

TOWN OF PLAINVILLE, MASSACHUSETTS

**REPORT ON EXAMINATION OF
BASIC FINANCIAL STATEMENTS**

JUNE 30, 2018

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INDEPENDENT AUDITOR'S REPORT

To the Honorable Board of Selectmen
Town of Plainville, Massachusetts

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Plainville, Massachusetts, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Plainville, Massachusetts, as of June 30, 2018, 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.

Change in Accounting Principle

As discussed in Note 16 to the financial statements, in Fiscal Year 2018 the Town adopted new accounting guidance, *GASBS No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, and Norfolk County Contributory Retirement System schedules - Town's proportionate share of the net pension liability, and Town's contribution, Massachusetts Teachers Retirement System's schedule of the Commonwealth's Collective amounts of the Net Pension Liability, Other Postemployment Benefit schedules - Town's Net OPEB Liability and Related Ratios, Town's contribution, and investment return, and notes to required supplementary information on pages 3 – 9, 70 – 71, 72, 73 – 75 and 76 - 77 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.



Certified Public Accountant

May 23, 2019

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, 2018. 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

Effective in FY2018 the Town adopted GASB Statement No. 75 **Accounting and Financial Reporting for Postemployment benefits other than Pensions**, which resulted in a decrease in Net Position. In FY2015 the Town implemented GASB Statement No. 68 **Accounting and Financial Reporting for Pensions**. The purpose of these new standards is to improve the accounting and financial reporting by state and local governments for postemployment benefits; in particular, pensions and healthcare.

These long-term liabilities are now clearly presented on the Statement of Net Position, to better inform the reader as to the Town's financial obligation for future postemployment costs. Please refer to the footnotes to the financial statements as well as the required supplementary information regarding these obligations.

Overview of the Financial Statements

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

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

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

Government-wide Financial Statements

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

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

The government-wide financial statements distinguish functions that are principally supported by taxes and intergovernmental revenues (governmental activities) from those functions that are principally supported by user fees or charges (business-type activities). The governmental activities include general government, public safety, education, public works, human services, culture and recreation, pension benefits, employee benefits, interest and state and county charges. The business type activities include costs relating to water, sewer and sanitation activities.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Fund accounting is used to ensure and demonstrate compliance with finance-related legal requirements. All of the Town's funds are categorized in three main types: (1) Governmental, (2) Proprietary, and (3) Fiduciary.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental funds statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. This information may be useful in evaluating the Town's near-term financing requirements.

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

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

Proprietary Funds

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

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

Fiduciary Funds

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

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

Notes to the basic financial statements

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

Government-wide Financial Analysis

Statement of Net Position

The Town's total net position as of June 30, 2018 was \$13.93 million, of which the governmental activities provided \$1.37 million and the business-type activities provided \$12.56 million.

The Town's largest net position (\$38.2 million) 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.

Approximately (\$7.2 million) of the Town's net position is subject to external restrictions on how it may be used. The remaining balance (-\$31.5 million) of the Town's net position is unrestricted.

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

Condensed Statement of Net Position						
	Governmental Activities		Business-type Activities		Total Primary Government	
	FY 2018	FY 2017	FY 2018	FY 2017	FY 2018	FY 2017
Assets:						
Current assets	\$ 29,725,247	\$ 15,373,786	\$ 4,103,840	\$ 4,200,370	\$ 33,829,087	\$ 19,574,156
Noncurrent assets (excluding capital)	2,021,572	2,526,965	-	-	2,021,572	2,526,965
Capital assets	47,718,291	30,007,607	15,975,649	15,644,364	63,693,940	45,651,971
Total assets	79,465,110	47,908,358	20,079,489	19,844,734	99,544,599	67,753,092
Deferred Outflow of Resources:	3,513,610	2,059,363	184,837	108,336	3,698,447	525,182
Liabilities:						
Current liabilities (excluding debt)	3,272,992	663,214	495,156	345,949	3,768,148	1,009,163
Noncurrent liabilities (excluding debt)	39,727,691	22,843,664	1,572,169	1,138,995	41,299,860	23,982,659
Current debt	2,556,548	1,065,011	1,258,063	565,661	3,814,611	1,630,672
Noncurrent debt	33,970,373	6,026,852	4,267,891	4,827,454	38,238,264	10,854,306
Total liabilities	79,527,604	30,598,741	7,593,279	6,878,059	87,120,883	37,476,800
Deferred Inflows of Resources:	2,081,905	1,045,639	108,928	55,007	2,190,833	1,100,646
Net Position:						
Net investment in capital assets	27,595,683	22,915,744	10,604,895	10,864,323	38,200,578	33,780,067
Restricted	7,199,211	10,161,210	-	-	7,199,211	10,161,210
Unrestricted	(33,425,683)	(14,753,613)	1,957,224	2,155,681	(31,468,459)	(12,597,932)
Total net position	\$ 1,369,211	\$ 18,323,341	\$ 12,562,119	\$ 13,020,004	\$ 13,931,330	\$ 31,343,345

Total current assets within the governmental activities were \$29.7 million and included cash & investments of \$27.6 million and receivables net of allowances of \$2.1 million. Governmental non-current receivables decreased \$505,393. This decrease represents the continued annual reduction of a long term receivable for School Building Assistance.

Total current liabilities within the governmental activities were \$5.8 million and included accounts payable of \$3.0 million, accrued interest of \$255,075, other liabilities and capital leases of \$51,244, and \$2.5 million of bonds and notes payable. Noncurrent liabilities within the governmental activities were \$73.7 million and included \$13.9 million in net pension liability, \$25.8 million in postemployment benefits liability, and \$34.0 million of bonds and notes payable

The Town's total net position includes a receivable of \$2,526,965 due from Massachusetts School Building Authority (MSBA) which is a reimbursement program for school debt.

Total current assets within the business-type activities were \$4.1 million and included cash & investments of \$3.4 million and receivables of \$0.7 million.

Current liabilities within the business-type activities were \$1.8 million and included \$1.3 million of bonds and notes payable. Noncurrent liabilities within the business-type activities were \$5.8 million and included \$4.3 million of general obligation bonds payable, \$0.7 million in net pension liability and \$0.8 million in postemployment benefits liability.

The level of net investment in capital assets for FY2018 increased by \$4.4 million as compared to FY2017. Governmental activities' capital assets (net of related debt) increased by \$4.7 million while business type activities' capital assets decreased by \$0.3 million.

Changes in Net Position

The Net Position for the Town of Plainville decreased by \$17.4 million. Presented below are the components that contributed to the change in net position, along with comparative data for the previous fiscal year:

Condensed Statement of Changes in Net Position						
	Governmental Activities		Business-type Activities		Total Primary Government	
	2018	2017	2018	2017	2018	2017
Revenues						
<i>Program Revenues:</i>						
Charges for services	\$ 2,576,364	\$ 2,867,316	\$ 3,133,472	\$ 3,023,239	\$ 5,709,836	\$ 5,890,555
Operating grants and contributions	5,985,380	8,413,834	46,003	206,253	6,031,383	8,620,087
Capital grants and contributions	198,889	49,392	-	-	198,889	49,392
<i>General Revenues:</i>						
Real Estate and personal property taxes	21,777,128	20,630,101	-	-	21,777,128	20,630,101
Tax Liens	32,708	156,487	-	-	32,708	156,487
Motor vehicle and other excise taxes	1,500,517	1,509,951	-	-	1,500,517	1,509,951
Meals and Hotel/Motel Taxes	377,519	378,694	-	-	377,519	378,694
Penalties and Interest on Taxes	130,267	68,618	-	-	130,267	68,618
Payments in Lieu of Taxes	47,081	47,850	-	-	47,081	47,850
Nonrestricted grants and contributions	3,503,401	986,356	-	-	3,503,401	986,356
Unrestricted investment income	355,602	100,991	-	-	355,602	100,991
Other revenues	46,896	89,221	-	-	46,896	89,221
Total Revenues	36,531,752	35,298,811	3,179,475	3,229,492	39,711,227	38,528,303
Expenses:						
General Government	1,407,833	1,310,705	-	-	1,407,833	1,310,705
Public Safety	6,663,430	5,847,559	-	-	6,663,430	5,847,559
Education	18,401,223	17,014,909	-	-	18,401,223	17,014,909
Public Works	1,659,685	1,531,817	-	-	1,659,685	1,531,817
Human Services	460,602	456,318	-	-	460,602	456,318
Culture and Recreation	568,134	488,077	-	-	568,134	488,077
Employee Benefits	7,686,718	7,150,846	-	-	7,686,718	7,150,846
State and County Assessments	388,455	329,717	-	-	388,455	329,717
Interest	854,380	153,622	-	-	854,380	153,622
Sanitation	-	-	477,943	456,823	477,943	456,823
Sewer	-	-	1,491,116	1,324,016	1,491,116	1,324,016
Water	-	-	1,579,980	1,367,942	1,579,980	1,367,942
Total Expenses	38,090,460	34,283,570	3,549,039	3,148,781	41,639,499	37,432,351
Excess (deficiency) of revenues over expenditures	(1,558,708)	1,015,241	(369,564)	80,711	(1,928,272)	1,095,952
Transfers	(278,968)	(215,594)	278,968	215,594	-	-
Change in Net Position	(1,837,676)	799,647	(90,596)	296,305	(1,928,272)	1,095,952
Prior Period Adjustment - OPEB	(15,116,454)	-	(367,289)	-	(15,483,743)	-
Net Position - beginning	18,323,341	17,523,694	13,020,004	12,723,699	31,343,345	30,247,393
Net Position - ending	\$ 1,369,211	\$ 18,323,341	\$ 12,562,119	\$ 13,020,004	\$ 13,931,330	\$ 31,343,345

Governmental Activities: Charges for services decreased 5% as compared to FY2017, while capital grants and contributions increased by \$149,497. Operating grants and contributions decreased by nearly 29%. Property taxes represent 59.6% of the Town's governmental activities revenues, and FY2018 shows an increase of \$1,147,027 over FY2017 due to proposition 2 ½ and new growth.

Total expenses increased by \$3.8 million or 11.1% over FY2017. Education saw the largest increase of \$1.4 million, while public safety saw an increase of \$0.8 million for governmental activity of the Town. Education remains the largest governmental activity of the Town (\$18.4 million), while employee benefits expenditures increased by nearly 7.5%.

Business-Type Activities: Revenues from the three business-type activities decreased approximately \$50,017 over FY2017. Total expenditures increased by \$400,258 for FY2018.

Analysis of Governmental Fund Statements

Governmental Funds

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

The general fund is the chief operating fund of the Town of Plainville. The Massachusetts Department of Revenue reviews the unaudited balance sheet at the end of the each fiscal year. It certifies what part of undesignated, unreserved fund balance is available for spending at the government's (Town Meeting) discretion during the subsequent fiscal year. At the end of the fiscal year the Town's general fund unassigned fund balance was \$1,411,754 while the total general fund balance was \$7,868,865. The Massachusetts Department of Revenue certified \$402,359 available for spending as of July 1, 2018.

Other Governmental Funds

The Stabilization Fund was built over many years from annual surpluses and capital project bank interest. The set aside of capital project interest was intended to be used to temporarily reduce the impact to taxpayers of expected peaks in debt burden. A special revenue account called the Landfill Closure Fund had been built up over many years when the Town was receiving revenue from an active landfill owned by a private company. The fund was intended to protect the taxpayers in the remote chance that the private company failed to fulfill their responsibility to maintain the site. At a Special Town Meeting, June 6, 2005, the Town voted to appropriate \$1,030,589 of the accumulated Closure Fund and establish the Landfill Stabilization Fund for the purpose of funding potential costs associated with the closure of the Laidlaw Landfill. At an Annual Town Meeting, June 4, 2012, the Town voted to appropriate \$625,892 remaining in the Closure Fund to the established Landfill Stabilization Fund. The combined Stabilization Fund balances of \$4,787,435 are available to the Town as a source for short term borrowing. The original Stabilization Fund is available to be appropriated at Town Meeting to meet any needs of the Town. No Stabilization Funds were appropriated to support the FY2019 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, 2018 amounts to \$63,693,940 (net of accumulated depreciation). This investment includes land, buildings, improvements, machinery and equipment, vehicles, park facilities, streets, sidewalks, construction in progress and water and sewer systems.

