

**TOWN OF PLAINVILLE, MASSACHUSETTS**

**REPORT ON EXAMINATION OF  
BASIC FINANCIAL STATEMENTS**

**JUNE 30, 2010**

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**TABLE OF CONTENTS**

	<u>PAGE</u>
Independent Auditor's Report	1
Management's Discussion and Analysis	2 – 7
Basic Financial Statements	
Statement of Net Assets	8
Statement of Activities	9 – 10
Governmental Funds – Balance Sheet	11
Governmental Funds – Statement of Revenues, Expenditures, and Changes in Fund Balances	12
Reconciliation of the Governmental Funds Balance Sheet Total Fund Balances to the Statement of Net Assets	13
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	14
General Fund – Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual	15
Proprietary Funds – Statement of Net Assets	16
Proprietary Funds – Statement of Revenues, Expenses, and Changes in Fund Net Assets	17
Proprietary Funds – Statement of Cash Flows	18
Fiduciary Funds – Statement of Fiduciary Net Assets	19
Fiduciary Funds – Statement of Changes in Fiduciary Net Assets	20
Notes to Basic Financial Statements	21 – 51
Required Supplementary Information:	
Other Post Employment Benefits – Schedules of Funding Progress and Employer Contributions	52 – 53

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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 Town of Plainville, Massachusetts as of and for the year ended June 30, 2010, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Town of Plainville, Massachusetts' management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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, 2010, and the respective changes in financial position, and, where applicable, cash flow thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis on pages 2 through 7, and other post employment benefits information: schedules of funding progress and employer contributions on pages 52 through 53 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

*R. E. Brown & Company*

March 16, 2011

## **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, 2010. We encourage readers to consider this information in addition to the statements and notes.

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

### **Financial Highlights**

GASB Statement No. 45 (GASB 45), **Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions** (OPEB), was implemented by the Town effective July 1, 2008. The purpose of GASB 45 is to improve the relevance and usefulness of financial reporting by requiring states and municipalities to identify, through actuarial analysis, the true costs of the OPEB earned by employees over their estimated years of active service. OPEB, as with pensions, is a promise made to employees as a condition of their employment that is part of compensation each year. Even though these benefits are not received until after employment, they constitute compensation to attract and retain qualified employees. These costs will be recognized over the working lifetime of employees rather than after their employment has ceased. As of July 1, 2008, the actuarial accrued liability of the Town is \$17,862,809. GASB 45 does not require current funding of the OPEB and 95% of municipal entities are not currently funding the liability in their communities. However, GASB 45 does require the financial statements include the annual required contribution of the employer (ARC). The ARC represents a level of funding that if paid on an ongoing basis, is projected to cover normal cost each year and amortize the unfunded actuarial liability. The Town benefits provided to retirees and eligible surviving spouses include health and life insurance.

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

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

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

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

### Government-wide Financial Statements

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

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

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

### Fund Financial Statements

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

#### Governmental Funds

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

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

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

#### Proprietary Funds

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

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

## Fiduciary Funds

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

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

## Notes to the basic financial statements

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

## **Government-wide Financial Analysis**

### Net Assets

The following table of Condensed Net Assets indicates a decline in growth for the Town. While current assets changed very little, a \$337,864 decrease in receivables produced a favorable increase in cash. Governmental non-current assets decreased \$1,072,924 for normal reduction of a long term receivable for School Building Assistance.

A \$69,037 decrease in Capital Assets represents depreciation of \$1,752,854 and additions of \$1,683,817. Road infrastructure improvements and donated additions (\$677,063), a used 1996 Fire Pumper Truck (\$89,775) and school department assets for lighting upgrades to both the Wood and Jackson schools (\$156,008) as well as information technology improvements and replacements (\$104,085) contributed the major portion of total governmental additions of \$1,154,258. Business-type activity increases of \$529,559 included donated water and sewer infrastructure (\$459,940). The Town uses Capital Assets to provide services to citizens; consequently, these assets are not available for future spending.

### **Condensed Statement of Net Assets**

	Governmental Activities		Business-type Activities		Total Primary Government	
	FY 2010	FY 2009	FY 2010	FY 2009	FY 2010	FY 2009
<b>Assets:</b>						
Current assets	\$ 8,080,700	\$ 8,017,323	\$ 2,205,805	\$ 2,193,876	\$ 10,286,505	\$ 10,211,199
Noncurrent assets (excluding capital)	11,816,855	12,889,779	-	-	11,816,855	12,889,779
Capital assets	30,995,890	31,266,439	12,580,545	12,379,033	43,576,435	43,645,472
<b>Total assets</b>	<b>50,893,445</b>	<b>52,173,541</b>	<b>14,786,350</b>	<b>14,572,909</b>	<b>65,679,795</b>	<b>66,746,450</b>
<b>Liabilities:</b>						
Current liabilities (excluding debt)	1,354,510	1,579,079	369,533	338,306	1,724,043	1,917,385
Noncurrent liabilities (excluding debt)	1,479,876	536,404	96,590	46,455	1,576,466	582,859.00
Current debt	1,268,603	1,613,567	237,834	361,614	1,506,437	1,975,181
Noncurrent debt	12,608,103	13,321,163	3,049,325	3,287,159	15,657,428	16,608,322
<b>Total liabilities</b>	<b>16,711,092</b>	<b>17,050,213</b>	<b>3,753,282</b>	<b>4,033,534</b>	<b>20,464,374</b>	<b>21,083,747</b>
<b>Net Assets:</b>						
Capital assets net of related debt	15,043,506	15,253,406	9,301,990	8,742,774	24,345,496	23,996,180
Restricted	1,753,130	1,747,104	-	-	1,753,130	1,747,104
Unrestricted	17,385,717	18,122,818	1,731,078	1,796,601	19,116,795	19,919,419
<b>Total net assets</b>	<b>\$ 34,182,353</b>	<b>\$ 35,123,328</b>	<b>\$ 11,033,068</b>	<b>\$ 10,539,375</b>	<b>\$ 45,215,421</b>	<b>\$ 45,662,703</b>

Total liabilities decreased \$619,373. Noncurrent debt decreased \$950,894, reflecting a normal reclassification to current debt for subsequent amortization of long term debt offset by new bonds of \$515,000 to finance recently acquired fire pumper trucks. The new bonds converted \$425,000 of temporary borrowing decreasing current debt. The GASB 45 required OPEB annual contribution of the employer, \$1,048,131, increased both noncurrent liabilities (\$993,607) and current liabilities (\$54,524). Current liabilities were favorably decreased \$274,092 in accounts payable.

Unrestricted net assets include a receivable of \$12,950,089 due from Massachusetts School Building Authority (MSBA) which is a reimbursement program for school debt.

### Changes in Net Assets

At the end of the current fiscal year, the Condensed Changes in Net Assets reflected a moderate decrease in net assets for Governmental activities.

#### **Condensed Statement of Changes in Net Assets**

	Governmental Activities		Business-type Activities		Total Primary Government	
	FY 2010	FY 2009	FY 2010	FY 2009	FY 2010	FY 2009
<b>Revenues</b>						
<i>Program Revenues:</i>						
Charges for services	\$ 1,525,301	\$ 1,466,277	\$ 2,392,763	\$ 2,528,979	\$ 3,918,064	\$ 3,995,256
Operating grants and contributions	4,457,705	4,307,196	61,347	49,824	4,519,052	4,357,020
Capital grants and contributions	877,508	205,813	459,940	-	1,337,448	205,813
<i>General Revenues:</i>						
Real Estate and personal property taxes	14,652,254	14,111,353	-	-	14,652,254	14,111,353
Tax Liens	115,013	144,335	-	-	115,013	144,335
Motor vehicle and other excise taxes	947,046	951,245	-	-	947,046	951,245
Meals and Hotel/Motel Taxes	117,777	5,005	-	-	117,777	5,005
Penalties and Interest on Taxes	79,022	59,724	-	-	79,022	59,724
Payments in Lieu of Taxes	5,781	44,098	-	-	5,781	44,098
Nonrestricted grants and contributions	889,913	1,155,071	-	-	889,913	1,155,071
Unrestricted investment income	17,782	63,771	-	-	17,782	63,771
Other revenues	25,725	26,106	-	-	25,725	26,106
<b>Total Revenues</b>	<b>23,710,827</b>	<b>22,539,994</b>	<b>2,914,050</b>	<b>2,578,803</b>	<b>26,624,877</b>	<b>25,118,797</b>
<b>Expenses:</b>						
General Government	938,054	1,028,867	-	-	938,054	1,028,867
Public Safety	3,449,264	3,460,494	-	-	3,449,264	3,460,494
Education	12,952,445	13,177,192	-	-	12,952,445	13,177,192
Public Works	896,823	1,075,792	-	-	896,823	1,075,792
Human Services	356,599	333,715	-	-	356,599	333,715
Culture and Recreation	417,317	397,315	-	-	417,317	397,315
Employee Benefits	4,596,708	4,488,540	-	-	4,596,708	4,488,540
State and County Assessments	373,310	334,240	-	-	373,310	334,240
Interest	649,148	688,251	-	-	649,148	688,251
Sanitation	-	-	388,636	389,678	388,636	389,678
Sewer	-	-	670,739	751,432	670,739	751,432
Water	-	-	1,383,116	1,106,480	1,383,116	1,106,480
<b>Total Expenses</b>	<b>24,629,668</b>	<b>24,984,406</b>	<b>2,442,491</b>	<b>2,247,590</b>	<b>27,072,159</b>	<b>27,231,996</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(918,841)</b>	<b>(2,444,412)</b>	<b>471,559</b>	<b>331,213</b>	<b>(447,282)</b>	<b>(2,113,199)</b>
<b>Transfers</b>	<b>(22,134)</b>	<b>(17,439)</b>	<b>22,134</b>	<b>17,439</b>	<b>-</b>	<b>-</b>
<b>Change in Net Assets</b>	<b>(940,975)</b>	<b>(2,461,851)</b>	<b>493,693</b>	<b>348,652</b>	<b>(447,282)</b>	<b>(2,113,199)</b>
<b>Net Assets - beginning</b>	<b>35,123,328</b>	<b>37,585,179</b>	<b>10,539,375</b>	<b>10,190,723</b>	<b>45,662,703</b>	<b>47,775,902</b>
<b>Net Assets - ending</b>	<b>\$ 34,182,353</b>	<b>\$ 35,123,328</b>	<b>\$ 11,033,068</b>	<b>\$ 10,539,375</b>	<b>\$ 45,215,421</b>	<b>\$ 45,662,703</b>

