

CITY OF ATTLEBORO, MASSACHUSETTS

BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2016



Kevin J. Dumas
Mayor

Deborah C. Gould
City Auditor

Prepared by the: Office of the City Auditor

CITY OF ATTLEBORO, MASSACHUSETTS

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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, 2016, 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, 2016, 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, the schedules of both the system and the City's net pension liability and the schedules of both the system and the employers' contributions on pages 3 through 16 and 76 through 84 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 85 through 94 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 85 through 94 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 85 through 94 are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 9, 2017, 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., P.C.

Fall River, Massachusetts
March 9, 2017

CITY OF ATTLEBORO, MASSACHUSETTS
Management's Discussion and Analysis (MD&A)
Year Ended June 30, 2016

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, 2016 and 2015. 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, 2016 and 2015, respectively by \$21,264,997 and \$27,731,759. The decrease in net position at the government-wide level can be attributed to the recording of the change in the net OPEB obligation (NOO) and pension expense as required by GASB Statement Nos. 45 and 68 (respectively).
- In fiscal year ended June 30, 2016, the City's total net position decreased by \$6,466,763 (government-wide statements).
- As of the close of the current fiscal year, the City's governmental funds reported combined ending balances of \$16,928,219. Approximately 17% of the total amount, \$2,867,537 is available for spending at the City's discretion (unassigned fund balance).
- The City's long-term debt increased from \$50,233,485 to \$56,682,813 during the current fiscal year. The key factor in this increase is that the City has incurred new debt totaling \$15,532,654 and pay downs were made totaling \$9,083,326. Of the total long-term debt increase, \$10,144,601 was attributed to the governmental activities and \$5,388,053 to the business-type activities. The City is set to retire another \$8,679,099 of long-term debt during fiscal year 2017.
- As of the close of the fiscal year, the City's enterprise funds reporting combined ending net position of \$51,187,586.

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.

CITY OF ATTLEBORO, MASSACHUSETTS
Management's Discussion and Analysis (MD&A)
Year Ended June 30, 2016

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 are the water and wastewater enterprise funds and the medical claims trust fund. All other activities of the City are included in the governmental fund.

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.

CITY OF ATTLEBORO, MASSACHUSETTS
Management's Discussion and Analysis (MD&A)
Year Ended June 30, 2016

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 76 through 77 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 30 of this report. The budgetary statements can be found on pages 85 and 86 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 government-wide financial statements because the City cannot use these assets to finance its operations. The accounting used for fiduciary funds is the accrual basis of accounting. The fiduciary funds financial statements can be found on pages 31 through 32 of this report.

CITY OF ATTLEBORO, MASSACHUSETTS
Management's Discussion and Analysis (MD&A)
Year Ended June 30, 2016

Notes to the Financial Statements

The notes to the financial statements 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 33 through 75 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 the System and City's share of the Net Pension Liability and the Contributions for each 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 76 through 77 (general fund) and pages 85 through 86 (water and wastewater funds).

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 \$21.3 million as of June 30, 2016 and \$27.7 million as of June 30, 2015. 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.

CITY OF ATTLEBORO, MASSACHUSETTS
Management's Discussion and Analysis (MD&A)
Year Ended June 30, 2016

Government-Wide Financial Analysis (Continued)

Statement of Net Position - Primary Government						
June 30, 2016 and 2015						
	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
Assets						
Current assets	\$ 49,569,722	\$ 58,569,533	\$ 8,385,466	\$ 8,222,925	\$ 57,955,188	\$ 66,792,458
Non-current assets	102,270,627	92,309,135	89,111,161	85,027,235	191,381,788	177,336,370
Total assets	151,840,349	150,878,668	97,496,627	93,250,160	249,336,976	244,128,828
Deferred outflows of resources						
GASB 68 outflows of resources	19,485,222	2,288,124	1,694,368	198,968	21,179,590	2,487,092
Total deferred outflows of resources	19,485,222	2,288,124	1,694,368	198,968	21,179,590	2,487,092
Total assets and deferred outflows of resources	<u>\$ 171,325,571</u>	<u>\$ 153,166,792</u>	<u>\$ 99,190,995</u>	<u>\$ 93,449,128</u>	<u>\$ 270,516,566</u>	<u>\$ 246,615,920</u>
Liabilities						
Current liabilities	\$ 15,197,061	\$ 25,796,355	\$ 5,782,929	\$ 6,526,417	\$ 20,979,990	\$ 32,322,772
Long-term liabilities	186,011,006	147,440,228	42,218,620	39,068,850	228,229,626	186,509,078
Total liabilities	201,208,067	173,236,583	48,001,549	45,595,267	249,209,616	218,831,850
Deferred inflows of resources						
Total governmental activities	40,093	52,311	-	-	40,093	52,311
Total business-type activities	-	-	1,860	-	1,860	-
Total deferred inflows of resources	40,093	52,311	1,860	-	41,953	52,311
Net Position						
Investment in capital assets, net of related debt	79,237,303	76,671,896	53,545,691	48,923,975	132,782,994	125,595,871
Restricted	6,681,604	5,597,235	-	16,817	6,681,604	5,614,052
Unrestricted	(115,841,496)	(102,391,233)	(2,358,105)	(1,086,931)	(118,199,601)	(103,478,164)
Total net position	(29,922,589)	(20,122,102)	51,187,586	47,853,861	21,264,997	27,731,759
Total liabilities, deferred inflows of resources and net position	<u>\$ 171,325,571</u>	<u>\$ 153,166,792</u>	<u>\$ 99,190,995</u>	<u>\$ 93,449,128</u>	<u>\$ 270,516,566</u>	<u>\$ 246,615,920</u>

As of June 30, 2016 cash and investments for governmental and business-type activities total \$39,471,578.

The City's net position decreased during the current fiscal year from \$27,731,759 to \$21,264,997.

CITY OF ATTLEBORO, MASSACHUSETTS
Management's Discussion and Analysis (MD&A)
Year Ended June 30, 2016

Government-Wide Financial Analysis (Continued)

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 \$6,681,604 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, 2016 and June 30, 2015 cash and investments for the governmental and business-type activities consisted of \$39,471,587 and \$48,863,632 respectively.

The City was unable to report positive balances in all three categories of net position for its governmental and business type activities for the fiscal year 2016, largely due to GASB Statement No. 68, which required the City to record its proportionate share of the net pension liability on its balance sheet. GASB Statement No. 68 also required the City to record the "pension expense" through income each year after the initial year of implementation (fiscal year 2015).

The City's net position for its governmental funds increased during the current fiscal year, due primarily to bond proceeds of \$15.5 million netted against net transfers in of \$1.9 million and a deficiency of revenues over expenditures of \$17.9 million. Net position for business-type activities increased by \$3.3 million due to revenues for charges in the water and wastewater fund exceeding the operating expenses in those funds.

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 as of January 1, 2015, the total Unfunded Actuarial Accrued Liability (UAAL) was \$210.1 million (at June 30, 2016); as the City of Attleboro did not fund the annual required contribution into a trust at the time of the January 1, 2015 valuation, the actuarial study assumed a closed funding schedule of which 24 years remain of the initial 30-year amortization. The \$100.7 million on net 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 \$210.1 million that is reported in the actuarial study. According to the January 1, 2015 study, the City's OPEB Cost for fiscal 2016 is \$18.3 million. The City is also able to take credit for the actuarial value of payments it made (i.e. the attributed premiums paid) in the amount of \$6.7 million and did contribute \$35,000 into the Plymouth County OPEB Trust (PCOT) which will be reflected in the January 1, 2017 actuarial valuation. These payments include an actuarially calculated "implicit subsidy" associated with covering retirees. The net OPEB obligation is the difference between these figures, \$11.6 million, which is equal to the increase in the liability for OPEB within the fiscal year 2016 financial statements.

CITY OF ATTLEBORO, MASSACHUSETTS
Management's Discussion and Analysis (MD&A)
Year Ended June 30, 2016

Discussion on Other Post-Employment Benefits (continued)

On April 19, 2016, the City Council authorized the City's participation in the Plymouth County OPEB Trust program. This program is sponsored by Plymouth County and an investment committee is responsible for the oversight of the investment portfolio. In an effort to recognize the importance of this liability the City has made modest annual contributions to the fund since fiscal year 2015 and in fiscal 2017 began additional funding from the business-type activity accounts.

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 Actuarial 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, 2015 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 \$6,466,762 for the fiscal year ended June 30, 2016 of which the governmental activities decreased by \$9,800,487 and the business-type activities increased by \$3,333,725.

This summary of net changes is based on the Statement of Activities found on pages 19 through 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, 2016

Changes in Net Position for the period ending June 30, 2016 and June 30, 2015 (Government-wide level)

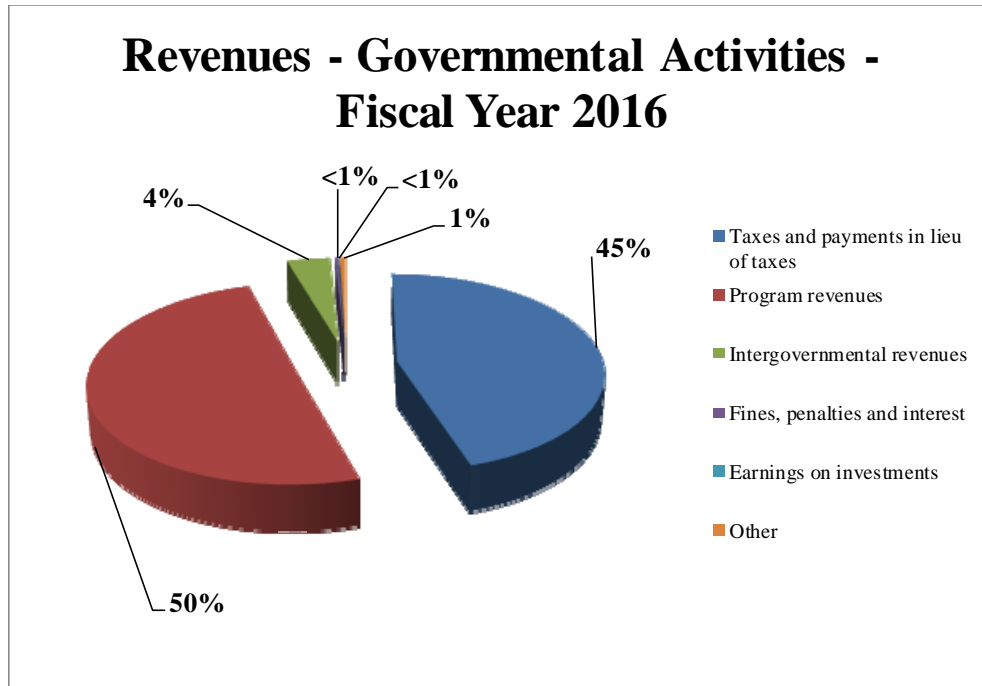
	Changes in Net Position Primary Government					
	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
Revenues:						
Program Revenues:						
Charges for service	\$ 19,463,104	\$ 16,456,755	\$ 17,617,875	\$ 17,196,615	\$ 37,080,979	\$ 33,653,370
Operating grants & contributions	53,964,237	48,912,534	-	-	53,964,237	48,912,534
Capital grants & contributions	4,445,428	3,654,236	-	-	4,445,428	3,654,236
General Revenues:						
Property taxes	63,585,918	61,750,566	-	-	63,585,918	61,750,566
Motor vehicle and other excise	5,304,662	5,277,565	-	-	5,304,662	5,277,565
Payments in lieu of taxes	21,828	10,614	-	-	21,828	10,614
Tax liens and foreclosures	542,071	-	-	-	542,071	-
Hotel and meals taxes	695,306	-	-	-	695,306	-
Fines, penalties and interest	405,486	787,107	-	-	405,486	787,107
Intergovernmental	5,873,807	5,638,622	-	-	5,873,807	5,638,622
Earnings on investments	83,100	91,817	10,243	15,016	93,343	106,833
Other	741,480	1,355,243	141,633	591,989	883,113	1,947,232
Total revenue	155,126,427	143,935,059	17,769,751	17,803,620	172,896,178	161,738,679
Expenses:						
General Government	9,730,041	10,620,445	-	-	9,730,041	10,620,445
Public Safety	25,172,096	23,794,399	-	-	25,172,096	23,794,399
Education	102,074,172	100,404,677	-	-	102,074,172	100,404,677
Public Works	5,642,674	1,870,101	-	-	5,642,674	1,870,101
Comm. & Economic Dev.	149,855	177,622	-	-	149,855	177,622
Health & human services	6,302,846	6,028,889	-	-	6,302,846	6,028,889
Culture & recreation	3,927,259	2,077,182	-	-	3,927,259	2,077,182
Interest on debt	576,419	481,993	-	-	576,419	481,993
State & county charges	4,275,183	4,424,712	-	-	4,275,183	4,424,712
Pension expense	7,629,458	3,993,770	2,799,159	2,801,813	10,428,617	6,795,583
Water (enterprise)	-	-	4,596,896	4,576,394	4,596,896	4,576,394
Wastewater (enterprise)	-	-	6,486,882	6,448,947	6,486,882	6,448,947
Total expenses	165,480,003	153,873,790	13,882,937	13,827,154	179,362,940	167,700,944
Increase(decrease) in net position before transfers	(10,353,576)	(9,938,731)	3,886,814	3,976,466	(6,466,762)	(5,962,265)
Transfers in (out) - operating	1,921,893	2,000,439	(1,921,893)	(2,035,439)	-	(35,000)
Transfers in (out) - capital	(1,396,595)	(379,111)	1,396,595	379,111	-	-
Transfers in (out) - employee benefits paid on behalf	27,791	73,546	(27,791)	(73,546)	-	-
Increase(decrease) in net position	(9,800,487)	(8,243,857)	3,333,725	2,246,592	(6,466,762)	(5,997,265)
Net position - beginning of year	(20,122,102)	(11,878,245)	47,853,861	45,607,269	27,731,759	33,729,024
Net position - end of year	\$ (29,922,589)	\$ (20,122,102)	\$ 51,187,586	\$ 47,853,861	\$ 21,264,997	\$ 27,731,759

CITY OF ATTLEBORO, MASSACHUSETTS
Management's Discussion and Analysis (MD&A)
Year Ended June 30, 2016

Revenue

Governmental Activities

Total revenues for the governmental activities of the City are comprised of general revenues of \$77.4 million, charges for services \$19.4 million, operating grants and contributions of \$53.9 million and capital grants and contributions of \$4.4 million.



General Revenues

The majority of general revenues are tax collections from the City's taxpayers. This amount represented 89.1% of the total general revenues or \$68.9 million.

Intergovernmental revenue not restricted to a specific program is \$5.2 million representing 6.8% of general revenues and includes state cherry sheet revenue and other unrestricted contributions.

Program Revenues

Charges for services are \$19.4 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 charges for services collected, with the public safety and public works portions of charges for services representing the next largest portions with \$5.1 million and \$4.3 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, 2016 amounted to \$54.2 million of which \$51.0 million were received for education.

Capital grants and contributions total \$4.4 million. The most significant source was received for general government purposes as a result of the ongoing Riverfront Drive project funded by MassWorks.

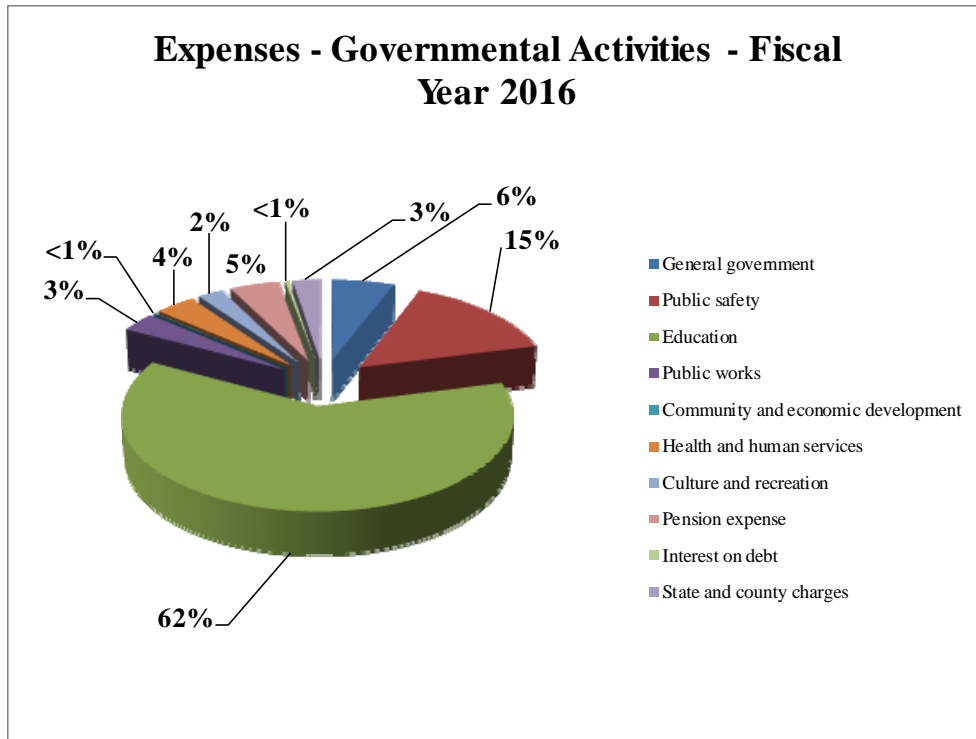
CITY OF ATTLEBORO, MASSACHUSETTS
 Management's Discussion and Analysis (MD&A)
 Year Ended June 30, 2016

Expenses

Governmental Activities

For fiscal year ended June 30, 2016, expenses for the governmental activities totaled \$165.5 million, which cover a range of services.

Education continues to be one of the City's highest priorities and commitments representing \$102.1 million or 61.7% of the total governmental activity expenses.



Business-Type Activity

Business-type activity increased net position by \$3.3 million for the fiscal year ended June 30, 2016. Factors contributing to these results are as follows:

- The water fund had operating income of \$2.1 million.
- The wastewater fund had an operating income of \$1.2 million.
- Total net transfers out of the enterprise funds totaled \$525 thousand (including required GAAP transfers).
- The City's enterprise funds were required to book an OPEB expense in accordance with GASB 45 of \$704 thousand and a pension expense in accordance with GASB 68 of \$277 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, 2016

Financial Analysis of Government's Funds (Continued)

The City's governmental funds reported combined ending fund balances of \$16,928,219 for fiscal year ended June 30, 2016 and \$16,621,938 for fiscal year ended June 30, 2015. This increase in fiscal year ended June 30, 2016, totaling \$306,281 is primarily due to a deficiency of revenues over expenditures of \$17,970,797 and total net financing sources of \$18,277,078.

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 GASB Statement No. 54 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 2016, the City's stabilization fund earned \$4,288 of investment income, and had net transfers out of \$371,922. Total stabilization fund balance at June 30, 2016 was \$1,863,084 which is \$367,634 less than the fund balance at June 30, 2015. Please refer to the Supplementary Information on pages 90 and 91 for more information.

During 2016, total governmental funds reported amounts of \$315,334 within the nonspendable fund balance category, \$6,366,269 within the restricted fund balance category, \$5,267,854 within the committed fund category, \$2,111,204 within the assigned fund balance category, and \$2,867,537 within the unassigned fund balance category. Please refer to Note 10 "Fund Balance Classification Details" for a detailed breakdown of the components within each category.

For the period beginning July 1, 2016, the Department of Revenue certified the City of Attleboro's free cash for the general fund in the amount of \$3,633,051; additionally the Department of Revenue Certified Retained earnings for the City's Water and Wastewater Enterprise Funds as \$1,498,118 and \$1,065,841, 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 \$25,500,818 and \$25,686,768 as of June 30, 2016 and \$23,390,265 and \$24,463,596 as of June 30, 2015, 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 2016, the Wastewater Enterprise Fund received \$662,116 in subsidies from the Massachusetts Water Pollution Abatement Trust for debt financed through the Trust.

