

FINAL OFFICIAL STATEMENT DATED MAY 20, 2019

In the opinion of Mintz, Levin, Cohn, Ferris, Glovsky and Popeo, P.C., Bond Counsel, under existing law, and assuming continued compliance with various requirements of the Internal Revenue Code of 1986, as amended (the "Code"), interest on the Bonds will not be included in the gross income of the holders of the Bonds for federal income tax purposes. In the opinion of Bond Counsel, interest on the Bonds and any profit made from the sale thereof are exempt from Massachusetts personal income taxes, and the Bonds are exempt from Massachusetts personal property taxes. **The Bonds will be designated as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Code.** (See "Tax Exemption" herein.)

**\$5,680,000
TOWN OF NORTH ATTLEBOROUGH
Massachusetts**

GENERAL OBLIGATION MUNICIPAL PURPOSE LOAN OF 2019 BONDS

Dated: June 3, 2019

Due: June 1, 2020-2039

MATURITIES

<u>Year</u>	<u>Principal Amount*</u>	<u>Interest Rate</u>	<u>Price/Yield</u>	<u>CUSIP 657339</u>	<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Price/Yield</u>	<u>CUSIP 657339</u>
2020	\$525,000	5.000%	1.410%	G84	2029	\$270,000	2.000%	1.900%	H91
2021	515,000	5.000	1.420	G92	2030	250,000	2.000	2.000	J24
2022	505,000	5.000	1.430	H26	2031	250,000	3.000	2.250	J32
2023	485,000	5.000	1.440	H34	2032	250,000	3.000	2.350	J40
2024	470,000	5.000	1.450	H42	2033	250,000	3.000	2.450	J57
2025	290,000	5.000	1.490	H59	2034	250,000	3.000	2.550	J65
2026	285,000	5.000	1.510	H67	2035	105,000	3.000	2.600	J73
2027	280,000	5.000	1.550	H75	2036	105,000	3.000	2.700	J81
2028	280,000	2.000	1.700	H83	2037	105,000	3.000	2.800	J99

\$210,000 Term Bonds Maturing June 1, 2039 at 3.000% per annum, at 3.000% yield. K30

Principal of the Bonds will be payable June 1 of the years in which the Bonds mature. Interest from the date of the Bonds will be payable on December 1, 2019 and semi-annually thereafter on each June 1 and December 1. The Bonds are subject to redemption prior to their stated dates of maturity as described herein.

The Bonds are issuable in fully registered form without coupons, and, when issued, will be registered in the name of Cede & Co., as Bondowner and nominee for The Depository Trust Company ("DTC"), New York, New York. DTC will act as securities depository for the Bonds. Purchases of the Bonds will be made in book-entry form, in the denomination of \$5,000 or any integral multiple thereof. (See "Book-Entry Transfer System" herein.)

The legality of the Bonds will be approved by Mintz, Levin, Cohn, Ferris, Glovsky and Popeo, P.C., of Boston, Massachusetts, Bond Counsel to the Town of North Attleborough, Massachusetts, (the "Town"). UniBank Fiscal Advisory Services, Inc., Whitinsville, Massachusetts serves as financial advisor to the Town. It is expected that the Bonds, in definitive form, will be delivered to DTC, or the offices of its custodial agent, on or about June 3, 2019 against payment in federal reserve funds.

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The information and expressions of opinion in this Official Statement are subject to change without notice. Neither the delivery of this Official Statement nor any sale of the Bonds shall, under any circumstances, create any implication that there has been no material change in the affairs of the Town since the date of this Official Statement.

ISSUE SUMMARY STATEMENT

Issuer: Town of North Attleborough, Massachusetts

Date of Sale: Monday, May 20, 2019 at 12:00 p.m. (Eastern Daylight Savings Time)

Method of Sale: Electronic Bids via Parity.

Location of Sale: UniBank Fiscal Advisory Services, Inc., 49 Church St., Whitinsville, MA.

Issue: \$5,680,000 General Obligation Municipal Purpose Loan of 2019 Bonds – Book-Entry Only (See “Book-Entry Transfer System”, herein.)

Purpose: Equipment, roads, building repair, bridge design, downtown revitalization, 10-Mile River improvements, water and sewer (see “Authorization & Use of Proceeds”, herein).

Minimum Bid: Par plus a premium of no less than \$64,000.

Dated Date of Bonds: June 3, 2019

Maturity Date of Bonds: Serially on June 1, 2020 through 2039, as detailed herein (unless term bonds are specified by the successful bidder, as described herein).

Credit Rating: S&P Global Ratings has assigned an AA/Positive Outlook rating to the Bonds.

Redemption: The Bonds are subject to redemption prior to their stated dates of maturity as described herein.

Security: The Bonds are valid general obligations of the Town of North Attleborough, Massachusetts (the “Town”) and the principal of and interest on the Bonds are payable from taxes which may be levied upon all property with the territorial limits of the Town and taxable by it subject to the limitations imposed by Chapter 59, Section 21C of the General Laws (as amended, so-called, Proposition 2½).

Basis of Award: Lowest true interest cost (TIC) as of the dated date of the Bonds.

Tax Exemption: Refer to Tax Exemption and Appendix C –“Proposed Form of Legal Opinion” herein.

Continuing Disclosure: Refer to Continuing Disclosure and Appendix D–“Proposed Form of Continuing Disclosure Certificate” herein.

Bank Qualification: **The Bonds will be designated as “qualified tax-exempt obligations” for purposes of Section 265(b)(3) of the Code, as amended.**

Paying Agent: U.S. Bank National Association, Boston, Massachusetts

Legal Opinion: Mintz, Levin, Cohn, Ferris, Glovsky and Popeo, P.C., Boston, Massachusetts

Delivery and Payment: It is expected that the Bonds will be delivered to DTC, or the offices of its custodial agent, against payment to the account of the Town in federal reserve funds on or about June 3, 2019.

Issue Contacts: Christopher L. Sweet, Treasurer, Town of North Attleborough, Massachusetts
Tel. # (508) 699-0114
Lynne A. Foster-Welsh, Vice President, UniBank Fiscal Advisory Services, Inc.,
Tel. # (508) 849-4223
Matthew O. Page, Esq., Mintz, Levin, Cohn, Ferris, Glovsky and Popeo, P.C.
Tel. # (617) 348-1825

Additional Information: Refer to the Preliminary Official Statement dated May 13, 2019.

NOTICE OF SALE

**TOWN OF NORTH ATTLEBOROUGH
Massachusetts**

**\$6,050,000*
GENERAL OBLIGATION MUNICIPAL PURPOSE LOAN OF 2019 BONDS**

The Town of North Attleborough, Massachusetts (the "Town"), will receive electronic proposals until 12:00 p.m. (Eastern Daylight Savings Time), on May 20, 2019, at UniBank Fiscal Advisory Services, Inc., Whitinsville, Massachusetts, for the purchase of the following described Bonds:

\$6,050,000* **GENERAL OBLIGATION MUNICIPAL PURPOSE LOAN OF 2019 BONDS** payable June 1 of the years and in the amounts as follows:

<u>Due June 1</u>	<u>Principal Amount*</u>	<u>Due June 1</u>	<u>Principal Amount*</u>
2020	\$535,000	2030	\$270,000
2021	525,000	2031	270,000
2022	520,000	2032	270,000
2023	520,000	2033	270,000
2024	520,000	2034	270,000
2025	305,000	2035	115,000
2026	300,000	2036	115,000
2027	300,000	2037	115,000
2028	300,000	2038	115,000
2029	300,000	2039	115,000

**Preliminary, subject to change.*

Details of the Bonds

The Bonds will be dated June 3, 2019. Interest from the date of the Bonds will be payable on December 1, 2019, and semi-annually thereafter on each June 1 and December 1 until final maturity. Principal of and interest on the Bonds will be paid as described below.

The Bonds will be issued by means of a book-entry system with no physical distribution of the Bonds made to the public. One certificate for each maturity of the Bonds will be issued to The Depository Trust Company, New York, New York (DTC), and immobilized in its custody. A book-entry system will be employed, evidencing ownership of the Bonds in principal amounts of \$5,000 or any integral multiple thereof, with transfers of ownership effected on the records of DTC and its participants pursuant to rules and procedures adopted by DTC and its participants. The winning bidder, as a condition to delivery of the Bonds, shall be required to deposit the Bonds with DTC, registered in the name of Cede & Co. Principal of and interest on the Bonds will be payable to DTC or its nominee as registered owner of the Bonds. Transfer of principal and interest payments to participants of DTC will be the responsibility of DTC; transfer of principal and interest payments to beneficial owners by participants of DTC will be the responsibility of such participants and other nominees of beneficial owners. Neither the Town nor the Paying Agent will be responsible or liable for maintaining, supervising or reviewing the records maintained by DTC, its participants or persons acting through such participants.

Bank Qualification

The Bonds will be designated "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended.

Redemption of the Bonds

The Bonds maturing in the years 2020 through 2027, inclusive, are not subject to redemption prior to their stated dates of maturity. The Bonds maturing on and after June 1, 2028, are subject to redemption prior to their stated dates of maturity, at the option of the Town, at any time on and after June 1, 2027, either in whole or in part at any time, and if in part, by lot within a maturity, at par plus accrued interest to the date set for redemption.

Term Bonds

For Bonds maturing on and after June 1, 2028, bidders may specify that all of the principal amount of such Bonds having two or more consecutive maturities, may in lieu of having separate maturity dates, be combined to comprise one or more Term Bonds, and shall be subject to mandatory redemption or mature at par as described above, in each of the years and in the principal amounts specified in the foregoing maturity schedule. Each mandatory redemption shall be allocated to the payment of the Term Bonds having the nearest subsequent maturity date.

Term Bonds, if any, shall be subject to mandatory redemption on June 1 in the year or years immediately prior to the stated maturity of such Term Bonds (the particular Bonds of such maturity to be redeemed to be selected by lot), as indicated in the foregoing maturity schedule at the principal amount thereof plus accrued interest to the redemption date, without premium.

Form of Bid and Basis of Award

Electronic proposals will be submitted through *i-Deal*[®]. If any provisions in this Notice of Sale conflict with information provided by *i-Deal*[®], this Notice of Sale shall control. Further information about *i-Deal*[®], including any fees charged, may be obtained from *i-Deal*[®] at (212) 849-5000. The Town assumes no responsibility or liability for bids submitted through *i-Deal*[®]. An electronic bid made in accordance with this Notice of Sale shall be deemed an irrevocable offer to purchase the Bonds in accordance with the terms provided in this Notice of Sale and shall be binding upon the bidder as if made by a signed and sealed written bid delivered to the Town.

A good faith deposit is not required.

Bidders shall state the rate or rates of interest per annum which the Bonds are to bear in a multiple of 1/8th or 1/20th of 1% but shall not state (a) more than one interest rate for any Bonds having a like maturity, and (b) any interest rate which exceeds the interest rate stated for any other Bonds by more than 3%.

Minimum bid of par plus a premium of no less than \$64,000.

As between proposals which comply with this Notice of Sale, the award will be to the bidder who offers to purchase all the Bonds at the lowest net effective interest rate to the Town. Such interest rate shall be determined on a true interest cost (TIC) basis, which shall mean that rate which, as of June 3, 2019, discounts semi-annually all future payments on account of principal and interest to the price bid, not including interest accrued to June 3, 2019, if any, which accrued interest shall be paid by the successful bidder. The award of the Bonds to the winning bidder will not be effective until the bid has been approved by the Board of Selectmen and Treasurer of the Town.

Bond Insurance

The Town has not contracted for the issuance of any policy of municipal bond insurance for the Bonds. If the Bonds qualify for issuance of any such policy or commitment therefor, any purchase of such insurance or commitment shall be at the sole option and expense of the bidder. Proposals shall not be conditioned upon the issuance of any such policy or commitment. Any failure of the Bonds to be so insured or of any such policy or commitment to be issued shall not in any way relieve the purchaser of the contractual obligations arising from the acceptance of a proposal for the purchase of the Bonds. Should the successful bidder purchase municipal bond insurance, all expenses associated with such policy or commitment will be borne by the bidder, except for the fee paid to S&P Global Ratings for the rating of the Bonds. Any such fee paid to S&P Global Ratings would be borne by the Town.

Establishment of Issue Price

The successful bidder shall assist the Town in establishing the issue price of the Bonds and shall execute and deliver to the Town on the Closing Date an “issue price” or similar certificate, in the applicable form set forth in Exhibit 1 to this Notice of Sale, setting forth the reasonably expected initial offering prices to the public or the sales price of the Bonds together with the supporting pricing wires or equivalent communications, or, if applicable, the amount bid, with such modifications as may be appropriate or necessary, in the reasonable judgment of the successful bidder, the Town and Bond Counsel. All actions to be taken by the Town under this Notice of Sale to establish the issue price of the Bonds may be taken on behalf of the Town by its financial advisor, Unibank Fiscal Advisory Services, Inc. (the “Financial Advisor”), and any notice or report to be provided to the Town may be provided to the Financial Advisor.

Competitive Sale Requirements. If the competitive sale requirements (“competitive sale requirements”) set forth in Treasury Regulation § 1.148-1(f)(3)(i) (defining “competitive sale” for purposes of establishing the issue price of the Bonds) have been satisfied, the Town will furnish to the successful bidder on the Closing Date a certificate of the Financial Advisor, which will certify each of the following conditions to be true:

1. the Town has disseminated this Notice of Sale electronically through *i-Deal* to potential underwriters in a manner that is reasonably designed to reach potential underwriters;
2. all bidders had an equal opportunity to bid;
3. the Town received bids from at least three underwriters of municipal bonds who have established industry reputations for underwriting new issuances of municipal bonds; and
4. the Town awarded the sale of the Bonds to the bidder who submitted a firm offer to purchase the Bonds at the highest price (or lowest interest cost), as set forth in this Notice of Sale.

Any bid submitted pursuant to this Notice of Sale shall be considered a firm offer for the purchase of the Bonds, as specified in the bid. Unless a bidder notifies the Town prior to submitting its bid by facsimile or email to the Financial Advisor (508-234-1938 or lynne.welsh@unibank.com) or in its bid submitted via Parity, that it will not be an “underwriter” (as defined below) of the Bonds, by submitting its bid, each bidder shall be deemed to confirm that it has an established industry reputation for underwriting new issuances of municipal bonds. Unless the bidder has notified the Town that it will not be an “underwriter” (as defined below) of the Bonds, in submitting a bid, each bidder is deemed to acknowledge that it is an “underwriter” that intends to reoffer the Bonds to the public.

In the event that the competitive sale requirements are not satisfied, the Town shall so advise the successful bidder.

Failure to Meet the Competitive Sale Requirements—Option A—The Successful Bidder Intends to Reoffer the Bonds to the Public. If the competitive sale requirements are not satisfied and the successful bidder intends to reoffer the Bonds to the public, the Town will use the first price at which 10% of a maturity of the Bonds (the “10% test”) is sold to the public as the issue price of that maturity, applied on a maturity-by-maturity basis, of the Bonds. The successful bidder shall advise the Financial Advisor if any maturity of the Bonds satisfies the 10% test as of the date and time of the award of the Bonds. The Town will not require bidders to comply with the “hold-the-offering-price rule” set forth in the applicable Treasury Regulations and therefore does not intend to use the initial offering price to the public as of the Sale Date of any maturity of the Bonds as the issue price of that maturity, if the competitive sale requirements are not met. Bids will not be subject to cancellation in the event that the competitive sale requirements are not satisfied. Bidders should prepare their bids on the assumption that all of the maturities of the Bonds will be subject to the 10% test in order to establish the issue price of the Bonds.

If the competitive sale requirements are not satisfied, then until the 10% test has been satisfied as to each maturity of the Bonds or all of the Bonds are sold to the public, the successful bidder agrees to promptly report to the Financial Advisor the prices at which the unsold Bonds of each maturity have been sold to the public, which reporting obligation shall continue, whether or not the closing date has occurred, until the 10% test has been satisfied for each maturity of the Bonds

or until all the Bonds have been sold to the public. The successful bidder shall be obligated to report each sale of Bonds to the Financial Advisor until notified in writing by the Town or the Financial Advisor that it no longer needs to do so.

By submitting a bid, each bidder confirms that: (i) any agreement among underwriters, any selling group agreement and each retail distribution agreement (to which the bidder is a party) relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each underwriter, each dealer who is a member of the selling group, and each broker-dealer that is a party to such retail distribution agreement, as applicable, to report the prices at which it sells to the public the unsold Bonds of each maturity allotted to it until it is notified by the successful bidder that either the 10% test has been satisfied as to the Bonds of that maturity or all Bonds of that maturity have been sold to the public, if and for so long as directed by the successful bidder and as set forth in the related pricing wires and (ii) any agreement among underwriters relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each underwriter that is a party to a retail distribution agreement to be employed in connection with the initial sale of the Bonds to the public to require each broker-dealer that is a party to such retail distribution agreement to report the prices at which it sells to the public the unsold Bonds of each maturity allotted to it until it is notified by the successful bidder or such underwriter that either the 10% test has been satisfied as to the Bonds of that maturity or all Bonds of that maturity have been sold to the public if and for so long as directed by the successful bidder or such underwriter and as set forth in the related pricing wires.

Sales of any Bonds to any person that is a related party to an underwriter shall not constitute sales to the public for purposes of this Notice of Sale. Further, for purposes of this Notice of Sale:

1. “public” means any person other than an underwriter or a related party,
2. “underwriter” means (A) any person that agrees pursuant to a written contract with the Town (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the public and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the Bonds to the public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the public), and
3. a purchaser of any of the Bonds is a “related party” to an underwriter if the underwriter and the purchaser are subject, directly or indirectly, to (i) at least 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (ii) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (iii) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other).

Failure to Meet the Competitive Sale Requirements–Option B–The Successful Bidder Does Not Intend to Reoffer the Bonds to the Public. If the competitive sale requirements are not met and the successful bidder notified the Town in its bid that it would not be an underwriter as defined above (i.e. does not intend to reoffer the Bonds to the public), the Town will treat the Bonds as sold in a private placement and will treat the amount bid as the issue price.

Legal Opinion

The legality of the Bonds will be approved by Mintz, Levin, Cohn, Ferris, Glovsky and Popeo, P.C., Boston, Massachusetts, (“Bond Counsel”) whose opinion will be furnished to the original purchaser.

Bond Counsel are not passing upon and do not assume any responsibility for the accuracy or adequacy of the information contained in the Preliminary Official Statement or Official Statement other than matters therein expressly set forth as the opinion of Bond Counsel.

Documents to be Delivered at Closing

It shall be a condition to the obligation of the successful bidder to accept delivery of and pay for the Bonds that the bidder shall be furnished, without cost, with (a) the approving opinion of the firm of Mintz, Levin, Cohn, Ferris, Glovsky and Popeo, P.C., Boston, Massachusetts, substantially in the form presented in Appendix C of the Preliminary Official Statement dated May 13, 2019, included herein, (b) a certificate in form satisfactory to said firm dated as of June 3, 2019, the delivery date of the Bonds and receipt of payment therefor, to the effect that there is no litigation pending or, to the knowledge of the signers thereof, threatened affecting the validity of the Bonds or the power of the Town to levy and collect taxes to pay them, (c) a certificate of the Town Treasurer to the effect that, to the best of his knowledge and belief, the Preliminary Official Statement did not, as of its date and the date of sale, and the final Official Statement referred to below, did not as of its date and does not as of the date of delivery of the Bonds (except in each case, the information under the heading "THE BONDS-BOOK-ENTRY TRANSFER SYSTEM" and in Appendices C and D, as to which no view need be expressed), contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made therein, in the light of the circumstances under which they were made, not misleading; and (d) a Continuing Disclosure Certificate substantially in the form presented in Appendix D of the Preliminary Official Statement dated May 13, 2019, included herein.

CUSIP Identification Numbers

It is anticipated that CUSIP identification numbers will be printed on the Bonds, but neither the failure to print such numbers on any Bond, nor any error with respect thereto shall constitute cause for a failure or refusal by the purchaser thereof to accept delivery of and pay for the Bonds. The Town assumes no responsibility for any CUSIP Service Bureau or other charge that may be imposed for the assignment of such numbers.

Continuing Disclosure

In order to assist bidders in complying with Rule 15c2-12(b)(5) promulgated by the Securities and Exchange Commission, the Town will undertake to provide annual reports and notices of certain significant events. A description of this undertaking is set forth in the Preliminary Official Statement.

Delivery

The Bonds, in definitive form, will be delivered to the purchaser at DTC, or the offices of its custodial agent, on or about June 3, 2019, against payment in federal reserve funds.

Additional Information and Copies of the Official Statement

Additional information concerning the Town and the Bonds is contained in the Preliminary Official Statement dated May 13, 2019, to which prospective bidders are directed. The Preliminary Official Statement is provided for informational purposes only and is not a part of this Notice of Sale. Such Preliminary Official Statement is deemed final by the Town as of its date for purposes of SEC Rule 15c2-12(b)(1). Copies of the Preliminary Official Statement and a suggested form of proposal for the Bonds may be obtained from Lynne A. Foster-Welsh, Vice President, UniBank Fiscal Advisory Services, Inc., 49 Church Street, Whitinsville, Massachusetts 01588, telephone (508) 849-4223. Within seven (7) business days following award of the Bonds in accordance herewith, up to twenty-five (25) copies of a final Official Statement will be furnished to the successful bidder. Additional copies may be obtained at the purchaser's expense.

The right is reserved to reject any or all bids and to reject any bid not complying with this Notice of Sale and, so far as permitted by law, to waive any irregularity with respect to any proposal.

TOWN OF NORTH ATTLEBOROUGH
Massachusetts

/s/ Christopher L. Sweet
Treasurer

Dated: May 13, 2019

EXHIBIT 1 TO THE NOTICE OF SALE

Issue Price Certificate for Use If the Competitive Sale Requirements Are Met

\$6,050,000*

TOWN OF NORTH ATTLEBOROUGH, MASSACHUSETTS GENERAL OBLIGATION MUNICIPAL PURPOSE LOAN OF 2019 BONDS-DATED JUNE 3, 2019

ISSUE PRICE CERTIFICATE

The undersigned, on behalf of [NAME OF SUCCESSFUL BIDDER] (the “Successful Bidder”), hereby certifies as set forth below with respect to the sale of the above-captioned obligations (the “Bonds”) of the Town of North Attleborough, Massachusetts (the “Issuer”).

1. Reasonably Expected Initial Offering Prices.

(a) As of the Sale Date, the reasonably expected initial offering prices of the Bonds to the Public by the Successful Bidder are the prices listed in Schedule A (the “Expected Offering Prices”). The Expected Offering Prices are the prices for the Maturities of the Bonds used by the Successful Bidder in formulating its bid to purchase the Bonds. Attached as Schedule B is a true and correct copy of the bid provided by the Successful Bidder to purchase the Bonds.

(b) The Successful Bidder was not given the opportunity to review other bids prior to submitting its bid.

(c) The bid submitted by the Successful Bidder constituted a firm offer to purchase the Bonds.

2. Defined Terms.

(a) “Maturity” means Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate Maturities.

(b) “Public” means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term “related party” for purposes of this certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.

(c) “Sale Date” means the first day on which there is a binding contract in writing for the sale of a Maturity of the Bonds. The Sale Date of the Bonds is May 20, 2019.

(d) “Underwriter” means (i) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public).

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents the Successful Bidder’s interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the Tax Certificate and with respect to compliance with the federal income tax rules affecting the Bonds, and by Mintz, Levin, Cohn, Ferris, Glovsky and Popeo, P.C., Bond Counsel, in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Issuer from time to time relating to the Bonds.

**Preliminary, subject to change.*

The Successful Bidder hereby acknowledges receipt from the Issuer of the Bonds and further acknowledges receipt of all certificates, opinions and other documents required to be delivered to the Successful Bond Bidder, before or simultaneously with the delivery of the Bonds, which certificates, opinions and other documents are satisfactory to the Successful Bidder.

Dated: June 3, 2019

SUCCESSFUL BIDDER

By: _____
Name:
Title:

SCHEDULE A—Expected Reoffering Prices (to be attached)

SCHEDULE B—Copy of Successful Bidder's Bid (to be attached)

Issue Price Certificate for Use If the Competitive Sale Requirements Are

Not Met and the Hold the Price Rule Is Not Imposed

\$6,050,000*

**TOWN OF NORTH ATTLEBOROUGH, MASSACHUSETTS
GENERAL OBLIGATION MUNICIPAL PURPOSE LOAN OF 2019 BONDS-DATED JUNE 3, 2019**

ISSUE PRICE CERTIFICATE

The undersigned, on behalf of _____ (the “Successful Bidder”), [on behalf of itself and [NAMES OF OTHER UNDERWRITERS]] hereby certifies as set forth below with respect to the sale and issuance of the above-captioned obligations (the “Bonds”) issued by the Town of North Attleborough, Massachusetts (the “Issuer”).

1. Sale of the Bonds. As of the date of this certificate, [except as set forth in paragraph 2 below,] for each Maturity of the Bonds, the first price at which at least 10% of such Maturity of the Bonds was sold to the Public is the respective price listed in Schedule A.

[Only use the next paragraph if, as of the closing date, the 10% test has not been met or all of the Bonds have not been sold for one or more Maturities of Bonds.]

2. Sale Price Reporting. For each Maturity of the Bonds as to which no price is listed in Schedule A, until the 10% test has been satisfied as to each Maturity of the Bonds or all of the Bonds are sold to the Public, the Successful Bidder agrees to promptly report to the Issuer’s financial advisor, UniBank Fiscal Advisory Services, Inc. (the “Financial Advisor”) the prices at which the unsold Bonds of each Maturity have been sold to the Public, which reporting obligation shall continue after the date hereof until the 10% test has been satisfied for each Maturity of the Bonds or until all the Bonds of such Maturity have been sold to the public. The Successful Bidder shall continue to report each sale of such Maturities of the Bonds to the Financial Advisor until notified by email or in writing by the Issuer or the Financial Advisor that it no longer needs to do so.

3. Defined Terms.

(a) “Maturity” means Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate Maturities.

(b) “Public” means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term “related party” for purposes of this certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.

(c) “Underwriter” means (i) any person, including the Successful Bidder, that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this definition to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public).

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents the Successful Bidder’s interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the Tax Certificate and with respect to compliance with the federal income tax rules affecting the Bonds, and by Mintz, Levin, Cohn, Ferris, Glovsky and Popeo, P.C., Bond Counsel, in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Issuer from time to time relating to the Bonds.

**Preliminary, subject to change.*

The Successful Bidder hereby acknowledges receipt from the Issuer of the Bonds and further acknowledges receipt of all certificates, opinions and other documents required to be delivered to the Successful Bond Bidder, before or simultaneously with the delivery of the Bonds, which certificates, opinions and other documents are satisfactory to the Successful Bidder.

Dated: June 3, 2019

[SUCCESSFUL BIDDER]

By: _____

Name:

Title:

OFFICIAL STATEMENT

**TOWN OF NORTH ATTLEBOROUGH
MASSACHUSETTS**

\$6,050,000*

GENERAL OBLIGATION MUNICIPAL PURPOSE LOAN OF 2019 BONDS

INTRODUCTION

This Official Statement is provided for the purpose of presenting certain information relating to the Town of North Attleborough, Massachusetts (the "Town") in connection with the sale of \$6,050,000* General Obligation Municipal Purpose Loan of 2019 Bonds, dated June 3, 2019 (the "Bonds") of the Town.

The Bonds are being offered for sale at public bidding and a Notice of Sale dated May 13, 2019, has been furnished to prospective bidders. Reference is hereby made to the Notice of Sale for the terms and conditions of bidding.

The Bonds will be general obligations of the Town for which its full faith and credit are pledged. They are not guaranteed by The Commonwealth of Massachusetts (the "Commonwealth") or any other entity. The security for the Bonds is more fully described under the caption "Security and Remedies" herein. See also the caption "Opinion of Bond Counsel".

Questions regarding information contained in this Official Statement or other matters should be directed to the following: Christopher L. Sweet, Treasurer, Town of North Attleborough, Massachusetts (508) 699-0114; Lynne A. Foster-Welsh, Vice President, UniBank Fiscal Advisory Services, Inc., (508) 849-4223; or Matthew O. Page, Esq., Mintz, Levin, Cohn, Ferris, Glovsky and Popeo, P.C., Boston, Massachusetts, Bond Counsel (617) 348-1825.

The information contained herein has been obtained from the sources indicated or from the Town.

**Preliminary, subject to change.*

PART I

THE BONDS

DESCRIPTION OF THE BONDS

The Bonds will be dated June 3, 2019 and will mature (or be subject to mandatory sinking fund instalments, if so specified by the successful bidder) on June 1 of the years and in the principal amounts as follows:

<u>Due June 1</u>	<u>Principal Amount</u>	<u>Due June 1</u>	<u>Principal Amount</u>
2020	\$525,000	2029	\$270,000
2021	515,000	2030	250,000
2022	505,000	2031	250,000
2023	485,000	2032	250,000
2024	470,000	2033	250,000
2025	290,000	2034	250,000
2026	285,000	2035	105,000
2027	280,000	2036	105,000
2028	280,000	2037	105,000

\$210,000 Term Bonds Maturing June 1, 2039

The Bonds will bear interest at the rate or rates per annum specified by the successful bidder. The Bonds are subject to redemption prior to maturity as described herein.

Principal and semi-annual interest will be paid by U.S. Bank National Association, Boston, Massachusetts, or its successor acting as paying agent (the "Paying Agent") for the Town. Interest from the date of the Bonds will be payable on December 1, 2019, and semi-annually thereafter on each June 1 and December 1 until maturity. So long as The Depository Trust Company, New York, New York ("DTC") or its nominee, Cede & Co., is the Bondowner, such payments of principal of and interest on the Bonds will be made directly to such Bondowner. Disbursement of such payments to the DTC Participants is the responsibility of DTC and disbursement of such payments to the Beneficial Owners is the responsibility of the DTC Participants and Indirect Participants, as more fully described herein.

The Bonds are issuable only in fully registered form without coupons, and, when issued, will be registered in the name of Cede & Co., as Bondowner and nominee for DTC. DTC will act as securities depository for the Bonds. Purchases of the Bonds will be made in book-entry form, in the denomination of \$5,000 or any integral multiple thereof. Purchasers will not receive certificates representing their interest in Bonds purchased. So long as Cede & Co. is the Bondowner, as nominee of DTC, references herein to the Bondowners or registered owner shall mean Cede & Co., as aforesaid, and shall not mean the Beneficial Owners (as defined herein) of the Bonds. (See Book-Entry Transfer System herein.)

RECORD DATE

The record date for each payment of interest on the Bonds (the "Record Date") is the fifteenth day of the month preceding the interest payment date, provided that, if such date is not a business day, the Record Date shall be the next succeeding business day. Under certain circumstances, the Paying Agent may establish a special record date. The special record date may not be more than twenty (20) days before the date set for payment. The Paying Agent will mail notice of a special record date to the bondholders at least ten (10) days before the special record date.

BOOK-ENTRY TRANSFER SYSTEM

The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the Bonds. The Bonds will be issued in fully-registered form registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One-fully registered certificate will be issued for each

maturity of the Bonds, each in the aggregate principal amount of such maturity, and each such certificate will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a S&P Global Ratings rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of securities deposited with DTC must be made by or through Direct Participants, which will receive a credit for such securities on DTC's records. The ownership interest of each actual purchaser of each security deposited with DTC ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in securities deposited with DTC are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in securities deposited with DTC, except in the event that use of the book-entry system for such securities is discontinued.

To facilitate subsequent transfers, all securities deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of securities with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the securities deposited with it; DTC's records reflect only the identity of the Direct Participants to whose accounts such securities are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to DTC. If less than all of a maturity is being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to securities deposited with it unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the issuer of such securities or its paying agent as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on securities deposited with DTC will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon

DTC's receipt of funds and corresponding detail information from the issuer of such securities or its paying agent, on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC (nor its nominee), the issuer of such securities or its paying agent, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the issuer of such securities or its paying agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to securities held by it at any time by giving reasonable notice to the issuer of such securities or its paying agent. Under such circumstances, in the event that a successor depository is not obtained, physical certificates are required to be printed and delivered to Beneficial Owners.

The Town may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, physical certificates will be printed and delivered to Beneficial Owners.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Town believes to be reliable, but the Town takes no responsibility for the accuracy thereof.

DTC Practices

The Town can make no assurances that DTC, Direct Participants, Indirect Participants or other nominees of the Beneficial Owners of the Bonds will act in a manner described in this Official Statement. DTC is required to act according to rules and procedures established by DTC and its participants which are on file with the Securities and Exchange Commission.

AUTHORIZATION AND USE OF PROCEEDS

The Bonds are authorized as follows:

<u>Amount</u>	<u>Purpose</u>	<u>Statutory Authorization</u>	<u>Vote Date</u>
<u>General Government:</u>			
School:			
\$ 370,000	Technology Plan	Ch. 44, s. 7(9)	06/04/18
95,000	SPED Buses	Ch. 44, s. 7(1)	06/04/18
60,000	Playground	Ch. 44, s. 7(1)	06/04/18
55,000	Truck/Plow	Ch. 44, s. 7(1)	06/04/18
Town:			
\$ 605,000	Roads, Bridges & Sidewalks	Ch. 44, s. 7(1) & (7)	06/04/18
1,395,000	Downtown Revitalization	Ch. 44, s. 7(1)	06/04/18
185,000	Paving	Ch. 44, s. 7(1)	06/04/18
235,000	10-Mile River Improvement	Ch. 44, s. 7(1)	06/04/18
115,000	A/C-Town Hall	Ch. 44, s. 7(1)	10/15/18
165,000	Police Vehicles	Ch. 44, s. 7(1)	06/04/18
50,000	Fire Dept. Vehicle	Ch. 44, s. 7(1)	06/04/18
55,000	Mower	Ch. 44, s. 7(1)	06/04/18
120,000	Library Windows	Ch. 44, s. 7(1)	06/04/18
<u>Enterprise:</u>			
\$1,230,000	Water Mains	Ch. 44, s. 8(5)	06/04/18
945,000	Sewer I & I	Ch. 44, s. 7(1)	06/04/18
<u>\$5,680,000</u>	Total		

The proceeds of the Bonds will be used to complete the financing for the projects. The Water and Sewer Enterprise debt is self-supporting and is expected to be paid, in the first instance, from system revenues.

OPTIONAL REDEMPTION

Bonds maturing in the years 2020 through 2027, inclusive, are not subject to redemption prior to their stated dates of maturity. Bonds maturing on and after June 1, 2028, are subject to redemption prior to maturity, at the option of the Town, on and after June 1, 2027, either in whole or in part at any time, and if in part, by lot within a maturity, at par plus accrued interest to the date set for redemption.

MANDATORY REDEMPTION

The Bonds maturing on June 1, 2039, the “Term Bonds”, will be subject to mandatory redemption on June 1 in each year or years immediately prior to the stated maturity of such Term Bonds (the particular portion of the Term Bonds of such maturity to be redeemed to be selected by lot) as indicated herein.

The Bonds maturing on June 1, 2039 are subject to mandatory redemption or mature on June 1 in each of the years 2038 and 2039, inclusive, at the price of par, plus accrued interest to the redemption date, in the principal amounts as follows:

<u>Year</u>	<u>Principal Amount</u>
2038	\$105,000
2039 [†]	105,000

[†] Denotes final maturity.

NOTICE OF REDEMPTION

So long as DTC is the registered owner of the Bonds, notice of any redemption of Bonds, prior to their maturities, specifying the Bonds (or portions thereof) to be redeemed shall be mailed to DTC not more than 60 days nor less than 30 days prior to the redemption date. Any failure on the part of DTC to notify the DTC Participants of the redemption or failure on the part of the DTC Participants or of a nominee of a Beneficial Owner (having received notice from a DTC Participant or otherwise) to notify the Beneficial Owner shall not affect the validity of the redemption. If moneys for the redemption are held by the Paying Agent on the redemption date and if notice of the redemption shall have been duly mailed, then from and after the redemption date interest on the Bonds (or portions thereof) called for redemption shall cease to accrue.

