

**TOWN OF PLAINVILLE, MASSACHUSETTS**

**REPORT ON EXAMINATION OF  
BASIC FINANCIAL STATEMENTS**

**JUNE 30, 2016**

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**INDEPENDENT AUDITOR'S REPORT**

To the Honorable Board of Selectmen  
Town of Plainville, Massachusetts

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Plainville, Massachusetts, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

**Management's Responsibility for the Financial Statements**

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

**Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Plainville, Massachusetts, as of June 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, Norfolk's County Contributory Retirement System schedules of funding progress, employer contributions, Town's proportionate share of the net pension liability, Town's contribution, and Massachusetts Teachers Retirement system's proportionate share of the net pension liability, and other post-employment benefits – schedules of funding progress and employer contributions and notes to the retirement system on pages 3 – 9 and 63 – 65, 66, 67 – 68 and 69 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

A handwritten signature in blue ink that reads "R. E. Brown & Company". The signature is fluid and cursive, with "R. E." on the first line, "Brown" on the second line, and "& Company" on the third line.

March 3, 2017

## **TOWN OF PLAINVILLE, MASSACHUSETTS** **Management's Discussion and Analysis**

As management of the Town of Plainville (the Town), we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2016. We encourage readers to consider this information in addition to the statements and notes.

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

### **Financial Highlights**

GASB Statement No. 68 (GASB 68), **Accounting and Financial Reporting for Pensions – an amendment of GASB statement No.27**, was implemented by the Town effective July 1, 2014. The purpose of GASB 68 is to improve the accounting and financial reporting by state and local governments for pensions.

Pension liabilities are now clearly presented on the Statement of Net Position, to better inform the reader as to the Town's financial obligation for future pension costs. Please refer to the footnotes to the financial statements as well as the required supplementary information regarding pensions.

### **Overview of the Financial Statements**

These financial statements have been prepared under the Governmental Accounting Standards Board (GASB) Statement Number 34, **Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments**. The approach mandated by GASB 34 focuses on basic financial statements that comprise three components:

1. Government-wide Financial Statements
2. Fund Financial Statements
3. Notes to the Basic Financial Statements

The government-wide financial statements are intended to provide readers with an overview of finances in a manner similar to private-sector business.

## Government-wide Financial Statements

The Statement of Net Position presents information on all assets and liabilities, with the difference between the two reported as net position. The net position serves as a useful indicator of whether the Town's financial situation is improving or deteriorating.

The Statement of Activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows.

The government-wide financial statements distinguish functions that are principally supported by taxes and intergovernmental revenues (governmental activities) from those functions that are principally supported by user fees or charges (business-type activities). The governmental activities include general government, public safety, education, public works, human services, culture and recreation, pension benefits, employee benefits, interest and state and county charges. The business type activities include costs relating to 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. All of the Town's funds are categorized in three main types: (1) Governmental, (2) Proprietary, and (3) Fiduciary.

### 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 funds 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. This information may be useful in evaluating the Town's near-term financing requirements.

Because the focus of governmental funds financial statements is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. The Governmental Funds Balance Sheet and the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances provide a reconciliation to facilitate the comparison between governmental funds and governmental activities.

The Town adopts an annual appropriated budget for its general fund. A budgetary comparison statement, the Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual, has been provided for the general fund to demonstrate compliance with this budget.

### Proprietary Funds

Proprietary funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Town has three funds in this category:

- Water Enterprise Fund accounts for the water activity of the Town,
- Sewer Enterprise Fund accounts for the sewer activity of the Town,
- Trash (Sanitation) Enterprise Fund accounts for the trash collection and disposal activities of the Town.

## Fiduciary Funds

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

*Private-purpose trust funds, postemployment benefits trust, and agency funds* are each reported and combined into a single, aggregate presentation in the fiduciary funds financial statements under the captions "private purpose trust funds", "postemployment benefits trust" and "agency funds", respectively.

## Notes to the basic financial statements

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

## **Government-wide Financial Analysis**

### Statement of Net Position

The Town's total net position as of June 30, 2016 was \$30.2 million, of which the governmental activities provided \$17.5 million and the business-type activities provided \$12.7 million.

The Town's largest net position (111.5%) reflects its investment in capital assets (land, buildings, improvements other than buildings, construction in progress, vehicles, machinery and equipment, software, and infrastructure); less any related debt used to acquire those assets that remain outstanding. The Town uses these capital assets to provide services to citizens; therefore, these assets are not available for future spending. It is important to note that other resources are needed to repay the debt because the capital assets cannot be used to finance these liabilities.

Just under (25.2%) of the Town's net position is subject to external restrictions on how it may be used. The remaining balance (-36.7%) of the Town's net position is unrestricted.

The following table of Condensed Net Position in total indicates an increase in growth for the Town.

Condensed Statement of Net Position

	Condensed Statement of Net Position					
	Governmental Activities		Business-type Activities		Total Primary Government	
	FY 2016	FY 2015	FY 2016	FY 2015	FY 2016	FY 2015
<b>Assets:</b>						
Current assets	\$ 13,491,994	\$ 11,267,868	\$ 3,322,666	\$ 3,176,321	\$ 16,814,660	\$ 14,444,189
Noncurrent assets (excluding capital)	3,032,358	3,537,751	-	-	3,032,358	3,537,751
Capital assets	26,734,973	27,270,366	15,573,804	15,144,116	42,308,777	42,414,482
<b>Total assets</b>	<b>43,259,325</b>	<b>42,075,985</b>	<b>18,896,470</b>	<b>18,320,437</b>	<b>62,155,795</b>	<b>60,396,422</b>
<b>Deferred Outflow of Resources:</b>	<b>2,566,678</b>	<b>498,936</b>	<b>135,023</b>	<b>26,246</b>	<b>2,701,701</b>	<b>525,182</b>
<b>Liabilities:</b>						
Current liabilities (excluding debt)	1,167,649	962,614	742,542	328,985	1,910,191	1,291,599
Noncurrent liabilities (excluding debt)	21,708,472	18,841,096	1,115,791	988,451	22,824,263	19,829,547
Current debt	767,990	1,019,959	599,905	608,646	1,367,895	1,628,605
Noncurrent debt	3,480,769	4,149,901	3,787,616	4,159,961	7,268,385	8,309,862
<b>Total liabilities</b>	<b>27,124,880</b>	<b>24,973,570</b>	<b>6,245,854</b>	<b>6,086,043</b>	<b>33,370,734</b>	<b>31,059,613</b>
<b>Deferred Inflows of Resources:</b>	<b>1,177,429</b>	<b>-</b>	<b>61,940</b>	<b>-</b>	<b>1,239,369</b>	<b>-</b>
<b>Net Position:</b>						
Net investment in capital assets	22,486,214	22,360,506	11,243,344	10,432,570	33,729,558	32,793,076
Restricted	7,616,228	5,054,784	-	-	7,616,228	5,054,784
Unrestricted	(12,578,748)	(9,813,939)	1,480,355	1,828,070	(11,098,393)	(7,985,869)
<b>Total net position</b>	<b>\$ 17,523,694</b>	<b>\$ 17,601,351</b>	<b>\$ 12,723,699</b>	<b>\$ 12,260,640</b>	<b>\$ 30,247,393</b>	<b>\$ 29,861,991</b>

Total current assets within the governmental activities were \$13.5 million and included cash & investments of \$11.0 million and receivables net of allowances of \$2.5 million. Governmental non-current receivables decreased \$505,393. This decrease represents the continued annual reduction of a long term receivable for School Building Assistance.

Total current liabilities within the governmental activities were \$1.9 million and included accounts payable of \$1.1 million and bonds and notes payable of \$0.7 million. Noncurrent liabilities within the governmental activities were \$25.2 million and included \$3.4 million of general obligation bonds payable, \$14.0 million in net pension liability and \$7.7 million in postemployment benefits liability. The GASB 45 required OPEB annual contribution of the employer increased noncurrent postemployment benefits liability by \$1.0 million. Noncurrent debt decreased \$0.7 million.

The Town's total net position includes a receivable of \$3,537,751 due from Massachusetts School Building Authority (MSBA) which is a reimbursement program for school debt.

Total current assets within the business-type activities were \$3.3 million and included cash & investments of \$2.4 million and receivables of \$0.9 million.

Current liabilities within the business-type activities were \$1.3 million and included \$0.6 million of bonds and notes payable. Noncurrent liabilities within the business-type activities were \$4.9 million and included \$3.8 million of general obligation bonds payable, \$0.7 in net pension liability and \$0.4 million in postemployment benefits liability.

The level of investment in capital assets for FY2016 rose \$0.9 million when compared with that of FY2015. Governmental activities' capital assets (net of related debt) increased just over \$0.1 million while business type activities' capital assets increased just over \$0.8 million. Governmental activities current assets increased 20% as compared with FY2015. Business-type activity current assets showed a 5% increase.

Governmental activities current liabilities' decreased less than \$0.1 million and non-current liabilities increased \$2.2 million. Business-type activity current liabilities increased less than \$0.4 million while non-current liabilities decreased \$0.2 million.

### Changes in Net Position

The Net Position for the Town of Plainville increased by \$0.4 million. Presented below are the components that contributed to the change in net position, along with comparative data for the previous fiscal year:

**Condensed Statement of Changes in Net Position**

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total Primary Government</b>	
	<b>FY 2016</b>	<b>FY 2015</b>	<b>FY 2016</b>	<b>FY 2015</b>	<b>FY 2016</b>	<b>FY 2015</b>
<b>Revenues</b>						
<i>Program Revenues:</i>						
Charges for services	\$ 2,295,217	\$ 3,162,213	\$ 3,139,650	\$ 2,511,408	\$ 5,434,867	\$ 5,673,621
Operating grants and contributions	7,735,417	4,604,257	148,234	24,765	7,883,651	4,629,022
Capital grants and contributions	12,657	351,949	-	-	12,657	351,949
<i>General Revenues:</i>						
Real Estate and personal property taxes	19,814,438	18,300,808	-	-	19,814,438	18,300,808
Tax Liens	108,147	135,265	-	-	108,147	135,265
Motor vehicle and other excise taxes	1,397,433	1,268,959	-	-	1,397,433	1,268,959
Meals and Hotel/Motel Taxes	398,887	307,291	-	-	398,887	307,291
Penalties and Interest on Taxes	90,733	89,132	-	-	90,733	89,132
Payments in Lieu of Taxes	43,542	44,068	-	-	43,542	44,068
Nonrestricted grants and contributions	860,576	812,303	-	-	860,576	812,303
Unrestricted investment income	112,088	58,807	-	-	112,088	58,807
Other revenues	23,485	17,578	-	-	23,485	17,578
<b>Total Revenues</b>	<b>32,892,620</b>	<b>29,152,630</b>	<b>3,287,884</b>	<b>2,536,173</b>	<b>36,180,504</b>	<b>31,688,803</b>
<b>Expenses:</b>						
General Government	1,252,477	1,161,035	-	-	1,252,477	1,161,035
Public Safety	5,260,713	4,524,131	-	-	5,260,713	4,524,131
Education	16,608,113	15,620,476	-	-	16,608,113	15,620,476
Public Works	1,299,987	1,284,311	-	-	1,299,987	1,284,311
Human Services	455,023	438,424	-	-	455,023	438,424
Culture and Recreation	481,973	483,294	-	-	481,973	483,294
Employee Benefits	6,979,327	5,298,596	-	-	6,979,327	5,298,596
State and County Assessments	357,531	517,021	-	-	357,531	517,021
Interest	151,782	174,694	-	-	151,782	174,694
Sanitation	-	-	421,102	401,703	421,102	401,703
Sewer	-	-	1,241,641	1,065,949	1,241,641	1,065,949
Water	-	-	1,285,433	1,201,600	1,285,433	1,201,600
<b>Total Expenses</b>	<b>32,846,926</b>	<b>29,501,982</b>	<b>2,948,176</b>	<b>2,669,252</b>	<b>35,795,102</b>	<b>32,171,234</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>45,694</b>	<b>(349,352)</b>	<b>339,708</b>	<b>(133,079)</b>	<b>385,402</b>	<b>(482,431)</b>
<b>Transfers</b>	<b>(123,351)</b>	<b>(147,915)</b>	<b>123,351</b>	<b>147,915</b>	<b>-</b>	<b>-</b>
<b>Change in Net Position</b>	<b>(77,657)</b>	<b>(497,267)</b>	<b>463,059</b>	<b>14,836</b>	<b>385,402</b>	<b>(482,431)</b>
<b>Net Position - beginning</b>	<b>17,601,351</b>	<b>18,098,618</b>	<b>12,260,640</b>	<b>12,245,804</b>	<b>29,861,991</b>	<b>30,344,422</b>
<b>Net Position - ending</b>	<b>\$ 17,523,694</b>	<b>\$ 17,601,351</b>	<b>\$ 12,723,699</b>	<b>\$ 12,260,640</b>	<b>\$ 30,247,393</b>	<b>\$ 29,861,991</b>

Governmental Activities: Charges for services decreased 27% while capital grants and contributions decreased 96%. Operating grants and contributions for FY2016 increased by 68%. Property taxes support 60.2% of the Town's governmental activities and FY2016 shows an increase of \$1,513,630 over FY2015. Over three-quarters of this increase is attributable to new growth.

Total expenses increased by \$3,344,944 or 11.3% over FY2015. Attributing for 50% of the increase and 21% of total expenditures, employee benefits saw the greatest increase for governmental activity of the Town. However, at 6% of the increase and just over 50% of total expenditures, education remains the largest governmental activity of the Town. Approximately \$12.7 million in taxes and other revenues were needed to cover the FY2016 operating expenses for education. Public safety and employee benefits represent the second and third largest governmental activities of the Town. Approximately \$3.6 million and \$3.2 million of taxes and other revenues were needed to cover the FY2016 operating expenses for those two activities respectively.

Business-Type Activities: Revenues from the three business-type activities increased by \$751,711 over FY2015. Total expenditures increased by \$278,924 for FY2016.

### **Analysis of Governmental Fund Statements**

#### Governmental Funds

The focus of the Town of Plainville's governmental funds is to provide information on near-term inflows, outflows, and balances of usable resources. Specifically, unreserved fund balance can be a useful measure of a government's net resources available for spending in the subsequent fiscal year.

The general fund is the chief operating fund of the Town of Plainville. The Massachusetts Department of Revenue reviews the unaudited balance sheet at the end of the each fiscal year. It certifies what part of undesignated, unreserved fund balance is available for spending at the government's (Town Meeting) discretion during the subsequent fiscal year. At the end of the fiscal year the Town's general fund unassigned fund balance was \$2,485,858 while the total general fund balance was \$8,821,763. The Massachusetts Department of Revenue certified \$1,780,537 available for spending as of July 1, 2016.

#### Other Governmental Funds

The Stabilization Fund was built over many years from annual surpluses and capital project bank interest. The set aside of capital project interest was intended to be used to temporarily reduce the impact to taxpayers of expected peaks in debt burden. A special revenue account called the Landfill Closure Fund had been built up over many years when the Town was receiving revenue from an active landfill owned by a private company. The fund was intended to protect the taxpayers in the remote chance that the private company failed to fulfill their responsibility to maintain the site. At a Special Town Meeting, June 6, 2005, the Town voted to appropriate \$1,030,589 of the accumulated Closure fund and establish the Landfill Stabilization Fund for the purpose of funding potential costs associated with the closure of the Laidlaw Landfill. At an Annual Town Meeting, June 4, 2012, the Town voted to appropriate \$625,892 remaining in the Closure fund to the established Landfill Stabilization Fund. The combined Stabilization Fund balances of \$4,555,702 are available to the Town as a source for short term borrowing. The original Stabilization Fund is available to be appropriated at Town Meeting to meet any needs of the Town. No Stabilization Funds were appropriated to support the FY2017 Omnibus Budget.

