

TOWN OF PLAINVILLE, MASSACHUSETTS

FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

TOWN OF PLAINVILLE, MASSACHUSETTS

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INDEPENDENT AUDITORS' REPORT

To the Select Board
Town of Plainville, Massachusetts

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Plainville, Massachusetts (the Town), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements 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 of Plainville, Massachusetts, as of June 30, 2023, 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis, the budgetary comparison for the General Fund, and certain pension and OPEB schedules be presented to supplement the basic financial statements.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 20, 2024 on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely 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 effectiveness of the Town's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.

Marcum LLP

Andover, MA
March 20, 2024

TOWN OF PLAINVILLE, MASSACHUSETTS

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2023

As management of the Town of Plainville, Massachusetts (the Town), we offer readers this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2023.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the basic financial statements. The basic financial statements are comprised of three components (1) government-wide financial statements, (2) fund financial statements, and (3) notes to financial statements. This report also contains required 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 our finances in a manner similar to a private-sector business.

The Statement of Net Position presents information on all assets, liabilities, and deferred outflows and inflows of resources with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position is improving or deteriorating.

The Statement of Activities presents information showing how the Town'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 leave).

Both of the government-wide financial statements distinguish functions that are principally supported by taxes and intergovernmental revenues (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 include general government, public safety, education, public works, health and human services, culture and recreation, and interest on long-term debt. The business-type activities include water, sewer, and sanitation activities.

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. Fund accounting is used to ensure and demonstrate compliance with finance-related legal requirements. The Town's funds can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

TOWN OF PLAINVILLE, MASSACHUSETTS

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2023

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 the Town'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 Town's near-term financing decisions. Reconciliations are provided to facilitate this comparison between governmental funds and governmental activities.

Proprietary Funds

Proprietary fund reporting focuses on the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. The proprietary fund category includes enterprise funds.

Enterprise funds are used to report activity for which a fee is charged to external users, and must be used when one of the following criteria are met (1) activity is financed with debt that is secured solely by a pledge of the net revenues from fees and charges, (2) laws or regulations require the activity's costs of providing services be recovered with fees and charges, and (3) the pricing policies of the activity establish fees and charges designed to recover its costs, including capital costs such as depreciation or debt service. The primary focus on these criteria is on fees charged to external users. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements, only in more detail. Specifically, enterprise funds are used to account for water and sewer activities, which are considered to be major funds, and sanitation activities, which is considered to be a nonmajor fund.

Fiduciary Funds

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

Notes to Financial Statements

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

TOWN OF PLAINVILLE, MASSACHUSETTS

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2023

Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information which is required to be disclosed by accounting principles generally accepted in the United States of America.

Financial Highlights

- As of the close of the current fiscal year, net position in governmental activities was \$10,346,920, a change of \$5,213,626, and net position in business-type activities was \$16,715,152, a change of \$670,056.
- As of the close of the current fiscal year, governmental funds reported combined ending fund balances of \$21,548,695, a change of \$3,483,039 in comparison to the prior year.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$6,638,817, a change of \$(174,279) in comparison to the prior year.

Government-Wide Financial Analysis

The following is a summary of condensed government-wide financial data for the current and prior fiscal year:

	Net Position (in Thousands)					
	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Assets						
Current and other assets	\$ 26,265	\$ 22,134	\$ 8,569	\$ 9,060	\$ 34,834	\$ 31,194
Capital assets	58,893	60,614	23,298	22,361	82,191	82,975
Total Assets	<u>85,158</u>	<u>82,748</u>	<u>31,867</u>	<u>31,421</u>	<u>117,025</u>	<u>114,169</u>
Deferred Outflow of Resources	<u>7,198</u>	<u>6,379</u>	<u>225</u>	<u>163</u>	<u>7,423</u>	<u>6,542</u>
Liabilities						
Other liabilities	3,254	2,320	4,886	4,426	8,140	6,746
Long-term liabilities	66,445	68,120	10,106	10,767	76,551	78,887
Total Liabilities	<u>69,699</u>	<u>70,440</u>	<u>14,992</u>	<u>15,193</u>	<u>84,691</u>	<u>85,633</u>
Deferred Inflows of Resources	<u>12,310</u>	<u>13,554</u>	<u>385</u>	<u>346</u>	<u>12,695</u>	<u>13,900</u>
Net Position						
Net investment in capital assets	29,871	28,891	14,612	13,739	44,483	42,630
Restricted	4,761	4,593	--	--	4,761	4,593
Unrestricted	(24,285)	(28,351)	2,103	2,306	(22,182)	(26,045)
Total Net Position	<u>\$ 10,347</u>	<u>\$ 5,133</u>	<u>\$ 16,715</u>	<u>\$ 16,045</u>	<u>\$ 27,062</u>	<u>\$ 21,178</u>

TOWN OF PLAINVILLE, MASSACHUSETTS

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2023

As noted earlier, net position may serve over time as a useful indicator of the Town's financial position. At the close of the most recent fiscal year, total net position was \$27,062,072, a change of \$5,883,682 in comparison to the prior year.

The largest portion of net position, \$44,483,599, reflects our investment in capital assets (e.g., land, construction in progress, buildings and improvements, machinery and equipment, vehicles, software, and infrastructure), less any related debt used to acquire those assets that is still outstanding. These capital assets are used to provide services to citizens; consequently, these assets are not available for future spending. Although the investment in 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 portion of net position, \$4,760,758, represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position reflects a deficit of \$(22,182,285), primarily resulting from unfunded pension and OPEB liabilities.

TOWN OF PLAINVILLE, MASSACHUSETTS

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2023

Change in Net Position (in Thousands)						
	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Revenues						
Program revenues						
Charges for services	\$ 4,378	\$ 4,998	\$ 4,931	\$ 4,546	\$ 9,309	\$ 9,544
Operating grants and contributions	7,047	6,351	--	--	7,047	6,351
Capital grants and contributions	15	1,038	--	--	15	1,038
General revenues						
Property taxes	28,259	25,926	--	--	28,259	25,926
Excises	1,895	2,103	--	--	1,895	2,103
Penalties, interest, and other taxes	635	563	--	--	635	563
Grants and contributions not restricted to specific programs	1,138	1,205	--	--	1,138	1,205
Investment income	549	9	--	--	549	9
Gain on sale of capital asset	--	702	--	--	--	702
Bond anticipation note premiums	21	--	--	--	21	--
Miscellaneous	2,867	3,695	1	6	2,868	3,701
Total Revenues	<u>46,804</u>	<u>46,590</u>	<u>4,932</u>	<u>4,552</u>	<u>51,736</u>	<u>51,142</u>
Expenses						
General government	3,417	3,614	--	--	3,417	3,614
Public safety	9,088	10,951	--	--	9,088	10,951
Education	23,869	21,139	--	--	23,869	21,139
Public works	2,597	2,911	--	--	2,597	2,911
Health and human services	592	734	--	--	592	734
Culture and recreation	652	711	--	--	652	711
Interest on long-term debt	1,124	1,201	--	--	1,124	1,201
Water services	--	--	2,002	1,826	2,002	1,826
Sewer services	--	--	1,876	1,234	1,876	1,234
Sanitation services	--	--	635	523	635	523
Total Expenses	<u>41,339</u>	<u>41,261</u>	<u>4,513</u>	<u>3,583</u>	<u>45,852</u>	<u>44,844</u>
Change in Net Position Before Transfers	5,465	5,329	419	969	5,884	6,298
Transfers in (out)	<u>(251)</u>	<u>(167)</u>	<u>251</u>	<u>167</u>	<u>--</u>	<u>--</u>
Change in Net Position	5,214	5,162	670	1,136	5,884	6,298
Net Position - Beginning of Year	<u>5,133</u>	<u>(29)</u>	<u>16,045</u>	<u>14,909</u>	<u>21,178</u>	<u>14,880</u>
Net Position - End of Year	<u>\$ 10,347</u>	<u>\$ 5,133</u>	<u>\$ 16,715</u>	<u>\$ 16,045</u>	<u>\$ 27,062</u>	<u>\$ 21,178</u>

TOWN OF PLAINVILLE, MASSACHUSETTS

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2023

Governmental Activities

Governmental activities for the year resulted in a change in net position of \$5,213,626. Key elements of this change are as follows:

General Fund operations	\$ 3,254,180
Change in pension expense from GASB 68	404,127
Change in OPEB expense from GASB 75	949,540
Other	<u>605,779</u>
	<u>\$ 5,213,626</u>

Business-Type Activities

Business-type activities for the year resulted in a change in net position of \$670,056. Key elements of this change are as follows:

Water Fund	\$ 675,835
Sewer Fund	(18,542)
Nonmajor Enterprise Fund	<u>12,763</u>
	<u>\$ 670,056</u>

Financial Analysis of the Town's Funds

As noted earlier, fund accounting is used to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

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

As of the end of the current fiscal year, governmental funds reported combined ending fund balances of \$21,548,695, a change of \$3,483,039 in comparison to the prior year.

TOWN OF PLAINVILLE, MASSACHUSETTS

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2023

General Fund

The General Fund is the chief operating fund. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$6,638,817, while total fund balance was \$16,675,187. Unassigned fund balance decreased by \$(174,279), primarily from favorable budgetary results of \$2,814,057, less \$3,161,700 of free cash used for the fiscal year 2024 budget. 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 General Fund expenditures. Refer to the table below.

General Fund	6/30/23	6/30/22	Change	% of General Fund Expenditures**
Unassigned fund balance*	\$ 6,638,817	\$ 6,813,096	\$ (174,279)	17.7%
Total fund balance	\$16,675,187	\$13,421,007	\$ 3,254,180	44.5%

*These figures include the general stabilization fund.

**Expenditure amounts used to calculate the above percentages have been adjusted to exclude the on-behalf payment from the Commonwealth of Massachusetts to the Massachusetts Teachers Retirement System of \$1,351,706.

The total fund balance of the General Fund changed by \$3,254,180 during the current fiscal year. Key factors in this change are as follows:

Revenues in excess of budget	\$ 2,077,528
Expenditures less than budget	669,193
Other financing uses less than budget	67,336
Use of free cash	(1,425,672)
Change in stabilization funds	1,225,188
Other	640,607
	<u>\$ 3,254,180</u>

TOWN OF PLAINVILLE, MASSACHUSETTS

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2023

Included in the total fund balance of the General Fund are the Town's stabilization accounts with the following balances:

	6/30/23	6/30/22	Change
General stabilization (unassigned)	\$ 2,673,056	\$ 2,621,753	\$ 51,303
Landfill closure stabilization (committed)	2,514,417	2,472,753	41,664
Capital stabilization (committed)	3,352,703	2,220,482	1,132,221
Planning mitigation stabilization (committed)	<u>75,000</u>	<u>75,000</u>	<u>--</u>
	<u>\$ 8,615,176</u>	<u>\$ 7,389,988</u>	<u>\$ 1,225,188</u>

Nonmajor Governmental Funds

The fund balance of nonmajor governmental funds changed by \$228,859, primarily from timing differences between the receipt and disbursement of federal grants.

Proprietary Funds

Proprietary funds provide the same type of information found in the business-type activities reported in the government-wide financial statements, but in more detail.

Unrestricted net position of the enterprise funds at the end of the year amounted to \$2,103,087, a change of \$(202,855) in comparison to the prior year.

Other factors concerning the finances of proprietary funds have already been addressed in the entity-wide discussion of business-type activities.

General Fund Budgetary Highlights

Differences between the original budget and the final amended budget resulted in an overall change in appropriations of \$460,000 funded by free cash primarily for the payoff of a bond anticipation note.

Excise revenue had a favorable variance of \$386,805 and charges for services revenue had a favorable variance of \$468,118, both primarily resulting from cannabis excise and cannabis impact fee revenue that were budgeted conservatively following Department of Revenue guidelines.

TOWN OF PLAINVILLE, MASSACHUSETTS

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2023

Capital Assets and Debt Administration

Capital Assets

Total investment in capital assets for governmental and business-type activities at year-end amounted to \$82,191,366 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, buildings and improvements, machinery and equipment, vehicles, software, and infrastructure.

Major capital asset events during the current fiscal year included the following:

- \$109,913 for machinery and equipment.
- \$362,333 for vehicles.
- \$1,373,962 for construction in progress including the Wash & Bugbee Main and Pleasant & Grover Main water main replacement projects.
- \$(3,227,830) of depreciation.

Additional information on capital assets can be found in the Notes to Financial Statements.

Long-Term Debt

At the end of the current fiscal year, total bonds and loans payable outstanding including unamortized premiums was \$38,463,375, all of which was backed by the full faith and credit of the Town.

The Town maintained their Aa3 rating from Moody's for general obligation debt.

Additional information on long-term debt can be found in the Notes to Financial Statements.

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 Town's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

Town of Plainville, Massachusetts
190 South Street, PO Box 1717
Plainville, Massachusetts 02762

TOWN OF PLAINVILLE, MASSACHUSETTS

STATEMENT OF NET POSITION

JUNE 30, 2023

	Governmental Activities	Business-Type Activities	Total
Assets			
Current Assets:			
Cash and short-term investments	\$ 17,259,610	\$ 7,361,828	\$ 24,621,438
Investments	4,014,780	--	4,014,780
Receivables, net of allowance for uncollectibles			
Property taxes	1,241,231	--	1,241,231
Excises	249,582	--	249,582
User fees	274,467	1,207,136	1,481,603
Intergovernmental	418,704	--	418,704
Prepaid asset	2,254,623	--	2,254,623
Total Current Assets	<u>25,712,997</u>	<u>8,568,964</u>	<u>34,281,961</u>
Noncurrent Assets:			
Receivables			
Property taxes	551,819	--	551,819
Capital assets:			
Nondepreciable capital assets	4,726,168	4,423,801	9,149,969
Other capital assets, net of accumulated depreciation	54,166,990	18,874,407	73,041,397
Total Noncurrent Assets	<u>59,444,977</u>	<u>23,298,208</u>	<u>82,743,185</u>
Total Assets	<u>85,157,974</u>	<u>31,867,172</u>	<u>117,025,146</u>
Deferred Outflows of Resources			
Related to pension	3,918,896	122,414	4,041,310
Related to OPEB	3,279,455	102,440	3,381,895
Total Deferred Outflows of Resources	<u>7,198,351</u>	<u>224,854</u>	<u>7,423,205</u>

The accompanying notes are an integral part of these financial statements.