Governmental Activities: Capital grants and contributions for FY 2010 include public ways accepted at the Annual Town Meeting June 7, 2010. Collectively referred to as the Village at Oak Hill, estimated construction costs of the roadways added \$461,709 as donated property. The Town receives an annual grant from the State of Massachusetts for the construction and reconstruction of town and county roads. The amount was \$211,682 for 2010. In addition to a levy increase of \$463,340 in Real Estate and Personal Property taxes (statutorily allowable new construction growth and a 2½% increase over the prior levy) prior years' taxes were also collected. At a Special Town Meeting, August 25, 2009, the Town accepted Massachusetts General Law (MGL) 64L, section 2(a) imposing a local meals excise tax effective October 1, 2009. The Town collected \$114,152 by June 30, 2010. The decline in payments in lieu of taxes manifests from 2008 invoices received in 2009 and disagreement and subsequent partial payment of 2010 invoiced amounts. The parties are working to resolve this issue.

Total expenses decreased \$354,738. To balance the budget for FY2010, general government and public works reduced personnel. The subsequent decrease in expenses, along with a modest decrease in education budgets, entirely offset expected increases in employee health and retirement costs of \$147,238.

Business-Type Activities: Charges for water and sewer decreased due to conservation in the community. The public ways accepted at the Annual Town Meeting also added \$459,940 to Capital Grants and contributions for donated water and sewer infrastructure.

### **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. Favorable variances in collected taxes (\$149,558), local receipts, (\$175,570), State receipts (\$32,492) and operating budgets (\$302,755) contributed to the increase in undesignated, unreserved fund balance resulting in a certified amount of \$720,674.

#### 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. The combined Stabilization balance of \$2,003,280 is available to the Town as a source for short term borrowing. The original Stabilization Fund is available to be appropriated at Town Meeting to meet any needs of the Town. At the June 7, 2010 Annual Town Meeting, \$344,073 was appropriated to fund the FY2011 Omnibus Budget.

## **Capital Asset and Debt Administration**

### Capital Assets

The Town's investment in capital assets includes land, buildings, improvements, machinery and equipment, park facilities, streets, sidewalks, and water and sewer systems.

The Town renovations and addition to the Anna Ware Jackson Elementary School was completed in 2002. This facility will accommodate grades K through 3, and was completed at a cost of \$10,625,624. A new elementary school for grades 4 through 6, the Beatrice H. Wood School, was started in 2002 and occupied in February, 2004. Completed during 2006 the total spent was \$11,757,551, less than the approved budget of \$12,414,125. The Town will receive Massachusetts School Building Authority (MSBA) reimbursements for each of these school projects amounting to approximately 67% of the cost. The general obligation bonds totaling \$21,789,000 used to finance these buildings will be paid off within 20 years. The school buildings have an expected useful life of 40 years.

### Debt Administration

The overall debt burden is 10.5% of annual expenditures, reduced by MSBA reimbursements to 5.5% of annual expenditures. The Town expects to continue to experience an excellent bond rating of A2 as assigned by Moody's Investor Service. Even though reserve levels have diminished because of decreases in local and state revenue, the Town has not required any borrowing in anticipation of revenue for over twenty years.

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

- The Town of Plainville is strategically positioned at the crossroads of Interstates 95 and 495, 31 miles south of Boston and 14 miles north of Providence, Rhode Island.
- The local unemployment rate mirrors closely to the Commonwealth of Massachusetts.
- The Town of Plainville developed the fiscal year 2011 budget anticipating a 1% decrease in local receipts, a 3% decrease in revenues from the Commonwealth of Massachusetts and tax levy increases of 4%.

## **Request for Information**

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

**TOWN OF PLAINVILLE, MASSACHUSETTS**  
**STATEMENT OF NET ASSETS**  
**JUNE 30, 2010**

	<b>PRIMARY GOVERNMENT</b>			
	<b>GOVERNMENTAL ACTIVITIES</b>		<b>BUSINESS-TYPE ACTIVITIES</b>	
				<b>TOTAL</b>
<b><u>ASSETS</u></b>				
CURRENT:				
CASH AND SHORT-TERM INVESTMENTS	\$ 4,389,695	\$ 1,648,725	\$ 6,038,420	
INVESTMENTS	1,199,358	-	1,199,358	
RECEIVABLES, NET OF ALLOWANCE FOR UNCOLLECTIBLES:				
REAL ESTATE AND PERSONAL PROPERTY TAXES	263,514	-	263,514	
TAX LIENS	353,857	-	353,857	
MOTOR VEHICLE EXCISE TAXES	43,907	-	43,907	
USER FEES	-	557,080	557,080	
DEPARTMENTAL AND OTHER	85,678	-	85,678	
INTERGOVERNMENTAL	1,744,691	-	1,744,691	
NONCURRENT:				
RECEIVABLES, NET OF ALLOWANCE FOR UNCOLLECTIBLES:				
INTERGOVERNMENTAL	11,816,855	-	11,816,855	
CAPITAL ASSETS, NET OF ACCUMULATED DEPRECIATION	30,995,890	12,580,545	43,576,435	
TOTAL ASSETS	<u>50,893,445</u>	<u>14,786,350</u>	<u>65,679,795</u>	
<b><u>LIABILITIES</u></b>				
CURRENT:				
ACCOUNTS PAYABLE	624,600	184,961	809,561	
OTHER LIABILITIES	44,965	168,030	212,995	
ACCRUED INTEREST	30,146	12,084	42,230	
CAPITAL LEASES PAYABLE	47,603	4,166	51,769	
BONDS AND NOTES PAYABLE	1,221,000	233,668	1,454,668	
POSTEMPLOYMENT BENEFITS	654,799	4,458	659,257	
NONCURRENT:				
CAPITAL LEASES PAYABLE	4,103	4,438	8,541	
BONDS AND NOTES PAYABLE	12,604,000	3,044,887	15,648,887	
POSTEMPLOYMENT BENEFITS	1,479,876	96,590	1,576,466	
TOTAL LIABILITIES	<u>16,711,092</u>	<u>3,753,282</u>	<u>20,464,374</u>	
<b><u>NET ASSETS</u></b>				
INVESTED IN CAPITAL ASSETS, NET OF RELATED DEBT	15,043,506	9,301,990	24,345,496	
RESTRICTED FOR:				
STREETS	427,010	-	427,010	
OTHER PURPOSES	1,326,120	-	1,326,120	
UNRESTRICTED	<u>17,385,717</u>	<u>1,731,078</u>	<u>19,116,795</u>	
TOTAL NET ASSETS	<u>\$ 34,182,353</u>	<u>\$ 11,033,068</u>	<u>\$ 45,215,421</u>	

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

**TOWN OF PLAINVILLE, MASSACHUSETTS**  
**STATEMENT OF ACTIVITIES**  
**FISCAL YEAR ENDED JUNE 30, 2010**

<b><u>FUNCTIONS/PROGRAMS</u></b>	<b>EXPENSES</b>	<b>PROGRAM REVENUES</b>			<b>NET (EXPENSE) REVENUE</b>
		<b>CHARGES FOR SERVICES</b>	<b>OPERATING GRANTS AND CONTRIBUTIONS</b>	<b>CAPITAL GRANTS AND CONTRIBUTIONS</b>	
<b>PRIMARY GOVERNMENT:</b>					
GOVERNMENTAL ACTIVITIES:					
GENERAL GOVERNMENT	\$ 938,054	\$ 154,578	\$ 51,029	\$ -	\$ (732,447)
PUBLIC SAFETY	3,449,264	749,780	57,247	79,700	(2,562,537)
EDUCATION	12,952,445	391,595	3,243,258	125,704	(9,191,888)
PUBLIC WORKS	896,823	1,700	3,766	672,104	(219,253)
HUMAN SERVICES	356,599	80,486	153,816	-	(122,297)
CULTURE & RECREATION	417,317	147,162	14,276	-	(255,879)
EMPLOYEE BENEFITS	4,596,708	-	934,313	-	(3,662,395)
STATE & COUNTY ASSESSMENTS	373,310	-	-	-	(373,310)
INTEREST	649,148	-	-	-	(649,148)
TOTAL GOVERNMENTAL ACTIVITIES	<u>24,629,668</u>	<u>1,525,301</u>	<u>4,457,705</u>	<u>877,508</u>	<b><u>(17,769,154)</u></b>
BUSINESS-TYPE ACTIVITIES:					
WATER	1,383,116	1,396,997	61,347	265,350	340,578
SEWER	670,739	617,691	-	194,590	141,542
SANITATION	388,636	378,075	-	-	(10,561)
TOTAL BUSINESS-TYPE ACTIVITIES	<u>2,442,491</u>	<u>2,392,763</u>	<u>61,347</u>	<u>459,940</u>	<b><u>471,559</u></b>
TOTAL PRIMARY GOVERNMENT	<b><u>\$ 27,072,159</u></b>	<b><u>\$ 3,918,064</u></b>	<b><u>\$ 4,519,052</u></b>	<b><u>\$ 1,337,448</u></b>	<b><u>\$ (17,297,595)</u></b>

