

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
\$ 1,390,000 General Obligation Municipal Purpose Loan of 2011 Bonds Dated 04/15/11
\$ 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

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

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

X 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

X Financial Information & Operating Data

___ Other (describe) _____

X Fiscal Period Covered: FYE 2014

___ Monthly ___ Quarterly X Annual ___ Other: _____

* * *

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

Signature: /s/ Teresa DeSilva

Name: Teresa DeSilva Title: Treasurer

Employer: Town of Easton, Massachusetts

Voice Telephone Number: (508) 230-0604

Email Address: tdesilva@easton.ma.us

At the time of filing, the June 30, 2014 audit was not complete and will be posted once available.
--

DESCRIPTION OF ISSUES COVERED BY THIS REPORT

General Obligation Bonds Dated 10/15/06

<u>Date</u>	<u>Principal</u>	<u>CUSIP</u>
08/01/15	\$ 2,620,000	277587QY0
08/01/16	2,555,000	277587QZ7
08/01/17	625,000	277587VE8
08/01/17	800,000	277587VF5
08/01/18	150,000	277587VG3
08/01/19	110,000	277587VH1
	<u>\$ 6,860,000</u>	

General Obligation Bonds Dated 4/15/10

<u>Date</u>	<u>Principal</u>	<u>CUSIP</u>
04/15/15	\$ 400,000	277587RV5
04/15/16	395,000	277587RW3
04/15/17	395,000	277587RX1
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>\$ 4,370,000</u>	

General Obligation Municipal Purpose Loan of 2011 Bonds Dated 04/15/11

<u>Date</u>	<u>Principal</u>	<u>CUSIP</u>
04/15/15	\$ 265,000	277587SP7
04/15/16	255,000	277587SQ5
	<u>\$ 520,000</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>
08/15/15	\$ 210,000	277587SU6
08/15/16	205,000	277587SV4
08/15/17	125,000	277587SW2
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>\$ 1,140,000</u>	

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

<u>Date</u>	<u>Principal</u>	<u>CUSIP</u>
08/15/15	\$ 510,000	277587TE1
08/15/16	505,000	277587TF8
08/15/17	460,000	277587TG6
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>\$ 5,205,000</u>	

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

<u>Date</u>	<u>Principal</u>	<u>CUSIP</u>
08/15/15	\$ 110,000	277587TZ4
08/15/16	105,000	277587UA7
08/15/17	105,000	277587UB5
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>\$ 935,000</u>	

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

<u>Date</u>	<u>Principal</u>	<u>CUSIP</u>
08/01/15	\$ 190,000	277587UL3
08/01/16	190,000	277587UM1
08/01/17	1,365,000	277587UN9
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>\$ 14,205,000</u>	

CONTINUING DISCLOSURE REPORT
FOR THE
FISCAL YEAR ENDED JUNE 30, 2014

TOWN OF EASTON, MASSACHUSETTS

GENERAL OBLIGATION DEBT



FINANCIAL STATEMENTS

The audited financial statements for the Town for the fiscal year ended June 30, 2014 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/ Teresa DeSilva

Teresa DeSilva

Treasurer

Approved for Submission:

03/27/2015

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 National 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

First Southwest Company

Signed by:

/s/ Henriqueta Da Costa

Annual Report

TOWN OF EASTON, MASSACHUSETTS

**For The Fiscal Year Ended
June 30, 2014**

TOWN OF EASTON, MASSACHUSETTS
/s/ Teresa DeSilva, Town Treasurer

Filing Date: March 27, 2015

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, Chairman	Daniel Murphy	Elected	2015
Selectmen, Clerk	Colleen Corona	Elected	2015
Selectmen, Member	Dottie Fulginiti	Elected	2016
Selectmen, Member	Daniel Smith	Elected	2016
Selectmen, Member	Carol Nestler	Elected	2017
Town Administrator	David A. Colton	Appointed	Indefinite
Treasurer/Collector	Teresa DeSilva	Appointed	Indefinite
Town Accountant	Wendy Nightingale	Appointed	Indefinite
Town Clerk	Jeremy P. Gillis	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 landscaped 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 apartments community. In fiscal year 2014, the aggregate amount of the Town's TIF property tax value was \$2,028,600 and is \$2,003,000 for fiscal 2015.

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			Projected
	2010	2011	2012	2013	2014	2015
Elementary	1,848	1,787	1,792	1,744	1,774	1,732
Middle School	907	947	955	999	958	913
Senior High	1,187	1,223	1,209	1,176	1,183	1,176
Total	3,942	3,957	3,956	3,919	3,915	3,821

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, 2014 of 1,356 students, 48 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				
	2009	2010	2011	2012	2013
Construction	993	851	783	735	764
Manufacturing	772	756	763	796	799
Trade, Transportation and Utilities	2,018	2,164	2,078	2,072	2,026
Information	63	68	80	109	103
Financial Activities	296	274	268	285	291
Professional and Business Services	1,365	1,735	1,768	1,406	1,878
Education and Health Services	2,248	2,314	2,489	2,499	2,572
Leisure and Hospitality	780	815	850	848	887
Other Services	730	726	670	698	660
Total Employment	9,265	9,703	9,749	9,448	9,980
Number of Establishments	785	803	824	778	771
Average Weekly Wages	\$ 785	\$ 753	\$ 765	\$ 822	\$ 817
Total Wages	\$ 380,519,102	\$ 385,849,438	\$ 394,787,605	\$ 410,954,326	\$ 431,217,183

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 March, 2015.

LARGEST EMPLOYERS

<u>Name</u>	<u>Product/Function</u>	<u>No. of Employees</u>
Stonehill College	Private Liberal Arts College	658
Southeastern Regional Voc. School	Education	600
Keller- Williams Real Estate	Real Estate	249-100
Roche Bros.	Grocery Store	205
Shaw's Supermarket	Grocery Store	200
Target	Retail	175
Hannaford's	Grocery Store	170
Pharmasol, Inc.	Aerosol Containers	110
Easton Lincoln Nursing Home	Nursing Home	108
Shaws Glass	Manufacturing	106
Ninety-Nine Restaurant	Restaurant	61

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 December 2014, the Town had a total labor force of 13,849 of which 13,315 were employed and 534 or 3.9% were unemployed as compared to 4.8% for the Commonwealth.

