

CITY OF ATTLEBORO, MASSACHUSETTS

ANNUAL FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2012

CITY OF ATTLEBORO, MASSACHUSETTS

June 30, 2012

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CITY OF ATTLEBORO, MASSACHUSETTS

June 30, 2012

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HAGUE, SAHADY & CO., P.C.

CERTIFIED PUBLIC ACCOUNTANTS

126 President Avenue

Fall River, MA 02720

TEL. (508) 675-7889

FAX (508) 675-7859

Honorable Mayor and
Members of the City Council
City of Attleboro
Attleboro, Massachusetts

Independent Auditors' Report

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Attleboro, Massachusetts, as of and for the year ended June 30, 2012, (except for the Attleboro Contributory Retirement System and the Attleboro Free Public Library Trust which is as of and for the year ended December 31, 2011), which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Attleboro's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Free Public Library Trust, which is presented as a discretely presented component unit. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Library, is based on the report of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City of Attleboro's internal control over financial reporting. Accordingly, we express no opinion. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Attleboro, Massachusetts as of June 30, 2012 (except for the Attleboro Contributory Retirement System and the Attleboro Free Public Library Trust which is as of and for the year ended December 31, 2011), and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Continued

In accordance with *Government Auditing Standards*, we have also issued our report dated March 1, 2013 on our consideration of the City's internal control over financial reporting and on our test of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in the assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that management's discussion and analysis and budgetary comparison information on pages 3 through 16 and 64 through 67 be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical content. We have applied certain limited procedures to be required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Attleboro's basic financial statements. The supplementary statements and schedules on pages 74 through 79 are presented for purposes of additional analysis and are not a required part of the basic financial statements. The supplementary statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The schedule of funding progress and employers' contributions on pages 71 through 73 have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Hague, Sabady & Co. PC

March 1, 2013

CITY OF ATTLEBORO, MASSACHUSETTS

Management's Discussion and Analysis (MD&A)

Year Ended June 30, 2012

The management of the **City of Attleboro Massachusetts** (herein, City), offers readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2012 and 2011. We encourage readers to consider the information presented here in conjunction with additional information found within the body of the audit.

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

Financial Highlights:

- The assets of the City exceeded liabilities at June 30, 2012 and 2011, respectively by \$86,510,714 and \$77,531,899 (net assets).
- In fiscal year ended June 30, 2012, the City's total net assets increased by \$8,978,815.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending balances of \$19,734,148. Approximately twenty-three percent of the total amount, \$4,661,413 is available for spending at the City's discretion (unreserved fund balance).

Overview of the Financial Statements

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

Government-Wide Statement

The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private sector business. The statements provide both short-term and long-term information about City's financial position, which assists in assessing the City's economic position at the end of the fiscal year.

The government-wide financial statements include two statements:

Statement of Net Assets - Presents all of the government's assets and liabilities, with the difference being reported as net assets. The amount of net assets is widely considered a good measure of the City's financial health as increases and decreases in the City's net assets serves as a useful indicator of whether the financial position is improving or deteriorating.

Continued

CITY OF ATTLEBORO, MASSACHUSETTS

Management's Discussion and Analysis (MD&A)

Year Ended June 30, 2012

Government-Wide Statement (Continued)

Statement of Activities - Presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported for some items that will not result in cash flows until future fiscal periods, i.e., uncollected taxes or earned but unused sick and vacation time.

Both of the government-wide financial statements distinguish functions and activities of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions and activities that are intended to recover all or a significant portion of their costs through user fees or charges (business-type activities).

The government-wide financial statements of the City are divided into three categories:

- **Governmental activities** - Governmental activities of the City such as general government, public works, public safety, education, community and economic development, and culture and recreation are reported here. Property taxes, state aid, local fees and charges finance most of these activities.
- **Business-type activities** - Business-type activities of the City such as water and wastewater are reported here. Charges for services finance most of these activities.
- **Component units** - The government-wide financial statements not only include the governmental and business-type activities (known as the primary government) but also legally separate entities. There are three legally separate component unit entities included in this report, which are the Attleboro Contributory Retirement System and the Attleboro Free Public Library Trust Fund, and the Community Development for Attleboro, Inc.

Fund Financial Statements

Traditional users of government financial statements will find the fund financial statement presentation to be most familiar. A fund is a grouping of related accounts that is used to keep control over resources that have been allocated to specific projects or activities. The City uses fund accounting to ensure and demonstrate compliance with several finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental, proprietary, and fiduciary funds. Fiduciary funds for the City consist of the pension trust fund, the private purpose trust funds and the agency funds. The proprietary funds for the City is the water and wastewater and the medical claims trust funds. All other activities of the City are included in the governmental funds.

All of the funds of the City can be divided into three categories as follows:

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

Continued

CITY OF ATTLEBORO, MASSACHUSETTS

Management's Discussion and Analysis (MD&A)

Year Ended June 30, 2012

Fund Financial Statements (Continued)

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

Most of the basic services provided by the City are financed through governmental funds. These funds are reported using an accounting method called "modified accrual accounting", which measures cash, and all other financial assets that can readily be converted to cash. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the general fund which is considered a major fund and data from all of the other governmental funds, which are considered non-major funds, are combined into a single aggregated presentation. Individual fund data for these nonmajor governmental funds is provided in the form of combining statements, which are not required but are supplementary information.

The City adopts an annual budget for its general fund. A budgetary comparison statement has been provided to demonstrate compliance with the budget.

The governmental fund financial statements can be found on pages 22 through 23 of this report. The budgetary statements can be found on pages 64 through 65 of this report.

Proprietary funds: The City maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its water and wastewater operations. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among various functions. The City uses internal services funds to account for the purchasing of health insurance. Because these services predominantly benefit governmental rather than business-type functions, they have been included within *governmental activities* in the government-wide financial statements. The accrual basis of accounting is used for the proprietary fund.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide information for the enterprise fund consisting of the water and wastewater operations as well as the internal service fund which is considered major funds.

The City adopts an annual budget for its water and wastewater funds. Budgetary comparison statements have been provided to demonstrate compliance with those budgets.

The proprietary fund financial statements can be found on pages 26 through 29 of this report. The budgetary statements can be found on pages 66 and 67 of this report.

Fiduciary funds: Fiduciary funds are used to account for resources held for the benefit of parties outside the government. The City is the trustee, or fiduciary, for certain assets that because of a trust arrangement can be used only for the trust beneficiaries and the agency fund. The City is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the City's fiduciary activities are reported in a separate statement of fiduciary net assets and a statement of changes in fiduciary net assets. These activities are excluded from the City's government-wide financial statements because the City cannot use these assets to finance its operations. The accounting used for fiduciary funds is the accrual basis of accounting. The fiduciary funds financial statements can be found on pages 30 through 31 of this report.

Continued

CITY OF ATTLEBORO, MASSACHUSETTS

Management's Discussion and Analysis (MD&A)

Year Ended June 30, 2012

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes can be found on pages 32 through 63 of this report.

Other Required Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning all legally adopted budgets and schedules of both funding progress and of employers' contributions for the Attleboro Contributory Retirement System. The City appropriates an annual appropriation budget for the general, water and wastewater funds. Budgetary comparison schedules are presented to demonstrate compliance with the budget on pages 64 through 67.

Government-Wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities by \$86.5 million as of June 30, 2012 and \$77.5 million as of June 30, 2011. Key components of the City's activities are presented below. The following table reflects the condensed net assets based on the statement of net assets found on page 17 and 18 of the financial statement.

CITY OF ATTLEBORO, MASSACHUSETTS

Management's Discussion and Analysis (MD&A)

Year Ended June 30, 2012

Government-Wide Financial Analysis (Continued)

Statement of Net Assets Primary Government						
June 30, 2012 and 2011						
	Governmental Activities		Business-Type Activities		Total	
	2012	2011	2012	2011	2012	2011
Assets						
Current assets	\$ 45,890,821	\$ 40,103,562	\$ 8,319,303	\$ 8,201,953	\$ 54,210,124	\$ 48,305,515
Capital assets	88,158,792	89,093,149	84,140,118	86,163,794	172,298,910	175,256,943
Total assets	\$ 134,049,613	\$ 129,196,711	\$ 92,459,421	\$ 94,365,747	\$ 226,509,034	\$ 223,562,458
Liabilities						
Current liabilities	\$ 12,740,327	\$ 9,529,197	\$ 8,053,616	\$ 8,325,143	\$ 20,793,943	\$ 17,854,340
Long-term liabilities	75,993,393	80,181,075	43,210,984	47,995,144	119,204,377	128,176,219
Total liabilities	\$ 88,733,720	\$ 89,710,272	\$ 51,264,600	\$ 56,320,287	\$ 139,998,320	\$ 146,030,559
Net Assets						
Investment in capital assets, net of related debt	\$ 61,605,626	\$ 53,948,316	\$ 38,205,828	\$ 34,600,210	\$ 99,811,454	\$ 88,548,526
Restricted	15,072,735	11,444,236	1,043,464	999,817	16,116,199	12,444,053
Unrestricted	(31,362,468)	(25,906,113)	1,945,529	2,445,433	(29,416,939)	(23,460,680)
Total net assets	\$ 45,315,893	\$ 39,486,439	\$ 41,194,821	\$ 38,045,460	\$ 86,510,714	\$ 77,531,899

As of June 30, 2012 cash and investments for governmental and business-type activities total \$36,129,760.

The City's net assets increased during the current fiscal year from \$77,531,899 to \$86,510,714.

CITY OF ATTLEBORO, MASSACHUSETTS

Management's Discussion and Analysis (MD&A)

Year Ended June 30, 2012

The largest portion of the City's net assets reflects its investment in capital assets (e.g., land and improvements, buildings and improvements, vehicles, furniture and equipment and construction in progress, etc.) less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to its residents; consequently, these assets are *not* available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The City's financial position is the product of several financial transactions including the net results of activities, the acquisition and payment of debt, the acquisition and disposal of capital assets, and the depreciation of capital assets.

An additional portion of the City's net assets \$16,116,199 represents resources that are subject to external restrictions on how they may be used.

The strength of the City is dependent upon the willingness of the citizenry to pay their bills when they are due, and the diligence of the Tax Collector to ensure that everyone complies with such dealings. As of June 30, 2012 and June 30, 2011 cash and investments consisted of \$36,129,760 and \$31,146,039 respectively.

The City is able to report positive balances in all three categories of net assets for its business type activities for the fiscal year 2012.

The City's net assets for its governmental funds increased during the current fiscal year, due primarily to the City receiving \$10,044,454 from MSBA to restructure debt in fiscal 2012 at June 30, 2012 \$4,766,588 remained for future debt payments. Net assets for business-type activities increased due to an excess of charges for services in the water and wastewater enterprise funds in excess of operating expenses.

Discussion on Other Post Employment Benefits

The City of Attleboro utilizes the Management Discussion and Analysis to inform readers of the financial statements about relevant fiscal information which includes the potential liability associated with Other Post Employment Benefits (OPEB) for its employees. The estimated liability associated with OPEB was calculated in compliance with GASB Statement number 45 (GASB 45), Accounting and financial reporting by Employers for Post Employment Benefits Other than Pensions, by Stone Consultants, Inc., an actuarial firm hired by the City of Attleboro. A number of factors drive the potential cost of OPEB liability. The first actuarial study completed for the City of Attleboro was incorporated into the fiscal 2009 financial statements; subsequently the OPEB liabilities were reflected in the fiscal 2010 financial statements based on the same actuarial study. This first study performed by Stone Consultants for the City indicated that at the end of fiscal 2011 the Unfunded Accrued Liability would be \$314.9 million; as required by GASB45 an actuarial update is performed every two years. The updated study also performed by Stone Consultants, Inc. indicates that for the period ending June 30, 2012, the Unfunded Accrued Liability was \$210.5 million; as the City of Attleboro does not fund the annual required contribution into a trust, the actuarial study assumed a closed funding schedule of which 27 years remain. The \$54,866,768 in OPEB obligation that appears in these financials on the Statement of Net Assets is the cumulative amount of Net OPEB Obligation based on the most recent report and data set; it is a portion of the overall \$210.5 million that is reported in the actuarial study. Accordingly to the January 1, 2011 study the City's OPEB Cost for fiscal 2012 would be \$16,412,547. The City is also able to take credit for the actuarial value of payments it made on behalf of retirees in the amount of \$6,978,080; thus the Net OPEB Obligation is the difference between these figures, \$9,434,467 which is equal to the increase in the liability for OPEB within the FY2012 financial statements.

Continued

CITY OF ATTLEBORO, MASSACHUSETTS

Management's Discussion and Analysis (MD&A)

Year Ended June 30, 2012

Discussion on Other Post Employment Benefits

A number of factors that impact the results of the actuarial study are within the control of management; thus management's decision can impact the potential future liability. Several key items that contributed to the reduction in Unfunded Accrued Liability between the two studies are worthy of note. During the time frame of the first study, the City of Attleboro offered an indemnity health insurance plan in which members and retirees could participate. This indemnity plan was costly to both the employees and the City of Attleboro. As such on July 1, 2009, the City of Attleboro no longer offered the indemnity plan to employees or retirees. The City also benefited from a change in Massachusetts General Law to Section 18 of Chapter 32B in which persons eligible to enroll in Medicare must do so. Readers of these statements must keep in mind that the liability associated with OPEB is based on an actuarial study and represents an estimate for future potential liability based on a set of known factors at the time the study is completed; thus policy changes relative to OPEB would have an effect on the Unfunded Accrued Liability. A copy of the Other Post-Employment Benefit Actuarial Valuation dated January 1, 2011 utilized in these financial statements is available by contacting the Office of the City Auditor, 77 Park Street, Attleboro, MA 02703.

Statement of Changes in Net Assets

The City's total net assets increased by \$8,978,815 for the fiscal year ended June 30, 2012 of which the governmental activities increased by \$5,829,454 and the business type activities increased by \$3,149,361.

This summary of net changes is based on the Statement of Activities found on pages 19 and 21 of the financial statements.

Key elements of these increases/ (decreases) are documented on the following page:

Continued

CITY OF ATTLEBORO, MASSACHUSETTS

Management's Discussion and Analysis (MD&A)

Year Ended June 30, 2012

Changes in Net Assets for the period ending June 30, 2012 and June 30, 2011 (Government-wide level)

	Changes in Net Assets Primary Government					
	Governmental Activities		Business-Type Activities		Total	
	2012	2011	2012	2011	2012	2011
Revenues:						
Program Revenues:						
Charges for service	\$ 14,684,129	\$ 14,079,053	\$ 16,961,762	\$ 17,008,656	\$ 31,645,891	\$ 31,087,709
Operating grants & contributions	52,208,026	53,069,979	-		52,208,026	53,069,979
Capital grants & contributions	16,906,029	5,843,405	-		16,906,029	5,843,405
General Revenues:						
Property taxes	56,372,418	54,108,215			56,372,418	54,108,215
Motor vehicle excise	4,086,223	4,098,944			4,086,223	4,098,944
Payments in lieu of taxes	13,472	10,351			13,472	10,351
Fines, penalties and interest	742,790	763,777			742,790	763,777
Intergovernmental	5,258,133	5,428,898			5,258,133	5,428,898
Earnings on investments	113,434	131,822	6,584	22,620	120,018	154,442
Other	881,205	388,759	55,698	39,368	936,903	428,127
Total revenue	151,265,859	137,923,203	17,024,044	17,070,644	168,289,903	154,993,847
Expenses:						
General Government	8,494,307	7,261,853			8,494,307	7,261,853
Public Safety	24,704,925	23,711,491			24,704,925	23,711,491
Education	83,542,689	80,577,109			83,542,689	80,577,109
Public Works	13,878,074	16,220,559			13,878,074	16,220,559
Comm. & Economic Dev.	179,874	207,217			179,874	207,217
Health & human services	5,828,462	5,153,544			5,828,462	5,153,544
Culture & recreation	4,157,580	3,932,052			4,157,580	3,932,052
Interest on debt	1,229,684	1,380,452			1,229,684	1,380,452
State & county charges	3,920,987	3,763,116			3,920,987	3,763,116
Water			5,215,290	5,486,128	5,215,290	5,486,128
Wastewater			8,159,216	8,135,619	8,159,216	8,135,619
Total expenses	145,936,582	142,207,393	13,374,506	13,621,747	159,311,088	155,829,140
Increase(decrease) in net assets before transfers	5,329,277	(4,284,190)	3,649,538	3,448,897	8,978,815	(835,293)
Transfers in (out) - operating	1,218,147	1,849,676	(1,218,147)	(1,849,676)	-	-
Transfers in (out) - capital	(427,587)	(163,048)	427,587	163,048	-	-
Transfers in (out) - employee benefits paid on behalf	(290,383)	(276,844)	290,383	276,844	-	-
Increase(decrease) in net assets	5,829,454	(2,874,406)	3,149,361	2,039,113	8,978,815	(835,293)
Net assets-beginning of year**	39,486,439	42,360,845	38,045,460	36,006,347	77,531,899	78,367,192
Net assets-end of year	\$ 45,315,893	\$ 39,486,439	\$ 41,194,821	\$ 38,045,460	\$ 86,510,714	\$ 77,531,899

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CITY OF ATTLEBORO, MASSACHUSETTS

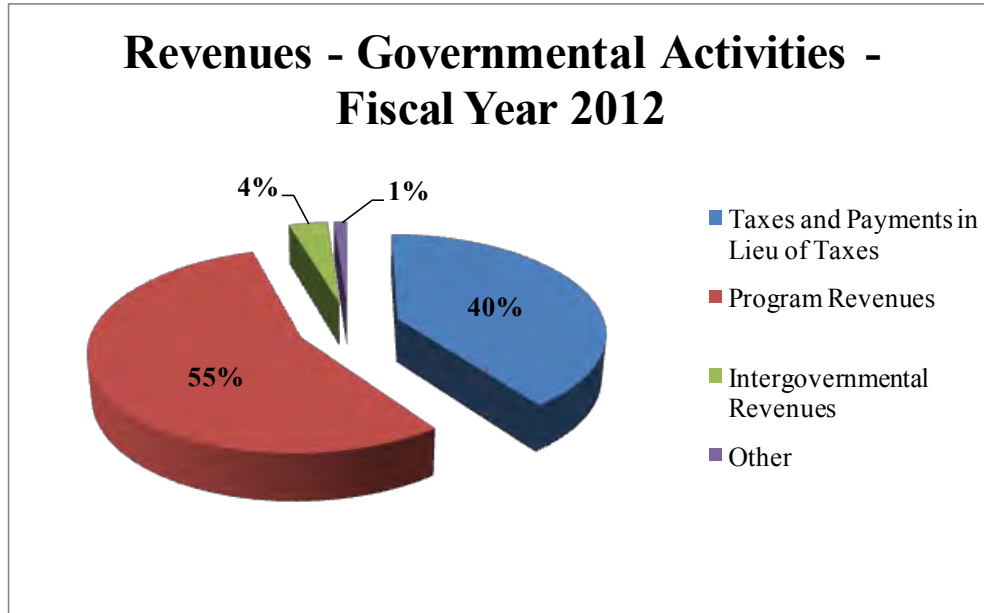
Management's Discussion and Analysis (MD&A)

Year Ended June 30, 2012

Revenue

Governmental Activities

Total governmental activities revenues for the City are comprised of general revenues of \$67.5 million, charges for services \$14.7 million, operating grants and contributions \$52.2 million and capital grants and contributions of \$16.9 million.



General

The majority of general revenues are tax collections from the City's taxpayers. This amount represented 89.6% of the total general revenues or \$60.4 million.

