

CONTINUING DISCLOSURE REPORT
FOR THE
FISCAL YEAR ENDED JUNE 30, 2017

TOWN OF EASTON, MASSACHUSETTS

GENERAL OBLIGATION DEBT



HTS Continuing Disclosure Services

A Division of Hilltop Securities.

RULE 15c2-12 FILING COVER SHEET

This cover sheet is sent with all submissions to the Municipal Securities Rulemaking Board (the Nationally Recognized Municipal Securities Information Repository) and any applicable State Information Depository pursuant to Securities and Exchange Commission (SEC) Rule 15c2-12 or any analogous state statute.

Issuer Name: Town of Easton, Massachusetts

Issue(s):

\$ 38,380,000	General Obligation Bonds, Dated 10/15/06
\$ 6,360,000	General Obligation Bonds, Dated 4/15/10
\$ 1,575,000	General Obligation Refunding Bonds, Series A (Subject to Federal and Massachusetts Income Taxation) Dated 8/23/12
\$ 6,230,000	General Obligation Municipal Purpose Loan of 2012 Bonds, Series B Dated 8/23/12
\$ 1,045,000	General Obligation Municipal Purpose Loan of 2013 Bonds, Dated 8/22/13
\$ 14,205,000	General Obligation Municipal Purpose Loan of 2014 Bonds, Dated 8/21/14
\$ 5,765,000	General Obligation Municipal Purpose Loan of 2015 Bonds, Dated 8/20/15
\$ 1,520,000	General Obligation Municipal Purpose Loan of 2016 Bonds, Dated 8/18/16
\$ 3,550,000	General Obligation Municipal Purpose Loan of 2017 Bonds, Dated 8/17/17

Filing Format electronic paper; If available on the Internet, give URL: _____

CUSIP Numbers to which the information filed relates (optional):

Nine-digit number(s) (see following page(s)):

Six-digit number if information filed relates to all securities of the issuer

* * *

Financial & Operating Data Disclosure Information

Annual Financial Report or CAFR

Financial Information & Operating Data

Other (describe) _____

Fiscal Period Covered: FYE 2017

Monthly Quarterly Annual Other: _____

* * *

I hereby represent that I am authorized by the issuer or its agent to distribute this information publicly:

Signature: /s/ Linda Hawkes

Name: Linda Hawkes Title: Treasurer/Collector

Employer: Town of Easton, Massachusetts

Voice Telephone Number: 508-230-0500

Email Address: lhawkes@easton.ma.us

DESCRIPTION OF ISSUES COVERED BY THIS REPORT

General Obligation Bonds, Dated 10/15/06

<u>Date</u>	<u>Principal</u>	<u>CUSIP</u>
08/01/18	\$ 150,000	277587VG3
08/01/19	110,000	277587VH1
	<u>\$ 260,000</u>	

General Obligation Bonds, Dated 4/15/10

<u>Date</u>	<u>Principal</u>	<u>CUSIP</u>
04/15/18	\$ 395,000	277587RY9
04/15/19	390,000	277587RZ6
04/15/20	390,000	277587SA0
04/15/21	325,000	277587SB8
04/15/22	325,000	277587SC6
04/15/23	325,000	277587SD4
04/15/24	325,000	277587SE2
04/15/25	235,000	277587SF9
04/15/26	235,000	277587SG7
04/15/27	235,000	277587SH5
	<u>\$ 3,180,000</u>	

General Obligation Refunding Bonds, Series A (Subject to Federal and Massachusetts Income Taxation) Dated 8/23/12

<u>Date</u>	<u>Principal</u>	<u>CUSIP</u>
08/15/18	\$ 125,000	277587SX0
08/15/19	120,000	277587SY8
08/15/20	120,000	277587SZ5
08/15/21	120,000	277587TA9
08/15/22	115,000	277587TB7
	<u>\$ 600,000</u>	

General Obligation Municipal Purpose Loan of 2012 Bonds, Series B Dated 8/23/12

<u>Date</u>	<u>Principal</u>	<u>CUSIP</u>
08/15/18	\$ 360,000	277587TH4
08/15/19	335,000	277587TJ0
08/15/20	340,000	277587TK7
08/15/21	345,000	277587TL5
08/15/22	315,000	277587TM3
08/15/23	230,000	277587TN1
08/15/24	230,000	277587TP6
08/15/25	235,000	277587TQ4
08/15/26	240,000	277587TR2
08/15/29	545,000	277587TU5
08/15/32	555,000	277587TX9
	<u>\$ 3,730,000</u>	

General Obligation Municipal Purpose Loan of 2013 Bonds, Dated 8/22/13

<u>Date</u>	<u>Principal</u>	<u>CUSIP</u>
08/15/18	\$ 105,000	277587UC3
08/15/19	105,000	277587UD1
08/15/20	105,000	277587UE9
08/15/21	100,000	277587UF6
08/15/22	100,000	277587UG4
08/15/23	100,000	277587UH2
	<u>\$ 615,000</u>	

General Obligation Municipal Purpose Loan of 2014 Bonds, Dated 8/21/14

<u>Date</u>	<u>Principal</u>	<u>CUSIP</u>
08/01/18	\$ 1,380,000	277587UP4
08/01/19	1,370,000	277587UQ2
08/01/20	1,425,000	277587UR0
08/01/21	1,470,000	277587US8
08/01/22	1,525,000	277587UT6
08/01/23	1,585,000	277587UU3
08/01/24	1,645,000	277587UV1
08/01/25	1,690,000	277587UW9
08/01/26	125,000	277587UX7
08/01/27	125,000	277587UY5
08/01/28	120,000	277587UZ2
	<u>\$ 12,460,000</u>	

General Obligation Municipal Purpose Loan of 2015 Bonds, Dated 8/20/15

<u>Date</u>	<u>Principal</u>	<u>CUSIP</u>
08/15/18	\$ 420,000	277587VM0
08/15/19	410,000	277587VN8
08/15/20	345,000	277587VP3
08/15/21	345,000	277587VQ1
08/15/22	345,000	277587VR9
08/15/23	335,000	277587VS7
08/15/24	335,000	277587VT5
08/15/25	300,000	277587VU2
08/15/26	250,000	277587VV0
08/15/27	250,000	277587VW8
08/15/28	250,000	277587VX6
08/15/29	250,000	277587VY4
08/15/30	215,000	277587VZ1
08/15/34	860,000	277587WD9
	<u>\$ 4,910,000</u>	

General Obligation Municipal Purpose Loan of 2016 Bonds, Dated 8/18/16

<u>Date</u>	<u>Principal</u>	<u>CUSIP</u>
08/15/18	\$ 155,000	277587WH0
08/15/19	150,000	277587WJ6
08/15/20	150,000	277587WK3
08/15/21	145,000	277587WL1
08/15/22	145,000	277587WM9
08/15/23	145,000	277587WN7
08/15/24	110,000	277587WP2
08/15/25	110,000	277587WQ0
08/15/26	110,000	277587WR8
08/15/27	35,000	277587WS6
08/15/28	35,000	277587WT4
08/15/29	35,000	277587WU1
08/15/30	35,000	277587WV9
	<u>\$ 1,360,000</u>	

General Obligation Municipal Purpose Loan of 2017 Bonds, Dated 8/17/17

<u>Date</u>	<u>Principal</u>	<u>CUSIP</u>
08/15/18	\$ 265,000	277587WX5
08/15/19	255,000	277587WY3
08/15/20	250,000	277587WZ0
08/15/21	240,000	277587XA4
08/15/22	220,000	277587XB2
08/15/23	205,000	277587XC0
08/15/24	205,000	277587XD8
08/15/25	205,000	277587XE6
08/15/26	200,000	277587XF3
08/15/27	190,000	277587XG1
08/15/28	185,000	277587XH9
08/15/29	185,000	277587XJ5
08/15/30	180,000	277587XK2
08/15/31	180,000	277587XL0
08/15/32	150,000	277587XM8
08/15/33	145,000	277587XN6
08/15/34	145,000	277587XP1
08/15/35	145,000	277587XQ9
	<u>\$ 3,550,000</u>	

FINANCIAL STATEMENTS

The audited financial statements for the Town for the fiscal year ended June 30, 2017 are being separately filed directly with the Nationally Recognized Municipal Securities Information Repository and any applicable State Information Depository, and are hereby incorporated by reference into this Annual Continuing Disclosure Report.

SIGNATURE OF ISSUER

The information set forth herein has been obtained from the Town and other sources believed to be reliable, but such information is not guaranteed as to accuracy or completeness and is not to be construed as a promise or guarantee. This Annual Continuing Disclosure Report may contain, in part, estimates and matters of opinion which are not intended as statements of fact, and no representation is made as to the correctness of such estimates and opinions, or that they will be realized. The information and expressions of opinion contained herein are subject to change without notice, and the delivery of this Annual Continuing Disclosure Report will not, under any circumstances, create any implication that there has been no change in the affairs of the Town or other matters described.

TOWN OF EASTON, MASSACHUSETTS

/s/ Linda Hawkes

Linda Hawkes

Treasurer/Collector

Approved for Submission:

03/27/2018

Date

CERTIFICATE OF SUBMISSION OF ANNUAL REPORT

Subject to the continuing disclosure requirements of SEC Rule 15c2-12, this Annual Continuing Disclosure Report for the Town of Easton, Massachusetts with respect to the issues listed on the report cover was submitted directly to the Nationally Recognized Municipal Securities Information Repository ("NRMSIR") listed below as well as to any applicable State Information Depository ("SID").

NRMSIR

Municipal Securities Rulemaking Board ("MSRB")
via the Electronic Municipal Market Access ("EMMA") system

HTS Continuing Disclosure Services, A Division of Hilltop Securities Inc.

Signed by:

/s/ Henriqueta Da Costa

Annual Report

TOWN OF EASTON, MASSACHUSETTS

**For The Fiscal Year Ended
June 30, 2017**

Filing Date: March 27, 2018

TOWN OF EASTON, MASSACHUSETTS
/s/ Linda J. Hawkes, Town Treasurer/Collector

TOWN OF EASTON, MASSACHUSETTS

General

The Town of Easton is located in Southeastern Massachusetts in Bristol County approximately 24 miles from Boston, bordered on the north by Sharon and Stoughton, on the east by Brockton and West Bridgewater, on the south and southwest by Raynham, Taunton and Norton, and on the west by Mansfield. Easton was settled in 1694 and incorporated as a Town in 1725. The Town has a population of 23,112 according to the 2010 federal census and occupies a land area of 29.44 square miles. The Town is known for its historic buildings and sites, its distinguished architecture and 1,600 acres of parks with many recreational facilities.

PRINCIPAL TOWN OFFICIALS

<u>Title</u>	<u>Name</u>	<u>Selection</u>	<u>Term Expires</u>
Selectmen, Vice Chair	Dottie Fulginiti	Elected	2019
Selectmen, Member	Kevin McIntyre	Elected	2018
Selectmen, Member	David Mills	Elected	2019
Selectmen, Member	Craig Barger	Elected	2020
Selectmen, Member	Thomas Broussard	Elected	2018
Town Administrator	Connor Read	Appointed	Indefinite
Treasurer/Collector	Linda J. Hawkes	Appointed	Indefinite
Finance Director/Town Accountant	Wendy Nightingale	Appointed	Indefinite
Town Clerk	Danielle Sicard	Appointed	Indefinite
Town Counsel	Blatman, Bobrowski & Mead, LLC	Appointed	Indefinite

Historical District

The Town of Easton is the home of the North Easton Historical District, the second largest historical district in the country. The District covers approximately 500 acres and has over 160 noteworthy and supportive buildings and six notable landscaped areas. The most significant historical sites are five buildings designed by Henry Hobson Richardson, three of which have landscape designs provided by Frederick Law Olmsted. All five buildings are on the National Historic Register.