## **Capital Asset and Debt Administration**

### Capital Assets

The Town's investment in capital assets for its governmental and business type activities as of June 30, 2016 amounts to \$42,308,777 (net of accumulated depreciation). This investment includes land, buildings, improvements, machinery and equipment, vehicles, park facilities, streets, sidewalks, construction in progress and water and sewer systems.

### Debt Administration

The Town continues to experience an excellent bond rating of Aa3 as assigned by Moody's Investor Service. This reflects the Town's consistent and satisfactory financial operations with improving reserve levels, stable and diverse tax base and improved debt burden. At the end of the fiscal year the Town had a total bonded debt outstanding of \$8,260,361 a decrease of \$1,153,246 over the prior fiscal year.

### **Economic Factors and next year's Budget**

This past year has been one of the busiest in terms of economic development in the Town of Plainville. The strategic zoning changes and streamlining of the permit process that the Town has instituted has had a very positive impact on development in Town. Plainville has seen a noticeable rise in commercial and residential sales, as well as an increase in building permits and new growth.

Currently under construction is a privately owned 6 megawatt solar facility; a 120,000 square foot shopping plaza had been fully permitted and a well-established trucking company has chosen Plainville to be its location for a large New England Sales and Service center. Three major building projects are under construction at a previously vacant industrial park and a new two story medical office building and urgent care center is under construction. There are also many other small commercial projects that are currently under way in Town. Additionally, the Town has recently acquired 103 acres of open space.

The principal roads serving Plainville are State Routes 1, 1A, 106 and Interstate 495. Local bus service is provided by a regional transportation authority. The neighboring town of Mansfield operates a municipal airport, and Plainville is approximately one hour away from Logan Airport in Boston and one hour from T.F. Green Airport in Providence, Rhode Island.

Management of the Town is cautiously optimistic and eagerly look toward a positive future. The Town of Plainville developed a balanced budget for fiscal year 2017 and continues to be committed to strong budgetary controls.

### **Request for Information**

This financial report is designed to provide a general overview of the Town of Plainville's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or request for additional financial information should be addressed to the Town Accountant, Town Hall, 142 South Street, Plainville, MA 02762.

**TOWN OF PLAINVILLE, MASSACHUSETTS**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2016**

	<b>PRIMARY GOVERNMENT</b>			
	<b>GOVERNMENTAL ACTIVITIES</b>	<b>BUSINESS-TYPE ACTIVITIES</b>	<b>TOTAL</b>	
<b><u>ASSETS</u></b>				
CURRENT:				
CASH AND SHORT-TERM INVESTMENTS	\$ 9,479,146	\$ 2,409,434	\$ 11,888,580	
INVESTMENTS	1,475,591	-	1,475,591	
RECEIVABLES, NET OF ALLOWANCE FOR UNCOLLECTIBLES:				
REAL ESTATE AND PERSONAL PROPERTY TAXES	323,472	-	323,472	
TAX LIENS	622,630	-	622,630	
MOTOR VEHICLE EXCISE TAXES	101,587	-	101,587	
USER FEES	192,507	913,232	1,105,739	
INTERGOVERNMENTAL	1,297,061	-	1,297,061	
NONCURRENT:				
RECEIVABLES, NET OF ALLOWANCE FOR UNCOLLECTIBLES:				
INTERGOVERNMENTAL	3,032,358	-	3,032,358	
CAPITAL ASSETS, NET OF ACCUMULATED DEPRECIATION	26,734,973	15,573,804	42,308,777	
TOTAL ASSETS	<u>43,259,325</u>	<u>18,896,470</u>	<u>62,155,795</u>	
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
RELATED TO PENSIONS	2,566,678	135,023	2,701,701	
<b><u>LIABILITIES</u></b>				
CURRENT:				
ACCOUNTS PAYABLE	1,117,707	537,350	1,655,057	
OTHER LIABILITIES	43,303	177,704	221,007	
ACCRUED INTEREST	6,639	27,488	34,127	
CAPITAL LEASES PAYABLE	51,990	5,623	57,613	
BONDS AND NOTES PAYABLE	716,000	594,282	1,310,282	
NONCURRENT:				
CAPITAL LEASES PAYABLE	67,769	25,537	93,306	
BONDS AND NOTES PAYABLE	3,413,000	3,762,079	7,175,079	
NET PENSION LIABILITY	13,970,954	734,959	14,705,913	
POSTEMPLOYMENT BENEFITS	<u>7,737,518</u>	<u>380,832</u>	<u>8,118,350</u>	
TOTAL LIABILITIES	<u>27,124,880</u>	<u>6,245,854</u>	<u>33,370,734</u>	
<b>DEFERRED INFLOWS OF RESOURCES</b>				
RELATED TO PENSIONS	1,177,429	61,940	1,239,369	
<b><u>NET POSITION</u></b>				
NET INVESTMENT IN CAPITAL ASSETS	22,486,214	11,243,344	33,729,558	
RESTRICTED FOR:				
STREETS	446,866	-	446,866	
OTHER PURPOSES	7,169,362	-	7,169,362	
UNRESTRICTED	<u>(12,578,748)</u>	<u>1,480,355</u>	<u>(11,098,393)</u>	
TOTAL NET POSITION	<u>\$ 17,523,694</u>	<u>\$ 12,723,699</u>	<u>\$ 30,247,393</u>	

See accompanying notes to the basic financial statements

**TOWN OF PLAINVILLE, MASSACHUSETTS**  
**STATEMENT OF ACTIVITIES**  
**FISCAL YEAR ENDED JUNE 30, 2016**

<b>FUNCTIONS/PROGRAMS</b>	<b>PROGRAM REVENUES</b>					<b>NET (EXPENSE) REVENUE</b>	
	<b>EXPENSES</b>	<b>CHARGES FOR SERVICES</b>	<b>OPERATING GRANTS AND CONTRIBUTIONS</b>	<b>CAPITAL GRANTS AND CONTRIBUTIONS</b>			
<b>PRIMARY GOVERNMENT:</b>							
GOVERNMENTAL ACTIVITIES:							
GENERAL GOVERNMENT	\$ 1,252,477	\$ 349,857	\$ 50,643	\$ -	\$ (851,977)		
PUBLIC SAFETY	5,260,713	1,320,991	321,627	-	(3,618,095)		
EDUCATION	16,608,113	419,705	3,470,509	-	(12,717,899)		
PUBLIC WORKS	1,299,987	4,100	30	12,657	(1,283,200)		
HUMAN SERVICES	455,023	93,514	146,951	-	(214,558)		
CULTURE & RECREATION	481,973	107,050	13,085	-	(361,838)		
EMPLOYEE BENEFITS	6,979,327	-	3,732,572	-	(3,246,755)		
STATE & COUNTY ASSESSMENTS	357,531	-	-	-	(357,531)		
INTEREST	151,782	-	-	-	(151,782)		
<b>TOTAL GOVERNMENTAL ACTIVITIES</b>	<b>32,846,926</b>	<b>2,295,217</b>	<b>7,735,417</b>	<b>12,657</b>	<b>(22,803,635)</b>		
BUSINESS-TYPE ACTIVITIES:							
WATER	1,285,433	1,594,386	53,584	-	362,537		
SEWER	1,241,641	1,118,530	-	-	(123,111)		
SANITATION	421,102	426,734	94,650	-	100,282		
<b>TOTAL BUSINESS-TYPE ACTIVITIES</b>	<b>2,948,176</b>	<b>3,139,650</b>	<b>148,234</b>	<b>-</b>	<b>339,708</b>		
<b>TOTAL PRIMARY GOVERNMENT</b>	<b>\$ 35,795,102</b>	<b>\$ 5,434,867</b>	<b>\$ 7,883,651</b>	<b>\$ 12,657</b>	<b>\$ (22,463,927)</b>		

See accompanying notes to the basic financial statements

(continued)

**TOWN OF PLAINVILLE, MASSACHUSETTS**  
**STATEMENT OF ACTIVITIES**  
**FISCAL YEAR ENDED JUNE 30, 2016**

	<b>PRIMARY GOVERNMENT</b>		
	<b>GOVERNMENTAL ACTIVITIES</b>	<b>BUSINESS-TYPE ACTIVITIES</b>	<b>TOTAL</b>
<b>CHANGES IN NET POSITION:</b>			
NET (EXPENSE) REVENUE FROM PREVIOUS PAGE	\$ (22,803,635)	\$ 339,708	\$ (22,463,927)
<b>GENERAL REVENUES:</b>			
REAL ESTATE AND PERSONAL PROPERTY TAXES, NET OF TAX REFUNDS PAYABLE	19,814,438	-	19,814,438
TAX LIENS	108,147	-	108,147
MOTOR VEHICLE EXCISE TAXES	1,397,433	-	1,397,433
MEALS & HOTEL TAXES	398,887	-	398,887
PENALTIES AND INTEREST ON TAXES	90,733	-	90,733
PAYMENTS IN LIEU OF TAXES	43,542	-	43,542
GRANTS AND CONTRIBUTIONS NOT RESTRICTED TO SPECIFIC PROGRAMS	860,576	-	860,576
UNRESTRICTED INVESTMENT INCOME	112,088	-	112,088
MISCELLANEOUS	23,485	-	23,485
TRANSFERS, NET	<u>(123,351)</u>	123,351	-
TOTAL GENERAL REVENUES AND TRANSFERS	<u>22,725,978</u>	<u>123,351</u>	<u>22,849,329</u>
CHANGE IN NET POSITION	(77,657)	463,059	385,402
<b>NET POSITION:</b>			
BEGINNING OF YEAR	<u>17,601,351</u>	<u>12,260,640</u>	<u>29,861,991</u>
END OF YEAR	<u>\$ 17,523,694</u>	<u>\$ 12,723,699</u>	<u>\$ 30,247,393</u>

**See accompanying notes to the basic financial statements**

**(concluded)**

**TOWN OF PLAINVILLE, MASSACHUSETTS  
GOVERNMENTAL FUNDS  
BALANCE SHEET  
JUNE 30, 2016**

<b>ASSETS</b>	<b>GENERAL</b>	<b>NONMAJOR GOVERNMENTAL FUNDS</b>	<b>TOTAL GOVERNMENTAL FUNDS</b>
CASH AND SHORT-TERM INVESTMENTS	\$ 8,283,728	\$ 1,195,418	\$ 9,479,146
INVESTMENTS	1,475,591	-	1,475,591
RECEIVABLES, NET OF ALLOWANCE FOR UNCOLLECTIBLES:			
REAL ESTATE AND PERSONAL PROPERTY TAXES	323,472	-	323,472
TAX LIENS	622,630	-	622,630
MOTOR VEHICLE EXCISE TAXES	101,587	-	101,587
USER FEES	192,507	-	192,507
INTERGOVERNMENTAL	3,728,303	601,116	4,329,419
<b>TOTAL ASSETS</b>	<b>\$ 14,727,818</b>	<b>\$ 1,796,534</b>	<b>\$ 16,524,352</b>
<b><u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u></b>			
LIABILITIES:			
ACCOUNTS PAYABLE	\$ 1,078,099	\$ 39,608	\$ 1,117,707
OTHER LIABILITIES	13,566	29,737	43,303
<b>TOTAL LIABILITIES</b>	<b>1,091,665</b>	<b>69,345</b>	<b>1,161,010</b>
DEFERRED INFLOWS OF RESOURCES:			
UNAVAILABLE REVENUE	4,814,390	446,866	5,261,256
FUND BALANCES:			
RESTRICTED	-	1,283,050	1,283,050
COMMITTED	169,664	-	169,664
ASSIGNED	6,166,241	-	6,166,241
UNASSIGNED	2,485,858	(2,727)	2,483,131
<b>TOTAL FUND BALANCES</b>	<b>8,821,763</b>	<b>1,280,323</b>	<b>10,102,086</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOW OF RESOURCES AND FUND BALANCES</b>	<b>\$ 14,727,818</b>	<b>\$ 1,796,534</b>	<b>\$ 16,524,352</b>

See accompanying notes to the basic financial statements

**TOWN OF PLAINVILLE, MASSACHUSETTS  
GOVERNMENTAL FUNDS**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**FISCAL YEAR ENDED JUNE 30, 2016**

	<b>GENERAL</b>	<b>NONMAJOR GOVERNMENTAL FUNDS</b>	<b>TOTAL GOVERNMENTAL FUNDS</b>
<b><u>REVENUES:</u></b>			
REAL ESTATE AND PERSONAL PROPERTY TAXES, NET OF TAX REFUNDS	\$ 19,879,303	\$ -	\$ 19,879,303
MOTOR VEHICLE EXCISE TAXES	1,378,111	-	1,378,111
PENALTIES AND INTEREST ON TAXES	90,733	-	90,733
INTERGOVERNMENTAL	5,553,654	980,187	6,533,841
CHARGES FOR SERVICES	1,217,527	608,672	1,826,199
INVESTMENT INCOME	112,072	309	112,381
CONTRIBUTIONS & DONATIONS	-	79,115	79,115
DEPARTMENTAL AND OTHER	3,513,568	36,965	3,550,533
 TOTAL REVENUES	 31,744,968	 1,705,248	 33,450,216
<b><u>EXPENDITURES:</u></b>			
CURRENT:			
GENERAL GOVERNMENT	1,231,608	34,522	1,266,130
PUBLIC SAFETY	4,951,446	347,061	5,298,507
EDUCATION	15,138,795	933,795	16,072,590
PUBLIC WORKS	953,208	391,127	1,344,335
HUMAN SERVICES	416,079	28,837	444,916
CULTURE & RECREATION	289,293	150,071	439,364
EMPLOYEE BENEFITS	4,952,320	49,944	5,002,264
STATE & COUNTY ASSESSMENTS	357,531	-	357,531
DEBT SERVICE:			
PRINCIPAL	741,000	-	741,000
INTEREST	153,021	-	153,021
 TOTAL EXPENDITURES	 29,184,301	 1,935,357	 31,119,658
 EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	 2,560,667	 (230,109)	 2,330,558
<b><u>OTHER FINANCING SOURCES (USES)</u></b>			
PROCEEDS FROM CAPITAL LEASE	135,505	-	135,505
OPERATING TRANSFERS IN	14,715	445,000	459,715
OPERATING TRANSFERS OUT	(573,446)	(9,620)	(583,066)
 TOTAL OTHER FINANCING SOURCES (USES)	 (423,226)	 435,380	 12,154
 NET CHANGE IN FUND BALANCES	 2,137,441	 205,271	 2,342,712
 FUND BALANCES AT BEGINNING OF YEAR	 6,684,322	 1,075,052	 7,759,374
 FUND BALANCES AT END OF YEAR	 \$ 8,821,763	 \$ 1,280,323	 \$ 10,102,086

See accompanying notes to the basic financial statements

**TOWN OF PLAINVILLE, MASSACHUSETTS**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET**  
**TOTAL FUND BALANCES TO THE STATEMENT OF NET POSITION**  
**JUNE 30, 2016**

<b>TOTAL GOVERNMENTAL FUND BALANCES</b>	\$ 10,102,086
CAPITAL ASSETS (NET) USED IN GOVERNMENTAL ACTIVITIES ARE NOT FINANCIAL RESOURCES AND, THEREFORE, ARE NOT REPORTED IN THE FUNDS	26,734,973
ACCOUNTS RECEIVABLE ARE NOT AVAILABLE TO PAY FOR CURRENT-PERIOD EXPENDITURES AND, THEREFORE, ARE DEFERRED IN THE FUNDS	5,261,256
IN THE STATEMENT OF ACTIVITIES, INTEREST IS ACCRUED ON OUTSTANDING LONG-TERM DEBT, WHEREAS IN GOVERNMENTAL FUNDS INTEREST IS NOT REPORTED UNTIL DUE	(6,639)
LONG-TERM LIABILITIES ARE NOT DUE AND PAYABLE IN THE CURRENT PERIOD AND, THEREFORE ARE NOT REPORTED IN THE GOVERNMENTAL FUNDS	
BONDS AND NOTES PAYABLE	(4,129,000)
OTHER POSTEMPLOYMENT BENEFITS (OPEB)	(7,737,518)
NET PENSION LIABILITY	(13,970,954)
DEFERRED OUTFLOWS OF RESOURCES	2,566,678
DEFERRED INFLOWS OF RESOURCES	(1,177,429)
CAPITAL LEASE PAYABLE	<u>(119,759)</u>
	<u>(24,567,982)</u>
<b>NET POSITION OF GOVERNMENTAL ACTIVITIES</b>	<b>\$ 17,523,694</b>

**See accompanying notes to the basic 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**  
**FISCAL YEAR ENDED JUNE 30, 2016**

**NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS** \$ 2,342,712

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.

