

CITY OF ATTLEBORO, MASSACHUSETTS

ANNUAL FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2013

CITY OF ATTLEBORO, MASSACHUSETTS

June 30, 2013

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

Independent Auditor's Report

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Attleboro, Massachusetts ("the City"), as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Attleboro, Massachusetts, as of June 30, 2013, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Continued

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 through 16 and 65 through 68 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Attleboro, Massachusetts' basic financial statements. The supplementary statements and schedules on pages 76 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 on pages 76 through 79 are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary statements and schedules on pages 76 through 79 are fairly stated in all material respects in relation to the basic financial statements as a whole.

The schedule of funding progress and employers' contributions on pages 72 through 75 have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 23, 2014, on our consideration of the City of Attleboro, Massachusetts' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Attleboro, Massachusetts' internal control over financial reporting and compliance.

Hague, Sahady & Co. PC

Fall River, Massachusetts
January 23, 2014

CITY OF ATTLEBORO, MASSACHUSETTS

Management's Discussion and Analysis (MD&A)

Year Ended June 30, 2013

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, 2013 and 2012. 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 plus deferred outflows of resources of the City exceeded liabilities plus deferred inflows of resources at June 30, 2013 and 2012, respectively by \$81,228,005 and \$86,510,714 (net position).
- In fiscal year ended June 30, 2013, the City's total net position decreased by \$5,282,709.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending balances of \$18,968,092. Approximately twenty-one percent of the total amount, \$3,970,075 is available for spending at the City's discretion (unassigned 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 Position - Presents all of the government's assets plus deferred outflows of resources, and liabilities plus deferred inflows of resources, with the difference being reported as net position. The amount of net position is widely considered a good measure of the City's financial health as increases and decreases in the City's net position 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, 2013

Government-Wide Statement (Continued)

Statement of Activities - Presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position 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 two 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.

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, 2013

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 65 through 66 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 are 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 67 and 68 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 position and a statement of changes in fiduciary net position. These activities are excluded from the City's governmental-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, 2013

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 64 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 65 through 68.

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets plus deferred outflows of resources exceeded liabilities plus deferred inflows of resources by \$81.2 million as of June 30, 2013 and \$86.5 million as of June 30, 2012. Key components of the City's activities are presented below. The following table reflects the condensed net position based on the statement of net position found on page 17 and 18 of the financial statement.

Continued

CITY OF ATTLEBORO, MASSACHUSETTS

Management's Discussion and Analysis (MD&A)

Year Ended June 30, 2013

Government-Wide Financial Analysis (Continued)

	Statement of Net Position - Primary Government					
	June 30, 2013 and 2012					
	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
Assets						
Current assets	\$ 51,402,299	\$ 45,890,821	\$ 8,223,223	\$ 8,319,303	\$ 59,625,522	\$ 54,210,124
Capital assets	86,576,169	88,158,792	82,125,014	84,140,118	168,701,183	172,298,910
Total assets	<u>137,978,468</u>	<u>134,049,613</u>	<u>90,348,237</u>	<u>92,459,421</u>	<u>228,326,705</u>	<u>226,509,034</u>
Deferred outflows of resources						
None	-	-	-	-	-	-
Total deferred outflows of resources	-	-	-	-	-	-
Total assets and deferred outflows of resources	<u>\$ 137,978,468</u>	<u>\$ 134,049,613</u>	<u>\$ 90,348,237</u>	<u>\$ 92,459,421</u>	<u>\$ 228,326,705</u>	<u>\$ 226,509,034</u>
Liabilities						
Current liabilities	\$ 18,857,751	\$ 12,740,327	\$ 6,203,728	\$ 8,053,616	\$ 25,061,479	\$ 20,793,943
Long-term liabilities	81,862,618	75,993,393	38,617,563	43,210,984	120,480,181	119,204,377
Total liabilities	<u>100,720,369</u>	<u>88,733,720</u>	<u>44,821,291</u>	<u>51,264,600</u>	<u>145,541,660</u>	<u>139,998,320</u>
Deferred inflows of resources						
Total governmental activities	67,896				67,896	-
Total business-type activities			1,489,144		1,489,144	-
Total deferred inflows of resources	<u>67,896</u>	-	<u>1,489,144</u>	-	<u>1,557,040</u>	-
Net Position						
Investment in capital assets, net of related debt	64,608,999	61,605,626	41,695,479	38,205,828	106,304,478	99,811,454
Restricted	14,998,017	15,074,288	808,834	1,043,464	15,806,851	16,117,752
Unrestricted	<u>(42,416,813)</u>	<u>(31,364,021)</u>	<u>1,533,489</u>	<u>1,945,529</u>	<u>(40,883,324)</u>	<u>(29,418,492)</u>
Total net position	<u>37,190,203</u>	<u>45,315,893</u>	<u>44,037,802</u>	<u>41,194,821</u>	<u>81,228,005</u>	<u>86,510,714</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 137,978,468</u>	<u>\$ 134,049,613</u>	<u>\$ 90,348,237</u>	<u>\$ 92,459,421</u>	<u>\$ 228,326,705</u>	<u>\$ 226,509,034</u>

As of June 30, 2013 cash and investments for governmental and business-type activities total \$41,003,445.

The City's net position decreased during the current fiscal year from \$86,510,714 to \$81,228,005.

Continued

CITY OF ATTLEBORO, MASSACHUSETTS

Management's Discussion and Analysis (MD&A)

Year Ended June 30, 2013

The largest portion of the City's net position 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 position \$15,806,851 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, 2013 and June 30, 2012 cash and investments consisted of \$41,003,445 and \$36,129,760 respectively.

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

The City's net position for its governmental funds decreased during the current fiscal year, due primarily to expenditures in excess of revenues in the amount of \$1,979,859. Net position 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. 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, 2013, the Unfunded Accrued Liability was \$230.5 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 26 years remain of the initial 30 year amortization. The \$65,851,114 in OPEB obligation that appears in these financials on the Statement of Net Position is the cumulative amount of Net OPEB Obligation based on the most recent report and data set; it is a portion of the overall \$230.5 million that is reported in the actuarial study. Accordingly to the January 1, 2013 study, the City's OPEB Cost for fiscal 2013 is \$18,500,713. The City is also able to take credit for the actuarial value of payments it made on behalf of retirees in the amount of \$7,516,366; thus the Net OPEB Obligation is the difference between these figures, \$10,984,347 which is equal to the increase in the liability for OPEB within the FY2013 financial statements.

Continued

CITY OF ATTLEBORO, MASSACHUSETTS

Management's Discussion and Analysis (MD&A)

Year Ended June 30, 2013

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 of the Unfunded Accrued Liability between OPEB 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, 2013 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 Position

The City's total net position decreased by \$5,282,709 for the fiscal year ended June 30, 2013 of which the governmental activities decreased by \$8,125,690 and the business-type activities increased by \$2,842,981.

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:

CITY OF ATTLEBORO, MASSACHUSETTS

Management's Discussion and Analysis (MD&A)

Year Ended June 30, 2013

Changes in Net Position for the period ending June 30, 2013 and June 30, 2012 (Government-wide level)

	Changes in Net Position Primary Government					
	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
Revenues:						
Program Revenues:						
Charges for service	\$ 14,845,992	\$ 14,684,129	\$ 16,872,712	\$ 16,961,762	\$ 31,718,704	\$ 31,645,891
Operating grants & contributions	56,039,826	52,208,026	-	-	56,039,826	52,208,026
Capital grants & contributions	4,129,678	16,906,029	-	-	4,129,678	16,906,029
General Revenues:						
Property taxes	58,046,934	56,372,418			58,046,934	56,372,418
Motor vehicle excise	4,024,001	4,086,223			4,024,001	4,086,223
Payments in lieu of taxes	-	13,472			-	13,472
Fines, penalties and interest	748,162	742,790			748,162	742,790
Intergovernmental	5,354,287	5,258,133			5,354,287	5,258,133
Earnings on investments	97,423	113,434	6,788	6,584	104,211	120,018
Other	505,698	881,205	44,612	55,698	550,310	936,903
Total revenue	<u>143,792,001</u>	<u>151,265,859</u>	<u>16,924,112</u>	<u>17,024,044</u>	<u>160,716,113</u>	<u>168,289,903</u>
Expenses:						
General Government	8,701,284	8,494,307			8,701,284	8,494,307
Public Safety	25,387,871	24,704,925			25,387,871	24,704,925
Education	91,076,761	83,542,689			91,076,761	83,542,689
Public Works	12,489,183	13,878,074			12,489,183	13,878,074
Comm. & Economic Dev.	152,394	179,874			152,394	179,874
Health & human services	5,906,079	5,828,462			5,906,079	5,828,462
Culture & recreation	4,139,547	4,157,580			4,139,547	4,157,580
Interest on debt	769,660	1,229,684			769,660	1,229,684
State & county charges	4,143,543	3,920,987			4,143,543	3,920,987
Water			5,052,681	4,982,214	5,052,681	4,982,214
Wastewater			8,179,819	8,392,292	8,179,819	8,392,292
Total expenses	<u>152,766,322</u>	<u>145,936,582</u>	<u>13,232,500</u>	<u>13,374,506</u>	<u>165,998,822</u>	<u>159,311,088</u>
Increase(decrease) in net position before transfers	(8,974,321)	5,329,277	3,691,612	3,649,538	(5,282,709)	8,978,815
Transfers in (out) - operating	1,213,803	1,218,147	(1,213,803)	(1,218,147)	-	-
Transfers in (out) - capital	(366,200)	(427,587)	366,200	427,587	-	-
Transfers in (out) - employee benefits paid on behalf	1,028	(290,383)	(1,028)	290,383	-	-
Increase(decrease) in net position	(8,125,690)	5,829,454	2,842,981	3,149,361	(5,282,709)	8,978,815
Net position - beginning of year	<u>45,315,893</u>	<u>39,486,439</u>	<u>41,194,821</u>	<u>38,045,460</u>	<u>86,510,714</u>	<u>77,531,899</u>
Net position - end of year	<u>\$ 37,190,203</u>	<u>\$ 45,315,893</u>	<u>\$ 44,037,802</u>	<u>\$ 41,194,821</u>	<u>\$ 81,228,005</u>	<u>\$ 86,510,714</u>

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CITY OF ATTLEBORO, MASSACHUSETTS

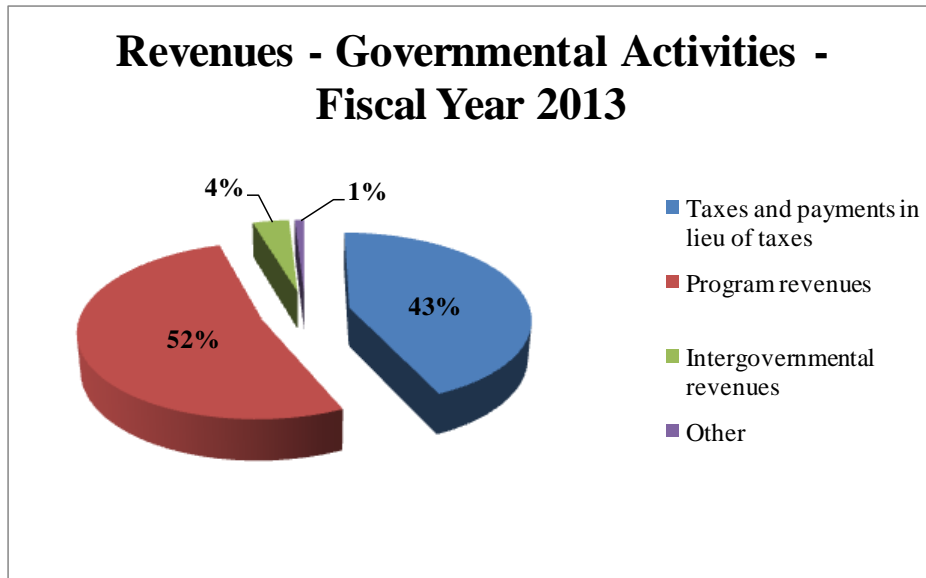
Management’s Discussion and Analysis (MD&A)

Year Ended June 30, 2013

Revenue

Governmental Activities

Total governmental activities revenues for the City are comprised of general revenues of \$68.8 million, charges for services \$14.8 million, operating grants and contributions \$56.0 million and capital grants and contributions of \$4.1 million.



General Revenues

The majority of general revenues are tax collections from the City’s taxpayers. This amount represented 90.25% of the total general revenues or \$62.1 million.

Intergovernmental revenue not restricted to a specific program is \$4.8 million representing 7.0% of general revenues and includes state cherry sheet revenue and other unrestricted contributions.

Program Revenues

Charges for services are \$14.8 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 education portion represents the largest percentage of program revenues collected, a large portion of which (approximately \$4.4 million) can be attributed to employee contributions to the City’s Health Insurance Depository Fund. Absent contributions to the City’s Health Insurance Depository Fund, the public works and public safety portions of charges for services represent the largest portions with \$2.9 million and \$2.4 million (respectively) collected in the current year.

The operating grants are also a significant source of revenue for the City. The total operating grants for fiscal year ended June 30, 2013 amounted to \$56.0 million of which \$53.7 million were received for education.

Capital grants and contributions total \$4.1 million. The most significant source was received for education.

CITY OF ATTLEBORO, MASSACHUSETTS

Management’s Discussion and Analysis (MD&A)

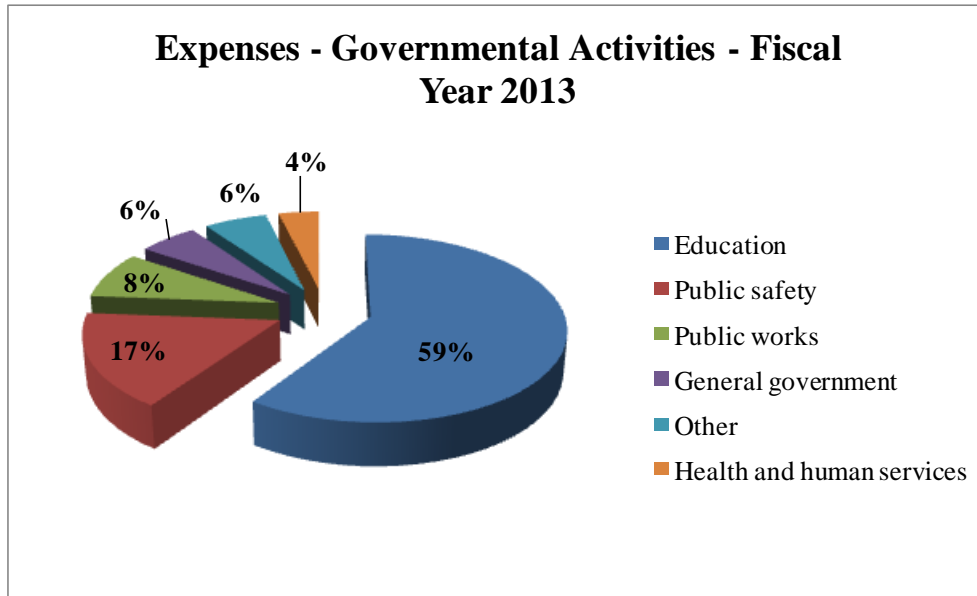
Year Ended June 30, 2013

Expenses

Governmental Activities

For fiscal year ended June 30, 2013, expenses for the governmental activities totaled \$152.7 million, which cover a range of services.