SECURITY AND REMEDIES

Full Faith and Credit. General obligation bonds and notes of a Massachusetts city or town constitute a pledge of its full faith and credit. To the extent not paid from other sources, the principal of and interest on the Bonds are payable from taxes which may be levied upon all taxable property within the territorial limits of the Town, subject to the limit imposed by Chapter 59, Section 21C of the General Laws, as amended (so-called Proposition 2½). Payment is not limited to a particular fund or revenue source. Except for “qualified bonds” (see “Serial Bonds and Notes” herein) and setoffs of state distributions (see “State Distributions” herein), no provision is made by the Massachusetts statutes for priorities among bonds and notes and other general obligations, although the use of certain moneys may be restricted.

Tax Levy. The Massachusetts statutes direct the municipal assessors to include annually in the tax levy for the next fiscal year "all debt and interest charges matured and maturing during the next fiscal year and not otherwise provided for (and) all amounts necessary to satisfy final judgments". Specific provision is also made for including in the next tax levy payments of rebate amounts not otherwise provided for and payment of notes in anticipation of federal or state aid if the aid is no longer forthcoming.

The total amount of a tax levy is limited by statute. However, the voters in each municipality may vote to exclude from the limitation any amounts required to pay debt service on indebtedness incurred before November 4, 1980. Local voters may also vote to exempt specific subsequent bond issues from the limitation (see “Tax Limitations” herein). In addition, obligations incurred before November 4, 1980 may be constitutionally entitled to payment from taxes in excess of the statutory limit.

The Town has voted to exempt the debt service on \$1,400,000 principal amount of currently outstanding bonds from the limitations of Proposition 2½, subject to the provisions of Chapter 44, Section 20 of the General Laws.

No Lien. Except for taxes on the increased value of certain property in designated development districts which may be pledged for the payment of debt service on bonds issued to finance economic development projects within such districts, no provision is made for a lien on any portion of the tax levy or any other moneys to secure particular bonds or notes or bonds and notes generally (or judgments on bonds or notes) in priority to other claims. Provision is made, however, for borrowing to pay judgments, subject to the General Debt Limit (see “Debt Limits” herein). Subject to the approval of the State Director of Accounts for judgments above \$10,000, judgments may also be paid from available funds without appropriation and included in the next tax levy unless other provision is made.

Court Proceedings. Massachusetts cities and towns are subject to suit on their general obligation bonds and notes and courts of competent jurisdiction have power in appropriate proceedings to order payment of a judgment on the bonds or notes from lawfully available funds or, if necessary, to order the city or town to take lawful action to obtain the required money, including the raising of it in the next annual tax levy, within the limits prescribed by law (see “Tax Limitations” herein). In exercising their discretion as to whether to enter such an order, the courts could take into account all relevant factors including the current operating needs of the city or town and the availability and adequacy of other remedies. The Massachusetts Supreme Judicial Court has stated in the past that a judgment against a municipality can be enforced by the taking and sale of the property of any inhabitant. However, there has been no judicial determination as to whether this remedy is constitutional under current due process and equal protection standards.

Restricted Funds. Massachusetts statutes also provide that certain water, gas and electric, community antenna television system, telecommunications, sewer, parking meter and passenger ferry fee, community preservation and affordable housing receipts may be used only for water, gas and electric, community antenna television system, telecommunications, sewer, parking, mitigation of ferry service impacts, community preservation and affordable housing purposes, respectively; accordingly, moneys derived from these sources may be unavailable to pay general obligation bonds and notes issued for other purposes. A city or town that accepts certain other statutory provisions may establish an enterprise fund for a utility, health care, solid waste, recreational or transportation facility and for police or fire services; under those provisions any surplus in the fund is restricted to use for capital expenditures or reduction of user charges. In addition, subject to certain limits, a city or town may annually authorize the establishment of one or more revolving funds in connection with use of certain revenues for programs that produce those revenues; interest earned on a revolving fund is treated as general fund revenue. A city or town may also establish an energy revolving loan fund to provide loans to owners of privately-held property in the city or town for certain energy conservation and renewable energy projects, and may borrow to establish such a fund. The loan repayments and interest earned on the investment of amounts in the fund shall be credited to the fund. Also, the annual allowance for depreciation of a gas and electric plant or a community antenna television and telecommunications system is restricted to use for plant or system renewals and improvements, for nuclear decommissioning costs, and costs of contractual commitments, or, with the approval of the State Department of Telecommunications and Energy, to pay debt incurred for plant or system reconstruction or renewals. Revenue bonds and notes issued in anticipation of them may be secured by a prior lien on specific revenues. Receipts from industrial users in connection with industrial revenue financings are also not available for general municipal purposes.

State Distributions. State grants and distributions may in some circumstances be unavailable to pay general obligation bonds and notes of a city or town in that the State Treasurer is empowered to deduct from such grants and distributions the amount of any debt service paid on "qualified bonds" (see “Serial Bonds and Notes” herein) and any other sums due and payable by the city or town to the Commonwealth, or certain other public entities, including any unpaid assessments for costs of any public transportation authority such as the Massachusetts Bay Transportation Authority (the "MBTA") or a regional transit authority of which it is a member or for costs of the Massachusetts Water Resources Authority (the "MWRA") if the city or town is within the territory served by the Authority, for any debt service due on obligations issued to the Massachusetts School Building Authority (“MSBA”), or for charges necessary to meet obligations to the Massachusetts Clean Water Trust, which administers the Commonwealth’s clean water and drinking water revolving programs, including such charges imposed by another local governmental unit that provides wastewater collection or treatment services or drinking water treatment services to the city or town.

If a city or town is (or is likely to be) unable to pay principal or interest on its bonds or notes when due, it is required to notify the State Commissioner of Revenue. The Commissioner shall in turn, after verifying the inability, certify the inability to the State Treasurer. The State Treasurer shall pay the due or overdue amount to the paying agent for the bonds

or notes, in trust, within three days after the certification or one business day prior to the due date (whichever is later). This payment is limited, however, to the estimated amount otherwise distributable by the Commonwealth to the city or town during the remainder of the fiscal year (after the deductions mentioned in the foregoing paragraph). If for any reason any portion of the certified sum has not been paid at the end of the fiscal year, the State Treasurer shall pay it as soon as practicable in the next fiscal year to the extent of the estimated distributions for that fiscal year. The sums so paid shall be charged (with interest and administrative costs) against the distributions to the city or town.

The foregoing does not constitute a pledge of the faith and credit of the Commonwealth. The Commonwealth has not agreed to maintain existing levels of state distributions, and the direction to use estimated distributions to pay debt service may be subject to repeal by future legislation. Moreover, adoption of the annual appropriation act has sometimes been delayed beyond the beginning of the fiscal year and estimated distributions which are subject to appropriation may be unavailable to pay local debt service until they are appropriated.

Bankruptcy. Enforcement of a claim for payment of principal or interest on general obligation bonds or notes would be subject to the applicable provisions of Federal bankruptcy laws and to the provisions of other statutes, if any, hereafter enacted by the Congress or the State legislature extending the time for payment or imposing other constraints upon enforcement insofar as the same may be constitutionally applied. Massachusetts municipalities are not generally authorized by the Massachusetts General Laws to file a petition for bankruptcy under Federal Bankruptcy laws. In cases involving significant financial difficulties faced by a single city, town or regional school district, the Commonwealth has enacted special legislation to permit the appointment of a fiscal overseer, finance control board or, in the most extreme cases, a state receiver. In a limited number of these situations, such special legislation has also authorized the filing of federal bankruptcy proceedings, with the prior approval of the Commonwealth. In each case where such authority was granted, it expired at the termination of the Commonwealth's oversight of the financially distressed city, town or regional school district. To date, no such filings have been approved or made.

OPINION OF BOND COUNSEL

A copy of the legal opinion of the firm of Mintz, Levin, Cohn, Ferris, Glovsky and Popeo, P.C., of Boston, Massachusetts, (see Appendix C) will be furnished to the successful bidder. The opinion will be dated and given on and will speak only as of the date of original delivery of the Bonds.

The scope of engagement of Bond Counsel does not extend to passing upon or assuming responsibility for the accuracy or adequacy of any statements made in this Official Statement other than matters expressly set forth as their opinion and they make no representation that they have independently verified the same.

TAX EXEMPTION

Mintz, Levin, Cohn, Ferris, Glovsky and Popeo, P.C., Bond Counsel to the Town ("Bond Counsel") is of the opinion that, under existing law, interest on the Bonds will not be included in the gross income of holders of the Bonds for federal income tax purposes. This opinion is expressly conditioned upon continued compliance with certain requirements imposed by the Internal Revenue Code of 1986, as amended (the "Code"), which must be satisfied subsequent to the date of issuance of the Bonds in order to ensure that interest on the Bonds is and continues to be excludable from the gross income of holders of the Bonds. Failure to comply with certain of such requirements could cause interest on the Bonds to be included in the gross income of holders of the Bonds retroactive to the date of issuance of the Bonds. In particular, and without limitation, these requirements include restrictions on the use, expenditure and investment of Bond proceeds and the payment of rebate, or penalties in lieu of rebate, to the United States, subject to certain exceptions. The Town has provided covenants and certificates as to continued compliance with such requirements.

In the opinion of Bond Counsel, under existing law, interest on the Bonds will not constitute a preference item under Section 57(a)(5) of the Code for purposes of computation of the alternative minimum tax imposed on certain individuals.

In the opinion of Bond Counsel, the Bonds are "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Code.

Bond Counsel has not opined as to any other matters of federal tax law relating to the Bonds. However, prospective purchasers should be aware that certain collateral consequences may result under federal tax law for certain holders of the Bonds, including but not limited to the requirement that recipients of certain Social Security and railroad retirement benefits take into account receipts or accruals of interest on the Bonds in determining gross income. The nature and extent of these other tax consequences depends on the particular tax status of the holder and the holder's other items of income or deduction. Holders should consult their own tax advisors with respect to such matters.

Interest paid on tax-exempt obligations such as the Bonds is generally required to be reported by payors to the IRS and to recipients in the same manner as interest on taxable obligations. In addition, such interest may be subject to "backup

withholding” if the Bond holder fails to provide the information required on IRS Form W-9, Request for Taxpayer Identification Number and Certification, or the IRS has specifically identified the Bond holder as being subject to backup withholding because of prior underreporting. Neither the information reporting requirement nor the backup withholding requirement affects the excludability of interest on the Bonds from gross income for federal tax purposes.

In the opinion of Bond Counsel, under existing law, interest on the Bonds and any profit made on the sale thereof are exempt from Massachusetts personal income taxes, and the Bonds are exempt from Massachusetts personal property taxes. Bond Counsel has not opined as to other Massachusetts tax consequences arising with respect to the Bonds. Prospective purchasers should be aware, however, that the Bonds are included in the measure of Massachusetts estate and inheritance taxes, and the Bonds and the interest thereon are included in the measure of Massachusetts corporate excise and franchise taxes. Bond Counsel has not opined as to the taxability of the Bonds, their transfer and the income therefrom, including any profit made on the sale thereof, under the laws of any state other than Massachusetts.

For federal and Massachusetts income tax purposes, interest includes original issue discount, which with respect to a Bond is equal to the excess, if any, of the stated redemption price at maturity of such Bond over the initial offering price thereof to the public, excluding underwriters and other intermediaries, at which price a substantial amount of all such Bonds with the same maturity was sold. Original issue discount accrues based on a constant yield method over the term of a Bond. Holders should consult their own tax advisers with respect to the computations of original issue discount during the period in which any such Bond is held.

An amount equal to the excess, if any, of the purchase price of a Bond over the principal amount payable at maturity constitutes amortizable bond premium for federal and Massachusetts tax purposes. The required amortization of such premium during the term of a Bond will result in reduction of the holder’s tax basis on such Bond. Such amortization also will result in reduction of the amount of the stated interest on the Bond taken into account as interest for tax purposes. Holders of Bonds purchased at a premium should consult their own tax advisers with respect to the determination and treatment of such premium for federal income tax purposes and with respect to the state or local tax consequences of owning such Bonds.

Bond Counsel has not undertaken to advise in the future whether any events after the date of issuance of the Bonds, including legislation, court decisions, or administrative actions, whether at the federal or state level, may affect the tax exempt status of interest on the Bonds or the tax consequences of ownership of the Bonds. No assurance can be given that future legislation, if enacted into law, will not contain provisions which could directly or indirectly reduce or eliminate the benefit of the exclusion of the interest on the Bonds from gross income for federal income tax purposes or any state tax benefit. Tax reform proposals and deficit reduction measures, including but not limited to proposals to reduce the benefit of the interest exclusion from income for certain holders of tax-exempt bonds, including bonds issued prior to the proposed effective date of the applicable legislation, and other proposals to limit federal tax expenditures, have been and are expected to be under ongoing consideration by the United States Congress. These proposed changes could affect the market value or marketability of the Bonds, and, if enacted into law, could also affect the tax treatment of all or a portion of the interest on the Bonds for some or all holders. Holders should consult their own tax advisers with respect to any of the foregoing tax consequences.

The proposed form of opinion of Bond Counsel is set forth in Appendix C hereto.

RATING

S&P Global Ratings has assigned an AA/Positive Outlook rating on the Bonds. Such rating reflects only the view of the rating agency and will be subject to revision or withdrawal, which could affect the market price of the Bonds.

CONTINUING DISCLOSURE

In order to assist the Underwriter(s) in complying with Rule 15c2-12(b)(5) (the “Rule”) promulgated by the Securities and Exchange Commission (the “Rule”), the Town will covenant for the benefit of owners of the Bonds to provide, certain financial information and operating data relating to the Town by not later than 270 days after the end of each fiscal year, and to provide notices of the occurrence of certain enumerated events. The covenants will be contained in a Continuing Disclosure Certificate, the proposed form of which is provided in Appendix D, hereto. The Certificate will be executed by the signers of the Bonds, and incorporated by reference in the Bonds. The Town is the only “obligated person” with respect to the Bonds within the meaning of the Rule. Except as provided below, the Town believes that, in the last five years, it has complied, in all material respects, with its previous undertakings to provide financial information or notices of significant events in accordance with the Rule.

PART II

THE TOWN

The Town of North Attleborough, incorporated in 1887 and located in Bristol County, is governed by the selectmen-representative town meeting form of government (9 precincts-136 Meeting Members). A professional Town Administrator, appointed by the Board of Selectmen, is responsible for the day-to-day management of town operations as well as submission of an annual operating and capital budget. Members of the 5-member Board of Selectmen are elected to 3-year staggered terms.

The Town, located in Bristol County, was incorporated as a Town in 1887. Prior to this date, the Town was part of what is now, the City of Attleboro. Both communities have a rich history in the manufacturing sector, particularly jewelry manufacturing. In 1855, the Town boasted 24 establishments making approximately \$1,000,000 annually in jewelry. The major contributor to this success was brought about by the Civil War and the Army's request for badges and medals. Today, North Attleborough is a predominantly residential community.

The High School's official team mascot is the Red Rocketeers, which derives its name from the unique red rocks found only in northern Bristol County and Cumberland, RI.

On April 1, 2019 the voters adopted a new Charter, effective July 1, 2019, that will change the form of government from a selectmen-representative town meeting to a council-manager form of government. The Town will elect 9 council members at-large serving two-year terms. The positions of Clerk, Treasurer and Collector will become appointed positions.

CONSTITUTIONAL STATUS AND FORM OF GOVERNMENT

Massachusetts cities and towns are subject to the plenary legislative power of the Commonwealth. As stated by the Supreme Judicial Court:

A town is not an independent sovereignty. It is merely a subordinate agency of the State Government. It is a creature of the Commonwealth, from which are derived all its powers and those of its voters and officers.

Cities and towns provide general governmental services at the local level. Municipalities were traditionally authorized to exercise only those powers granted by the State legislature, but Massachusetts adopted a Home Rule Amendment to its Constitution in 1966, under which a city or town may exercise by ordinance or by-law any power which the State legislature could confer upon it, provided that the ordinance or by-law is consistent with the laws enacted by the State legislature. Certain powers are excluded from home rule and may still be exercised only when authorized by State law; these powers include the power to levy taxes, the power to borrow money, and the power to enact private or civil law governing civil relationships except as an incident to the exercise of an independent municipal power. Under the Home Rule Amendment, the State legislature may enact general laws relating to a class of two or more municipalities but (except in limited circumstances) may enact a special law relating to a particular city or town only on request of the city or town or on recommendation of the Governor and passage by a two-thirds vote of both houses of the legislature.

An amendment to the State Constitution provides that any law imposing additional costs on two or more cities or towns by regulating aspects of municipal employment will not be effective within a city or town until the city council or town meeting accepts the law. Local acceptance will not be required if the legislature has either passed the law by a two-thirds vote or provided that the additional costs would be assumed by the State.

Cities and towns may change their form of government by adopting home rule charters or amending existing charters. A town of less than 12,000 population may not change to a city form of government and a town of less than 6,000 inhabitants may not change from the open town meeting form of government to a limited or representative town meeting form.

Cities are generally governed by a city council and an elected mayor who has the power to veto council actions; the council may override a mayoral veto by a two-thirds vote of the councilors. Some cities are governed by a city council

and an appointed city manager who has no power to veto council actions; some municipalities, although still called "towns," have adopted a similar city form of government with a town council and town manager or administrator. Provision is often made for a referendum on council actions, and for initiation of measures, upon petition of a sufficient number of voters.

Most towns are governed by open town meetings in which any voter may participate. Others have an elected representative town meeting, often with public officers serving as ex officio members of the town meeting. Provision is usually made for a referendum on actions of the representative town meeting upon petition of a sufficient number of voters. Administrative affairs are generally managed by a board of three or more selectmen, sometimes with the assistance of a town manager or executive secretary.

School affairs of cities and towns are administered by an elected school committee, except in those towns whose educational functions are carried out entirely through a regional school district.

GOVERNING BODIES AND OFFICERS

Currently, local legislative decisions in the Town are made by a representative town meeting consisting of 136 persons, 135 of whom are elected for three-year staggered terms (15 from each of the 9 precincts) and one whom is the moderator, elected on an at-large basis and serves ex-officio capacity as a town meeting member. Subject to the legislative decisions made by the town meeting, the affairs of the Town are generally administered by a board of five selectmen, elected on an at-large basis for staggered three-year terms. The Board of Selectmen are the executive policy makers of the Town and the day to day affairs are administered by the Town Administrator.

Local school affairs are administered by a school committee of seven persons while local taxes are assessed by a board of three assessors all elected on an at-large basis for staggered three-year terms.

The Board of Public Works, which is responsible for water and sewer services as well as the Board of Electric Light Commissioners each consist of three members elected for staggered three-year terms, on an at-large basis.

The following is a list of the principal executive officers:

<u>Office</u>	<u>Name</u>	<u>Manner of Selection and Term</u>	<u>Term Expires</u>
Selectmen	D. Michael Lennox, Chair	Elected/3 years	2019
	Patrick Reynolds	Elected/3 years	2020
	Keith Lapointe, Vice-Chair	Elected/3 years	2020
	Justin Pare	Elected/3 years	2021
	Patrick Sullivan	Elected/3 years	2021
Town Administrator	Michael H. Gallagher	Appointed by the Board of Selectmen	2019
Town Accountant	Linda Catanzariti	Appointed by the Board of Selectmen	2021
Treasurer/ Collector	Christopher L. Sweet	Elected/3 years	2021
Town Clerk	Kevin Poirier	Elected/3 years	2021
Town Counsel	Roger Ferris	Appointed by the Board of Selectmen	Indefinite

SERVICES

The Town provides general governmental services for the territory within its boundaries including police and fire protection, disposal of garbage and rubbish, public education in grades kindergarten through twelve, a library, water and sewer services, electric services, streets, parks and recreation.

The Tri-County Regional Vocational Technical School District provides vocational-technical education in grades nine through twelve while the North Attleborough Housing Authority provides public housing for eligible low-income families, the elderly and the handicapped.

Legislation enacted in 1997 abolished the county governments of Franklin and Middlesex Counties as of July 1, 1997, with their assets, functions, debts and other obligations being assumed by the Commonwealth. The abolishment of the Middlesex County government was partly in response to a default by the County in the payment of general obligation notes of the County. The legislation abolished the county governments of Hampden and Worcester Counties as of July 1, 1998. Legislation enacted in 1998 abolished the county governments of Hampshire, Essex and Berkshire counties as of January 1, 1999, July 1, 1999 and July 1, 2000, respectively. The legislation requires the state secretary for administration and finance to establish a plan to recover the Commonwealth's expenditures for the liabilities and other debts assumed and paid by the Commonwealth on behalf of an abolished county. Unless these provisions are changed by further legislation, the state treasurer shall assess upon each city and town within the jurisdiction of an abolished county an amount equal to the County tax paid by each such city and town for the fiscal year immediately prior to the abolishment of the county (or two years prior in the case of Essex County) until such expenditures by the Commonwealth are recovered. It is possible that similar legislation will be sought to provide for the abolishment of county government in all the other counties.

AUTHORIZATION OF GENERAL OBLIGATION BONDS AND NOTES

Currently, serial bonds and notes are authorized by a two-thirds vote of the representative town meeting. Provision is made for a referendum on the borrowing authorization if there is a timely filing of a petition bearing the requisite number of signatures. Refunding bonds and notes are authorized by the selectmen. Borrowings for some purposes require State administrative approval.

When serial bonds or notes have been authorized, bond anticipation notes may be issued by the officers authorized to issue the serial bonds or notes. Temporary loans in anticipation of the revenue of the current fiscal year in which the debt is incurred or in anticipation of authorized federal and state aid may be incurred by the Treasurer with the approval of the Selectmen.

DEBT LIMITS

General Debt Limit. The General Debt Limit of the Town consists of a Normal Debt Limit and a Double Debt Limit. The Normal Debt Limit for the Town is 5 percent of the valuation of taxable property as last equalized by the State Department of Revenue. The Town can authorize debt up to this amount without state approval. It can authorize debt up to twice this amount (the Double Debt Limit) with the approval of the state Municipal Finance Oversight Board composed of the State Treasurer, the State Auditor, the Attorney General and the Director of Accounts.

There are many categories of general obligation debt which are exempt from and do not count against the General Debt Limit. Among others, these exempt categories include revenue anticipation notes and grant anticipation notes; emergency loans; loans exempted by special laws; certain school bonds, sewer bonds, solid waste disposal facility bonds and economic development bonds supported by tax increment financing; and subject to special debt limits, bonds for water (limited to 10 percent of equalized valuation), housing, urban renewal and economic development (subject to various debt limits), and electric, gas, community antenna television systems, and telecommunications systems (subject to separate limits). Revenue bonds are not subject to these debt limits. The General Debt Limit and the special debt limit for water bonds apply at the time the debt is authorized. The other special debt limits generally apply at the time the debt is incurred.

Revenue Anticipation Notes. The amount borrowed in each fiscal year by the issue of revenue anticipation notes is limited to the tax levy of the prior fiscal year, together with the net receipts in the prior fiscal year from the motor vehicle excise and certain payments made by the Commonwealth in lieu of taxes. The fiscal year ends on June 30. Notes may

mature in the following fiscal year, and notes may be refunded into the following fiscal year to the extent of the uncollected, unabated current tax levy and certain other items, including revenue deficits, overlay deficits, final judgments and lawful unappropriated expenditures, which are to be added to the next tax levy, but excluding deficits arising from a failure to collect taxes of earlier years (see “Taxation to Meet Deficits” herein). In any event, the period from an original borrowing to its final maturity cannot exceed one year.

TYPES OF OBLIGATIONS

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

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

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

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

Bond Anticipation Notes. These generally must mature within two years of their original dates of issuance but may be refunded from time to time for a period not to exceed ten years from their original dates of issuance, provided that for each year that the notes are refunded beyond the second year they must be paid in part from revenue funds in an amount at least equal to the minimum annual payment that would have been required if the bonds had been issued at the end of the second year. The maximum term of bonds issued to refund bond anticipation notes is measured from the date of the original issue of the notes.

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

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

Revenue Bonds. Cities and towns may issue revenue bonds for solid waste disposal facilities and for projects financed under the Commonwealth's Water Pollution Abatement or Drinking Water Revolving Loan Programs and for certain economic development projects supported by tax increment financing. In addition to general obligation bonds and notes, cities and town having electric departments may issue electric revenue bonds and notes in anticipation of such bonds, subject to approval of the State Department of Telecommunications and Energy. The Town does have an electric department.

DEBT ⁽¹⁾

The following shows the direct debt to be outstanding as of June 3, 2019, including the Bonds:

General Obligation Bonds

Within General Debt Limit ⁽²⁾		
Sewers & Drains ⁽⁴⁾	\$ 9,115,192	
Land Acquisition	120,000	
Schools ⁽³⁾	3,025,000	
Other Building	3,095,000	
Streets, Sidewalks & Parking	3,725,000	
Departmental Equipment	1,605,000	
Appraisal & Revaluation	25,000	
Architectural & Engineering Services	35,000	
Athletic & Recreational Facilities	1,405,000	
Other Inside General	615,000	
The Bonds	<u>4,450,000</u>	
Total Inside General Debt Limit:		\$27,215,192
Water ^{(4) (6)}	\$ 6,604,976	
Sewers ^{(4) (6)}	22,587,133	
Other	768,562	
Electric ⁽⁴⁾	300,000	
Schools ⁽³⁾	2,895,000	
The Bonds	<u>1,230,000</u>	
Total Outside General Debt Limit:		<u>34,385,672</u>
Total Outstanding General Obligation Bonds		\$61,600,864
Revenue	\$ 0	
Bonds	0	
Grants	<u>0</u>	
Total Temporary Loans		<u>0</u>
Total Long-Term Indebtedness		<u>\$61,600,864</u> ⁽⁵⁾⁽⁶⁾

⁽¹⁾ Principal amount only. Excludes lease and installment purchase obligations, overlapping debt, unfunded pension liability and other post-employment benefits liability.

⁽²⁾ At the present time, the normal general debt limit is \$191,601,505 and the double general debt limit (see "Debt Limits" herein) is \$383,203,010.

⁽³⁾ The Town has been receiving and expects to continue to receive a State grant for 72% of eligible construction and interest cost for the school projects.

⁽⁴⁾ **All water, sewer and electric debt is self-supporting.** The Town of North Attleborough entered into an inter-municipal agreement to provide the Town of Plainville with access to the Town's sewer treatment facilities. Under this agreement, which was initially signed in April 1967 and amended from time to time, the Town of Plainville is responsible for 23.5% of the construction costs, as well as operation and maintenance of the sewer facilities. The latest amendment to this agreement was on June 30, 2005 and extends the contract for an additional 20 years.

⁽⁵⁾ **\$1,400,000 has been excluded from the provisions of Proposition 2½.**

⁽⁶⁾ **Principal of \$39,473,951 is expected to be self-supporting.**

AUTHORIZED UNISSUED DEBT & PROSPECTIVE FINANCING

After this issuance of Bonds, the Town will have \$924,000 authorized and unissued debt as follows:

<u>Purpose</u>	<u>Amount</u>	<u>Expected Issuance</u>
Chestnut Street Bridge	\$500,000	To be rescinded
Safety & Security Phase III	250,000	2019
Streetscape Design	174,000	2019
Total	<u>\$924,000</u>	

FIVE YEARS OUTSTANDING DEBT ⁽¹⁾

	(000 omitted)				
	<u>As of June 30</u>				
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
LONG-TERM INDEBTEDNESS					
Within the General Debt Limit:					
Sewer & Drains	\$10,329	\$10,755	\$12,051	\$23,354	\$12,217
Land Acquisition	240	365	490	615	740
Schools	3,730	3,863	4,094	4,395	4,700
Other Building	3,665	3,835	4,495	5,191	5,542
Streets, Sidewalks & Parking	4,100	3,455	2,790	2,355	1,935
Departmental Equipment	2,318	2,190	2,236	2,403	2,193
Appraisal & Revaluation	40	55	70	85	100
Architectural & Engineering Services	60	85	50	65	50
Athletic & Recreation Facilities	1,537	1,095	330	365	60
Other	730	850	975	825	400
Total Within the General Debt Limit	<u>26,749</u>	<u>26,548</u>	<u>27,581</u>	<u>39,653</u>	<u>27,937</u>
Outside the General Debt Limit:					
Sewers	23,417	24,236	25,551	14,951	15,380
Schools	3,185	3,490	4,895	6,068	7,363
Water	7,610	6,484	6,595	6,106	5,639
Electric	360	630	910	1,185	1,460
Other	1,097	1,267	1,572	1,872	2,126
Total Outside the General Debt Limit	<u>35,669</u>	<u>36,107</u>	<u>39,523</u>	<u>30,182</u>	<u>31,968</u>
Total Long-Term Indebtedness	<u>62,418</u>	<u>62,655</u>	<u>67,104</u>	<u>69,835</u>	<u>59,905</u>
SHORT-TERM INDEBTEDNESS					
Revenue Anticipation Notes	0	0	0	0	0
Grant Anticipation Notes	0	0	0	0	0
Bond Anticipation Notes	22	300	39	271	0
Total Outstanding Indebtedness	<u>\$62,440</u>	<u>\$62,955</u>	<u>\$67,143</u>	<u>\$70,629</u>	<u>\$59,905</u>

⁽¹⁾Excludes lease and installment purchase obligations, overlapping debt, unfunded pension liability and other post-employment benefits liability.

Bond Debt vs. Population, Valuations and Income

	<u>As of June 30</u>				
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Amount ⁽¹⁾ (000 omitted)	\$62,418	\$62,655	\$67,104	\$70,359	\$59,905
Per Capita ⁽²⁾	\$2,141	\$2,149	\$2,308	\$2,416	\$2,068
Percent of Assessed Valuation ⁽³⁾	1.65%	1.70%	1.88%	2.01%	1.79%
Percent of Equalized Valuation ⁽⁴⁾	1.63%	1.64%	1.91%	2.00%	1.64%
Per Capita ⁽²⁾ as a percent of Personal Income per Capita	5.45%	5.47%	5.87%	6.15%	5.26%

⁽¹⁾ Excludes lease and installment purchase obligations, overlapping debt, unfunded pension liability and other post-employment benefits liability.

⁽²⁾ Bureau of the Census - Latest applicable actuals or estimates.

⁽³⁾ Assessed valuation as of the prior January 1.

⁽⁴⁾ Source: Massachusetts Department of Revenue. Equalized valuation in effect for that fiscal year (equalized valuations are established for January 1 of each even-numbered year).

CAPITAL IMPROVEMENT PROGRAM

The following is the Capital Outlay Plan of the Town for fiscal years 2020 through 2024:

	<u>As of June 30</u>				
	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Animal Control	\$ 16,000	\$ 30,785	\$ 0	\$ 0	\$ 0
Assessors	60,000	60,000	70,000	70,000	70,000
Board of Health	20,340	0	0	0	0
Conservation Commission	0	50,000	630,000	30,000	0
Department of Public Works	2,652,000	6,907,000	1,675,000	3,590,000	1,870,000
Elections	75,000	0	0	0	0
Fire Department	375,000	825,000	410,000	1,550,000	15,070,000
Historical Commission	65,000	30,000	30,000	0	0
IT Department	182,000	280,000	0	30,000	0
Library	13,000	15,000	100,000	10,000	0
Council on Aging	0	445,200	0	0	0
Parks and Recreation	691,000	1,115,500	2,685,000	1,948,000	238,000
Police Department	274,738	223,500	225,500	216,000	363,000
Board of Selectmen	1,072,000	413,000	637,000	340,000	400,000
School Department	<u>1,715,000</u>	<u>290,000</u>	<u>465,000</u>	<u>290,000</u>	<u>465,000</u>
Total Non-Enterprise	<u>7,211,078</u>	<u>10,684,985</u>	<u>6,927,500</u>	<u>8,074,000</u>	<u>18,476,000</u>
Sewer Enterprise	1,450,000	1,525,000	1,245,000	1,522,600	650,000
Water Enterprise	<u>1,771,000</u>	<u>1,808,500</u>	<u>1,575,000</u>	<u>1,475,000</u>	<u>1,575,000</u>
Totals:	<u>\$10,432,078</u>	<u>\$14,018,485</u>	<u>\$9,747,500</u>	<u>\$11,071,600</u>	<u>\$20,701,000</u>

ANNUAL DEBT SERVICE ⁽¹⁾

Fiscal Year	Outstanding as of June 3, 2019		Current Issue (4)		Total Debt Service	Percent Principal Retired (5)
	Principal (2)(3)	Interest (2)(3)	Principal	Interest		
2019	\$ 200,000	\$ 69,525	\$ 0	\$ 0	\$ 269,525	0.3%
2020	6,167,215	1,124,026	525,000	228,225	8,044,466	11.2%
2021	5,433,788	929,226	515,000	203,250	7,081,264	20.8%
2022	4,869,106	760,217	505,000	177,500	6,311,823	29.6%
2023	4,499,935	610,982	485,000	152,250	5,748,167	37.7%
2024	3,535,954	473,788	470,000	128,000	4,607,742	44.2%
2025	3,259,014	386,281	290,000	104,500	4,039,795	49.9%
2026	2,997,451	313,816	285,000	90,000	3,686,267	55.3%
2027	2,538,214	251,152	280,000	75,750	3,145,116	59.8%
2028	2,287,287	205,406	280,000	61,750	2,834,443	64.0%
2029	1,997,231	166,403	270,000	56,150	2,489,784	67.7%
2030	1,905,653	132,870	250,000	50,750	2,339,273	71.2%
2031	1,714,397	101,804	250,000	45,750	2,111,951	74.4%
2032	1,630,532	77,075	250,000	38,250	1,995,857	77.4%
2033	1,353,578	53,683	250,000	30,750	1,688,011	80.0%
2034	1,311,942	38,300	250,000	23,250	1,623,492	82.6%
2035	1,100,635	24,700	105,000	15,750	1,246,085	84.5%
2036	1,114,662	89,519	105,000	12,600	1,321,781	86.5%
2037	1,129,033	108,501	105,000	9,450	1,351,984	88.5%
2038	1,143,756	88,532	105,000	6,300	1,343,588	90.5%
2039	968,843	68,211	105,000	3,150	1,145,204	92.3%
2040	984,298	53,703	0	0	1,038,001	93.9%
2041	1,000,136	38,826	0	0	1,038,962	95.5%
2042	1,016,362	23,569	0	0	1,039,931	97.1%
2043	1,032,987	7,922	0	0	1,040,909	98.8%
2044	364,449	0	0	0	364,449	99.4%
2045	364,408	0	0	0	364,408	100.0%
	<u>\$55,920,866</u>	<u>\$6,198,037</u>	<u>\$5,680,000</u>	<u>\$1,513,375</u>	<u>\$69,312,278</u>	

⁽¹⁾Excludes revenue anticipation notes, grant anticipation notes and bond anticipation notes, lease and installment purchase obligations, overlapping debt, unfunded pension liability and other post-employment benefits liability.

⁽²⁾Principal of \$1,400,000 and interest of \$159,950 has been excluded from the provisions of Proposition 2½, subject to the provisions of Chapter 44, Section 20 of the General Laws.

⁽³⁾Principal of \$39,473,951 and interest of \$3,532,983 is expected to be self-supporting

⁽⁴⁾ Average coupon- estimated at 3.422%. Principal subject to change.

⁽⁵⁾ Includes the current issue.

REVENUE ANTICIPATION BORROWING

The Town has not borrowed in anticipation of revenue since fiscal 1989 and does not anticipate the need to borrow in the future as it has instituted quarterly tax billing.

