



May 5, 2020

MEMORANDUM TO PROSPECTIVE BIDDERS

**Re: TOWN OF PLAINVILLE, CONNECTICUT
\$5,000,000 General Obligation Bond Anticipation Notes**

Dated: May 21, 2020

Date of Sale: Tuesday, May 12, 2020

Due: February 18, 2021

Time of Sale: 11:30 A.M. (Eastern Time)

*****Phone Number to Place Bid: (203) 283-1110*****

As per the Notice of Telephone Sale, proposals may be submitted by telephone on Tuesday, May 12, 2020. Please note that a representative of Phoenix Advisors, LLC will be available until 11:30 A.M. (Eastern Time) on the day of the sale to assist with telephone bids. We ask that you submit your final bid by telephone at **(203) 283-1110 no later than 11:30 A.M. on Tuesday, May 12, 2020.**

The issue of notes is exempt from the provisions of Rule 15c2-12, as amended, of the Securities and Exchange Commission. No Official Statement has been prepared by or on behalf of the Issuer for this sale.

The General Purpose Financial Statements have been excerpted from the Comprehensive Annual Financial Report of the Town of Plainville, Connecticut as of June 30, 2019. These excerpts are included in this package. Copies of the complete Annual Financial Report for June 30th are available upon request from Phoenix Advisors, LLC, Attention: Barry J. Bernabe, Managing Director, 53 River Street, Suite 1, Milford, Connecticut, telephone (203) 283-1110.

We trust we may be of service.

PHOENIX ADVISORS, LLC



Telephone Sale Term Sheet
\$5,000,000
General Obligation Bond Anticipation Notes
Town of Plainville, Connecticut

Date of Sale: Tuesday, May 12, 2020 at 11:30 A.M. (Eastern Time).

Location of Sale: Phoenix Advisors, LLC, Suite 1, 53 River Street, Milford, Connecticut. Telephone: (203) 283-1110

Issuer: Town of Plainville, Connecticut (the “Town”).

Issue: \$5,000,000 General Obligation Bond Anticipation Notes (the “Notes”).

Dated Date: May 21, 2020

Principal and Interest Due: At maturity on February 18, 2021

Purpose: The Notes are being issued to finance various school and road improvements.

Denominations: \$100,000, or integral multiples thereof, plus any odd amount.

Redemption: The Notes are not subject to redemption prior to maturity.

Security: The Notes will be general obligations of the Town and the Town will pledge its full faith and credit to the payment of principal of and interest on the Notes when due.

Credit Rating: No application for a rating on this Note issue has been made to any credit rating agency. The Town has an outstanding bond rating of “AA+” from S&P Global Ratings.

Basis of Award: Lowest Net Interest Cost (NIC), as of dated date.

Form of Legal Opinion and Tax Status: See “Appendix – Opinion of Bond Counsel and Tax Status.”

Bank Qualification: The Notes shall be designated by the Town as qualified tax-exempt obligations under the provisions of Section 265(b) of the Internal Revenue Code of 1986, as amended, for purposes of the deduction by financial institutions for interest expense allocable to the Notes.

Registrar, Transfer Agent, Certifying Agent and Paying Agent: U.S Bank National Association of Hartford, Connecticut, Goodwin Square, 225 Asylum Street, 23rd Floor, Hartford, Connecticut 06103. Unless an alternate Certifying Agent, Paying Agent and Registrar is designated by the Town as provided under “Option For No Book Entry” as described in the Notice of Sale.

Option for No Book Entry: A bidder for the Notes may request that the Notes be issued in the form of a single fully registered physical certificate in the par amount of the Notes, rather than in book-entry form through the facilities of DTC. See “Option for No Book Entry” in Notice of Sale.

Municipal Advisor: Phoenix Advisors, LLC of Milford, Connecticut will act as Municipal Advisor. Telephone (203) 283-1110.

Legal Opinion: Day Pitney LLP of Hartford, Connecticut will act as Bond Counsel.

Delivery and Payment: It is expected that delivery of the Notes in book-entry-only form will be made to The Depository Trust Company on or about May 21, 2020. Delivery of the Notes will be made against payment in immediately available Federal Funds.

Issuer Official: Questions concerning the Town should be directed to Robert Buden, Director of Finance, Town of Plainville, One Central Square, Plainville, Connecticut 06062, Telephone: (860) 793-0221.