Economic Development

On April 5, 2010, the Town voted to adopt the North Easton Village Tax Increment District Plan and to establish an Urban Center Housing Tax Increment Financing District zone. The Town has approved the creation of an Urban Center Housing – Tax Increment Financing Zone in North Easton Village at 26, 28 and 34 Main Street and has an agreement in place with BC Shovel Works LLC and Shovel Works One LLC for the development of a rental apartment community. In fiscal year 2017, the aggregate amount of the Town's TIF property tax value was \$2,179,500.

Municipal Services

Municipal water service is provided by the Town water department from gravel-packed wells. Electricity is provided by the Eastern Edison Company and gas services are provided by the Bay State Gas Company. Sewer services are provided by private individual septic systems.

The Town has a centrally-located police, fire, civil defense and school complex. The department of public works provides refuse disposal via a town landfill, snow removal, street cleaning and forestry services. The fire department provides ambulance services in addition to fire protection.

The Southeastern Regional Vocational Technical High School District, located in Easton, provides vocational and technical education for nine communities. Stonehill College, a private liberal arts college, offers continuing education and evening programs in addition to its regular curriculum.

Education

The Town's public school facilities include five elementary schools, one junior high school and one senior high school. Total current capacity is estimated at 4,029.

PUBLIC SCHOOL ENROLLMENTS – OCTOBER 1

	Actual				
	2013	2014	2015	2016	2017
Elementary	1,744	1,774	1,686	1,664	1,649
Middle School	999	958	856	887	884
Senior High	1,176	1,183	1,189	1,199	1,189
Total	3,919	3,915	3,731	3,750	3,722

The Town is also a member of the Southeastern Regional Vocational Technical High School District which serves the City of Brockton and the Towns of East Bridgewater, Easton, Foxborough, Mansfield, Norton, Easton, Easton and West Bridgewater.

The School had a total enrollment as of October 1, 2017 of 1,508 students, 84 of whom were from Easton.

Industry and Commerce

Easton is a residential suburb of Brockton and Boston, located within the Brockton Standard Metropolitan Statistical Area. Services are currently the largest source of employment followed by Wholesale and Retail Trade. The table below sets forth the most recent trend in the major categories of employment.

Industry	Calendar Year Average				
	2012	2013	2014	2015	2016
Construction	735	764	906	1,005	948
Manufacturing	796	799	761	764	735
Trade, Transportation and Utilities	2,072	2,026	2,054	2,069	2,165
Information	109	103	113	117	112
Financial Activities	285	291	303	328	351
Professional and Business Services	1,406	1,878	2,309	1,453	1,412
Education and Health Services	2,499	2,572	2,647	2,648	2,790
Leisure and Hospitality	848	887	917	973	1,030
Other Services	698	660	670	634	686
Total Employment	9,448	9,980	10,680	9,991	10,229
Number of Establishments	778	771	789	790	798
Average Weekly Wages	\$ 822	\$ 817	\$ 823	\$ 882	\$ 890
Total Wages	\$ 410,954,326	\$ 431,217,183	\$ 465,097,297	\$ 468,130,106	\$ 482,325,929

Source: Massachusetts Department of Education and Training. Data based upon place of employment, not place of residence. Due to the reclassification the U.S. Department of Labor now uses the North American Industry Classification System (NAICS) as the basis for the assignment and tabulation of economic data by industry.

The following table sets forth the largest employers in Easton, exclusive of the Town itself, as of August, 2017.

LARGEST EMPLOYERS

<u>Name</u>	<u>Product/Function</u>	<u>No. of Employees</u>
Stonehill College	Private Liberal Arts College	500-999
Roche Bros.	Grocery Store	250-499
SC Publishing	Publishing	250-499
Southeastern Regional Voc. School	Education	250-499
Hannaford's	Grocery Store	100-249
Keller- Williams Real Estate	Real Estate	100-249
North Easton Savings Bank	Savings Bank	100-249
Quset Medical	Medical Supplies	100-249
Shaws Glass	Manufacturing	100-249
Southeast Rehab Center	Medical	100-249

SOURCE: Individual employers listed.

Industrial Park

Located in the southern end of Easton is the Easton Industrial Park, developed in the late 1970's. The park is approximately 150 acres in area and contains 130 firms employing over 850 people. The park is 95% occupied, including several of the largest employers listed above. There are 7 vacant lots left, of which 5 are owned by Bertarelli Brothers, 1 is owned by an abutter, and the remaining lot has access issues.

Labor Force, Employment and Unemployment Rates

According to the Massachusetts Department of Employment and Training data in November 2017, the Town had a total labor force of 13,676 of which 13,292 were employed and 384 or 2.8% were unemployed as compared to 3.3% for the Commonwealth.

The following table sets forth the Town's average labor force and unemployment rates for calendar years 2012 through 2016 and also the unemployment rates for the Commonwealth of Massachusetts and the United States for the same period.

<u>Year</u>	<u>Town of Easton</u>			<u>Massachusetts</u>		<u>United States</u>
	<u>Labor Force</u>	<u>Unemployment Rate</u>		<u>Unemployment Rate</u>		<u>Unemployment Rate</u>
2016	13,441	3.1	%	3.7	%	4.9
2015	13,460	4.0		5.3		5.0
2014	13,399	4.8		5.8		6.2
2013	13,533	6.0		7.1		7.4
2012	13,308	5.9		6.7		8.1

SOURCE: Mass. Department of Employment and Training and the U.S. Bureau of Labor Statistics. Data based upon place of residence, not place of employment. Monthly data are unadjusted.

Building Permits

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

Calendar Year	New Construction				Additions/Alterations				Totals	
	Residential		Non-Residential		Residential		Non-Residential		No.	Value
	No.	Value	No.	Value	No.	Value	No.	Value		
2017	52	\$ 5,111,428	14	\$ 13,379,494	675	\$ 14,442,357	105	\$ 8,829,798	846	\$ 41,763,077
2016	85	48,878,997	21	9,916,519	805	16,025,104	108	6,840,699	1,019	81,661,319
2015	84	13,274,966	6	5,257,700	831	13,147,097	135	589,689	1,056	37,576,452
2014	85	27,890,570	8	1,219,923	378	9,583,768	70	7,857,427	541	46,551,688
2013	126	18,232,013	11	9,675,770	290	5,921,767	66	7,410,368	493	41,239,918

Transportation and Utilities

The principal highways serving the Town are State Routes 123, 106 and 138. Established trucking lines provide competitive service locally and to long distance points. The Town is within commuting distance of the airport facilities of Boston's Logan International Airport and facilities in Norwood, Marshfield, and Middleborough.

Gas, electric, and telephone services are provided by established private utilities.

Commuter rail service to and from Boston is available in three neighboring communities (Stoughton, Brockton, Mansfield). The MBTA plans to extend service into Easton within the next 10 years.

Income Levels and Population

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

	<u>Easton</u>	<u>Massachusetts</u>	<u>United States</u>
Median Age:			
2010	37.9	39.1	37.2
2000	35.5	36.5	35.3
1990	32.3	33.6	32.9
Median Family Income:			
2010	\$ 111,045	\$ 81,165	\$ 51,144
2000	82,190	61,664	50,046
1990	56,790	44,367	35,225
Per Capita Income:			
2010	\$ 39,751	\$ 33,966	\$ 27,334
2000	30,732	25,952	21,587
1990	19,016	17,224	14,420

SOURCE: Federal Bureau of the Census.

On the basis of the 2010 Federal census, the Town has a population density of approximately 785 persons per square mile.

POPULATION TRENDS

<u>2010</u>	<u>2000</u>	<u>1990</u>
23,112	22,299	19,807

SOURCE: Federal Bureau of the Census.

PROPERTY TAXATION

Tax Levy Computation

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

The table below illustrates the recent trend in the manner in which the tax levy is determined, and excludes the surcharge of property tax levied under the Community Preservation Act.

	Fiscal 2014	Fiscal 2015	Fiscal 2016	Fiscal 2017	Fiscal 2018
Total Appropriations(1)	\$ 74,344,970	\$ 78,893,445	\$ 80,077,615	\$ 85,931,149	\$ 88,805,719
Additions:					
State and County Assessments	706,152	747,784	836,671	847,651	858,444
Overlay Reserve	388,535	409,073	406,058	405,199	419,597
Other Additions	722,447	706,855	507,769	326,992	327,351
Total Additions	<u>1,817,134</u>	<u>1,863,712</u>	<u>1,750,498</u>	<u>1,579,842</u>	<u>1,605,392</u>
Gross Amount to be Raised	<u>76,162,104</u>	<u>80,757,157</u>	<u>81,828,113</u>	<u>87,510,991</u>	<u>90,411,111</u>
Deductions:					
Local Estimated Receipts	12,581,531	15,375,590	13,392,092	14,095,447	14,921,500
State Aid(2):	12,705,628	12,896,157	13,075,876	13,445,038	13,589,025
Available Funds(3):					
Free Cash	1,719,777	1,378,382	2,108,177	2,008,934	2,185,710
Other Available Funds	2,063,705	2,165,166	2,508,406	5,461,912	4,970,086
Total Deductions	<u>29,070,641</u>	<u>31,815,295</u>	<u>31,084,551</u>	<u>35,011,331</u>	<u>35,666,321</u>
Net Amount to be Raised (Tax Levy)	<u><u>\$47,091,463</u></u>	<u><u>\$48,941,862</u></u>	<u><u>\$50,743,562</u></u>	<u><u>\$52,499,660</u></u>	<u><u>\$54,744,790</u></u>

- (1) Includes additional appropriations from taxation voted subsequent to adoption of the annual budget but prior to setting of the tax rate.
- (2) Estimated by the State Department of Revenue and required by law to be used in setting of the tax rate. Actual state aid payments may vary upward or downward from said estimates, and the State may withhold payments pending receipt of State and County assessments.
- (3) Transfers from other available funds, including "free cash" (See "TOWN FINANCES - Free Cash"), generally made as an offset to a particular appropriation item.

Assessed Valuations and Tax Levies

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

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

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

A professional revaluation of all real and personal property in the Town to full and fair cash value was most recently completed for use in fiscal 2017.

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

Fiscal Year	Real Estate Valuation	Personal Property Valuation	Total Assessed Valuation	Tax Rate	Tax Levy	Tax Levy Per Capita (1)
2018	\$3,309,851,700	\$67,371,641	\$3,377,223,341	\$16.21	\$54,744,790	\$2,369
2017 (2)	3,168,785,500	67,938,300	3,236,723,800	16.22	52,499,660	2,272
2016	3,068,849,096	65,404,250	3,134,253,346	16.19	50,743,562	2,196
2015	2,851,911,100	64,767,189	2,916,678,289	16.78	48,941,862	2,118
2014 (2)	2,773,259,900	55,056,207	2,828,316,107	16.65	47,091,463	2,038

(1) Based on 2010 federal census (23,112).

(2) Revaluation years.

Classification of Properties

The following is a breakdown of the Town's assessed valuation of real estate and personal property in fiscal years 2016, 2017 and 2018.