Debt Administration

The Town continues to experience an excellent bond rating of Aa2 as assigned by Moody's Investor Service. Moody's Investor Services upped the Town's rating from Aa3 to Aa2, which is mainly due to the significant amount of revenue generated from Plainridge. 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 \$38,314,884, an increase of \$25.9 million over the prior fiscal year. This increase was primarily due to issuance of bonds for the new Town Hall/Police Station.

Economic Factors and next year's Budget

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

The Town of Plainville continued to have strong development growth during fiscal year 2018. On the residential front, "The Oasis", a 248 unit apartment complex opened for rentals on Route 1, and luxury single family homes in the 66 lot "Woods at Mirimichi" development continued to sell quickly, and at rapidly escalating prices. Elsewhere in town, there has been slower development of single family homes and duplex units, keeping stressors on public services to manageable levels.

The average 2018 single family home in Plainville was valued at \$360,287 with an average annual tax bill of \$5,426. Overall FY2018 property values increased 4.78% as compared with the prior year.

Commercial growth continues to be strong, particularly with respect to larger commercial spaces. Numerous other commercial sites are being actively marketed, and are expected to result in additional growth moving forward. Continued strategic zoning changes and a streamlined permit process have encouraged appropriate commercial development that is expected to continue.

The principal roads serving Plainville are State Routes 1, 1A, 106, 152 and Interstate 495. Local bus service is provided by the regional transportation authority GATRA. The neighboring town of Mansfield operates a municipal airport and hosts a commuter rail station. Plainville is approximately one hour away from Logan Airport in Boston and one hour from T.F. Green Airport in Providence, Rhode Island. Electricity is supplied by National Grid and Liberty Utilities services the Town's gas needs. Most commercial areas are serviced by municipal water and sewer.

Construction of the new Town Hall and Public Safety complex is underway. This project is bonded and paid for with funds set aside in the Plainridge capital stabilization fund, and did not need a tax override. Revenues from the Plainridge Park Casino continue to hold steady, and provide a strong source of tax revenue. The Town is updating its Open Space and Recreation Plan with the assistance of the Southeast Regional Planning and Development District staff, and intends to continue working to preserve its natural resources, in addition to encouraging commercial growth, thus helping make the town one of the more livable and affordable communities in the commonwealth.

Management of the Town is cautiously optimistic and eagerly looks toward a positive future. The Town of Plainville developed a balanced budget for fiscal year 2019 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, 190 South Street, Plainville, MA 02762.

**TOWN OF PLAINVILLE, MASSACHUSETTS
STATEMENT OF NET POSITION
JUNE 30, 2018**

	PRIMARY GOVERNMENT		
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
<u>ASSETS</u>			
CURRENT:			
CASH AND SHORT-TERM INVESTMENTS	\$ 26,088,930	\$ 3,413,140	\$ 29,502,070
INVESTMENTS	1,487,888	-	1,487,888
RECEIVABLES, NET OF ALLOWANCE FOR UNCOLLECTIBLES:			
REAL ESTATE AND PERSONAL PROPERTY TAXES	344,338	-	344,338
TAX LIENS	583,847	-	583,847
MOTOR VEHICLE EXCISE TAXES	133,364	-	133,364
USER FEES	197,929	689,647	887,576
INTERGOVERNMENTAL	888,951	1,053	890,004
NONCURRENT:			
RECEIVABLES, NET OF ALLOWANCE FOR UNCOLLECTIBLES:			
INTERGOVERNMENTAL	2,021,572	-	2,021,572
CAPITAL ASSETS, NET OF ACCUMULATED DEPRECIATION	47,718,291	15,975,649	63,693,940
TOTAL ASSETS	79,465,110	20,079,489	99,544,599
DEFERRED OUTFLOWS OF RESOURCES			
RELATED TO PENSIONS	3,513,610	184,837	3,698,447
<u>LIABILITIES</u>			
CURRENT:			
ACCOUNTS PAYABLE	3,001,525	230,056	3,231,581
OTHER LIABILITIES	16,392	231,565	247,957
ACCRUED INTEREST	255,075	33,535	288,610
CAPITAL LEASES PAYABLE	34,852	6,331	41,183
BONDS AND NOTES PAYABLE	2,521,696	1,251,732	3,773,428
NONCURRENT:			
CAPITAL LEASES PAYABLE	-	13,239	13,239
BONDS AND NOTES PAYABLE	33,970,373	4,254,652	38,225,025
NET PENSION LIABILITY	13,929,050	732,754	14,661,804
POSTEMPLOYMENT BENEFITS	25,798,641	839,415	26,638,056
TOTAL LIABILITIES	79,527,604	7,593,279	87,120,883
DEFERRED INFLOWS OF RESOURCES			
RELATED TO PENSIONS	2,070,620	108,928	2,179,548
RELATED TO OPEB	11,285	-	11,285
TOTAL DEFERRED INFLOWS OF RESOURCES	2,081,905	108,928	2,190,833
<u>NET POSITION</u>			
NET INVESTMENT IN CAPITAL ASSETS	27,595,683	10,604,895	38,200,578
RESTRICTED FOR:			
OTHER PURPOSES	7,199,211	-	7,199,211
UNRESTRICTED	(33,425,683)	1,957,224	(31,468,459)
TOTAL NET POSITION	\$ 1,369,211	\$ 12,562,119	\$ 13,931,330

See accompanying notes to the basic financial statements

**TOWN OF PLAINVILLE, MASSACHUSETTS
STATEMENT OF ACTIVITIES
FISCAL YEAR ENDED JUNE 30, 2018**

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES			NET (EXPENSE) REVENUE
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	
PRIMARY GOVERNMENT:					
GOVERNMENTAL ACTIVITIES:					
GENERAL GOVERNMENT	\$ 1,407,833	\$ 360,151	\$ 784	\$ -	\$ (1,046,898)
PUBLIC SAFETY	6,663,430	1,548,588	451,435	-	(4,663,407)
EDUCATION	18,401,223	414,082	3,676,657	19	(14,310,465)
PUBLIC WORKS	1,659,685	1,075	16,145	198,870	(1,443,595)
HUMAN SERVICES	460,602	84,672	80,356	-	(295,574)
CULTURE & RECREATION	568,134	167,796	14,945	-	(385,393)
EMPLOYEE BENEFITS	7,686,718	-	1,745,058	-	(5,941,660)
STATE & COUNTY ASSESSMENTS	388,455	-	-	-	(388,455)
INTEREST	854,380	-	-	-	(854,380)
TOTAL GOVERNMENTAL ACTIVITIES	38,090,460	2,576,364	5,985,380	198,889	(29,329,827)
BUSINESS-TYPE ACTIVITIES:					
WATER	1,579,980	1,433,079	45,595	-	(101,306)
SEWER	1,491,116	1,273,271	-	-	(217,845)
SANITATION	477,943	427,122	408	-	(50,413)
TOTAL BUSINESS-TYPE ACTIVITIES	3,549,039	3,133,472	46,003	-	(369,564)
TOTAL PRIMARY GOVERNMENT	\$ 41,639,499	\$ 5,709,836	\$ 6,031,383	\$ 198,889	\$ (29,699,391)

See accompanying notes to the basic financial statements

(continued)

**TOWN OF PLAINVILLE, MASSACHUSETTS
STATEMENT OF ACTIVITIES
FISCAL YEAR ENDED JUNE 30, 2018**

	PRIMARY GOVERNMENT		
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
CHANGES IN NET POSITION:			
NET (EXPENSE) REVENUE FROM PREVIOUS PAGE	\$ (29,329,827)	\$ (369,564)	\$ (29,699,391)
GENERAL REVENUES:			
REAL ESTATE AND PERSONAL PROPERTY TAXES,			
NET OF TAX REFUNDS PAYABLE	21,777,128	-	21,777,128
TAX LIENS	32,708	-	32,708
MOTOR VEHICLE EXCISE TAXES	1,500,517	-	1,500,517
MEALS & HOTEL TAXES	377,519	-	377,519
PENALTIES AND INTEREST ON TAXES	130,267	-	130,267
PAYMENTS IN LIEU OF TAXES	47,081	-	47,081
GRANTS AND CONTRIBUTIONS NOT RESTRICTED			
TO SPECIFIC PROGRAMS	3,503,401	-	3,503,401
UNRESTRICTED INVESTMENT INCOME	355,602	-	355,602
MISCELLANEOUS	46,896	-	46,896
TRANSFERS, NET	(278,968)	278,968	-
TOTAL GENERAL REVENUES AND TRANSFERS	27,492,151	278,968	27,771,119
CHANGE IN NET POSITION	(1,837,676)	(90,596)	(1,928,272)
NET POSITION:			
BEGINNING OF YEAR	3,206,887	12,652,715	15,859,602
END OF YEAR	\$ 1,369,211	\$ 12,562,119	\$ 13,931,330

See accompanying notes to the basic financial statements

(concluded)

**TOWN OF PLAINVILLE, MASSACHUSETTS
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2018**

	GENERAL	MAJOR FUND TOWN HALL BUILDING	NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
<u>ASSETS</u>				
CASH AND SHORT-TERM INVESTMENTS	\$ 7,212,714	\$ 17,424,214	\$ 1,452,002	\$ 26,088,930
INVESTMENTS	1,487,888	-	-	1,487,888
RECEIVABLES, NET OF ALLOWANCE FOR UNCOLLECTIBLES:				
REAL ESTATE AND PERSONAL PROPERTY TAXES	344,338	-	-	344,338
TAX LIENS	583,847	-	-	583,847
MOTOR VEHICLE EXCISE TAXES	133,364	-	-	133,364
USER FEES	197,929	-	-	197,929
INTERGOVERNMENTAL	2,679,257	-	231,266	2,910,523
TOTAL ASSETS	\$ 12,639,337	\$ 17,424,214	\$ 1,683,268	\$ 31,746,819
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u>				
LIABILITIES:				
ACCOUNTS PAYABLE	\$ 1,048,528	\$ 1,810,123	\$ 142,874	\$ 3,001,525
OTHER LIABILITIES	11,382	-	5,010	16,392
NOTES PAYABLE	-	-	488,400	488,400
TOTAL LIABILITIES	1,059,910	1,810,123	636,284	3,506,317
DEFERRED INFLOWS OF RESOURCES:				
UNAVAILABLE REVENUE	3,710,562	-	-	3,710,562
FUND BALANCES:				
RESTRICTED	-	15,614,091	1,502,545	17,116,636
COMMITTED	131,666	-	-	131,666
ASSIGNED	6,325,445	-	-	6,325,445
UNASSIGNED	1,411,754	-	(455,561)	956,193
TOTAL FUND BALANCES	7,868,865	15,614,091	1,046,984	24,529,940
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 12,639,337	\$ 17,424,214	\$ 1,683,268	\$ 31,746,819

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, 2018**

	<u>GENERAL</u>	<u>MAJOR FUND TOWN HALL BUILDING</u>	<u>NONMAJOR GOVERNMENTAL FUNDS</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
<u>REVENUES:</u>				
REAL ESTATE AND PERSONAL PROPERTY TAXES, NET OF TAX REFUNDS	\$ 21,989,226	\$ -	\$ -	\$ 21,989,226
MOTOR VEHICLE EXCISE TAXES	1,497,551	-	-	1,497,551
PENALTIES AND INTEREST ON TAXES	130,267	-	-	130,267
INTERGOVERNMENTAL	6,315,589	-	1,178,128	7,493,717
CHARGES FOR SERVICES	1,444,379	-	683,453	2,127,832
INVESTMENT INCOME	355,540	-	261	355,801
CONTRIBUTIONS & DONATIONS	-	-	17,621	17,621
DEPARTMENTAL AND OTHER	3,531,736	-	68,978	3,600,714
TOTAL REVENUES	35,264,288	-	1,948,441	37,212,729
<u>EXPENDITURES:</u>				
CURRENT:				
GENERAL GOVERNMENT	1,335,412	17,013,858	226,019	18,575,289
PUBLIC SAFETY	5,907,937	-	1,891,732	7,799,669
EDUCATION	16,774,347	-	1,137,596	17,911,943
PUBLIC WORKS	1,162,788	-	464,488	1,627,276
HUMAN SERVICES	431,045	-	19,085	450,130
CULTURE & RECREATION	286,423	-	253,778	540,201
EMPLOYEE BENEFITS	6,337,126	-	-	6,337,126
STATE & COUNTY ASSESSMENTS	388,455	-	-	388,455
DEBT SERVICE:				
PRINCIPAL	1,032,094	-	-	1,032,094
INTEREST	741,036	-	-	741,036
TOTAL EXPENDITURES	34,396,663	17,013,858	3,992,698	55,403,219
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	867,625	(17,013,858)	(2,044,257)	(18,190,490)
<u>OTHER FINANCING SOURCES (USES)</u>				
PROCEEDS FROM BONDS AND NOTES	-	27,515,000	-	27,515,000
PROCEEDS FROM BOND PREMIUM	-	2,612,949	1,993	2,614,942
OPERATING TRANSFERS IN	34,220	2,500,000	40,000	2,574,220
OPERATING TRANSFERS OUT	(2,853,188)	-	-	(2,853,188)
TOTAL OTHER FINANCING SOURCES (USES)	(2,818,968)	32,627,949	41,993	29,850,974
NET CHANGE IN FUND BALANCES	(1,951,343)	15,614,091	(2,002,264)	11,660,484
FUND BALANCES AT BEGINNING OF YEAR	9,820,208	-	3,049,248	12,869,456
FUND BALANCES AT END OF YEAR	\$ 7,868,865	\$ 15,614,091	\$ 1,046,984	\$ 24,529,940