NOTICE OF TELEPHONE SALE
\$5,000,000
Town of Plainville, Connecticut
Bond Anticipation Notes
(BOOK-ENTRY)

TELEPHONE PROPOSALS will be received by the Town of Plainville, Connecticut until **11:30 A.M. Eastern Time on TUESDAY,**

MAY 12, 2020

for the purchase of \$5,000,000 Bond Anticipation Notes of the Town of Plainville, dated May 21, 2020, maturing on February 18, 2021 (the "Notes").

The Town will designate the Notes as "qualified tax-exempt obligations" for purposes of the deduction for Federal income tax purposes by financial institutions of a portion of interest expense allocable to tax-exempt obligations.

The Notes will be payable with interest at maturity. Interest shall be computed on the basis of a 30-day month and a 360-day year. The Notes are not subject to redemption prior to maturity.

The Notes will be general obligations of the Town payable from ad valorem taxes levied on all taxable property in the Town without limitation as to rate or amount except classified property such as certified forest land taxable at a limited rate and dwelling houses of qualified elderly persons of low income or of qualified disabled persons taxable at limited amounts.

DTC Book-Entry. The Notes will be issued by means of a book-entry system with no physical distribution of note certificates made to the public. The Notes will be issued in registered form and one note certificate for each interest rate will be issued to The Depository Trust Company ("DTC"), New York, New York, registered in the name of its nominee, Cede & Co., and immobilized in its custody. A book-entry system will be employed, evidencing ownership of the Notes in principal amounts of \$100,000 or any integral multiple thereof, with transfers of ownership effected on the records of DTC and its Participants pursuant to rules and procedures adopted by DTC and its Participants. The purchaser, as a condition to delivery of the Notes, will be required to deposit the note certificates with DTC, registered in the name of Cede & Co. Principal of and interest on the Notes will be payable by the Town or its agent to DTC or its nominee as registered owner of the Notes. Principal and interest payments by DTC to Participants of DTC will be the responsibility of DTC; principal and interest payments to Beneficial Owners by Participants of DTC will be the responsibility of such Participants and other nominees of Beneficial Owners. The Town will not be responsible or liable for payments by DTC to its Participants or by DTC Participants or Indirect Participants to Beneficial Owners or for maintaining, supervising or reviewing the records maintained by DTC, its Participants or persons acting through such Participants.

In the event that (a) DTC determines not to continue to act as securities depository for the Notes and the Town fails to identify another qualified securities depository to replace DTC, or (b) the Town determines to discontinue the book-entry system of evidence and transfer of ownership of the Notes, the Town will authenticate and deliver replacement Notes in the form of fully registered certificates. Any such replacement Notes, will provide that principal of and interest on the Notes will be payable to the registered owner upon presentation and surrender of the Notes at the principal office of the Paying Agent, or of its successors as paying agent for the Notes.

Option For No Book Entry. A bidder for the Notes may request that the Notes be issued in the form of a single fully registered physical certificate in the par amount of the Notes, rather than in book-entry form through the facilities of DTC, provided the bid is for all the Notes at the same interest rate. A bidder for the Notes requesting that the Notes be issued in non-book-entry form may request that it be designated by the Town as the Certifying Agent, Registrar and Paying Agent for the Notes if it is a bank or trust company authorized to act in such capacity pursuant to the Connecticut General Statutes. Any bidder seeking to have the Notes issued in non-book-entry form, or to be

designated as Certifying Agent, Registrar and Paying Agent for such Notes, shall indicate this preference to the Town at the time of the submission of the bid. The Town reserves the right to decline any request to issue the Notes in non-book entry form, or to designate the successful bidder as Certifying Agent, Registrar and Paying Agent for the Notes, if it should determine, in its sole discretion, that issuing the Notes in such manner or with such designation is not in its best interests. If the Notes are issued in non-book-entry form, the successful bidder, and any subsequent registered owner of the Notes, shall not impose on or charge the Town any costs or expenses of any re-registration or transfer of Notes from time to time, including any costs of counsel or of converting the Notes to book-entry only form, or for any costs or expenses of services as Certifying Agent, Registrar and Paying Agent for the Notes if the successful bidder is so designated. Day Pitney LLP, of Hartford, Connecticut, the District's Bond Counsel, will prepare the closing documentation for Notes issued in non-book-entry form, which may include, but not be limited to, a purchase agreement to be executed by the successful bidder, all of which documentation shall be in a form satisfactory to Bond Counsel.