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

**(continued)**

**TOWN OF PLAINVILLE, MASSACHUSETTS**  
**STATEMENT OF ACTIVITIES**  
**FISCAL YEAR ENDED JUNE 30, 2010**

	<b>PRIMARY GOVERNMENT</b>		
	<b>GOVERNMENTAL ACTIVITIES</b>	<b>BUSINESS-TYPE ACTIVITIES</b>	<b>TOTAL</b>
<b>CHANGES IN NET ASSETS:</b>			
NET (EXPENSE) REVENUE FROM PREVIOUS PAGE	\$ (17,769,154)	\$ 471,559	\$ (17,297,595)
<b>GENERAL REVENUES:</b>			
REAL ESTATE AND PERSONAL PROPERTY TAXES, NET OF TAX REFUNDS PAYABLE	14,652,254	-	14,652,254
TAX LIENS	115,013	-	115,013
MOTOR VEHICLE EXCISE TAXES	947,046	-	947,046
MEALS & HOTEL/MOTEL TAXES	117,777	-	117,777
PENALTIES AND INTEREST ON TAXES	79,022	-	79,022
PAYMENTS IN LIEU OF TAXES	5,781	-	5,781
GRANTS AND CONTRIBUTIONS NOT RESTRICTED TO SPECIFIC PROGRAMS	889,913	-	889,913
UNRESTRICTED INVESTMENT INCOME	17,782	-	17,782
MISCELLANEOUS	25,725	-	25,725
TRANSFERS, NET	(22,134)	22,134	-
TOTAL GENERAL REVENUES AND TRANSFERS	16,828,179	22,134	16,850,313
CHANGE IN NET ASSETS	(940,975)	493,693	(447,282)
<b>NET ASSETS:</b>			
<b>BEGINNING OF YEAR</b>	<u>35,123,328</u>	<u>10,539,375</u>	<u>45,662,703</u>
<b>END OF YEAR</b>	<u>\$ 34,182,353</u>	<u>\$ 11,033,068</u>	<u>\$ 45,215,421</u>

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

**(concluded)**

**TOWN OF PLAINVILLE, MASSACHUSETTS**  
**GOVERNMENTAL FUNDS**  
**BALANCE SHEET**  
**JUNE 30, 2010**

<b>ASSETS</b>	<b>GENERAL</b>	<b>STABILIZATION</b>	<b>NONMAJOR GOVERNMENTAL FUNDS</b>	<b>TOTAL GOVERNMENTAL FUNDS</b>
CASH AND SHORT-TERM INVESTMENTS	\$ 1,706,208	\$ 803,922	\$ 1,879,565	\$ 4,389,695
INVESTMENTS	-	1,199,358	-	1,199,358
RECEIVABLES, NET OF ALLOWANCE FOR UNCOLLECTIBLES:				
REAL ESTATE AND PERSONAL PROPERTY TAXES	263,514	-	-	263,514
TAX LIENS	353,857	-	-	353,857
MOTOR VEHICLE EXCISE TAXES	43,907	-	-	43,907
DEPARTMENTAL AND OTHER	85,678	-	-	85,678
INTERGOVERNMENTAL	13,116,313	-	445,233	13,561,546
<b>TOTAL ASSETS</b>	<b>\$ 15,569,477</b>	<b>\$ 2,003,280</b>	<b>\$ 2,324,798</b>	<b>\$ 19,897,555</b>
<b>LIABILITIES AND FUND BALANCES</b>				
LIABILITIES:				
ACCOUNTS PAYABLE	\$ 570,705	\$ -	\$ 53,895	\$ 624,600
OTHER LIABILITIES	13,199	-	31,766	44,965
DEFERRED REVENUES	13,629,389	-	427,010	14,056,399
<b>TOTAL LIABILITIES</b>	<b>14,213,293</b>	<b>-</b>	<b>512,671</b>	<b>14,725,964</b>
FUND BALANCES:				
RESERVED FOR:				
ENCUMBRANCES AND CONTINUING APPROPRIATIONS	206,439	-	-	206,439
UNRESERVED				
DESIGNATED FOR SUBSEQUENT YEARS' EXPENDITURES	18,316	-	-	18,316
UNDESIGNATED, REPORTED IN:				
GENERAL FUND	1,131,429	-	-	1,131,429
SPECIAL REVENUE FUNDS	-	2,003,280	1,753,130	3,756,410
CAPITAL PROJECTS FUNDS	-	-	58,997	58,997
<b>TOTAL FUND BALANCES</b>	<b>1,356,184</b>	<b>2,003,280</b>	<b>1,812,127</b>	<b>5,171,591</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 15,569,477</b>	<b>\$ 2,003,280</b>	<b>\$ 2,324,798</b>	<b>\$ 19,897,555</b>

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

**TOWN OF PLAINVILLE, MASSACHUSETTS**  
**GOVERNMENTAL FUNDS**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**FISCAL YEAR ENDED JUNE 30, 2010**

	<u>GENERAL</u>	<u>STABILIZATION</u>	<u>NONMAJOR GOVERNMENTAL FUNDS</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
<b><u>REVENUES:</u></b>				
REAL ESTATE AND PERSONAL PROPERTY TAXES, NET OF TAX REFUNDS	\$ 14,907,171	\$ -	\$ -	\$ 14,907,171
MOTOR VEHICLE EXCISE TAXES	944,850	-	-	944,850
PENALTIES AND INTEREST ON TAXES	79,022	-	-	79,022
INTERGOVERNMENTAL CHARGES FOR SERVICES	5,631,933	-	776,604	6,408,537
INVESTMENT INCOME	685,961	-	627,587	1,313,548
CONTRIBUTIONS & DONATIONS	17,781	45,223	2,799	65,803
DEPARTMENTAL AND OTHER	495,041	-	9,897	9,897
	<hr/>	<hr/>	<hr/>	<hr/>
<b>TOTAL REVENUES</b>	<b>22,761,759</b>	<b>45,223</b>	<b>1,427,226</b>	<b>24,234,208</b>
<b><u>EXPENDITURES:</u></b>				
CURRENT:				
GENERAL GOVERNMENT	902,293	-	14,686	916,979
PUBLIC SAFETY	3,128,711	-	163,074	3,291,785
EDUCATION	11,522,124	-	811,980	12,334,104
PUBLIC WORKS	575,794	-	215,354	791,148
HUMAN SERVICES	320,858	-	25,999	346,857
CULTURE & RECREATION	189,400	-	180,591	369,991
EMPLOYEE BENEFITS	3,555,522	-	43,586	3,599,108
STATE & COUNTY ASSESSMENTS	373,310	-	-	373,310
DEBT SERVICE:				
PRINCIPAL	1,170,000	-	-	1,170,000
INTEREST	648,811	-	-	648,811
	<hr/>	<hr/>	<hr/>	<hr/>
<b>TOTAL EXPENDITURES</b>	<b>22,386,823</b>	<b>-</b>	<b>1,455,270</b>	<b>23,842,093</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>374,936</b>	<b>45,223</b>	<b>(28,044)</b>	<b>392,115</b>
<b><u>OTHER FINANCING SOURCES (USES)</u></b>				
PROCEEDS FROM BONDS AND NOTES	-	-	515,000	515,000
OPERATING TRANSFERS IN	111,838	-	56,133	167,971
OPERATING TRANSFERS OUT	(78,267)	-	(111,838)	(190,105)
	<hr/>	<hr/>	<hr/>	<hr/>
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>33,571</b>	<b>-</b>	<b>459,295</b>	<b>492,866</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>408,507</b>	<b>45,223</b>	<b>431,251</b>	<b>884,981</b>
<b>FUND BALANCES AT BEGINNING OF YEAR</b>	<b>947,677</b>	<b>1,958,057</b>	<b>1,380,876</b>	<b>4,286,610</b>
<b>FUND BALANCES AT END OF YEAR</b>	<b>\$ 1,356,184</b>	<b>\$ 2,003,280</b>	<b>\$ 1,812,127</b>	<b>\$ 5,171,591</b>

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 ASSETS**  
**FISCAL YEAR ENDED JUNE 30, 2010**

<b>TOTAL GOVERNMENTAL FUND BALANCES</b>	\$ 5,171,591
CAPITAL ASSETS (NET) USED IN GOVERNMENTAL ACTIVITIES ARE NOT FINANCIAL RESOURCES AND, THEREFORE, ARE NOT REPORTED IN THE FUNDS	30,995,890
ACCOUNTS RECEIVABLE ARE NOT AVAILABLE TO PAY FOR CURRENT-PERIOD EXPENDITURES AND, THEREFORE, ARE DEFERRED IN THE FUNDS	14,056,399
IN THE STATEMENT OF ACTIVITIES, INTEREST IS ACCRUED ON OUTSTANDING LONG-TERM DEBT, WHEREAS IN GOVERNMENTAL FUNDS INTEREST IS NOT REPORTED UNTIL DUE	(30,146)
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	(13,825,000)
OTHER POSTEMPLOYMENT BENEFITS (OPEB)	(2,134,675)
CAPITAL LEASE PAYABLE	<u>(51,706)</u>
	<u>(16,011,381)</u>
<b>NET ASSETS OF GOVERNMENTAL ACTIVITIES</b>	<u><b>\$ 34,182,353</b></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, 2010**

<b>NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS</b>	\$ 884,981
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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.