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, 2018**

TOTAL GOVERNMENTAL FUND BALANCES		\$ 24,529,940
CAPITAL ASSETS (NET) USED IN GOVERNMENTAL ACTIVITIES ARE NOT FINANCIAL RESOURCES AND, THEREFORE, ARE NOT REPORTED IN THE FUNDS		47,718,291
ACCOUNTS RECEIVABLE ARE NOT AVAILABLE TO PAY FOR CURRENT-PERIOD EXPENDITURES AND, THEREFORE, ARE DEFERRED IN THE FUNDS		3,710,562
IN THE STATEMENT OF ACTIVITIES, INTEREST IS ACCRUED ON OUTSTANDING LONG-TERM DEBT, WHEREAS IN GOVERNMENTAL FUNDS INTEREST IS NOT REPORTED UNTIL DUE		(255,075)
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	(33,507,000)	
UNAMORTIZED BOND PREMIUM	(2,496,669)	
OTHER POSTEMPLOYMENT BENEFITS (OPEB)	(25,798,641)	
DEFERRED INFLOWS OF RESOURCES - RELATED TO POSTEMPLOYMENT BENEFITS	(11,285)	
NET PENSION LIABILITY	(13,929,050)	
DEFERRED OUTFLOWS OF RESOURCES - RELATED TO PENSIONS	3,513,610	
DEFERRED INFLOWS OF RESOURCES - RELATED TO PENSIONS	(2,070,620)	
CAPITAL LEASE PAYABLE	(34,852)	
		<u>(74,334,507)</u>
NET POSITION OF GOVERNMENTAL ACTIVITIES		<u>\$ 1,369,211</u>

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, 2018**

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS		\$ 11,660,484
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	19,138,097	
DEPRECIATION EXPENSE	<u>(1,427,413)</u>	
NET EFFECT OF REPORTING CAPITAL ASSETS		17,710,684
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.		
		(680,977)
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	(27,515,000)	
PROCEEDS FROM BOND PREMIUM	(2,614,942)	
AMORTIZATION OF BOND PREMIUM	118,273	
DEBT SERVICE PRINCIPAL PAYMENTS	1,032,094	
CAPITAL LEASE PRINCIPAL PAYMENTS	<u>32,917</u>	
NET EFFECT OF REPORTING LONG-TEM DEBT		(28,946,658)
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 DEFERRED INFLOWS OF RESOURCES - RELATED TO POSTEMPLOYMENT BENEFOYS	(11,285)	
NET CHANGE IN OTHER POSTEMPLOYMENT BENEFITS	(1,264,433)	
NET CHANGE IN DEFERRED OUTFLOWS OF RESOURCES - RELATED TO PENSIONS	1,454,247	
NET CHANGE IN DEFERRED INFLOWS OF RESOURCES - RELATED TO PENSIONS	(1,024,981)	
NET CHANGE IN NET PENSION LIABILITY	(503,140)	
NET CHANGE IN ACCRUED INTEREST ON LONG-TERM DEBT	<u>(231,617)</u>	
NET EFFECT OF RECORDING LONG-TERM LIABILITIES		<u>(1,581,209)</u>
CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES		<u>\$ (1,837,676)</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, 2018**

	BUDGETED AMOUNTS		ACTUAL	VARIANCE
	ORIGINAL	FINAL	BUDGETARY	OVER
	BUDGET	BUDGET	AMOUNTS	(UNDER)
<u>REVENUES:</u>				
REAL ESTATE AND PERSONAL PROPERTY TAXES, NET OF TAX REFUNDS	\$ 21,680,419	\$ 21,680,419	\$ 21,989,226	\$ 308,807
MOTOR VEHICLE EXCISE TAXES	1,325,000	1,325,000	1,497,551	172,551
PENALTIES & INTEREST ON TAXES	68,000	68,000	130,267	62,267
INTERGOVERNMENTAL	4,512,131	4,512,131	4,570,608	58,477
CHARGES FOR SERVICES	1,779,100	1,779,100	1,444,379	(334,721)
INVESTMENT INCOME	50,000	50,000	319,395	269,395
DEPARTMENTAL AND OTHER	890,300	890,300	987,471	97,171
TOTAL REVENUES	30,304,950	30,304,950	30,938,897	633,947
<u>EXPENDITURES:</u>				
CURRENT:				
GENERAL GOVERNMENT	1,496,712	1,439,706	1,335,412	104,294
PUBLIC SAFETY	6,131,496	5,986,496	5,907,937	78,559
EDUCATION	16,848,962	16,848,962	16,774,347	74,615
PUBLIC WORKS	743,345	911,329	1,162,788	(251,459)
HUMAN SERVICES	538,818	513,818	431,045	82,773
CULTURE & RECREATION	289,774	289,974	286,423	3,551
EMPLOYEE BENEFITS	4,508,553	4,570,553	4,592,145	(21,592)
STATE & COUNTY ASSESSMENTS	378,455	378,455	388,455	(10,000)
DEBT SERVICE:				
PRINCIPAL	1,076,695	1,032,096	1,032,094	2
INTEREST	173,626	764,925	741,036	23,889
TOTAL EXPENDITURES	32,186,436	32,736,314	32,651,682	84,632
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(1,881,486)	(2,431,364)	(1,712,785)	718,579
<u>OTHER FINANCING SOURCES (USES):</u>				
OPERATING TRANSFERS IN	33,693	33,693	34,220	527
OPERATING TRANSFERS OUT	(325,425)	(325,425)	(313,188)	12,237
TOTAL OTHER FINANCING SOURCES (USES)	(291,732)	(291,732)	(278,968)	12,764
NET CHANGE IN FUND BALANCE	(2,173,218)	(2,723,096)	(1,991,753)	731,343
BUDGETARY FUND BALANCE, BEGINNING OF YEAR	4,451,884	4,451,884	4,451,884	-
BUDGETARY FUND BALANCE, END OF YEAR	\$ 2,278,666	\$ 1,728,788	\$ 2,460,131	\$ 731,343

See accompanying notes to the basic financial statements

**TOWN OF PLAINVILLE, MASSACHUSETTS
PROPRIETARY FUNDS
STATEMENT OF NET POSITION
JUNE 30, 2018**

BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS				
<u>ASSETS</u>	<u>WATER</u>	<u>SEWER</u>	<u>SANITATION</u>	<u>TOTAL</u>
CURRENT:				
CASH AND SHORT-TERM INVESTMENTS	\$ 2,526,600	\$ 356,628	\$ 529,912	\$ 3,413,140
USER FEES	406,132	283,515	-	689,647
INTERGOVERNMENTAL	1,053	-	-	1,053
TOTAL CURRENT ASSETS	2,933,785	640,143	529,912	4,103,840
NONCURRENT:				
CAPITAL ASSETS, NET OF ACCUMULATED DEPRECIATION	10,674,190	5,301,459	-	15,975,649
TOTAL ASSETS	13,607,975	5,941,602	529,912	20,079,489
DEFERRED OUTFLOWS OF RESOURCES RELATED TO PENSIONS	107,685	64,626	12,526	184,837
<u>LIABILITIES</u>				
CURRENT:				
ACCOUNTS PAYABLE	87,742	61,000	81,314	230,056
OTHER LIABILITIES	-	-	231,565	231,565
ACCRUED INTEREST	14,220	19,315	-	33,535
CAPITAL LEASE PAYABLE	6,331	-	-	6,331
BONDS AND NOTES PAYABLE	967,322	284,410	-	1,251,732
TOTAL CURRENT LIABILITIES	1,075,615	364,725	312,879	1,753,219
NONCURRENT:				
CAPITAL LEASE PAYABLE	13,239	-	-	13,239
BONDS AND NOTES PAYABLE	2,222,918	2,031,734	-	4,254,652
POST EMPLOYMENT BENEFITS	569,420	177,361	92,634	839,415
NET PENSION LIABILITY	426,899	256,197	49,658	732,754
TOTAL NONCURRENT LIABILITIES	3,232,476	2,465,292	142,292	5,840,060
TOTAL LIABILITIES	4,308,091	2,830,017	455,171	7,593,279
DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS	63,461	38,085	7,382	108,928
<u>NET POSITION</u>				
NET INVESTMENT IN CAPITAL ASSETS	7,572,279	3,032,616	-	10,604,895
UNRESTRICTED	1,771,829	105,510	79,885	1,957,224
TOTAL NET POSITION	\$ 9,344,108	\$ 3,138,126	\$ 79,885	\$ 12,562,119

See accompanying notes to the basic financial statements

TOWN OF PLAINVILLE, MASSACHUSETTS
 PROPRIETARY FUNDS
 STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
 FISCAL YEAR ENDED JUNE 30, 2018

	BUSINESS TYPE ACTIVITIES - ENTERPRISE FUNDS			
	WATER	SEWER	SANITATION	TOTAL
<u>OPERATING REVENUES:</u>				
CHARGES FOR SERVICES	\$ 1,433,079	\$ 1,273,271	\$ 427,122	\$ 3,133,472
DEPARTMENTALAND OTHER	36,971	408	-	37,379
TOTAL OPERATING REVENUES	1,470,050	1,273,679	427,122	3,170,851
<u>OPERATING EXPENSES:</u>				
GENERAL SERVICES	1,244,741	1,296,553	477,943	3,019,237
DEPRECIATION	266,014	148,038	-	414,052
TOTAL OPERATING EXPENSES	1,510,755	1,444,591	477,943	3,433,289
OPERATING INCOME (LOSS)	(40,705)	(170,912)	(50,821)	(262,438)
<u>NON-OPERATING REVENUES (EXPENSES):</u>				
INVESTMENT INCOME	8,624	-	-	8,624
INTEREST EXPENSE	(69,225)	(46,525)	-	(115,750)
TOTAL NON-OPERATING REVENUES (EXPENSES), NET	(60,601)	(46,525)	-	(107,126)
INCOME (LOSS) BEFORE OPERATING TRANSFERS	(101,306)	(217,437)	(50,821)	(369,564)
<u>OPERATING TRANSFERS:</u>				
OPERATING TRANSFERS IN	-	306,097	7,091	313,188
OPERATING TRANSFERS OUT	(34,220)	-	-	(34,220)
TOTAL OPERATING TRANSFERS	(34,220)	306,097	7,091	278,968
CHANGE IN NET POSITION	(135,526)	88,660	(43,730)	(90,596)
NET POSITION AT BEGINNING OF YEAR	9,479,634	3,049,466	123,615	12,652,715
NET POSITION AT END OF YEAR	\$ 9,344,108	\$ 3,138,126	\$ 79,885	\$ 12,562,119