Proposals. Proposals may be made for all or any part of the Notes. No proposal for less than the minimum denomination or for less than par and accrued interest will be entertained. Each proposal must state one rate of interest in a multiple of one-hundredth (1/100) of one-percent (1%) per annum for each part of the Notes bid for in the proposal, and may, at the option of the bidder, include a premium.

Telephone Proposals Bidding Procedure. Telephone bids for the purchase of the Notes will be received on behalf of the Town by a representative of Phoenix Advisors, LLC, the Town's municipal advisor (the "Municipal Advisor") at (203) 283-1110 only until 11:30 A.M. on Tuesday, May 12, 2020.

Basis of Award. As between proposals which comply with this Notice, the Notes will be sold to the responsible bidder or bidders offering to purchase the Notes at the lowest net interest rate, which will be determined for each interest rate stated in the proposal based on the total interest to be payable at such rate and deducting therefrom any premium. If there is more than one responsible bidder making said offer at the same lowest net interest rate, the Notes will be sold to the responsible bidder with a proposal for the highest principal amount of Notes specified or, if the same principal amount of Notes is specified in such proposals, to the responsible bidder whose proposal is selected by the Town by lot from among all such proposals. If a bidder is awarded only a part of the Notes, any premium offered in such proposal will be proportionately reduced so that the resulting net interest rate with respect to the Notes awarded is the same as that contained in the bidder's proposal with respect to the entire amount bid at such rate, carried to four places.

The Town reserves the right to award to any bidder all or any part of the Notes bid for in its proposal. The right is reserved to reject any and all proposals and to reject any proposal not complying with this Notice of Sale and to waive any irregularity or informality with respect to any proposal.

The Town further reserves the right to postpone the sale to another time and date in its sole discretion for any reason. The Town will use its best efforts to notify prospective bidders in a timely manner of any need for a postponement. If the sale is postponed, an alternative bid date will be published on Bloomberg at least 48 hours prior to such alternative bid date. Upon the establishment of an alternative bid date, any bidder may submit proposals for the purchase of the Notes in accordance with the provisions of this Notice of Sale.

Certifying and Paying Agent. Unless the successful bidder on the Notes is designated as the Certifying Agent, Registrar and Paying Agent for the Notes as provided in "Option For No Book Entry" above, the Notes will be authenticated by U.S. Bank National Association, Hartford, Connecticut, which will also act as Registrar and Paying Agent.

Delivery. At or prior to the delivery of the Notes the successful bidder shall be furnished, without cost, with (a) the approving opinion of Day Pitney LLP of Hartford, Connecticut, Bond Counsel; (b) a signature and no litigation certificate, in form satisfactory to said firm, dated as of the date of delivery of the Notes and receipt of payment therefor, and stating that there is no litigation pending, or to the knowledge of the signer or signers thereof threatened, affecting the validity of the Notes or the power of the Town to levy and collect taxes to pay them; and (c) a receipt of payment for the Notes. U.S. Bank National Association will keep the original opinion and certificates and copies of the supporting documents, which may be examined at its principal office in Hartford, Connecticut, upon reasonable notice.

Establishment of Issue Price. The winning bidder shall assist the Town in establishing the issue price of the Notes and shall execute and deliver to the Town at Closing an “issue price” or similar certificate setting forth the reasonably expected initial offering price to the Public or the sales price or prices of the Notes, together with the supporting pricing wires or equivalent communications, substantially in the applicable form set out in the Appendix hereto, with such modifications as may be appropriate or necessary, in the reasonable judgment of the winning bidder and Bond Counsel. All actions to be taken by the Town under this Notice of Sale to establish the issue price of the Notes may be taken on behalf of the Town by the Town’s Municipal Advisor identified herein and any notice or report to be provided to the Town may be provided to the Town’s Municipal Advisor.

By submitting a bid for the Notes, a bidder, other than a bidder purchasing the Notes for its own account and not with a view to distribution or resale to the Public, represents that it has an established industry reputation for underwriting new issuances of municipal obligations.