Intergovernmental revenue not restricted to a specific program is \$4.8 million representing 7.2% of general revenues and includes state cherry sheet revenue and other unrestricted contributions.

Program

Charges for services are \$14.7 million and represent a variety of departmental revenues. The public safety portion includes several types of permits revenue, traffic and moving violations revenues, and City garage revenues. The general government portion represents the largest percentage.

The operating grants are also a significant source of revenue for the City. The total operating grants for fiscal year ended June 30, 2012 amounted to \$52.2 million of which \$49.6 million were received for education.

Capital grants and contributions total \$16.9 million. The most significant source was received for education.

CITY OF ATTLEBORO, MASSACHUSETTS

Management's Discussion and Analysis (MD&A)

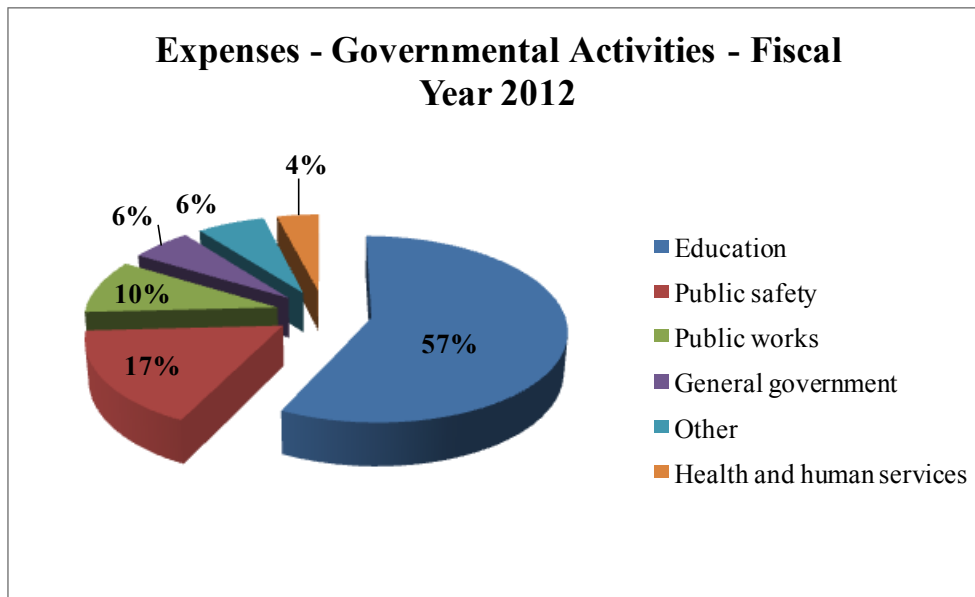
Year Ended June 30, 2012

Expenses

Governmental Activities

For fiscal year ended June 30, 2012, expenses for the governmental activities totaled \$145.9 million, which cover a range of services.

Education continues to be one of the City's highest priorities and commitments representing \$83.5 million or 57.25% of the total governmental activity expenses.



Business-Type Activity

Business-type activity increased net assets by \$3,149,361 for the fiscal year ended June 30, 2012. Factors contributing to these results are as follows:

- The water fund had operating income of \$2.21 million.
- The wastewater fund had an operating income of \$3.19 million.
- Total transfers out of the enterprise funds totaled \$1.2 million.
- The city is required to book an OPEB liability in accordance with GASB 45 of \$613 thousand.

Financial Analysis of the Government's Funds

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

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

CITY OF ATTLEBORO, MASSACHUSETTS

Management's Discussion and Analysis (MD&A)

Year Ended June 30, 2012

Financial Analysis of Government's Funds (Continued)

The City's governmental funds reported combined ending fund balances of \$19,734,148 for fiscal year ended June 30, 2012 and \$13,646,836 for fiscal year ended June 30, 2011. This increase in fiscal year ended June 30, 2012, totaling \$6,087,312 is a reflection of transfers into the governmental funds from the enterprise funds for indirect costs paid by the governmental funds as well as bond proceeds of \$1.4 million and the payment of \$10,044,454 from MSBA to restructure the City's Coelho School project debt.

Fiscal year 2011 is the City's initial year of implementation of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. The implementation of this standard has changed the fund balance components into nonspendable, restricted, committed, assigned and unassigned. These components depicts the relative strength of the spending constraints placed on the purposes for which resources can be used. Please refer to Note 1 "Summary of Significant Accounting Policies" for additional information.

Additionally, under the new standard, the City's stabilization funds are reported within the general fund as committed for economic stabilization purposes upon approval of the City Council. During fiscal year 2012, the City's stabilization fund earned \$9,031 of investment income, and had transfers out of \$416,983. The new MSBA Coelho Stabilization fund had intergovernmental revenues of \$10,044,454 and expenditures of \$5,050,000. Total stabilization fund balance at June 30, 2012 was \$6,972,121.

During 2012, total governmental funds reported amounts of \$314,080 within the nonspendable fund balance category, \$9,105,933 within the restricted fund balance category, \$4,555,498 within the committed fund category, \$1,098,777 within the assigned fund balance category, and \$4,659,860 within the unassigned fund balance category. Please refer to Note 8 "Fund Balance Classification Details" for a detailed breakdown of the components within each category.

For the period beginning July 1, 2012, the Department of Revenue certified the City of Attleboro's free cash for the general fund in the amount of \$2,218,557; additionally the Department of Revenue Certified Retained earnings for the City's Water and Wastewater Enterprise Funds as \$546,083 and \$1,123,855, respectively.

Proprietary funds. The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. The Internal Service Fund is categorized as a governmental activity because it services primarily governmental-type funds. The water and wastewater funds had net assets of \$21,367,647 and \$19,827,174 as of June 30, 2012 and \$19,981,606 and \$18,063,854 as of June 30, 2011, respectively.

The City of Attleboro continues to operate under the policy that the rates for the Water and Wastewater enterprises are established to cover all operating and debt expenses. In FY12, the Wastewater Enterprise Fund received \$806,475 in subsidies from the Massachusetts Water Pollution Abatement Trust for debt financed through the Trust. Additionally, the City continued its practice of accessing funds from the Water Enterprise Reserve for Plant to pay for debt related to the Water Treatment Facility upgrade, the City had raised funds in anticipation of a state grant for the treatment plant ceasing in FY07. The City set funds aside annually beginning in FY2001 to establish the Reserve for Plant to draw upon for the remaining years of associated debt through FY2016.

Budgetary Highlights

The City of Attleboro submits its budget to the Attleboro Municipal Council in May and six months later sets the tax rate at the Massachusetts Department of Revenue. During this process, the City reviews and revises its revenue and expenditure plan for final adoption before setting the tax rate.

General Fund. The major difference between the original budget and the final budget are briefly summarized as follows:

Continued

CITY OF ATTLEBORO, MASSACHUSETTS

Management's Discussion and Analysis (MD&A)

Year Ended June 30, 2012

Financial Analysis of Government's Funds (Continued)

General Fund Budgetary Highlights

The actual charges to appropriations (expenditures) were \$847,227 below the final budgeted amounts for the current fiscal year. This can be attributed to actual charges below final budgeted amounts of \$365,909 and \$156,216 within the general government and public safety categories (respectively).

Local receipts were \$1,067,886 greater than anticipated for the year. The largest gains were in the motor vehicle excise receipts, federal drug subsidy and Medicaid reimbursement program.

The City carried over \$856,982 in general fund encumbrances as well as \$108,302 in Net School Spending.

Capital Asset and Debt Administration

Capital Assets

The City's investment in capital assets for governmental and business - type activities as of June 30, 2012 amounts to \$172,298,910 net of accumulated depreciation. The investment in capital assets includes land, buildings, improvements, infrastructure, construction in progress, vehicles, machinery and equipment, furniture and fixtures, technology equipment and books. The following is a summary of capital assets as of June 30, 2012.

	Capital Asset and Debt Administration					
	Governmental Activities		Business-Type Activities		Total	
	2012	2011	2012	2011	2012	2011
Land and land easements	\$ 6,408,059	\$ 6,407,959	\$ 2,539,376	\$ 2,539,376	\$ 8,947,435	\$ 8,947,335
Construction in progress	1,115,308	2,515,357	-	596,147	1,115,308	3,111,504
Infrastructure, net	4,475,017	4,401,619	80,831,949	82,147,462	85,306,966	86,549,081
Buildings, net	42,977,789	44,723,435	-	-	42,977,789	44,723,435
Building & improvements, net	29,371,239	26,929,280	-	-	29,371,239	26,929,280
Vehicles, net	756,469	741,674	184,700	253,725	941,169	995,399
Equipment, net	1,700,851	1,804,037	584,093	627,084	2,284,944	2,431,121
Furniture and fixtures, net	37,900	49,597	-	-	37,900	49,597
Livestock, net	19,286	-	-	-	19,286	-
Technology equipment, net	241,072	364,423	-	-	241,072	364,423
Textbooks and library books, net	1,055,802	1,155,768	-	-	1,055,802	1,155,768
Total	\$ 88,158,792	\$ 89,093,149	\$84,140,118	\$ 86,163,794	\$172,298,910	\$175,256,943

Continued

CITY OF ATTLEBORO, MASSACHUSETTS

Management's Discussion and Analysis (MD&A)

Year Ended June 30, 2012

Capital Assets (Continued)

Major capital projects that took place during the current fiscal year include the following:

- Nitrogen Pilot/Plant
- MSBA Green Repair Project
- ARA Urban Renewal Project

Additional information on the City's capital assets may be found on pages 45 to 47 of the notes to the financial statements.

Debt

At June 30, 2012, the City had a total long-term debt outstanding of \$71,526,305 and short-term debt outstanding of \$185,000 totaling \$71,711,305. Of this amount \$33,591,154 was funded by the Massachusetts Water Pollution Abatement Trust bonding.

Standard & Poor's Rating Services has assigned its 'A+' long-term rating to the City of Attleboro series 2012 general obligation (GO) municipal purpose bonds and affirmed its 'A+' long-term rating and underlying rating (SPUR) on the City's existing parity debt. The outlook for the rating is stable according to Standard & Poor's.

Additional information on the City's debt can be found starting on page 57 of the notes to the financial statements.

Urban Renewal Plan and Attleboro Redevelopment Authority

The Attleboro Redevelopment Authority experienced several remarkable events during fiscal year 2012.

The Downtown Revitalization Project - Intermodal Transportation Center (ITC)

The Downtown Revitalization Project includes an intermodal transportation center, parking garage, mixed-use residential and commercial space, and a riverwalk along the Ten Mile River at Attleboro's MBTA station.

The collaboration and hard work of the new ARA Board of Directions, coupled with the improved relationships with Federal and state agencies, continue to move this project forward. In fact, on December 16, 2011, Lieutenant Governor Timothy Murray, announced \$5.4 million in funding to support the Downtown Revitalization Project. The \$5.4 million (\$50,000 from the Massachusetts Department of Environmental Protection (MassDEP), \$260,000 from MassDevelopment, \$999,999 from the Department of Housing and Community Development (NSP3 Grant) and \$4,041,848 from the Massachusetts Department of Transportation) are designed to assist in the Brownsfield cleanup, while also delivering critical infrastructure funding to strengthen Attleboro's Downtown Redevelopment and Revitalization Plan.

The realignment of Wall Street and construction for a new GATRA bus customer shelter and covered bus loop also began in fiscal year 2012.

Also, in May of 2012, the Environmental Protection Agency selected the ARA to receive \$200,000 for a Brownsfield cleanup grant for petroleum at the former Automatic Machines Products Company properties at 55 South Main Street and 15 Wall Street.

These funding sources have all contributed to the ARA's ability to secure a Land Disposition Agreement (LDA) with a private developer to develop the land on the northerly side of Wall Street into a \$6.8 million dollar, six-story mixed-use commercial and residential Transit Oriented Development in compliance with the Urban Renewal Plan. This LDA was signed on September 20, 2012, and calls for a purchase price of \$1,024,650, and a closing in calendar year 2013.

CITY OF ATTLEBORO, MASSACHUSETTS

Management's Discussion and Analysis (MD&A)

Year Ended June 30, 2012

The Downtown Revitalization Project - Intermodal Transportation Center (ITC) (Continued)

Construction is also underway for a new GATRA bus connection customer shelter and covered bus loop. Finally, the Riverfront Restoration portion of the ITC also continues to move forward. During FY 2012, the City/ARA worked with GATRA on the design and funding sources for Riverfront Road: the proposed road that will connect Wall Street and Olive Street.

Another integral part of the ITC was well underway during FY2012. Planning continued for a fueling station and material storage yard on a 10-acre city-owned parcel on Lamb Street.

Finally, streetscape improvements and planning are continuing as part of the ITC in order to enhance pedestrian access to the bus shelter and rail station. Phase II streetscape will include pedestrian and streetscape improvements on Union Street, Railroad Avenue, Mill Street, South Main Street and Capron Street.

The Industrial Business Park Project

During FY2012, the ARA continued its efforts to develop and market the IBP. Against the backdrop of these efforts, however, were the ever present financial obligations of the ARA to the Bristol County Savings Bank. The ARA owes Bristol County Savings Bank approximately \$2m, as evidenced by two (2) separate promissory notes, secured by two (2) mortgages on the IBP land. In FY2012, the ARA and the BCSB reached an agreement in which the Bristol County Savings Bank agrees to suspend the ARA's obligation to make monthly payments on these promissory notes for a period of three (e) years. This agreement provided the ARA with the opportunity to continue its development and marketing efforts without the added financial strain associated with these loans.

ARA officials continued its association with MG Commercial, a Providence-based industrial and commercial real estate broker, to market the IBP.

Contacting the City's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have any questions on this report or need additional information, your inquires should be addressed to City of Attleboro, Attn: Office of the City Auditor, Government Center 77 Park Street, Attleboro, MA 02703.

CITY OF ATTLEBORO, MASSACHUSETTS

Statement of Net Assets

June 30, 2012

	Primary Government			Component Units		
	Governmental Activities	Business-Type Activities	Total	Community Development for Attleboro Inc.	Free Public Library Trust (As of December 31, 2011)	Total Component Units
ASSETS						
Cash and investments	\$ 32,805,264	\$ 3,324,496	\$ 36,129,760	\$ 53,461	\$ 1,175,571	\$ 1,229,032
Receivables, net						
Personal property taxes	1,599,400		1,599,400			-
Motor vehicle and excise	957,411		957,411			-
Tax liens and foreclosures	1,403,229		1,403,229			-
User charges	573,173	2,772,521	3,345,694			-
Intergovernmental	1,691,490		1,691,490			-
Departmental and other	3,345,472	1,702,811	5,048,283	231,581		231,581
Prepaid expenses	3,194		3,194	-		-
Escrow funds held	3,022,603		3,022,603			-
Inventory		358,271	358,271			-
Due from ARA	489,585	161,204	650,789			-
Capital assets:						-
Land and land easements	6,408,059	2,539,376	8,947,435			-
Construction in progress	1,115,308	-	1,115,308			-
Infrastructure, net	4,475,017	80,831,949	85,306,966			-
Buildings, net	42,977,789		42,977,789			-
Building improvements, net	29,371,239		29,371,239			-
Vehicles, net	756,469	184,700	941,169			-
Equipment, net	1,700,851	584,093	2,284,944			-
Furniture and fixtures, net	37,900		37,900			-
Livestock, net	19,286		19,286			-
Technology equipment, net	241,072		241,072			-
Textbooks and library books, net	1,055,802		1,055,802			-
Total capital assets	88,158,792	84,140,118	172,298,910	-	-	-
Total assets	\$ 134,049,613	\$ 92,459,421	\$ 226,509,034	\$ 285,042	\$ 1,175,571	\$ 1,460,613

The accompanying notes are an integral part of this statement

CITY OF ATTLEBORO, MASSACHUSETTS

Statement of Net Assets

June 30, 2012

	Primary Government			Component Units		
	Governmental Activities	Business-Type Activities	Total	Community Development for Attleboro Inc.	Free Public Library Trust (As of December 31, 2011)	Total Component Units
LIABILITIES						
Accounts payable and accrued expenses	\$ 3,212,243	\$ 397,290	\$ 3,609,533	\$ 3,242	\$ -	\$ 3,242
Retainage payable	19,851		19,851			-
Accrued interest	371,838	589,311	961,149			-
Due to federal and state governments	1,371		1,371			-
Deferred revenue	-	1,499,829	1,499,829	228,339		228,339
Deferred revenue ARA		161,204	161,204			-
Claims incurred but not reported	4,359,999		4,359,999			-
Other liabilities	39,062		39,062			-
Current portion of bonds and notes payable	4,664,883	5,405,982	10,070,865			-
Current portion of compensated absences	71,080	-	71,080			-
Portion due or payable in more than one year:						
Capital leases	-		-			-
Bonds and notes payable	21,701,445	39,938,997	61,640,442			-
Compensated absences	2,445,534	251,633	2,697,167			-
Other post-employment benefit obligation	51,846,414	3,020,354	54,866,768			-
Total liabilities	<u>\$ 88,733,720</u>	<u>\$ 51,264,600</u>	<u>\$ 139,998,320</u>	<u>\$ 231,581</u>	<u>\$ -</u>	<u>\$ 231,581</u>
NET ASSETS						
Invested in capital assets, net of related debt	\$ 61,605,626	\$ 38,205,828	\$ 99,811,454	\$ -	\$ -	\$ -
Restricted	15,072,735	1,043,464	16,116,199		415,805	415,805
Unrestricted	(31,362,468)	1,945,529	(29,416,939)	53,461	759,766	813,227
Total net assets	<u>\$ 45,315,893</u>	<u>\$ 41,194,821</u>	<u>\$ 86,510,714</u>	<u>\$ 53,461</u>	<u>\$ 1,175,571</u>	<u>\$ 1,229,032</u>

The accompanying notes are an integral part of this statement

CITY OF ATTLEBORO, MASSACHUSETTS

Statement of Activities

For the Year Ended June 30, 2012

	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities:				
General government	\$ 8,494,307	\$ 7,479,132	\$ 495,372	\$ -
Public safety	24,704,925	2,192,727	319,482	2,687
Education	83,542,689	953,224	49,620,898	15,882,722
Public works	13,878,074	2,863,467	7,900	1,008,461
Community and economic development	179,874	13,670	958,087	
Health and human services	5,828,462	139,843	595,480	12,159
Culture and recreation	4,157,580	1,042,066	210,807	
Interest on debt	1,229,684			
State and county charges	3,920,987			
Total governmental activities	<u>145,936,582</u>	<u>14,684,129</u>	<u>52,208,026</u>	<u>16,906,029</u>
Business-Type Activities:				
Water	4,982,214	6,796,712	-	
Sewer	8,392,292	10,165,050	-	
Total business-type activities	<u>13,374,506</u>	<u>16,961,762</u>	<u>-</u>	<u>-</u>
Total primary government	<u>159,311,088</u>	<u>31,645,891</u>	<u>52,208,026</u>	<u>16,906,029</u>
Component Units:				
Community Development for Attleboro, Inc	80,441		75,067	
Free Public Library Trust	73,196		20,864	
Total component units	<u>153,637</u>	<u>-</u>	<u>95,931</u>	<u>-</u>
Total City of Attleboro	<u>\$ 159,464,725</u>	<u>\$ 31,645,891</u>	<u>\$ 52,303,957</u>	<u>\$ 16,906,029</u>