See accompanying notes to the basic financial statements

TOWN OF PLAINVILLE, MASSACHUSETTS
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
FISCAL YEAR ENDED JUNE 30, 2018

	BUSINESS TYPE ACTIVITIES - ENTERPRISE FUNDS			
	WATER	SEWER	SANITATION	TOTAL
<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>				
RECEIPTS FROM CUSTOMERS AND USERS	\$ 1,543,130	\$ 1,289,114	\$ 474,877	\$ 3,307,121
PAYMENTS TO SUPPLIERS	(842,909)	(991,203)	(379,984)	(2,214,096)
PAYMENTS TO EMPLOYEES	(374,898)	(237,962)	(43,137)	(655,997)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>325,323</u>	<u>59,949</u>	<u>51,756</u>	<u>437,028</u>
<u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</u>				
OPERATING TRANSFERS IN (OUT)	<u>(34,220)</u>	<u>306,097</u>	<u>7,091</u>	<u>278,968</u>
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</u>				
PROCEEDS FROM THE ISSUANCE OF BONDS AND NOTES	598,500	100,000	-	698,500
PRINCIPAL PAYMENTS ON BONDS AND NOTES	(377,970)	(187,691)	-	(565,661)
ACQUISITION AND CONSTRUCTION OF CAPITAL ASSETS	(733,447)	(16,500)	-	(749,947)
INTEREST EXPENSE	<u>(67,619)</u>	<u>(47,908)</u>	<u>-</u>	<u>(115,527)</u>
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES:	<u>(580,536)</u>	<u>(152,099)</u>	<u>-</u>	<u>(732,635)</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES:</u>				
INTEREST RECEIVED	<u>8,624</u>	<u>-</u>	<u>-</u>	<u>8,624</u>
NET INCREASE (DECREASE) IN CASH AND SHORT-TERM INVESTMENTS	(280,809)	213,947	58,847	(8,015)
CASH AND SHORT-TERM INVESTMENTS - BEGINNING OF YEAR	2,807,409	142,681	471,065	3,421,155
CASH AND SHORT-TERM INVESTMENTS - END OF YEAR	<u>\$ 2,526,600</u>	<u>\$ 356,628</u>	<u>\$ 529,912</u>	<u>\$ 3,413,140</u>
<u>RECONCILIATION OF OPERATING INCOME (LOSS)</u>				
<u>TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</u>				
OPERATING INCOME (LOSS)	<u>\$ (40,705)</u>	<u>\$ (170,912)</u>	<u>\$ (50,821)</u>	<u>\$ (262,438)</u>
ADJUSTMENTS TO RECONCILE OPERATING INCOME (LOSS)				
TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:				
DEPRECIATION	266,014	148,038	-	414,052
(INCREASE) DECREASE IN ACCOUNTS RECEIVABLE	73,079	15,435	-	88,514
(INCREASE) DECREASE IN DEFERRED OUTFLOWS OF RESOURCES	(44,569)	(26,748)	(5,184)	(76,501)
INCREASE (DECREASE) IN ACCOUNTS PAYABLE	(1,484)	61,000	46,324	105,840
INCREASE (DECREASE) IN OTHER LIABILITIES	-	-	47,755	47,755
INCREASE (DECREASE) IN DEFERRED INFLOWS OF RESOURCES	31,414	18,853	3,654	53,921
INCREASE (DECREASE) IN POST EMPLOYMENT BENEFITS	26,153	5,029	8,234	39,416
INCREASE (DECREASE) IN NET PENSION LIABILITY	<u>15,421</u>	<u>9,254</u>	<u>1,794</u>	<u>26,469</u>
TOTAL ADJUSTMENTS	<u>366,028</u>	<u>230,861</u>	<u>102,577</u>	<u>699,466</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ 325,323</u>	<u>\$ 59,949</u>	<u>\$ 51,756</u>	<u>\$ 437,028</u>

See accompanying notes to the basic financial statements

**TOWN OF PLAINVILLE, MASSACHUSETTS
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2018**

	POSTEMPLOYMENT BENEFITS TRUST	PRIVATE PURPOSE TRUST FUNDS	AGENCY FUNDS
<u>ASSETS</u>			
CASH AND SHORT-TERM INVESTMENTS	\$ -	\$ 7,050	\$ 188,567
INVESTMENTS	351,585	-	-
TOTAL ASSETS	351,585	7,050	188,567
<u>LIABILITIES</u>			
ACCOUNTS PAYABLE	-	-	22,666
OTHER LIABILITIES	-	-	165,901
TOTAL LIABILITIES	-	-	188,567
<u>NET POSITION</u>			
HELD IN TRUST FOR PLAN PARTICIPANTS	351,585	-	-
HELD IN TRUST FOR OTHER PURPOSES	-	7,050	-
TOTAL	\$ 351,585	\$ 7,050	\$ -

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, 2018

	POSTEMPLOYMENT BENEFITS TRUST	PRIVATE PURPOSE TRUST FUNDS
<u>ADDITIONS:</u>		
CONTRIBUTIONS:		
EMPLOYER CONTRIBUTIONS	\$ 50,000	\$ -
EMPLOYER CONTRIBUTIONS TO PAY FOR OPEB BENEFITS	733,505	-
NET INVESTMENT INCOME (LOSS):		
INVESTMENT INCOME	34,062	21
TOTAL ADDITIONS	817,567	21
<u>DEDUCTIONS:</u>		
BENEFIT PAYMENTS	733,505	-
CHANGE IN NET POSITION	84,062	21
NET POSITION AT BEGINNING OF YEAR	267,523	7,029
NET POSITION AT END OF YEAR	\$ 351,585	\$ 7,050

See accompanying notes to the basic financial statements

TOWN OF PLAINVILLE, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

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	\$ 6,145,512
Tri-County Regional Vocational-Technical High School	To provide vocational education	147 Pond Street Franklin, MA 02038	\$ 1,150,400

TOWN OF PLAINVILLE, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

The King Philip Regional School District (the District) is governed by a nine (9) member school committee consisting of two (2) 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 26.33% 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) appointed 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 10.17% 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, 2018

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

Government-Wide Financial Statements

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded when the liabilities are incurred. Real estate and personal property taxes are recognized as revenues in the fiscal year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The statement of activities demonstrates the degree to which the direct expenses of a particular function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include the following:

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

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

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

Fund Financial Statements

Governmental Fund Financial Statements

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

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

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

TOWN OF PLAINVILLE, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

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 *Town Hall Building fund* is a capital project fund used to account for the construction costs of the new town hall.
- The *Nonmajor Governmental funds* consist of other special revenue and capital projects funds that are aggregated and presented in the nonmajor governmental funds column on the governmental funds financial statements. The following describes the general use of these fund types:
 - The *Special Revenue fund* is used to account for the proceeds of specific revenue sources (other than capital projects funds) that are restricted by law or administrative action to expenditures for specified purposes.
 - The *Capital Projects fund* is used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by enterprise and trust funds).

Proprietary Fund Financial Statements

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the proprietary funds principal ongoing operations. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The following major proprietary funds are reported:

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

TOWN OF PLAINVILLE, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

Fiduciary Fund Financial Statements

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

The following fiduciary fund types are reported:

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

D. Cash and Investments

Government-Wide and Fund Financial Statements

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

E. Fair Value Measurements

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

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

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

TOWN OF PLAINVILLE, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

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

F. Accounts Receivable

Government-Wide and Fund Financial Statements

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

Real Estate, Personal Property Taxes and Tax Liens

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

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

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

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

TOWN OF PLAINVILLE, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

Motor Vehicle Excise

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

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

Water and Sewer

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

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

User Fees

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

Intergovernmental

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

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

G. Inventories

Government-Wide and Fund Financial Statements

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

TOWN OF PLAINVILLE, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

H. Capital Assets

Government-Wide and Proprietary Fund Financial Statements

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

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

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

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

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

Governmental Fund Financial Statements

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

I. Interfund Transfers

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

Government-Wide Financial Statements

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

TOWN OF PLAINVILLE, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

Fund Financial Statements

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

J. Deferred Outflows/Inflows of Resources

Government-Wide Financial Statements (Net Position)

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

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

Governmental Funds Financial Statements

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

K. Net Position and Fund Equity

Government-Wide Financial Statements (Net Position)

Net position is classified into three components:

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

TOWN OF PLAINVILLE, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

Net position has been “restricted” for the following:

- *Other specific purposes* represents restrictions placed on assets from outside parties.
- c. *Unrestricted net position* – All other net position that do not meet the definition of “restricted” or “net investment in capital assets”.

Fund Financial Statements (Fund Balances)

The Town uses the following criteria for fund balance classification:

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

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

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

L Long-term debt

Government-Wide and Proprietary Fund Financial Statements

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

TOWN OF PLAINVILLE, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

Governmental Fund Financial Statements

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

M. Investment Income

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

N. Compensated Absences

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

O. Pensions

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

P. Post Retirement Benefits

Government-Wide and Fund Financial Statements

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

TOWN OF PLAINVILLE, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

Q. Use of Estimates

Government-Wide and Fund Financial Statements

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

R. Total Column

Government-Wide Financial Statements

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

Fund Financial Statements

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

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Basis of Accounting

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

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

Original and supplemental appropriations are enacted upon by a Town Meeting vote. Management may not amend the budget without seeking the approval of the governing body. The Town's Finance Committee can legally transfer funds from its reserve fund to other appropriations within the budget without seeking Town Meeting approvals. The original fiscal year 2018 approved budget authorized \$31,867,006 in current year appropriations and other amounts to be raised and \$319,430 in encumbrances and appropriations carried over from previous fiscal years. Supplemental appropriations of \$549,878 were approved at one Town Meeting during fiscal year 2018.

TOWN OF PLAINVILLE, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

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, 2018, is presented below:

Net change in fund balance - budgetary basis	\$ (1,991,753)
Basis of accounting differences:	
Net Stabilization fund activity	40,410
Increase in revenue for on-behalf payments - MTRS	1,744,981
Increase in expenditures for on-behalf payments - MTRS	<u>(1,744,981)</u>
Net change in fund balance - GAAP basis	<u>\$ (1,951,343)</u>

C. Excess of Expenditures over Appropriations

For the fiscal year ended June 30, 2018, actual expenditures exceeded appropriations for snow and ice, unpaid bills and medicare/FICA. These over expenditures will be funded by available funds during fiscal year 2019.

D. Deficit Fund Balances

Several individual fund deficits exist within the water capital projects and the general capital project funds. These individual deficit will be eliminated through subsequent fiscal year budget transfers, grants, or proceeds of long-term debt during fiscal year 2019.

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.

TOWN OF PLAINVILLE, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

Deposits

- *Custodial Credit Risk – Deposits*

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

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, 2018:

Total bank balances		<u><u>\$ 28,809,031</u></u>
Bank balances covered by deposit insurance		
Federal Deposit Insurance Corporation (FDIC)	3,266,238	
Depositors Insurance Fund (DIF)	16,154,892	
Shared Insurance Fund (SIF)	<u>4,773,799</u>	
Total bank balances covered by deposit insurance		<u>24,194,929</u>
Balances subject to custodial credit risk		
Bank balances uninsured & uncollateralized	<u>4,614,102</u>	
Total bank balances subject to custodial credit risk		<u>4,614,102</u>
Total bank balances		<u><u>\$ 28,809,031</u></u>

TOWN OF PLAINVILLE, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

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.

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	AA	A	BAA	Unrated
U S Treasury & Agency Securities	\$ 752,128	N/A	\$ 752,128	\$ -	\$ -	\$ -	\$ -
Corporate Bonds	196,760	N/A	-	19,743	51,131	125,886	-
Common Stock	329,205	N/A	-	-	-	-	329,205
Fixed Income Mutual Fund	252,744	N/A	-	-	-	-	252,744
Money Market Mutual Fund	308,636	N/A	-	-	-	-	308,636
Total Investments	<u>\$ 1,839,473</u>		<u>\$ 752,128</u>	<u>\$ 19,743</u>	<u>\$ 51,131</u>	<u>\$ 125,886</u>	<u>\$ 890,585</u>

TOWN OF PLAINVILLE, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

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, common stock and corporate bonds are not exposed to custodial credit risk because the related securities are registered in the name of Town. The mutual funds investments are not exposed to custodial credit risk because their existence is not evidenced by securities that exist in physical or book entry form.

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

c) Interest Rate Risk

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

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
Debt Related Securities:				
U.S. Treasury & Agency Securities	\$ 752,128	\$ 125,354	\$ 394,012	\$ 232,762
Corporate Bonds	196,760	-	196,760	-
Fixed Income Mutual Fund	252,744	252,744	-	-
Total Debt Related Securities	1,201,632	378,098	590,772	232,762
Other Investments:				
Common Stock	329,205	329,205	-	-
Money Market Mutual Fund	308,636	308,636	-	-
Total Other Investments	637,841	637,841	-	-
Total Investments	\$ 1,839,473	\$ 1,015,939	\$ 590,772	\$ 232,762

TOWN OF PLAINVILLE, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

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
Barclay's MBS Bond - Fixed Income Mutual Fund	5.38%

Fair Market Value of Investments

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

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

The Town has the following recurring fair value measurement as of June 30, 2018.