Education continues to be one of the City’s highest priorities and commitments representing \$91.1 million or 59.62% of the total governmental activity expenses.



Business-Type Activity

Business-type activity increased net position by \$2,842,981 for the fiscal year ended June 30, 2013. Factors contributing to these results are as follows:

- The water fund had operating income of \$2.29 million.
- The wastewater fund had an operating income of \$2.91 million.
- Total transfers out of the enterprise funds totaled \$1.3 million.
- The city is required to book an OPEB liability in accordance with GASB 45 of \$664 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, 2013

Financial Analysis of Government's Funds (Continued)

The City's governmental funds reported combined ending fund balances of \$18,968,092 for fiscal year ended June 30, 2013 and \$19,734,148 for fiscal year ended June 30, 2012. This decrease in fiscal year ended June 30, 2013, totaling \$766,056 is a reflection of transfers into the governmental funds from the enterprise funds for indirect costs paid by the governmental funds as well as a deficiency of revenues over expenditures of \$1,979,859.

Fiscal year 2011 was 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 2013, the City's stabilization fund earned \$3,806 of investment income, and had net transfers in of \$217,000. The MSBA Coelho Stabilization fund earned investment income of \$11,109 and had transfers out of \$4,762,586 to the general fund to pay down outstanding debt on the Coelho project. Total stabilization fund balance at June 30, 2013 was \$2,441,450. Please refer to the Supplementary Information on pages 78 and 79 for more information.

During 2013, total governmental funds reported amounts of \$314,699 within the nonspendable fund balance category, \$4,999,576 within the restricted fund balance category, \$4,402,094 within the committed fund category, \$5,281,648 within the assigned fund balance category, and \$3,970,075 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, 2013, the Department of Revenue certified the City of Attleboro's free cash for the general fund in the amount of \$2,055,622; additionally the Department of Revenue Certified Retained earnings for the City's Water and Wastewater Enterprise Funds as \$1,220,864 and \$1,235,371, 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 position of \$23,127,739 and \$20,910,063 as of June 30, 2013 and \$21,367,647 and \$19,827,174 as of June 30, 2012, 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 fiscal year 2013, the Wastewater Enterprise Fund received \$768,115 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:

CITY OF ATTLEBORO, MASSACHUSETTS

Management's Discussion and Analysis (MD&A)

Year Ended June 30, 2013

Financial Analysis of Government's Funds (Continued)

General Fund Budgetary Highlights

The actual charges to appropriations (expenditures) were \$41,653 below the final budgeted amounts for the current fiscal year. This can be attributed to actual charges below final budgeted amounts of \$404,998 and \$166,698 within the general government and public safety categories (respectively).

Local receipts were \$1,511,605 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 \$519,062 in general fund encumbrances as well as \$308,474 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, 2013 amounts to \$168,701,183 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, 2013.

	Capital Asset and Debt Administration					
	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
Land and land easements	\$ 6,408,059	\$ 6,408,059	\$ 2,539,376	\$ 2,539,376	\$ 8,947,435	\$ 8,947,435
Construction in progress	2,022,524	1,115,308	467,922	-	2,490,446	1,115,308
Infrastructure, net	4,264,886	4,475,017	78,345,428	80,831,949	82,610,314	85,306,966
Buildings, net	41,232,143	42,977,789	-	-	41,232,143	42,977,789
Building & improvements, net	28,271,436	29,371,239	-	-	28,271,436	29,371,239
Vehicles, net	762,191	756,469	174,009	184,700	936,200	941,169
Equipment, net	2,326,934	1,700,851	598,279	584,093	2,925,213	2,284,944
Furniture and fixtures, net	26,203	37,900	-	-	26,203	37,900
Livestock, net	17,857	19,286	-	-	17,857	19,286
Technology equipment, net	191,014	241,072	-	-	191,014	241,072
Textbooks and library books, net	1,052,922	1,055,802	-	-	1,052,922	1,055,802
Total	\$ 86,576,169	\$ 88,158,792	\$82,125,014	\$ 84,140,118	\$168,701,183	\$172,298,910

Continued

CITY OF ATTLEBORO, MASSACHUSETTS

Management's Discussion and Analysis (MD&A)

Year Ended June 30, 2013

Capital Assets (Continued)

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

- Water SCADA Project
- Studley Kalwall
- AHS Athletic Complex
- Animal Shelter

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, 2013, the City had a total long-term debt outstanding of \$61,640,443 and short-term debt outstanding of \$6,204,800 totaling \$67,845,243. Of this amount \$30,915,443 was funded by the Massachusetts Water Pollution Abatement Trust bonding.

On December 23, 2013 Standard & Poor's Rating Service raised its rating on the City of Attleboro's general obligation bonds to 'AA'. 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 58 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 2013.

- **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 river walk along the Ten Mile River at Attleboro's MBTA station.

The collaboration and hard work of the ARA Board of Directors, coupled with the improved relationships with federal and state agencies, continue to move this project forward.

In fact, on November 7, 2013, Governor Deval Patrick visited Attleboro to help celebrate the grand opening of the Greater Attleboro-Taunton Regional Transit Authority (GATRA) Intermodal Center, which will create more accessible transportation options for residents of Attleboro and its surrounding communities and unlock the potential for transit-oriented development in the region.



CITY OF ATTLEBORO, MASSACHUSETTS

Management's Discussion and Analysis (MD&A)

Year Ended June 30, 2013

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

During that same visit, Governor Patrick also announced over \$3.9 million in additional funding for the city of Attleboro through the MassWorks Infrastructure Grant Program to help support the development of Riverfront Park and Riverfront Drive, a road that will provide a critical connection to the Intermodal Center. The \$3.96 million in MassWorks funding will continue the revitalization of Attleboro's downtown area and will be used to construct Riverfront Drive, a 1,930 foot roadway that will connect Wall Street with Olive Street. The new roadway will provide a critical connection between downtown and the new Intermodal Transit Center, improving traffic flow and pedestrian access to the area. The new road will also free up additional land for the development of an estimated 250 new multi-family housing units and approximately 20,000 square feet of commercial space.

The Governor also committed to assisting the City of Attleboro with the expansion of its Riverfront Park and trail along the Ten Mile River through the Executive Office of Energy and Environmental Affairs' (EEA) Gateway City Parks Program. The new Riverfront Park will connect to the existing Balfour River Walk and will create additional quality open space and recreational opportunities for those who live and work in downtown Attleboro.

On October 31, 2013, the Attleboro Redevelopment Authority sold its 51,202 (+/-) s.f. parcel on Wall Street to a private developer for \$1,024,650. And, as promised, the A.R.A. returned 2/3 of these proceeds back to the City of Attleboro in consideration of previous appropriations made by the City to help the struggling A.R.A.

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

- **The Industrial Business Park Project**

During FY2013, the ARA continued its efforts to develop and market the IBP.

On September 12, 2013, the Attleboro Redevelopment Authority announced a Purchase and Sale Agreement with a development team for a state of the art community and athletic facility, along with a world class hotel, to be built in the Attleboro Industrial Business Park. The 210,000 square foot community center will be the only one of its kind in this region and will house hockey rinks, basketball courts, an indoor turf field, and major tenants who operate dance schools, gymnastics academies, karate studios, music lessons, orthopedic practices, MRI and physical therapy practices, and include an onsite world class hotel. The second phase of design will also include four outdoor turf fields and a baseball, softball, and cricket complex.

According to the P&S, the development team will acquire over 100 undeveloped acres of land from the Attleboro Redevelopment Authority for \$2.3 million. A closing is expected on the development team finalizes its due diligence and permitting.

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 Position

June 30, 2013

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and investments, unrestricted	\$ 34,846,556	\$ 3,632,432	\$ 38,478,988
Cash and investments, restricted (for stabilization purposes)	2,441,450	83,007	2,524,457
Receivables, net:			
Personal property taxes	1,686,790		1,686,790
Motor vehicle and excise	872,039		872,039
Tax liens and foreclosures	1,454,498		1,454,498
User charges	582,206	2,613,201	3,195,407
Intergovernmental	2,018,487		2,018,487
Departmental and other	3,986,297	1,472,562	5,458,859
Escrow funds held	3,022,603		3,022,603
Inventory		257,743	257,743
Due from ARA	491,373	164,278	655,651
Capital assets:			
Land and land easements	6,408,059	2,539,376	8,947,435
Construction in progress	2,022,524	467,922	2,490,446
Infrastructure, net	4,264,886	78,345,428	82,610,314
Buildings, net	41,232,143		41,232,143
Building improvements, net	28,271,436		28,271,436
Vehicles, net	762,191	174,009	936,200
Equipment, net	2,326,934	598,279	2,925,213
Furniture and fixtures, net	26,203		26,203
Livestock, net	17,857		17,857
Technology equipment, net	191,014		191,014
Textbooks and library books, net	1,052,922		1,052,922
 Total capital assets	 <u>86,576,169</u>	 <u>82,125,014</u>	 <u>168,701,183</u>
 Total assets	 <u>137,978,468</u>	 <u>90,348,237</u>	 <u>228,326,705</u>
DEFERRED OUTFLOWS OF RESOURCES			
None	-		-
 Total deferred outflows of resources	 <u>-</u>	 <u>-</u>	 <u>-</u>
 Total assets and deferred outflows of resources	 <u>\$ 137,978,468</u>	 <u>\$ 90,348,237</u>	 <u>\$ 228,326,705</u>

The accompanying notes are an integral part of this statement

CITY OF ATTLEBORO, MASSACHUSETTS

Statement of Net Position

June 30, 2013

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
LIABILITIES			
Accounts payable and accrued expenses	\$ 2,871,645	\$ 450,372	\$ 3,322,017
Retainage payable	15,968		15,968
Accrued interest	265,725	490,537	756,262
Due to federal and state governments	14,421		14,421
Claims incurred but not reported	5,210,883		5,210,883
Short-term notes payable	6,204,800		6,204,800
Current portion of bonds and notes payable	4,247,703	5,251,501	9,499,204
Current portion of compensated absences	26,606	11,318	37,924
Portion due or payable in more than one year:			
Bonds and notes payable	17,453,742	34,687,497	52,141,239
Compensated absences	2,242,150	245,678	2,487,828
Other post-employment benefit obligation	62,166,726	3,684,388	65,851,114
Total liabilities	<u>100,720,369</u>	<u>44,821,291</u>	<u>145,541,660</u>
DEFERRED INFLOWS OF RESOURCES			
Property taxes paid in advance	67,896		67,896
Deferred revenue - water and wastewater charges		1,324,866	1,324,866
Deferred revenue - ARA		164,278	164,278
Total deferred inflows of resources	<u>67,896</u>	<u>1,489,144</u>	<u>1,557,040</u>
NET POSITION			
Invested in capital assets, net of related debt	64,608,999	41,695,479	106,304,478
Restricted	14,998,017	808,834	15,806,851
Unrestricted	<u>(42,416,813)</u>	<u>1,533,489</u>	<u>(40,883,324)</u>
Total net position	<u>37,190,203</u>	<u>44,037,802</u>	<u>81,228,005</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 137,978,468</u>	<u>\$ 90,348,237</u>	<u>\$ 228,326,705</u>

The accompanying notes are an integral part of this statement

CITY OF ATTLEBORO, MASSACHUSETTS

Statement of Activities

For the Year Ended June 30, 2013

	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Governmental Activities:				
General government	\$ 8,701,284	\$ 955,152	\$ 159,566	\$ -
Public safety	25,387,871	4,052,706	312,714	-
Education	91,076,761	5,231,811	53,730,163	2,972,466
Public works	12,489,183	3,095,870	6,810	1,157,212
Community and economic development	152,394	22,350	1,089,055	
Health and human services	5,906,079	232,348	578,116	
Culture and recreation	4,139,547	1,255,755	163,402	
Interest on debt	769,660			
State and county charges	4,143,543			
Total governmental activities	<u>152,766,322</u>	<u>14,845,992</u>	<u>56,039,826</u>	<u>4,129,678</u>
Business-Type Activities:				
Water	5,052,681	7,030,084	-	
Sewer	8,179,819	9,842,628	-	
Total business-type activities	<u>13,232,500</u>	<u>16,872,712</u>	<u>-</u>	<u>-</u>
Total primary government	<u>165,998,822</u>	<u>31,718,704</u>	<u>56,039,826</u>	<u>4,129,678</u>
Total City of Attleboro	<u>\$ 165,998,822</u>	<u>\$ 31,718,704</u>	<u>\$ 56,039,826</u>	<u>\$ 4,129,678</u>

The accompanying notes are an integral part of this statement

CITY OF ATTLEBORO, MASSACHUSETTS

Statement of Activities

For the Year Ended June 30, 2013

	Net (Expense) Revenue and Changes in Net Position		
	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Governmental Activities:			
General government	\$ (7,586,566)	\$ -	\$ (7,586,566)
Public safety	(21,022,451)		(21,022,451)
Education	(29,142,321)		(29,142,321)
Public works	(8,229,291)		(8,229,291)
Community and economic development	959,011		959,011
Health and human services	(5,095,615)		(5,095,615)
Culture and recreation	(2,720,390)		(2,720,390)
Interest on debt	(769,660)		(769,660)
State and county charges	(4,143,543)		(4,143,543)
Total governmental activities	<u>(77,750,826)</u>	<u>-</u>	<u>(77,750,826)</u>
Business-Type Activities:			
Water		1,977,403	1,977,403
Sewer		1,662,809	1,662,809
Total business-type activities	<u>-</u>	<u>3,640,212</u>	<u>3,640,212</u>
Total primary government	<u>(77,750,826)</u>	<u>3,640,212</u>	<u>(74,110,614)</u>
Total City of Attleboro	<u>\$ (77,750,826)</u>	<u>\$ 3,640,212</u>	<u>\$ (74,110,614)</u>