	Fiscal 2016		Fiscal 2017 (1)		Fiscal 2018	
	Assessed Valuation	% of Total	Assessed Valuation	% of Total	Assessed Valuation	% of Total
Residential	\$2,722,173,311	86.9 %	\$2,814,243,524	86.9 %	\$2,955,586,214	87.5 %
Commercial	244,730,485	7.8	250,766,676	7.7	250,692,686	7.4
Industrial	101,945,300	3.3	103,775,300	3.2	103,572,800	3.1
Personal	65,404,250	2.1	67,938,300	2.1	67,371,641	2.0
Total Real Estate	<u>\$3,134,253,346</u>	<u>100.0 %</u>	<u>\$3,236,723,800</u>	<u>100.0 %</u>	<u>\$3,377,223,341</u>	<u>100.0 %</u>

(1) Revaluation year.

Largest Taxpayers

The following table lists the ten largest taxpayers in the Town based upon assessed valuations for fiscal year 2018. All taxpayers listed are current in their tax payments.

Name	Nature of Business	Fiscal 2018 Assessed Valuation	% of Total Assessed Valuation
Easton Avalon Inc.	Apartment Complex	\$26,304,900	0.78 %
Highlands Station LLC	Shopping Plaza	18,003,900	0.53
R.K. Easton, LLC	Shopping Plaza	14,155,300	0.42
Target Corporation	Shopping Plaza	13,195,000	0.39
Queset on the Pond LLC	Apartment Complex	12,240,100	0.36
Shaws Easton Station LLC	Shopping Plaza	12,122,700	0.36
Queset Commons LLC	Shopping Plaza	11,597,100	0.34
Linda Sun Trustee	Sunco Kitchen & Bath Cabinetry	9,131,000	0.27
North Easton Savings Bank	Bank	8,982,500	0.27
VRS/LCB Easton LLC	Transportation	8,839,100	0.26
		<u>\$134,571,600</u>	<u>3.98 %</u>

State Equalized Valuation

In order to determine appropriate relative values for the purposes of certain distributions to and assessments upon cities and towns, the Commissioner of Revenue biennially makes a redetermination of the fair cash value of the taxable property in each municipality. This is known as the "equalized value". The following table sets forth the trend in equalized valuations of the Town.

January 1,	State Equalized Valuation	Percent Change
2016	\$ 3,347,121,200	11.3 %
2014	3,008,417,200	(3.9)
2012	3,130,050,500	(3.9)
2010	3,256,098,100	(7.7)
2008	3,525,933,800	10.1

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

Abatements and Overlay

A city or town is authorized to increase each tax levy by an amount approved by the State Commissioner of Revenue as an "overlay" to provide for tax abatements. If abatements are granted in excess of the applicable overlay, the excess is required to be added to the next tax levy.

Abatements are granted where exempt real or personal property has been assessed or where taxable real or personal property has been overvalued or disproportionately valued. The assessors may also abate uncollectible personal property taxes. They may abate real and personal property taxes on broad grounds (including inability to pay) with the approval of the State Commissioner of Revenue. But uncollected real property taxes are ordinarily not written off until they become municipal "tax titles" by purchase at the public sale or by taking, at which time the tax is written off in full by reserving the amount of the tax and charging surplus.

The following table sets forth the amount of the overlay reserve for the last five fiscal years, actual abatements granted as of June 30, 2017, transfers to overlay surplus, and amounts remaining in the overlay account.

Fiscal Year	Net Tax Levy(1)	Overlay Dollar Amount	Overlay As a % of Net Levy	Abatements and Exemptions Granted as of June 30, 2017 (2)	Amount Remaining In Overlay
2017	\$ 52,094,461	\$ 405,199	0.78 %	\$ 201,859	\$ 203,340
2016	50,337,504	406,058	0.81	182,063	182,063
2015	48,532,789	409,073	0.84	142,668	142,668
2014	46,702,928	388,535	0.83	137,987	137,987
2013	45,187,282	335,261	0.74	337,760	(2,499)

(1) Net of overlay reserve for abatements.

(2) Primarily reflects statutory exemptions.

Tax Collections

The Town has adopted a statute allowing cities and towns to institute quarterly tax billing. Under the statute, preliminary tax payments are due August 1 and November 1 with payment of the actual bill (after credit is given for the preliminary payments) in installments on February 1 and May 1 if actual bills are mailed by December 31. Interest accrues on delinquent taxes at the rate of 14 percent per annum. Real property (land and buildings) is subject to a lien for the taxes assessed upon it, subject to any paramount federal lien and subject to bankruptcy and insolvency laws. (In addition, real property is subject to a lien for certain unpaid municipal charges or fees.) If the property has been transferred, an unenforced lien expires on the fourth December 31 after the end of the fiscal year to which the tax relates. If the property has not been transferred by the fourth December 31, an unenforced lien expires upon a later transfer of the property. Provision is made, however, for continuation of the lien where it could not be enforced because of a legal impediment. The persons against whom real or personal property taxes are assessed are personally liable for the tax (subject to bankruptcy and insolvency laws). In the case of real property, this personal liability is effectively extinguished by sale or taking of the property as described below.

The following table compares the trend in the Town's net tax collections with its tax levies for each of the following fiscal years exclusive of the surcharge of property tax levied under the Community Preservation Act.

Fiscal Year	Gross Tax Levy	Overlay Reserve for Abatements	Net Tax Levy	Collections During Fiscal Year Payable(1)		Collections as of June 30, 2017 (2)	
				Dollar Amount	% of Net Levy	Dollar Amount	% of Net Levy
2017	\$ 52,499,660	\$ 405,199	\$ 52,094,461	\$ 52,004,142	99.8 %	\$ 52,004,142	99.8 %
2016	50,743,562	406,058	50,337,504	49,943,180	99.2	49,943,180	99.2
2015	48,941,862	409,073	48,532,789	48,056,609	99.0	48,419,199	99.8
2014	47,091,463	388,535	46,702,928	46,114,248	98.7	46,469,014	99.5
2013	45,522,543	335,261	45,187,282	44,366,283	98.2	44,770,573	99.1

(1) Exclusive of the property tax levied under the Community Preservation Act.

(2) Actual dollar collections net of refunds. Does not include abatements, proceeds of tax titles or tax possessions attributable to each levy or other non-cash credits. The Town has an aggressive tax collection process, whereby tax takings occur as soon as possible (approximately 6 months after fiscal year end).

Tax Titles and Possessions

Massachusetts law permits a municipality either to sell by public sale (at which the municipality may become the purchaser) or to take real property for non-payment of taxes. In either case the property owner can redeem the property by paying the unpaid taxes, with interest and other charges, but if the right of redemption is not exercised within six months (which may be extended an additional year in the case of certain installment payments) it can be foreclosed by petition to the Land Court. Upon such foreclosure, a tax title purchased or taken by the municipality becomes a "tax possession" and may be held and disposed of in the same manner as other land held for municipal purposes. Uncollectible real property taxes are ordinarily not written off until they become municipal tax titles by purchase at the public sale or by taking, at which time the tax is written off in full by reserving the amount of tax and charging surplus.

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

<u>Year Ending June 30,</u>	<u>Tax Titles and Tax Possessions</u>
2017	\$1,681,458
2016	1,298,790
2015	1,166,813
2014	1,895,124
2013	1,802,985

Taxation to Meet Deficits

As noted elsewhere (see "*Abatements and Overlay*" above) overlay deficits, i.e. tax abatements in excess of the overlay included in the tax levy to cover abatements, are required to be added to the next tax levy. It is generally understood that revenue deficits, i.e. those resulting from non-property tax revenues being less than anticipated, are also required to be added to the tax levy (at least to the extent not covered by surplus revenue).

Amounts lawfully expended since the prior tax levy and not included therein are also required to be included in the annual tax levy. The circumstances under which this can arise are limited since municipal departments are generally prohibited from incurring liabilities in excess of appropriations except for major disasters, mandated items, contracts in aid of housing and renewal projects and other long-term contracts. In addition, utilities must be paid at established rates and certain established salaries, e.g. civil service, must legally be paid for work actually performed, whether or not covered by appropriations.

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

Tax Limitations

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

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

For cities and towns at or below the primary limit, a secondary limitation is that the tax levy cannot exceed the maximum levy limit for the preceding fiscal year as determined by the State Commissioner of Revenue by more than 2½ percent, subject to exceptions for property added to the tax rolls or property which has had an increase, other than as part of a general revaluation, in its assessed valuation over the prior year's valuation.

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

each subsequent year if the board of selectmen of a town or the city council of a city votes by a two-thirds vote to appropriate such increased amount in such subsequent year to the stabilization fund.

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

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

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

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

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

Unused Levy Capacity

The following table shows the calculation of levy limits for the following fiscal years.

Fiscal Year	Estimated Full Valuation(1)	Primary Levy Limit	Secondary Levy Limit	Actual Tax Levy(2)	Under(over) Primary Levy Limit	Under(over) Secondary Levy Limit
2018	\$ 3,377,223,341	\$ 84,430,584	\$ 54,775,193	\$ 54,744,790	\$ 29,685,794	\$ 30,403
2017	3,236,723,800	80,918,095	52,504,461	52,499,660	28,418,435	4,801
2016	3,134,253,346	78,356,334	50,747,504	50,743,562	27,612,772	3,942
2015	2,916,678,289	72,916,957	48,957,789	48,941,862	23,975,095	15,927
2014	2,828,316,107	70,707,903	47,095,252	47,091,463	23,616,440	3,789

(1) Based on local assessed valuations.

(2) Exclusive of the surcharge property tax levied under the Community Preservation Act which is not included in the total taxes assessed for purposes of calculating and determining compliance with the levy limits. See “Community Preservation Act”.

Sale of Tax Receivables

Cities and towns are authorized to sell delinquent property tax receivables by public sale or auction, either individually or in bulk.

Pledged Taxes

Taxes on the increased value of certain property in designated development districts may be pledged for the payment of costs of economic development projects within such districts and may therefore be unavailable for other municipal purposes. See "Tax Increment Financing for Development Districts" below.

Community Preservation Act

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

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

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

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

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

The Town adopted the Community Preservation Act on April 24, 2001. The Town assesses the maximum surcharge of 3% and provides a \$100,000 exemption of the value of each taxable parcel of residential real property.

<u>Fiscal Year</u>	<u>Surcharge Levied</u>	<u>State Matching Funds Received</u>	<u>Disbursements (1)</u>	<u>Fund Balance</u>
2017	\$ 1,173,615	\$ 269,167	\$ 1,476,145 (2)	\$ 3,197,450
2016	1,123,382	364,826	1,154,084 (3)	2,906,087
2015	1,056,255	371,290	6,293,708 (4)	2,679,946
2014	1,009,539	600,190	862,591 (5)	1,958,187
2013	984,562	299,064	1,599,777	3,116,909

(1) Presented on a GAAP basis.

(2) Includes transfer of \$200,000 to affordable housing trust.

(3) Includes transfer of \$140,000 to affordable housing trust.

(4) Includes transfer of \$325,000 to affordable housing trust.

(5) Includes transfer of \$160,000 to affordable housing trust.

TOWN FINANCES

Budget and Appropriation Process

Town Meeting: The annual appropriations of the Town are ordinarily made at the annual meeting which takes place in May. Appropriations may also be voted at special meetings. The Town has a finance committee which submits reports and recommendations on proposed expenditures at town meetings.

