

**TOWN OF PLAINVILLE, MASSACHUSETTS**

**REPORT ON EXAMINATION OF  
BASIC FINANCIAL STATEMENTS**

**JUNE 30, 2013**

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**INDEPENDENT AUDITOR'S REPORT**

To the Honorable Board of Selectmen  
Town of Plainville, Massachusetts

***Report on the Financial Statements***

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Plainville, Massachusetts as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Town of Plainville, Massachusetts'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, 2013, and the respective changes in financial position and, where applicable cash flows thereof and the respective budgetary comparison for the general fund 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, retirement system schedules of funding progress and employer contributions and other post-employment benefits – schedules of funding progress and employer contributions on pages 3-9, 55 and 56 – 57 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.

***R. E. Brown & Company***

March 18, 2014

## **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, 2013. 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. 45 (GASB 45), **Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions** (OPEB), was implemented by the Town effective July 1, 2008. The purpose of GASB 45 is to improve the relevance and usefulness of financial reporting by requiring states and municipalities to identify, through actuarial analysis, the true costs of the OPEB earned by employees over their estimated years of active service. OPEB, as with pensions, is a promise made to employees as a condition of their employment that is part of compensation each year. Even though these benefits are not received until after employment, they constitute compensation to attract and retain qualified employees. These costs will be recognized over the working lifetime of employees rather than after their employment has ceased. Over the two year period the actuarial liability of the Town went from \$13,442,914 as of July 1, 2010 to \$14,362,504 as of July 1, 2012 for an increase of \$919,590.- GASB 45 does not require current funding of the OPEB. GASB 45 does require the financial statements to include the annual required contribution of the employer (ARC). The ARC represents a level of funding that if paid on an ongoing basis, is projected to cover normal cost each year and amortize the unfunded actuarial liability. The Town benefits provided to retirees and eligible surviving spouses include health and life insurance.

#### **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 Change in Fund Balance – Budget to 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* 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" 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, 2013 was \$42.7 million, of which the governmental activities provided \$30.4 million and the business-type activities provided \$12.3 million.

Approximately three-quarters of the Town's net position (74.2%) 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.

A modest amount of the Town's net position (9.8%) is subject to external restrictions on how it may be used. The remaining balance (16.0%) of the Town's net position is unrestricted and may be used to meet the government's ongoing obligations to citizens and creditors.

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

Condensed Statement of Net Position						
	Governmental Activities		Business-type Activities		Total Primary Government	
	FY 2013	FY 2012	FY 2013	FY 2012	FY 2013	FY 2012
<b>Assets:</b>						
Current assets	\$ 9,626,135	\$ 8,130,505	\$ 2,773,075	\$ 2,888,258	\$ 12,399,210	\$ 11,018,763
Noncurrent assets (excluding capital)	4,548,537	5,053,930	-	-	4,548,537	5,053,930
Capital assets	28,071,406	29,229,554	15,579,605	14,639,604	43,651,011	43,869,158
<b>Total assets</b>	<b>42,246,078</b>	<b>42,413,989</b>	<b>18,352,680</b>	<b>17,527,862</b>	<b>60,598,758</b>	<b>59,941,851</b>
<b>Liabilities:</b>						
Current liabilities (excluding debt)	708,666	714,231	309,103	791,934	1,017,769	1,506,165
Noncurrent liabilities (excluding debt)	4,646,365	3,706,734	246,579	180,829	4,892,944	3,887,563
Current debt	882,429	1,173,631	381,537	2,324,171	1,263,966	3,497,802
Noncurrent debt	5,647,853	6,230,282	5,075,237	2,559,582	10,723,090	8,789,864
<b>Total liabilities</b>	<b>11,885,313</b>	<b>11,824,878</b>	<b>6,012,456</b>	<b>5,856,516</b>	<b>17,897,769</b>	<b>17,681,394</b>
<b>Net Position:</b>						
Net investment in capital assets	21,541,124	22,167,241	10,179,892	9,812,912	31,721,016	31,980,153
Restricted	4,197,623	3,310,539	-	-	4,197,623	3,310,539
Unrestricted	4,622,018	5,111,331	2,160,332	1,858,434	6,782,350	6,969,765
<b>Total net position</b>	<b>\$ 30,360,765</b>	<b>\$ 30,589,111</b>	<b>\$ 12,340,224</b>	<b>\$ 11,671,346</b>	<b>\$ 42,700,989</b>	<b>\$ 42,260,457</b>

Total current assets within the governmental activities were \$9.6 million and included cash & investments of \$6.9 million and receivables net of allowances of \$2.7 million. Governmental non-current assets 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 \$1.6 million and included accounts payable of \$0.7 million and bonds and notes payable of \$0.9 million. Noncurrent liabilities within the governmental activities were \$10.3 million and included \$5.6 million of general obligation bonds payable and \$4.7 million in postemployment benefits liability. The GASB 45 required OPEB annual contribution of the employer increased noncurrent postemployment benefits liability by \$0.9 million. Noncurrent debt decreased \$0.6 million.

The Town's total net position includes a receivable of \$5,053,930 due from Massachusetts School Building Authority (MSBA) which is a reimbursement program for school debt.

Total current assets within the business-type activities were \$2.8 million and included cash & investments of \$1.9 million and receivables of \$0.9 million.

Current liabilities within the business-type activities were \$0.7 million and included \$0.4 million of bonds and notes payable Noncurrent liabilities within the business-type activities were \$5.3 million and included \$5.1 million of general obligation bonds payable and \$0.2 million in postemployment benefits liability.

The level of investment for FY2013 was consistent with that of FY2012. Governmental activities' capital assets (net of related debt) decreased by \$0.6 million while business type activities' capital assets increased by \$0.4 million.



Governmental activities current assets increased 18% as compared with FY2012 reflecting strong financial and operational management results for FY2013. Business-type activity current assets showed a modest decrease.

Governmental activities current liabilities' decreased by \$0.3 million and non-current liabilities increased \$0.4 million. Business-type activity current liabilities decreased \$2.4 million while non-current liabilities increased \$2.6 million. The permanent issuance of general obligation bonds previously held as an interim loan through Massachusetts Water Abatement Trust is reflected in the shift from current to noncurrent liabilities.

### Changes in Net Position

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

<b>Condensed Statement of Changes in Net Position</b>						
	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total Primary Government</b>	
	<b>FY 2013</b>	<b>FY 2012</b>	<b>FY 2013</b>	<b>FY 2012</b>	<b>FY 2013</b>	<b>FY 2012</b>
<b>Revenues</b>						
<i>Program Revenues:</i>						
Charges for services	\$ 1,723,817	\$ 1,548,399	\$ 2,871,211	\$ 2,815,866	\$ 4,595,028	\$ 4,364,265
Operating grants and contributions	5,044,129	3,750,972	15,224	43,857	5,059,353	3,794,829
Capital grants and contributions	272,959	278,983	481,000	-	753,959	278,983
<i>General Revenues:</i>						
Real Estate and personal property taxes	16,497,844	15,595,591	-	-	16,497,844	15,595,591
Tax Liens	164,111	128,402	-	-	164,111	128,402
Motor vehicle and other excise taxes	1,089,435	1,007,125	-	-	1,089,435	1,007,125
Meals and Hotel/Motel Taxes	310,059	289,273	-	-	310,059	289,273
Penalties and Interest on Taxes	66,257	77,335	-	-	66,257	77,335
Payments in Lieu of Taxes	45,241	25,729	-	-	45,241	25,729
Nonrestricted grants and contributions	907,406	802,692	-	-	907,406	802,692
Unrestricted investment income	12,268	55,157	-	-	12,268	55,157
Other revenues	27,444	25,725	-	-	27,444	25,725
<b>Total Revenues</b>	<b>26,160,970</b>	<b>23,585,383</b>	<b>3,367,435</b>	<b>2,859,723</b>	<b>29,528,405</b>	<b>26,445,106</b>
<b>Expenses:</b>						
General Government	1,153,169	989,620	-	-	1,153,169	989,620
Public Safety	3,901,513	3,694,221	-	-	3,901,513	3,694,221
Education	14,188,535	13,965,440	-	-	14,188,535	13,965,440
Public Works	1,051,487	885,665	-	-	1,051,487	885,665
Human Services	428,562	418,541	-	-	428,562	418,541
Culture and Recreation	401,711	411,767	-	-	401,711	411,767
Employee Benefits	4,943,386	4,772,181	-	-	4,943,386	4,772,181
State and County Assessments	320,288	339,165	-	-	320,288	339,165
Interest	239,306	508,689	-	-	239,306	508,689
Sanitation	-	-	391,734	398,516	391,734	398,516
Sewer	-	-	641,989	722,676	641,989	722,676
Water	-	-	1,426,193	1,191,169	1,426,193	1,191,169
<b>Total Expenses</b>	<b>26,627,957</b>	<b>25,985,289</b>	<b>2,459,916</b>	<b>2,312,361</b>	<b>29,087,873</b>	<b>28,297,650</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(466,987)</b>	<b>(2,399,906)</b>	<b>907,519</b>	<b>547,362</b>	<b>440,532</b>	<b>(1,852,544)</b>
<b>Transfers</b>	<b>238,641</b>	<b>158,919</b>	<b>(238,641)</b>	<b>(158,919)</b>	<b>-</b>	<b>-</b>
<b>Change in Net Position</b>	<b>(228,346)</b>	<b>(2,240,987)</b>	<b>668,878</b>	<b>388,443</b>	<b>440,532</b>	<b>(1,852,544)</b>
<b>Net Position - beginning</b>	<b>30,589,111</b>	<b>32,830,098</b>	<b>11,671,346</b>	<b>11,282,903</b>	<b>42,260,457</b>	<b>44,113,001</b>
<b>Net Position - ending</b>	<b>\$ 30,360,765</b>	<b>\$ 30,589,111</b>	<b>\$ 12,340,224</b>	<b>\$ 11,671,346</b>	<b>\$ 42,700,989</b>	<b>\$ 42,260,457</b>