TOWN OF PLAINVILLE, MASSACHUSETTS

STATEMENT OF NET POSITION (CONTINUED)

JUNE 30, 2023

	Governmental Activities	Business-Type Activities	Total
Liabilities			
Current Liabilities:			
Accounts payable	1,956,429	854,996	2,811,425
Accrued liabilities	764,098	145,068	909,166
Unearned revenue	521,726	636,030	1,157,756
Notes payable	--	3,250,000	3,250,000
Other current liabilities	12,743	--	12,743
Current portion of long-term liabilities			
Bonds and loans payable	1,867,826	732,379	2,600,205
Compensated absences liability	12,739	--	12,739
Total Current Liabilities	<u>5,135,561</u>	<u>5,618,473</u>	<u>10,754,034</u>
Noncurrent Liabilities:			
Bonds and loans payable, net of current portion	27,635,265	8,227,905	35,863,170
Compensated absences liability, net of current portion	242,042	--	242,042
Net pension liability	15,671,982	489,543	16,161,525
Net OPEB liability	21,014,772	656,434	21,671,206
Total Noncurrent Liabilities	<u>64,564,061</u>	<u>9,373,882</u>	<u>73,937,943</u>
Total Liabilities	<u>69,699,622</u>	<u>14,992,355</u>	<u>84,691,977</u>
Deferred Inflows of Resources			
Related to pension	5,114	160	5,274
Related to OPEB	12,304,669	384,359	12,689,028
Total Deferred Inflows of Resources	<u>12,309,783</u>	<u>384,519</u>	<u>12,694,302</u>
Net Position			
Net investment in capital assets	29,871,534	14,612,065	44,483,599
Restricted for			
Grants and other statutory restrictions	4,760,758	--	4,760,758
Unrestricted	(24,285,372)	2,103,087	(22,182,285)
Total Net Position	<u>\$ 10,346,920</u>	<u>\$ 16,715,152</u>	<u>\$ 27,062,072</u>

The accompanying notes are an integral part of these financial statements.

TOWN OF PLAINVILLE, MASSACHUSETTS

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2023

	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	\$ 3,417,468	\$ 826,258	\$ 608,222	\$ --	\$ (1,982,988)	\$ --	\$ (1,982,988)
Public safety	9,087,849	2,961,732	506,990	15,453	(5,603,674)	--	(5,603,674)
Education	23,869,360	322,855	5,697,472	--	(17,849,033)	--	(17,849,033)
Public works	2,596,988	3,280	156,326	--	(2,437,382)	--	(2,437,382)
Health and human services	592,319	45,318	37,936	--	(509,065)	--	(509,065)
Culture and recreation	651,855	218,631	40,492	--	(392,732)	--	(392,732)
Interest on long-term debt	1,124,419	--	--	--	(1,124,419)	--	(1,124,419)
Total Governmental Activities	41,340,258	4,378,074	7,047,438	15,453	(29,899,293)	--	(29,899,293)
Business-Type Activities							
Water services	2,002,288	2,652,595	--	--	--	650,307	650,307
Sewer services	1,875,975	1,679,756	--	--	--	(196,219)	(196,219)
Nonmajor enterprise funds	634,513	598,681	--	--	--	(35,832)	(35,832)
Total Business-Type Activities	4,512,776	4,931,032	--	--	--	418,256	418,256
Total	\$ 45,853,034	\$ 9,309,106	\$ 7,047,438	\$ 15,453	(29,899,293)	418,256	(29,481,037)
General Revenues and Transfers							
Property taxes					28,259,245	--	28,259,245
Excises					1,895,241	--	1,895,241
Penalties, interest, and other taxes					635,057	--	635,057
Grants and contributions not restricted to specific programs					1,138,375	--	1,138,375
Investment income					549,367	--	549,367
Miscellaneous					2,865,387	987	2,866,374
Bond anticipation note premiums					21,060	--	21,060
Transfers (net)					(250,813)	250,813	--
Total General Revenues and Transfers					35,112,919	251,800	35,364,719
Change in Net Position					5,213,626	670,056	5,883,682
Net Position							
Beginning of Year					5,133,294	16,045,096	21,178,390
End of Year					<u>\$ 10,346,920</u>	<u>\$ 16,715,152</u>	<u>\$ 27,062,072</u>

The accompanying notes are an integral part of these financial statements.

TOWN OF PLAINVILLE, MASSACHUSETTS

GOVERNMENTAL FUNDS BALANCE SHEET

JUNE 30, 2023

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
Assets			
Cash and short-term investments	\$ 11,382,842	\$ 5,876,768	\$ 17,259,610
Investments	4,014,780	--	4,014,780
Receivables			
Property taxes	1,782,928	10,122	1,793,050
Excises	249,582	--	249,582
User fees	274,467	--	274,467
Intergovernmental	385,547	33,157	418,704
Prepaid asset	<u>2,254,623</u>	<u>--</u>	<u>2,254,623</u>
Total Assets	<u>\$ 20,344,769</u>	<u>\$ 5,920,047</u>	<u>\$ 26,264,816</u>
Liabilities			
Accounts payable	\$ 1,507,854	\$ 448,575	\$ 1,956,429
Accrued liabilities	453,502	66,116	519,618
Unearned revenue	--	521,726	521,726
Other liabilities	<u>12,743</u>	<u>--</u>	<u>12,743</u>
Total Liabilities	<u>1,974,099</u>	<u>1,036,417</u>	<u>3,010,516</u>
Deferred Inflows of Resources			
Unavailable revenues	<u>1,695,483</u>	<u>10,122</u>	<u>1,705,605</u>
Fund Balances			
Restricted	--	5,242,224	5,242,224
Committed	6,573,110	--	6,573,110
Assigned	3,463,260	--	3,463,260
Unassigned	<u>6,638,817</u>	<u>(368,716)</u>	<u>6,270,101</u>
Total Fund Balances	<u>16,675,187</u>	<u>4,873,508</u>	<u>21,548,695</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 20,344,769</u>	<u>\$ 5,920,047</u>	<u>\$ 26,264,816</u>

The accompanying notes are an integral part of these financial statements.

TOWN OF PLAINVILLE, MASSACHUSETTS

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO NET POSITION OF GOVERNMENTAL ACTIVITIES IN THE STATEMENT OF NET POSITION

JUNE 30, 2023

Total Governmental Fund Balances	\$ 21,548,695
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in governmental funds.	58,893,158
Deferred outflows of resources related to pension to be recognized in pension expense in future periods.	3,918,896
Deferred outflows of resources related to OPEB to be recognized in pension expense in future periods.	3,279,455
Revenues are reported on the accrual basis of accounting and are not deferred until collection.	1,705,606
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in governmental funds.	
Bonds and loans payable	(29,503,091)
Compensated absences liability	(254,781)
Net pension liability	(15,671,982)
Net OPEB liability	(21,014,772)
Deferred inflows of resources related to pension to be recognized in pension expense in future periods	(5,114)
Deferred inflows of resources related to OPEB to be recognized in pension expense in future periods	(12,304,669)
Other.	<u>(244,481)</u>
Net Position of Governmental Activities	<u><u>\$ 10,346,920</u></u>

The accompanying notes are an integral part of these financial statements.

TOWN OF PLAINVILLE, MASSACHUSETTS

GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

FOR THE YEAR ENDED JUNE 30, 2023

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues			
Property taxes	\$ 28,017,497	\$ 215,227	\$ 28,232,724
Excises	1,813,195	--	1,813,195
Penalties, interest, and other taxes	634,328	729	635,057
Charges for services	1,754,918	1,706,739	3,461,657
Intergovernmental	6,099,397	2,577,864	8,677,261
Licenses and permits	826,665	--	826,665
Fines and forfeitures	16,018	--	16,018
Investment income	529,058	20,309	549,367
Miscellaneous	2,496,274	151,286	2,647,560
Total Revenues	<u>42,187,350</u>	<u>4,672,154</u>	<u>46,859,504</u>
Expenditures			
Current			
General government	1,623,183	575,283	2,198,466
Public safety	6,454,602	1,327,371	7,781,973
Education	18,740,593	1,681,496	20,422,089
Public works	1,837,642	354,222	2,191,864
Health and human services	435,043	37,268	472,311
Culture and recreation	327,186	213,623	540,809
Employee benefits	5,014,757	132,428	5,147,185
Debt service			
Principal	2,110,000	--	2,110,000
Interest	1,150,231	--	1,150,231
Intergovernmental	1,131,784	--	1,131,784
Total Expenditures	<u>38,825,021</u>	<u>4,321,691</u>	<u>43,146,712</u>
Excess of Revenues Over Expenditures	<u>3,362,329</u>	<u>350,463</u>	<u>3,712,792</u>
Other Financing Sources (Uses)			
Bond anticipation note premiums	--	21,060	21,060
Transfers in	917,336	774,672	1,692,008
Transfers out	(1,025,485)	(917,336)	(1,942,821)
Total Other Financing Sources (Uses)	<u>(108,149)</u>	<u>(121,604)</u>	<u>(229,753)</u>
Excess of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	3,254,180	228,859	3,483,039
Fund Balance, at Beginning of Year, as Reclassified	<u>13,421,007</u>	<u>4,644,649</u>	<u>18,065,656</u>
Fund Balance, at End of Year	<u>\$ 16,675,187</u>	<u>\$ 4,873,508</u>	<u>\$ 21,548,695</u>

The accompanying notes are an integral part of these financial statements.

TOWN OF PLAINVILLE, MASSACHUSETTS

**RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES**

FOR THE YEAR ENDED JUNE 30, 2023

Net Changes in Fund Balances - Total Governmental Funds	\$ 3,483,039
<p>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:</p>	
Capital outlay	782,429
Depreciation	(2,503,132)
<p>The issuance of long-term debt (e.g., bonds and loans) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the financial resources of governmental funds. Neither transaction, however, has any effect on net position:</p>	
Repayments of general obligation bonds and loans	2,123,505
<p>Revenues in the Statement of Activities that do not provide current financial resources are fully deferred in the Statement of Revenues, Expenditures, and Changes in Fund Balance. Therefore, the recognition of revenue for certain types of accounts receivable (i.e., real estate, personal property, motor vehicle excise, etc.) differ between the two statements. This amount represents the net change in unavailable revenue.</p>	
	(235,742)
<p>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 governmental funds:</p>	
Change in pension expense from GASB 68	404,127
Change in OPEB expense from GASB 75	949,540
Change in compensated absences liability	43,248
Bond premium amortization	217,826
Change in accrued interest on bonds payable	22,761
Other differences.	(73,975)
Change in Net Position of Governmental Activities	\$ 5,213,626

The accompanying notes are an integral part of these financial statements.

TOWN OF PLAINVILLE, MASSACHUSETTS

PROPRIETARY FUNDS STATEMENT OF NET POSITION

JUNE 30, 2023

	Business-Type Activities Enterprise Funds			
	Water Fund	Sewer Fund	Nonmajor Enterprise Fund	Total
Assets				
Current Assets:				
Cash and short-term investments	\$ 4,777,170	\$ 1,519,286	\$ 1,065,372	\$ 7,361,828
User fees receivable	772,816	434,320	--	1,207,136
Total Current Assets	<u>5,549,986</u>	<u>1,953,606</u>	<u>1,065,372</u>	<u>8,568,964</u>
Noncurrent Assets:				
Capital assets				
Nondepreciable capital assets	4,088,051	335,750	--	4,423,801
Other capital assets, net of accumulated depreciation	13,788,641	5,085,766	--	18,874,407
Total Noncurrent Assets	<u>17,876,692</u>	<u>5,421,516</u>	<u>--</u>	<u>23,298,208</u>
Total Assets	<u>23,426,678</u>	<u>7,375,122</u>	<u>1,065,372</u>	<u>31,867,172</u>
Deferred Outflows of Resources				
Related to pension	34,777	72,897	14,740	122,414
Related to OPEB	29,102	61,003	12,335	102,440
Total Deferred Outflows of Resources	<u>63,879</u>	<u>133,900</u>	<u>27,075</u>	<u>224,854</u>
Liabilities				
Current Liabilities:				
Accounts payable	675,816	86,816	92,364	854,996
Accrued liabilities	104,238	39,407	1,423	145,068
Unearned revenue	--	--	636,030	636,030
Notes payable	3,250,000	--	--	3,250,000
Current portion of long-term liabilities:				
Bonds and loans payable	522,969	209,410	--	732,379
Total Current Liabilities	<u>4,553,023</u>	<u>335,633</u>	<u>729,817</u>	<u>5,618,473</u>
Noncurrent Liabilities:				
Bonds and loans payable, net of current portion	6,088,219	2,139,686	--	8,227,905
Net pension liability	139,075	291,523	58,945	489,543
Net OPEB liability	186,487	390,907	79,040	656,434
Total Noncurrent Liabilities	<u>6,413,781</u>	<u>2,822,116</u>	<u>137,985</u>	<u>9,373,882</u>
Total Liabilities	<u>10,966,804</u>	<u>3,157,749</u>	<u>867,802</u>	<u>14,992,355</u>
Deferred Inflows of Resources				
Related to pension	46	95	19	160
Related to OPEB	109,193	228,886	46,280	384,359
Total Deferred Inflows of Resources	<u>109,239</u>	<u>228,981</u>	<u>46,299</u>	<u>384,519</u>
Net Position				
Net investment in capital assets	11,066,049	3,546,016	--	14,612,065
Unrestricted	1,348,465	576,276	178,346	2,103,087
Total Net Position	<u>\$ 12,414,514</u>	<u>\$ 4,122,292</u>	<u>\$ 178,346</u>	<u>\$ 16,715,152</u>

The accompanying notes are an integral part of these financial statements.

TOWN OF PLAINVILLE, MASSACHUSETTS

PROPRIETARY FUNDS STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION FOR THE YEAR ENDED JUNE 30, 2023

	Business-Type Activities Enterprise Funds			
	Water Fund	Sewer Fund	Nonmajor Enterprise Fund	Total
Operating Revenues				
Charges for services	\$ 2,652,595	\$ 1,679,756	\$ 598,681	\$ 4,931,032
Operating Expenses				
Salaries and benefits	298,827	566,650	89,759	955,236
Other operating expenses	828,414	1,055,283	544,754	2,428,451
Depreciation	537,617	187,081	--	724,698
Total Operating Expenses	<u>1,664,858</u>	<u>1,809,014</u>	<u>634,513</u>	<u>4,108,385</u>
Operating Income (Loss)	<u>987,737</u>	<u>(129,258)</u>	<u>(35,832)</u>	<u>822,647</u>
Nonoperating Revenues (Expenses)				
Miscellaneous income	987	--	--	987
Interest expense	(337,430)	(66,961)	--	(404,391)
Total Nonoperating Revenues (Expenses), Net	<u>(336,443)</u>	<u>(66,961)</u>	<u>--</u>	<u>(403,404)</u>
Income (Loss) Before Transfers	651,294	(196,219)	(35,832)	419,243
Transfers in	25,781	178,381	48,595	252,757
Transfers out	(1,240)	(704)	--	(1,944)
Change in Net Position	675,835	(18,542)	12,763	670,056
Net Position, Beginning of Year	<u>11,738,679</u>	<u>4,140,834</u>	<u>165,583</u>	<u>16,045,096</u>
Net Position, End of Year	<u>\$ 12,414,514</u>	<u>\$ 4,122,292</u>	<u>\$ 178,346</u>	<u>\$ 16,715,152</u>

The accompanying notes are an integral part of these financial statements.