The accompanying notes are an integral part of this statement

CITY OF ATTLEBORO, MASSACHUSETTS

Statement of Activities

For the Year Ended June 30, 2013

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
General revenues:			
Real estate and personal property, net of reserve for abatements	\$ 58,046,934	\$ -	\$ 58,046,934
Motor vehicle excise	4,024,001		4,024,001
Abatements to veterans	70,479		70,479
Abatements to elderly	57,228		57,228
Fines, penalties and interest	748,162		748,162
Earnings on investments	97,423	6,788	104,211
Lottery, beano & charity	4,825,303		4,825,303
Municipal medicaid	401,277		401,277
Miscellaneous	505,698	44,612	550,310
Total general revenues	68,776,505	51,400	68,827,905
Special item - benefit/contribution transfer (net) - water	427	(427)	-
Special item - benefit/contribution transfer (net) - wastewater	601	(601)	-
Special item - transfer of capital asset net of debt from governmental activities - water	(264,978)	264,978	-
Special item - transfer of capital asset net of debt from governmental activities - wastewater	(101,222)	101,222	-
Transfers between funds - operating	1,213,803	(1,213,803)	-
Total general revenues, special items, and transfers	69,625,136	(797,231)	68,827,905
Changes in net position	(8,125,690)	2,842,981	(5,282,709)
Net position - July 1, 2012, beginning of year	45,315,893	41,194,821	86,510,714
Net position - June 30, 2013, end of year	\$ 37,190,203	\$ 44,037,802	\$ 81,228,005

The accompanying notes are an integral part of this statement

CITY OF ATTLEBORO, MASSACHUSETTS

Balance Sheets - Governmental Funds

June 30, 2013

	<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 - unrestricted	\$ 10,842,659	\$ 12,498,425	\$ 23,341,084
Cash and investments - restricted (for stabilization purposes)	2,441,450		2,441,450
Receivables:			
Property taxes	1,686,790		1,686,790
Motor vehicle excise	872,039		872,039
Tax liens and foreclosures	1,454,498		1,454,498
User charges	582,206		582,206
Intergovernmental	424,407	1,594,080	2,018,487
Other	2,751,264	1,373,314	4,124,578
Due from ARA	491,373		491,373
	<hr/>	<hr/>	<hr/>
Total assets	21,546,686	15,465,819	37,012,505
Deferred outflows of resources			
None	<hr/> -	<hr/> -	<hr/> -
Total deferred outflows of resources	<hr/> -	<hr/> -	<hr/> -
Total assets and deferred outflows of resources	<hr/> <u>\$ 21,546,686</u>	<hr/> <u>\$ 15,465,819</u>	<hr/> <u>\$ 37,012,505</u>
Liabilities			
Warrants payable	\$ 697,153	\$ 590,110	\$ 1,287,263
Accounts payable and accrued expenses	1,167,305	417,077	1,584,382
Retainage payable	-	15,968	15,968
Due to federal and state governments	-	14,421	14,421
Notes payable	<hr/> -	<hr/> 6,204,800	<hr/> 6,204,800
Total liabilities	<hr/> 1,864,458	<hr/> 7,242,376	<hr/> 9,106,834
Deferred inflows of resources			
Property taxes paid in advance	67,896		67,896
Deferred property tax revenues	3,354,556		3,354,556
Deferred user fees and fines	3,307,937		3,307,937
Deferred revenue from ARA	491,373		491,373
Unearned income		5,409	5,409
Deferred grant income		349,621	349,621
Deferred loan income		1,360,787	1,360,787
	<hr/>	<hr/>	<hr/>
Total deferred inflows of resources	7,221,762	1,715,817	8,937,579
Fund balance			
Nonspendable	-	314,699	314,699
Restricted	313,585	4,685,991	4,999,576
Committed	2,436,339	1,965,755	4,402,094
Assigned	5,281,648	-	5,281,648
Unassigned	4,428,894	(458,819)	3,970,075
	<hr/>	<hr/>	<hr/>
Total fund balance	12,460,466	6,507,626	18,968,092
Total liabilities, deferred inflows of resources and fund balance	<hr/> <u>\$ 21,546,686</u>	<hr/> <u>\$ 15,465,819</u>	<hr/> <u>\$ 37,012,505</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, 2013

	<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	\$ 57,880,041	\$ -	\$ 57,880,041
Motor vehicle excise	4,330,905		4,330,905
Fines, penalties and interest	684,302		684,302
Intergovernmental	53,890,817	8,685,335	62,576,152
Licenses and permits	1,076,384		1,076,384
Charges for services	3,328,889	854,952	4,183,841
Investment Income	36,820	55,179	91,999
Departmental and other revenue	450,594	5,055,012	5,505,606
Miscellaneous	1,007,259		1,007,259
Total revenue	<u>122,686,011</u>	<u>14,650,478</u>	<u>137,336,489</u>
Expenditures :			
General government	12,109,002	449,745	12,558,747
Public safety	14,311,819	1,289,592	15,601,411
Education	75,384,315	2,072,968	77,457,283
Public works	2,748,155	9,493,756	12,241,911
Community and economic development	-	152,394	152,394
Health and human services	3,563,856	1,814,551	5,378,407
Culture and recreation	2,628,856		2,628,856
Pension benefits	3,798,140		3,798,140
State and county charges	4,143,543		4,143,543
Debt service:			
Principal	4,479,883		4,479,883
Interest	875,773		875,773
Total expenditures	<u>124,043,342</u>	<u>15,273,006</u>	<u>139,316,348</u>
Excess (deficiency) of revenues over expenditures	(1,357,331)	(622,528)	(1,979,859)
Other financing sources (uses):			
Transfers in	6,685,249	574,615	7,259,864
Transfers out	<u>(5,931,646)</u>	<u>(114,415)</u>	<u>(6,046,061)</u>
Other financing sources (uses)	<u>753,603</u>	<u>460,200</u>	<u>1,213,803</u>
Excess of revenue and other sources over expenditures and other uses	(603,728)	(162,328)	(766,056)
Fund balance, July 1, 2012	<u>13,064,194</u>	<u>6,669,954</u>	<u>19,734,148</u>
Fund balance, June 30, 2013	<u>\$ 12,460,466</u>	<u>\$ 6,507,626</u>	<u>\$ 18,968,092</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 Position

June 30, 2013

Total governmental fund balances	\$ 18,968,092
Record allowance for doubtful accounts that are financial resources, for the governmental funds.	(1,300,994)
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	86,576,169
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	8,869,683
Internal service funds are used by management to account for health insurance and workers' compensation activities.	10,479,905
In the statement of activities, interest is accrued on outstanding long-term debt, whereas in governmental funds interest is not reported until due.	(265,725)
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	(21,701,445)
Compensated absences	(2,268,756)
Other postemployment benefits	<u>(62,166,726)</u>
Net position of governmental activities	<u>\$ 37,190,203</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, 2013

Net change in fund balances - total governmental funds	\$ (766,056)
To record allowance for doubtful accounts that are resources for the governmental funds. This amount represent the net change in the allowance.	(494,431)
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.	(1,582,623)
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.	176,462
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.	4,479,883
In the statement of activities, interest is accrued on outstanding long-term debt, whereas in governmental funds interest, is not reported until due.	106,113
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	(10,320,312)
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.	247,858
The net activity of internal service funds is reported with Governmental Activities	<u>27,416</u>
Change in net position of governmental activities	<u><u>\$(8,125,690)</u></u>

The accompanying notes are an integral part of this statement

CITY OF ATTLEBORO, MASSACHUSETTS

Statement of Net Position - Proprietary Funds

June 30, 2013

	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, unrestricted	\$ 1,715,098	\$ 1,917,334	\$ 3,632,432	\$ 11,505,472	\$ 11,505,472
Cash and short-term investments, restricted (for stabilization purposes)	83,007		83,007		-
Receivables, net:					
User fees	1,039,124	1,574,077	2,613,201		-
Utility liens and other receivables	97,919	129,581	227,500		-
Betterments paid in advance and deferred	8,646	1,236,416	1,245,062		-
Other			-	1,162,713	1,162,713
Inventory	197,686	60,057	257,743		-
Due from ARA	164,278		164,278		-
Escrow funds held			-	3,022,603	3,022,603
Total current assets	<u>3,305,758</u>	<u>4,917,465</u>	<u>8,223,223</u>	<u>15,690,788</u>	<u>15,690,788</u>
Non-current assets:					
Land	2,368,758	170,618	2,539,376		-
Infrastructure in progress	264,978	202,944	467,922		-
Infrastructure, net	26,177,360	52,168,068	78,345,428		-
Equipment, net	253,417	344,862	598,279		-
Vehicles, net	107,994	66,015	174,009		-
Total non-current assets	<u>29,172,507</u>	<u>52,952,507</u>	<u>82,125,014</u>	<u>-</u>	<u>-</u>
Total assets	<u>32,478,265</u>	<u>57,869,972</u>	<u>90,348,237</u>	<u>15,690,788</u>	<u>15,690,788</u>
DEFERRED OUTFLOWS OF RESOURCES					
None	-	-	-	-	-
Total deferred outflows of resources	-	-	-	-	-
Total assets and deferred outflows of resources	<u>\$ 32,478,265</u>	<u>\$ 57,869,972</u>	<u>\$ 90,348,237</u>	<u>\$ 15,690,788</u>	<u>\$ 15,690,788</u>
LIABILITIES					
Current liabilities:					
Warrants payable	\$ 174,791	\$ 125,940	\$ 300,731	\$ -	\$ -
Accounts payable and accrued liabilities	52,955	96,686	149,641		-
Current portion of serial bonds payable	2,003,324	3,248,177	5,251,501		-
Current portion of compensated absences	6,791	4,527	11,318		-
Claims incurred but not reported			-	5,210,883	5,210,883
Accrued interest payable	69,083	421,454	490,537		-
Total current liabilities	<u>2,306,944</u>	<u>3,896,784</u>	<u>6,203,728</u>	<u>5,210,883</u>	<u>5,210,883</u>
Non-current liabilities:					
Serial bonds payable	5,066,360	29,621,137	34,687,497		-
Compensated absences	106,825	138,853	245,678		-
Other postemployment benefit obligation	1,662,534	2,021,854	3,684,388		-
Total non-current liabilities	<u>6,835,719</u>	<u>31,781,844</u>	<u>38,617,563</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>9,142,663</u>	<u>35,678,628</u>	<u>44,821,291</u>	<u>5,210,883</u>	<u>5,210,883</u>
DEFERRED INFLOWS OF RESOURCES					
Deferred revenue - water and wastewater charges	43,585	1,281,281	1,324,866		-
Deferred revenue - ARA	164,278		164,278		-
Total deferred inflows of resources	<u>207,863</u>	<u>1,281,281</u>	<u>1,489,144</u>	<u>-</u>	<u>-</u>
NET POSITION					
Invested in capital assets, net of related debt	22,033,740	19,661,739	41,695,479	-	-
Restricted	349,499	459,335	808,834		-
Unrestricted	744,500	788,989	1,533,489	10,479,905	10,479,905
Total net position	<u>23,127,739</u>	<u>20,910,063</u>	<u>44,037,802</u>	<u>10,479,905</u>	<u>10,479,905</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 32,478,265</u>	<u>\$ 57,869,972</u>	<u>\$ 90,348,237</u>	<u>\$ 15,690,788</u>	<u>\$ 15,690,788</u>

The accompanying notes are an integral part of this statement

CITY OF ATTLEBORO, MASSACHUSETTS

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

For the Year Ended June 30, 2013

	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	\$ 7,030,084	\$ 9,842,628	\$ 16,872,712	\$ -	\$ -
Interfund services provided			-	15,589,699	15,589,699
Employee contributions			-	5,363,224	5,363,224
Miscellaneous	25,800	18,812	44,612	1,736,616	1,736,616
Total operating revenues	7,055,884	9,861,440	16,917,324	22,689,539	22,689,539
OPERATING EXPENSES					
Salaries and benefits	2,374,000	3,095,420	5,469,420		-
Services and supplies	1,459,457	2,110,888	3,570,345		-
Health and other insurance			-	22,667,547	22,667,547
Depreciation	930,127	1,744,552	2,674,679		-
Total operating expenses	4,763,584	6,950,860	11,714,444	22,667,547	22,667,547
Operating income (loss)	2,292,300	2,910,580	5,202,880	21,992	21,992
NONOPERATING REVENUES (EXPENSES)					
Investment earnings	5,751	1,037	6,788	5,424	5,424
Interest expense	(289,097)	(1,228,959)	(1,518,056)		-
Total nonoperating revenue (expenses)	(283,346)	(1,227,922)	(1,511,268)	5,424	5,424
Income (loss) before transfers	2,008,954	1,682,658	3,691,612	27,416	27,416
TRANSFERS					
Net transfer in (out) - employee benefits/contributions paid on behalf (net)	(427)	(601)	(1,028)		-
Transfer in - capital	264,978	101,222	366,200		-
Transfers in - operating	120,931	-	120,931		-
Transfers out - operating	(634,344)	(700,390)	(1,334,734)		-
Total transfers	(248,862)	(599,769)	(848,631)	-	-
Change in net position	1,760,092	1,082,889	2,842,981	27,416	27,416
Total net position, July 1, 2012	21,367,647	19,827,174	41,194,821	10,452,489	10,452,489
Total net position, June 30, 2013	\$ 23,127,739	\$ 20,910,063	\$ 44,037,802	\$ 10,479,905	\$ 10,479,905

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, 2013

	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	\$ -	\$ -	\$ -	\$ 5,363,224	\$ 5,363,224
Cash received from customers	7,104,699	9,260,489	16,365,188	-	-
Cash received from governments		769,816	769,816	-	-
Payments to suppliers and employees	(3,345,388)	(4,871,371)	(8,216,759)	(21,816,663)	(21,816,663)
Cash received from interfund services provided			-	15,589,699	15,589,699
Other receipts			-	1,014,479	1,014,479
Net cash provided (used) by operating activities	<u>3,759,311</u>	<u>5,158,934</u>	<u>8,918,245</u>	<u>150,739</u>	<u>150,739</u>
Cash flows from noncapital financing activities:					
Transfers in (out)	<u>(596,832)</u>	<u>(700,991)</u>	<u>(1,297,823)</u>		-
Net cash provided by noncapital financing activities	<u>(596,832)</u>	<u>(700,991)</u>	<u>(1,297,823)</u>	-	-
Cash flows from capital and related financing activities:					
Purchases and construction of capital assets	(169,313)	(124,062)	(293,375)		-
Principal paid on capital debt	(2,244,803)	(3,161,178)	(5,405,981)		-
Interest received/accrued	(3,074)		(3,074)		-
Interest paid on capital debt	<u>(315,216)</u>	<u>(1,301,613)</u>	<u>(1,616,829)</u>		-
Net cash used by capital and related financing activities	<u>(2,732,406)</u>	<u>(4,586,853)</u>	<u>(7,319,259)</u>	-	-
Cash flows from investing activities:					
Interest and dividends	<u>5,736</u>	<u>1,037</u>	<u>6,773</u>	<u>5,424</u>	<u>5,424</u>
Net cash used by investing activities	<u>5,736</u>	<u>1,037</u>	<u>6,773</u>	<u>5,424</u>	<u>5,424</u>
Net increase in cash and cash equivalents	435,809	(127,873)	307,936	156,163	156,163
Balances - beginning 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>
Balances - end of the year	<u>\$1,715,098</u>	<u>\$ 1,917,334</u>	<u>\$3,632,432</u>	<u>\$ 11,505,472</u>	<u>\$ 11,505,472</u>
Displayed as:					
Cash and short-term investments	<u>\$1,715,098</u>	<u>\$ 1,917,334</u>	<u>\$3,632,432</u>	<u>\$ 11,505,472</u>	<u>\$ 11,505,472</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, 2013