Governmental Activities: Charges for services increased just over 11% while operating grants and contributions increased over 34%. Capital grants and contributions for FY2013 declined by \$6,024. Property taxes support 63.1% of the Town's governmental activities and FY2013 shows an increase of \$902,253 over FY2012. This increase is the result of recent commercial and industrial development which included the construction of an electrical substation.

Total expenses increased by \$642,668 or 2.5% over FY2012. Attributing for over one-half of total expenditures, education is by far the largest governmental activity of the Town. Approximately \$14.2 million in taxes and other revenues were needed to cover the FY2013 operating expenses for education. Employee benefits and public safety represent the second and third largest governmental activities of the Town. Approximately \$4.9 million and \$3.9 million of taxes and other revenues were needed to cover the FY2013 operating expenses for those two activities respectively.

Business-Type Activities: Revenues from the three business-type activities increased \$507,712 over FY2012. Total expenditures increased by \$147,555 for FY2013.

## **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 unassigned fund balance was \$2,321,701 while total fund balance was \$5,118,776. The Massachusetts Department of Revenue certified \$1,287,526 available for spending as of July 1, 2013.

### 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 balance of \$2,370,460 is 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. Stabilization Funds in the amount of \$99,866 were appropriated to fund the FY2014 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, 2013 amounts to \$43,651,011 (net of accumulated depreciation). This investment includes land, buildings, improvements, machinery and equipment, park facilities, streets, sidewalks, and water and sewer systems.

As expected the West Bacon Street Area Sewer Extension Project that accumulated \$2.4 million dollars of construction in progress by the end of FY2012 was completed by fiscal year end 2013.

### 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 \$11,973,774, an increase of \$2,135,538 over the prior fiscal year.

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

- The Town of Plainville is strategically positioned at the crossroads of Interstates 95 and 495, 31 miles south of Boston and 14 miles north of Providence, Rhode Island.
- The local unemployment rate mirrors closely to the national median.
- The Town of Plainville has enjoyed recent development and remains optimistic for future growth. In November 2011, the Massachusetts Legislature passed an expanded gaming bill and in February 2014 awarded a gaming license for 1,250 slot machines at Plainridge Racecourse which has been in operation in Plainville since 1998. The community and the principals at Plainridge Racecourse are optimistic about future growth in the area.
- The Town of Plainville developed a balanced budget for fiscal year 2014 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, 2013**

	<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	\$ 5,596,747	\$ 1,913,823	\$ 7,510,570
INVESTMENTS	1,324,248	-	1,324,248
RECEIVABLES, NET OF ALLOWANCE FOR UNCOLLECTIBLES:			
REAL ESTATE AND PERSONAL PROPERTY TAXES	257,615	-	257,615
TAX LIENS	604,467	-	604,467
MOTOR VEHICLE EXCISE TAXES	97,011	-	97,011
USER FEES	-	859,252	859,252
DEPARTMENTAL AND OTHER	98,092	-	98,092
INTERGOVERNMENTAL	1,647,955	-	1,647,955
NONCURRENT:			
RECEIVABLES, NET OF ALLOWANCE FOR UNCOLLECTIBLES:			
INTERGOVERNMENTAL	4,548,537	-	4,548,537
CAPITAL ASSETS, NET OF ACCUMULATED DEPRECIATION	28,071,406	15,579,605	43,651,011
<b>TOTAL ASSETS</b>	<b>42,246,078</b>	<b>18,352,680</b>	<b>60,598,758</b>
<b><u>LIABILITIES</u></b>			
CURRENT:			
ACCOUNTS PAYABLE	656,739	119,910	776,649
OTHER LIABILITIES	31,995	169,916	201,911
ACCRUED INTEREST	19,932	19,277	39,209
CAPITAL LEASES PAYABLE	6,429	-	6,429
BONDS AND NOTES PAYABLE	876,000	381,537	1,257,537
NONCURRENT:			
CAPITAL LEASES PAYABLE	6,853	-	6,853
BONDS AND NOTES PAYABLE	5,641,000	5,075,237	10,716,237
POSTEMPLOYMENT BENEFITS	4,646,365	246,579	4,892,944
<b>TOTAL LIABILITIES</b>	<b>11,885,313</b>	<b>6,012,456</b>	<b>17,897,769</b>
<b><u>NET POSITION</u></b>			
NET INVESTMENT IN CAPITAL ASSETS	21,541,124	10,179,892	31,721,016
RESTRICTED FOR:			
STREETS	779,840	-	779,840
OTHER PURPOSES	3,417,783	-	3,417,783
UNRESTRICTED	4,622,018	2,160,332	6,782,350
<b>TOTAL NET POSITION</b>	<b>\$ 30,360,765</b>	<b>\$ 12,340,224</b>	<b>\$ 42,700,989</b>

See accompanying notes to the basic financial statements

**TOWN OF PLAINVILLE, MASSACHUSETTS  
STATEMENT OF ACTIVITIES  
FISCAL YEAR ENDED JUNE 30, 2013**

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES			
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	NET (EXPENSE) REVENUE
PRIMARY GOVERNMENT:					
GOVERNMENTAL ACTIVITIES:					
GENERAL GOVERNMENT	\$ 1,153,169	\$ 214,401	\$ 202,765	\$ -	\$ (736,003)
PUBLIC SAFETY	3,901,513	878,800	72,567	-	(2,950,146)
EDUCATION	14,188,535	409,640	3,363,033	-	(10,415,862)
PUBLIC WORKS	1,051,487	275	925	272,959	(777,328)
HUMAN SERVICES	428,562	88,726	221,016	-	(118,820)
CULTURE & RECREATION	401,711	131,975	12,653	-	(257,083)
EMPLOYEE BENEFITS	4,943,386	-	1,171,170	-	(3,772,216)
STATE & COUNTY ASSESSMENTS	320,288	-	-	-	(320,288)
INTEREST	239,306	-	-	-	(239,306)
TOTAL GOVERNMENTAL ACTIVITIES	26,627,957	1,723,817	5,044,129	272,959	(19,587,052)
BUSINESS-TYPE ACTIVITIES:					
WATER	1,426,193	1,502,103	15,224	-	91,134
SEWER	641,989	979,155	-	481,000	818,166
SANITATION	391,734	389,953	-	-	(1,781)
TOTAL BUSINESS-TYPE ACTIVITIES	2,459,916	2,871,211	15,224	481,000	907,519
TOTAL PRIMARY GOVERNMENT	\$ 29,087,873	\$ 4,595,028	\$ 5,059,353	\$ 753,959	\$ (18,679,533)