CONTRACTS

Municipal contracts are generally limited to currently available appropriations. A city or town generally has authority to enter into contracts for the exercise of any of its corporate powers for any period of time deemed to serve its best interest, but generally only when funds are available for the first fiscal year; obligations for succeeding fiscal years generally are

expressly subject to availability and appropriation of funds. Municipalities have specific authority in relatively few cases to enter into long-term contractual obligations that are not subject to annual appropriation, including contracts for refuse disposal and sewage treatment and disposal. Municipalities may also enter into long-term contracts in aid of housing and renewal projects. There may be implied authority to make other long-term contracts required to carry out authorized municipal functions, such as contracts to purchase water from private water companies.

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

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

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

The Town has a contract with Waste Management of Massachusetts to provide for solid waste recycling and collection and disposal. The contract expires on June 30, 2019. The Town paid \$1,532,443 for fiscal 2018 and has budgeted \$1,858,879 for fiscal 2019.

The Town contracts with WT Holmes for school bus services. The contract expires on June 30, 2019. The Town paid \$1,112,930 for the bus service in fiscal 2018 and has budgeted \$1,164,060 for fiscal 2019.

Through its electric department, the Town is a participant in the Massachusetts Municipal Wholesale Electric Company (“MMWEC”), a public corporation of The Commonwealth of Massachusetts.

The Town does not have any additional long-term contracts of a substantial nature.

OVERLAPPING DEBT

The following table sets forth the portion of overlapping debt assessed to the Town: ⁽¹⁾

	<u>Outstanding</u>	<u>Authorized Unissued</u>	<u>Assessments for Operations and Debt Service FY 2019</u>
Bristol County ⁽²⁾	\$813,727	\$0	\$430,750
Tri-County Regional Vocational School District ⁽³⁾	\$0	\$0	\$3,867,017
Greater Attleboro-Taunton Regional Transit Authority ⁽⁴⁾	\$0	\$0	\$214,593

⁽¹⁾ Excludes temporary loans in anticipation of revenue. Omits debt of the Commonwealth.

⁽²⁾ Source: The Town of North Attleborough-County Tax Assessment.

⁽³⁾ Source: Tri-County Regional Vocational School District. Debt as of June 3, 2019. The operating expenses and debt service of the regional school district are apportioned among the member communities. The shares of the Members vary from year to year based upon pupil enrollment. The other Member Towns of the District are Franklin, Medfield, Medway, Millis, Norfolk, Plainville, Seekonk, Sherborn, Walpole and Wrentham.

⁽⁴⁾ Source: Greater Attleboro-Taunton Regional Transit Authority. Debt as of June 3, 2019. The Authority currently has \$7,800,000 revenue anticipation notes outstanding which will mature August 23, 2019. The other Member Towns of the Authority are Bellingham, Berkley, Carver, Dighton, Duxbury, Foxborough, Franklin, Hanover, Kingston, Lakeville, Mansfield, Marshfield, Medway, Middleborough, Norfolk, Norton, Pembroke, Plainville, Plymouth, Raynham, Rehoboth, Scituate, Seekonk, Wareham and Wrentham as well as the Cities of Attleboro and Taunton.

RETIREMENT PLAN

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

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

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

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

The Town participates in the North Attleboro Contributory Retirement System (the "System").

The annual contributions of the Town to the contributory and non-contributory retirement systems for the most recent years are set forth below:

<u>Fiscal Year</u>	<u>Contributory</u>	<u>Non-Contributory</u>	<u>Total</u>
2019	\$3,080,964	\$ 0	\$3,080,964
2018	3,052,894	0	3,052,894
2017	2,945,706	0	2,945,706
2016	2,805,311	0	2,805,311
2015	2,706,107	650	2,706,757

As of January 1, 2017, the total estimated accrued liability of the Town’s past service liability was \$125,653,891, and its assets were \$104,796,414, leaving an estimated unfunded liability of \$20,857,477, assuming an 7.875% rate of return. The System reduced its interest rate assumption from the prior valuation from 8% to 7.875% which resulted in approximately \$2.5 million increase in the liability. The System has approximately 630 active members and 415 retired members (includes disabled persons and beneficiaries).

It is the intent of the Town to update the actuarial valuation and funding schedule every three years, and to base its annual contributory retirement appropriation on the funding schedule contained therein. Based upon the above calculation, the Town is projected to fully fund its liability by June 30, 2027.

OTHER POST-EMPLOYMENT BENEFITS

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

The Governmental Accounting Standards Board (“GASB”) promulgated its Statement Nos. 43 and 45, which requires public sector entities to report the future costs of these non-pension, post-employment benefits in their financial statements. These accounting standards do not require pre-funding the payment of these costs as the liability for such costs accrues, but the basis applied by the standards for measurement of costs and liabilities for these benefits is conservative if they continue to be funded on a pay-as-you-go basis and will result in larger yearly cost and liability accruals than if such benefits were pre-funded in a trust fund in the same manner as traditional pension benefits.

Cities and towns that choose to self-insure all or a portion of the cost of the health care benefits they provide to employees and retirees may establish a trust fund for the purpose of paying claims. In addition, cities and towns may establish a trust fund for the purpose of pre-funding other post-employment benefits liability in the same manner as traditional pension benefits.

The Town has accepted Chapter 32B of Massachusetts General Laws to provide for health care and life insurance benefits to retirees, their dependents or their survivors. The cost of providing health insurance is recognized by recording the employer’s share (75%-88% based on plan) of insurance premiums in the general fund in the fiscal year paid. The expenses paid at the end of fiscal years 2018-2014 and the budgeted amount for fiscal 2019 are as follows:

<u>Fiscal Year</u>	<u>Amount</u>
2019 (budgeted)	\$1,703,705
2018	1,618,888
2017	1,426,132
2016	1,194,780
2015	1,350,172
2014	1,315,791

The Town has implemented the GASB reporting requirements with respect to other post-employment benefits. According to the most recent valuation report dated, July 1, 2017 (measurement date of June 30, 2018), the Town had a current assets of \$1,976,392 which resulted in a Net OPEB Liability as of June 30, 2018 of \$108,508,797. In June 2011, Town Meeting voted to accept a state statute that would allow the Town to establish a trust fund for the Town’s OPEB liability. As of June 30, 2018, the Town has a balance of \$1,976,391 in the OPEB Trust Fund. The Town appropriated \$525,970 in fiscal 2019 to the Fund. The measurement numbers for June 30, 2018 are based on the first year using GASB 74/75 methodology, which results in no basis for comparison of past years’ liability measurements.

PROPERTY TAXATION AND VALUATION

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

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

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

VALUATIONS

The following shows the assessed and equalized valuations for the current and most recent fiscal years:

	<u>2019</u> ⁽³⁾	<u>2018</u>	<u>2017</u>	<u>2016</u> ⁽³⁾	<u>2015</u>
Real Property ⁽¹⁾	\$3,903,488,900	\$3,713,233,300	\$3,629,776,690	\$3,514,663,300	\$3,426,924,300
Personal Property ⁽¹⁾	<u>65,505,390</u>	<u>67,924,520</u>	<u>64,490,400</u>	<u>60,436,640</u>	<u>59,985,430</u>
Total	<u>\$3,968,994,290</u>	<u>\$3,781,157,820</u>	<u>\$3,694,267,090</u>	<u>\$3,575,099,940</u>	<u>\$3,486,909,730</u>
Equalized Value ⁽²⁾	\$4,009,149,200	\$3,832,030,100	\$3,832,030,100	\$3,505,492,000	\$3,505,492,000
Percent of Total Assessed to Equalized Valuation	101.0%	98.7%	96.4%	102.0%	99.5%

⁽¹⁾ As of January 1, of the prior fiscal year.

⁽²⁾ Based on equalized valuation in effect for each year.

⁽³⁾ Revaluation year.

The following table shows the breakdown of the total assessed valuation for fiscal years 2019, 2018 and 2017 by classification:

<u>Class</u>	<u>2019</u> <u>Assessed</u> <u>Valuation</u>	<u>%</u> <u>of</u> <u>Total</u>	<u>2018</u> <u>Assessed</u> <u>Valuation</u>	<u>%</u> <u>of</u> <u>Total</u>	<u>2017</u> <u>Assessed</u> <u>Valuation</u>	<u>%</u> <u>of</u> <u>Total</u>
Residential	\$3,289,283,233	82.9%	\$3,114,192,355	82.3%	\$3,007,618,672	81.5%
Commercial	520,897,467	13.1	508,323,645	13.5	529,840,018	14.3
Industrial	93,308,200	2.4	90,717,300	2.4	92,318,000	2.5
Personal Property	<u>65,505,390</u>	<u>1.7</u>	<u>67,924,520</u>	<u>1.8</u>	<u>64,490,400</u>	<u>1.7</u>
	<u>\$3,968,994,290</u>	<u>100.0%</u>	<u>\$3,781,157,820</u>	<u>100.0%</u>	<u>\$3,694,267,090</u>	<u>100.0%</u>

TAX RATES

The following shows the actual tax rates per \$1,000 of assessed valuation and the estimated full value rate based on the equalized valuations for the current and most recent fiscal years:

<u>Fiscal Year</u>	<u>Actual Tax Rate</u>	<u>Full Value Rate</u>
2019	\$14.24 Residential 17.45 Personal 17.48 All Others	\$15.32
2018	13.34 Residential/Personal 13.37 All Others	13.16
2017	13.22	13.93
2016	13.22	13.48
2015	13.14	12.56

LARGEST TAXPAYERS ⁽¹⁾

The following is a list of the largest taxpayers:

<u>Name</u>	<u>Nature of Business</u>	<u>Fiscal 2019 Assessed Valuation</u>	<u>Amount of Tax</u>	<u>% of Total Levy</u>
Mayflower Emerald Square LLC	Emerald Square Mall	\$ 91,218,240	\$1,594,488	2.52%
North Attleborough Marketplace	Shopping Plaza	36,381,700	635,952	0.93
Paramount Fashion at Attleboro LLC	Shopping Plaza	19,710,000	344,531	0.50
CLC North Attleboro LLC	Shopping Plaza	19,363,500	338,474	0.49
North Attleboro Marketplace, LLC	Shopping Plaza	18,647,800	325,964	0.48
J & R Associates	Res./Comm. Property Mgmts.	18,603,090	265,109	0.47
Fern Realty Co, LLC	Shopping Plaza	13,833,100	241,803	0.35
Verizon New England	Utility	13,120,200	228,947	0.34
Xavier LLC	Apartments	12,448,700	217,603	0.40
Dayton Hudson Corporation	Department Store	12,395,000	216,665	0.32
	Total	<u>\$255,721,330</u>	<u>\$4,409,536</u>	<u>6.80%</u>

⁽¹⁾ All of the largest taxpayers listed above are current on their real estate taxes and personal property taxes.

TAX LEVIES

Levy-General. The principal tax of Massachusetts cities and towns is the tax on real and personal property. The amount to be levied in each year is the amount appropriated or required by law to be raised for municipal expenditures less estimated receipts from other sources and less appropriations voted from funds on hand. The total amount levied is subject to certain limits prescribed by law; for a description of those limits see "Tax Limitations" herein. As to the inclusion of debt service and final judgments, see "Security and Remedies" herein.

The estimated receipts for a fiscal year from sources other than the property tax may not exceed the actual receipts during the preceding fiscal year from the same sources unless approved by the State Commissioner of Revenue. Except special funds, the use of which is otherwise provided for by law, the deduction for appropriations voted from funds on hand for a fiscal year cannot exceed the "free cash" as of the beginning of the prior fiscal year as certified by the State Director of Accounts, plus up to nine months' collections and receipts on account of earlier years' taxes after that date. Subject to certain adjustments, free cash is surplus revenue less uncollected overdue property taxes from earlier years.

Although an allowance is made in the tax levy for abatements (see "Abatements and Overlay" herein) no reserve is generally provided for uncollectible real property taxes. Since some of the levy is inevitably not collected, this creates a cash deficiency which may or may not be offset by other items (see "Taxation to Meet Deficits" herein).

Taxation to Meet Deficits. As noted elsewhere (see "Abatements and Overlay" herein) overlay deficits, i.e. tax abatements in excess of the overlay included in the tax levy to cover abatements, are required to be added to the next tax

levy. It is generally understood that revenue deficits, i.e. those resulting from non-property tax revenues being less than anticipated, are also required to be added to the tax levy (at least to the extent not covered by surplus revenue).

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

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

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

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

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

This "growth" limit on the tax levy may be exceeded in any year by a majority vote of the voters, but an increase in the secondary or growth limit under this procedure does not permit a tax levy in excess of the primary limitation, since the two limitations apply independently. In addition, if the voters vote to approve taxes in excess of the "growth" limit for the purpose of funding a stabilization fund, such increased amount may only be taken into account for purposes of calculating the maximum levy limit in each subsequent year if the board of selectmen of a town or the city council of a city votes by a two-thirds vote to appropriate such increased amount in such subsequent year to the stabilization fund. The applicable tax limits may also be reduced in any year by a majority vote of the voters.

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

The statute further provides that the voters may exclude from the taxes subject to the tax limits and from the calculations of the maximum tax levy (a) the amount required to pay debt service on bonds and notes issued before November 4, 1980, if the exclusion is approved by a majority vote of the voters, and (b) the amount required to pay debt service on any specific subsequent issue for which similar approval is obtained. Even with voter approval, the holders of the obligations for which unlimited taxes may be assessed do not have a statutory priority or security interest in the portion of the tax levy attributable to such obligations. **The Town has voted to exempt the debt service on \$1,400,000 principal amount of currently outstanding bonds from the limitations of Proposition 2½, subject to the provisions of Chapter 44, Section 20 of the General Laws.** It should be noted that Massachusetts General Laws Chapter 44, Section 20 requires that the taxes excluded from the levy limit to pay debt service on any such bonds and notes be calculated based on the true interest cost of the issue. Accordingly, the Department of Revenue limits the amount of taxes which may be levied in each year to pay debt service on any such bonds and notes to the amount of such debt service, less a pro-rata portion of any original issue premium received by the city or town that was not applied to pay costs of issuance.

Voters may also exclude from the Proposition 2½ limits the amount required to pay specified capital outlay expenditures or for the city or town's apportioned share for certain capital outlay expenditures by a regional governmental unit. In

addition, the city council of a city, with the approval of the mayor if required, or the board of selectmen or the town council of a town may vote to exclude from the Proposition 2½ limits taxes raised in lieu of sewer or water charges to pay debt service on bonds or notes issued by the municipality (or by an independent authority, commission or district) for water or sewer purposes, provided that the municipality's sewer or water charges are reduced accordingly.

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

Pledged Taxes. Taxes on certain property in designated development districts may be pledged for the payment of costs of economic development projects within such districts and may therefore be unavailable for other municipal purposes (see "Tax Increment Financing for Development Districts" herein).

Initiative Petitions. Various proposals have been made in recent years for legislative amendments to the Massachusetts Constitution to impose limits on state and local taxes. To be adopted such amendments must be approved by two successive legislatures and then by the voters at a state election.

CALCULATION OF TAX LEVIES AND LEVY LIMITS

The following table shows the details of the calculation of the tax levies for the current and most recent fiscal years:

	For Fiscal Year				
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Gross Amount to be Raised:					
Appropriations	\$104,094,308	\$ 95,556,343	\$94,443,031	\$92,213,024	\$89,814,144
Other Local Expenditures	33,792	33,080	32,750	33,631	53,720
State & County Charges	4,772,041	4,213,218	3,716,281	3,537,008	3,405,326
Overlay Reserve	<u>674,567</u>	<u>691,083</u>	<u>749,982</u>	<u>649,616</u>	<u>651,913</u>
Total Gross Amount to be Raised:	<u>\$109,574,708</u>	<u>\$100,493,724</u>	<u>\$98,942,045</u>	<u>\$96,433,279</u>	<u>\$93,925,103</u>
Less Estimated Receipts & Other Revenue					
State	\$ 24,348,339	\$ 24,080,193	\$24,916,160	\$24,763,297	\$24,486,903
Local	23,638,078	22,411,418	21,963,349	20,460,432	19,720,978
Available Funds Appropriated:					
Free Cash	1,144,612	1,946,928	1,169,597	1,817,529	1,088,701
Other Available Funds	1,440,699	1,314,938	1,748,506	1,829,200	2,510,527
Free Cash & Other Revenue Used to Reduce the Tax Rate	<u>300,000</u>	<u>300,000</u>	<u>300,000</u>	<u>300,000</u>	<u>300,000</u>
Total Receipts & Revenue:	<u>\$50,871,728</u>	<u>\$ 50,053,477</u>	<u>\$50,097,612</u>	<u>\$49,170,458</u>	<u>\$48,107,109</u>
Tax Levy:	<u>\$58,702,980</u>	<u>\$ 50,440,247</u>	<u>\$48,844,433</u>	<u>\$47,262,821</u>	<u>\$45,817,994</u>

The following shows the calculation of levy limits for the current and most recent fiscal years:

	For Fiscal Year				
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Primary Levy Limit ⁽¹⁾	\$99,202,264	\$94,528,938	\$92,356,677	\$89,377,498	\$87,172,743
Prior Fiscal Year Levy Limit	50,029,642*	48,404,137	46,801,317	45,350,568	43,803,504
2.5% Levy Growth	1,250,741	1,210,103	1,170,033	1,133,764	1,095,088
New Growth ⁽²⁾	514,911	412,531	432,787	316,985	451,976
Overrides	<u>6,500,000</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Growth Levy Limit	58,295,294	50,026,774	48,404,137	46,801,317	45,350,568
Debt Exclusions	428,575	443,450	457,888	471,888	485,888
Capital Expenditure Overrides	0	0	0	0	0
Other Adjustments	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Tax Levy Limit	58,723,869	50,470,221	48,862,025	47,273,205	45,836,456
Tax Levy	<u>58,702,980</u>	<u>50,440,247</u>	<u>48,844,433</u>	<u>47,262,821</u>	<u>45,817,994</u>
Unused Levy Capacity ⁽³⁾	<u>\$ 20,889</u>	<u>\$ 29,974</u>	<u>\$ 17,592</u>	<u>\$ 10,384</u>	<u>\$ 18,462</u>
Unused Primary Levy Capacity ⁽⁴⁾	<u>\$40,906,970</u>	<u>\$44,502,164</u>	<u>\$43,952,540</u>	<u>\$42,576,182</u>	<u>\$41,822,175</u>

⁽¹⁾ 2.5% of assessed valuation.

⁽²⁾ Allowed addition for new valuation certified by the Department of Revenue.

⁽³⁾ Tax Levy Limit less Tax Levy. The additional amount which may be levied without voter approval.

⁽⁴⁾ Primary Levy less Growth Levy Limit.

*Re-calculated due to retroactive growth.

TAX COLLECTIONS AND ABATEMENTS

Payment Dates. The Town has accepted a statute providing for quarterly tax payments. Under the statute, preliminary tax payments are to be due on August 1 and November 1 with payment of the actual tax bill (after credit is given for the preliminary payments) in installments on February 1 and May 1 if actual tax bills are mailed by December 31. The Town voted to institute quarterly tax bills in fiscal 1991. Interest accrues on delinquent taxes at the rate of 14 per cent per annum.

Lien. Real property (land and buildings) is subject to a lien for the taxes assessed upon it subject to any paramount federal lien and subject to bankruptcy and insolvency laws. (In addition, real property is subject to a lien for certain unpaid municipal charges or fees.) If the property has been transferred, an unenforced lien expires on the fourth December 31 after the fiscal year to which the tax relates. If the property has not been transferred by the fourth December 31, an unenforced lien expires upon a later transfer of the property. Provision is made, however, for continuation of the lien where it could not be enforced because of a legal impediment.

Personal Liability. The persons against whom real or personal property taxes are assessed are personally liable for the tax (subject to bankruptcy and insolvency laws.) In the case of real property, this personal liability is effectively extinguished by sale or taking of the property as described in "Taking and Sale" herein.

The following shows the total tax levy, the reserve for abatements, the net levy and the amounts collected during each fiscal year and as of a more recent date for the current and each of the most recent fiscal years:

	For Fiscal Year				
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Total Tax Levy	\$58,702,980	\$50,440,247	\$48,844,433	\$47,262,821	\$45,817,994
Overlay Reserve for Abatements	<u>674,567</u>	<u>691,083</u>	<u>749,982</u>	<u>649,616</u>	<u>651,913</u>
Net Tax Levy ⁽¹⁾	<u>\$58,028,413</u>	<u>\$49,749,164</u>	<u>\$48,094,450</u>	<u>\$46,613,205</u>	<u>\$45,166,081</u>
Amount Collected During Fiscal Year Payable ⁽²⁾	NA	\$49,864,370	\$48,054,032	\$46,222,706	\$45,320,174
Percent of Net Tax Levy Amount Collected	NA	99.7%	99.2%	98.9%	99.0%
through 4/15/2019 ⁽²⁾	\$43,360,114	\$49,771,389	\$48,126,350	\$46,446,993	\$44,989,947
Percent of Net Tax Levy	74.8%	100.0%	100.0%	97.5%	99.6%

⁽¹⁾ Net after deduction of overlay reserve for abatements.

⁽²⁾ Actual collections of levy less refunds and amounts refundable, including proceeds of tax titles and tax possessions attributed to such levy, but not including abatements or other credits.

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

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

The following shows the abatements granted during the fiscal year as well as through a more recent date for the each of the most recent fiscal years:

	For Fiscal Year				
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Tax Levy	\$58,702,980	\$50,440,247	\$48,844,433	\$47,262,821	\$45,817,994
Overlay Reserve for Abatements	\$674,567	\$691,083	\$749,982	\$649,616	\$651,913
Percent of Tax Levy Abatements Granted:	1.5%	1.4%	1.5%	1.4%	1.4%
During Fiscal Year of Levy (1)	\$307,356	\$310,025	\$330,257	\$323,272	\$293,613

⁽¹⁾ Abatements for fiscal 2019 is through April 15, 2019.

Taking and Sale. Massachusetts law permits a municipality either to sell by public sale (at which the municipality may become the purchaser) or to take real property for nonpayment of taxes. In either case the property owner can redeem the property by paying the unpaid taxes, with interest and other charges, but if the right of redemption is not exercised within six months (which may be extended an additional year in the case of certain installment payments), it can be foreclosed by petition to the Land Court. Upon foreclosure, a tax title purchased or taken by the municipality becomes a "tax possession" and may be held and disposed of in the same manner as other land held for municipal purposes.

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

TOWN FINANCES

Budget and Appropriation Process

The annual appropriations of the town are ordinarily made at the annual meeting which takes place in June. Appropriations may also be voted at special meetings. Every town must have an appropriation, advisory or finance committee. The committee (or the board of selectmen if authorized by by-law) is required to submit a budget of proposed expenditures at the annual town meeting.

In a town, town meeting may at any time vote to transfer any amount previously appropriated to any other authorized use by law, and, under certain circumstances and subject to certain limits and requirements, the selectmen of a town, with the concurrence of the finance committee, may transfer amounts appropriated for the use of any department to any other appropriation for the same department or to any other department.

Water and sewer department expenditures are generally included in the budgets adopted by town meetings but electric and gas department funds may be appropriated by the municipal light boards. Under certain legislation any city or town which accepts the legislation may provide that the appropriation for the operating costs of any department may be offset, in whole or in part, by estimated receipts from fees charged for services provided by the department. It is assumed that this general provision does not alter the pre-existing power of an electric or gas department to appropriate its own receipts.

The school budget is limited to the total amount appropriated by the town meeting, but the school committee retains full power to allocate the funds appropriated. State legislation known as the Education Reform Act of 1993, as amended, imposes certain minimum expenditure requirements on municipalities with respect to funding for education. The requirements are determined on the basis of formulas affected by various measures of wealth and income, enrollments, prior levels of local spending and state aid, and other factors. From fiscal 1994 to the present, the Town's net school spending has exceeded the minimum required local contribution.

State and county assessments, abatements in excess of overlays, principal and interest not otherwise provided for and final judgments are included in the tax levy whether or not included in the budget. Revenues are not required to be set forth in the budget but estimated non-tax revenues are taken into account by the assessors in fixing the tax levy. (See "Property Taxation and Valuation" herein.)

BUDGET COMPARISON⁽¹⁾

The following table sets forth the budgets for fiscal years 2015-2019:

	For Fiscal Year				
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
General Government	\$18,477,090	\$16,827,160	\$15,182,462	\$14,112,878	\$13,902,770
Public Safety	10,921,342	9,825,758	9,846,939	9,776,939	9,689,785
Inspections	261,425	246,805	262,591	255,563	261,082
Health & Sanitation	3,185,151	2,982,074	2,902,522	2,904,107	2,894,029
Department of Public Works	12,648,524	11,930,662	11,895,460	11,565,889	11,138,552
Education	44,747,825	41,706,415	41,493,810	40,824,753	39,994,348
Library	651,342	553,396	553,396	553,396	562,001
Parks & Recreation	550,897	434,455	440,012	440,012	447,236
Human Services	733,621	656,226	651,030	707,289	687,023
Retirement	3,256,801	3,052,894	2,945,706	2,805,311	2,706,757
Debt	<u>4,100,637</u>	<u>4,020,233</u>	<u>5,020,572</u>	<u>5,128,904</u>	<u>5,448,945</u>
Totals	<u>\$99,534,655</u>	<u>\$92,236,078</u>	<u>\$91,194,500</u>	<u>\$89,075,041</u>	<u>\$87,732,528</u>

⁽¹⁾Includes Solid Waste, Sewer and Water Enterprise Funds.

STATE AID

In addition to grants for specified capital purposes (some of which are payable over the life of the bonds issued for the projects), the Commonwealth provides financial assistance to cities and towns for current purposes. Payments to cities and towns are derived primarily from a percentage of the State's personal income, sales and use and corporate excise tax receipts, together with the net receipts from the State Lottery. A municipality's state aid entitlement is based on a number of different formulas, of which the "schools" and "lottery" formulas are the most important. Both of the major formulas tend to provide more state aid to poorer communities. The formula for determining a municipality's state aid entitlements are subject to amendment by the State Legislature. While a formula might indicate that a particular amount of state aid is owed, the amount of state aid actually paid is limited to the amount appropriated by the state legislature. The state annually estimates state aid, but the actual state aid payments may vary from the estimate.

In the fall of 1986, both the State Legislature (by statute repealed as of July 1, 1999) and the voters (by initiative petition) placed limits on the growth of state tax revenues. Although somewhat different in detail, each measure essentially limited the annual growth in state tax revenues to an average rate of growth in wages and salaries in the Commonwealth over the three previous calendar years. If not amended, the remaining measure could restrict the amount of state revenues available for state aid to local communities.

The following table sets forth the amount of State aid to the Town in recent years and the budgeted amount for fiscal year 2019 (the amounts do not include MSBA School Construction Aid which is distributed by the Massachusetts School Building Authority):

<u>Fiscal Year</u>	<u>Total State Aid</u>
2019 (budgeted)	\$24,344,325
2018	23,884,019
2017	23,609,818
2016	23,389,445
2015	23,127,247
2014	22,971,856

STATE SCHOOL BUILDING ASSISTANCE PROGRAM

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

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

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

Projects on the priority waiting list as of July 1, 2004 are also entitled to receive grant payments from the Authority based on the eligible project costs and reimbursement rates applicable under the prior law. With limited exceptions, the Authority is required to fund the grants for such projects in the order in which they appear on the waiting list. Grants for any such projects that have been completed or substantially completed have been paid and are expected to continue to be paid by the Authority in lump sum payments, thereby eliminating the need for the Authority to reimburse interest expenses that would otherwise be incurred by the municipalities to permanently finance the Authority's share of such

project costs. Interest on debt issued by municipalities prior to July 1, 2004 to finance such project costs, and interest on temporary debt until receipt of the grant, is included in the approved costs of such projects. Grants for any such projects that have not yet commenced or that are underway have been and are expected to continue to be paid by the Authority as project costs are incurred by the municipality pursuant to a project funding agreement between the Authority and the municipality, eliminating the need for the municipality to borrow even on a temporary basis to finance the Authority's share of the project costs in most cases.

The range of reimbursement rates for new project grant applications submitted to the Authority on or after July 1, 2007 has been reduced to between 40% and 80% of approved project costs. The Authority promulgated new regulations with respect to the application and approval process for projects submitted after July 1, 2007. The Authority expects to pay grants for such projects as project costs are incurred pursuant to project funding agreements between the Authority and the municipalities. None of the interest expense incurred on debt issued by municipalities to finance their portion of the costs of new projects will be included in the approved project costs eligible for reimbursement.

MOTOR VEHICLE EXCISE

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

The following table sets forth the amount of motor vehicle excise taxes received in each of the most recent fiscal years and the budgeted amount for fiscal 2019:

<u>Fiscal Year</u>	<u>Motor Vehicle Excise Taxes</u> ⁽¹⁾
2019 (budgeted)	\$4,265,000
2018	4,279,330
2017	4,260,003
2016	4,133,560
2015	3,920,072
2014	3,691,995

⁽¹⁾ Net after refunds. Includes receipts for prior years.

COMMUNITY PRESERVATION ACT

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

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

determining the permitted levy amount under Proposition 2½ (see “*Tax Limitations*” under “PROPERTY TAX” herein). A city or town may revoke its acceptance of the provisions of the CPA at any time after 5 years from the date of such acceptance and may change the amount of the surcharge or the exemptions to the surcharge at any time, including reducing the surcharge to 1% and committing additional municipal funds as outlined above, provided that any such revocation or change must be approved pursuant to the same process as acceptance of the CPA.

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

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

The CPA authorizes cities and towns that accept its provisions to issue bonds and notes in anticipation of the receipt of surcharge and dedicated revenues to finance community preservation projects approved under the provisions of the CPA. Bonds and notes issued under the CPA are general obligations of the city or town and are payable from amounts on deposit in the community preservation fund. In the event that a city or town revokes its acceptance of the provisions of the CPA, the surcharge shall remain in effect until all contractual obligations incurred by the city or town prior to such revocation, including the payment of bonds or notes issued under the CPA, have been fully discharged. The Town has not accepted the provisions of the CPA.

TAX INCREMENT FINANCING FOR DEVELOPMENT DISTRICTS

Cities and towns are authorized to establish development districts to encourage increased residential, industrial and commercial activity. All or a portion of the taxes on growth in assessed value in such districts may be pledged and used solely to finance economic development projects pursuant to the city or town’s development program for the district. This includes pledging such “tax increments” for the payment of bonds issued to finance such projects. As a result of any such pledge, tax increments raised from new growth properties in development districts are not available for other municipal purposes. Tax increments are taken into account in determining the total taxes assessed for the purpose of calculating the maximum permitted tax levy under Proposition 2½ (see “*Tax Limitations*” under “Property Tax” herein). The Town has not established any development districts.

OTHER TAXES

Three additional sources of revenue for local governments are the room occupancy excise tax, local meals excise tax and the aviation fuel tax. All of these taxes take effect only where accepted by individual municipalities. The Town has implemented the room occupancy excise tax. Under the room occupancy excise tax, local governments may tax the provision of hotel, motel, lodging house and bed and breakfast rooms at a rate not to exceed six percent of the cost of renting such rooms. The tax is paid by the operator of each establishment to the State Commissioner of Revenue, who in turn pays the tax back to the municipality in which the rooms are located. On June 7, 2010, the Town accepted the local room occupancy tax. The Town collected \$206,974 for fiscal 2018 and has budgeted \$210,556 for revenue in fiscal 2019.

The local meal excise tax, effective for sales of restaurant meals on or after October 1, 2009, is a three-fourths percent tax on the gross receipts of a vendor from the sale of restaurant meals. The tax is paid by the vendor to the State Commissioner of Revenue who in turn pays the tax to the municipality in which the meal was sold. At the Special Town

Meeting in September 2009, the Town voted to accept Chapter 64L, section 2(a) to impose an additional meals excise of three-fourths percent. The Town collected \$493,075 for fiscal 2018 and has budgeted \$494,312 for revenue in fiscal 2019.

The aviation fuel tax is a five percent tax (with a minimum of five cents per gallon) on the sale or use of jet fuel to or by jet aircraft. The tax is paid by the seller/user of the fuel to the Commissioner of Revenue, who in turn rebates the tax to the municipality in which the fuel being taxed was transferred into an aircraft. The Town has not accepted this tax as it does not have an airport within its boundaries.

UNASSIGNED GENERAL FUND BALANCE AND FREE CASH

Under Massachusetts law an amount known as "free cash" is certified as of the beginning of each fiscal year by the State Bureau of Accounts and this, together with certain subsequent tax receipts, is used as the basis for subsequent appropriations from available funds, which are not required to be included in the annual tax levy. Subject to certain adjustments, free cash is surplus revenue less uncollected and overdue property taxes from prior years. The Town Accountant may certify as available for appropriation an adjusted free cash figure by adding back those uncollected and overdue property taxes which are subsequently collected between July 1 and the following March 31 of any year.

The following table sets forth the unassigned general fund balance and certified free cash for the most recent fiscal years:

<u>July 1,</u>	<u>Unassigned General Fund Balance</u>	<u>Free Cash</u>
2018	\$6,022,289	\$1,078,467
2017	6,005,507 ⁽¹⁾	1,785,760
2016	3,468,284	1,299,197
2015	2,734,919	1,564,128
2014	3,755,951	1,238,004

⁽¹⁾Other than the increase in the Stabilization Fund balance, the increase in fund balance is also attributed to a revenue surplus of \$798,744 and unexpended balance of appropriations of \$1,188,869.

STABILIZATION FUND

The Town has maintained a Stabilization Fund for several years. Under Massachusetts statutes, funds may be appropriated from the Fund for any municipal purpose by a two-thirds vote of town meeting. The following is the balance in the account at the end of the most recent fiscal years:

<u>Fiscal Year</u>	<u>Balance</u>
2018	\$3,176,158
2017	2,530,718
2016	1,899,332
2015	975,026
2014	2,101,764

The Town appropriated \$606,860 into the Stabilization Fund for fiscal 2019. There were no appropriations out of the fund for fiscal 2019.

The Town also has an additional Stabilization Fund (included in the above Stabilization Fund balances), the Betterment Stabilization Fund, which had a balance of \$108,493, as of June 30, 2018. The Fund is established for excess betterments which are mainly used to offset debt service for the Lindsey Acres sewer installation project. The Town appropriated \$50,420 into the Betterment Stabilization Fund for fiscal 2019. The Town did appropriate \$44,917 from the Fund for fiscal 2019.

INVESTMENTS

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

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

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

COLLECTIVE BARGAINING

City and town employees (other than managerial and confidential employees) are entitled to join unions and to bargain collectively on questions of wages, hours and other terms and conditions of employment.

The Town has approximately 1,154 full time and part-time employees of which approximately 70.0 percent belong to unions or other collective bargaining groups as follows:

<u>Union</u>	<u>Department</u>	<u>Number of People</u>	<u>Expiration Date</u>
Administrators Association	School Administrators	9	6/30/2021
NAFT	School Teachers	363	8/31/2019
NAFT	School Office Professionals	26	6/30/2020
NAFT	School Para-professionals	112	8/31/2020
NAFT	Cafeteria	33	8/31/2020
AFSCME	School Custodians/Bus Drivers	48	6/30/2019
AFSCME	Town-Clerical	29	6/30/2019
NAFF	Fire	50	6/30/2019
Police Officers Association	Police	33	6/30/2019
Professional Police Officers Assoc.	Police	9	6/30/2019
Mass Cop-Dispatcher	Police	13	6/30/2019
USWA-Units 1 & 2	Town	39	6/30/2019
Laborers	DPW/Park	41	6/30/2019
Total		<u>808</u>	

PHYSICAL AND ECONOMIC CHARACTERISTICS

General

The Town, located in Bristol County, was incorporated as a Town in 1887. Prior to this date, the Town was part of what is now, the City of Attleboro. Both communities have a rich history in the manufacturing sector, particularly jewelry manufacturing. In 1855, the Town boasted 24 establishments making approximately \$1,000,000 annually in jewelry. The major contributor to this success was brought about by the Civil War and the Army’s request for badges and medals. Today, North Attleborough is a predominantly residential community.