TOWN OF PLAINVILLE, MASSACHUSETTS

PROPRIETARY FUNDS STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2023

	Business-Type Activities Enterprise Funds			
	Water Fund	Sewer Fund	Nonmajor Enterprise Fund	Total
Cash Flows from Operating Activities				
Receipts from customers and users	\$ 2,580,321	\$ 1,633,603	\$ 971,759	\$ 5,185,683
Payments to vendors and employees	(1,060,249)	(1,443,430)	(587,906)	(3,091,585)
Net Cash Provided by Operating Activities	<u>1,520,072</u>	<u>190,173</u>	<u>383,853</u>	<u>2,094,098</u>
Cash Flows from Capital and Related Financing Activities				
Acquisition, construction, and disposition of capital assets	(1,552,788)	(108,575)	--	(1,661,363)
Transfers from General Fund	--	163,980	--	163,980
Payments on bonds and loans	(685,341)	(204,409)	--	(889,750)
Interest expense	(337,430)	(66,961)	--	(404,391)
Net Cash (Used for) Capital and Related Financing Activities	<u>(2,575,559)</u>	<u>(215,965)</u>	<u>--</u>	<u>(2,791,524)</u>
Cash Flows from Noncapital Financing Activities				
Transfers in	25,781	14,401	48,595	88,777
Transfers out	(1,240)	(704)	--	(1,944)
Miscellaneous	987	--	--	987
Net Cash Provided by Noncapital Financing Activities	<u>25,528</u>	<u>13,697</u>	<u>48,595</u>	<u>87,820</u>
Net Change in Cash and Short-Term Investments	(1,029,959)	(12,095)	432,448	(609,606)
Cash and Short-Term Investments, Beginning of Year	<u>5,807,129</u>	<u>1,531,381</u>	<u>632,924</u>	<u>7,971,434</u>
Cash and Short-Term Investments, End of Year	<u>\$ 4,777,170</u>	<u>\$ 1,519,286</u>	<u>\$ 1,065,372</u>	<u>\$ 7,361,828</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities				
Operating income (loss)	\$ 987,737	\$ (129,258)	\$ (35,832)	\$ 822,647
Adjustments to reconcile operating income (loss) to net cash provided by operating activities				
Depreciation	537,617	187,081	--	724,698
Changes in assets, liabilities, and deferred outflows/inflows				
Receivables	(72,274)	(46,153)	--	(118,427)
Accounts payable	173,162	(127,884)	44,201	89,479
Accrued liabilities	(3,667)	(25)	1,000	(2,692)
Unearned revenue	--	--	373,078	373,078
Net pension liability and related deferrals	(29,091)	85,942	311	57,162
Net OPEB liability and related deferrals	(73,412)	220,470	1,095	148,153
Net Cash Provided by Operating Activities	<u>\$ 1,520,072</u>	<u>\$ 190,173</u>	<u>\$ 383,853</u>	<u>\$ 2,094,098</u>

The accompanying notes are an integral part of these financial statements.

TOWN OF PLAINVILLE, MASSACHUSETTS

FIDUCIARY FUNDS STATEMENT OF FIDUCIARY NET POSITION

JUNE 30, 2023

	OPEB Trust Fund	Private Purpose Trust Funds
Assets		
Cash and short-term investments	\$ 597	\$ 7,107
Investments		
Equity mutual funds	101,571	--
External investment pool	474,088	--
Fixed income mutual funds	53,843	--
Total Investments	629,502	--
Total Assets	630,099	7,107
Net Position		
Restricted for OPEB	630,099	--
Restricted for individuals	--	7,107
Total Net Position	\$ 630,099	\$ 7,107

The accompanying notes are an integral part of these financial statements.

TOWN OF PLAINVILLE, MASSACHUSETTS

FIDUCIARY FUNDS

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

FOR THE YEAR ENDED JUNE 30, 2023

	OPEB Trust Fund	Private Purpose Trust Funds
Additions		
Employer contributions	\$ 923,436	\$ --
Investment income, net	<u>56,691</u>	<u>8</u>
Total Additions	<u>980,127</u>	<u>8</u>
Deductions		
Benefit payments to plan members and beneficiaries	<u>873,436</u>	<u>--</u>
Total Deductions	<u>873,436</u>	<u>--</u>
Change in Net Position	106,691	8
Restricted Net Position		
Beginning of Year	<u>523,408</u>	<u>7,099</u>
End of Year	<u><u>\$ 630,099</u></u>	<u><u>\$ 7,107</u></u>

The accompanying notes are an integral part of these financial statements.

TOWN OF PLAINVILLE, MASSACHUSETTS

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Town of Plainville, Massachusetts (the Town) conform accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental and financial reporting principles. The following is a summary of the significant policies of the Town:

REPORTING ENTITY

The Town is a municipal corporation governed by an elected Select Board. As required by GAAP, these financial statements present the Town and applicable component units for which the Town is considered to be financially accountable. In fiscal year 2023, no entities met the component unit requirements of GASB 14 (as amended).

GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Government-Wide 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 nonfiduciary activities of the primary government. 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.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are 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*.

Fund Financial Statements

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

TOWN OF PLAINVILLE, MASSACHUSETTS

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

Government-Wide Financial Statements

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Amounts reported as *program revenues* include (1) charges to customers or applicants for goods, services, or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes and excises.

Fund Financial Statements

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both 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. For this purpose, the Town considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, certain expenditures such as debt service, claims and judgments, compensated absences, OPEB, and pension are recorded only when payment is due.

The Town reports the following major governmental funds:

- The *General Fund* is the Town's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

TOWN OF PLAINVILLE, MASSACHUSETTS

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION (CONTINUED)

Fund Financial Statements (Continued)

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 liabilities are incurred. Proprietary funds distinguish operating revenues and expenses from nonoperating 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 of an enterprise fund are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The Town reports the following major proprietary funds:

- The *Water Fund* is used to account for the Town's water operations.
- The *Sewer Fund* is used to account for the Town's sewer operations.

The fiduciary 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 liabilities are incurred.

The Town reports the following fiduciary funds:

- The Other Post-Employment Benefit Trust Fund is used to accumulate resources for health and life insurance benefits for retired employees.
- The *Private Purpose Trust Funds* are used to account for trust arrangements, under which principal and investment income exclusively benefit individuals.

TOWN OF PLAINVILLE, MASSACHUSETTS

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

CASH AND INVESTMENTS

Cash balances from all funds, except those required to be segregated by law, are combined to form a consolidation of cash. Cash balances are invested to the extent available, and interest earnings are recognized in the General Fund. Certain special revenue, proprietary, and fiduciary funds segregate cash, and investment earnings become a part of those funds.

Deposits with financial institutions consist primarily of demand deposits, certificates of deposits, savings accounts, and money market accounts. Generally, a cash and investment pool is maintained that is available for use by all funds. Each fund's portion of this pool is reflected on the financial statements under the caption "cash and short-term investments".

For purpose of the Statement of Cash Flows, the proprietary funds consider investments with original maturities of three months or less to be short-term investments.

Where applicable, fair values are based on quotations from national securities exchanges, except for certain investments that are required to be presented using net asset value (NAV). The NAV per share is the amount of net assets attributable to each share outstanding at the close of the period. Investments measured NAV for fair value are not subject to level classification.

The Town invests in the Massachusetts Municipal Depository Trust (MMDT) Cash Portfolio, an external investment pool overseen by the Treasurer of the Commonwealth of Massachusetts. This cash portfolio meets the requirements of GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*, where investments are valued at amortized cost, which approximates the net asset value of \$1 per share.

Investments are carried at fair value, except certificates of deposit which are reported at cost.

TOWN OF PLAINVILLE, MASSACHUSETTS

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

CAPITAL ASSETS

Capital assets, which include property, plant, equipment, and infrastructure assets are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and in the proprietary fund statements. Capital assets are defined by the Town as assets with an initial individual cost of more than \$10,000 (\$25,000 for land) and an estimated useful life in excess of five years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation. 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. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Buildings and improvements	40
Machinery and equipment	10 - 15
Vehicles	10 - 15
Software	5
Infrastructure	20 - 40

COMPENSATED ABSENCES

It is the Town's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. All vested sick and vacation pay is 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, for example, as a result of employee resignations and retirements.

LONG-TERM OBLIGATIONS

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt, and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type Statement of Net Position.

TOWN OF PLAINVILLE, MASSACHUSETTS

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

FUND EQUITY

Fund equity at the governmental fund financial reporting level is classified as “fund balance”. Fund equity for all other reporting is classified as “net position”.

Fund Balance

Generally, fund balance represents the difference between current assets/deferred outflows and current liabilities/deferred inflows. The Town has implemented GASB Statement No. 54 (GASB 54), *Fund Balance Reporting and Governmental Fund Type Definitions*, which enhances the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying existing governmental fund type definitions, as follows:

The following types of fund balances are reported at June 30, 2023:

- *Restricted* represents amounts that are restricted to specific purposes by constraints imposed by creditors, grantors, contributors, or laws or regulations of other governments, or constraints imposed by law through constitutional provisions or enabling legislation. This fund balance classification includes various special revenue funds, various capital project funds, and expendable trust funds.
- *Committed* represents amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Town’s highest level of decision-making authority. This fund balance classification includes General Fund non-lapsing appropriations approved at Town Meeting and special purpose stabilization funds.
- *Assigned* represents amounts that are constrained by the Town’s intent to use these resources for a specific purpose. This fund balance classification includes General Fund encumbrances that have been established by various Town departments for the expenditure of current year budgetary financial resources upon vendor performance in the subsequent budgetary period, petty cash reserves, and General Fund surplus that has been appropriated as a general funding source for the subsequent fiscal year.
- *Unassigned* represents amounts that are available to be spent in future periods, general stabilization, and deficit funds.

TOWN OF PLAINVILLE, MASSACHUSETTS

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

FUND EQUITY (CONTINUED)

Net Position

Net position represents the difference between assets/deferred outflows and liabilities/deferred inflows. Net investment in capital assets, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on use either through enabling legislation adopted by the Town or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The remaining net position is reported as unrestricted.

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 revenues and expenditures/expenses during the fiscal year. Actual results could vary from estimates that were used.

NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

BUDGETARY INFORMATION

At the annual Town Meeting, the Finance Committee presents an operating and capital budget for the proposed expenditures of the fiscal year commencing the following July 1. The budget, as enacted by Town Meeting, establishes the legal level of control and specifies that certain appropriations are to be funded by particular revenues. The original budget is amended during the fiscal year at special town meetings as required by changing conditions. In cases of extraordinary or unforeseen expenses, the Finance Committee is empowered to transfer funds from the Reserve Fund (a contingency appropriation) to a departmental appropriation. "Extraordinary" includes expenses which are not in the usual line, or are great or exceptional. "Unforeseen" includes expenses which are not foreseen as of the time of the annual meeting when appropriations are voted.

TOWN OF PLAINVILLE, MASSACHUSETTS

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (CONTINUED)

BUDGETARY INFORMATION (CONTINUED)

Departments are limited to the line items as voted. Certain items may exceed the line item budget as approved if it is for an emergency and for the safety of the general public. These items are limited by Massachusetts General Laws and must be raised in the next year's tax rate. Formal budgetary integration is employed as a management control device during the year for the General Fund and proprietary funds. Effective budgetary control is achieved for all other funds through provisions of Massachusetts General Laws. At year-end, appropriation balances lapse, except for certain unexpended capital items and encumbrances which will be honored during the subsequent year.

DEFICIT FUND EQUITY

Certain individual funds reflected deficit balances as of June 30, 2023. It is anticipated that the deficits in these funds will be eliminated through future departmental revenues, bond proceeds, and transfers from other funds.

NOTE 3 - DEPOSITS AND INVESTMENTS

Massachusetts General Laws (MGL) Chapter 44, Section 55 place certain limitation on the nature of deposits and investments available to the Town. Deposits, including demand deposits, money markets, and certificates of deposits in any one financial institution, may not exceed 60% of the capital and surplus of such institution unless collateralized by the institution involved. Investments may be made in unconditionally guaranteed U.S. government obligations having maturities of a year or less from the date of purchase, or through repurchase agreements with maturities of no greater than 90 days in which the underlying securities consist of such obligations. Other allowable investments include certificates of deposits having a maturity date of up to 3 years from the date of purchase, national banks, and Massachusetts Municipal Depository Trust (MMDT). MMDT, which is an external investment pool overseen by the Treasurer of the Commonwealth of Massachusetts, meets the criteria established by Governmental Accounting Standards Board Statement No. 79, *Certain External Investment Pools and Pool Participants*. MMDT has an average maturity of less than 1 year and is not rated or subject to custodial credit risk disclosure. MGL Chapter 44, Section 54 provides additional investment options for certain special revenue, trust, and OPEB funds.

TOWN OF PLAINVILLE, MASSACHUSETTS

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

NOTE 3 - DEPOSITS AND INVESTMENTS (CONTINUED)

DEPOSITS

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the Town's deposits may not be returned. The Town does not have a deposit policy for custodial credit risk.

As of June 30, 2023, \$5,531,241 of the Town's bank balances of \$24,161,729 was exposed to custodial credit risk as uninsured and/or uncollateralized.

INVESTMENTS

The following is a summary of the Town's investments as of June 30, 2023:

Investment Type	Amount
Corporate bonds	\$ 346,215
Corporate equities	397,978
Equity mutual funds	101,571
External investment pool	474,088
Federal agency securities	983,927
Fixed income mutual funds	357,654
U.S. Treasury notes	<u>1,982,849</u>
	<u>\$ 4,644,282</u>

Custodial Credit Risk

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, the Town will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The Town does not have formal investment policies related to custodial credit risk.