If the winning bidder has purchased the Notes for its own account and not with a view to distribution or resale to the Public, then, whether or not the Competitive Sale Requirements, as herein defined, were met, the certificate will recite such facts and identify the price or prices at which the purchase of the Notes was made.

The Town intends that the provisions of Treasury Regulation Section 1.148-1(f)(3)(i) (defining “competitive sale” for purposes of establishing the issue price of the Notes) will apply to the initial sale of the Notes (the “Competitive Sale Requirements”) because:

1. the Town shall disseminate this Notice of Sale to potential Underwriters in a manner that is reasonably designed to reach potential Underwriters;
2. all bidders shall have an equal opportunity to bid;
3. the Town may receive bids from at least three Underwriters of municipal bonds who have established industry reputations for underwriting new issuances of municipal bonds; and
4. the Town anticipates awarding the sale of the Notes to the bidder who submits a firm offer to purchase the Notes at the highest price (or lowest interest cost), as set forth in this Notice of Sale.

Any bid submitted pursuant to this Notice of Sale shall be considered a firm offer for the purchase of the Notes, as specified in the bid.

In the event that the Competitive Sale Requirements are not satisfied, the Town shall so advise the winning bidder. The Town shall treat the first price at which 10% of a maturity of the Notes (the “10% Test”) is sold to the Public as the issue price of that maturity, applied on a maturity-by-maturity basis (and if different interest rates apply within a maturity, to each separate CUSIP number within that maturity). The winning bidder shall advise the Town if any maturity of the Notes satisfies the 10% Test as of the date and time of the award of the Notes. The Town will not require bidders to comply with the “Hold-The-Offering-Price Rule”, as described in Treasury Regulations Section 1.148-1(f)(2)(ii), and therefore does not intend to use the initial offering price to the Public as of the Sale Date of any maturity of the Notes as the issue price of that maturity. **Bids will not be subject to cancellation in the event that the Competitive Sale Requirements are not satisfied.**

If the Competitive Sale Requirements are not satisfied, then until the 10% Test has been satisfied as to each maturity of the Notes, the winning bidder agrees to promptly report to the Town the prices at which the unsold Notes of that maturity have been sold to the Public. That reporting obligation shall continue, whether or not the Closing Date has occurred, until the earlier to occur of the satisfaction of the 10% Test as to the Notes of that maturity or the sale of all Notes of that maturity.

By submitting a bid, each bidder confirms that: (i) any agreement among Underwriters, any selling group agreement and each retail distribution agreement (to which the bidder is a party) relating to the initial sale of the Notes to the Public, together with the related pricing wires, contains or will contain language obligating each Underwriter, each

dealer who is a member of the selling group, and each broker-dealer that is a party to such retail distribution agreement, as applicable, to report the prices at which it sells to the Public the unsold Notes of each maturity allotted to it until it is notified by the winning bidder that either the 10% Test has been satisfied as to the Notes of that maturity or all Notes of that maturity have been sold to the Public, if and for so long as directed by the winning bidder and as set forth in the related pricing wires, and (ii) any agreement among Underwriters relating to the initial sale of the Notes to the Public, together with the related pricing wires, contains or will contain language obligating each Underwriter that is a party to a retail distribution agreement to be employed in connection with the initial sale of the Notes to the Public to require each broker-dealer that is a party to such retail distribution agreement to report the prices at which it sells to the Public the unsold Notes of each maturity allotted to it until it is notified by the winning bidder or such Underwriter that either the 10% Test has been satisfied as to the Notes of that maturity or all Notes of that maturity have been sold to the Public, if and for so long as directed by the winning bidder or such Underwriter and as set forth in the related pricing wires.

Sales of any Notes to any person that is a Related Party to an Underwriter shall not constitute sales to the Public for purposes of this Notice of Sale. Further, for purposes of this Notice of Sale:

1. "Public" means any person other than an Underwriter or a Related Party,
2. "Underwriter" means (A) any person that agrees pursuant to a written contract with the Town (or with the lead Underwriter to form an underwriting syndicate) to participate in the initial sale of the Notes to the Public and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the Notes to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Notes to the Public),
3. a purchaser of any of the Notes is a "Related Party" to an Underwriter if the Underwriter and the purchaser are subject, directly or indirectly, to (i) at least 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (ii) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (iii) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other), and
4. "Sale Date" means the date that the Notes are awarded by the Town to the winning bidder.