General Fund 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, 2016

Financial Analysis of Government's Funds (Continued)

General Fund Budgetary Highlights (continued)

- The actual charges to appropriations (expenditures) were \$1,093,190 below the final budgeted amounts for the current fiscal year. This can be attributed to actual charges below final budgeted amounts of \$255,048 and \$340,517 within the "general government" and "state and county assessment" categories (respectively).
- Local receipts (revenues) were \$1,999,089 greater than anticipated for the year. The largest gains were in the motor vehicle excise receipts, the "licenses and permit" category, and the "miscellaneous recurring revenues" (which includes a premium of \$822 thousand on the City's bond issuance and Federal insurance reimbursement).
- The City was also allowed to amortize its snow and ice deficit over a three-year period under Chapter 10, Section 58 of the Acts of 2015. The City raised an amount of \$444,756 on the fiscal year 2016 recap and the balance of the amortization \$812,793 on the fiscal 2017 Recap retiring the amortization one year early.
- The final budget assumed sources in from free cash of \$2,515,437.
- The City carried over \$900,824 in general fund encumbrances as well as \$340,705 in Net School Spending and \$17,410 in other continuing appropriations.

Capital Asset and Debt Administration

Capital Assets

The City's investment in capital assets for governmental and business - type activities as of June 30, 2016 amounts to \$189,408,539 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, 2016.

	Capital Asset and Debt Administration					
	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
Land and land easements	\$ 7,413,559	\$ 6,908,059	\$ 2,539,375	\$ 2,539,376	\$ 9,952,934	\$ 9,447,435
Construction in progress	6,646,045	4,777,509	11,997,374	5,247,536	18,643,419	10,025,045
Infrastructure, net	3,666,864	3,858,325	72,807,654	75,045,418	76,474,518	78,903,743
Buildings, net	49,950,451	41,148,179	-	-	49,950,451	41,148,179
Building & improvements, net	26,314,524	27,245,486	-	-	26,314,524	27,245,486
Vehicles, net	1,594,933	1,905,535	183,923	245,878	1,778,856	2,151,413
Equipment, net	3,297,519	2,515,986	563,718	587,343	3,861,237	3,103,329
Furniture and fixtures, net	493	5,372	-	-	493	5,372
Livestock, net	13,570	14,999	-	-	13,570	14,999
Technology equipment, net	787,337	755,418	-	-	787,337	755,418
Textbooks and library books, net	1,631,200	1,266,007	-	-	1,631,200	1,266,007
Total	<u>\$ 101,316,495</u>	<u>\$ 90,400,875</u>	<u>\$88,092,044</u>	<u>\$ 83,665,551</u>	<u>\$189,408,539</u>	<u>\$174,066,426</u>

CITY OF ATTLEBORO, MASSACHUSETTS
 Management's Discussion and Analysis (MD&A)
 Year Ended June 30, 2016

Capital Assets (Continued)

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

- Hoppin Dam & Seawall Repair
- Water Storage Facility
- Oak Hill Water Storage Tank Rehab
- MassWorks Infrastructure Program
- DPW Facility

Additional information on the City's capital assets may be found on pages 51 to 54 of the notes to the financial statements.

Debt

At June 30, 2016, the City had a total long-term debt outstanding of \$56,682,813 and short-term debt outstanding of \$2,365,104 totaling \$59,047,917. The following is a summary of the City's debt as of June 30, 2016:

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
General obligation bonds	\$ 22,136,457	\$ 15,491,912	\$ 34,546,353	\$ 34,741,573	\$ 56,682,810	\$ 50,233,485
Notes payable	2,365,104	11,572,475	-	-	2,365,104	11,572,475
Capital leases	-	-	-	-	-	-
Total	<u>\$ 24,501,561</u>	<u>\$ 27,064,387</u>	<u>\$ 34,546,353</u>	<u>\$ 34,741,573</u>	<u>\$ 59,047,914</u>	<u>\$ 61,805,960</u>

On February 25, 2016 Standard & Poor's Rating Service affirmed 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 67 of the notes to the financial statements.

Economic Factors and Future Outlook

Major City Projects Update:

New England Sports Village Opens:

In November of 2016, the \$17 million, 101,000-square-foot, ice skating rink building at New England Sports Village opened its doors to all skaters. The ice skating facility actually has two and half rinks. There are other facilities planned as part of the village, including an aquatics center, field house and hotel. The estimated investment could reach \$53 million dollars when completed. This project was made possible through the efforts of the Attleboro Redevelopment Authority, which sold the 135 acres in the Industrial Business Park to developers for \$2.34 million.

Renaissance Station North Fully Occupied:

The six-story Renaissance Station North project in downtown Attleboro has 25 one-bedroom apartments, 55 two-bedroom units and commercial space on the first floor. It was the vision of the Attleboro Redevelopment Authority as part of the City's Downtown Revitalization Plan, and carried out by developer Marco Crugnale. It opened to tenants on Oct. 1, 2015, and became fully occupied by residents in September 2016.

CITY OF ATTLEBORO, MASSACHUSETTS
Management's Discussion and Analysis (MD&A)
Year Ended June 30, 2016

Economic Factors and Future Outlook (continued)

Major City Projects Update (continued):

City Approves Transit Oriented Development Zone:

On June 28, 2016, the Attleboro Municipal Council approved the petition of the Attleboro Redevelopment Authority and Massachusetts Bay Transportation Authority to rezone approximately 20 acres between Wall Street, South Main Street and Olive Street as Transit Oriented Development (TOD). The purpose of the TOD zoning district is to create and promote a blend of compact and very highly intensive residential, retail, office, civic entertainment, and institutional uses, and to create and promote the retention of uses in areas with high potential for enhanced mass transit and pedestrian activity with less reliance on the automobile

Renaissance Station South Underway:

In furtherance of the newly created TOD zoning district, developer Marco Crugnale has begun the permitting process to construct Renaissance Station South, across the street from the newly opened Renaissance Station North. Once completed, this two-building, 1.5 acre complex will have 209 residential units and commercial space. Both buildings will be seven stories. The Attleboro Redevelopment Authority owns the property and has an agreement to sell it for \$1.2 million to Crugnale.

Attleboro High School Feasibility Study:

On October 20, 2015, the Attleboro Municipal Council approved a \$1.2 million loan authorization for a Feasibility Study for the Attleboro High School. The Feasibility Study is the earliest and most critical part of the design process. This phase includes information gathering, investigation/assessment of current conditions, establishment of goals/objectives, definition of program and needs, development of planning options. With the assistance of the School Building Committee, the City has hired Skanska USA Building as the City's owner's project manager, and Kaestle Boos Associates, as its architects.

All eligible expenses during the Feasibility Study phase are reimbursable by the Massachusetts School Building Authority (MSBA) at a 60.57% rate. Currently, the City is in the "Preliminary Design Program" portion of the Feasibility Study. Upon approval of the Feasibility Study by the MSBA, the project would move into Schematic Design.

Fulfilling City's Cash Reserve Policy:

In addition to the prudent use of the City's Stabilization Fund to temporarily fund important City capital projects, the City continues to make annual contributions to the Stabilization Fund in accordance with a stated Cash Reserve Policy goal of reaching 5% of its operating budget. On November 15, 2016, the Municipal Council approved Mayor Dumas' request to appropriate the annual contribution of \$282,000.00 to the Stabilization Fund, the fourth of such appropriations in as many years.

The balance of the City's Stabilization Fund is now at an all-time high of \$3.567 million.

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 the Attleboro Redevelopment Authority's report or need any 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, 2016

	Primary Government			Component Units
	Governmental Activities	Business-Type Activities	Total	Attleboro Redevelopment Authority
ASSETS				
Cash and investments, unrestricted	\$ 33,420,460	\$ 4,188,034	\$ 37,608,494	\$ 276,642
Cash and investments, restricted (for stabilization purposes)	1,863,084	-	1,863,084	-
Receivables, net:				
Personal property taxes	1,396,479	-	1,396,479	-
Motor vehicle and excise	660,090	-	660,090	-
Tax liens and foreclosures	1,746,873	-	1,746,873	-
User charges	526,886	2,599,818	3,126,704	-
Intergovernmental	2,121,211	-	2,121,211	742,339
Departmental and other	4,288,567	992,421	5,280,988	16,110
Escrow funds held	2,933,600	-	2,933,600	-
Inventory	-	431,685	431,685	-
Due from ARA	612,472	173,508	785,980	-
Total current assets	49,569,722	8,385,466	57,955,188	1,035,091
Non-current assets				
MWPAT debt subsidy receivable	-	1,019,117	1,019,117	-
MSBA debt subsidy receivable	954,132	-	954,132	-
Capital assets:				
Land, land improvements, land easements (non-depreciable)	7,413,559	2,539,375	9,952,934	3,715,700
Construction in progress	6,646,045	11,997,374	18,643,419	-
Infrastructure, net	3,666,864	72,807,654	76,474,518	-
Buildings, net	49,950,451	-	49,950,451	-
Building improvements, net	26,314,524	-	26,314,524	-
Vehicles, net	1,594,933	183,923	1,778,856	-
Equipment, net	3,297,519	563,718	3,861,237	-
Furniture and fixtures, net	493	-	493	-
Livestock, net	13,570	-	13,570	-
Technology equipment, net	787,337	-	787,337	-
Textbooks and library books, net	1,631,200	-	1,631,200	-
Total capital assets	101,316,495	88,092,044	189,408,539	3,715,700
Total non-current assets	102,270,627	89,111,161	191,381,788	3,715,700
Total assets	151,840,349	97,496,627	249,336,976	4,750,791
DEFERRED OUTFLOWS OF RESOURCES				
GASB 68 - Pension related	19,485,222	1,694,368	21,179,590	17,207
Total deferred outflows of resources	19,485,222	1,694,368	21,179,590	17,207
Total assets and deferred outflows of resources	\$ 171,325,571	\$ 99,190,995	\$ 270,516,566	\$ 4,767,998

The accompanying notes are an integral part of this statement

CITY OF ATTLEBORO, MASSACHUSETTS

Statement of Net Position

June 30, 2016

	Primary Government			Component Units
	Governmental Activities	Business-Type Activities	Total	Attleboro Redevelopment Authority
LIABILITIES				
Current liabilities:				
Accounts payable and accrued expenses	\$ 7,772,955	\$ 363,382	\$ 8,136,337	\$ 164,486
Retainage payable	239,421	-	239,421	84,001
Accrued interest	125,744	299,046	424,790	-
Due to federal and state governments	2,076	-	2,076	-
Claims incurred but not reported	999,759	-	999,759	-
Accrued environmental liabilities	-	-	-	974,962
Due to City of Attleboro	-	-	-	799,831
Bonds and notes payable	5,988,499	5,055,704	11,044,203	-
Current portion of compensated absences	16,110	-	16,110	-
Workers' compensation claims	52,497	64,797	117,294	-
Total current liabilities	15,197,061	5,782,929	20,979,990	2,023,280
Portion due or payable in more than one year:				
Bonds and notes payable	18,513,062	29,490,649	48,003,711	-
Bond premiums, net	771,123	406,755	1,177,878	-
Compensated absences	2,343,600	263,208	2,606,808	-
Workers' compensation claims	209,989	259,188	469,177	-
Net pension liability (NPL)	69,224,297	6,019,504	75,243,801	58,136
Net OPEB obligation (NOO)	94,948,935	5,779,316	100,728,251	-
Total long-term liabilities	186,011,006	42,218,620	228,229,626	58,136
Total liabilities	201,208,067	48,001,549	249,209,616	2,081,416
DEFERRED INFLOWS OF RESOURCES				
Property taxes paid in advance	18,693	-	18,693	-
GASB 68 - Pension related	21,400	1,860	23,260	19,383
Total deferred inflows of resources	40,093	1,860	41,953	19,383
NET POSITION				
Invested in capital assets, net of related debt	79,237,303	53,545,691	132,782,994	3,715,700
Restricted	6,681,604	-	6,681,604	-
Unrestricted	(115,841,496)	(2,358,105)	(118,199,601)	(1,048,501)
Total net position	(29,922,589)	51,187,586	21,264,997	2,667,199
Total liabilities, deferred inflows of resources and net position	\$ 171,325,571	\$ 99,190,995	\$ 270,516,566	\$ 4,767,998

The accompanying notes are an integral part of this statement

Continued
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CITY OF ATTLEBORO, MASSACHUSETTS

Statement of Activities

For the Year Ended June 30, 2016

	<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	\$ 9,730,041	\$ 951,528	\$ 3,580	\$ 2,767,080
Public safety	25,172,096	5,051,298	366,872	-
Education	102,074,172	7,346,660	50,989,734	26,022
Public works	5,642,674	4,287,117	180,783	1,652,326
Community and economic development	149,855	171,432	1,452,193	-
Health and human services	6,302,846	248,082	767,270	-
Culture and recreation	3,927,259	1,406,987	203,805	-
Pension expense	7,629,458	-	-	-
Interest on debt	576,419	-	-	-
State and county charges	4,275,183	-	-	-
Total governmental activities	<u>165,480,003</u>	<u>19,463,104</u>	<u>53,964,237</u>	<u>4,445,428</u>
Business-Type Activities:				
Water	5,686,810	7,581,560	-	-
Sewer	8,196,127	10,036,315	-	-
Total business-type activities	<u>13,882,937</u>	<u>17,617,875</u>	<u>-</u>	<u>-</u>
Total primary government	<u>\$ 179,362,940</u>	<u>\$ 37,080,979</u>	<u>\$ 53,964,237</u>	<u>\$ 4,445,428</u>
Component Units:				
Attleboro Redevelopment Authority	<u>3,704,438</u>	<u>-</u>	<u>902,851</u>	<u>1,575,003</u>
Total component units	<u>\$ 3,704,438</u>	<u>\$ -</u>	<u>\$ 902,851</u>	<u>\$ 1,575,003</u>

The accompanying notes are an integral part of this statement

CITY OF ATTLEBORO, MASSACHUSETTS

Statement of Activities

For the Year Ended June 30, 2016

	Net (Expense) Revenue and Changes in Net Position			Component
	Primary Government			Units
	Governmental Activities	Business-Type Activities	Total	Attleboro Redevelopment Authority
Governmental Activities:				
General government	\$ (6,007,853)	\$ -	\$ (6,007,853)	\$ -
Public safety	(19,753,926)	-	(19,753,926)	-
Education	(43,711,756)	-	(43,711,756)	-
Public works	477,552	-	477,552	-
Community and economic development	1,473,770	-	1,473,770	-
Health and human services	(5,287,494)	-	(5,287,494)	-
Culture and recreation	(2,316,467)	-	(2,316,467)	-
Pension expense	(7,629,458)	-	(7,629,458)	-
Interest on debt	(576,419)	-	(576,419)	-
State and county charges	(4,275,183)	-	(4,275,183)	-
Total governmental activities	<u>(87,607,234)</u>	<u>-</u>	<u>(87,607,234)</u>	<u>-</u>
Business-Type Activities:				
Water	-	1,894,750	1,894,750	-
Sewer	-	1,840,188	1,840,188	-
Total business-type activities	<u>-</u>	<u>3,734,938</u>	<u>3,734,938</u>	<u>-</u>
Total primary government	<u>\$ (87,607,234)</u>	<u>\$ 3,734,938</u>	<u>\$ (83,872,296)</u>	<u>\$ -</u>
Component Units:				
Attleboro Redevelopment Authority	-	-	-	(1,226,584)
Total Component Units	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1,226,584)</u>

The accompanying notes are an integral part of this statement

Continued
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CITY OF ATTLEBORO, MASSACHUSETTS
Statement of Activities
For the Year Ended June 30, 2016

	<u>Primary Government</u>			<u>Component Units</u>
	<u>Governmental</u> <u>Activities</u>	<u>Business-Type</u> <u>Activities</u>	<u>Total</u>	<u>Attleboro</u> <u>Redevelopment</u> <u>Authority</u>
General revenues:				
Real estate and personal property, net of reserve for abatements	\$ 63,585,918	\$ -	\$ 63,585,918	\$ -
Motor vehicle excise	5,304,662	-	5,304,662	-
Payments in lieu of taxes	21,828	-	21,828	-
Tax liens and foreclosures	542,071	-	542,071	-
Hotel and meals taxes	695,306	-	695,306	-
Abatements to veterans	68,701	-	68,701	-
Abatements to elderly	51,204	-	51,204	-
Fines, penalties and interest	405,486	-	405,486	-
Earnings on investments	83,100	10,243	93,343	86
Lottery, beano & charity	5,259,089	-	5,259,089	-
Municipal medicaid	494,813	-	494,813	-
Miscellaneous	741,480	141,633	883,113	-
Total general revenues	<u>77,253,658</u>	<u>151,876</u>	<u>77,405,534</u>	<u>86</u>
Special item - benefit/contribution transfer (net) - water	11,149	(11,149)	-	-
Special item - benefit/contribution transfer (net) - wastewater	16,642	(16,642)	-	-
Special item - transfer of capital asset net of debt from governmental activities - water	(1,221,619)	1,221,619	-	-
Special item - transfer of capital asset net of debt from governmental activities - wastewater	(174,976)	174,976	-	-
Transfers between funds - operating	1,921,893	(1,921,893)	-	-
Total general revenues, special items, and transfers	<u>77,806,747</u>	<u>(401,213)</u>	<u>77,405,534</u>	<u>86</u>
Changes in net position	(9,800,487)	3,333,725	(6,466,762)	(1,226,498)
Net position - beginning of year	<u>(20,122,102)</u>	<u>47,853,861</u>	<u>27,731,759</u>	<u>3,893,697</u>
Net position - end of year	<u>\$ (29,922,589)</u>	<u>\$ 51,187,586</u>	<u>\$ 21,264,997</u>	<u>\$ 2,667,199</u>

The accompanying notes are an integral part of this statement

CITY OF ATTLEBORO, MASSACHUSETTS

Balance Sheets - Governmental Funds

June 30, 2016

	<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	\$ 8,562,358	\$ 10,886,993	\$ 19,449,351
Cash and investments - restricted (for stabilization purposes)	1,863,084	-	1,863,084
Receivables:			
Property taxes	1,396,479	-	1,396,479
Motor vehicle excise	660,090	-	660,090
Tax liens and foreclosures	1,746,873	-	1,746,873
User charges	526,886	-	526,886
Intergovernmental	331,952	1,789,259	2,121,211
Other	4,107,849	2,530,533	6,638,382
Due from ARA	<u>612,472</u>	<u>-</u>	<u>612,472</u>
 Total assets	 <u>19,808,043</u>	 <u>15,206,785</u>	 <u>35,014,828</u>
Deferred outflows of resources			
None	<u>-</u>	<u>-</u>	<u>-</u>
 Total deferred outflows of resources	 <u>-</u>	 <u>-</u>	 <u>-</u>
 Total assets and deferred outflows of resources	 <u>\$ 19,808,043</u>	 <u>\$ 15,206,785</u>	 <u>\$ 35,014,828</u>
Liabilities			
Warrants payable	\$ 1,816,852	\$ 1,521,821	\$ 3,338,673
Accounts payable and accrued expenses	644,176	337,397	981,573
Retainage payable	-	239,421	239,421
Due to federal and state governments	-	2,076	2,076
Notes payable	<u>-</u>	<u>2,365,104</u>	<u>2,365,104</u>
 Total liabilities	 <u>2,461,028</u>	 <u>4,465,819</u>	 <u>6,926,847</u>
Deferred inflows of resources			
Property taxes paid in advance	18,693	-	18,693
Deferred property tax revenues	3,275,205	-	3,275,205
Deferred user fees and fines	4,634,735	-	4,634,735
Deferred revenue from ARA	612,472	-	612,472
Deferred grant income	-	178,020	178,020
Deferred loan income	<u>-</u>	<u>2,440,637</u>	<u>2,440,637</u>
 Total deferred inflows of resources	 <u>8,541,105</u>	 <u>2,618,657</u>	 <u>11,159,762</u>
Fund balance			
Nonspendable	-	315,334	315,334
Restricted	340,705	6,025,565	6,366,270
Committed	1,863,084	3,404,770	5,267,854
Assigned	2,111,224	-	2,111,224
Unassigned	<u>4,490,897</u>	<u>(1,623,360)</u>	<u>2,867,537</u>
 Total fund balance	 <u>8,805,910</u>	 <u>8,122,309</u>	 <u>16,928,219</u>
 Total liabilities, deferred inflows of resources and fund balance	 <u>\$ 19,808,043</u>	 <u>\$ 15,206,785</u>	 <u>\$ 35,014,828</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, 2016