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

Under certain legislation any city or town which accepts the legislation may provide that the appropriation for the operating costs of any department may be offset, in whole or in part, by estimated receipts from fees charged for services provided by the department, provided that no such transfer may be made from any appropriation for a school department, regional school district, or municipal light department.

Enterprise Fund: The Town operates its water fund on an enterprise basis. Water department appropriations are made at the annual town meeting.

Mandatory Items: Mandatory items, such as state and county assessments, the overlay for abatements, abatements in excess of overlays, principal and interest not otherwise provided for and final judgments are included in the tax levy whether or not included in the budget.

Revenues: Revenues are not required to be set forth in the budget but estimated non-tax revenues are taken into account by the assessors in fixing the tax levy. (See "PROPERTY TAXATION--Tax Levy Computation".)

Budget Trends

The following table sets forth the trend in operating budgets as voted at annual town meeting. Said budgets do not reflect expenditures authorized for non-recurring purposes under "special" warrant articles or transfers occurring subsequent to the annual town meeting.

BUDGET COMPARISON					
	<u>Fiscal 2014</u>	<u>Fiscal 2015</u>	<u>Fiscal 2016</u>	<u>Fiscal 2017</u>	<u>Fiscal 2018</u>
General Government	\$ 2,033,291	\$ 2,122,074	\$ 2,212,987	\$ 2,241,095	\$ 2,397,887
Public Safety	8,017,153	8,385,535	8,929,449	9,198,240	9,158,081
Education	35,450,273	37,391,713	38,863,629	39,746,834	40,959,252
Highway	2,614,906	2,676,089	3,043,355	3,071,141	3,209,205
Enterprise Funds	3,369,957	3,599,831	3,855,934	3,824,181	3,860,880
Miscellaneous (1)	1,269,021	1,379,190	1,534,540	1,515,737	1,937,630
Debt & Interest	4,880,542	4,893,861	4,882,905	5,000,835	5,122,125
Unclassified (2)	11,705,144	12,109,892	12,305,697	12,926,743	14,187,885
Total Budget	<u><u>\$ 69,340,287</u></u>	<u><u>\$ 72,558,185</u></u>	<u><u>\$ 75,628,496</u></u>	<u><u>\$ 77,524,806</u></u>	<u><u>\$ 80,832,945</u></u>

(1) Includes health, council on aging, veteran services, library, and recreation.

(2) Includes pensions, insurance and appropriation to the stabilization fund.

Revenues

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

State Aid: The Town's state aid entitlement is based upon a number of different formulas, and while said formulas might indicate that a particular amount of state aid is owed, the amount of state aid actually paid is limited to the amount appropriated by the state legislature. The state annually estimates state aid but actual payments may vary from the estimate.

State legislation known as the Education Reform Act of 1993, as amended, imposes certain minimum expenditure requirements on municipalities with respect to funding for education and related programs, and may affect the level of state aid to be received for education. The requirements are determined on the basis of formulas affected by various measures of wealth and income, enrollments, prior levels of local spending and state aid, and other factors. In every fiscal year, the Town has appropriated at least the minimum expenditure requirement imposed by the Act.

Motor Vehicle Excise: An excise is imposed on the registration of motor vehicles (subject to exemptions) at the rate of \$25 per \$1,000 of valuation. The excise is collected by and for the benefit of the municipality in which the motor vehicle is customarily kept. Valuations are determined by a statutory formula based on manufacturers' list price and year of manufacture. Bills not paid when due bear interest at 12 percent per annum. Provision is also made, after notice to the owner, for suspension of the owner's operating license or registration by the registrar of motor vehicles.

Local Option Meals Tax: On October 5, 2009, the Town adopted the local meals excise tax to be effective January 1, 2010. The local meals excise tax is a 0.75% tax on the gross receipts of a vendor from the sale of restaurant meals. The tax is paid by the vendor to the State Commissioner of Revenue, who in turn pays the tax to the municipality in which the meal was sold. The revenue from this tax was \$299,599 in fiscal 2015, \$314,957 in fiscal 2016 and \$353,169 in fiscal 2017.

Water Rates and Services: The Town's Water Department provides water services to virtually all commercial, industrial and residential users within the Town. The operations of the Water Department are accounted for as an Enterprise Fund and are entirely self-supported, including debt service, by user charges. The Town charges on the basis of metered consumption on a quarterly basis. Effective January 1, 2015, customers are charged a customer service charge ranging from \$15.00 for most residential users to \$172.00 for heavy industrial consumption based on meter size. All users are charged \$3.29/1,000 gallons for 1 to 20,000 gallons, \$4.00/1,000 gallons for 20,001 to 50,000, and \$5.00/1,000 gallons for any additional consumption. Transfers to the general fund for retirement, insurance and administrative costs totaled \$547,753. In fiscal 2017, water operating revenues totaled \$3,257,864 and operating expenses totaled \$2,190,253. Transfers to the general fund for retirement, insurance and administrative costs totaled \$547,753. The Water Department also pays for its own debt service. The Town has developed a Water Master Plan.

Sewer Rates and Services: The Town established a Sewer Enterprise Fund which became effective for fiscal 2011. Fiscal 2014 was the first year of operations for the Sewer Department, which provides wastewater services to a sewer district in a specified area of Town. The operations of the Sewer Department are accounted for as an Enterprise Fund and are expected to be self-supported by user charges in fiscal 2020. The Town charges on the basis of metered water consumption. Effective July 1, 2013, customers are charged \$15.00 per 1,000 gallons.

Other: Other major sources of revenue include interest, fines, and licenses and permit income.

Investment of Town Funds

Investments of funds of cities and towns, except for trust funds, are generally restricted by Massachusetts General Laws Chapter 44, §55. That statute permits investments of available revenue funds and bond and note proceeds in term deposits and certificates of deposits of banks and trust companies, in obligations issued or unconditionally guaranteed by the federal government or an agency thereof with a maturity of not more than one year, in repurchase agreements with a maturity of not more than 90 days secured by federal or federal agency securities, in participation units in the Massachusetts Municipal Depository Trust ("MMDT"), or in shares in SEC-registered money market funds with the highest possible rating from at least one nationally recognized rating organization.

MMDT is an investment pool created by the Commonwealth. The State Treasurer is the sole trustee, and the funds are managed under contract by an investment firm under the supervision of the State Treasurer's office. According to the State Treasurer the Trust's investment policy is designed to maintain an average weighted maturity of 90 days or less and is limited to high-quality, readily marketable fixed income instruments, including U.S. Government obligations and highly-rated corporate securities with maturities of one year or less.

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

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

State School Building Assistance Program

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

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

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

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

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

Summary of Significant Accounting Policies

See the Town's audited financial statements.

Management Information System

The Town has systematically updated its hardware and software applications over the last several years. All PC's are connected by Category 5 Ethernet.

The Town's Wide Area Network allows for information and resource sharing throughout all departments of the Town including the school department. Any department can access payroll, tax collection and billing, purchasing, financial management, ambulance billing, town census, licensing, and budgeting applications.

Annual Audits

The Town's most recent audit was prepared by Melanson Heath and Company for the fiscal year ended June 30, 2016, a copy of which is attached hereto as Appendix A. A similar audit for fiscal 2017 is currently underway and is expected to be complete in July, 2018.

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

Financial Statements

Set forth on the following pages are Governmental Funds Balance Sheets for the fiscal years ended June 30, 2017 (unaudited), June 30, 2016, June 30, 2015 and June 30, 2014 and Statements of Revenues, Expenditures and Changes in Fund Balances for fiscal years ended June 30, 2017 (unaudited), June 30, 2016, June 30, 2015, June 30, 2014, June 30, 2013 and June 30, 2012. Said financial statements were extracted from audited financial statements and are presented in accordance with the fund method of accounting described in the Town's audited financial statements, with the exception of fiscal 2017 which are unaudited and therefore subject to revision and change.

TOWN OF EASTON, MASSACHUSETTS

GOVERNMENTAL FUNDS

BALANCE SHEET

JUNE 30, 2017

(UNAUDITED)

	<u>General</u>	<u>Community Preservation Fund</u>	<u>ESCO Capital Project Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets					
Cash and short-term investments	\$ 9,360,159	\$ 389,667	\$ 415,067	\$ 5,821,296	\$ 15,986,189
Investments	3,535,262	4,076,658	-	-	7,611,920
Receivables:					
Property taxes	1,493,867	-	-	-	1,493,867
Excises	563,131	-	-	-	563,131
Betterments	-	-	-	1,243,845	1,243,845
Departmental	2,382,332	6,385	-	69,427	2,458,144
Intergovernmental	68,660	-	-	488,604	557,264
Loans	-	4,885,605	-	-	4,885,605
Total Assets	\$ 17,403,411	\$ 9,358,315	\$ 415,067	\$ 7,623,172	\$ 34,799,965
Liabilities, Deferred Inflows of Resources, and Fund Balances					
Liabilities					
Warrants payable	\$ 2,608,214	\$ -	\$ -	\$ -	\$ 2,608,214
Accrued liabilities	812,593	-	-	-	812,593
Deposits held in custody	-	-	-	73,689	73,689
Notes payable	-	-	3,180,000	1,650,879	4,830,879
Other liabilities	431,374	-	-	-	431,374
Total Liabilities	3,852,181	-	3,180,000	1,724,568	8,756,749
Deferred Inflows of Resources					
Unavailable revenues	4,138,281	4,891,990	-	1,734,925	10,765,196
Fund Balances					
Nonspendable	-	-	-	33,152	33,152
Restricted	-	4,466,325	-	5,980,427	10,446,752
Committed	2,683,986	-	-	-	2,683,986
Assigned	1,824,116	-	-	-	1,824,116
Unassigned	4,904,847	-	(2,764,933)	(1,849,900)	290,014
Total Fund Balance	9,412,949	4,466,325	(2,764,933)	4,163,679	15,278,020
Total Liabilities, Deferred Inflows Of Resources, and Fund Balances	\$ 17,403,411	\$ 9,358,315	\$ 415,067	\$ 7,623,172	\$ 34,799,965

SOURCE: Extracted from the Town's unaudited financial statements, subject to revision and change.

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

	General	Community Preservation Fund	ESCO Capital Project Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS					
Cash and Short-Term Investments	\$ 7,309,201	\$ 667,722	\$ 1,077,812	\$ 6,948,862	\$ 16,003,597
Investments	2,373,293	3,623,130	-	-	5,996,423
Receivables:					
Property Taxes	1,438,432	-	-	-	1,438,432
Excises	679,797	-	-	-	679,797
Betterments	-	-	-	1,408,661	1,408,661
Departmental	2,011,095	7,574	-	68,928	2,087,597
Intergovernmental	138,126	-	-	318,127	456,253
Loan receivable	-	4,928,603	-	-	4,928,603
TOTAL ASSETS	\$ 13,949,944	\$ 9,227,029	\$ 1,077,812	\$ 8,744,578	\$ 32,999,363
LIABILITIES AND FUND BALANCES					
Liabilities:					
Warrants Payable	\$ 1,776,312	\$ -	\$ -	\$ -	\$ 1,776,312
Accrued Liabilities	791,002	-	176,033	-	967,035
Deposits held in custody	-	-	-	82,664	82,664
Notes Payable	-	-	3,180,000	2,334,841	5,514,841
Other Liabilities	415,261	-	-	-	415,261
TOTAL LIABILITIES	2,982,575	-	3,356,033	2,417,505	8,756,113
Deferred Inflows of Resources	3,917,590	4,936,177	-	1,668,375	10,522,142
Fund Balances:					
Nonspendable	-	-	-	33,152	33,152
Restricted	-	4,290,852	-	6,369,861	10,660,713
Committed	1,200,645	-	-	-	1,200,645
Assigned	1,268,609	-	-	-	1,268,609
Unassigned	4,580,525	-	(2,278,221)	(1,744,315)	557,989
TOTAL FUND BALANCES	7,049,779	4,290,852	(2,278,221)	4,658,698	13,721,108
TOTAL LIABILITIES AND FUND BALANCES	\$ 13,949,944	\$ 9,227,029	\$ 1,077,812	\$ 8,744,578	\$ 32,999,363

(1) Extracted from the audited financial statements of the Town.