Bond Counsel Opinion. The opinion of Bond Counsel will cover the following matters: (1) that the Notes will be valid general obligations of the Town when duly certified; (2) that, assuming the accuracy of and compliance by the Town with its representations and covenants relating to certain requirements contained in the Internal Revenue Code of 1986, as amended, under existing statutes, interest on the Notes is excluded from gross income for Federal income tax purposes pursuant to Section 103 of the Code; the Notes are not "private activity bonds" and interest on the Notes is not treated as a preference item for purposes of calculating the Federal alternative minimum tax; and the Notes are "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Code; and (3) that, under existing statutes, interest on the Notes is excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates; and interest on the Notes is excluded from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay the Federal alternative minimum tax.

Municipal Advisor. The Town of Plainville has retained Phoenix Advisors, LLC, 53 River Street, Suite 1, Milford, Connecticut 06460, to serve as its municipal advisor (the “Municipal Advisor”) in connection with the issuance of the Notes. The Municipal Advisor has not independently verified any of the information contained in the Notice of Sale and its appendices and makes no guarantee as to their completeness or accuracy.

No Continuing Disclosure or Official Statement. Since the Notes mature not more than nine months from the date of issue and are in denominations of \$100,000 or more, the undertaking to provide an official statement or continuing disclosure under SEC Rule 15c2-12 does not apply to the Notes. Therefore, the Town will not provide an official statement nor enter into a Continuing Disclosure Agreement with respect to the Notes.

CUSIP Numbers. The deposit of the Notes with DTC under a book-entry system requires the assignment of CUSIP numbers prior to delivery. It shall be the responsibility of the Municipal Advisor to apply for CUSIP numbers for the Notes. Neither the failure to print such CUSIP number on any note, nor any error with respect thereto, shall constitute cause for a failure or refusal by the purchaser thereof to accept delivery of and pay for the Notes. All expenses in relation to the printing of CUSIP numbers on the Notes shall be paid for by the Town; provided, however, that the Town assumes no responsibility for any CUSIP Global Services charge or other charge that may be imposed for the assignment of such numbers, which charges shall be the responsibility of and shall be paid for by the purchaser.

Delivery Date and Payment. The Notes will be delivered against payment in immediately available Federal funds through the facilities of The Depository Trust Company, New York, New York on May 21, 2020.

More Information. For more information regarding this issue and the Town reference is made to the Town’s financial statements. Copies of the Town’s financial statements may be obtained from Mr. Barry J. Bernabe, Phoenix Advisors, LLC, 53 River Street, Suite 1, Milford, Connecticut 06460 (telephone: (203) 283-1110) or from Mr. Robert W. Buden, Director of Finance, Town of Plainville, Town Hall, Municipal Center, One Central Square, Plainville, Connecticut 06062 (telephone: (860) 793-0221).

ROBERT E. LEE,
Town Manager

JACOB ROCCO,
Treasurer

May 5, 2020

**APPENDIX TO NOTICE OF SALE
FORM OF ISSUE PRICE CERTIFICATE**

Competitive Sale Requirements Satisfied

**TOWN OF PLAINVILLE, CONNECTICUT
\$5,000,000 BOND ANTICIPATION NOTES, DATED MAY 21, 2020**

ISSUE PRICE CERTIFICATE

The undersigned, on behalf of Name of the Underwriter ("Underwriter Short Name"), hereby certifies as set forth below with respect to the sale of the above-captioned obligations (the "Notes").

1. Reasonably Expected Initial Offering Price.

(a) As of the Sale Date, the reasonably expected initial offering prices of the Notes to the Public by Underwriter Short Name are the prices listed in Schedule A (the "Expected Offering Prices"). The Expected Offering Prices are the prices for the Maturities of the Notes used by Underwriter Short Name in formulating its bid to purchase the Notes. Attached as Schedule B is a true and correct copy of the bid provided by Underwriter Short Name to purchase the Notes.

(b) Underwriter Short Name was not given the opportunity to review other bids prior to submitting its bid.

(c) The bid submitted by Underwriter Short Name constituted a firm offer to purchase the Notes.

2. Defined Terms.

(a) *Maturity* means Notes with the same credit and payment terms. Notes with different maturity dates, or Notes with the same maturity date but different stated interest rates, are treated as separate Maturities.