<b>CAPITAL OUTLAY</b>	(400,802)
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<b>DEPRECIATION EXPENSE</b>	<u>(536,860)</u>
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<b>NET EFFECT OF REPORTING CAPITAL ASSETS</b>	(937,662)
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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.

	(1,190,494)
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THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES DOES NOT PROVIDE FOR THE RECOGNITION OF REVENUE FROM DONATED INFRASTRUCTURE AND IS ONLY RECOGNIZED IN THE GOVERNMENT WIDE STATEMENT OF ACTIVITIES.

	667,113
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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.

<b>PROCEEDS FROM BONDS AND NOTES</b>	(515,000)
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<b>PROCEEDS FROM CAPITAL LEASE</b>	(79,699)
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<b>DEBT SERVICE PRINCIPAL PAYMENTS</b>	1,170,000
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<b>CAPITAL LEASE PRINCIPAL PAYMENTS</b>	<u>57,723</u>
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<b>NET EFFECT OF REPORTING LONG-TERM DEBT</b>	633,024
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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.

<b>NET CHANGE IN OTHER POSTEMPLOYMENT BENEFITS</b>	(997,600)
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<b>NET CHANGE IN ACCRUED INTEREST ON LONG-TERM DEBT</b>	<u>(337)</u>
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<b>NET EFFECT OF RECORDING LONG-TERM LIABILITIES</b>	<u>(997,937)</u>
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<b>CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES</b>	<u>\$ (940,975)</u>
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**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, 2010**

	<b>BUDGETED AMOUNTS</b>		<b>ACTUAL BUDGETARY AMOUNTS</b>	<b>VARIANCE OVER (UNDER)</b>
	<b>ORIGINAL BUDGET</b>	<b>FINAL BUDGET</b>		
<b>REVENUES:</b>				
REAL ESTATE AND PERSONAL PROPERTY TAXES,				
NET OF TAX REFUNDS	\$ 14,646,509	\$ 14,646,509	\$ 14,907,171	\$ 260,662
MOTOR VEHICLE EXCISE TAXES	905,500	905,500	944,850	39,350
PENALTIES & INTEREST ON TAXES	49,700	49,700	79,022	29,322
INTERGOVERNMENTAL	4,665,441	4,665,441	4,697,933	32,492
CHARGES FOR SERVICES	743,650	743,650	685,961	(57,689)
INVESTMENT INCOME	53,500	53,500	17,781	(35,719)
DEPARTMENTAL AND OTHER	329,235	329,235	495,041	165,806
TOTAL REVENUES	<u>21,393,535</u>	<u>21,393,535</u>	<u>21,827,759</u>	<u>434,224</u>
<b>EXPENDITURES:</b>				
CURRENT:				
GENERAL GOVERNMENT	1,037,343	1,042,343	902,293	140,050
PUBLIC SAFETY	3,356,455	3,386,455	3,128,711	257,744
EDUCATION	11,632,101	11,632,101	11,522,124	109,977
PUBLIC WORKS	456,571	456,571	575,794	(119,223)
HUMAN SERVICES	363,773	363,773	320,858	42,915
CULTURE & RECREATION	193,992	193,992	189,400	4,592
EMPLOYEE BENEFITS	2,685,941	2,685,941	2,621,522	64,419
STATE & COUNTY ASSESSMENTS	379,290	379,290	373,310	5,980
DEBT SERVICE:				
PRINCIPAL	1,170,000	1,170,000	1,170,000	-
INTEREST	654,674	654,674	648,811	5,863
TOTAL EXPENDITURES	<u>21,930,140</u>	<u>21,965,140</u>	<u>21,452,823</u>	<u>512,317</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(536,605)</u>	<u>(571,605)</u>	<u>374,936</u>	<u>946,541</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
OPERATING TRANSFERS IN	71,491	101,491	111,838	10,347
OPERATING TRANSFERS OUT	<u>(69,502)</u>	<u>(69,502)</u>	<u>(78,267)</u>	<u>(8,765)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>1,989</u>	<u>31,989</u>	<u>33,571</u>	<u>1,582</u>
NET CHANGE IN FUND BALANCE	<u>(534,616)</u>	<u>(539,616)</u>	<u>408,507</u>	<u>948,123</u>
BUDGETARY FUND BALANCE, BEGINNING OF YEAR	<u>947,677</u>	<u>947,677</u>	<u>947,677</u>	<u>-</u>
BUDGETARY FUND BALANCE, END OF YEAR	<u>\$ 413,061</u>	<u>\$ 408,061</u>	<u>\$ 1,356,184</u>	<u>\$ 948,123</u>

See accompanying notes to the basic financial statements

**TOWN OF PLAINVILLE, MASSACHUSETTS  
PROPRIETARY FUNDS  
STATEMENT OF NET ASSETS  
JUNE 30, 2010**

<b>BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS</b>					
<b>ASSETS</b>	<b>WATER</b>	<b>SEWER</b>	<b>SANITATION</b>	<b>TOTAL</b>	
CURRENT:					
CASH AND SHORT-TERM INVESTMENTS	\$ 1,220,785	\$ 29,208	\$ 398,732	\$ 1,648,725	
USER FEES, NET OF ALLOWANCE FOR UNCOLLECTIBLES:	403,426	153,654	-	557,080	
TOTAL CURRENT ASSETS	1,624,211	182,862	398,732	2,205,805	
NONCURRENT:					
CAPITAL ASSETS, NET OF ACCUMULATED DEPRECIATION	9,633,023	2,947,522	-	12,580,545	
TOTAL ASSETS	11,257,234	3,130,384	398,732	14,786,350	
 <b>LIABILITIES</b>					
CURRENT:					
ACCOUNTS PAYABLE	145,834	-	39,127	184,961	
OTHER LIABILITIES	-	-	168,030	168,030	
ACCRUED INTEREST	12,084	-	-	12,084	
CAPITAL LEASE PAYABLE	4,166	-	-	4,166	
BONDS AND NOTES PAYABLE	233,668	-	-	233,668	
POST EMPLOYMENT BENEFITS	4,188	270	-	4,458	
TOTAL CURRENT LIABILITIES	399,940	270	207,157	607,367	
NONCURRENT:					
CAPITAL LEASE PAYABLE	4,438	-	-	4,438	
BONDS AND NOTES PAYABLE	3,044,887	-	-	3,044,887	
POST EMPLOYMENT BENEFITS	51,427	34,613	10,550	96,590	
TOTAL NONCURRENT LIABILITIES	3,100,752	34,613	10,550	3,145,915	
TOTAL LIABILITIES	3,500,692	34,883	217,707	3,753,282	
 <b>NET ASSETS</b>					
INVESTED IN CAPITAL ASSETS, NET OF RELATED DEBT	6,354,468	2,947,522	-	9,301,990	
UNRESTRICTED	1,402,074	147,979	181,025	1,731,078	
TOTAL NET ASSETS	\$ 7,756,542	\$ 3,095,501	\$ 181,025	\$ 11,033,068	

See accompanying notes to the basic financial statements

**TOWN OF PLAINVILLE, MASSACHUSETTS**  
**PROPRIETARY FUNDS**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS**  
**FISCAL YEAR ENDED JUNE 30, 2010**

	<b>BUSINESS TYPE ACTIVITIES - ENTERPRISE FUNDS</b>			
	<b>WATER</b>	<b>SEWER</b>	<b>SANITATION</b>	<b>TOTAL</b>
<b><u>OPERATING REVENUES:</u></b>				
CHARGES FOR SERVICES	\$ 1,396,997	\$ 617,691	\$ 378,075	\$ 2,392,763
DEPARTMENTAL AND OTHER	56,405	-	-	56,405
<b>TOTAL OPERATING REVENUES</b>	<b>1,453,402</b>	<b>617,691</b>	<b>378,075</b>	<b>2,449,168</b>
<b><u>OPERATING EXPENSES:</u></b>				
GENERAL SERVICES	1,018,664	592,096	388,636	1,999,396
DEPRECIATION	249,786	78,261	-	328,047
<b>TOTAL OPERATING EXPENSES</b>	<b>1,268,450</b>	<b>670,357</b>	<b>388,636</b>	<b>2,327,443</b>
OPERATING INCOME (LOSS)	184,952	(52,666)	(10,561)	121,725
<b><u>NON-OPERATING REVENUES (EXPENSES):</u></b>				
INVESTMENT INCOME	4,942	-	-	4,942
CONTRIBUTED CAPITAL ASSETS	265,350	194,590	-	459,940
INTEREST EXPENSE	(114,666)	(382)	-	(115,048)
<b>TOTAL NON-OPERATING REVENUES (EXPENSES), NET</b>	<b>155,626</b>	<b>194,208</b>	<b>-</b>	<b>349,834</b>
INCOME (LOSS) BEFORE OPERATING TRANSFERS	340,578	141,542	(10,561)	471,559
<b><u>OPERATING TRANSFERS:</u></b>				
OPERATING TRANSFERS IN	8,286	397	13,451	22,134
CHANGE IN NET ASSETS	348,864	141,939	2,890	493,693
<b>NET ASSETS AT BEGINNING OF YEAR</b>	<b>7,407,678</b>	<b>2,953,562</b>	<b>178,135</b>	<b>10,539,375</b>
<b>NET ASSETS AT END OF YEAR</b>	<b>\$ 7,756,542</b>	<b>\$ 3,095,501</b>	<b>\$ 181,025</b>	<b>\$ 11,033,068</b>