	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)	\$2,292,300	\$ 2,910,580	\$5,202,880	\$ 21,992	\$ 21,992
Adjustments to reconcile operating income to net cash provided (used) by operating activities:					
Depreciation expense	930,127	1,744,552	2,674,679		-
Change in assets and liabilities:					
(Increase) decrease in user charges receivables, net	27,163	132,157	159,320		-
(Increase) decrease in betterment receivables	1,731	175,152	176,883		-
(Increase) decrease in utility lien and other receivables	13,828	39,537	53,365	(722,137)	(722,137)
(Increase) decrease in inventory	105,136	(4,608)	100,528		-
Increase (decrease) warrants payable	98,821	(95,804)	3,017		-
Increase (decrease) accounts payable and accrued expenses	10,071	39,994	50,065		-
Increase (decrease) claims incurred but not reported			-	850,884	850,884
Increase (decrease) in deferred revenue from user charge	3,018	(177,981)	(174,963)		-
Increase (decrease) in deferred revenue from ARA	3,074		3,074		-
Increase (decrease) compensated absences	5,147	216	5,363		-
Increase (decrease) in other postemployment benefits	268,895	395,139	664,034		-
Net cash provided (used) by operating activities	<u>\$3,759,311</u>	<u>\$ 5,158,934</u>	<u>\$8,918,245</u>	<u>\$ 150,739</u>	<u>\$ 150,739</u>

The accompanying notes are an integral part of this statement

CITY OF ATTLEBORO, MASSACHUSETTS

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

June 30, 2013

	Pension Trust Fund (As of December 31, 2012)	Private Purpose Trust Funds	Agency Funds	Total
Assets				
Cash and investments	\$ 103,132,961	\$ 489,361	\$ 1,567,198	\$ 105,189,520
Receivables:				
Interest and dividends	10			10
Other	59,034			59,034
Total assets	<u>103,192,005</u>	<u>489,361</u>	<u>1,567,198</u>	<u>105,248,564</u>
Deferred outflows of resources				
None	\$ -	-	-	-
Total deferred outflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets and deferred outflows of resources	<u>\$ 103,192,005</u>	<u>\$ 489,361</u>	<u>\$ 1,567,198</u>	<u>\$ 105,248,564</u>
Liabilities				
Warrants payable	\$ -	\$ -	\$ 18,724	\$ 18,724
Accounts payable and accrued liabilities	117,472		20,890	138,362
Deposits held	121,942		1,527,584	1,649,526
Total liabilities	<u>239,414</u>	<u>-</u>	<u>1,567,198</u>	<u>1,806,612</u>
Deferred inflows of resources				
None		-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Position				
Restricted - Scholarships and Awards		244,000		244,000
Restricted - Non Expendable Bequests		245,361		245,361
Restricted - Pension Benefits	102,952,591			102,952,591
Total net position	<u>102,952,591</u>	<u>489,361</u>	<u>-</u>	<u>103,441,952</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 103,192,005</u>	<u>\$ 489,361</u>	<u>\$ 1,567,198</u>	<u>\$ 105,248,564</u>

The accompanying notes are an integral part of this statement

CITY OF ATTLEBORO, MASSACHUSETTS

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

For the Year Ended June 30, 2013

	Pension Trust Fund (As of December 31, 2012)	Private Purpose Trust Funds	Total
Additions			
Contributions:			
Employee contributions	\$ 2,823,966	\$ -	\$ 2,823,966
Employer contributions	5,179,522		5,179,522
Intergovernmental	380,789		380,789
Other	74,271		74,271
	<hr/>	<hr/>	<hr/>
Total contributions	8,458,548	-	8,458,548
Net investment income:			
Dividends and interest	622,425	35,069	657,494
Capital gains/(losses)	574,089		574,089
Net appreciation in fair value of investments	11,372,345		11,372,345
	<hr/>	<hr/>	<hr/>
Total investment income	12,568,859	35,069	12,603,928
Less: investment expense	439,593		439,593
	<hr/>	<hr/>	<hr/>
Net investment income	12,129,266	35,069	12,164,335
	<hr/>	<hr/>	<hr/>
Total additions	20,587,814	35,069	20,622,883
	<hr/>	<hr/>	<hr/>
Deductions			
Retirement benefits	8,926,916		8,926,916
Administration	115,710		115,710
Transfers, reimbursements and refunds	839,953		839,953
Other expenditures	146,462		146,462
Scholarship expenditures		33,100	33,100
	<hr/>	<hr/>	<hr/>
Total deductions	10,029,041	33,100	10,062,141
	<hr/>	<hr/>	<hr/>
Change in net position	10,558,773	1,969	10,560,742
Net position - beginning	92,393,818	487,392	92,881,210
	<hr/>	<hr/>	<hr/>
Net position - ending	\$ 102,952,591	\$ 489,361	\$ 103,441,952
	<hr/>	<hr/>	<hr/>

The accompanying notes are an integral part of this statement

CITY OF ATTLEBORO, MASSACHUSETTS

Notes to Financial Statements

June 30, 2013

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, management has evaluated each potential component unit being considered for inclusion in the financial reporting entity.

GASB Statement No. 61 modified existing requirements for the assessment of potential component units in determining what should be included in the financial reporting entity and applicable financial reporting entity disclosure requirements.

Based on evaluation of the guidance presented by GASB Statement No. 61, the City has restated its July 1, 2013 component unit net position as follows:

Net position - July 1, 2012 (Component Units):	\$ 1,229,032
Removal of Community Development for Attleboro, Inc., no longer included in the financial reporting entity of the City based on review of GASB Statement No. 61 guidance	(53,461)
Removal of the Free Public Library Trust (as of December 31, 2011), no longer included in the financial reporting entity of the City based on review of GASB Statement No. 61 guidance	<u>(1,175,571)</u>
Net position - July 1, 2012 (Component Units) - restated	<u>\$ -</u>

Management has determined that these organizations were previously required to be included as a component unit due to the fact that they met requirements of prior GASB statements that no longer apply under GASB Statement No. 61. Based on management's professional judgment, these entities are immaterial to the financial statements and management feels that readers are not misled by their exclusion.

Additionally, based on GASB Statement No. 61 guidance, organizations that previously were required to be included as a component units by meeting the fiscal dependence criterion, a "financial benefit or burden relationship" also would need to be present between the primary government and that organization for it to be included in the reporting entity as a component unit. As such, management feels that because there is no material "financial benefit or burden relationship" between the City and both the Community Development for Attleboro, Inc. and the Attleboro Free Public Library Trust, these are no longer included within the financial reporting entity based on new GASB standards.

CITY OF ATTLEBORO, MASSACHUSETTS

Notes to Financial Statements

June 30, 2013

NOTE 1: Summary of Significant Accounting Policies:

A. Reporting Entity

Component Units (Continued)

Upon further review of existing GASB guidance, management concludes that the Attleboro Contributory Retirement System (“the System”) should continue to be reported as a fiduciary fund in the City’s fiduciary fund financial statements (see pages 30 and 31). The system qualifies as neither a blended or discretely presented component unit.

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.

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, 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 Position, 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 position are reported in three parts - invested in capital assets, net of related debt; restricted net position; and unrestricted net position. The City first utilizes restricted resources to finance qualifying activities.

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 position resulting from the current year’s activities.

GASB 63 amends GASB 34 to incorporate deferred outflows of resources and deferred inflows of resources into the financial reporting model. Deferred outflows of resources are defined as a consumption of net assets by the government that is applicable to a future reporting period. It has a positive effect on net position, similar to assets. Deferred inflows of resources are defined as an acquisition of net assets by the government that is applicable to a future reporting period. It has negative effect on net position, similar to liabilities.

CITY OF ATTLEBORO, MASSACHUSETTS

Notes to Financial Statements

June 30, 2013

NOTE 1: Summary of Significant Accounting Policies:

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, deferred outflows of resources, liabilities, deferred inflows of resources, 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.

2. *Proprietary Funds*

The focus of proprietary fund measurement is upon determination of operating income, changes in net position, 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 position and changes in net position 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 plus deferred outflows, liabilities plus deferred inflows, 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.

Continued

CITY OF ATTLEBORO, MASSACHUSETTS

Notes to Financial Statements

June 30, 2013

NOTE 1: Summary of Significant Accounting Policies (Continued)

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.

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. Implementation of New Accounting Principles

For the year ending June 30, 2013, the City implemented the following pronouncements issued by the GASB:

- GASB Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*
- GASB Statement No. 61, *The Financial Reporting Entity: Omnibus – an amendment of GASB Statements No. 14 and No. 34*
- GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*
- GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*
- GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities* (early implementation)

GASB Statement No. 63 identifies net position as the residual of all other elements presented in a statement of financial position, which amends the net asset reporting requirements of Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*, and other pronouncements, by renaming net assets to net position.

GASB Statement No. 65 establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. Management has elected to implement this GASB Statement one year early in order to improve financial reporting by clarifying the appropriate use of the financial statement elements (deferred outflows of resources and deferred inflows of resources) to ensure consistency in financial reporting.

The implementation of GASB Statement No.'s 60, 61 and 62 had no reporting impact for the City.

CITY OF ATTLEBORO, MASSACHUSETTS

Notes to Financial Statements

June 30, 2013

NOTE 1: Summary of Significant Accounting Policies (Continued)

F. 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 a deferred inflow of resources. Deferred inflows of resources are those for which asset recognition has been met but revenue recognition criteria has not been met. The government-wide financial statements recognize property tax revenue when taxes are levied net of estimated abatements and exemptions.

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 if material. Such costs were not considered material during fiscal 2013. 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

Continued

CITY OF ATTLEBORO, MASSACHUSETTS

Notes to Financial Statements

June 30, 2013

NOTE 1: Summary of Significant Accounting Policies (Continued)

F. Financial Statement Amounts (Continued)

5. Capital Assets

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

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 or the Personnel Rules and Regulations for individuals not covered by the 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 or the Personnel Rules and Regulations. 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 or the Personnel Rules and Regulations.

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 Position

Government-Wide Statements

Net Position 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 position - Consists of net position 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 position - All other net position that does 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, 2013

NOTE 1: Summary of Significant Accounting Policies (Continued)

F. Financial Statement Amounts (Continued)

8. Fund Balances/Net Position (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 position 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, 2013

NOTE 1: Summary of Significant Accounting Policies (Continued)

F. 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 position.

10. Deferred Inflows of Resources (formerly known as 'deferred revenue')

In the governmental fund financial statement, deferred inflows of resources 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 inflows of resources relate to revenue that is measurable, but not available.

In the Special Revenue funds, deferred inflows of revenues 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 inflows of resources represents only unearned revenues.

11. Claims and Judgments

The City is self-insured with respect to risks including workers' compensation with a \$500,000 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 inflows of resources 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.

CITY OF ATTLEBORO, MASSACHUSETTS

Notes to Financial Statements

June 30, 2013

NOTE 1: Summary of Significant Accounting Policies (Continued)

F. 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.

G. 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, 2013

NOTE 2: Compliance and Accountability (Continued)

B. Interfund Transactions

Interfund transactions at June 30, 2013 were as follows:

	<u>Other Financing Sources</u>	<u>Other Financing Uses</u>
<u>Major Governmental Funds</u>		
General Fund	\$ 6,685,249	\$ 5,931,646
<u>Non-Major Governmental Funds</u>		
Special Revenue Funds	12,354	38,408
Capital Projects	562,261	76,007
<u>Proprietary Funds</u>		
Water	120,931	634,344
Sewer	-	700,390
Totals	<u>\$ 7,380,795</u>	<u>\$ 7,380,795</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, transfers of \$264,978 and \$101,222 were recorded as a financing source for the water and wastewater enterprise funds (respectively) for capital assets purchased from governmental funds (thus resulting in an increase in net position with the water and waste water enterprise funds).

On the government-wide basis, it was also necessary to record a net transfer of benefits paid and employee contributions made from the city's health insurance depository fund (a governmental activity) to each respective enterprise fund. The amounts of \$427 and \$601 were transferred from the water and wastewater enterprise funds (respectively) to the governmental activities.

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 - water enterprise	\$ -	\$ 264,978
Transfers in - capital - wastewater enterprise	-	101,222
Transfers (in) out - benefits/contributions to business-type - water enterprise (net)		427
Transfers (in) out - benefits/contributions to business-type - wastewater enterprise (net)		601
Transfers in (out) - benefits to enterprise - governmental activities	1,028	
Transfers out - capital - governmental activities	<u>366,200</u>	<u>-</u>
	<u>\$ 367,228</u>	<u>\$ 367,228</u>

CITY OF ATTLEBORO, MASSACHUSETTS

Notes to Financial Statements

June 30, 2013

NOTE 3: Deposits and Investments

Cash and investments as of June 30, 2013 are classified in the accompanying financial statements as follows:

Cash and investments - governmental activities	\$ 37,288,006
Cash and investments - business-type activities	3,715,439
Cash and investments - pension trust funds	103,132,961
Cash and investments - private purpose trust funds	489,361
Cash and investments - agency funds	<u>1,567,198</u>
Total cash and investments	<u>\$ 146,192,965</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 position as “Cash and Investments”. Petty cash is included in the presentation of cash on the statement of net position in the amount of \$7,009 on June 30, 2013.