The following table sets forth the Town's average labor force and unemployment rates for calendar years 2009 through 2013 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>
2013	13,533	6.0	%	7.1	%
2012	13,308	5.9		6.7	
2011	13,195	6.2		6.6	
2010	13,350	7.5		8.5	
2009	13,492	7.4		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		
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
2012	48	34,541,832	7	4,165,825	302	6,575,804	72	31,540,183	429	76,823,644
2011	26	6,718,088	5	10,670,878	269	23,662,789	55	4,494,401	355	45,546,156
2010	26	9,715,500	2	108,000	288	8,441,400	90	13,268,113	406	31,533,013

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.

	<u>Fiscal 2011</u>	<u>Fiscal 2012</u>	<u>Fiscal 2013</u>	<u>Fiscal 2014</u>	<u>Fiscal 2015</u>
Total Appropriations(1)	\$ 75,150,417 (4)	\$ 68,857,912	\$ 72,182,174	\$ 74,344,970	\$ 78,893,445
Additions:					
State and County Assessments	643,901	682,186	676,961	706,152	747,784
Overlay Reserve	346,246	333,250	335,261	388,535	409,073
Other Additions	256,813	641,542	33,929	722,447	706,855
Total Additions	<u>1,246,960</u>	<u>1,656,978</u>	<u>1,046,151</u>	<u>1,817,134</u>	<u>1,863,712</u>
Gross Amount to be Raised	<u>76,397,377</u>	<u>70,514,890</u>	<u>73,228,325</u>	<u>76,162,104</u>	<u>80,757,157</u>
Deductions:					
Local Estimated Receipts	18,253,612 (4)	10,959,362	11,404,875	12,581,531	15,375,590
State Aid(2):	12,350,393	12,300,307	12,577,375	12,705,628	12,896,157
Available Funds(3):					
Free Cash	387,546	1,265,000	1,375,245	1,719,777	1,378,382
Other Available Funds	2,738,478	1,926,039	2,348,287	2,063,705	2,165,166
Total Deductions	<u>33,730,029</u>	<u>26,450,708</u>	<u>27,705,782</u>	<u>29,070,641</u>	<u>31,815,295</u>
Net Amount to be Raised (Tax Levy)	<u>\$42,667,348</u>	<u>\$44,064,182</u>	<u>\$45,522,543</u>	<u>\$47,091,463</u>	<u>\$48,941,862</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.
- (4) Increase due to appropriation of Community Preservation Fund reserves for the Town's share of a major private development project.

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 2014.

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)
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
2013	2,827,594,600	53,579,003	2,881,173,603	15.80	45,522,543	1,970
2012	2,893,719,000	53,717,892	2,947,436,892	14.95	44,064,182	1,907
2011	2,886,027,250	54,520,480	2,940,547,730	14.51	42,667,348	1,846

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

(2) Revaluation year.

Classification of Properties

The following is a breakdown of the Town's assessed valuation of real estate and personal property in fiscal years 2013, 2014 and 2015.

	Fiscal 2013		Fiscal 2014 (1)		Fiscal 2015	
	Assessed Valuation	% of Total	Assessed Valuation	% of Total	Assessed Valuation	% of Total
Residential	\$2,468,113,384	85.7 %	\$2,427,547,874	85.8 %	\$2,506,248,279	85.9 %
Commercial	257,075,416	8.9	244,338,126	8.6	243,868,421	8.4
Industrial	102,405,800	3.6	101,373,900	3.6	101,794,400	3.5
Personal	53,579,003	1.9	55,056,207	1.9	64,767,189	2.2
Total Real Estate	<u>\$2,881,173,603</u>	<u>100.0 %</u>	<u>\$2,828,316,107</u>	<u>100.0 %</u>	<u>\$2,916,678,289</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 2015. All taxpayers listed are current in their payments.

Name	Nature of Business	Fiscal 2015 Assessed Valuation	% of Total Assessed Valuation
Highlands Plaza LLC	Hannafords Shopping Plaza	\$ 16,907,800	0.58 %
Bay State Gas Company	Utility	16,966,190	0.58
R.K. Easton, LLC	Roche Bros. Plaza	14,058,600	0.48
Target Corporation	Target Shopping Plaza	13,450,400	0.46
AG-WP Easton LLC	Shaw's Shopping Plaza	11,887,300	0.41
Verizon New England	Utility	11,618,500	0.40
Queset on the Pond LLC	Apartment Complex	11,231,400	0.39
Massachusetts Electric Co.	Utility	10,246,910	0.35
Linda Sun Trustee	Sunco	9,900,000	0.34
North Easton Savings Bank	Bank	8,972,400	0.31
		<u>\$ 125,239,500</u>	<u>4.29 %</u>

State Equalized Valuation

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

January 1,	State Equalized Valuation	Percent Change
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
2006	3,201,540,800	24.8

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, 2014, 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, 2014 (2)	Amount Transferred to Overlay Surplus	Amount Remaining In Overlay
2014	\$ 46,702,928	\$ 388,535	0.83 %	\$ 240,261	\$ -	\$ 148,274
2013	45,187,282	335,261	0.74	299,314	39,480	(3,533)
2012	43,730,932	333,250	0.76	260,963	-	72,287
2011	42,321,102	346,246	0.82	318,278	-	27,968
2010	40,885,474	375,919	0.92	318,269	51,900	5,750

(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, 2014 (2)	
				Dollar Amount	% of Net Levy	Dollar Amount	% of Net Levy
2015	\$ 48,941,862	\$ 9,073	\$ 48,932,789	N.A.	N.A.	N.A.	N.A.
2014	47,091,463	388,535	46,702,928	\$ 46,114,248	98.74 %	\$ 46,114,248	98.74 %
2013	45,522,543	335,261	45,187,282	44,366,283	98.18	44,767,839	99.07
2012	44,064,182	333,250	43,730,932	42,964,296	98.25	43,293,273	99.00
2011	42,667,348	346,246	42,321,102	41,456,780	97.96	41,905,138	99.02
2010	41,261,393	375,919	40,885,474	39,882,883	97.55	40,326,706	98.63

(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>
2014	\$ 1,511,992
2013	1,440,335
2012	1,365,475
2011	1,244,757
2010	1,060,046

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.