See accompanying notes to the basic financial statements

**TOWN OF PLAINVILLE, MASSACHUSETTS**  
**PROPRIETARY FUNDS**  
**STATEMENT OF CASH FLOWS**  
**FISCAL YEAR ENDED JUNE 30, 2010**

<b>BUSINESS TYPE ACTIVITIES - ENTERPRISE FUNDS</b>				
	<b>WATER</b>	<b>SEWER</b>	<b>SANITATION</b>	<b>TOTAL</b>
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES:</u></b>				
RECEIPTS FROM CUSTOMERS AND USERS	\$ 1,471,352	\$ 619,544	\$ 396,377	\$ 2,487,273
PAYMENTS TO SUPPLIERS	(688,545)	(524,958)	(340,512)	(1,554,015)
PAYMENTS TO EMPLOYEES	(297,615)	(49,655)	(32,563)	(379,833)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>485,192</u>	<u>44,931</u>	<u>23,302</u>	<u>553,425</u>
<b><u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</u></b>				
OPERATING TRANSFERS IN (OUT)	8,286	397	13,451	22,134
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	<u>8,286</u>	<u>397</u>	<u>13,451</u>	<u>22,134</u>
<b><u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</u></b>				
PRINCIPAL PAYMENTS ON BONDS AND NOTES	(305,719)	(51,985)	-	(357,704)
ACQUISITION AND CONSTRUCTION OF CAPITAL ASSETS	(73,529)	-	-	(73,529)
INTEREST EXPENSE	(116,390)	(1,144)	-	(117,534)
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES:	<u>(495,638)</u>	<u>(53,129)</u>	<u>-</u>	<u>(548,767)</u>
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES:</u></b>				
INTEREST RECEIVED	4,942	-	-	4,942
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES:	<u>4,942</u>	<u>-</u>	<u>-</u>	<u>4,942</u>
NET INCREASE (DECREASE) IN CASH AND SHORT-TERM INVESTMENTS	2,782	(7,801)	36,753	31,734
CASH AND SHORT-TERM INVESTMENTS - BEGINNING OF YEAR	1,218,003	37,009	361,979	1,616,991
CASH AND SHORT-TERM INVESTMENTS - END OF YEAR	<u>\$ 1,220,785</u>	<u>\$ 29,208</u>	<u>\$ 398,732</u>	<u>\$ 1,648,725</u>
<b><u>RECONCILIATION OF OPERATING INCOME (LOSS)</u></b>				
<b><u>TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</u></b>				
OPERATING INCOME (LOSS)	\$ 184,952	\$ (52,666)	\$ (10,561)	\$ 121,725
ADJUSTMENTS TO RECONCILE OPERATING INCOME (LOSS)				
TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:				
DEPRECIATION	249,786	78,261	-	328,047
(INCREASE) DECREASE IN ACCOUNTS RECEIVABLE	17,951	1,854	-	19,805
INCREASE (DECREASE) IN ACCOUNTS PAYABLE	4,739	-	10,276	15,015
INCREASE (DECREASE) IN OTHER LIABILITIES	-	-	18,302	18,302
INCREASE (DECREASE) IN POST EMPLOYMENT BENEFITS	27,764	17,482	5,285	50,531
TOTAL ADJUSTMENTS	<u>300,240</u>	<u>97,597</u>	<u>33,863</u>	<u>431,700</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ 485,192</u>	<u>\$ 44,931</u>	<u>\$ 23,302</u>	<u>\$ 553,425</u>

See accompanying notes to the basic financial statements

**TOWN OF PLAINVILLE, MASSACHUSETTS**  
**FIDUCIARY FUNDS**  
**STATEMENT OF FIDUCIARY NET ASSETS**  
**JUNE 30, 2010**

	<b>PRIVATE PURPOSE TRUST FUNDS</b>	<b>AGENCY FUNDS</b>
<b><u>ASSETS</u></b>		
CASH AND SHORT-TERM INVESTMENTS	<u>\$ 6,961</u>	<u>\$ 134,744</u>
<b><u>LIABILITIES</u></b>		
ACCOUNTS PAYABLE	-	24,125
OTHER LIABILITIES	<u>-</u>	<u>110,619</u>
TOTAL LIABILITIES	<u>-</u>	<u>134,744</u>
<b><u>NET ASSETS</u></b>		
HELD IN TRUST FOR OTHER PURPOSES	<u>\$ 6,961</u>	<u>\$ -</u>

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

**TOWN OF PLAINVILLE, MASSACHUSETTS  
FIDUCIARY FUNDS  
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
FISCAL YEAR ENDED JUNE 30, 2010**

	<b>PRIVATE PURPOSE TRUST FUNDS</b>
<b><u>ADDITIONS:</u></b>	
NET INVESTMENT INCOME (LOSS):	
INVESTMENT INCOME	<u>\$ 29</u>
<b><u>DEDUCTIONS:</u></b>	<u>-</u>
CHANGE IN NET ASSETS	29
NET ASSETS AT BEGINNING OF YEAR	<u>6,932</u>
NET ASSETS AT END OF YEAR	<u>\$ 6,961</u>

See accompanying notes to the basic financial statements

**TOWN OF PLAINVILLE, MASSACHUSETTS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2010**

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

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

**A. Reporting Entity**

Primary Government

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

Joint Ventures

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

Name	Purpose	Address	Annual Assessment
King Philip Regional School District	To provide secondary education	P.O. Box 49 201 Franklin St. Wrentham, Ma 02093	\$ 4,098,907
Tri-County Regional Vocational-Technical High School	To provide vocational education	147 Pond Street Franklin, MA 02038	\$ 705,664

**TOWN OF PLAINVILLE, MASSACHUSETTS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2010**

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The King Philip Regional School District (the District) is governed by a nine (9) member school committee consisting of one (1) elected representative and one (1) representative appointed by the local school committee from the Town of Plainville. The Town is indirectly liable for debt and other expenditures of the District and is assessed annually for its share of the operating and capital costs. Separate financial statements may be obtained by writing to the Treasurer of the District at the above address. The Town has an approximately 24.55% equity interest in the joint venture.

The Tri-County Regional Vocational-Technical School District (the District) is governed by a fourteen (14) member school committee consisting of one (1) elected representative from the Town of Plainville. The Town is indirectly liable for debt and other expenditures of the District and is assessed annually for its share of the operating and capital costs. Separate financial statements may be obtained by writing to the Treasurer of the District at the above address. The Town has an equity interest of approximately 10.47% in the joint venture.

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

### Government-Wide Financial Statements

The government-wide financial statements (i.e., statement of net assets 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, 2010**

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

#### *Government-Wide Financial Statements*

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

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

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

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

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

#### *Fund Financial Statements*

##### ***Governmental Fund Financial Statements***

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

Expenditures are recorded when the related fund liability is incurred, except for interest on general long-term debt which is recognized when due, the non-current portion of the capital lease obligations, and other post-employment benefits (**OPEB**) which are recognized when the obligations are 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, 2010**

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

The Town reports the following major governmental funds:

- The *General fund* is the primary operating fund of the Town. It is used to account for all financial resources, except those that are required to be accounted for in another fund.
- The *Stabilization fund* is a special revenue fund used to account for the accumulation of resources to provide general and/or capital reserves.
- 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, 2010**

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### **Fiduciary Fund Financial Statements**

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

The following fiduciary fund types are reported:

- The *Private-Purpose Trust fund* is used to account for trust arrangements, other than those properly reported in the nonmajor governmental funds, under which principal and investment income exclusively benefit individuals, private organizations, or other governments.
- The *Agency fund* is used to account for assets held in a purely custodial capacity.

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

For the government-wide financial statements, and proprietary and fiduciary fund accounting, all applicable Financial Accounting Standards Board (FASB) pronouncements issued on or prior to November 30, 1989, are applied, unless those pronouncements conflict with or contradict GASB pronouncements.

### **D. Cash and Investments**

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

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

### **E. Accounts Receivable**

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

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

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

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

**TOWN OF PLAINVILLE, MASSACHUSETTS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2010**

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

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

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

*Motor Vehicle Excise*

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

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

*Water and Sewer*

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

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

*Departmental and Other*

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

*Intergovernmental*

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

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

**TOWN OF PLAINVILLE, MASSACHUSETTS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2010**

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**F. Inventories**

*Government-Wide and Fund Financial Statements*

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

**G. Capital Assets**

*Government-Wide and Proprietary Fund Financial Statements*

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

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

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

<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.

**TOWN OF PLAINVILLE, MASSACHUSETTS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2010**

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## **H. Interfund Transfers**

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

### *Government-Wide Financial Statements*

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

### *Fund Financial Statements*

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

## **I. Deferred Revenue**

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

## **J. Net Assets and Fund Equity**

### *Government-Wide Financial Statements (Net Assets)*

Net assets are classified into three components:

- a. *Invested in capital assets, net of related debt* – 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 assets* – Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

Net assets have been “restricted” for the following:

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

- c. *Unrestricted net assets* – All other net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt”.

**TOWN OF PLAINVILLE, MASSACHUSETTS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2010**

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*Fund Financial Statements (Fund Balances)*

- a. *Fund balances* consist of funds that are reserved for amounts, that are not available for appropriation, that are legally restricted by outside parties for a specific future use, and designations of fund balances that represent tentative management plans that are subject to change.