See accompanying notes to the basic financial statements

(continued)

**TOWN OF PLAINVILLE, MASSACHUSETTS  
STATEMENT OF ACTIVITIES  
FISCAL YEAR ENDED JUNE 30, 2013**

	PRIMARY GOVERNMENT		
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
<b>CHANGES IN NET POSITION:</b>			
NET (EXPENSE) REVENUE FROM PREVIOUS PAGE	\$ (19,587,052)	\$ 907,519	\$ (18,679,533)
GENERAL REVENUES:			
REAL ESTATE AND PERSONAL PROPERTY TAXES,			
NET OF TAX REFUNDS PAYABLE	16,497,844	-	16,497,844
TAX LIENS	164,111	-	164,111
MOTOR VEHICLE EXCISE TAXES	1,089,435	-	1,089,435
MEALS & HOTEL TAXES	310,059	-	310,059
PENALTIES AND INTEREST ON TAXES	66,257	-	66,257
PAYMENTS IN LIEU OF TAXES	45,241	-	45,241
GRANTS AND CONTRIBUTIONS NOT RESTRICTED			
TO SPECIFIC PROGRAMS	907,406	-	907,406
UNRESTRICTED INVESTMENT INCOME	12,268	-	12,268
MISCELLANEOUS	27,444	-	27,444
TRANSFERS, NET	238,641	(238,641)	-
TOTAL GENERAL REVENUES AND TRANSFERS	19,358,706	(238,641)	19,120,065
CHANGE IN NET POSITION	(228,346)	668,878	440,532
<b>NET POSITION:</b>			
<b>BEGINNING OF YEAR</b>	30,589,111	11,671,346	42,260,457
<b>END OF YEAR</b>	\$ 30,360,765	\$ 12,340,224	\$ 42,700,989

See accompanying notes to the basic financial statements

(concluded)

**TOWN OF PLAINVILLE, MASSACHUSETTS  
GOVERNMENTAL FUNDS  
BALANCE SHEET  
JUNE 30, 2013**

<b><u>ASSETS</u></b>	<b><u>GENERAL</u></b>	<b><u>NONMAJOR GOVERNMENTAL FUNDS</u></b>	<b><u>TOTAL GOVERNMENTAL FUNDS</u></b>
CASH AND SHORT-TERM INVESTMENTS	\$ 4,184,561	\$ 1,412,186	\$ 5,596,747
INVESTMENTS	1,324,248	-	1,324,248
RECEIVABLES, NET OF ALLOWANCE FOR UNCOLLECTIBLES:			
REAL ESTATE AND PERSONAL PROPERTY TAXES	257,615	-	257,615
TAX LIENS	604,467	-	604,467
MOTOR VEHICLE EXCISE TAXES	97,011	-	97,011
DEPARTMENTAL AND OTHER	98,092	-	98,092
INTERGOVERNMENTAL	5,379,644	816,848	6,196,492
<b>TOTAL ASSETS</b>	<b>\$ 11,945,638</b>	<b>\$ 2,229,034</b>	<b>\$ 14,174,672</b>
<b><u>LIABILITIES AND FUND BALANCES</u></b>			
LIABILITIES:			
ACCOUNTS PAYABLE	\$ 627,475	\$ 29,264	\$ 656,739
OTHER LIABILITIES	12,613	19,382	31,995
DEFERRED REVENUES	6,186,774	779,840	6,966,614
<b>TOTAL LIABILITIES</b>	<b>6,826,862</b>	<b>828,486</b>	<b>7,655,348</b>
FUND BALANCES:			
RESTRICTED	-	1,401,259	1,401,259
COMMITTED	193,454	-	193,454
ASSIGNED	2,603,621	-	2,603,621
UNASSIGNED	2,321,701	(711)	2,320,990
<b>TOTAL FUND BALANCES</b>	<b>5,118,776</b>	<b>1,400,548</b>	<b>6,519,324</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 11,945,638</b>	<b>\$ 2,229,034</b>	<b>\$ 14,174,672</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, 2013**

	GENERAL	NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
<b><u>REVENUES:</u></b>			
REAL ESTATE AND PERSONAL PROPERTY TAXES,			
NET OF TAX REFUNDS	\$ 16,602,000	\$ -	\$ 16,602,000
MOTOR VEHICLE EXCISE TAXES	1,058,761	-	1,058,761
PENALTIES AND INTEREST ON TAXES	66,257	-	66,257
INTERGOVERNMENTAL	5,517,595	799,453	6,317,048
CHARGES FOR SERVICES	819,518	605,312	1,424,830
INVESTMENT INCOME	12,261	36,523	48,784
CONTRIBUTIONS & DONATIONS	-	17,370	17,370
DEPARTMENTAL AND OTHER	744,015	13,406	757,421
	<hr/>	<hr/>	<hr/>
TOTAL REVENUES	24,820,407	1,472,064	26,292,471
	<hr/>	<hr/>	<hr/>
<b><u>EXPENDITURES:</u></b>			
CURRENT:			
GENERAL GOVERNMENT	1,007,625	129,015	1,136,640
PUBLIC SAFETY	3,720,209	56,860	3,777,069
EDUCATION	12,677,458	910,116	13,587,574
PUBLIC WORKS	706,916	2,145	709,061
HUMAN SERVICES	405,603	13,216	418,819
CULTURE & RECREATION	243,123	100,574	343,697
EMPLOYEE BENEFITS	4,000,365	3,390	4,003,755
STATE & COUNTY ASSESSMENTS	320,288	-	320,288
DEBT SERVICE:			
PRINCIPAL	826,000	-	826,000
INTEREST	232,222	-	232,222
	<hr/>	<hr/>	<hr/>
TOTAL EXPENDITURES	24,139,809	1,215,316	25,355,125
	<hr/>	<hr/>	<hr/>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	680,598	256,748	937,346
	<hr/>	<hr/>	<hr/>
<b><u>OTHER FINANCING SOURCES (USES)</u></b>			
PROCEEDS FROM BONDS AND NOTES	-	300,000	300,000
OPERATING TRANSFERS IN	553,769	41,600	595,369
OPERATING TRANSFERS OUT	(294,519)	(62,209)	(356,728)
	<hr/>	<hr/>	<hr/>
TOTAL OTHER FINANCING SOURCES (USES)	259,250	279,391	538,641
	<hr/>	<hr/>	<hr/>
<b>NET CHANGE IN FUND BALANCES</b>	939,848	536,139	1,475,987
	<hr/>	<hr/>	<hr/>
<b>FUND BALANCES AT BEGINNING OF YEAR</b>	4,178,928	864,409	5,043,337
	<hr/>	<hr/>	<hr/>
<b>FUND BALANCES AT END OF YEAR</b>	<u>\$ 5,118,776</u>	<u>\$ 1,400,548</u>	<u>\$ 6,519,324</u>

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, 2013**

<b>TOTAL GOVERNMENTAL FUND BALANCES</b>		<b>\$ 6,519,324</b>
CAPITAL ASSETS (NET) USED IN GOVERNMENTAL ACTIVITIES ARE NOT FINANCIAL RESOURCES AND, THEREFORE, ARE NOT REPORTED IN THE FUNDS		28,071,406
ACCOUNTS RECEIVABLE ARE NOT AVAILABLE TO PAY FOR CURRENT-PERIOD EXPENDITURES AND, THEREFORE, ARE DEFERRED IN THE FUNDS		6,966,614
IN THE STATEMENT OF ACTIVITIES, INTEREST IS ACCRUED ON OUTSTANDING LONG-TERM DEBT, WHEREAS IN GOVERNMENTAL FUNDS INTEREST IS NOT REPORTED UNTIL DUE		(19,932)
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	(6,517,000)	
OTHER POSTEMPLOYMENT BENEFITS (OPEB)	(4,646,365)	
CAPITAL LEASE PAYABLE	<u>(13,282)</u>	
		<u>(11,176,647)</u>
<b>NET POSITION OF GOVERNMENTAL ACTIVITIES</b>		<b><u>\$ 30,360,765</u></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, 2013**