	<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	\$ 63,777,519	\$ -	\$ 63,777,519
Motor vehicle and other excise	5,905,187	-	5,905,187
Payment in lieu of taxes	21,828	-	21,828
Fines, penalties and interest	676,791	-	676,791
Intergovernmental	52,426,298	12,245,207	64,671,505
Licenses and permits	1,478,679	-	1,478,679
Charges for services	4,626,670	5,334,108	9,960,778
Investment Income	29,154	72,796	101,950
Departmental and other revenue	-	1,764,174	1,764,174
Miscellaneous	473,275	-	473,275
Total revenue	<u>129,415,401</u>	<u>19,416,285</u>	<u>148,831,686</u>
Expenditures :			
General government	7,517,116	4,673,336	12,190,452
Public safety	20,256,544	1,720,184	21,976,728
Education	79,570,021	9,290,152	88,860,173
Public works	2,637,897	18,594,570	21,232,467
Community and economic development	-	205,596	205,596
Health and human services	4,242,326	1,809,391	6,051,717
Culture and recreation	3,476,874	-	3,476,874
Pension benefits	4,437,235	-	4,437,235
State and county charges	4,275,183	-	4,275,183
Debt service:			
Principal	3,500,056	-	3,500,056
Interest	596,002	-	596,002
Total expenditures	<u>130,509,254</u>	<u>36,293,229</u>	<u>166,802,483</u>
Excess (deficiency) of revenues over expenditures	(1,093,853)	(16,876,944)	(17,970,797)
Other financing sources (uses):			
Bond proceeds	-	15,532,654	15,532,654
Bond premiums	822,531	-	822,531
Transfers in	3,318,434	1,553,138	4,871,572
Transfers out	(2,788,158)	(161,521)	(2,949,679)
Other financing sources (uses)	<u>1,352,807</u>	<u>16,924,271</u>	<u>18,277,078</u>
Excess of revenue and other sources over expenditures and other uses	258,954	47,327	306,281
Fund balance - beginning	<u>8,546,956</u>	<u>8,074,982</u>	<u>16,621,938</u>
Fund balance - ending	<u>\$ 8,805,910</u>	<u>\$ 8,122,309</u>	<u>\$ 16,928,219</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, 2016

Total governmental fund balances	\$ 16,928,219
Record allowance for doubtful accounts that are financial resources, for the governmental funds.	(2,791,036)
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	101,316,495
To record a long-term asset related to MSBA subsidies of principal for which revenue has been earned on the accrual basis	954,132
To record deferred outflows of resources related to GASB 68 actual versus expected experience not reported in the funds	19,463,822
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	11,141,069
Internal service funds are used by management to account for health insurance and workers' compensation activities.	12,893,462
In the statement of activities, interest is accrued on outstanding long-term debt, whereas in governmental funds interest is not reported until due.	(125,744)
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	(22,136,457)
Bond issue discount / premiums (net)	(771,123)
Compensated absences	(2,359,710)
Workers' compensation claims	(262,486)
Net pension liability (NPL)	(69,224,297)
Net OPEB obligation (NOO)	<u>(94,948,935)</u>
Net position of governmental activities	<u><u>\$(29,922,589)</u></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, 2016

Net change in fund balances - total governmental funds	\$ 306,281
To record allowance for doubtful accounts that are resources for the governmental funds. This amount represent the net change in the allowance.	(194,327)
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.	10,915,620
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, MWPAT, etc.) differ between the two statements. This amount represents the net change in deferred revenue.	(128,663)
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.	(7,415,668)
In the statement of activities, interest is accrued on outstanding long-term debt, whereas in governmental funds interest, is not reported until due.	19,583
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	(10,930,746)
The pension expense required by GASB Statement No. 68, reported in the statement of activities, requires the use of current financial resources and is not reported as an expenditure in the governmental funds	(20,367,921)
To record deferred outflows of resources related to GASB 68 actual versus expected experience not reported in the funds	17,175,698
Some expenses reported in the Statement of Activities, such as compensated absences, and estimated workers' compensation claims do not require the current financial resources, and therefore, are not reported as expenditures in the governmental funds	275,146
The net activity of internal service funds is reported with Governmental Activities	544,510
Change in net position of governmental activities	\$ (9,800,487)

The accompanying notes are an integral part of this statement

CITY OF ATTLEBORO, MASSACHUSETTS
Statement of Net Position - Proprietary Funds
June 30, 2016

	Business-Type Activities - Proprietary Funds			Governmental Activities - Internal Service Fund	
	Major Fund	Major Fund	Total	Health	Total
	Water	Wastewater		Insurance	
	Enterprise	Enterprise	Enterprise	Depository	
ASSETS					
Current assets:					
Cash and short-term investments, unrestricted	\$ 2,221,014	\$ 1,967,020	\$ 4,188,034	\$ 13,971,109	\$ 13,971,109
Receivables, net:					
User fees	1,025,386	1,574,432	2,599,818	-	-
Utility liens and other receivables	107,249	110,039	217,288	-	-
Betterments paid in advance and deferred	25	775,108	775,133	-	-
Other	-	-	-	441,221	441,221
Inventory	367,850	63,835	431,685	-	-
Due from ARA	173,508	-	173,508	-	-
Escrow funds held	-	-	-	2,933,600	2,933,600
Total current assets	<u>3,895,032</u>	<u>4,490,434</u>	<u>8,385,466</u>	<u>17,345,930</u>	<u>17,345,930</u>
Non-current assets:					
MWPAT debt subsidy	<u>-</u>	<u>1,019,117</u>	<u>1,019,117</u>	<u>-</u>	<u>-</u>
Capital assets:					
Land	2,368,757	170,618	2,539,375	-	-
Construction in progress	11,071,016	926,358	11,997,374	-	-
Infrastructure, net	25,200,736	47,606,918	72,807,654	-	-
Equipment, net	274,351	289,367	563,718	-	-
Vehicles, net	104,092	79,831	183,923	-	-
Total capital assets	<u>39,018,952</u>	<u>49,073,092</u>	<u>88,092,044</u>	<u>-</u>	<u>-</u>
Total non-current assets:	<u>39,018,952</u>	<u>50,092,209</u>	<u>89,111,161</u>	<u>-</u>	<u>-</u>
Total assets	<u>42,913,984</u>	<u>54,582,643</u>	<u>97,496,627</u>	<u>17,345,930</u>	<u>17,345,930</u>
DEFERRED OUTFLOWS OF RESOURCES					
GASB 68 - Pension related	847,184	847,184	1,694,368	-	-
Total deferred outflows of resources	<u>847,184</u>	<u>847,184</u>	<u>1,694,368</u>	<u>-</u>	<u>-</u>
Total assets and deferred outflows of resources	<u>\$ 43,761,168</u>	<u>\$ 55,429,827</u>	<u>\$ 99,190,995</u>	<u>\$ 17,345,930</u>	<u>\$ 17,345,930</u>

The accompanying notes are an integral part of this statement

CITY OF ATTLEBORO, MASSACHUSETTS
Statement of Net Position - Proprietary Funds
June 30, 2016

	Business-Type Activities - Proprietary Funds			Governmental Activities - Internal Service Fund	
	Major Fund Water Enterprise	Major Fund Wastewater Enterprise	Total Enterprise	Health Insurance Depository	Total
	LIABILITIES				
Current liabilities:					
Warrants payable	\$ 127,807	\$ 180,446	\$ 308,253	\$ 1,844,584	\$ 1,844,584
Accounts payable and accrued liabilities	22,344	32,785	55,129	1,608,125	1,608,125
Current portion of serial bonds payable	1,863,053	3,192,651	5,055,704	-	-
Claims incurred but not reported	-	-	-	999,759	999,759
Accrued interest payable	106,362	192,684	299,046	-	-
Workers' compensation	63,677	1,120	64,797	-	-
Total current liabilities	<u>2,183,243</u>	<u>3,599,686</u>	<u>5,782,929</u>	<u>4,452,468</u>	<u>4,452,468</u>
Non-current liabilities:					
Serial bonds payable	9,820,000	19,670,649	29,490,649	-	-
Bond premiums, net	406,755	-	406,755	-	-
Compensated absences	94,631	168,577	263,208	-	-
Workers' compensation	254,706	4,482	259,188	-	-
Net pension liability (NPL)	3,009,752	3,009,752	6,019,504	-	-
Net OPEB obligation (NOO)	2,490,333	3,288,983	5,779,316	-	-
Total non-current liabilities	<u>16,076,177</u>	<u>26,142,443</u>	<u>42,218,620</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>18,259,420</u>	<u>29,742,129</u>	<u>48,001,549</u>	<u>4,452,468</u>	<u>4,452,468</u>
DEFERRED INFLOWS OF RESOURCES					
GASB 68 - Pension related	930	930	1,860	-	-
Total deferred inflows of resources	<u>930</u>	<u>930</u>	<u>1,860</u>	<u>-</u>	<u>-</u>
NET POSITION					
Invested in capital assets, net of related debt	27,335,899	26,209,792	53,545,691	-	-
Restricted (Water Stabilization)	-	-	-	-	-
Unrestricted	<u>(1,835,081)</u>	<u>(523,024)</u>	<u>(2,358,105)</u>	<u>12,893,462</u>	<u>12,893,462</u>
Total net position	<u>25,500,818</u>	<u>25,686,768</u>	<u>51,187,586</u>	<u>12,893,462</u>	<u>12,893,462</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 43,761,168</u>	<u>\$ 55,429,827</u>	<u>\$ 99,190,995</u>	<u>\$ 17,345,930</u>	<u>\$ 17,345,930</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, 2016

	Business-Type Activities - Proprietary Funds			Governmental Activities - Internal Service Fund	
	Major Fund	Major Fund	Total	Health Insurance	
	Water Enterprise	Wastewater Enterprise		Depository	Total
OPERATING REVENUES					
Charges for services	\$ 7,581,560	\$ 10,036,315	\$ 17,617,875	\$ -	\$ -
Interfund services provided	-	-	-	16,007,410	16,007,410
Employee contributions	-	-	-	5,424,228	5,424,228
Miscellaneous	130,020	11,613	141,633	1,493,072	1,493,072
Total operating revenues	<u>7,711,580</u>	<u>10,047,928</u>	<u>17,759,508</u>	<u>22,924,710</u>	<u>22,924,710</u>
OPERATING EXPENSES					
Salaries and benefits	2,302,879	3,214,252	5,517,131	-	-
Services and supplies	1,694,234	1,994,154	3,688,388	-	-
Health and other insurance	-	-	-	22,386,216	22,386,216
Pension expense	341,322	383,954	725,276	-	-
Depreciation	1,089,914	1,709,245	2,799,159	-	-
Total operating expenses	<u>5,428,349</u>	<u>7,301,605</u>	<u>12,729,954</u>	<u>22,386,216</u>	<u>22,386,216</u>
Operating income (loss)	<u>2,283,231</u>	<u>2,746,323</u>	<u>5,029,554</u>	<u>538,494</u>	<u>538,494</u>
NONOPERATING REVENUES (EXPENSES)					
Investment earnings	9,030	1,213	10,243	6,016	6,016
Debt administration fees	-	(36,199)	(36,199)	-	-
Interest expense	(258,461)	(858,323)	(1,116,784)	-	-
Total nonoperating revenue (expenses)	<u>(249,431)</u>	<u>(893,309)</u>	<u>(1,142,740)</u>	<u>6,016</u>	<u>6,016</u>
Income (loss) before transfers	<u>2,033,800</u>	<u>1,853,014</u>	<u>3,886,814</u>	<u>544,510</u>	<u>544,510</u>
TRANSFERS					
Net transfer in (out) - employee benefits/ contributions paid on behalf (net)	(11,149)	(16,642)	(27,791)	-	-
Transfer in - capital	6,609,672	174,976	6,784,648	-	-
Transfer out - capital	(5,388,053)	-	(5,388,053)	-	-
Transfers in - operating	18,549	100,826	119,375	-	-
Transfers out - operating	(1,152,266)	(889,002)	(2,041,268)	-	-
Total transfers	<u>76,753</u>	<u>(629,842)</u>	<u>(553,089)</u>	<u>-</u>	<u>-</u>
Change in net position	2,110,553	1,223,172	3,333,725	544,510	544,510
Total net position - beginning	<u>23,390,265</u>	<u>24,463,596</u>	<u>47,853,861</u>	<u>12,348,952</u>	<u>12,348,952</u>
Total net position - ending	<u>\$ 25,500,818</u>	<u>\$ 25,686,768</u>	<u>\$ 51,187,586</u>	<u>\$ 12,893,462</u>	<u>\$ 12,893,462</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, 2016

	Business-Type Activities - Proprietary Funds			Governmental Activities - Internal Service Fund	
	Major Fund Water Enterprise	Major Fund Wastewater Enterprise	Total Enterprise	Health Insurance Depository	Total
	Cash flows from operating activities:				
Cash received from employee and employer contributions	\$ -	\$ -	\$ -	\$ 5,424,228	\$ 5,424,228
Cash received from customers	7,735,834	9,591,711	17,327,545	-	-
Cash received from governments	-	662,117	662,117	-	-
Payments to suppliers and employees	(3,958,557)	(5,150,876)	(9,109,433)	(22,049,094)	(22,049,094)
Cash received from interfund services provided	-	-	-	16,007,410	16,007,410
Other receipts	-	-	-	1,095,692	1,095,692
Net cash provided (used) by operating activities	<u>3,777,277</u>	<u>5,102,952</u>	<u>8,880,229</u>	<u>478,236</u>	<u>478,236</u>
Cash flows from noncapital financing activities:					
Transfers in (out)	(1,144,478)	(804,818)	(1,949,296)	-	-
Net cash provided by noncapital financing activities	<u>(1,144,478)</u>	<u>(804,818)</u>	<u>(1,949,296)</u>	<u>-</u>	<u>-</u>
Cash flows from capital and related financing activities:					
Purchases and construction of capital assets	(277,054)	(163,957)	(441,011)	-	-
Debt administration fees	-	(36,199)	(36,199)	-	-
Principal paid on capital debt	(1,761,703)	(3,072,245)	(4,833,948)	-	-
Interest received/accrued	(3,082)	-	(3,082)	-	-
Interest paid on capital debt	(225,832)	(1,000,749)	(1,226,581)	-	-
Net cash used by capital and related financing activities	<u>(2,267,671)</u>	<u>(4,273,150)</u>	<u>(6,540,821)</u>	<u>-</u>	<u>-</u>
Cash flows from investing activities:					
Interest and dividends	9,026	1,213	10,239	6,015	6,015
Net cash used by investing activities	<u>9,026</u>	<u>1,213</u>	<u>10,239</u>	<u>6,015</u>	<u>6,015</u>
Net increase in cash and cash equivalents	374,154	26,197	400,351	484,251	484,251
Balances - beginning of the year	1,846,860	1,940,823	3,787,683	13,486,858	13,486,858
Balances - end of the year	<u>\$ 2,221,014</u>	<u>\$ 1,967,020</u>	<u>\$ 4,188,034</u>	<u>\$ 13,971,109</u>	<u>\$ 13,971,109</u>
Displayed as:					
Cash and short-term investments	<u>\$ 2,221,014</u>	<u>\$ 1,967,020</u>	<u>\$ 4,188,034</u>	<u>\$ 13,971,109</u>	<u>\$ 13,971,109</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, 2016

	Business-Type Activities - Proprietary Funds			Governmental Activities - Internal Service Fund	
	Major Fund	Major Fund	Total	Health	
	Water	Wastewater		Insurance	Total
	Enterprise	Enterprise	Enterprise	Depository	Total
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:					
Operating income (loss)	\$ 2,283,231	\$ 2,746,323	\$ 5,029,554	\$ 538,494	\$ 538,494
Adjustments to reconcile operating income to net cash provided (used) by operating activities:					
Depreciation expense	1,089,914	1,709,245	2,799,159	-	-
Change in assets and liabilities:					
(Increase) decrease in user charges receivables, net	25,218	57,106	82,324	-	-
(Increase) decrease in betterment receivables	2	143,101	143,103	-	-
(Increase) decrease in utility lien and other receivables	(973)	5,698	4,725	(397,380)	(397,380)
(Increase) decrease in inventory	12,153	(1,796)	10,357	-	-
(Increase) decrease in deferred outflows	(747,700)	(747,700)	(1,495,400)	-	-
Increase (decrease) warrants payable	16,095	(78,549)	(62,454)	109,173	109,173
Increase (decrease) accounts payable and accrued expenses	(18,506)	(21,107)	(39,613)	203,677	203,677
Increase (decrease) claims incurred but not reported	-	-	-	24,272	24,272
Increase (decrease) in compensated absences	(369)	6,366	5,997	-	-
Increase (decrease) in workers' compensation	(41,385)	(33,136)	(74,521)	-	-
Increase (decrease) in net pension liability (NPL)	885,562	885,562	1,771,124	-	-
Increase (decrease) in net OPEB obligation (NOO)	273,105	430,909	704,014	-	-
Increase (decrease) in deferred inflows	930	930	1,860	-	-
Net cash provided (used) by operating activities	<u>\$ 3,777,277</u>	<u>\$ 5,102,952</u>	<u>\$ 8,880,229</u>	<u>\$ 478,236</u>	<u>\$ 478,236</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, 2016

	Pension Trust Fund (As of December 31, 2015)	Private Purpose Trust Funds	Plymouth County OPEB Trust	Agency Funds	Total
Assets					
Cash	\$ 2,772,806	\$ 523,852	\$ 70,153	\$ 2,341,017	\$ 5,707,828
Investments:					
Fixed income securities	26,198,779	-	-	-	26,198,779
Equities / real estate	95,127,288	-	-	-	95,127,288
Receivables:					
Interest and dividends	446	-	-	-	446
Other	68,825	-	-	122,516	191,341
Total assets	<u>124,168,144</u>	<u>523,852</u>	<u>70,153</u>	<u>2,463,533</u>	<u>127,225,682</u>
Deferred outflows of resources					
None	-	-	-	-	-
Total deferred outflows of resources	-	-	-	-	-
Total assets and deferred outflows of resources	<u>\$ 124,168,144</u>	<u>\$ 523,852</u>	<u>\$ 70,153</u>	<u>\$ 2,463,533</u>	<u>\$ 127,225,682</u>
Liabilities					
Warrants payable	-	-	-	\$ 1,000,381	\$ 1,000,381
Accounts payable and accrued liabilities	460,656	-	-	23,035	483,691
Deposits held	-	-	-	1,440,117	1,440,117
Total liabilities	<u>460,656</u>	<u>-</u>	<u>-</u>	<u>2,463,533</u>	<u>2,924,189</u>
Deferred inflows of resources					
None	-	-	-	-	-
Total deferred inflows of resources	-	-	-	-	-
Net Position					
Restricted - scholarships and awards	-	246,873	-	-	246,873
Restricted - non-expendable bequests	-	276,979	-	-	276,979
Restricted - OPEB trust	-	-	70,153	-	70,153
Restricted - pension benefits	123,707,488	-	-	-	123,707,488
Total net position	<u>123,707,488</u>	<u>523,852</u>	<u>70,153</u>	<u>-</u>	<u>124,301,493</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 124,168,144</u>	<u>\$ 523,852</u>	<u>\$ 70,153</u>	<u>\$ 2,463,533</u>	<u>\$ 127,225,682</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, 2016

	Pension Trust Fund (As of December 31, 2015)	Private Purpose Trust Funds	Plymouth County OPEB Trust	Total
Additions				
Contributions:				
Employee contributions	\$ 3,115,996	\$ -	\$ -	\$ 3,115,996
Employer contributions	6,112,616	-	35,000	6,147,616
Intergovernmental	83,004	-	-	83,004
Other	108,688	21,521	-	130,209
	<u>9,420,304</u>	<u>21,521</u>	<u>35,000</u>	<u>9,476,825</u>
Total contributions				
Net investment income:				
Dividends and interest	1,450,772	27,077	125	1,477,974
Capital gains/(losses)	(467,156)	-	-	(467,156)
Net appreciation in fair value of investments	(1,377,670)	-	-	(1,377,670)
	<u>(394,054)</u>	<u>27,077</u>	<u>125</u>	<u>(366,852)</u>
Total investment income				
Less: investment expense	633,216	-	-	633,216
	<u>(1,027,270)</u>	<u>27,077</u>	<u>125</u>	<u>266,364</u>
Net investment income				
Total additions	<u>8,393,034</u>	<u>48,598</u>	<u>35,125</u>	<u>9,743,189</u>
Deductions				
Retirement benefits	10,670,990	-	-	10,670,990
Administration	125,804	-	-	125,804
Transfers, reimbursements and refunds	617,409	-	-	617,409
Other expenditures	159,812	-	-	159,812
Scholarship expenditures	-	19,381	-	19,381
	<u>11,574,015</u>	<u>19,381</u>	<u>-</u>	<u>11,593,396</u>
Total deductions				
Change in net position	(3,180,981)	29,217	35,125	(1,850,207)
Net position - beginning	<u>126,888,469</u>	<u>494,635</u>	<u>35,028</u>	<u>127,418,132</u>
Net position - ending	<u>\$ 123,707,488</u>	<u>\$ 523,852</u>	<u>\$ 70,153</u>	<u>\$ 124,301,493</u>

The accompanying notes are an integral part of this statement

CITY OF ATTLEBORO, MASSACHUSETTS

Notes to Financial Statements

June 30, 2016

Notes to the Financial Statements

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CITY OF ATTLEBORO, MASSACHUSETTS

Notes to Financial Statements

June 30, 2016

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.