As of June 30, 2023, the Town did not have investments subject to custodial credit risk exposure as all assets were held in the Town's name.

TOWN OF PLAINVILLE, MASSACHUSETTS

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

NOTE 3 - DEPOSITS AND INVESTMENTS (CONTINUED)

INVESTMENTS (CONTINUED)

Credit Risk - Investments in Debt Securities

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligations. For short-term investments that were purchased using surplus revenues, Massachusetts General Laws, Chapter 44, Section 55, limit the Town's investments to the top rating issued by at least one nationally recognized statistical rating organization (NRSRO). The Town does not have formal investment policies related to credit risk.

As of June 30, 2023, the credit quality ratings, as rated by Moody's Investors Service, Inc., of the Town's debt securities were as follows (U.S. Treasury notes have an implied rating of AAA):

Investment Type	Amount	Rating as of Year End	
		AAA	Unrated
Corporate bonds	\$ 346,215	\$ --	\$ 346,215
External investment pool	474,088	--	474,088
Federal agency securities	983,927	983,927	--
Fixed income mutual funds	357,654	--	357,654
U.S. Treasury notes	1,982,849	1,982,849	--
	<u>\$ 4,144,733</u>	<u>\$ 2,966,776</u>	<u>\$ 1,177,957</u>

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributable to the magnitude of the Town's investment in a single issuer. The Town places no limit on the amount invested in any one issuer. The Town does not have formal investment policies related to concentration of credit risk exposure.

As of June 30, 2023, the Town did not have investments in any one issuer that exceed 5% of total investments.

TOWN OF PLAINVILLE, MASSACHUSETTS

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

NOTE 3 - DEPOSITS AND INVESTMENTS (CONTINUED)

INVESTMENTS (CONTINUED)

Interest Rate Risk - Investments in Debt Securities

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The Town does not have formal investment policies limiting investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Information about the sensitivity of the fair values of the Town's investments to market interest rate fluctuations was as follows at June 30, 2023:

Investment Type	Amount	Investment Maturities (in Years)			
		Less Than 1	1-5	6-10	Not Readily Available
Corporate bonds	\$ 346,215	\$ 49,304	\$ 245,631	\$ 51,280	\$ --
Federal agency securities	983,927	775,414	208,513	--	--
Fixed income mutual funds	357,654	--	--	--	357,654
U.S. Treasury notes	<u>1,982,849</u>	<u>1,533,147</u>	<u>279,087</u>	<u>170,615</u>	<u>--</u>
	<u>\$ 3,670,645</u>	<u>\$ 2,357,865</u>	<u>\$ 733,231</u>	<u>\$ 221,895</u>	<u>\$ 357,654</u>

Foreign Currency Risk

Foreign currency risk is the risk that changes in foreign exchange rates will adversely affect the fair value of an investment. The Town does not have formal investment policies related to foreign currency risk.

At June 30, 2023, none of the Town's investments were exposed to foreign currency risk.

Fair Value

The Town categorizes its fair value measurements within the fair value hierarchy established by Governmental Accounting Standards Board Statement No. 72, *Fair Value Measurement and Application* (GASB 72).

TOWN OF PLAINVILLE, MASSACHUSETTS

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

NOTE 3 - DEPOSITS AND INVESTMENTS (CONTINUED)

INVESTMENTS (CONTINUED)

Fair Value (Continued)

The hierarchy is based on the valuation inputs used to measure the fair value of an asset or liability and give the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The hierarchy categorizes the inputs to valuation techniques used for fair value measurement into three levels as follows:

- Level 1 - inputs that reflected quoted prices (unadjusted) in active markets for identical assets or liabilities that are accessible at the measurement date.
- Level 2 - inputs other than quoted prices that are observable for an asset or liability either directly or indirectly, including inputs in markets that are not considered to be active. Because they must often be priced on the basis of transactions involving similar but not identical securities or do not trade with sufficient frequency, certain directly held securities are categorized as Level 2.
- Level 3 - unobservable inputs based on the best information available, using assumptions in determining the fair value of investments and derivative instruments.

In instances where inputs used to measure fair value fall into different levels in the fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation.

The Town had the following fair value measurements as of June 30, 2023:

TOWN OF PLAINVILLE, MASSACHUSETTS

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

NOTE 3 - DEPOSITS AND INVESTMENTS (CONTINUED)

INVESTMENTS (CONTINUED)

Fair Value (Continued)

Investment Type	Amount	Fair Value Measurements Using		
		Quoted prices in active markets for identical assets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Corporate bonds	\$ 346,215	\$ --	\$ 346,215	\$ --
Corporate equities	397,978	397,978	--	--
Equity mutual funds	101,571	101,571	--	--
Federal agency securities	983,927	--	983,927	--
Fixed income mutual funds	357,654	--	357,654	--
U.S. Treasury	1,982,849	1,982,849	--	--
	<u>\$ 4,170,194</u>	<u>\$ 2,482,398</u>	<u>\$ 1,687,796</u>	<u>\$ --</u>

	Investments Measured Using NAV			
	Amount	Unfunded Commitments	Redemption Frequency (If currently eligible)	Redemption Notice Period
External investment pool	<u>\$ 474,088</u>	<u>\$ --</u>	Monthly	30 Days

Equity securities classified in Level 1 are valued using prices quoted in active markets for those securities.

Debt securities classified in Level 2 are valued using either a bid evaluation or a matrix pricing technique. Bid evaluations may include market quotations, yields, maturities, call features, and ratings. Matrix pricing is used to value securities based on the securities' relationship to benchmark quote prices. Level 2 debt securities have non-proprietary information that is readily available to market participants, from multiple independent sources, which are known to be actively involved in the market.

TOWN OF PLAINVILLE, MASSACHUSETTS

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

NOTE 4 - PROPERTY TAXES AND EXCISES RECEIVABLE

Real and personal property taxes are based on market values assessed as of each January 1. By law, all taxable property must be assessed at 100% of fair cash value. Also by law, property taxes must be levied at least 30 days prior to their due date. Once levied, these taxes are recorded as receivables, net of estimated uncollectible balances.

Property tax revenues have been recorded using the accrual and modified accrual basis of accounting on the government-wide and fund basis statements, respectively.

The Town bills and collects its property taxes on a quarterly basis following the January 1 assessment. The due dates for those quarterly tax billings are August 1, November 1, February 1, and May 1. Property taxes that remain unpaid after the respective due dates are subject to penalties and interest charges.

Based on the Town's experience, most property taxes are collected during the year in which they are assessed. Liening of properties on which taxes remain unpaid generally occurs annually. The Town ultimately has the right to foreclose on all properties where the taxes remain unpaid.

A statewide property tax limitation known as "Proposition 2½" limits the amount of increase in the property tax levy in any fiscal year. Generally, Proposition 2½ limits the total levy to an amount not greater than 2½% of the total assessed value of all taxable property within the Town. Secondly, the tax levy cannot increase by more than 2½% of the prior year's levy plus the taxes on property newly added to the tax rolls. The actual fiscal year 2023 tax levy reflected an excess capacity of \$9,246.

Motor vehicle excise taxes are assessed annually for every motor vehicle and trailer registered in the Commonwealth of Massachusetts. The Registry of Motor Vehicles annually calculates the value of all registered motor vehicles for the purpose of excise assessment. The amount of motor vehicle excise tax due is calculated using a fixed rate of \$25 per \$1,000 of value.

Property taxes and excises receivable at June 30, 2023 consisted of the following:

TOWN OF PLAINVILLE, MASSACHUSETTS

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

NOTE 4 - PROPERTY TAXES AND EXCISES RECEIVABLE (CONTINUED)

	Current Portion	Long- Term Portion
Real estate taxes	\$ 912,582	\$ --
Personal property taxes	197,501	--
Community Preservation Act	10,122	--
Tax liens	115,874	551,819
Deferred taxes	<u>5,152</u>	<u>--</u>
Property taxes	<u>\$ 1,241,231</u>	<u>\$ 551,819</u>
Motor vehicle excise	<u>\$ 249,582</u>	<u>\$ --</u>

NOTE 5 - USER FEES RECEIVABLES

Receivables for user charges at June 30, 2023 consisted of the following:

Governmental Activities:	
Ambulance	\$ 274,467
Business-Type Activities	
Water Fund	772,816
Sewer Fund	<u>434,320</u>
	<u>1,207,136</u>
	<u>\$ 1,481,603</u>

NOTE 6 – PREPAID ASSETS

Prepaid assets reported in the General Fund are for the fiscal year 2024 Norfolk County Retirement assessment, which was processed prior to June 30, 2023, to ensure timely payment. Because the prepayment was liquidated in July of 2023, the Town has not recorded a corresponding non-spendable fund balance.

TOWN OF PLAINVILLE, MASSACHUSETTS

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

NOTE 7 - CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2023 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities				
Capital Assets, Being Depreciated				
Buildings and improvements	\$ 60,407,226	\$ 184,882	\$ --	\$ 60,592,108
Machinery and equipment	3,950,240	109,913	--	4,060,153
Vehicles	6,339,988	362,333	(90,644)	6,611,677
Software	215,709	65,265	--	280,974
Infrastructure	15,393,143	--	--	15,393,143
Total Capital Assets, Being Depreciated	<u>86,306,306</u>	<u>722,393</u>	<u>(90,644)</u>	<u>86,938,055</u>
Less Accumulated Depreciation For				
Buildings and improvements	(16,414,029)	(1,547,115)	--	(17,961,144)
Machinery and equipment	(3,400,485)	(145,495)	--	(3,545,980)
Vehicles	(4,034,484)	(427,559)	90,644	(4,371,399)
Software	(190,711)	(25,552)	--	(216,263)
Infrastructure	(6,318,868)	(357,411)	--	(6,676,279)
Total Accumulated Depreciation	<u>(30,358,577)</u>	<u>(2,503,132)</u>	<u>90,644</u>	<u>(32,771,065)</u>
Total Capital Assets, Being Depreciated, Net	<u>55,947,729</u>	<u>(1,780,739)</u>	<u>--</u>	<u>54,166,990</u>
Capital Assets, Not Being Depreciated:				
Land	3,842,155	--	--	3,842,155
Construction in progress	823,977	60,036	--	884,013
Total Capital Assets, Not Being Depreciated	<u>4,666,132</u>	<u>60,036</u>	<u>--</u>	<u>4,726,168</u>
Governmental Activities Capital Assets, Net	<u>\$ 60,613,861</u>	<u>\$ (1,720,703)</u>	<u>\$ --</u>	<u>\$ 58,893,158</u>

TOWN OF PLAINVILLE, MASSACHUSETTS

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

NOTE 7 - CAPITAL ASSETS (CONTINUED)

	Beginning Balance	Increases	Decreases	Ending Balance
Business-Type Activities				
Capital Assets, Being Depreciated:				
Buildings and improvements	\$ 4,454,594	\$ 1,127,203	\$ --	\$ 5,581,797
Machinery and equipment	40,000	--	--	40,000
Vehicles	236,282	--	--	236,282
Software	499,697	66,318	--	566,015
Infrastructure	19,514,731	2,116,724	--	21,631,455
Total Capital Assets, Being Depreciated	<u>24,745,304</u>	<u>3,310,245</u>	<u>--</u>	<u>28,055,549</u>
Less Accumulated Depreciation for				
Buildings and improvements	(2,170,130)	(131,411)	--	(2,301,541)
Machinery and equipment	(5,714)	(5,714)	--	(11,428)
Vehicles	(169,402)	(25,942)	--	(195,344)
Software	(336,320)	(43,776)	--	(380,096)
Infrastructure	(5,774,878)	(517,855)	--	(6,292,733)
Total Accumulated Depreciation	<u>(8,456,444)</u>	<u>(724,698)</u>	<u>--</u>	<u>(9,181,142)</u>
Total Capital Assets, Being Depreciated, Net	<u>16,288,860</u>	<u>2,585,547</u>	<u>--</u>	<u>18,874,407</u>
Capital Assets, Not Being Depreciated				
Land	965,000	287,400	--	1,252,400
Construction in progress	5,107,683	1,373,962	(3,310,244)	3,171,401
Total Capital Assets, Not Being Depreciated	<u>6,072,683</u>	<u>1,661,362</u>	<u>(3,310,244)</u>	<u>4,423,801</u>
Business-Type Activities Capital Assets, Net	<u>\$ 22,361,543</u>	<u>\$ 4,246,909</u>	<u>\$ (3,310,244)</u>	<u>\$ 23,298,208</u>

Depreciation expense was charged to functions of the Town as follows:

Governmental Activities

General government	\$ 900,630
Public safety	419,416
Education	627,052
Public works	480,400
Culture and recreation	21,058
Health and Human Services	54,576
Total Governmental Activities	<u>\$ 2,503,132</u>

Business-Type Activities

Water	\$ 537,617
Sewer	187,081
Total Business-Type Activities	<u>\$ 724,698</u>

TOWN OF PLAINVILLE, MASSACHUSETTS

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

NOTE 8 - DEFERRED OUTFLOWS OF RESOURCES

Deferred outflows of resources represent the consumption of net assets by the Town that apply to future reporting periods. Deferred outflows of resources have a positive effect on net position, similar to assets. Deferred outflows of resources related to pension and OPEB, in accordance with GASB Statements No. 68 and 75, are more fully discussed in the corresponding pension and OPEB notes.

NOTE 9 - UNEARNED REVENUE

Unearned revenues in the governmental funds represents grant funds received by the Town from the American Rescue Plan Act (ARPA). These funds will be used for COVID-19 related expenditures or negative economic impacts of COVID-19 over the next several years.

Unearned revenues in the proprietary funds represent prepayments on fiscal year 2024 annual trash collection fees.

NOTE 10 - NOTES PAYABLE

The Town had the following notes outstanding at June 30, 2023:

Purpose	Interest Rate	Date of Issue	Date of Maturity	Balance at 6/30/23
Business-Type Activities				
Pleasant Street & Grove St water main	5.00%	06/28/23	01/26/24	\$ 2,400,000
Turnpike Lake Treatment Plant planning	5.00%	06/28/23	01/26/24	<u>850,000</u>
Total Business-Type Activities				<u>\$ 3,250,000</u>

Additional disclosures for short-term debt that matured on January 26, 2024 can be found in Note 19.