<b>NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS</b>		<b>\$ 1,475,987</b>
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	113,783	
DEPRECIATION EXPENSE	<u>(1,271,931)</u>	
NET EFFECT OF REPORTING CAPITAL ASSETS		(1,158,148)
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.		
		(131,501)
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 BONDS AND NOTES	(300,000)	
DEBT SERVICE PRINCIPAL PAYMENTS	826,000	
CAPITAL LEASE PRINCIPAL PAYMENTS	<u>6,031</u>	
NET EFFECT OF REPORTING LONG-TEM DEBT		532,031
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	(939,631)	
NET CHANGE IN ACCRUED INTEREST ON LONG-TERM DEBT	<u>(7,084)</u>	
NET EFFECT OF RECORDING LONG-TERM LIABILITIES		<u>(946,715)</u>
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES		<u><u>\$ (228,346)</u></u>

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, 2013**

	<b>BUDGETED AMOUNTS</b>		<b>ACTUAL</b>	<b>VARIANCE</b>
	<b>ORIGINAL</b>	<b>FINAL</b>	<b>BUDGETARY</b>	<b>OVER</b>
	<b>BUDGET</b>	<b>BUDGET</b>	<b>AMOUNTS</b>	<b>(UNDER)</b>
<b><u>REVENUES:</u></b>				
REAL ESTATE AND PERSONAL PROPERTY TAXES, NET OF TAX REFUNDS	\$ 16,622,537	\$ 16,622,537	\$ 16,602,000	\$ (20,537)
MOTOR VEHICLE EXCISE TAXES	942,000	942,000	1,058,761	116,761
PENALTIES & INTEREST ON TAXES	55,000	55,000	66,257	11,257
INTERGOVERNMENTAL	4,302,801	4,302,801	4,346,447	43,646
CHARGES FOR SERVICES	647,300	647,300	819,518	172,218
INVESTMENT INCOME	15,000	15,000	9,886	(5,114)
DEPARTMENTAL AND OTHER	555,000	555,000	744,015	189,015
TOTAL REVENUES	23,139,638	23,139,638	23,646,884	507,246
<b><u>EXPENDITURES:</u></b>				
CURRENT:				
GENERAL GOVERNMENT	1,150,183	1,169,770	1,007,625	162,145
PUBLIC SAFETY	3,909,080	3,893,234	3,720,209	173,025
EDUCATION	12,817,545	12,817,545	12,677,458	140,087
PUBLIC WORKS	488,964	488,964	706,916	(217,952)
HUMAN SERVICES	391,672	466,672	405,603	61,069
CULTURE & RECREATION	249,694	257,194	243,123	14,071
EMPLOYEE BENEFITS	2,943,802	2,890,648	2,829,216	61,432
STATE & COUNTY ASSESSMENTS	276,252	276,252	320,288	(44,036)
DEBT SERVICE:				
PRINCIPAL	962,147	962,147	826,000	136,147
INTEREST	269,180	259,780	232,222	27,558
TOTAL EXPENDITURES	23,458,519	23,482,206	22,968,660	513,546
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(318,881)	(342,568)	678,224	1,020,792
<b><u>OTHER FINANCING SOURCES (USES):</u></b>				
OPERATING TRANSFERS IN	212,169	212,169	553,769	341,600
OPERATING TRANSFERS OUT	(294,519)	(294,519)	(294,519)	-
TOTAL OTHER FINANCING SOURCES (USES)	(82,350)	(82,350)	259,250	341,600
NET CHANGE IN FUND BALANCE	(401,231)	(424,918)	937,474	1,362,392
BUDGETARY FUND BALANCE, BEGINNING OF YEAR	1,810,811	1,810,811	1,810,811	-
BUDGETARY FUND BALANCE, END OF YEAR	\$ 1,409,580	\$ 1,385,893	\$ 2,748,285	\$ 1,362,392

See accompanying notes to the basic financial statements

**TOWN OF PLAINVILLE, MASSACHUSETTS  
PROPRIETARY FUNDS  
STATEMENT OF NET POSITION  
JUNE 30, 2013**

	<b>BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS</b>			
<b><u>ASSETS</u></b>	<b><u>WATER</u></b>	<b><u>SEWER</u></b>	<b><u>SANITATION</u></b>	<b><u>TOTAL</u></b>
CURRENT:				
CASH AND SHORT-TERM INVESTMENTS	\$ 1,463,096	\$ 17,984	\$ 432,743	\$ 1,913,823
USER FEES, NET OF ALLOWANCE FOR UNCOLLECTIBLES:	537,287	321,965	-	859,252
TOTAL CURRENT ASSETS	2,000,383	339,949	432,743	2,773,075
NONCURRENT:				
CAPITAL ASSETS, NET OF ACCUMULATED DEPRECIATION	9,582,881	5,996,724	-	15,579,605
TOTAL ASSETS	11,583,264	6,336,673	432,743	18,352,680
<b><u>LIABILITIES</u></b>				
CURRENT:				
ACCOUNTS PAYABLE	88,145	-	31,765	119,910
OTHER LIABILITIES	-	-	169,916	169,916
ACCRUED INTEREST	12,021	7,256	-	19,277
BONDS AND NOTES PAYABLE	236,677	144,860	-	381,537
TOTAL CURRENT LIABILITIES	336,843	152,116	201,681	690,640
NONCURRENT:				
BONDS AND NOTES PAYABLE	2,322,905	2,752,332	-	5,075,237
POST EMPLOYMENT BENEFITS	136,964	84,468	25,147	246,579
TOTAL NONCURRENT LIABILITIES	2,459,869	2,836,800	25,147	5,321,816
TOTAL LIABILITIES	2,796,712	2,988,916	226,828	6,012,456
<b><u>NET POSITION</u></b>				
NET INVESTMENT IN CAPITAL ASSETS	7,063,123	3,116,769	-	10,179,892
UNRESTRICTED	1,723,429	230,988	205,915	2,160,332
TOTAL NET POSITION	\$ 8,786,552	\$ 3,347,757	\$ 205,915	\$ 12,340,224

See accompanying notes to the basic financial statements

**TOWN OF PLAINVILLE, MASSACHUSETTS**  
**PROPRIETARY FUNDS**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION**  
**FISCAL YEAR ENDED JUNE 30, 2013**

	<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	\$ 1,502,103	\$ 979,155	\$ 389,953	\$ 2,871,211
DEPARTMENTAL AND OTHER	15,224	-	-	15,224
TOTAL OPERATING REVENUES	1,517,327	979,155	389,953	2,886,435
<b><u>OPERATING EXPENSES:</u></b>				
GENERAL SERVICES	1,102,413	452,780	391,734	1,946,927
DEPRECIATION	245,168	181,953	-	427,121
TOTAL OPERATING EXPENSES	1,347,581	634,733	391,734	2,374,048
OPERATING INCOME (LOSS)	169,746	344,422	(1,781)	512,387
<b><u>NON-OPERATING REVENUES (EXPENSES):</u></b>				
INTERGOVERNMENTAL	-	69,000	-	69,000
CONTRIBUTED CAPITAL ASSETS	-	412,000	-	412,000
INTEREST EXPENSE	(78,612)	(7,256)	-	(85,868)
TOTAL NON-OPERATING REVENUES (EXPENSES), NET	(78,612)	473,744	-	395,132
INCOME (LOSS) BEFORE OPERATING TRANSFERS	91,134	818,166	(1,781)	907,519
<b><u>OPERATING TRANSFERS:</u></b>				
OPERATING TRANSFERS IN	246,590	13,375	6,329	266,294
OPERATING TRANSFERS OUT	-	(504,935)	-	(504,935)
TOTAL OPERATING TRANSFERS	246,590	(491,560)	6,329	(238,641)
CHANGE IN NET POSITION	337,724	326,606	4,548	668,878
NET POSITION AT BEGINNING OF YEAR	8,448,828	3,021,151	201,367	11,671,346
NET POSITION AT END OF YEAR	\$ 8,786,552	\$ 3,347,757	\$ 205,915	\$ 12,340,224