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

	General	Community Preservation Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS				
Cash and Short-Term Investments	\$ 5,708,468	\$ 866,838	\$ 5,278,214	\$ 11,853,520
Investments	2,683,873	2,881,668	-	5,565,541
Receivables:				
Property Taxes	1,389,779	-	-	1,389,779
Excises	470,694	-	-	470,694
Betterments	-	-	1,254,766	1,254,766
Departmental	1,800,186	9,351	68,818	1,878,355
Intergovernmental	130,197	-	1,878,389	2,008,586
Due from other funds	-	4,785,052	-	4,785,052
TOTAL ASSETS	\$ 12,183,197	\$ 8,542,909	\$ 8,480,187	\$ 29,206,293
LIABILITIES AND FUND BALANCES				
Liabilities:				
Warrants Payable	\$ 1,629,419	\$ -	\$ -	\$ 1,629,419
Accrued Liabilities	1,016,087	22,244	-	1,038,331
Deposits held in custody	-	-	50,287	50,287
Notes Payable	-	2,600,000	4,167,589	6,767,589
Other Liabilities	313,699	-	-	313,699
TOTAL LIABILITIES	2,959,205	2,622,244	4,217,876	9,799,325
Deferred Inflows of Resources	3,340,718	4,794,403	2,860,920	10,996,041
Fund Balances:				
Nonspendable	-	-	46,031	46,031
Restricted	-	1,126,262	5,103,174	6,229,436
Committed	1,062,959	-	-	1,062,959
Assigned	1,295,985	-	-	1,295,985
Unassigned	3,524,330	-	(3,747,814)	(223,484)
TOTAL FUND BALANCES	5,883,274	1,126,262	1,401,391	8,410,927
TOTAL LIABILITIES AND FUND BALANCES	\$ 12,183,197	\$ 8,542,909	\$ 8,480,187	\$ 29,206,293

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

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

	General	Community Preservation Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS				
Cash and Short-Term Investments	\$ 5,401,397	\$ 2,540,047	\$ 5,580,749	\$ 13,522,193
Investments	2,645,235	3,254,467	-	5,899,702
Receivables:				
Property Taxes	1,969,787	-	-	1,969,787
Excises	451,333	-	-	451,333
Betterments	-	-	848,287	848,287
Departmental	1,611,707	4,780	54,118	1,670,605
Intergovernmental	45,361	-	537,448	582,809
Due from other funds	271,646	-	-	271,646
TOTAL ASSETS	\$ 12,396,466	\$ 5,799,294	\$ 7,020,602	\$ 25,216,362
LIABILITIES AND FUND BALANCES				
Liabilities:				
Warrants Payable	\$ 1,423,121	\$ -	\$ -	\$ 1,423,121
Accrued Liabilities	959,606	-	-	959,606
Deposits held in custody	-	-	38,794	38,794
Notes Payable	-	-	4,328,264	4,328,264
Other Liabilities	258,061	-	-	258,061
TOTAL LIABILITIES	2,640,788	-	4,367,058	7,007,846
Deferred Inflows of Resources	3,839,114	4,780	991,115	4,835,009
Fund Balances:				
Nonspendable	-	-	46,031	46,031
Restricted	-	5,794,514	4,489,983	10,284,497
Committed	1,021,452	-	-	1,021,452
Assigned	1,404,638	-	-	1,404,638
Unassigned	3,490,474	-	(2,873,585)	616,889
TOTAL FUND BALANCES	5,916,564	5,794,514	1,662,429	13,373,507
TOTAL LIABILITIES AND FUND BALANCES	\$ 12,396,466	\$ 5,799,294	\$ 7,020,602	\$ 25,216,362

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

TOWN OF EASTON, MASSACHUSETTS

GOVERNMENTAL FUNDS

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

FOR THE YEAR ENDED JUNE 30, 2017

(UNAUDITED)

	<u>General</u>	<u>Community Preservation Fund</u>	<u>ESCO Capital Project Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues					
Property taxes	\$ 52,483,271	\$ 1,162,316	\$ -	\$ 76,179	\$ 53,721,766
Excises	4,293,501	-	-	-	4,293,501
Departmental	1,534,383	-	-	1,608,966	3,143,349
Licenses and permits	1,222,676	-	-	-	1,222,676
Fines and forfeitures	374,842	2,453	-	-	377,295
Intergovernmental	13,385,679	269,167	-	4,782,142	18,436,988
Investment income	39,371	217,973	-	145,578	402,922
Other	465,692	-	328,012	2,026,681	2,820,385
Total Revenues	73,799,415	1,651,909	328,012	8,639,546	84,418,882
Expenditures					
Current:					
General government	14,367,939	335,397	-	394,740	15,098,076
Public safety	8,903,451	-	-	766,038	9,669,489
Education	39,413,991	-	-	4,832,560	44,246,551
Public works	3,089,234	-	-	1,125,959	4,215,193
Human services	969,450	-	-	14,343	983,793
Culture and recreation	500,649	-	-	183,099	683,748
Debt service	4,935,202	535,218	-	-	5,470,420
Intergovernmental	836,127	-	-	-	836,127
Capital outlay	617,638	405,821	814,724	1,391,905	3,230,088
Total Expenditures	73,633,681	1,276,436	814,724	8,708,644	84,433,485
Excess (deficiency) of revenues over expenditures	165,734	375,473	(486,712)	(69,098)	(14,603)
Other Financing Sources (Uses)					
Issuance of debt	-	-	-	1,620,000	1,620,000
Transfers in	2,470,671	-	-	471,957	2,942,628
Transfers out	(273,235)	(200,000)	-	(2,517,878)	(2,991,113)
Total Other Financing Sources (Uses)	2,197,436	(200,000)	-	(425,921)	1,571,515
Change in fund balance	2,363,170	175,473	(486,712)	(495,019)	1,556,912
Fund Balance, at Beginning of Year	7,049,779	4,290,852	(2,278,221)	4,658,698	13,721,108
Fund Balance, at End of Year	<u>\$ 9,412,949</u>	<u>\$ 4,466,325</u>	<u>\$ (2,764,933)</u>	<u>\$ 4,163,679</u>	<u>\$ 15,278,020</u>

SOURCE: Extracted from the Town's unaudited financial statements, subject to revision and change.

**TOWN OF EASTON, MASSACHUSETTS
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2016 (1)**

	General	Community Preservation Fund	ESCO Capital Project Funds	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES:					
Property Taxes	\$ 50,415,198	\$ 1,107,466	\$ -	\$ 71,267	\$ 51,593,931
Excises	3,434,256	-	-	-	3,434,256
Departmental	1,634,610	-	-	1,597,290	3,231,900
Licenses and Permits	1,355,970	-	-	-	1,355,970
Fines and Forfeitures	345,635	2,322	-	-	347,957
Intergovernmental	13,032,722	364,826	-	5,101,024	18,498,572
Investment Income	111,007	135,253	-	186,498	432,758
Other	836,448	87,134	-	3,279,990	4,203,572
Total Revenues	<u>\$ 71,165,846</u>	<u>\$ 1,697,001</u>	<u>\$ -</u>	<u>\$ 10,236,069</u>	<u>\$ 83,098,916</u>
Expenditures:					
Current:					
General Government	13,776,554	515,966	-	672,686	14,965,206
Public Safety	8,909,560	-	-	706,752	9,616,312
Education	38,601,895	-	-	4,767,158	43,369,053
Public Works	3,011,728	-	-	1,970,064	4,981,792
Human Services	983,540	-	-	59,341	1,042,881
Culture and Recreation	520,981	-	-	192,108	713,089
Debt Service	4,814,157	362,195	-	-	5,176,352
Intergovernmental	807,459	-	-	-	807,459
Capital Outlay	12,651	114,250	2,240,330	496,324	2,863,555
Total Expenditures	<u>71,438,525</u>	<u>992,411</u>	<u>2,240,330</u>	<u>8,864,433</u>	<u>83,535,699</u>
Excess (deficiency) of revenues over expenditures	\$ (272,679)	\$ 704,590	\$ (2,240,330)	\$ 1,371,636	\$ (436,783)
Other Financing Sources (Uses):					
Issuance of debt	-	2,600,000	-	3,165,000	5,765,000
Transfers In	1,488,421	-	-	211,201	1,699,622
Transfers Out	(49,237)	(140,000)	-	(1,528,421)	(1,717,658)
Total Other Financing Sources (Uses)	<u>1,439,184</u>	<u>2,460,000</u>	<u>-</u>	<u>1,847,780</u>	<u>5,746,964</u>
Change in fund balance	1,166,505	3,164,590	(2,240,330)	3,219,416	5,310,181
Fund Balance, at Beginning of Year	5,883,274	1,126,262	(37,891)	1,439,282	8,410,927
Fund Balance, at End of Year	<u>\$ 7,049,779</u>	<u>\$ 4,290,852</u>	<u>\$ (2,278,221)</u>	<u>\$ 4,658,698</u>	<u>\$ 13,721,108</u>

(1) Extracted from the audited financial statements of the Town.

**TOWN OF EASTON, MASSACHUSETTS
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2015 (1)**

	General	Community Preservation Fund	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES:				
Property Taxes	\$ 49,390,477	\$ 1,050,157	\$ 54,791	\$ 50,495,425
Excises	3,362,887	-	-	3,362,887
Departmental	1,350,459	-	1,342,039	2,692,498
Licenses and Permits	923,889	-	-	923,889
Fines and Forfeitures	606,019	6,593	-	612,612
Intergovernmental	12,891,795	371,290	4,350,891	17,613,976
Investment Income	59,128	41,988	39,470	140,586
Other	987,613	167,817	2,646,583	3,802,013
Total Revenues	<u>\$ 69,572,267</u>	<u>\$ 1,637,845</u>	<u>\$ 8,433,774</u>	<u>\$ 79,643,886</u>
Expenditures:				
Current:				
General Government	14,027,093	51,644	716,296	14,795,033
Public Safety	8,798,716	-	1,327,502	10,126,218
Education	37,565,823	-	4,593,014	42,158,837
Public Works	3,602,664	-	2,509,674	6,112,338
Human Services	870,028	-	41,966	911,994
Culture and Recreation	520,914	-	237,905	758,819
Debt Service	4,667,942	341,037	-	5,008,979
Intergovernmental	811,201	-	-	811,201
Capital Outlay	81,490	5,598,416	1,098,255	6,778,161
Total Expenditures	<u>70,945,871</u>	<u>5,991,097</u>	<u>10,524,612</u>	<u>87,461,580</u>
Excess (deficiency) of revenues over expenditures	\$ (1,373,604)	\$ (4,353,252)	\$ (2,090,838)	\$ (7,817,694)
Other Financing Sources (Uses):				
Issuance of debt	-	-	2,510,000	2,510,000
Proceeds of refunded bonds	11,978,000	-	-	11,978,000
Payment to escrow agent	(13,367,691)	-	-	(13,367,691)
Premium on refunded bonds	1,389,691	-	-	1,389,691
Transfers In	1,582,130	10,000	364,177	1,956,307
Transfers Out	(241,816)	(325,000)	(1,044,377)	(1,611,193)
Total Other Financing Sources (Uses)	<u>1,340,314</u>	<u>(315,000)</u>	<u>1,829,800</u>	<u>2,855,114</u>
Change in fund balance	(33,290)	(4,668,252)	(261,038)	(4,962,580)
Fund Balance, at Beginning of Year	5,916,564	5,794,514	1,662,429	13,373,507
Fund Balance, at End of Year	<u>\$ 5,883,274</u>	<u>\$ 1,126,262</u>	<u>\$ 1,401,391</u>	<u>\$ 8,410,927</u>