CAPITAL OUTLAY	695,932
DEPRECIATION EXPENSE	<u>(1,243,982)</u>
NET EFFECT OF REPORTING CAPITAL ASSETS	

(548,050)

REVENUES IN THE STATEMENT OF ACTIVITIES THAT DO NOT PROVIDE CURRENT FINANCIAL RESOURCES ARE FULLY DEFERRED IN THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES. THEREFORE, THE RECOGNITION OF REVENUE FOR VARIOUS TYPES OF ACCOUNTS RECEIVABLE (I.E. REAL ESTATE AND PERSONAL PROPERTY, MOTOR VEHICLE EXCISE, ETC.) DIFFER BETWEEN THE TWO STATEMENTS. THIS AMOUNT REPRESENTS THE NET CHANGE IN DEFERRED REVENUE.

(570,253)

THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES DOES NOT PROVIDE FOR THE RECOGNITION OF REVENUE FROM DONATED INFRASTRUCTURE AND IS ONLY RECOGNIZED IN THE GOVERNMENT WIDE STATEMENT OF ACTIVITIES.

12,657

THE ISSUANCE OF LONG-TERM DEBT (E.G., BONDS) PROVIDES CURRENT FINANCIAL RESOURCES TO GOVERNMENTAL FUNDS, WHILE THE REPAYMENT OF THE PRINCIPAL OF LONG-TERM DEBT CONSUMES THE FINANCIAL RESOURCES OF GOVERNMENTAL FUNDS. NEITHER TRANSACTION, HOWEVER, HAS ANY EFFECT ON NET ASSETS. ALSO, GOVERNMENTAL FUNDS REPORT THE EFFECT OF ISSUANCE COSTS, PREMIUMS, DISCOUNTS, AND SIMILAR ITEMS WHEN DEBT IS FIRST ISSUED, WHEREAS THESE AMOUNTS ARE DEFERRED AND AMORTIZED IN THE STATEMENT OF ACTIVITIES.

PROCEEDS FROM CAPITAL LEASE	(135,505)
DEBT SERVICE PRINCIPAL PAYMENTS	741,000
CAPITAL LEASE PRINCIPAL PAYMENTS	<u>55,606</u>
NET EFFECT OF REPORTING LONG-TERM DEBT	

661,101

SOME EXPENSES REPORTED IN THE STATEMENT OF ACTIVITIES DO NOT REQUIRE THE USE OF CURRENT FINANCIAL RESOURCES AND, THEREFORE, ARE NOT REPORTED AS EXPENDITURES IN THE GOVERNMENTAL FUNDS.

NET CHANGE IN OTHER POSTEMPLOYMENT BENEFITS	(978,661)
NET CHANGE IN DEFERRED OUTFLOWS OF RESOURCES	2,067,742
NET CHANGE IN DEFERRED INFLOWS OF RESOURCES	(1,177,429)
NET CHANGE IN NET PENSION LIABILITY	(1,888,715)
NET CHANGE IN ACCRUED INTEREST ON LONG-TERM DEBT	<u>1,239</u>
NET EFFECT OF RECORDING LONG-TERM LIABILITIES	

(1,975,824)

**CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES** \$ (77,657)

**See accompanying notes to the basic financial statements**

**TOWN OF PLAINVILLE, MASSACHUSETTS  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
FISCAL YEAR ENDED JUNE 30, 2016**

	<b>BUDGETED AMOUNTS</b>		<b>ACTUAL BUDGETARY AMOUNTS</b>	<b>VARIANCE OVER (UNDER)</b>
	<b>ORIGINAL BUDGET</b>	<b>FINAL BUDGET</b>		
<b><u>REVENUES:</u></b>				
REAL ESTATE AND PERSONAL PROPERTY TAXES, NET OF TAX REFUNDS	\$ 19,844,351	\$ 19,844,351	\$ 19,879,303	\$ 34,952
MOTOR VEHICLE EXCISE TAXES	1,220,000	1,220,000	1,378,111	158,111
PENALTIES & INTEREST ON TAXES	75,000	75,000	90,733	15,733
INTERGOVERNMENTAL	4,336,250	4,336,250	4,348,773	12,523
CHARGES FOR SERVICES	1,247,000	1,247,000	1,217,527	(29,473)
INVESTMENT INCOME	20,000	20,000	36,003	16,003
DEPARTMENTAL AND OTHER	695,400	695,400	986,068	290,668
<b>TOTAL REVENUES</b>	<b>27,438,001</b>	<b>27,438,001</b>	<b>27,936,518</b>	<b>498,517</b>
<b><u>EXPENDITURES:</u></b>				
CURRENT:				
GENERAL GOVERNMENT	1,428,495	1,442,601	1,231,608	210,993
PUBLIC SAFETY	5,360,668	5,281,050	4,815,941	465,109
EDUCATION	15,282,620	15,282,621	15,138,795	143,826
PUBLIC WORKS	646,317	758,935	953,208	(194,273)
HUMAN SERVICES	513,584	516,584	416,079	100,505
CULTURE & RECREATION	305,775	305,775	289,293	16,482
EMPLOYEE BENEFITS	3,722,462	3,772,715	3,732,346	40,369
STATE & COUNTY ASSESSMENTS	357,530	357,530	357,531	(1)
DEBT SERVICE:				
PRINCIPAL	741,000	741,000	741,000	-
INTEREST	167,392	167,032	153,021	14,011
<b>TOTAL EXPENDITURES</b>	<b>28,525,843</b>	<b>28,625,843</b>	<b>27,828,822</b>	<b>797,021</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>(1,087,842)</b>	<b>(1,187,842)</b>	<b>107,696</b>	<b>1,295,538</b>
<b><u>OTHER FINANCING SOURCES (USES):</u></b>				
OPERATING TRANSFERS IN	-	-	14,715	14,715
OPERATING TRANSFERS OUT	(404,355)	(404,355)	(128,446)	275,909
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(404,355)</b>	<b>(404,355)</b>	<b>(113,731)</b>	<b>290,624</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(1,492,197)</b>	<b>(1,592,197)</b>	<b>(6,035)</b>	<b>1,586,162</b>
<b>BUDGETARY FUND BALANCE, BEGINNING OF YEAR</b>	<b>4,272,099</b>	<b>4,272,099</b>	<b>4,272,099</b>	<b>-</b>
<b>BUDGETARY FUND BALANCE, END OF YEAR</b>	<b>\$ 2,779,902</b>	<b>\$ 2,679,902</b>	<b>\$ 4,266,064</b>	<b>\$ 1,586,162</b>

See accompanying notes to the basic financial statements

**TOWN OF PLAINVILLE, MASSACHUSETTS**  
**PROPRIETARY FUNDS**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2016**

<b>BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS</b>				
<b>ASSETS</b>	<b>WATER</b>	<b>SEWER</b>	<b>SANITATION</b>	<b>TOTAL</b>
CURRENT:				
CASH AND SHORT-TERM INVESTMENTS	\$ 1,790,741	\$ 111,887	\$ 506,806	\$ 2,409,434
USER FEES	585,914	327,318	-	913,232
TOTAL CURRENT ASSETS	2,376,655	439,205	506,806	3,322,666
NONCURRENT:				
CAPITAL ASSETS, NET OF ACCUMULATED DEPRECIATION	9,992,770	5,581,034	-	15,573,804
TOTAL ASSETS	12,369,425	6,020,239	506,806	18,896,470
DEFERRED OUTFLOWS OF RESOURCES RELATED TO PENSIONS	78,664	47,209	9,150	135,023
<b>LIABILITIES</b>				
CURRENT:				
ACCOUNTS PAYABLE	473,052	-	64,298	537,350
OTHER LIABILITIES	-	-	177,704	177,704
ACCRUED INTEREST	6,543	20,945	-	27,488
CAPITAL LEASE PAYABLE	5,623	-	-	5,623
BONDS AND NOTES PAYABLE	234,873	359,409	-	594,282
TOTAL CURRENT LIABILITIES	720,091	380,354	242,002	1,342,447
NONCURRENT:				
CAPITAL LEASE PAYABLE	25,537	-	-	25,537
BONDS AND NOTES PAYABLE	1,611,525	2,150,554	-	3,762,079
POST EMPLOYMENT BENEFITS	220,893	118,555	41,384	380,832
NET PENSION LIABILITY	428,183	256,968	49,808	734,959
TOTAL NONCURRENT LIABILITIES	2,286,138	2,526,077	91,192	4,903,407
TOTAL LIABILITIES	3,006,229	2,906,431	333,194	6,245,854
DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS	36,086	21,656	4,198	61,940
<b>NET POSITION</b>				
NET INVESTMENT IN CAPITAL ASSETS	8,155,036	3,088,308	-	11,243,344
UNRESTRICTED	1,250,738	51,053	178,564	1,480,355
TOTAL NET POSITION	\$ 9,405,774	\$ 3,139,361	\$ 178,564	\$ 12,723,699

See accompanying notes to the basic financial statements

**TOWN OF PLAINVILLE, MASSACHUSETTS**  
**PROPRIETARY FUNDS**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**FISCAL YEAR ENDED JUNE 30, 2016**

<b>BUSINESS TYPE ACTIVITIES - ENTERPRISE FUNDS</b>				
	<b>WATER</b>	<b>SEWER</b>	<b>SANITATION</b>	<b>TOTAL</b>
<b><u>OPERATING REVENUES:</u></b>				
CHARGES FOR SERVICES	\$ 1,594,386	\$ 1,118,530	\$ 426,734	\$ 3,139,650
DEPARTMENTAL AND OTHER	53,584	94,650	-	148,234
<b>TOTAL OPERATING REVENUES</b>	<b>1,647,970</b>	<b>1,213,180</b>	<b>426,734</b>	<b>3,287,884</b>
<b><u>OPERATING EXPENSES:</u></b>				
GENERAL SERVICES	976,808	1,047,647	421,102	2,445,557
DEPRECIATION	254,931	146,038	-	400,969
<b>TOTAL OPERATING EXPENSES</b>	<b>1,231,739</b>	<b>1,193,685</b>	<b>421,102</b>	<b>2,846,526</b>
OPERATING INCOME (LOSS)	416,231	19,495	5,632	441,358
<b><u>NON-OPERATING REVENUES (EXPENSES):</u></b>				
INTEREST EXPENSE	(53,694)	(47,956)	-	(101,650)
<b>INCOME (LOSS) BEFORE OPERATING TRANSFERS</b>	<b>362,537</b>	<b>(28,461)</b>	<b>5,632</b>	<b>339,708</b>
<b><u>OPERATING TRANSFERS:</u></b>				
OPERATING TRANSFERS IN	-	125,461	2,985	128,446
OPERATING TRANSFERS OUT	(5,000)	-	(95)	(5,095)
<b>TOTAL OPERATING TRANSFERS</b>	<b>(5,000)</b>	<b>125,461</b>	<b>2,890</b>	<b>123,351</b>
<b>CHANGE IN NET POSITION</b>	<b>357,537</b>	<b>97,000</b>	<b>8,522</b>	<b>463,059</b>
<b>NET POSITION AT BEGINNING OF YEAR</b>	<b>9,048,237</b>	<b>3,042,361</b>	<b>170,042</b>	<b>12,260,640</b>
<b>NET POSITION AT END OF YEAR</b>	<b>\$ 9,405,774</b>	<b>\$ 3,139,361</b>	<b>\$ 178,564</b>	<b>\$ 12,723,699</b>

See accompanying notes to the basic financial statements

**TOWN OF PLAINVILLE, MASSACHUSETTS**  
**PROPRIETARY FUNDS**  
**STATEMENT OF CASH FLOWS**  
**FISCAL YEAR ENDED JUNE 30, 2016**

	<b>BUSINESS TYPE ACTIVITIES - ENTERPRISE FUNDS</b>			
	<b>WATER</b>	<b>SEWER</b>	<b>SANITATION</b>	<b>TOTAL</b>
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES:</u></b>				
RECEIPTS FROM CUSTOMERS AND USERS	\$ 1,667,193	\$ 1,214,672	\$ 425,937	\$ 3,307,802
PAYMENTS TO SUPPLIERS	(652,625)	(853,462)	(342,143)	(1,848,230)
PAYMENTS TO EMPLOYEES	(315,151)	(169,372)	(37,097)	(521,620)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>699,417</u>	<u>191,838</u>	<u>46,697</u>	<u>937,952</u>
<b><u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</u></b>				
OPERATING TRANSFERS IN (OUT)	(5,000)	125,461	2,890	123,351
<b><u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</u></b>				
PRINCIPAL PAYMENTS ON BONDS AND NOTES	(207,626)	(173,460)	-	(381,086)
ACQUISITION AND CONSTRUCTION OF CAPITAL ASSETS	(409,046)	-	-	(409,046)
INTEREST EXPENSE	(54,922)	(49,189)	-	(104,111)
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES:	<u>(671,594)</u>	<u>(222,649)</u>	<u>-</u>	<u>(894,243)</u>
NET INCREASE (DECREASE) IN CASH AND SHORT-TERM INVESTMENTS	22,823	94,650	49,587	167,060
<b>CASH AND SHORT-TERM INVESTMENTS - BEGINNING OF YEAR</b>	<b>1,767,918</b>	<b>17,237</b>	<b>457,219</b>	<b>2,242,374</b>
<b>CASH AND SHORT-TERM INVESTMENTS - END OF YEAR</b>	<b><u>\$ 1,790,741</u></b>	<b><u>\$ 111,887</u></b>	<b><u>\$ 506,806</u></b>	<b><u>\$ 2,409,434</u></b>
<b><u>RECONCILIATION OF OPERATING INCOME (LOSS)</u></b>				
<b><u>TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</u></b>				
OPERATING INCOME (LOSS)	\$ 416,231	\$ 19,495	\$ 5,632	\$ 441,358
ADJUSTMENTS TO RECONCILE OPERATING INCOME (LOSS)				
TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:				
DEPRECIATION	254,931	146,038	-	400,969
(INCREASE) DECREASE IN ACCOUNTS RECEIVABLE	19,222	1,492	-	20,714
(INCREASE) DECREASE IN DEFERRED OUTFLOWS OF RESOURCES	(63,373)	(38,033)	(7,371)	(108,777)
INCREASE (DECREASE) IN ACCOUNTS PAYABLE	(38,964)	-	34,169	(4,795)
INCREASE (DECREASE) IN OTHER LIABILITIES	-	-	(797)	(797)
INCREASE (DECREASE) IN DEFERRED INFLOWS OF RESOURCES	36,086	21,656	4,198	61,940
INCREASE (DECREASE) IN POST EMPLOYMENT BENEFITS	17,399	6,451	4,132	27,982
INCREASE (DECREASE) IN NET PENSION LIABILITY	57,885	34,739	6,734	99,358
TOTAL ADJUSTMENTS	<u>283,186</u>	<u>172,343</u>	<u>41,065</u>	<u>496,594</u>
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<b><u>\$ 699,417</u></b>	<b><u>\$ 191,838</u></b>	<b><u>\$ 46,697</u></b>	<b><u>\$ 937,952</u></b>