See accompanying notes to the basic financial statements

**TOWN OF PLAINVILLE, MASSACHUSETTS  
PROPRIETARY FUNDS  
STATEMENT OF CASH FLOWS  
FISCAL YEAR ENDED JUNE 30, 2013**

	<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	\$ 1,466,102	\$ 940,500	\$ 385,786	\$ 2,792,388
PAYMENTS TO SUPPLIERS	(930,400)	(456,971)	(345,310)	(1,732,681)
PAYMENTS TO EMPLOYEES	(292,521)	(86,155)	(39,761)	(418,437)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>243,181</u>	<u>397,374</u>	<u>715</u>	<u>641,270</u>
<b><u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</u></b>				
OPERATING TRANSFERS IN (OUT)	<u>246,590</u>	<u>(491,560)</u>	<u>6,329</u>	<u>(238,641)</u>
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	<u>246,590</u>	<u>(491,560)</u>	<u>6,329</u>	<u>(238,641)</u>
<b><u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</u></b>				
PROCEEDS FROM THE ISSUANCE OF BONDS AND NOTES	-	808,675	-	808,675
PROCEEDS FROM INTERGOVERNMENTAL GRANT	-	69,000	-	69,000
PRINCIPAL PAYMENTS ON BONDS AND NOTES	(235,654)	-	-	(235,654)
ACQUISITION AND CONSTRUCTION OF CAPITAL ASSETS	(407,655)	(765,505)	-	(1,173,160)
INTEREST EXPENSE	<u>(76,554)</u>	<u>-</u>	<u>-</u>	<u>(76,554)</u>
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES:	<u>(719,863)</u>	<u>112,170</u>	<u>-</u>	<u>(607,693)</u>
NET INCREASE (DECREASE) IN CASH AND SHORT-TERM INVESTMENTS	(230,092)	17,984	7,044	(205,064)
CASH AND SHORT-TERM INVESTMENTS - BEGINNING OF YEAR	<u>1,693,188</u>	<u>-</u>	<u>425,699</u>	<u>2,118,887</u>
CASH AND SHORT-TERM INVESTMENTS - END OF YEAR	<u>\$ 1,463,096</u>	<u>\$ 17,984</u>	<u>\$ 432,743</u>	<u>\$ 1,913,823</u>
<b><u>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</u></b>				
OPERATING INCOME (LOSS)	<u>\$ 169,746</u>	<u>\$ 344,422</u>	<u>\$ (1,781)</u>	<u>\$ 512,387</u>
ADJUSTMENTS TO RECONCILE OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:				
DEPRECIATION	245,168	181,953	-	427,121
(INCREASE) DECREASE IN ACCOUNTS RECEIVABLE	(51,224)	(38,655)	-	(89,879)
INCREASE (DECREASE) IN ACCOUNTS PAYABLE	(162,370)	(107,561)	(11)	(269,942)
INCREASE (DECREASE) IN OTHER LIABILITIES	-	-	(4,167)	(4,167)
INCREASE (DECREASE) IN POST EMPLOYMENT BENEFITS	<u>41,861</u>	<u>17,215</u>	<u>6,674</u>	<u>65,750</u>
TOTAL ADJUSTMENTS	<u>73,435</u>	<u>52,952</u>	<u>2,496</u>	<u>128,883</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ 243,181</u>	<u>\$ 397,374</u>	<u>\$ 715</u>	<u>\$ 641,270</u>

See accompanying notes to the basic financial statements

TOWN OF PLAINVILLE, MASSACHUSETTS  
FIDUCIARY FUNDS  
STATEMENT OF FIDUCIARY NET POSITION  
JUNE 30, 2013

	<u>PRIVATE PURPOSE TRUST FUNDS</u>	<u>AGENCY FUNDS</u>
<b><u>ASSETS</u></b>		
CASH AND SHORT-TERM INVESTMENTS	\$ 6,975	\$ 477,986
<b><u>LIABILITIES</u></b>		
ACCOUNTS PAYABLE	-	28,819
OTHER LIABILITIES	-	449,167
TOTAL LIABILITIES	-	477,986
<b><u>NET POSITION</u></b>		
HELD IN TRUST FOR OTHER PURPOSES	\$ 6,975	\$ -

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, 2013**

	<b>PRIVATE PURPOSE TRUST FUNDS</b>
<b><u>ADDITIONS:</u></b>	
NET INVESTMENT INCOME (LOSS):	
INVESTMENT INCOME	\$ 2
<b><u>DEDUCTIONS:</u></b>	-
CHANGE IN NET POSITION	2
NET POSITION AT BEGINNING OF YEAR	6,973
NET POSITION AT END OF YEAR	\$ 6,975

See accompanying notes to the basic financial statements



**TOWN OF PLAINVILLE, MASSACHUSETTS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

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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	\$ 4,425,858
Tri-County Regional Vocational-Technical High School	To provide vocational education	147 Pond Street Franklin, MA 02038	\$ 971,829

**TOWN OF PLAINVILLE, MASSACHUSETTS**  
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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 25.71% equity interest in the joint venture.

The Tri-County Regional Vocational-Technical School District (the District) is governed by a fourteen (14) 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, 2013**

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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), 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, 2013**

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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**  
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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.

***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. 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.

**TOWN OF PLAINVILLE, MASSACHUSETTS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
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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.

*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.

*Departmental and Other*

Departmental and other receivables 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.

**TOWN OF PLAINVILLE, MASSACHUSETTS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
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**F. 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.

**G. 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:

Asset Class	Estimated Useful Life (in years)
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.

**TOWN OF PLAINVILLE, MASSACHUSETTS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
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## **H. 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".

### *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.

## **I. Deferred Revenue**

Deferred revenue at the governmental fund financial statement level represents billed receivables that do not meet the available criterion in accordance with the current financial resources measurement focus and the modified accrual basis of accounting. Deferred revenue is recognized as revenue in the conversion to the government-wide (full accrual) financial statements.

## **J. 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.

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* represent 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”.



**TOWN OF PLAINVILLE, MASSACHUSETTS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

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*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.

**K. 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.

*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.

**TOWN OF PLAINVILLE, MASSACHUSETTS**  
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**L. 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).

**M. 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.

**N. 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.

**O. 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.

**P. 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.

**TOWN OF PLAINVILLE, MASSACHUSETTS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

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**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 2013 approved budget authorized \$23,263,053 in current year appropriations and other amounts to be raised and \$195,466 in encumbrances and appropriations carried over from previous fiscal years. Supplemental appropriations of \$23,687 were approved at one Special Town Meeting during fiscal year 2013.

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

*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, 2013, is presented below:

Net change in fund balance - budgetary basis	\$ 937,474
Basis of accounting differences:	
Net Stabilization fund activity	2,374
Increase in revenue for on-behalf payments - MTRS	1,171,148
Increase in expenditures for on-behalf payments - MTRS	<u>(1,171,148)</u>
Net change in fund balance - GAAP basis	<u><u>\$ 939,848</u></u>

**TOWN OF PLAINVILLE, MASSACHUSETTS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
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*C. Excess of Expenditures over Appropriations*

For the fiscal year ended June 30, 2013, actual expenditures exceeded appropriations for snow removal expenses and veterans' services expenses. These over-expenditures will be funded by available funds during fiscal year 2014.

*D. Deficit Fund Balances*

An individual fund deficit exists within the special revenue funds. This individual deficit will be eliminated through subsequent fiscal year budget transfers, grants, or proceeds of long-term debt during fiscal year 2014.

**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) and/or the Depositor's Insurance Fund (DIF). The Town also carries deposits that are uninsured, uncollateralized, or collateral held by the pledging bank's trust department not in the Town's name.

**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, 2013:

Total bank balances		<u>\$ 7,031,621</u>
Bank balances covered by deposit insurance		
Federal Deposit Insurance Corporation (FDIC)	2,106,343	
Depositors Insurance Fund (DIF)	<u>1,838,526</u>	
Total deposits covered by deposit insurance		3,944,869
Balances subject to custodial credit risk		
Bank balances uninsured & uncollateralized	<u>3,086,752</u>	
Total bank balances subject to custodial credit risk		<u>3,086,752</u>
Total bank balances		<u>\$ 7,031,621</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**  
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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	\$ 687,375	N/A	\$ 687,375	\$ -	\$ -	\$ -
Corporate Bonds	133,504	N/A	-	113,042	\$ 20,462	-
Fixed Income Mutual Fund	223,630	N/A	-	-	-	223,630
Money Market Mutual Fund	33,301	N/A	-	-	-	33,301
Common stocks	246,438	N/A	-	-	-	246,438
Total Investments	<u>\$ 1,324,248</u>		<u>\$ 687,375</u>	<u>\$ 113,042</u>	<u>\$ 20,462</u>	<u>\$ 503,369</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, corporate bonds, and common stocks are not exposed to custodial credit risk because the related securities are registered in the name of Town. The fixed income mutual fund 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.