Investment Type	Fair Value Measurement as of 6/30/2018	Fair Value Measurements Using		
		Quoted Price in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Debt securities				
U.S. Treasuries and Securities	\$ 752,128	\$ 752,128	\$ -	\$ -
Corporate Bonds	196,760	-	196,760	-
Fixed Income Mutual Funds	252,744	-	252,744	-
Total debt securities	1,201,632	752,128	449,504	-
Other Investments				
Common Stock	329,205	329,205	-	-
Money Market Mutual Funds	308,636	308,636	-	-
Total other investments	637,841	637,841	-	-
Total investments measured at fair value	1,839,473	\$ 1,389,969	\$ 449,504	\$ -
Investments measured at amortized cost				
Massachusetts Municipal Depository Trust - (MMDT)	1,164,588			
Total Investments	\$ 3,004,061			

TOWN OF PLAINVILLE, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
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U.S. Treasury and Securities, Common Stock, and Money Market mutual funds classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Corporate bonds and fixed income mutual funds classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities relationship to benchmark quoted prices.

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

NOTE 4 – RECEIVABLES

The receivables at June 30, 2018 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	\$ 440,838	\$ (96,500)	\$ 344,338
Tax liens	583,847	-	583,847
Motor vehicle excise taxes	194,264	(60,900)	133,364
User fees	1,955,933	(1,758,004)	197,929
Intergovernmental	2,910,523	-	2,910,523
Total	<u>\$ 6,085,405</u>	<u>\$ (1,915,404)</u>	<u>\$ 4,170,001</u>

The receivables at June 30, 2018, for the enterprise funds consist of the following:

Receivables:	Gross Amount	Allowance for Uncollectibles	Net Amount
<i>Water</i>			
User fees	\$ 406,132	\$ -	\$ 406,132
Intergovernmental	1,053	-	1,053
<i>Sewer</i>			
User fees	283,515	-	283,515
Total	<u>\$ 690,700</u>	<u>\$ -</u>	<u>\$ 690,700</u>

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

Deferred Inflows of Resources Analysis	
Deferred Inflows:	General Fund
Deferred Property Taxes	\$ 725,011
Deferred Other Revenue	331,293
Deferred Intergovernmental Revenue	<u>2,654,258</u>
Total	<u><u>\$ 3,710,562</u></u>

TOWN OF PLAINVILLE, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 5 – CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2018, was as follows:

Governmental Activities:	Beginning Balance	Increases	Decreases	Ending Balance
<i>Capital assets not being depreciated:</i>				
Land	\$ 3,842,155	\$ -	\$ -	\$ 3,842,155
Construction in progress	1,722,310	17,321,341	-	19,043,651
Total capital assets not being depreciated	5,564,465	17,321,341	-	22,885,806
<i>Capital assets being depreciated:</i>				
Buildings and improvements	25,291,554	-	-	25,291,554
Machinery and equipment	3,102,523	80,731	-	3,183,254
Vehicles	3,348,289	1,601,898	(31,493)	4,918,694
Software	153,214	-	-	153,214
Infrastructure	12,285,701	165,620	-	12,451,321
Total capital assets being depreciated	44,181,281	1,848,249	(31,493)	45,998,037
<i>Less accumulated depreciation for:</i>				
Buildings and improvements	(10,099,238)	(620,069)	-	(10,719,307)
Machinery and equipment	(2,611,765)	(123,593)	-	(2,735,358)
Vehicles	(2,175,812)	(400,100)	31,493	(2,544,419)
Software	(153,214)	-	-	(153,214)
Infrastructure	(4,698,110)	(315,144)	-	(5,013,254)
Total accumulated depreciation	(19,738,139)	(1,458,906)	31,493	(21,165,552)
Total capital assets being depreciated, net	24,443,142	389,343	-	24,832,485
Total governmental activities capital assets, net	\$ 30,007,607	\$ 17,710,684	\$ -	\$ 47,718,291

TOWN OF PLAINVILLE, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

Business-Type Activities:	Beginning Balance	Increases	Decreases	Ending Balance
<i>Capital assets not being depreciated:</i>				
Land	\$ 965,000	\$ -	\$ -	\$ 965,000
Construction in progress	1,253,516	683,589	-	1,937,105
Total capital assets not being depreciated	2,218,516	683,589	-	2,902,105
<i>Capital assets being depreciated:</i>				
Buildings and improvements	4,307,096	61,748	-	4,368,844
Software	264,000	-	-	264,000
Vehicles	92,169	-	-	92,169
Infrastructure	14,614,985	-	-	14,614,985
Total capital assets being depreciated	19,278,250	61,748	-	19,339,998
<i>Less accumulated depreciation for:</i>				
Buildings and improvements	(1,665,151)	(97,693)	-	(1,762,844)
Software	(224,400)	(26,400)	-	(250,800)
Vehicles	(66,943)	(12,369)	-	(79,312)
Infrastructure	(3,895,908)	(277,590)	-	(4,173,498)
Total accumulated depreciation	(5,852,402)	(414,052)	-	(6,266,454)
Total capital assets being depreciated, net	13,425,848	(352,304)	-	13,073,544
Total business-type activities capital assets, net	<u>\$ 15,644,364</u>	<u>\$ 331,285</u>	<u>\$ -</u>	<u>\$ 15,975,649</u>

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

Governmental Activities:	
General government	\$ 11,358
Public safety	422,956
Education	570,010
Public works	389,777
Human Services	10,472
Culture and recreation	54,333
Total depreciation expense - governmental activities	<u>\$ 1,458,906</u>
Business-Type Activities:	
Water	\$ 266,014
Sewer	148,038
Sanitation	-
Total depreciation expense - business-type activities	<u>\$ 414,052</u>

TOWN OF PLAINVILLE, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 6 – CAPITAL LEASES

The Town has entered into four (4) lease agreements as lessee for financing the acquisitions of two (1) Dodge Charger police cruiser, one (1) Ford Explorer (Water), one (1) Dodge Durango (Fire), and one (1) Ford F-350 truck (Fire). The lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of the future minimum lease payments as of the inception dates.

The assets acquired through the capital leases are as follows:

	<u>Governmental Activities</u>	<u>Busines Type Activities</u>	<u>Total</u>
Assets:			
Vehicles	\$ 135,505	\$ 31,770	\$ 167,275
Less: Accumulated depreciation	<u>(78,584)</u>	<u>(15,831)</u>	<u>(94,415)</u>
	<u><u>\$ 56,921</u></u>	<u><u>\$ 15,939</u></u>	<u><u>\$ 72,860</u></u>

The future minimum lease obligations and the net present value of the minimum lease payments as of June 30, 2018, are as follows:

<u>Year Ending June 30</u>	<u>Governmental Activites</u>	<u>Business Type Activites</u>	<u>Total</u>
2019	\$ 36,901	\$ 7,325	\$ 44,226
2020	-	7,325	7,325
2021	<u>-</u>	<u>6,715</u>	<u>6,715</u>
Total : Minimum lease payments	36,901	21,365	58,266
Less : Amounts representing interest	<u>(2,049)</u>	<u>(1,795)</u>	<u>(3,844)</u>
Present Value of minimum lease payments	<u><u>\$ 34,852</u></u>	<u><u>\$ 19,570</u></u>	<u><u>\$ 54,422</u></u>

**TOWN OF PLAINVILLE, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 7 – INTERFUND TRANSFERS

Interfund transfers for the fiscal year ended June 30, 2018, are summarized as follows:

Operating Transfers Out:	Operating Transfers In:					Total
	General Fund	Town Hall Building Fund	Sanitation Enterprise Fund	Sewer Enterprise Fund	Nonmajor Governmental Funds	
General Fund	\$ -	\$ 2,500,000	\$ -	\$ -	\$ 40,000	\$ 2,540,000 (4)
General Fund	-	-	7,091	306,097	-	313,188 (3)
Water Enterprise Fund	33,693	-	-	-	-	33,693 (2)
Water Enterprise Fund	527	-	-	-	-	527 (1)
Total	<u>\$ 34,220</u>	<u>\$ 2,500,000</u>	<u>\$ 7,091</u>	<u>\$ 306,097</u>	<u>\$ 40,000</u>	<u>\$ 2,887,408</u>

- (1) Represents other transfers to the general fund.
- (2) Represents budgeted transfers to the enterprise funds.
- (3) Represents budgeted transfers to the enterprise fund.
- (4) Represents various other transfers.

NOTE 8 – SHORT-TERM FINANCING

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

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

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

The following is a summary of changes in short-term debt for the year ended June 30, 2018:

Type	Purpose	Rate (%)	Due Date	Balance at June 30, 2017	Renewed/ Issued	Retired/ Redeemed	Balance at June 30, 2018
<u>Governmental Funds</u>							
BAN	Capital Project	2.01	6/28/2019	\$ -	\$ 488,400	\$ -	\$ 488,400
<u>Enterprise Funds</u>							
BAN	Water Projects and Equipment	2.01	6/28/2019	\$ -	\$ 598,500	\$ -	\$ 598,500
BAN	Sewer Projects and Equipment	2.01	6/28/2019	-	100,000	-	100,000
	Total Water Enterprise Fund			\$ -	\$ 698,500	\$ -	\$ 698,500

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.

TOWN OF PLAINVILLE, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

The following is a summary of the changes in long-term debt for the year ended June 30, 2018:

Bonds and Notes Payable Schedule -Governmental Funds

Project	Interest Rate %	Outstanding at June 30, 2017	Issued	Redeemed	Outstanding at June 30, 2018
Fire Equipment	4.22	\$ 153,000	\$ -	\$ (51,000)	\$ 102,000
Jackson School	1.60	20,000	-	(20,000)	-
Wood School	1.78	90,000	-	(25,000)	65,000
Wood School	1.91	3,090,000	-	(530,000)	2,560,000
Equipment & Road Work	3.72	60,000	-	(60,000)	-
Multi-Purpose	2.68	3,611,094	-	(346,094)	3,265,000
Multi-Purpose	2.68	-	27,515,000	-	27,515,000
		<u>7,024,094</u>	<u>27,515,000</u>	<u>(1,032,094)</u>	<u>33,507,000</u>
Add: Unamortized Premium		<u>-</u>	<u>2,496,669</u>	<u>-</u>	<u>2,496,669</u>
Total		<u>\$ 7,024,094</u>	<u>\$ 30,011,669</u>	<u>\$ (1,032,094)</u>	<u>\$ 36,003,669</u>

The annual debt service requirements for principal and interest for Governmental bonds and notes outstanding at June 30, 2018 are as follows:

Fiscal Year	Principal	Interest	Total
2019	\$ 1,796,000	\$ 1,264,901	\$ 3,060,901
2020	1,821,000	1,189,804	3,010,804
2021	1,805,000	1,118,456	2,923,456
2022	1,825,000	1,047,406	2,872,406
2023	1,730,000	977,281	2,707,281
2024-2028	6,900,000	3,896,588	10,796,588
2029-2033	7,895,000	2,286,288	10,181,288
2034-2038	9,335,000	792,850	10,127,850
2039-2043	250,000	52,500	302,500
2044-2046	150,000	10,500	160,500
Total	<u>\$ 33,507,000</u>	<u>\$ 12,636,574</u>	<u>\$ 46,143,574</u>

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

Project	Interest Rate %	Outstanding at June 30, 2017	Issued	Redeemed	Outstanding at June 30, 2018
Water Pumping Station	2.00	\$ 546,525	\$ -	\$ (55,982)	\$ 490,543
Water Treatment Plant	1.92	445,000	-	(75,000)	370,000
Water Storage Tank	1.92	355,000	-	(60,000)	295,000
Water Land Acquisition	1.91	265,000	-	(45,000)	220,000
MWPAT Sewer	2.00	2,150,554	-	(134,410)	2,016,144
Sewer I & I	1.55	253,281	-	(53,281)	200,000
Water Mains, Valves, & Hydrants	1.91	685,625	-	(75,625)	610,000
MCWT Water Tank Rehab	2.00	666,593	-	(60,396)	606,197
Total		<u>\$ 5,367,578</u>	<u>\$ -</u>	<u>\$ (559,694)</u>	<u>\$ 4,807,884</u>