Fund balances have been reserved for the following:

- *Encumbrances and continuing appropriations* represents amounts obligated under purchase orders, contracts and other commitments for expenditures that are being carried over to the ensuing fiscal year.

Fund balances have been designated for the following:

- *Subsequent year's expenditures* represents amounts appropriated for the fiscal year 2011 operating budget.
- b. *Undesignated fund balances* – all other fund balances that do not meet the definition of “reserved” or “designated”.

**K. Long-term debt**

*Government-Wide and Proprietary Fund Financial Statements*

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

*Governmental Fund Financial Statements*

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

**L. Investment Income**

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

**TOWN OF PLAINVILLE, MASSACHUSETTS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2010**

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**M. Compensated Absences**

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

**N. Post Retirement Benefits**

*Government-Wide and Fund Financial Statements*

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

**O. Use of Estimates**

*Government-Wide and Fund Financial Statements*

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

**P. Total Column**

*Government-Wide Financial Statements*

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

*Fund Financial Statements*

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

**TOWN OF PLAINVILLE, MASSACHUSETTS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2010**

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

*A. Budgetary Basis of Accounting*

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

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

Original and supplemental appropriations are enacted upon by a Town Meeting vote. Management may not amend the budget without seeking the approval of the governing body. The Town's Finance Committee can legally transfer funds from its reserve fund to other appropriations within the budget without seeking Town Meeting approvals. The original fiscal year 2010 approved budget authorized \$21,689,380 in current year appropriations and other amounts to be raised and \$240,760 in encumbrances and appropriations carried over from previous fiscal years. Supplemental appropriations of \$35,000 were approved at one Special Town Meeting during fiscal year 2010.

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, 2010, is presented below:

Net change in fund balance - budgetary basis	\$ 408,507
 Basis of accounting differences:	
Increase in revenue for on-behalf payments - MTRS	934,000
Increase in expenditures for on-behalf payments - MTRS	<u>(934,000)</u>
Net change in fund balance - GAAP basis	<u>\$ 408,507</u>

**TOWN OF PLAINVILLE, MASSACHUSETTS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2010**

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*C. Excess of Expenditures over Appropriations*

For the fiscal year ended June 30, 2010, actual expenditures exceeded appropriations for snow & ice removal expenses, charter school expenses and veterans' services expenses. These over-expenditures will be funded by available funds during fiscal year 2011.

*D. Deficit Fund Balances*

Several individual fund deficits exist within the special revenue funds. These individual deficits will be eliminated through subsequent fiscal year budget transfers, grants, or proceeds of long-term debt during fiscal year 2011.

**NOTE 3 – DEPOSITS AND INVESTMENTS**

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

*Deposits*

▪ *Custodial Credit Risk – Deposits*

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

**TOWN OF PLAINVILLE, MASSACHUSETTS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2010**

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The following table illustrates how much of the Town's bank deposits are insured or collateralized, and how much of the Town's bank deposits are uninsured, uncollateralized, or collateral held by the pledging bank's trust department not in the Town's name as of June 30, 2010:

Total bank balances	<u>\$ 4,974,095</u>
Bank balances covered by deposit insurance	
Federal Deposit Insurance Corporation (FDIC)	1,762,945
Depositors Insurance Fund (DIF)	<u>67,274</u>
Total bank balances covered by deposit insurance	1,830,219
Balances subject to custodial credit risk	
Bank balances uninsured & uncollateralized	<u>3,143,876</u>
Total bank balances subject to custodial credit risk	<u>3,143,876</u>
Total bank balances	<u>\$ 4,974,095</u>

On October 3, 2008, FDIC deposit insurance temporarily increased from \$100,000 to \$250,000 per depositor through December 31, 2009. This temporary increase in coverage has recently been extended through December 31, 2013.

*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.

**TOWN OF PLAINVILLE, MASSACHUSETTS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2010**

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*a) Credit Risk*

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

Investment type	Fair value	Minimum Legal Rating	Rating as of Year End		
			AAA	A	Unrated
U.S. Treasury Notes	\$ 98,585	N/A	\$ 98,585	\$ -	\$ -
Federal Agency Securities	403,351	N/A	403,351	-	-
Corporate Bonds	31,773	N/A	-	31,773	-
Fixed Income Mutual Fund	340,686	N/A	-	-	340,686
Money Market Mutual Fund	151,465	N/A	-	-	151,465
Common stocks	173,498	N/A	-	-	173,498
 Total Investments	 <u>\$ 1,199,358</u>		 <u>\$ 501,936</u>	 <u>\$ 31,773</u>	 <u>\$ 665,649</u>

*b) Custodial Credit Risk*

For an investment, this is the risk that, in the event of a failure by the counterparty, the Town will not be able to recover the value of its investments or collateral security that are in possession of an outside party. Of the investment in Federal Agency Securities of \$403,351, corporate bonds of \$31,773, and common stocks of \$173,498, the Town has custodial credit risk exposure of \$608,622 because the related securities are uninsured, unregistered, and held by the Town's brokerage firm, which is also the counterparty to these securities. The mutual fund investments are not exposed to custodial credit risk because their existence is not evidenced by securities that exist in physical or book entry form.

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

*c) Interest Rate Risk*

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

**TOWN OF PLAINVILLE, MASSACHUSETTS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2010**

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Information about the sensitivity of the fair values of the Town's investments to market interest rate fluctuations is as follows:

Investment type	Fair value	Investment maturities (in years)		
		Less than 1	1-5	6-10
<b><i>Debt Related Securities:</i></b>				
U.S. Government & Agency	\$ 501,936	\$ 50,484	\$ 451,452	\$ -
Corporate Bonds	31,773	-	-	31,773
Fixed Income Mutual Fund	<u>340,686</u>	<u>340,686</u>	<u>-</u>	<u>-</u>
Total Debt Related Securities	<u>\$ 874,395</u>	<u>\$ 391,170</u>	<u>\$ 451,452</u>	<u>\$ 31,773</u>
<b><i>Other Investments:</i></b>				
Money Market Mutual Fund	151,465	151,465	-	-
Common Stocks	<u>173,498</u>	<u>173,498</u>	<u>-</u>	<u>-</u>
Total Other Investments	<u>324,963</u>	<u>324,963</u>	<u>-</u>	<u>-</u>
Total Investments	<u><u>\$ 1,199,358</u></u>	<u><u>\$ 716,133</u></u>	<u><u>\$ 451,452</u></u>	<u><u>\$ 31,773</u></u>

*d) Concentration of Credit Risk*

The Town places no limit on the amount the government may invest in any one issuer. Investments in any one issuer (other than U.S. Treasury securities and mutual funds) that represent 5% or more of total investments are as follows:

Issuer	% of Total Investments
Federal Home Loan Bank	5.50%

**TOWN OF PLAINVILLE, MASSACHUSETTS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2010**

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**NOTE 4 – RECEIVABLES**

The receivables at June 30, 2010 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	\$ 311,056	\$ (47,542)	\$ 263,514
Tax liens	353,857	-	353,857
Motor vehicle excise taxes	127,874	(83,967)	43,907
Departmental and other	776,885	(691,207)	85,678
Intergovernmental	<u>13,561,546</u>	<u>-</u>	<u>13,561,546</u>
<b>Total</b>	<b><u>\$ 15,131,218</u></b>	<b><u>\$ (822,716)</u></b>	<b><u>\$ 14,308,502</u></b>

The receivables at June 30, 2010, for the enterprise funds consist of the following:

Receivables:	Gross Amount	Allowance for Uncollectibles	Net Amount
<i>Water</i>			
User fees	\$ 403,426	\$ -	\$ 403,426
<i>Sewer</i>			
User fees	<u>153,654</u>	<u>-</u>	<u>153,654</u>
<b>Total</b>	<b><u>\$ 557,080</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 557,080</u></b>

**TOWN OF PLAINVILLE, MASSACHUSETTS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2010**

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

**Deferred Revenue Analysis**

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<u>Receivable Type:</u>	<u>General Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Property Taxes	\$ 181,156	\$ -	\$ 181,156
Tax Liens	353,857	-	353,857
Motor vehicle excise taxes	43,907	-	43,907
Departmental and other	85,678	-	85,678
Intergovernmental	<u>12,964,791</u>	<u>427,010</u>	<u>13,391,801</u>
Total	<u><u>\$ 13,629,389</u></u>	<u><u>\$ 427,010</u></u>	<u><u>\$ 14,056,399</u></u>

**TOWN OF PLAINVILLE, MASSACHUSETTS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2010**

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**NOTE 5 – CAPITAL ASSETS**

Capital asset activity for the fiscal year ended June 30, 2010, was as follows:

<b>Governmental Activities:</b>	<b>Beginning Balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balance</b>
<i><b>Capital assets not being depreciated:</b></i>				
Land	\$ 2,292,155	\$ -	\$ -	\$ 2,292,155
Construction in progress	<u>409,243</u>	<u>17,156</u>	<u>-</u>	<u>426,399</u>
Total capital assets not being depreciated	<u>2,701,398</u>	<u>17,156</u>	<u>-</u>	<u>2,718,554</u>
<i><b>Capital assets being depreciated:</b></i>				
Buildings and improvements	24,149,338	169,526	-	24,318,864
Machinery and equipment	3,502,909	125,401	(887,948)	2,740,362
Vehicles	1,996,006	169,474	-	2,165,480
Software	153,214	-	-	153,214
Infrastructure	<u>9,802,044</u>	<u>672,702</u>	<u>-</u>	<u>10,474,746</u>
Total capital assets being depreciated	<u>39,603,511</u>	<u>1,137,103</u>	<u>(887,948)</u>	<u>39,852,666</u>
<i><b>Less accumulated depreciation for:</b></i>				
Buildings and improvements	(5,181,880)	(614,066)	-	(5,795,946)
Machinery and equipment	(2,385,263)	(316,364)	887,948	(1,813,679)
Vehicles	(1,142,098)	(180,323)	-	(1,322,421)
Software	(92,949)	(26,458)	-	(119,407)
Infrastructure	<u>(2,236,280)</u>	<u>(287,597)</u>	<u>-</u>	<u>(2,523,877)</u>
Total accumulated depreciation	<u>(11,038,470)</u>	<u>(1,424,808)</u>	<u>887,948</u>	<u>(11,575,330)</u>
Total capital assets being depreciated, net	<u>28,565,041</u>	<u>(287,705)</u>	<u>-</u>	<u>28,277,336</u>
Total governmental activities capital assets, net	<u>\$ 31,266,439</u>	<u>\$ (270,549)</u>	<u>\$ -</u>	<u>\$ 30,995,890</u>