The Town is conveniently located to major routes connecting to Providence, Rhode Island and Boston, Massachusetts. Located in Southeastern Massachusetts, the Town is bordered by Plainville to the north, Mansfield to the east, the City of Attleboro to the south and Cumberland, Rhode Island to the west.

Commuter rail service is located in the neighboring City of Attleboro, providing access to Boston’s Back Bay Station and South Station. The Town also is a member of the Greater Attleboro-Taunton Regional Transit Authority (“GATRA”) which provides public transportation to 14 fixed routes as well as the Dial-A-Ride program to benefit the elderly and disabled.

Other than the Town itself, the following are the principal employers located in the Town:

<u>Company</u>	<u>Nature of Business</u>	<u>Current Employees</u>
Emerald Square Mall	Retail Stores	3,000
Shaw’s	Supermarket	400
Wal-Mart	Retail	300
V.H. Blackington	Jewelry Manufacturer-Badges	200
Madonna Nursing Home	Nursing Home	190
Lowe’s	Retail	175
Needle Tech Products	Medical/Manufacturing	170
Target	Department Store	160
Super Stop & Shop	Supermarket	147
Metalor USA Refining Corp.	Metal Refining	130
Best Buy	Retail	125

Source: The Town as of May 2019.

EMPLOYMENT AND WAGES

	<u>Calendar Year Average</u>				
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Construction & Natural Resources	474	425	409	536	422
Manufacturing	1,393	1,369	1,422	1,454	1,444
Trade, Transportation & Utilities	4,603	4,789	4,568	4,552	4,553
Financial Activities	388	314	268	255	257
Professional & Business Services	614	665	613	584	486
Education & Health Services	805	789	797	787	783
Leisure & Hospitality	1,493	1,451	1,399	1,310	1,317
Information & Other Services	<u>1,320</u>	<u>1,253</u>	<u>1,145</u>	<u>1,107</u>	<u>1,116</u>
Total Employment	<u>11,090</u>	<u>11,055</u>	<u>10,621</u>	<u>10,585</u>	<u>10,378</u>
Number of Establishments	943	920	912	897	861
Total Annual Wage (000)	\$455,386	\$439,545	\$415,435	\$405,372	\$380,475
Average Weekly Wage	\$721	\$697	\$685	\$669	\$640

Source: Massachusetts Executive Office of Labor & Workforce Development.

BUILDING PERMITS

Calendar Year	Number	Estimated Value
2018	921	\$60,023,011
2017	899	44,418,681
2016	914	42,491,761
2015	911	32,182,383
2014	831	25,235,723

OTHER DATA

Employment (1)

Calendar Year (2)	Labor Force	Employment	Unemployment Rate %			
			Town	County	State	US
2019 (March)	16,824	16,339	2.9	4.2	3.1	3.9
2018	16,876	16,437	3.2	4.3	3.3	3.9
2017	16,196	15,620	3.6	4.8	3.8	4.4
2016	16,003	15,421	3.6	4.9	3.9	4.9
2015	16,029	15,251	4.9	6.1	4.8	5.3

(1) Source: Massachusetts Executive Office of Labor & Workforce Development.

(2) Full year averages except for 2019 which is for the month indicated.

Population (1)

Year	North Attleborough		Bristol County		Massachusetts	
	Number	% Change	Number	% Change	Number	% Change
2017 estimate	29,153	1.5	561,483	2.4	6,859,819	4.8
2010	28,712	5.8	548,285	2.5	6,547,629	3.1
2000	27,143	8.4	534,678	5.6	6,349,097	5.5
1990	25,038	18.7	506,325	6.7	6,016,425	4.9
1980	21,095		474,641		5,737,037	

(1) Source: U.S. Department of Commerce for actuals and estimates.

Population Density (1)

Year	North Attleborough		Bristol County		Massachusetts	
	Number	Density*	Number	Density	Number	Density
2017 estimate	29,153	1,563.6	561,483	1,009.8	6,859,819	875.2
2010	28,712	1,539.9	548,285	986.1	6,547,629	835.4
2000	27,143	1,455.8	534,678	961.6	6,349,097	810.0
1990	25,038	1,342.9	506,325	910.6	6,016,425	767.6
1980	21,095	1,131.4	474,641	853.6	5,737,037	732.0

(1) Source: U.S. Department of Commerce for actuals and estimates.

* Based on 18.6 square miles.

Population Composition By Age (1)

<u>Age</u>	<u>North Attleborough</u>		<u>Bristol County</u>		<u>Massachusetts</u>	
	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>
Under 5 Years	1,352	4.7	29,460	5.3	362,855	5.3
5 Years to 19 Years	6,259	21.6	102,235	18.4	1,229,762	18.1
20 Years to 64 Years	17,914	61.7	336,177	60.4	4,146,951	61.1
65 Years and Over	<u>3,508</u>	<u>12.1</u>	<u>89,144</u>	<u>16.0</u>	<u>1,049,751</u>	<u>15.5</u>
Total	<u>29,033</u>	<u>100.0</u>	<u>557,016</u>	<u>100.0</u>	<u>6,789,319</u>	<u>100.0</u>
Median Age	39.5		40.9		39.4	
Median Age (2000)	35.6		36.7		36.5	

(1) Source: U.S. Department of Commerce. 2017 5-year estimates.

Per Capita Income Levels (1)

<u>Year</u>	<u>North Attleborough</u>		<u>Bristol County</u>		<u>Massachusetts</u>	
	<u>Amount</u>	<u>% Change</u>	<u>Amount</u>	<u>% Change</u>	<u>Amount</u>	<u>% Change</u>
2017 5-year estimates	\$39,996	54.0	\$32,406	54.5	\$39,913	53.8
1999	25,974	48.1	20,978	51.4	25,952	50.7
1989	17,535	138.5	13,853	121.7	17,224	131.0
1979	7,352	0.0	6,249	0.0	7,457	0.0
% Below Poverty Level (2017 5-year estimates)	7.3		12.2		11.1	

(1) Source: U.S. Department of Commerce.

Family Income Distribution (1)

<u>Income for Families</u>	<u>North Attleborough</u>		<u>Bristol County</u>		<u>Massachusetts</u>	
	<u>Families</u>	<u>Percent</u>	<u>Families</u>	<u>Percent</u>	<u>Families</u>	<u>Percent</u>
Less than \$10,000	134	1.8	5,675	4.0	56,902	3.5
10,000 - 24,999	401	5.5	13,250	9.3	118,641	7.2
25,000 - 49,999	823	11.2	25,069	17.6	241,405	14.7
50,000 - 74,999	829	11.3	22,999	16.2	236,935	14.4
75,000 - 99,999	1,189	16.2	20,917	14.7	218,799	13.3
100,000 - 149,999	1,936	26.5	29,292	20.6	344,327	20.9
150,000 or more	<u>2,007</u>	<u>27.4</u>	<u>25,065</u>	<u>17.6</u>	<u>430,610</u>	<u>26.1</u>
Total	<u>7,319</u>	<u>100.0</u>	<u>142,267</u>	<u>100.0</u>	<u>1,647,619</u>	<u>100.0</u>
Median Income	\$106,772		\$79,937		\$94,110	

(1) Source: U.S. Department of Commerce. 2017 5-year estimates.

Household Income Distribution (1)

<u>Income for Households</u>	<u>North Attleborough</u>		<u>Bristol County</u>		<u>Massachusetts</u>	
	<u>Households</u>	<u>Percent</u>	<u>Households</u>	<u>Percent</u>	<u>Households</u>	<u>Percent</u>
Less than \$10,000	390	3.6	12,321	5.7	148,170	5.7
10,000 - 24,999	919	8.6	34,871	16.2	324,816	12.6
25,000 - 49,999	1,873	17.4	42,728	19.8	442,384	17.1
50,000 - 74,999	1,362	12.7	34,224	15.9	390,219	15.1
75,000 - 99,999	1,658	15.4	28,006	13.0	317,494	12.3
100,000 - 149,999	2,293	21.3	35,342	16.4	451,683	17.5
150,000 or more	<u>2,247</u>	<u>20.9</u>	<u>28,411</u>	<u>13.2</u>	<u>510,949</u>	<u>19.8</u>
Total	<u>10,742</u>	<u>100.0</u>	<u>215,903</u>	<u>100.0</u>	<u>2,585,715</u>	<u>100.0</u>
Median Income	\$87,093		\$62,514		\$74,167	

(1) Source: U.S. Department of Commerce. 2017 5-year estimates.

Value Distribution Of Specified Owner-Occupied Housing Units (1)

<u>Units</u>	<u>North Attleborough</u>		<u>Bristol County</u>		<u>Massachusetts</u>	
	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>
Less than \$100,000	448	5.9	6,796	5.0	63,524	4.2
100,000 - 199,999	712	9.4	21,351	15.8	205,591	13.6
200,000 - 299,999	1,961	26.0	49,179	36.4	354,531	23.2
300,000 - 499,999	3,322	44.0	45,296	33.5	572,911	35.4
500,000 - 999,999	1,052	13.9	11,027	8.2	340,606	19.4
1,000,000 or more	<u>57</u>	<u>0.8</u>	<u>1,495</u>	<u>1.1</u>	<u>75,166</u>	<u>4.2</u>
Total	<u>7,552</u>	<u>100.0</u>	<u>135,144</u>	<u>100.0</u>	<u>1,612,329</u>	<u>100.0</u>
Median Value	\$333,100		\$280,400		\$352,600	

(1) Source: U.S. Department of Commerce. 2017 5-year estimates.

Age Distribution Of Housing Units (1)

<u>Year Built</u>	<u>North Attleborough</u>		<u>Bristol County</u>		<u>Massachusetts</u>	
	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>
2000 or later	1,135	10.0	19,677	8.4	266,492	9.3
1980 to 1999	3,179	28.0	46,851	20.1	530,038	18.5
1940 to 1979	4,493	39.5	86,263	36.9	1,113,226	38.9
1939 or Earlier	<u>2,561</u>	<u>22.5</u>	<u>80,759</u>	<u>34.6</u>	<u>955,233</u>	<u>33.3</u>
Total	<u>11,368</u>	<u>100.0</u>	<u>233,550</u>	<u>100.0</u>	<u>2,864,989</u>	<u>100.0</u>

(1) Source: U.S. Department of Commerce. 2017 5-year estimates.

Housing Unit Inventory (1)

Units in Structure	North Attleborough		Bristol County		Massachusetts	
	Number	Percent	Number	Percent	Number	Percent
1, Detached	6,759	59.5	124,913	53.5	1,496,092	52.2
1, Attached	458	4.0	7,581	3.2	151,949	5.3
2 to 4	1,678	14.8	60,146	25.8	596,427	20.8
5 to 9	548	4.8	17,439	7.5	166,765	5.8
10 to 19	802	7.1	7,521	3.2	122,890	4.3
20 or More	838	7.4	12,826	5.5	306,265	10.7
Mobile Home, Trailer, Other	285	2.5	3,124	1.3	24,601	0.9
Total	<u>11,368</u>	<u>100.0</u>	<u>233,550</u>	<u>100.0</u>	<u>2,864,989</u>	<u>100.0</u>

(1) Source: U.S. Department of Commerce. 2017 5-year estimates.

Educational Attainment (1)

Years of School Completed	North Attleborough		Bristol County		Massachusetts	
	Number	Percent	Number	Percent	Number	Percent
Less than 9th Grade	467	2.4	32,103	8.3	216,649	4.6
9th to 12th Grade, No Diploma	744	3.7	28,624	7.4	241,431	5.1
High School Graduate	4,767	24.0	115,589	29.8	1,162,683	24.7
Some College, No Degree	4,154	20.9	69,876	18.0	741,582	15.8
Associate's Degree	1,797	9.1	35,387	9.1	363,330	7.7
Bachelor's Degree	4,841	24.4	66,555	17.2	1,101,605	23.4
Graduate or Professional Degree	<u>3,077</u>	<u>15.5</u>	<u>39,283</u>	<u>10.1</u>	<u>879,256</u>	<u>18.7</u>
Total	<u>19,847</u>	<u>100.0</u>	<u>387,417</u>	<u>100.0</u>	<u>4,706,536</u>	<u>100.0</u>
High School Graduate or Higher	18,636	93.9	326,690	84.3	4,248,456	90.3
Bachelor's Degree or Higher	7,918	39.9	105,838	27.3	1,980,861	42.1

(1) Source: U.S. Department of Commerce. 2017 5-year estimates

SCHOOL ENROLLMENTS (1)

	Actual					Projected
	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
Pre K-5	2,253	2,128	2,171	2,040	1,948	1,791
6-8	1,189	1,132	1,084	1,087	1,104	1,095
9-12	<u>1,212</u>	<u>1,173</u>	<u>1,165</u>	<u>1,156</u>	<u>1,110</u>	<u>1,114</u>
Total	<u>4,654</u>	<u>4,433</u>	<u>4,420</u>	<u>4,283</u>	<u>4,162</u>	<u>4,000</u>

(1) As of October 1, of each year.

SCHOOL FACILITIES

School	Grade	Building Capacity	Current Enrollment (1)
Elementary:			
Amvet Blvd.	K-5	476	378
Falls	K-5	282	247
Martin	K-5	608	613
Roosevelt Ave.	K-5	260	258
Community	K-5	458	319
Early Learning	Pre-K	150	133
Middle School:	6-8	1,350	1,104
Senior High School:	9-12	<u>1,250</u>	<u>1,110</u>
		<u>4,834</u>	<u>4,162</u>

(1) As of October 1, 2018

LITIGATION

There are numerous cases pending in courts throughout the Commonwealth where the Town is a defendant. In the opinion of the Town Counsel, none of the pending litigation is likely to result, either individually or in the aggregate, in final judgments against the Town that would materially affect its financial condition.

**TOWN OF NORTH ATTLEBOROUGH,
Massachusetts**

By: /s/ Christopher L. Sweet
Treasurer

Dated: May 13, 2019

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The following Balance Sheets for June 30, 2015-2018 and the Statement of Revenues, Transfers, Expenditures and Changes in Fund Balance for fiscal years 2014-2018 have been extracted from the audit reports of those years.

The fiscal 2018 audit is reproduced in Appendix B.

TOWN OF NORTH ATTLEBOROUGH
Massachusetts
BALANCE SHEET - GENERAL FUND
JUNE 30, ⁽¹⁾

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
<u>Assets</u>				
Cash and cash equivalents	\$10,635,751	\$10,449,679	\$ 8,170,166	\$ 7,871,801
Receivables:				
Receivables	0	0	4,251,271	5,495,624
Inventory	0	0	28,975	17,203
Interfund receivables	0	0	337,280	311,052
Property taxes	1,361,038	1,468,519	0	0
Departmental & Other	734,259	683,212	0	0
Due from other governments	157,490	156,958	0	0
Other assets	<u>31,947</u>	<u>51,673</u>	<u>0</u>	<u>0</u>
Total Assets	<u>\$12,920,485</u>	<u>\$12,810,041</u>	<u>\$12,787,692</u>	<u>\$13,695,680</u>
 <u>Liabilities and Fund Balances</u>				
Liabilities:				
Warrants payable	\$ 821,377	\$ 841,196	\$ 0	\$ 0
Salaries, withholdings & benefits	3,586,539	3,475,973	2,776,911	3,158,267
Accounts payable	0	0	1,010,527	748,609
Tax refund payable	0	0	835,755	978,061
Taxes paid in advance	0	0	66,648	58,458
Deferred revenues	0	0	0	5,116,040
Other liabilities	<u>39,143</u>	<u>43,897</u>	<u>0</u>	<u>0</u>
Total Liabilities	<u>4,447,059</u>	<u>4,361,066</u>	<u>4,689,841</u>	<u>10,059,435</u>
 Total Deferred Inflows of Resources:				
	<u>1,877,022</u>	<u>1,763,735</u>	<u>3,858,757</u>	<u>0</u>
 Fund Balances (Deficit):				
Nonspendable	31,947	21,756	0	0
Restricted	239,344	305,619	374,139	444,834
Committed	0	0	95,648	74,353
Assigned	302,824	352,358	301,023	382,139
Unassigned	<u>6,022,289</u>	<u>6,005,507</u>	<u>3,468,284</u>	<u>2,734,919</u>
Total Fund Balances (Deficit)	<u>6,596,404</u>	<u>6,685,240</u>	<u>4,239,094</u>	<u>3,636,245</u>
Total Liabilities, Deferred Inflows and Fund Balances:	<u>\$12,920,485</u>	<u>\$12,810,041</u>	<u>\$12,787,692</u>	<u>\$13,695,680</u>

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

TOWN OF NORTH ATTLEBOROUGH
Massachusetts
Combined Statement of Revenues, Transfers, Expenditures and Changes in Fund Balance
GENERAL FUND
June 30, ⁽¹⁾

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Revenues:					
Property Taxes	\$49,927,629	\$49,006,269	\$46,638,473	\$45,046,318	\$44,168,000
Excise Taxes	5,025,459	5,004,310	4,856,973	4,576,881	4,342,351
Fines and Forfeitures	88,779	84,739	0	0	0
Intergovernmental	33,449,331	34,496,393	32,263,087	29,090,498	33,083,835
Investment Income	94,886	58,656	59,332	143,169	121,507
Penalties, Interest & Other Taxes	236,822	350,534	257,736	210,284	245,213
Licenses and Permits	592,047	564,684	0	0	0
Charges for Services	0	0	899,544	842,369	884,997
Departmental & Other	678,415	543,368	0	0	0
Miscellaneous	<u>0</u>	<u>55,991</u>	<u>274,334</u>	<u>363,532</u>	<u>405,786</u>
Total Revenues	<u>\$90,093,368</u>	<u>\$90,164,944</u>	<u>\$85,249,479</u>	<u>\$80,273,051</u>	<u>\$83,251,689</u>
Expenditures:					
General Government	\$ 3,978,033	\$ 3,965,434	\$ 2,404,318	\$ 2,385,300	\$ 2,264,223
Public Safety	10,236,660	9,947,042	9,981,527	9,976,767	9,934,501
Education	51,355,599	50,771,451	40,811,944	40,038,847	39,219,997
Culture & Recreation	992,368	989,977	993,678	1,002,862	1,001,544
Public Works	1,748,416	1,615,916	1,841,228	2,478,486	2,167,882
Health & Human Services	860,796	817,836	837,471	1,028,599	956,747
Debt Service	3,724,714	4,685,526	4,897,491	4,949,945	4,841,154
Employee Benefits/Insurance	14,359,450	13,224,770	21,928,452	18,468,961	22,192,655
Intergovernmental	<u>4,064,084</u>	<u>3,595,090</u>	<u>1,952,281</u>	<u>1,780,747</u>	<u>1,654,614</u>
Total Expenditures	<u>\$91,320,120</u>	<u>\$89,613,042</u>	<u>\$85,648,390</u>	<u>\$82,110,514</u>	<u>\$84,233,317</u>
Excess (deficiency) of revenues over expenditures	(1,226,752)	551,902	(398,911)	(1,837,463)	(981,628)
Other Financing Sources (Uses)					
Transfers in	1,671,614	1,712,164	1,435,211	1,287,620	1,361,938
Premium from issuance of debt	0	0	199,905	0	0
Transfers out	<u>(533,698)</u>	<u>(482,112)</u>	<u>(633,356)</u>	<u>(647,839)</u>	<u>(965,797)</u>
Other Financing Sources (Uses):	<u>1,137,916</u>	<u>1,230,052</u>	<u>1,001,760</u>	<u>639,781</u>	<u>396,141</u>
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	(88,836)	1,781,954	602,849	(1,197,682)	(585,487)
Fund Balance, Beginning of Year	<u>6,685,240</u>	<u>4,903,286</u> ⁽²⁾	<u>3,636,245</u>	<u>4,833,927</u>	<u>5,419,414</u>
Fund Balance, End of Year	<u>\$ 6,596,404</u>	<u>\$ 6,685,240</u>	<u>\$ 4,239,094</u>	<u>\$ 3,636,245</u>	<u>\$ 4,833,927</u>

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

⁽²⁾ Restated.

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There follows in this Appendix the audited financial statements for the fiscal year ended June 30, 2018 with the report of the certified public accountants, Roselli, Clark & Associates, CPA.

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

ROSELLI, CLARK & ASSOCIATES
Certified Public Accountants

TOWN OF NORTH ATTLEBOROUGH, MASSACHUSETTS

Report on Examination of
Basic Financial Statements
and Additional Information

Year Ended June 30, 2018



TOWN OF NORTH ATTLEBOROUGH, MASSACHUSETTS

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INDEPENDENT AUDITORS' REPORT

Honorable Board of Selectmen
Town of North Attleborough, Massachusetts

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 Town of North Attleborough, Massachusetts, (the "Town") as of and for the year ended June 30, 2018 (except for the North Attleborough Electric Department, which is as of December 31, 2017) and the related notes to the financial statements, which collectively comprise the Town'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.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the North Attleborough Electric Department, a component unit, which represent approximately 36.3%, 43.8% and 72.1%, respectively, of the assets, net position and revenues of the Town's business-type activities. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for this blended presented component unit, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit includes 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 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, based on our audit and the report of other auditors, 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 Town, as of June 30, 2018, (except for the North Attleborough Electric Department, which is as of December 31, 2017) 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.

Restatement

We audited the Town's basic financial statements for the year ended June 30, 2017, for which we issued an unmodified opinion dated November 7, 2017. As discussed in Note V to the financial statements, the Town adopted GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, in the current year. In connection with the adoption of this accounting standard, previously reported total net positions in the governmental activities and business-type activities in the Statement of Net Position as well as those in the proprietary funds were restated. Our opinion was not modified with respect to the matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis, and the schedules listed under the required supplementary information section in the accompanying table of contents be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of 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 Reporting Required By *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated February 27, 2019, on our consideration of the Town's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Roselli, Clark & Associates

Roselli, Clark and Associates
Certified Public Accountants
Woburn, Massachusetts
February 27, 2019

MANAGEMENT'S DISCUSSION AND ANALYSIS

As the management of the Town of North Attleborough, Massachusetts (the "Town"), we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2018. We encourage readers to consider the information presented here in conjunction with their review of the basic financial statements, notes to the basic financial statements and required supplementary information.

Financial Highlights

- The Town adopted a new accounting pronouncement related to other postemployment benefits, or OPEB, in fiscal year 2018. As a result, beginning net positions in the Town's governmental activities and business-type activities decreased approximately \$20.9 million. The North Attleborough Electric Department (the "Electric Department") will adopt this accounting pronouncement in fiscal year 2019.
- The Town's assets and deferred outflows of financial resources exceeded its liabilities and deferred inflows of financial resources at the close of the most recent fiscal year by nearly \$86.6 million (*total net position*) at June 30, 2018.
- The Town's total net position increased by approximately \$3.2 million year-over-year. The net position in governmental activities decreased approximately \$1.5 million while the net position in business-type activities increased approximately \$4.7 million. Included in the governmental activities was over \$1.3 million in non-cash expenses related to other postemployment benefits ("OPEB") and pension expense that were recorded on a GAAP basis. The increase in net position in the business-type activities was due primarily to the over \$3.7 million increase in the net position of the Electric Department.
- The Town's total long-term debt in its governmental activities and business-type activities in aggregate decreased by approximately \$236,000 in 2018. The Town's total long-term debt was approximately \$62.4 million at June 30, 2018. The Town execute long-term borrowings of \$6,540,000 and repaid approximately \$6,776,000 in 2018.
- As of the close of the current fiscal year, the Town's governmental funds balance sheet reported a combined ending fund balance surplus of approximately \$18.5 million, which was approximately \$878,000 lower than the prior year. Of the ending fund balance approximately \$6.0 million (mostly in the general fund) is *available for spending* at the government's discretion as *unassigned fund balance*. The remainder is earmarked for specific expenditures.
- At the end of the current fiscal year, unassigned fund balance for the general fund was approximately \$6.0 million, or approximately 7% percent of total fiscal year 2018 general fund expenditures.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the Town's basic financial statements. The Town's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements – The *government-wide financial statements* are designed to provide readers with a broad overview of the Town's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the Town's assets and deferred outflows of resources and its liabilities and deferred inflows of resources, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

The *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 giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation pay).

Both of the government-wide financial statements distinguish functions of the Town that are principally supported by taxes and intergovernmental revenue (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the Town include general government, public safety, highways and streets, sanitation, education, health and human services, culture and recreation, fringe benefits and debt service. The business-type activities of the Town include sewer, water, solid waste and electric light enterprise funds.

Fund Financial Statements – A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Town can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

Accounting guidelines distinguish fund balance between amounts that are considered nonspendable, such as fund balance associated with inventories, and other amounts that are classified based on the relative strength of the constraints that control the purposes for which specific amounts can be spent. Beginning with the most binding constraints, fund balance amounts will be reported in the following classifications:

- Nonspendable —amounts that cannot be spent because they are either (a) not in spendable form (i.e., inventory or prepaid expenses) or (b) legally or contractually required to be maintained intact.
- Restricted—amounts constrained by external parties, constitutional provision, or enabling legislation.
- Committed—amounts constrained by a government using its highest level of decision-making authority.
- Assigned—amounts a government intends to use for a particular purpose.
- Unassigned—amounts that are not constrained at all will be reported in the general fund of in other major funds if negative.

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, governmental 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 evaluating a government’s near-term financing requirements.

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.

The Town maintains several individual governmental funds. 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 and capital project funds. Data from the other governmental funds are combined into a single, aggregated presentation.

The Town adopts an annual appropriated budget for its general fund. A budgetary comparison schedule has been provided for the general fund to demonstrate compliance with this budget. This schedule has been prepared as required supplementary information and can be found along with the corresponding notes in this report.

Proprietary Funds – *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The Town utilizes the proprietary funds to report activities of its enterprise funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The Town uses enterprise funds to account for its sewer, water, solid waste and electric department activities.

Fiduciary Funds – Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the Town’s own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

Notes to the Financial Statements – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other Information – In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Town’s progress in funding its obligation to provide pension benefits and other postemployment benefits to its employees as well as a budget to actual comparison for the current year’s general fund operations.

Government-Wide Financial Analysis

The condensed comparative statements of net position for the two most recent years are as follows:

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>June 30, 2018</u>	<u>June 30, 2017 (a)</u>	<u>June 30, 2018</u>	<u>June 30, 2017 (a)</u>	<u>June 30, 2018</u>	<u>June 30, 2017 (a)</u>
Assets:						
Current and other assets	\$ 26,231,091	\$ 26,611,427	\$ 82,920,650	\$ 78,123,351	\$ 109,151,741	\$ 104,734,778
Capital assets, net	<u>82,635,413</u>	<u>81,685,028</u>	<u>108,920,242</u>	<u>108,737,920</u>	<u>191,555,655</u>	<u>190,422,948</u>
Total Assets	<u>108,866,504</u>	<u>108,296,455</u>	<u>191,840,892</u>	<u>186,861,271</u>	<u>300,707,396</u>	<u>295,157,726</u>
Deferred Outflows of Resources	<u>8,534,719</u>	<u>5,318,358</u>	<u>1,875,945</u>	<u>1,650,124</u>	<u>10,410,664</u>	<u>6,968,482</u>
Liabilities:						
Long-term liabilities	134,210,750	133,974,991	47,948,687	49,311,192	182,159,437	183,286,183
Other liabilities	<u>8,795,978</u>	<u>8,514,620</u>	<u>10,243,226</u>	<u>9,718,554</u>	<u>19,039,204</u>	<u>18,233,174</u>
Total Liabilities	<u>143,006,728</u>	<u>142,489,611</u>	<u>58,191,913</u>	<u>59,029,746</u>	<u>201,198,641</u>	<u>201,519,357</u>
Deferred Inflows of Resources	<u>7,882,054</u>	<u>3,083,463</u>	<u>15,466,218</u>	<u>14,125,176</u>	<u>23,348,272</u>	<u>17,208,639</u>
Net Position:						
Net investment in capital assets	67,335,610	66,374,523	66,844,978	66,322,228	134,180,588	132,696,751
Restricted	9,265,052	10,115,501	34,204,763	31,929,331	43,469,815	42,044,832
Unrestricted	<u>(110,088,221)</u>	<u>(108,448,285)</u>	<u>19,008,965</u>	<u>17,104,914</u>	<u>(91,079,256)</u>	<u>(91,343,371)</u>
Total Net Position	<u>\$ (33,487,559)</u>	<u>\$ (31,958,261)</u>	<u>\$ 120,058,706</u>	<u>\$ 115,356,473</u>	<u>\$ 86,571,147</u>	<u>\$ 83,398,212</u>

(a) As restated for the adoption of GASB Statement No. 75. Refer to Note V.

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The Town's total net position increased approximately \$3.2 million, or 3.8%, year-over-year. The net position in governmental activities decreased approximately \$1.5 million while the net position in business-type activities increased over \$4.7 million.

The largest portion (nearly \$134.2 million) of the Town's overall net position reflects its investment in capital assets (e.g. land, buildings, machinery, and equipment), less any related debt (netted down by those amounts expected to be reimbursed by the Commonwealth) used to acquire those assets that is still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town'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.

An additional significant portion of the Town's total net position (nearly \$43.5 million) represents resources that are subject to external restrictions on how they may be used.

The remaining category represents *unrestricted net position*, which currently has a deficit balance of approximately \$91.1 million. This deficit balance is primarily the result of the reporting of approximately \$123.9 million in net OPEB and pension liabilities.

The condensed comparative statements of activities for the two most recent years are as follows:

	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Program revenues:						
Charges for services	\$ 6,436,428	\$ 6,077,946	\$ 42,501,322	\$ 42,268,652	\$ 48,937,750	\$ 48,346,598
Operating grants and contributions	34,034,818	34,829,209	-	-	34,034,818	34,829,209
Capital grants and contributions	1,275,720	496,609	1,289,303	1,074,130	2,565,023	1,570,739
General revenues:						
Property taxes	49,989,869	48,423,837	-	-	49,989,869	48,423,837
Intergovernmental	2,874,118	2,858,491	-	-	2,874,118	2,858,491
Other	5,760,151	5,543,050	641,426	795,914	6,401,577	6,338,964
Total revenues	100,371,104	98,229,142	44,432,051	44,138,696	144,803,155	142,367,838
Expenses:						
General government	6,526,659	6,708,454	-	-	6,526,659	6,708,454
Public safety	14,338,167	15,290,360	-	-	14,338,167	15,290,360
Education	73,262,007	73,413,278	-	-	73,262,007	73,413,278
Public works	4,127,531	3,917,897	-	-	4,127,531	3,917,897
Health and human services	1,244,652	1,236,685	-	-	1,244,652	1,236,685
Culture and recreation	1,813,019	1,991,279	-	-	1,813,019	1,991,279
Debt service	663,269	507,041	-	-	663,269	507,041
Sewer	-	-	5,464,822	5,528,914	5,464,822	5,528,914
Water	-	-	4,623,842	4,578,432	4,623,842	4,578,432
Solid waste	-	-	2,300,328	2,312,793	2,300,328	2,312,793
Electric Light	-	-	27,265,924	27,631,708	27,265,924	27,631,708
Total expenses	101,975,304	103,064,994	39,654,916	40,051,847	141,630,220	143,116,841
Change in net position before transfers	(1,604,200)	(4,835,852)	4,777,135	4,086,849	3,172,935	(749,003)
Transfers	74,902	109,551	(74,902)	(109,551)	-	-
Change in net position	(1,529,298)	(4,726,301)	4,702,233	3,977,298	3,172,935	(749,003)
Net position - beginning of year	(31,958,261)	(4,154,336)	115,356,473	109,240,387	83,398,212	105,086,051
Restatement (a)	-	(23,077,624)	-	2,138,788	-	(20,938,836)
Net position - end of year	\$ (33,487,559)	\$ (31,958,261)	\$ 120,058,706	\$ 115,356,473	\$ 86,571,147	\$ 83,398,212

(a) Restatement for the adoption of GASB Statement No. 75. Refer to Note V.

Governmental Activities – Total revenues in fiscal year 2018 in the Town’s governmental activities increased over \$2.1 million, or 2.2%, from fiscal year 2017. The Town’s largest revenue source is property taxes, which represented approximately 50% and 49% of total fiscal year 2018 and 2017 revenues, respectively. Property taxes increased approximately \$1.6 million in 2018 due to normal property tax increases and new growth. Operating grants and contributions represented approximately 34% and 35% of total fiscal year 2018 and 2017 revenues, respectively. Operating grants and contributions decreased over \$794,000 in 2018. No other revenue sources were greater than 10% of total revenues in fiscal years 2018 or 2017.

Education represents the largest expense category for the Town. In total, education expenses represented approximately 72% and 71% of total fiscal year 2018 and 2017 expenses, respectively. Public safety expenses represented approximately 14% and 15% of total fiscal year 2018 and 2017 expenses, respectively. No other expense types were greater than 10% of total expenses in fiscal years 2018 or 2017.

Business-Type Activities – Total business-type activities revenues increased over \$293,000 in 2018 from the prior year. Each reportable business-type activity reported increases in net position in fiscal year 2018.

Government Funds Financial Analysis

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

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

As of the close of the current fiscal year, the Town’s governmental funds balance sheet reported a combined ending fund balance surplus of approximately \$18.5 million, which was approximately \$878,000 lower than the prior year. Each reported major fund reported decreases in fund balances in 2018; the general fund decreased by approximately \$89,000, the capital projects funds decreased by approximately \$413,000 and the nonmajor governmental funds decreased by nearly \$376,000. Of the ending fund balances, approximately \$6.0 million is *available for spending* at the government’s discretion as *unassigned fund balance*. The remainder is earmarked for specific expenditures.

The general fund is the chief operating fund of the Town. At the end of the current fiscal year, unassigned fund balance of the general fund was approximately \$6.0 million, while total general fund balance approximated \$6.6 million. As a measure of the general fund’s liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance at year end represents approximately 6.6% of total fiscal year 2018 general fund expenditures, while total fund balance represents approximately 7.2% of that same amount.

Proprietary Funds – The Town’s proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Fiduciary Fund – The Town’s fiduciary fund is comprised of its pension and two OPEB trust funds, private purpose funds and agency funds.

General Fund Budgetary Highlights

Differences between the original budget and the final amended budget were not significant. A reconciliation of these differences is found in the required supplementary information.

Capital Asset and Debt Administration

Capital Assets – The Town’s investment in capital assets, which includes land, buildings, infrastructure, machinery and equipment, for its governmental and business-type activities as of June 30, 2018 amounts to approximately \$191.6 million, net of accumulated depreciation. This is an increase of over \$1.1 million from the prior year as 2018 capital additions exceeded depreciation expense.

Additional information on the Town capital assets can be found in the notes to the financial statements.

Long-Term Debt – The Town’s total general obligation bond and notes payable debt decreased by approximately \$236,000 in fiscal year 2018 to approximately \$62.4 million at June 30, 2018. This decrease was entirely due to the regularly scheduled repayments of long-term general obligations and notes payable exceeding current year borrowings.

The Town also holds a proportionate share of debt of other governmental units that provide services within the Town’s boundaries. Debt service from such arrangements is assessed annually to the Town. Additional information on the Town’s debt can be found in the notes to the financial statements.

Town’s general obligations are rated AA by Standard and Poor’s Financial Services, which is the third highest credit rating for long-term debt issued by this agency.