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

**TOWN OF EASTON, MASSACHUSETTS
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2014 (1)**

	General	Community Preservation Fund	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES:				
Property Taxes	\$ 46,850,568	\$ 997,783	\$ 27,349	\$ 47,875,700
Excises	3,231,966	-	-	3,231,966
Departmental	1,235,910	-	1,536,192	2,772,102
Licenses and Permits	1,059,966	-	-	1,059,966
Fines and Forfeitures	460,018	3,890	-	463,908
Intergovernmental	20,023,579	600,190	5,307,763	25,931,532
Investment Income	58,830	83,807	102,164	244,801
Other	757,289	255	2,554,865	3,312,409
Total Revenues	<u>\$ 73,678,126</u>	<u>\$ 1,685,925</u>	<u>\$ 9,528,333</u>	<u>\$ 84,892,384</u>
Expenditures:				
Current:				
General Government	13,473,247	67,224	631,691	14,172,162
Public Safety	8,349,914	-	600,699	8,950,613
Education	43,124,469	-	5,725,991	48,850,460
Public Works	3,065,729	-	3,475,985	6,541,714
Human Services	799,478	-	13,106	812,584
Culture and Recreation	493,859	-	238,214	732,073
Debt Service	4,796,503	271,561	-	5,068,064
Intergovernmental	762,966	-	-	762,966
Capital Outlay	367,556	363,812	-	731,368
Total Expenditures	<u>75,233,721</u>	<u>702,597</u>	<u>10,685,686</u>	<u>86,622,004</u>
Excess (deficiency) of revenues over expenditures	\$ (1,555,595)	\$ 983,328	\$ (1,157,353)	\$ (1,729,620)
Other Financing Sources (Uses):				
Issuance of debt	-	500,000	545,000	1,045,000
Transfers In	1,144,149	500,000	160,000	1,804,149
Transfers Out	(117,798)	(160,000)	(1,096,396)	(1,374,194)
Total Other Financing Sources (Uses)	<u>1,026,351</u>	<u>840,000</u>	<u>(391,396)</u>	<u>1,474,955</u>
Change in fund balance	(529,244)	1,823,328	(1,548,749)	(254,665)
Fund Balance, at Beginning of Year	6,445,808	3,971,186	3,211,178	13,628,172
Fund Balance, at End of Year	<u>\$ 5,916,564</u>	<u>\$ 5,794,514</u>	<u>\$ 1,662,429</u>	<u>\$ 13,373,507</u>

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

**TOWN OF EASTON, MASSACHUSETTS
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2013 (1)**

	General	Community Preservation Fund	Waste Water Capital Project Fund	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES:					
Property Taxes	\$ 45,272,191	\$ 968,951	\$ -	\$ 9,976	\$ 46,251,118
Excises	3,049,302	-	-	-	3,049,302
Departmental	1,058,160	-	-	1,200,450	2,258,610
Licenses and Permits	895,677	-	-	-	895,677
Fines and Forfeitures	414,854	4,088	-	-	418,942
Intergovernmental	19,192,945	299,064	1,500,000	2,690,405	23,682,414
Investment Income	22,481	-	-	40,859	63,340
Other	773,630	18,750	-	2,475,772	3,268,152
Total Revenues	<u>\$ 70,679,240</u>	<u>\$ 1,290,853</u>	<u>\$ 1,500,000</u>	<u>\$ 6,417,462</u>	<u>\$ 79,887,555</u>
Expenditures:					
Current:					
General Government	13,000,080	14,891	-	761,930	13,776,901
Public Safety	7,913,342	-	-	747,134	8,660,476
Education	41,017,357	-	-	4,113,762	45,131,119
Public Works	3,035,238	-	-	1,038,135	4,073,373
Human Services	753,306	-	-	12,732	766,038
Culture and Recreation	482,860	-	-	251,510	734,370
Debt Service	4,676,086	172,524	-	-	4,848,610
Intergovernmental	664,454	-	-	-	664,454
Capital Outlay	203,553	1,162,363	4,372,561	-	5,738,477
Total Expenditures	<u>71,746,276</u>	<u>1,349,778</u>	<u>4,372,561</u>	<u>6,925,203</u>	<u>84,393,818</u>
Excess (deficiency) of revenues over expenditures	\$ (1,067,036)	\$ (58,925)	\$ (2,872,561)	\$ (507,741)	\$ (4,506,263)
Other Financing Sources (Uses):					
Issuance of debt	-	2,375,000	4,640,295	1,940,000	8,955,295
Proceeds of refunded bonds	2,524,300	-	-	-	2,524,300
Payment to escrow agent	(2,559,918)	-	-	-	(2,559,918)
Gain on refunding	110,081	-	-	-	110,081
Transfers In	1,002,390	-	-	329,397	1,331,787
Transfers Out	(76,797)	(250,000)	-	(457,237)	(784,034)
Total Other Financing Sources (Uses)	<u>1,000,056</u>	<u>2,125,000</u>	<u>4,640,295</u>	<u>1,812,160</u>	<u>9,577,511</u>
Change in fund balance	(66,980)	2,066,075	1,767,734	1,304,419	5,071,248
Fund Balance, at Beginning of Year	6,512,788	1,905,111	(93,904)	1,906,759	10,230,754
Fund Balance, at End of Year	<u>\$ 6,445,808</u>	<u>\$ 3,971,186</u>	<u>\$ 1,673,830</u>	<u>\$ 3,211,178</u>	<u>\$ 15,302,002</u>

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

**TOWN OF EASTON, MASSACHUSETTS
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2012 (1)**

	General	Community Preservation Fund	School Building Fund	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES:					
Property Taxes	\$ 43,851,270	\$ 947,372	\$ -	\$ 3,376	\$ 44,802,018
Excises	2,853,547	-	-	-	2,853,547
Departmental	893,503	-	-	1,666,610	2,560,113
Licenses and Permits	978,983	-	-	-	978,983
Fines and Forfeitures	334,277	3,123	-	1,589	338,989
Intergovernmental	18,506,594	287,605	2,720,614	3,359,876	24,874,689
Investment Income	57,504	57,803	-	731	116,038
Other	1,372,784	19,013	-	2,048,099	3,439,896
Total Revenues	<u>\$ 68,848,462</u>	<u>\$ 1,314,916</u>	<u>\$ 2,720,614</u>	<u>\$ 7,080,281</u>	<u>\$ 79,964,273</u>
Expenditures:					
Current:					
General Government	12,593,088	48,485	-	525,522	13,167,095
Public Safety	7,390,394	-	-	1,053,688	8,444,082
Education	39,193,267	-	-	4,215,065	43,408,332
Public Works	2,527,170	-	-	1,752,359	4,279,529
Human Services	689,036	-	-	33,296	722,332
Culture and Recreation	460,031	-	-	238,114	698,145
Debt Service	5,036,768	111,125	-	-	5,147,893
Intergovernmental	687,336	-	-	-	687,336
Capital Outlay	244,142	10,136,814	-	289,208	10,670,164
Total Expenditures	<u>68,821,232</u>	<u>10,296,424</u>	<u>-</u>	<u>8,107,252</u>	<u>87,224,908</u>
Excess (deficiency) of revenues over Expenditures	\$ 27,230	\$ (8,981,508)	\$ 2,720,614	\$ (1,026,971)	\$ (7,260,635)
Other Financing Sources (Uses):					
Issuance of debt	-	-	-	302,000	302,000
Transfers In	1,174,042	-	-	231,781	1,405,823
Transfers Out	(24,281)	(207,500)	-	(626,289)	(858,070)
Total Other Financing Sources (Uses)	<u>1,149,761</u>	<u>(207,500)</u>	<u>-</u>	<u>(92,508)</u>	<u>849,753</u>
Change in fund balance	1,176,991	(9,189,008)	2,720,614	(1,119,479)	(6,410,882)
Fund Balance, at Beginning of Year	5,335,797	11,094,119	(2,995,614)	3,207,334	16,641,636
Fund Balance, at End of Year	<u>\$ 6,512,788</u>	<u>\$ 1,905,111</u>	<u>\$ (275,000)</u>	<u>\$ 2,087,855</u>	<u>\$ 10,230,754</u>

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

Free Cash

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

<u>As of July 1,</u>	<u>Free Cash</u>
2017	\$2,400,824
2016 (1)	2,679,499
2015 (2)	2,019,943
2014 (3)	1,536,299
2013 (4)	1,865,659
2012 (5)	1,776,910

- (1) On May 15, 2017, the Town appropriated \$1,585,504 in order to balance the fiscal year 2018 operating budget.
- (2) Does not reflect the \$900,000 net snow and ice deficit in fiscal 2015 which is being amortized in each of the fiscal years 2016 through 2018. On May 16, 2016, the Town appropriated \$913,939 in order to balance the fiscal year 2017 operating budget.
- (3) On May 18, 2015, the Town appropriated \$1,200,000 in order to balance the fiscal 2016 operating budget.
- (4) On May 19, 2014, the Town appropriated \$1,037,078 in order to balance the fiscal 2015 operating budget.
- (5) On May 20, 2013, the Town appropriated \$1,100,000 in order to balance the fiscal 2014 operating budget.

Stabilization Fund

The Town maintains a stabilization fund which is accounted for in the Trust Funds. Funded by an annual appropriation, the stabilization fund plus interest income may be appropriated at a town meeting for any municipal purpose. The following table lists the trend in stabilization fund balance.

<u>Fiscal Year End</u>	<u>Stabilization Fund Balance</u>
2017	\$ 1,793,041
2016	1,100,568
2015	1,369,568
2014	1,649,324
2013	1,381,900

Capital Stabilization Fund

In fiscal 2010, the Town also established a Capital Stabilization Fund with an appropriation of Stabilization Funds. The balance of the Fund as of June 30, 2017 was \$1,987,953.

Tax Increment Financing for Development Districts

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

Other Fund Balances

In addition to the Stabilization Fund and General Fund balances presented above and the Water Enterprise Fund presented on the next page, the Town has created a Conservation Fund and an Unemployment Compensation Fund, each of which are accounted for in the Trust Funds.

Below is a summary of year end balances within each fund.

<u>Fiscal Year</u>	<u>Conservation Fund</u>	<u>Unemployment Compensation Fund</u>
2017	\$ 165,793	\$ 25,476
2016	170,359	39,353
2015	175,705	20,453
2014	173,324	20,267
2013	191,320	21,274

Additionally, the Town charges the maximum 3% surcharge allowed pursuant to the Community Preservation Act.

Water Enterprise

The Town's water operations are self-supporting and accounted for as an Enterprise Fund. The following table lists the trend in the Water Enterprise Fund's Unrestricted Net Assets at year end.