The annual debt service requirements for principal and interest for water and sewer enterprise funds bonds and notes outstanding at June 30, 2018 are as follows:

Fiscal Year	Principal	Interest	Total
2019	\$ 553,232	\$ 106,493	\$ 659,725
2020	555,727	91,817	647,544
2021	558,274	78,890	637,164
2022	560,874	65,913	626,787
2023	498,530	53,783	552,313
2024-2028	1,409,199	147,225	1,556,424
2029-2033	<u>672,048</u>	<u>40,323</u>	<u>712,371</u>
Total	<u>\$ 4,807,884</u>	<u>\$ 584,444</u>	<u>\$ 5,392,328</u>

TOWN OF PLAINVILLE, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

Loans Authorized and Unissued

As of June 30, 2018, the Town has loans authorized and unissued as follows:

<u>Description</u>	<u>Authorized</u>	<u>Amount</u>
Salt Shed	6/1/2015	\$ 75,000
Fire Engine	6/6/2017	640,000
NPDES Engineering	6/6/2017	50,000
Road & Sidewalk Program	6/6/2017	175,000
Two (2) Pickup Trucks	6/6/2017	80,400
Sewer System Rehab	6/6/2017	100,000
Mirimichi Bridge Replacement	6/6/2017	100,000
Senior Center Parking Lot Repairs	6/6/2017	50,000
Tennis Court Rehab	6/6/2017	50,000
Portable Radios	6/6/2017	38,000
Jackson School Parking Lot Repairs	6/6/2017	60,000
Jackson School Roof Replacement	6/6/2017	50,000
Jackson School Playground Upgrade	6/6/2017	60,000
Water Main Replacements	6/6/2017	598,500
Town Building Construction	6/6/2017	<u>1,446,875</u>
Total		<u>\$ 3,573,775</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 \$505,412 from scheduled annual payments in FY 2018 from the MSBA for completed school construction projects.

TOWN OF PLAINVILLE, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

Changes in Long-term Liabilities

The following is a summary of changes in long-term liabilities for the year ended June 30, 2018:

Governmental Activities:	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Bonds and notes payable	\$ 7,024,094	\$ 27,515,000	\$ (1,032,094)	\$ 33,507,000	\$ 1,796,000
Add: Unamortized Premiums	-	2,496,669	-	2,496,669	237,296
	<u>7,024,094</u>	<u>30,011,669</u>	<u>(1,032,094)</u>	<u>36,003,669</u>	<u>2,033,296</u>
Capital lease payable	67,769	-	(32,917)	34,852	34,852
Net pension liability	13,425,910	503,140	-	13,929,050	-
Postemployment Benefits	<u>24,534,208</u>	<u>1,264,433</u>	<u>-</u>	<u>25,798,641</u>	<u>-</u>
Total governmental activities long-term liabilities	<u>\$ 45,051,981</u>	<u>\$ 31,779,242</u>	<u>\$ (1,065,011)</u>	<u>\$ 75,766,212</u>	<u>\$ 2,068,148</u>

Business-Type Activities:	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Bonds and notes payable	\$ 5,367,578	\$ -	\$ (559,694)	\$ 4,807,884	\$ 553,232
Capital lease payable	25,537	-	(5,967)	19,570	6,331
Net pension liability	706,285	26,469	-	732,754	-
Postemployment Benefits	<u>799,999</u>	<u>39,416</u>	<u>-</u>	<u>839,415</u>	<u>-</u>
Total business-type activities long-term liabilities	<u>\$ 6,899,399</u>	<u>\$ 65,885</u>	<u>\$ (565,661)</u>	<u>\$ 6,399,623</u>	<u>\$ 559,563</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, 2018:

Agency	Total Long- Term Debt Outstanding	Town's Estimated Share	Town's Indirect Debt
King Philip Regional School District			
Bonds	\$ 10,975,000	26.33%	\$ 2,889,718
Norfolk County			
Bonds	<u>13,574,000</u>	1.03%	<u>139,405</u>
	<u>\$ 24,549,000</u>		<u>\$ 3,029,122</u>

TOWN OF PLAINVILLE, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 10 – GOVERNMENTAL FUND BALANCE CLASSIFICATIONS

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

	General Fund	Town Hall Building Fund	Nonmajor Governmental Funds	Total
Fund Balances				
Restricted For:				
General Government	\$ -	\$ -	\$ 364,053	\$ 364,053
Public Safety	-	-	353,070	353,070
Education	-	-	534,156	534,156
Public Works	-	-	100,848	100,848
Human Services	-	-	26,019	26,019
Culture & Recreation	-	-	108,209	108,209
Expendable Trust Fund	-	-	16,190	16,190
Capital Project Town Hall Building	-	15,614,091	-	15,614,091
	<u>-</u>	<u>15,614,091</u>	<u>1,502,545</u>	<u>17,116,636</u>
Committed To:				
Continuing Appropriations				
General Government	69,395	-	-	69,395
Public Safety	6,950	-	-	6,950
Education	87	-	-	87
Human Services	55,234	-	-	55,234
	<u>131,666</u>	<u>-</u>	<u>-</u>	<u>131,666</u>
Assigned To:				
Encumbered For:				
General Government	2,892	-	-	2,892
Public Safety	6,274	-	-	6,274
Education	145,900	-	-	145,900
Human Services	210	-	-	210
Subsequent Years Expenditures	1,746,415	-	-	1,746,415
Reserved for Petty Cash	500	-	-	500
Reserved for Bond Premium	6,645	-	-	6,645
Capital Stabilization Trust Fund	2,190,328	-	-	2,190,328
LCS Stabilization Fund	2,136,281	-	-	2,136,281
Specail Educations Stabilization Fund	90,000	-	-	90,000
	<u>6,325,445</u>	<u>-</u>	<u>-</u>	<u>6,325,445</u>
Unassigned				
General Fund	1,040,928	-	-	1,040,928
General Stabilization Fund	370,826	-	-	370,826
Non Major Governmental Funds				
Public Safety	-	-	(41,381)	(41,381)
Capital Projects				
Public Safety	-	-	(36,698)	(36,698)
Education	-	-	(59,755)	(59,755)
Public Works	-	-	(279,491)	(279,491)
Culture & Recreation	-	-	(38,236)	(38,236)
	<u>1,411,754</u>	<u>-</u>	<u>(455,561)</u>	<u>956,193</u>
Total Governmental Fund Balances	<u>\$ 7,868,865</u>	<u>15,614,091</u>	<u>\$ 1,046,984</u>	<u>\$ 24,529,940</u>

TOWN OF PLAINVILLE, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

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 \$370,826 as of June 30, 2018. The fund was established under chapter 40, sub-section 5B of the Massachusetts General Law.
- The *LCS Stabilization Fund* is used to account for appropriations funding costs related to the landfill. The Town may appropriate into and out of the fund at Annual or Special Town Meeting by 2/3 vote. The LCS stabilization fund balance is \$2,136,281 as of June 30, 2018.
- The *Capital Stabilization Fund* is used to account for any capital appropriation, as approved by a 2/3 vote at the annual or special town meeting for additions or reductions to the fund. Any interest shall be added to and become part of the fund. The Capital Stabilization fund balance is \$2,190,328 as of June 30, 2018. The fund was established under chapter 40, sub-section 5B of the Massachusetts General Law.
- The *Special Education Stabilization Fund* is used to account for unanticipated or unbudgeted costs of special education, out of district tuition, or transportation. The Special Education Stabilization fund balance is \$90,000 as of June 30, 2018. The fund was established under Section 24 of Chapter 218 of the Acts of 2016 of the Massachusetts General Laws.

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 2018.

TOWN OF PLAINVILLE, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 13 - POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS

The GASB Standards for *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, requires the following disclosures in the financial statements related 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 50% of the premium cost of retirees' health, dental and life insurance costs.

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 2018, total Town premiums plus implicit costs for the retiree medical program are \$733,505. The Town also made a contribution to an OPEB Trust of \$50,000 for a total contribution during the measurement period of \$783,505 to be reported on the financial statement for the fiscal year ending June 30, 2018.

The Commonwealth of Massachusetts passed special legislation that has allowed the Town to establish a postemployment benefit trust fund and to enable the Town to begin pre-funding its other postemployment benefit (OPEB) liabilities. During 2018, the Town pre-funded future OPEB liabilities totaling \$50,000 by contributing funds to the Other Postemployment Benefit Fund in excess of the pay-as-you-go required contribution. These funds are reported within the Fiduciary Funds financial statements. As of June 30, 2018, the balance of this fund totaled \$351,585.

GASB Statement #74 – OPEB Plan Financial Reporting

Measurement Date - GASB #74 requires the net OPEB liability to be measured as of the OPEB Plan's most recent fiscal year-end. Accordingly, the net OPEB liability was measured as of June 30, 2018 and the total OPEB liability used to calculate the net OPEB liability was determined by and actuarial valuation as of July 1, 2016.

Plan Membership – The following table represents the Plan's membership as July 1, 2016:

Active Members	213
Inactive members currently receiving benefits	<u>140</u>
Total	<u><u>353</u></u>

TOWN OF PLAINVILLE, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
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Components of OPEB Liability – The following table represents the components of the Plan's OPEB liability as of June 30, 2018:

Total OPEB Liability	\$ 25,601,735
Less: OPEB plan's fiduciary net position	<u>(267,528)</u>
Net OPEB Liability	<u>\$ 25,334,207</u>

The OPEB plan's fiduciary net position as a percentage of the total OPEB liability	1.04%
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TOWN OF PLAINVILLE, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

Significant Actuarial Methods and Assumptions – The plan’s total OPEB liability, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified, that was updated to June 30, 2018 to be in accordance with GASB Statement #74.

Valuation Date:	Actuarially Determined Contribution was calculated as of July 1, 2016.
Actuarial Cost Method:	Individual Entry Age Normal
Asset-Valuation Method:	Market value of assets as of the measurement date June 30, 2018
Investment Rate of Return	6.83%, net of OPEB plan investment expense, including inflation.
Municipal Bond Rate:	3.45% as of June 30, 2018 (source: S&P Municipal Bond 20 year high grade index - SAPIHG)
Single Equivalent Discount Rate:	4.00% net of OPEB plan investment expense, including inflation.
Inflation:	2.75% as of June 30, 2018 and for future periods
Salary Increases:	3.00% annually as of June 30, 2018 and for future periods
Cost of Living Adjustment	Not Applicable
Pre-Retirement Mortality:	RP-2000 Employees Mortality Table projected generationally with scale BB and a base year 2009 for males and females
Post-Retirement Mortality:	RP-2000 Healthy Annuitant Mortality Table projected generationally with scale BB and a base year 2009 for males and females
Disabled Mortality:	RP-2000 Healthy Annuitant Table projected generationally with scale BB and a base year 2012 for males and females
Mortality Experience Study:	The mortality assumptions reflect recent experience analysis published in 2014 (based on the years 2006-2011), updated to reflect data through January 1, 2015 for post-retirement mortality, and professional judgement. As such, mortality assumptions reflect observed current mortality as well as expected mortality improvements.

TOWN OF PLAINVILLE, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

Investment Policy

The OPEB plan's assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the OPEB plan.

The long-term real rate of return on OPEB plan investments was determined using the Town's investment policy. Best estimates of real rates of returns for each major asset class included in the OPEB plans target asset allocation as of June 30, 2018 are summarized in the following table.

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic equity - large cap	25.00%	4.00%
Domestic equity - small/mid cap	11.00%	6.00%
International equity - developed market	27.00%	4.50%
International equity - emerging market	7.00%	7.00%
Domestic fixed income	15.00%	2.00%
International fixed income	5.00%	3.00%
Alternatives	2.50%	6.50%
Real Estate	7.50%	6.25%
Cash	0.00%	0.00%
	<u>100.00%</u>	

Discount Rate – The discount rate used to measure the total OPEB liability was 4.00% as of June 30, 2018, and June 30, 2017.

Changes in Plan Provisions - None

GASB Statement #75 – OPEB Employer Financial Reporting

Summary of Significant Accounting Policies – For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB and OPEB expenses, information about the fiduciary net position of the Plan and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, the Plan recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Measurement Date - GASB #75 requires the net OPEB liability to be measured as of a date no earlier than the end of the employer's prior fiscal year and no later than the end of the employer's current fiscal year, consistently applied from period to period. Accordingly, the net OPEB liability was measured as of June 30, 2018 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of July 1, 2016.