**TOWN OF PLAINVILLE, MASSACHUSETTS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
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*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.

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	\$ 687,375	\$ 207,925	\$ 440,579	\$ 38,871
Corporate Bonds	133,504	-	100,193	33,311
Fixed Income Mutual Fund	223,630	223,630	-	-
Total Debt Related Securities	\$ 1,044,509	\$ 431,555	\$ 540,772	\$ 72,182
<b><i>Other Investments:</i></b>				
Common Stocks	246,438	246,438	-	-
Money Market Mutual Fund	33,301	33,301	-	-
Total Other Investments	279,739	279,739	-	-
Total Investments	\$ 1,324,248	\$ 711,294	\$ 540,772	\$ 72,182

*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>14.03%</b>

**TOWN OF PLAINVILLE, MASSACHUSETTS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
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**NOTE 4 – RECEIVABLES**

The receivables at June 30, 2013 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	\$ 297,315	\$ (39,700)	\$ 257,615
Tax liens	604,467	-	604,467
Motor vehicle excise taxes	150,011	(53,000)	97,011
Departmental and other	1,041,988	(943,896)	98,092
Intergovernmental	6,196,492	-	6,196,492
 Total	 <u>\$ 8,290,273</u>	 <u>\$ (1,036,596)</u>	 <u>\$ 7,253,677</u>

The receivables at June 30, 2013, for the enterprise funds consist of the following:

Receivables:	Gross Amount	Allowance for Uncollectibles	Net Amount
<i>Water</i>			
User fees	\$ 537,287	\$ -	\$ 537,287
<i>Sewer</i>			
User fees	321,965	-	321,965
 Total	 <u>\$ 859,252</u>	 <u>\$ -</u>	 <u>\$ 859,252</u>



**TOWN OF PLAINVILLE, MASSACHUSETTS**  
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Governmental funds report deferred revenue 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 revenue reported in the governmental funds were as follows:

Deferred Revenue Analysis			
Receivable Type:	General Fund	Nonmajor Governmental Funds	Total
Property Taxes	\$ 193,021	\$ -	\$ 193,021
Tax Liens	604,467	-	604,467
Motor vehicle excise taxes	97,010	-	97,010
Departmental and other	98,092	-	98,092
Intergovernmental	<u>5,194,184</u>	<u>779,840</u>	<u>5,974,024</u>
Total	<u>\$ 6,186,774</u>	<u>\$ 779,840</u>	<u>\$ 6,966,614</u>

**TOWN OF PLAINVILLE, MASSACHUSETTS**  
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**NOTE 5 – CAPITAL ASSETS**

Capital asset activity for the fiscal year ended June 30, 2013, was as follows:

<b>Governmental Activities:</b>	<b>Beginning Balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balance</b>
<b><i>Capital assets not being depreciated:</i></b>				
Land	\$ 2,292,155	\$ -	\$ -	\$ 2,292,155
Construction in progress	74,730	-	(74,730)	-
Total capital assets not being depreciated	2,366,885	-	(74,730)	2,292,155
<b><i>Capital assets being depreciated:</i></b>				
Buildings and improvements	24,762,243	16,418	-	24,778,661
Machinery and equipment	2,711,626	51,215	(32,000)	2,730,841
Vehicles	2,635,793	78,150	-	2,713,943
Software	153,214	-	-	153,214
Infrastructure	10,797,281	-	74,730	10,872,011
Total capital assets being depreciated	41,060,157	145,783	42,730	41,248,670
<b><i>Less accumulated depreciation for:</i></b>				
Buildings and improvements	(7,050,486)	(619,746)	-	(7,670,232)
Machinery and equipment	(2,258,511)	(140,241)	32,000	(2,366,752)
Vehicles	(1,615,724)	(231,566)	-	(1,847,290)
Software	(147,897)	(2,361)	-	(150,258)
Infrastructure	(3,124,870)	(310,017)	-	(3,434,887)
Total accumulated depreciation	(14,197,488)	(1,303,931)	-	(15,469,419)
Total capital assets being depreciated, net	26,862,669	(1,158,148)	42,730	25,779,251
Total governmental activities capital assets, net	\$ 29,229,554	\$ (1,158,148)	\$ (32,000)	\$ 28,071,406

**TOWN OF PLAINVILLE, MASSACHUSETTS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
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<b>Business-Type Activities:</b>	Beginning Balance	Increases	Decreases	Ending Balance
<i>Capital assets not being depreciated:</i>				
Land	\$ 965,000	\$ -	\$ -	\$ 965,000
Construction in progress	2,719,193	955,122	(2,979,567)	694,748
Total capital assets not being depreciated	3,684,193	955,122	(2,979,567)	1,659,748
<i>Capital assets being depreciated:</i>				
Buildings and improvements	4,124,343	-	-	4,124,343
Software	264,000	-	-	264,000
Vehicles	92,169	-	-	92,169
Infrastructure	10,403,976	412,000	2,979,567	13,795,543
Total capital assets being depreciated	14,884,488	412,000	2,979,567	18,276,055
<i>Less accumulated depreciation for:</i>				
Buildings and improvements	(1,249,682)	(86,718)	-	(1,336,400)
Software	(92,400)	(26,400)	-	(118,800)
Vehicles	(84,841)	(5,582)	-	(90,423)
Infrastructure	(2,502,154)	(308,421)	-	(2,810,575)
Total accumulated depreciation	(3,929,077)	(427,121)	-	(4,356,198)
Total capital assets being depreciated, net	10,955,411	(15,121)	2,979,567	13,919,857
Total business-type activities capital assets, net	\$ 14,639,604	\$ 940,001	\$ -	\$ 15,579,605

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

<b>Governmental Activities:</b>	
General government	\$ 16,529
Public safety	259,840
Education	617,379
Public works	342,426
Human services	9,743
Culture and recreation	58,014
Total depreciation expense - governmental activities	\$ 1,303,931
<b>Business-Type Activities:</b>	
Water	\$ 245,168
Sewer	181,953
Sanitation	-
Total depreciation expense - business-type activities	\$ 427,121

**TOWN OF PLAINVILLE, MASSACHUSETTS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
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**NOTE 6 – CAPITAL LEASE**

The Town has entered into a lease agreement as lessee for financing the acquisition of the fire chief vehicle. The lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of the future minimum lease payments as of the inception date.

The asset acquired through the capital lease is as follows:

	<u>Governmental Activities</u>
Assets:	
Vehicle	\$ 26,619
Less: Accumulated depreciation	<u>(13,310)</u>
	<u>\$ 13,309</u>

The future minimum lease obligation and the net present value of the minimum lease payments as of June 30, 2013, are as follows:

<u>Year Ending June 30</u>	<u>Government al Activites</u>
2014	\$ 7,306
2015	<u>7,306</u>
Total : Minimum lease payments	14,612
Less : Amounts representing interest	<u>(1,330)</u>
Present Value of minimum lease payments	<u><u>\$ 13,282</u></u>

**TOWN OF PLAINVILLE, MASSACHUSETTS**  
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**NOTE 7 – INTERFUND TRANSFERS**

Interfund transfers for the fiscal year ended June 30, 2013, are summarized as follows:

Operating Transfers Out:	Operating Transfers In:					Total
	General Fund	Nonmajor Governmental Funds	Sewer Enterprise Fund	Water Enterprise Fund	Sanitation Enterprise Fund	
Nonmajor Governmental Funds	\$ 48,834	\$ -	\$ -	\$ -	\$ -	\$ 48,834 (1)
Nonmajor Governmental Funds	-	-	13,375	-	-	13,375 (2)
Sewer Enterprise Fund	212,169	-	-	-	-	212,169 (1)
Sewer Enterprise Fund	292,766	-	-	-	-	292,766 (2)
General Fund	-	41,600	-	246,590	6,329	294,519 (1)
Total	<u>\$ 553,769</u>	<u>\$ 41,600</u>	<u>\$ 13,375</u>	<u>\$ 246,590</u>	<u>\$ 6,329</u>	<u>\$ 861,663</u>

(1) Represents other transfers to the general fund.