Economic Factors and Next Year’s Budgets and Rates

- The median household income and home values within the Town exceed the state-wide and national averages. Furthermore, the Town’s unemployment rates are better than both the state-wide and national averages.
- The Town’s property values have been steadily increasing over the past several years. Property values are at all-time highs in some of neighborhoods within the Town.
- Estimated net state aid for fiscal year 2019 is expected to be approximately \$291,000 lower than the fiscal year 2018 net state aid estimates.
- The Town’s real estate tax base is made up predominantly of residential taxes, which in 2018 are approximately 82% of the entire property tax levy. In addition, Chapter 580 of the Acts of 1980, more commonly referred to as Proposition 2 ½, limits the Town’s ability to increase taxes in any one year by more than 2 ½% of the previous year’s tax levy. The Town typically taxes at or near its levy limit.
- The Town’s governing body approved an approximate \$6.5 million Proposition 2 ½ override in late fiscal year 2018, which will become effective in fiscal year 2019.

The above items were considered when the Town accepted its budget for fiscal year 2019 at the June 4, 2018 Annual Town Meeting. The Town set its fiscal year 2019 property tax rated on November 26, 2018.

Requests for Information

This financial report is designed to provide a general overview of the Town’s finances for all those with an interest in the government’s finances. Questions concerning any of the information provided in this report or request for additional financial information should be addressed to the Office of the Town Accountant, Town of North Attleborough, Massachusetts, 43 South Washington Street, North Attleborough, Massachusetts 02760.

TOWN OF NORTH ATTLEBOROUGH, MASSACHUSETTS

**STATEMENT OF NET POSITION
JUNE 30, 2018**

	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and cash equivalents	\$ 12,327,060	\$ 34,619,831	\$ 46,946,891
Investments	10,601,954	32,704,074	43,306,028
Receivables, net:			
Property taxes	1,361,038	-	1,361,038
User fees	-	5,192,615	5,192,615
Departmental and other	1,181,296	-	1,181,296
Intergovernmental	727,796	6,935,535	7,663,331
Prepaid items and other current assets	31,947	1,026,675	1,058,622
Net OPEB asset	-	2,441,920	2,441,920
Land	9,023,965	258,957	9,282,922
Construction in-progress	1,264,032	2,828,978	4,093,010
Capital assets, net of accumulated depreciation	<u>72,347,416</u>	<u>105,832,307</u>	<u>178,179,723</u>
Total Assets	<u>108,866,504</u>	<u>191,840,892</u>	<u>300,707,396</u>
Deferred Outflows of Resources			
Pensions	4,122,940	1,813,635	5,936,575
Other postemployment benefits	4,411,779	62,310	4,474,089
Total Deferred Outflows of Resources	<u>8,534,719</u>	<u>1,875,945</u>	<u>10,410,664</u>
Liabilities			
Warrants and accounts payable	1,630,014	3,799,352	5,429,366
Accrued expenses	3,612,507	40,098	3,652,605
Retainage payable	142,931	-	142,931
Accrued interest	133,575	135,540	269,115
Refunds due customers	-	2,302,914	2,302,914
Other liabilities	39,143	-	39,143
Bond anticipation notes payable	22,000	-	22,000
Noncurrent liabilities:			
Due within one year	3,215,808	3,965,322	7,181,130
Due in more than one year	134,210,750	47,948,687	182,159,437
Total Liabilities	<u>143,006,728</u>	<u>58,191,913</u>	<u>201,198,641</u>
Deferred Inflows of Resources			
Pensions	7,702,233	1,192,289	8,894,522
Other postemployment benefits	179,821	2,540	182,361
Unavailable revenue - intergovernmental revenue	-	6,419,721	6,419,721
Unavailable revenue - rate stabilization reserve	-	7,851,668	7,851,668
Total Deferred Inflows of Resources	<u>7,882,054</u>	<u>15,466,218</u>	<u>23,348,272</u>
Net Position			
Net investment in capital assets	67,335,610	66,844,978	134,180,588
Restricted:			
Nonexpendable perpetual funds	2,024,921	-	2,024,921
Expendable perpetual funds	1,075,160	-	1,075,160
Capital projects	539,166	-	539,166
Depreciation fund	-	32,389,693	32,389,693
Insurance fund	-	1,815,070	1,815,070
Other purposes	5,625,805	-	5,625,805
Unrestricted	<u>(110,088,221)</u>	<u>19,008,965</u>	<u>(91,079,256)</u>
Total Net Position	<u>\$ (33,487,559)</u>	<u>\$ 120,058,706</u>	<u>\$ 86,571,147</u>

See accompanying notes to basic financial statements.

TOWN OF NORTH ATTLEBOROUGH, MASSACHUSETTS

**STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2018**

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental activities:							
General government	\$ 6,526,659	\$ 1,520,751	\$ -	\$ -	\$ (5,005,908)		(5,005,908)
Public safety	14,338,167	2,179,358	156,127	-	(12,002,682)		(12,002,682)
Education	73,262,007	2,250,143	33,341,832	-	(37,670,032)		(37,670,032)
Public works	4,127,531	18,941	22,500	1,275,720	(2,810,370)		(2,810,370)
Health and human services	1,244,652	197,360	390,978	-	(656,314)		(656,314)
Culture and recreation	1,813,019	269,875	108,371	-	(1,434,773)		(1,434,773)
Interest expense	663,269	-	15,010	-	(648,259)		(648,259)
Total governmental activities	101,975,304	6,436,428	34,034,818	1,275,720	(60,228,338)		(60,228,338)
Business-Type activities:							
Sewer	5,464,822	4,460,686	-	810,965		\$ (193,171)	(193,171)
Water	4,623,842	4,539,881	-	456,750		372,789	372,789
Solid waste	2,300,328	2,846,191	-	21,588		567,451	567,451
Electric light	27,265,924	30,654,564	-	-		3,388,640	3,388,640
Total business-type activities	39,654,916	42,501,322	-	1,289,303		4,135,709	4,135,709
Total Primary Government	\$ 141,630,220	\$ 48,937,750	\$ 34,034,818	\$ 2,565,023	(60,228,338)	4,135,709	(56,092,629)
General Revenues:							
					49,989,869	-	49,989,869
					5,143,668	-	5,143,668
					2,874,118	-	2,874,118
					236,822	-	236,822
					326,688	1,502	328,190
					52,973	639,924	692,897
					74,902	(74,902)	-
					58,699,040	566,524	59,265,564
					(1,529,298)	4,702,233	3,172,935
Net Position:							
					(31,958,261)	115,356,473	83,398,212
					\$ (33,487,559)	\$ 120,058,706	\$ 86,571,147

See accompanying notes to basic financial statements.

TOWN OF NORTH ATTLEBOROUGH, MASSACHUSETTS

**GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2018**

	General Fund	Capital Project Funds	Nonmajor Governmental Funds	Total Governmental Funds
Assets:				
Cash and cash equivalents	\$ 2,569,180	\$ 4,273,563	\$ 5,484,317	\$ 12,327,060
Investments	8,066,571	183,879	2,351,504	10,601,954
Receivables, net of allowance for uncollectibles:				
Property taxes	1,361,038	-	-	1,361,038
Departmental and other	734,259	-	447,037	1,181,296
Intergovernmental	157,490	-	570,306	727,796
Other assets	31,947	-	-	31,947
Total Assets	<u>12,920,485</u>	<u>4,457,442</u>	<u>8,853,164</u>	<u>26,231,091</u>
Deferred Outflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 12,920,485</u>	<u>\$ 4,457,442</u>	<u>\$ 8,853,164</u>	<u>\$ 26,231,091</u>
Liabilities:				
Warrants and accounts payable	\$ 821,377	\$ 578,245	\$ 230,392	\$ 1,630,014
Accrued payroll and withholdings	3,586,539	-	25,968	3,612,507
Retainage payable	-	142,931	-	142,931
Other liabilities	39,143	-	-	39,143
Bond anticipation notes payable	-	22,000	-	22,000
Total Liabilities	<u>4,447,059</u>	<u>743,176</u>	<u>256,360</u>	<u>5,446,595</u>
Deferred Inflows of Resources:				
Unavailable revenue - property taxes	1,142,763	-	-	1,142,763
Unavailable revenue - excise taxes	549,714	-	-	549,714
Unavailable revenue - intergovernmental	-	-	-	-
Unavailable revenue - other	184,545	-	447,037	631,582
Total Deferred Inflows of Resources	<u>1,877,022</u>	<u>-</u>	<u>447,037</u>	<u>2,324,059</u>
Fund Balances:				
Nonspendable	31,947	-	2,024,921	2,056,868
Restricted	239,344	3,714,266	6,158,797	10,112,407
Assigned	302,824	-	-	302,824
Unassigned	6,022,289	-	(33,951)	5,988,338
Total Fund Balances	<u>6,596,404</u>	<u>3,714,266</u>	<u>8,149,767</u>	<u>18,460,437</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 12,920,485</u>	<u>\$ 4,457,442</u>	<u>\$ 8,853,164</u>	<u>\$ 26,231,091</u>

See accompanying notes to basic financial statements.

TOWN OF NORTH ATTLEBOROUGH, MASSACHUSETTS
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TOTAL FUND BALANCES TO THE STATEMENT OF NET POSITION
JUNE 30, 2018

Total Governmental Fund Balances		\$ 18,460,437
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		82,635,413
Other assets are not available to pay for current-period expenditures and are therefore deferred inflows of financial resources in the funds.		2,324,059
Deferred outflows and inflows of resources to be recognized in future fiscal years are not available resources and, therefore, are not reported in the funds:		
Deferred outflows of resources related to pensions	4,122,940	
Deferred outflows of resources related to OPEB	4,411,779	
Deferred inflows of resources related to pensions	(7,702,233)	
Deferred inflows of resources related to OPEB	<u>(179,821)</u>	
Net effect of reporting deferred outflows and inflows of resources		652,665
In the statement of net position, interest is accrued on outstanding long-term debt whereas in the governmental funds, interest is not reported until due.		(133,575)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the government funds:		
Bonds and notes payable		(19,143,825)
Compensated absences		(311,128)
Net OPEB liability		(106,997,531)
Net pension liability		<u>(10,974,074)</u>
Net Position of Governmental Activities		<u>\$ (33,487,559)</u>
See accompanying notes to basic financial statements.		

TOWN OF NORTH ATTLEBOROUGH, MASSACHUSETTS

**GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
YEAR ENDED JUNE 30, 2018**

	General Fund	Capital Project Funds	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:				
Property taxes	\$ 49,927,629	\$ -	\$ -	\$ 49,927,629
Intergovernmental	33,449,331	-	4,552,094	38,001,425
Motor vehicle and other excises	5,025,459	-	-	5,025,459
Licenses and permits	592,047	-	-	592,047
Penalties and interest on taxes	236,822	-	-	236,822
Fines and forfeitures	88,779	-	-	88,779
Investment income	94,886	-	(41,913)	52,973
Departmental and other revenue	678,415	-	5,086,603	5,765,018
Contributions and donations	-	-	183,231	183,231
Total Revenues	<u>90,093,368</u>	<u>-</u>	<u>9,780,015</u>	<u>99,873,383</u>
Expenditures:				
Current:				
General government	3,978,033	287,456	832,447	5,097,936
Public safety	10,236,660	491,833	263,945	10,992,438
Education	51,355,599	2,480,868	5,850,594	59,687,061
Public works	1,748,416	1,292,999	1,261,867	4,303,282
Health and human services	860,796	-	127,374	988,170
Culture and recreation	992,368	39,735	398,789	1,430,892
Pension and fringe benefits	14,359,450	-	-	14,359,450
State and county assessments	4,064,084	-	-	4,064,084
Debt service:				
Principal	3,079,913	-	-	3,079,913
Interest	644,801	-	-	644,801
Total Expenditures	<u>91,320,120</u>	<u>4,592,891</u>	<u>8,735,016</u>	<u>104,648,027</u>
(Deficiency) Excess of Revenues Over Expenditures	<u>(1,226,752)</u>	<u>(4,592,891)</u>	<u>1,044,999</u>	<u>(4,774,644)</u>
Other Financing Sources (Uses):				
Proceeds from sale of general obligation bonds	-	3,590,000	-	3,590,000
Premium from sale of general obligation bonds	-	231,957	-	231,957
Transfers in	1,671,614	360,200	-	2,031,814
Transfers out	(533,698)	(2,561)	(1,420,653)	(1,956,912)
Total Other Financing Sources (Uses)	<u>1,137,916</u>	<u>4,179,596</u>	<u>(1,420,653)</u>	<u>3,896,859</u>
Net Change in Fund Balances	(88,836)	(413,295)	(375,654)	(877,785)
Fund Balances - Beginning of year	<u>6,685,240</u>	<u>4,127,561</u>	<u>8,525,421</u>	<u>19,338,222</u>
Fund Balances - End of year	<u>\$ 6,596,404</u>	<u>\$ 3,714,266</u>	<u>\$ 8,149,767</u>	<u>\$ 18,460,437</u>

See accompanying notes to basic financial statements.

TOWN OF NORTH ATTLEBOROUGH, MASSACHUSETTS

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2018**

Net Change in Fund Balances - Total Governmental Fund Balances \$ (877,785)

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. The net amounts are reflects as reconciling items:

Capital outlays	5,518,660	
Depreciation expense	<u>(4,568,275)</u>	
Net effect of reporting capital assets		950,385

The issuance of long-term debt 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 has any effect on net position. Also governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are amortized in the statement of activities. The net amounts are reflected here as reconciling items:

Proceeds from sale of general obligation bonds	(3,590,000)	
Repayments of long-term debt	<u>3,079,913</u>	
Net effect of reporting long-term debt		(510,087)

Revenues in the statement of activities that do not provide current financial resources are unavailable in the statement of revenues, expenditures and changes in fund balances. Therefore, the recognition of revenue for various types of accounts receivable differ between the two statements. The amount presented represents differences derived from unavailable revenue.

265,763

In the Statement of Activities, interest is accrued on outstanding long-term debt; whereas in governmental funds interest is not reported until due. The net amount presented here as a reconciling item represents the difference in accruals between this year and the prior year.

(18,468)

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds:

Compensated absences	(12,012)	
Net OPEB liability	(2,779,284)	
Net pension liability	<u>1,452,190</u>	
Net effect of reporting long-term liabilities		<u>(1,339,106)</u>

Change in Net Position of Governmental Activities \$ (1,529,298)

See accompanying notes to basic financial statements.

TOWN OF NORTH ATTLEBOROUGH MASSACHUSETTS

PROPRIETARY FUNDS
STATEMENT OF NET POSITION
JUNE 30, 2018

	Business-Type Activities				
	Sewer	Water	Solid Waste	Electric Light (a)	Total
Assets					
Current assets:					
Cash and cash equivalents	\$ 6,014,813	\$ 6,831,355	\$ 3,811,630	\$ 17,962,033	\$ 34,619,831
Investments	-	206,889	-	32,497,185	32,704,074
User charges receivable, net	1,393,450	1,287,034	519,069	1,993,062	5,192,615
Due from the Commonwealth	29,746	81,244	56,959	-	167,949
Due from Town of Plainville	291,918	29,140	-	-	321,058
Prepaid items	-	-	-	134,247	134,247
Materials and supplies	-	-	-	892,428	892,428
Total current assets	<u>7,729,927</u>	<u>8,435,662</u>	<u>4,387,658</u>	<u>53,478,955</u>	<u>74,032,202</u>
Noncurrent assets:					
Due from the Commonwealth	113,491	175,230	59,144	-	347,865
Due from Town of Plainville	6,038,439	60,224	-	-	6,098,663
Net OPEB asset	-	-	-	2,441,920	2,441,920
Land	4,188	151,654	3,492	99,623	258,957
Construction in-progress	-	-	-	2,828,978	2,828,978
Capital assets, net of accumulated depreciation	<u>60,449,874</u>	<u>34,372,418</u>	<u>144,155</u>	<u>10,865,860</u>	<u>105,832,307</u>
Total noncurrent assets	<u>66,605,992</u>	<u>34,759,526</u>	<u>206,791</u>	<u>16,236,381</u>	<u>117,808,690</u>
Total Assets	<u>74,335,919</u>	<u>43,195,188</u>	<u>4,594,449</u>	<u>69,715,336</u>	<u>191,840,892</u>
Deferred Outflows of Resources					
Pensions	208,716	146,177	50,857	1,407,885	1,813,635
Other postemployment benefits	9,037	46,799	6,474	-	62,310
Total Deferred Outflows of Resources	<u>217,753</u>	<u>192,976</u>	<u>57,331</u>	<u>1,407,885</u>	<u>1,875,945</u>
Total Assets and Deferred Outflows of Resources	<u>74,553,672</u>	<u>43,388,164</u>	<u>4,651,780</u>	<u>71,123,221</u>	<u>193,716,837</u>
Liabilities					
Current liabilities:					
Warrants and accounts payable	78,873	271,421	146,647	3,302,411	3,799,352
Accrued payroll and related expenses	17,654	17,273	5,171	-	40,098
Accrued interest	69,881	49,877	9,088	6,694	135,540
Refunds due to customers	-	-	-	2,302,914	2,302,914
Compensated absences	-	2,713	1,062	282,371	286,146
Post-closure landfill monitoring	-	-	92,500	-	92,500
Bonds and notes payable	<u>2,109,038</u>	<u>1,109,989</u>	<u>311,650</u>	<u>55,999</u>	<u>3,586,676</u>
Total current liabilities	<u>2,275,446</u>	<u>1,451,273</u>	<u>566,118</u>	<u>5,950,389</u>	<u>10,243,226</u>
Noncurrent liabilities:					
Compensated absences	-	5,038	1,973	101,800	108,811
Customer deposits	-	-	-	827,845	827,845
Customer advances for construction	-	-	-	97,605	97,605
Net OPEB liability	219,291	1,134,993	156,982	-	1,511,266
Net OPEB obligation	-	-	-	-	-
Net pension liability	452,703	414,526	141,812	2,971,667	3,980,708
Post-closure landfill monitoring	-	-	1,738,500	-	1,738,500
Bonds and notes payable	<u>31,617,326</u>	<u>7,134,976</u>	<u>631,650</u>	<u>300,000</u>	<u>39,683,952</u>
Total noncurrent liabilities	<u>32,289,320</u>	<u>8,689,533</u>	<u>2,670,917</u>	<u>4,298,917</u>	<u>47,948,687</u>
Total Liabilities	<u>34,564,766</u>	<u>10,140,806</u>	<u>3,237,035</u>	<u>10,249,306</u>	<u>58,191,913</u>
Deferred Inflows of Resources					
Pensions	387,379	278,826	101,406	424,678	1,192,289
Other postemployment benefits	368	1,908	264	-	2,540
Unavailable revenue - Town of Plainville	6,330,357	89,364	-	-	6,419,721
Rate stabilization reserve	-	-	-	7,851,668	7,851,668
Total Deferred Inflows of Resources	<u>6,718,104</u>	<u>370,098</u>	<u>101,670</u>	<u>8,276,346</u>	<u>15,466,218</u>
Total Liabilities and Deferred Inflows of Resources	<u>41,282,870</u>	<u>10,510,904</u>	<u>3,338,705</u>	<u>18,525,652</u>	<u>73,658,131</u>
Net Position					
Net investment in capital assets	26,870,935	26,535,581	-	13,438,462	66,844,978
Restricted for depreciation	-	-	-	32,389,693	32,389,693
Restricted for insurance	-	-	-	1,815,070	1,815,070
Unrestricted	<u>6,399,867</u>	<u>6,341,679</u>	<u>1,313,075</u>	<u>4,954,344</u>	<u>19,008,965</u>
Total Net Position	<u>\$ 33,270,802</u>	<u>\$ 32,877,260</u>	<u>\$ 1,313,075</u>	<u>\$ 52,597,569</u>	<u>\$ 120,058,706</u>

(a) As of December 31, 2017.

See accompanying notes to basic financial statements.

TOWN OF NORTH ATTLEBOROUGH MASSACHUSETTS

**PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEAR ENDED JUNE 30, 2018**

	Business-Type Activities				
	Sewer	Water	Solid Waste	Electric Light (a)	Total
Operating Revenues:					
Charges for services	\$ 4,118,023	\$ 4,377,089	\$ 2,829,449	\$ 30,335,934	\$ 41,660,495
Other	342,663	162,792	16,742	318,630	840,827
Total Operating Revenues	<u>4,460,686</u>	<u>4,539,881</u>	<u>2,846,191</u>	<u>30,654,564</u>	<u>42,501,322</u>
Operating Expenses:					
Personnel and other operating costs	3,102,607	3,320,903	2,239,538	25,010,652	33,673,700
Depreciation	1,946,876	1,040,958	8,856	2,220,018	5,216,708
Total Operating Expenses	<u>5,049,483</u>	<u>4,361,861</u>	<u>2,248,394</u>	<u>27,230,670</u>	<u>38,890,408</u>
Operating (Loss) Income	<u>(588,797)</u>	<u>178,020</u>	<u>597,797</u>	<u>3,423,894</u>	<u>3,610,914</u>
Nonoperating Revenues (Expenses):					
Investment income, net	1,640	4,728	11,342	622,214	639,924
Interest expense	(415,339)	(261,981)	(51,934)	(35,254)	(764,508)
Other	-	-	-	1,502	1,502
Total Nonoperating Revenues (Expenses)	<u>(413,699)</u>	<u>(257,253)</u>	<u>(40,592)</u>	<u>588,462</u>	<u>(123,082)</u>
Income Before Capital Contributions and Transfers	<u>(1,002,496)</u>	<u>(79,233)</u>	<u>557,205</u>	<u>4,012,356</u>	<u>3,487,832</u>
Capital Contributions:					
Intergovernmental	810,965	456,750	21,588	-	1,289,303
Total Capital Contributions	<u>810,965</u>	<u>456,750</u>	<u>21,588</u>	<u>-</u>	<u>1,289,303</u>
Transfers:					
Transfers in	214,948	10,150	-	-	225,098
Transfers out	-	-	-	(300,000)	(300,000)
Transfers, net	<u>214,948</u>	<u>10,150</u>	<u>-</u>	<u>(300,000)</u>	<u>(74,902)</u>
Change in Net Position	<u>23,417</u>	<u>387,667</u>	<u>578,793</u>	<u>3,712,356</u>	<u>4,702,233</u>
Net Position - Beginning of Year (as restated; refer to Note V)	<u>33,247,385</u>	<u>32,489,593</u>	<u>734,282</u>	<u>48,885,213</u>	<u>115,356,473</u>
Net Position - End of Year	<u>\$ 33,270,802</u>	<u>\$ 32,877,260</u>	<u>\$ 1,313,075</u>	<u>\$ 52,597,569</u>	<u>\$ 120,058,706</u>

(a) As of and for the year ended December 31, 2017.

See accompanying notes to basic financial statements.

TOWN OF NORTH ATTLEBOROUGH, MASSACHUSETTS

**STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2018**

	Business-Type Activities				
	Sewer	Water	Solid Waste	Electric Light (a)	Total
Cash Flows from Operating Activities:					
Receipts from users	\$ 4,136,149	\$ 4,313,809	\$ 2,621,280	\$ 30,946,798	\$ 42,018,036
Receipts from other operating revenues	342,663	162,792	16,742	1,502	523,699
Payments to employees	(1,599,203)	(1,721,348)	(461,800)	(3,210,755)	(6,993,106)
Payments to vendors	(1,618,417)	(1,415,633)	(1,882,415)	(20,770,509)	(25,686,974)
Net Cash Provided by Operating Activities	<u>1,261,192</u>	<u>1,339,620</u>	<u>293,807</u>	<u>6,967,036</u>	<u>9,861,655</u>
Cash Flows from Noncapital Financing Activities:					
Transfers in (out)	214,948	10,150	-	(300,000)	(74,902)
Prefunding transfer for other postemployment benefits	-	-	-	69,679	69,679
Net Cash Provided by (Used in) Noncapital Financing Activities	<u>214,948</u>	<u>10,150</u>	<u>-</u>	<u>(230,321)</u>	<u>(5,223)</u>
Cash Flows from Capital and Related Financing Activities:					
Customer advances for construction	-	-	-	(56,676)	(56,676)
Intergovernmental capital grants	840,019	534,556	75,879	-	1,450,454
Acquisition and construction of capital assets	(1,189,537)	(883,765)	-	(3,325,728)	(5,399,030)
Proceeds from bond issuances	850,000	2,100,000	-	-	2,950,000
Principal payments on bonds and notes	(2,074,660)	(1,048,989)	(302,494)	(270,000)	(3,696,143)
Interest payments on bonds and notes	(418,030)	(245,704)	(53,687)	(34,899)	(752,320)
Net Cash Used in Capital and Related Financing Activities	<u>(1,992,208)</u>	<u>456,098</u>	<u>(280,302)</u>	<u>(3,687,303)</u>	<u>(5,503,715)</u>
Cash Flows from Investing Activities:					
Investment income	1,640	4,728	11,342	622,214	639,924
Investment of operating cash, net	-	(3,231)	-	(2,974,566)	(2,977,797)
Net Cash Provided by (Used in) Investing Activities	<u>1,640</u>	<u>1,497</u>	<u>11,342</u>	<u>(2,352,352)</u>	<u>(2,337,873)</u>
Net Change in Cash and Cash Equivalents	(514,428)	1,807,365	24,847	697,060	2,014,844
Cash and Cash Equivalents:					
Beginning of year	<u>6,529,241</u>	<u>5,023,990</u>	<u>3,786,783</u>	<u>17,264,973</u>	<u>32,604,987</u>
End of year	<u>\$ 6,014,813</u>	<u>\$ 6,831,355</u>	<u>\$ 3,811,630</u>	<u>\$ 17,962,033</u>	<u>\$ 34,619,831</u>
Reconciliation of Operating (Loss) Income to Net Cash Provided by Operating Activities:					
Operating (Loss) Income	\$ (588,797)	\$ 178,020	\$ 597,797	\$ 3,423,894	\$ 3,610,914
Adjustments to reconcile operating (loss) income to net cash provided by operating activities:					
Depreciation and amortization	1,946,876	1,040,958	8,856	2,220,018	5,216,708
Changes in assets and liabilities:					
Receivables	18,126	(63,280)	(208,169)	(153,275)	(406,598)
Prepaid items and materials	-	-	-	70,223	70,223
Accounts payable and accrued expenses	(115,013)	183,922	(104,677)	1,416,779	1,381,011
Other assets and liabilities	-	-	-	(10,603)	(10,603)
Net Cash Provided by Operating Activities	<u>\$ 1,261,192</u>	<u>\$ 1,339,620</u>	<u>\$ 293,807</u>	<u>\$ 6,967,036</u>	<u>\$ 9,861,655</u>

(a) As of and for the year ended December 31, 2017.

See accompanying notes to basic financial statements.

TOWN OF NORTH ATTLEBOROUGH, MASSACHUSETTS

**FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2018**

	Pension Trust Fund (a)	Electric Light OPEB Trust Fund (a)	Town OPEB Trust Fund	Private Purpose Trust Funds	Agency Funds
Assets:					
Cash and cash equivalents	\$ 13,237,101	\$ 59,619	\$ 10,540	\$ 126,638	\$ 241,736
Investments:					
Equity securities	23,948,892	-	104,484	-	-
Mutual funds	53,648,578	1,626,129	1,861,368	-	-
Fixed income securities	-	1,750,620	-	414,971	-
Pooled equity funds	10,636,791	1,653,201	-	-	-
Pooled real estate funds	15,633,250	-	-	-	-
Employee contributions receivable	3,026	-	-	-	-
Other receivables	24,927	-	-	-	131,871
Total Assets	117,132,565	5,089,569	1,976,392	541,609	373,607
Liabilities:					
Warrants and accounts payable	52,047	-	-	-	25,307
Student activities	-	-	-	-	132,003
Performance bonds	-	-	-	-	82,095
Agency liabilities	-	-	-	-	134,202
Total Liabilities	52,047	-	-	-	\$ 373,607
Net Position:					
Restricted for pension benefits	117,080,518	-	-	-	-
Restricted for other postemployment benefits	-	5,089,569	1,976,392	-	-
Restricted for private purposes	-	-	-	541,609	-
Total Net Position	\$ 117,080,518	\$ 5,089,569	\$ 1,976,392	\$ 541,609	-

(a) As of December 31, 2017.

See accompanying notes to basic financial statements.

TOWN OF NORTH ATTLEBOROUGH, MASSACHUSETTS

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
YEAR ENDED JUNE 30, 2018**

	Pension Trust Fund (a)	Electric Light OPEB Trust Fund (a)	Town OPEB Trust Fund	Private Purpose Trust Funds
Additions				
Contributions:				
Employer	\$ 3,808,004	\$ 675,025	\$ 4,394,179	\$ -
Employees and members	2,262,458	-	-	-
Commonwealth of Massachusetts	21,234	-	-	-
Transfers from other systems	121,650	-	-	-
Reimbursements from other systems	76,057	-	-	-
Other contributions and donations	-	-	-	17,709
Total contributions	6,289,403	675,025	4,394,179	17,709
Investment income:				
Interest and dividends	620,931	117,244	93,501	8,231
Net realized and unrealized gains (losses)	15,930,478	417,205	28,897	(11,218)
Less: investment management fees	(557,852)	-	(7,840)	(2,209)
Net investment earnings	15,993,557	534,449	114,558	(5,196)
Other income	11,330	-	-	-
Total Additions	22,294,290	1,209,474	4,508,737	12,513
Deductions				
Benefit payments to retirees and beneficiaries	6,423,210	189,681	3,868,209	-
Scholarships and assistance	-	-	-	34,066
Refunds to members	85,644	-	-	-
Transfers to other systems	406,723	-	-	-
Reimbursements to other systems	292,267	-	-	-
Operations payroll	102,443	-	-	-
Other administrative expenses	103,020	-	-	-
Total Deductions	7,413,307	189,681	3,868,209	34,066
Change in Net Position	14,880,983	1,019,793	640,528	(21,553)
Net Position - beginning of year	102,199,535	4,069,776	1,335,864	563,162
Net Position - end of year	\$ 117,080,518	\$ 5,089,569	\$ 1,976,392	\$ 541,609

(a) As of and for the year ended December 31, 2017.

See accompanying notes to basic financial statements.

TOWN OF NORTH ATTLEBOROUGH, MASSACHUSETTS

NOTES TO BASIC FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

I. Summary of Significant Accounting Policies

The accompanying basic financial statements of the Town of North Attleborough (the “Town”) have been prepared in conformity with generally accepted accounting principles (“GAAP”) as applied to state and local governments. GAAP is prescribed by the Governmental Accounting Standards Board (“GASB”), which is the primary standard-setting body for state and local government entities. The following is a summary of the more significant policies and practices used by the Town:

A. Reporting Entity

The Town is located in Bristol County and is centrally located between the cities of Boston and Worcester, Massachusetts and Providence, Rhode Island. The Town borders the State of Rhode Island. The Town was incorporated in 1887.

The Town operates under a representative Town Meeting form of government with a five-member Board of Selectmen and an appointed Town Administrator, who performs and oversees the Town’s daily executive and administrative duties. The Town provides governmental services for the territory within its boundaries, including education, public safety, public works, health and human services, culture and recreation and general governmental services. Additionally, the Town owns and operates water, sewer, landfill/solid waste and electricity operations; each of which are funded through user charges and treated as business enterprises.

Component units, while separate entities, are in substance part of the governmental operations if the significance of their operations and/or financial relationship with the Town meet certain criteria. The North Attleborough Contributory Retirement System (the “Retirement System”) is a component unit of the Town. The Retirement System was established to provide benefits to Town employees and employees of the North Attleborough Housing Authority. While legally separate, the Retirement System provides services almost entirely to the Town and is presented as if it were part of the primary government through a method of inclusion known as blending. The Retirement System is reported as a pension trust in the fiduciary fund financial statements.

The North Attleborough Electric Department, (the “Electric Department” or “Electric Light”), which provides electrical services to the Town’s inhabitants, is required to be included as a component unit of the Town. Electric Department accounts for its operations on a calendar year basis. The net position and results of Electric Department’s operations as of and for the year ended December 31, 2017 have been included in the Town’s proprietary funds financial statements. The Electric Department issued stand-alone audited financial statements from another auditor, which can be obtained from the Electric Department. The Electric Department is located at 275 Landry Avenue, North Attleborough, Massachusetts 02760.

In addition, the Town is a member community of the Tri-County Regional Vocational Technical School. This joint venture assesses each of the eleven member communities its share of the operational and debt service costs based on student population and other factors. In fiscal year 2018, the Town's assessment was approximately \$3,867,000. There is no equity interest reported in these financial statements. Complete audited financial statements can be obtained directly from the school's administrative office located at 147 Pond Street, Franklin, Massachusetts 02038.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from the legally separate component unit for which the primary government is financially accountable.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the fiduciary funds are excluded from the government-wide financial statements. Major individual government funds and major individual enterprise funds are reported as separate columns in the fund financial statements. Nonmajor funds are aggregated and presented in a single column.

Major Fund Criteria – Major funds must be reported if both of the following criteria are met:

- 1) The total assets, liabilities, revenues, or expenditures/expenses of an individual governmental or enterprise fund are at least ten percent of the corresponding element (assets, liabilities, etc.) for all funds of that category or type (total governmental or total enterprise funds), and
- 2) The total assets, liabilities, revenues, or expenditures/expenses of the individual governmental fund or enterprise fund are at least five percent of the corresponding element for all governmental and enterprise funds combined.

In addition, any other governmental or enterprise fund that management believes is particularly significant to the basic financial statements may be reported as a major fund.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting* as are proprietary funds. Under this method, revenues are recorded when earned and expenses are recorded when a liability is incurred. Property taxes are recognized as revenues in the fiscal year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider are met.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*. For the most part, the effect of interfund activity has been removed from the government-wide financial statements. Interfund services provided and used are not eliminated in the process of consolidation.

The governmental fund financial statements are reported using *the current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized when susceptible to accrual (i.e. measurable and available). Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on general long-term debt which is recognized when due, certain compensated absences, claims and judgments which are recognized when the obligations are expected to be liquidated with current expendable available resources.

The Town applies the susceptible to accrual criteria to intergovernmental revenues. In applying the susceptible to accrual concept, there are two types of revenues. In one, monies must be expended for a specific purpose or project before any amounts will be paid to the; therefore, revenues are recognized as expenditures are incurred. In the other, moneys are virtually unrestricted and are usually revocable only for failure to comply with prescribed requirements. These resources are reflected as revenues when cash is received, or earlier if the susceptible to accrual criteria are met. State aid is accrued as revenue in the year that the funds are appropriated by the Commonwealth of Massachusetts (the "Commonwealth").

The Town considers property tax revenues to be available if they are collected within sixty days after the end of the fiscal year. Investment income associated with the current fiscal period is susceptible to accrual and has been recognized as revenue of the current fiscal period. All other revenue items are considered to be measurable and available only when the cash is received and are recognized as revenue at that time.

The Electric Department's rates are proposed by the Electric Department and approved by the Board of Electric Commissioners. The rates may be changed once every three months. Rate schedules are filed with the Massachusetts Department of Public Utilities ("DPU"). While the DPU exercises general supervisory authority over the Electric Department, rates are not subject to DPU approval. Rates must be set such that net earnings from operations do not exceed 8% of the cost of the utility plant. Rates include a purchased power cost adjustment, which allows an adjustment of rates charged to customers in order to recover all changes in capacity and fuel costs from stipulated base cost.

The government reports the following major Governmental Funds:

General Fund – is the government’s primary operating fund. It accounts for all financial resources of the general government except those required to be accounted for in another fund.

Capital Project Funds – is used to account for financial resources that are restricted, committed or assigned to expenditures for capital outlays.

Nonmajor Governmental Funds – consist of other special revenue and permanent funds that are aggregated and presented in the nonmajor governmental funds column on the governmental funds financial statements. The following describes the general use of these fund types:

Special revenue funds are used to account for the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects.

Permanent funds are used to account for financial resources that are restricted to the extent that only earnings, not principal, may be used for purposes that support the governmental programs.

The proprietary fund financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Under this method, revenues are recognized when earned and expenses are recorded when the liabilities are incurred.