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 \$43,619,818, including \$7,009 of petty cash and the bank balance was \$46,401,016. Of the bank balance, \$1,843,124 was covered by Federal Depository Insurance, \$16,610,330 was covered by the Depositor’s Insurance Fund. The remaining balance of \$26,924,182 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 \$1,275,858 and the bank balance was \$1,413,986. Of the bank balance \$500,000 was covered by Federal Depository Insurance. The remaining balance of \$913,986 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, 2013 and December 31, 2012 (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, 2013 and December 31, 2012 (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, 2013

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, 2012)

Equities - Real Estate Fund:

Pyramis Core Plus Comm. Pool	\$	20,464,600	29.36%
Invesco Real Estate Fund		5,130,394	7.36%
Invesco Core RE USA LLC		4,853,369	6.96%
Hancock Timberland XLLP		1,080,602	1.55%
RMK Global (US), LLC		341,267	0.49%
RMK Global (Foreign), LLC		595,371	0.85%
Rhumblin S&P 500 Pooled		16,618,973	23.85%
State Street Global Advisors		15,825,006	22.71%
PRIT Absolute Return Fund		<u>4,783,630</u>	<u>6.86%</u>
 Total	 \$	 <u>69,693,212</u>	 <u>100.00%</u>

Total Investments by Investment Type and S&P Ratings:

<u>Investment Type</u>	<u>Total Amount</u>	<u>Maximum Maturity</u>	<u>Maximum Investment in One Issuer</u>	<u>S&P Rating</u>
<i>Primary Government and Private Purpose Trust</i>				
US Government & Agencies	\$ 1,137,203	22 years	N/A	AAA
Corporate Bonds	64,004	7 years	52.05%	A
Equities	421,838	N/A	N/A	N/A
Fixed Income Securities	<u>75,786</u>	N/A	N/A	N/A
Total Primary Government	<u>\$ 1,698,831</u>			
 <i>Pension Trust Fund (Attleboro Contributory Retirement System as of December 31, 2012)</i>				
Fixed Income	\$ 2,031	22 years	N/A	CC
Equities	69,693,212	N/A	N/A	N/A
Common Stock	<u>32,161,860</u>	N/A	N/A	N/A
Total Pension Trust Fund	<u>\$ 101,857,103</u>			
Total Investments	<u>\$ 103,555,934</u>			

CITY OF ATTLEBORO, MASSACHUSETTS

Notes to Financial Statements

June 30, 2013

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 inflows of resources. Deferred inflows of resources 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 \$1,300,994 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, 2013

NOTE 6: Capital Assets and Depreciation

Capital asset activities for the year ended June 30, 2013 are as follows:

Government Activities	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land & easements	\$ 6,408,059	\$ -	\$ -	\$ 6,408,059
Construction & infrastructure in progress	<u>1,115,308</u>	<u>1,252,217</u>	<u>345,001</u>	<u>2,022,524</u>
Total capital assets not being depreciated:	<u>7,523,367</u>	<u>1,252,217</u>	<u>345,001</u>	<u>8,430,583</u>
Capital assets being depreciated:				
Infrastructure	7,438,100	-		7,438,100
Buildings	68,392,199	-		68,392,199
Building improvements & site development	43,758,978	351,894		44,110,872
Vehicles	3,714,624	269,223	21,043	3,962,804
Equipment	5,165,395	947,148		6,112,543
Furniture & fixtures	122,610	-		122,610
Live stock	20,000	-		20,000
Technology equipment	4,058,626	108,794		4,167,420
Textbooks & library books	<u>9,260,147</u>	<u>444,930</u>	<u>-</u>	<u>9,705,077</u>
Total capital assets, being depreciated:	<u>141,930,679</u>	<u>2,121,989</u>	<u>21,043</u>	<u>144,031,625</u>
Accumulated depreciation:				
Infrastructure	2,963,083	210,131		3,173,214
Buildings	25,414,410	1,745,646		27,160,056
Building improvements & site development	14,387,739	1,451,697		15,839,436
Vehicles	2,958,155	242,458		3,200,613
Equipment	3,464,544	321,065		3,785,609
Furniture & fixtures	84,710	11,697		96,407
Live stock	714	1,429		2,143
Technology equipment	3,817,554	158,852		3,976,406
Textbooks & library books	<u>8,204,345</u>	<u>447,810</u>	<u>-</u>	<u>8,652,155</u>
Total accumulated depreciation:	<u>61,295,254</u>	<u>4,590,785</u>	<u>-</u>	<u>65,886,039</u>
Total capital assets being depreciated, net	<u>80,635,425</u>	<u>(2,468,796)</u>	<u>21,043</u>	<u>78,145,586</u>
Governmental activities capital assets, net	<u>\$ 88,158,792</u>	<u>\$ (1,216,579)</u>	<u>\$ 366,044</u>	<u>\$ 86,576,169</u>

For the year ended June 30, 2013, depreciation was charged to the following functions:

Governmental activities:	
General government	\$ 274,135
Public Safety:	
Fire	323,524
Police	164,898
Inspection	4,166
Public works	255,664
Education	3,200,692
Health and human services	19,093
Culture and recreation	<u>348,613</u>
Total governmental activities depreciation expense	<u>\$ 4,590,785</u>

CITY OF ATTLEBORO, MASSACHUSETTS

Notes to Financial Statements

June 30, 2013

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
Constuction in Progress	<u>-</u>	<u>264,978</u>	<u>-</u>	<u>264,978</u>
Total capital assets not being depreciated:	<u>2,368,758</u>	<u>264,978</u>	<u>-</u>	<u>2,633,736</u>
Capital assets being depreciated:				
Infrastructure	39,567,651	-		39,567,651
Machinery & equipment	505,310	143,563	65,096	583,777
Vehicles	<u>380,262</u>	<u>25,750</u>	<u>-</u>	<u>406,012</u>
Total capital assets being depreciated:	<u>40,453,223</u>	<u>169,313</u>	<u>65,096</u>	<u>40,557,440</u>
Accumulated depreciation:				
Infrastructure	12,582,368	807,923		13,390,291
Machinery & equipment	306,639	88,817	65,096	330,360
Vehicles	<u>264,631</u>	<u>33,387</u>	<u>-</u>	<u>298,018</u>
Total accumulated depreciation:	<u>13,153,638</u>	<u>930,127</u>	<u>65,096</u>	<u>14,018,669</u>
Total capital assets being depreciated, net	<u>27,299,585</u>	<u>(760,814)</u>	<u>-</u>	<u>26,538,771</u>
Buisness-type activites (water) capital assets, net	<u>\$ 29,668,343</u>	<u>\$ (495,836)</u>	<u>\$ -</u>	<u>\$ 29,172,507</u>

CITY OF ATTLEBORO, MASSACHUSETTS

Notes to Financial Statements

June 30, 2013

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	<u>-</u>	<u>202,944</u>	<u>-</u>	<u>202,944.00</u>
Total capital assets not being depreciated:	<u>170,618</u>	<u>202,944</u>	<u>-</u>	<u>373,562</u>
Capital assets being depreciated:				
Infrastructure	68,527,029	-		68,527,029
Machinery & equipment	557,348	-		557,348
Vehicles	<u>251,562</u>	<u>22,340</u>	<u>-</u>	<u>273,902</u>
Total capital assets being depreciated:	<u>69,335,939</u>	<u>22,340</u>	<u>-</u>	<u>69,358,279</u>
Accumulated depreciation				
Infrastructure	14,680,364	1,678,597		16,358,961
Machinery & equipment	171,926	40,560		212,486
Vehicles	<u>182,492</u>	<u>25,395</u>	<u>-</u>	<u>207,887</u>
Total accumulated depreciation:	<u>15,034,782</u>	<u>1,744,552</u>	<u>-</u>	<u>16,779,334</u>
Total capital assets being depreciated, net	<u>54,301,157</u>	<u>(1,722,212)</u>	<u>-</u>	<u>52,578,945</u>
Business-type activities (wastewater) capital assets, net	<u>\$ 54,471,775</u>	<u>\$ (1,519,268)</u>	<u>\$ -</u>	<u>\$ 52,952,507</u>

CITY OF ATTLEBORO, MASSACHUSETTS

Notes to Financial Statements

June 30, 2013

NOTE 7: 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.

The number of participants as of January 1, 2013, the latest actuarial valuation, is as follows:

Active employees	1,115
Retired, disabled, survivors and beneficiaries	1,006
Terminated vesteds	<u>13</u>
 Total	 <u><u>2,134</u></u>

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, 2013.

Calculation of Net OPEB Obligations (NOO)

	<u>Fiscal 2013</u>
Annual Required Contribution (ARC)	\$ 18,612,722
Interest on Net OPEB Obligation (NOO)	2,194,671
ARC Adjustment	<u>(2,306,680)</u>
Annual OPEB Cost (an expense)	<u>18,500,713</u>
Premiums and Implicit Subsidy Paid	7,516,366
Cash Contributions (to an OPEB Trust)	<u>-</u>
Total contributions	<u><u>7,516,366</u></u>
Change in Net OPEB Obligation (NOO)	10,984,347
NOO Beginning of Fiscal Year	<u>54,866,767</u>
NOO End of Fiscal Year 2013	<u><u>\$ 65,851,114</u></u>

CITY OF ATTLEBORO, MASSACHUSETTS

Notes to Financial Statements

June 30, 2013

NOTE 7: 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.

Funded Status and Funding Progress

As of January 1, 2013, the most recent actuarial valuation date, the Plan was 0% funded. The actuarial accrued liability for benefits was \$230,467,597. 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 City's annual OPEB cost, the percentage of the annual OPEB cost contributed to the plan, and the net OPEB obligation for the 2013 fiscal year and the three preceding years were as follows:

Fiscal Year Ended	(a) Annual OPEB Cost	(b) Expected Employer Payments	(b/a) Percentage of OPEB Cost Contributed	(b-a) Increase in OPEB Obligation	Net OPEB Obligation
6/30/2013	18,500,713	7,516,366	40.6%	10,984,347	65,851,114
6/30/2012	16,412,547	6,978,081	42.5%	9,434,466	54,866,768
6/30/2011	15,508,736	7,046,668	45.4%	8,462,068	45,432,302
6/30/2010	26,066,958	7,127,313	27.3%	18,939,645	36,970,234

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, 2013 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, 2013, 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%
01/01/13	2013	\$ 0	\$ 230,467,597	\$ 230,467,597	0.00%	\$ 60,579,000	380.40%

CITY OF ATTLEBORO, MASSACHUSETTS

Notes to Financial Statements

June 30, 2013

NOTE 7: 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.

Effect of 1% Change in Healthcare Trend Rates

In the event that the assumed healthcare trend rates were 1% higher than forecast in each year, the actuarial accrued liability would increase to \$272,499,171 or by approximately 18%, the corresponding normal cost would increase to \$11,626,084 or by approximately 30%, and the corresponding annual required contribution would increase to \$23,082,352 or by approximately 24%.

If such assumed healthcare trend rates were 1% less than forecast in each year, the actuarial accrued liability would decrease to \$197,472,096 or by approximately 14%, the corresponding normal cost would decrease to \$6,859,029 or by 23%, and the corresponding annual required contribution would decrease to \$15,161,048 or by approximately 19%.

There is the likelihood, based on historical experience, of significant deviations from the smooth rates of health care cost increase typically projected in any actuarial valuation. Therefore, emerging experience under the plan is likely to differ from the assumptions made as of any valuation date. This will produce actuarial gains and losses each year, even if the underlying assumptions remain reasonable for the future. Amortization of gains and losses will affect the updated funding schedule calculated at any point in the future.

Effect of 0.5% Change in the Discount Rate

For an unfunded plan, GASB Statement No. 45 calls for the use of a discount rate approximating the rate of return of the City's general assets. The rate we recommended for use to our actuaries was 4.0%. Our actuaries, for the purposes of sensitivity analysis, varied the discount rate by 0.5%. The results were as follows:

The cumulative effect of a 0.5% decrease in the discount rate to 3.5% (a more conservative discount rate) resulted in an increase in the actuarial accrued liability to \$258,373,391 or by approximately 12%, the corresponding normal cost would increase to \$10,197,740 or by approximately 14%, and the corresponding annual required contribution would increase to \$20,438,487 or by approximately 10%.

The cumulative effect of a 0.5% increase in the discount rate to 4.5% (a less conservative discount rate) resulted in a decrease in the actuarial accrued liability to \$212,760,761 or by approximately 8%, the corresponding normal cost would decrease to \$7,850,758 or by 12%, and the corresponding annual required contribution would decrease to \$17,323,565 or by approximately 7%.

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.

CITY OF ATTLEBORO, MASSACHUSETTS

Notes to Financial Statements

June 30, 2013

NOTE 7: Other Postemployment Benefits (Continued)

Methods and Assumptions

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

Valuation date:	January 1, 2013
Actuarial cost method:	Projected Unit Credit
Amortization period:	Closed 26 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	Unfunded: 4.00% per year, net of investment expenses (management's directive)
Participation:	8.75% 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:

	<u>June 30, 2012</u>	<u>Change in Net OPEB Obligation (NOO)</u>	<u>June 30, 2013</u>
Governmental Activities:			
General government	\$ 3,057,327	\$ 499,447	\$ 3,556,774
Public safety	11,175,494	2,489,414	13,664,908
Public works	882,853	141,263	1,024,116
Education	33,701,055	6,706,107	40,407,162
Health and human services	770,764	138,365	909,129
Culture and recreation	<u>2,258,921</u>	<u>345,716</u>	<u>2,604,637</u>
Total AOPEBC - governmental activities	<u>\$51,846,414</u>	<u>\$ 10,320,312</u>	<u>\$62,166,726</u>
Business-Type Activities:			
Water	1,393,639	268,895	\$ 1,662,534
Sewer	<u>1,626,715</u>	<u>395,139</u>	<u>2,021,854</u>
Total AOPEBC - business-type activities	<u>\$ 3,020,354</u>	<u>\$ 664,034</u>	<u>\$ 3,684,388</u>
Total AOPEBC - government-wide	<u>\$54,866,768</u>	<u>\$ 10,984,346</u>	<u>\$65,851,114</u>

CITY OF ATTLEBORO, MASSACHUSETTS

Notes to Financial Statements

June 30, 2013

Note 8: Fund Balance Classification Details

The components of fund balance for the City's governmental funds as of June 30, 2013 are as follows:

	Major Funds		Non-Major Funds		Total
	General Fund	Special Revenue	Permanent Trust	Capital Projects	
Fund Balances:					
Nonspendable:					
Corpus of endowment funds	\$ -	\$ -	\$ 314,699	\$ -	\$ 314,699
Restricted for:					
Net school spending	308,474				308,474
MSBA debt	5,111				5,111
General government activity		179,784			179,784
Public safety operations		588,596			588,596
Educational purposes		1,018,390	126,950		1,145,340
Public works		190,122			190,122
Community housing and development		28,829			28,829
Health and human services		45,885	16,434		62,319
Recreational and other purposes		1,379,297	786,918		2,166,215
School lunch operations		324,786			324,786
Committed to:					
Economic stabilization	2,436,339				2,436,339
Munis upgrade project				5,497	5,497
ARA urban renewal project				1,244,884	1,244,884
Education related projects				49,659	49,659
Water and wastewater related projects				665,715	665,715
Assigned to:					
Next year's appropriations	4,762,586				4,762,586
General government activity	289,469				289,469
Culture & recreation	7,685				7,685
Public safety operations	10,242				10,242
Public works	35,125				35,125
Human services	54,952				54,952
Educational purposes	121,589				121,589
Unassigned:	4,428,894			(458,819)	3,970,075
	<u>\$ 12,460,466</u>	<u>\$ 3,755,689</u>	<u>\$ 1,245,001</u>	<u>\$ 1,506,936</u>	<u>\$ 18,968,092</u>

At June 30, 2013, the balance of the stabilization fund is \$2,436,339 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. Massachusetts General Law Chapter 40 Section 5B governs the establishment of Stabilization Funds as well as a maximum appropriation for any year (ten percent of the amount raised in the preceding fiscal year by taxation of real estate and tangible personal property) and a maximum aggregate amount in the fund at any time (not to exceed ten percent of the equalized valuation of the City). The City of Attleboro's stabilization fund had current year appropriations well below the maximum allowed by law and currently has an aggregate balance below the maximum prescribed by law at fiscal year end. Any appropriation of funds into or out of the fund is approved by a two-thirds vote of the City Council.