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
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
2013	2,827,594,600	72,029,340	45,537,416	45,522,543	26,506,797	14,873
2012	2,947,436,892	73,685,922	44,089,596	44,064,182	29,621,740	25,414
2011	2,940,547,730	73,513,693	42,671,102	42,667,348	30,846,345	3,754

(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. The Town does not expect to utilize this option at the present time.

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>
2014	\$ 1,009,539	\$ 600,190	\$ 862,591 (2)	\$ 1,942,330
2013	984,562	299,064	1,599,777	3,116,909
2012	956,299	287,605	10,503,925 (3)	3,115,273
2011	927,820	289,934	751,042 (4)	2,124,853
2010	915,757	361,778	643,020	908,785

(1) Presented on a GAAP basis.

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

(3) Includes transfer of \$207,500 to affordable housing trust.

(4) Includes transfer of \$440,000 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 2011</u>	<u>Fiscal 2012</u>	<u>Fiscal 2013</u>	<u>Fiscal 2014</u>	<u>Fiscal 2015</u>
General Government	\$ 2,018,012	\$ 1,965,303	\$ 1,998,275	\$ 2,033,291	\$ 2,095,499
Public Safety	7,454,242	7,254,519	7,732,113	8,017,153	8,330,327
Education	32,640,817	33,094,753	34,430,266	35,450,273	37,162,713
Highway	2,710,636	2,522,086	2,549,884	2,614,906	2,676,089
Enterprise Funds	3,169,134	3,161,139	3,205,902	3,369,957	3,589,831
Miscellaneous (1)	1,213,282	1,181,382	1,249,850	1,269,021	1,358,190
Debt & Interest	4,803,735	4,936,444	4,986,199	4,880,542	4,893,861
Unclassified (2)	10,347,100	11,129,628	11,284,725	11,705,144	12,109,892
Total Budget	<u>\$ 64,356,958</u>	<u>\$ 65,245,254</u>	<u>\$ 67,437,214</u>	<u>\$ 69,340,287</u>	<u>\$ 72,216,402</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 \$252,039 in fiscal 2012, \$291,277 in fiscal 2013 and \$279,621 in fiscal 2014.

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. Effective November 21, 2005, customers are charged a customer service charge ranging from \$13.65 for most residential users to \$153.35 for heavy industrial consumption based on meter size. All users are charged \$3.19/1,000 gallons for 1 to 25,000 gallons, \$3.87/1,000 gallons for 25,001 to 100,000, and \$4.86/1,000 gallons for any additional consumption. Effective July 1, 2011, customers will be 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 \$3.19/1,000 gallons for 1 to 20,000 gallons, \$3.87/1,000 gallons for 20,001 to 50,000, and \$4.86/1,000 gallons for any additional consumption. In fiscal 2014, water operating revenues totaled \$2,920,345 and operating expenses totaled \$2,238,969. 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 is 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 2017. 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 range of reimbursement rates for new project grant applications submitted to the Authority on or after July 1, 2007 has been reduced to between 40% and 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 fiscal year 2013. A similar audit for fiscal 2014 is currently underway and expected to be completed in May, 2015. Upon completion, the audited financial statements for fiscal 2014 will be uploaded to EMMA and thereby amend this filing. Copies of prior audits are available upon request from the office of the Town Accountant.

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 the Annual Report. Except as stated in their report, the auditors have not been engaged to verify the financial information set out in the Annual Report 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, 2014 (draft), June 30, 2013, June 30, 2012 and June 30, 2011 and Statements of Revenues, Expenditures and Changes in Fund Balances for fiscal years ended June 30, 2014 (draft), June 30, 2013, June 30, 2012, June 30, 2011, June 30, 2010 and June 30, 2009. Said financial statements were extracted from the Town's audited financial statements with the exception of 2014 statements which were extracted from the Town's draft financials as prepared by Melanson Heath and Company and are subject to change. All such statements are presented in accordance with the fund method of accounting described in 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	-	-	446,588	446,588
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	\$ 6,618,903	\$ 24,814,663
LIABILITIES AND FUND BALANCES				
Liabilities:				
Warrants Payable	\$ 1,423,121	\$ -	\$ -	\$ 1,423,121
Accrued Liabilities	933,649	-	-	933,649
Deposits held in custody	-	-	38,794	38,794
Notes Payable	-	-	4,328,264	4,328,264
Other Liabilities	258,061	-	-	258,061
TOTAL LIABILITIES	2,614,831	-	4,367,058	6,981,889
Deferred Inflows of Resources	3,839,114	4,780	589,642	4,433,536
Fund Balances:				
Nonspendable	-	-	46,031	46,031
Restricted	-	5,794,514	3,275,412	9,069,926
Committed	1,021,452	-	-	1,021,452
Assigned	1,404,638	-	-	1,404,638
Unassigned	3,516,431	-	(1,659,240)	1,857,191
TOTAL FUND BALANCES	5,942,521	5,794,514	1,662,203	13,399,238
TOTAL LIABILITIES AND FUND BALANCES	\$ 12,396,466	\$ 5,799,294	\$ 6,618,903	\$ 24,814,663

(1) Extracted from the Town's draft financial statements prepared by Melanson Heath and Company; preliminary, subject to change.