Proprietary funds distinguish *operating* revenues and expenses from *non-operating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund’s principal ongoing operations. The principal operating revenues are user charges and fees, while operating expenses consist of salaries, ordinary maintenance, assessments, indirect costs and depreciation. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The Town reports the following major proprietary fund:

Sewer Enterprise Fund – is used to account for the operation of the Town’s wastewater treatment operations.

Water Enterprise Fund – is used to account for the operation of the Town’s water activities.

Solid Waste Enterprise Fund – is used to account for the solid waste disposal and landfill operations of the Town.

Electric Department – is used to account for the operation of the Town’s electric distribution activities.

Fiduciary fund financial statements are reported using the *economic resources measurement focus* and use the *accrual basis of accounting*. Fiduciary funds are used to account for assets held in a trustee capacity and cannot be used to support the governmental programs.

The Town reports the following fiduciary funds:

Pension Trust Fund – is used to account for the activities of the Retirement System, which accumulates resources for pension benefits to retired Town employees.

Other Postemployment Benefits Trust Funds – is used to account for funds accumulated by the Town and Electric Department to assist it in future other postemployment benefits, or OPEB, obligations.

Private-Purpose Trust Funds – is used to account for trust arrangements under which principal and income benefit individuals, private organizations or other governments. This fund is used primarily for public assistance and scholarships.

Agency Fund – is used to account for assets held in a purely custodial capacity. The Town's agency funds consist primarily of student activities, off-duty work details and escrow and other deposits.

When both restricted and unrestricted resources are available for use, it is the Town's policy to use restricted resources first, then unrestricted resources, as they are needed.

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Equity

Deposits and Investments – The Town's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. Investments for the Town and its component unit are reported at fair value.

Receivables – Real estate and personal property taxes are assessed on January 1 every year. Bills are sent semiannually with quarterly due dates of August 1, November 1, February 1, and May 1. Interest accrues on delinquent taxes at the rate of 14% per annum. Property taxes levied are recorded as receivables in the fiscal year of the levy.

Real estate taxes and water, sewer and other user fees are secured through a lien process within sixty days after the due date and are considered 100% collectible. Accordingly, an allowance for uncollectible balances for these receivables is not reported. All personal property tax, excise tax and other departmental receivables are shown net of an allowance for uncollectible balances comprised of those outstanding amounts greater than five years old.

The Town has entered into loan agreements with the Massachusetts Clean Water Trust ("MCWT"). The Town expects to be subsidized by MCWT in future years on a periodic basis for principal and interest costs relative to governmental and business-type activities until maturity of these agreements. The Town is legally obligated for the total amount of the debt and these amounts have been recorded in the accompanying basic financial statements under the applicable governmental and business-type activities. In addition, a receivable has also been reflected for the principal amount of the subsidies.

Inventories and Prepaid Items – In the case of the Town, inventories, which are not material to the basic financial statements, are considered to be expenditures at the time of purchase. With respect to the Electric Department, materials and supplies are inventories of parts and accessories purchased for use in Electric Department’s operations. Materials and supplies inventory are stated at the lower of cost or market with cost being determined on a first-in, first-out basis.

Certain payments to vendors reflect costs applicable to future accounting periods and may be recorded as prepaid items in both government-wide and fund financial statements.

Capital Assets – Capital assets, which include land, land improvements, buildings and improvements, machinery and equipment, vehicles, library materials and infrastructure (e.g. roads, sidewalks, water and sewer systems, bridges and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are reported at acquisition value rather than fair value. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

All purchases and construction costs in excess of \$10,000 are capitalized at the date of acquisition or construction, respectively, with expected lives of greater than two years. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Capital assets (excluding land and construction-in-process) are depreciated by the Town and the Electric Department on a straight-line-basis.

The estimated useful lives of capital assets being depreciated are as follows:

Land improvements	20 years
Buildings and improvements	20 – 40 years
Vehicles, machinery and equipment	5 – 10 years
Infrastructure	30 – 75 years

Additionally, the statutory provision for depreciation of Electric Department utility plant is computed on the straight-line basis are rates between 3% and 5% of the cost of plant in service at the beginning of the year, exclusive of land and land rights. The Electric Department depreciates its capital assets using a 5% rate, which approximates GAAP based on the average age of the utility plant assets and was approved by the DPU.

Interfund Balances – Activity between funds that are representative of lending arrangements outstanding at the end of the fiscal year are referred to as either *due to/from other funds* or *advances to/from other funds*. All other outstanding balances between funds are reported as due to/from other funds.

Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as *internal balances*.

Interfund Transfers – During the course of its operations, resources are permanently reallocated between and within funds. These transactions are reported as transfers in and transfers out in the individual fund statements. Transfers between and within governmental and fiduciary funds are eliminated from the governmental activities in the statement of activities. Any residual balances outstanding between the governmental activities and the business-type activities are reported in the statement of activities as *transfers, net*.

Investment Income – Excluding the permanent funds, investment income derived from major and nonmajor governmental funds is legally assigned to the general fund unless otherwise directed by state law. Investment income of the proprietary funds may be voluntarily assigned to the general fund.

Compensated Absences – It is the Town’s policy to permit employees to accumulate earned but unused vacation and sick pay benefits. Compensated absence liabilities related to both governmental and business-type activities are normally paid from the funds reporting payroll and related expenditures. Amounts related to these benefits are accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured.

Long-term Obligations – Long-term debt is reported as liabilities in the government-wide and proprietary fund statement of net position. Bond premiums and discounts, in addition to issuance costs, if material, are amortized over the life of the bonds using the effective interest method. Bond anticipation notes payable are reported net of the applicable bond premium or discount.

In the governmental fund financial statements, the face amount of long-term debt issued is reported as other financing sources. Premiums received on a debt issuance are reported as other financing sources while discounts are reported as other financing uses, if material. Issuance costs are exclusively reported as general government expenditures regardless of whether they are withheld from the actual proceeds.

Risk Financing – The Town insures for workers’ compensation, health, unemployment benefits, casualty, theft and other losses. Uninsured losses are recorded as expenditures when incurred.

Deferred Outflows/Inflows of Resources – In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Town reports deferred outflows of resources in its government-wide financial statements relative to its net OPEB and pension liabilities, which it expects to amortize into expense over the next four years. The Town does not report deferred outflows of resources in its governmental funds financial statements.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Town reports deferred inflows of resources in its government-wide financial statements relative to net OPEB and pension liabilities as well as certain Electric Department, sewer and water transactions, which it expects to amortize against expense over the next four years. The Town reports unavailable revenues as deferred inflows of resources in its governmental funds financial statements, which it will recognize as revenues when these items become available.

Net Position – In the government-wide financial statements, net position reported as “net investment in capital assets” includes capital assets, net of accumulated depreciation, less the principal balance of outstanding debt used to acquire capital assets. Unspent proceeds of capital related debt are not considered to be capital related debt.

Net position is reported as restricted when amounts are not available for appropriation or are legally restricted by outside parties for a specific use. Net position has been *restricted* for the following:

Nonexpendable perpetual funds represent the endowment portion of donor restricted trusts that support governmental programs.

Expendable perpetual funds represent the spendable portion of donor restricted trusts that support governmental programs.

Capital projects represent funds restricted for use in capital outlays.

Depreciation fund represent funds restricted for capital purposes or to offset future power costs to stabilize rates.

Insurance fund represent funds restricted for future insurance expenses.

Other purposes represent assets that are restricted by donors for specific governmental programs and uses, revolving funds and federal and state grants.

Fund Equity – The Town presents fund balances in its governmental funds financial statements using classifications that comprise a hierarchy based primarily on the extent in which the Town is required to honor constraints on the specific purpose for which amounts in the funds can be spent.

Fund balance is reported in five components – nonspendable, restricted, committed, assigned, and unassigned as described below:

Nonspendable represents amounts that cannot be spent because they are either (a) not in spendable form (i.e. inventory or prepaid) or (b) legally or contractually required to be maintained intact such as the corpus of an endowment.

Restricted represents amounts that have constraints placed either externally by third-parties (creditors, grantors, contributors, or laws or regulations of other governments) or by law through constitutional provisions or enabling legislation. Enabling legislation authorizes the Town to assess, levy, charge or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement (compelled by external parties) that those resources be used only for the specific purposes stipulated in the legislation.

Committed represents amounts that can only be used for specific purposes pursuant to formal action of the Town’s highest level of decision-making authority, which is the Town Meeting action, and can be modified or rescinded on through these actions.

Assigned represents amounts that are constrained by the Town’s intent to be used for specific purposes but are neither restricted nor committed.

Unassigned represents amounts that have not been restricted, committed or assigned to specific purposes within the general fund. The general fund is the only fund that reports a positive unassigned fund balance amount. Other governmental funds besides the general fund can only report a *negative* unassigned fund balance amount.

When both restricted and unrestricted resources are available for use, it is the Town's policy to use restricted resources first, then unrestricted resources (committed, assigned and unassigned) as they are needed. When unrestricted resources (committed, assigned and unassigned) are available for use it is the Town's policy to use committed resources first, then assigned, and then unassigned as they are needed.

The following table reflects the Town's fund equity categorizations:

	General Fund	Capital Projects Funds	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable:				
Nonexpendable permanent funds	\$ -	\$ -	\$ 2,024,921	\$ 2,024,921
Inventory	31,947	-	-	31,947
Restricted:				
Expendable permanent funds	-	-	1,075,160	1,075,160
Debt service reserve	239,344	-	-	239,344
Capital projects	-	3,714,266	-	3,714,266
Federal and state grants	-	-	734,706	734,706
Revolving funds	-	-	4,348,931	4,348,931
Assigned:				
Education	211,359	-	-	211,359
Other purposes	91,465	-	-	91,465
Unassigned:				
Unrestricted	2,737,639	-	(33,951)	2,703,688
General stabilization	3,176,157	-	-	3,176,157
Betterment stabilization	108,493	-	-	108,493
	<u>\$ 6,596,404</u>	<u>\$ 3,714,266</u>	<u>\$ 8,149,767</u>	<u>\$ 18,460,437</u>

Stabilization Funds – The Town maintains two stabilization funds – a general stabilization fund and a betterment stabilization fund. The general stabilization fund may be used for any municipal purpose upon a two-thirds vote of Town Meeting. The betterment stabilization fund may be used for specified capital purposes upon a two-thirds vote of Town Meeting. The Town reports these stabilization funds as unassigned fund balance in the general fund.

Encumbrances – The Town's encumbrance policy regarding the general fund is to (1) classify encumbrances that arise from the issuance of purchase orders resulting from normal purchasing activity approved by the Town Controller as assigned, and (2) classify encumbrances that result from an action of the Town Council as committed. Encumbrances of funds already restricted or committed are included within the classification of those fund balances and not reported separately. The Town reports \$302,824 of encumbrances from normal purchasing activity in the general fund as assigned. There are no encumbrances reported in any other fund.

E. Excess of Expenditures Over Appropriations and Deficits

During the fiscal year ended June 30, 2018, there were no instances where expenditures exceeded appropriations. The Town incurred several deficits in various special revenue funds at June 30, 2018, which were expected to be cured through future grant award receipts.

F. Use of Estimates

The preparation of basic financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure for contingent assets and liabilities at the date of the basic financial statements and the reported amounts of the revenues and expenditures/expenses during the fiscal year. Actual results could vary from estimates that were used.

II. Detailed Notes to All Funds

A. Deposits and Investments

A cash and investment pool is maintained and is available for use by all funds. Each fund type's portion of this pool is displayed on the balance sheet as *cash and cash equivalents*. The deposits and investments of trust funds are held separately from those of other funds.

State laws and regulations require the Town to invest funds only in pre-approved investment instruments which include but are not necessarily limited to bank deposits, money markets, certificates of deposit, U.S. obligations, repurchase agreements and Massachusetts Municipal Depository Trust, or MMDT, which was established by the Treasurer of the Commonwealth who serves as Trustee. In addition, the statutes impose various limitations on the amount and length of investments and deposits. Repurchase agreements cannot be for a period of over ninety days, and the underlying security must be a United States obligation. During the fiscal year, the Town did not enter into any repurchase agreements.

Fair Value of Investments – The Town reports its investments at fair value. When actively quoted observable prices are not available, the Town generally uses either implied pricing from similar investments or valuation models based on net present values of estimated future cash flows (adjusted as appropriate for liquidity, credit, market and/or other risk factors).

The Town categorizes its fair value measurements within the fair value hierarchy established by GAAP. This hierarchy is based on valuation inputs used to measure the fair value of the asset or liability. The three levels of the hierarchy are as follows:

- *Level 1* – Inputs are quoted prices in active markets for identical investments at the measurement date.
- *Level 2* – Inputs (other than quoted prices included in Level 1) are either directly or indirectly observable for the investment through correlation with market data at the measurement date and for the duration of the instrument's anticipated life.
- *Level 3* – Inputs reflect the Town's best estimate of what market participants would use in pricing the investment at the measurement date.

The remaining investments not categorized under the fair value hierarchy are shown at net asset value (“NAV”). These are investments in non-governmental entities for which a readily determinable fair value is not available, such as member units or an ownership interest in partners’ capital to which a proportionate share of net assets is attributed. Investments at NAV are commonly calculated by subtracting the fair value of liabilities from the fair value of assets.

Primary Government

The following table presents the Town’s investments carried at fair value on a recurring basis in at June 30, 2018 (December 31, 2017 for investments held by the Electric Department):

Investment Type	Fair Value	Fair Value Measurements Using		
		Level 1	Level 2	Level 3
Investments by fair value level:				
Debt securities:				
U.S. Treasury notes	\$ 9,457,396	\$ 9,457,396	\$ -	\$ -
U.S. Governmental agency obligations	9,301,357	-	9,301,357	-
Corporate bonds	23,414,407	-	23,414,407	-
Total debt securities	42,173,160	9,457,396	32,715,764	-
Equity securities	817,427	817,427	-	-
Mutual funds	5,336,013	-	5,336,013	-
Total investments measured at fair value	48,326,600	\$ 10,274,823	\$ 38,051,777	\$ -
Investments measured at amortized cost:				
MMDT	2,390,201			
Total investments	\$ 50,716,801			

Short-term investments in the MMDT are measured at amortized cost, which approximates fair value.

Custodial Credit Risk: Deposits – In the case of deposits, this is the risk that in the event of a bank failure, the government’s deposits may not be returned to it. The Town’s investment policy states that no more than 25% of the Town’s deposits may comprised of unsecured bank deposits. At June 30, 2018, the Town maintained \$7,284,421 in uninsured deposits, which represented approximately 18% of its bank deposits. Depository insurance is provided by the Federal Depository Insurance Corporation (“FDIC”) and in some institutions additional depository insurance is provided by the Depositors Insurance Fund.

Custodial Credit Risk: Investments – In the case of investments, this is the risk that in the event of the invested party not being able to provide required payments to investors, ceasing to exist, or filing of bankruptcy, the Town may not be able to recover the full amount of its principal investment and/or investment earnings. The Town’s investment policy contains provisions related to custodial credit risk. All of the Town’s investments are registered in its name and cannot be pledged or assigned. The Town is not exposed to custodial credit risk on its investments.

Interest Rate Risk – This is the risk that changes in interest rates will adversely affect the market value of an investment. The Town’s investment policy requires that it manage the duration of its investments to mitigate interest rate risk.

Concentration of Credit Risk – The Town’s investment policy limits its ability to have concentrations in certain investments and permits it to have unlimited investments in others including the MMDT, U.S. Treasury and agency obligation investments. The Town’s investment policy seeks to minimize this risk by diversifying its investment portfolio so that the impact of potential losses from one type of security or issuer will be minimalized. At June 30, 2018, Town has 37% of its investments in U.S. government or U.S. governmental agency obligations and 5% of its investments in the MMDT. No other individual investment represented more than 5% of the Town’s total investments.

Custodial Credit Risk – This is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Town’s investment policy requires it to purchase investment grade securities with a high concentration of securities rated A or above as determined by credit rating agencies. The Town’s investment policy does not place restrictions on MMDT, U.S. Treasury and agency obligation investments.

Investment Maturities – At June 30, 2018, the Town had the following investments and maturities:

Investment Type	Fair Value	Time Until Maturity (in years)		
		Less Than 1	1 to 5	6 to 10
U.S. government and agency obligations	\$ 18,758,753	\$ 10,287,090	\$ 8,471,663	\$ -
Corporate fixed income securities	23,414,407	438,788	18,013,410	4,962,209
Total investments with maturities	42,173,160	\$ 10,725,878	\$ 26,485,073	\$ 4,962,209
Other Investments:				
Equity securities	817,427			
Mutual funds	5,336,013			
MMDT	2,390,201			
Total Town investments	\$ 50,716,801			

All of the Town’s investments in debt securities are classified as investment grade by Moody’s Investors Service (“Moody’s”), with the exception of \$8,109,274 in U.S. government and agency obligations, which were unrated by Moody’s at June 30, 2018.

Retirement System (December 31, 2017)

The following table presents the fair value of the Retirement System’s investments by type as of December 31, 2017:

Investment Type	Fair Value	Fair Value Measurements Using		
		Level 1	Level 2	Level 3
Investments by fair value level:				
Equity securities	\$ 23,948,892	\$ 23,948,892	\$ -	\$ -
Mutual funds	<u>53,648,578</u>	<u>28,256,568</u>	<u>25,392,010</u>	-
Total investments measured at fair value	<u>77,597,470</u>	<u>\$ 52,205,460</u>	<u>\$ 25,392,010</u>	<u>\$ -</u>
Investments measured at NAV:				
Pooled equity funds	10,636,791			
Pooled real estate funds	<u>15,633,250</u>			
Total investments	<u>\$ 103,867,511</u>			

Investments Measured at NAV	Fair Value	Unfunded Commitments
By Asset Class		
Pooled equity funds	\$ 10,636,791	\$ -
Pooled real estate funds	<u>15,633,250</u>	<u>1,000,000</u>
	<u>\$ 26,270,041</u>	<u>\$ 1,000,000</u>

Investments measured at NAV include comingled/pooled funds in private equity or venture funds, real estate and mutual funds investing in international equities. The Retirement System is a general partner in its private equity, venture capital fund or similar investment vehicle. The value of these investments are recorded at values determined in good faith by the general partners of the private equity and venture capital firms after consideration of pertinent information, including current financial position and operative results, price-earnings multiples and available market prices of similar companies’ securities, the nature of the securities, marketability, restrictions on disposition and other appropriation and do not necessarily represent amounts which might ultimately be realized, since such amounts depend on future circumstances and cannot reasonably be determined until individual securities are liquidated. In addition, fair values of real estate funds are generally based on independent, third-party appraisals. By their very nature, these investments are illiquid and typically cannot be resold or redeemed. Distributions from each fund will be received as the underlying investments are liquidated. It is expected that the underlying assets for the funds will be liquidated over an average of ten years.

Because of the inherent uncertainty of valuations used in many of the Retirement System’s investments measured at NAV, estimated values may differ significantly from the values that would have been used had a ready market for positions in privately held companies or the real estate existed at December 31, 2017. These differences could have a material adverse effect on the Retirement System’s financial statements.

Custodial Credit Risk: Deposits – All of the Retirement System’s bank deposits were fully insured by the FDIC.

Custodial Credit Risk: Investments –All of the Retirement System’s investments are registered in its name and cannot be pledged or assigned. The Retirement System is not exposed to custodial credit risk on its investments.

Interest Rate Risk – The Retirement System does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Concentration of Credit Risk – The Retirement System follows the investment guidance set forth under Massachusetts General Law (“MGL”) and Massachusetts Public Employee Retirement Administration Commission, or PERAC. The following investments held by the Retirement System represent approximately 66.8% of its total investments at December 31, 2017:

Loomis, Sayles & Company Large Cap Growth Fund	12.8%
Rhumblin S&P 500 Fund	12.7%
Rhumblin Core Bond Fund	11.7%
Brandes Core Fixed Income Fund	8.1%
Vontobel International Equity Fund	5.9%
BlackRock Realty Advisors U.S. Core Property Fund LP	5.3%
Lazard International Strategic Equity Portfolio	5.3%
Intercontinental U.S. Real Estate Investment Fund LLC	5.0%

B. Receivables

Receivables as of June 30, 2018 for the Town’s major governmental funds and nonmajor funds in the aggregate, including applicable allowances for uncollectible accounts, were as follows:

	<u>Gross</u> <u>Amount</u>	<u>Allowance for</u> <u>Uncollectibles</u>	<u>Net</u> <u>Amount</u>
Real estate taxes	\$ 749,455	\$ -	\$ 749,455
Personal property taxes	129,425	(75,000)	54,425
Tax liens and possessions	557,158	-	557,158
Motor vehicle and other excise taxes	937,174	(388,000)	549,174
Departmental and other	2,131,122	(1,499,000)	632,122
Intergovernmental	<u>727,796</u>	<u>-</u>	<u>727,796</u>
Total	<u>\$ 5,232,130</u>	<u>\$ (1,962,000)</u>	<u>\$ 3,270,130</u>

Receivables as of June 30, 2018 for the Town's proprietary funds (the Electric Department's balances are as of December 31, 2017) were as follows:

	Gross Amount	Allowance for Uncollectibles	Net Amount
Sewer user charges	\$ 1,393,450	\$ -	\$ 1,393,450
Water user charges	1,287,034	-	1,287,034
Solid waste user charges	519,069	-	519,069
Electric Light user charges	2,475,062	(482,000)	1,993,062
Due from Plainville	6,419,721	-	6,419,721
Due from MCWT	515,814	-	515,814
Total	<u>\$ 12,610,150</u>	<u>\$ (482,000)</u>	<u>\$ 12,128,150</u>

Governmental funds report unavailable revenues in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. The following table identifies the components of unavailable revenues in the governmental funds:

	General Fund	Nonmajor Funds	Total
Receivable type:			
Real estate and personal property taxes	\$ 585,605	\$ -	\$ 585,605
Tax liens and possessions	557,158	-	557,158
Motor vehicle and other excise taxes	549,174	-	549,174
Departmental and other	184,545	447,037	631,582
Total	<u>\$ 1,876,482</u>	<u>\$ 780,356</u>	<u>\$ 2,656,838</u>

The sewer and water operations report unavailable revenues in the amounts of \$6,330,357 and \$89,364, respectively, in its statement of net position relative to an intermunicipal agreement with the Town of Plainville at June 30, 2018. Under the terms of this agreement, the Town of Plainville pays the Town for its proportionate share of certain debt in the name of the Town for shared water and sewer debt associated with certain infrastructure upgrades. The sewer and water operations are recognizing these deferrals over the same period as the debt instruments, which extend to 2045 for sewer and 2021 for water.

MCWT Loan Subsidies – The Town recorded \$143,237, \$256,474 and \$116,103 as intergovernmental receivable in its sewer, water and solid waste enterprise funds, respectively, at June 30, 2018 related to MCWT loan subsidies. These amounts represent future debt principal subsidies the Town will receive from the MCWT through fiscal year 2036.

C. Interfund Receivables, Payables and Transfers

The composition of interfund transfers for the fiscal year ended June 30, 2017 was as follows:

Transfers Out	Transfers In				Total	
	General Fund	Capital Projects	Nonmajor Governmental Funds	Enterprise Funds		
General fund	\$ -	\$ 308,600	\$ -	\$ 225,098	\$ 533,698	(1)
Capital project funds	2,561	-	-	-	2,561	(2)
Nonmajor governmental funds	1,369,053	51,600	-	-	1,420,653	(3)
Enterprise funds	300,000	-	-	-	300,000	(4)
	<u>\$ 1,671,614</u>	<u>\$ 360,200</u>	<u>\$ -</u>	<u>\$ 225,098</u>	<u>\$ 2,256,912</u>	

- (1) General fund to capital projects for articles funded through free cash and debt service paid by the general fund for sewer (\$214,948) and water (\$10,150) enterprises.
- (2) Capital projects returned unspent funds to general fund originally funded through free cash.
- (3) Primarily ambulance receipts reserved to general fund (\$1,308,115).
- (4) The Electric Department transferred \$300,000 to general fund in lieu of taxes.

D. Capital Assets

Capital asset activity for the year ended June 30, 2018 (the Electric Department’s activity is for the year ended December 31, 2017) was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<i>Governmental Activities:</i>				
Capital assets not being depreciated:				
Land	\$ 9,023,965	\$ -	\$ -	\$ 9,023,965
Construction in-progress	-	1,264,032	-	1,264,032
Total capital assets not being depreciated	<u>9,023,965</u>	<u>1,264,032</u>	<u>-</u>	<u>10,287,997</u>
Capital assets being depreciated:				
Buildings and improvements	73,656,456	1,676,109	-	75,332,565
Infrastructure	68,793,538	1,349,578	-	70,143,116
Machinery and equipment	15,901,264	1,098,084	-	16,999,348
Vehicles	3,478,448	130,857	-	3,609,305
Library materials	1,451,638	-	-	1,451,638
Total capital assets being depreciated	<u>163,281,344</u>	<u>4,254,628</u>	<u>-</u>	<u>167,535,972</u>
Less accumulated depreciation for:				
Buildings and improvements	(37,147,595)	(1,675,629)	-	(38,823,224)
Infrastructure	(38,251,033)	(1,408,056)	-	(39,659,089)
Machinery and equipment	(11,529,143)	(1,015,411)	-	(12,544,554)
Vehicles	(2,563,089)	(368,407)	-	(2,931,496)
Library materials	(1,129,421)	(100,772)	-	(1,230,193)
Total accumulated depreciation	<u>(90,620,281)</u>	<u>(4,568,275)</u>	<u>-</u>	<u>(95,188,556)</u>
Total capital assets being depreciated, net	<u>72,661,063</u>	<u>(313,647)</u>	<u>-</u>	<u>72,347,416</u>
Total governmental activities capital assets, net	<u>\$ 81,685,028</u>	<u>\$ 950,385</u>	<u>\$ -</u>	<u>\$ 82,635,413</u>

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<i>Business-Type Activities:</i>				
Capital assets not being depreciated:				
Land	\$ 245,957	\$ 13,000	\$ -	\$ 258,957
Construction in-progress	<u>181,460</u>	<u>2,647,518</u>	<u>-</u>	<u>2,828,978</u>
Total capital assets not being depreciated	<u>427,417</u>	<u>2,660,518</u>	<u>-</u>	<u>3,087,935</u>
Capital assets being depreciated:				
Electric plant	44,400,333	678,210	(473,998)	44,604,545
Buildings and improvements	3,240,274	347,308	-	3,587,582
Infrastructure	147,164,479	1,565,817	-	148,730,296
Machinery and equipment	4,445,564	96,424	(59,739)	4,482,249
Vehicles	<u>1,005,119</u>	<u>50,753</u>	<u>-</u>	<u>1,055,872</u>
Total capital assets being depreciated	<u>200,255,769</u>	<u>2,738,512</u>	<u>(533,737)</u>	<u>202,460,544</u>
Less accumulated depreciation for:				
Electric plant	(31,992,665)	(2,220,018)	473,998	(33,738,685)
Buildings and improvements	(1,283,654)	(154,890)	-	(1,438,544)
Infrastructure	(55,015,946)	(2,477,671)	-	(57,493,617)
Machinery and equipment	(2,835,876)	(309,436)	59,739	(3,085,573)
Vehicles	<u>(817,125)</u>	<u>(54,693)</u>	<u>-</u>	<u>(871,818)</u>
Total accumulated depreciation	<u>(91,945,266)</u>	<u>(5,216,708)</u>	<u>533,737</u>	<u>(96,628,237)</u>
Total capital assets being depreciated, net	<u>108,310,503</u>	<u>(2,478,196)</u>	<u>-</u>	<u>105,832,307</u>
Total business-type activities capital assets, net	<u>\$ 108,737,920</u>	<u>\$ 182,322</u>	<u>\$ -</u>	<u>\$ 108,920,242</u>

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<i>Business-Type Activities: Sewer</i>				
Capital assets not being depreciated:				
Land	\$ 4,188	\$ -	\$ -	\$ 4,188
Capital assets being depreciated:				
Buildings and improvements	1,622,671	347,308	-	1,969,979
Infrastructure	97,150,107	842,229	-	97,992,336
Machinery and equipment	895,795	-	-	895,795
Vehicles	<u>333,145</u>	<u>-</u>	<u>-</u>	<u>333,145</u>
Total capital assets being depreciated	<u>100,001,718</u>	<u>1,189,537</u>	<u>-</u>	<u>101,191,255</u>
Less accumulated depreciation for:				
Buildings and improvements	(812,192)	(112,757)	-	(924,949)
Infrastructure	(37,062,683)	(1,770,218)	-	(38,832,901)
Machinery and equipment	(703,477)	(35,881)	-	(739,358)
Vehicles	<u>(216,153)</u>	<u>(28,020)</u>	<u>-</u>	<u>(244,173)</u>
Total accumulated depreciation	<u>(38,794,505)</u>	<u>(1,946,876)</u>	<u>-</u>	<u>(40,741,381)</u>
Total capital assets being depreciated, net	<u>61,207,213</u>	<u>(757,339)</u>	<u>-</u>	<u>60,449,874</u>
Total sewer capital assets, net	<u>\$ 61,211,401</u>	<u>\$ (757,339)</u>	<u>\$ -</u>	<u>\$ 60,454,062</u>

(continued)

	Beginning Balance	Increases	Decreases	Ending Balance
<i>Business-Type Activities: Water</i>				
Capital assets not being depreciated:				
Land	\$ 138,654	\$ 13,000	\$ -	\$ 151,654
Capital assets being depreciated:				
Buildings and improvements	1,438,667	-	-	1,438,667
Infrastructure	50,014,372	723,588	-	50,737,960
Machinery and equipment	3,490,030	96,424	-	3,586,454
Vehicles	648,703	50,753	-	699,456
Total capital assets being depreciated	55,591,772	870,765	-	56,462,537
Less accumulated depreciation for:				
Buildings and improvements	(435,840)	(37,932)	-	(473,772)
Infrastructure	(17,953,263)	(707,453)	-	(18,660,716)
Machinery and equipment	(2,072,660)	(273,555)	-	(2,346,215)
Vehicles	(587,398)	(22,018)	-	(609,416)
Total accumulated depreciation	(21,049,161)	(1,040,958)	-	(22,090,119)
Total capital assets being depreciated, net	34,542,611	(170,193)	-	34,372,418
Total water capital assets, net	\$ 34,681,265	\$ (157,193)	\$ -	\$ 34,524,072

	Beginning Balance	Increases	Decreases	Ending Balance
<i>Business-Type Activities: Solid Waste</i>				
Capital assets not being depreciated:				
Land	\$ 3,492	\$ -	\$ -	\$ 3,492
Total capital assets not being depreciated	3,492	-	-	3,492
Capital assets being depreciated:				
Buildings and improvements	178,936	-	-	178,936
Machinery and equipment	59,739	-	(59,739)	-
Vehicles	23,271	-	-	23,271
Total capital assets being depreciated	261,946	-	(59,739)	202,207
Less accumulated depreciation for:				
Buildings and improvements	(35,622)	(4,201)	-	(39,823)
Machinery and equipment	(59,739)	-	59,739	-
Vehicles	(13,574)	(4,655)	-	(18,229)
Total accumulated depreciation	(108,935)	(8,856)	59,739	(58,052)
Total capital assets being depreciated, net	153,011	(8,856)	-	144,155
Total solid waste capital assets, net	\$ 156,503	\$ (8,856)	\$ -	\$ 147,647

(continued)

	Beginning Balance	Increases	Decreases	Ending Balance
<i>Business-Type Activities: Electric Light</i>				
Capital assets not being depreciated:				
Land	\$ 99,623	\$ -	\$ -	\$ 99,623
Construction in-progress	181,460	2,647,518	-	2,828,978
Total capital assets not being depreciated	281,083	2,647,518	-	2,928,601
Capital assets being depreciated:				
Distribution plant	33,589,374	498,474	(355,220)	33,732,628
General plant	10,810,959	179,736	(118,778)	10,871,917
Total capital assets being depreciated	44,400,333	678,210	(473,998)	44,604,545
Less accumulated depreciation for:				
Distribution plant	(23,430,927)	(1,720,766)	355,220	(24,796,473)
General plant	(8,561,738)	(499,252)	118,778	(8,942,212)
Total accumulated depreciation	(31,992,665)	(2,220,018)	473,998	(33,738,685)
Total capital assets being depreciated, net	12,407,668	(1,541,808)	-	10,865,860
Total Electric Light capital assets, net	<u>\$ 12,688,751</u>	<u>\$ 1,105,710</u>	<u>\$ -</u>	<u>\$ 13,794,461</u>
				<i>(concluded)</i>

Depreciation expense was charged to functions/programs as follows:

Governmental Activities:

General government	\$ 190,497
Public safety	657,375
Education	1,904,813
Public works	1,717,215
Health and human services	28,324
Culture and recreation	70,051
	<u>\$ 4,568,275</u>

Business-Type Activities:

Sewer	\$ 1,946,876
Water	1,040,958
Solid waste	8,856
Electric Light	2,220,018
	<u>\$ 5,216,708</u>

E. Purchased Power Working Capital

The Electric Department maintains a purchased power working capital account with Energy New England, its power supply agent. The implementation of the Working Capital Program began August 1, 1985 and was originally administered by the Massachusetts Municipal Wholesale Electric Company (“MMWEC”). Under the terms of the Working Capital Program, the Electric Department approved certain working capital amendments to various power purchase agreements, which require the power supply agent to hold a set amount of capital from which it may pay the Electric Department’s power obligations when they are due. The fund is replenished as needed from our monthly invoice payments. The income earned and allocated to the Electric Department remains in the account. The balance in the Fund as of December 31, 2017 was \$2,524,086.

The Electric Department also has deposits with MMWEC in the amount of \$1,226 at December 31, 2017.

F. Temporary Debt

The Town is authorized to borrow on a temporary basis to fund the following:

Current Operating Costs – Prior to collection of revenues, expenditures may be financed through the issuance of revenue or tax anticipation notes.

Capital Projects and Other Approved Costs – Projects may be temporarily funded through the issuance of bond anticipation notes (“BANS”) or grant anticipation notes. In certain cases, prior to the issuance of these temporary notes, the governing body must take the necessary legal steps to authorize the issuance of the general obligation bonds. Temporary notes may not exceed the aggregate amount of bonds authorized or the grant award amount.

Temporary notes are general obligations of the Town and carry maturity dates that are limited by state law. Interest expenditures and expenses for temporary borrowings are accounted for in the general fund and enterprise funds, respectively. Temporary notes outstanding at June 30, 2018 included:

Type	Interest Rate	Maturity Date	July 1, 2017	Additions	Retirements	Rollovers	June 30, 2018
BAN	1.24%	matured	\$ 100,000	\$ -	\$ (100,000)	\$ -	\$ -
BAN	1.30%	matured	26,000	-	(4,000)	(22,000)	-
BAN	1.65%	4/11/2019	-	170,000	(170,000)	-	-
BAN	1.29%	matured	-	-	-	22,000	22,000
Total Notes Payable			<u>\$ 126,000</u>	<u>\$ 170,000</u>	<u>\$ (274,000)</u>	<u>\$ -</u>	<u>\$ 22,000</u>

Temporary debt outstanding at year end was used to finance streetscape designs.

G. Long-term Obligations

The Town issues general obligation bonds and notes and capital leases to provide funds for the acquisition and construction of major capital facilities. General obligation bonds and notes have been issued for both governmental and business-type activities. Additionally, the Town incurs various other long-term obligations relative to associated personnel costs.