The following summarizes activity in notes payable during fiscal year 2023:

TOWN OF PLAINVILLE, MASSACHUSETTS

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

NOTE 10 - NOTES PAYABLE (CONTINUED)

Purpose	Balance Beginning of Year	Rollover	Paydown	Balance End of Year
Governmental Activities				
Ambulance	\$ 360,000	\$ --	\$ (360,000)	\$ --
Total Governmental Activities	<u>360,000</u>	<u>--</u>	<u>(360,000)</u>	<u>--</u>
Business-Type Activities				
Pleasant Street & Grove Street water main	2,400,000	(2,400,000)	--	--
Tumpike Lake Treatment Plant planning	850,000	(850,000)	--	--
Pleasant Street & Grove Street water main	--	2,400,000	--	2,400,000
Tumpike Lake Treatment Plant planning	<u>--</u>	<u>850,000</u>	<u>--</u>	<u>850,000</u>
Total Business-Type Activities	<u>3,250,000</u>	<u>--</u>	<u>--</u>	<u>3,250,000</u>
	<u>\$ 3,610,000</u>	<u>\$ --</u>	<u>\$ (360,000)</u>	<u>\$ 3,250,000</u>

NOTE 11 - LONG-TERM DEBT

GENERAL OBLIGATION BONDS AND LOANS

The Town issues general obligation bonds and direct borrowings to provide funds for the acquisition and construction of major capital facilities and equipment. General obligation bonds have been issued for both governmental and business-type activities. General obligation bonds and direct borrowings outstanding were as follows at June 30, 2023:

TOWN OF PLAINVILLE, MASSACHUSETTS

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

NOTE 11 - LONG-TERM DEBT (CONTINUED)

GENERAL OBLIGATION BONDS AND LOANS (CONTINUED)

Governmental Activities	Original Issue	Serial Maturities Through	Interest Rate(s) %	Amount Outstanding as of 6/30/23
General obligation bonds				
Fire ladder truck	04/27/17	04/15/27	2.00-3.00%	\$ 535,000
Land purchase	04/27/17	04/15/46	2.00-3.50%	1,220,000
Town building construction	10/19/17	10/15/37	3.00-5.00%	22,775,000
Additional salt shed	11/19/20	08/01/23	5.00%	5,000
Town hall public safety building	11/19/20	08/01/40	2.00-5.00%	1,295,000
Fire engine	11/19/20	08/01/30	4.00-5.00%	510,000
Road & sidewalk improvement	11/19/20	08/01/33	2.00-5.00%	145,000
Purchase two pickup trucks	11/19/20	08/01/27	5.00%	50,000
Replace Mirimichi Bridge	11/19/20	08/01/35	2.00-5.00%	75,000
Repair senior center parking lot	11/19/20	08/01/30	4.00-5.00%	40,000
Tennis courts & town park improvement	11/19/20	08/01/30	4.00-5.00%	40,000
Police portable radios	11/19/20	08/01/26	5.00%	20,000
Jackson School parking area	11/19/20	08/01/31	4.00-5.00%	45,000
Jackson School roof	11/19/20	08/01/30	4.00-5.00%	40,000
Jackson School playground	11/19/20	08/01/31	4.00-5.00%	45,000
Additional road & sidewalk improvement	11/19/20	08/01/33	2.00-5.00%	165,000
Town hall feasibility study	11/19/20	08/01/24	5.00%	20,000
Roadway maintenance program	11/19/20	08/01/34	2.00-5.00%	420,000
Mirimichi Bridge replacement	11/19/20	08/01/35	2.00-5.00%	600,000
Jackson School weatherization improvement	11/19/20	08/01/24	5.00%	10,000
Jackson School lighting improvements	11/19/20	08/01/24	5.00%	10,000
Wood School cafeteria tables	11/19/20	08/01/24	5.00%	10,000
Police cruiser replacement	11/19/20	08/01/24	5.00%	30,000
Fire training simulation assembly & equipping	11/19/20	08/01/24	5.00%	20,000
Total General Obligation Bonds				<u>\$ 28,125,000</u>

TOWN OF PLAINVILLE, MASSACHUSETTS

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

NOTE 11 - LONG-TERM DEBT (CONTINUED)

GENERAL OBLIGATION BONDS AND LOANS (CONTINUED)

Business-Type Activities	Original Issue	Serial Maturities Through	Interest Rate(s) %	Amount Outstanding as of 6/30/23
Water Fund general obligation bonds				
Water main replacements	04/27/17	04/15/27	2.00-3.00%	\$ 20,000
Water mains, valves, and hydrants	04/27/17	04/15/27	2.00-3.00%	240,000
Water main replacement design & construction	11/19/20	08/01/35	2.00-5.00%	510,000
Water booster design & construction	11/19/20	08/01/40	2.00-5.00%	705,000
School Street water main replacement	11/19/20	08/01/40	2.00-5.00%	1,220,000
Washington & Bubgee Street water main	11/19/20	08/01/40	2.00-5.00%	2,350,000
Water well replacement 3B & 3C	11/19/20	08/01/40	2.00-5.00%	655,000
Water EPA risk assessment	11/19/20	08/01/25	5.00%	65,000
F350 utility pickup	11/19/20	08/01/24	5.00%	20,000
Well I pumphouse roof replacement	11/19/20	08/01/26	5.00%	20,000
Water well mechanical pump rehab	11/19/20	08/01/25	5.00%	15,000
Water well and building equipment	11/19/20	08/01/25	5.00%	15,000
Water SCADA system upgrades	11/19/20	08/01/30	4.00-5.00%	55,000
Taunton River basin WMA	11/19/20	08/01/25	5.00%	60,000
Turnpike well 1 water well	11/19/20	08/01/30	4.00-5.00%	200,000
Total Water Fund General Obligation Bonds				6,150,000
Water fund loans payable (direct borrowings):				
MWPAT	10/31/05	07/15/25	2.00%	193,208
MCWT	04/11/19	01/15/27	2.00%	267,980
Total Water Fund Loans Payable (Direct Borrowings)				461,188
Sewer fund general obligation bonds:				
Sewer system rehab	11/19/20	08/01/30	4.00-5.00%	75,000
Washington Street sewer pump station	11/19/20	08/01/35	2.00-5.00%	275,000
Sewer I&I	11/19/20	08/01/35	2.00-5.00%	65,000
SCADA sewer improvements	11/19/20	08/01/25	5.00%	15,000
Sewer I&I elimination phase IV	11/19/20	08/01/35	2.00-5.00%	65,000
Washington Street sewer pump station	11/19/20	08/01/30	4.00-5.00%	40,000
Sewer inflow mitigation	11/19/20	08/01/40	2.00-5.00%	470,000
Total Sewer Fund General Obligation Bonds				1,005,000
Sewer fund loans payable (direct borrowings):				
MWPAT	05/22/13	01/15/33	2.00%	1,344,096
Total Sewer Fund Loans Payable (Direct Borrowings)				1,344,096
Total Business-Type Activities				\$ 8,960,284

TOWN OF PLAINVILLE, MASSACHUSETTS

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

NOTE 11 - LONG-TERM DEBT (CONTINUED)

FUTURE DEBT SERVICE

The annual payments to retire all general obligation bonds and loans outstanding as of June 30, 2023 were as follows:

Governmental	Bonds		Total
	Principal	Interest	
2024	\$ 1,650,000	\$ 1,048,838	\$ 2,698,838
2025	1,700,000	968,888	2,668,888
2026	1,705,000	887,563	2,592,563
2027	1,755,000	804,738	2,559,738
2028	1,690,000	719,063	2,409,063
2029	1,740,000	641,438	2,381,438
2030	1,790,000	568,613	2,358,613
2031	1,840,000	495,188	2,335,188
2032	1,830,000	422,338	2,252,338
2033	1,885,000	349,488	2,234,488
2034 - 2038	9,930,000	842,531	10,772,531
2039 - 2043	460,000	60,156	520,156
2044 - 2048	150,000	10,500	160,500
	<u>\$ 28,125,000</u>	<u>\$ 7,819,342</u>	<u>\$ 35,944,342</u>

Business-Type	Bonds		Loans Payable (Direct Borrowings)		Total
	Principal	Interest	Principal	Interest	
2024	\$ 470,000	\$ 242,469	\$ 262,379	\$ 35,474	\$ 1,010,322
2025	480,000	220,019	265,064	30,214	995,297
2026	480,000	197,269	267,804	24,900	969,973
2027	425,000	175,994	203,577	20,201	824,772
2028	365,000	155,919	134,410	16,129	671,458
2029	380,000	137,294	134,410	13,441	665,145
2030	395,000	117,919	134,410	10,753	658,082
2031	400,000	100,044	134,410	8,065	642,519
2032	375,000	84,544	134,410	5,376	599,330
2033	385,000	71,269	134,410	2,688	593,367
2034 - 2038	1,895,000	228,928	--	--	2,123,928
2039 - 2043	1,105,000	40,925	--	--	1,145,925
	<u>\$ 7,155,000</u>	<u>\$ 1,772,593</u>	<u>\$ 1,805,284</u>	<u>\$ 167,241</u>	<u>\$ 10,900,118</u>

TOWN OF PLAINVILLE, MASSACHUSETTS

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

NOTE 11 - LONG-TERM DEBT (CONTINUED)

CHANGES IN LONG-TERM LIABILITIES

During the year ended June 30, 2023, the following changes occurred in long-term liabilities (in thousands):

	Beginning Balance	Additions	Reductions	Ending Balance	Less Current Portion	Equals Long-Term Portion
Governmental Activities						
Bonds payable	\$ 30,235	\$ --	\$ (2,110)	\$ 28,125	\$ (1,650)	\$ 26,475
Loans payable (direct borrowings)	13	--	(13)	--	--	--
Unamortized premium	<u>1,596</u>	<u>--</u>	<u>(218)</u>	<u>1,378</u>	<u>(218)</u>	<u>1,160</u>
Subtotal	31,844	--	(2,341)	29,503	(1,868)	27,635
Compensated absences liability	298	12	(55)	255	(13)	242
Net pension liability	10,041	5,631	--	15,672	--	15,672
Net OPEB liability	<u>25,937</u>	<u>--</u>	<u>(4,922)</u>	<u>21,015</u>	<u>--</u>	<u>21,015</u>
	<u>\$ 68,120</u>	<u>\$ 5,643</u>	<u>\$ (7,318)</u>	<u>\$ 66,445</u>	<u>\$ (1,881)</u>	<u>\$ 64,564</u>
Business-Type Activities						
Bonds payable	\$ 7,785	\$ --	\$ (630)	\$ 7,155	\$ (470)	\$ 6,685
Loans payable (direct borrowings)	<u>2,065</u>	<u>--</u>	<u>(260)</u>	<u>1,805</u>	<u>(262)</u>	<u>1,543</u>
Subtotal	9,850	--	(890)	8,960	(732)	8,228
Net pension liability	256	234	--	490	--	490
Net OPEB liability	<u>661</u>	<u>--</u>	<u>(5)</u>	<u>656</u>	<u>--</u>	<u>656</u>
	<u>\$ 10,767</u>	<u>\$ 234</u>	<u>\$ (895)</u>	<u>\$ 10,106</u>	<u>\$ (732)</u>	<u>\$ 9,374</u>

LONG-TERM DEBT SUPPORTING GOVERNMENTAL AND BUSINESS-TYPE ACTIVITIES

Bonds and loans issued by the Town for various municipal projects are approved by Town Meeting and repaid with revenues recorded in the General Fund and user fees recorded in the enterprise funds. All other long-term debt is repaid from the funds that the cost relates to, primarily the General Fund and enterprise funds.

TOWN OF PLAINVILLE, MASSACHUSETTS

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

NOTE 12 - DEFERRED INFLOWS OF RESOURCES

Deferred inflows of resources represent the acquisition of net assets by the Town that apply to future reporting periods. Deferred inflows of resources have a negative effect on net position, similar to liabilities. Deferred inflows of resources related to pension and OPEB, in accordance with GASB Statements No. 69 and 75, will be recognized as expense in future years and are more fully described in the corresponding pension and OPEB notes. Unavailable revenues are reported in the governmental funds Balance Sheet in connection with receivables for which revenues are not considered available to liquidate liabilities of the current year.

NOTE 13 - GOVERNMENTAL FUNDS – FUND BALANCES

The Town's fund balances at June 30, 2023 were comprised of the following:

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
Restricted			
Capital project funds	\$ --	\$ 481,467	\$ 481,467
Special revenue funds			
Community preservation fund	--	1,012,755	1,012,755
School lunch	--	375,482	375,482
Town grants	--	157,297	157,297
School grants	--	145,946	145,946
Town revolving funds	--	1,125,154	1,125,154
T.I.P donation	--	1,000,855	1,000,855
Gifts	--	224,955	224,955
Other	--	589,422	589,422
Expendable trust funds	--	128,891	128,891
Total Restricted	--	5,242,224	5,242,224
Committed			
Reserved for continuing appropriations			
Building maintenance	141,500	--	141,500
Replace school lighting and HVAC	80,000	--	80,000
Union and personnel contracts	61,964	--	61,964
Energy mitigation	129,798	--	129,798
Other	217,728	--	217,728
Landfill closure stabilization	2,514,417	--	2,514,417
Capital stabilization	3,352,703	--	3,352,703
Planning mitigation stabilization	75,000	--	75,000
Total Committed	6,573,110	--	6,573,110

TOWN OF PLAINVILLE, MASSACHUSETTS

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

NOTE 13 - GOVERNMENTAL FUNDS – FUND BALANCES (CONTINUED)

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
Assigned			
Tuition	128,868	--	128,868
Other	172,142	--	172,142
Petty cash	550	--	550
Reserved for expenditures	3,161,700	--	3,161,700
Total Assigned	<u>3,463,260</u>	<u>--</u>	<u>3,463,260</u>
Unassigned			
General Fund	3,965,761	--	3,965,761
General Stabilization Fund	2,673,056	--	2,673,056
Special revenue funds	--	(368,716)	(368,716)
Total Unassigned	<u>6,638,817</u>	<u>(368,716)</u>	<u>6,270,101</u>
Total Fund Balances	<u>\$ 16,675,187</u>	<u>\$ 4,873,508</u>	<u>\$ 21,548,695</u>

NOTE 14 - INTERFUND ACCOUNTS

TRANSFERS

The Town reports interfund transfers between various funds. Most transfers results from budgetary or statutory actions, whereby funds are moved to accomplish various expenditure purposes. The following is a schedule of major interfund transfers for the year ended June 30, 2023:

TOWN OF PLAINVILLE, MASSACHUSETTS

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

NOTE 14 - INTERFUND FUND ACCOUNTS (CONTINUED)

TRANSFERS (CONTINUED)

Governmental Funds	Transfers In	Transfers Out
General Fund	\$ 917,336	\$ 1,025,485
Nonmajor Governmental Funds:		
Special Revenue Funds	--	917,336
Capital Project Funds	360,000	--
Trust Funds	414,672	--
Subtotal Nonmajor Governmental Funds	774,672	917,336
Subtotal Governmental Funds	1,692,008	1,942,821
Business-Type Funds		
Water Fund	25,781	1,240
Sewer Fund	178,381	704
Nonmajor Enterprise Funds	48,595	--
Subtotal Business-Type Funds	252,757	1,944
	<u>\$ 1,944,765</u>	<u>\$ 1,944,765</u>

Of the transfers into the General Fund, \$850,000 was transferred from the Capital Assets Receipts Reserved Fund as a buffer for the Gaming Stabilization Fund. Of the transfers out of the General Fund, \$234,672 was to establish the Compensated Absences Trust Fund. Additionally, \$360,000 was transferred from the General Fund to the Capital Project Funds for a paydown of a bond anticipation note.