**TOWN OF EASTON, MASSACHUSETTS
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2013(1)**

	General	Community Preservation Fund	Waste Water Capital Project Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS					
Cash and Short-Term Investments	\$ 5,419,870	\$ 1,293,587	\$ -	\$ 3,767,102	\$ 10,480,559
Investments	2,641,206	3,177,599	-	214,371	6,033,176
Receivables:					
Property Taxes	2,028,097	-	-	-	2,028,097
Excises	485,322	-	-	-	485,322
Betterments	-	-	-	370,507	370,507
Departmental	1,278,724	26,688	-	63,763	1,369,175
Intergovernmental	100,446	-	3,044,033	1,040,980	4,185,459
Due from other funds	1,174,501	-	-	-	1,174,501
TOTAL ASSETS	\$ 13,128,166	\$ 4,497,874	\$ 3,044,033	\$ 5,456,723	\$ 26,126,796
LIABILITIES AND FUND BALANCES					
Liabilities:					
Warrants Payable	\$ 2,289,836	\$ -	\$ -	\$ 334	\$ 2,290,170
Accrued Liabilities	733,237	-	-	-	733,237
Deposits held in custody	-	-	-	42,990	42,990
Retainage Payable	-	-	160,702	-	160,702
Notes Payable	-	500,000	35,000	953,574	1,488,574
Due to Other Funds	-	-	1,174,501	-	1,174,501
Other Liabilities	223,537	-	-	-	223,537
TOTAL LIABILITIES	3,246,610	500,000	1,370,203	996,898	6,113,711
Deferred Inflows of Resources	3,435,748	26,688	-	1,248,647	4,711,083
Fund Balances:					
Nonspendable	-	-	-	46,031	46,031
Restricted	-	3,971,186	1,673,830	3,611,552	9,256,568
Committed	1,090,791	-	-	-	1,090,791
Assigned	1,656,664	-	-	-	1,656,664
Unassigned	3,698,353	-	-	(446,405)	3,251,948
TOTAL FUND BALANCES	6,445,808	3,971,186	1,673,830	3,211,178	15,302,002
TOTAL LIABILITIES AND FUND BALANCES	\$ 13,128,166	\$ 4,497,874	\$ 3,044,033	\$ 5,456,723	\$ 26,126,796

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

**TOWN OF EASTON, MASSACHUSETTS
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2012(1)**

	General	Community Preservation Fund	School Building Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS					
Cash and Short-Term Investments	\$ 6,357,539	\$ 2,852,870	\$ -	\$ 4,191,923	\$ 13,402,332
Investments	1,905,279	1,427,241	-	-	3,332,520
Receivables:					
Property Taxes	1,998,341	-	-	-	1,998,341
Excises	454,011	-	-	-	454,011
Betterments	-	-	-	28,517	28,517
Departmental	935,554	25,002	-	23,321	983,877
Intergovernmental	51,353	-	-	505,895	557,248
Other Assets	-	-	-	119,035	119,035
TOTAL ASSETS	\$ 11,702,077	\$ 4,305,113	\$ -	\$ 4,868,691	\$ 20,875,881
LIABILITIES AND FUND BALANCES					
Liabilities:					
Warrants Payable	\$ 1,018,831	\$ -	\$ -	\$ 204,554	\$ 1,223,385
Accrued Liabilities	784,117	-	-	-	784,117
Deferred Revenues	3,139,396	25,002	-	473,598	3,637,996
Deposits held in custody	-	-	-	47,584	47,584
Notes Payable	-	2,375,000	275,000	2,055,100	4,705,100
Other Liabilities	246,945	-	-	-	246,945
TOTAL LIABILITIES	5,189,289	2,400,002	275,000	2,780,836	10,645,127
Fund Balances:					
Nonspendable	-	-	-	46,031	46,031
Restricted	-	1,905,111	-	3,636,903	5,542,014
Committed	2,576,545	-	-	-	2,576,545
Assigned	1,296,932	-	-	-	1,296,932
Unassigned	2,639,311	-	(275,000)	(1,595,079)	769,232
TOTAL FUND BALANCES	6,512,788	1,905,111	(275,000)	2,087,855	10,230,754
TOTAL LIABILITIES AND FUND BALANCES	\$ 11,702,077	\$ 4,305,113	\$ -	\$ 4,868,691	\$ 20,875,881

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

**TOWN OF EASTON, MASSACHUSETTS
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2011(1)**

	General	Community Preservation Fund	School Building Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS					
Cash and Short-Term Investments	\$ 5,619,637	\$ 5,506,670	\$ 4,386	\$ 3,217,527	\$ 14,348,220
Investments	1,216,661	5,587,449	-	259,121	7,063,231
Receivables:					
Property Taxes	1,920,063	-	-	-	1,920,063
Excises	382,768	-	-	-	382,768
Betterments	-	-	-	31,894	31,894
Departmental	528,138	27,709	-	48,543	604,390
Intergovernmental	41,210	-	-	272,311	313,521
TOTAL ASSETS	\$ 9,708,477	\$ 11,121,828	\$ 4,386	\$ 3,829,396	\$ 24,664,087
LIABILITIES AND FUND BALANCES					
Liabilities:					
Warrants Payable	\$ 946,636	\$ -	\$ -	\$ 2,350	\$ 948,986
Accrued Liabilities	643,366	-	-	-	643,366
Deferred Revenues	2,563,709	27,709	-	349,262	2,940,680
Deposits held in custody	-	-	-	70,099	70,099
Notes Payable	-	-	3,000,000	-	3,000,000
Other Liabilities	218,969	-	-	70,415	289,384
TOTAL LIABILITIES	4,372,680	27,709	3,000,000	492,126	7,892,515
Fund Balances:					
Nonspendable	-	11,094,119	-	46,031	11,140,150
Restricted	-	-	-	3,536,425	3,536,425
Committed	1,811,242	-	-	-	1,811,242
Assigned	1,753,132	-	-	-	1,753,132
Unassigned	1,771,423	-	(2,995,614)	(245,186)	(1,469,377)
TOTAL FUND BALANCES	5,335,797	11,094,119	(2,995,614)	3,337,270	16,771,572
TOTAL LIABILITIES AND FUND BALANCES	\$ 9,708,477	\$ 11,121,828	\$ 4,386	\$ 3,829,396	\$ 24,664,087