The following reflects the current year activity (the Electric Department's activity is for the year ended December 31, 2017) in the long-term liability accounts:

Description of Issue	Beginning Balance	Additions	Deductions	Ending Balance	Due Within One Year
<i>Governmental Activities:</i>					
General obligation bonds and notes payable	\$ 18,633,738	\$ 3,590,000	\$ (3,079,913)	\$ 19,143,825	\$ 3,106,913
Compensated absences	299,116	12,012	-	311,128	108,895
Net OPEB liability (a)	99,986,289	11,539,280	(4,528,038)	106,997,531	-
Net pension liability	18,240,452	8,894,188	(16,160,566)	10,974,074	-
Total Governmental Activities	<u>\$ 137,159,595</u>	<u>\$ 24,035,480</u>	<u>\$ (23,768,517)</u>	<u>\$ 137,426,558</u>	<u>\$ 3,215,808</u>
<i>Business-Type Activities - Sewer:</i>					
General obligation bonds and notes payable	\$ 34,951,024	\$ 850,000	\$ (2,074,660)	\$ 33,726,364	\$ 2,109,038
Compensated absences	578	-	(578)	-	-
Net OPEB liability (a)	204,825	23,607	(9,141)	219,291	-
Net pension liability	895,957	410,285	(853,539)	452,703	-
Total Sewer	<u>36,052,384</u>	<u>1,283,892</u>	<u>(2,937,918)</u>	<u>34,398,358</u>	<u>2,109,038</u>
<i>Business-Type Activities - Water:</i>					
General obligation bonds and notes payable	7,193,954	2,100,000	(1,048,989)	8,244,965	1,109,989
Compensated absences	9,070	-	(1,319)	7,751	2,713
Net OPEB liability (a)	1,060,628	122,245	(47,880)	1,134,993	-
Net pension liability	717,703	309,632	(612,809)	414,526	-
Total Water	<u>8,981,355</u>	<u>2,531,877</u>	<u>(1,710,997)</u>	<u>9,802,235</u>	<u>1,112,702</u>
<i>Business-Type Activities - Solid Waste:</i>					
General obligation bonds and notes payable	1,245,794	-	(302,494)	943,300	311,650
Post-closure landfill monitoring	1,923,500	-	(92,500)	1,831,000	92,500
Compensated absences	2,626	409	-	3,035	1,062
Net OPEB liability (a)	146,724	16,911	(6,653)	156,982	-
Net pension liability	248,616	110,952	(217,756)	141,812	-
Total Solid Waste	<u>3,567,260</u>	<u>128,272</u>	<u>(619,403)</u>	<u>3,076,129</u>	<u>405,212</u>
<i>Business-Type Activities - Electric Light:</i>					
General obligation bonds and notes payable	630,000	-	(270,000)	360,000	60,000
Unamortized bond discount	(9,218)	5,217	-	(4,001)	(4,001)
Customer deposits	746,146	81,699	-	827,845	-
Customer advances for construction	154,281	-	(56,676)	97,605	-
Compensated absences	364,895	19,276	-	384,171	282,371
Net pension liability	2,882,783	88,884	-	2,971,667	-
Total Electric Light	<u>4,768,887</u>	<u>195,076</u>	<u>(326,676)</u>	<u>4,637,287</u>	<u>338,370</u>
Total Business-Type Activities	<u>\$ 53,369,886</u>	<u>\$ 4,139,117</u>	<u>\$ (5,594,994)</u>	<u>\$ 51,914,009</u>	<u>\$ 3,965,322</u>

(a) Beginning balance was restated for the adoption of GASB Statement No. 75. Refer to Note V.

The governmental activities liabilities will be liquidated by the general fund. The business-type liabilities will be liquidated by the respective enterprise funds.

General obligation bonds and notes payable outstanding at June 30, 2018 (December 31, 2017 for the Electric Department) were as follows:

Description of Issue	Interest Rates	Beginning Balance	Additions	Maturities and Deductions	Ending Balance
<i>Governmental Activities:</i>					
General obligation bonds	1.00 - 5.00%	\$ 18,453,000	\$ 3,590,000	\$ (2,978,000)	\$ 19,065,000
General obligation refunding bonds	1.50 - 5.00%	160,000	-	(95,000)	65,000
MCWT notes payable	0.00%	<u>20,738</u>	<u>-</u>	<u>(6,913)</u>	<u>13,825</u>
Total Governmental Activities		<u>\$ 18,633,738</u>	<u>\$ 3,590,000</u>	<u>\$ (3,079,913)</u>	<u>\$ 19,143,825</u>
<i>Business-Type Activities - Sewer:</i>					
General obligation bonds	2.00 - 5.00%	\$ 6,970,000	\$ 850,000	\$ (755,000)	\$ 7,065,000
General obligation refunding bonds	1.50 - 5.00%	225,000	-	(100,000)	125,000
MCWT notes payable	2.00%	<u>27,756,024</u>	<u>-</u>	<u>(1,219,660)</u>	<u>26,536,364</u>
Total Sewer		<u>34,951,024</u>	<u>850,000</u>	<u>(2,074,660)</u>	<u>33,726,364</u>
<i>Business-Type Activities - Water:</i>					
General obligation bonds	2.00 - 5.00%	5,919,000	2,100,000	(689,000)	7,330,000
General obligation refunding bonds	1.50 - 5.00%	200,000	-	(105,000)	95,000
MCWT notes payable	2.97%	<u>1,074,954</u>	<u>-</u>	<u>(254,989)</u>	<u>819,965</u>
Total Water		<u>7,193,954</u>	<u>2,100,000</u>	<u>(1,048,989)</u>	<u>8,244,965</u>
<i>Business-Type Activities - Solid Waste:</i>					
General obligation bonds	2.50 - 5.00%	650,000	-	(110,000)	540,000
MCWT notes payable	2.93%	<u>595,794</u>	<u>-</u>	<u>(192,494)</u>	<u>403,300</u>
Total Solid Waste		<u>1,245,794</u>	<u>-</u>	<u>(302,494)</u>	<u>943,300</u>
<i>Business-Type Activities - Electric Light:</i>					
General obligation bonds	2.50 - 5.00%	<u>630,000</u>	<u>-</u>	<u>(270,000)</u>	<u>360,000</u>
Total Business-Type Activities		<u>\$ 44,020,772</u>	<u>\$ 2,950,000</u>	<u>\$ (3,696,143)</u>	<u>\$ 43,274,629</u>

Authorized and unissued debt at June 30, 2018 included:

Project	Amount
Public infrastructure	\$ 4,399,000
Education related items	615,000
Safety and security improvements	250,000
Public safety vehicles	226,977
Other governmental purposes	185,000
Water items	<u>1,300,000</u>
	<u>\$ 6,975,977</u>

Payments on outstanding general obligation bonds and notes payable due in future years consist of the following:

Year Ending June 30,	Principal			Interest			Total
	Balance	Subsidy	Net of Subsidy	Balance	Subsidy	Net of Subsidy	
<i>Governmental Activities</i>							
2019	\$ 3,106,913	\$ -	\$ 3,106,913	\$ 628,424	\$ -	\$ 628,424	\$ 3,735,337
2020	2,721,912	-	2,721,912	528,924	-	528,924	3,250,836
2021	2,335,000	-	2,335,000	434,508	-	434,508	2,769,508
2022	2,150,000	-	2,150,000	348,431	-	348,431	2,498,431
2023	1,795,000	-	1,795,000	274,577	-	274,577	2,069,577
2024-2028	4,520,000	-	4,520,000	752,012	-	752,012	5,272,012
2029-2033	2,105,000	-	2,105,000	247,318	-	247,318	2,352,318
2034-2038	410,000	-	410,000	28,042	-	28,042	438,042
Total	<u>\$ 19,143,825</u>	<u>\$ -</u>	<u>\$ 19,143,825</u>	<u>\$ 3,242,236</u>	<u>\$ -</u>	<u>\$ 3,242,236</u>	<u>\$ 22,386,061</u>

<i>Business-Type Activities</i>							
2019	\$ 3,590,677	\$ (167,949)	\$ 3,422,728	\$ 999,419	\$ (365,878)	\$ 633,541	\$ 4,056,269
2020	3,445,303	(176,372)	3,268,931	881,095	(344,332)	536,763	3,805,694
2021	3,098,789	(123,663)	2,975,126	771,648	(310,528)	461,120	3,436,246
2022	2,719,107	(13,174)	2,705,933	679,572	(286,128)	393,444	3,099,377
2023	2,704,935	(17,616)	2,687,319	594,740	(268,872)	325,868	3,013,187
2024-2028	10,097,919	(17,040)	10,080,879	2,013,670	(1,137,471)	876,199	10,957,078
2029-2033	6,496,389	-	6,496,389	1,141,035	(858,518)	282,517	6,778,906
2034-2038	5,390,027	-	5,390,027	618,344	(296,834)	321,510	5,711,537
2039-2043	5,002,626	-	5,002,626	192,230	-	192,230	5,194,856
2044-2045	728,857	-	728,857	7,922	-	7,922	736,779
	<u>\$ 43,274,629</u>	<u>\$ (515,814)</u>	<u>\$ 42,758,815</u>	<u>\$ 7,899,675</u>	<u>\$ (3,868,561)</u>	<u>\$ 4,031,114</u>	<u>\$ 46,789,929</u>

<i>Business-Type Activities: Sewer</i>							
2019	\$ 2,109,038	\$ (29,746)	\$ 2,079,292	\$ 657,074	\$ (334,484)	\$ 322,590	\$ 2,401,882
2020	2,058,665	(31,757)	2,026,908	597,885	(318,797)	279,088	2,305,996
2021	2,008,801	(33,904)	1,974,897	541,717	(303,203)	238,514	2,213,411
2022	1,964,107	(13,174)	1,950,933	488,573	(286,128)	202,445	2,153,378
2023	1,964,935	(17,616)	1,947,319	434,631	(268,872)	165,759	2,113,078
2024-2028	7,702,919	(17,040)	7,685,879	1,552,261	(1,137,471)	414,790	8,100,669
2029-2033	5,321,389	-	5,321,389	964,547	(858,518)	106,029	5,427,418
2034-2038	4,865,027	-	4,865,027	567,156	(296,834)	270,322	5,135,349
2039-2043	5,002,626	-	5,002,626	192,230	-	192,230	5,194,856
2044-2045	728,857	-	728,857	7,922	-	7,922	736,779
	<u>\$ 33,726,364</u>	<u>\$ (143,237)</u>	<u>\$ 33,583,127</u>	<u>\$ 6,003,996</u>	<u>\$ (3,804,307)</u>	<u>\$ 2,199,689</u>	<u>\$ 35,782,816</u>

(continued)

Year Ending June 30,	Principal			Interest			Total
	Balance	Subsidy	Net of Subsidy	Balance	Subsidy	Net of Subsidy	
<i>Business-Type Activities: Water</i>							
2019	\$ 1,109,989	\$ (81,244)	\$ 1,028,745	\$ 285,488	\$ (16,623)	\$ 268,865	\$ 1,297,610
2020	1,014,988	(85,471)	929,517	243,465	(20,200)	223,265	1,152,782
2021	919,988	(89,759)	830,229	203,471	(7,325)	196,146	1,026,375
2022	585,000	-	585,000	172,339	-	172,339	757,339
2023	580,000	-	580,000	149,509	-	149,509	729,509
2024-2028	2,335,000	-	2,335,000	458,409	-	458,409	2,793,409
2029-2033	1,175,000	-	1,175,000	176,488	-	176,488	1,351,488
2034-2038	525,000	-	525,000	51,188	-	51,188	576,188
	<u>\$ 8,244,965</u>	<u>\$ (256,474)</u>	<u>\$ 7,988,491</u>	<u>\$ 1,740,357</u>	<u>\$ (44,148)</u>	<u>\$ 1,696,209</u>	<u>\$ 9,684,700</u>
<i>Business-Type Activities: Solid Waste</i>							
2019	\$ 311,650	\$ (56,959)	\$ 254,691	\$ 39,007	\$ (14,771)	\$ 24,236	\$ 278,927
2020	311,650	(59,144)	252,506	24,895	(5,335)	19,560	272,066
2021	110,000	-	110,000	14,610	-	14,610	124,610
2022	110,000	-	110,000	9,660	-	9,660	119,660
2023	100,000	-	100,000	4,600	-	4,600	104,600
	<u>\$ 943,300</u>	<u>\$ (116,103)</u>	<u>\$ 827,197</u>	<u>\$ 92,772</u>	<u>\$ (20,106)</u>	<u>\$ 72,666</u>	<u>\$ 899,863</u>
<i>Business-Type Activities: Electric Light</i>							
2019	\$ 60,000	\$ -	\$ 60,000	\$ 17,850	\$ -	\$ 17,850	\$ 77,850
2020	60,000	-	60,000	14,850	-	14,850	74,850
2021	60,000	-	60,000	11,850	-	11,850	71,850
2022	60,000	-	60,000	9,000	-	9,000	69,000
2023	60,000	-	60,000	6,000	-	6,000	66,000
2024	60,000	-	60,000	3,000	-	3,000	63,000
	<u>\$ 360,000</u>	<u>\$ -</u>	<u>\$ 360,000</u>	<u>\$ 62,550</u>	<u>\$ -</u>	<u>\$ 62,550</u>	<u>\$ 422,550</u>

(concluded)

Legal Debt Margin – State law permits a Town, under the provisions of Chapter 44, Section 10, to authorize indebtedness up to a limit of 5% of its equalized valuation. Debt issued in accordance with this section of the law is designated as being “inside the debt limit.” In addition, a Town may authorize debt in excess of that limit for specific purposes. Such debt, when issued, is designated as being “outside the debt limit.” The Town’s legal debt margin as of June 30, 2018 was approximately \$189.1 million based on an equalized valuation of approximately \$3.8 billion.

III. Other Information

A. Retirement System

Pension Plan Description – The Town contributes to the Retirement System a cost-sharing multiple-employer defined benefit pension plan for the Town, Electric Department and Housing Authority. The Retirement System was established under Chapter 32 of MGL. The Retirement System is administered by a retirement board and is part of the reporting entity. Stand-alone financial statements for the year ended December 31, 2017 were issued and are available by submitting a request to the Retirement System at 500 East Washington Street, North Attleborough, Massachusetts 02760.

At December 31, 2017, membership in the Retirement System consisted of:

Active members	509
Inactive members entitled to, but not receiving benefits	218
Retirees and beneficiaries currently receiving benefits	<u>268</u>
	<u>995</u>

Benefit Terms – Membership in the Retirement System is mandatory for all full-time employees and non-seasonal, part-time employees who, in general, regularly work more than twenty hours per week. Teachers and certain administrative personnel employed by the regional and vocational schools participate in a separate pension plan administered by the Massachusetts Teachers' Retirement System, which is the legal responsibility of the Commonwealth of Massachusetts. Members of the Retirement System do not participate in the federal Social Security retirement system.

Massachusetts contributory retirement system benefits are uniform throughout the Commonwealth. The Retirement System provides for retirement allowance benefits up to a maximum of 80% of a participant's highest three-year or five-year average annual rate of regular compensation, depending on the participant's date of hire. Benefit payments are based upon a participant's age, length of creditable service, level of compensation and job classification.

The most common benefits paid by the Retirement System include normal retirement, disability retirement and survivor benefits.

Normal retirement generally occurs at age 65. However, participants may retire after twenty years of service or at any time after attaining age 55, if hired prior to April 2, 2012 or at any time after attaining age 60 if hired on or after April 2, 2012. Participants with hire dates subsequent to January 1, 1978 must have a minimum of ten years' creditable service in order to retire at age 55. Participants become vested after ten years of service. Benefits commencing before age 65 are provided at a reduced rate. Members working in certain occupations may retire with full benefits earlier than age 65.

Ordinary disability retirement is where a participant is permanently incapacitated from a cause unrelated to employment. Accidental disability retirement is where the disability is the result of an injury or illness received or aggravated in the performance of duty. The amount of benefits to be received in such cases is dependent upon several factors, including the age at which the disability retirement occurs, the years of service, average compensation and veteran status.

Survivor benefits are extended to eligible beneficiaries of participants whose death occurs prior to or following retirement.

Cost-of-living adjustments granted to members of Massachusetts retirement systems granted between 1981 and 1997 and any increases in other benefits imposed by the Commonwealth during those years have been the financial responsibility of the Commonwealth. Beginning in 1998, the funding of cost-of-living amounts became the responsibility of the participating units like the Retirement System.

The Retirement System may be amended or terminated in whole or in part at any time by the Massachusetts Legislature, provided that no such modification, amendment or termination shall be made that would deprive a current member of superannuation pension rights or benefits provided under applicable laws of Massachusetts, if such member has paid the stipulated contributions specified in sections or provisions of such laws. There were no significant changes to the Retirement System's benefit terms in fiscal year 2018.

Contributions Requirements – The Retirement Board has elected provisions of Chapter 32, Section 22D (as amended) of MGL, which require that a funding schedule be established to fully fund the pension plan by June 30, 2040. Under provisions of this law, participating employers are assessed their share of the total retirement cost based on the entry age, normal actuarial cost method.

The Town (including the Electric Department) contributed approximately \$3,808,000 to the Retirement System in fiscal year 2018, which equaled the actuarially-determined contribution requirement for the fiscal year. Contributions as a percentage of covered payroll was approximately 16% in fiscal year 2018.

Net Pension Liability – At June 30, 2018, the Town reported a liability of \$14,954,782 for its proportionate share of the net pension liability. The net pension liability reported by the Retirement System for the Town at December 31, 2017 (used for fiscal year-end June 30, 2018) is \$13,463,956. The difference between these two figures is attributable to the difference in fiscal year ends between the Town and the Electric Department, which results in a one-year lag.

The net pension liability was measured as of January 1, 2017 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. There were no material changes to the Retirement System's benefit terms since the last actuarial valuation. There were no material changes to the actuarial assumptions made in this update (see below).

The Town's proportion of the net pension liability is based on a projection of the Town's long-term share of contributions to the Retirement System relative to the projected contributions of all employers. The Town and Electric Department's proportion was approximately 98.4% at December 31, 2017, which was consistent with its proportionate share at December 31, 2016.

Fiduciary Net Position – The elements of the Retirement System's basic financial statements (that is, all information about the Retirement System's assets, deferred outflows of resources, liabilities, deferred inflows of resources and fiduciary net position) can be found in the Retirement System's full financial statements as of and for the year ended December 31, 2017, which can be obtained by contacting the Retirement Board.

The Retirement System’s fiduciary net position was determined using the accrual basis of accounting. The Retirement System’s accounting records are maintained on a calendar-year basis in accordance with the standards and procedures established by the Massachusetts Public Employee Retirement Administration Commission, or PERAC. Contributions from employers and employees are recognized in the period in which they become due pursuant to formal commitments, statutory or contractual requirements. Benefit payments (including refunds of employee contributions) are recorded when incurred, regardless of the timing of payment. Investments are reported at fair value; fair value is determined as the price one would receive in an orderly transaction between market participants at a measurement date.

Pension Expense – The Town recognized approximately \$1,948,000 in pension expense in the statement of activities in fiscal year 2018.

Deferred Outflows of Resources and Deferred Inflows of Resources – At June 30, 2018, the Town 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	\$ -	\$ 2,362,367
Changes of assumptions	2,229,948	-
Net difference between projected and actual earnings on pension plan investments	2,735,736	5,945,564
Changes in proportion and differences between Town contributions and proportionate share of contributions	558,932	586,591
Contributions subsequent to the measurement date	<u>411,959</u>	<u>-</u>
	<u>\$ 5,936,575</u>	<u>\$ 8,894,522</u>

The deferred outflows of resources and deferred inflows of resources are expected to be recognized into pension expense as follows:

<u>Year ended June 30,</u>	
2019	\$ 185,081
2020	(372,519)
2021	(1,343,151)
2022	<u>(1,427,358)</u>
	<u>\$ (2,957,947)</u>

Actuarial Valuation – The measurement of the Retirement System’s total pension liability is developed by an independent actuary. The latest actuarial valuation was performed as of January 1, 2017. The significant actuarial assumptions used in this actuarial valuation included:

Actuarial cost method:	Individual entry age normal
Asset valuation method:	Fair value
Investment rate of return:	7.5% per annum
Projected salary increases:	3.0% per annum
Cost of living adjustments:	3% on the first \$12,000 of benefits.
Mortality rates:	Pre-retirement and post retirement rates reflect the RP-2014 Blue Collar Mortality with scale MP-2015, fully generational. For group 1 and 2 retirees, the mortality table is set forward 5 years for males and 3 years for females, fully generational. For group 4 retirees, the mortality table is set forward 3 years for males and 6 years for females, fully generational.
Disabled life mortality:	For disabled retirees, the mortality rate is reflected by the RP-2000 mortality table set forward 6 years for group 1 and 2 and 2 years for group 4. Generational adjusting is based on Scale MP-2015.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future rates of returns (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in the Retirement System’s target allocation as of December 31, 2017 are summarized in the following table:

Asset Class	Target Policy Range	Long-term Expected Rate of Return
Domestic equity	50.0%	6.8% to 9.1%
International equity	15.0%	4.0% to 7.6%
Fixed income	20.0%	2.4%
Real estate	10.0%	7.1%
Timber	5.0%	4.9%

Discount Rate – The discount rate used to measure the total pension liability was 7.5%. The projection of cash flows used to determine the discount rate assumed plan member contributions were made at the current contribution rate and that employer contributions will be made in accordance with Sections 22D and 22F of Chapter 32 of MGL. Based on those assumptions, the Retirement System’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. 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.

Sensitivity Analysis – The following presents the Town’s proportionate share of the net pension liability (inclusive of the Electric Department) calculated using the discount rate of 7.5% as well as the Town’s proportionate share of the net pension liability using a discount rate that is one percentage point lower (7.5%) or one percentage point higher (8.5%) than the current rate:

	1% Decrease (6.5%)	Current Discount (7.5%)	1% Increase (8.5%)
Town's proportionate share of the net pension liability	\$ 29,638,181	\$ 14,954,782	\$ 2,416,738

B. Other Postemployment Benefits

In addition to the pension benefits previously described, the Town and Electric Department provide health and life insurance benefits (other postemployment benefits, or OPEB) to current and future retirees, their dependents and beneficiaries in accordance with MGL Chapter 32B Section 20 (hereinafter referred to as the “OPEB Plans”).

The Town and Electric Department operate OPEB Plans, while all benefits are provided through the Town’s insurance program. Specific benefit provisions and contribution rates are established by collective bargaining agreements, state law and Town ordinance. Neither OPEB Plan issue stand-alone financial reports since there are no assets legally segregated for the sole purpose of paying benefits under the OPEB Plans.

GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pensions*, is the authoritative guidance for OPEB plans. The Town adopted GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, in the current fiscal year. The Electric Department was not required to adopt GASB Statement No. 75 for its fiscal year ended December 31, 2017; the Electric Department continues to account for its OPEB obligation under GASB Statement No. 45, *Accounting for Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, and will adopt GASB Statement No. 75 for its fiscal year ended December 31, 2018.

GASB Statement No. 74 requires specific disclosures and required supplementary information that relate directly to the fiduciary fund in which the OPEB Plan is recorded. GASB Statement No. 75 address disclosures related to the net OPEB liability required to be recorded by the government in its applicable financial statements. Many disclosures required under these two accounting standards are identical, especially if the same measurement date is used for both. However, when different measurement dates are used, differences in assumptions and calculations will result. The Town’s latest OPEB valuation updates used two different measurement dates for the OPEB Plan versus the Town’s net OPEB liability, accordingly there are differences between the GASB Statement No. 75 and 74 disclosures.

This footnote disclosure separately presents the required disclosures into three sections – Town accounting disclosures under GASB Statement No. 75, Electric Department accounting disclosures under GASB Statement No. 45 and OPEB Plans disclosures under GASB Statement No. 74.

Town Accounting Disclosures (GASB Statement No. 75)

The Town’s net OPEB liability was actuarially determined using a measurement date of July 1, 2017.

Employees Covered by Benefit Terms – The following employees were covered by the benefit terms as of June 30, 2018:

Inactive employees or beneficiaries receiving benefits	715
Active employees	<u>841</u>
	<u><u>1,556</u></u>

Contributions – The contribution requirements of OPEB Plan members and the Town are established by and may be amended by the Town. Town retirees, excluding teachers, contribute between 12% and 25% of monthly health insurance premiums. Teachers contribute between 10% and 15% of monthly health insurance premiums. All retirees contribute 25% of life insurance premiums. The costs of administering the OPEB Plan are paid by the Town. For the year ended June 30, 2018, the Town’s average contribution rate was approximately 8% of covered payroll.

Net OPEB Liability – The Town’s net OPEB liability was measured as of June 30, 2018 using an actuarial valuation as of July 1, 2017. The components of the net OPEB liability reported by the Town at June 30, 2018 were as follows:

Total OPEB liability	\$ 110,485,189
Plan fiduciary net position	<u>(1,976,392)</u>
Net OPEB liability	<u><u>\$ 108,508,797</u></u>
Plan fiduciary net position as a percentage of the total OPEB liability	1.8%

The total OPEB liability in the most recent actuarial valuation was determined using the following key actuarial assumptions applied to all periods included in the measurement, unless otherwise specified:

Valuation date	July 1, 2017
Actuarial cost method	Individual entry age normal
Asset valuation method	Market value of assets as of reporting date
Healthcare cost trend rates	5.0% per annum
Salary increases	3.0% per annum
Investment rate of return	7.05% per annum, net of OPEB plan investment expense, including inflation
Single equivalent discount rate	6.00% per annum, net of OPEB Plan investment expense, including inflation
Pre-retirement mortality	RP-2000 Employees Mortality Table projected generationally with scale BB and a base year 2009 for males and females
Post-retirement mortality	RP-2000 Healthy Annuitant Mortality Table projected generationally with scale BB and a base year 2009 for males and females
Disabled mortality	RP-2000 Healthy Annuitant Mortality Table projected generationally with scale BB and a base year 2012 for males and females

Long-Term Expected Rate of Return – The long-term expected rate of return on OPEB Plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB Plan investment expense and inflation) are developed for each major asset class.

These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The target allocation and best estimates of arithmetic real rates of return were as reflected in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Domestic equity - large cap	23.33%	4.00%
Domestic equity - small/mid cap	11.67%	6.00%
International equity - developed markets	13.33%	4.50%
International equity - emerging markets	6.67%	7.00%
Domestic fixed income	20.00%	2.00%
International fixed income	5.00%	3.00%
Alternatives	<u>20.00%</u>	<u>6.25%</u>
	<u>100.00%</u>	
Real rate of return		4.55%
Inflation assumption		<u>2.75%</u>
Total nominal rate of return		7.30%
Investment expense		<u>0.25%</u>
Net investment return		<u>7.05%</u>

Discount Rate – The discount rate used to measure the total OPEB liability was 6.0% versus a discount rate of 6.5% in the previous year’s actuarial assumption. The discount rate reflects a blend of the expected net investment return for funded periods and the twenty-year municipal bond index rate of return of 3.45% for unfunded periods.

Sensitivity Analyses – The following presents the Town’s net OPEB liability as well as what the Town’s net OPEB liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current discount rate as well as if the healthcare cost trend rates are 1% lower or higher than the current healthcare cost trend rates (dollar amounts are in thousands):

	1% Decrease (5.5%)	Current Discount (6.5%)	1% Increase (7.5%)
Net OPEB liability	\$ 89,660	\$ 108,509	\$ 132,290
Service cost	1,911	2,614	3,571

	Healthcare Cost		
	1% Decrease	Trend Rates	1% Increase
	(4.0%)	(5.0%)	(6.0%)
Net OPEB liability	\$ 125,275	\$ 108,509	\$ 95,032
Service cost	3,397	2,614	2,037

Changes in the Net OPEB Liability – The following table summarizes the changes in the net OPEB liability for the year ended June 30, 2018:

	Increase (Decrease)		
	Total OPEB	Plan Fiduciary	Net OPEB
	Liability	Net Position	Liability
	(a)	(b)	(a) - (b)
Balances at June 30, 2017	\$ 102,734,329	\$ 1,335,864	\$ 101,398,465
Changes for the year:			-
Service cost	2,614,496	-	2,614,496
Interest	6,206,574	-	6,206,574
Changes in benefit terms	(2,517,704)	-	(2,517,704)
Changes in assumptions	5,539,349	-	5,539,349
Experience differences	(223,646)	-	(223,646)
Employer contributions	-	4,394,179	(4,394,179)
Net investment income	-	114,558	(114,558)
Benefit payments	(3,868,209)	(3,868,209)	-
Net changes	7,750,860	640,528	7,110,332
Balances at June 30, 2018	<u>\$ 110,485,189</u>	<u>\$ 1,976,392</u>	<u>\$ 108,508,797</u>

OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB – For the year ended June 30, 2018, the Town recognized OPEB expense of \$7,212,782. Deferred outflows of resources and deferred inflows of resources related to OPEB at June 30, 2018 were reported as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 180,637
Changes of assumptions	4,474,089	-
Net difference between projected and actual earnings on pension plan investments	-	1,724
	<u>\$ 4,474,089</u>	<u>\$ 182,361</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense (benefit) as follows:

<u>Year ended June 30,</u>	
2019	\$ 1,021,819
2020	1,021,819
2021	1,021,819
2022	1,021,819
2023	<u>204,452</u>
	<u>\$ 4,291,728</u>

Electric Department Accounting Disclosures (GASB Statement No. 45)

Employees Covered by Benefit Terms – The Electric Department’s membership consistent of the following as of the date of the latest actuarial valuation:

Inactive employees or beneficiaries receiving benefits	35
Active employees	<u>40</u>
	<u>75</u>

Funding Policy – The Electric Department recognizes the cost of providing these benefits on a pay-as-you-go basis by expensing the annual insurance premiums charged by the Town, which totaled \$224,772 for the year ended December 31, 2017. The Electric Department currently contributes between 67% and 88% of the costs of health insurance for both active and retired employees. Contribution rates vary based on the type of policy the beneficiaries select.

Annual OPEB Cost and Net OPEB Obligation – The Electric Department’s annual OPEB cost is calculated based on the annual required contribution (“ARC”) of the employer, an actuarially determined amount that is calculated in accordance with GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded liabilities over a period not to exceed thirty years. The following table reflects the activity regarding the Electric Department’s OPEB obligation:

Annual required contribution	\$ 426,253
Interest on net OPEB obligation	(150,696)
Adjustment to annual required contribution	<u>18,894</u>
Annual OPEB cost	294,451
Contributions made	<u>(224,772)</u>
Increase in net OPEB obligation	69,679
Net OPEB obligation (asset) - beginning of year	<u>(2,511,599)</u>
Net OPEB obligation (asset) - end of year	<u>\$ (2,441,920)</u>

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

Fiscal Year Ended	Annual OPEB Cost (AOPEBC)	Percent of AOPEBC Contributed	Net OPEB Asset
December 31, 2017	\$ 294,451	76.0%	\$ (2,441,920)
December 31, 2016	292,826	232.0%	(2,511,599)
December 31, 2015	460,510	54.0%	(2,124,285)

Funding Status and Funding Progress – The funded status of the Electric Department’s OPEB Plan at June 30, 2018 as measured under GASB Statement No. 45 was as follows:

Actuarial valuation date	January 1, 2016
Actuarial accrued liability (AAL)	\$ 4,822,906
Actuarial value of assets	<u>3,878,423</u>
Unfunded AAL (UAAL)	<u>\$ 944,483</u>
Funded ratio	80.4%
Covered payroll	<u>\$ 2,684,777</u>
UAAL as a percentage of covered payroll	35.2%

Actuarial Methods and Assumptions – Projections of benefits for financial reporting purposes are based on the substantive plan 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 the plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The key actuarial assumptions used in the latest actuarial valuation included:

Valuation date	January 1, 2016
Actuarial cost method	Individual entry age normal
Amortization method	Level percentage of projected payroll on a closed basis
Remaining amortization	11 years at January 1, 2016
Healthcare cost trend rates	5.0% per annum
Inflation	3.0% per annum
Investment rate of return	6.0% per annum

OPEB Plan Disclosures (GASB Statement No. 74)

The Town and Electric Light maintain OPEB Plans, each of which have the Town Treasurer as custodian to its investment funds.

Plan Membership – OPEB Plan membership consisted of the following at June 30, 2018 (December 31, 2017 in the case of the Electric Department):

	Town	Electric Light
Inactive employees or beneficiaries receiving benefits	715	35
Active employees	841	40
	<u>1,556</u>	<u>75</u>

Investment Policy – The Town adopted an investment policy for its OPEB Plan in April 2014. The investment policy seeks to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct investment asset classes.

Investment Rate of Return – The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested. The following table summarizes the money-weighted rate of returns for the two OPEB Plans:

	Town (Year Ended June 30, 2018)	Electric Light (Year Ended December 31, 2017)
Money-weighted rate of return, net of investment expense	7.19%	12.41%

Actuarial Assumptions – The total OPEB liability was determined by actuarial valuations using the following assumptions applied to all periods included in the measurement:

	Town	Electric Light
Fiscal year ended	June 30, 2018	December 31, 2017
Valuation date	July 1, 2017	January 1, 2016
Actuarial cost method	Individual entry age normal	Individual entry age normal
Asset valuation method	Market value at June 30, 2018	Market value at December 31, 2017
Inflation	2.75% per annum	2.75% per annum
Salary increases	3.00% per annum	3.00% per annum
Discount rate	6.00%, net of OPEB Plan investment expense, including inflation	6.00%, net of OPEB Plan investment expense, including inflation
Healthcare cost trend	5.00% per annum	5.00% per annum

(continued)

	Town	Electric Light
Pre-retirement mortality	RP-2000 Employees Mortality Table projected generationally with scale BB and a base year 2009 for males and females	RP-2000 Employees Mortality Table projected generationally with scale BB and a base year 2009 for males and females
Post-retirement mortality	RP-2000 Healthy Annuitant Mortality Table projected generationally with scale BB and a base year 2009 for males and females	RP-2000 Healthy Annuitant Mortality Table projected generationally with scale BB and a base year 2009 for males and females
Disabled mortality	RP-2000 Healthy Annuitant Mortality Table projected generationally with scale BB and a base year 2012 for males and females	RP-2000 Healthy Annuitant Mortality Table projected generationally with scale BB and a base year 2012 for males and females

Net OPEB Liability – The components of the net OPEB liability were as follows:

	Town	Electric Light
As of	June 30, 2018	December 31, 2017
Total OPEB liability	\$ 110,485,189	\$ 5,229,101
Plan fiduciary net position	<u>(1,976,392)</u>	<u>(5,089,569)</u>
Net OPEB liability	<u>\$ 108,508,797</u>	<u>\$ 139,532</u>
Plan fiduciary net position as a percentage of the total OPEB liability	1.8%	97.3%

Discount Rate – The discount rate used to measure the total OPEB liability for both OPEB Plans was 6.0%. The discount rate used by the Town reflects a blend of municipal bond index rate for unfunded periods (3.45% as of June 30, 2018) and an investment rate of return of 7.05%, net of investment expenses including inflation for funded periods.

Sensitivity Analyses – The following presents the net OPEB liability as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current discount rate as well as if the healthcare cost trend rates are 1% lower or higher than the current healthcare cost trend rates:

	1% Decrease (5.0%)	Current Discount Rate (6.0%)	1% Increase (7.0%)
Net OPEB liability - Town	\$ 89,659,460	\$ 108,508,797	\$ 132,289,845
Net OPEB liability - Electric Light	5,984,661	5,229,101	4,615,406
	1% Decrease (4.0%)	Current Healthcare Trend Rate (5.0%)	1% Increase (6.0%)
Net OPEB liability - Town	\$ 125,274,971	\$ 108,508,797	\$ 95,031,095
Net OPEB liability - Electric Light	4,311,527	5,229,101	6,392,948

C. Massachusetts Teachers Retirement System

Teachers and certain administrative employees of the Town's school department participate in the Massachusetts Teachers' Retirement System ("MTRS"), a cost-sharing multiple employer defined benefit pension plan. MTRS is managed by the Commonwealth on behalf of municipal teachers and municipal teacher retirees. Like the Retirement System, MTRS was established under Chapter 32 of MGL. The Commonwealth's legislature has the authority to amend or modify the MTRS's funding policies.