<u>Fiscal Year</u>	<u>Water Enterprise Fund Unrestricted Net Assets</u>
2017	\$ 1,700,000 (est.)
2016	1,559,872
2015	1,174,738
2014	1,384,333
2013	1,393,516

INDEBTEDNESS

Authorization Procedure and Limitations

Bonds and notes are authorized on behalf of the Town by two-thirds of town meeting. Refunding bonds are notes are authorized by the Selectmen. Borrowings for certain purposes require state administrative approval. When serial bonds or notes have been authorized, bond anticipation notes may be issued by the officers authorized to issue the serial bonds or notes. Temporary debt in anticipation of the revenue of the fiscal year in which the debt is incurred or in anticipation of authorized federal and state aid generally may be incurred by the Treasurer with the approval of the Selectmen.

The general debt limit of a city or town consists of normal debt limit and a double debt limit. The normal debt limit is 5 percent of the valuation of taxable property as last equalized by the State Department of Revenue. A city or town can authorize debt up to this amount without State approval. It can authorize debt up to twice this amount (the double debt limit) with the approval of the State Municipal Finance Oversight Board consisting of the Attorney General, the State Treasurer, the State Auditor and the Director of Accounts.

There are many categories of general obligation debt which are exempt from and do not count against the general debt limit. Among others, these exempt categories include revenue anticipation notes and grant anticipation notes, emergency loans, loans exempted by special laws, certain school bonds, sewer bonds, water bonds, bonds for electric, gas and telecommunication systems, solid waste disposal facility bonds and economic development bonds supported by tax increment financing; and subject to special debt limits, bonds for housing, urban renewal, and economic development. Revenue bonds are not subject to these debt limits. The general debt limit and the special debt limit for water bonds apply at the time debt are authorized. The other special debt limits generally apply at the time the debt is incurred.

Types of Obligations

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

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

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

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

Bond Anticipation Notes. These generally must mature within two years of their original dates of issuance but may be refunded from time to time for a period not to exceed ten years from their original dates of issuance, provided that for each year that the

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

Revenue Anticipation Notes. These are issued to meet current expenses in anticipation of taxes and other revenues. They must mature within one year but, if payable in less than one year, may be refunded from time to time up to one year from the original date of issue.

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

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

**TOWN OF EASTON
DIRECT DEBT SUMMARY
As of June 30, 2017,
Including Subsequent Issue**

General Obligation Bonds and Serial Notes

Outstanding:

School (1)	\$ 16,851,500
Water (2)	1,455,000
MCWT (3)	5,741,957
Landfill (4)	1,005,000
Land Acquisition (5)	3,443,500
CPA	2,460,000
General	<u>5,965,000</u>

\$ 36,921,957

Bonds to be dated August 17, 2017

3,740,000

Temporary Loans Outstanding

Bond Anticipation Notes (6)	10,580,000
Less:	
To Be Retired with Unexpended Note Proceeds	(165,000)
To Be Retired with Bond Proceeds	(3,645,000)
New Money Bond Anticipation Notes (7)	<u>1,306,000</u>

Total Short Term Debt Outstanding (7)

8,076,000

Total Direct Debt

\$ 48,737,957

*Preliminary, subject to change.

- (1) Does not reflect reimbursement expected to be received from the Massachusetts School Building Authority in the form of school building assistance grants. \$15,376,500 is exempt from the limits of Proposition 2 ½ and \$2,565,000 is not subject to the debt limit.
- (2) Subject to a separate debt limit of 10% of the Town's equalized valuation, or \$334,712,120.
- (3) Does not reflect subsidy expected from MCWT. \$1,082,713 is exempt from the limits of Proposition 2 ½ and \$1,582,713 is not subject to the debt limit.
- (4) Not subject to the debt limit.
- (5) \$257,000 is not subject to the debt limit.
- (6) Payable August 18, 2017.
- (7) Payable August 17, 2018.

Debt Ratios

The following table sets forth the percentage of debt to equalized valuation and per capita debt ratios at the end of the five most recent fiscal years. The table considers the principal amount of general obligation bonds of the Town of Easton only. The table

does not deduct anticipated state grant payments applicable to the principal amount of outstanding bonds or debt that may be supported in whole, or part, by non-tax revenues. (See "Direct Debt Summary".)

Fiscal Year	General Obligation Bonds Outstanding	Population (1)	Equalized Valuation (2)	Per Capita Debt	Debt as a % of Equalized Valuation
2017	\$ 36,921,957	23,112	\$ 3,347,121,200	\$ 1,598	1.10 %
2016	39,479,725	23,112	3,008,417,200	1,708	1.31
2015	38,345,661	23,112	3,008,417,200	1,659	1.27
2014	40,170,099	23,112	3,130,050,500	1,738	1.28
2013	43,410,191	23,112	3,130,050,500	1,878	1.39

(1) Based on 2010 Federal Census.

(2) 2012 equalized valuation used for fiscal years 2013 and 2014; 2014 equalized valuation used for fiscal years 2015 and 2016; 2016 equalized valuation is used for fiscal year 2017.

Principal Payments by Purpose

The following table sets forth the principal payments by purpose for the Town's outstanding long-term debt.

**GENERAL OBLIGATION BONDS
PRINCIPAL PAYMENTS BY PURPOSE
As of June 30, 2017**

Fiscal Year	School (1)	Water (2)	MCWT (3)	Landfill (4)	Land Acquisition (5)	CPA	General	Total Outstanding Principal
2018	\$ 2,856,500	\$ 175,000	\$ 215,637	\$ 220,000	\$ 273,500	\$ 140,000	\$ 795,000	\$ 4,675,637
2019	1,550,000	115,000	218,778	220,000	285,000	140,000	775,000	3,303,778
2020	1,575,000	110,000	221,984	210,000	285,000	140,000	670,000	3,211,984
2021	1,605,000	110,000	217,689	120,000	275,000	140,000	560,000	3,027,689
2022	1,645,000	110,000	221,037	120,000	280,000	140,000	555,000	3,071,037
2023	1,690,000	110,000	224,456	115,000	285,000	140,000	530,000	3,094,456
2024	1,655,000	110,000	225,486	-	295,000	135,000	525,000	2,945,486
2025	1,700,000	110,000	229,055	-	250,000	135,000	360,000	2,784,055
2026	1,750,000	110,000	232,699	-	245,000	135,000	330,000	2,802,699
2027	305,000	110,000	236,422	-	130,000	135,000	280,000	1,196,422
2028	65,000	70,000	240,224	-	130,000	135,000	190,000	830,224
2029	65,000	70,000	244,110	-	135,000	135,000	180,000	829,110
2030	65,000	40,000	248,078	-	140,000	135,000	90,000	718,078
2031	65,000	35,000	252,133	-	140,000	135,000	55,000	682,133
2032	65,000	35,000	256,273	-	145,000	135,000	20,000	656,273
2033	65,000	35,000	260,504	-	150,000	135,000	20,000	665,504
2034	65,000	-	236,722	-	-	135,000	15,000	451,722
2035	65,000	-	241,437	-	-	135,000	15,000	456,437
2036	-	-	196,271	-	-	-	-	196,271
2037	-	-	201,228	-	-	-	-	201,228
2038	-	-	175,218	-	-	-	-	175,218
2039	-	-	179,753	-	-	-	-	179,753
2040	-	-	184,406	-	-	-	-	184,406
2041	-	-	189,180	-	-	-	-	189,180
2042	-	-	194,076	-	-	-	-	194,076
2043	-	-	199,100	-	-	-	-	199,100
Total	\$ 16,851,500	\$ 1,455,000	\$ 5,741,957	\$ 1,005,000	\$ 3,443,500	\$ 2,460,000	\$ 5,965,000	\$ 36,921,957

(1) Does not reflect reimbursement expected to be received from the Massachusetts School Building Authority in the form of school building assistance grants. \$15,376,500 is exempt from the limits of Proposition 2 ½ and \$2,565,000 is not subject to the debt limit.

(2) Subject to a separate debt limit of 10% of the Town's equalized valuation, or \$334,712,120.

(3) Does not reflect subsidy expected from MCWT. \$1,082,713 is exempt from the limits of Proposition 2 ½ and \$1,582,713 is not subject to the debt limit.

(4) Not subject to the debt limit.

(5) \$257,000 is not subject to the debt limit.

Debt Service Requirements

The following table sets forth the principal and interest payments on outstanding general obligation bonds of the Town of Easton, Massachusetts.

GENERAL OBLIGATION BONDS DEBT SERVICE REQUIREMENTS AS OF JUNE 30, 2017

Fiscal Year	Total Principal	Total Interest	Expected MSBA Grants	Expected MCWT Subsidy	Total Outstanding Net Debt Service
2018	\$ 4,675,637	\$ 1,099,340	\$ (983,980)	\$ (1,069)	\$ 4,789,927
2019	3,303,778	983,802	-	(634)	4,286,946
2020	3,211,984	883,123	-	(208)	4,094,899
2021	3,027,689	770,373	-	-	3,798,063
2022	3,071,037	664,304	-	-	3,735,341
2023	3,094,456	556,244	-	-	3,650,700
2024	2,945,486	447,391	-	-	3,392,877
2025	2,784,055	347,862	-	-	3,131,917
2026	2,802,699	250,494	-	-	3,053,194
2027	1,196,422	187,135	-	-	1,383,557
2028	830,224	157,521	-	-	987,746
2029	829,110	137,569	-	-	966,679
2030	718,078	119,331	-	-	837,409
2031	682,133	103,070	-	-	785,204
2032	656,273	86,858	-	-	743,130
2033	665,504	70,282	-	-	735,785
2034	451,722	56,353	-	-	508,075
2035	456,437	44,461	-	-	500,898
2036	196,271	36,221	-	-	232,492
2037	201,228	31,629	-	-	232,857
2038	175,218	26,922	-	-	202,140
2039	179,753	22,716	-	-	202,470
2040	184,406	18,402	-	-	202,809
2041	189,180	13,977	-	-	203,156
2042	194,076	9,436	-	-	203,512
2043	199,100	4,778	-	-	203,879
Total	<u>\$ 36,921,957</u>	<u>\$ 7,129,597</u>	<u>\$ (983,980)</u>	<u>\$ (1,912)</u>	<u>\$ 43,065,662</u>

Authorized Unissued Debt

Currently, the Town has the following authorized unissued debt:

Purpose	Amount Authorized Unissued
Library Access Road	\$ 400,000
School Boiler	250,000
Middle School Roof Replacement/Repair	73,922
Moreau Hall Elementary School Roof & Boiler Replacement	700,000
Septic System Upgrade	1,000,000
ESCO Energy Efficiency	384,157
Water Well #4 Replacement	2,000,000
Wastewater Treatment (Queset Commercial District)	3,070,000
Sewer Design, Permit & Construction (Queset Commercial District)	2,790,000
Wastewater Treatment (5 Corners District)	8,300,000
Sewer Design (5 Corners District)	1,300,000
Wastewater Treatment Plant Upgrades- School	20,000
School Security Improvements	14,000
Pavement Management	500,000
F550 Hooklifts (2)	240,000
Municipal Facilities Capital Improvements	200,000
Fire Ambulance Replacement	280,000
DPW Municipal Facilities Capital Improvements	200,000
DPW Salt Brine Generator, Tanks, Spreaders	100,000
DPW Highway Hooklift (F550)	120,000
DPW Bucket Truck	210,000
IT Telephone System Upgrade	66,000
Water Main Replacement Program (Depot St. Project)	3,667,000
TOTAL:	<u>\$ 25,885,079</u>

Overlapping Debt

The Town is located in Bristol County and is a member of the Southeastern Regional Vocational Technical High School District. The following table sets forth the outstanding bonded debt, exclusive of temporary loans in anticipation of bonds or current revenue, of Bristol County and the Southeastern Regional Vocational Technical High School District, the Town of Easton's gross share of such debt, and the fiscal 2018 assessment to the Town by each.