TOWN OF PLAINVILLE, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

Plan Membership – The following table represents the Plan’s membership as July 1, 2016

Active Members	213
Inactive members currently receiving benefits	<u>140</u>
Total	<u><u>353</u></u>

Components of OPEB Liability – The following table represents the components of the Plan’s OPEB liability as of June 30, 2018:

Total OPEB Liability	\$ 26,989,641
Less: OPEB plan's fiduciary net position	<u>(351,585)</u>
Net OPEB Liability	<u><u>\$ 26,638,056</u></u>

The OPEB plan's fiduciary net position as a percentage of the total OPEB liability	1.30%
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TOWN OF PLAINVILLE, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

Significant Actuarial Methods and Assumptions – The plan's total OPEB liability, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified, that was updated to June 30, 2018 to be in accordance with GASB Statement #75.

Valuation Date:	Actuarially Determined Contribution was calculated as of July 1, 2016.
Actuarial Cost Method:	Individual Entry Age Normal
Asset-Valuation Method:	Market value of assets as of the measurement date June 30, 2018
Investment Rate of Return	6.83%, net of OPEB plan investment expense, including inflation.
Municipal Bond Rate:	3.45% as of June 30, 2018 (source: S&P Municipal Bond 20 year high grade index - SAPIHG)
Single Equivalent Discount Rate:	4.00% net of OPEB plan investment expense, including inflation.
Inflation:	2.75% as of June 30, 2018 and for future periods
Salary Increases:	3.00% annually as of June 30, 2018 and for future periods
Cost of Living Adjustment	Not Applicable
Pre-Retirement Mortality:	RP-2000 Employees Mortality Table projected generationally with scale BB and a base year 2009 for males and females
Post-Retirement Mortality:	RP-2000 Healthy Annuitant Mortality Table projected generationally with scale BB and a base year 2009 for males and females
Disabled Mortality:	RP-2000 Healthy Annuitant Table projected generationally with scale BB and a base year 2012 for males and females
Mortality Experience Study:	The mortality assumptions reflect recent experience analysis published in 2014 (based on the years 2006-2011), updated to reflect data through January 1, 2015 for post-retirement mortality, and professional judgement. As such, mortality assumptions reflect observed current mortality as well as expected mortality improvements.

TOWN OF PLAINVILLE, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
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Rate of Return – For the year ended June 30, 2018 the annual money-weighted rate on investments, net of investments expense, was 11.67%. The money-weighted rate of return expresses investment performance, net of investment expenses, adjusted for the changing amounts actually invested.

The long-term real rate of return on OPEB plan investments was determined using the Town's investment policy. Best estimates of real rates of returns for each major asset class included in the OPEB plans target asset allocation as of June 30, 2018 are summarized in the following table.

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic equity - large cap	25.00%	4.00%
Domestic equity - small/mid cap	11.00%	6.00%
International equity - developed market	27.00%	4.50%
International equity - emerging market	7.00%	7.00%
Domestic fixed income	15.00%	2.00%
International fixed income	5.00%	3.00%
Alternatives	2.50%	6.50%
Real Estate	7.50%	6.25%
Cash	0.00%	0.00%
Total	100.00%	

Discount Rate – The discount rate used to measure the total OPEB liability was 4.00% as of June 30, 2018, and as of June 30, 2017. The projection of cash flows used to determine the discount rate assumed that contributions will be made in accordance with the Plan's funding policy.

TOWN OF PLAINVILLE, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

Changes in the Net OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balance at June 30, 2017	\$ 25,601,735	\$ 267,528	\$ 25,334,207
Charges for the year:			
Service cost	1,069,104	-	1,069,104
Interest on Total OPEB Liability, Service Cost, and Benefit Payments	1,052,307	-	1,052,307
Change in assumptions	-	-	-
Net Investment Income	-	34,057	(34,057)
Employer Contributions to Trust	-	783,505	(783,505)
Benefit payments withdrawn from trust	-	(733,505)	733,505
Benefit payments excluding implicit costs	(699,700)	-	(699,700)
Implicit cost amounts	(33,805)	-	(33,805)
Net Changes	1,387,906	84,057	1,303,849
Balance at June 30, 2018	\$ 26,989,641	\$ 351,585	\$ 26,638,056

Sensitivity of the net OPEB liability and service cost to changes in the discount rate – The following table presents the Plan’s net OPEB liability and service cost calculated using the discount rate of 4.00% as well as what the net OPEB liability and service cost would be if it were calculated using a discount rate that is 1 percentage- point lower (3.00%) or 1 percentage-point higher (5.00%) than the current rate.

	1% Decrease (3.00%)	Current Discount Rate (4.00%)	1% Increase (5.00%)
Net OPEB liability	\$ 31,581,696	\$ 26,638,056	\$ 22,794,473
Service Cost	\$ 1,407,701	\$ 1,069,104	\$ 824,311

TOWN OF PLAINVILLE, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

Sensitivity of the net OPEB liability and service cost to changes in the healthcare trend – The following table presents the net other postemployment benefit liability and service cost calculated using the current healthcare trend rate of 5.00% as well as what the net OPEB liability and service cost would be if it were calculated using a healthcare trend rate that is 1 percentage-point lower or 1 percentage-point higher.

	1% Decrease (4.00%)	Current Trend (5.00%)	1% Increase (6.00%)
Net OPEB liability	\$ 20,434,399	\$ 26,638,056	\$ 34,761,348
Service Cost	\$ 704,597	\$ 1,069,104	\$ 1,585,609

The Town's deferred (inflows) of resources related to other postemployment benefits will be recognized in future years other postemployment benefits expense are as follows:

Period Year ended June 30	Amount
2019	\$ (2,821)
2020	(2,821)
2021	(2,821)
2022	(2,822)
2023	-
Therafter	-
Total Deferred (Inflows) Recognized in Future OPEB Expenses	<u><u>\$ (11,285)</u></u>

Changes of Assumption – None

Changes in Plan Provisions - None

TOWN OF PLAINVILLE, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 14 – PENSION PLANS

A. Plan Descriptions

The Town is a member of the Norfolk County Contributory Retirement System (The System), a cost-sharing multiple-employer, contributory defined benefit pension plan covering eligible employees of the 41 member units deemed eligible by the system. Chapter 32 of the Massachusetts General Law assigns authority to establish and amend benefit provisions of the system. Substantially all employees are members of the system except for school teachers and certain school administrators.

The System issues a publically available audited financial report that may be obtained by contacting the system's executive director at 480 Neponset Street, Building #15, Canton, Massachusetts 02021. The report can also be obtained online at www.norfolkcountyretirement.org.

The Town is a member of the Massachusetts Teachers' Retirement System (MTRS), a cost-sharing multi-employer defined benefit plan. MTRS is managed by the Commonwealth of Massachusetts (Commonwealth) on behalf of municipal teachers and municipal teacher retirees. The Commonwealth is a nonemployer contributor and is responsible for 100% of the contributions and future benefit requirements of the MTRS. The MTRS covers certified teachers in cities (except Boston), towns, regional school districts, charter schools, educational collaboratives, and Quincy College. The MTRS is part of the Commonwealth's reporting entity and the audited financial report may be obtained by visiting <http://www.mass.gov/osc/publications-and-reports/financial-reports/>. The MTRS report may also be obtained by contacting MTRS at One Charles Park, Cambridge, Massachusetts 02142-1206.

Special Funding Situation

The Commonwealth is a nonemployer contributor and is required by statute to make 100% of all actuarially determined employer contributions on behalf of the Town to the MTRS. Therefore, the Town is considered to be in a special funding situation as defined by GASB Statement No.68, *Accounting and Financial Reporting for Pensions* and the Commonwealth is a nonemployer contributor in MTRS. Since the Town does not contribute directly to MTRS, there is no net pension liability to recognize. The total of the Commonwealth provided contributions have been allocated based on each employer's covered payroll to the total covered payroll of employers in MTRS as of the measurement date of June 30, 2017. The Town's portion of the collective pension expense, contributed by the Commonwealth, of \$1,744,981 is reported in the general fund as intergovernmental revenue and pension expense in the current fiscal year. The portion of the Commonwealth's collective net pension liability associated with the Town is \$16,718,715 as of the measurement date.

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.

TOWN OF PLAINVILLE, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

B. Benefits Provided

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

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

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

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

Cost-of living adjustments granted between 1981 and 1997 and any increase in other benefits imposed by the Commonwealth's state law during those years are borne by the Commonwealth and are deposited in to the pension fund. Cost-of-living adjustments granted after 1997 must be approved by the system and all costs are borne by the system.

TOWN OF PLAINVILLE, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

C. Contributions

Norfolk County Contributory Retirement System

Chapter 32 of MGL governs the contributions of plan members and member employees. Active plan members are required to contribute to the system at rates ranging from 5 to 9% of their gross compensation. Members joining the system after January 1, 1979 must contribute an additional 2% on regular compensation earned at a rate in excess of \$30,000. The percentage rate is keyed to the date upon which an employee's membership commences. The member units are required to pay into the system, a legislatively mandated actuarial determined contribution that is apportioned among the employers based on active current payroll. The Town's proportionate share of the required contribution for the year ended December 31, 2017 which was \$1,697,074 and 21.89% of covered payroll, actuarially determined as an amount that when combined with plan member contributions, is expected to finance the costs of benefits earned by plan members during the year, with an additional amount to finance any unfunded accrued liability.

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

Pension Liabilities

At June 30, 2018 the Town reported a liability of \$14,661,804 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2017 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2018. Accordingly, updated procedures were used to roll forward the total pension liability to the measurement date. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating members actuarially determined. At December 31, 2017, the Town's proportion was 2.65% which had no increase from its proportion measured as of December 31, 2016.

Pension Expense and Deferred Outflows/Inflows of Resources

For the year ended June 30, 2018 the Town recognized pension expense of \$1,879,121. At June 30, 2018 the Town reported deferred outflows and inflows of resources related to pensions of \$3,698,447 and \$2,179,548 respectively.

The balances of deferred outflows and inflows as June 30, 2018 consist of the following:

Deferred Category	Deferred Outflows of Resources	Deferred Inflows of Resources	Total
Difference between expected and actual experience	\$ 1,397,715	\$ (1,363,817)	\$ 33,898
Changes of Assumptions	735,146	(591,325)	143,821
Difference between projected and actual investment earnings	910,933	-	910,933
Changes in proportionate share of contributions	654,653	(224,406)	430,247
Total Deferred Outflows (Inflows) of Resources	<u>\$ 3,698,447</u>	<u>\$ (2,179,548)</u>	<u>\$ 1,518,899</u>

TOWN OF PLAINVILLE, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

The Town's net deferred outflows/inflows of resources related to pensions will be recognized in future pension expense is as follows:

<u>Year ended June 30</u>	<u>Amount</u>
2018	\$ 690,888
2019	600,966
2020	392,464
2021	<u>(165,419)</u>
Totals	<u>\$ 1,518,899</u>

E. Actuarial Assumptions

The total pension liability in the January 1, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement that was updated to December 31, 2017.

Valuation date	January 1, 2018
Actuarial cost method	Entry age normal cost method
Amortization method	Open-level percent of payroll.
Cost of Living Increase	3.0% of first \$17,000 of retirement income
Asset valuation method	market value
Inflation rate	4.0%
Projected Salary increases	3.5% - 5.5%
Mortality rates	The RP-2014 blue collar mortality table adjusted with scale MP-2014.
Investment rate of return	7.75%

TOWN OF PLAINVILLE, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

F. Long-Term Expected Rate of Return

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity	32.0%	8.80%
International Equities	17.5%	8.80%
Fixed Income	19.0%	3.60%
Private Equity	8.5%	13.30%
Real Estate	9.0%	7.40%
Real Assets	5.0%	10.40%
Hedge Funds	9.0%	7.40%
Total	100%	

The system's policy in regard to the allocation of invested plan assets is established and may be amended by the Board. Plan assets are managed with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the plan.