The Commonwealth is a nonemployer contributor to the MTRS and is legally responsible by statute for all actuarially determined employer contributions and future benefit requirements of the MTRS. Therefore, the Town is considered to be in a special funding situation as defined by GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*.

For the year ended June 30, 2018, the Commonwealth contributed \$4,807,962 to the MTRS on behalf of the Town. The Town's proportionate share of the collective MTRS net pension liability at this reporting date was 0.389%, which was based on the actual, actuarially determined contribution made by the Commonwealth on behalf of the Town as a percentage of the total annual contribution made by the Commonwealth on behalf of all employers.

The net pension liability assumed by the Commonwealth on behalf of the Town at June 30, 2018 was \$89,057,670. The pension expense assumed by the Commonwealth on behalf of the Town for fiscal year 2018 was \$9,259,208. The Town recognized \$9,259,208 in intergovernmental revenue and pension expense relative to this arrangement.

D. Risk Financing

The Town is exposed to various risks of loss related to general liability; torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the Town carries commercial insurance. The amount of claim settlements has not exceeded insurance coverage in any of the previous three years.

The Electric Department has a program to self-insure for general liability claims. The Electric Department is responsible for the payment of the first \$500,000 for each claim incurred. Claims that exceed this amount are covered by re-insurance, which is an excess liability policy with a limit of \$25 million per occurrence. No accrual has been made in the accompanying financial statements as no significant claims have been submitted.

E. Commitments and Contingencies

General – During its day-to-day operations, the Town is party to certain legal claims, which are subject to many uncertainties, and the outcome of individual litigation matters in these situations cannot be reasonably estimated. Although the amount of liability, if any, in these situations at June 30, 2018, cannot be determined, management believes that the resulting liability, if any, should not materially affect the basic financial statements of the Town at June 30, 2018.

Appellate Tax Board – The Town has pending cases filed with the Massachusetts Appellate Tax Board of the Commonwealth of Massachusetts ("ATB"). In total, the assessed personal property values for ATB cases totaled over \$472 million at June 30, 2018, the majority of which pertained to the Town's largest taxpayer. No provision has been made in the government-wide financial statements in the event that the Town is unsuccessful in ATB.

Grants – Other amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal and state governments. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the Town expects such amounts, if any, to be immaterial.

Arbitrage – The Town is subject to certain Federal arbitrage laws in accordance with long-term borrowing agreements. Failure to comply with the rules could result in the payment of penalties. The Town does not believe it has failed to comply with any of these agreements.

MMWEC Participation – The Electric Department is a participant and contingently liable in certain projects of the MMWEC.

MMWEC is a public corporation and a political subdivision of the Commonwealth of Massachusetts, created as a means to develop a bulk power supply for its Members and other utilities. MMWEC is authorized to construct, own or purchase ownership interests in, and to issue revenue bonds to finance electric facilities (the “Projects”). MMWEC has acquired ownership interests in electric facilities operated by other utilities and also owns and operates its own electric facilities. MMWEC sells all of the capability (“Project Capability”) of each of its Projects to its Members and other utilities (“Project Participants”) under Power Sales Agreements (“PSAs”). Among other things, the PSAs require each Project Participant to pay its pro rata share of MMWEC’s costs related to the Project, which costs include debt service on the revenue bonds issued by MMWEC to finance the Project, plus 10% of MMWEC’s debt service to be paid into a reserve and contingency fund. In addition, should a Project Participant fail to make any payment when due, other Project Participants of that Project may be required to increase (step-up) their payments and correspondingly their Participant’s share of the Project’s Project Capability to an additional amount not to exceed 25% of their original Participant’s share of the Project’s Project Capability. Project Participants have covenanted to fix, revise, and collect rates at least sufficient to meet their obligations under the PSAs.

The Electric Department has entered into PSAs and Power Purchase Agreements (“PPAs”) with the MMWEC. Under both the PSAs and PPAs, the Electric Department is required to make certain payments to MMWEC payable solely from Electric Department revenues. Under the PSAs, each Participant is unconditionally obligated to make payments due to MMWEC whether or not the Project(s) is completed or operating and notwithstanding the suspension or interruption of the output of the Project(s).

MMWEC Commitments – The MMWEC has issued separate issues of revenue bonds for each of its eight Projects, which are payable solely from, and secured solely by, the revenues derived from the Project to which the bonds relate, plus available funds pledged under the MMWEC’s Amended and Restate General Bond Resolution with respect to the bonds of that Project. The MMWEC revenues derived from each Project are used solely to provide for the payment of the bonds of any bond issue relating to such Project and to pay the MMWEC’s cost of owning and operating such Project and are not used to provide for the payment of the bonds of any bond issue relating to any other Project.

The MMWEC operates the Stony Brook Intermediate Project and the Stony Brook Peaking Project, both fossil-fueled power plants. The MMWEC has a 3.7% interest in the W.F. Wyman Unit No. 4 plant, which is owned and operated by its majority owner, FPL Energy Wyman IV, LLC, a subsidiary of NextEra Energy Resources, LLC and a 4.8% ownership interest in the Millstone Unit 3 nuclear unit, operated by Dominion Nuclear Connecticut, Inc. (“DNCCI”), the majority owner and an indirect subsidiary of Dominion Resources, Inc. DNCCI also owns and

operates the Millstone Unit 2 nuclear unit. The operating license for the Millstone Unit 3 nuclear unit extends to November 25, 2045.

A substantial portion of the MMWEC's plant investment and financing program is an 11.6% ownership interest in the Seabrook Station nuclear generating unit operated by NextEra Energy Seabrook, LLC ("NextEra Seabrook"), the majority owner and an indirect subsidiary of NextEra Energy Resources LLC. The operating license for Seabrook Station extends to March 15, 2030. NextEra Seabrook has submitted an application to extend the Seabrook Station operating license for an additional twenty years.

Pursuant to the PSAs, the MMWEC Seabrook and Millstone Project Participants are liable for their proportionate share of the costs associated with decommissioning the plants, which costs are being funded through monthly Project billings. Also, the Project Participants are liable for their proportionate share of the uninsured costs of a nuclear incident that might be imposed under the Price-Anderson Act. Originally enacted in 1957, the Price-Anderson Act has been renewed several times. In July 2005, as part of the Energy Policy Act of 2005, Congress extended the Price-Anderson Act until the end of 2025.

MMWEC is involved in various legal actions. In the opinion of MMWEC management, the outcome of such actions will not have a material adverse effect on the financial position of the Electric Department.

As of December 31, 2017, total capital expenditures for the MMWEC's Projects amounted to \$1,583,481,000, of which \$54,083,000 represents the amount associated with the Electric Department's Project Capability. The MMWEC's debt outstanding for the Projects from Power Supply System Revenue Bonds totals \$10,680,000, of which \$309,000 is associated with the Electric Department's share of Project Capability. As of December 31, 2017, the MMWEC's total future debt service requirement on outstanding bonds issued for the Projects is \$11,425,000, of which \$331,000 is anticipated to be billed to the Electric Department in the future.

The estimated aggregate amount of the Electric Department's required payments under the PSAs and PPAs, exclusive of the Reserve and Contingency Fund billings, to the MMWEC at December 31, 2017 and estimated for future years is shown below:

For Years Ending	
<u>December 31,</u>	
2018	\$ 131,000
2019	<u>200,000</u>
	<u>\$ 331,000</u>

In addition, under the PSAs, the Electric Department is required to pay to the MMWEC its share of the operation and maintenance ("O&M") costs of the Projects in which they participate. The Electric Department's total O&M costs including debt service under the PSAs were \$3,560,000 for the year ended December 31, 2017.

F. Transactions Between Town and Electric Department

In calendar year 2017, Electric Department billed the Town approximately \$1,786,000 for electricity. No amounts were due from the Town to the Electric Department at December 31, 2017.

The Electric Department reimbursed the Town approximately \$1,520,000 in calendar year 2017 for police details, public works services, insurance and retirement costs. At December 31, 2017, approximately \$13,500 was payable by the Electric Department to the Town for these services.

The Electric Department made payments of approximately \$300,000 in calendar year 2017 as payments in lieu of property taxes.

IV. Implementation of Accounting Pronouncements

A. Current Year Implementations

In June 2015, the GASB issued GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pension Plans*. GASB 75 established new accounting and financial reporting requirements for governments whose employees are provided with OPEB, as well as for certain nonemployer governments that have a legal obligation to provide financial support for OPEB provided to the employees of other entities. The provisions of this Statement became effective in fiscal year 2018 for the Town; the Electric Department will adopt this standard in fiscal year 2019. The adoption of GASB No. 75 resulted in a reduction in beginning net position of approximately \$20.9 million in the Town's governmental and business-type activities. Refer to Note V.

In March 2016, the GASB issued GASB Statement No. 81, *Irrevocable Split-Interest Agreements*. The objective of the Statement was to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. The provisions of this Statement became effective in fiscal year 2018 and did not have a material impact on the Town's financial statements.

In May 2017, the GASB issued GASB Statement No. 86, *Certain Debt Extinguishment Issues*. The objective of the Statement was to improve consistency in accounting and financial reporting for in-substance defeasance of debt. The provisions of this Statement became effective in fiscal year 2018 and did not have a material impact on the Town's financial statements.

B. Future Year Implementations

In November 2016, the GASB issued GASB Statement No. 83, *Certain Asset Retirement Obligations*. The objective of the Statement is to address accounting and financial reporting for certain asset retirement obligations that have legally enforceable liability associated with the retirement of a tangible capital asset. The provisions of this Statement are effective for financial reporting periods beginning after June 15, 2018 (fiscal year 2019). The Town is currently evaluating whether adoption will have a material impact on the financial statements.

In January 2017, the GASB issued GASB Statement No. 84, *Fiduciary Activities*. The objective of the Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how these activities should be reported. The provisions of this Statement are effective for financial reporting periods beginning after December 15, 2018 (fiscal year 2020). The Town is currently evaluating whether adoption will have a material impact on the financial statements.

In June 2017, the GASB issued GASB Statement No. 87, *Leases*. This Statement redefines the manner in which long-term leases are accounted and reported. The provisions of this Statement are effective for financial reporting periods beginning after December 15, 2019 (fiscal year 2021). The Town is currently evaluating whether adoption will have a material impact on the financial statements.

In April 2018, the GASB issued GASB Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*. The objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. The provisions of this Statement are effective for financial reporting periods beginning after June 15, 2018 (fiscal year 2019). The Town is currently evaluating whether adoption will have a material impact on the financial statements.

In June 2018, the GASB issued GASB Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*. This statement establishes accounting requirements for interest costs incurred before the end of a construction period. The provisions of this Statement are effective for financial reporting periods beginning after December 15, 2019 (fiscal year 2021). The Town is currently evaluating whether adoption will have a material impact on the financial statements.

In August 2018, the GASB issued GASB Statement No. 90, *Majority Equity Interest – An Amendment of GASB Statements No. 14 and No. 61*. The objective of this Statement is to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. The provisions of this Statement are effective for financial reporting periods beginning after December 15, 2018 (fiscal year 2020). The Town is currently evaluating whether adoption will have a material impact on the financial statements.

V. Restatement

The Town adopted GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, in fiscal year 2018. Previously, OPEB was accounted for under GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. The result of the adoption of GASB Statement No. 75 was to eliminate the net OPEB obligation recorded in the Town financial statements and record the net OPEB liability at June 30, 2017. The Electric Department will adopt this accounting standard in fiscal year 2019. The impact is illustrated in the tables below

	Governmental	Business-Type Activities				Total
	Activities	Sewer	Water	Solid Waste	Electric Light	
Net position at June 30, 2017, as previously reported	\$ (8,880,637)	\$ 32,381,792	\$ 31,654,165	\$ 296,515	\$ 48,885,213	\$ 113,217,685
Eliminate recorded net OPEB obligation	76,908,665	1,070,418	1,896,056	584,491	-	3,550,965
Record net OPEB liability	(99,986,289)	(204,825)	(1,060,628)	(146,724)	-	(1,412,177)
Net position at June 30, 2017, as restated	<u>\$ (31,958,261)</u>	<u>\$ 33,247,385</u>	<u>\$ 32,489,593</u>	<u>\$ 734,282</u>	<u>\$ 48,885,213</u>	<u>\$ 115,356,473</u>

* * * * *

TOWN OF NORTH ATTLEBOROUGH, MASSACHUSETTS

**REQUIRED SUPPLEMENTARY INFORMATION - PENSIONS
YEAR ENDED JUNE 30, 2018**

SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
(dollar amounts are in thousands)

	Years Ended December 31,			
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Town's proportion of the net pension liability (asset)	98.37%	98.54%	98.54%	97.96%
Town's proportionate share of the net pension liability (asset)	\$ 13,464	\$ 23,074	\$ 24,075	\$ 19,200
Town's covered payroll	\$ 23,832	\$ 22,581	\$ 22,421	\$ 22,421
Town's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	56.5%	102.2%	107.4%	85.6%
Plan fiduciary net position as a percentage of the total pension liability	89.5%	81.3%	79.7%	82.9%

SCHEDULE OF THE TOWN CONTRIBUTIONS TO PENSION PLAN
(dollar amounts are in thousands)

	Years Ended June 30,			
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarially determined contribution	\$ 3,746	\$ 3,614	\$ 1,900	\$ 1,791
Contributions in relation to the actuarially determined contribution	<u>3,746</u>	<u>3,614</u>	<u>1,900</u>	<u>1,791</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Town's covered payroll	\$ 23,832	\$ 22,581	\$ 22,421	\$ 22,421
Contributions as a percentage of covered payroll	15.7%	16.0%	8.5%	8.0%

This schedule is presented to illustrate the requirement to show information for ten years. However, until a full ten-year trend is compiled, information is presented for those years in which information is available.

See accompanying independent auditor's report.

TOWN OF NORTH ATTLEBOROUGH, MASSACHUSETTS

**REQUIRED SUPPLEMENTARY INFORMATION - MTRS
YEAR ENDED JUNE 30, 2018**

SCHEDULE OF THE COMMONWEALTH'S COLLECTIVE SHARE OF THE NET PENSION LIABILITY
(dollar amounts are in thousands)

	2017	Year Ended June 30,		2014
	2016	2015		
Commonwealth's proportion of the collective net pension liability (asset)	100.0%	100.0%	100.0%	100.0%
Town's proportion of the collective net pension liability (asset)	0.0%	0.0%	0.0%	0.0%
Commonwealth's proportionate share of the net pension liability (asset)	\$ 22,885,391	\$ 22,357,928	\$ 20,489,643	\$ 15,896,354
Commonwealth's actuarially determined contribution	\$ 1,235,515	\$ 1,124,583	\$ 1,021,930	\$ 937,379

Contributions to MTRS are the responsibility of the Commonwealth of Massachusetts.

This schedule is presented to illustrate the requirement to show information for ten years. However, until a full ten-year trend is compiled, information is presented for those years in which information is available.

See accompanying independent auditor's report.

TOWN OF NORTH ATTLEBOROUGH, MASSACHUSETTS

**REQUIRED SUPPLEMENTARY INFORMATION - TOWN OPEB PLAN
YEAR ENDED JUNE 30, 2018**

SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS

	<u>2018</u>	<u>2017</u>
Total OPEB liability:		
Service cost	\$ 2,614,496	\$ 2,886,392
Interest	6,206,574	6,392,540
Changes in benefit terms	(2,517,704)	-
Differences between expected and actual experience	5,539,349	-
Changes in assumptions	(223,646)	-
Benefit payments	<u>(3,868,209)</u>	<u>(3,947,826)</u>
Net change in total OPEB liability	7,750,860	5,331,106
Total OPEB liability - beginning of year	<u>102,734,329</u>	<u>97,403,223</u>
Total OPEB liability - end of year (a)	<u>\$ 110,485,189</u>	<u>\$ 102,734,329</u>
Plan fiduciary net position:		
Contributions	\$ 4,394,179	\$ 4,381,467
Net investment income	114,558	98,101
Benefit payments	<u>(3,868,209)</u>	<u>(3,947,826)</u>
Net change in Plan fiduciary net position	640,528	531,742
Plan fiduciary net position - beginning of year	<u>1,335,864</u>	<u>804,122</u>
Plan fiduciary net position - end of year (b)	<u>\$ 1,976,392</u>	<u>\$ 1,335,864</u>
Net OPEB liability - end of year (a) - (b)	<u>\$ 108,508,797</u>	<u>\$ 101,398,465</u>
Plan fiduciary net position as a percentage of the total OPEB liability	1.8%	1.3%
Covered payroll	\$ 58,738,497	\$ 53,773,100
Net OPEB liability as a percentage of covered payroll	184.7%	188.6%

This schedule is presented to illustrate the requirement to show information for ten years. However, until a full ten-year trend is compiled, information is presented for those years in which information is available.

See accompanying independent auditor's report.

TOWN OF NORTH ATTLEBOROUGH, MASSACHUSETTS

**REQUIRED SUPPLEMENTARY INFORMATION - TOWN OPEB PLAN
YEAR ENDED JUNE 30, 2018**

SCHEDULE OF CONTRIBUTIONS

	<u>2018</u>	<u>2017</u>
Actuarially-determined contribution	\$ 10,051,332	\$ 9,832,225
Contributions in relation to the actuarially-determined contribution	<u>(4,394,179)</u>	<u>(4,381,467)</u>
Contribution deficiency (excess)	<u>\$ 5,657,153</u>	<u>\$ 5,450,758</u>
Covered payroll	\$ 53,773,100	\$ 53,773,100
Contribution as a percentage of covered payroll	8.2%	8.1%

Notes to Schedule

Valuation date	July 1, 2017
Actuarial cost method	Individual entry age normal
Asset valuation method	Market value of assets as of reporting date
Healthcare cost trend rates	5.0% per annum
Salary increases	3.0% per annum
Investment rate of return	7.05%, net of OPEB Plan investment expense, including inflation
Single equivalent discount rate	6.00%, net of OPEB Plan investment expense, including inflation
Pre-retirement mortality	RP-2000 Employees Mortality Table projected generationally with scale BB and a base year 2009 for males and females
Post-retirement mortality	RP-2000 Healthy Annuitant Mortality Table projected generationally with scale BB and a base year 2009 for males and females
Disabled mortality	RP-2000 Healthy Annuitant Mortality Table projected generationally with scale BB and a base year 2012 for males and females

SCHEDULE OF INVESTMENT RETURNS

	<u>2018</u>	<u>2017</u>
Annual money-weighted rate of return, net of investment expense	7.19%	8.45%

These schedules are presented to illustrate the requirement to show information for ten years. However, until a full ten-year trend is compiled, information is presented for those years in which information is available.

See accompanying independent auditor's report.

TOWN OF NORTH ATTLEBOROUGH, MASSACHUSETTS

**REQUIRED SUPPLEMENTARY INFORMATION - ELECTRIC LIGHT OPEB PLAN
YEAR ENDED DECEMBER 31, 2017**

SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS

	<u>2017</u>
Total OPEB liability:	
Service cost	\$ 126,222
Interest	301,433
Benefit payments	<u>(189,681)</u>
Net change in total OPEB liability	237,974
Total OPEB liability - beginning of year	<u>4,991,127</u>
Total OPEB liability - end of year (a)	<u><u>\$ 5,229,101</u></u>
Plan fiduciary net position:	
Contributions	\$ 675,025
Net investment income	534,449
Benefit payments	<u>(189,681)</u>
Net change in Plan fiduciary net position	1,019,793
Plan fiduciary net position - beginning of year	<u>4,069,776</u>
Plan fiduciary net position - end of year (b)	<u><u>\$ 5,089,569</u></u>
Net OPEB liability - end of year (a) - (b)	<u><u>\$ 139,532</u></u>
Plan fiduciary net position as a percentage of the total OPEB liability	97.3%
Covered payroll	\$ 3,052,826
Net OPEB liability as a percentage of covered payroll	4.6%

This schedule is presented to illustrate the requirement to show information for ten years. However, until a full ten-year trend is compiled, information is presented for those years in which information is available.

See accompanying independent auditor's report.

TOWN OF NORTH ATTLEBOROUGH, MASSACHUSETTS

**REQUIRED SUPPLEMENTARY INFORMATION - ELECTRIC LIGHT OPEB PLAN
YEAR ENDED DECEMBER 31, 2017**

SCHEDULE OF CONTRIBUTIONS

	<u>2017</u>
Actuarially-determined contribution	\$ 189,368
Contributions in relation to the actuarially-determined contribution	<u>(675,025)</u>
Contribution deficiency (excess)	<u>\$ (485,657)</u>
Covered payroll	\$ 3,052,826
Contribution as a percentage of covered payroll	22.1%

Notes to Schedule

Valuation date	January 1, 2017
Actuarial cost method	Individual entry age normal
Asset valuation method	Market value of assets as of reporting date
Healthcare cost trend rates	5.0% per annum
Salary increases	3.0% per annum
Investment rate of return	6.00%, net of OPEB Plan investment expense, including inflation

SCHEDULE OF INVESTMENT RETURNS

	<u>2017</u>
Annual money-weighted rate of return, net of investment expense	12.41%

These schedules are presented to illustrate the requirement to show information for ten years. However, until a full ten-year trend is compiled, information is presented for those years in which information is available.

See accompanying independent auditor's report.

TOWN OF NORTH ATTLEBOROUGH, MASSACHUSETTS

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
YEAR ENDED JUNE 30, 2018**

	Budgeted Amounts		Actual Budgetary Amounts	Encumbrances	Actual Budgetary Adjusted	Variance Positive (Negative)
	Original Budget	Final Budget				
Revenues:						
Real estate and personal property	\$ 49,749,164	\$ 49,749,164	\$ 50,097,350		\$ 50,097,350	\$ 348,186
Intergovernmental	24,322,113	24,322,113	24,190,123		24,190,123	(131,990)
Motor vehicle and other excises	4,825,000	4,825,000	5,025,459		5,025,459	200,459
Licenses and permits	560,000	560,000	592,047		592,047	32,047
Departmental and other revenue	706,625	706,625	644,826		644,826	(61,799)
Penalties and interest	350,000	350,000	236,822		236,822	(113,178)
Fines and forfeitures	85,000	85,000	88,779		88,779	3,779
Investment income	37,000	37,000	94,886		94,886	57,886
Total Revenues	80,634,902	80,634,902	80,970,292		80,970,292	335,390
Expenditures:						
General government	4,303,522	4,302,659	4,136,024	\$ 14,286	4,150,310	152,349
Public safety	10,269,638	10,498,222	10,236,660	21,558	10,258,218	240,004
Education	41,907,956	42,337,956	42,096,391	211,359	42,307,750	30,206
Public works	1,503,253	2,100,129	2,061,911	36,218	2,098,129	2,000
Health and human services	909,391	926,213	860,796	763	861,559	64,654
Culture and recreation	995,925	1,008,806	992,368	4,428	996,796	12,010
Fringe and pension benefits	14,610,215	14,440,215	14,243,034	14,212	14,257,246	182,969
State and county tax assessments	4,213,219	4,213,219	4,064,084	-	4,064,084	149,135
Debt service	4,031,158	3,950,768	3,949,812	-	3,949,812	956
Total Expenditures	82,744,277	83,778,187	82,641,080	\$ 302,824	82,943,904	834,283
Other Financing Sources (Uses):						
Transfers in	2,072,448	2,260,063	2,267,647		2,267,647	(7,584)
Transfers out	(315,431)	(1,269,906)	(1,269,906)		(1,269,906)	-
Total Other Financing Sources (Uses)	1,757,017	990,157	997,741		997,741	(7,584)
(Deficiency) Excess of Revenues and Other Financing Sources over Expenditures/Uses of Prior Year Budgetary Fund Balance						
	(352,358)	(2,153,128)	\$ (673,047)		\$ (975,871)	\$ 1,162,089
Other Budgetary Items:						
Prior year encumbrances	352,358	352,358				
Free cash	-	1,785,760				
Other budgetary items	-	15,010				
Total Other Budgetary Items	352,358	2,153,128				
Net Budget	\$ -	\$ -				

See accompanying independent auditors' report.

See notes to the required supplementary information of this schedule.

TOWN OF NORTH ATTLEBOROUGH, MASSACHUSETTS

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2018**

I. Budgetary Basis of Accounting

Budgetary Information – An annual budget is legally adopted for the general fund and each enterprise fund. Financial orders are initiated by the Town Administrator, recommended by the Town Finance Committee and approved by Town Meeting. Expenditures may not legally exceed appropriations at the department level or in the categories of personnel and non-personnel expenses. Department heads may transfer, without Town Meeting approval, appropriation balances from one account to another within their department or budget, and within the categories of personnel and non-personnel. The Town Meeting however must approve any transfer of unencumbered appropriation balances between departments or agencies. At the close of each fiscal year, unencumbered appropriation balances lapse and revert to unassigned fund balance.

Budgetary-to-GAAP Reconciliation – The Town’s general fund is prepared on a basis of accounting other than GAAP to conform to the Uniform Municipal Accounting System basis of accounting as prescribed by the Massachusetts Department of Revenue. A reconciliation of the budgetary-basis to GAAP-basis results for the general fund for the fiscal year ended June 30, 2018, is as follows:

	<u>Basis of Accounting Differences</u>	<u>Fund Perspective Differences</u>	<u>Total</u>
Revenues on a budgetary basis			\$ 80,970,292
Revenue recognition	\$ (169,721)	\$ -	(169,721)
Stabilization revenue	-	33,589	33,589
On behalf payments	<u>9,259,208</u>	<u>-</u>	<u>9,259,208</u>
Revenues on a GAAP basis	<u>\$ 9,089,487</u>	<u>\$ 33,589</u>	<u>\$ 90,093,368</u>
Expenditures on a budgetary basis			\$ 82,641,080
Transfer treatment for budget	\$ -	\$ (580,168)	(580,168)
On behalf payments	<u>9,259,208</u>	<u>-</u>	<u>9,259,208</u>
Revenues on a GAAP basis	<u>\$ 9,259,208</u>	<u>\$ (580,168)</u>	<u>\$ 91,320,120</u>
Net transfers on a budgetary basis			\$ 997,741
Transfer treatment for budget	<u>\$ -</u>	<u>\$ 140,175</u>	<u>140,175</u>
Net transfers on a GAAP basis	<u>\$ -</u>	<u>\$ 140,175</u>	<u>\$ 1,137,916</u>

Appropriation Deficits – During fiscal year 2018, there were no instances of expenditures exceeding their line item appropriation.



FORM OF LEGAL OPINION OF BOND COUNSEL

[Date of Closing]

Christopher L. Sweet
Town Treasurer
Town of North Attleborough
North Attleborough, Massachusetts

Re: \$5,680,000 Town of North Attleborough, Massachusetts General Obligation
Municipal Purpose Loan of 2019 Bonds, dated the date of delivery

We have acted as bond counsel to the Town of North Attleborough, Massachusetts (the "Town") in connection with the issuance by the Town of the above-referenced bonds (the "Bonds"). In such capacity, we have examined such law and such certified proceedings, certifications and other documents as we have deemed necessary to render this opinion.

Regarding questions of fact material to our opinion, we have relied upon certified proceedings and other certifications of public officials and others furnished to us without undertaking to verify the same by independent investigation.

Based on the foregoing, we are of the opinion that, under existing law:

1. The Bonds are valid and binding general obligations of the Town and, except to the extent they are paid from other sources, the principal of and interest on the Bonds are payable from taxes which may be levied upon all taxable property in the Town, subject to the limit imposed by Chapter 59, Section 21C of the General Laws.
2. Interest on the Bonds, including any original issue discount properly allocable to the owners thereof, is excluded from the gross income of the owners of the Bonds for federal income tax purposes. In addition, interest on the Bonds will not constitute a preference item for purposes of computation of the alternative minimum tax imposed on certain individuals. In rendering the opinions set forth in this paragraph, we have assumed compliance by the Town with all requirements of the Internal Revenue Code of 1986, as amended (the "Code"), that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon is and continues to be excluded from gross income for federal income tax purposes. The Town has covenanted to comply with all such requirements. Failure by the Town to comply with certain of such requirements could cause interest on the Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds. Other than as set forth in

numbered paragraph 4 below, we express no opinion regarding any other federal tax consequences resulting from holding the Bonds.

3. Interest on the Bonds is exempt from Massachusetts personal income taxes and the Bonds are exempt from Massachusetts personal property taxes. We express no opinion regarding any other Massachusetts tax consequences arising with respect to the Bonds or any tax consequences arising with respect to the Bonds under the laws of any state other than Massachusetts.
4. Subject to compliance by the Town with certain covenants, the Bonds are “qualified tax-exempt obligations” within the meaning of Section 265(b)(3) of the Code.

The rights of the holders of the Bonds and the enforceability of the Bonds may be subject to bankruptcy, insolvency, reorganization, moratorium, and other similar laws affecting creditors’ rights generally, to the application of equitable principles, and to the exercise of judicial discretion in appropriate cases.

This opinion is given as of the date hereof, and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention, or any changes in law that may hereafter occur, or for any other reason.

MINTZ, LEVIN, COHN, FERRIS, GLOVSKY AND POPEO, P.C.

**PROPOSED FORM OF
CONTINUING DISCLOSURE CERTIFICATE**

This Continuing Disclosure Certificate (the “Disclosure Certificate”) is executed and delivered by the Town of North Attleborough, Massachusetts (the “Town”) in connection with the issuance of its \$5,680,000 General Obligation Municipal Purpose Loan of 2019 Bonds dated June 3, 2019 (the “Bonds”). The Town covenants and agrees as follows:

Section 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the Town for the benefit of the Owners of the Bonds and in order to assist the Participating Underwriters in complying with the Rule.

Section 2. Definitions. For purposes of this Disclosure Certificate the following capitalized terms shall have the following meanings:

“Annual Report” shall mean any Annual Report provided by the Town pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

“Listed Events” shall mean any of the events listed in Section 5(a) of this Disclosure Certificate.

“MSRB” shall mean the Municipal Securities Rulemaking Board as established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934, or any successor thereto or to the functions of the MSRB contemplated by this Disclosure Certificate. Filing information relating to the MSRB is set forth at www.emma.msrb.org.

“Obligated Person” shall mean the Town.

“Owners of the Bonds” shall mean the registered owners, including beneficial owners, of the Bonds.

“Participating Underwriter” shall mean any of the original underwriters of the Bonds required to comply with the Rule in connection with offering of the Bonds.

“Rule” shall mean Rule 15c2-12 adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

Section 3. Provision of Annual Reports.

(a) The Town shall, not later than 270 days after the end of each fiscal year, provide to the MSRB an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the Town may be submitted when available separately from the balance of the Annual Report.

(b) If the Town is unable to provide to the MSRB an Annual Report by the date required in subsection (a), the Town shall send a notice to the MSRB, in substantially the form attached as Exhibit A.

Section 4. Content of Annual Reports. The Town's Annual Report shall contain or incorporate by reference the following:

(a) quantitative information for the preceding fiscal year of the type presented in the Town's Official Statement dated May 20, 2019 relating to the Bonds regarding (i) the revenues and expenditures of the Town relating to its operating budget, (ii) capital expenditures, (iii) fund balances, (iv) property tax information, (v) outstanding indebtedness and overlapping debt of the Town, (vi) pension obligations of the Town, and (vii) other post-employment benefits liability of the Town, and

(b) the most recently available audited financial statements of the Town, prepared in accordance with generally accepted accounting principles, with certain exceptions permitted by the Massachusetts Uniform Municipal Accounting System promulgated by the Department of Revenue of the Commonwealth. If audited financial statements for the preceding fiscal year are not available when the Annual Report is submitted, the Annual Report will include unaudited financial statements for the preceding fiscal year and audited financial statements for such fiscal year shall be submitted when available.

Any or all of the items listed above may be incorporated by reference from other documents, including official statements of debt issues of the Town or related public entities, which (i) are available to the public on the MSRB internet website or (ii) have been filed with the Securities and Exchange Commission. The Town shall clearly identify each such other document so incorporated by reference.

Section 5. Reporting of Significant Events.

(a) The Town shall give notice, in accordance with the provisions of this Section 5, of the occurrence of any of the following events with respect to the Bonds:

1. Principal and interest payment delinquencies.
2. Non-payment related defaults, if material.
3. Unscheduled draws on debt service reserves reflecting financial difficulties.
4. Unscheduled draws on credit enhancements reflecting financial difficulties.
5. Substitution of credit or liquidity providers, or their failure to perform.
6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds.

7. Modifications to rights of the Owners of the Bonds, if material.
8. Bond calls, if material, and tender offers.
9. Defeasances.
10. Release, substitution or sale of property securing repayment of the Bonds, if material.
11. Rating changes.
12. Bankruptcy, insolvency, receivership or similar event of the Obligated Person.*
13. The consummation of a merger, consolidation, or acquisition involving an Obligated Person or the sale of all or substantially all of the assets of the Obligated Person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material.
14. Appointment of a successor or additional trustee or the change of name of a trustee, if material.
15. The incurrence of a financial obligation of the Obligated Person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the Obligated Person, any of which affect security holders, if material; and
16. The default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the Obligated Person, any of which reflect financial difficulties.

For purposes of the events identified in subparagraphs (15) and (16), the term “financial obligation” (A) means (i) a debt obligation, (ii) a derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation or (iii) a guarantee of (i) or (ii) and (B) excludes municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

(b) Upon the occurrence of a Listed Event, the Town shall, in a timely manner not in excess of ten (10) business days after the occurrence of the event, file a notice of such occurrence with the MSRB.

Section 6. Transmission of Information and Notices. Unless otherwise required by law, all notices, documents and information provided to the MSRB shall be provided in electronic

* As noted in the Rule, this event is considered to occur when any of the following occur: (i) the appointment of a receiver, fiscal agent or similar officer for the Obligated Person in a proceeding under the U.S. Bankruptcy Code or in any proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Obligated Person, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or (ii) the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Obligated Person.

format as prescribed by the MSRB and shall be accompanied by identifying information as prescribed by the MSRB.

Section 7. Termination of Reporting Obligation. The Town's obligations under this Disclosure Certificate shall terminate upon the prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the Town shall give notice of such termination in the same manner as for a Listed Event under Section 5(b).

Section 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the Town may amend this Disclosure Certificate and any provision of this Disclosure Certificate may be waived if such amendment or waiver is permitted by the Rule, as evidenced by an opinion of counsel expert in federal securities law (which may include bond counsel to the Town), to the effect that such amendment or waiver would not cause the Disclosure Certificate to violate the Rule. The first Annual Report filed after enactment of any amendment to or waiver of this Disclosure Certificate shall explain, in narrative form, the reasons for the amendment or waiver and the impact of the change in the type of information being provided in the Annual Report.

If the amendment provides for a change in the accounting principles to be followed in preparing financial statements, the Annual Report for the year in which the change is made shall present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. The comparison shall include a qualitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information in order to provide information to investors to enable them to evaluate the ability of the Town to meet its obligations. To the extent reasonably feasible, the comparison shall also be quantitative. A notice of the change in the accounting principles shall be sent to the MSRB.

Section 9. Default. In the event of a failure of the Town to comply with any provision of this Disclosure Certificate any Owner of the Bonds may seek a court order for specific performance by the Town of its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not constitute a default with respect to the Bonds, and the sole remedy under this Disclosure Certificate in the event of any failure of the Town to comply with this Disclosure Certificate shall be an action for specific performance of the Town's obligations hereunder and not for money damages in any amount.

Section 10. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Owners of the Bonds from time to time, and shall create no rights in any other person or entity.

Date: June 3, 2019

TOWN OF NORTH ATTLEBOROUGH,
MASSACHUSETTS

By:

Treasurer

Selectmen

[Exhibit A – Form of Notice of Failure to File Annual Report]