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

**TOWN OF EASTON, MA
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	101,938	244,575
Other	757,289	255	2,554,865	3,312,409
Total Revenues	<u>\$ 73,678,126</u>	<u>\$ 1,685,925</u>	<u>\$ 9,528,107</u>	<u>\$ 84,892,158</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	-	5,612,344	48,736,813
Public Works	3,065,729	-	3,589,632	6,655,361
Human Services	799,478	-	13,106	812,584
Culture and Recreation	493,859	-	238,214	732,073
Debt Service	4,770,546	271,561	-	5,042,107
Intergovernmental	762,966	-	-	762,966
Capital Outlay	367,556	363,812	-	731,368
Total Expenditures	<u>75,207,764</u>	<u>702,597</u>	<u>10,685,686</u>	<u>86,596,047</u>
Excess (deficiency) of revenues over expenditures	\$ (1,529,638)	\$ 983,328	\$ (1,157,579)	\$ (1,703,889)
Other Financing Sources (Uses):				
Issuance of debt	-	500,000	545,000	1,045,000
Transfers In	1,144,149	500,000	263,955	1,908,104
Transfers Out	(117,798)	(160,000)	(1,200,351)	(1,478,149)
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	(503,287)	1,823,328	(1,548,975)	(228,934)
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>\$ 5,942,521</u>	<u>\$ 5,794,514</u>	<u>\$ 1,662,203</u>	<u>\$ 13,399,238</u>

(1) Extracted from the Town's draft financial statements prepared by Melanson Heath and Company; preliminary, subject to change.

**TOWN OF EASTON, MA
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, MA
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.

**TOWN OF EASTON, MA
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2011 (1)**

	General	Community Preservation Fund	School Building Fund	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES:					
Property Taxes	\$ 42,375,788	\$ 913,508	\$ -	\$ 3,376	\$ 43,292,672
Excises	2,915,169	-	-	-	2,915,169
Departmental	646,653	-	-	1,419,694	2,066,347
Licenses and Permits	794,714	-	-	-	794,714
Fines and Forfeitures	409,704	2,746	-	1,758	414,208
Intergovernmental	18,217,651	289,934	-	3,407,097	21,914,682
Investment Income	29,357	131,569	-	22,348	183,274
Other	1,074,432	-	-	2,257,966	3,332,398
Total Revenues	<u>\$ 66,463,468</u>	<u>\$ 1,337,757</u>	<u>\$ -</u>	<u>\$ 7,112,239</u>	<u>\$ 74,913,464</u>
Expenditures:					
Current:					
General Government	12,052,774	18,552	-	642,904	12,714,230
Public Safety	7,470,938	-	-	725,334	8,196,272
Education	38,584,603	-	-	4,160,261	42,744,864
Public Works	3,261,356	-	-	1,152,917	4,414,273
Human Services	793,185	-	-	12,591	805,776
Culture and Recreation	467,722	-	-	237,843	705,565
Debt Service	4,861,237	108,425	-	-	4,969,662
Intergovernmental	637,032	-	-	-	637,032
Capital Outlay	222,718	184,065	-	-	406,783
Total Expenditures	<u>68,351,565</u>	<u>311,042</u>	<u>-</u>	<u>6,931,850</u>	<u>75,594,457</u>
Excess (deficiency) of revenues over Expenditures	\$ (1,888,097)	\$ 1,026,715	\$ -	\$ 180,389	\$ (680,993)
Other Financing Sources (Uses):					
Issuance of debt	-	-	-	845,000	845,000
Transfers In	1,059,987	15,000	-	487,843	1,562,830
Transfers Out	(47,843)	(440,000)	-	(527,234)	(1,015,077)
Total Other Financing Sources (Uses)	<u>1,012,144</u>	<u>(425,000)</u>	<u>-</u>	<u>805,609</u>	<u>1,392,753</u>
Change in fund balance	(875,953)	601,715	-	985,998	711,760
Fund Balance, at Beginning of Year	6,211,750	10,492,404	(2,995,614)	2,351,272	16,059,812
Fund Balance, at End of Year	<u>\$ 5,335,797</u>	<u>\$ 11,094,119</u>	<u>\$ (2,995,614)</u>	<u>\$ 3,337,270</u>	<u>\$ 16,771,572</u>

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

**TOWN OF EASTON, MA
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2010 (1)**

	General	Community Preservation Fund	School Building Fund	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES:					
Property Taxes	\$ 40,825,959	\$ 905,465	\$ -	\$ 3,376	\$ 41,734,800
Excises	2,704,299	-	-	-	2,704,299
Departmental	623,454	-	-	1,693,587	2,317,041
Licenses and Permits	967,875	-	-	-	967,875
Fines and Forfeitures	340,132	3,689	-	802	344,623
Intergovernmental	18,414,345	361,778	833,122	2,754,973	22,364,218
Investment Income	33,871	229,061	-	77,823	340,755
Other	590,157	-	-	2,132,401	2,722,558
Total Revenues	<u>\$ 64,500,092</u>	<u>\$ 1,499,993</u>	<u>\$ 833,122</u>	<u>\$ 6,662,962</u>	<u>\$ 73,496,169</u>
Expenditures:					
Current:					
General Government	11,702,928	7,199	-	786,916	12,497,043
Public Safety	6,955,668	-	-	892,668	7,848,336
Education	36,969,842	-	73,403	3,899,430	40,942,675
Public Works	2,882,411	-	-	653,327	3,535,738
Human Services	704,722	-	-	18,139	722,861
Culture and Recreation	516,245	-	-	259,837	776,082
Debt Service	4,367,964	110,625	-	-	4,478,589
Intergovernmental	643,114	-	-	-	643,114
Capital Outlay	273,386	525,197	-	-	798,583
Total Expenditures	<u>65,016,280</u>	<u>643,021</u>	<u>73,403</u>	<u>6,510,317</u>	<u>72,243,021</u>
Excess (deficiency) of revenues over Expenditures	\$ (516,188)	\$ 856,972	\$ 759,719	\$ 152,645	\$ 1,253,148
Other Financing Sources (Uses):					
Bond Proceeds	-	-	4,000,000	2,210,000	6,210,000
Transfers In	1,745,346	-	190,000	423,494	2,358,840
Transfers Out	(604,979)	-	-	(1,206,108)	(1,811,087)
Total Other Financing Sources (Uses)	<u>1,140,367</u>	<u>-</u>	<u>4,190,000</u>	<u>1,427,386</u>	<u>6,757,753</u>
Change in fund balance	624,179	856,972	4,949,719	1,580,031	8,010,901
Fund Balance, at Beginning of Year	3,105,327	9,635,432	(7,945,333)	3,253,485	8,048,911
Fund Balance, at End of Year	<u>\$ 3,729,506</u>	<u>\$ 10,492,404</u>	<u>\$ (2,995,614)</u>	<u>\$ 4,833,516</u>	<u>\$ 16,059,812</u>