(b) *Public* means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term "related party" for purposes of this certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.

(c) *Sale Date* means the first day on which there is a binding contract in writing for the sale of a Maturity of the Notes. The Sale Date of the Notes is May 12, 2020.

(d) *Underwriter* means (i) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Notes to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Notes to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Notes to the Public).

(e) *Issuer* means the Town of Plainville, Connecticut.

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents Underwriter Short Name's interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the Tax Compliance Agreement and with respect to compliance with the federal income tax rules affecting the Notes, and by Day Pitney LLP, as bond counsel, in connection with rendering its opinion that the interest on the Notes is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Issuer from time to time relating to the Notes.

Name of the Underwriter

By: _____

Name: _____

Dated: __/__/2020

Attachments:

**SCHEDULE A
EXPECTED OFFERING PRICES**

**SCHEDULE B
COPY OF UNDERWRITER'S BID**

[Remainder of page intentionally left blank]

Competitive Sale Requirements Not Satisfied - 10% Test Applied

**TOWN OF PLAINVILLE, CONNECTICUT
\$5,000,000 BOND ANTICIPATION NOTES, DATED MAY 21, 2020**

ISSUE PRICE CERTIFICATE

The undersigned, on behalf of Name of the Underwriter ("Underwriter Short Name"), hereby certifies as set forth below with respect to the sale and issuance of the above-captioned obligations (the "Notes").

1. ***Sale of the Notes.*** As of the date of this certificate, for each Maturity of the Notes, the first price at which at least 10% of such Maturity of the Notes was sold to the Public is the respective price listed in Schedule A.

2. ***Defined Terms.***

(a) "Issuer" means the Town of Plainville, Connecticut.

(b) "Maturity" means Notes with the same credit and payment terms. Notes with different maturity dates, or Notes with the same maturity date but different stated interest rates, are treated as separate Maturities.

(c) "Public" means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term "related party" for purposes of this certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.

(d) "Underwriter" means (i) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Notes to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Notes to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Notes to the Public).

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents Underwriter Short Name's interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the Tax Compliance Agreement and with respect to compliance with the federal income tax rules affecting the Notes, and by Day Pitney LLP, as bond counsel, in connection with rendering its opinion that the interest on the Notes is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Issuer from time to time relating to the Notes.

Name of the Underwriter

By: _____

Name: _____

Dated: __/__/2020

Attachment:

**SCHEDULE A
SALE PRICES**

[Remainder of page intentionally left blank]

TOWN OF PLAINVILLE, CONNECTICUT
\$5,000,000 BOND ANTICIPATION NOTES
DATED MAY 21, 2020; MATURING FEBRUARY 18, 2021
APPENDIX - OPINION OF BOND COUNSEL AND TAX STATUS

The following information has been prepared by Bond Counsel in connection with this note issue. Bond Counsel are not passing upon and do not assume responsibility for the accuracy or completeness of the statements made in any information distributed in connection with the note issue (other than matters in this Appendix), and they make no representation that they have independently verified the same.

BOND COUNSEL OPINION

The legal opinion of the firm of Day Pitney LLP of Hartford, Connecticut, Bond Counsel, will be furnished to the successful bidder when the Notes are delivered, and a copy of the legal opinion will be included in the record of proceedings of the Town authorizing the Notes. The opinion will be dated and given on and will speak only as of the date of original delivery of the Notes to the successful bidder.

The opinion of Day Pitney LLP with respect to the Notes will be substantially in the following form:

[FORM OF BOND COUNSEL OPINION]

(date of closing)

Town of Plainville
Plainville, Connecticut

We have represented the Town of Plainville, Connecticut as Bond Counsel in connection with the issuance by the Town of \$5,000,000 Bond Anticipation Notes, dated as of May 21, 2020.

We have examined a record of proceedings authorizing the Notes, and based on our examination, we are of the opinion that the Town of Plainville is authorized to issue the Notes; the Town is duly and legally organized; all proper proceedings for the issuance and delivery of the Notes have been taken; no limitation of indebtedness under the laws of the State of Connecticut has been exceeded in the issuance of the Notes; the Notes will be valid and binding general obligations of the Town when certified as provided thereon by a duly authorized official of U.S. Bank National Association; and the Town has the power to levy ad valorem taxes to pay the Notes against all the taxable property in the Town without limit as to rate or amount except certified forest land taxable at a limited rate and dwelling houses of qualified elderly people of low income or of qualified disabled persons taxable at limited amounts.