See accompanying notes to the basic financial statements

**TOWN OF PLAINVILLE, MASSACHUSETTS**  
**FIDUCIARY FUNDS**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**JUNE 30, 2016**

	<b>POSTEMPLOYMENT BENEFITS TRUST</b>	<b>PRIVATE PURPOSE TRUST FUNDS</b>	<b>AGENCY FUNDS</b>
<b><u>ASSETS</u></b>			
CASH AND SHORT-TERM INVESTMENTS INVESTMENTS	\$ 100,000 141,677	\$ 7,010 -	\$ 421,951 -
TOTAL ASSETS	<u>241,677</u>	<u>7,010</u>	<u>421,951</u>
<b><u>LIABILITIES</u></b>			
ACCOUNTS PAYABLE OTHER LIABILITIES	- -	- -	4,685 417,266
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>421,951</u>
<b><u>NET POSITION</u></b>			
HELD IN TRUST FOR PLAN PARTICIPANTS HELD IN TRUST FOR OTHER PURPOSES TOTAL	241,677 - <u>\$ 241,677</u>	- 7,010 <u>\$ 7,010</u>	- - <u>\$ -</u>

See accompanying notes to the basic financial statements

**TOWN OF PLAINVILLE, MASSACHUSETTS**  
**FIDUCIARY FUNDS**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**FISCAL YEAR ENDED JUNE 30, 2016**

	<b>POSTEMPLOYMENT BENEFITS TRUST</b>	<b>PRIVATE PURPOSE TRUST FUNDS</b>
<b><u>ADDITIONS:</u></b>		
CONTRIBUTIONS:		
EMPLOYER	\$ 200,000	\$ -
DEPARTMENTAL	<u>39,584</u>	<u>-</u>
NET INVESTMENT INCOME (LOSS):		
INVESTMENT INCOME	<u>2,093</u>	<u>17</u>
TOTAL ADDITIONS	<u>241,677</u>	<u>17</u>
<b><u>DEDUCTIONS:</u></b>		
CHANGE IN NET POSITION	241,677	17
NET POSITION AT BEGINNING OF YEAR	<u>-</u>	<u>6,993</u>
NET POSITION AT END OF YEAR	<u>\$ 241,677</u>	<u>\$ 7,010</u>

**See accompanying notes to the basic financial statements**

**TOWN OF PLAINVILLE, MASSACHUSETTS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accompanying basic financial statements of the Town of Plainville, Massachusetts (the Town) have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). The Governmental Accounting Standards Board (GASB) is the recognized standard-setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the more significant Town accounting policies:

**A. Reporting Entity**

*Primary Government*

The Town is a municipal corporation that is governed by a three member Board of Selectmen (the Board). The Board is responsible for appointing a Town Administrator whose responsibility is to manage the day to day operations. For financial reporting purposes, the Town has included all funds, organizations, account groups, agencies, boards, commissions and institutions. The Town has also considered all potential component units, blended or discretely presented, for which it is financially accountable as well as other organizations for which the nature and significance of their relationship with the Town are such that exclusion would cause the basic financial statements to be misleading or incomplete. Blended component units, although legally separate entities, are, in substance, part of the government's operations and discretely presented component units are reported in a separate column in the government-wide financial statements to emphasize that they are legally separate from the government. It has been determined that there are no component units (blended or discretely presented) for inclusion in the primary government's financial reporting entity.

*Joint Ventures*

Municipal joint ventures pool resources to share the costs, risks and rewards of providing services to their participants, the general public or others. The Town is a participant in the following joint ventures:

Name	Purpose	Address	Annual Assessment
King Philip Regional School District	To provide secondary education	P.O. Box 49 201 Franklin St. Wrentham, Ma 02093	\$ 5,455,048
Tri-County Regional Vocational-Technical High School	To provide vocational education	147 Pond Street Franklin, MA 02038	\$ 1,192,311

**TOWN OF PLAINVILLE, MASSACHUSETTS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

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The King Philip Regional School District (the District) is governed by a nine (9) member school committee consisting of one (1) elected representative and one (1) representative appointed by the local school committee from the Town of Plainville. The Town is indirectly liable for debt and other expenditures of the District and is assessed annually for its share of the operating and capital costs. Separate financial statements may be obtained by writing to the Treasurer of the District at the above address. The Town has an approximately 23.70% equity interest in the joint venture.

The Tri-County Regional Vocational-Technical School District (the District) is governed by a fourteen (11) member school committee consisting of one (1) elected representative from the Town of Plainville. The Town is indirectly liable for debt and other expenditures of the District and is assessed annually for its share of the operating and capital costs. Separate financial statements may be obtained by writing to the Treasurer of the District at the above address. The Town has an equity interest of approximately 10.47% in the joint venture.

## **B. Government-Wide and Fund Financial Statements**

### Government-Wide Financial Statements

The government-wide financial statements (i.e., statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government. *Governmental activities*, which are primarily supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which are supported primarily by user fees and charges.

### Fund Financial Statements

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though fiduciary funds 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. Nonmajor funds are aggregated and displayed in a single column.

#### *Major Fund Criteria*

A fund is considered major if it is the primary operating fund of the Town or it meets the following criteria:

- a. If the total assets, liabilities, revenues, or expenditures/expenses of an individual governmental or enterprise fund are at least 10 percent of the corresponding element (assets, liabilities, etc.) for all funds of that category or type (total governmental or total enterprise funds), and
- b. If the total assets, liabilities, revenues, or expenditures/expenses of the individual governmental fund or enterprise fund are at least 5 percent of the corresponding element for all governmental and enterprise funds combined.

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

Fiduciary funds are reported by fund type.

**TOWN OF PLAINVILLE, MASSACHUSETTS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

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### **C. 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. Under this method, revenues are recorded when earned and expenses are recorded when the liabilities are incurred. Real estate and personal property taxes are recognized as revenues in the fiscal year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The statement of activities demonstrates the degree to which the direct expenses of a particular 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 the following:

- a. *Charges to customers* or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment.
- b. *Grants and contributions* that are restricted to meeting the operational requirements of a particular function or segment.
- c. *Grants and contributions* that are restricted to meeting the capital requirements of a particular function or segment.

Taxes and other items not identifiable as program revenues are reported as general revenues.

For the most part, the effect of interfund activity has been removed from the government-wide financial statements. Exceptions are charges between the general fund and the various enterprise funds. Elimination of these charges would distort the direct costs and program revenues reported for the functions affected.

#### *Fund Financial Statements*

##### *Governmental Fund Financial Statements*

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to pay liabilities of the current period.

Expenditures are recorded when the related fund liability is incurred, except for interest on general long-term debt which is recognized when due, and the non-current portion of the other postemployment benefits (**OPEB**), net pension liability, and capital leases which are recognized when the obligation is expected to be liquidated with current expendable available resources.

In applying the susceptible to accrual concept to intergovernmental revenues, there are essentially two types of revenues. In one, moneys must be expended on the specific purpose or project before any amounts will be paid to the Town; therefore, revenues are recognized based upon the expenditures incurred. In the other, moneys are virtually unrestricted and are usually revocable only for failure to comply with prescribed compliance requirements. These resources are reflected as revenues at the time of receipt or earlier if the susceptible to accrual criteria are met.

**TOWN OF PLAINVILLE, MASSACHUSETTS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

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The Town considers property taxes as available if they are due and collected within 60 days after fiscal year-end. Licenses and permits, user charges, fines and forfeitures, and miscellaneous revenues are recorded as revenues when received. Investment earnings are recorded as earned.

The Town reports the following major governmental funds:

- The *General fund* is the primary operating fund of the Town. It is used to account for all financial resources, except those that are required to be accounted for in another fund.
- The *Nonmajor Governmental funds* consist of other special revenue and capital projects funds that are aggregated and presented in the nonmajor governmental funds column on the governmental funds financial statements. The following describes the general use of these fund types:
  - The *Special Revenue fund* is used to account for the proceeds of specific revenue sources (other than capital projects funds) that are restricted by law or administrative action to expenditures for specified purposes.
  - The *Capital Projects fund* is used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by enterprise and trust funds).

***Proprietary Fund Financial Statements***

*Proprietary fund* financial statements are reported using the flow of economic resources measurement focus and use the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded when the 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 the proprietary funds principal ongoing operations. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The following major proprietary funds are reported:

- The *Water Enterprise fund* is used to account for water activities.
- The *Sewer Enterprise fund* is used to account for sewer activities.
- The *Sanitation Enterprise fund* is used to account for the operations of the trash collection activities.

**TOWN OF PLAINVILLE, MASSACHUSETTS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

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***Fiduciary Fund Financial Statements***

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

The following fiduciary fund types are reported:

- The *Private-Purpose Trust fund* is used to account for trust arrangements, other than those properly reported in the nonmajor governmental funds, under which principal and investment income exclusively benefit individuals, private organizations, or other governments.
- The *Agency fund* is used to account for assets held in a purely custodial capacity.
- The *Postemployment Benefit Trust* is used to account for the assets held that will fund the long term liability associated with the Schools retiree's health benefits.

***Government-Wide and Fund Financial Statements***

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide, proprietary fund, and fiduciary funds financial statements to the extent that those standards do not conflict with or contradict guidance of the *Governmental Accounting Standards Board*. Governments also have the *option* of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The Town has elected not to follow subsequent private-sector guidance.

**D. Cash and Investments**

***Government-Wide and Fund Financial Statements***

Cash and short term investments are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition. Investments are reported at fair value.

**E. Fair Value Measurements**

The Town reports required types of financial instruments in accordance with the fair value standards. These standards require an entity to maximize the use of observable inputs (such as quoted prices in active markets) and minimize the use of unobservable inputs (such as appraisals or valuation techniques) to determine fair value. Fair value standards also require the government to classify these financial instruments into a three-level hierarchy, based on the priority of inputs to the valuation technique or in accordance with net asset value practical expedient rules, which allow for either Level 2 or Level 3 depending on lock up and notice periods associated with the underlying funds. Instruments measured and reported at fair value are classified and disclosed in one of the following categories:

Level 1 – Quoted prices are available in active markets for identical instruments as of the reporting date. Instruments, which are generally included in this category, include actively traded equity and debt securities, U.S. government obligations, and mutual funds with quoted market prices in active markets.

**TOWN OF PLAINVILLE, MASSACHUSETTS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

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Level 2 – Pricing inputs are other than quoted in active markets, which are either directly or indirectly observable as of the reporting date, and fair value is determined through the use of models or other valuation methodologies. Certain fixed income securities, primarily corporate bonds, are classified as Level 2 because fair values are estimated using pricing models, matrix pricing, or discounted cash flows.

Level 3 – Pricing inputs are unobservable for the instrument and include situations where there is little, if any, market activity for the instrument. The inputs into the determination of fair value require significant management judgment or estimation. In some instances the inputs used to measure fair value may fall into different levels of the fair value hierarchy and is based on the lowest level of input that is significant to the fair value measurement. Market price is affected by a number of factors, including the type of instrument and the characteristics specific to the instrument. Instruments with readily available active quoted prices generally will have a higher degree of market price observability and a lesser degree of judgment used in measuring fair value. It is reasonably possible that change in values of these instruments will occur in the near term and that such changes could materially affect amounts reported in these financial statements. For more information on the fair value of the Town’s financial instruments, see Note 3 – Fair Market Value of Investments.

## **F. Accounts Receivable**

### *Government-Wide and Fund Financial Statements*

The recognition of revenue related to accounts receivable reported in the government-wide financial statements and proprietary and fiduciary funds financial statements are reported under the accrual basis of accounting. The recognition of revenue related to accounts receivable reported in the governmental funds financial statements are reported under the modified accrual basis of accounting.

### *Real Estate, Personal Property Taxes and Tax Liens*

Real estate and personal property taxes are based on values assessed as of each January 1 and are normally due on the subsequent November 1 and May 1. Property taxes that remain unpaid after the respective due dates are subject to penalties and interest charges. By law, all taxable property in the Commonwealth must be assessed at 100% of fair market value. Once levied, which is required to be at least 30 days prior to the due date, these taxes are recorded as receivables in the fiscal year of levy. 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 occurs annually. The Town ultimately has the right to foreclose on all properties where the taxes remain unpaid.

A statewide property tax limitation statute known as “Proposition 2 ½” limits the amount of increase in property tax levy in any fiscal year. Generally, Proposition 2 ½ limits the total levy to an amount not greater than 2 ½ % of the total assessed value of all taxable property within the Town. Secondly, the tax levy cannot increase by more than 2 ½ % of the prior year’s levy plus the taxes on property newly added to the tax rolls. Certain provisions of Proposition 2 ½ can be overridden by a Town-wide referendum.

Real estate receivables are secured via the tax lien process and are considered 100% collectible. Accordingly, an allowance for uncollectibles is not reported.

Personal property taxes cannot be secured through the lien process. The allowance of uncollectibles is estimated based on historical trends and specific account analysis.

**TOWN OF PLAINVILLE, MASSACHUSETTS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

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*Motor Vehicle Excise*

Motor vehicle excise taxes are assessed annually for each vehicle registered in the Town and are recorded as receivables in the fiscal year of the levy. The Commonwealth is responsible for reporting the number of vehicles registered and the fair values of those vehicles. The tax calculation is the fair value of the vehicle multiplied by \$25 per \$1,000 of value.

The allowance for uncollectibles is estimated based on historical trends and specific account analysis.

*Water and Sewer*

User fees are levied (monthly and quarterly) based on residential and commercial meter readings and are subject to penalties and interest if they are not paid by the respective due date. Water and sewer liens are processed annually and included as a lien on the property owner's tax bill. Water and sewer charges and related liens are recorded as receivables in the fiscal year of the levy.

Since the receivables are secured via the lien process, these accounts are considered 100% collectible and therefore do not report an allowance for uncollectibles.

*User Fees*

User Fees in the governmental activities consist primarily of ambulance receivables and are recorded as receivables in the fiscal year accrued. The allowance for uncollectibles is estimated based on historical trends and specific account analysis.

*Intergovernmental*

Various federal and state grants for operating and capital purposes are applied for and received annually. For non-expenditure driven grants, receivables are recognized as soon as all eligibility requirements imposed by the provider have been met. For expenditure driven grants, receivables are recognized when the qualifying expenditures are incurred and all other grant requirements are met.

These receivables are considered 100% collectible and therefore do not report an allowance for uncollectibles.

**G. Inventories**

*Government-Wide and Fund Financial Statements*

Inventories of the governmental funds and the water, sewer and sanitation enterprise funds are recorded as expenditures at the time of purchase. Such inventories are not material in total to the basic financial statements, and therefore are not reported.

**TOWN OF PLAINVILLE, MASSACHUSETTS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

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## **H. Capital Assets**

### *Government-Wide and Proprietary Fund Financial Statements*

Capital assets, which include land, vehicles, buildings and improvements, machinery and equipment, software, construction in progress, and infrastructure (e.g., water mains, sewer mains, roadways and similar items), are reported in the applicable governmental or business-type activities column of the government-wide financial statements, and the proprietary fund financial statements. Capital assets are recorded at historical cost, or at estimated historical cost, if actual historical cost is not available. Donated capital assets are recorded at the estimated fair market value at the date of donation. Except for the capital assets of the governmental activities column in the government-wide financial statements, construction period interest is capitalized on constructed capital assets if material.

All purchases and construction costs in excess of \$10,000 (\$25,000 land) are capitalized at the date of acquisition or construction, respectively, with expected useful lives of three years or greater.