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

**TOWN OF EASTON, MA
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2009 (1)**

	General	ARRA Fund	Community Preservation Fund	School Building Fund	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES:						
Property Taxes	\$ 39,293,236	\$ -	\$ 879,044	\$ -	\$ 4,175	\$ 40,176,455
Excises	2,838,017	-	-	-	-	2,838,017
Departmental	654,632	-	-	-	1,926,021	2,580,653
Licenses and Permits	721,144	-	-	-	-	721,144
Fines and Forfeitures	304,181	-	2,895	-	2,384	309,460
Intergovernmental	18,065,235	1,030,005	643,135	856,840	2,681,802	23,277,017
Investment Income	56,833	-	258,060	-	71,625	386,518
Other	784,684	-	-	6,300	1,368,380	2,159,364
Total Revenues	\$ 62,717,962	\$ 1,030,005	\$ 1,783,134	\$ 863,140	\$ 6,054,387	\$ 72,448,628
Expenditures:						
Current:						
General Government	11,075,419	-	11,009	-	1,528,733	12,615,161
Public Safety	7,145,163	-	-	-	1,076,609	8,221,772
Education	35,937,526	1,030,005	-	2,066,048	3,148,309	42,181,888
Public Works	3,186,319	-	-	-	724,151	3,910,470
Human Services	666,058	-	-	-	36,284	702,342
Culture and Recreation	541,622	-	-	-	245,496	787,118
Debt Service	4,534,670	-	107,850	-	-	4,642,520
Intergovernmental	705,727	-	-	-	-	705,727
Capital Outlay	423,384	-	145,614	-	209,969	778,967
Total Expenditures	64,215,888	1,030,005	264,473	2,066,048	6,969,551	74,545,965
Excess (deficiency) of revenues over Expenditures	\$ (1,497,926)	\$ -	\$ 1,518,661	\$ (1,202,908)	\$ (915,164)	\$ (2,097,337)
Other Financing Sources (Uses):						
Transfers In	1,444,952	-	-	-	857,571	2,302,523
Transfers Out	(857,571)	-	-	-	(870,049)	(1,727,620)
Total Other Financing Sources (Uses)	587,381	-	-	-	(12,478)	574,903
Change in fund balance	(910,545)	-	1,518,661	(1,202,908)	(927,642)	(1,522,434)
Fund Balance, at Beginning of Year	4,015,872	-	8,116,771	(6,742,425)	4,181,127	9,571,345
Fund Balance, at End of Year	\$ 3,105,327	\$ -	\$ 9,635,432	\$ (7,945,333)	\$ 3,253,485	\$ 8,048,911

(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>
2014	\$1,536,299
2013 (1)	1,865,659
2012 (2)	1,776,910
2011 (3)	1,402,992
2010 (4)	1,515,679

- (1) On May 19, 2014, the Town appropriated \$1,037,078 in order to balance the fiscal 2015 operating budget.
(2) On May 20, 2013, the Town appropriated \$1,100,000 in order to balance the fiscal 2014 operating budget.
(3) On May 21, 2012, the Town appropriated \$1,100,000 in order to balance the fiscal 2013 operating budget.
(4) On May 16, 2011, the Town appropriated \$1,265,000 in order to balance the fiscal 2012 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>
2014	\$ 1,649,324
2013	1,381,900
2012	1,472,627
2011	814,440 (1)
2010	2,053,809

- (1) Reduction reflects appropriation of funds to create the Capital Stabilization Fund. See below.

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, 2014 was \$416,317. The Capital Stabilization Fund will not be used to pay debt service on the Bonds.

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>
2014	\$ 173,324	\$ 20,267
2013	191,320	21,274
2012	246,551	10,687
2011	317,709	23,311
2010	398,127	21,855

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>
2014	\$ 1,384,333
2013	1,393,516
2012	1,389,698
2011	1,630,242
2010	1,628,449

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, solid waste disposal facility bonds and economic development bonds supported by tax increment financing; and subject to special debt limits, bonds for water (limited to 10 percent of equalized valuation), housing, urban renewal, and economic development (subject to various debt limits), and electric, gas community antenna television systems, telecommunications systems (subject to separate limits). 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 five 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, 2014 – Includes Effects of Subsequent New Money & Refunding Bond Issue**

General Obligation Bonds and Serial Notes		
Outstanding:		
School (1)	\$ 23,571,500	
Water (2)	2,055,000	
MCWT (3)	6,150,099	
Landfill (4)	1,924,000	
Land Acquisition (5)	4,249,270	
General	<u>4,770,230</u>	
		\$ 42,720,099
Temporary Loans Outstanding		
Bond Anticipation Notes Outstanding (6)		<u>6,633,495</u>
Total Direct Debt		<u><u>\$ 49,353,594</u></u>

- (1) Does not reflect reimbursement expected to be received from the Massachusetts School Building Authority in the form of school building assistance grants. \$23,141,500 is exempt from the limits of Proposition 2 ½ and \$5,120,000 is not subject to the debt limit.
- (2) Subject to a separate debt limit of 10% of the Town's equalized valuation, or \$300,841,720.
- (3) Does not reflect subsidy expected from MCWT. \$1,045,564 is exempt from the limits of Proposition 2 ½ and \$1,235,564 is not subject to the debt limit.
- (4) Not subject to the debt limit.
- (5) \$347,000 is not subject to the debt limit.
- (6) Payable August 21, 2015.