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.

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 entities were no longer included within the financial reporting entity based on new GASB standards beginning with fiscal year 2013.

A description of the entities that *are* considered to be component units and are included within the financial reporting entity, including their criteria for inclusion, and their relationship with the City are presented in the following paragraphs.

The *Attleboro Redevelopment Authority* was organized under the provisions of Massachusetts General Laws 121B and is an independent body politic and corporate, is not an agency of a municipality and therefore, does not answer directly to the chief executive. According to Massachusetts General Law Chapter 121B Section 5, a redevelopment authority is governed by an appointed five-member board. In a City, four members of a housing or redevelopment authority shall be appointed by the Mayor subject to confirmation by the City Council. The purpose of the Authority is to redevelop substandard, decadent or blighted open areas for industrial, commercial, business, residential, recreational, education, hospital or other purposes. The Redevelopment Authority is reported on the government-wide financial statements as a discreetly presented component unit. Based on GASB Statement No. 61 guidance, a "financial benefit or burden relationship" exists between the primary government and the Redevelopment Authority due to the fact that the primary government has provided financial support to the Redevelopment Authority in past years and these obligations are still outstanding as of the end of fiscal year 2016. Separate financial statements for the Redevelopment Authority are not included in this financial statement presentation. These financial statements could be obtained by contacting the Redevelopment Authority directly or by contacting the Office of the City Auditor.

Continued

CITY OF ATTLEBORO, MASSACHUSETTS

Notes to Financial Statements

June 30, 2016

NOTE 1: Summary of Significant Accounting Policies (continued)

A. Reporting Entity (continued)

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 31 and 32). 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, 2016

NOTE 1: Summary of Significant Accounting Policies (continued)

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.

CITY OF ATTLEBORO, MASSACHUSETTS

Notes to Financial Statements

June 30, 2016

NOTE 1: Summary of Significant Accounting Policies (continued)

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

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.

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.

CITY OF ATTLEBORO, MASSACHUSETTS

Notes to Financial Statements

June 30, 2016

NOTE 1: Summary of Significant Accounting Policies (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

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, 2016, the City implemented the following pronouncements issued by the GASB:

- GASB Statement No. 72, *Fair Value Measurement and Application*
- GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*
- GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*

The implementation of GASB Statement Nos. 76 and 79 had no material reporting impact for the City.

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 the fair value guidelines within GASB Statement No. 72, *Fair Value Measurement and Application*. 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.

Continued

CITY OF ATTLEBORO, MASSACHUSETTS

Notes to Financial Statements

June 30, 2016

NOTE 1: Summary of Significant Accounting Policies (Continued)

F. Financial Statement Amounts (Continued)

4. Inventory

The cost of supplies and other inventory items is recorded as 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 2016. Donated capital assets are valued at their estimated fair value at the time recorded.

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

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

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

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

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

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.

Continued

CITY OF ATTLEBORO, MASSACHUSETTS

Notes to Financial Statements

June 30, 2016

NOTE 1: Summary of Significant Accounting Policies (Continued)

F. Financial Statement Amounts (Continued)

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;

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.

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.

Unrestricted net position - All other net position that does not meet the definition of "restricted" or "invested in capital assets, net of related debt."

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.

CITY OF ATTLEBORO, MASSACHUSETTS

Notes to Financial Statements

June 30, 2016

NOTE 1: Summary of Significant Accounting Policies (Continued)

F. Financial Statement Amounts (Continued)

8. Fund Balances/Net Position (Continued)

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. For the City, this formal action takes the form of ordinance which are passed by the City Council and approved by the Mayor.

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. Under MGL Chapter 190, Acts of 1982, the City Auditor has the authority to assign amounts to be used for specific purposes on behalf of the City.

Unassigned fund balance - amounts that are available for any purpose; these amounts are reported only in the general fund. The City does not currently have a formal minimum unassigned fund balance policy.

For purposes of fund balance classification, when both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed. When unrestricted resources are used, committed resources are used first, followed by assigned and unassigned resources, respectively.

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

Annuity Savings - This fund contains accumulated participants' contributions plus interest 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 called to military service while an active member of the system.

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.

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, 2016

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.

For those voluntary nonexchange transactions arising from future subsidized principal payments, the City recognizes a receivable and revenue when all applicable eligibility requirements, including time requirements, are met, dependent on the applicable basis of accounting.

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.

CITY OF ATTLEBORO, MASSACHUSETTS

Notes to Financial Statements

June 30, 2016

NOTE 1: Summary of Significant Accounting Policies (Continued)

F. Financial Statement Amounts (Continued)

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.

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.

16. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the City of Attleboro's Contributory Employees' Retirement System ("the System") and additions to/deductions from the System's fiduciary net position have been determined on the same basis as they are reported by the System. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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.

Continued

CITY OF ATTLEBORO, MASSACHUSETTS

Notes to Financial Statements

June 30, 2016

NOTE 2: Compliance and Accountability (Continued)

B. Interfund Transactions

Interfund transactions at June 30, 2016 were as follows:

	<u>Other Financing Sources</u>	<u>Other Financing Uses</u>
<u>Major Governmental Funds</u>		
General Fund	\$ 2,271,980	\$ 1,369,782
Stabilization Fund	1,046,454	1,418,376
<u>Non-Major Governmental Funds</u>		
Special Revenue Funds	10,078	57,896
Capital Projects	1,543,060	103,625
<u>Proprietary Funds</u>		
Water (incl. Water Stabilization)	18,549	1,152,266
Sewer	100,826	889,002
Totals	<u>\$ 4,990,947</u>	<u>\$ 4,990,947</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 \$6,609,672 and \$174,976 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). Long-term borrowing of \$5,388,053 was also transferred out of the governmental activities and into the business type activities (water enterprise) as a result of the conversion to the full-accrual basis of accounting.

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 \$11,149 and \$16,142 were transferred from the water and wastewater enterprise funds (respectively) to the governmental activities.

The City had no interfund loans at June 30, 2016.

CITY OF ATTLEBORO, MASSACHUSETTS

Notes to Financial Statements

June 30, 2016

NOTE 2: Compliance and Accountability (Continued)

B. Interfund Transactions

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 (out) - benefits from enterprise - governmental activities (net)	\$ 27,791	\$ -
Transfers (in) out - benefits/contributions to business-type - wastewater enterprise (net)	-	16,642
Transfers (in) out - benefits/contributions to business-type - water enterprise (net)	-	11,149
Transfers (in) out - capital - governmental activities (assets net debt)	1,396,595	-
Transfers in - capital - wastewater enterprise - assets	-	174,976
Transfers in - capital - water enterprise - assets	-	6,609,672
Transfers in (out) - capital - wastewater enterprise - debt	-	-
Transfers in (out) - capital - water enterprise - debt	-	(5,388,053)
	<u>\$ 1,424,386</u>	<u>\$ 1,424,386</u>

CITY OF ATTLEBORO, MASSACHUSETTS

Notes to Financial Statements

June 30, 2016

NOTE 3: Deposits and Investments

Cash and investments as of June 30, 2016 are classified in the accompanying financial statements as follows:

Governmental Activities	\$ 35,283,544
Business-Type Activities	<u>4,188,034</u>
Total Cash and Investments - Primary Government	<u>\$ 39,471,578</u>
Private Purpose Trust Funds	523,852
Plymouth County OPEB Trust Fund	70,153
Agency Funds	<u>2,341,017</u>
Total Cash and Investments - Fiduciary Funds	<u>\$ 2,935,022</u>
Pension Trust Funds - Cash	\$ 2,772,806
Pension Trust Funds - Investments	<u>121,326,067</u>
Total Cash and Investments - Attleboro Contributory Retirement	<u>\$ 124,098,873</u>
Total Cash and Investments - City of Attleboro	<u>\$ 166,505,473</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 \$75,673 on June 30, 2016.

"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 \$42,406,600, including \$75,693 of petty cash and the bank balance was \$41,819,123. Of the bank balance, \$1,661,714 was covered by Federal Depository Insurance, \$10,608,299 was covered by the Depositor's Insurance Fund, \$20,338,695 was held in collateralized accounts, and the remaining balance of \$9,209,042 was held in uncollateralized accounts.

At year end the carrying amount of deposits for the City of Attleboro Contributory Retirement System (pension trust fund) was \$2,772,806 and the bank balance was \$3,033,941. Of the bank balance \$500,000 was covered by Federal Depository Insurance. The remaining balance of \$2,533,941 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.

Continued

CITY OF ATTLEBORO, MASSACHUSETTS

Notes to Financial Statements

June 30, 2016

NOTE 3: Deposits and Investments (Continued)

Investments

Investments are stated at fair value for investment pools and the “net asset value” for all other investments. See Note 4 to the financial statements for more information. 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, 2016 and December 31, 2015 (respectively).

The City adheres to the provisions of MGL Chapter 44 Section 55 when managing concentration risk. This section of the General Laws contain several restrictions limiting where and under what circumstances the City may deposit its funds. No investments in a single issuer exceeded 5% of the City’s investment portfolio.

“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.

Information about sensitivity of the fair values of the City of Attleboro and the 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:

<u>Investment Type</u>	<u>Total Amount</u>	<u>Maximum Maturity</u>	<u>Maximum % Investment in One Issuer</u>	<u>S&P Rating (Max/Min)</u>
<i>Primary Government and Private Purpose Trust</i>				
US Government & Agencies	\$ 952,757	17 Years	N/A	AAA / BAA
Corporate Bonds	216,272	2 Years	24.29%	AAA / BAA
Equities	597,375	N/A	N/A	N/A
Total Primary Government	<u>\$ 1,766,404</u>			

<u>Investment Type</u>	<u>Total Amount</u>	<u>Maximum Maturity</u>	<u>Maximum % Single Issuer</u>	<u>S&P Rating (Max / Min)</u>
<i>Attleboro Contributory Retirement System</i>				
Domestic Equities	\$ 52,899,285	N/A	N/A	N/A
Domestic Equities - Large Cap (Wells Fargo)	7,094,802	N/A	N/A	N/A
Domestic Equities - US NL Fund (State St Global Advisors)	16,662,520	N/A	N/A	N/A
Equity Real Estate Securities Trust	7,000,462	N/A	N/A	N/A
Pyramis Core Plus Pool	26,197,722	N/A	N/A	N/A
Miscellaneous Fixed Income	1,057	20 years	N/A	D
INVESCO Core Real Estate USA Fund ("NAV")	7,159,750	N/A	N/A	N/A
BTG Global Timberland Resources Fund ("NAV")	1,948,558	N/A	N/A	N/A
Hancock Timberland XI ("NAV")	2,019,389	N/A	N/A	N/A
Private Equity Vintage Fund (PRIM) ("NAV")	342,522	N/A	N/A	N/A
Total Attleboro Contributory Retirement System	<u>\$ 121,326,067</u>			

CITY OF ATTLEBORO, MASSACHUSETTS

Notes to Financial Statements

June 30, 2016

NOTE 4: Fair Value Disclosures – Attleboro Contributory Retirement System (a Defined Benefit Pension Plan)

The Attleboro Contributory Retirement System (“the System”) holds significant amounts of investments that are measured at fair value on a recurring basis. Because investing is a key part of the System’s activities, the System shows greater disaggregation in their disclosures. The System chose to display a tabular format for disclosing the levels within the fair value hierarchy per GASB Statement No. 72, *Fair Value Measurement and Application*.

The System categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The System has the following recurring fair value measurements as of June 30, 2016:

	<u>Fair Value Measurements Using:</u>			
	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)*</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>	
	<u>June 30, 2016:</u>			
Investments by Fair Value Level:				
Equity Securities:				
Domestic Equities	\$ 52,899,285	\$ 52,899,285	\$ -	\$ -
Domestic Equities - Large Cap (Wells Fargo)	7,094,802	7,094,802	-	-
Domestic Equities - US NL Fund (State St Global Advisors)	16,662,520	16,662,520	-	-
Equity Real Estate Securities Trust	7,000,462	7,000,462	-	-
Fixed Income Securities:				
Pyramis Core Plus Pool	26,197,722	26,197,722	-	-
Miscellaneous Fixed Income	1,057	1,057	-	-
	<u>\$ 109,855,848</u>	<u>\$ 109,855,848</u>	<u>\$ -</u>	<u>\$ -</u>
Total investments by fair value level				
	<u>\$ 109,855,848</u>	<u>\$ 109,855,848</u>	<u>\$ -</u>	<u>\$ -</u>
Total investments measured at fair value				
	<u>\$ 109,855,848</u>	<u>\$ 109,855,848</u>	<u>\$ -</u>	<u>\$ -</u>
Other investments held:				
Investments Measured at Net Asset Value (NAV):				
INVESCO Core Real Estate USA Fund	\$ 7,159,750			
BTG Global Timberland Resources Fund	1,948,558			
Hancock Timberland XI	2,019,389			
Private Equity Vintage Fund (PRIM)	342,522			
	<u>11,470,219</u>			
Total other investments held:	<u>11,470,219</u>			
Total investments held by the Attleboro Contributory Retirement System:	<u>\$ 121,326,067</u>			

*Debt and equity securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities.

CITY OF ATTLEBORO, MASSACHUSETTS

Notes to Financial Statements

June 30, 2016

**NOTE 4: Fair Value Disclosures – Attleboro Contributory Retirement System (a Defined Benefit Pension Plan)
(continued)**

The valuation method for investments measured at the net asset value (NAV) per share (or its equivalent) is presented on the following table:

Investments Measured at the NAV:

<u>Investment:</u>	<u>Fair Value</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency (If Currently Eligible)</u>	<u>Redemption Notice Period</u>
INVESCO Core Real Estate USA Fund ⁽¹⁾	\$ 7,159,750	--	--	30 - 60 day
BTG Global Timberland Resources Fund ⁽²⁾	1,948,558	--	--	30 - 60 day
Hancock Timberland XI ⁽³⁾	2,019,389	--	--	30 - 60 day
Private Equity Vintage Fund (PRIM) ⁽⁴⁾	<u>342,522</u>	--	--	30 day
Total investments measured at the NAV:	<u>\$ 11,470,219</u>			

- (1) *INVESCO Core Real Estate USA Fund* – an open-end real estate investment fund sponsored by Invesco Real Estate, a leading global real estate investment manager. The Fund is seeking capital contributions in exchange for limited partnership interests in the Fund on an ongoing basis and in an unlimited amount from parties who will become investors in the Fund. The Fund anticipates that it will hold its real estate investment trust - qualifying assets through one or more entities that will elect to be treated as a real estate investment trust for U.S. federal income tax purposes.

Valuation Policy

- The external valuation process that occurs in conjunction is consistent with Statement of Financial Accounting Standard (“SFAS”) 157 in that the final valuation is as close to “the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date” as possible without the ability to actually engage in a transaction
- The nature of real estate makes the ability to rely on observable inputs (Levels 1 & 2 under the provisions of SFAS 157) difficult or impossible as assets are rarely identical, nor are prices quoted
- Valuations will tend to fall within Level 3 as inputs are often unobservable, but do reflect the best assumptions available based upon thorough market due diligence and intelligence
- Use of discounted cash flow models and comparable sales analysis are the primary means of valuing real estate assets with the preponderance of weight given to the discounted cash flow method (Income Approach)
- The cost approach is rarely used as this is an extraordinarily unreliable valuation technique beyond the valuation of new development
- Finally, all external valuations are consistent with USPAP, the Appraisal Standards Board and the Appraisal Foundation

- (2) *BTG Global Timberland Resources Fund* – consists of the following two components:

- Global A: A U.S.-only timberland commitment with a plan to diversify the portfolio by location, species and age classes. The fund is invested in over 18,000 acres with tracts located in New York, Alabama, North Carolina, South Carolina and Virginia.
- Global B: A non-U.S. timberland portfolio with a target strategy of investing assets in Eastern Europe, Southern Africa and Latin America. The fund is fully invested with over 100,000 acres invested in Estonia, Hungary, South Africa and Brazil

Valuation Policy

NAV’s are calculated quarterly. External, independent appraisals are conducted on each portfolio asset annually.

Continued

CITY OF ATTLEBORO, MASSACHUSETTS

Notes to Financial Statements

June 30, 2016

NOTE 4: Fair Value Disclosures – Attleboro Contributory Retirement System (a Defined Benefit Pension Plan) (continued)

- (3) *Hancock Timberland XI* - a Delaware limited partnership organized to make direct or indirect investments in commercial timberland properties. The investment objective of the partnership is to realize profits from the long-term appreciation of timberland investments and generate moderate income from the operation of those timberland properties. The partnership has commercial timberland holdings in the United States and Chile.

Valuation Policy

Appraisals by independent appraisers should conform to the Uniform Standards of Professional Appraisal Practice (USPAP) as defined by the Appraisal Standards Board of the Appraisal Foundation. In addition, the appraiser should meet the following qualifications:

- Forestry Degree
- State or Professional appraisal designation
- Minimum of 5 years experience as a timberland appraiser
- Demonstrated proficiency in timberland appraisal work
- Demonstrated competency with analytical and financial concepts
- Ability to source and make adjustments for appropriate sales comparison data

- (4) *Private Equity Vintage Fund (PRIM)* – (from the Commonwealth of Massachusetts' PRIM Fiscal Year 2016 CAFR) private equity investments are typically made through limited partnerships that, in turn, invest in venture capital, leveraged buyouts, private placements, and other investments where the structure, risk profile, and return potential differ from traditional equity and fixed income investments. These investments are recorded at fair values estimated by the PRIM Board, generally using the NAVs provided by general partners as a practical expedient. The NAVs generally are based on the value of the underlying investment holdings which are determined by investment managers and generally consider variables such as operating results, earnings of the underlying holdings, projected cash flows, recent sales prices, and other pertinent information. These estimated fair values are determined in good faith by investment managers or general partners using consistently applied procedures.

NOTE 5: 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 6: Receivable Allowance

Allowances of \$2,430,185 and \$360,851 were recorded on the Government-Wide Financial Statements based on historical trends and specific account analysis of the EMS and parking receivables, respectively.