**TOWN OF PLAINVILLE, MASSACHUSETTS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2010**

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<b>Business-Type Activities:</b>	<b>Beginning Balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balance</b>
<i><b>Capital assets not being depreciated:</b></i>				
Land	\$ 965,000	\$ -	\$ -	\$ 965,000
Construction in progress	<u>294,163</u>	27,600	-	<u>321,763</u>
Total capital assets not being depreciated	<u>1,259,163</u>	27,600	-	<u>1,286,763</u>
<i><b>Capital assets being depreciated:</b></i>				
Buildings and improvements	4,066,623	42,019	-	4,108,642
Software	264,000	-	-	264,000
Vehicles	92,169	-	-	92,169
Infrastructure	<u>9,637,973</u>	459,940	-	<u>10,097,913</u>
Total capital assets being depreciated	<u>14,060,765</u>	501,959	-	<u>14,562,724</u>
<i><b>Less accumulated depreciation for:</b></i>				
Buildings and improvements	(991,754)	(84,882)	-	(1,076,636)
Software	(13,200)	(26,400)	-	(39,600)
Vehicles	(50,572)	(13,780)	-	(64,352)
Infrastructure	<u>(1,885,369)</u>	(202,985)	-	<u>(2,088,354)</u>
Total accumulated depreciation	<u>(2,940,895)</u>	(328,047)	-	<u>(3,268,942)</u>
Total capital assets being depreciated, net	<u>11,119,870</u>	173,912	-	<u>11,293,782</u>
Total business-type activities capital assets, net	<u>\$ 12,379,033</u>	<u>\$ 201,512</u>	<u>\$ -</u>	<u>\$ 12,580,545</u>

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

<b>Governmental Activities:</b>	
General government	\$ 34,593
Public safety	236,485
Education	762,837
Public works	321,030
Human services	9,742
Culture and recreation	<u>60,121</u>
Total depreciation expense - governmental activities	<u>\$ 1,424,808</u>
<b>Business-Type Activities:</b>	
Water	\$ 249,786
Sewer	78,261
Sanitation	<u>-</u>
Total depreciation expense - business-type activities	<u>\$ 328,047</u>

**TOWN OF PLAINVILLE, MASSACHUSETTS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2010**

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**NOTE 6 – CAPITAL LEASES**

The Town has entered into several lease agreements as lessee for financing the acquisition of several public safety vehicles and a pick-up truck for the water department. 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>Business-type Activities</u>
Assets:		
Vehicles	\$ 111,069	\$ 20,912
Less: Accumulated depreciation	<u>(28,969)</u>	<u>(8,364)</u>
	<u>\$ 82,100</u>	<u>\$ 12,548</u>

The future minimum lease obligations and the net present values of the minimum lease payments as of June 30, 2010, are as follows:

<u>Year Ending June 30</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
2011	\$ 51,056	\$ 4,729
2012	<u>4,386</u>	<u>4,729</u>
Total minimum lease payments	55,442	9,458
Less: amounts representing interest	<u>(3,736)</u>	<u>(854)</u>
Present value of minimum lease payments	<u>\$ 51,706</u>	<u>\$ 8,604</u>

**TOWN OF PLAINVILLE, MASSACHUSETTS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2010**

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**NOTE 7 – INTERFUND TRANSFERS**

Interfund transfers for the fiscal year ended June 30, 2010, are summarized as follows:

<u>Operating Transfers Out:</u>	<u>Operating Transfers In:</u>			
	<u>General Fund</u>	<u>Non-Major Governmental Funds</u>	<u>Enterprise Funds</u>	<u>Total</u>
Nonmajor Governmental Funds	\$ 101,491	\$ -	\$ -	\$ 101,491 (1)
Nonmajor Governmental Funds	10,347	-	-	10,347 (4)
General Fund	-	50,000	13,848	63,848 (2)
General Fund	-	6,133	8,286	14,419 (3)
<b>Total</b>	<b>\$ 111,838</b>	<b>\$ 56,133</b>	<b>\$ 22,134</b>	<b>\$ 190,105</b>

- (1) Represents budgeted transfers to supplement the general fund operating budget.
- (2) Represents budgeted transfers from the general fund to the various funds.
- (3) Represents other transfers from the general fund.
- (4) Represents other transfers to the general fund.

**TOWN OF PLAINVILLE, MASSACHUSETTS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2010**

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**NOTE 8 – SHORT-TERM FINANCING**

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

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

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

The following is a summary of changes in short-term debt for the year ended June 30, 2010:

Type	Purpose	Rate (%)	Due Date	Balance at June 30, 2009	Renewed/ Issued	Retired/ Redeemed	Balance at June 30, 2010
BAN	Fire Truck	2.15%	4/30/2010	\$ 425,000	\$ -	\$ 425,000	\$ -

**TOWN OF PLAINVILLE, MASSACHUSETTS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2010**

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**NOTE 9 – LONG-TERM DEBT**

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

The following is a summary of the changes in long-term debt for the year ended June 30, 2010:

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

Project	Interest		Outstanding at June 30, 2009	Issued	Redeemed	Outstanding at June 30, 2010
	Rate	%				
Jackson School	4.66		\$ 6,605,000	\$ -	\$ 555,000	\$ 6,050,000
Wood School	3.81		7,500,000	-	540,000	6,960,000
Wood School	4.90		375,000	-	75,000	300,000
Fire Equipment	4.22		-	515,000	-	515,000
Total			<u>\$ 14,480,000</u>	<u>\$ 515,000</u>	<u>\$ 1,170,000</u>	<u>\$ 13,825,000</u>

The annual debt service requirements for principal and interest for Governmental bonds and notes outstanding at June 30, 2010 are as follows:

Fiscal Year	Principal	Interest	Total
2011	\$ 1,221,000	\$ 616,843	\$ 1,837,843
2012	1,211,000	571,430	1,782,430
2013	1,211,000	514,075	1,725,075
2014	1,211,000	455,650	1,666,650
2015	1,136,000	406,272	1,542,272
2016-2020	5,680,000	1,279,278	6,959,278
2021-2023	<u>2,155,000</u>	<u>172,886</u>	<u>2,327,886</u>
Total	<u>\$ 13,825,000</u>	<u>\$ 4,016,434</u>	<u>\$ 17,841,434</u>

**TOWN OF PLAINVILLE, MASSACHUSETTS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2010**

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

Project	Interest		Outstanding at June 30, 2009	Issued	Redeemed	Outstanding at June 30, 2010
	Rate	%				
Sewer	4.37	\$ 51,985	\$ -	\$ 51,985	\$ -	\$ -
Water	4.37	73,015	-	73,015	-	-
Water Treatment Plant	3.61	1,050,000	-	75,000	-	975,000
Water Storage Tank	3.61	840,000	-	60,000	-	780,000
Water Land Acquisition	3.58	665,000	-	50,000	-	615,000
Water Pumping Station	2.00	956,259	-	47,704	-	908,555
<b>Total</b>		<b>\$ 3,636,259</b>	<b>\$ -</b>	<b>\$ 357,704</b>		<b>\$ 3,278,555</b>

The annual debt service requirements for principal and interest for water and sewer enterprise fund bonds and notes outstanding at June 30, 2010 are as follows:

Fiscal Year	Principal	Interest	Total
2011	\$ 233,668	\$ 107,821	\$ 341,489
2012	234,651	101,287	335,938
2013	235,654	94,734	330,388
2014	236,677	84,461	321,138
2015	237,721	77,173	314,894
2016-2020	1,185,020	267,479	1,452,499
2021-2025	849,469	66,030	915,499
2026	65,695	657	66,352
<b>Total</b>	<b>\$ 3,278,555</b>	<b>\$ 799,642</b>	<b>\$ 4,078,197</b>

**TOWN OF PLAINVILLE, MASSACHUSETTS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2010**

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**Loans Authorized and Unissued**

As of June 30, 2010, the Town has loans authorized and unissued as follows:

<u>Description</u>	<u>Date Authorized</u>	<u>Amount</u>
Sewer Expansion	6/7/2010	<u>\$ 4,800,000</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 \$1,072,924 in FY 2010 from the MSBA for completed school construction projects.