Capital assets (excluding land and construction in progress) are depreciated on a straight-line basis. The estimated useful lives of capital assets are as follows:

<b>Asset Class</b>	<b>Estimated Useful Life (in years)</b>
Buildings and Improvements	40
Machinery and Equipment	3-20
Vehicles	3-15
Software	5-10
Infrastructure	50

The cost of normal maintenance and repairs that do not add to the value of the assets or materially extend asset lives are not capitalized and are treated as expenses when incurred. Improvements are capitalized.

### *Governmental Fund Financial Statements*

Capital asset costs are recorded as expenditures in the fiscal year of purchase for the various funds.

## **I. Interfund Transfers**

During the course of its operations, resources are permanently reallocated between and within funds. These transactions are reported as operating transfers in and operating transfers out.

### *Government-Wide Financial Statements*

Operating transfers between and within governmental funds are eliminated from the governmental activities in the statement of net position. Any residual balances outstanding between the governmental activities and business-type activities are reported in the statement of activities as "Transfers, net".

**TOWN OF PLAINVILLE, MASSACHUSETTS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

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*Fund Financial Statements*

Operating transfers between and within funds are not eliminated from the individual fund statements and are reported as operating transfers in and operating transfers out.

**J. Deferred Outflows/Inflows of Resources**

*Government-Wide Financial Statements (Net Position)*

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/ expenditure) until then. The Town reported deferred outflows of resource related to pensions in this category.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The Town reported deferred inflows of resource related to pensions in this category.

*Governmental Funds Financial Statements*

In addition to liabilities, the governmental funds balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents assets that have been recorded in the governmental fund financial statements but the revenue is not available and so will not be recognized as an inflow of resources (revenue) until it becomes available. The Town has recorded unavailable revenue as deferred inflows of resources in the governmental funds balance sheet. Unavailable revenue is recognized as revenue in the conversion to the government-wide (full accrual) financial statements.

**K. Net Position and Fund Equity**

*Government-Wide Financial Statements (Net Position)*

Net position is classified into three components:

- a. *Net investment in capital assets* – consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. *Restricted net position* – Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

**TOWN OF PLAINVILLE, MASSACHUSETTS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

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Net position has been “restricted” for the following:

- *Streets* represent amounts committed by the Commonwealth of Massachusetts for the repair and/or construction of streets.
- *Other specific purposes* represents restrictions placed on assets from outside parties.

c. *Unrestricted net position* – All other net position that do not meet the definition of “restricted” or “net investment in capital assets”.

*Fund Financial Statements (Fund Balances)*

The Town uses the following criteria for fund balance classification:

- For *restricted* fund balance: when constraints placed on the use of the resources are either (1) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (2) imposed by law through constitutional provisions or enabling legislation.
- For *committed* fund balance: (1) the government’s highest level of decision-making authority and (2) the formal action that is required to be taken to establish (and modify or rescind) a fund balance commitment.
- For *assigned* fund balance: (1) the body or official authorized to assign amounts to a specific purpose and (2) the policy established by the governing body pursuant to which the authorization is given.
- For *unassigned* fund balance: is the residual classification for the general fund. In other governmental funds, if expenditures incurred for specific purposes exceeded the amounts restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance.

The Town uses the following criteria for fund balance policies and procedures:

- When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the unrestricted amount will be considered to have been spent.
- When an expenditure is incurred for purposes for which committed, assigned, or unassigned fund balance is available, the least restricted amount will be considered to have been spent.

**L Long-term debt**

*Government-Wide and Proprietary Fund Financial Statements*

Long-term debt is reported as liabilities in the government-wide and proprietary fund statement of net position. Material bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

**TOWN OF PLAINVILLE, MASSACHUSETTS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

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*Governmental Fund Financial Statements*

The face amount of governmental funds long-term debt is reported as other financing sources. Bond premiums and discounts, as well as issuance costs, are recognized in the current period. Bond premiums are reported as other financing sources and bond discounts are reported as other financing uses. Issuance costs, whether or not withheld from the actual bond proceeds received, are reported as general government expenditures.

**M. Investment Income**

Investment income derived from major and nonmajor governmental funds is legally assigned to the general fund unless otherwise directed by Massachusetts General Laws (**MGL**).

**N. Compensated Absences**

Employees are granted sick and vacation leave in varying amounts. Upon retirement, termination or death, certain employees are compensated for unused sick and vacation leave (subject to certain limitations) at their then current rates of pay. The total amount of sick and vacation costs in future years is not material to the basic financial statements and has not been recorded on the basic financial statements.

**O. Net Pension Liability**

Governmental Accounting Standards Board (GASB) Statement #68 requires employers participating in a cost-sharing pension plan to recognize pension liabilities as employees provide services to the government and earn their pension benefits. Employers participating in cost-sharing plans are required to recognize their proportionate share of the plan's collective pension amounts for all benefits provided through the plan including the net pension liability, deferred outflows of resources, deferred inflows of resources, and pension expense.

**P. Post Retirement Benefits**

*Government-Wide and Fund Financial Statements*

In addition to providing pension benefits, health and life insurance coverage is provided for retired employees and their survivors in accordance with Chapter 32B of Massachusetts General Laws, under various contributory plans. The cost of providing health and life insurance is recognized by recording the employer's 50%, 75%, and 76.1% share of insurance premiums, depending on the plan involved, in the general fund in the fiscal year paid. All benefits are provided through third-party insurance carriers and health maintenance organizations that administer, assume, and pay all claims.

**TOWN OF PLAINVILLE, MASSACHUSETTS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

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**Q. Use of Estimates**

*Government-Wide and Fund Financial Statements*

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

**R. Total Column**

*Government-Wide Financial Statements*

The total column presented on the government-wide financial statements represents consolidated financial information.

*Fund Financial Statements*

The total column on the fund financial statements is presented only to facilitate financial analysis. Data in this column is not comparable to the consolidated financial information.

**NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

*A. Budgetary Basis of Accounting*

Pursuant to Chapter 44, Section 32 of the Massachusetts General Laws, the Town adopts an annual budget for the general fund. The budgets for all departments and operations of the Town, except that of the public schools, are prepared under the direction of the Town Administrator. The School Department budget is prepared under the direction of the School Committee. The level of expenditures may not legally exceed appropriations for each department or undertaking in the following categories: (1) salaries and wages; (2) ordinary maintenance; (3) capital outlays; and (4) out-of-state travel.

The majority of appropriations are non-continuing which lapse at the end of each fiscal year. Others are continuing appropriations for which the governing body has authorized that an unspent balance from a prior fiscal year be carried forward and made available for spending in the current fiscal year. These carry forwards are included as part of the subsequent fiscal year's original budget.

Original and supplemental appropriations are enacted upon by a Town Meeting vote. Management may not amend the budget without seeking the approval of the governing body. The Town's Finance Committee can legally transfer funds from its reserve fund to other appropriations within the budget without seeking Town Meeting approvals. The original fiscal year 2016 approved budget authorized \$28,206,446 in current year appropriations and other amounts to be raised and \$319,397 in encumbrances and appropriations carried over from previous fiscal years. Supplemental appropriations of \$100,000 was approved at one Town Meeting fiscal year 2016.

The Town Accountant has the responsibility to ensure that budgetary controls are maintained and monitored through the accounting system.

**TOWN OF PLAINVILLE, MASSACHUSETTS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

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*B. Budgetary – GAAP Reconciliation*

For budgetary financial reporting purposes, the Uniform Massachusetts Accounting System basis of accounting (established by the Commonwealth) is followed, which differs from the GAAP basis of accounting. A reconciliation of budgetary-basis to GAAP-basis results for the general fund for the fiscal year ended June 30, 2016, is presented below:

Net change in fund balance - budgetary basis	\$ (6,035)
<b>Basis of accounting differences:</b>	
Net Stabilization fund activity	2,143,476
Increase in revenue for on-behalf payments - MTRS	1,204,881
Increase in expenditures for on-behalf payments - MTRS	<u>(1,204,881)</u>
Net change in fund balance - GAAP basis	<u>\$ 2,137,441</u>

*C. Excess of Expenditures over Appropriations*

For the fiscal year ended June 30, 2016, actual expenditures exceeded appropriations for snow removal. The over-expenditure will be funded by available funds during fiscal year 2017.

*D. Deficit Fund Balance*

An individual fund deficit exists within the water enterprise capital projects fund. This individual deficit will be eliminated through subsequent fiscal year budget transfers, grants, or proceeds of long-term debt during fiscal year 2017.

**NOTE 3 – DEPOSITS AND INVESTMENTS**

State and local statutes place certain limitations on the nature of deposits and investments available to the Town. Deposits (including demand deposits, term deposits and certificates of deposit) in any one financial institution may not exceed certain levels unless collateralized by the financial institutions involved.

*Deposits*

• *Custodial Credit Risk – Deposits*

Custodial credit risk is the risk that in the event of bank failure, the Town's deposits may not be returned. Massachusetts General Law Chapter 44, Section 55, limits the deposits "in a bank or trust company, or banking company to an amount not exceeding sixty percent (60%) of the capital and surplus of such bank or trust company or banking company, unless satisfactory security is given to it by such bank or trust company or banking company for such excess." The Town does not have a formal deposit policy for custodial credit risk. The Town carries deposits that are fully insured by the Federal Deposit Insurance Corporation (FDIC), Shared Insurance Fund (SIF) and the Depositor's Insurance Fund (DIF). The Town also carries deposits that are uninsured and uncollateralized.

**TOWN OF PLAINVILLE, MASSACHUSETTS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
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The following table illustrates how much of the Town's bank deposits are insured and how much of the Town's bank deposits are uninsured and uncollateralized as of June 30, 2016:

Total bank balances	<u>\$ 11,515,759</u>
Bank balances covered by deposit insurance	
Federal Deposit Insurance Corporation (FDIC)	3,350,004
Depositors Insurance Fund (DIF)	3,117,729
Shared Insurance Fund (SIF)	<u>1,984,622</u>
Total bank balances covered by deposit insurance	<u>8,452,355</u>
Balances subject to custodial credit risk	
Bank balances uninsured & uncollateralized	<u>3,063,404</u>
Total bank balances subject to custodial credit risk	<u>3,063,404</u>
Total bank balances	<u>\$ 11,515,759</u>

*Investments*

Investments can also be made in securities issued by or unconditionally guaranteed by the U.S. government or agencies that have a maturity of less than one year from the date of purchase, repurchase agreement guaranteed by the U.S. government or agencies that have a maturity of less than one year from the date of purchase, repurchase agreements guaranteed by such securities with maturity dates of no more than 90 days from the date of purchase, and units in the Massachusetts Municipal Depository Trust (MMDT). The Treasurer of the Commonwealth of Massachusetts oversees the financial management of the MMDT, a local investment pool for cities, towns, and other state and local agencies within the Commonwealth. The Town's fair value of its investment in MMDT represents their value of the pool's shares. The Town's Trust Funds have expanded investment powers including the ability to invest in equity securities, corporate bonds, annuities and other specified investments.

**TOWN OF PLAINVILLE, MASSACHUSETTS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
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The composition of the Town's bank recorded deposits and investments fluctuates depending primarily on the timing of property tax receipts, proceeds from borrowings, collections of state and federal aid, and capital outlays throughout the year.

*a) Credit Risk*

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. For short-term investments that were purchased using surplus revenues, Massachusetts General Law Chapter 44, Section 55, limits the Town's investments to the top rating issued by at least one nationally recognized statistical rating organization (NRSROs).

Presented below is the actual rating as of year end for each investment type of the Town.

Investment type	Fair value	Minimum Legal Rating	Rating as of Year End			
			AAA	A	BBA	Unrated
U S Treasury & Agency Securities	\$ 742,503	N/A	\$ 742,503	\$ -	\$ -	\$ -
Corporate Bonds	209,566	N/A	-	108,871	100,695	-
Fixed Income Mutual Fund	163,737	N/A	-	-	-	163,737
Money Market Mutual Fund	<u>501,462</u>	N/A	<u>-</u>	<u>-</u>	<u>-</u>	<u>501,462</u>
Total Investments	<u><u>\$ 1,617,268</u></u>		<u><u>\$ 742,503</u></u>	<u><u>\$ 108,871</u></u>	<u><u>\$ 100,695</u></u>	<u><u>\$ 665,199</u></u>

*b) Custodial Credit Risk*

For an investment, this is the risk that, in the event of a failure by the counterparty, the Town will not be able to recover the value of its investments or collateral security that are in possession of an outside party. The investments in U.S. Treasury and Agency securities and corporate bonds are not exposed to custodial credit risk because the related securities are registered in the name of Town. The mutual funds investments are not exposed to custodial credit risk because their existence is not evidenced by securities that exist in physical or book entry form.

The Town does not have an investment policy for custodial credit risk.

*c) Interest Rate Risk*

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

**TOWN OF PLAINVILLE, MASSACHUSETTS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
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Information about the sensitivity of the fair values of the Town's investments to market interest rate fluctuations is as follows:

Investment type	Fair value	Investment maturities (in years)		
		Less than 1	1-5	6-10
<b><i>Debt Related Securities:</i></b>				
U.S. Treasury & Agency Securities	\$ 742,503	\$ 237,180	\$ 228,025	\$ 277,298
Corporate Bonds	209,566	-	209,566	-
Fixed Income Mutual Fund	<u>163,737</u>	<u>163,737</u>	-	-
Total Debt Related Securities	<u>1,115,806</u>	<u>400,917</u>	<u>437,591</u>	<u>277,298</u>
<b><i>Other Investments:</i></b>				
Money Market Mutual Fund	<u>501,462</u>	<u>501,462</u>	-	-
Total Investments	<u>\$ 1,617,268</u>	<u>\$ 902,379</u>	<u>\$ 437,591</u>	<u>\$ 277,298</u>

*d) Concentration of Credit Risk*

The Town places no limit on the amount the government may invest in any one issuer. More than 5% of the Town's investments are in the following securities:

Issuer	Percentage of Total Investments
Federated Government Ultra Short Duration Fund - Fixed Income Mutual Fund	<b>7.75%</b>

*Fair Market Value of Investments*

The Town holds investments that are measured at fair value on a recurring basis. Because investing is not a core part of the Town's mission, the Town determines that the disclosures related to these investments only need to be disaggregated by the major type. The Town chooses a tabular format for disclosing the levels within the fair value hierarchy.

The Town categorizes its fair value measurement within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the assets. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

**TOWN OF PLAINVILLE, MASSACHUSETTS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
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The Town has the following recurring fair value measurement as of June 30, 2016.

Investment Type	June 30, 2016	Fair Value Measurements Using		
		Quoted Price in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<b>Debt securities</b>				
U.S. Government and Agency	\$ 742,503	\$ 742,503	\$ -	\$ -
Corporate Bonds	209,566	-	209,566	-
Fixed Income Mutual Funds	163,737	-	163,737	-
Total debt securities	1,115,806	742,503	373,303	-
<b>Other Investments</b>				
Money Market Mutual Funds	501,462	501,462	-	-
Total investments measured at fair value	1,617,268	\$ 1,243,965	\$ 373,303	\$ -
<b>Investments measured at amortized cost</b>				
Massachusetts Municipal Depository Trust - (MMDT)	1,136,042			
<b>Total Investments</b>	<b>\$ 2,753,310</b>			

U.S. Government and Agency, and Money Market mutual funds classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Corporate bonds and fixed income mutual funds classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities relationship to benchmark quoted prices.

Massachusetts Municipal Depository Trust (MMDT) investments are valued at amortized cost. Under the amortized cost method an investment is valued initially at its cost and adjusted for the amount of interest income accrued each day over the term of the investment to account for any difference between the initial cost and the amount payable at its maturity. If amortized cost is determined not to approximate fair value, the value of the portfolio securities will be determined under procedures established by the Advisor.