At June 30, 2013, 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, 2013

Note 9: Restricted Fund Balances

Net position was restricted at the government-wide financial statement level as follows:

Net Position:

Restricted:

Corpus of endowment funds	\$ 314,699
Net school spending	308,474
MSBA debt	5,111
General government activity	179,784
Public safety operations	588,596
Educational purposes	1,145,340
Public works	190,122
Community housing and development	28,829
Health and human services	62,319
Recreational and other purposes	2,166,215
School lunch operations	324,786
Economic stabilization	2,436,339
Munis upgrade project	5,497
ARA urban renewal project	1,244,884
Education related projects	49,659
Water and wastewater related projects	665,715
Next year's appropriations	4,762,586
General government activity	289,469
Culture & recreation activity	7,685
Public safety operations	10,242
Public works	35,125
Human services	54,952
Educational purposes	121,589
	<hr/>
Total restricted net position - governmental activities	\$ 14,998,017
	<hr/>
Water enterprise - restricted for encumbrances	\$ 131,841
Water enterprise - restricted for expenditures	134,651
Water enterprise - restricted for stabilization fund	83,007
Wastewater enterprise - restricted for encumbrances	265,634
Wastewater enterprise - restricted for expenditures	193,701
	<hr/>
Total restricted net position - business-type activities	\$ 808,834
	<hr/>
Total restricted net position	\$ 15,806,851
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CITY OF ATTLEBORO, MASSACHUSETTS

Notes to Financial Statements

June 30, 2013

NOTE 10: 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 \$12,305,403 for the fiscal year ended June 30, 2013, 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, 2013, was \$5,286,726.

Continued

CITY OF ATTLEBORO, MASSACHUSETTS

Notes to Financial Statements

June 30, 2013

NOTE 10: 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. 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, 2012, employee membership data related to the pension plan was as follows:

	<u>Total</u>
Active members	618
Inactive members	154
Retired, Beneficiary and Survivor members	<u>390</u>
	<u><u>1,162</u></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 who became members of the Retirement System prior to April 2, 2012 are eligible to retire at age 55 with ten years of creditable service or any age with 20 years of creditable service. Participants within this group who became members on or after April 2, 2012 are eligible to retire at age 60 with ten years of service. The 20 years at any age does not apply to participants whose membership began on or after April 2, 2012. The calculation of the benefit for a participant whose membership began on or before April 2, 2012 is based on the average of their three highest consecutive years. The calculation of the benefit for a participant whose membership began on or after April 2, 2012 is based on the average of their five highest consecutive years. 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 previously described.

Group 4 - Members of the police and fire departments not classified in Group 1.

Participants within this group who became members prior to April 2, 2012 can retire at age 55 with 10 years service or any age with 20 years service. Participants within this group who became members on or after April 2, 2012 can retire at age 55 with any amount of service. The 20 years at any age does not apply to participants whose membership began on or after April 2, 2012. The calculation of the benefit for a participant whose membership began on or before April 2, 2012 is based on the average of their three highest consecutive years. The calculation of the benefit for a participant whose membership began on or after April 2, 2012 is based on the average of their five highest consecutive years. 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 previously described.

Employees whose membership began on or after April 2, 2012 will contribute 9% of their regular compensation. Once they attain 30 years creditable service their contribution rate will decrease to 6%. The 2% contribution on earnings in excess of \$30,000.00 will still apply.

CITY OF ATTLEBORO, MASSACHUSETTS

Notes to Financial Statements

June 30, 2013

NOTE 10: 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 pension benefit obligation was computed as part of an actuarial valuation performed as of January 1, 2012. Significant actuarial assumptions used in that valuation can be see in the Required Supplementary Information (pages 74 and 75).

Total unfunded actuarial accrued liability (UAAL) of the Attleboro Contributory Retirement System as of January 1, 2012, was as follows:

	<u>January 1, 2012</u> (unaudited)
Actuarial Accrued Liability (AAL):	
Actuarial liability for active members	\$ 74,023,906
Actuarial liability for retired members	<u>77,901,721</u>
Total Actuarial Accrued Liability (AAL):	151,925,627
Less: Actuarial Value of Assets (AVA):	<u>98,889,310</u>
Unfunded Actuarial Accrued Liability (UAAL):	<u>\$ 53,036,317</u>

The total covered payroll for the Retirement System for the year ended December 31, 2012 was \$27,308,236, \$20,598,262 represented the City covered payroll and \$6,709,974 represented School Department covered payroll. The City's (including the School Department) total payroll for all employees was \$60,389,217 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, 2012. 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 2013.

CITY OF ATTLEBORO, MASSACHUSETTS

Notes to Financial Statements

June 30, 2013

NOTE 10: Contributory Retirement System (Continued)

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.

NOTE 11: 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 12: 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, 2013

NOTE 13: 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, 2013.

NOTE 14: Education Carry-Over

As a result of the 1993 Education Reform Act, school departments are allowed to carry over into fiscal 2014 unexpended funds of up to 5% of the fiscal 2013 net school spending requirement. The carry over may be expended for any net school spending purpose and will be in addition to the fiscal 2014 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 2013 underspent its requirement. As a result, there is a carry over to fiscal year 2014 of \$308,474 and a restricted fund balance was made for this amount.

NOTE 15: 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, 2013

NOTE 15: 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>Debt Service</u>
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	101,265	1,013	-	1,013	102,278
	<u>\$61,640,443</u>	<u>\$ 5,003,526</u>	<u>\$ 4,288,271</u>	<u>\$ 9,291,797</u>	<u>\$ 70,932,240</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:

The City has authorized unissued debt in the amount of \$6,700,835 at June 30, 2013:

	<u>Authorized and Issued July 1, 2012</u>	<u>Authorized</u>	<u>Issued</u>	<u>Rescinded/ Paydowns</u>	<u>Authorized and Unissued June 30, 2013</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	185,000			185,000	-
Rescue Vehicle	100,000				100,000
School Roofs	2,001,850				2,001,850
Kalwall System-Studley School		959,715			959,715
Outdoor Rec Facility		3,550,000	3,511,379		38,621
Animal Shelter		1,116,000	1,103,576		12,424
SCADA		1,523,000	1,494,845		28,155
	<u>\$ 5,846,920</u>	<u>\$ 7,148,715</u>	<u>\$ 6,109,800</u>	<u>\$ 185,000</u>	<u>\$ 6,700,835</u>

CITY OF ATTLEBORO, MASSACHUSETTS

Notes to Financial Statements

June 30, 2013

NOTE 15: Debt (Continued)

Short-Term Debt

Governmental Activities:

	Maturity Dates	Balance 7/1/2012	Increases	Decreases	Balance 6/30/2013	Interest Rate	Interest Paid
Bond Anticipation Note - Equipment Loan	5/30/2013	\$ 185,000		\$ 185,000	\$ -	0.60%	\$ 1,024
Bond Anticipation Note - Equipment Loan	5/30/2014		95,000		95,000	0.55%	-
Bond Anticipation Note - Outdoor Rec Facility	3/20/2014		3,511,379		3,511,379	1.25%	-
Bond Anticipation Note - Animal Shelter	3/20/2014		1,103,576		1,103,576	1.25%	-
Bond Anticipation Note - SCADA System	3/20/2014		1,494,845		1,494,845	1.25%	-
		<u>\$ 185,000</u>	<u>\$ 6,204,800</u>	<u>\$ 185,000</u>	<u>\$ 6,204,800</u>	<u>NA</u>	<u>\$ 1,024</u>

CITY OF ATTLEBORO, MASSACHUSETTS

Notes to Financial Statements

June 30, 2013

NOTE 15: Debt (Continued)

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

	Balance July 1, 2012	Increases	Decreases	Refunding	Outstanding Balance June 30, 2013	Balance Due in 2014
Governmental Activities						
Library Addition Refunding	\$ 40,000	\$ -	\$ 40,000	\$ -	\$ -	\$ -
Land Acquisition - Locust Valley	180,000	-	30,000	-	150,000	30,000
Land Acquisition - So. Attle. Firestation	132,370	-	26,290	-	106,080	22,325
Attleboro Firestation Construction	1,167,065	-	170,885	-	996,180	168,025
Land Acquisition-Bungay River Land	120,000	-	15,000	-	105,000	15,000
Building Remodeling-City Hall	105,000	-	15,000	-	90,000	15,000
Building Remodeling-Post Office	105,000	-	15,000	-	90,000	15,000
Building Remodeling-Senior Citizen	270,000	-	35,000	-	235,000	35,000
Poncin-Hewitt Recreational Facility	700,000	-	160,000	-	540,000	160,000
Building Remodeling-School	180,000	-	25,000	-	155,000	25,000
Designs for Coelho	441,615	-	58,555	-	383,060	57,575
Stormwater Management - MWPAT	172,676	-	11,096	-	161,580	11,580
Peter Thatcher	250,000	-	50,000	-	200,000	50,000
Middle Schools	2,320,291	-	789,975	-	1,530,316	776,676
Middle Schools	3,825,000	-	865,000	-	2,960,000	865,000
Peter Thacher	4,906,500	-	822,160	-	4,084,340	810,750
Willet Addition-Refunding	825,000	-	405,000	-	420,000	275,000
Coelho School 2nd Half	5,320,000	-	460,000	-	4,860,000	460,000
Water Pollution Abatement Bond	45,661	-	5,772	-	39,889	5,772
Urban Renewal	1,810,000	-	165,000	-	1,645,000	165,000
Building Remodeling-School	1,657,000	-	128,000	-	1,529,000	128,000
Engineering Services-School	128,000	-	12,000	-	116,000	12,000
School Remodeling	1,480,150	-	175,150	-	1,305,000	145,000
Total Governmental Activities	\$ 26,181,328	\$ -	\$ 4,479,883	\$ -	\$ 21,701,445	\$ 4,247,703
Business-Type Activities						
Water						
Water Mains - Refunding	\$ 153,267	\$ -	\$ 153,267	\$ -	\$ -	\$ -
Water Treatment-Refunding	1,745,000	-	585,000	-	1,160,000	585,000
Storage Tank - Refunding	71,512	-	71,512	-	-	-
Water Wading River Pump	425,000	-	75,000	-	350,000	70,000
Water Departmental Equipment	520,000	-	130,000	-	390,000	130,000
Water Treatment	2,641,479	-	685,031	-	1,956,448	673,498
Water Storage	38,230	-	9,994	-	28,236	9,826
Water Mains Phase I	745,000	-	110,000	-	635,000	110,000
Water Mains Phase II	2,975,000	-	425,000	-	2,550,000	425,000
Total Water	\$ 9,314,488	\$ -	\$ 2,244,804	\$ -	\$ 7,069,684	\$ 2,003,324

Continued

CITY OF ATTLEBORO, MASSACHUSETTS

Notes to Financial Statements

June 30, 2013

NOTE 15: Debt (Continued)

	Balance				Outstanding	
	July 1, 2012	Increases	Decreases	Refunding	Balance	Balance
					June 30, 2013	Due in 2014
Wastewater						
Engineering Services-Sewer	\$ 160,000	\$ -	\$ 20,000	\$ -	\$ 140,000	\$ 20,000
Sewer	80,000	-	10,000	-	70,000	10,000
Water Pollution Abatement Bond	498,000	-	36,600	-	461,400	71,300
Water Pollution Abatement Bond	743,497	-	139,996	-	603,501	144,123
Water Pollution Abatement Bond	1,680,687	-	316,464	-	1,364,223	325,793
Water Pollution Abatement Bond	737,858	-	138,935	-	598,923	143,030
Engineering Services - Sewer - WWTF Des	1,060,000	-	265,000	-	795,000	265,000
MWPAT CW-03-28 WW Treatment Fac 1	4,734,332	-	286,665	-	4,447,667	297,839
Water Pollution Abatement Bond	3,937,518	-	227,357	-	3,710,161	231,950
MWPAT CW-03-28A - WW Treatment Fac	11,901,200	-	744,033	-	11,157,167	759,063
MWPAT 10-1-99 Contract 22(95-26A)	20,000	-	2,000	-	18,000	2,000
MWPAT 11-1-00 Contract 24-25A &25B	1,803,729	-	176,746	-	1,626,983	181,279
MWPAT Contract 26 1st Half	694,743	-	66,500	-	628,243	66,710
MWPAT Contract 26 2nd Half	3,111,882	-	207,381	-	2,904,501	216,081
Sewer Contracts 20-23 Ineligible Costs	730,010	-	90,820	-	639,190	89,300
Sewer Contract 20 & 21	300,000	-	50,000	-	250,000	50,000
Sewer - Refunding	10,222	-	10,222	-	-	-
Sewer	120,000	-	30,000	-	90,000	30,000
City Sludge Ash Landfill	197,440	-	26,290	-	171,150	27,025
MWPAT CW-03-28D	1,400,460	-	75,017	-	1,325,443	76,533
Water Pollution Abatement Bond	853,911	-	98,149	-	755,762	98,151
Water Pollution Abatement Bond	1,255,000	-	143,000	-	1,112,000	143,000
Total Wastewater	\$ 36,030,489	\$ -	\$ 3,161,175	\$ -	\$ 32,869,314	\$ 3,248,177
Total Business-Type Activities	\$ 45,344,977	\$ -	\$ 5,405,979	\$ -	\$ 39,938,998	\$ 5,251,501
Total City of Attleboro	\$ 71,526,305	\$ -	\$ 9,885,862	\$ -	\$ 61,640,443	\$ 9,499,204

CITY OF ATTLEBORO, MASSACHUSETTS

Notes to Financial Statements

June 30, 2013

NOTE 16: Fund Deficit

The following individual funds had deficit fund equity balances as of June 30, 2013:

Capital Project Funds:	Fund Deficit	Less: Interim Loan O/S and BAN's O/S	Net Deficit
Water SCADA Project	\$ 36,257	\$ 1,494,845	\$ -
AHS Athletic Complex	320,100	3,511,379	-
Equipment Loan	90,762	95,000	-
Animal Shelter	11,700	1,103,576	-
Total Capital Project Fund Deficits:	<u>\$ 458,819</u>	<u>\$ 6,204,800</u>	<u>\$ -</u>

CITY OF ATTLEBORO, MASSACHUSETTS

Notes to Financial Statements

June 30, 2013

NOTE 17: Subsequent Events

For purposes of determining the effects of subsequent events on these financial statements, management has evaluated events which have occurred subsequent to June 30, 2013, and through January 23, 2014, the date on which the financial statements were available to be issued. The following represents these subsequent events.

On July 15, 2013 the City of Attleboro retired the debt associated with Coelho Middle School reconstruction project in the amount of \$4,860,000 this retirement of debt was consistent with an agreement with the Massachusetts School Building Administration.