The accompanying notes are an integral part of this statement

CITY OF ATTLEBORO, MASSACHUSETTS

Statement of Activities

For the Year Ended June 30, 2012

Net (Expense) Revenue and Changes in Net Assets

	Primary Government			Component Unit		
	Governmental Activities	Business-Type Activities	Total	Community Development for Attleboro Inc.	Free Public Library Trust (As of December 31, 2011)	Total Component Units
Governmental Activities:						
General government	\$ (519,803)	\$ -	\$ (519,803)	\$ -	\$ -	\$ -
Public safety	(22,190,029)		(22,190,029)			-
Education	(17,085,845)		(17,085,845)			-
Public works	(9,998,246)		(9,998,246)			-
Community and economic development	791,883		791,883			-
Health and human services	(5,080,980)		(5,080,980)			-
Culture and recreation	(2,904,707)		(2,904,707)			-
Interest on debt	(1,229,684)		(1,229,684)			-
State and county charges	(3,920,987)		(3,920,987)			-
Total governmental activities	(62,138,398)	-	(62,138,398)	-	-	-
Business-Type Activities:						
Water		1,581,422	1,581,422			-
Sewer		2,005,834	2,005,834			-
Total business-type activities	-	3,587,256	3,587,256	-	-	-
Total primary government	(62,138,398)	3,587,256	(58,551,142)	-	-	-
Component Units:						
Community Development for Attleboro, Inc				(5,374)		(5,374)
Free Public Library Trust					(52,332)	(52,332)
Total component units	-	-	-	(5,374)	(52,332)	(57,706)
Total City of Attleboro	\$ (62,138,398)	\$ 3,587,256	\$ (58,551,142)	\$ (5,374)	\$ (52,332)	\$ (57,706)

The accompanying notes are an integral part of this statement

CITY OF ATTLEBORO, MASSACHUSETTS

Statement of Activities

For the Year Ended June 30, 2012

	Primary Government			Community Development for Attleboro Inc.	Free Public Library Trust (As of December 31, 2011)	Total Component Units
	Governmental Activities	Business-Type Activities	Total			
General revenues:						
Real estate and personal property, net of reserve for abatements	\$ 56,372,418	\$ -	\$ 56,372,418	\$ -	\$ -	\$ -
Motor vehicle excise	4,086,223		4,086,223			-
Payments in lieu of taxes	13,472		13,472			-
Abatements to veterans	68,643		68,643			-
Abatements to elderly	55,722		55,722			-
Fines, penalties and interest	742,790		742,790			-
Earnings on investments	113,434	6,584	120,018	64	(2,743)	(2,679)
Lottery, beano & charity	4,825,303		4,825,303			-
Municipal medicaid	308,465		308,465			-
Miscellaneous	881,205	55,698	936,903			-
Total general revenues	67,467,675	62,282	67,529,957	64	(2,743)	(2,679)
Special Item - Benefit Transfer to Enterprise Funds - Water	(123,694)	123,694	-			-
Special Item - Benefit Transfer to Enterprise Funds - Wastewater	(166,689)	166,689	-			-
Special Item - Transfer of Capital Asset Net of Debt from Governmental Activities - Wastewater	(427,587)	427,587	-			-
Transfers between funds - operating	1,218,147	(1,218,147)	-		-	-
Total general revenues, special items, and transfers	67,967,852	(437,895)	67,529,957	64	(2,743)	(2,679)
Changes in net assets	5,829,454	3,149,361	8,978,815	(5,310)	(55,075)	(60,385)
Net assets - July 1, 2011, restated	39,486,439	38,045,460	77,531,899	58,771	1,230,646	1,289,417
Net assets - June 30, 2012, end of year	\$ 45,315,893	\$ 41,194,821	\$ 86,510,714	\$ 53,461	\$ 1,175,571	\$ 1,229,032

The accompanying notes are an integral part of this statement

CITY OF ATTLEBORO, MASSACHUSETTS

Balance Sheets - Governmental Funds

June 30, 2012

	<u>Major Fund</u>	<u>Non-Major</u>	<u>Total</u>
	<u>General</u>	<u>Governmental</u>	<u>Governmental</u>
	<u>Fund</u>	<u>Funds</u>	<u>Funds</u>
Assets:			
Cash and investments	\$ 14,379,273	\$ 7,076,682	\$ 21,455,955
Receivables:			
Property taxes	1,599,400		1,599,400
Motor vehicle excise	957,411		957,411
Tax liens and foreclosures	1,403,229		1,403,229
User charges	573,173		573,173
Intergovernmental	178,264	1,513,226	1,691,490
Other	2,588,527	1,122,932	3,711,459
Prepaid expenses	1,884	1,310	3,194
Due from ARA	489,585		489,585
	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 22,170,746</u>	<u>\$ 9,714,150</u>	<u>\$ 31,884,896</u>
 Liabilities and Fund Balance			
Liabilities:			
Warrants payable	\$ 958,577	\$ 744,500	\$ 1,703,077
Accounts payable and accrued expenses	964,126	545,040	1,509,166
Retainage payable	-	19,851	19,851
Due to federal and state governments	-	1,371	1,371
Notes payable	-	185,000	185,000
Deferred revenue	6,655,202	1,548,434	8,203,636
Deferred revenue - ARA	489,585		489,585
Other liabilities	39,062		39,062
	<u> </u>	<u> </u>	<u> </u>
Total Liabilities:	<u>9,106,552</u>	<u>3,044,196</u>	<u>12,150,748</u>
Fund balance:			
Nonspendable	-	314,080	314,080
Restricted	4,864,890	4,241,043	9,105,933
Committed	2,215,533	2,339,965	4,555,498
Assigned	1,098,777	-	1,098,777
Unassigned	4,884,994	(225,134)	4,659,860
	<u> </u>	<u> </u>	<u> </u>
Total fund balance	<u>13,064,194</u>	<u>6,669,954</u>	<u>19,734,148</u>
	<u> </u>	<u> </u>	<u> </u>
Total liabilities and fund balance	<u>\$ 22,170,746</u>	<u>\$ 9,714,150</u>	<u>\$ 31,884,896</u>

The accompanying notes are an integral part of this statement

CITY OF ATTLEBORO, MASSACHUSETTS

Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds

For the Year Ended June 30, 2012

	<u>Major Fund</u> <u>General</u> <u>Fund</u>	<u>Non-Major</u> <u>Governmental</u> <u>Funds</u>	<u>Total</u> <u>Governmental</u> <u>Funds</u>
Revenues:			
Real estate and personal property taxes	\$ 56,401,604	\$ -	\$ 56,401,604
Motor vehicle excise	4,082,479		4,082,479
Payment in lieu of taxes	13,472		13,472
Fines, penalties and interest	681,670		681,670
Intergovernmental	61,166,558	8,955,837	70,122,395
Licenses and permits	866,628		866,628
Charges for services	3,245,387	948,814	4,194,201
Investment Income	39,961	60,824	100,785
Departmental and other revenue	415,250	6,406,408	6,821,658
Miscellaneous	935,004		935,004
Total revenue	<u>127,848,013</u>	<u>16,371,883</u>	<u>144,219,896</u>
Expenditures :			
General government	11,802,266	598,498	12,400,764
Public safety	13,019,771	1,344,012	14,363,783
Education	71,321,725	2,006,356	73,328,081
Public works	2,050,799	11,654,890	13,705,689
Community and economic development	-	179,874	179,874
Health and human services	3,654,983	1,655,079	5,310,062
Culture and recreation	2,677,424		2,677,424
Pension benefits	3,642,716		3,642,716
State and county charges	3,920,987		3,920,987
Debt service:			
Principal	10,027,696		10,027,696
Interest	1,273,805		1,273,805
Total Expenditures	<u>123,392,172</u>	<u>17,438,709</u>	<u>140,830,881</u>
Excess (deficiency) of revenues over expenditures	4,455,841	(1,066,826)	3,389,015
Other financing sources (uses):			
Bond proceeds	-	1,480,150	1,480,150
Transfers in	1,626,284	479,313	2,105,597
Transfers out	(643,307)	(244,143)	(887,450)
Other financing sources (uses)	<u>982,977</u>	<u>1,715,320</u>	<u>2,698,297</u>
Excess of revenue and other sources over expenditures and other uses	5,438,818	648,494	6,087,312
Fund balance, July 1, 2011	<u>7,625,376</u>	<u>6,021,460</u>	<u>13,646,836</u>
Fund balance, June 30, 2012	<u>\$ 13,064,194</u>	<u>\$ 6,669,954</u>	<u>\$ 19,734,148</u>

The accompanying notes are an integral part of this statement

CITY OF ATTLEBORO, MASSACHUSETTS

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Activities

June 30, 2012

Total governmental fund balances	\$ 19,734,148
Record allowance for doubtful accounts that are financial resources, for the governmental funds.	(806,563)
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	88,158,792
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	8,693,221
Internal service funds are used by management to account for health insurance and workers' compensation activities.	10,452,489
In the statement of activities, interest is accrued on outstanding long-term debt, whereas in governmental funds interest is not reported until due.	(371,838)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds	
Bonds and notes payable	(26,181,328)
Compensated absences	(2,516,614)
Other postemployment benefits	<u>(51,846,414)</u>
Net assets of governmental activities	<u>\$ 45,315,893</u>

The accompanying notes are an integral part of this statement

CITY OF ATTLEBORO, MASSACHUSETTS

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

For the Year Ended June 30, 2012

Net change in fund balances - total governmental funds	\$ 6,087,312
To record allowance for doubtful accounts that are resources for the governmental funds. This amount represent the net change in the allowance.	(623,385)
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	(934,357)
Revenues in the Statement of Activities that do not provide current financial resources are fully deferred in the Statement of Revenues, Expenditures and Changes in Fund Balances. Therefore, the recognition of revenue for various types of accounts receivable (i.e., real estate and personal property, motor vehicle excise, etc.) differ between the two statements. This amount represents the net change in deferred revenue.	860,231
The issuance of long-term debt (e.g., bonds and leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	8,547,546
In the statement of activities, interest is accrued on outstanding long-term debt, whereas in governmental funds interest, is not reported until due.	44,121
The other postemployment benefit expense reported in the statement of activities requires the use of current financial resources and is not reported as an expenditure in the governmental funds	(8,820,990)
Some expenses reported in the Statement of Activities, such as compensated absences does not require the current financial resources, and therefore, are not reported as expenditures in the governmental funds.	(42,259)
The net activity of internal service funds is reported with Governmental Activities	<u>711,235</u>
Change in net assets of governmental activities	<u>\$ 5,829,454</u>

CITY OF ATTLEBORO, MASSACHUSETTS

Statement of Net Assets - Proprietary Funds

June 30, 2012

	Business-type Activities Enterprise Funds			Governmental Activities - Internal Service Fund	
	Water Enterprise	Wastewater Enterprise	Total Enterprise	Health Insurance Depository	Total
ASSETS					
Current assets:					
Cash and short-term investments	\$ 1,279,289	\$ 2,045,207	\$ 3,324,496	\$ 11,349,309	\$ 11,349,309
Receivables, net:			-		
User fees	1,066,287	1,706,234	2,772,521		
Utility liens and other receivables	111,747	169,118	280,865		
Betterments paid in advance and deferred	10,378	1,411,568	1,421,946		
Other			-	440,576	440,576
Inventory	302,822	55,449	358,271		
Due from ARA	161,204		161,204		
Escrow funds held			-	3,022,603	3,022,603
Total current assets	<u>2,931,727</u>	<u>5,387,576</u>	<u>8,319,303</u>	<u>14,812,488</u>	<u>14,812,488</u>
Non-current assets:					
Land	2,368,758	170,618	2,539,376		
Infrastructure, net	26,985,283	53,846,666	80,831,949		
Equipment, net	198,672	385,421	584,093		
Vehicles, net	115,630	69,070	184,700		
Total non-current assets	<u>29,668,343</u>	<u>54,471,775</u>	<u>84,140,118</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 32,600,070</u>	<u>\$59,859,351</u>	<u>\$ 92,459,421</u>	<u>\$ 14,812,488</u>	<u>\$ 14,812,488</u>
LIABILITIES					
Current liabilities:					
Warrants payable	\$ 75,970	\$ 221,744	\$ 297,714	\$ -	\$ -
Accounts payable and accrued liabilities	42,884	56,692	99,576		
Current portion of serial bonds payable	2,244,803	3,161,179	5,405,982		
Claims incurred but not reported			-	4,359,999	4,359,999
Accrued interest payable	95,203	494,108	589,311		
Deferred revenue	40,567	1,459,262	1,499,829		
Deferred revenue - ARA	161,204		161,204		
Total current liabilities	<u>2,660,631</u>	<u>5,392,985</u>	<u>8,053,616</u>	<u>4,359,999</u>	<u>4,359,999</u>
Non-current liabilities:					
Serial bonds payable	7,069,684	32,869,313	39,938,997		
Compensated absences	108,469	143,164	251,633		
Other postemployment benefit obligation	1,393,639	1,626,715	3,020,354		
Total non-current liabilities	<u>8,571,792</u>	<u>34,639,192</u>	<u>43,210,984</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>\$ 11,232,423</u>	<u>\$40,032,177</u>	<u>\$ 51,264,600</u>	<u>\$ 4,359,999</u>	<u>\$ 4,359,999</u>
NET ASSETS					
Invested in capital assets, net of related debt	\$ 20,258,653	\$17,947,175	\$ 38,205,828	\$ -	\$ -
Restricted	522,485	520,979	1,043,464		
Unrestricted	586,509	1,359,020	1,945,529	10,452,489	10,452,489
Total net assets	<u>\$ 21,367,647</u>	<u>\$19,827,174</u>	<u>\$ 41,194,821</u>	<u>\$ 10,452,489</u>	<u>\$ 10,452,489</u>

The accompanying notes are an integral part of this statement

CITY OF ATTLEBORO, MASSACHUSETTS

Statement of Revenues, Expenses and Changes in Net Assets - Proprietary Funds

For the Year Ended June 30, 2012

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Fund	
	Water Enterprise	Wastewater Enterprise	Total Enterprise	Health Insurance Depository	Total
OPERATING REVENUES					
Charges for services	\$ 6,796,712	\$ 10,165,050	\$ 16,961,762	\$ -	\$ -
Interfund services provided				15,160,845	15,160,845
Employee contributions				5,227,249	5,227,249
Miscellaneous	20,448	35,250	55,698	1,569,219	1,569,219
Total operating revenues	6,817,160	10,200,300	17,017,460	21,957,313	21,957,313
OPERATING EXPENSES					
Salaries and benefits	2,252,055	3,233,019	5,485,074		
Services and supplies	1,424,255	2,056,619	3,480,874		
Health and other insurance				21,258,727	21,258,727
Depreciation	927,860	1,717,118	2,644,978		
Total operating expenses	4,604,170	7,006,756	11,610,926	21,258,727	21,258,727
Operating income (loss)	2,212,990	3,193,544	5,406,534	698,586	698,586
NONOPERATING REVENUES (EXPENSES)					
Investment earnings	5,395	1,189	6,584	12,649	12,649
Interest expense	(378,044)	(1,385,536)	(1,763,580)		
Total nonoperating revenue (expenses)	(372,649)	(1,384,347)	(1,756,996)	12,649	12,649
Income (loss) before transfers	1,840,341	1,809,197	3,649,538	711,235	711,235
TRANSFERS					
Transfer in - benefits paid on behalf	123,694	166,689	290,383		-
Transfer in - capital	-	427,587	427,587		-
Transfers out - operating	(577,994)	(640,153)	(1,218,147)		-
Total Transfers	(454,300)	(45,877)	(500,177)	-	-
Change in net assets	1,386,041	1,763,320	3,149,361	711,235	711,235
Total net assets, July 1, 2011	19,981,606	18,063,854	38,045,460	9,741,254	9,741,254
Total net assets, June 30, 2012	\$ 21,367,647	\$ 19,827,174	\$ 41,194,821	\$ 10,452,489	\$ 10,452,489

The accompanying notes are an integral part of this statement

CITY OF ATTLEBORO, MASSACHUSETTS

Statement of Cash Flows - Proprietary Funds

For the Year Ended June 30, 2012

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Fund	
	Water Enterprise	Wastewater Enterprise	Total Enterprise	Health Insurance Depository	Total
Cash flows from operating activities:					
Cash received from employee and employer contributions	\$ -	\$ -	\$ -	\$ 5,227,249	\$ 5,227,249
Cash received from customers	6,725,079	9,303,593	16,028,672		-
Cash received from governments		806,475	806,475		-
Payments to suppliers and employees	(3,610,929)	(4,677,182)	(8,288,111)	(21,190,645)	(21,190,645)
Cash received from Interfund services provided				15,160,845	15,160,845
Other Receipts				1,532,900	1,532,900
Net cash provided (used) by operating activities	<u>3,114,150</u>	<u>5,432,886</u>	<u>8,547,036</u>	<u>730,349</u>	<u>730,349</u>
Cash flows from noncapital financing activities:					
Transfers in (out)	<u>(454,300)</u>	<u>(473,464)</u>	<u>(927,764)</u>	<u>-</u>	<u>-</u>
Net cash provided by noncapital financing activities	<u>(454,300)</u>	<u>(473,464)</u>	<u>(927,764)</u>	<u>-</u>	<u>-</u>
Cash flows from capital and related financing activities:					
Purchases and construction of capital assets	(74,627)	(119,088)	(193,715)		-
Principal paid on capital debt	(2,247,721)	(3,342,482)	(5,590,203)		-
Interest paid on capital debt	(405,924)	(1,399,830)	(1,805,754)		-
Net cash used by capital and related financing activities	<u>(2,728,272)</u>	<u>(4,861,400)</u>	<u>(7,589,672)</u>	<u>-</u>	<u>-</u>
Cash flows from investing activities:					
Interest and dividends	<u>5,395</u>	<u>1,189</u>	<u>6,584</u>	<u>12,649</u>	<u>12,649</u>
Net cash used by investing activities	<u>5,395</u>	<u>1,189</u>	<u>6,584</u>	<u>12,649</u>	<u>12,649</u>
Net increase in cash and cash equivalents	(63,027)	99,211	36,184	742,998	742,998
Balances-beginning of the year	<u>1,342,316</u>	<u>1,945,996</u>	<u>3,288,312</u>	<u>10,606,311</u>	<u>10,606,311</u>
Balances-end of the year	<u>\$1,279,289</u>	<u>\$ 2,045,207</u>	<u>\$3,324,496</u>	<u>\$ 11,349,309</u>	<u>\$ 11,349,309</u>
Displayed as:					
Cash and short-term investments	<u>\$1,279,289</u>	<u>\$ 2,045,207</u>	<u>\$3,324,496</u>	<u>\$ 11,349,309</u>	<u>\$ 11,349,309</u>

The accompanying notes are an integral part of this statement

CITY OF ATTLEBORO, MASSACHUSETTS

Statement of Cash Flows - Proprietary Funds

For the Year Ended June 30, 2012

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Fund	
	Water Enterprise	Wastewater Enterprise	Total Enterprise	Health Insurance Depository	Total
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:					
Operating income (loss)	\$2,212,990	\$ 3,193,544	\$5,406,534	\$ 698,586	\$ 698,586
Adjustments to reconcile operating income to net cash provided (used) by operating activities:					
Depreciation expense	927,860	1,717,118	2,644,978		
Change in assets and liabilities:					
(Increase) decrease in user charges receivables, net	(100,335)	(99,324)	(199,659)		
(Increase) decrease in betterment receivables	589	206,475	207,064		
(Increase) decrease in utility lien and other receivables	(3,818)	(15,960)	(19,778)	(36,319)	(36,319)
(Increase) decrease in inventory	(60,292)	(5,418)	(65,710)		
Increase (decrease) warrants payable	(19,778)	89,282	69,504		-
Increase (decrease) accounts payable and accrued expenses	21,714	30,509	52,223		-
Increase (decrease) claims incurred but not reported				68,082	68,082
Increase (decrease) in deferred revenue	8,400	(181,423)	(173,023)		
Increase (decrease) in deferred revenue ARA	3,083		3,083		
Increase (decrease) compensated absences	(636)	8,980	8,344		
Increase (decrease) in other postemployment benefits	124,373	489,103	613,476		
Net cash provided (used) by operating activities	<u>\$3,114,150</u>	<u>\$ 5,432,886</u>	<u>\$8,547,036</u>	<u>\$ 730,349</u>	<u>\$ 730,349</u>