**TOWN OF PLAINVILLE, MASSACHUSETTS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

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**NOTE 4 – RECEIVABLES**

The receivables at June 30, 2016 for the Town's individual major and non-major governmental funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

Receivables:	Gross Amount	Allowance for Uncollectibles	Net Amount
Real estate and personal property taxes	\$ 391,872	\$ (68,400)	\$ 323,472
Tax liens	622,630	-	622,630
Motor vehicle excise taxes	152,187	(50,600)	101,587
User fees	192,507	-	192,507
Intergovernmental	<u>4,329,419</u>	<u>-</u>	<u>4,329,419</u>
 Total	 <u>\$ 5,688,615</u>	 <u>\$ (119,000)</u>	 <u>\$ 5,569,615</u>

The receivables at June 30, 2016, for the enterprise funds consist of the following:

Receivables:	Gross Amount	Allowance for Uncollectibles	Net Amount
<i>Water</i>			
User fees	\$ 585,914	\$ -	\$ 585,914
<i>Sewer</i>			
User fees	<u>327,318</u>	<u>-</u>	<u>327,318</u>
 Total	 <u>\$ 913,232</u>	<u>\$ -</u>	<u>\$ 913,232</u>

**TOWN OF PLAINVILLE, MASSACHUSETTS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
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Governmental funds report deferred inflows of resources in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with revenues that have been received, but not yet earned. At the end of the current fiscal year, the various components of deferred inflows of resources reported in the governmental funds were as follows:

**Deferred Inflows of Resources Analysis**

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<u>Deferred Inflows:</u>	<u>General Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Deferred Property Taxes	\$ 855,254	\$ -	\$ 855,254
Deferred Other Revenue	294,094	-	294,094
Deferred Intergovernmental Revenue	<u>3,665,042</u>	<u>446,866</u>	<u>4,111,908</u>
 Total	 <u>\$ 4,814,390</u>	 <u>\$ 446,866</u>	 <u>\$ 5,261,256</u>

**TOWN OF PLAINVILLE, MASSACHUSETTS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

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**NOTE 5 – CAPITAL ASSETS**

Capital asset activity for the fiscal year ended June 30, 2016, was as follows:

<b>Governmental Activities:</b>	<b>Beginning Balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balance</b>
<i><b>Capital assets not being depreciated:</b></i>				
Land	\$ 2,292,155	\$ -	\$ -	\$ 2,292,155
Construction in progress	<u>135,012</u>	<u>11,115</u>	<u>(135,012)</u>	<u>11,115</u>
Total capital assets not being depreciated	<u>2,427,167</u>	<u>11,115</u>	<u>-</u>	<u>2,303,270</u>
<i><b>Capital assets being depreciated:</b></i>				
Buildings and improvements	24,909,134	132,375	135,012	25,176,521
Machinery and equipment	2,902,003	41,243	-	2,943,246
Vehicles	2,606,276	397,466	-	3,003,742
Software	153,214	-	-	153,214
Infrastructure	<u>11,644,131</u>	<u>126,390</u>	<u>-</u>	<u>11,770,521</u>
Total capital assets being depreciated	<u>42,214,758</u>	<u>697,474</u>	<u>135,012</u>	<u>43,047,244</u>
<i><b>Less accumulated depreciation for:</b></i>				
Buildings and improvements	(8,871,535)	(615,582)	-	(9,487,117)
Machinery and equipment	(2,491,058)	(92,128)	-	(2,583,186)
Vehicles	(1,797,746)	(218,234)	-	(2,015,980)
Software	(153,214)	-	-	(153,214)
Infrastructure	<u>(4,058,006)</u>	<u>(318,038)</u>	<u>-</u>	<u>(4,376,044)</u>
Total accumulated depreciation	<u>(17,371,559)</u>	<u>(1,243,982)</u>	<u>-</u>	<u>(18,615,541)</u>
Total capital assets being depreciated, net	<u>24,843,199</u>	<u>(546,508)</u>	<u>135,012</u>	<u>24,431,703</u>
Total governmental activities capital assets, net	<u>\$ 27,270,366</u>	<u>\$ (535,393)</u>	<u>\$ 135,012</u>	<u>\$ 26,734,973</u>

**TOWN OF PLAINVILLE, MASSACHUSETTS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
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<b>Business-Type Activities:</b>	Beginning Balance	Increases	Decreases	Ending Balance
<b><i>Capital assets not being depreciated:</i></b>				
Land	\$ 965,000	\$ -	\$ -	\$ 965,000
Construction in progress	<u>32,000</u>	798,886	-	830,886
Total capital assets not being depreciated	<u>997,000</u>	798,886	-	1,795,886
<b><i>Capital assets being depreciated:</i></b>				
Buildings and improvements	4,307,096	-	-	4,307,096
Software	264,000	-	-	264,000
Vehicles	92,169	-	-	92,169
Infrastructure	<u>14,563,786</u>	31,771	(17,451)	14,578,106
Total capital assets being depreciated	<u>19,227,051</u>	31,771	(17,451)	19,241,371
<b><i>Less accumulated depreciation for:</i></b>				
Buildings and improvements	(1,473,438)	(95,856)	-	(1,569,294)
Software	(171,600)	(26,400)	-	(198,000)
Vehicles	(92,169)	(3,123)	17,451	(77,841)
Infrastructure	<u>(3,342,728)</u>	(275,590)	-	(3,618,318)
Total accumulated depreciation	<u>(5,079,935)</u>	(400,969)	17,451	(5,463,453)
Total capital assets being depreciated, net	<u>14,147,116</u>	(369,198)	-	13,777,918
Total business-type activities capital assets, net	<u>\$ 15,144,116</u>	<u>\$ 429,688</u>	<u>\$ -</u>	<u>\$ 15,573,804</u>

Depreciation expense was charged to functions/programs of the primary government as follows:

<b>Governmental Activities:</b>	
General government	\$ 10,063
Public safety	262,062
Education	535,523
Public works	367,383
Human Services	10,107
Culture and recreation	<u>58,844</u>
Total depreciation expense - governmental activities	<u>\$ 1,243,982</u>
<b>Business-Type Activities:</b>	
Water	\$ 254,931
Sewer	146,038
Sanitation	<u>-</u>
Total depreciation expense - business-type activities	<u>\$ 400,969</u>

**TOWN OF PLAINVILLE, MASSACHUSETTS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

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**NOTE 6 – CAPITAL LEASES**

The Town has entered into six lease agreements as lessee for financing the acquisitions of two Dodge Charger police cruisers, two Ford Explorers (Police and Water), Dodge Durango, and Ford F-350 truck. The lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of the future minimum lease payments as of the inception dates.

The assets acquired through the capital leases are as follows:

	Governmental Activities	Business Activities	Total
<b>Assets:</b>			
Vehicles	\$ 207,717	\$ 31,770	\$ 239,487
Less: Accumulated depreciation	<u>(60,911)</u>	<u>(3,177)</u>	<u>(64,088)</u>
	<u><u>\$ 146,806</u></u>	<u><u>\$ 28,593</u></u>	<u><u>\$ 175,399</u></u>

The future minimum lease obligations and the net present value of the minimum lease payments as of June 30, 2016, are as follows:

Year Ending June 30	Business		
	Governmental Activities	Type Activities	Total
2017	\$ 59,505	\$ 7,325	\$ 66,830
2018	36,901	7,325	44,226
2019	36,901	7,325	44,226
2020	-	7,325	7,325
2021	<u>-</u>	<u>6,715</u>	<u>6,715</u>
Total : Minimum lease payments	133,307	36,015	169,322
Less : Amounts representing interest	<u>(13,548)</u>	<u>(4,855)</u>	<u>(18,403)</u>
Present Value of minimum lease payments	<u><u>\$ 119,759</u></u>	<u><u>\$ 31,160</u></u>	<u><u>\$ 150,919</u></u>

**TOWN OF PLAINVILLE, MASSACHUSETTS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
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**NOTE 7 – INTERFUND TRANSFERS**

Interfund transfers for the fiscal year ended June 30, 2016, are summarized as follows:

Operating Transfers In:					
Operating Transfers Out:	General Fund	Nonmajor Governmental Funds	Sanitation Enterprise Fund	Sewer Enterprise Fund	Total
Nonmajor Governmental Funds	\$ 9,620	\$ -	\$ -	\$ -	\$ 9,620 (1)
General Fund	-	-	2,985	125,461	128,446 (2)
Sanitation Enterprise Fund	95	-	-	-	95 (1)
General Fund	-	445,000	-	-	445,000 (1)
Water Enterprise Fund	<u>5,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,000 (1)</u>
<b>Total</b>	<b><u>\$ 14,715</u></b>	<b><u>\$ 445,000</u></b>	<b><u>\$ 2,985</u></b>	<b><u>\$ 125,461</u></b>	<b><u>\$ 588,161</u></b>

(1) Represents other transfers to the general fund.

(2) Represents budgeted transfers to the enterprise funds.

**NOTE 8 – SHORT-TERM FINANCING**

Under state law, and with the appropriate authorization, the Town is authorized to borrow funds on a temporary basis as follows:

- To fund current operations prior to the collection of revenues by issuing revenue anticipation notes (RANS).
- To fund grants prior to reimbursement by issuing grant anticipation notes (GANS).
- To fund Capital project costs incurred prior to selling permanent debt by issuing bond anticipation notes (BANS).
- To fund current project costs and other approved expenditures incurred, that are anticipated to be reimbursed by the Commonwealth, through the issuance of State Aid anticipation notes (SAANS).

**TOWN OF PLAINVILLE, MASSACHUSETTS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
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Short-term loans are general obligations of the Town and maturity dates are governed by statute. Interest expenditures for short-term borrowings are accounted for in the general and sewer enterprise fund.

The following is a summary of changes in short-term debt for the year ended June 30, 2016:

Type	Purpose	Rate (%)	Due Date	Balance at June 30, 2015	Renewed/ Issued	Retired/ Redeemed	Balance at June 30, 2016
<i><b>Govermental Funds</b></i>							
BAN	Roof Repair	0.55%	6/17/2016	\$ 260,000	\$ -	\$ (260,000)	\$ -
<i><b>Enterprise Fund</b></i>							
BAN	Sewer Project	0.55%	6/17/2016	225,000	-	(225,000)	-
BAN	Sewer Project	0.80%	6/16/2017	-	225,000	-	225,000
				225,000	225,000	(225,000)	225,000
Total				<u>\$ 485,000</u>	<u>\$ 225,000</u>	<u>\$ (485,000)</u>	<u>\$ 225,000</u>

**NOTE 9 – LONG-TERM DEBT**

The Town is subject to a dual-level, general debt limit: the normal debt limit and the double debt limit. Such limits are equal to 5% and 10%, respectively, of the valuation of taxable property in the Town as last equalized by the Commonwealth's Department of Revenue. Debt may be authorized up to the normal debt limit without state approval. Authorizations under the double debt limit, however, require the approval of the Commonwealth's Emergency Finance Board. Additionally, there are many categories of general long-term debt which are exempt from the debt limit but are subject to other limitations.

The following is a summary of the changes in long-term debt for the year ended June 30, 2016:

**Bonds and Notes Payable Schedule -Governmental Funds**

Project	Interest Rate %	Outstanding at June 30, 2015		Issued	Redeemed	Outstanding at June 30, 2016	
Fire Equipment	4.22	\$ 255,000	\$ -	\$ 51,000	\$ 51,000	\$ 204,000	\$ 204,000
Jackson School	1.60	130,000	-	65,000	65,000	65,000	65,000
Wood School	1.78	140,000	-	25,000	25,000	115,000	115,000
Wood School	1.91	4,165,000	-	540,000	540,000	3,625,000	3,625,000
Equipment & Road Work	3.72	<u>180,000</u>	<u>-</u>	<u>60,000</u>	<u>60,000</u>	<u>120,000</u>	<u>120,000</u>
Total		<u>\$ 4,870,000</u>	<u>\$ -</u>	<u>\$ 741,000</u>	<u>\$ 741,000</u>	<u>\$ 4,129,000</u>	<u>\$ 4,129,000</u>

**TOWN OF PLAINVILLE, MASSACHUSETTS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
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The annual debt service requirements for principal and interest for Governmental bonds and notes outstanding at June 30, 2016 are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 716,000	\$ 126,901	\$ 842,901
2018	686,000	104,184	790,184
2019	601,000	82,239	683,239
2020	591,000	57,816	648,816
2021	535,000	39,194	574,194
2022-2023	<u>1,000,000</u>	<u>33,663</u>	<u>1,033,663</u>
<b>Total</b>	<b>\$ 4,129,000</b>	<b>\$ 443,997</b>	<b>\$ 4,572,997</b>

**Bonds and Notes Payable Schedule -Water and Sewer Enterprise Funds**

<u>Project</u>	<u>Interest</u>	<u>Outstanding at</u> <u>June 30, 2015</u>	<u>Issued</u>	<u>Redeemed</u>	<u>Outstanding at</u>
	<u>Rate</u> <u>%</u>				<u>June 30, 2016</u>
Water Pumping Station	2.00	\$ 655,184	\$ -	\$ 53,786	\$ 601,398
Water Treatment Plant	1.92	595,000	-	75,000	520,000
Water Storage Tank	1.92	475,000	-	60,000	415,000
Water Land Acquisition	1.91	360,000	-	50,000	310,000
MWPAT Sewer	2.00	2,419,373	-	134,410	2,284,963
USDA Sewer	2.75	<u>39,050</u>	<u>-</u>	<u>39,050</u>	<u>-</u>
<b>Total</b>		<b>\$ 4,543,607</b>	<b>\$ -</b>	<b>\$ 412,246</b>	<b>\$ 4,131,361</b>

**TOWN OF PLAINVILLE, MASSACHUSETTS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
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The annual debt service requirements for principal and interest for water and sewer enterprise funds bonds and notes outstanding at June 30, 2016 are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 369,282	\$ 93,985	\$ 463,267
2018	370,391	84,788	455,179
2019	371,523	75,569	447,092
2020	372,676	64,527	437,203
2021	373,853	55,262	429,115
2022-2026	1,332,769	161,961	1,494,730
2027-2031	672,048	67,205	739,253
2032-2033	<u>268,819</u>	<u>8,065</u>	<u>276,884</u>
Total	<u>\$ 4,131,361</u>	<u>\$ 611,362</u>	<u>\$ 4,742,723</u>

**TOWN OF PLAINVILLE, MASSACHUSETTS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
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**Loans Authorized and Unissued**

As of June 30, 2016, the Town has loans authorized and unissued as follows:

<b>Description</b>	<b>Date Authorized</b>	<b>Amount</b>
Water Main Replacement	6/1/2015	\$ 80,000
Water Tank Rehab	6/1/2015	1,017,000
Salt Shed	6/1/2015	75,000
Fire Ladder Truck	6/1/2015	1,345,000
Road & Sidewalk Program	6/6/2016	150,000
Upgrades - Highway Garage	6/6/2016	140,000
Sewer Infiltration/Inflow Program	6/6/2016	50,000
Water Mains/ Valves Hydrants	6/6/2016	605,625
Diesel Exhaust Filtration Systems	6/6/2016	86,894
Ambulance Purchase	6/6/2016	<u>339,200</u>
 Total		<u>\$ 3,888,719</u>

**Massachusetts School Building Authority Reimbursements**

Chapter 645 of the Act of 1948 as amended (“Chapter 645”) created a statewide school building assistance program. Pursuant to this program, cities and towns issued bonds for eligible school building projects and were reimbursed over a period of years by the Commonwealth according to a statutory percentage for such city or town.

Legislation enacted as part of the Commonwealth’s Fiscal 2001 budget repealed 645 and created a new school building assistance program codified as Chapter 70B of the Massachusetts General Laws. Among other changes, the new program includes grants for alternatives to construction and calculates grants for each project based on a number of factors. The new legislation does not affect the reimbursement percentages for bonds previously issued under Chapter 645, and the grants for certain “grandfathered” projects will be based on the statutory percentages provided for in Chapter 645.