On September 20, 2013 the new Track and Field Stadium at the Attleboro High School officially opened.

On October 16, 2013, Massachusetts Department of Revenue certified "Free Cash" as of July 1, 2013 for the General Fund in the amount of \$2,055,622; for the Water Enterprise Fund in the amount of \$1,220,864; and for the Wastewater Enterprise Fund in the amount of \$1,235,371.

On November 5, 2013 the City received a check in the amount of \$683,100 from the Attleboro Redevelopment Authority. This payment represented two-thirds of the net proceeds of the sale of a parcel of land owned by the ARA. The ARA committed to repaying funds from this sale to the City of Attleboro for past financial support.

On December 17, 2013, in accordance with the City's Cash Reserve Policy, the Attleboro Municipal Council Voted to approve the recommendation of the Mayor and appropriated \$282,000 into the City's Stabilization Fund for the second consecutive year.

As noted earlier in the Management Discussion and Analysis, Standard and Poor's Rating Services raised the City of Attleboro's bond rating to 'AA' on December 23, 2013. According to the rating service the new rating is based on the new local General Obligation criteria. Further it should be noted that the outlook is stable.

NOTE 18: Future Implementation of GASB Pronouncements

The GASB has issued the following statements:

GASB Statement No. 66, *Technical Corrections - 2012 - an amendment of GASB Statements No. 10 and No. 62*, which is required to be implemented during fiscal year 2014. Management does not believe the implementation of this Statement will materially impact the basic financial statements.

GASB Statement No. 67, *Financial Reporting for Pension Plans - an amendment of GASB Statement No. 25*, which is required to be implemented during fiscal year 2014. The implementation of this statement will require expanded note disclosures and required supplementary information.

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27*, which is required to be implemented during fiscal year 2015. The implementation of this Statement will represent a significant change in the accounting and reporting of pension expense and the related liability. For the first time, the City will be required to recognize its long-term obligation for pension benefits as a liability and to more comprehensively measure the annual costs of pension benefits. The implementation of this Statement also expands pension related note disclosures and required supplementary information.

GASB Statement No. 69, *Government Combinations and Disposals of Government Operations*, which is required to be implemented during fiscal year 2015. Management does not believe the implementation of this Statement will impact the basic financial statements.

GASB Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*, which is required to be implemented during fiscal year 2014. Management does not believe the implementation of this Statement will impact the basic financial statements.

These pronouncements will be implemented by their respective implementation dates.

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, 2013

	<u>Original Budget</u>			<u>Recap Total Available</u>	<u>Actual</u>	<u>Current Year of Carryover Encumbrances, Net School Spending and Continuing Appropriations</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Encumbrances Carried Forward</u>	<u>Budget As Adopted</u>	<u>Additional Appropriations and Transfers</u>				
Revenues:							
Property taxes, net	\$ -	\$ 57,691,048	\$ 302,919	\$ 57,993,967	\$ 57,993,967	\$ -	\$ -
Motor vehicle excise		3,780,819	-	3,780,819	4,109,373		328,554
Penalties and interest		400,000	-	400,000	386,172		(13,828)
Charges for services		3,165,773	-	3,165,773	3,328,889		163,116
Intergovernmental		41,191,044	(9,716)	41,181,328	41,467,856		286,528
Rentals		240,000	-	240,000	170,530		(69,470)
Fees		140,000	3,000	143,000	277,138		134,138
Other Departmental		7,500	(3,000)	4,500	2,926		(1,574)
Licenses and permits		800,000	-	800,000	1,076,384		276,384
Fines and forfeitures		225,000	-	225,000	298,130		73,130
Investment Income		13,000	-	13,000	21,905		8,905
Miscellaneous - Non- recurring			109,094	109,094	-		(109,094)
Miscellaneous - recurring		690,000	-	690,000	1,124,816		434,816
Total revenues		108,344,184	402,297	108,746,481	110,258,086	-	1,511,605
Expenditures :							
General government	336,999	12,299,236	854,159	13,490,394	12,795,927	289,469	404,998
Public safety	394,626	13,153,322	940,811	14,488,759	14,311,819	10,242	166,698
Education	156,640	67,284,920	594,069	68,035,629	67,568,645	430,063	36,921
Public works	18,472	1,717,019	357,135	2,092,626	2,027,880	35,125	29,621
Snow & Ice	-	97,500	-	97,500	720,275	-	(622,775)
Human services	49,015	3,536,637	133,381	3,719,033	3,563,856	54,952	100,225
Culture and recreation	6,329	2,657,424	15,588	2,679,341	2,628,856	7,685	42,800
Pension benefits	-	3,798,140	-	3,798,140	3,798,140	-	-
Debt service	-	957,399	-	957,399	955,923	-	1,476
State and county assessments	3,203	4,036,787	(14,758)	4,025,232	4,143,543	-	(118,311)
Total expenditures	965,284	109,538,384	2,880,385	113,384,053	112,514,864	827,536	41,653
Excess (deficiency) of revenues over expenditures	(965,284)	(1,194,200)	(2,478,088)	(4,637,572)	(2,256,778)	(827,536)	1,553,258

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

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, 2013

	<u>Original Budget</u>		<u>Additional</u>	<u>Recap</u>	<u>Actual</u>	<u>Current Year of Carryover</u>	<u>Variance</u>
	<u>Encumbrances</u>	<u>Budget</u>	<u>Appropriations</u>	<u>Total</u>		<u>Encumbrances, Net</u>	<u>Favorable</u>
	<u>Carried</u>	<u>As</u>	<u>and</u>	<u>Available</u>		<u>School Spending and</u>	<u>(Unfavorable)</u>
	<u>Forward</u>	<u>Adopted</u>	<u>Transfers</u>			<u>Continuing Appropriations</u>	
Other financing sources and (uses):							
Free Cash	\$ -	\$ -	\$ 2,464,383	\$ 2,464,383	\$ -	\$ -	\$ (2,464,383)
Transfers from City Stabilization Fund			-	-	327,135		327,135
Transfers from Coelho Stabilization Fund		241,795	-	241,795	241,795		-
Other Subsidy (Title V)		5,772		5,772	5,772		-
Transfers from Water		544,231		544,231	544,231		-
Transfers from Wastewater		416,107	-	416,107	416,107		-
Total financing sources and uses (net):	-	1,207,905	2,464,383	3,672,288	1,535,040	-	(2,137,248)
Excess (deficiency) of revenues and other sources over expenditures and other uses	\$ (965,284)	\$ 13,705	\$ (13,705)	\$ (965,284)	\$ (721,738)	\$ (827,536)	\$ (583,990)

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

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, 2013

	<u>Original Budget</u>		<u>Additional Appropriations and Transfers</u>	<u>Total Available</u>	<u>Actual</u>	<u>Encumbrances Carried Forward</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Encumbrances Carried Forward</u>	<u>Budget As Adopted</u>					
Revenue:							
Charges for services	\$ -	\$ 6,665,855	\$ -	\$ 6,665,855	\$ 7,030,084	\$ -	\$ 364,229
Investment Income		-	-	-	5,736		5,736
Miscellaneous		-	-	-	25,800		25,800
Total revenues	-	6,665,855	-	6,665,855	7,061,620	-	395,765
Expenditures:							
Personnel Services	-	2,155,889	9,295	2,165,184	2,100,382	-	64,802
Purchase of Services	118,569	902,631	(4,560)	1,016,640	764,900	62,439	189,301
Supplies	74,239	499,350	3,756	577,345	505,559	8,517	63,269
Intergovernmental		74,000	-	74,000	73,091	-	909
Other Charges & Expenditures	-	133,636	(15,612)	118,024	75,881	-	42,143
Capital Outlay	-	-	166,058	166,058	104,204	60,825	1,029
Debt Service		2,560,018	-	2,560,018	2,560,018	-	-
Total expenditures	192,808	6,325,524	158,937	6,677,269	6,184,035	131,781	361,453
Excess(deficiency) of revenues over expenses	(192,808)	340,331	(158,937)	(11,414)	877,585	(131,781)	757,218
Other financing sources (uses):							
Transfers from retained earning (reserves)		203,900	249,050	452,950			(452,950)
Transfers to other funds		(544,231)	(90,113)	(634,344)	(634,344)		-
Excess (deficiency) of revenues and other sources over expenses and other uses	\$ (192,808)	\$ -	\$ -	\$ (192,808)	\$ 243,241	\$ (131,781)	\$ 304,268

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

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, 2013

	<u>Original Budget</u>		<u>Additional Appropriations and Transfers</u>	<u>Total Available</u>	<u>Actual</u>	<u>Encumbrances Carried Forward</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Encumbrances Carried Forward</u>	<u>Budget As Adopted</u>					
Revenue:							
Charges for services	\$ -	\$ 9,481,875	\$ -	\$ 9,481,875	\$ 9,842,628	\$ -	\$ 360,753
Investment income		-	-	-	1,036		1,036
Miscellaneous		-	-	-	18,813		18,813
Total Revenue	-	9,481,875	-	9,481,875	9,862,477	-	380,602
Expenses:							
Personnel services	-	2,655,189	90,615	2,745,804	2,700,667	-	45,137
Purchase of services	308,474	817,285	(51,396)	1,074,363	832,409	167,542	74,412
Supplies	116,651	1,095,175	88,043	1,299,869	1,238,893	21,623	39,353
Intergovernmental		80,200	-	80,200	66,962	13,065	173
Other charges and expenditures	-	142,753	(41,996)	100,757	99,511	887	359
Capital Outlay	22,976	-	42,684	65,660	1,938	62,518	1,204
Debt service		4,469,980	(7,187)	4,462,793	4,462,792		1
Total expenses	448,101	9,260,582	120,763	9,829,446	9,403,172	265,635	160,639
Excess(deficiency) of revenues over expenses	(448,101)	221,293	(120,763)	(347,571)	459,305	(265,635)	541,241
Other financing sources (uses):							
Transfers from retained earnings		194,813	405,045	599,858			(599,858)
Transfers from other funds					101,222		101,222
Transfers to other funds		(416,106)	(284,282)	(700,388)	(700,390)		(2)
Excess (deficiency) of revenues and other sources over expenses and other uses	\$ (448,101)	\$ -	\$ -	\$ (448,101)	\$ (139,863)	\$ (265,635)	\$ 42,603

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

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, 2013

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, 2013:

	General Fund
Excess (deficiency) of revenues and other sources over expenditures and other uses (Non-GAAP Budgetary Basis)	\$ (721,738)
Increase (decrease) in 60 day accrual for motor vehicle excise	221,532
Adjustment of budgetary tax revenue to modified accrual	(113,926)
Unbudgeted transfers	<u>4,541,075</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses (GAAP)	<u>\$ 3,926,943</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, 2013

	<u>Wastewater Enterprise Fund</u>
Excess (deficiency) of revenues and other sources over expenditures/expenses and other uses (Non-GAAP Budgetary Basis)	\$ (139,863)
Unbudgeted depreciation	(1,744,552)
Reclass of fixed assets	124,218
Change in inventory	4,608
Change in compensated absence liability	(216)
Change in accrued interest payable	72,654
Budgeted principal payments on long-term debt	3,161,179
OPEB liability	<u>(395,139)</u>
Excess (deficiency) of revenues and other sources over expenditures/expenses and other uses (GAAP Basis)	<u>\$ 1,082,889</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, 2013

	<u>Water Enterprise Fund</u>
Excess (deficiency) of revenues and other sources over expenditures/expenses and other uses (Non-GAAP Budgetary Basis)	\$ 243,241
Unbudgeted depreciation	(930,127)
Reclass of fixed assets	169,313
Capital asset transfer from capital projects	264,978
Unbudgeted transfers in	37,939
Change in inventory	(105,136)
Change in compensated absence liability	(5,150)
Change in accrued interest	26,119
Budgeted principal payments on long-term debt	2,244,803
OPEB liability	<u>(268,895)</u>
Excess (deficiency) of revenues and other sources over expenditures/expenses and other uses	<u>\$ 1,677,085</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, 2012

(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>
01/01/07	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%
01/01/12	2012	98,889,310	151,925,627	53,036,317	65%	27,568,303	192%
01/01/12	2013	98,889,310	151,925,627	53,036,317	65%	27,568,303	192%

Isolated analysis of the dollar amounts of net position available for benefits, actuarial accrued liability, and unfunded actuarial accrued liability can be misleading. Expressing the net position 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 performed at least every other year. 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, 2012

(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>
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%
2013	5,286,726	2012	5,208,855	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.

CITY OF ATTLEBORO, MASSACHUSETTS

Required Supplementary Information

Contributory Retirement System - Schedules of Employer Contributions

For the Year Ended December 31, 2012

(UNAUDITED)

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

Actuarial Methods

- | | |
|----------------------------------|--|
| 1. Actuarial Cost Method | Entry Age Normal Actuarial Cost Method. Under this method, the normal cost is the amount calculated as the level percentage of compensation necessary to fully fund the prospective benefits from each member's entry age to retirement age. |
| 2. Amortization Method | Approximate level percent of payroll (Closed) |
| 3. Remaining Amortization Period | 18 years for the fresh start base |
| 4. Asset Valuation Method | Market value of assets (adjusted by payables and receivables) adjusted to phase in investment gains or losses above or below the expected rate of investment return over a five-year rolling period. |
| 5. Fiscal Year Adjustment | The actuarial results are adjusted by the valuation interest rate and salary scale to the beginning of Fiscal Year 2013. The unfunded actuarial accrued liability is rolled forward with normal cost and further adjusted by anticipated contributions and interest. |

Actuarial Assumptions

- | | |
|-----------------------------------|--|
| 1. Investment Return | 8.00% per year net of investment expenses. (Same as the prior valuation) |
| 2. Salary Increases | Assumed 4.00% to 6.25% increases for Group 1 and 2; Assumed 4.50% to 7.25% increases for Group 4 |
| 3. Withdrawal Prior to Retirement | Assumed between 0.00% and 15% for Group 1 and 2; Assumed between 0.00% and 1.5% for Group 4. Withdrawal rates are set to zero if the retirement rate at that age is nonzero. |
| 4. Disability Prior to Retirement | Assumed between 0.01% and 0.28% for Group 1 and 2; Assumed between 0.10% and 1.25% for Group 4. Disability is assumed to be 45% ordinary and 55% accidental for Group 1 and 2 and 10% ordinary and 90% accidental for Group 4. |
| 5. Rates of Retirement | Range from 1% to 100% and are based on actual experience. |
| 6. Mortality | The RP-2000 mortality table (sex-distinct) without projection. During employment the healthy employee mortality table is used. Post-employment the healthy annuitant table is used. |

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

CITY OF ATTLEBORO, MASSACHUSETTS

Required Supplementary Information

Contributory Retirement System - Schedules of Employer Contributions

For the Year Ended December 31, 2012

(UNAUDITED - CONTINUED)

Actuarial Assumptions (Continued)

- | | |
|--|--|
| 7. Disabled Life Mortality | The RP-2000 mortality table for healthy annuitants (sex-distinct) without projection set-forward by 2 years. Death is assumed to be due to the same cause as the disability 40% of the time. |
| 8. Regular Interest Rate Credited to Annuity Savings Account | 2% per year. |
| 9. Family Composition | Members assumed married with 2 dependent children - one male and one female both age 15; age difference between member and spouse assumed to be 3 years (the male being the older) |
| 10. Cost-of-Living Increase | A 3% COLA on the first \$12,000 of a member's retirement allowance is assumed to be granted every year. |
| 11. Administrative Expenses | Estimated budgeted amount of \$200,500 for the Fiscal Year 2013 excluding investment management fees and custodial fee is added to the Normal Cost. |
| 12. Step Increases | Step increases are assumed to be part of the salary increase assumption. |
| 13. Credited Service | All service is assumed to be due to employment with the municipality. |
| 14. Contribution Timing | Contributions are assumed to be made in the beginning of the fiscal year (July 1). |
| 15. Valuation Date | January 1, 2012 |

The most recent actuarial valuation of the Plan was prepared as of January 1, 2012.