The accompanying notes are an integral part of this statement

CITY OF ATTLEBORO, MASSACHUSETTS

Statement of Fiduciary Net Assets - Fiduciary Funds and Similar Component Units

June 30, 2012

	Pension Trust Fund (As of December 31, 2011)	Private Purpose Trust Funds	Agency Funds	Total
Assets:				
Cash and investments	\$ 90,352,396	\$ 487,392	\$ 1,731,975	\$ 92,571,763
Receivables:				
Interest and dividends	47			47
Other	2,169,398			2,169,398
Total assets	\$ 92,521,841	\$ 487,392	\$ 1,731,975	\$ 94,741,208
Liabilities:				
Warrants payable	\$ -	\$ -	\$ 36,586	\$ 36,586
Accounts payable and accrued liabilities	128,023		10,520	138,543
Deposits held			1,684,869	1,684,869
Total liabilities	128,023	-	1,731,975	1,859,998
Net Assets:				
Held in Trust for Scholarships and Awards		244,000		244,000
Held in Trust for Non Expendable Bequests		243,392		243,392
Held in Trust for Pension Benefits	92,393,818			92,393,818
Total net assets	92,393,818	487,392	-	92,881,210
Total liabilities and net assets	\$ 92,521,841	\$ 487,392	\$ 1,731,975	\$ 94,741,208

The accompanying notes are an integral part of this statement

CITY OF ATTLEBORO, MASSACHUSETTS

Statement of Changes in Fiduciary Net Assets - Fiduciary Funds and Similar Component Units

For the Year Ended June 30, 2012

	Pension Trust Fund (As of December 31, 2011)	Private Purpose Trust Funds	Total
Additions:			
Contributions:			
Employee Contributions	\$ 2,666,232	\$ -	\$ 2,666,232
Employer Contributions	5,052,094		5,052,094
Intergovernmental	115,779		115,779
Other	58,598	4,550	63,148
Total contributions	7,892,703	4,550	7,897,253
Net investment income:			
Dividends and interest	491,472	46,711	538,183
Capital gains/(losses)	(921,283)		(921,283)
Net appreciation in fair value of investments	611,839		611,839
Total investment income	182,028	46,711	228,739
Less investment expense	445,238		445,238
Net investment income	(263,210)	46,711	(216,499)
Total additions	7,629,493	51,261	7,680,754
Deductions:			
Retirement benefits	8,633,888		8,633,888
Administration	112,299		112,299
Transfers, reimbursements and refunds	436,011		436,011
Scholarship expenditures	103,625	34,078	137,703
Total deductions	9,285,823	34,078	9,319,901
Change in net assets	(1,656,330)	17,183	(1,639,147)
Net assets, July 1, 2011	94,050,148	470,209	94,520,357
Net assets, June 30, 2012	\$ 92,393,818	\$ 487,392	\$ 92,881,210

The accompanying notes are an integral part of this statement

CITY OF ATTLEBORO, MASSACHUSETTS

Notes to Financial Statements

June 30, 2012

NOTE 1: Summary of Significant Accounting Policies:

The accompanying basic financial statements of the City of Attleboro (the City) are presented in conformity with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB). The City maintains its accounting records in accordance with practices prescribed by the Uniform Municipal Accounting System (Uniform Systems) promulgated by the Commonwealth of Massachusetts Department of Revenue. The following is a summary of significant accounting policies.

A. Reporting Entity

The City of Attleboro was incorporated under the laws of the Commonwealth of Massachusetts and operates under an elected Mayor - Council form of government. As required by accounting principles generally accepted in the United States of America, the financial statements of the reporting entity include these of the City of Attleboro (the primary government) and its component units. The component units discussed below are included in the City's reporting entity because of the significance of their operational or financial relationships with the City.

Component Units

In conformity with accounting principles generally accepted in the United States of America, the financial statements of component units have been included in the financial reporting entity as discretely presented component units. Discretely presented component units are reported in a separate column in the combined financial statements to emphasize they are legally separate from the City.

- (1) Community Development for Attleboro, Inc. The CDA administers special affordable housing projects for the City of Attleboro. All of the CDA Board members are members by virtue of their position with the City.
- (2) Free Public Library Trust. The Library oversees the monies donated for the benefit of the public library. The Library has its own board of trustees, who authorize the use of the funds. However, the City is financially accountable for the financial position and results of operations of its public library.
- (3) Attleboro Contributory Retirement System (System). The System is a defined benefit contributory retirement plan covering employees of the City and certain other entities. The City Auditor is an ex-officio member of the System's Board and the City is the largest employer in the System.

Complete financial statements for the Free Public Library Trust may be obtained at the library's administrative office.

B. Basic Financial Statements - Government-Wide Statements

The City's basic financial statements include both government-wide (reporting the City as a whole) and fund financial statements (reporting the City's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. The City's public safety, education, parks, library and recreation, public works, and general administrative services are classified as governmental activities. The City's water and wastewater funds are classified as business-type activities.

In the government-wide Statement of Net Assets, both the governmental and business-type activities columns are presented on a consolidated basis by column, and are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The City's net assets are reported in three parts - invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets. The City first utilizes restricted resources to finance qualifying activities.

Continued

CITY OF ATTLEBORO, MASSACHUSETTS

Notes to Financial Statements

June 30, 2012

NOTE 1: Summary of Significant Accounting Policies (Continued)

B. Basic Financial Statements - Government-Wide Statements (Continued)

The government-wide Statement of Activities reports both the gross and net cost of each of the City's functions and business-type activities. The functions are also supported by general government revenues (property, sales and use taxes, certain intergovernmental revenues, fines, permits and charges, etc.) The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with function (police, public works, community and economic development, etc.) or a business-type activity. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds. However, fiduciary funds are not included in government-wide statements since these assets are held for the benefit of private parties and pension participants, and cannot be used to satisfy obligations of the primary government. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

The net costs (by function or business type-activity) are normally covered by general revenue (property, excise taxes, intergovernmental revenues, interest income, etc.)

The government-wide focus is more on the sustainability of the City as an entity and the change in the City's net assets resulting from the current year's activities.

C. Basic Financial Statements - Fund Financial Statements

The financial transactions of the City are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues and expenditures/expenses. The various funds are reported by general classification within the financial statements.

The following funds are used by the City:

1. Governmental Funds

The focus of the governmental funds' measurement (in the fund statements) is upon determination of the financial position and changes in financial position (sources, uses and balances of financial resources) rather than upon net income. The following is a description of the governmental funds of the City:

- a. **The General fund** is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.
- b. **Special revenue funds** are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.
- c. **Capital projects funds** are used to account financial resources to be used for the acquisition or construction of major capital facilities or equipment purchases.

Continued

CITY OF ATTLEBORO, MASSACHUSETTS

Notes to Financial Statements

June 30, 2012

NOTE 1: Summary of Significant Accounting Policies (Continued)

C. Basic Financial Statements - Fund Financial Statements (Continued)

2. Proprietary Funds

The focus of proprietary fund measurement is upon determination of operating income, changes in net assets, financial position, and cash flows. The accounting principles generally accepted in the United States applicable are those similar to businesses in the private sector. The following is a description of the proprietary funds of the City:

- a. **Enterprise funds** are required to be used to account for operations for which a fee is charged to external users for goods or services and the activity is financed with debt that is solely secured by a pledge of the net revenues, has third party requirements that the cost of providing services, including capital costs, be recovered with fees and charges, or establishes fees and charges based on a pricing policy designed to recover similar costs.
- b. **Internal service funds** are used to account for the financing of goods or services provided by an activity to other departments and funds within the City.

3. Fiduciary Funds

Fiduciary Funds are used to report assets held in a trustee or agency capacity for others and therefore are not available to support City programs. The reporting focus is on net assets and changes in net assets and are reported using accounting principles similar to proprietary funds.

The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories. Nonmajor funds by category are summarized into a single column. GASB No. 34 sets forth minimum criteria (percentage of assets, liabilities, revenues or expenditures/expenses of either fund category of the governmental and enterprise combined) for the determination of major funds.

The City's internal service fund is presented in the proprietary fund financial statements. Because the principal users of the internal services are the City's governmental activities, the financial statement of the internal service fund is consolidated into the governmental column when presented in the government-wide financial statements.

The City's fiduciary funds are presented in the fiduciary fund financial statements by type (private purpose and agency). Since by definition these assets are being held for the benefit of a third party (other local governments, private parties, etc.) and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide statements.

D. Measurement Focus and Basis of Accounting

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

CITY OF ATTLEBORO, MASSACHUSETTS

Notes to Financial Statements

June 30, 2012

NOTE 1: Summary of Significant Accounting Policies (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

1. Accrual

Both governmental and business-type activities in the government-wide financial statements and the proprietary and fiduciary fund financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred. Under this basis of accounting and measurement focus, the City applies (a) all GASB pronouncements and (b) FASB statements and interpretations, APB Opinions, and Accounts Research Bulletins issued on or before November 30, 1989 except those that conflict with a GASB pronouncements.

2. Modified Accrual

The governmental fund financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual, i.e., both measurable and available. Available means collectible within the current period or within 60 days after year end. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on general obligation long-term debt, if any, is recognized when due.

E. Financial Statement Amounts

1. Cash and Cash Equivalents

The City has defined cash and cash equivalents to include cash on hand, demand deposits and highly liquid investments with a maturity of three months or less when purchased.

2. Investments

Investments including deferred compensation and pension funds, are stated at fair value. Fair values are based on quotations from national securities exchange. The City accounts for the carrying value of investments by utilizing the specific identification method.

3. Property Taxes

Real and personal property taxes are based on values levied (assessed) and liened in accordance with Massachusetts General Laws. By law, all taxable property in the Commonwealth of Massachusetts must be assessed at 100% of fair cash value. Once levied, these taxes are recorded as receivables, net of estimated uncollectibles. In the government fund financial statements, property tax revenues have been recorded using the modified accrual basis of accounting. Under the modified basis real estate, personal property and other excise taxes levied are recorded as receivables in the fiscal year of the levy and as revenue when collected within the current year or expected to be collected within 60 days after the end of the current year. Taxes not collected within this time period are classified as deferred revenue. Deferred revenues are those where asset recognition has been met for which revenue criteria have not been met. The government-wide financial statements recognize property tax revenue when taxes are levied net of estimated abatements and exemptions.

CITY OF ATTLEBORO, MASSACHUSETTS

Notes to Financial Statements

June 30, 2012

NOTE 1: Summary of Significant Accounting Policies (Continued)

E. Financial Statement Amounts (Continued)

4. Inventory

The cost of supplies and other inventoriable items as recorded is an expenditure at the time of purchase (purchase method).

5. Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., water and sewer mains, piping, and drainage systems, etc.) are reported in the applicable governmental or business type activities column in the government-wide financial statements. Capital assets purchased or acquired with the cost thresholds listed below are reported at historical or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Net interest costs related to construction projects are capitalized during the construction period of material. Such costs were not considered material during fiscal 2012. Donated capital assets are valued at their estimated fair value at the time recorded.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not included in capital assets.

The City of Attleboro's capitalization thresholds are as follows:

Land	\$ 1
Land improvements	\$ 1
Buildings	\$ 10,000
Building improvements	\$ 10,000
Computer equipment and peripherals	\$ 10,000
Equipment	\$ 10,000
Vehicles	\$ 10,000
Library books, textbooks and digital media	\$ 10,000
and digital media	\$ 10,000
Highways	\$ 10,000
Water and sewer systems	\$ 10,000
Drainage	\$ 10,000
Easements	\$ 10,000
Waterways	\$ 10,000

Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Infrastructure	10-50 years
Building and improvements	20-50 years
Water and wastewater	30-50 years
Machinery and equipment	5-10 years
Improvements	10-20 years
Vehicles	5-10 years
Library books and textbooks	3-10 years

CITY OF ATTLEBORO, MASSACHUSETTS

Notes to Financial Statements

June 30, 2012

NOTE 1: Summary of Significant Accounting Policies (Continued)

E. Financial Statement Amounts (Continued)

5. Capital Assets (Continued)

GASB No. 34 required the City to report and depreciate new infrastructure assets effective June 30, 2003. Infrastructure assets include roads, bridges, underground pipe, traffic signals, etc.

6. Compensated Absences

Vacation and sick pay is accumulated for various groups of employees based upon their respective collective bargaining agreements. The liability for future payments of vacation and sick pay is reflected in the long-term debt account group. The City's policy is to record vacation and sick pay as follows:

Vacation Pay: Vacation days are earned and credited to employees on a monthly basis consistent with collective bargaining agreements. Accumulated vacation carryovers are on a calendar year basis when in excess of the equivalent of two weeks with the approval of the department head and the Mayor.

Sick Pay: Sick pay is accumulated and can be carried forward in accordance with the limits established by collective bargaining agreements.

7. Encumbrances

Encumbrance accounting, under which purchase orders, contracts and other commitments for fund expenditures and/or expense are recorded in order to reserve portions of applicable appropriations, is employed in the governmental and business-type funds.

8. Fund Balances/Net Assets

Government-Wide Statements

Net Assets is displayed in three components;

- a. Invested in capital assets, net of related debt - Consists of capital assets including restricted capital assets, net of accumulated and reduced by the outstanding balances of any bonds, mortgages, notes, or borrowings that are attributable to the acquisition, construction, or improvements of those assets.
- b. Restricted net assets - Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments, or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net assets - All other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

CITY OF ATTLEBORO, MASSACHUSETTS

Notes to Financial Statements

June 30, 2012

NOTE 1: Summary of Significant Accounting Policies (Continued)

E. Financial Statement Amounts (Continued)

8. Fund Balances/Net Assets (Continued)

Fund Statements

Governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for restricted purpose. In accordance with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* fund balance will be displayed in the following classifications depicting the relative strength of the spending constraints placed on the purposes for which resources can be used:

- *Nonspendable fund balance* - amounts that are not in spendable form (such as inventory) or are required to be maintained intact (such as the corpus of an endowment fund).
- *Restricted fund balance* - amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.
- *Committed fund balance* - amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest-level action to remove or change the constraint.
- *Assigned fund balance* - amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority.
- *Unassigned fund balance* - amounts that are available for any purpose; these amounts are reported only in the general fund.

The Retirement System's net assets constitute both earned and unearned funds received. The following is a description of those funds:

Annuity Savings - This fund contains accumulated participants' contributions plus earnings of active employees and of terminated employees who have not withdrawn their balances. Accumulated deductions are paid or transferred upon participant's withdrawal, death, or retirement.

Annuity Reserve - This fund is provided to pay all annuities and other benefits payable from the accumulated total deductions transferred to such from the Annuity Savings Fund as retirement allowances become effective.

Pension - This fund is provided for the payment of all pensions payable to members for contributions made by any governmental unit.

Special Funds for Military Service - This fund is provided for the accumulation of special contributions by any governmental unit for the purpose of establishing retirement allowance credits for any member who is a qualified veteran.

Pension Reserve - This fund includes amounts appropriated for the purpose of funding future retirement benefits. Additionally, investment income in excess of the amount required to credit interest to the Annuity Savings Fund, Annuity Reserve Fund, and special Military Service Credit Fund is credited to the Reserve Fund.

Expense Reserve - This fund is provided to pay all administrative expenses of the system.

The City first utilizes restricted resources to finance qualifying activities prior to utilizing unrestricted resources.

Continued

CITY OF ATTLEBORO, MASSACHUSETTS

Notes to Financial Statements

June 30, 2012

NOTE 1: Summary of Significant Accounting Policies (Continued)

E. Financial Statement Amounts (Continued)

9. Long-Term Liabilities

For long-term liabilities, only that portion, which is matured, is reported as a fund liability of a governmental fund. All long-term liabilities are reported in government-wide financial statement of net assets.

10. Deferred Revenues

In the governmental fund financial statement, deferred revenues represent funds received in advance of being owed or receivables which will be collected and included in revenues of future fiscal years.

In the General fund, deferred revenues relate to revenue that is measurable, but not available.

In the Special Revenue funds, deferred revenue represents amounts received in advance of expenditures incurred for certain grants.

In the government wide financial statements revenue is recorded when earned. Therefore, for these statements deferred revenue represents only unearned revenues.

11. Claims and Judgments

The City is self-insured with respect to risks including workers' compensation with a \$300,000 cap per incident. In the fund financial statements, expenditures for claims and judgments are recorded on the basis of whether the liability has matured in the current period. Expenditures for workers' compensation are recorded when paid. Settlements relating to condemnation proceedings are reported when the liability is estimable. In the government-wide financial statements the estimated liability for all claims and judgments is recorded as a liability and as an expense.

12. Revenues

Substantially all governmental fund revenues are accrued. Property taxes are billed and collected within the same period in which the taxes are levied. Subsidies and grants to proprietary funds, which finance either capital or current operations, are reported as nonoperating revenues based on GASB No. 33. In applying GASB No. 33 to grant revenues, the provider recognizes liabilities and expenses and the recipient recognizes receivables and revenue when the applicable eligibility requirements, including time requirements, are met. Resources transmitted before the eligibility requirements are met are reported as advances by the provider and deferred revenue by the recipient.

13. Expenditures/Expenses

Expenditures/expenses are recognized when the related fund liability is incurred. Indirect expenses such as retirement, pension and health insurance are allocated based on direct charges and the remainder is allocated based on a percentage of payroll costs by function.

14. Interfund Activity

Interfund activity is reported as either loans, services provided, reimbursements or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefitting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide financial statements.

Continued

CITY OF ATTLEBORO, MASSACHUSETTS

Notes to Financial Statements

June 30, 2012

NOTE 1: Summary of Significant Accounting Policies (Continued)

E. Financial Statement Amounts (Continued)

Internal activities (such as Revenues Received by the Internal Service fund from the primary government) are eliminated to avoid duplication.

15. Use of Estimates

The preparation of basic financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the period. Actual results could differ from those estimates.

F. Operating Revenues and Expenses

Operating revenues and expenses for proprietary funds are those that result from providing services and producing and delivering goods and/or services. It also includes all revenues and expenses not related to capital and related financing, noncapital financing, or investing activities.

NOTE 2: Compliance and Accountability

A. Budget Requirements, Accounting and Reporting

Actual revenues and expenditures or expenses in the Budgetary Basis Statements of Revenues and Expenditures or Expenses for the General and Enterprise Funds are presented on the budgetary basis which includes the net effect of not budgeting for certain other items. Thus, the budgetary revenues and expenditures (expenses) differ from those presented in the Governmental and Proprietary fund statements which are presented in accordance with accounting principles generally accepted in the United States of America. The notes to the schedule of revenues, expenditures/expenses and change in fund balance - budget and actual (non-GAAP budgetary basis) describes the differences.

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditures of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in the general fund and the enterprise Funds.