NOTE 15 - NORFOLK COUNTY RETIREMENT SYSTEM

The Town follows the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27*, with respect to employees' retirement funds.

TOWN OF PLAINVILLE, MASSACHUSETTS

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

NOTE 15 - NORFOLK COUNTY RETIREMENT SYSTEM (CONTINUED)

PLAN DESCRIPTION

Substantially all employees of the Town (except teachers and administrators under contract employed by the School Department) are members of the Norfolk County Retirement System (the System), a cost-sharing, multiple-employer, public employee retirement system (PERS). Eligible employees must participate in the System. The pension plan provides pension benefits, deferred allowances, and death and disability benefits. Chapter 32 of Massachusetts General Laws establishes the authority of the System, contribution percentages and benefits paid. The System Retirement Board does not have the authority to amend benefit provisions. Additional information is disclosed in the System's annual financial reports publicly available from the System located at 480 Neponset Street, Building 15, Canton, MA 02021.

Participant Contributions

Participants contribute a set percentage of their gross regular compensation annually. Employee contribution percentages are specified in Chapter 32 of Massachusetts General Laws. The employee's individual contribution percentage is determined by their date of entry into the System. In addition, all employees hired on or after January 1, 1979 contribute an additional 2% on all gross regular compensation over the rate of \$30,000 per year. The percentages are as follows:

Before January 1, 1975	0.1
January 1, 1975 - December 31, 1983	0.1
January 1, 1984 - June 30, 1996	0.1
Beginning July 1, 1996	0.1

For those members entering the System on or after April 2, 2012 in Group 1, the contribution rate will be reduced to 6% when at least 30 years of creditable service has been attained.

Participant Retirement Benefits

A retirement allowance consists of two parts: an annuity and a pension. A member's accumulated total deductions and a portion of the interest they generate constitute the annuity. The difference between the total retirement allowance and the annuity is the pension. The average retirement benefit is approximately 80-85% pension and 15-20% annuity.

TOWN OF PLAINVILLE, MASSACHUSETTS

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

NOTE 15 - NORFOLK COUNTY RETIREMENT SYSTEM (CONTINUED)

PLAN DESCRIPTION (CONTINUED)

Participant Retirement Benefits (Continued)

The System provides for retirement allowance benefits up to a maximum of 80% of a member's highest 3-year average annual rate of regular compensation for those hired prior to April 2, 2012 and the highest 5-year average annual rate of regular compensation for those first becoming members of the System on or after that date. However, per Chapter 176 of the Acts of 2011, for members who retire on or after April 2, 2012, if in the 5 years of creditable service immediately preceding retirement, the difference in the annual rate of regular compensation between any 2 consecutive years exceeds 100%, the normal yearly amount of the retirement allowance shall be based on the average annual rate of regular compensation received by the member during the period of 5 consecutive years preceding retirement. Benefit payments are based upon a member's age, length of creditable service, level of compensation, and group classification.

There are four classes of membership in the retirement system, but one of these classes, Group 3, is made up exclusively of the Massachusetts State Police. The other three classes are as follows:

- Group 1 - General employees, including clerical, administrative, technical, and all other employees not otherwise classified.
- Group 2 – Certain specified hazardous duty positions.
- Group 4 - Police officers, firefighters, and other specified hazardous positions.

A retirement allowance may be received at any age, upon attaining 20 years of service. The plan also provides for retirement at age 55 if the participant was a member prior to January 1, 1978, with no minimum vesting requirements. If the participant was a member on or after January 1, 1978 and a member of Groups 1 or 2, then a retirement allowance may be received if the participant (1) has at least 10 years of creditable service, (2) is age 55, (3) voluntarily left Town employment on or after that date, and (4) left accumulated annuity deductions in the fund. Members of Group 4 have no minimum vesting requirements, however, must be at least age 55. Groups 2 and 4 require that participants perform the duties of the group position for at least 12 months immediately prior to retirement.

TOWN OF PLAINVILLE, MASSACHUSETTS

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

NOTE 15 - NORFOLK COUNTY RETIREMENT SYSTEM (CONTINUED)

PLAN DESCRIPTION (CONTINUED)

Participant Retirement Benefits (Continued)

A participant who became a member on or after April 2, 2012 is eligible for a retirement allowance upon 10 years creditable service and reaching ages 60 or 55 for Groups 1 and 2, respectively. Participants in Group 4 must be at least age 55. Groups 2 and 4 require that participants perform the duties of the group position for at least 12 months immediately prior to retirement.

Methods of Payment

A member may elect to receive his or her retirement allowance in one of three forms of payment as follows:

- Option A - Total annual allowance, payable in monthly installments, commencing at retirement and terminating at the member's death.
- Option B - A reduced annual allowance, payable in monthly installments, commencing at retirement and terminating at the death of the member—provided, however, that if the total amount of the annuity portion received by the member is less than the amount of his or her accumulated deductions, including interest, the difference or balance of his accumulated deductions will be paid in a lump sum to the retiree's beneficiary or beneficiaries of choice.
- Option C - A reduced annual allowance, payable in monthly installments, commencing at retirement. At the death of the retired employee, 2/3 of the allowance is payable to the member's designated beneficiary (who may be the spouse, or former spouse who has not remarried, child, parent, sister, or brother of the employee) for the life of the beneficiary. For members who retired on or after January 12, 1988, if the beneficiary pre-deceases the retiree, the benefit payable increases (or "pops up" to Option A) based on the factor used to determine the Option C benefit at retirement. For members who retired prior to January 12, 1988, if the System has accepted Section 288 of Chapter 194 of the Acts of 1998 and the beneficiary pre-deceases the retiree, the benefit payable "pops up" to Option A in the same fashion. The Option C became available to accidental disability retirees on November 7, 1996.

TOWN OF PLAINVILLE, MASSACHUSETTS

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

NOTE 15 - NORFOLK COUNTY RETIREMENT SYSTEM (CONTINUED)

PLAN DESCRIPTION (CONTINUED)

Participant Refunds

Employees who resign from service and who are not eligible to receive a retirement allowance are entitled to request a refund of their accumulated total deductions. Members voluntarily withdrawing with at least 10 years of service or involuntarily withdrawing, receive 100% of the regular interest that has accrued on those accumulated total deductions. Members voluntarily withdrawing with less than 10 years of service get credited interest each year at a rate of 3%.

Employer Contributions

Employers are required to contribute at actuarially determined rates as accepted by the Public Employee Retirement Administration Commission (PERAC).

The Town's contribution to the System for the year ended June 30, 2023 was \$2,567,956, which was equal to its annual required contribution.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

PENSION LIABILITIES, PENSION EXPENSE, AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED (INFLOWS) OF RESOURCES RELATED TO PENSIONS

At June 30, 2023, the Town reported a liability of \$16,161,525 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2022 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2022. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan

TOWN OF PLAINVILLE, MASSACHUSETTS

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

NOTE 15 - NORFOLK COUNTY RETIREMENT SYSTEM (CONTINUED)

PENSION LIABILITIES, PENSION EXPENSE, AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED (INFLOWS) OF RESOURCES RELATED TO PENSIONS (CONTINUED)

relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2023, the Town's proportion was 2.79%, which the same as the proportionate share measured as of June 30, 2022.

For the year ended June 30, 2023, the Town recognized pension expense of \$2,341,825. In addition, the Town reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 531,993	\$ --
Net difference between projected and actual earnings on pension plan investments	3,086,106	5,274
Changes in proportion and differences between contributions and proportionate share of contributions	<u>423,211</u>	<u>--</u>
	<u>\$ 4,041,310</u>	<u>\$ 5,274</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized as increases in pension expense as follows:

Year Ended June 30,	Amount
2024	\$ 602,333
2025	1,027,788
2026	859,770
2027	<u>1,546,145</u>
	<u>\$ 4,036,036</u>

TOWN OF PLAINVILLE, MASSACHUSETTS

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

NOTE 15 - NORFOLK COUNTY RETIREMENT SYSTEM (CONTINUED)

ACTUARIAL ASSUMPTIONS

The total pension liability in the latest actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

COLA	3.00% of first \$18,000 of retirement income
Salary increases	3.5% - 5.5%
Inflation rate	3.00%
Investment rate of return	7.75%

Mortality rates were based on the RP-2014 Blue Collar Mortality Table adjusted with Scale MP-2014.

TARGET ALLOCATIONS

The long-term expected rate of return on pension plan investments was selected from a best estimate range determined using the building block approach. Under this method, an expected future real return range (expected returns, net of pension plan investment expense and inflation) is calculated separately for each asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return net of investment expenses by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global equity	38.00%	4.20%
Core fixed income	15.00%	0.50%
Private equity	15.00%	7.30%
Portfolio completion strategies	10.00%	2.70%
Real estate	10.00%	3.30%
Value added fixed income	8.00%	3.70%
Timber/natural resources	4.00%	3.90%
	<u>100.00%</u>	

TOWN OF PLAINVILLE, MASSACHUSETTS

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

NOTE 15 - NORFOLK COUNTY RETIREMENT SYSTEM (CONTINUED)

DISCOUNT RATE

The discount rate used to measure the total pension liability was 7.75%. The projection of cash flows used to determine the discount rate assumed that the plan member contributions will be made at the current contribution rate and that employer contributions will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments to current active and inactive 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 OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY TO CHANGES IN THE DISCOUNT RATE

The following presents the Town's proportionate share of the net pension liability calculated using the discount rate of 7.75%, as well as what the Town's proportionate share of the net pension liability would be if it was calculated using a discount rate that is one percentage-point lower or one percentage-point higher than the current rate:

1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
\$ 21,469,262	\$ 16,161,525	\$ 11,649,281

PENSION PLAN FIDUCIARY NET POSITION

Detailed information about the pension plan's fiduciary net position is available in the System's separately issued financial report.

TOWN OF PLAINVILLE, MASSACHUSETTS

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

NOTE 16 - MASSACHUSETTS TEACHERS' RETIREMENT SYSTEM (MTRS)

PLAN DESCRIPTION

The Massachusetts Teachers' Retirement System (MTRS) is a public employee retirement system (PERS) that administers a cost-sharing, multi-employer, defined benefit plan, as defined in Governmental Accounting Standards Board (GASB) Statement No. 67, *Financial Reporting for Pension Plans*. MTRS is managed by the Commonwealth of Massachusetts on behalf of municipal teachers and municipal teacher retirees. The Commonwealth of

Massachusetts is a nonemployer contributor and is responsible for all contributions and future benefit requirements of the MTRS. The MTRS covers certified teachers in cities (except Boston), towns, regional school districts, charter schools, educational collaboratives, and Quincy College. The MTRS is part of the Commonwealth of Massachusetts' reporting entity and does not issue a stand-alone audited financial report.

Management of MTRS is vested in the Massachusetts Teachers' Retirement Board (MTRB), which consists of seven members—two elected by the MTRS members, one who is chosen by the six other MTRB members, the State Treasurer (or their designee), the State Auditor (or their designee), a member appointed by the Governor, and the Commissioner of Education (or their designee), who serves ex-officio as the Chairman of the MTRB.

BENEFITS PROVIDED

MTRS provides retirement, disability, survivor, and death benefits to members and their beneficiaries. Massachusetts General Laws (MGL) establishes uniform benefit and contribution requirements for all contributory PERS. These requirements provide for superannuation retirement allowance benefits up to a maximum of 80% of a member's highest 3-year average annual rate of regular compensation. For employees hired after April 1, 2012, retirement allowances are calculated on the basis of the last 5 years or any 5 consecutive years, whichever is greater in terms of compensation. Benefit payments are based upon a member's age, length of creditable service, and group creditable service, and group classification. The authority for amending these provisions rests with the Legislature.

Members become vested after 10 years of creditable service. A superannuation retirement allowance may be received upon the completion of 20 years of creditable service or upon reaching the age of 55 with 10 years of service. Normal retirement for most employees occurs at age 65. Most employees who joined the system after April 1, 2012 cannot retire prior to age 60.

TOWN OF PLAINVILLE, MASSACHUSETTS

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

NOTE 16 - MASSACHUSETTS TEACHERS' RETIREMENT SYSTEM (MTRS) (CONTINUED)

BENEFITS PROVIDED (CONTINUED)

The MTRS' funding policies have been established by Chapter 32 of MGL. The Legislature has the authority to amend these policies. The annuity portion of the MTRS retirement allowance is funded by employees, who contribute a percentage of their regular compensation. Costs of administering the plan are funded out of plan assets.

CONTRIBUTIONS

Member contributions for MTRS vary depending on the most recent date of membership:

Membership Date	% of Compensation
Prior to 1975	5% of regular compensation
1975 to 1983	7% of regular compensation
1984 to 6/30/1996	8% of regular compensation
7/1/1996 to present	9% of regular compensation
7/1/2001 to present	11% of regular compensation (for teachers hired after 7/1/01 and those accepting provisions of Chapter 114 of the Acts of 2000)
1979 to present	An additional 2% of regular compensation in excess of \$30,000

In addition, members who join MTRS on or after April 2, 2012 will have their withholding rates reduced to 8% for those participating in retirement, otherwise the withholdings are reduced to 6% plus 2% on earnings over \$30,000 a year after achieving 30 years of creditable service.

ACTUARIAL ASSUMPTIONS

The net pension liability for the June 30, 2022 measurement date was determined by an actuarial valuation as of January 1, 2022 rolled forward to June 30, 2022. This valuation used the following assumptions:

- (a) 7.00% investment rate of return, (b) 3.50% interest rate credited to the annuity savings fund and (c) 3.00% cost of living increase on the first \$13,000 per year.
- Salary increases are based on analyses of past experience but range from 4.00% to 7.50% depending on length of service.