CITY OF ATTLEBORO, MASSACHUSETTS

Notes to Financial Statements

June 30, 2016

NOTE 7: Capital Assets and Depreciation

Capital asset activities for the year ended June 30, 2016 for the governmental activities are as follows:

Governmental Activities	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land & easements	\$ 6,908,059	\$ 505,500	\$ -	\$ 7,413,559
Construction & infrastructure in progress	4,777,509	12,657,744	10,789,208	6,646,045
Total capital assets not being depreciated:	11,685,568	13,163,244	10,789,208	14,059,604
Capital assets being depreciated:				
Infrastructure	7,438,100	-	-	7,438,100
Buildings	71,994,661	10,766,558	-	82,761,219
Building improvements & site development	45,733,542	465,079	-	46,198,621
Vehicles	5,199,108	167,293	59,584	5,306,817
Equipment	6,967,676	1,216,463	-	8,184,139
Furniture & fixtures	122,610	-	-	122,610
Live stock	20,000	-	-	20,000
Technology equipment	5,085,349	320,008	-	5,405,357
Textbooks & library books	10,813,810	888,258	-	11,702,068
Total capital assets, being depreciated:	153,374,856	13,823,659	59,584	167,138,931
Accumulated depreciation:				
Infrastructure	3,579,775	191,461	-	3,771,236
Buildings	30,846,482	1,964,286	-	32,810,768
Building improvements & site development	18,488,056	1,396,041	-	19,884,097
Vehicles	3,293,573	477,895	59,584	3,711,884
Equipment	4,451,690	434,930	-	4,886,620
Furniture & fixtures	117,238	4,879	-	122,117
Live stock	5,001	1,429	-	6,430
Technology equipment	4,329,931	288,089	-	4,618,020
Textbooks & library books	9,547,803	523,065	-	10,070,868
Total accumulated depreciation:	74,659,549	5,282,075	59,584	79,882,040
Total capital assets being depreciated, net	78,715,307	8,541,584	-	87,256,891
Governmental activities capital assets, net	\$ 90,400,875	\$ 21,704,828	\$ 10,789,208	\$ 101,316,495

Continued

CITY OF ATTLEBORO, MASSACHUSETTS

Notes to Financial Statements

June 30, 2016

NOTE 7: Capital Assets and Depreciation (continued)

For the year ended June 30, 2016, depreciation was charged to the following functions:

Governmental Activities:	
General government	\$ 298,893
Public safety:	
Fire	400,718
Police	355,708
Inspection	12,347
Animal Control	12,915
Public works	318,478
Education	3,454,557
Health and human services	12,033
Culture and recreation	416,426
	<hr/>
Total governmental activities depreciation expense	\$ 5,282,075
	<hr/>

CITY OF ATTLEBORO, MASSACHUSETTS

Notes to Financial Statements

June 30, 2016

NOTE 7: Capital Assets and Depreciation (continued)

Capital asset activities for the year ended June 30, 2016 for each of the enterprise funds is as follows:

Water Enterprise

Business-Type Activities	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	\$ 2,368,758	\$ -	\$ -	\$ 2,368,758
Construction in Progress	4,338,918	6,732,097	-	11,071,015
Total capital assets not being depreciated:	<u>6,707,676</u>	<u>6,732,097</u>	<u>-</u>	<u>13,439,773</u>
Capital assets being depreciated:				
Infrastructure	41,263,239	63,985	-	41,327,224
Machinery & equipment	691,288	90,641	-	781,929
Vehicles	521,887	-	-	521,887
Total capital assets being depreciated:	<u>42,476,414</u>	<u>154,626</u>	<u>-</u>	<u>42,631,040</u>
Accumulated depreciation:				
Infrastructure	15,147,436	979,051	-	16,126,487
Machinery & equipment	429,029	78,547	-	507,576
Vehicles	385,479	32,316	-	417,795
Total accumulated depreciation:	<u>15,961,944</u>	<u>1,089,914</u>	<u>-</u>	<u>17,051,858</u>
Total capital assets being depreciated, net	<u>26,514,470</u>	<u>(935,288)</u>	<u>-</u>	<u>25,579,182</u>
Business-type activities (water) capital assets, net	<u>\$ 33,222,146</u>	<u>\$ 5,796,809</u>	<u>\$ -</u>	<u>\$ 39,018,955</u>

CITY OF ATTLEBORO, MASSACHUSETTS

Notes to Financial Statements

June 30, 2016

NOTE 7: 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
Infrastructure in progress	<u>908,618</u>	<u>174,975</u>	<u>157,235</u>	<u>926,358</u>
Total capital assets not being depreciated:	<u>1,079,236</u>	<u>174,975</u>	<u>157,235</u>	<u>1,096,976</u>
Capital assets being depreciated:				
Infrastructure	68,622,989	308,842	-	68,931,831
Machinery & equipment	622,117	12,350	-	634,467
Vehicles	<u>368,873</u>	<u>-</u>	<u>-</u>	<u>368,873</u>
Total capital assets being depreciated:	<u>69,613,979</u>	<u>321,192</u>	<u>-</u>	<u>69,935,171</u>
Accumulated depreciation				
Infrastructure	19,693,374	1,631,539	-	21,324,913
Machinery & equipment	297,033	48,066	-	345,099
Vehicles	<u>259,403</u>	<u>29,640</u>	<u>-</u>	<u>289,043</u>
Total accumulated depreciation:	<u>20,249,810</u>	<u>1,709,245</u>	<u>-</u>	<u>21,959,055</u>
Total capital assets being depreciated, net	<u>49,364,169</u>	<u>(1,388,053)</u>	<u>-</u>	<u>47,976,116</u>
Business-type activities (wastewater) capital assets, net	<u>\$ 50,443,405</u>	<u>\$ (1,213,078)</u>	<u>\$ 157,235</u>	<u>\$ 49,073,092</u>

CITY OF ATTLEBORO, MASSACHUSETTS

Notes to Financial Statements

June 30, 2016

NOTE 8: City of Attleboro Contributory Retirement System

General Information about the Pension Plan

Plan description. The System is a contributory defined benefit plan, as established by MGL Chapter 32, covering all City of Attleboro Retirement System member unit employees deemed eligible by the retirement board, with the exception of the school department employees who serve in a teaching capacity. The Massachusetts Teacher Retirement System (“MTRS”) administers the pensions of such school employees. The City does not contribute to the MTRS. As required by GASB Statement No. 24, the amount of payments made on behalf of the City of Attleboro by the Commonwealth of Massachusetts into the MTRS totaled \$9,465,076 for the fiscal year ended June 30, 2016 and, accordingly, are reported as intergovernmental revenues and expenditures within the City’s general fund. For further information regarding the MTRS, please see www.mass.gov/mtrs.

The System qualifies as a cost-sharing multiple employer plan since pension obligations exist for employees of more than one employer and plan assets can be used to pay the benefits of the employees of any employer. Additional disclosures as required by GASB Statement No. 68 with respect to single-employer pension plans were also integrated into this note (where applicable) for enhanced transparency over financial reporting due to the fact that the City of Attleboro is considered the “reporting entity”. Three employers currently participate in the System, the City of Attleboro, the Attleboro Housing Authority and the Attleboro Redevelopment Authority. Each employer contributes into the plan annually as determined by the Public Employee Retirement Administration Commission (“PERAC”). Please see the section below entitled “Contributions” for more information.

PERAC issues a publicly available report on the City of Attleboro Retirement System pursuant to MGL Chapter 32 Section 21 that can be obtained at www.mass.gov/perac. This report contains additional information with respect to the System.

Benefits provided. The System provides retirement, disability, and death benefits. Retirement benefits vest after ten years of creditable service and are determined by multiplying average salary by a benefit rate related to the member’s age and job classification at retirement, and the resulting product by his creditable service. The amount determined by the benefit formula cannot exceed 80% of the member’s highest three year average salary (for employees hired prior to April 2, 2012) or 80% of the member’s highest five year average (for employees hired on or after April 2, 2012). The benefit rate also varies with the member’s retirement age and group classification (see below). Members may elect to receive their retirement allowances in one of three forms of payment (Options A, B and C) per MGL Chapter 32.

Members of the System are eligible for two types of disability benefits (ordinary and accidental disability) for which allowances are determined based on MGL Chapter 32. Death benefits are also available for members who die as a result of work-related injury if the member was retired for accidental disability and the death was the natural and proximate result of the injury or hazard undergone on account of which such member was retired. Allowances for death benefits depend upon the option chosen by the retiree at the time of retirement. Other allowances are also entitled to those surviving spouses of the police or fire departments.

CITY OF ATTLEBORO, MASSACHUSETTS

Notes to Financial Statements

June 30, 2016

NOTE 8: City of Attleboro Contributory Retirement System (continued)

Effective July 1, 1999, Chapter 17 of the Acts of 1997 was adopted by the Attleboro Contributory Retirement System. The result of such adoption allows the Retirement Board to vote to pay a cost of living increase (COLA) for that year, with the percentage determined by the increase in the Consumer Price Index used for indexing Social Security benefits, but cannot exceed 3.0%.

Employees covered by benefit terms. At January 1, 2016 (the most current actuarial valuation date) the following employees were covered by the benefit terms:

Active plan members	630
Inactive employees or beneficiaries currently receiving benefits	415
Inactive employees entitled to a return of contributions	<u>166</u>
Subtotal	<u><u>1,211</u></u>

Participation in the retirement system is mandatory for all full-time employees. For retirement purposes, employees are classified into four classes of membership. Group 3 consists exclusively of the State Police. The other three classes are as follows:

Group 1 – General employees, including clerical, administrative, technical and all other employees not otherwise classified.

Group 2 – Certain specified hazardous duty positions.

Group 4 – Police officers, firefighters, and other specified hazardous positions.

Contributions. Member contributions vary depending on the most recent date of membership. Members who entered the system prior to 1975 contribute 5% of regular compensation. Members who entered between 1975 and 1983 contribute 7% of regular compensation. Members who entered between 1984 and June 30, 1996 contribute 8% of regular compensation. Members who entered after July 1, 1996 will contribute 9% of 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.

Under Chapter 32 Section 22D of the Massachusetts Laws, employers are required to make the necessary contributions to the trust such that the plan reaches a full funding status by 2038. Thereafter, annual contributions equal to the normal cost will keep the Plan's assets and liabilities in balance. Contributions to the pension plan from participating employers was \$6,164,142 for the year ended June 30, 2016 as determined by PERAC. Of the \$6,164,142 contributed, \$6,074,827 represents actuarially determined contributions from the City of Attleboro. While the City contributed its actuarially required contribution for fiscal 2016 of \$6,076,843 to the system, these statements reflect the federal grant reimbursement of \$2,047 of which the City's proportionate share according to GASB 68 would be \$2,016. PERAC establishes rates based on an actuarially determined rate recommended by an independent actuary. The actuarially determined rate is the estimated amount necessary to finance the costs of the benefits earned by the employees during the year, with an additional amount to finance any unfunded accrued liability. For the year ended June 30, 2016, the City's average contribution rate was 19.46 percent of covered payroll.

Continued

CITY OF ATTLEBORO, MASSACHUSETTS

Notes to Financial Statements

June 30, 2016

NOTE 8: City of Attleboro Contributory Retirement System (continued)

Net Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

The System's net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2016. Update procedures were used to roll forward the total pension liability to the measurement date.

At June 30, 2016, the System reported a net pension liability of \$76,355,645 while the City of Attleboro reported a liability of \$75,243,801 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2016. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of the three participating employers, actuarially determined. The following chart illustrates each employers' proportionate share used at the measurement date:

<u>Employer</u>	<u>Fiscal Year 2016 Actual Employer Contributions</u>	<u>Employer Allocation Percentage</u>
City of Attleboro	\$ 6,074,827	98.5511%
Attleboro Housing Authority	84,649	1.3732%
Attleboro Redevelopment Authority	4,666	0.0757%
	<u>\$ 6,164,142</u>	<u>100.00%</u>

At June 30, 2016, the City's proportion was 98.55 percent, which was 0.02 percent more than its proportion measured as of June 30, 2015.

For the year ended June 30, 2016, the System recognized pension expense of \$10,430,556. At June 30, 2016, the System reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 6,504,446	\$ -
Changes of assumptions	4,263,003	-
Net difference between projected and actual earnings on pension plan investments	<u>10,741,222</u>	<u>-</u>
	<u>\$ 21,508,671</u>	<u>\$ -</u>

CITY OF ATTLEBORO, MASSACHUSETTS

Notes to Financial Statements

June 30, 2016

NOTE 8: City of Attleboro Contributory Retirement System (continued)

Net Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31:	
2016	\$ 5,086,287
2017	5,086,287
2018	5,086,287
2019	4,455,237
2020	1,794,575
Thereafter	<u>-</u>
Subtotal - all years (System)	<u>\$ 21,508,673</u>

Actuarial assumptions. The total pension liability in the January 1, 2016 actuarial valuation was determined using the actuarial assumptions presented on pages 83 and 84 of the Required Supplementary Information, applied to all periods included in the measurement.

The actuarial assumptions used in the January 1, 2016 valuation were prepared using generally accepted actuarial principles and practices and meet the parameters set by GASB Statement No. 68. The assumptions used represent the best estimate of anticipated experience of the system.

The long-term expected rate of return on pension plan investments reflects the expected rate of return on plan assets minus the expected rate of inflation. Note that the discount rate includes the effect of inflation. The long-term real rate of return removes the effect of inflation on the return amounts. It is a long-term assumption and is meant to reflect a best estimate of future experience, based on the expected asset allocation. The target allocation and best estimates of arithmetic real rates of return provided by Dahab Associates (assuming an annual inflation assumption of 3.00%) for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return (Geometric Average)</u>
Large Cap	25.0%	6.7%
Mid Cap	10.0%	9.2%
Small Cap	10.0%	7.5%
International Equity	15.0%	4.1%
Private Equity	5.0%	11.6%
Real Estate	10.0%	6.7%
Timber	5.0%	4.8%
Fixed Income	<u>20.0%</u>	2.4%
Total	<u>100.0%</u>	

CITY OF ATTLEBORO, MASSACHUSETTS

Notes to Financial Statements

June 30, 2016

NOTE 8: City of Attleboro Contributory Retirement System (continued)

Net Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

Discount rate. The discount rate used to measure the total pension liability as of the January 1, 2016 actuarial valuation was 7.875 percent (as selected by the Retirement Board; this discount rate approximates the long-term expectation of investment returns). The discount rate was selected based on a projection of employer and employee contributions benefit payments, expenses and the long-term expected rate of return on trust assets. Under Chapter 32 of the Massachusetts Laws, employers are required to make the necessary contributions to the trust such that the plan reaches a fully funded status by 2038. In addition, Chapter 32 also gives the Retirement Board the right to go directly to the Assessors of the community and add an additional property tax to bills for amounts not paid by employer. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at beginning of Measurement Period (1/1/15)	\$ 180,123,923	\$ 127,019,167	\$ 53,104,756
Changes for the year:			
Service cost	4,075,456	-	4,075,456
Interest	14,071,242	-	14,071,242
Differences between expected and actual experience	7,859,539	-	7,859,539
Changes in assumptions	5,151,129	-	5,151,129
Contributions - employer	-	6,164,143	(6,164,143)
Contributions - employee	-	3,055,153	(3,055,153)
Net investment income	-	(1,135,755)	1,135,755
Benefit payments, including refunds of employee contributions	(11,033,884)	(11,033,884)	-
Administrative expense	-	(177,063)	177,063
Other changes	-	-	-
Net changes	<u>20,123,482</u>	<u>(3,127,406)</u>	<u>23,250,888</u>
Balances at end of Measurement Period (12/31/15)	<u>\$ 200,247,405</u>	<u>\$ 123,891,761</u>	<u>\$ 76,355,644</u>

CITY OF ATTLEBORO, MASSACHUSETTS

Notes to Financial Statements

June 30, 2016

NOTE 8: City of Attleboro Contributory Retirement System (continued)

Changes in the Net Pension Liability (continued)

Sensitivity of the net pension liability to changes in the discount rate. The following presents the net pension liability of the Attleboro Contributory Retirement System (in total) calculated using the discount rate of 7.875 percent, as well as what the System's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.875 percent) or 1-percentage-point higher (8.875 percent) than the current rate:

	<u>1% Decrease (6.875%)</u>	<u>Current Discount Rate (7.875%)</u>	<u>1% Increase (8.875%)</u>
Attleboro Contributory Retirement System's net pension liability	\$98,269,064	\$76,355,645	\$57,746,248

Sensitivity of the City's proportionate share of the net pension liability to changes in the discount rate. The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 7.875 percent, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.875 percent) or 1-percentage-point higher (8.875 percent) than the current rate:

	<u>1% Decrease (6.875%)</u>	<u>Current Discount Rate (7.875%)</u>	<u>1% Increase (8.875%)</u>
City's proportionate share of the net pension liability	\$96,821,946	\$75,243,801	\$56,919,129

Pension plan fiduciary net position. Detailed information about the System's fiduciary net position is available in the separately issued "PERAC Audit Report" of the Attleboro Contributory Retirement System for the period of January 1, 2011 to December 31, 2013 (the most recent version available). The market value of the pension trust fund at December 31, 2015 can be seen on page 31 of this document in the "Statement of Fiduciary Net Position."

Payables to the pension plan

At June 30, 2016, the City did not report any amounts payable to the System for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2016. The City paid-in 100% of its required appropriation. See the "Required Supplementary Information" on page 82 of this document for more information.

CITY OF ATTLEBORO, MASSACHUSETTS

Notes to Financial Statements

June 30, 2016

NOTE 9: 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 policy. 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 the assets legally segregated for the sole purpose of paying benefits under the Plan are invested in the Plymouth County OPEB Trust Fund (PCOT). See page 31 of this document in the “Statement of Fiduciary Net Position” for the value of these assets at June 30, 2016.

The number of participants as of January 1, 2015, the latest actuarial valuation, is as follows:

Active employees	1,122
Retired, disabled, survivors and beneficiaries	1,093
Terminated vesteds	<u>14</u>
 Total	 <u><u>2,229</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. At the time of the January 1, 2015 actuarial valuation, the City did not have any OPEB assets invested in the PCOT.

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 Actual 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, 2016.

Calculation of Net OPEB Obligation (NOO)

Annual Required Contribution (ARC)	\$ 18,952,834
Interest on Net OPEB Obligation (NOO)	3,563,740
ARC Adjustment	<u>(4,189,805)</u>
Annual OPEB Cost (an expense)	<u>18,326,769</u>
Premiums and Implicit Subsidy Paid	6,692,010
Cash Contributions (to an OPEB Trust)	<u>-</u>
Total contributions	<u>6,692,010</u>
Change in Net OPEB Obligation (NOO)	11,634,759
NOO Beginning of Fiscal Year	<u>89,093,492</u>
NOO End of Fiscal Year 2016	<u><u>\$ 100,728,251</u></u>

Continued

CITY OF ATTLEBORO, MASSACHUSETTS

Notes to Financial Statements

June 30, 2016

NOTE 9: 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, 2015, the most recent actuarial valuation date, the Plan was 0% funded. The actuarial accrued liability for benefits was \$210,131,355 as of June 30, 2016. 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 2016 fiscal year and the three proceeding years were as follows:

<u>Fiscal Year Ended</u>	<u>(a) Annual OPEB Cost</u>	<u>(b) Expected Employer Payments</u>	<u>(b/a) Percentage of OPEB Cost Contributed</u>	<u>(b-a) Increase in OPEB Obligation</u>	<u>Net OPEB Obligation</u>
6/30/2016	\$ 18,326,770	\$ 6,692,011	36.5%	11,634,759	\$ 100,728,251
6/30/2015	17,326,265	6,026,460	34.8%	11,299,805	89,093,492
6/30/2014	19,558,892	7,616,319	38.9%	11,942,573	77,793,687
6/30/2013	18,500,713	7,516,366	40.6%	10,984,347	65,851,114

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, 2016 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 the current fiscal year, the point of the most current valuation (January 1, 2015), and the prior three fiscal years (i.e. reporting years), are as follows:

<u>Actuarial Valuation Date</u>	<u>Reporting Year</u>	<u>(A) Actuarial Value of Assets</u>	<u>(B) Actuarial Accrued Liability (AAL) Individual Entry Age</u>	<u>(B-A) Unfunded (Overfunded) AAL (UAAL)</u>	<u>(A/B) Funded Ratio</u>	<u>(C) Covered Payroll</u>	<u>((B-A)/C) UAAL as a Percentage of Covered Payroll</u>
01/01/13	2013	\$ 0	\$ 230,467,597	\$ 230,467,597	0.00%	\$ 60,579,000	380.40%
01/01/13	2014	\$ 0	\$ 241,301,545	\$ 241,301,545	0.00%	\$ 60,579,000	398.33%
01/01/15	2015	\$ 0	\$ 199,236,718	\$ 199,236,718	0.00%	\$ 65,601,000	303.70%
01/01/15	2016	\$ 0	\$ 210,131,355	\$ 210,131,355	0.00%	\$ 65,601,000	320.32%

Continued

CITY OF ATTLEBORO, MASSACHUSETTS

Notes to Financial Statements

June 30, 2016

NOTE 9: 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 \$234,644,479 or by approximately 18%, the corresponding normal cost would increase to \$11,083,795 or by approximately 27%, and the corresponding annual required contribution would increase to \$21,695,909 or by approximately 22%.

If such assumed healthcare trend rates were 1% less than forecast in each year, the actuarial accrued liability would decrease to \$171,244,925 or by approximately 14%, the corresponding normal cost would decrease to \$6,965,884 or by 20%, and the corresponding annual required contribution would decrease to \$14,710,667 or by approximately 17%.

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 \$216,309,102 or by approximately 9%, the corresponding normal cost would increase to \$9,840,196 or by approximately 13%, and the corresponding annual required contribution would increase to \$19,105,956 or by approximately 8%.