The Town has been approved for 67% percent state school construction grants through the Massachusetts School Building authority (MSBA) to cover eligible project costs, including debt service associated with the financing of these projects, subject to annual appropriation by the state legislature. The Town received \$505,393 from scheduled annual payments in FY 2016 from the MSBA for completed school construction projects.

**TOWN OF PLAINVILLE, MASSACHUSETTS**  
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**Changes in Long-term Liabilities**

The following is a summary of changes in long-term liabilities for the year ended June 30, 2016:

Governmental Activities:	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Bonds and notes payable	\$ 4,870,000	\$ -	\$ (741,000)	\$ 4,129,000	\$ 716,000
Capital lease payable	39,860	135,505	(5,606)	169,759	51,990
OPEB	6,758,857	978,661	-	7,737,518	-
Net pension liability	12,082,239	1,888,715	-	13,970,954	-
 Total governmental activities long-term liabilities	 \$ 23,750,956	 \$ 3,002,881	 \$ (746,606)	 \$ 26,007,231	 \$ 767,990
Business-Type Activities:	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Bonds and notes payable	\$ 4,543,607	\$ -	\$ (412,246)	\$ 4,131,361	\$ 369,282
OPEB	352,850	27,982	-	380,832	-
Capital lease payable	-	31,770	(610)	31,160	5,623
Net pension liability	635,601	99,358	-	734,959	-
 Total business-type activities long-term liabilities	 \$ 5,532,058	 \$ 159,110	 \$ (412,856)	 \$ 5,278,312	 \$ 374,905

The governmental activities long-term liabilities are generally liquidated by the general fund.

**Overlapping Debt**

The Town pays assessments under formulas which include debt service payments to other governmental agencies providing services to the Town, (commonly referred to as overlapping debt). The following summary sets forth the long-term debt of such governmental agencies and the estimated share being financed by the Town as of June 30, 2016:

Agency	Total Long- Term Debt Outstanding	Town's Estimated Share	Town's Indirect Debt
King Philip Regional School District Bonds	\$ 14,371,473	23.70%	\$ 3,406,039
 Norfolk County Bonds	 \$ 11,830,000	 1.04%	 \$ 123,032
	 \$ 26,201,473		 \$ 3,529,071

**TOWN OF PLAINVILLE, MASSACHUSETTS**  
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**NOTE 10 – GOVERNMENTAL FUND BALANCE CLASSIFICATIONS**

The Town has classified its governmental fund balances with the following hierarchy.

	General Fund	Nonmajor Governmental Funds	<u>TOTAL</u>
<b>Fund Balances</b>			
Restricted For:			
General Government	\$ -	\$ 199,213	\$ 199,213
Public Safety	-	339,846	339,846
Education	-	437,735	437,735
Public Works	-	181,508	181,508
Human Services	-	28,159	28,159
Culture & Recreation	-	78,428	78,428
Expendable Trust Fund	-	18,161	18,161
	<hr/>	<hr/>	<hr/>
	-	1,283,050	1,283,050
Committed To:			
Continuing Appropriations			
General Government	73,462	-	73,462
Public Safety	9,804	-	9,804
Human Services	55,234	-	55,234
Employee Benefits	31,164	-	31,164
	<hr/>	<hr/>	<hr/>
	169,664	-	169,664
Assigned To:			
Encumbered For:			
Public Safety	51,083	-	51,083
Education	159,508	-	159,508
Human Services	363	-	363
Culture & Recreation	296	-	296
Subsequent Years Expenditures	1,750,000	-	1,750,000
Reserved for Petty Cash	500	-	500
Reserved for Bond Premium	8,079	-	8,079
Capital Stabilization Trust Fund	2,088,321	-	2,088,321
LCS Stabilization Fund	2,108,091	-	2,108,091
	<hr/>	<hr/>	<hr/>
	6,166,241	-	6,166,241
Unassigned			
General Fund	2,126,570	-	2,126,570
General Stabilization Fund	359,288	-	359,288
Non Major Governmental Funds			
Public Safety	-	(2,727)	(2,727)
	<hr/>	<hr/>	<hr/>
	2,485,858	(2,727)	2,483,131
Total Governmental Fund Balances	<hr/>	<hr/>	<hr/>
	\$ 8,821,763	\$ 1,280,323	\$ 10,102,086

**NOTE 11 – STABILIZATION ARRANGEMENTS**

The Town has established several funds where the Town has set aside amounts for emergency and capital needs. These funds consist of the following:

- The *Stabilization fund* is used to account for any appropriation, as approved by a 2/3 vote at the annual or special town meeting for additions or reductions to the fund. Any interest shall be added to and become part of the fund. The Stabilization fund balance is \$359,288 as of June 30, 2016. The fund was established under chapter 40, sub-section 5B of the Massachusetts General Law.

**TOWN OF PLAINVILLE, MASSACHUSETTS**  
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- *The LCS Stabilization Fund* is used to account for appropriations funding costs related to the landfill. The Town may appropriate into and out of the fund at Annual or Special Town Meeting by 2/3 vote. The LCS stabilization fund balance is \$2,108,091 as of June 30, 2016.
- The *Capital Stabilization fund* is used to account for any capital appropriation, as approved by a 2/3 vote at the annual or special town meeting for additions or reductions to the fund. Any interest shall be added to and become part of the fund. The Capital Stabilization fund balance is \$2,088,321 as of June 30, 2016. The fund was established under chapter 40, sub-section 5B of the Massachusetts General Law.

#### **NOTE 12 – RISK FINANCING**

The Town is exposed to various risks of loss related to torts; theft of, damage to or destruction of assets; errors and omissions; injuries to employees; employee's health and life; and natural disasters.

The Town is insured for general liability; however, Chapter 258 of the Massachusetts General Laws limits the Town's liability to a maximum of \$100,000 per claim in all matters except in actions relating to federal civil rights, eminent domain and breach of contract. Such claims are charged to the general fund. There were no such claims in 2016.

#### **NOTE 13 - POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS**

GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, requires the following disclosures with regard to the retiree medical and life insurance benefits:

**Plan Description.** Town of Plainville Other Postemployment Benefits Plan ("the plan") is a single-employer defined benefit healthcare plan administered by the Town of Plainville. The plan provides medical and life insurance benefits to eligible retirees and their spouses. Town meeting vote is the authority to establish and amend benefit provisions to the Town. The Town has accepted various sections of Massachusetts General laws Chapter 32B to provide ½ of the premium cost of retirees' health and life insurance costs.

An employee becomes eligible to retire under this plan upon meeting one of the following conditions:

1. Completion of 20 years of service regardless of age.
2. For an employee hired prior to April 2, 2012 – attainment of age 55 as an active member and completion of 10 years of service.
3. For an employee hired on or after April 2, 2012 – attainment of age 60 with 10 years of creditable service.

**Credited service** is the elapsed time from date of hire to termination of service date. A participant contribution varies based on coverage elected from 25% to 50%. The benefits offered include various Medical & Life Insurance offerings via Blue Cross Blue Shield of Massachusetts. The normal retirement date is the first day of the month following a participant's 65<sup>th</sup> birthday. Early retirement is available for any participant who has attained benefit eligibility.

**TOWN OF PLAINVILLE, MASSACHUSETTS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
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**Funding Policy** The contribution requirements of plan members and the Town are established and may be amended through Town ordinances. The required contribution is based on projected pay-as-you-go financing requirements. For Fiscal Year 2016, total Town premiums plus implicit costs for the retiree medical program are \$775,997.

**Annual OPEB Cost and Net OPEB Obligation.** The Town's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the *annual required contribution of the employer (ARC)*, an amount actuarially determined in accordance with the parameters of GASB statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the Town's annual OPEB cost for the fiscal year, the amount actually contributed to the plan, and changes in the Town's net OPEB obligation to the plan:

Annual required contribution	\$ 1,792,110
Interest on net OPEB Obligation	284,468
Adjustment to Annual Required Contribution	(395,453)
Amortization of Actual (Gains)/Losses	<u>101,515</u>
Annual OPEB Cost (expenses)	1,782,640
Contributions made	<u>(775,997)</u>
Increase in net OPEB obligation	1,006,643
Net OPEB obligation - beginning of year	<u>7,111,707</u>
Net OPEB obligation - end of year	<u>\$ 8,118,350</u>

**TOWN OF PLAINVILLE, MASSACHUSETTS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
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The Town's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2016 and the seven preceding years were as follows:

<b>Fiscal Year Ended</b>	<b>Annual OPEB Cost</b>	<b>Percentage of Annual OPEB Cost Contributed</b>		<b>Increase in OPEB Obligation</b>	<b>Net OPEB Obligation</b>
		<b>Contributed</b>	<b>Net</b>		
6/30/2009	\$ 1,737,746	34.6%		\$ 1,137,075	\$ 1,137,075
6/30/2010	\$ 1,757,905	37.5%		\$ 1,098,648	\$ 2,235,723
6/30/2011	\$ 1,220,000	33.3%		\$ 814,274	\$ 3,049,997
6/30/2012	\$ 1,285,122	34.8%		\$ 837,566	\$ 3,887,563
6/30/2013	\$ 1,482,156	32.2%		\$ 1,005,381	\$ 4,892,944
6/30/2014	\$ 1,542,778	34.1%		\$ 1,016,449	\$ 5,909,393
6/30/2015	\$ 1,706,885	29.6%		\$ 1,202,314	\$ 7,111,707
6/30/2016	\$ 1,782,640	30.1%		\$ 1,006,643	\$ 8,118,350

**Funded Status and Funding Progress.** As of July 1, 2014, the most recent actuarial valuation date, the plan was 0.09% funded. The actuarial accrued liability for benefits was \$16.389 million, and the actuarial value of assets was \$15,063, resulting in an unfunded actuarial accrued liability (UAAL) of \$16,374. The covered payroll (annual payroll of active employees covered by the plan) was \$10.787 million, and the ratio of the UAAL to the covered payroll was 151.80%.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

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

In the July 1, 2014 actuarial valuation, the projected unit credit actuarial cost method was used. Under this method, the normal cost and actuarial liability are both based on an accrual of projected benefits over the period for which benefits are accrued. The normal cost is the actuarial present value of one year's benefit accrual on this basis. The actuarial accrued liability is the actuarial present value of the projected benefit times the ratio of past service to total service at retirement/termination. The actuarial assumptions included a 4.00% investment rate of return (net of administrative expenses), which is a blended rate of the expected long-term investment returns on plan assets and on the employer's own investments calculated based on the funded level of the plan at the valuation date, and an annual healthcare cost trend rate of 5% percent. Both rates included a 3.0% inflation assumption. The actuarial value of assets is equal to the market value of the plan assets. The UAAL is being amortized as a level dollar amount over 30 years at transition. The remaining amortization period at July 1, 2016, was 22 years.

**TOWN OF PLAINVILLE, MASSACHUSETTS**  
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**NOTE 14 – PENSION PLANS**

*A. Plan Descriptions*

The Town is a member of the Norfolk County Contributory Retirement System (The System), a multiple-employer, cost sharing contributory defined benefit pension plan covering eligible employees of the 41 member units deemed eligible by the system. Chapter 32 of the Massachusetts General Law assigns authority to establish and amend benefit provisions of the system. Substantially all employees are members of the system except for public school teachers and certain school administrators who are members of the Massachusetts Teachers' Retirement System (MTRS) to which the Town does not contribute.

The “System” and the MTRS are contributory defined benefit plans and membership in both the “System” and the MTRS is mandatory upon commencement of employment for all permanent, full-time employees.

The System issues a publically available audited financial report that may be obtained by contacting the system's executive director at 480 Neponset Street, Building #15, Canton, Massachusetts 02021. The report can also be obtained online at [www.norfolkcountyretirement.org](http://www.norfolkcountyretirement.org). The MTRS issues a publically available audited financial report that may be obtained by contacting MTRS at One Charles Park, Cambridge, Massachusetts 02142-1206.

**B. Benefits Provided**

The System and MTRS provide retirement, disability and death benefits to plan members and beneficiaries. Massachusetts Contributory Retirement System benefits are with certain minor exceptions, uniform from system to system. The System provides for retirement allowance benefits up to a maximum of 80% of a member's highest three-year average annual rate of regular compensation. For persons who became members on or after April 2, 2012, average salary is the average annual rate of regular compensation received during the five consecutive years that produce the highest average, or, if greater, during the last five years (whether or not consecutive) preceding retirement. Benefit payments are based upon a member's age, length of creditable service, level of compensation, and group classification. Members become vested after ten years of creditable service. There are three classes of membership in the retirement system: group 1, group 2, and group 4. Group 1 consists of general employees which includes clerical and administrative positions. Group 2 consist of positions that have even been specified as hazardous. Lastly, group 4 consist of police officers, firefighters, and other hazardous positions.

Members become vested after ten years of creditable service. A superannuation retirement allowance may be received upon the completion of 20 years of service or upon reaching the age of 55 with 10 years of service if hired after 1978 and if classified in groups 1 or 2. A person who became a member on or after April 2, 2012 is eligible for a superannuation retirement allowance upon reaching the age of 60 with 10 years of service in group 1, 50 years of age with 10 years of service if in group 2 and 55 years of age if hired prior to 1978 or if classified in group 4. Normal retirement for most employees occurs at age 65 (except for certain hazardous duty and public safety positions, whose normal retirement is at age 55).

**TOWN OF PLAINVILLE, MASSACHUSETTS**  
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Members who become permanently and totally disabled for further duty may be eligible to receive a disability retirement allowance. The amount of benefits to be received in such cases is dependent on several factors, including whether or not disability is work related, the employee's age, years of creditable service, level of compensation, veterans' status and group classification.

Employees who resign from service and who are not eligible to receive a retirement allowance or are under the age of 55 are entitled to request a refund of their accumulated total deductions. In addition, with at least ten years of creditable service, such employees are entitled to receive one hundred (100%) percent of the regular interest which has accrued upon those deductions. Survivor benefits are extended to eligible beneficiaries of members whose death occurs prior to or following retirement.

Cost-of living adjustments granted through June 30, 1998, and any increase in other benefits imposed by the Commonwealth's state law during those years are borne by the Commonwealth and are deposited in to the pension fund. Cost-of-living adjustments granted subsequent to June 30, 1998 must be approved by the system and all costs are borne by the system.

### **C. Contributions**

#### *Norfolk County Contributory Retirement System*

Chapter 32 of MGL governs the contributions of plan members and member employees. Active plan members are required to contribute to the system at rates ranging from 5 to 9% of their gross compensation. Members joining the system after January 1, 1979 must contribute an additional 2% on regular compensation earnings at a rate in excess of \$30,000. The rate is keyed to the date upon which an employee's membership commences. The member units are required to pay into the system, a legislatively mandated actuarial determined contribution that is apportioned among the employers based on active current payroll. The Town's proportionate share of the required contribution for the year ended June 30, 2016 which was \$1,234,888 and 17.07% of covered payroll, actuarially determined as an amount that when combined with plan member contributions, is expected to finance the costs of benefits earned by plan members during the year, with an additional amount to finance any unfunded accrued liability.

#### **Massachusetts Teachers' Retirement System**

As required by State statutes, teachers of the Town are covered by the Massachusetts Teachers Retirement System (MTRS). Plan members (at varying rates of annual covered compensation) and the Commonwealth of Massachusetts fund contributes to the MTRS. The Pension benefits and administrative expenses paid by the Teachers Retirement Board are the legal responsibility of the Commonwealth of Massachusetts, and thus the Town is not required to contribute. The Commonwealth of Massachusetts contributed "on-behalf" payments to the MTRS totaling \$1,204,881 for fiscal year 2016. In accordance with GASB Statement No. 68, these on-behalf" payments have been recorded in the general fund as intergovernmental revenues and pension expenditures.