CITY OF ATTLEBORO, MASSACHUSETTS

Notes to Financial Statements

June 30, 2012

NOTE 2: Compliance and Accountability (Continued)

B. Interfund Transactions

Interfund transactions at June 30, 2012 were as follows:

	<u>Other Financing Sources</u>	<u>Other Financing Uses</u>
<u>Major Governmental Funds</u>		
General Fund	\$ 1,626,284	\$ 643,307
<u>Non-Major Governmental Funds</u>		
Special Revenue Funds	36,633	44,124
Capital Projects	442,680	200,019
<u>Proprietary Funds</u>		
Water	-	577,994
Sewer	-	640,153
Totals	<u>\$ 2,105,597</u>	<u>\$ 2,105,597</u>

The transfers between funds are to fund matching revenues related to federal grants; to fund and utilize funding for operations in the Stabilization fund and to fund indirect costs within the enterprise funds.

In addition to the sources and uses above, \$427,587 was recorded as source for the wastewater enterprise fund for capital assets purchased from governmental funds (thus resulting in an increase in net assets within the water and wastewater enterprise funds).

On the government-wide basis, it was also necessary to record a transfer of benefits paid from the city's health insurance depository fund (a governmental activity) to each respective enterprise fund. The amounts of \$123,694 and \$166,689 were transferred to the water and wastewater enterprise funds (respectively).

Both the capital asset transfers and the transfer of benefits paid out of the governmental activities are required to convert the city's balances to the full-accrual basis of accounting as required by GASB 34.

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Transfers in - capital - wastewater enterprise	\$ -	\$ 427,587
Transfer in - benefits paid on behalf - water enterprise		123,694
Transfer in - benefits paid on behalf - wastewater enterprise		166,689
Transfers out - benefits to enterprise - governmental activities	290,383	
Transfers out - capital - governmental activities	427,587	
	<u>\$ 717,970</u>	<u>\$ 717,970</u>

CITY OF ATTLEBORO, MASSACHUSETTS

Notes to Financial Statements

June 30, 2012

NOTE 3: Deposits and Investments

Cash and investments as of June 30, 2012 are classified in the accompanying financial statements as follows:

Cash and investments - governmental activities	\$ 32,805,264
Cash and investments - business-type activities	3,324,496
Cash and investments - pension trust funds	90,352,396
Cash and investments - private purpose trust funds	487,392
Cash and investments - agency funds	<u>1,731,975</u>
Total cash and investments	<u>\$ 128,701,523</u>

Cash and Cash Equivalents

Deposits are in various financial institutions and are carried at cost or fair value in the case of pooled deposits or trust funds. The case of pooled deposits or trust funds. The carrying value is separately displayed on the statement of net assets as "Cash and Investments". Petty cash is included in the presentation of cash on the statement of net assets in the amount of \$7,009 on June 30, 2012.

Custodial credit risk for deposits is the risk that, in the event of failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party.

At year end, the primary government's carrying amount of deposits was \$38,933,747, including \$7,009 of petty cash and the bank balance was \$40,455,490. Of the bank balance, \$1,754,849 was covered by Federal Depository Insurance, \$9,302,915 was covered by the Depositor's Insurance Fund. The remaining balance of \$29,397,726 was held in collateralized accounts.

At year end the carrying amount of deposits for the City of Attleboro Contributory Retirement System (pension trust fund) was \$1,105,719 and the bank balance was \$1,319,870. Of the bank balance \$250,000 was covered by Federal Depository Insurance. The remaining balance of \$819,870 was held in collateralized accounts.

The City has not experienced any losses of funds in excess of federally insured limits held in any financial institutions. Management feels that the City is not exposed to any significant credit risk related to cash.

Investments

Investments are stated at fair value for investment pools and historical cost for all other investments. The majority of investment activities are conducted through a contracted investment management firm and held in a pooled trust fund account in the City's name.

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. See below for ratings of the investments held by the City of Attleboro and the City of Attleboro Contributory Retirement System as of June 30, 2012 and December 31, 2011 (respectively).

Concentration of credit risk is the risk of loss attributable to the magnitude of the City's investment in a single issuer. The investments listed below were issued by various financial institutions. *See below for investments that represent 5% or more of the investments held by the City of Attleboro and the City of Attleboro Contributory Retirement System as of June 30, 2012 and December 31, 2011 (respectively).

Interest rate risk is the risk that changes in market interest rates will adversely affect that fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates.

CITY OF ATTLEBORO, MASSACHUSETTS

Notes to Financial Statements

June 30, 2012

NOTE 3: Deposits and Investments (Continued)

Information about sensitivity of the fair values of the City of Attleboro Contributory Retirement System's investment to market fluctuations is provided by the following table that shows the distribution of the investments by maturity utilizing the specific identification method:

Pension Trust Fund (Attleboro Contributory Retirement System as of December 31, 2011)

Equities - Real Estate Fund:

Pyramis Core Plus Comm. Pool	\$	23,391,674	37.36%
Invesco Real Estate Fund		4,349,362	6.95%
Invesco Core RE USA LLC		4,474,314	7.15%
Rhumblin S&P 500 Pooled		14,333,230	22.89%
State Street Global Advisors		11,644,156	18.60%
PRIT Absolute Return Fund		<u>4,414,657</u>	<u>7.05%</u>
 Total	 \$	 <u>62,607,394</u>	 <u>100.00%</u>

Total Investments by Investment Type and Moody Ratings:

<u>Investment Type</u>	<u>Total Amount</u>	<u>Maximum Maturity</u>	<u>Maximum Investment in One Issuer</u>	<u>Moody Rating</u>
<i>Primary Government and Private Purpose Trust</i>				
US Government & Agencies	\$ 1,169,509	23 years	N/A	AAA
Corporate Bonds	64,418	8 years	52.30%	A
Equities	361,956	N/A	N/A	N/A
Fixed Income Securities	<u>79,378</u>	N/A	N/A	N/A
Total Primary Government	<u>\$ 1,675,261</u>			

Pension Trust Fund (Attleboro Contributory Retirement System as of December 31, 2011)

Fixed Income	\$ 2,280	25 years	N/A	N/A
Equities	62,607,394	N/A	N/A	N/A
Common Stock	<u>26,637,003</u>	N/A	N/A	N/A
Total Pension Trust Fund	<u>\$ 89,246,677</u>			
Total Investments	<u>\$ 90,921,938</u>			

CITY OF ATTLEBORO, MASSACHUSETTS

Notes to Financial Statements

June 30, 2012

NOTE 4: Property Tax

Real and personal property taxes are based on values assessed as of each January, and are due quarterly on the subsequent August 1, November 1, February 1, and May 1.

By law, all taxable property in the Commonwealth must be assessed at 100% of fair cash value. Once levied, these taxes are recorded as receivables, net of estimated uncollectibles. In the governmental fund financial statements, property tax revenues have been recorded using the modified accrual basis of accounting. Under the modified basis real estate, personal property and other excise taxes levied are recorded as receivables in the fiscal year of the levy and as revenue when collected within the current year or expected to be collected within 60 days after the end of the current year. Taxes not collected within this time period are classified as deferred revenue. Deferred revenues are those where asset recognition has been met for which revenue criteria has not been met. The government-wide financial statements recognize property tax revenue when taxes are levied net of estimated abatements and exemptions.

Taxes due and unpaid after the respective dates are subject to interest and penalties. The City has an ultimate right to foreclose on property for which taxes have not been paid.

NOTE 5: Receivable Allowance

Allowances of \$806,563 were recorded on the Government-Wide Financial Statements based on historical trends and specific account analysis of the EMS receivables.

CITY OF ATTLEBORO, MASSACHUSETTS

Notes to Financial Statements

June 30, 2012

NOTE 6: Capital Assets and Depreciation

Capital asset activities for the year ended June 30, 2012 are as follows:

Government Activities	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land & easements	\$ 6,407,959	\$ 100	\$ -	\$ 6,408,059
Construction & infrastructure in progress	2,515,357	2,662,162	4,062,211	1,115,308
Total capital assets not being depreciated:	<u>8,923,316</u>	<u>2,662,262</u>	<u>4,062,211</u>	<u>7,523,367</u>
Capital assets being depreciated:				
Infrastructure	7,164,853	273,247		7,438,100
Buildings	68,392,199	-		68,392,199
Building improvements & Site Development	39,984,746	3,774,232		43,758,978
Vehicles	3,463,741	250,883		3,714,624
Equipment	4,861,113	304,282		5,165,395
Furniture & fixtures	122,610	-		122,610
Live Stock	-	20,000		20,000
Technology equipment	3,974,711	83,915		4,058,626
Textbooks & library books	8,883,610	376,537		9,260,147
Total capital assets, being depreciated:	<u>136,847,583</u>	<u>5,083,096</u>	<u>-</u>	<u>141,930,679</u>
Accumulated depreciation:				
Infrastructure	2,763,234	199,849		2,963,083
Buildings	23,668,764	1,745,646		25,414,410
Building improvements/Site Development	13,055,466	1,332,273		14,387,739
Vehicles	2,722,067	236,088		2,958,155
Equipment	3,057,076	407,468		3,464,544
Furniture & fixtures	73,013	11,697		84,710
Live Stock	-	714		714
Technology equipment	3,610,288	207,266		3,817,554
Textbooks & library books	7,727,842	476,503		8,204,345
Total accumulated depreciation:	<u>56,677,750</u>	<u>4,617,504</u>	<u>-</u>	<u>61,295,254</u>
Total capital assets being depreciated, net	<u>80,169,833</u>	<u>465,592</u>	<u>-</u>	<u>80,635,425</u>
Governmental activities capital assets, net	<u>\$ 89,093,149</u>	<u>\$ 3,127,854</u>	<u>\$ 4,062,211</u>	<u>\$ 88,158,792</u>

For the year ended June 30, 2012, depreciation was charged to the following functions:

Governmental activities:	
General government	\$ 297,063
Public Safety:	
Fire	402,043
Police	155,832
Inspection	1,389
Public works	228,705
Education	3,157,236
Health and human services	20,041
Culture and recreation	355,195
Total governmental activities depreciation expense	<u>\$ 4,617,504</u>

Continued
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CITY OF ATTLEBORO, MASSACHUSETTS

Notes to Financial Statements

June 30, 2012

NOTE 6: Capital Assets and Depreciation (Continued)

Water Enterprise

Business-Type Activities	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	\$ 2,368,758	\$ -	\$ -	\$ 2,368,758
Total capital assets not being depreciated:	<u>2,368,758</u>	<u>-</u>	<u>-</u>	<u>2,368,758</u>
Capital assets being depreciated:				
Infrastructure	39,567,651	-		39,567,651
Machinery & equipment	430,683	74,627	-	505,310
Vehicles	380,262	-		380,262
Total capital assets being depreciated:	<u>40,378,596</u>	<u>74,627</u>	<u>-</u>	<u>40,453,223</u>
Accumulated depreciation:				
Infrastructure	11,774,446	807,922		12,582,368
Machinery & equipment	229,580	77,059	-	306,639
Vehicles	221,752	42,879		264,631
Total accumulated depreciation:	<u>12,225,778</u>	<u>927,860</u>	<u>-</u>	<u>13,153,638</u>
Total capital assets being depreciated, net	<u>28,152,818</u>	<u>(853,233)</u>	<u>-</u>	<u>27,299,585</u>
Business-type activities (water) capital assets, net	<u>\$ 30,521,576</u>	<u>\$ (853,233)</u>	<u>\$ -</u>	<u>\$ 29,668,343</u>

CITY OF ATTLEBORO, MASSACHUSETTS

Notes to Financial Statements

June 30, 2012

NOTE 6: Capital Assets and Depreciation (Continued)

Wastewater

Business-type activities	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	\$ 170,618	\$ -	\$ -	\$ 170,618
Construction in progress	596,147	488,675	1,084,822	-
Total capital assets not being depreciated:	<u>766,765</u>	<u>488,675</u>	<u>1,084,822</u>	<u>170,618</u>
Capital assets being depreciated:				
Infrastructure	67,384,207	1,142,822		68,527,029
Machinery & equipment	557,347	-		557,347
Vehicles	251,562	-		251,562
Total capital assets being depreciated:	<u>68,193,116</u>	<u>1,142,822</u>	<u>-</u>	<u>69,335,938</u>
Accumulated depreciation				
Infrastructure	13,029,950	1,650,413		14,680,363
Machinery & equipment	131,366	40,560		171,926
Vehicles	156,347	26,145		182,492
Total accumulated depreciation:	<u>13,317,663</u>	<u>1,717,118</u>	<u>-</u>	<u>15,034,781</u>
Total capital assets being depreciated, net	<u>54,875,453</u>	<u>(574,296)</u>	<u>-</u>	<u>54,301,157</u>
Business-type activities (wastewater) capital assets, net	<u>\$ 55,642,218</u>	<u>\$ (85,621)</u>	<u>\$ 1,084,822</u>	<u>\$ 54,471,775</u>

CITY OF ATTLEBORO, MASSACHUSETTS

Notes to Financial Statements

June 30, 2012

NOTE 7: Other Employee Benefits

Other Postemployment Benefits

Plan Description

In addition to the pension benefits described above, the City provides health and life insurance benefits to retirees, their dependents and beneficiaries in accordance with Chapter 32B of Massachusetts General Laws under various contributory plans. Specific benefit provisions and contribution rates are established by state laws and City ordinance. All benefits are provided through third-party insurance carriers and health maintenance organizations that administer, assume, and pay all claims for specific plans. The Plan does not issue a standalone financial report since there are no assets legally segregated for the sole purpose of paying benefits under the Plan.

Funding Policy

The contribution requirements of Plan members and the City are established and may be amended by the City. Twenty-five percent of the calculated contribution is paid by the retirees through pension benefit deductions or direct payments, eligible survivors of retirees contribute fifty percent. The remainder of such cost is funded by the City. The City currently contributes enough money to the Plan to satisfy current obligations on a pay-as-you-go basis.

Annual OPEB and Net OPEB Obligation

The City's annual OPEB cost (expense) is calculated based on the annual required contribution (ARC) of the employer, an actuarially determined amount that is calculated in accordance with the parameters set forth in GASB Statement 45. The amount that was actuarially determined by using the Projected Unit Credit Cost Method. Under this method the annual contribution consists of two pieces: Normal Cost plus a payment towards the unfunded accrued liability. The normal cost is similarly determined as the present value of the portion of the projected benefit attributable to the current year. The unfunded accrued liability is the accrued liability less the value of any plan assets. The level percent amortization method was utilized to determine the current year ARC. The following table shows the elements of the City's annual OPEB cost for the year, the amount actually paid on behalf of the Plan, and changes in the City's net OPEB obligation to the Plan for the year ended June 30, 2012.

	<u>Amount</u>
Annual required contribution	\$ 16,383,610
Interest on net OPEB obligation	1,930,873
Adjustment to annual required contribution	<u>(1,901,936)</u>
Annual OPEB cost (expense)	16,412,547
Contributions made	<u>(6,978,080)</u>
Increase in net OPEB obligations	9,434,467
Net OPEB obligation at beginning of year	<u>45,432,302</u>
Net OPEB obligation at end of year	<u>\$ 54,866,767</u>

CITY OF ATTLEBORO, MASSACHUSETTS

Notes to Financial Statements

June 30, 2012

NOTE 7: Other Employee Benefits (continued)

Other Postemployment Benefits (continued)

The projection of benefits is based on the types of benefits provided under the substantive plan at the time of each valuation and on the pattern of sharing of benefit costs between the employer and plan members to that point. The projections of benefits for financial reporting purposes do not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the employer and plan members in the future.

The actuarial calculations reflect a long-term perspective, actuarial method and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

Trend information regarding annual OPEB cost, the percentage of the annual OPEB cost contributed and the net OPEB obligation is as follows:

Fiscal Year Ending	Annual OPEB Costs (AOPENC)	Percentage Of AOPEBC Contributed	Net OPEB Obligation
June 30, 2012	\$ 16,412,547	29.91 %	\$ 54,866,767

Funded Status and Funding Progress

As of January 1, 2011, the most recent actuarial valuation date, the Plan was 0% funded. The actuarial accrued liability for benefits was \$210,542,816. Amounts determined regarding the funded status of the Plan and the annual required contributions of the City are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, shows as required supplementary information disclosures required by GASB-43 for the OPEB Plan. This schedule presents the results of OPEB valuations as of June 30, 2012 and go-forward basis. The schedule will eventually provide additional multi-year trend information about whether the actuarial values of Plan assets are increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

The required schedule of funding progress (presented in the required supplementary information section) presents multi-year trend information about whether the actuarial value of Plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

The funded status of the Plan at June 30, 2012, to most recent actuarial valuation, was as follows:

Actuarial Valuation Date	Reporting Year	(A) Actuarial Value of Assets	(B) Actuarial Accrued Liability (AAL) Individual Entry Age	(B-A) Unfunded (Overfunded) AAL (UAAL)	(A/B) Funded Ratio	(C) Covered Payroll	((B-A)/C) UAAL as a Percentage of Covered Payroll
01/01/09	2009	\$ 0	\$ 274,301,162	\$ 274,301,162	0.00%	\$ 57,080,000	480.56%
01/01/09	2010	\$ 0	\$ 294,327,287	\$ 294,327,287	0.00%	\$ 57,080,000	515.64%
01/01/11	2011	\$ 0	\$ 201,600,027	\$ 201,600,027	0.00%	\$ 57,184,000	346.49%
01/01/11	2012	\$ 0	\$ 210,542,816	\$ 210,542,816	0.00%	\$ 57,184,000	368.18%

CITY OF ATTLEBORO, MASSACHUSETTS

Notes to Financial Statements

June 30, 2012

NOTE 7: Other Employee Benefits (continued)

Other Postemployment Benefits (continued)

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the health cost trend. Amounts determined regarding the funded status of the plan and the annual required contribution of the employer are subjected to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Methods and Assumptions

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

The significant methods and assumptions as of the latest actuarial valuation are as follows:

Valuation date:	January 1, 2011
Actuarial cost method:	Projected Unit Credit
Amortization period:	Closed 27 years amortization (remainder of initial 30 year amortization). Uses level percentage of payroll (using a 3.25% annual rate of increase) for unfunded plan.
Interest discount rate	Funded: 7.50% per year, net of investment expenses Unfunded: 4.25% per year, net of investment expenses
Participation:	83% of future retirees are assumed to participate in the retiree medical plan. 80% of future retirees are expected to elect life insurance.