CITY OF ATTLEBORO, MASSACHUSETTS

Supplementary Information

Non Major Governmental Funds - Combining Balance Sheet

June 30, 2013

	Special Revenue	Permanent Trust Funds	Capital Projects	Total Non-Major Governmental Funds
Assets:				
Cash and investments	\$3,168,193	\$ 1,245,001	\$ 8,085,231	\$ 12,498,425
Receivables:				
Federal and state governments	1,594,080			1,594,080
Other	<u>1,373,314</u>			<u>1,373,314</u>
Total assets	<u>6,135,587</u>	<u>1,245,001</u>	<u>8,085,231</u>	<u>15,465,819</u>
Deferred outflows of resources				
None		-		-
Total deferred outflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets and deferred outflows of resources	<u>\$6,135,587</u>	<u>\$ 1,245,001</u>	<u>\$ 8,085,231</u>	<u>\$ 15,465,819</u>
Liabilities:				
Warrants payable	\$ 339,433	\$ -	\$ 250,677	\$ 590,110
Accounts payable and accrued expenses	310,227		106,850	417,077
Retainage payable			15,968	15,968
Notes payable			6,204,800	6,204,800
Due to federal and state governments	<u>14,421</u>			<u>14,421</u>
Total liabilities:	<u>664,081</u>	<u>-</u>	<u>6,578,295</u>	<u>7,242,376</u>
Deferred inflows of resources				
Unearned income	5,409			5,409
Deferred grant income	349,621			349,621
Deferred loan income	<u>1,360,787</u>	<u>-</u>		<u>1,360,787</u>
Total deferred inflows of resources	<u>1,715,817</u>	<u>-</u>	<u>-</u>	<u>1,715,817</u>
Fund balance :				
Nonspendable	-	314,699	-	314,699
Restricted	3,755,689	930,302	-	4,685,991
Committed	-	-	1,965,755	1,965,755
Unassigned	<u>-</u>	<u>-</u>	<u>(458,819)</u>	<u>(458,819)</u>
Total fund balance	<u>3,755,689</u>	<u>1,245,001</u>	<u>1,506,936</u>	<u>6,507,626</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$6,135,587</u>	<u>\$ 1,245,001</u>	<u>\$ 8,085,231</u>	<u>\$ 15,465,819</u>

See accompanying independent auditors' report

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, 2013

	Special Revenue	Permanent Trust Funds	Capital Projects	Total Non-Major Governmental Funds
Revenues:				
Federal and state grant income	\$ 8,645,340	\$ -	\$ 39,995	\$ 8,685,335
Departmental and other revenue	5,046,205	8,807		5,055,012
Charges for services	854,952			854,952
Investment income	58	55,121		55,179
Total revenue	14,546,555	63,928	39,995	14,650,478
Expenditures :				
General government	95,275		354,470	449,745
Public safety	1,289,592			1,289,592
Public works	1,701,148		371,820	2,072,968
Education	9,022,804		470,952	9,493,756
Health & human services	152,394			152,394
Culture & recreation	955,529	17,968		973,497
Economic development	841,054			841,054
Total expenditures	14,057,796	17,968	1,197,242	15,273,006
Excess (deficiency) of revenues over expenditures	488,759	45,960	(1,157,247)	(622,528)
Other financing sources (uses):				
Transfers in	12,354	-	562,261	574,615
Transfers out	(38,408)	-	(76,007)	(114,415)
Total Other financing sources (uses):	(26,054)	-	486,254	460,200
Excess of revenue and other sources over expenditures and other uses	462,705	45,960	(670,993)	(162,328)
Fund balance, July 1, 2012	3,292,984	1,199,041	2,177,929	6,669,954
Fund balance, June 30, 2013	\$ 3,755,689	\$ 1,245,001	\$ 1,506,936	\$ 6,507,626

See accompanying independent auditors' report

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CITY OF ATTLEBORO, MASSACHUSETTS

Supplementary Information

General and Stabilization Fund Detail – Balance Sheet

June 30, 2013

	<u>General Fund</u>	<u>City Stabilization</u>	<u>MSBA (Coelho) Stabilization</u>	<u>Major Fund General Fund</u>
Assets				
Cash and investments - unrestricted	\$ 10,842,659	\$ -	\$ -	\$ 10,842,659
Cash and investments - restricted (for stabilization purposes)		2,436,339	5,111	2,441,450
Receivables:				
Property taxes	1,686,790			1,686,790
Motor vehicle excise	872,039			872,039
Tax liens and foreclosures	1,454,498			1,454,498
User charges	582,206			582,206
Intergovernmental	424,407			424,407
Other	2,751,264			2,751,264
Due from ARA	491,373			491,373
Total assets	<u>19,105,236</u>	<u>2,436,339</u>	<u>5,111</u>	<u>21,546,686</u>
Deferred outflows of resources				
None				-
Total deferred outflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets and deferred outflows of resources	<u>\$ 19,105,236</u>	<u>\$ 2,436,339</u>	<u>\$ 5,111</u>	<u>\$ 21,546,686</u>
Liabilities				
Warrants payable	\$ 697,153	\$ -	\$ -	\$ 697,153
Accounts payable and accrued expenses	1,167,305			1,167,305
Total liabilities:	<u>1,864,458</u>	<u>-</u>	<u>-</u>	<u>1,864,458</u>
Deferred inflows of resources				
Property taxes paid in advance	67,896			67,896
Deferred property tax revenues	3,354,556			3,354,556
Deferred user fees and fines	3,307,937			3,307,937
Deferred revenue from ARA	491,373			491,373
Total deferred inflows of resources	<u>7,221,762</u>	<u>-</u>	<u>-</u>	<u>7,221,762</u>
Fund balance				
Restricted	308,474		5,111	313,585
Committed	-	2,436,339	-	2,436,339
Assigned	5,281,648		-	5,281,648
Unassigned	4,428,894		-	4,428,894
Total fund balance	<u>10,019,016</u>	<u>2,436,339</u>	<u>5,111</u>	<u>12,460,466</u>
Total liabilities, deferred inflows of resources and fund balance	<u>\$ 19,105,236</u>	<u>\$ 2,436,339</u>	<u>\$ 5,111</u>	<u>\$ 21,546,686</u>

See accompanying independent auditors' report

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CITY OF ATTLEBORO, MASSACHUSETTS

Supplementary Information

General and Stabilization Fund Detail – Statement of Revenues,
Expenditures and Changes in Fund Balance

June 30, 2013

	<u>General Fund</u>	<u>City Stabilization</u>	<u>MSBA (Coelho) Stabilization</u>	<u>Major Fund General Fund</u>
Revenues:				
Real estate and personal property taxes	\$ 57,880,041	\$ -	\$ -	\$ 57,880,041
Motor vehicle excise	4,330,905			4,330,905
Fines, penalties and interest	684,302			684,302
Intergovernmental	53,890,817			53,890,817
Licenses and permits	1,076,384			1,076,384
Charges for services	3,328,889			3,328,889
Investment income	21,905	3,806	11,109	36,820
Departmental and other revenue	450,594			450,594
Miscellaneous	1,007,259			1,007,259
	<u>122,671,096</u>	<u>3,806</u>	<u>11,109</u>	<u>122,686,011</u>
Total revenue				
Expenditures :				
General government	12,109,002			12,109,002
Public safety	14,311,819			14,311,819
Education	75,384,315			75,384,315
Public works	2,748,155			2,748,155
Health and human services	3,563,856			3,563,856
Culture and recreation	2,628,856			2,628,856
Pension benefits	3,798,140			3,798,140
State and county charges	4,143,543			4,143,543
Debt service:				
Principal	4,479,883			4,479,883
Interest	875,773			875,773
	<u>124,043,342</u>	<u>-</u>	<u>-</u>	<u>124,043,342</u>
Total Expenditures				
Excess (deficiency) of revenues over expenditures	(1,372,246)	3,806	11,109	(1,357,331)
Other financing sources (uses):				
Transfers in	6,076,114	609,135		6,685,249
Transfers out	(776,925)	(392,135)	(4,762,586)	(5,931,646)
	<u>5,299,189</u>	<u>217,000</u>	<u>(4,762,586)</u>	<u>753,603</u>
Other financing sources (uses)				
Excess of revenue and other sources over expenditures and other uses	3,926,943	220,806	(4,751,477)	(603,728)
Fund balance, July 1, 2012	<u>6,092,073</u>	<u>2,215,533</u>	<u>4,756,588</u>	<u>13,064,194</u>
Fund balance, June 30, 2013	<u>\$ 10,019,016</u>	<u>\$ 2,436,339</u>	<u>\$ 5,111</u>	<u>\$ 12,460,466</u>

See accompanying independent auditors' report

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CITY OF ATTLEBORO, MASSACHUSETTS

Supplementary Information

Statement of Property and Excise Tax Receivables

For the Year Ended June 30, 2013

	<u>July 1, 2012</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, 2013</u> <u>Balance</u>
Real Estate:								
2013	\$ -	\$ 56,272,316	\$ 54,967,131	\$ 123,199	\$ 42,677	\$ 351,086	\$ 2,076	\$ 1,032,545
<i>2013 Supplemental</i>	-	54,426	22,574		1			31,853
2012	973,618		532,942	233,694	5	185,858	436,513	52,004
<i>2012 Supplemental</i>	15,638		15,638					-
2011	33,981		15,200	80,898		79,457	3,153	17,069
2010	36,243		7,486				809	27,948
2009	15,574		14,112					1,462
2008	3,740							3,740
2007	2,154							2,154
2006	9,848							9,848
2005	2,166							2,166
2004	7,062							7,062
<i>2004 Supplemental</i>	2,098				1			2,099
2003	6,577							6,577
2002	(5,590)							(5,590)
2001	994							994
2000	694							694
1999	640							640
1998	2,110							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				(640)			27
Total Real Estate:	<u>\$ 1,153,469</u>	<u>\$ 56,326,742</u>	<u>\$ 55,575,083</u>	<u>\$ 437,791</u>	<u>\$ 42,044</u>	<u>\$ 616,401</u>	<u>\$ 442,551</u>	<u>\$ 1,240,657</u>

See accompanying independent auditors' report

CITY OF ATTLEBORO, MASSACHUSETTS

Supplementary Information

Statement of Property and Excise Tax Receivables

For the Year Ended June 30, 2013

	<u>July 1, 2012 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, 2013 Balance</u>
Personal Property:								
2013	\$ -	\$ 2,426,894	\$ 2,370,767	\$ 5,066	\$ 6,600	\$ 1,452	\$ -	\$ 53,141
2012	53,006		13,570	362	(2)	496		39,304
2011	26,659		1,432		(1)	129		25,099
2010	42,208		1,324			120		40,764
2009	70,749		1,087					69,662
2008	19,966		659					19,307
2007	10,949		701					10,248
2006	27,615		568					27,047
2005	30,430		437					29,993
2004	5,629		443					5,186
2003	3,478		299					3,179
2002	2,559		76					2,483
2001	1,271		38					1,233
2000	363		27					336
1999	277							277
1998	103							103
1997	504							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	<u>61</u>				<u>(1)</u>			<u>62</u>
Total Personal Property:	<u>\$ 413,288</u>	<u>\$ 2,426,894</u>	<u>\$ 2,391,428</u>	<u>\$ 5,428</u>	<u>\$ 6,596</u>	<u>\$ 2,197</u>	<u>\$ -</u>	<u>\$ 445,389</u>

See accompanying independent auditors' report

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CITY OF ATTLEBORO, MASSACHUSETTS

Supplementary Information

Statement of Property and Excise Tax Receivables

For the Year Ended June 30, 2013

	<u>July 1, 2012</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, 2013</u> <u>Balance</u>
Deferred Property Taxes:								
2012	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
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 Taxes:	\$ 32,641	\$ -	\$ 31,897	\$ -	\$ -	\$ -	\$ -	\$ 744
Total Property Taxes:	<u>\$ 1,599,398</u>	<u>\$ 58,753,636</u>	<u>\$ 57,998,408</u>	<u>\$ 443,219</u>	<u>\$ 48,640</u>	<u>\$ 618,598</u>	<u>\$ 442,551</u>	<u>\$ 1,686,790</u>

See accompanying independent auditors' report

CITY OF ATTLEBORO, MASSACHUSETTS

Supplementary Information

Statement of Property and Excise Tax Receivables

For the Year Ended June 30, 2013

	July 1, 2012 Balance	Commitments	Collections	Refunds	Adjustments	Abatements and Exemptions	Transfers to Tax Title	June 30, 2013 Balance
Motor Vehicle:								
2013	\$ -	\$ 3,765,073	\$ 3,451,215	\$ 27,105	\$ 11	\$ 81,517	\$ -	\$ 259,457
2012	315,721	430,837	627,841	28,088	(1)	40,430		106,374
2011	109,531	444	56,421	476		975		53,055
2010	55,316	33	11,824			89		43,436
2009	46,328	8	5,664					40,672
2008	47,722		3,476			234		44,012
2007	52,254		2,823					49,431
2006	54,794		822					53,972
2005	55,279		1,764					53,515
2004	50,298		838					49,460
2003	36,965		578					36,387
2002	28,210		427					27,783
2001	24,502		438					24,064
2000	26,433		35			35		26,363
1999	23,521		40			19,423		4,058
1998	21,100					21,100		-
1997	9,440					9,440		-
Total Motor Vehicle Excise:	\$ 957,414	\$ 4,196,395	\$ 4,164,206	\$ 55,669	\$ 10	\$ 173,243	\$ -	\$ 872,039
Total Property and Excise:	\$ 2,556,812	\$ 62,950,031	\$ 62,162,614	\$ 498,888	\$ 48,650	\$ 791,841	\$ 442,551	\$ 2,558,829

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