost of over \$3.2 million during the summer of 2010. The Braintree Public Schools hopes to complete a similar renovation project at the East Middle School.

Additionally, during this past year, the Braintree Public Schools, with support from the MSBA has replaced uninsulated window systems with energy efficient insulated glass window systems at East Middle School, Highlands Elementary School, Hollis Elementary School, and Morrison Elementary School. Under the MSBA Green Repair Project Program, a large section of the Braintree High School roof was renovated. These Green Repair Projects were completed with financing from the MSBA and the Town of Braintree at a cost of over \$4,000,000.

Priority 5

Question 3: Please provide a detailed explanation of the impact of the problem/issues described in Question 1 above on your district's educational program. Please include specific examples of how the problem prevents the district from delivering the educational program it is required to deliver and how students and/or teachers are directly affected by the problem identified.

The East Middle School was built in 1961. The HVAC systems, including the boilers, the unit ventilators and the control system are original to the building construction. These HVAC systems are failing. There are steam leaks throughout the building. The heating system can no longer be regulated by any efficient method. Additionally, the upgrade of the HVAC systems will significantly lower our heating energy costs. By installing an energy efficient digitally controlled HVAC system throughout the school this will significantly reduce interruptions to learning caused by this outdated steam system.

The Braintree Public Schools cannot implement the newest methods in teaching and learning using current educational technology. The Braintree Public Schools do not have the electrical infrastructure to support this new technology such as; electrical outlets, a proper electrical distribution system, and wiring to support today's electrical loads. New energy efficient lighting is also a crucial repair needed as part of the electrical system upgrade. With the replacement of the ceilings and lighting, the Braintree Fire Department will require the installation of a Fire Suppression System.

Priority 5

Question 4: Please describe how addressing the school facility systems you identified in Question 1 above will extend the useful life of the facility that is the subject of this SOI and how it will improve your district's educational program.

By installing new electrical systems, new HVAC systems and controls, fire suppression, new interior doors, new lighting and ceilings, as well as, new floor tile, the Braintree Public Schools estimates East Middle School to have a useful life of an additional 50 years.

Please also provide the following:

Have the systems identified above been examined by an engineer or other trained building professional?: YES

If "YES", please provide the name of the individual and his/her professional affiliation (maximum of 250 characters)::

Habeeb and Associates

The date of the inspection:: 1/1/2010

A summary of the findings (maximum of 5000 characters)::

Resolved:

Having convened in an open meeting on March 19, 2013, the Town Council of the Town of Braintree, in accordance with its charter, by-laws, and ordinances, has voted to authorize the Superintendent to designate the **District Priority SOI** to the Massachusetts School Building Authority as the

Statement of Interest dated March 19, 2013 for the East Middle School, located at 305 River Street, Braintree, MA 02184

which describes and explains the following deficiencies and the priority category(s) for which the Town of Braintree may be invited to apply to the Massachusetts School Building Authority in the future as the **District Priority SOI**.

The project is described on the *Statement of Interest dated March 19, 2013 for the East Middle School, located at 305 River Street, Braintree, MA 02184* and hereby further specifically acknowledges that by submitting this Statement of Interest, the Massachusetts School Building Authority in no way guarantees the acceptance or the approval of an application, the awarding of a grant or any other funding commitment from the Massachusetts School Building Authority, or commits the Town of Braintree to filing an application for funding with the Massachusetts School Building Authority.

Resolved:

Having convened in an open meeting on March 19, 2013, the Town Council of the Town of Braintree, in accordance with its charter, by-laws, and ordinances, has voted to authorize the Superintendent to submit to the Massachusetts School Building Authority the

Statement of Interest dated March 19, 2013 for the East Middle School located at 305 River Street, Braintree, MA 02184

which describes and explains the following deficiencies and the priority category(s):

Priority #5 Replacement, renovation or modernization of school facility systems, such as roofs, windows, boilers, heating and ventilation systems, to increase energy conservation and decrease energy related costs in a facility for which the Town of Braintree may be invited to apply to the Massachusetts School Building Authority in the future.

The project is described on the *Statement of Interest dated March 19, 2013 for the East Middle School located at 305 River Street, Braintree, MA 02184* and hereby further specifically acknowledges that by submitting this Statement of Interest, the Massachusetts School Building Authority in no way guarantees the acceptance or the approval of an application, the awarding of a grant or any other funding commitment from the Massachusetts School Building Authority, or commits the Town of Braintree to filing an application for funding with the Massachusetts School Building Authority.

CERTIFICATIONS

The undersigned hereby certifies that, to the best of his/her knowledge, information and belief, the statements and information contained in this statement of Interest and attached hereto are true and accurate and that this Statement of Interest has been prepared under the direction of the district school committee and the undersigned is duly authorized to submit this Statement of Interest to the Massachusetts School Building Authority. The undersigned also hereby acknowledges and agrees to provide the Massachusetts School Building Authority, upon request by the Authority, any additional information relating to this Statement of Interest that may be required by the Authority.

Chief Executive Officer *	School Committee Chair	Superintendent of Schools
_____	_____	_____
(print name)	(print name)	(print name)
_____	_____	_____
(signature)	(signature)	(signature)
_____	_____	_____
Date	Date	Date

* Local chief executive officer: In a city or town with a manager form of government, the manager of the municipality; in other cities, the mayor; and in other towns, the board of selectmen unless, in a city or town, some other municipal office is designated to the chief executive office under the provisions of a local charter.