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
2014 (3)	\$ 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
2012	37,149,119	23,112	3,256,098,100	1,607	1.14
2011	40,866,012	23,112	3,256,098,100	1,768	1.26
2010	43,309,293	23,112	3,525,933,800	1,874	1.23

(1) Based on 2010 Federal Census.

(2) 2008 equalized valuation used for fiscal years 2010; 2010 equalized valuation used for fiscal years 2011 and 2012; 2012 equalized valuation used for fiscal years 2013 and 2014.

(3) Does not include effects of subsequent bond issue.

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, 2014 - Includes Effects of Subsequent New Money & Refunding Bond Issue

Fiscal Year	School (1)	Water (2)	MCWT (3)	Landfill (4)	General	Land Acquisition (5)	Total Outstanding Principal
2015	\$ 2,625,000	\$ 420,000	\$ 294,437	\$ 314,000	\$ 460,230	\$ 260,770	\$ 4,374,437
2016	2,670,000	395,000	353,738	305,000	575,000	270,000	4,568,738
2017	2,715,000	185,000	288,274	300,000	475,000	275,000	4,238,274
2018	2,771,500	135,000	287,908	220,000	475,000	273,500	4,162,908
2019	1,465,000	75,000	292,644	220,000	465,000	285,000	2,802,644
2020	1,495,000	70,000	297,482	210,000	370,000	285,000	2,727,482
2021	1,525,000	70,000	294,854	120,000	325,000	275,000	2,609,854
2022	1,570,000	70,000	299,906	120,000	320,000	280,000	2,659,906
2023	1,615,000	70,000	305,066	115,000	295,000	285,000	2,685,066
2024	1,580,000	70,000	307,877		295,000	295,000	2,547,877
2025	1,625,000	70,000	313,264		165,000	250,000	2,423,264
2026	1,680,000	70,000	318,768		165,000	245,000	2,478,768
2027	235,000	70,000	324,392		165,000	130,000	924,392
2028		70,000	330,138		105,000	130,000	635,138
2029		70,000	336,009		95,000	135,000	636,009
2030		40,000	342,008		5,000	140,000	527,008
2031		35,000	348,137		5,000	140,000	528,137
2032		35,000	354,399		5,000	145,000	539,399
2033		35,000	360,797		5,000	150,000	550,797
2034			50,000				50,000
2035			50,000				50,000
Total	\$ 23,571,500	\$ 2,055,000	\$ 6,150,099	\$ 1,924,000	\$ 4,770,230	\$ 4,249,270	\$ 42,720,099

(1) Does not reflect reimbursement expected to be received from the Massachusetts School Building Authority in the form of school building assistance grants. \$23,141,500 is exempt from the limits of Proposition 2 ½ and \$5,120,000 is not subject to the debt limit.

(2) Subject to a separate debt limit of 10% of the Town's equalized valuation, or \$300,841,720.

(3) Does not reflect subsidy expected from MCWT. \$1,045,564 is exempt from the limits of Proposition 2 ½ and \$1,235,564 is not subject to the debt limit.

(4) Not subject to the debt limit.

(5) \$347,000 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, 2014 - Includes Effects of Subsequent New Money & Refunding Bond Issue					
Fiscal Year	Total Principal	Total Interest	Expected MSBA Grants	Expected MCWT Subsidy	Total Outstanding Net Debt Service
2015	\$ 4,374,437	\$ 1,349,841	\$ (983,980)	\$ (2,332)	\$ 4,737,966
2016	4,568,738	1,197,843	(983,980)	(1,921)	4,780,680
2017	4,238,274	1,025,600	(983,980)	(1,505)	4,278,389
2018	4,162,908	877,941	(983,980)	(1,069)	4,055,800
2019	2,802,644	777,464	-	(634)	3,579,474
2020	2,727,482	693,833	-	(208)	3,421,107
2021	2,609,854	596,873	-	-	3,206,727
2022	2,659,906	505,484	-	-	3,165,390
2023	2,685,066	411,970	-	-	3,097,035
2024	2,547,877	320,477	-	-	2,868,354
2025	2,423,264	231,422	-	-	2,654,686
2026	2,478,768	145,166	-	-	2,623,934
2027	924,392	89,569	-	-	1,013,961
2028	635,138	66,177	-	-	701,315
2029	636,009	52,596	-	-	688,605
2030	527,008	40,709	-	-	567,717
2031	528,137	30,278	-	-	558,415
2032	539,399	19,493	-	-	558,892
2033	550,797	8,445	-	-	559,242
2034	50,000	-	-	-	50,000
2035	50,000	-	-	-	50,000
Total	\$ 42,720,099	\$ 8,441,179	\$ (3,935,920)	\$ (7,670)	\$ 47,217,688

Authorized Unissued Debt and Prospective Financing

As of the date of this Annual Report, the Town has the following authorized unissued debt:

Purpose	Amount Authorized Unissued
Library Construction/Remodeling/Access	\$ 36,000
Septic System	62,343
Library Access Road	400,000
School Boiler	250,000
Wastewater Treatment Facility	124,705
Departmental Equipment	10,000
Middle School Roof	1,153,922
FY14 Capital Improvements	525,000
Septic Loan Program	500,000
Elementary School Roof/Boiler Replacement	1,500,000
Depot Street Land Acquisition	2,930,000
FY15 Capital Improvements	2,298,495
Septic System Upgrade	1,000,000
Total	\$ 10,790,465

Overlapping Debt

The Town of Easton 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 2015 assessment to the Town by each.

<u>Overlapping Entity</u>	<u>Outstanding Debt</u>	<u>Easton's Estimated Share</u>	<u>Fiscal 2015 Dollar Assessment(1)</u>
Bristol County(2)	\$ 1,055,504	5.34%	\$ 312,026
Southeastern Regional Vocational Technical High School District(3)	5,670,000	9.00%	592,576

- (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, 2014. 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, 2014. 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 2015 to provide school busing service, the annual base cost for which is \$839,340 per year. The school department plans to take bids for a new contract in the spring of 2015.