(2) Represents other transfers between funds.

**TOWN OF PLAINVILLE, MASSACHUSETTS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
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**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).

Short-term loans are general obligations of the Town and maturity dates are governed by statute. Interest expenditures/expenses for short-term borrowings are accounted for in the general fund and sewer enterprise fund respectively.

The following is a summary of changes in short-term debt for the year ended June 30, 2013:

Type	Purpose	Rate (%)	Due Date	Balance at June 30,	Renewed/ Issued	Retired/ Redeemed	Balance at June 30, 2013
<i><u>Governmental Funds</u></i>							
BAN	Various	0.95%	6/28/2013	<u>\$ 341,600</u>	<u>\$ -</u>	<u>\$ (341,600)</u>	<u>\$ -</u>
<i><u>Enterprise Fund</u></i>							
BAN	Sewer Project	0.95%	6/28/2013	<u>\$ 238,000</u>	<u>\$ -</u>	<u>\$ (238,000)</u>	<u>\$ -</u>
MWPAT	Sewer Project	0.00%	N/A	<u>1,850,517</u>	<u>-</u>	<u>(1,850,517)</u>	<u>-</u>
	Total Sewer Enterprise Fund			<u><u>\$ 2,088,517</u></u>	<u><u>\$ -</u></u>	<u><u>\$ (2,088,517)</u></u>	<u><u>\$ -</u></u>

**TOWN OF PLAINVILLE, MASSACHUSETTS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
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**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, 2013:

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

Project	Interest Rate %	Outstanding at June 30, 2012	Issued	Redeemed	Outstanding at June 30, 2013
Wood School	3.81	\$ 535,000	\$ -	\$ 535,000	\$ -
Wood School	4.90	150,000	-	75,000	75,000
Fire Equipment	4.22	408,000	-	51,000	357,000
Wood School	1.60	454,800	-	124,800	330,000
Wood School	1.78	215,000	-	25,000	190,000
Wood School	1.91	5,280,200	-	15,200	5,265,000
Equipment & Road Work	3.72	-	300,000	-	300,000
Total		<u>\$ 7,043,000</u>	<u>\$ 300,000</u>	<u>\$ 826,000</u>	<u>\$ 6,517,000</u>

The annual debt service requirements for principal and interest for Governmental bonds and notes outstanding at June 30, 2013 are as follows:

Fiscal Year	Principal	Interest	Total
2014	\$ 876,000	\$ 418,010	\$ 1,294,010
2015	771,000	378,304	1,149,304
2016	741,000	333,071	1,074,071
2017	716,000	288,204	1,004,204
2018	686,000	244,086	930,086
2019-2023	<u>2,727,000</u>	<u>571,228</u>	<u>3,298,228</u>
Total	<u>\$ 6,517,000</u>	<u>\$ 2,232,903</u>	<u>\$ 8,749,903</u>

**TOWN OF PLAINVILLE, MASSACHUSETTS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
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**Bonds and Notes Payable Schedule -Water Enterprise Fund**

Project	Interest Rate %	Outstanding at June 30, 2012	Issued	Redeemed	Outstanding at June 30, 2013
Water Treatment Plant	3.61	\$ 75,000	\$ -	\$ 75,000	\$ -
Water Storage Tank	3.61	60,000	-	60,000	-
Water Land Acquisition	3.58	50,000	-	50,000	-
Water Pumping Station	2.00	810,236	-	50,654	759,582
Water Treatment Plant	1.92	745,000	-	-	745,000
Water Storage Tank	1.92	595,000	-	-	595,000
Water Land Acquisition	1.91	460,000	-	-	460,000
MWPAT Sewer	2.00	-	2,688,192	-	2,688,192
USDA Sewer	2.75	-	209,000	-	209,000
Total		<u>\$ 2,795,236</u>	<u>\$ 2,897,192</u>	<u>\$ 235,654</u>	<u>\$ 5,456,774</u>

The annual debt service requirements for principal and interest for water and sewer enterprise funds bonds and notes outstanding at June 30, 2013 are as follows:

Fiscal Year	Principal	Interest	Total
2014	\$ 381,537	\$ 176,612	\$ 558,149
2015	382,581	181,615	564,196
2016	383,645	165,550	549,195
2017	379,733	149,000	528,733
2018	380,841	132,766	513,607
2019-2023	1,906,633	406,469	2,313,102
2024-2028	917,506	124,870	1,042,376
2029-2033	724,298	44,634	768,932
Total	<u>\$ 5,456,774</u>	<u>\$ 1,381,516</u>	<u>\$ 6,838,290</u>



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

As of June 30, 2013, the Town has loans authorized and unissued as follows:

<u>Description</u>	<u>Date Authorized</u>	<u>Amount</u>
Sewer Expansion	6/7/2010	\$ 1,673,808
Ambulance	6/6/2011	3,500
Roof Replacement	6/13/2011	24,900
Sewer Infiltration/ Inflow Program	6/3/2013	<u>225,000</u>
Total		<u>\$ 1,927,208</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 2013 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, 2013:

Governmental Activities:	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Bonds and notes payable	\$ 7,043,000	\$ 300,000	\$ (826,000)	\$ 6,517,000	\$ 876,000
Capital lease payable	19,313	-	(6,031)	13,282	6,429
OPEB (Note 13)	<u>3,706,734</u>	<u>939,631</u>	<u>-</u>	<u>4,646,365</u>	<u>-</u>
Total governmental activities long-term liabilities	<u>\$ 10,769,047</u>	<u>\$ 1,239,631</u>	<u>\$ (832,031)</u>	<u>\$ 11,176,647</u>	<u>\$ 882,429</u>

  

Business-Type Activities:	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Bonds and notes payable	\$ 2,795,236	\$ 2,897,192	\$ (235,654)	\$ 5,456,774	\$ 381,537
OPEB (Note 13)	<u>180,829</u>	<u>65,750</u>	<u>-</u>	<u>246,579</u>	<u>-</u>
Total business-type activities long-term liabilities	<u>\$ 2,976,065</u>	<u>\$ 2,962,942</u>	<u>\$ (235,654)</u>	<u>\$ 5,703,353</u>	<u>\$ 381,537</u>

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, 2013:

Agency	Total Long- Term Debt Outstanding	Town's Estimated Share	Town's Indirect Debt
King Philip Regional School District			
Bonds	\$ 20,925,000	25.71%	\$ 5,379,818
Norfolk County			
Bonds	<u>12,860,000</u>	0.99%	<u>127,828</u>
	<u>\$ 33,785,000</u>		<u>\$ 5,507,646</u>

**TOWN OF PLAINVILLE, MASSACHUSETTS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
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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	TOTAL
Fund Balances			
Restricted For:			
General Government	\$ -	\$ 288,702	\$ 288,702
Public Safety	-	268,540	268,540
Education	-	515,538	515,538
Public Works	-	128,323	128,323
Human Services	-	59,357	59,357
Culture & Recreation	-	77,508	77,508
Expendable Trust Fund	-	63,291	63,291
	<u>-</u>	<u>1,401,259</u>	<u>1,401,259</u>
Committed To:			
Continuing Appropriations			
General Government	95,119	-	95,119
Public Safety	10,853	-	10,853
Public Works	4,970	-	4,970
Human Services	58,961	-	58,961
Employee Benefits	23,551	-	23,551
	<u>193,454</u>	<u>-</u>	<u>193,454</u>
Assigned To:			
Encumbered For:			
General Government	11,820	-	11,820
Public Safety	4,517	-	4,517
Education	39,772	-	39,772
Public Works	2,061	-	2,061
Culture & Recreation	8,673	-	8,673
Subsequent Years Expenditures	592,727	-	592,727
Reserved for Petty Cash	500	-	500
Reserved for Bond Premium	13,502	-	13,502
OPEB Stabilization Trust Fund	15,032	-	15,032
LCS Stabilization Fund	1,915,017	-	1,915,017
	<u>2,603,621</u>	<u>-</u>	<u>2,603,621</u>
Unassigned			
General Fund	1,866,258	-	1,866,258
General Stabilization Fund	455,443	-	455,443
Nonmajor Governmental Funds	-	(711)	(711)
	<u>2,321,701</u>	<u>(711)</u>	<u>2,320,990</u>
Total Governmental Fund Balances	<u>\$ 5,118,776</u>	<u>\$ 1,400,548</u>	<u>\$ 6,519,324</u>

**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 \$455,443 as of June 30, 2013. The fund was established under chapter 40, sub-section 5B of the Massachusetts General Law.