**TOWN OF PLAINVILLE, MASSACHUSETTS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
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**D. Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions**

*Pension Liabilities*

At June 30, 2016 the Town reported a liability of \$14,705,913 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2015 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2016. Accordingly, updated procedures were used to roll forward the total pension liability to the measurement date. 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 relative to the projected contributions of all participating members. At December 31, 2015, the Town's proportion was 2.71% which was a minor increase from its proportion measured as of December 31, 2014.

*Pension Expense and Deferred Outflows/Inflows of Resources*

For the year ended June 30, 2016 the Town recognized pension expense of \$1,833,648. At June 30, 2016 the Town reported deferred outflows/inflows of resources related to pensions of \$1,462,332 from the net difference between projected and actual investment earnings on pension plan investments. Since the system performs an actuarial valuation bi-annually, there are no reported differences between expected and actual experience or changes of assumptions as of December 31, 2015.

The deferred outflows/inflows of resources related to pensions will be recognized in future pension expense are as follows:

<u>Year ended June 30</u>	<u>Amount</u>
2017	\$ 398,047
2018	398,047
2019	398,047
2020	268,191
<b>Totals</b>	<b><u>\$ 1,462,332</u></b>

**TOWN OF PLAINVILLE, MASSACHUSETTS**  
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**E. Actuarial assumptions**

The total pension liability in the January 1, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement that was updated to December 31, 2015.

Valuation date	January 1, 2016
Actuarial cost method	Entry age normal cost method
Amortization method	Open-level percent of payroll.
Cost of Living Increase	3.0% of first \$15,000 of retirement income
Asset valuation method	market value
Inflation rate	4.0%
Projected Salary increases	3.5% - 5.5%
Mortality rates	The RP-2014 blue collar mortality table adjusted with scale MP-2014.
Investment rate of return	8.0%

**TOWN OF PLAINVILLE, MASSACHUSETTS  
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## **F. Long-Term Expected Rate of Return**

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 real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of December 31, 2015 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	32.0%	9.40%
International Equities	17.5%	9.70%
Fixed Income	19.0%	3.40%
Private Equity	8.5%	13.60%
Real Estate	9.0%	7.70%
Real Assets	5.0%	7.90%
Hedge Funds	9.0%	7.90%
<b>Total</b>	<b>100%</b>	

For the year ended December 31, 2015 the System's annual money-weighted rate of return on pension plan investments net of pension plan investment expense was -0.75%. The money-weighted rate of return expresses investment performance, net of pension plan investment expense, adjusted for the changing amounts actually invested.

## G. Discount Rate

The discount rate used to measure the total pension liability was 8.00%. The projection of cash flows used to determine the discount rate assumed plan member contributions will be made at the current contribution rates and that member employer contributions will be made at contractually required rates, actuarially determined. Under Chapter 32 of the MGL, employers are required to make the necessary contributions such that the plan reaches full funding status by 2040. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current 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.

**TOWN OF PLAINVILLE, MASSACHUSETTS**  
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**H. Sensitivity of the net pension liability to changes on the discount rate**

The following presents the net pension liability of the system, as of December 31, 2015 calculated using the discount rate of 8.00%, as well as what the system's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (7.00%) or one percentage point higher (9.00%) than the current rate:

	1% Decrease (7.00%)	Current Discount Rate (8.00%)	1% Increase (9.00%)
The Town's proportionate share of the net pension liability	\$ 18,642,109	\$ 14,705,913	\$ 11,527,978

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

**NOTE 15 – COMMITMENTS AND CONTINGENCIES**

The Town participates in a number of federal award programs. However the Town is not subject to the provisions of the Single Audit Act Amendments of 1996, since the Town did not expend more than \$750,000 of federal awards during the period ended June 30, 2016. These programs may still be subject to financial and compliance audits. Accordingly, the amount of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although it is believed the amount, if any, would not be material.

Various other legal actions and claims are pending. Litigation is subject to many uncertainties, and the outcome of individual litigated matters is not always predictable. Although the amount of liability, if any, at June 30, 2016, cannot be ascertained, management believes any resulting liability should not materially affect the financial position at June 30, 2016.

**TOWN OF PLAINVILLE, MASSACHUSETTS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
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**NOTE 16 – IMPLEMENTATION OF NEW GASB PRONOUNCEMENTS**

During fiscal year 2016, the following GASB pronouncements were implemented:

The GASB issued **Statement #72**, *Fair Value Measurement and Application*, which is required to be implemented in 2016. Management's current assessment is that this pronouncement will not have a significant impact on the Basic Financial Statements.

The GASB issued **Statement #76**, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, which is required to be implemented in 2016. Management's current assessment is that this pronouncement will not have a significant impact on the Basic Financial Statements.

The GASB issued **Statement #79**, *Tax Abatement Disclosures* which is required to be implemented in 2015. Management's current assessment is that this pronouncement will not have a significant impact on the Basic Financial Statements.

*Future GASB Pronouncements:*

The GASB issued **Statement #73**, *Accounting and Financial Reporting for Pension and Related Assets that are not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statement 67 and 68*. The provisions of this Statement are effective for 2016 – except those provisions that address employers and governmental non-employer contributing entities for pensions that are not within the scope of Statements 68, which are effective for 2017. Management's current assessment is that this pronouncement will not have a significant impact on the Basic Financial Statements.

The GASB issued **Statement #74**, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, which is required to be implemented in 2017. Management's current assessment is that this pronouncement will not have a significant impact on the Basic Financial Statements.

The GASB issued **Statement #75**, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which is required to be implemented in 2018. Management's current assessment is that this pronouncement will have a significant impact on the Basic Financial Statements.

The GASB issued **Statement #77**, *Tax Abatement Disclosures* which is required to be implemented in 2017. Management's current assessment is that this pronouncement will not have a significant impact on the Basic Financial Statements.

The GASB issued **Statement #78**, *Pension Provided through Certain Multiple-Employer Defined Benefit Pension Plans*, which is required to be implemented in 2017. Management's current assessment is that this pronouncement will not have a significant impact on the Basic Financial Statements.

The GASB issued **Statement #80**, *Blending Requirements for Certain Component Units – an amendment of GASB Statement #14*, which is required to be implemented in 2017. Management's current assessment is that this pronouncement will not have a significant impact on the Basic Financial Statements.

**TOWN OF PLAINVILLE, MASSACHUSETTS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

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The GASB issued **Statement #81**, *Irrevocable Split-Interest Agreements*, which is required to be implemented in 2018. Management's current assessment is that this pronouncement will not have a significant impact on the Basic Financial Statements.

The GASB issued **Statement #82**, *Pension Issues – an amendment of GASB Statements No. 67, No. 68, and No. 73*, which is required to be implemented in 2017. Management's current assessment is that this pronouncement will not have a significant impact on the Basic Financial Statements.

**TOWN OF PLAINVILLE, MASSACHUSETTS**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**NORFOLK COUNTY CONTRIBUTORY RETIREMENT SYSTEM**  
**JUNE 30, 2016**

**The following schedules are presented in accordance with GASB Statement No. 27:**

**Schedule of Funding Progress**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b - a)/c]
1/1/2016	\$ 814,225,634	\$ 1,310,561,438	\$ 496,335,804	62.1%	\$ 267,454,300	185.6%
1/1/2014	696,682,779	1,247,596,772	550,913,993	55.8%	246,722,941	223.3%
1/1/2012	608,235,096	1,128,960,288	520,725,192	53.9%	229,095,409	227.3%
1/1/2010	600,790,835	1,001,881,055	401,090,220	60.0%	223,332,595	179.6%
1/1/2008	596,157,147	907,719,124	311,561,977	65.7%	223,814,977	139.2%
1/1/2007	533,077,948	855,677,413	322,599,465	62.3%	219,620,865	146.9%
1/1/2005	467,186,566	762,900,650	295,714,084	61.2%	196,639,163	150.4%
1/1/2003	415,150,776	675,275,257	260,124,481	61.5%	185,281,985	140.4%
1/1/2000	371,646,793	533,959,970	162,313,177	69.6%	163,542,978	99.2%
1/1/1997	258,771,070	392,463,080	133,692,010	65.9%	126,219,194	105.9%
1/1/1993	151,546,609	291,472,940	139,926,331	52.0%	107,482,975	130.2%

**Schedule of Employer Contributions**

Fiscal Year Ended June 30	System Wide			Town of Plainville	
	Annual Required Contributions	(A) Actual Contributions	Percentage Contributed	(B) Actual Contributions	(B/A) Town's Percentage of System Wide Actual Contributions
2016	\$ 63,893,139	\$ 63,893,139	100%	\$ 1,234,888	1.93%
2015	48,383,549	48,383,549	100%	1,186,472	2.45%
2014	42,461,369	42,461,369	100%	962,349	2.27%
2013	44,800,000	44,800,000	100%	925,552	2.07%
2012	42,714,639	42,714,639	100%	881,951	2.06%
2011	41,206,587	41,206,587	100%	926,890	2.25%
2010	39,749,857	39,749,857	100%	893,247	2.25%
2009	38,920,499	38,920,499	100%	837,701	2.15%
2008	33,104,903	33,104,903	100%	616,385	1.86%
2007	32,877,890	32,877,890	100%	590,428	1.80%
2006	31,755,708	31,755,708	100%	487,379	1.53%
2005	28,238,996	28,238,996	100%	423,737	1.50%

**TOWN OF PLAINVILLE, MASSACHUSETTS**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**NORFOLK COUNTY CONTRIBUTORY RETIREMENT SYSTEM**  
**JUNE 30, 2016**

**The following schedules are presented in accordance with GASB Statement No. 68**

**Schedule of the Town's Proportionate Share of the Net Pension Liability**

	<u>December 31, 2015</u>	<u>December 31, 2014</u>
Town's proportion of the net pension liability	2.71%	2.45%
Town's proportionate share of the net pension liability	\$ 14,705,913	\$ 12,717,840
Town's covered-employee payroll	\$ 7,235,026	\$ 5,818,810
Town's proportionate share of the net pension liability as a percentage of its covered-employee payroll	203.26%	218.56%
Plan fiduciary net position as a percentage of the total pension liability	58.60%	60.10%

**Note:** This schedule is intended to present information for 10 years. Until a 10 year trend is compiled by the (System), information is presented for those years for which the information is available.

See notes to Required Supplementary Information

**TOWN OF PLAINVILLE, MASSACHUSETTS**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**NORFOLK COUNTY CONTRIBUTORY RETIREMENT SYSTEM**  
**JUNE 30, 2016**

**SCHEDULE OF TOWN'S CONTRIBUTION**

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	<u>December 31, 2015</u>	<u>December 31, 2014</u>
Actuarily determined contribution	\$ 1,234,888	\$ 1,186,472
Contribution in relation to the actuarilly determined contribution	<u>(1,234,888)</u>	<u>(1,186,472)</u>
Contribution deficiency (excess)	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
Town's covered-employee payroll	\$ 7,235,026	\$ 5,818,810
Contribution as a percentage of covered - employee payroll	17.07%	20.39%

**Note:** This Town schedule is intended to present information for 10 years. Until a 10 year trend is compiled by the (System), information is presented for those years for which the information is available.

See notes to Required Supplementary Information

**TOWN OF PLAINVILLE, MASSACHUSETTS  
REQUIRED SUPPLEMENTARY INFORMATION  
MASSACHUSETTS TEACHERS RETIREMNT SYSTEM  
JUNE 30, 2016**

**SCHEDULE OF THE STATE'S PROPORTIONATE SHARE OF THE NET PENSION  
LIABILITY**

**Teacher's Pension Plan**

	<b>2016</b>	<b>2015</b>
Towns' proportion of the net pension liability (asset)	0%	0%
Commonwealth's proportion of the net pension liability (assets)	100%	100%
Commonwealth's proportionate share of the net pension liability associated with the district	\$ 14,855,105	\$ 11,484,417
Employer pension expense and revenue for Commonwealth support	\$ 1,204,881	\$ 797,878

**TOWN OF PLAINVILLE, MASSACHUSETTS**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**OTHER POSTEMPLOYMENT BENEFITS**  
**JUNE 30, 2016**

**The following schedules are presented in accordance with GASB Statement No. 45:**

**Schedules of Funding Progress and Employer Contributions**

**Projected Schedule of Funding Progress:**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) · Entry Age (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b - a)/c]
7/1/2008	\$ -	\$ 17,862,809	\$ 17,862,809	0.00%	\$ 8,397,673	212.7%
7/1/2010	\$ -	\$ 13,442,914	\$ 13,442,914	0.00%	\$ 8,989,428	149.5%
7/1/2012	\$ -	\$ 14,362,504	\$ 14,362,504	0.00%	\$ 10,082,365	142.5%
7/1/2014	\$ 15,063	\$ 16,388,737	\$ 16,373,674	0.09%	\$ 10,786,627	151.8%

**Schedule of Employer Contributions:**

Year Ended June 30	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed *	Increase in Net OPEB Obligation	Net OPEB Obligation
2009	\$ 1,737,746	34.6%	\$ 1,137,075	\$ 1,137,075
2010	\$ 1,757,905	37.5%	\$ 1,098,648	\$ 2,235,723
2011	\$ 1,220,000	33.3%	\$ 814,274	\$ 3,049,997
2012	\$ 1,285,122	34.8%	\$ 837,566	\$ 3,887,563
2013	\$ 1,482,156	32.2%	\$ 1,005,381	\$ 4,892,944
2014	\$ 1,542,778	34.1%	\$ 1,016,449	\$ 5,909,393
2015	\$ 1,706,885	29.6%	\$ 1,202,314	\$ 7,111,707
2016	\$ 1,782,640	30.1%	\$ 1,006,643	\$ 8,118,350

\* Based on expected premium payments.

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

Valuation date	July 1, 2014
Discount Rate	4.00%
Medical Trend	5.0%
Cost Method	Projected Unit Credit Cost Method

**TOWN OF PLAINVILLE, MASSACHUSETTS**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**OTHER POSTEMPLOYMENT BENEFITS**  
**JUNE 30, 2016**

Amortization Method	Level dollar amount over 30 years at transition
Remaining Amortization Period	23
Mortality	RP-2000 Table for males RP-2000 Table for females
Participation	80% of future retirees are assumed to participate in the retiree medical and dental plans. 80% of future retirees are expected to elect life insurance.

Plan Participants:

Current retirees, beneficiaries, and dependants	117
Current active members/participants	197
<b>Total</b>	<b><u>314</u></b>

**TOWN OF PLAINVILLE, MASSACHUSETTS  
REQUIRED SUPPLEMENTARY INFORMATION  
NORFOLK COUNTY CONTRIBUTORY RETIREMENT SYSTEM  
JUNE 30, 2016**

**Pension Plan Schedules – Notes to RSI**

**A. Schedule of the Town's Proportionate Share of the Net Pension Liability**

The Schedule of Town's Proportionate Share of the Net Pension Liability details the allocated percentage of the net pension liability; the proportionate share of the net pension liability, and the covered employee payroll. It also demonstrates the net position as a percentage of the pension liability and the net pension liability as a percentage of covered payroll.

**B. Schedule of Town's Contribution**

Governmental employees are required to pay an annual appropriation as established by PERAC. The total appropriation includes the amounts to pay the pension portion of each member's retirement allowance, an amount to amortize the actuarially determined unfunded liability to zero in accordance with the System's funding schedule, and additional appropriations in accordance with adopted early retirement incentive programs. The appropriations are payable on July 1, and January 1. The Town may choose to pay the entire appropriation in July at a discounted rate. Accordingly, actual contributions may be less than the "total appropriation". The pension fund appropriation is allocated to the Town based in covered payroll.