Allocation of AOPEBC

AOPEBC costs were allocated to the City's functions as follows:

Governmental Activities:	
General government	\$ 3,057,327
Public Safety	11,175,494
Public Works	882,853
Education	33,701,055
Health and human services	770,764
Culture and recreation	<u>2,258,921</u>
Total AOPEBC - governmental activities	<u>\$ 51,846,414</u>
Business-Type Activities:	
Water	\$ 1,393,639
Sewer	<u>1,626,715</u>
Total AOPEBC - business-type activities	<u>\$ 3,020,354</u>
Total AOPEBC - government - wide	<u>\$ 54,866,768</u>

CITY OF ATTLEBORO, MASSACHUSETTS

Notes to Financial Statements

June 30, 2012

Note 8: Fund Balance Classification Details

	<u>Major Funds</u>	<u>Non-Major Funds</u>			<u>Total</u>
	<u>General Fund</u>	<u>Special Revenue</u>	<u>Permanent Trust</u>	<u>Capital Projects</u>	
Fund Balances:					
Nonspendable:					
Corpus of endowment funds	\$ -	\$ -	\$ 314,080	\$ -	\$ 314,080
Restricted for:					
Net school spending	108,302				108,302
MSBA debt	4,756,588				4,756,588
General government activity		144,198			144,198
Public safety operations		559,952			559,952
Educational purposes		1,180,409	114,943		1,295,352
Public works		227,271			227,271
Community housing and development		24,085			24,085
Health and human services		44,361	16,920		61,281
Recreational and other purposes		1,175,806	753,098		1,928,904
Committed to:					
Economic stabilization	2,215,533				2,215,533
Munis upgrade project				5,497	5,497
ARA urban renewal project				1,587,654	1,587,654
Water and wastewater related projects				746,814	746,814
Assigned to:					
Next year's appropriations	241,795				241,795
General government activity	340,202				340,202
Public safety operations	394,626				394,626
Public works	18,472				18,472
Human services	49,015				49,015
Educational purposes	48,338				48,338
Recreational and other purposes	6,329				6,329
Unassigned:	<u>4,884,994</u>	<u>(63,098)</u>		<u>(162,036)</u>	<u>4,659,860</u>
	<u>\$ 13,064,194</u>	<u>\$ 3,292,984</u>	<u>\$ 1,199,041</u>	<u>\$ 2,177,929</u>	<u>\$ 19,734,148</u>

The components of fund balance for the City's governmental funds as of June 30, 2012 are as follows:

At June 30, 2012, the balance of the stabilization fund is \$2,215,533 and is reported as committed fund balance within the general fund. The stabilization fund balance can be used for economic stabilization purposes upon approval of the City Council.

At June 30, 2012, significant negative unassigned balances are reported within the capital project funds. This can be attributed to the city's short-term borrowing within those funds combined with the changes in fund balance classifications required by GASB 54. These negative balances will be alleviated by the proceeds from future long-term borrowings that relate to these projects.

CITY OF ATTLEBORO, MASSACHUSETTS

Notes to Financial Statements

June 30, 2012

NOTE 9: Contributory Retirement System

The City of Attleboro contributes to the City of Attleboro's Contributory Employees' Retirement System, which is a single-employer public employee retirement system (PERS), as established under Chapter 32 of the General Laws of the Commonwealth of Massachusetts. Substantially all employees are members of the system, except for public school teachers and certain administrators who are members of the Massachusetts Teacher Retirement System, to which the City does not contribute pension benefits and administrative expenses paid by the Teacher Retirement Board are the legal responsibility of the Commonwealth. The amount of these on behalf payments totaled \$12,027,514 for the fiscal year ended June 30, 2012, and, accordingly, are reported in the general fund as intergovernmental revenues and pension expenses.

Summary of Significant Accounting Policies

Basis of Accounting:

The City of Attleboro's Contributory Employees' Retirement System's financial statements are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions to each plan are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of each plan.

Operating Cycle:

The accounting records of the Retirement System are maintained on a calendar year basis in accordance with the standards and procedures established by the Commissioner of Public Employee Retirement Administration Commission.

Method Used to Value Assets:

Cash deposits are carried at cost which approximates market. Investments in bonds and notes are stated at amortized cost which approximates market. Investments in common stock and mutual funds are recorded at market value.

GASB No. 25 and GASB No. 27:

Effective for periods beginning after June 15, 1997, the Governmental Accounting Standards Board (GASB) requires the disclosure of pension related liabilities for public employer financial statements in accordance with Statements 25 and 27. These statements, which replace GASB Statement No. 5, must be adhered to by any public employee retirement system that follows Generally Accepted Accounting Principles (GAAP).

These disclosures are intended to establish a reporting framework that distinguishes between:

- current financial information about plan assets and financial activities,
- actuarially determined information from a long-term perspective,
- the funded status of the plan, and
- progress being made in accumulating sufficient assets to pay benefits when due.

Plan Description

Employees working 20 or more hours per week, other than teachers, are eligible to participate in the City of Attleboro's Contributory Employees' Retirement System. Teachers and certain administrative employees of the School Department participate in a contributory retirement plan administered by the Massachusetts Teachers' Retirement Board. The City does not contribute to the Massachusetts Teachers' Retirement Board.

The Retirement Board exercises jurisdiction to determine an employee's eligibility for membership in cases involving part time service. The participants contribute specified percentages of their annual compensation to the plan. The City's contribution is determined by the Division of Public Employee Retirement Administration Commission ("PERAC") on a cost of benefits approach and, for the year ended June 30, 2012, was \$5,066,077.

Continued

CITY OF ATTLEBORO, MASSACHUSETTS

Notes to Financial Statements

June 30, 2012

NOTE 9: Contributory Retirement System (Continued)

In accordance with Chapter 32, Pension benefits vest after ten years of creditable service. Employees who became members prior to January 1, 1978 are eligible to retire at age 55 with no minimum service requirement. Members after January 1, 1978, may receive a superannuation retirement allowance at age fifty-five with ten years service or upon completion of twenty years of service at any age. Members of Group four can retire at age forty-five with twenty years of service. The pension plan also provides for death and disability benefits. For most employees the average of the last three highest consecutive years' salary will be used as their highest average salary. Benefit payments are based upon a member's age, length of creditable service, level of compensation and group classification. The amount determined by the benefit formula cannot exceed 80% of the employee's average salary as described above.

Effective July 1, 1999, Chapter 17 of Acts of 1997 (COLA legislation) was adopted. The result of the adoption of Chapter 17 is to potentially increase the retirement allowance by a percentage as determined by the CPI, not to exceed 3% on the first \$12,000 of annual benefit. Chapter 17 provisions apply to both contributory and non-contributory retirees.

As of January 1, 2010, employee membership data related to the pension plan was as follows:

	<u>Total</u>
Active members	626
Inactive members	131
Retired, Beneficiary and Survivor members	<u>383</u>
	<u>1,140</u>

Retirement Groups

For retirement purposes employees are classified as Group 1 or Group 4 employees:

Group 1 Officials and general employees including clerical, administrative and technical workers, laborers, mechanics and all others not otherwise classified. Participants within this group are eligible to retire at age 55 with ten years of creditable service or any age with 20 years of creditable service.

Group 4 Members of police and fire departments not classified in Group 1. Participants within this group are eligible to retire at age 45 with 20 years of creditable service.

CITY OF ATTLEBORO, MASSACHUSETTS

Notes to Financial Statements

June 30, 2012

NOTE 9: Contributory Retirement System (Continued)

Funding Policy

In accordance with Chapter 32 the contribution rate of a member is determined by the date of their membership in the system. The contribution rate for employees who became members prior to January 1, 1975 is 5% of regular compensation; employees who became members on or after January 1, 1975 contribute 7% of their regular compensation; employees who became members on or after January 1, 1984 contribute 8% of their regular compensation; employees who became members on or after July 1, 1996 contribute 9% of their regular compensation. Also, members who joined after January 1, 1979 are required to make extra contributions equal to 2% of all compensation exceeding \$30,000 annually. In addition, the City must provide annual contributions sufficient to satisfy the actuarially determined contribution requirements as mandated by State statutes. Administrative costs of the Retirement System are financed through investment earnings.

Funding Status and Progress

In 1983, additional legislation was passed requiring the transfer of investment earnings (in excess of the amount credited to member accounts) into the Pension Reserve Fund. These initiatives have significantly reduced the rate of growth of the retirement systems' unfunded liabilities, and in some systems have actually reduced such liability.

The amount of the total pension benefit obligation is based on a standardized measurement. The standardized measurement is the actuarial present value of credited projected benefits. This pension valuation method reflects the present value of estimated pension benefits that will be paid in future years as a result of employee services performed to date, and is adjusted for the effects of projected salary increases. A standardized measure of the pension benefit obligation was adopted by the GASB to enable readers of PERS financial statements to (a) assess the PERS funding status on a going-concern basis, (b) assess progress made in accumulating sufficient assets to pay benefits when due, and (c) make comparisons among other PERS and among other employers.

The pension benefit obligation was computed as part of an actuarial valuation performed as of January 1, 2010. Significant actuarial assumptions used in that valuation included:

- The actuarial cost method used to determine pension liabilities and costs for benefits and to project future funding requirements is known as the Individual Entry Age Normal Cost method. Under this method the Normal Cost for each active participant on the valuation date is determined as the level percent of salary, which, if paid annually from the date the participant first became a member of the retirement system, would fully fund by retirement, death, disability or termination, the projected benefits which the participant is expected to receive.
- Actuarial value of assets is market value.
- Mortality is assumed to be in accordance with the RP-2000, with ages set forward two years for disabled members.
- Investment return on current assets and future contributions is assumed to be at the rate of 8.0% per annum.
- Assets held by the fund are valued at market value as reported by the Public Employees' Retirement Administration Commission (PERAC).
- Salaries were assumed to increase between 4.75% and 8.00% per annum.
- Rates of turnover (termination of employment before becoming eligible for retirement) are in accordance with a Local Experience Analysis and range from 0% to 15%.

Continued

CITY OF ATTLEBORO, MASSACHUSETTS

Notes to Financial Statements

June 30, 2012

NOTE 9: Contributory Retirement System (Continued)

Funding Status and Progress (Continued)

- It is assumed that 55% of all disabilities are occupational for Group 1 members and that 90% of disabilities are occupational for Group 4 members.
- Rates of disablement are assumed to occur in accordance with a Local Experience Analysis and range from .01% to 1.25%.
- Rates of retirement are based on actual experience and range from 1% to 100%.
- Administrative expenses are assumed to increase 4.5% per year and the amount for fiscal year 2012 is \$185,000.
- Cost-of-living increases have been assumed to be 3% on first \$12,000 per year.

The most recent actuarial valuation of the Attleboro Contributory Retirement System was prepared by Buck Consultants as of January 1, 2010.

Total unfunded actuarial accrued liability of the Attleboro Contributory Retirement System as of January 1, 2010, was as follows:

	<u>January 1, 2010</u> (unaudited)
Actuarial accrued liability:	
Actuarial liability for active members	\$ 70,921,092
Actuarial liability for retired members	<u>67,815,353</u>
Total actuarial accrued liability	138,736,445
Net assets available for benefits	<u>96,158,771</u>
Unfunded actuarial accrued liability	<u>\$ 42,577,674</u>

The total covered payroll for the Retirement System for the year ended December 31, 2011 was \$27,528,792, \$20,794,313 represented the City covered payroll and \$6,734,479 represented School Department covered payroll. The City's (including the School Department) total payroll for all employees was \$67,450,565 for the same period. Covered payroll refers to all compensation paid by the City to active employees covered by the City of Attleboro PERS in which contributions to the pension are based.

As a result of the oversight of the Public Employees Retirement Administration Commission (PERAC) and the conversion of unpaid contributions to pension related debt, the Net Pension Obligation (NPO) as required by Statement No. 27 will effectively always be equal to \$-0-.

The measurement of the total actuarial accrued liability is based on an actuarial valuation as of January 1, 2010. Net assets available to pay pension benefits were valued as of the same date.

No changes in actuarial assumptions or benefit provisions that would significantly affect the valuation of the pension benefit obligation occurred during fiscal 2012.

CITY OF ATTLEBORO, MASSACHUSETTS

Notes to Financial Statements

June 30, 2012

Funding Status and Progress (Continued)

Annual Pension Cost

The pension portion of any retirement benefit is paid from the Pension Fund of the System. The governmental unit employing the member must annually appropriate and contribute the amount of current year pension payments as determined by PERAC's Actuary. Until recently, retirement systems were paying only the actual retirement benefits that were due each year. Systems had no statutory authorization to put aside any money for the future benefits of employees who are now working. Large unfunded liabilities resulted from operating upon this pay-as-you-go basis. In 1977, legislation authorized local governments to appropriate funds to meet future pension obligations. The City must provide annual contributions sufficient to satisfy the actuarially determined contribution requirements as mandated by state statutes.

Periodic employer contributions to the pension plan are determined on an actuarial basis using the individual entry age normal actuarial cost method. Normal cost is funded on a current basis. The active unfunded actuarial accrued liability is amortized over a 32 year period. The retiree unfunded actuarial accrued liability is amortized over a 15 year period. Periodic contributions for both normal cost and the amortization of the unfunded actuarial accrued liability are based on the level percentage of payroll method. The funding strategy for normal cost and the unfunded actuarial accrued liability should provide sufficient resources to pay employee pension benefits on a timely basis.

Contributions by the Massachusetts Teacher's Retirement Board totaled \$12,027,514 and were recorded as revenue and expenditures for the fiscal year ended June 30, 2012 in compliance with GASB 24.

NOTE 10: Deferred Compensation Plan:

The City of Attleboro has established deferred compensation plans pursuant to the provisions of Massachusetts General Law Chapter 29, Section 64B, Chapter 44, Section 67 and/or Chapter 35, Section 57 and within the guidelines stated in the IRC 457 eligible plan requirements. Under these plans, the City of Attleboro withholds the amount of compensation mutually agreed upon with each participant. The City of Attleboro makes no contributions to these plans.

The plans permit employees to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement or unforeseeable emergency.

NOTE 11: Contingencies

Various lawsuits are pending against the City. A number of the lawsuits are being defended by the City's insurers and the claims are within the limits of coverage and, therefore, pose no risk of loss. The outcome of the remaining lawsuits cannot be evaluated at this time, and accordingly, the City has not established a reserve for loss contingencies.

CITY OF ATTLEBORO, MASSACHUSETTS

Notes to Financial Statements

June 30, 2012

NOTE 12: Risk Management and Litigation

The City is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City has obtained coverage from commercial insurance companies and has effectively managed risk through various employee education and prevention programs. All risk management activities are accounted for in the General Fund. Expenditures and claims are recognized when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. In determining claims, events that might create claims, but for which none have been reported, are considered. Both the City Solicitor and the City's legal counsel are unable to express an opinion as to the ultimate outcome of the cases, and no provision for loss has been made in accompanying financial statements. The City Solicitor estimates that the potential claims against the City not covered by insurance resulting from such litigation would not materially affect the financial position of the City as of June 30, 2012.

NOTE 13: Education Carry-Over

As a result of the 1993 Education Reform Act, school departments are allowed to carry over into fiscal 2013 unexpended funds of up to 5% of the fiscal 2012 net school spending requirement. The carry over may be expended for any net school spending purpose and will be in addition to the fiscal 2013 required spending. The amount carried over by school departments is generally reflected in the financial statements as a restricted fund balance. The Attleboro School Department in fiscal year 2012 underspent its requirement. As a result, there is a carry over to fiscal year 2013 of \$108,302 and a restricted fund balance was made for this amount.

NOTE 14: Debt

Primary Government

Under state law and by authorization of the City Council, the City is authorized to borrow on a temporary basis to fund the following:

- Special Revenue, capital projects and enterprise fund costs incurred prior to obtaining permanent financing through the issuance of bond anticipation notes (BANS) and
- Federal and state aided capital projects and other program expenditures prior to receiving reimbursement through the issuance of federal and state aid anticipation notes (FAANS and SAANS.)

CITY OF ATTLEBORO, MASSACHUSETTS

Notes to Financial Statements

June 30, 2012

NOTE 14: Debt (Continued)

Short-Term Debt

Governmental Activities:

	Maturity Dates	Balance 7/1/2011	Increases	Decreases	Balance 6/30/2012	Interest Rate	Interest Paid
Bond Anticipation Note	6/28/2011	\$ -	\$ -	\$ -	\$ -	1.15%	\$ -
Bond Anticipation Note - Equipment Loan	6/28/2012	335,000		150,000	185,000	0.98%	3,283
School Roof	3/1/2012	1,450,000		1,450,000	-	1.50%	16,313
		<u>\$1,785,000</u>	<u>\$ -</u>	<u>\$1,600,000</u>	<u>\$ 185,000</u>	<u>NA</u>	<u>\$19,596</u>

CITY OF ATTLEBORO, MASSACHUSETTS

Notes to Financial Statements

June 30, 2012

NOTE 14: Debt (Continued)

Changes in balance of long-term liabilities including current portions are as follows:

	Balance				Outstanding	
	July 1, 2011	Increases	Decreases	Refunding	Balance	Balance
					June 30, 2012	Due in 2013
Governmental Activities						
Library Addition Refunding	\$ 80,000	\$ -	\$ 40,000	\$ -	\$ 40,000	\$ 40,000
Land Acquisition - Locust Valley	210,000	-	30,000	-	180,000	30,000
Land Acquisition-Refunding	7,835	-	7,835	-	-	-
Land Acquisition - So. Attle. Firestation	159,100	-	26,730	-	132,370	26,290
Attleboro Firestation Construction	1,339,595	-	172,530	-	1,167,065	170,885
Land Acquisition-Bungay River Land	140,000	-	20,000	-	120,000	15,000
Building Remodeling-City Hall	120,000	-	15,000	-	105,000	15,000
Building Remodeling-Post Office	120,000	-	15,000	-	105,000	15,000
Building Remodeling-Senior Citizen	305,000	-	35,000	-	270,000	35,000
Poncin-Hewitt Recreational Facility	860,000	-	160,000	-	700,000	160,000
Building Remodeling-School	205,000	-	25,000	-	180,000	25,000
Designs for Coelho	506,010	-	64,395	-	441,615	58,555
Stormwater Management - MWPAT	183,307	-	10,631	-	172,676	11,096
School Project-Refunding	174,253	-	174,253	-	-	-
School Project	5,500,000	-	5,500,000	-	-	-
Peter Thatcher	300,000	-	50,000	-	250,000	50,000
Middle Schools	3,123,566	-	803,275	-	2,320,291	789,975
Middle Schools	4,690,000	-	865,000	-	3,825,000	865,000
Peter Thacher	5,738,775	-	832,275	-	4,906,500	822,160
Willet Addition-Refunding	1,235,000	-	410,000	-	825,000	405,000
Coelho School 2nd Half	5,780,000	-	460,000	-	5,320,000	460,000
Water Pollution Abatement Bond	51,433	-	5,772	-	45,661	5,772
Urban Renewal	1,975,000	-	165,000	-	1,810,000	165,000
Building Remodeling-School	1,785,000	-	128,000	-	1,657,000	128,000
Engineering Services-School	140,000	-	12,000	-	128,000	12,000
School Remodeling		1,480,150			1,480,150	175,150
Total Governmental Activities	\$ 34,728,874	\$ 1,480,150	\$ 10,027,696	\$ -	\$ 26,181,328	\$ 4,479,883
Business-Type Activities						
Water						
Water Mains - Refunding	\$ 287,981	\$ -	\$ 134,714	\$ -	\$ 153,267	\$ 153,267
Water Treatment-Refunding	2,345,000	-	600,000	-	1,745,000	585,000
Storage Tank - Refunding	137,793	-	66,281	-	71,512	71,511
Water Wading River Pump	500,000	-	75,000	-	425,000	75,000
Water Departmental Equipment	650,000	-	130,000	-	520,000	130,000
Water Treatment	3,338,042	-	696,563	-	2,641,479	685,031
Water Storage	48,392	-	10,162	-	38,230	9,994
Water Mains Phase I	855,000	-	110,000	-	745,000	110,000
Water Mains Phase II	3,400,000	-	425,000	-	2,975,000	425,000
Total Water	\$ 11,562,208	\$ -	\$ 2,247,720	\$ -	\$ 9,314,488	\$ 2,244,803

CITY OF ATTLEBORO, MASSACHUSETTS

Notes to Financial Statements

June 30, 2012

NOTE 14: Debt (Continued)