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 \$184,228,411 or by approximately 8%, the corresponding normal cost would decrease to \$7,769,199 or by 11%, and the corresponding annual required contribution would decrease to \$16,554,189 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.

Continued

CITY OF ATTLEBORO, MASSACHUSETTS

Notes to Financial Statements

June 30, 2016

NOTE 9: 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, 2015
Actuarial cost method:	Projected Unit Credit
Amortization period:	Open 24 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:	92.5% of future retirees are assumed to participate in the retiree medical plan. 60% of future retirees are expected to elect life insurance.

For a complete copy of the results of the actuarial valuation of the City of Attleboro's Other Post-Employment Benefits as of January 1, 2015, please contact the Office of the City Auditor.

Allocation of Net OPEB Obligation

Net OPEB Obligation (NOO) was allocated to the City's functions as follows:

	<u>NOO June 30, 2015</u>	<u>Change in Net OPEB Obligation (NOO)</u>	<u>NOO June 30, 2016</u>
Governmental Activities:			
General government	\$ 4,579,377	\$ 499,146	\$ 5,078,523
Public safety	18,772,096	2,472,170	21,244,266
Public works	1,330,996	150,726	1,481,722
Education	54,792,308	7,293,527	62,085,835
Health and human services	1,205,062	153,488	1,358,550
Culture and recreation	3,338,350	361,689	3,700,039
Total NOO - governmental activities	<u>\$84,018,189</u>	<u>\$ 10,930,746</u>	<u>\$ 94,948,935</u>
Business-Type Activities:			
Water	2,217,232	273,101	2,490,333
Sewer	2,858,071	430,912	3,288,983
Total NOO - business-type activities	<u>\$ 5,075,303</u>	<u>\$ 704,013</u>	<u>\$ 5,779,316</u>
Total NOO - government-wide	<u>\$89,093,492</u>	<u>\$ 11,634,759</u>	<u>\$ 100,728,251</u>

The requirements of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* will replace GASB Statement No. 45 and are required to be implemented starting with fiscal year 2018. Management is currently evaluating the impact that this Statement will have on the City's basic financial statements. See Note 20 for more information regarding upcoming GASB pronouncements.

CITY OF ATTLEBORO, MASSACHUSETTS

Notes to Financial Statements

June 30, 2016

NOTE 10: Fund Balance Classification Details

The components of fund balance for the City’s governmental funds as of June 30, 2016 are as follows:

	Major Funds		Non-Major Funds		Total
	General Fund	Special Revenue	Permanent Trust	Capital Projects	
Fund Balances:					
Nonspendable:					
Corpus of endowment funds	\$ -	\$ -	\$ 315,334	\$ -	\$ 315,334
Restricted for:					
Net school spending	340,705	-	-	-	340,705
General government activity	-	146,659	392	-	147,051
Public safety operations	-	943,625	-	-	943,625
Educational purposes	-	1,405,363	271,254	-	1,676,617
Public works	-	157,261	-	-	157,261
Community housing and development	-	170,982	-	-	170,982
Health and human services	-	57,912	20,505	-	78,417
Recreational and other purposes	-	2,022,108	829,504	-	2,851,612
Committed to:					
Economic stabilization	1,863,084	-	-	-	1,863,084
Capital projects - general government	-	-	-	632,386	632,386
Capital projects - water and wastewater projects	-	-	-	2,735,930	2,735,930
Capital projects - public safety projects	-	-	-	5,644	5,644
Capital projects - education related projects	-	-	-	30,810	30,810
Assigned to:					
Continuing appropriations	17,410	-	-	-	17,410
For use in fiscal year 2017 budget	1,184,070	-	-	-	1,184,070
Education	365,817	-	-	-	365,817
General government activity	246,866	-	-	-	246,866
Health and human services	130,316	-	-	-	130,316
Public safety operations	108,795	-	-	-	108,795
Public works	57,950	-	-	-	57,950
Unassigned:	4,490,897	-	-	(1,623,360)	2,867,537
	<u>\$ 8,805,910</u>	<u>\$ 4,903,910</u>	<u>\$ 1,436,989</u>	<u>\$ 1,781,410</u>	<u>\$ 16,928,219</u>

At June 30, 2016, the balance of the stabilization fund is \$1,863,084 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 and was recently amended by the Massachusetts Municipal Modernization Act. Any appropriation of funds into or out of the fund is approved by a two-thirds vote of the City Council.

At June 30, 2016, 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. For more information, see Note 18 “Fund Deficits” on page 73 of this document.

CITY OF ATTLEBORO, MASSACHUSETTS

Notes to Financial Statements

June 30, 2016

NOTE 11: Restricted Fund Balances

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

Net Position:

Restricted:

Corpus of endowment funds	\$	315,334
Net school spending		340,705
General government activity		147,051
Public safety operations		943,625
Educational purposes		1,676,617
Public works		157,261
Community housing and development		170,982
Health and human services		78,417
Recreational and other purposes		<u>2,851,612</u>
Total restricted net position - governmental activities	\$	<u>6,681,604</u>
Water enterprise - restricted for stabilization fund		<u>-</u>
Total restricted net position - business-type activities	\$	<u>-</u>
Total restricted net position	\$	<u>6,681,604</u>

In addition, at fiscal year ended June 30, 2016, management has designated within the water and wastewater enterprise funds amounts of \$484,841 and \$424,141 for encumbrances, respectively. Management has also designated amounts of \$87,911 and \$263,800 within the water and wastewater enterprise funds, respectively, for future expenditures. Per GASB 34 paragraph 37, "in contrast to *restricted* net position, these types of constraints on resources are *internal* and management can remove or modify them". Under GASB Statement No. 34, designated amounts are considered to be a part of "unrestricted net position".

NOTE 12: 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.

CITY OF ATTLEBORO, MASSACHUSETTS

Notes to Financial Statements

June 30, 2016

NOTE 13: 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.

NOTE 14: 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, 2016.

NOTE 15: Net School Spending Carry-Over

As a result of the 1993 Education Reform Act, school departments are allowed to carry over into fiscal 2017 unexpended funds of up to 5% of the fiscal 2016 net school spending requirement. The carry over may be expended for any net school spending purpose and will be in addition to the fiscal 2017 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 2016 underspent its requirement. As a result, there is a carry over to fiscal year 2017 of \$340,705 and a restricted fund balance was made for this amount.

NOTE 16: 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, 2016

NOTE 16: Debt (Continued)

Debt Service requirements to maturity for long-term debt are as follows (city-wide debt data):

<u>Fiscal Year</u>	<u>Principal</u>	<u>First Interest</u>	<u>Second Interest</u>	<u>Total Interest</u>	<u>Less: Subsidized Principal Payments MWPAT (Wastewater)</u>	<u>Less: Subsidized Interest Payments MWPAT (Wastewater)</u>	<u>Less: Subsidized Payments MSBA (Principal)</u>	<u>Net City-Wide Debt Service</u>
2017	\$ 8,679,099	\$ 920,068	\$ 859,696	\$ 1,779,764	\$ (353,506)	\$ (265,199)	\$ (954,132)	\$ 8,886,026
2018	7,567,517	772,485	710,306	1,482,791	(160,679)	(199,106)	-	8,690,523
2019	6,387,841	647,877	594,911	1,242,788	(166,460)	(167,371)	-	7,296,798
2020	5,540,031	526,328	486,797	1,013,125	(151,855)	(128,863)	-	6,272,438
2021	4,777,131	417,674	388,619	806,293	(72,811)	(101,445)	-	5,409,168
2022	4,445,434	328,108	303,086	631,194	(10,946)	(76,679)	-	4,989,003
2023	4,340,623	244,778	225,883	470,661	(27,951)	(49,950)	-	4,733,383
2024	4,226,403	166,533	155,899	322,432	(43,945)	(18,813)	-	4,486,077
2025	3,580,253	107,284	93,982	201,266	(30,964)	-	-	3,750,555
2026	2,462,127	74,397	60,826	135,223	-	-	-	2,597,350
2027	1,505,083	49,776	45,775	95,551	-	-	-	1,600,634
2028	1,206,271	34,725	33,713	68,438	-	-	-	1,274,709
2029	655,000	22,106	22,106	44,212	-	-	-	699,212
2030	655,000	15,147	15,147	30,294	-	-	-	685,294
2031	655,000	7,778	7,778	15,556	-	-	-	670,556
	<u>\$ 56,682,813</u>	<u>\$4,335,064</u>	<u>\$ 4,004,523</u>	<u>\$ 8,339,587</u>	<u>\$ (1,019,117)</u>	<u>\$ (1,007,426)</u>	<u>\$ (954,132)</u>	<u>\$ 62,041,725</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.

CITY OF ATTLEBORO, MASSACHUSETTS
Notes to Financial Statements
June 30, 2016

NOTE 16: Debt (Continued)

Authorized and Unissued Debt:

The City has authorized unissued debt in the amount of \$3,366,429 at June 30, 2016:

	Authorized and Unissued July 1, 2015	Authorized	Issued	Rescinded/ Paydowns	Authorized and Unissued June 30, 2016
Police / Fire Equipment	\$ -	\$ 1,204,000	\$ -	\$ -	\$ 1,204,000
Wastewater Treatment Plant	571,169	-	-	-	571,169
Oakhill Water Storage	-	2,670,000	1,097,973	809,548	762,479
AHS Feasibility	-	1,200,000	255,760	201,823	742,417
Hoppin Hill Dam	15,285	-	-	-	15,285
DPW Maintenance Facility	78,000	9,900,000	9,888,841	78,000	11,159
Water Storage Building	-	4,350,000	4,290,080	-	59,920
	<u>\$ 664,454</u>	<u>\$ 19,324,000</u>	<u>\$ 15,532,654</u>	<u>\$ 1,089,371</u>	<u>\$ 3,366,429</u>

Short-Term Debt

Governmental Activities:

	Maturity Dates	Balance 7/1/2015	Increases	Decreases	Balance 6/30/2016	Interest Rate	Interest Paid
BAN - DPW Facility	6/15/2016	\$ 9,822,000	\$ -	\$ 9,822,000	\$ -	1.25%	\$ 122,775
BAN - Dam/Kalwall System	3/18/2016	1,740,475	-	1,740,475	-	1.00%	17,308
BAN - Animal Shelter	7/15/2015	10,000	-	10,000	-	0.95%	8
BAN - Oakhill Water Storage	5/18/2017	-	1,907,521	-	1,907,521	2.00%	-
BAN - AHS Feasibility	5/18/2017	-	457,583	-	457,583	2.00%	-
		<u>\$ 11,572,475</u>	<u>\$ 2,365,104</u>	<u>\$ 11,572,475</u>	<u>\$ 2,365,104</u>	<u>NA</u>	<u>\$ 140,091</u>

CITY OF ATTLEBORO, MASSACHUSETTS

Notes to Financial Statements

June 30, 2016

NOTE 16: Debt (Continued)

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

	Balance				Outstanding	
	July 1, 2015	Increases	Decreases	Refunding	Balance	Balance
					June 30, 2016	Due in 2017
Governmental Activities						
Athletic Facility - School	\$ 3,185,000	\$ -	\$ 355,000	\$ -	\$ 2,830,000	\$ 355,000
Land Acquisition - Locust Valley	90,000	-	30,000	-	60,000	30,000
Land Acquisition - So. Attle. Firestation	61,715	-	21,755	-	39,960	20,250
Attleboro Firestation Construction	662,275	-	163,735	-	498,540	162,000
Land Acquisition-Bungay River Land	75,000	-	15,000	-	60,000	15,000
Building Remodeling-City Hall	60,000	-	15,000	-	45,000	15,000
Building Remodeling-Post Office	60,000	-	15,000	-	45,000	15,000
Building Remodeling-Senior Citizen	165,000	-	35,000	-	130,000	35,000
Poncin-Hewitt Recreational Facility	220,000	-	160,000	-	60,000	60,000
Building Remodeling-School	105,000	-	25,000	-	80,000	20,000
Designs for Coelho	268,645	-	56,105	-	212,540	56,250
Stormwater Management - MWPAT	135,000	-	15,000	-	120,000	15,000
Peter Thatcher	100,000	-	50,000	-	50,000	50,000
Middle Schools	1,230,000	-	865,000	-	365,000	365,000
Peter Thacher	2,473,190	-	790,050	-	1,683,140	779,625
Water Pollution Abatement Bond	28,345	-	5,669	-	22,676	5,669
Urban Renewal	1,315,000	-	165,000	-	1,150,000	165,000
Building Remodeling-School	1,273,000	-	128,000	-	1,145,000	128,000
Engineering Services-School	92,000	-	12,000	-	80,000	12,000
School Remodeling	1,015,000	-	145,000	-	870,000	145,000
Police & Fire Equipment	1,380,913	-	280,913	-	1,100,000	275,000
Animal Shelter	1,496,829	-	151,829	-	1,345,000	150,000
Building Construction-Public Works	-	9,888,841	-	-	9,888,841	663,841
School Project - Studley Kalwall	-	255,760	-	-	255,760	85,760
Total Governmental Activities	\$ 15,491,912	\$10,144,601	\$ 3,500,056	\$ -	\$ 22,136,457	\$ 3,623,395
Business-Type Activities						
Water						
Departmental Equipment	\$ 1,140,000	\$ -	\$ 380,000	\$ -	\$ 760,000	380,000
Water Wading River Pump	210,000	-	70,000	-	140,000	70,000
Water Departmental Equipment	130,000	-	130,000	-	-	-
Water Treatment	621,180	-	621,180	-	-	-
Water Storage	8,820	-	8,820	-	-	-
Water Mains Phase I	420,000	-	105,000	-	315,000	105,000
Water Mains Phase II	1,700,000	-	425,000	-	1,275,000	425,000
Pump Station	4,233,458	-	428,458	-	3,805,000	425,000
Building Construction	-	4,290,080	-	-	4,290,080	360,080
Reservoir	-	1,097,973	-	-	1,097,973	97,973
Total Water	\$ 8,463,458	\$ 5,388,053	\$ 2,168,458	\$ -	\$ 11,683,053	\$ 1,863,053

Continued

CITY OF ATTLEBORO, MASSACHUSETTS

Notes to Financial Statements

June 30, 2016

NOTE 16: Debt (Continued)

	Balance				Outstanding	
	July 1, 2015	Increases	Decreases	Refunding	Balance	Balance
					June 30, 2016	Due in 2017
Wastewater						
Engineering Services-Sewer	\$ 100,000	\$ -	\$ 20,000	\$ -	\$ 80,000	\$ 20,000
Sewer	50,000	-	10,000	-	40,000	10,000
Water Pollution Abatement Bond	316,600	-	75,700	-	240,900	78,000
Water Pollution Abatement Bond	310,862	-	153,079	-	157,783	157,782
Water Pollution Abatement Bond	702,708	-	346,038	-	356,670	356,670
Water Pollution Abatement Bond	308,504	-	151,918	-	156,586	156,586
Engineering Services - Sewer - WWTF Design	265,000	-	265,000	-	-	-
MWPAT CW-03-28 WW Treatment Fac 1	3,840,000	-	320,000	-	3,520,000	335,000
Water Pollution Abatement Bond	3,241,575	-	241,416	-	3,000,159	246,293
MWPAT CW-03-28A - WW Treatment Fac 2	9,623,706	-	790,043	-	8,833,663	806,003
MWPAT 10-1-99 Contract 22(95-26A)	14,000	-	2,000	-	12,000	3,000
MWPAT 11-1-00 Contract 24-25A &25B	1,255,361	-	194,875	-	1,060,486	199,407
MWPAT Contract 26 1st Half	483,988	-	77,545	-	406,443	77,754
MWPAT Contract 26 2nd Half	2,460,252	-	233,129	-	2,227,123	243,049
Sewer Contracts 20-23 Ineligible Costs	461,730	-	87,020	-	374,710	86,625
Sewer Contract 20 & 21	150,000	-	50,000	-	100,000	50,000
Sewer	30,000	-	30,000	-	-	-
City Sludge Ash Landfill	117,445	-	26,335	-	91,110	20,250
MWPAT CW-03-28D	1,170,831	-	79,656	-	1,091,175	81,265
Water Pollution Abatement Bond	554,553	-	103,058	-	451,495	107,967
Water Pollution Abatement Bond	821,000	-	158,000	-	663,000	157,000
Total Wastewater	\$ 26,278,115	\$ -	\$ 3,414,812	\$ -	\$ 22,863,303	\$ 3,192,651
Total Business-Type Activities	\$ 34,741,573	\$ 5,388,053	\$ 5,583,270	\$ -	\$ 34,546,356	\$ 5,055,704
Total City of Attleboro	\$ 50,233,485	\$15,532,654	\$ 9,083,326	\$ -	\$ 56,682,813	\$ 8,679,099

The City is scheduled to be subsidized by the Massachusetts Water Pollution Abatement Trust (MWPAT) on a periodic basis for principal in the amount of \$1,019,117 and interest costs totaling \$1,007,425. The principal subsidies are guaranteed and therefore a \$1,019,117 intergovernmental receivable has been reported in the business-type activities (economic resources measurement focus and the accrual basis of accounting). Since the City is legally obligated for the total amount of the debt, as per the financing agreements with the MWPAT, and each borrower is required to deliver its own general or special bond obligations to the Trust in order to secure its loan repayment obligations, such amounts have also been recorded in the business-type activities. For the fiscal year ended June 30, 2016, principal and interest subsidies from the MWPAT totaled \$342,567 and \$319,549, respectively. On the modified accrual basis of accounting, the principal and interest subsidies were recorded as revenue and expenditures during the current year. Revenue recognition criteria on the modified accrual basis states that revenue should be recognized only when it is both “measurable” and “available for current period expenditure”. For the fiscal year ended June 30, 2015, the principal and interest subsidies from the MWPAT totaled \$331,920 and \$372,629, respectively.

CITY OF ATTLEBORO, MASSACHUSETTS

Notes to Financial Statements

June 30, 2016

NOTE 16: Debt (Continued)

The following is a summary of MWPAT principal subsidies at June 30, 2016 by loan agreement:

	<u>Wastewater Enterprise</u>
Contract 26; CW-02-18A	\$ 43,829
Contract 20; CW-95-18	106,618
Contract 21; CW-95-26	46,807
Contract 22; CW-96-11	47,165
Contract 23; CW-97-11 (revised 11/04)	62,404
Contract 24,25A, 25B; 98-65	191,123
Sludge Landfill; 98-03	130,380
Contract 22; 95-26A	2,818
Contract: 24-25A & 25B; 99-03	302,620
Contract 26; CW-02-18	13,346
Treatment Plant; CW-03-28	<u>72,007</u>
Total Business-Type Activities	<u>1,019,117</u>
Total Government-Wide	<u><u>\$ 1,019,117</u></u>

A similar situation is also currently occurring with respect to the principal and interest subsidizations by the Massachusetts School Building Authority (MSBA) for project identification number C19973532 for the Peter Thatcher school. At June 30, 2016 principal in the amount of \$954,132 is due to the City under a reimbursement agreement under old School Building Authority rules. The principal subsidies are guaranteed and therefore a \$954,132 intergovernmental receivable has been reported in the governmental activities (economic resources measurement focus and the accrual basis of accounting). Since the City is legally obligated for the total amount of the debt on this project, such amounts have also been recorded in the governmental activities. For the fiscal year ended June 30, 2016, principal subsidies from the MSBA totaled \$954,128. On the modified accrual basis of accounting, the principal subsidies were recorded as revenue in the City's general fund during fiscal year 2016. Revenue recognition criteria on the modified accrual basis states that revenue should be recognized only when it is both "measurable" and "available for current period expenditure". For the fiscal year ended June 30, 2015, the principal subsidies from the MSBA totaled \$2,549,246.

NOTE 17: Workers' Compensation

Workers' compensation claims are administered by a third party administrator and are funded on a "pay-as-you go" basis from annual appropriations (charged to the "personnel" department in the City's general fund budget for medical claims, and the "personnel" line items in the enterprise funds. All loss wage claims are charged to individual departments. All medical and loss wage claims for school personnel are charged to the education budget. The estimated future liability is based on history and injury type. The estimated liabilities at June 30, 2015 and June 30, 2016 totaled \$540,081 and \$262,486 (respectively) for the governmental activities and \$398,506 and \$323,986 for the enterprise funds. Each were recorded as a liability in the government-wide financial statements. The City estimated a current liability at June 30, 2016 of \$52,497 for the governmental activities and \$64,797 for the business-type activities based on averages taken from historical analysis.