For the year ended December 31, 2017 the System's annual money-weighted rate of return on pension plan investments net of pension plan investment expense was 14.81%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

G. Discount Rate

The discount rate used to measure the total pension liability as of December 31, 2017 was 7.75%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at contractually required rates, actuarially determined. Under Chapter 32 of the MGL, employers are required to make the necessary contributions such that the plan reaches full funding status by 2040. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

TOWN OF PLAINVILLE, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

H. Sensitivity of the net pension liability to changes in the discount rate

The following presents the net pension liability of the system, as of December 31, 2017 calculated using the discount rate of 7.75%, as well as what the system's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.75%) or one percentage point higher (8.75%) than the current rate:

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
The Towns proportionate share of the net pension liability	\$ 18,973,823	\$ 14,661,804	\$ 10,998,715

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

NOTE 15 – COMMITMENTS AND CONTINGENCIES

The Town participates in a number of federal award programs. However the Town is not subject to the provisions of the Single Audit Act Amendments of 1996, since the Town did not expend more than \$750,000 of federal awards during the period ended June 30, 2018. These programs may still be subject to financial and compliance audits. Accordingly, the amount of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although it is believed the amount, if any, would not be material.

Various other legal actions and claims are pending. Litigation is subject to many uncertainties, and the outcome of individual litigated matters is not always predictable. Although the amount of liability, if any, at June 30, 2018, cannot be ascertained, management believes any resulting liability should not materially affect the financial position at June 30, 2018.

TOWN OF PLAINVILLE, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 16 – RESTATEMENT DUE TO A CHANGE IN ACCOUNTING STANDARDS

During 2018, GASB Statement #75, Accounting and Financial Reporting for Postemployment Benefits other than pensions was implemented. This resulted in a restatement of the governmental activities and business type activities beginning net position at June 30, 2017 to reflect the recording for postemployment benefits liability.

Description	Statement of Net Position				
	Primary Government		Business-type Activities		
	Governmental Activities	Business-type Activities	Water	Sewer	Trash
Total Net Position at June 30, 2017, as previously reported	\$ 18,323,341	\$ 13,020,004	\$ 9,766,239	\$ 3,096,974	\$ 156,791
To adjust the beginning post employment benefits liability	(15,116,454)	(367,289)	(286,605)	(47,508)	(33,176)
Total Net Position at June 30, 2017, as restated	<u>\$ 3,206,887</u>	<u>\$ 12,652,715</u>	<u>\$ 9,479,634</u>	<u>\$ 3,049,466</u>	<u>\$ 123,615</u>

NOTE 17 – IMPLEMENTATION OF NEW GASB PRONOUNCEMENTS

During fiscal year 2018, the following GASB pronouncements were implemented:

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

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

The GASB issued **Statement #85**, *Omnibus 2017*, which was implemented in 2018. Management's current assessment is that this pronouncement will not have a significant impact on the Basic Financial Statements.

The GASB issued **Statement #86**, *Certain Debt Extinguishment Issues*, which was implemented in 2018. Management's current assessment is that this pronouncement will not have a significant impact on the Basic Financial Statements.

TOWN OF PLAINVILLE, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

Future GASB Pronouncements:

The GASB issued **Statement #83**, *Certain Asset Retirement Obligations*, which is required to be implemented in 2019. Management's current assessment is that this pronouncement will not have a significant impact on the Basic Financial Statements.

The GASB issued **Statement #84**, *Fiduciary Activities*, which is required to be implemented in 2020. Management's current assessment is that this pronouncement will not have a significant impact on the Basic Financial Statements.

The GASB issued **Statement #87**, *Leases*, which is required to be implemented in 2021. Management's current assessment is that this pronouncement will not have a significant impact on the Basic Financial Statements.

The GASB issued **Statement #88**, *Certain Disclosures Related to Debt Including Direct Borrowings and Direct Placements*, which is required to be implemented in 2019. Management's current assessment is that this pronouncement will not have a significant impact on the Basic Financial Statements.

The GASB issued **Statement #89**, *Accounting for Interest Cost Incurred before the End of a Construction Period*, which is required to be implemented in 2021. Management's current assessment is that this pronouncement will not have a significant impact on the Basic Financial Statements.

The GASB issued **Statement #90**, *Majority Equity Interests – an Amendment of GASB Statements No.14 and No.61*, which is required to be implemented in 2019. Management's current assessment is that this pronouncement will not have a significant impact on the Basic Financial Statements.

**TOWN OF PLAINVILLE, MASSACHUSETTS
REQUIRED SUPPLEMENTARY INFORMATION
NORFOLK COUNTY CONTRIBUTORY RETIREMENT SYSTEM
JUNE 30, 2018**

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

	<u>December 31, 2017</u>	<u>December 31, 2016</u>	<u>December 31, 2015</u>	<u>December 31, 2014</u>
Town's proportion of the net pension liability	2.65%	2.71%	2.71%	2.45%
Town's proportionate share of the net pension liability	\$ 14,661,804	\$ 14,132,195	\$ 14,705,913	\$ 12,717,840
Town's covered-employee payroll	\$ 7,751,152	\$ 7,591,280	\$ 7,235,026	\$ 5,818,810
Town's proportionate share of the net pension liability as a percentage of it's covered-employee payroll	189.16%	186.16%	203.26%	218.56%
Plan fiduciary net position as a percentage of the total pension liability	63.50%	61.60%	58.60%	60.10%

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

See notes to Required Supplementary Information

**TOWN OF PLAINVILLE, MASSACHUSETTS
REQUIRED SUPPLEMENTARY INFORMATION
NORFOLK COUNTY CONTRIBUTORY RETIREMENT SYSTEM
JUNE 30, 2018**

SCHEDULE OF TOWN'S CONTRIBUTION

	<u>December 31, 2017</u>	<u>December 31, 2016</u>	<u>December 31, 2015</u>	<u>December 31, 2014</u>
Actuarily determined contribution	\$ 1,697,074	\$ 1,359,848	\$ 1,234,888	\$ 1,186,472
Contribution in relation to the actuarilly determined contribution	<u>(1,697,074)</u>	<u>(1,359,848)</u>	<u>(1,234,888)</u>	<u>(1,186,472)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Town's covered-employee payroll	\$ 7,751,152	\$ 7,591,280	\$ 7,235,026	\$ 5,818,810
Contribution as a percentage of covered - employee payroll	21.89%	17.91%	17.07%	20.39%

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

See notes to Required Supplementary Information

**TOWN OF PLAINVILLE, MASSACHUSETTS
REQUIRED SUPPLEMENTARY INFORMATION
MASSACHUSETTS TEACHERS RETIREMENT SYSTEM
JUNE 30, 2018**

Schedule of the Commonwealth's Collective amounts of the Net Pension Liability

The Commonwealth of Massachusetts is a nonemployer contributor and is required by statute to make all actuarially determined employer contributions on behalf of the member employers which creates a special funding situation. Since the Town does not contribute directly to MTRS, there is no net pension liability to recognize. This schedule discloses the Commonwealth's 100% share of the collective net pension liability that is associated with the Town; the portion of the collective pension expense as both revenue and pension expense recognized by the Town; and the Plan's fiduciary net position as a percentage of total liability.

<u>Fiscal Year</u>	<u>Commonwealth's 100% Share of the Net Pension Liability Associated with the Town</u>	<u>Town's Expense and Revenue Recognized for the Commonwealth's Support</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</u>
2018	\$ 16,718,715	\$ 1,744,981	54.25%
2017	16,267,766	1,659,419	52.73%
2016	14,855,105	1,204,881	55.38%
2015	11,484,417	797,878	61.64%

Note: This schedule is intended to present information for 10 years. Until a 10-year trend is compiled, information is presented for those years for which information is available.

See notes to required supplementary information.

**TOWN OF PLAINVILLE, MASSACHUSETTS
REQUIRED SUPPLEMENTARY INFORMATION
OTHER POSTEMPLOYMENT BENEFITS
JUNE 30, 2018**

Schedule of the Town's Net OPEB Liability and Related Ratios

	<u>June 30, 2018</u>	<u>June 30, 2017</u>
Total OPEB Liability		
Service Cost	\$ 1,069,104	\$ 1,027,996
Interest on total OPEB liability, service cost, and benefit payments	1,052,307	997,645
Changes of benefit terms	-	-
Differences between expected and actual experience	-	-
Changes of assumptions	-	-
Benefit Payments Including Implicit Costs	(733,505)	(667,508)
Net Change in total OPEB liability	1,387,906	1,358,133
Total OPEB liability-beginning	25,601,735	24,243,602
Total OPEB liability-ending (a)	<u>26,989,641</u>	<u>25,601,735</u>
 Plan fiduciary net position		
Contributions-employer	783,505	768,136
Net investment income	34,057	25,223
Benefit payments	(733,505)	(667,508)
Administrative expenses	-	-
Net change in plan fiduciary net position	84,057	125,851
Plan fiduciary net position - beginning	267,528	141,677
Plan fiduciary net position - ending (b)	<u>351,585</u>	<u>267,528</u>
 Town's net OPEB liability-ending (a)-(b)	 <u>\$ 26,638,056</u>	 <u>\$ 25,334,207</u>
 Plan fiduciary net position as a percentage of total OPEB liability	 1.30%	 1.04%
 Covered-employee payroll	 \$ 12,671,014	 \$ 12,301,957
 Plan's net OPEB liability as a percentage of covered-employee payroll	 210.23%	 205.94%

Note: This schedule is intended to present information for 10 years. Until a 10-year trend is compiled, information is presented for those years for which information is available

See notes to required supplementary information.

**TOWN OF PLAINVILLE, MASSACHUSETTS
REQUIRED SUPPLEMENTARY INFORMATION
OTHER POSTEMPLOYMENT BENEFITS
JUNE 30, 2018**

Schedule of the Town's Contribution

	<u>June 30, 2018</u>	<u>June 30, 2017</u>
Acuarial determined contribution	\$ 2,477,834	\$ 2,368,204
Contributions in relation to the actuarially determined contribution	<u>(783,505)</u>	<u>(768,136)</u>
Contribution deficiency (excess)	<u><u>\$ 1,694,329</u></u>	<u><u>\$ 1,600,068</u></u>
Covered-employee payroll	\$ 12,671,014	\$ 12,301,957
Contributions as a percentage of covered- employee payroll	6.18%	6.24%

Note: This schedule is intended to present information for 10 years. Until a 10-year trend is compiled, information is presented for those years for which information is available.

See notes to required supplementary information.

**TOWN OF PLAINVILLE, MASSACHUSETTS
REQUIRED SUPPLEMENTARY INFORMATION
OTHER POSTEMPLOYMENT BENEFITS
JUNE 30, 2018**

Schedule of Investment Return

	<u>June 30, 2018</u>	<u>June 30, 2017</u>
Annual money-weighted rate of return, net of investment expense	11.67%	6.83%

Note: This schedule is intended to present information for 10 years. Until a 10-year trend is compiled, information is presented for those years for which information is available.

See notes to required supplementary information.

**TOWN OF PLAINVILLE
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2018**

Pension Plan Schedules

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

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

B. Schedule of Town's Contribution

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

C. Schedule of the Commonwealth's Collective amounts of the Net Pension Liability

The Commonwealth of Massachusetts is a nonemployer contributor and is required by statute to make all actuarially determined employer contributions on behalf of the member employers which creates a special funding situation. Since the Town does not contribute directly to MTRS, there is no net pension liability to recognize. This schedule discloses the Commonwealth's 100% share of the collective net pension liability that is associated with the Town; the portion of the collective pension expense as both a revenue and pension expense recognized by the Town; and the Plan's fiduciary net position as a percentage of the total pension liability.

D. Changes in Plan Provisions – None

Other Postemployment Benefits Schedules

A. Schedule of the Town's Net OPEB Liability and Related Ratios

The Schedule of the Town's Net OPEB Liability and Related Ratios presents multi-year trend information on changes in the plan's total OPEB liability, changes in the plan's net position, and ending net OPEB liability. It also demonstrates the plan's net position as a percentage of the total liability and the plan's net OPEB liability as a percentage of covered-employee payroll.

B. Schedule of the Town's Contribution

The Schedule of the Town's contributions includes the Town's annual required contribution to the plan, along with the contribution made in relation to the actuarially determined contribution. The Town is not required to fully fund this contribution.

**TOWN OF PLAINVILLE
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2018**

C. Schedule of Investment Return

The Schedule of Investment Return includes the money-weighted investment return on the Plan's other postemployment assets, net of investment expense.

D. Changes in Provisions - None