	Balance				Outstanding	
	July 1, 2011	Increases	Decreases	Refunding	Balance	Balance
					June 30, 2012	Due in 2013
Wastewater						
Engineering Services-Sewer	\$ 180,000	\$ -	\$ 20,000	\$ -	\$ 160,000	\$ 20,000
Sewer	90,000	-	10,000	-	80,000	10,000
Water Pollution Abatement Bond	566,600	-	68,600	-	498,000	36,600
Water Pollution Abatement Bond	879,484	-	135,987	-	743,497	139,996
Water Pollution Abatement Bond	1,988,090	-	307,403	-	1,680,687	316,464
Water Pollution Abatement Bond	872,815	-	134,957	-	737,858	138,935
Engineering Services - Sewer - WWTF Design	1,325,000	-	265,000	-	1,060,000	265,000
MWPAT CW-03-28 WW Treatment Fac 1	5,013,335	-	279,003	-	4,734,332	286,665
Water Pollution Abatement Bond	4,160,372	-	222,854	-	3,937,518	227,357
MWPAT CW-03-28A - WW Treatment Fac 2	12,630,499	-	729,299	-	11,901,200	744,033
MWPAT 10-1-99 Contract 22(95-26A)	22,000	-	2,000	-	20,000	2,000
MWPAT 11-1-00 Contract 24-25A &25B	1,975,945	-	172,216	-	1,803,729	176,747
MWPAT Contract 26 1st Half	760,115	-	65,372	-	694,743	66,500
MWPAT Contract 26 2nd Half	3,310,914	-	199,032	-	3,111,882	207,382
Sewer Contracts 20-23 Ineligible Costs	822,350	-	92,340	-	730,010	90,820
Sewer Contract 20 & 21	350,000	-	50,000	-	300,000	50,000
Sewer - Refunding	19,213	-	8,991	-	10,222	10,222
Sewer	150,000	-	30,000	-	120,000	30,000
Sewer Disposal Facility-Refunding	217,926	-	217,926	-	-	-
City Sludge Ash Landfill	224,170	-	26,730	-	197,440	26,290
MWPAT CW-03-28D	1,473,992	-	73,532	-	1,400,460	75,017
Water Pollution Abatement Bond	947,154	-	93,243	-	853,911	98,151
Water Pollution Abatement Bond	1,393,000	-	138,000	-	1,255,000	143,000
Total Wastewater	\$ 39,372,974	\$ -	\$ 3,342,485	\$ -	\$ 36,030,489	\$ 3,161,179
Total Business-Type Activities	\$ 50,935,182	\$ -	\$ 5,590,205	\$ -	\$ 45,344,977	\$ 5,405,982
Total Governmental plus Business-Type	<u>\$ 85,664,056</u>	<u>\$ 1,480,150</u>	<u>\$ 15,617,901</u>	<u>\$ -</u>	<u>\$ 71,526,305</u>	<u>\$ 9,885,865</u>

CITY OF ATTLEBORO, MASSACHUSETTS

Notes to Financial Statements

June 30, 2012

NOTE 14: Debt (Continued)

Debt Service requirements to maturity for long-term debt are as follows:

<u>City Wide Debt</u>	<u>Principal</u>	<u>First Interest</u>	<u>Second Interest</u>	<u>Total Interest</u>	<u>Total Debt Service</u>
2013	\$ 9,885,865	\$ 1,284,571	\$ 1,158,195	\$ 2,442,766	\$ 12,328,631
2014	9,499,204	1,078,694	973,322	2,052,016	11,551,220
2015	9,403,955	900,793	781,456	1,682,249	11,086,204
2016	7,942,126	721,148	629,707	1,350,855	9,292,981
2017	6,341,446	574,240	505,565	1,079,805	7,421,251
2018	5,237,517	456,239	385,528	841,767	6,079,284
2019	4,437,842	363,549	301,823	665,372	5,103,214
2020	3,680,032	285,341	236,823	522,164	4,202,196
2021	3,192,131	219,776	181,507	401,283	3,593,414
2022	2,865,434	166,196	131,960	298,156	3,163,590
2023	2,770,623	114,102	85,879	199,981	2,970,604
2024	2,501,403	64,418	47,559	111,977	2,613,380
2025	1,910,253	34,419	21,116	55,535	1,965,788
2026	1,357,128	18,585	5,013	23,598	1,380,726
2027	400,084	5,013	1,013	6,026	406,110
2028	101,262	1,013	-	1,013	102,275
	<u>\$71,526,305</u>	<u>\$6,288,097</u>	<u>\$ 5,446,466</u>	<u>\$11,734,563</u>	<u>\$ 83,260,868</u>

The issuance of future Sewer Bonds issued through the Commonwealth of Massachusetts Water Pollution Abatement Trust, which prior to October 21, 2007 were subsidized through the application of loan subsidy amounts received by the Trust for the benefit of the City. The subsidy resulted in the financial equivalent of a 0% loan. Bonds issued by the Trust for the benefit of the City after and including the October 21, 2007 bond issue are no longer subsidized and are at a cost of 2% interest.

Authorized and Unissued Debt:

	<u>Authorized & Unissued 7/1/2011</u>	<u>Authorized</u>	<u>Issued</u>	<u>Rescinded/ Paydowns</u>	<u>Authorized & Unissued 6/30/2012</u>
Urban Renewal	\$ 59,000	\$ -	\$ -	\$ -	\$ 59,000
Wastewater Treatment Plant	571,169				571,169
Water I	90,000				90,000
Water II	162,600				162,600
HS Roof Constr.	2,677,301				2,677,301
Equipment Loan	335,000			150,000	185,000
Rescue Vehicle		100,000			100,000
School Roofs	3,482,000		1,480,150		2,001,850
	<u>\$7,377,070</u>	<u>\$100,000</u>	<u>\$ 1,480,150</u>	<u>\$ 150,000</u>	<u>\$5,846,920</u>

CITY OF ATTLEBORO, MASSACHUSETTS

Notes to Financial Statements

June 30, 2012

NOTE 15: Fund Deficit

The following individual funds had deficit fund equity balances as of June 30, 2012:

	Fund Deficit	Less: Interim Loans outstanding and BAN's outstanding	Net Deficit
Non-Major Governmental Funds			
Capital Project Funds			
Equipment Loan	\$ 179,762	\$ 185,000	-
Total Capital Project Funds	\$ 179,762	\$ 185,000	\$ -
Special Revenue Funds			
CDBG	\$ 182	\$ -	\$ 182
Highway Improvements	61,545	-	61,545
Total Special Revenue Funds	\$ 61,727	\$ -	\$ 61,727
Total Non-Major Governmental Funds	\$ 241,489	\$ 185,000	\$ 61,727

* This deficit will be eliminated by reimbursements from the Commonwealth of Massachusetts or the federal government.

CITY OF ATTLEBORO, MASSACHUSETTS

Notes to Financial Statements

June 30, 2012

NOTE 15: SUBSEQUENT EVENTS

On October 16, 2012, Massachusetts Department of Revenue certified “Free Cash” as of July 1, 2012 for the General Fund in the amount of \$2,218,557; for the Water Enterprise Fund in the amount of \$546,083; and for the Wastewater Enterprise Fund in the amount of \$1,123,855.

On October 16, 2012, the Attleboro Municipal Council adopted a Cash Reserve policy for the City of Attleboro.

On January 15, 2013, and in accordance with the newly adopted Cash Reserve Policy, the Attleboro Municipal Council voted to approve the Mayor’s recommendation to appropriate \$282,000 into the City’s Stabilization Fund.

On January 15, 2013, the Attleboro Municipal Council voted to approve the Mayor’s recommendation to appropriate \$327,135 into the City’s Stabilization Fund as reimbursement for the earlier use of those funds to purchase two (2) Public Works Sander Trucks and a Public Works Dump Truck.

On January 22, 2013, the Attleboro Municipal Council voted to approve the Mayor’s recommendation to fund the following Capital Projects in the amounts specified:

- Construction of a new Municipal Athletic Complex: \$3,550,000.
- Construction of a new Municipal Animal Shelter: \$1,116,000.
- Installation of a new Supervisory Control and Data Acquisition (SCADA) computer system at the City’s Water Department: \$1,523,000.

On March 5, 2013, the Attleboro Municipal Council voted to approve the Mayor’s recommendation to fund the design and replacement of the Kalwall Roofing System at the Studley Elementary School in the amount of \$959,715. This project is eligible for 57.74% reimbursement from the Massachusetts School Building Authority.

An Update on the Neighborhood Stabilization Program 3

On December 16, 2011, the City of Attleboro received notification from the Commonwealth of Massachusetts’s Department of Housing and Community Development that the City was awarded a Neighborhood Stabilization Program 3 (NSP3) grant in the amount of \$999,999.00. In February 2012, the Department of Planning and Development - Community Development Office held a public participation forum in Government Center during which time staff presented the purpose of the grant, explained grant eligible projects, answered questions, and also solicited ideas about potential project sites. Ultimately, three projects received funding in 2012 from the Community Development Office, and they are as follows: (1) 93 County Street is a rehabilitation project of an existing three-family dwelling; grant funds were awarded to help off-set construction costs; two of the units will be designated as affordable for a period of 20 years; this project is currently under construction; (2) 95 Park Street is a mixed-use new construction project (2,000± square feet of commercial floor space on the first floor and four residential units on the second floor); grant funds were awarded to help off-set design costs and construction costs; three of the units will be designated as affordable for a period of 20 years; this project is currently under construction; (3) the 1.3-acre vacant property located on the corner of Wall Street and South Main Street is a mixed-use new construction project referred to as Renaissance Station (6,200± square feet of commercial floor space on the first floor and 80 residential units on the second floor through the sixth floor); grant funds were awarded to help off-set land acquisition costs; five of the units will be designated as affordable for a period of 20 years; this project is currently in the local permitting process; construction is expected to commence sometime in late-summer/early-fall 2013 and take approximately 18 months to complete construction. The Community Development Office anticipates that all grant funds will be expended on or about June 30, 2013.

Continued

CITY OF ATTLEBORO, MASSACHUSETTS

Required Supplementary Information

Statement of Revenues and Expenditures - Budget and Actual (Non-GAAP Budgetary Basis) - General Fund

For the Year Ended June 30, 2012

	<u>Original Budget</u>		<u>Additional Appropriations and Transfers</u>	<u>Recap Total Available</u>	<u>Actual</u>	<u>Current Year Carryover of Encumbrances, Net School Spending & Continuing Appropriations</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Encumbrances Carried Forward</u>	<u>Budget As Adopted</u>					
Revenues:							
Property taxes, net	\$ -	\$ 55,565,651	\$ 359,116	\$ 55,924,767	\$ 55,924,767	\$ -	\$ -
Motor vehicle excise		3,700,000	28,353	3,728,353	4,107,303		378,950
Penalties and interest		400,000	-	400,000	439,442		39,442
Charges for services		3,052,713	-	3,052,713	3,245,387		192,674
Intergovernmental		38,630,787	346,897	38,977,684	39,088,167		110,483
Rentals		140,000	-	140,000	163,026		23,026
Fees		140,000	-	140,000	247,664		107,664
Other Departmental		7,500	-	7,500	4,560		(2,940)
Licenses and permits		800,000	-	800,000	866,628		66,628
Fines and forfeitures		225,000	-	225,000	242,228		17,228
Investment Income		13,000	-	13,000	30,930		17,930
Miscellaneous - recurring		690,000	-	690,000	954,899		264,899
Total revenues		103,364,651	734,366	104,099,017	105,315,001	-	1,215,984
Expenditures :							
General government	298,157	11,410,171	796,846	12,505,174	11,802,266	336,999	365,909
Public safety	72,560	12,501,326	996,727	13,570,613	13,019,771	394,626	156,216
Education	693,461	63,845,798	285,253	64,824,512	64,635,835	156,640	32,037
Public works	23,306	1,565,060	295,242	1,883,608	1,825,982	18,472	39,154
Snow & Ice		97,500	127,317	224,817	224,817	-	-
Human services	217,326	3,485,160	56,315	3,758,801	3,654,983	49,015	54,803
Culture and recreation	2,805	2,554,048	160,446	2,717,299	2,677,424	6,329	33,546
Pension benefits		3,642,716		3,642,716	3,642,716	-	-
Debt service		963,080	100,000	1,063,080	909,877	-	153,203
State and county assessments		3,943,510	(6,961)	3,936,549	3,920,987	3,203	12,359
Total expenditures	1,307,615	104,008,369	2,811,185	108,127,169	106,314,658	965,284	847,227
Excess (deficiency) of revenues over expenditures	(1,307,615)	(643,718)	(2,076,819)	(4,028,152)	(999,657)	(965,284)	2,063,211

Continued

CITY OF ATTLEBORO, MASSACHUSETTS

Required Supplementary Information

Statement of Revenues and Expenses - Budget and Actual (Non-GAAP Budgetary Basis) - General Fund

For the Year Ended June 30, 2012

	<u>Original Budget</u>					<u>Current Year</u>	
	<u>Encumbrances</u>	<u>Budget</u>	<u>Additional</u>	<u>Recap</u>	<u>Actual</u>	<u>Carryover of</u>	<u>Variance</u>
	<u>Carried</u>	<u>As</u>	<u>Appropriations</u>	<u>Total</u>		<u>Net School Spending &</u>	<u>Favorable</u>
	<u>Forward</u>	<u>Adopted</u>	<u>and</u>	<u>Available</u>		<u>Continuing Appropriations</u>	<u>(Unfavorable)</u>
			<u>Transfers</u>				
Other financing sources and (uses):							
Free Cash		39,779	1,902,561	1,942,340			(1,942,340)
Stabilization Fund			175,188	175,188	175,188		-
Overlay Surplus			(2,180)	(2,180)			2,180
Appropriation Deficit - Snow & Ice		(600,000)	1,218	(598,782)			598,782
Other Subsidy (Title V)		5,772		5,772	5,722		(50)
Transfers from other funds		1,198,167	32	1,198,199	1,203,580		5,381
	<u>-</u>	<u>643,718</u>	<u>2,076,819</u>	<u>2,720,537</u>	<u>1,384,490</u>	<u>-</u>	<u>(1,336,047)</u>
		-	-	-			
Excess (deficiency) of revenues and other sources over expenditures and other uses	<u>\$ (1,307,615)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1,307,615)</u>	<u>\$ 236,735</u>	<u>\$ (965,284)</u>	<u>\$ 579,066</u>

CITY OF ATTLEBORO, MASSACHUSETTS

Required Supplementary Information

Statement of Revenues and Expenses - Budget and Actual (Non-GAAP Budgetary Basis) - Water Enterprise

For the Year Ended June 30, 2012

	Original Budget		Additional Appropriations and Transfers	Total Available	Actual	Encumbrances Carried Forward	Variance Favorable (Unfavorable)
	Encumbrances Carried Forward	Budget As Adopted					
Revenue:							
Charges for services	\$ -	\$6,535,715	\$ -	\$ 6,535,715	\$ 6,796,712	\$ -	\$ 260,997
Investment Income		-	-	-	5,395		5,395
Miscellaneous		-	-	-	20,448		20,448
Total revenues	-	6,535,715	-	6,535,715	6,822,555	-	286,840
Expenditures:							
Personnel Services	13,980	2,030,584	4,589	2,049,153	2,004,627	-	44,526
Purchase of Services	44,897	903,100	6,369	954,366	786,298	118,569	49,499
Supplies	30,282	459,800	240,000	730,082	605,862	74,239	49,981
Intergovernmental		74,500	-	74,500	69,624	-	4,876
Other Charges & Expenditures	11,273	132,048	(16,884)	126,437	97,389	-	29,048
Capital Outlay	-	-	-	-	-	-	-
Debt Service		2,650,562	-	2,650,562	2,650,562	-	-
Total expenditures	100,432	6,250,594	234,074	6,585,100	6,214,362	192,808	177,930
Excess(deficiency) of revenues over expenses	(100,432)	285,121	(234,074)	(49,385)	608,193	(192,808)	464,770
Other financing sources (uses):							
Transfer from Reserve		272,893	-	272,893			(272,893)
Transfer from Prior Year Encumbrance			-	-			-
Transfers from Retained Earnings		-	254,055	254,055			(254,055)
Transfers between funds	-	(558,014)	(19,981)	(577,995)	(577,995)		-
Excess (deficiency) of revenues and other sources over expenses and other uses	\$ (100,432)	\$ -	\$ -	\$ (100,432)	\$ 30,198	\$ (192,808)	\$ (62,178)

CITY OF ATTLEBORO, MASSACHUSETTS

Required Supplementary Information

Statement of Revenues and Expenses - Budget and Actual (Non-GAAP Budgetary Basis) - Wastewater Enterprise

For the Year Ended June 30, 2012

	<u>Original Budget</u>		Additional Appropriations and Transfers	Total Available	Actual	Encumbrances Carried Forward	Variance Favorable (Unfavorable)
	Encumbrances Carried Forward	Budget As Adopted					
Revenue:							
Charges for Services	\$ -	\$ 9,794,443	\$ -	\$ 9,794,443	\$ 10,165,050	\$ -	\$ 370,607
Investment Income		-	-	-	1,189		1,189
Miscellaneous		-	-	-	35,250		35,250
Total Revenue	-	9,794,443	-	9,794,443	10,201,489	-	407,046
Expenses:							
Personnel Services	-	2,566,157	8,160	2,574,317	2,568,247	-	6,070
Purchase of Services	180,074	847,510	260,200	1,287,784	954,314	308,474	24,996
Supplies	15,410	1,001,275	198,699	1,215,384	1,063,469	116,651	35,264
Intergovernmental		77,200	-	77,200	70,975	-	6,225
Other Charges & Expenditures	-	146,384	(47,159)	99,225	92,367	-	6,858
Capital Outlay	22,976	-	-	22,976	-	22,976	-
Debt Service		4,745,541	-	4,745,541	4,742,316		3,225
Total Expenses	218,460	9,384,067	419,900	10,022,427	9,491,688	448,101	82,638
Excess(deficiency) of revenues over expenses	(218,460)	410,376	(419,900)	(227,984)	709,801	(448,101)	489,684
Other financing sources (uses):							
Transfers from prior year encumbrance			-	-			-
Transfers from retained earnings		229,777	419,900	649,677			(649,677)
Transfers between funds		(640,153)	-	(640,153)	(640,153)		-
Excess (deficiency) of revenues and other sources over expenses and other uses	\$ (218,460)	\$ -	\$ -	\$ (218,460)	\$ 69,648	\$ (448,101)	\$ (159,993)

CITY OF ATTLEBORO, MASSACHUSETTS

Required Supplementary Information

Notes to Schedule of Revenues, Expenditures/Expenses and Changes in Fund Balance,
Budget and Actual (Non-GAAP Budgetary Basis)

For the Year Ended June 30, 2012

The City's General Fund budget is prepared on a basis other than generally accepted accounting principles (GAAP.) The "actual" results column of the Statement of Revenues and Expenditures - Budgetary Basis is presented on a "budget basis" to provide a meaningful comparison with the budget. The major differences between the budget and GAAP basis are that:

- (a) Real estate and personal property taxes are recorded as revenue when levied (budget), as opposed to when susceptible to accrual (GAAP.)

In addition, there are certain differences in classifications between revenues, expenditures and transfers.