It is to be understood that the rights of the holders of the Notes and the enforceability thereof may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted and to the exercise of judicial discretion.

The Internal Revenue Code of 1986, as amended (the "Code"), establishes certain requirements that must be met in order that interest on the Notes is excluded from gross income for Federal income tax purposes. The Town officials authorized to issue the Notes have executed written representations and agreements on behalf of the Town relating to compliance with such provisions of the Code to ensure that the interest on the Notes will be excluded from gross income for Federal income tax purposes. The representations and agreements also provide that the Notes are designated or deemed designated as "qualified tax-exempt obligations" for purposes of the deduction for Federal income tax purposes by financial institutions of a portion of interest expense allocable to tax-exempt obligations.

Based on such representations and agreements and on the record of proceedings authorizing the Notes, and assuming the accuracy of such representations and compliance with such agreements, it is our opinion that, under existing statutes: (1) interest on the Notes is excluded from gross income for Federal income tax purposes pursuant to Section 103 of the Code; (2) the Notes are not "private activity bonds" and interest on the Notes is not treated as a preference item for purposes of calculating the Federal alternative minimum tax; and (3) the Notes are "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Code for purposes of the deduction for Federal income tax purposes by financial institutions of a portion of interest expense allocable to tax-exempt obligations.

Based on the record of proceedings authorizing the Notes, it is our opinion that, under existing statutes: (1) interest on the Notes is excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates; and (2) interest on the Notes is excluded from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay the Federal alternative minimum tax.

Very truly yours,

Day Pitney LLP

FEDERAL INCOME TAX.

Interest Excluded From Gross Income. The Internal Revenue Code of 1986, as amended (the "Code") establishes certain requirements that must be met in order that interest on the Notes is excluded from the gross income of the owners thereof for federal income tax purposes. Some of these requirements must be continuously met subsequent to delivery of the Notes. Failure to comply with any of these requirements may cause the interest on the Notes to be includable in gross income for federal income tax purposes retroactively to the date of their issuance irrespective of the date on which such noncompliance occurs.

The Town officials authorized to issue the Notes will enter into a Tax Compliance Agreement in connection with the delivery of the Notes, which will contain certain representations and covenants on behalf of the Town relating to compliance with such requirements of the Code to ensure that the interest on the Notes will be excluded from the gross income of the owners thereof for federal income tax purposes.

Alternative Minimum Tax. The Code imposes an alternative minimum tax on individuals. The alternative minimum tax is imposed on alternative minimum taxable income, which includes preference items. The interest on certain tax-exempt "private activity bonds" is treated as a preference item. The Town's Tax Compliance Agreement will contain certain representations and covenants to ensure that the Notes are not "private activity bonds" so that interest on the Notes will not be treated as a preference item for individuals.

Financial Institutions. The Code provides that commercial banks, thrift institutions and certain other financial institutions may not deduct the portion of their interest expense allocable to tax-exempt obligations acquired after August 7, 1986, other than "qualified tax-exempt obligations". The Town's Tax Compliance Agreement will contain certain representations and covenants to ensure that the Notes will be "qualified tax-exempt obligations" for purposes of the deduction for federal income tax purposes by financial institutions of a portion of interest expense allocable to tax-exempt obligations.

Additional Federal Income Tax Matters. Notice 94-84, 1994-2 C.B. 559, states that the Internal Revenue Service (the "IRS") is studying whether the amount of the payment at maturity on short-term debt obligations (i.e., debt obligations with a stated fixed rate of interest which mature not more than one year from the date of issue) that is excluded from gross income for federal income tax purposes is (i) the stated interest payable at maturity ("qualified stated interest"), or (ii) the difference between the issue price of the short-term debt obligations and the aggregate amount to be paid at maturity ("original issue discount"). For this purpose, the issue price of the short-term debt obligations is the first price at which a substantial amount of the short-term debt obligations is sold to the public (excluding bond houses, brokers or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers). Until the IRS provides further guidance with respect to short-term debt obligations, taxpayers

holding such obligations may treat the stated interest payable at maturity either as qualified stated interest or as included in the stated redemption price at maturity of the obligation. However, taxpayers must treat the amount to be paid at maturity on all tax-exempt short-term debt obligations in a consistent manner. Prospective purchasers of the Notes should consult their own tax advisors with respect to the tax consequences of ownership of the Notes and the treatment elected.