TOWN OF PLAINVILLE, MASSACHUSETTS

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

NOTE 16 - MASSACHUSETTS TEACHERS' RETIREMENT SYSTEM (MTRS) (CONTINUED)

ACTUARIAL ASSUMPTIONS (CONTINUED)

- Experience study is dated July 21, 2014 and encompasses the period January 1, 2006 to December 31, 2011, updated to reflect post-retirement mortality from 2012 - 2020.
- Mortality rates were as follows:
 - Pre-retirement - reflects RP-2010 Teachers Employees mortality table (headcount weighted) projected generationally with Scale MP-2020 (gender district).
 - Post-retirement - reflects RP-2010 Teachers Employees mortality table (headcount weighted) projected generationally with Scale MP-2020 (gender distinct).
 - Disability assumed to be in accordance with the Pub-2010 Teachers Retirees mortality table (headcount weighted) projected generationally with Scale MP-2020 (gender distinct).

TARGET ALLOCATIONS

Investment assets of the MTRS are with the Pension Reserves Investment Trust (PRIT) Fund. 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 return 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. Best estimates of geometric rates of return for each major asset class included in the PRIT Fund's target asset allocation as of June 30, 2022 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global equity	38.00%	4.20%
Core fixed income	15.00%	0.50%
Private equity	15.00%	7.30%
Portfolio completion strategies	10.00%	2.70%
Real estate	10.00%	3.30%
Value added fixed income	8.00%	3.70%
Timber/natural resources	4.00%	3.90%
	<u>100.00%</u>	

TOWN OF PLAINVILLE, MASSACHUSETTS

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

NOTE 16 - MASSACHUSETTS TEACHERS' RETIREMENT SYSTEM (MTRS) (CONTINUED)

DISCOUNT RATE

The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rates and the Commonwealth of Massachusetts' contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rates. Based on those assumptions, the 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 illustrates the sensitivity of the collective net pension liability to changes in the discount rate. In particular, the table presents the MTRS collective net pension liability assuming it was calculated using a single discount rate that is one-percentage-point lower or one-percentage-point higher than the current discount rate (amounts in thousands):

1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
\$ 32,734,080	\$ 22,888,138	\$ 20,094,302

SPECIAL FUNDING SITUATION

The Commonwealth of Massachusetts is a nonemployer contributor and is required by statute to make all actuarial determined employer contributions on behalf of the member employers. Therefore, these employers are considered to be in a special funding situation as defined by Governmental Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions* (GASB 68) and the Commonwealth of Massachusetts is a nonemployer contributing entity in MTRS. Since the employers do not contribute directly to MTRS, there is no net pension liability to recognize for each employer.

TOWN OF PLAINVILLE, MASSACHUSETTS

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

NOTE 16 - MASSACHUSETTS TEACHERS' RETIREMENT SYSTEM (MTRS) (CONTINUED)

TOWN PROPORTIONS

In fiscal year 2022 (the most recent measurement period), the Town's proportionate share of the MTRS' collective net pension liability was \$16,626,951 based on a proportionate share of 0.064226%. As required by GASB 68, the Town has recognized its portion of the Commonwealth of Massachusetts' contribution of \$1,351,706 as both a revenue and expenditure on the Statement of Revenues, Expenditures, and Changes in Fund Balances, and its portion of the collective pension expense of \$1,367,729 as both a revenue and expense on the Statement of Activities.

NOTE 17 - OTHER POST-EMPLOYMENT BENEFITS

GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB)*, replaces the requirements of GASB Statement No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. This applies if a trust fund has been established to fund future OPEB costs. In fiscal year 2012, the Town established a single employer defined benefit OPEB Trust Fund to provide funding for future employee health care costs. The OPEB Trust Fund does not issue a stand-alone financial report.

GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, replaces the requirements of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. This statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. This statement identifies the methods and assumptions that are required to be used to project benefit payments, discounted projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service.

All the following OPEB disclosures are based on a measurement date of June 30, 2023.

TOWN OF PLAINVILLE, MASSACHUSETTS

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

NOTE 17 - OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

GENERAL INFORMATION ABOUT THE OPEB PLAN

Plan Description

The Town provides post-employment healthcare benefits for retired employees through the Town's plan and life insurance benefits. The Town provides health insurance coverage through Blue Cross Blue Shield of New England. The benefits, benefit levels, employee contributions, and employer contributions are governed by Chapter 32 of Massachusetts General Laws.

Benefits Provided

The Town provides medical and prescription drug insurance to retirees and their covered dependents. All active employees who retire from the Town and meet the eligibility criteria will receive these benefits.

Funding Policy

The Town's funding policy includes financing the implicit subsidy on a pay-as-you-go basis, as required by statute. Additional contributions are based on annual budget limitations/authorizations.

Plan Membership

At June 30, 2023, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries	
currently receiving benefit payments	143
Active employees	<u>208</u>
	<u>351</u>

TOWN OF PLAINVILLE, MASSACHUSETTS

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

NOTE 17 - OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

INVESTMENTS

The OPEB Trust Fund's assets at June 30, 2023 consisted of equity mutual funds, external investment pool, and fixed income mutual funds.

Rate of Return

For the year ended June 30, 2023, the annual money-weighted rate of return on investments, net of investment expense, was 10.59%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

ACTUARIAL ASSUMPTIONS AND OTHER INPUTS

The net OPEB liability was determined by an actuarial valuation as of July 1, 2022, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50% per year
Salary increases	3.00% per year
Investment rate of return	6.01%
Municipal bond rate	4.13%
Discount rate	5.94% (previously 4.81%)
Healthcare cost trend rates	6.50% in fiscal year 2023 and an ultimate trend rate of 3.63% in fiscal year 2060
Retirees' share of benefit-related costs	Participants pay 23.90% for premiums for the HMO Blue and Value Plan, 25% for Blue Care Elect, and 50% for all other medical plans. Participants pay 50% of premiums for life insurance (40% for retired teachers through GIC) as well as 100% of premiums for dental insurance.
Participation rate	80% of employees eligible to receive both medical and life insurance

TOWN OF PLAINVILLE, MASSACHUSETTS

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

NOTE 17 - OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

ACTUARIAL ASSUMPTIONS AND OTHER INPUTS (CONTINUED)

Mortality rates for pre-retirement were based on RP-2014 Mortality Table for Blue Collar Employees projected generationally with scale MP-2016 for males and females, set forward 1 year for females. Mortality rates for post-retirement were based on RP-2014 Mortality Table for Blue Collar Healthy Annuitants projected generationally with scale MP-2016 for males and females, set forward 1 year for females. Mortality rates for disabled were based on RP-2014 Mortality Table for Blue Collar Healthy Annuitants projected generationally with scale MP-2016 for males and females, set forward 1 year for females.

The actuarial assumptions used in the valuation were based on the results of an actuarial experience study of the Massachusetts PERAC issued in 2014 and their most recent analysis of retiree mortality during 2015 and 2016.

TARGET ALLOCATIONS

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 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. Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of June 30, 2023 are summarized in the following table.

Asset Class	Target Asset Allocation	Long-term Expected Real Rate of Return
Domestic Equity - Large Cap	30.00%	4.10%
Domestic Equity - Small/Mid Cap	20.00%	4.55%
International Equity - Developed Market	16.00%	4.64%
International Equity - Emerging Market	7.00%	5.45%
Domestic Fixed Income	23.00%	1.05%
International Fixed Income	0.00%	0.96%
Alternatives	0.00%	5.95%
Real Estate	4.00%	6.25%
	<u>100.00%</u>	

TOWN OF PLAINVILLE, MASSACHUSETTS

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

NOTE 17 - OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

CONTRIBUTIONS

In addition to the implicit subsidy contribution, the Town's policy is to contribute amounts provided annually by the budget.

DISCOUNT RATE

The discount rate used to measure the net OPEB liability was 5.94%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate. Based on those assumptions, the OPEB plan fiduciary net position is not projected to be available to make all projected future benefit payments of current plan members. As a results, a blended discount rate was used based on a combination of the investment rate of return of 6.01% through fiscal year 2086 and municipal bond rate of 4.13% thereafter (based on S&P Municipal Bond 20-Year High Grade Index).

NET OPEB LIABILITY

The components of the net OPEB liability, measured as of June 30, 2023, were as follows:

Total OPEB liability	\$ 22,301,305
Plan fiduciary net position	<u>630,099</u>
Net OPEB liability	<u>\$ 21,671,206</u>

Plan fiduciary net position as a percentage of the total OPEB liability	2.83%
--	-------

The fiduciary net position has been determined on the same basis used by the OPEB plan. For this purpose, the plan recognizes benefit payments when due and payable.

CHANGES IN THE NET OPEB LIABILITY

The following summarizes the changes in the net OPEB liability for the past year:

TOWN OF PLAINVILLE, MASSACHUSETTS

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

NOTE 17 - OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

CHANGES IN THE NET OPEB LIABILITY (CONTINUED)

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances, beginning of year	\$ 27,121,638	\$ 523,408	\$ 26,598,230
Changes for the year			
Service cost	723,205	--	723,205
Interest	1,318,578	--	1,318,578
Contributions - employer	--	923,436	(923,436)
Net investment income	--	56,691	(56,691)
Differences between expected and actual experience	(3,346,825)	--	(3,346,825)
Changes in assumptions or other inputs	(2,641,855)	--	(2,641,855)
Benefit payments	<u>(873,436)</u>	<u>(873,436)</u>	<u>--</u>
Net Changes	<u>(4,820,333)</u>	<u>106,691</u>	<u>(4,927,024)</u>
Balances, end of year	<u>\$ 22,301,305</u>	<u>\$ 630,099</u>	<u>\$ 21,671,206</u>

Changes in assumptions and other inputs reflect a change in the discount rate from 5.94% in 2023 to 4.81% in 2022. Additionally, the differences between expected and actual experience reflects an experience gain due to a higher turnover than expected and premiums for non-GIC Medicare Supplement increasing by 1% versus the 9% increase over the two-year period.

SENSITIVITY OF THE NET OPEB LIABILITY TO CHANGES IN THE DISCOUNT RATE

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 one percentage-point lower or one percentage-point higher than the current discount rate:

1% Decrease (4.94%)	Current Discount Rate (5.94%)	1% Increase (6.94%)
\$ 24,988,920	\$ 21,671,206	\$ 18,994,783

TOWN OF PLAINVILLE, MASSACHUSETTS

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

NOTE 17 - OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

SENSITIVITY OF THE NET OPEB LIABILITY TO CHANGES IN THE HEALTHCARE COST TREND RATES

The following presents the net OPEB liability, as well as what the net OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage-point lower or one percentage-point higher than the current healthcare cost trend rates:

1% Decrease (5.50%)	Healthcare Cost Trend Rates (6.50%)	1% Increase (7.50%)
\$ 18,684,048	\$ 21,671,206	\$ 25,407,763

OPEB EXPENSE AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO OPEB

For the year ended June 30, 2023, the Town recognized an OPEB expense of \$122,049. At June 30, 2023, the Town reported deferred outflows and inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ --	\$ 6,727,082
Change in assumptions	3,361,982	5,961,946
Net difference between projected and actual OPEB investment earnings	19,913	--
	<u>\$ 3,381,895</u>	<u>\$ 12,689,028</u>

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

TOWN OF PLAINVILLE, MASSACHUSETTS

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

NOTE 17 - OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

OPEB EXPENSE AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO OPEB (CONTINUED)

Year Ended June 30,	Amount
2024	\$ (1,886,993)
2025	(1,957,459)
2026	(2,161,604)
2027	(1,821,937)
2028	(901,908)
Thereafter	<u>(577,232)</u>
	<u>\$ (9,307,133)</u>

NOTE 18 - COMMITMENTS AND CONTINGENCIES

OUTSTANDING LEGAL ISSUES

On an ongoing basis, there are typically pending legal issues in which the Town is involved. The Town's management is of the opinion that the potential future settlement of these issues would not materially affect its financial statements taken as a whole.

GRANTS

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount 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.

ENCUMBRANCES

At year-end the Town's General Fund had \$301,010 in encumbrances that will be honored in the next fiscal year.

TOWN OF PLAINVILLE, MASSACHUSETTS

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

NOTE 19 – BEGINNING FUND BALANCE RECLASSIFICATION

The Town's governmental funds for fiscal year 2023, as defined by Governmental Accounting Boards Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, have changed from the previous fiscal year. Accordingly, the following reconciliation is provided:

	General Fund	Nonmajor Governmental Funds	Total
As previously reported	\$ 13,541,007	\$ 4,524,649	\$ 18,065,656
Reclassify Special Education Fund	(120,000)	120,000	-
As reclassified	<u>\$ 13,421,007</u>	<u>\$ 4,644,649</u>	<u>\$ 18,065,656</u>

NOTE 20 - SUBSEQUENT EVENTS

Management has evaluated subsequent events through March 20, 2024, which is the date the financial statements were available to be issued.

DEBT

Subsequent to June 30, 2023, the Town incurred the following additional debt:

	Amount	Interest Rate	Issue Date	Maturity Date
Bond anticipation note	<u>\$ 2,950,000</u>	4.25%	01/26/24	06/27/24

TOWN OF PLAINVILLE, MASSACHUSETTS

SCHEDULE OF REVENUES, EXPENDITURES AND OTHER FINANCING SOURCES (USES) – BUDGET AND ACTUAL – GENERAL FUND (Unaudited)

FOR THE YEAR ENDED JUNE 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
Revenues				
Property taxes	\$ 27,089,571	\$ 27,089,571	\$ 27,435,474	\$ 345,903
Excise	1,426,390	1,426,390	1,813,195	386,805
Penalties, interest, and other taxes	368,000	368,000	634,328	266,328
Charges for services	1,286,800	1,286,800	1,754,918	468,118
Intergovernmental	4,850,298	4,850,298	4,761,065	(89,233)
Licenses and permits	528,500	528,500	826,665	298,165
Fines and forfeitures	5,500	5,500	2,644	(2,856)
Investment income	24,723	24,723	367,347	342,624
Miscellaneous	277	277	61,951	61,674
Total Revenues	<u>35,580,059</u>	<u>35,580,059</u>	<u>37,657,587</u>	<u>2,077,528</u>
Expenditures				
General government	1,915,052	1,915,052	1,737,844	177,208
Public safety	6,620,911	6,620,911	6,541,785	79,126
Education	17,755,058	17,755,058	17,729,643	25,415
Public works	2,148,386	2,148,386	1,995,625	152,761
Health and human services	573,570	573,570	495,387	78,183
Culture and recreation	372,489	372,489	367,186	5,303
Employee benefits	5,583,656	5,583,656	5,524,378	59,278
Debt service	3,198,756	3,558,756	3,538,704	20,052
Intergovernmental	1,203,651	1,203,651	1,131,784	71,867
Total Expenditures	<u>39,371,529</u>	<u>39,731,529</u>	<u>39,062,336</u>	<u>669,193</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(3,791,470)</u>	<u>(4,151,470)</u>	<u>(1,404,749)</u>	<u>2,746,721</u>
Other Financing Sources (Uses)				
Transfers in	2,714,127	2,714,127	2,781,463	67,336
Transfers out	(761,505)	(861,505)	(861,505)	--
Use of free cash	965,672	1,425,672	1,425,672	--
Use of prior year fund balance (carryforwards)	873,176	873,176	873,176	--
Total Other Financing Sources (Uses)	<u>3,791,470</u>	<u>4,151,470</u>	<u>4,218,806</u>	<u>67,336</u>
Overall Budgetary Excess	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 2,814,057</u>	<u>\$ 2,814,057</u>

See independent auditors' report and notes to required supplementary information.