**TOWN OF PLAINVILLE, MASSACHUSETTS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2010**

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**Changes in Long-term Liabilities**

The following is a summary of changes in long-term liabilities for the year ended June 30, 2010:

Governmental Activities:	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Bonds and notes payable	\$ 14,480,000	\$ 515,000	\$ (1,170,000)	\$ 13,825,000	\$ 1,221,000
Capital lease payable	29,730	79,699	(57,723)	51,706	47,603
<b>OPEB (Note 12)</b>	<b>1,137,075</b>	<b>997,600</b>	<b>-</b>	<b>2,134,675</b>	<b>654,799</b>
<b>Total governmental activities long-term liabilities</b>	<b>\$ 15,646,805</b>	<b>\$ 1,592,299</b>	<b>\$ (1,227,723)</b>	<b>\$ 16,011,381</b>	<b>\$ 1,923,402</b>
Business-Type Activities:	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Bonds and notes payable	\$ 3,636,259	\$ -	\$ (357,704)	\$ 3,278,555	\$ 233,668
Capital lease payable	12,514	-	(3,910)	8,604	4,166
<b>OPEB (Note 12)</b>	<b>50,517</b>	<b>50,531</b>	<b>-</b>	<b>101,048</b>	<b>4,458</b>
<b>Total business-type activities long-term liabilities</b>	<b>\$ 3,699,290</b>	<b>\$ 50,531</b>	<b>\$ (361,614)</b>	<b>\$ 3,388,207</b>	<b>\$ 242,292</b>

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, 2010:

Agency	Total Long-Term Debt Outstanding	Town's Estimated Share	Town's Indirect Debt
King Philip Regional School District Bonds	\$ 25,800,000	24.55%	\$ 6,333,900
Norfolk County Bonds	<u>900,000</u>	1.029%	<u>9,261</u>
	<u><u>\$ 26,700,000</u></u>		<u><u>\$ 6,343,161</u></u>

**TOWN OF PLAINVILLE, MASSACHUSETTS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2010**

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**NOTE 10 – STABILIZATION FUND**

At June 30, 2010, \$2,003,280 has been set aside in the stabilization fund, which is classified as a major fund in the governmental funds financial statements. The stabilization fund balance can be used for general and/or capital purposes as approved by Town Meeting vote.

**NOTE 11 – 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 purchases accident insurance policies for all uniformed police and fire personnel, which has a limit of \$20,000 per injury. Accident claims paid to uniformed police and fire personnel was not material in fiscal year 2010.

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 2010.

**NOTE 12. POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS**

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

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

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

1. Completion of 20 years of service.
2. For an employee hired prior to January 1, 1978 – attainment of age 55 as an active member.
3. For an employee hired after January 1, 1978 – attainment of age 55 as an active member and completion of 10 years of service.

**TOWN OF PLAINVILLE, MASSACHUSETTS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2010**

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

**Funding Policy.** The contribution requirements of plan members and the Town are established and may be amended by local by-law. The required contribution is based on projected pay-as-you-go financing requirements. For Fiscal Year 2010, total Town premiums plus implicit costs for the retiree medical program are \$659,257.

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

Annual required contribution	\$ 1,757,905
Contributions made	<u>(659,257)</u>
Increase in net OPEB obligation	1,098,648
Net OPEB obligation - beginning of year	<u>1,137,075</u>
Net OPEB obligation - end of year	<u><u>\$ 2,235,723</u></u>

The Town's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2010 and the two preceding years were as follows:

<b>Fiscal Year Ended</b>	<b>Percentage of Annual OPEB</b>		<b>Net OPEB Obligation</b>
	<b>Annual OPEB Cost</b>	<b>Cost Contributed</b>	
6/30/2008	N/A	N/A	N/A
6/30/2009	\$ 1,737,746	34.6%	\$ 1,137,075
6/30/2010	\$ 1,757,905	37.5%	\$ 2,235,723

**TOWN OF PLAINVILLE, MASSACHUSETTS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2010**

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**Funded Status and Funding Progress.** As of July 1, 2008, the most recent actuarial valuation date, the plan was 0.0% funded. The actuarial accrued liability for benefits was \$17.863 million, and the actuarial value of assets was \$0.0 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$17.863 million. The covered payroll (annual payroll of active employees covered by the plan) was \$8.398 million, and the ratio of the UAAL to the covered payroll was 212.7%.

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

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

In the July 1, 2008 actuarial valuation, the projected unit credit actuarial cost method was used. Under this method, the normal cost and actuarial liability are both based on an accrual of projected benefits over the period for which benefits are accrued. The normal cost is the actuarial present value of one year's benefit accrual on this basis. The actuarial accrued liability is the actuarial present value of the projected benefit times the ratio of past service to total service. The actuarial assumptions included a 4.00% investment rate of return (net of administrative expenses), which is a blended rate of the expected long-term investment returns on plan assets and on the employer's own investments calculated based on the funded level of the plan at the valuation date, and an annual healthcare cost trend rate of 11% percent initially, reduced by decrements to an ultimate rate of 5 percent after six years. Both rates included a 3.5% inflation assumption. The actuarial value of assets was determined using market value. The UAAL is being amortized as a level dollar amount over 30 years at transition. The remaining amortization period at July 1, 2010, was 28 years.

## **NOTE 13 – PENSION PLANS**

### *A. Plan Descriptions*

The Town contributes to the Norfolk County Contributory Retirement System (the “System”), a cost sharing, multiple-employer, defined benefit pension plan administered by the Norfolk County Retirement Board. Substantially all employees are members of the “System” except for public school teachers and certain school administrators who are members of the Massachusetts Teachers’ Retirement System (MTRS) to which the Town does not contribute.

The “System” and the MTRS are contributory defined benefit plans and membership in both the “System” and the MTRS is mandatory upon commencement of employment for all permanent, full-time employees. The “System” and the MTRS provide retirement, disability and death benefits to plan members and beneficiaries.

**TOWN OF PLAINVILLE, MASSACHUSETTS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2010**

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

*B. Funding Policies*

Norfolk County Contributory Retirement System

Plan members are required to contribute to the “System” at rates ranging from 5% to 11% of annual covered compensation. The Town is required to pay into the “System”, its share of the remaining system-wide, actuarially determined, contribution plus administration costs, which are apportioned among the employers, based on active covered payroll. The Commonwealth of Massachusetts reimburses the “system” for a portion of the benefit payments for the cost of living increases. The contributions to the “System” for years ended June 30, 2010, 2009, and 2008 were \$893,247, \$837,701, and \$616,385 respectively, which were equal to its required contributions for each of these years.

Massachusetts Teachers’ Retirement System

Plan members (at varying rates of annual covered compensation) and the Commonwealth of Massachusetts fund contributions to the MTRS. The Commonwealth of Massachusetts contributed “on-behalf” payments to the MTRS totaling \$934,000 for fiscal year 2010. In accordance with GASB Statement No. 24, these “on-behalf” payments have been recorded in the general fund as intergovernmental revenues and pension expenditures.

**NOTE 14 – 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 \$500,000 of federal awards during the period ended June 30, 2010. 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 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, 2010, cannot be ascertained, management believes any resulting liability should not materially affect the financial position at June 30, 2010.

**TOWN OF PLAINVILLE, MASSACHUSETTS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2010**

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**NOTE 15 – IMPLEMENTATION OF NEW GASB PRONOUNCEMENTS**

During fiscal year 2010, the following GASB pronouncements were implemented:

The GASB issued **Statement #51** *Accounting and Financial Reporting for Intangible Assets* was implemented in FY2010. This pronouncement did not require additional disclosure or impact the basic financial statements.

The GASB issued **Statement #53** *Accounting and Financial Reporting for Derivative Instruments* was implemented in FY2010. The Town does not invest in derivative instruments. Therefore, this pronouncement did not require additional disclosure or impact the basic financial statements.

The GASB issued **Statement #58** *Accounting and Financial Reporting for Chapter 9 Bankruptcies* was implemented in FY2010. This pronouncement did not require additional disclosure or impact the basic financial statements.

*Future GASB Pronouncements:*

The GASB issued **Statement #54** *Fund Balance Reporting and Governmental Fund Type Definitions* which is required to be implemented in FY2011. Management believes this pronouncement will require additional disclosure and reclassify/redefine some fund balances in the basic financial statements.

The GASB issued **Statement #57** *OPEB Measurement by Agent Employers and Agent Multiple-Employer Plans* which is required to be implemented in FY2012. Management does not believe that this pronouncement will require additional disclosure or impact the basic financial statements.

The GASB issued **Statement #59** *Financial Instruments Omnibus* which is required to be implemented in FY2012. Management does not believe that this pronouncement will require additional disclosure or impact the basic financial statements.

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

**Schedules of Funding Progress and Employer Contributions**

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

**Projected Schedule of Funding Progress:**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) · Entry Age (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b - a)/c]
7/1/2008	\$ -	\$ 17,862,809	\$ 17,862,809	0.0%	\$ 8,397,673	212.7%

**Schedule of Employer Contributions (1):**

Year Ended June 30	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed *	Net OPEB Obligation
2009	\$ 1,737,746	34.6%	\$ 1,137,075
2010	\$ 1,757,905	37.5%	\$ 2,235,723

(1) A three-year display will be shown on a go forward basis.

\* Based on expected premium payments.

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

Valuation date	July 1, 2008
Discount Rate	4.00%
Medical Trend	9.3% for 2009, 9.0% for 2010, and grading down 1% to 5% in Year 2014 and thereafter
Cost Method	Projected Unit Credit Cost Method
Amortization Method	Level dollar amount over 30 years at transition
Remaining Amortization Period	28
Mortality	RP-2000 Table for males
	RP-2000 Table for females

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

Participation                    80% of future retirees are assumed to participate in the retiree medical plan.  
    100% of future retirees are expected to elect life insurance.

Plan Participants:

Current retirees, beneficiaries, and dependants	65
Current active members/participants	<hr/> 180
Total	<hr/> <hr/> 245