Overlapping Entity	Outstanding Debt	Easton's Estimated Share	Fiscal 2018 Dollar Assessment(1)
Bristol County(2)	\$ 911,242	5.8%	\$ 366,803
Southeastern Regional Vocational Technical High School District(3)	4,980,000	9.0%	980,235

(1) Estimated dollar assessment based upon total net operating expenses, inclusive (where applicable) of debt service.

(2) SOURCE: Bristol County Treasurer's Office. Debt shown is as of June 30, 2017. County expenses, including debt service on county bonds, are assessed upon the cities and towns within the county in proportion to their taxable valuation as last equalized by the State Commissioner of Revenue. Bristol County has no temporary debt outstanding, no authorized unissued debt and no further plans for capital borrowing. Legislation enacted in 1997 abolished the county governments of Franklin and Middlesex Counties as of July 1, 1997, with their assets, functions, debts and other obligations being assumed by the Commonwealth. The abolishment of the Middlesex County government was in part in response to a default by the County in the payment of general obligation notes of the County. The legislation also abolished the county governments of Hampden and Worcester Counties as of July 1, 1998. Legislation enacted in 1998 abolished the county governments of Hampshire, Essex and Berkshire counties as of January 1, 1999, July 1, 1999 and July 1, 2000, respectively. The legislation also requires the state secretary for administration and finance to establish a plan to recover the Commonwealth's expenditures for liabilities and other debts assumed and paid by the Commonwealth on behalf of an abolished county. Unless these provisions are changed by further legislation, the state treasurer shall assess upon each city and town within the jurisdiction of an abolished county an amount not exceeding or equal to the county tax paid by each city and town for the fiscal year immediately prior to the abolishment of the county until such expenditures by the Commonwealth are recovered. It is possible that similar legislation will be sought to provide for the abolishment of county governments in all the remaining counties.

(3) SOURCE: Southeastern Regional Vocational Technical High School District. Debt as of June 30, 2017. Towns may organize regional school districts to carry out general or specialized educational functions. Pursuant to special laws a number of cities may also participate in regional school districts, primarily for vocational education. The operating expenses and debt service of regional school districts are apportioned among the member municipalities in accordance with the agreements establishing the districts. Southeastern Regional Vocational Technical High School District has no short-term notes outstanding.

Contractual Obligations

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

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

Municipal electric departments have statutory power to enter into long-term contracts for joint ownership and operation of generating and transmission facilities and for the purchase or sale of capacity, including contracts requiring payments without regard to the operational status of the facilities.

Pursuant to the Home Rule Amendment to the Massachusetts Constitution, (see "Constitutional Status and Form of Government" above), cities and towns may also be empowered to make other contracts and leases.

The Town of Easton has a three year contract with Lucini Bus Lines which expires in fiscal year 2018 to provide school busing service, the annual base cost for which is \$1,110,690 in year one, \$1,211,670 in year two and \$1,226,970 in year three. The Town recently executed an intermunicipal agreement with the Town of Mansfield to tie into their sewer capacity for its 5 corners sewer district.

RETIREMENT PLAN

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

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

If a city or town, or each member city and town of a county retirement system, has accepted the applicable law, it is required to annually appropriate an amount sufficient to pay not only its current pension obligations, but also a portion of its future pension liability. The portion of each such annual payment allocable to future pension obligations is required to be deposited in the pension reserve fund. The amount of the annual city or town appropriation for each such system is prescribed by a retirement system funding schedule which is periodically reviewed and approved by PERAC. Each system's retirement funding schedule is designed to reduce the unfunded actuarial pension liability of the system to zero by not later than June 30, 2030, with annual increases in the scheduled payment amounts of not more than 4.5 percent. The funding schedule must provide that payment in any year of the schedule is not less than 95 percent of the amount appropriated in the previous fiscal year. City, town and county systems which have an approved retirement funding schedule receive annual pension funding grants from the Commonwealth for the first 16 years of such funding schedule. Pursuant to recent legislation, a system (other than the state employees' retirement system and the teachers' retirement system) which conducts an actuarial valuation as of January 1, 2009, or later, may establish a revised schedule which reduces the unfunded actuarial liability to zero by not later than June 30, 2040, subject to certain conditions. If the schedule is so extended under such provisions and a later updated valuation allows for the development of a revised schedule with reduced payments, the revised schedule shall be adjusted to provide that the appropriation for each year shall not be less than that for such year under the prior schedule, thus providing for a shorter schedule rather than reduced payments.

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

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

The Town participates in the contributory retirement system of Bristol County (the "System") that is partially funded by employee contributions. The System covers substantially all municipal employees except school teachers, whose pensions are paid by the Commonwealth. There are 6,258 total participants in the System of which 223 are from the Town of Easton currently receiving pensions under the contributory plan.

The annual required contributions of the Town to the retirement system for the following fiscal years are as follows:

Year Ending June 30,	Contributory
2018 (budgeted)	\$ 4,054,011
2017	3,751,909
2016	3,494,709
2015	3,093,467
2014	3,031,082

The unfunded actuarial liability of the Bristol County contributory retirement system on January 1, 2016 was approximately \$311,493,188 assuming actuarial value of assets of \$596,531,897 and an investment rate of 7.75%. Easton's share of the unfunded contributory retirement system benefits is approximately 11.3% or \$35.2 million.

Bristol County Contributory Retirement System Funding Schedule

Fiscal Year Ending	Employee Payroll*	Employee Contribution	Employer Normal Cost with Interest	Amortization Payments with Interest	Employer Total Cost with Interest	Employer Total Cost % of Payroll	Funded Ratio %**
2017	\$152,406,793	\$13,225,260	\$3,922,922	\$32,027,164	\$35,950,086	23.6	65.7
2018	\$158,503,065	\$13,874,627	\$3,954,906	\$33,695,139	\$37,650,045	23.8	68.3
2019	\$164,843,187	\$14,554,782	\$3,983,172	\$35,190,453	\$39,173,625	23.8	70.9
2020	\$171,436,915	\$15,267,151	\$4,007,371	\$36,753,056	\$40,760,427	23.8	73.6
2021	\$178,294,391	\$16,013,222	\$4,027,133	\$38,385,977	\$42,413,110	23.8	76.3
2022	\$185,426,167	\$16,794,550	\$4,042,064	\$40,092,379	\$44,134,443	23.8	79.1
2023	\$192,843,214	\$17,612,764	\$4,051,746	\$41,409,636	\$45,461,382	23.6	81.9
2024	\$200,556,942	\$18,469,564	\$4,055,736	\$42,200,652	\$46,256,388	23.1	84.8
2025	\$208,579,220	\$19,366,727	\$4,053,562	\$44,099,681	\$48,153,243	23.1	87.7
2026	\$216,922,389	\$20,306,112	\$4,044,725	\$46,084,167	\$50,128,892	23.1	90.6
2027	\$225,599,284	\$21,289,661	\$4,028,695	\$48,157,954	\$52,186,649	23.1	93.7
2028	\$234,623,256	\$22,319,404	\$4,004,912	\$50,325,062	\$54,329,974	23.2	96.8
2029	\$244,008,186	\$23,397,463	\$3,972,779	\$0	\$3,972,779	1.6	100.0
2030	\$253,768,513	\$24,526,056	\$3,931,669	\$0	\$3,931,669	1.5	100.0
2031	\$263,919,254	\$25,707,501	\$3,880,912	\$0	\$3,880,912	1.5	100.0
2032	\$274,476,024	\$26,944,219	\$3,819,805	\$0	\$3,819,805	1.4	100.0
2033	\$285,455,065	\$28,238,743	\$3,747,600	\$0	\$3,747,600	1.3	100.0
2034	\$296,873,268	\$29,593,717	\$3,663,507	\$0	\$3,663,507	1.2	100.0
2035	\$308,748,198	\$31,011,908	\$3,566,690	\$0	\$3,566,690	1.2	100.0
2036	\$321,098,126	\$32,496,204	\$3,456,266	\$0	\$3,456,266	1.1	100.0
2037	\$333,942,051	\$34,049,625	\$3,331,301	\$0	\$3,331,301	1.0	100.0
2038	\$347,299,733	\$35,675,326	\$3,190,810	\$0	\$3,190,810	0.9	100.0
2039	\$361,191,723	\$37,376,603	\$3,033,748	\$0	\$3,033,748	0.8	100.0
2040	\$375,639,392	\$39,156,901	\$2,859,017	\$0	\$2,859,017	0.8	100.0
2041	\$390,664,967	\$41,019,822	\$2,665,453	\$0	\$2,665,453	0.7	100.0
2042	\$406,291,566	\$42,660,614	\$2,772,071	\$0	\$2,772,071	0.7	100.0
2043	\$422,543,229	\$44,367,039	\$2,882,954	\$0	\$2,882,954	0.7	100.0
2044	\$439,444,958	\$46,141,721	\$2,998,272	\$0	\$2,998,272	0.7	100.0
2045	\$457,022,756	\$47,987,389	\$3,118,203	\$0	\$3,118,203	0.7	100.0
2046	\$475,303,666	\$49,906,885	\$3,242,931	\$0	\$3,242,931	0.7	100.0
2047	\$494,315,813	\$51,903,160	\$3,372,649	\$0	\$3,372,649	0.7	100.0
2048	\$514,088,445	\$53,979,287	\$3,507,555	\$0	\$3,507,555	0.7	100.0

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

*Calendar basis.

**Beginning of fiscal year.

Other Post-Employment Benefits

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

<u>Fiscal Year</u>	<u>Benefit Costs</u>
2018 (budget)	\$ 2,659,891
2017	2,374,539
2016	2,264,267
2015	1,920,156
2014	1,855,077
2013	1,851,946

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

The Town has performed an actuarial valuation study of its non-pension, post-employment benefits. As of June 30, 2015 the Town's unfunded actuarial accrued liability was approximately \$98,279,664 (assuming a 4.25% discount rate) and the annual required contribution was \$7,629,505 for fiscal 2015 and \$7,986,951 for fiscal 2016. The Town voted to establish an OPEB Trust at the fiscal 2013 Annual Town Meeting with a modest amount of funding of \$50,000 for fiscal 2014. Additional funding of \$50,000 was authorized at the Annual Town Meeting in June 2016. As of June 30, 2017, the balance of the OPEB Trust was \$107,300.

EMPLOYEE RELATIONS

The Town presently employs approximately 1,629 full-time and part-time workers, 1,089 of whom are employed by the school department, 36 by the public works department, 67 by the fire department, 136 by the police department, and the remaining 301 by various departments. Town employees (other than managerial and confidential employees) are entitled to join unions and to bargain collectively on questions of wages, hours and other terms and conditions of employment. Contracts for the DPW, police, fire, dispatchers, clerical and administrative/professional unions extend through June 30, 2018.

LITIGATION

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

March 27, 2018

TOWN OF EASTON, MASSACHUSETTS
/s/ Linda J. Hawkes, Town Treasurer/Collector