**TOWN OF PLAINVILLE, MASSACHUSETTS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
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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 \$1,915,017 as of June 30, 2013.
  
- *The OPEB Stabilization Fund* is used to account for appropriations funding the employer's share of postemployment health care costs. The Town may appropriate into and out of the fund at Annual or Special Town Meeting by 2/3 vote. The OPEB stabilization fund balance is \$15,032 as of June 30, 2013.

**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 2013.

**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.

**TOWN OF PLAINVILLE, MASSACHUSETTS**  
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***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.

***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 2013, total Town premiums plus implicit costs for the retiree medical program are \$476,775.

***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 GASBS 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	\$ 1,662,253
Interest on Net OPEB Obligation	155,503
Adjustment to Annual Required Contribution	(216,169)
Amortization of Actual (Gains)/Losses	<u>(119,431)</u>
Annual OPEB Cost	1,482,156
Contributions made	<u>(476,775)</u>
Increase in net OPEB obligation	1,005,381
Net OPEB obligation - beginning of year	<u>3,887,563</u>
Net OPEB obligation - end of year	<u><u>\$ 4,892,944</u></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 2013 and the four 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 Net OPEB Obligation</b>	<b>Net OPEB Obligation</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

**Funded Status and Funding Progress.** As of July 1, 2012, the most recent actuarial valuation date, the plan was 0.0% funded. The actuarial accrued liability for benefits was \$14.363 million, and the actuarial value of assets was \$0.0 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$14.363 million. The covered payroll (annual payroll of active employees covered by the plan) was \$10.082 million, and the ratio of the UAAL to the covered payroll was 142.5%.

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, 2012 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 6% percent initially, reduced by increments of 1% to an ultimate rate of 5 % after one year. 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, 2013, was 25 years.

**TOWN OF PLAINVILLE, MASSACHUSETTS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

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**NOTE 14 – PENSION PLANS**

*A. Plan Descriptions*

The Town contributes to the Norfolk County Contributory Retirement System (the “System”), a cost sharing, multiple-employer, defined benefit pension plan administered by the Norfolk County Retirement Board. 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” and the MTRS provide retirement, disability and death benefits to plan members and beneficiaries.

Chapter 32 of the Massachusetts General Laws assigns authority to establish and amend benefit provisions of the plan, and grant cost-of-living increases, to the State legislature. The “System” issues a publicly available financial report, which can be obtained through the Commonwealth of Massachusetts, Public Employee Retirement Administration Commission (“PERAC”), One Ashburton Place, Boston, Massachusetts 02108.

*B. Funding Policies*

Norfolk County Contributory Retirement System

Plan members are required to contribute to the “System” at rates ranging from 5% to 11% of annual covered compensation. The Town is required to pay into the “System”, its share of the remaining system-wide, actuarially determined, contribution plus administration costs, which are apportioned among the employers, based on active covered payroll. The Commonwealth of Massachusetts reimburses the “system” for a portion of the benefit payments for the cost of living increases. The contributions to the “System” for years ended June 30, 2013, 2012, and 2011 were \$925,552, \$881,951, and \$926,890 respectively, which were equal to its required contributions for each of these years.

Massachusetts Teachers’ Retirement System

Plan members (at varying rates of annual covered compensation) and the Commonwealth of Massachusetts fund contributions to the MTRS. The Commonwealth of Massachusetts contributed “on-behalf” payments to the MTRS totaling \$1,171,148 for fiscal year 2013. In accordance with GASB Statement No. 24, these “on-behalf” payments have been recorded in the general fund as intergovernmental revenues and pension expenditures.

**NOTE 15 – COMMITMENTS AND CONTINGENCIES**

The Town participates in a number of federal award programs. Although the grant programs have been audited in accordance with the provisions of the Single Audit Act Amendments of 1996 through June 30, 2013, these programs are still subject to financial and compliance audits. The amount, if any, 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.

**TOWN OF PLAINVILLE, MASSACHUSETTS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

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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, 2013, cannot be ascertained, management believes any resulting liability should not materially affect the financial position at June 30, 2013.

**NOTE 16 – IMPLEMENTATION OF NEW GASB PRONOUNCEMENTS**

During fiscal year 2013, the following GASB pronouncements were implemented:

The GASB issued **Statement #60**, *Accounting and Financial Reporting for Service Concession Arrangements*, was implemented in fiscal year 2013. Management believes that this pronouncement requires no additional disclosure and will not impact the basic financial statements.

The GASB issued **Statement #61**, *The Financial Reporting Entity: Omnibus*, was implemented in fiscal year 2013. Management believes that this pronouncement requires no additional disclosure and will not impact the basic financial statements.

The GASB issued **Statement #62**, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, was implemented in fiscal year 2013. Management believes that this pronouncement requires no additional disclosure and will not impact the basic financial statements.

The GASB issued **Statement #63**, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, was implemented in fiscal year 2013. Management believes that this pronouncement requires no additional disclosure and will not impact the basic financial statements.

*Future GASB Pronouncements:*

The GASB issued **Statement #65**, *Items previously reported as Assets and Liabilities*, which is required to be implemented in fiscal year 2014. Management's current assessment is that this pronouncement will not have a significant impact on the basic financial statements.

The GASB issued **Statement #66**, *Technical Corrections – 2012 – an amendment of GASB Statements No. 10 and No. 62*, which is required to be implemented in fiscal year 2014. Management's current assessment is that this pronouncement will not have a significant impact on the basic financial statements.

The GASB issued **Statement #67**, *Financial Reporting for Pension Plans – an amendment of GASB Statement No. 27*, which is required to be implemented in fiscal year 2014. Management's current assessment is that this pronouncement will not have a significant impact on the basic financial statements.

The GASB issued **Statement #68**, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, which is required to be implemented in fiscal year 2015. Management's current assessment is that this pronouncement will have a significant impact on the basic financial



**TOWN OF PLAINVILLE, MASSACHUSETTS  
REQUIRED SUPPLEMENTARY INFORMATION  
NORFOLK COUNTY REGIONAL RETIREMENT SYSTEM  
JUNE 30, 2013**

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

**Schedules 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]
1/1/2012	\$ 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
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  
OTHER POSTEMPLOYMENT BENEFITS  
JUNE 30, 2013**

**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	0.0%	\$ 8,397,673	212.7%
7/1/2010	\$ -	\$ 13,442,914	\$ 13,442,914	0.0%	\$ 8,989,428	149.5%
7/1/2012	\$ -	\$ 14,362,504	\$ 14,362,504	0.0%	\$ 10,082,365	142.5%

**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

\* 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, 2012
Discount Rate	4.00%
Medical Trend	6.0% for 2013, and grading down 1% to 5% in Year 2014 and thereafter
Cost Method	Projected Unit Credit Cost Method
Amortization Method	Level dollar amount over 30 years at transition
Remaining Amortization Period	25

**TOWN OF PLAINVILLE, MASSACHUSETTS  
REQUIRED SUPPLEMENTARY INFORMATION  
OTHER POSTEMPLOYMENT BENEFITS  
JUNE 30, 2013**

Mortality	RP-2000 Table for males
	RP-2000 Table for females

Participation	80% of future retirees are assumed to participate in the retiree medical plan.
	80% of future retirees are expected to elect life insurance.

Plan Participants:

Current retirees, beneficiaries, and dependants	83
Current active members/participants	187
Total	<hr/> 270 <hr/>