The following reconciliation summarizes the differences between budgetary and GAAP basis accounting principles for the year ended June 30, 2012:

	<u>General Fund</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses (Non-GAAP Budgetary Basis)	\$ 384,833
Increase (decrease) in 60 day accrual for Motor Vehicle excise	(24,825)
Adjustment of budgetary tax revenue to modified accrual	476,838
Unbudgeted Transfers	<u>15,470</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses (GAAP)	<u>\$ 852,316</u>

CITY OF ATTLEBORO, MASSACHUSETTS

Required Supplementary Information

Notes to Schedule of Revenues, Expenditures/Expenses and Changes in Fund Balance,
Budget and Actual (Non-GAAP Budgetary Basis)

For the Year Ended June 30, 2012

	Wastewater Enterprise Fund
Excess (deficiency) of revenues and other sources over expenditures/expenses and other uses (Non-GAAP Budgetary Basis)	\$ 69,648
Unbudgeted depreciation	(1,717,118)
Reclass of fixed assets	119,088
Capital asset transfer from capital projects	427,587
Change in inventory	5,419
Change in compensated absence liability	(8,980)
Change in accrued interest payable	14,293
Budgeted principal payments on long-term debt	3,342,486
OPEB liability	<u>(489,103)</u>
Excess (deficiency) of revenues and other sources over expenditures/expenses and other uses (GAAP Basis)	<u>\$ 1,763,320</u>

See notes to required supplementary information
See accompanying independent auditors' report

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CITY OF ATTLEBORO, MASSACHUSETTS

Required Supplementary Information

Notes to Schedule of Revenues, Expenditures/Expenses and Changes in Fund Balance,
Budget and Actual (Non-GAAP Budgetary Basis)

For the Year Ended June 30, 2012

	Water Enterprise Fund
Excess (deficiency) of revenues and other sources over expenditures/expenses and other uses (Non-GAAP Budgetary Basis)	\$ 30,198
Unbudgeted depreciation	(927,860)
Reclass of fixed assets	74,627
Change in inventory	60,292
Change in compensated absence liability	639
Change in accrued interest	24,798
Budgeted principal payments on long-term debt	2,247,720
OPEB liability	<u>(124,373)</u>
Excess (deficiency) of revenues and other sources over expenditures/expenses and other uses	<u>\$ 1,386,041</u>

See notes to required supplementary information
See accompanying independent auditors' report

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CITY OF ATTLEBORO, MASSACHUSETTS

Required Supplementary Information

Contributory Retirement System - Schedule of Funding Progress

For the Year Ended December 31, 2011

(UNAUDITED)

<u>Actuarial Valuation Date</u>	<u>Reporting Year</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL) Individual Entry Age</u>	<u>Unfunded (Overfunded) AAL (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a Percentage of Covered Payroll</u>
01/01/95	1994	\$ 24,434,150	\$ 49,756,427	\$ 25,322,277	49%	\$12,203,501	208%
01/01/95	1995	24,434,150	49,756,427	25,322,277	49%	11,134,859	227%
01/01/95	1996	24,434,150	49,756,427	25,322,277	49%	14,296,733	177%
01/01/98	1997	40,837,836	62,781,237	21,943,401	65%	15,780,234	139%
01/01/98	1998	40,837,836	72,122,361	31,284,525	57%	16,478,398	190%
01/01/98	1999	40,837,836	72,122,361	31,284,525	57%	18,065,659	173%
01/01/01	2000	55,187,055	84,885,226	29,698,171	65%	18,823,641	158%
01/01/01	2001	55,187,055	84,885,226	29,698,171	65%	18,823,641	158%
01/01/01	2002	55,187,055	84,885,226	29,698,171	65%	20,496,426	145%
01/01/04	2003	66,028,724	105,340,466	39,311,742	63%	21,799,607	180%
01/01/04	2004	66,028,724	105,340,466	39,311,742	63%	20,934,212	188%
01/01/04	2005	66,028,724	105,340,466	39,311,742	63%	21,481,431	183%
01/01/07	2006	89,750,844	118,944,459	29,193,615	75%	22,977,627	127%
01/01/07	2007	89,750,844	118,944,455	29,193,615	75%	22,977,627	127%
01/01/07	2008	89,750,844	118,944,455	29,193,615	75%	22,977,627	127%
01/01/10	2010	96,158,771	138,736,445	42,577,674	69%	26,656,072	159%
01/01/10	2011	96,158,771	138,736,445	42,577,674	69%	26,656,072	159%

Isolated analysis of the dollar amounts of net assets available for benefits, actuarial accrued liability, and unfunded actuarial accrued liability can be misleading. Expressing the net assets available for benefits as a percentage of the actuarial accrued liability provides one indication of the Plans' funding status on a going-concern basis. Analysis of this percentage over time indicates whether the system is becoming financially stronger or weaker. Generally, the greater this percentage, the stronger the Plan. Trends in unfunded actuarial accrued liability and annual covered payroll are both affected by inflation. Expressing the unfunded actuarial accrued liability as a percentage of annual covered payroll approximately adjusts for the effects of inflation and aids analysis of the progress made in accumulating sufficient assets to pay benefits when due. Generally, the smaller this percentage, the stronger the Plan.

Note: Actuarial valuations are only performed every three years. Accordingly, the information presented above is not comparative between years.

CITY OF ATTLEBORO, MASSACHUSETTS

Required Supplementary Information

Contributory Retirement System - Schedules of Employer Contributions

For the Year Ended December 31, 2011

(UNAUDITED)

<u>Year Ended June 30</u>	<u>Annual Required Contributions</u>	<u>Year Ended December 31</u>	<u>Actual Contributions</u>	<u>Percentage Contributed</u>
1995	\$ 2,609,000	1994	\$ 2,520,573	97%
1996	2,785,000	1995	2,673,196	96%
1997	2,757,000	1996	2,807,412	102%
1998	3,395,921	1997	3,135,778	92%
1999	3,652,510	1998	3,524,215	96%
2000	3,787,691	1999	3,608,551	95%
2001	3,928,651	2000	3,928,651	100%
2002	3,939,118	2001	3,939,118	100%
2003	4,241,597	2002	4,241,597	100%
2004	4,292,090	2003	4,292,090	100%
2005	4,278,673	2004	4,278,673	100%
2006	4,490,550	2005	4,490,550	100%
2007	4,608,450	2006	4,608,450	100%
2008	4,551,457	2007	4,551,457	100%
2011	4,613,690	2008	4,613,690	100%
2011	4,956,422	2011	4,956,422	100%
2012	5,066,017	2011	5,052,094	99%

Although annual required contributions are calculated on a fiscal year basis, the City of Attleboro Contributory Retirement System reports on a calendar year basis, therefore, some disparity may exist between required contributions and actual contributions due to this timing difference. It should be noted, however, that the City always contributes its required contribution and that the net pension obligation when regarded on a fiscal year basis is \$-0-.

The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation follows.

The amount of the total actuarial accrued liability is based on a standardized measurement. The standardized measurement is the actuarial present value of credited projected benefits. This pension valuation method reflects the present value of estimated pension benefits that will be paid in future years as a result of employee services performed to date. The standardized measurement of the actuarial accrued liability is intended to enable users of the financial statements to (a) assess the Plans' funding status on a going-concern basis, (b) assess progress made in accumulating sufficient assets to pay benefits when due, and (c) make comparisons among employers.

CITY OF ATTLEBORO, MASSACHUSETTS

Required Supplementary Information

Contributory Retirement System - Schedules of Employer Contributions

For the Year Ended December 31, 2011

(UNAUDITED)

A variety of significant actuarial assumptions are used to determine the standardized measure of the pension benefit obligation. These assumptions are summarized below:

- The actuarial cost method used to determine liabilities and costs and to project future funding requirements is known as the individual Entry Age Normal Cost Method. Under this method, the annual normal cost of the system is determined as the total of each member's level percentage of payroll necessary to fund all benefits expected to be paid if such percentage of each member's pay was and will be contributed from entry into the system until retirement, death or termination of employment. The actuarial liability on the valuation date is calculated as the amount which would be on hand if all prior normal costs had been fully funded at that date. The unfunded actuarial liability is the actuarial liability less the assets.
 - Actuarial value of assets is market value.
 - Mortality is assumed to be in accordance with the RP-2000 Mortality Static Table, with ages set forward two years for disabled members.
 - Fifty-five percent of assumed deaths in Groups 1 and 2 and ninety percent of assumed deaths in Group 4 are job related.
 - Investment return on current assets and future contributions is assumed to be at the rate of 8% per year, compounded annually. This return includes interest, dividends and realized and unrealized gains.
 - Salaries were assumed to increase between 4.75% and 8.00% per year for each member.
 - Rates of disablement are assumed to occur in accordance with a Local Experience Analysis and range from 0.1% to 1.25%.
 - It is assumed that 55% of all disabilities are occupational for Group 1 and 2 members and that 90% of disabilities are occupational for Group 4 members.
 - Rates of turnover (termination of employment before becoming eligible for retirement) are in accordance with a Local Experience Analysis and range from 0% to 15%.
 - Rates of retirement are based on actual experience and range from 1% to 100%.
 - Administrative expenses are assumed to increase 4.5% per year and the amount for fiscal year 2012 is \$185,000.
 - Cost of living increases have been assumed to be 3% on first \$12,000 per year.

The most recent actuarial valuation of the Plan was prepared as of January 1, 2010.

CITY OF ATTLEBORO, MASSACHUSETTS

Supplementary Information

Non Major Governmental Funds - Combining Balance Sheet

June 30, 2012

	Special Revenue	Permanent Trust Funds	Capital Projects	Total Non-Major Governmental Funds
Assets:				
Cash and investments	\$3,449,847	\$ 1,202,650	\$ 2,424,185	\$ 7,076,682
Receivables:				
Federal and State Governments	1,513,226			1,513,226
Other	1,122,932			1,122,932
Prepaid expenses	1,310			1,310
Total assets	<u>\$6,087,315</u>	<u>\$ 1,202,650</u>	<u>\$ 2,424,185</u>	<u>\$ 9,714,150</u>
Liabilities and Fund Balance				
Liabilities:				
Warrants payable	\$ 744,500		\$ -	\$ 744,500
Accounts payable and accrued expenses	500,026	3,609	41,405	545,040
Retainage payable			19,851	19,851
Notes payable			185,000	185,000
Due to federal and state governments	1,371			1,371
Deferred revenue	1,548,434			1,548,434
Total Liabilities:	<u>2,794,331</u>	<u>3,609</u>	<u>246,256</u>	<u>3,044,196</u>
Fund balance :				
Nonspendable	-	314,080	-	314,080
Restricted	3,354,529	884,961	-	4,239,490
Committed	-	-	2,339,965	2,339,965
Unassigned	(61,545)	-	(162,036)	(223,581)
Total fund balance	<u>3,292,984</u>	<u>1,199,041</u>	<u>2,177,929</u>	<u>6,669,954</u>
Total liabilities and fund balance	<u>\$6,087,315</u>	<u>\$ 1,202,650</u>	<u>\$ 2,424,185</u>	<u>\$ 9,714,150</u>

See accompanying independent auditors' report

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CITY OF ATTLEBORO, MASSACHUSETTS

Supplementary Information

Non Major Governmental Funds

Combining Statement of Revenues, Expenditures and Changes in Fund Balance

For the Year Ended June 30, 2012

	<u>Special Revenue</u>	<u>Permanent Trust Funds</u>	<u>Capital Projects</u>	<u>Total Non-Major Governmental Funds</u>
Revenues:				
Federal and state grant income	\$ 7,170,475	\$ -	\$ 1,785,362	\$ 8,955,837
Departmental and other revenue	6,400,528	5,880		6,406,408
Charges for services	948,814			948,814
Investment income	120	60,704	-	60,824
Total revenue	<u>14,519,937</u>	<u>66,584</u>	<u>1,785,362</u>	<u>16,371,883</u>
Expenditures :				
General government	598,498		-	598,498
Public safety	1,344,012			1,344,012
Public works	1,489,783		516,573	2,006,356
Education	9,653,978		2,000,912	11,654,890
Health & human services	179,874		-	179,874
Culture & recreation	967,836	76,771		1,044,607
Economic development	610,472			610,472
Total Expenditures	<u>14,844,453</u>	<u>76,771</u>	<u>2,517,485</u>	<u>17,438,709</u>
Excess (deficiency) of revenues over expenditures	(324,516)	(10,187)	(732,123)	(1,066,826)
Other financing sources (uses):				
Bond proceeds			1,480,150	1,480,150
Transfers in	36,633	-	442,680	479,313
Transfers out	<u>(44,124)</u>	<u>-</u>	<u>(200,019)</u>	<u>(244,143)</u>
Total Other financing sources (uses):	<u>(7,491)</u>	<u>-</u>	<u>1,722,811</u>	<u>1,715,320</u>
Excess of revenue and other sources over expenditures and other uses	(332,007)	(10,187)	990,688	648,494
Fund balance, July 1, 2011	<u>3,624,991</u>	<u>1,209,228</u>	<u>1,187,241</u>	<u>6,021,460</u>
Fund balance, June 30, 2012	<u>\$ 3,292,984</u>	<u>\$ 1,199,041</u>	<u>\$ 2,177,929</u>	<u>\$ 6,669,954</u>

See accompanying independent auditors' report

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CITY OF ATTLEBORO, MASSACHUSETTS

Statement of Property and Excise Tax Receivables

For the Year Ended June 30, 2012

	<u>July 1, 2011</u> <u>Balance</u>	<u>Commitments</u>	<u>Collections</u>	<u>Refunds</u>	<u>Adjustments</u>	<u>Abatements</u> <u>and</u> <u>Exemptions</u>	<u>Transfers</u> <u>to</u> <u>Tax Title</u>	<u>June 30, 2012</u> <u>Balance</u>
Real Estate:								
2012	\$ -	\$ 54,297,019	\$ 53,113,190	\$ 68,637	\$ 58	\$ 278,790	\$ -	\$ 973,618
<i>2012 Supplemental</i>		41,531	25,893					15,638
2011	1,224,821		695,433	105,955		78,269	523,093	33,981
<i>2011 Supplemental</i>	15,132		15,132					-
2010	42,531		6,288	12,238		12,238		36,243
2009	15,569		(5)	1,839		1,839		15,574
<i>2009 Supplemental</i>	483		483					-
2008	6,210		2,470					3,740
2007	2,154							2,154
2006	9,843		(5)					9,848
2005	2,166							2,166
2004	9,037		1,975					7,062
<i>2004 Supplemental</i>	2,098							2,098
2003	6,406		(171)					6,577
2002	(6,409)		(819)					(5,590)
2001	994							994
2000	669		(25)					694
1999	640							640
1998	3,174		1,064					2,110
1997	156							156
1996	25,213							25,213
1995	15,690							15,690
1994	5,107							5,107
1993	(491)							(491)
1992	(2,317)							(2,317)
1991	1,897							1,897
1990 and prior	667							667
Total Real Estate:	<u>\$ 1,381,440</u>	<u>\$ 54,338,550</u>	<u>\$ 53,860,903</u>	<u>\$ 188,669</u>	<u>\$ 58</u>	<u>\$ 371,136</u>	<u>\$ 523,093</u>	<u>\$ 1,153,469</u>

See accompanying independent auditors' report

CITY OF ATTLEBORO, MASSACHUSETTS

Statement of Property and Excise Tax Receivables

For the Year Ended June 30, 2012

	<u>July 1, 2011</u> <u>Balance</u>	<u>Commitments</u>	<u>Collections</u>	<u>Refunds</u>	<u>Adjustments</u>	<u>Abatements and Exemptions</u>	<u>Transfers to Tax Title</u>	<u>June 30, 2012</u> <u>Balance</u>
Personal Property:								
2012	\$ -	\$ 2,358,614	\$ 2,308,848	\$ 7,013	\$ 9	\$ 3,764	\$ -	\$ 53,006
2011	37,490		15,534	4,703				26,659
2010	45,565		3,451	94				42,208
2009	73,190		2,441					70,749
2008	20,559		593					19,966
2007	11,455		506					10,949
2006	27,960		345					27,615
2005	30,822		392					30,430
2004	6,502		873					5,629
2003	3,951		473					3,478
2002	3,035		476					2,559
2001	2,097		826					1,271
2000	1,167		804					363
1999	1,060		783					277
1998	933		830					103
1997	1,316		812					504
1996	23,840							23,840
1995	26,181							26,181
1994	20,729							20,729
1993	19,793							19,793
1992	9,795							9,795
1991	17,123							17,123
1990 and prior	61							61
Total Personal Property:	<u>\$ 384,624</u>	<u>\$ 2,358,614</u>	<u>\$ 2,337,987</u>	<u>\$ 11,810</u>	<u>\$ 9</u>	<u>\$ 3,764</u>	<u>\$ -</u>	<u>\$ 413,288</u>

See accompanying independent auditors' report

CITY OF ATTLEBORO, MASSACHUSETTS

Statement of Property and Excise Tax Receivables

For the Year Ended June 30, 2012

	<u>July 1, 2011</u> <u>Balance</u>	<u>Commitments</u>	<u>Collections</u>	<u>Refunds</u>	<u>Adjustments</u>	<u>Abatements and Exemptions</u>	<u>Transfers to Tax Title</u>	<u>June 30, 2012</u> <u>Balance</u>
Deferred Property Taxes:								
2011	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2010	-							-
2009	-							-
2008	6,612							6,612
2007	5,396							5,396
2006	2,453							2,453
2005	2,318							2,318
2004	2,103							2,103
2003	2,042							2,042
2002	1,972							1,972
2001	1,879							1,879
2000	1,824							1,824
1999	1,775							1,775
1998	1,790							1,790
1997	1,733							1,733
1996	744							744
Total Deferred Property Tax	<u>32,641</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>32,641</u>
Total Property Taxes:	<u>\$ 1,798,705</u>	<u>\$ 56,697,164</u>	<u>\$ 56,198,890</u>	<u>\$ 200,479</u>	<u>\$ 67</u>	<u>\$ 374,900</u>	<u>\$ 523,093</u>	<u>\$ 1,599,398</u>

See accompanying independent auditors' report

CITY OF ATTLEBORO, MASSACHUSETTS

Statement of Property and Excise Tax Receivables

For the Year Ended June 30, 2012

	<u>July 1, 2011</u> <u>Balance</u>	<u>Commitments</u>	<u>Collections</u>	<u>Refunds</u>	<u>Adjustments</u>	<u>Abatements and Exemptions</u>	<u>Transfers to Tax Title</u>	<u>June 30, 2012</u> <u>Balance</u>
Motor Vehicle:								
2012	\$ -	\$ 3,864,575	\$ 3,499,180	\$ 26,734	\$ -	\$ 76,408	\$ -	\$ 315,721
2011	323,410	374,285	578,733	28,932		38,363		109,531
2010	108,198	109	52,144	293		1,140		55,316
2009	58,852		12,469	25		80		46,328
2008	54,288		6,566					47,722
2007	56,563		4,309					52,254
2006	56,771		1,977					54,794
2005	57,198		1,919					55,279
2004	50,976		678					50,298
2003	37,774		736			73		36,965
2002	29,616		1,406					28,210
2001	25,761		1,259					24,502
2000	27,054		621					26,433
1999	23,631		110					23,521
1998	24,702		185			3,417		21,100
1997	23,309		15			13,854		9,440
1996	20,911		77			20,834		-
1995	(250)				490	240		-
1994	95				21	116		-
1993	-							-
1992	(37)				37			-
1991	(134)				134			-
1990 and prior	(198)				198			-
Total Excise:	<u>\$ 978,490</u>	<u>\$ 4,238,969</u>	<u>\$ 4,162,384</u>	<u>\$ 55,984</u>	<u>\$ 880</u>	<u>\$ 154,525</u>	<u>\$ -</u>	<u>\$ 957,414</u>
Total Property and Excise:	<u>\$ 2,777,195</u>	<u>\$ 60,936,133</u>	<u>\$ 60,361,274</u>	<u>\$ 256,463</u>	<u>\$ 947</u>	<u>\$ 529,425</u>	<u>\$ 523,093</u>	<u>\$ 2,556,812</u>

See accompanying independent auditors' report