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 6,142 total participants in the System of which 464 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
2015 (Budget)	\$ 3,152,979
2014	3,031,082
2013	2,811,958
2012	2,709,982
2011	2,628,249
2010	2,528,509

The unfunded actuarial liability of the Bristol County contributory retirement system on January 1, 2014 was approximately \$324,226,009 assuming an investment rate of 8.0%. Easton's share of the unfunded contributory retirement system benefits is approximately \$34,165,600.

Bristol County Contributory Retirement System Funding Schedule

Fiscal Year Ending	Payroll*	Employee Contribution	Employer Normal Cost with Interest	Amortization Payments with Interest	Employer Total Cost with Interest	Employer Total Cost % of Payroll	Funded Ratio %* *
2015	\$141,877,055	\$12,263,065	\$5,653,047	\$26,042,680	\$31,695,727	22.3	61.4
2016	\$147,552,137	\$12,863,163	\$5,765,295	\$27,990,654	\$33,755,949	22.9	63.7
2017	\$153,454,223	\$13,491,648	\$5,877,477	\$30,072,609	\$35,950,086	23.4	66.0
2018	\$159,592,392	\$14,149,831	\$5,989,410	\$32,297,432	\$38,286,842	24.0	68.3
2019	\$165,976,087	\$14,839,082	\$6,100,894	\$34,674,592	\$40,775,486	24.6	70.7
2020	\$172,615,131	\$15,560,833	\$6,211,713	\$36,540,320	\$42,752,033	24.8	73.1
2021	\$179,519,736	\$16,316,581	\$6,321,636	\$38,163,532	\$44,485,168	24.8	75.5
2022	\$186,700,525	\$17,107,892	\$6,430,414	\$39,859,789	\$46,290,203	24.8	78.0
2023	\$194,168,546	\$17,936,402	\$6,537,780	\$41,163,432	\$47,701,212	24.6	80.6
2024	\$201,935,288	\$18,803,820	\$6,643,447	\$41,934,954	\$48,578,401	24.1	83.2
2025	\$210,012,700	\$19,711,933	\$6,747,106	\$43,822,027	\$50,569,133	24.1	85.8
2026	\$218,413,208	\$20,662,608	\$6,848,429	\$45,794,018	\$52,642,447	24.1	88.5
2027	\$227,149,736	\$21,657,799	\$6,947,062	\$47,854,749	\$54,801,811	24.1	91.3
2028	\$236,235,726	\$22,699,545	\$7,042,628	\$50,008,213	\$57,050,841	24.1	94.1
2029	\$245,685,155	\$23,789,978	\$7,134,724	\$52,258,582	\$59,393,306	24.2	97.0
2030	\$255,512,561	\$24,931,326	\$7,222,920	\$0	\$7,222,920	2.8	100.0
2031	\$265,733,063	\$26,125,919	\$7,306,756	\$0	\$7,306,756	2.7	100.0
2032	\$276,362,386	\$27,376,188	\$7,385,742	\$0	\$7,385,742	2.7	100.0
2033	\$287,416,881	\$28,684,678	\$7,459,356	\$0	\$7,459,356	2.6	100.0
2034	\$298,913,556	\$30,054,045	\$7,527,042	\$0	\$7,527,042	2.5	100.0
2035	\$310,870,099	\$31,487,065	\$7,588,208	\$0	\$7,588,208	2.4	100.0
2036	\$323,304,903	\$32,986,641	\$7,642,224	\$0	\$7,642,224	2.4	100.0
2037	\$336,237,099	\$34,555,804	\$7,688,420	\$0	\$7,688,420	2.3	100.0
2038	\$349,686,583	\$36,197,721	\$7,726,084	\$0	\$7,726,084	2.2	100.0
2039	\$363,674,046	\$37,915,702	\$7,754,460	\$0	\$7,754,460	2.1	100.0
2040	\$378,221,008	\$39,713,206	\$7,772,745	\$0	\$7,772,745	2.1	100.0
2041	\$393,349,848	\$41,301,734	\$8,083,654	\$0	\$8,083,654	2.1	100.0
2042	\$409,083,842	\$42,953,803	\$8,407,001	\$0	\$8,407,001	2.1	100.0
2043	\$425,447,196	\$44,671,956	\$8,743,281	\$0	\$8,743,281	2.1	100.0
2044	\$442,465,084	\$46,458,834	\$9,093,012	\$0	\$9,093,012	2.1	100.0
2045	\$460,163,687	\$48,317,187	\$9,456,732	\$0	\$9,456,732	2.1	100.0
2046	\$478,570,234	\$50,249,875	\$9,835,002	\$0	\$9,835,002	2.1	100.0

Source: 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>
2015 (Budget)	\$ 1,973,487
2014	1,855,077
2013	1,851,946
2012	1,830,089
2011	1,764,718
2010	1,786,060

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 January 1, 2013, the Town's unfunded actuarial accrued liability was approximately \$97,390,960 (assuming a 4.25% discount rate) and the annual required contribution was \$7,641,998 for fiscal 2013 and \$8,016,058 for fiscal 2014. 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. As of June 30, 2014, the balance of the OPEB Trust was \$50,686.

EMPLOYEE RELATIONS

The Town presently employs approximately 853 full-time and part-time workers, 686 of whom are employed by the school department, 35 by the public works department, 35 by the fire department, 37 by the police department, and the remaining 60 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. Unions represent approximately 137 town employees and 441 school employees, including 277 teachers. The teachers' current contract extends through August 31, 2015. The fire contract expired on June 30, 2012, and has a ratified contract awaiting Town Meeting approval in May 2015 which would extend the contract through June 30, 2015. All other unions (DPW, police, dispatchers, clerical, administrative/professional) have contracts extending through June 30, 2015.

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.

TOWN OF EASTON, MASSACHUSETTS
/s/ Teresa DeSilva, Treasurer

March 27, 2015