CITY OF ATTLEBORO, MASSACHUSETTS

Notes to Financial Statements

June 30, 2016

NOTE 18: Fund Deficit

The following individual funds had deficit fund equity balances as of June 30, 2016:

Capital Project Funds:

Oak Hill Water Storage Tank Rehabilitation	\$ 1,443,008
AHS Feasibility Study	18,929
MassWorks Infrastructure Project	<u>161,423</u>
Total Capital Project Fund Deficits:	<u>\$ 1,623,360</u>
Deficits to be funded by future long-term debt issuances:	1,461,937
Deficits to be funded by future Federal and State grant funding:	<u>161,423</u>
Net Capital Project Fund Deficits at June 30, 2016:	<u>\$ -</u>

CITY OF ATTLEBORO, MASSACHUSETTS

Notes to Financial Statements

June 30, 2016

NOTE 19: Subsequent Events

For the purposes of determining the effects of subsequent events on these financial statements, management has evaluated events which have occurred subsequent to June 30, 2016, and through March 9, 2017, the date on which the financial statements were available to be issued. The following represents these subsequent events:

On November 1, 2016, the Municipal Council voted to approve the Mayor's request to a supplemental appropriation of \$250,000 to the School Department for Teacher & Other Professional Salaries. In addition, the FY17 new growth was larger than that anticipated during the budget; as such the City raised the final \$250,000 FY15 snow deficit to retire the amortization.

On November 15, 2016, the Municipal Council voted to approve the Mayor's request to appropriate \$1,784,447 from Undesignated Fund Balance (i.e. "Free Cash") to various funds and/or accounts across the City. The Municipal Council also voted to use Free Cash of \$118,036 on this date to reduce the fiscal year 2015 snow deficit through a separate vote.

Also on November 15, 2016, the Municipal Council voted to approve the Mayor's request to appropriate \$282,000 from Undesignated Fund Balance (i.e. "Free Cash") to the Stabilization Fund as the 5th contribution into the City's Stabilization Fund in accordance with the City's "Cash Reserve" Policy (passed by vote on October 16, 2012). The Municipal Council also approved additional appropriations into the Stabilization Fund of \$959,126 on this date through a separate vote to return funds to the Stabilization Fund for Snow Deficit spending.

At the Special Meeting of the Attleboro Municipal Council held on November 22, 2016, the Municipal Council Voted to approve a loan order in the amount of \$7,400,000 for the permitting, bidding, construction oversight and construction costs associated with a new sludge landfill, storage building, fueling station, equipment, capping of existing sludge landfill and demolition of the old Wastewater plant, located in both Attleboro and Seekonk, Massachusetts (collectively the "Project"), including the payment of all costs incidental or related thereto. The Municipal Council also voted to approve a loan order in the amount of \$5,000,000 on this date for the permitting, bidding, construction oversight and construction costs associated with the rehabilitation of the Luther Reservoir Pump Station and dike (located in Attleboro, MA), the replacement of the Blake's Pond Dam (located in Mansfield, MA) and the construction all improvements necessary for a permanent water interconnection with the Pawtucket Water Supply Board (located in Attleboro, MA) (collectively the "Project"), including the payment of all costs incidental or related thereto. Both authorizations are for projects related to Enterprise Funds that will be financed through user rates.

At the meeting of the Municipal Council on December 6, 2016, a vote was taken to approve the Mayor's request to appropriate \$184,800 from Water Enterprise retained earnings to Fund 3324 (Route 152 Bridge Main) to replace the insulation on a City water main which is suspended under a railroad bridge on Route 152.

On December 20, 2016, the Municipal Council voted to approve the Mayor's request to transfer \$459,250 from Fund 3539 (EOEEA Wilmarth) to Fund 8455 (Stabilization Fund) for the purposes of replenishing the Stabilization fund as all required elements of this project required by the LAND grant have been achieved and that all liabilities have been paid.

On February 21, 2017, the Municipal Council voted to approve the Mayor's requests to appropriate \$135,000 and \$170,000 from Water Enterprise Retained Earnings to clean and reline the Elmwood Avenue water main and to replace two chillers and add a combustion air fan at the boiler room. Also on February 21, 2017, the Municipal Council approved the Mayor's request to appropriate \$140,000 from Free Cash to overtime in the Fire Department due to a significant increase in injured on duty claims (IOD) at the Fire Department in Fiscal Year 2017. In addition, on February 21, 2017 the Municipal Council voted \$241,100 from Wastewater Retained Earnings to rebuild the gravity thickener at the Wastewater Treatment Plant.

On March 7, 2017, the Municipal Council voted to approve the Mayor's request to appropriate \$186,218 from Free Cash to fund the Municipal Sharing Agreement in the School Department.

CITY OF ATTLEBORO, MASSACHUSETTS

Notes to Financial Statements

June 30, 2016

NOTE 20: Future Implementation of GASB Pronouncements

The GASB has issued the following statements:

- GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*, which is required to be implemented during fiscal year 2017. Management does not believe the implementation of this Statement will materially impact the basic financial statements.
- GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, which is required to be implemented during fiscal year 2017. Management does not believe the implementation of this Statement will materially impact the basic financial statements.
- GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which is required to be implemented during fiscal year 2018. Management is currently evaluating the potential impact that the implementation of this Statement will have on the basic financial statements.
- GASB Statement No. 77, *Tax Abatement Disclosures*, which is required to be implemented during 2017. Management does not believe the implementation of this Statement will materially impact the basic financial statements.
- GASB Statement No. 78, *Pensions Provided Through Certain Multiple-Employer Defined Benefit Pension Plans*, which is required to be implemented during 2017. Management does not believe the implementation of this Statement will materially impact the basic financial statements.
- GASB Statement No. 80, *Blending Requirements for Certain Component Units*, which is required to be implemented during 2017. Management does not believe the implementation of this Statement will materially impact the basic financial statements.
- GASB Statement No. 81, *Irrevocable Split-Interest Agreements*, which is required to be implemented during fiscal year 2018. Management does not believe the implementation of this Statement will materially impact the basic financial statements.
- GASB Statement No. 82, *Pension Issues – an amendment of GASB Statements No. 67, No. 68, and No. 73*, which is required to be implemented during fiscal year 2017. Management is currently evaluating the potential impact that the implementation of this Statement will have on the basic financial statements.
- GASB Statement No. 83, *Certain Asset Retirement Obligations*, which is required to be implemented during fiscal year 2019. Management does not believe the implementation of this Statement will materially 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, 2016

	<u>Original Budget</u>			Additional Appropriations and Transfers	Recap Total Available	Actual	Current Year Carryover of Encumbrances, NSS & Cont. Approp.	Variance Favorable (Unfavorable)
	Encumbrances, NSS & Cont. Approp. Carried Forward	Budget As Adopted	Budget				Actual	
Revenues:								
Property taxes, net	\$ -	\$ 63,947,245	\$ 59,962	\$ 64,007,207	\$ 64,007,207	\$ -	\$ -	
Motor vehicle excise	-	4,800,000	-	4,800,000	5,187,893	-	387,893	
Meals and room excise	-	631,400	-	631,400	695,306	-	63,906	
Penalties and interest	-	410,000	-	410,000	427,174	-	17,174	
Charges for services	-	4,079,972	107,250	4,187,222	4,207,017	-	19,795	
Intergovernmental	-	42,570,402	44,857	42,615,259	42,466,409	-	(148,850)	
Rentals	-	152,000	-	152,000	156,609	-	4,609	
Fees	-	320,000	-	320,000	260,244	-	(59,756)	
Other Departmental	-	2,500	-	2,500	2,800	-	300	
Licenses and permits	-	1,052,190	-	1,052,190	1,478,679	-	426,489	
Fines and forfeitures	-	240,000	-	240,000	249,616	-	9,616	
Investment Income	-	20,000	-	20,000	24,866	-	4,866	
Medicaid reimbursement	-	245,000	-	245,000	494,813	-	249,813	
Miscellaneous - Non- recurring	-	120,000	60,000	180,000	1,132,649	-	952,649	
Miscellaneous - recurring	-	114,400	-	114,400	184,985	-	70,585	
Total revenues	-	118,705,109	272,069	118,977,178	120,976,267	-	1,999,089	
Expenditures :								
General government	245,450	12,967,736	1,371,530	14,584,716	14,065,381	264,277	255,058	
Public safety	149,718	16,141,344	493,481	16,784,543	16,420,950	115,377	248,216	
Education	552,778	69,324,487	453,173	70,330,438	69,684,685	697,602	(51,849)	
Public works	43,170	1,698,307	90,043	1,831,520	1,636,232	51,367	143,921	
Snow & Ice	2,700	97,500	514,370	614,570	611,870	-	2,700	
Human services	80,900	3,831,348	198,098	4,110,346	4,011,480	21,000	77,866	
Culture and recreation	17,316	2,872,449	195,402	3,085,167	2,924,858	109,316	50,993	
Pension benefits	-	4,437,235	-	4,437,235	4,437,235	-	-	
Debt service	-	4,131,826	-	4,131,826	4,106,058	-	25,768	
State and county assessments	-	4,613,872	1,828	4,615,700	4,275,183	-	340,517	
Total expenditures	1,092,032	120,116,104	3,317,925	124,526,061	122,173,932	1,258,939	1,093,190	
Excess (deficiency) of revenues over expenditures	\$ (1,092,032)	\$ (1,410,995)	\$ (3,045,856)	\$ (5,548,883)	\$ (1,197,665)	\$ (1,258,939)	\$ 3,092,279	

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

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, 2016

	<u>Original Budget</u>			Recap Total Available	Actual	Current Year Carryover of Encumbrances, NSS & Cont. Approp.	Variance Favorable (Unfavorable)
	Encumbrances, NSS & Cont. Approp. Carried Forward	Budget As Adopted	Additional Appropriations and Transfers				
Other financing sources and (uses):							
Free Cash	\$ -	\$ 75,000	\$ 2,703,466	\$ 2,778,466	\$ -	\$ -	\$ (2,778,466)
Overlay Surplus	-	100,000	-	100,000	-	-	(100,000)
Continuing appropriations	-	-	-	-	-	-	-
Transfers from prior encumbrances	-	-	68,050	68,050	-	-	(68,050)
Transfers from stabilization fund	-	400,000	959,126	1,359,126	959,126	-	(400,000)
Appropriation Deficit - Snow & Ice	-	(444,757)	(444,756)	(889,513)	-	-	889,513
Other Subsidy (Title V)	-	5,669	-	5,669	5,669	-	-
Transfers from Water - Indirects	-	688,881	-	688,881	688,881	-	-
Transfers from Wastewater - Indirects	-	586,202	-	586,202	586,202	-	-
Transfers from other funds (misc.)	-	-	-	-	32,103	-	32,103
Transfers to stabilization fund	-	-	-	-	-	-	-
Transfers to OPEB trust fund	-	-	-	-	-	-	-
Transfers to other funds	-	-	(240,030)	(240,030)	(240,030)	-	-
	-	1,410,995	3,045,856	4,456,851	2,031,951	-	(2,424,900)
Excess (deficiency) of revenues and other sources over expenditures and other uses	\$ (1,092,032)	\$ -	\$ -	\$ (1,092,032)	\$ 834,286	\$ (1,258,939)	\$ 667,379

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

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, 2016

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, 2016:

	General Fund
Excess (deficiency) of revenues and other sources over expenditures and other uses (Non-GAAP Budgetary Basis)	\$ 834,286
Increase (decrease) in 60 day accrual for Motor Vehicle excise	21,987
Adjustment of budgetary tax revenue to modified accrual	(229,685)
Excess (deficiency) of revenues and other sources over expenditures and other uses (GAAP)	\$ 626,588

CITY OF ATTLEBORO, MASSACHUSETTS

Required Supplementary Information

Contributory Retirement System Schedule of Changes in the System's Net Pension Liability and Related Ratios -
Last 10 Fiscal Years**
June 30, 2016

(amounts rounded to the thousandth)	<u>2016</u>	<u>2015</u>
Total pension liability		
Service cost	\$ 4,075,000	\$ 3,839,000
Interest	14,071,000	13,734,000
Differences between expected and actual experience	7,860,000	-
Changes in assumptions	5,151,000	-
Benefit payments, including refunds of employee contributions	<u>(11,034,000)</u>	<u>(10,577,000)</u>
Net change in total pension liability	20,123,000	6,996,000
Total pension liability - beginning	<u>\$ 180,124,000</u>	<u>173,127,000</u>
Total pension liability - ending (a)	<u><u>\$ 200,247,000</u></u>	<u><u>\$ 180,123,000</u></u>
Plan fiduciary net position		
Contributions - employer	\$ 6,164,000	\$ 5,806,000
Contributions - employee	3,055,000	3,134,000
Net investment income	(1,136,000)	6,556,000
Benefit payments, including refunds of employee contributions	(11,034,000)	(10,577,000)
Administrative expense	<u>(177,000)</u>	<u>(224,000)</u>
Net change in plan fiduciary net position	(3,128,000)	4,695,000
Plan fiduciary net position - beginning	<u>127,019,000</u>	<u>122,323,000</u>
Plan fiduciary net position - ending (b)	<u><u>\$ 123,891,000</u></u>	<u><u>\$ 127,018,000</u></u>
System's net pension liability - ending (a) - (b)	<u><u>\$ 76,356,000</u></u>	<u><u>\$ 53,105,000</u></u>
Plan fiduciary net position as a percentage of the total pension liability	61.9%	70.5%
Covered-employee payroll	\$ 31,979,000	\$ 30,690,000
System's net pension liability as a percentage of covered employee payroll	238.8%	173.0%

** - Per paragraph 138 of GASB Statement No. 68, the City is not required to retrospectively present its' 10-year RSI schedules, as this information was not available at transition and historical information was not measured in accordance with the parameters of GASB Statement No. 68.

CITY OF ATTLEBORO, MASSACHUSETTS

Required Supplementary Information

Contributory Retirement System Schedule of Changes in the City's Net Pension Liability and Related Ratios - Last
10 Fiscal Years**
June 30, 2016

	<u>2016</u>	<u>2015</u>
City's proportion of the net pension liability (asset)	98.55%	98.62%
City's proportionate share of the net pension liability (asset)	<u>\$ 75,243,801</u>	<u>\$ 52,379,067</u>
City's covered employee payroll	<u>\$ 31,209,693</u>	<u>29,931,293</u>
City's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	241.09%	175.00%
Plan fiduciary net position as a percentage of the total pension liability	61.87%	70.52%

** - Per paragraph 138 of GASB Statement No. 68, the City is not required to retrospectively present its' 10-year RSI schedules, as this information was not available at transition and historical information was not measured in accordance with the parameters of GASB Statement No. 68.

CITY OF ATTLEBORO, MASSACHUSETTS
 Required Supplementary Information
 Contributory Retirement System Schedule of System Contributions - Last 10 Fiscal Years**
 June 30, 2016

	2016	2015
Actuarially determined contribution	\$ 6,166,190	\$ 5,797,644
System contributions in relation to the actuarially determined contribution	6,164,143	5,806,398
Contribution excess (deficiency)	\$ (2,047) ⁽¹⁾	\$ 8,754
Covered-employee payroll	\$ 31,978,728	\$ 30,690,172
Contributions as a percentage of covered-employee payroll	19.28%	18.92%

Notes to Schedule

Valuation Date:

The January 1, 2016 actuarial valuation was rolled forward, in accordance with the parameters of GASB Statement No. 68, to June 30, 2016, the measurement date.

** - Per paragraph 138 of GASB Statement No. 68, the City is not required to retrospectively present its' 10-year RSI schedules, as this information was not available at transition and historical information was not measured in accordance with the parameters of GASB Statement No. 68.

⁽¹⁾ - The deficiency is due to the timing of the Federal Reimbursement Refund and the requirement of PERAC to record this amount against the Pension Appropriation. The System did receive the full actuarially determined contribution.

CITY OF ATTLEBORO, MASSACHUSETTS
 Required Supplementary Information
 Contributory Retirement System Schedule of Employer Contributions - Last 10 Fiscal Years**
 June 30, 2016

	2016	2015
City's contractually required contribution	\$ 6,076,843	\$ 5,726,046
City's contributions in relation to the contractually required contribution	\$ 6,074,827	5,717,292
Contribution excess (deficiency)	\$ (2,016) ⁽¹⁾	\$ 8,754
City's covered-employee payroll	\$ 31,209,693	\$ 29,931,293
Contributions as a percentage of covered-employee payroll	19.46%	19.10%

** - Per paragraph 138 of GASB Statement No. 68, the City is not required to retrospectively present its' 10-year RSI schedules, as this information was not available at transition and historical information was not measured in accordance with the parameters of GASB Statement No. 68.

⁽¹⁾ - The deficiency is due to the timing of the Federal Reimbursement Refund and the requirement of PERAC to record this amount against the Pension Appropriation. The System did receive the full actuarially determined contribution

CITY OF ATTLEBORO, MASSACHUSETTS
 Required Supplementary Information
 Contributory Retirement System - Actuarial Assumptions
 Valuation Performed at January 1, 2016

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

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.
Amortization Method	Fresh start, 4.00% amortization
Remaining Amortization Period	19 years for the fresh start base
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 four-year rolling period. The actuarial value of assets must be no less than 80% of the adjusted market value nor more than 120% of the adjusted market value.
Fiscal Year Adjustment	The actuarial results are adjusted by the valuation interest rate and salary scale to the beginning of Fiscal Year 2018. The unfunded actuarial accrued liability is rolled forward with normal cost and further adjusted by anticipated contributions and interest.

Actuarial Assumptions

Investment Return	7.875% per year net of investment expenses.
Salary Increases	Select and ultimate salary assumption – 8 years of 2.50% steps for Groups 1 and 2, 5 years of 3.00% steps for Group 4, 4.00% ultimate rate
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.
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.
Rates of Retirement	Range from 1% to 100% and are based on actual experience.
Mortality	The RP-2000 mortality table projected from 2009 with Generational Mortality, Scale BB (sex-distinct). During employment, the healthy employee mortality table is used. Post-employment the healthy annuitant table is used.

CITY OF ATTLEBORO, MASSACHUSETTS
 Required Supplementary Information
 Contributory Retirement System - Actuarial Assumptions
 Valuation Performed at January 1, 2016 (continued)

Actuarial Assumptions (Continued)

Disabled Life Mortality	The RP-2000 mortality table projected from 2009 for healthy annuitants (sex-distinct) Scale BB set forward by 2 years. Death is assumed to be due to the same cause as the disability 40% of the time.
Regular Interest Rate Credited to Annuity Savings Account	2% per year.
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)
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.
Administrative Expenses	Estimated budgeted amount of \$250,410 for the Fiscal Year 2018 excluding investment management fees and custodial fee is added to the Normal Cost.
Step Increases	Step increases are assumed to be part of the salary increase assumption.
Credited Service	All service is assumed to be due to employment with the municipality.
Contribution Timing	Contributions are assumed to be made in the beginning of the fiscal year (July 1).
Total Payroll Increase	The total payroll is assumed to increase 4.50% per year.
Valuation Date	January 1, 2016

The most recent actuarial valuation of the Plan was prepared as of January 1, 2016. The assumptions and methods used to generate exhibits as required by GASB Statements No. 67 and 68 are consistent with those used in the January 1, 2016 actuarial valuation of Attleboro performed by our actuaries, Stone Consulting, Inc.