TOWN OF PLAINVILLE, MASSACHUSETTS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR GENERAL FUND BUDGET

FOR THE YEAR ENDED JUNE 30, 2023

BUDGETARY BASIS

The General Fund final appropriation appearing on the previous page represents the final amended budget after all reserve fund transfers and supplemental appropriations.

BUDGET/GAAP RECONCILIATION

The budgetary data for the General Fund is based upon accounting principles that differ from GAAP. Therefore, in addition to the GAAP basis financial statements, the results of operations of the General Fund are presented in accordance with budgetary accounting principles to provide a meaningful comparison to budgetary data.

The following is a summary of adjustments made to the actual revenues, expenditures, and other financing sources (uses), to conform to the budgetary basis of accounting.

	Revenues	Expenditures	Other Financing Sources (Uses)
GAAP Basis	\$42,187,350	\$38,825,021	\$ (108,149)
To reverse unbudgeted GASB 24 Massachusetts Teacher Retirement System Contributions	(1,351,706)	(1,351,706)	--
To record use of prior year carryforwards	--	--	873,176
Current year carryforwards and continuing appropriations	--	932,550	--
To record use of free cash	--	--	1,425,672
Reclassification of budgeted transfers	--	543,039	543,039
Other adjustments	(581,781)	163,432	163,980
Reverse the effects of combining the General Fund and stabilization funds (GASB 54)	<u>(2,596,276)</u>	<u>(50,000)</u>	<u>1,321,088</u>
Budgetary Basis	<u><u>\$37,657,587</u></u>	<u><u>\$39,062,336</u></u>	<u><u>\$ 4,218,806</u></u>

TOWN OF PLAINVILLE, MASSACHUSETTS

REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (Unaudited)

Norfolk County Retirement System						
Fiscal Year	Measurement Date	Proportion of the Net Pension Liability	Proportionate Share of the Net Pension Liability	Covered Payroll	Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position Percentage of the Total Pension Liability
June 30, 2023	December 31, 2022	2.79%	\$ 16,161,525	\$ 8,199,575	197.10%	68.60%
June 30, 2022	December 31, 2021	2.79%	10,296,726	7,922,295	129.97%	79.40%
June 30, 2021	December 31, 2020	2.64%	13,464,001	9,212,000	146.16%	70.20%
June 30, 2020	December 31, 2019	2.63%	15,458,695	8,900,483	173.68%	64.60%
June 30, 2019	December 31, 2018	2.65%	17,275,957	8,022,422	215.35%	58.30%
June 30, 2018	December 31, 2017	2.65%	14,661,804	7,751,152	189.16%	63.50%
June 30, 2017	December 31, 2016	2.71%	14,132,195	7,591,280	186.16%	61.60%
June 30, 2016	December 31, 2015	2.71%	14,705,913	7,235,026	203.26%	58.60%
June 30, 2015	December 31, 2015	2.45%	12,717,840	5,818,810	218.56%	60.10%

Massachusetts Teachers' Retirement System								
Fiscal Year	Measurement Date	Proportion of the Net Pension Liability	Proportionate Share of the Net Pension Liability	Commonwealth of Massachusetts' Total Proportionate Share of the Net Pension Liability Associated with the Town	Total Net Pension Liability Associated with the Town	Covered Payroll	Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position Percentage of the Total Pension Liability
June 30, 2023	June 30, 2022	0.06%	\$ --	\$ 16,626,951	\$ 16,626,951	\$ 5,286,450	--	57.75%
June 30, 2022	June 30, 2021	0.06%	--	14,364,397	14,364,397	4,906,438	--	62.03%
June 30, 2021	June 30, 2020	0.08%	--	21,682,620	21,682,620	5,755,312	--	50.67%
June 30, 2020	June 30, 2019	0.08%	--	19,596,191	19,596,191	5,655,727	--	53.95%
June 30, 2019	June 30, 2018	0.08%	--	18,027,732	18,027,732	5,339,485	--	54.84%
June 30, 2018	June 30, 2017	0.07%	--	16,718,715	16,718,715	4,960,708	--	54.25%
June 30, 2017	June 30, 2016	0.07%	--	16,267,766	16,267,766	4,785,968	--	52.73%
June 30, 2016	June 30, 2015	0.07%	--	14,855,105	14,855,105	4,595,757	--	55.38%
June 30, 2015	June 30, 2014	0.07%	--	11,484,417	11,484,417	4,429,759	--	61.64%

Schedules are intended to show information for 10 years. Additional years will be displayed as they become available.

See notes to the Town's financial statements for summary of significant actuarial methods and assumptions.

See independent auditors' report.

TOWN OF PLAINVILLE, MASSACHUSETTS

REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF PENSION CONTRIBUTIONS

(Unaudited)

Norfolk County Retirement System							
Fiscal Year	Measurement Date	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll	
June 30, 2023	December 31, 2022	\$ 2,567,956	\$ 2,567,956	\$ --	\$ 9,570,891	26.83%	
June 30, 2022	December 31, 2021	2,393,709	2,393,709	--	8,436,758	28.37%	
June 30, 2021	December 31, 2020	2,111,287	2,111,287	--	7,251,486	29.12%	
June 30, 2020	December 31, 2019	1,972,106	1,972,106	--	9,200,614	21.43%	
June 30, 2019	December 31, 2018	1,856,698	1,856,698	--	9,995,849	18.57%	
June 30, 2018	December 31, 2017	1,697,074	1,697,074	--	9,537,034	17.79%	
June 30, 2017	December 31, 2016	1,359,848	1,359,848	--	8,547,859	15.91%	
June 30, 2016	December 31, 2015	1,234,888	1,234,888	--	7,939,756	15.55%	
June 30, 2015	December 31, 2014	1,186,472	1,186,472	--	6,922,252	17.14%	
Massachusetts Teachers' Retirement System							
Fiscal Year	Measurement Date	Actuarially Determined Contribution Provided by Commonwealth	Contributions in Relation to the Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll	
June 30, 2023	June 30, 2022	\$ 1,351,706	\$ 1,351,706	\$ --	\$ 5,286,450	25.57%	
June 30, 2022	June 30, 2021	1,106,092	1,106,092	--	4,906,438	22.54%	
June 30, 2021	June 30, 2020	1,179,985	1,179,985	--	5,755,312	20.50%	
June 30, 2020	June 30, 2019	1,122,043	1,122,043	--	5,655,727	19.84%	
June 30, 2019	June 30, 2018	999,632	999,632	--	5,339,485	18.72%	
June 30, 2018	June 30, 2017	902,594	902,594	--	4,960,708	18.19%	
June 30, 2017	June 30, 2016	818,254	818,254	--	4,785,968	17.10%	
June 30, 2016	June 30, 2015	740,905	740,905	--	4,595,757	16.12%	
June 30, 2015	June 30, 2014	677,215	677,215	--	4,429,759	15.29%	

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See notes to the Town's financial statements for summary of significant actuarial methods and assumptions.

See independent auditors' report.

TOWN OF PLAINVILLE, MASSACHUSETTS

REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY (Unaudited)

	2023	2022	2021	2020	2019	2018	2017
Total OPEB Liability							
Service cost	\$ 723,205	\$ 1,016,451	\$ 1,332,449	\$ 1,315,010	\$ 1,147,704	\$ 1,069,104	\$ 1,027,996
Interest	1,318,578	1,120,179	1,104,429	1,333,931	1,109,443	1,052,307	997,645
Differences between expected and actual experience	(3,346,825)	--	(6,321,293)	(168,469)	(2,855,031)	--	--
Changes of assumptions	(2,641,855)	(5,586,280)	3,120,680	2,375,596	3,783,335	--	--
Benefit payments, including refunds of member contributions	<u>(873,436)</u>	<u>(827,655)</u>	<u>(966,905)</u>	<u>(891,068)</u>	<u>(810,509)</u>	<u>(733,505)</u>	<u>(667,508)</u>
Net Change in Total OPEB Liability	<u>(4,820,333)</u>	<u>(4,277,305)</u>	<u>(1,730,640)</u>	<u>3,965,000</u>	<u>2,374,942</u>	<u>1,387,906</u>	<u>1,358,133</u>
Total OPEB Liability - Beginning	<u>27,121,638</u>	<u>31,398,943</u>	<u>33,129,583</u>	<u>29,364,583</u>	<u>26,989,641</u>	<u>25,601,735</u>	<u>24,243,602</u>
Total OPEB Liability - Ending (a)	<u>22,301,305</u>	<u>27,121,638</u>	<u>31,398,943</u>	<u>33,129,583</u>	<u>29,364,583</u>	<u>26,989,641</u>	<u>25,601,735</u>
Plan Fiduciary Net Position							
Contributions - employer	923,436	877,655	966,905	891,068	860,509	783,505	768,136
Net investment income (loss)	56,691	(83,210)	125,453	10,334	19,246	34,057	25,223
Benefit payments, including refunds of member contributions	<u>(873,436)</u>	<u>(827,655)</u>	<u>(966,905)</u>	<u>(891,068)</u>	<u>(810,509)</u>	<u>(733,505)</u>	<u>(667,508)</u>
Net Change in Plan Fiduciary Net Position	<u>106,691</u>	<u>(33,210)</u>	<u>125,453</u>	<u>10,334</u>	<u>69,246</u>	<u>84,057</u>	<u>125,851</u>
Plan Fiduciary Net Position - Beginning	<u>523,408</u>	<u>556,618</u>	<u>431,165</u>	<u>420,831</u>	<u>351,585</u>	<u>267,528</u>	<u>141,677</u>
Plan Fiduciary Net Position - Ending (b)	<u>630,099</u>	<u>523,408</u>	<u>556,618</u>	<u>431,165</u>	<u>420,831</u>	<u>351,585</u>	<u>267,528</u>
Net OPEB Liability (Asset) - Ending (a-b)	<u>\$ 21,671,206</u>	<u>\$ 26,598,230</u>	<u>\$ 30,842,325</u>	<u>\$ 32,698,418</u>	<u>\$ 28,943,752</u>	<u>\$ 26,638,056</u>	<u>\$ 25,334,207</u>

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

See notes to the Town's financial statements for summary of significant actuarial methods and assumptions.

See independent auditors' report.

TOWN OF PLAINVILLE, MASSACHUSETTS

REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES OF NET OPEB LIABILITY, CONTRIBUTIONS, AND INVESTMENT RETURNS (Unaudited)

	2023	2022	2021	2020	2019	2018	2017
Schedule of Net OPEB Liability							
Total OPEB liability	\$ 22,301,305	\$ 27,121,638	\$ 31,398,943	\$ 33,129,583	\$ 29,364,583	\$ 26,989,641	\$ 25,601,735
Plan fiduciary net position	<u>630,099</u>	<u>523,408</u>	<u>556,618</u>	<u>431,165</u>	<u>420,831</u>	<u>351,585</u>	<u>267,528</u>
Net OPEB Liability (Asset)	<u>\$ 21,671,206</u>	<u>\$ 26,598,230</u>	<u>\$ 30,842,325</u>	<u>\$ 32,698,418</u>	<u>\$ 28,943,752</u>	<u>\$ 26,638,056</u>	<u>\$ 25,334,207</u>
Plan fiduciary net position as a percentage of the total OPEB liability	2.83%	1.93%	1.77%	1.30%	1.43%	1.30%	
Covered Employee Payroll	\$ 15,813,053	\$ 12,519,046	\$ 12,154,414	\$ 14,273,533	\$ 13,857,799	\$ 12,671,014	\$ 12,301,957
Net OPEB Liability as a percentage of covered employee payroll	137.05%	212.46%	253.75%	229.08%	208.86%	210.23%	205.94%
	2023	2022	2021	2020	2019	2018	2017
Schedule of Contributions							
Actuarially determined contribution	\$ 1,778,034	\$ 2,144,962	\$ 2,434,343	\$ 2,983,396	\$ 2,712,414	\$ 2,477,834	\$ 2,368,204
Contributions in relation to the actuarially determined contribution	<u>923,436</u>	<u>877,655</u>	<u>966,905</u>	<u>891,068</u>	<u>860,509</u>	<u>783,505</u>	<u>768,136</u>
Contribution Deficiency (Excess)	<u>\$ 854,598</u>	<u>\$ 1,267,307</u>	<u>\$ 1,467,438</u>	<u>\$ 2,092,328</u>	<u>\$ 1,851,905</u>	<u>\$ 1,694,329</u>	<u>\$ 1,600,068</u>
Covered Employee Payroll	\$ 15,813,053	\$ 12,519,046	\$ 12,154,414	\$ 14,273,533	\$ 13,857,799	\$ 12,671,014	\$ 12,301,957
Contributions as a Percentage of Covered Employee Payroll	5.84%	7.01%	7.96%	6.24%	6.21%	6.18%	5.51%
	2023	2022	2021	2020	2019	2018	2017
Schedule of Investment Returns							
Annual money weighted rate of return, net of investment expense	10.59%	-13.90%	29.10%	2.46%	5.47%	11.67%	6.83%

Schedules are intended to show information for 10 years. Additional years will be displayed as they become available.

See notes to the Town's financial statements for summary of significant actuarial methods and assumptions.

See independent auditors' report.

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

To the Select Board
Town of Plainville, Massachusetts

We have audited, in accordance with the 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, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Plainville, Massachusetts (the Town), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated March 20, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Marcum LLP

Andover, MA
March 20, 2024