CITY OF ATTLEBORO, MASSACHUSETTS
 Supplementary Information
 Statement of Revenues and Expenses - Budget and Actual (Non-GAAP Budgetary Basis) - Water Enterprise
 For the Year Ended June 30, 2016

	<u>Original Budget</u>		<u>Additional</u>	<u>Total</u>	<u>Actual</u>	<u>Encumbrances</u>	<u>Variance</u>
	<u>Encumbrances</u>	<u>Budget</u>					
	<u>Forward</u>	<u>As</u>	<u>and Transfers</u>			<u>Forward</u>	<u>(Unfavorable)</u>
		<u>Adopted</u>					
Revenue:							
Charges for services	\$ -	\$ 7,027,024	\$ -	\$ 7,027,024	\$ 7,578,671	\$ -	\$ 551,647
Investment Income	-	-	-	-	9,026	-	9,026
Miscellaneous	-	-	-	-	96,126	-	96,126
Total revenues	-	7,027,024	-	7,027,024	7,683,823	-	656,799
Expenditures:							
Personnel Services	1,154	2,318,645	(60)	2,319,739	2,285,211	1,798	32,730
Purchase of Services	143,035	918,520	265,275	1,326,830	924,933	294,350	107,547
Supplies	18,718	488,500	222,481	729,699	665,275	6,977	57,447
Intergovernmental	-	80,000	19,600	99,600	82,457	15,000	2,143
Other Charges & Expenditures	-	192,073	(40,395)	151,678	131,414	-	20,264
Capital Outlay	-	-	274,341	274,341	-	151,915	122,426
Debt Service	-	2,426,919	-	2,426,919	2,426,919	-	-
Total expenditures	162,907	6,424,657	741,242	7,328,806	6,516,209	470,040	342,557
Excess(deficiency) of revenues over expenses	(162,907)	602,367	(741,242)	(301,782)	1,167,614	(470,040)	999,356
Other financing sources (uses):							
Transfers from retained earning (reserves)	-	70,000	1,140,692	1,210,692	-	-	(1,210,692)
Transfers from other funds	-	16,514	-	16,514	18,549	-	2,035
Transfers to other funds (indirects)	-	(688,881)	-	(688,881)	(688,881)	-	-
Transfers to other funds	-	-	(399,450)	(399,450)	(462,998)	-	(63,548)
Excess (deficiency) of revenues and other sources over expenses and other uses	\$ (162,907)	\$ -	\$ -	\$ (162,907)	\$ 34,284	\$ (470,040)	\$ (272,849)

See accompanying independent auditors' report

CITY OF ATTLEBORO, MASSACHUSETTS

Supplementary Information

Statement of Revenues and Expenses - Budget and Actual (Non-GAAP Budgetary Basis) - Wastewater Enterprise
For the Year Ended June 30, 2016

	<u>Original Budget</u>		<u>Additional</u>	<u>Total</u>	<u>Actual</u>	<u>Encumbrances</u>	<u>Variance</u>
	<u>Encumbrances</u>	<u>Budget</u>					
	<u>Forward</u>	<u>As</u>	<u>and Transfers</u>			<u>Forward</u>	<u>(Unfavorable)</u>
		<u>Adopted</u>					
Revenue:							
Charges for services	\$ -	\$ 10,141,681	\$ -	\$ 10,141,681	\$ 10,520,636	\$ -	\$ 378,955
Investment income	-	-	-	-	1,213	-	1,213
Miscellaneous	-	-	-	-	11,610	-	11,610
Total Revenue	-	10,141,681	-	10,141,681	10,533,459	-	391,778
Expenses:							
Personnel services	892	3,131,687	-	3,132,579	3,071,914	1,073	59,592
Purchase of services	38,087	815,180	123,025	976,292	774,684	149,055	52,553
Supplies	83,526	1,289,810	110,571	1,483,907	1,199,694	207,311	76,902
Intergovernmental	11,542	117,860	-	129,402	101,158	16,168	12,076
Other charges and expenditures	-	210,063	(49,000)	161,063	136,063	-	25,000
Capital Outlay	343	-	188,000	188,343	126,933	48,000	13,410
Debt service	-	4,284,518	-	4,284,518	4,273,135	-	11,383
Total expenses	134,390	9,849,118	372,596	10,356,104	9,683,581	421,607	250,916
Excess(deficiency) of revenues over expenses	(134,390)	292,563	(372,596)	(214,423)	849,878	(421,607)	642,694
Other financing sources (uses):							
Transfers from prior year encumbrance	-	-	-	-	-	-	-
Transfers from retained earnings	-	293,639	572,596	866,235	-	-	(866,235)
Transfers from other funds	-	-	-	-	-	-	-
Transfers from/to other funds	-	(586,202)	(200,000)	(786,202)	(788,176)	-	(1,974)
Excess (deficiency) of revenues and other sources over expenses and other uses	<u>\$ (134,390)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (134,390)</u>	<u>\$ 61,702</u>	<u>\$ (421,607)</u>	<u>\$ (225,515)</u>

See accompanying independent auditors' report

CITY OF ATTLEBORO, MASSACHUSETTS

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, 2016

	Water Enterprise Fund	Wastewater Enterprise Fund
	<u> </u>	<u> </u>
Excess (deficiency) of revenues and other sources over expenditures/expenses and other uses (Non-GAAP Budgetary Basis)	\$ 34,284	\$ 61,702
To reconcile water stabilization fund current year activity not included on the budgetary analysis	(383)	-
Unbudgeted depreciation (GAAP basis only)	(1,089,914)	(1,709,245)
Capital assets expensed for budget, capitalized for GAAP	154,627	163,957
Capital asset transfer from capital projects (GAAP only)	6,609,672	174,976
Long-term debt issuances transferred from Governmental Activities (GAAP only)	(5,388,053)	-
Change in ARA deferred revenues (GAAP)	33,896	-
Change in inventory (GAAP)	(12,153)	1,796
Change in compensated absence liability (GAAP)	369	(6,366)
Change in accrued interest (GAAP)	(32,629)	142,426
Change in deferred revenues (GAAP)	2,887	(141,751)
Budgeted principal payments on long-term debt	2,168,458	3,414,812
Subsidized MWPAT payments (GAAP)	-	(342,567)
Change in workers' compensation liability	41,385	33,136
Change in pension expense (GAAP portion)	(138,792)	(138,792)
Change in net OPEB obligation (GAAP)	<u>(273,101)</u>	<u>(430,912)</u>
Excess (deficiency) of revenues and other sources over expenditures/expenses and other uses (GAAP Basis)	<u>\$ 2,110,553</u>	<u>\$ 1,223,172</u>

See accompanying independent auditors' report

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CITY OF ATTLEBORO, MASSACHUSETTS
 Supplementary Information
 Non Major Governmental Funds - Combining Balance Sheet
 June 30, 2016

	<u>Special Revenue</u>	<u>Permanent Trust Funds</u>	<u>Capital Projects</u>	<u>Total Non-Major Governmental Funds</u>
Assets:				
Cash and investments	\$ 4,713,249	\$ 1,443,772	\$ 4,729,972	\$ 10,886,993
Receivables:				
Federal and state governments	811,798	-	977,461	1,789,259
Other (includes loan receivables)	2,530,533	-	-	2,530,533
Total assets	<u>8,055,580</u>	<u>1,443,772</u>	<u>5,707,433</u>	<u>15,206,785</u>
Deferred outflows of resources				
None	-	-	-	-
Total deferred outflows of resources	-	-	-	-
Total assets and deferred outflows of resources	<u>\$ 8,055,580</u>	<u>\$ 1,443,772</u>	<u>\$ 5,707,433</u>	<u>\$ 15,206,785</u>
Liabilities:				
Warrants payable	\$ 452,749	\$ 6,783	\$ 1,062,289	\$ 1,521,821
Accounts payable and accrued expenses	78,188	-	259,209	337,397
Retainage payable	-	-	239,421	239,421
Notes payable	-	-	2,365,104	2,365,104
Due to federal and state governments	2,076	-	-	2,076
Total liabilities:	<u>533,013</u>	<u>6,783</u>	<u>3,926,023</u>	<u>4,465,819</u>
Deferred inflows of resources				
Deferred grant income	178,020	-	-	178,020
Deferred loan income	2,440,637	-	-	2,440,637
Total deferred inflows of resources	<u>2,618,657</u>	<u>-</u>	<u>-</u>	<u>2,618,657</u>
Fund balance :				
Nonspendable	-	315,334	-	315,334
Restricted	4,903,910	1,121,655	-	6,025,565
Committed	-	-	3,404,770	3,404,770
Unassigned	-	-	(1,623,360)	(1,623,360)
Total fund balance	<u>4,903,910</u>	<u>1,436,989</u>	<u>1,781,410</u>	<u>8,122,309</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 8,055,580</u>	<u>\$ 1,443,772</u>	<u>\$ 5,707,433</u>	<u>\$ 15,206,785</u>

See accompanying independent auditors' report

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CITY OF ATTLEBORO, MASSACHUSETTS
 Supplementary Information
 Non Major Governmental Funds - Combining Statement of Revenues,
 Expenditures and Changes in Fund Balance
 For the Year Ended June 30, 2016

	Special Revenue	Permanent Trust Funds	Capital Projects	Total Non-Major Governmental Funds
Revenues:				
Federal and state grant income	\$ 9,957,799	\$ -	\$ 2,287,408	\$ 12,245,207
Departmental and other revenue	1,079,312	111,565	573,297	1,764,174
Charges for services	5,334,108	-	-	5,334,108
Investment income	1,373	71,423	-	72,796
Total revenue	<u>16,372,592</u>	<u>182,988</u>	<u>2,860,705</u>	<u>19,416,285</u>
Expenditures :				
General government	423,516	-	4,249,820	4,673,336
Public safety	1,544,692	-	175,492	1,720,184
Public works	2,322,034	-	16,272,536	18,594,570
Education	9,092,168	-	197,984	9,290,152
Health & human services	205,596	-	-	205,596
Culture & recreation	1,182,748	51,862	-	1,234,610
Economic development	574,781	-	-	574,781
Total expenditures	<u>15,345,535</u>	<u>51,862</u>	<u>20,895,832</u>	<u>36,293,229</u>
Excess (deficiency) of revenues over expenditures	1,027,057	131,126	(18,035,127)	(16,876,944)
Other financing sources (uses):				
Bond proceeds	-	-	15,532,654	15,532,654
Transfers in	10,078	-	1,543,060	1,553,138
Transfers out	(57,896)	-	(103,625)	(161,521)
Total other financing sources (uses):	<u>(47,818)</u>	<u>-</u>	<u>16,972,089</u>	<u>16,924,271</u>
Excess of revenue and other sources over expenditures and other uses	979,239	131,126	(1,063,038)	47,327
Fund balance - beginning	<u>3,924,671</u>	<u>1,305,863</u>	<u>2,844,448</u>	<u>8,074,982</u>
Fund balance - ending	<u>\$ 4,903,910</u>	<u>\$ 1,436,989</u>	<u>\$ 1,781,410</u>	<u>\$ 8,122,309</u>

See accompanying independent auditors' report

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CITY OF ATTLEBORO, MASSACHUSETTS
 Supplementary Information
 General and Stabilization Fund Detail – Balance Sheet
 June 30, 2016

	<u>General Fund</u>	<u>City Stabilization</u>	<u>Major Fund General Fund</u>
Assets			
Cash and investments - unrestricted	\$ 8,562,358	\$ -	\$ 8,562,358
Cash and investments - restricted (for stabilization purposes)	-	1,863,084	1,863,084
Receivables:			
Property taxes	1,396,479	-	1,396,479
Motor vehicle excise	660,090	-	660,090
Tax liens and foreclosures	1,746,873	-	1,746,873
User charges	526,886	-	526,886
Intergovernmental	331,952	-	331,952
Other	4,107,849	-	4,107,849
Due from ARA	612,472	-	612,472
Total assets	<u>17,944,959</u>	<u>1,863,084</u>	<u>19,808,043</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>\$ 17,944,959</u>	<u>\$ 1,863,084</u>	<u>\$ 19,808,043</u>
Liabilities			
Warrants payable	\$ 1,816,852	\$ -	\$ 1,816,852
Accounts payable and accrued expenses	644,176	-	644,176
Total liabilities:	<u>2,461,028</u>	<u>-</u>	<u>2,461,028</u>
Deferred inflows of resources			
Property taxes paid in advance	18,693	-	18,693
Deferred property tax revenues	3,275,205	-	3,275,205
Deferred user fees and fines	4,634,735	-	4,634,735
Deferred revenue from ARA	612,472	-	612,472
Total deferred inflows of resources	<u>8,541,105</u>	<u>-</u>	<u>8,541,105</u>
Fund balance			
Restricted	340,705	-	340,705
Committed	-	1,863,084	1,863,084
Assigned	2,111,224	-	2,111,224
Unassigned	4,490,897	-	4,490,897
Total fund balance	<u>6,942,826</u>	<u>1,863,084</u>	<u>8,805,910</u>
Total liabilities, deferred inflows of resources and fund balance	<u>\$ 17,944,959</u>	<u>\$ 1,863,084</u>	<u>\$ 19,808,043</u>

See accompanying independent auditors' report

CITY OF ATTLEBORO, MASSACHUSETTS
Supplementary Information
General and Stabilization Fund Detail – Statement of Revenues,
Expenditures and Changes in Fund Balance
For the Year Ended June 30, 2016

	<u>General Fund</u>	<u>City Stabilization</u>	<u>Major Fund General Fund</u>
Revenues:			
Real estate and personal property taxes	\$ 63,777,519	\$ -	\$ 63,777,519
Motor vehicle and other excise	5,905,187	-	5,905,187
Payment in lieu of taxes	21,828	-	21,828
Fines, penalties and interest	676,791	-	676,791
Intergovernmental	52,426,298	-	52,426,298
Licenses and permits	1,478,679	-	1,478,679
Charges for services	4,626,670	-	4,626,670
Investment income	24,866	4,288	29,154
Miscellaneous	473,275	-	473,275
Total revenue	<u>129,411,113</u>	<u>4,288</u>	<u>129,415,401</u>
Expenditures :			
General government	7,517,116	-	7,517,116
Public safety	20,256,544	-	20,256,544
Education	79,570,021	-	79,570,021
Public works	2,637,897	-	2,637,897
Health and human services	4,242,326	-	4,242,326
Culture and recreation	3,476,874	-	3,476,874
Pension benefits	4,437,235	-	4,437,235
State and county charges	4,275,183	-	4,275,183
Debt service:			
Principal	3,500,056	-	3,500,056
Interest	596,002	-	596,002
Total Expenditures	<u>130,509,254</u>	<u>-</u>	<u>130,509,254</u>
Excess (deficiency) of revenues over expenditures	(1,098,141)	4,288	(1,093,853)
Other financing sources (uses):			
Bond premiums	822,531	-	822,531
Transfers in	2,271,980	1,046,454	3,318,434
Transfers out	(1,369,782)	(1,418,376)	(2,788,158)
Other financing sources (uses)	<u>1,724,729</u>	<u>(371,922)</u>	<u>1,352,807</u>
Excess of revenue and other sources over expenditures and other uses	626,588	(367,634)	258,954
Fund balance - beginning	<u>6,316,238</u>	<u>2,230,718</u>	<u>8,546,956</u>
Fund balance - ending	<u>\$ 6,942,826</u>	<u>\$ 1,863,084</u>	<u>\$ 8,805,910</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, 2016

	July 1, 2015 Balance	Commitments	Collections	Refunds	Adjustments	Abatements and Exemptions	Other Transfers (To Supplemental)	Transfers to Tax Title	June 30, 2016 Balance
Real Estate:									
2016	\$ -	\$ 62,167,037	\$ 60,733,443	\$ 139,865	\$ (60)	\$ 480,554	\$ -	\$ 5,143	\$ 1,087,822
2016 Supplemental	-	161,886	116,046	-	-	-	-	-	45,840
2015	1,027,590	-	585,383	187,242	63	169,158	-	449,488	10,740
2015 Supplemental	15,329	-	13,247	-	-	-	-	2,082	-
2014	49,244	-	474	117,583	-	153,087	-	8,182	5,084
2013	16,362	-	-	-	-	33,653	-	(25,903)	8,612
2012	13,100	-	-	-	-	33,446	-	(29,661)	9,315
2011	14,772	-	2,470	1,164	-	-	-	4,460	9,006
2010	8,977	-	-	-	-	-	-	7,570	1,407
2009	1,462	-	-	-	-	-	-	-	1,462
2008	3,740	-	-	-	-	-	-	-	3,740
2007	2,154	-	-	-	-	-	-	-	2,154
2006	9,601	-	-	-	-	-	-	-	9,601
2005	2,166	-	-	-	-	-	-	-	2,166
2004	7,062	-	-	-	-	-	-	-	7,062
2003	6,577	-	-	-	-	-	-	-	6,577
2002	785	-	-	-	-	-	-	-	785
2001	1,881	-	-	-	-	-	-	-	1,881
2000	694	-	-	-	-	-	-	-	694
1999	640	-	-	-	-	-	-	-	640
1998	2,110	-	-	-	-	-	-	-	2,110
1997	156	-	-	-	-	-	-	-	156
1996	38	-	-	-	-	-	-	-	38
1995	13	-	-	-	-	-	-	-	13
1994	6	-	-	-	-	-	-	-	6
1993	-	-	-	-	-	-	-	-	-
1992	-	-	-	-	-	-	-	-	-
1991	9	-	-	-	-	-	-	-	9
1990 and prior	27	-	-	-	-	-	-	-	27
Total Real Estate:	\$ 1,184,495	\$ 62,328,923	\$ 61,451,063	\$ 445,854	\$ 3	\$ 869,898	\$ -	\$ 421,361	\$ 1,216,947

See accompanying independent auditors' report

CITY OF ATTLEBORO, MASSACHUSETTS
Supplementary Information
Statement of Property and Excise Tax Receivables
For the Year Ended June 30, 2016

	July 1, 2015 Balance	Commitments	Collections	Refunds	Adjustments	Abatements and Exemptions	Other Transfers (To Supplemental)	Transfers to Tax Title	June 30, 2016 Balance
Personal Property:									
2016	\$ -	\$ 2,627,846	\$ 2,573,123	\$ 2,820	\$ (10)	\$ 12,520	\$ -	\$ -	\$ 45,033
2015	20,301	-	7,018	21,131	1	2,896	-	-	31,517
2014	27,251	-	7,325	1,584	-	3,775	-	-	17,735
2013	21,930	-	4,082	1,500	-	3,733	-	-	15,615
2012	21,113	-	1,087	1,500	-	2,430	-	-	19,096
2011	12,509	-	1,100	21,115	-	21,874	-	-	10,650
2010	16,776	-	666	1,500	-	1,725	-	-	15,885
2009	10,078	-	1,377	-	-	202	-	-	8,499
2008	7,199	-	83	-	-	274	-	-	6,842
2007	2,013	-	-	1,500	-	1,509	-	-	2,004
2006	14,073	-	-	1,500	-	14,090	-	-	1,483
2005	12,415	-	-	1,500	-	11,957	-	-	1,958
2004	1,212	-	-	1,500	-	1,500	-	-	1,212
2003	1,001	-	279	-	-	-	-	-	722
2002	1,001	-	281	-	-	-	-	-	720
2001	191	-	-	-	-	-	-	-	191
2000	186	-	-	-	-	-	-	-	186
1999	181	-	-	-	-	-	-	-	181
Total Personal Property:	\$ 169,430	\$ 2,627,846	\$ 2,596,421	\$ 57,150	\$ (9)	\$ 78,485	\$ -	\$ -	\$ 179,529
Deferred Property Taxes:									
1996	744	-	-	-	744	-	-	-	-
Total Deferred Property Taxes:	\$ 744	\$ -	\$ -	\$ -	\$ 744	\$ -	\$ -	\$ -	\$ -
Total Property Taxes:	\$ 1,354,669	\$ 64,956,769	\$ 64,047,484	\$ 503,004	\$ 738	\$ 948,383	\$ -	\$ 421,361	\$ 1,396,476

See accompanying independent auditors' report

CITY OF ATTLEBORO, MASSACHUSETTS
 Supplementary Information
 Statement of Property and Excise Tax Receivables
 For the Year Ended June 30, 2016

	July 1, 2015 Balance	Commitments	Collections	Refunds	Adjustments	Abatements and Exemptions	Other Transfers (To Supplemental)	Transfers to Tax Title	June 30, 2016 Balance
Motor Vehicle:									
2016	\$ -	\$ 4,808,996	\$ 4,339,251	\$ 29,873	\$ (49)	\$ 102,907	\$ -	\$ -	\$ 396,759
2015	367,535	583,044	826,841	36,851	(4)	42,921	-	-	117,671
2014	106,862	213	58,688	2,399	-	3,115	-	-	47,671
2013	54,032	153	16,645	1,054	-	1,346	-	-	37,248
2012	34,486	-	5,527	643	-	643	-	-	28,959
2011	34,691	-	2,907	-	-	-	-	-	31,784
Total Motor Vehicle Excise:	\$ 597,606	\$ 5,392,406	\$ 5,249,860	\$ 70,820	\$ (52)	\$ 150,932	\$ -	\$ -	\$ 660,092
Total Property and Excise:	\$ 1,952,275	\$ 70,349,175	\$ 69,297,344	\$ 573,824	\$ 686	\$ 1,099,315	\$ -	\$ 421,361	\$ 2,056,568

See accompanying independent auditors' report