In addition to the matters addressed above, prospective purchasers of the Notes should be aware that the ownership of tax-exempt obligations, such as the Notes, may result in collateral federal income tax consequences to certain taxpayers, including without limitation, taxpayers otherwise eligible for the earned income credit, recipients of Social Security and certain Railroad Retirement benefits, taxpayers that may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, financial institutions, certain insurance companies, certain S corporations and foreign corporations subject to the branch profits tax. Prospective purchasers of the Notes may also wish to consult with their tax advisors with respect to the need to furnish certain taxpayer information in order to avoid backup withholding.

STATE OF CONNECTICUT TAX ON INTEREST.

The opinion of Bond Counsel will state in substance that, based on the record of proceedings authorizing the Notes, under existing statutes: (1) interest on the Notes is excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts, and estates; and (2) interest on the Notes is excluded from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay the federal alternative minimum tax.

Interest on the Notes is included in gross income for purposes of the Connecticut corporation business tax.

Owners of the Notes should consult their tax advisors with respect to other applicable state and local tax consequences of ownership of the Notes and the disposition thereof, including the extent to which gains and losses from the sale or exchange of the Notes held as capital assets reduce and increase, respectively, amounts taken into account in computing the Connecticut income tax on individuals, trusts and estates and may affect the net Connecticut minimum tax on such taxpayers who are also required to pay the federal alternative minimum tax.

ORIGINAL ISSUE PREMIUM.

The initial public offering price of certain of the Notes may be greater than the amount payable on the Notes at maturity. The excess of the initial public offering price at which a substantial amount of such Notes are sold over the amount payable thereon at maturity constitutes original issue premium. No representation is made by the Town regarding the prices at which a substantial amount of the Notes ultimately will be sold to the public. An owner who purchases a note with original issue premium must amortize such original issue premium as provided in applicable Treasury Regulations, and amortized premium reduces the owner's basis in the note for federal income tax purposes. Owners of Notes having original issue premium, and especially any owner who is not an original owner of a note who bought the note at its initial public offering price, should consult their tax advisors with respect to the federal and state income tax consequences of the disposition of such notes.

GENERAL.

The opinion of Bond Counsel is rendered as of its date and Bond Counsel assumes no obligation to update or supplement its opinion to reflect any facts or circumstances that may come to its attention, or any changes in law or the interpretation thereof that may occur after the date of its opinion. Legislation affecting municipal bonds is regularly under consideration by the United States Congress. No assurance can be given that pending federal legislation, if any, or federal legislation enacted or proposed after the date of issuance of the Notes will not have an effect on the federal tax status or the market price of the Notes or will not change the effect of other federal tax law consequences, including those discussed above, of owning and disposing of the Notes, and Bond Counsel expresses no opinion thereon. No assurance can be given that future legislation or amendments to the income tax law of the State of Connecticut, if enacted into law, will not contain provisions that could, directly or indirectly, reduce the benefit of the exclusion of the interest on the Notes or any gain made on the sale or exchange thereof from

Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates, and Bond Counsel expresses no opinion thereon. Prospective owners of the Notes are advised to consult their tax advisors regarding the potential tax consequences of proposed federal or State of Connecticut tax legislation, if any, affecting municipal bonds.

The discussion above does not purport to address all aspects of federal, state, or local taxation that may be relevant to a particular owner of the Notes. Prospective owners of the Notes, particularly those who may be subject to special rules, are advised to consult their tax advisors regarding the federal, state, and local tax consequences of owning and disposing of the Notes, including any tax consequences arising under the laws of any other state or other taxing jurisdiction.

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TOWN OF PLAINVILLE, CONNECTICUT

FINANCIAL INFORMATION

Excerpted from the
Comprehensive Annual Financial Report of
The Town of Plainville, Connecticut
Year Ended June 30, 2019

Independent Auditors' Report

To the Town Council
Town of Plainville, Connecticut

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Town of Plainville, Connecticut, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Town of Plainville, Connecticut's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the Town of Plainville, Connecticut, as of June 30, 2019 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Plainville, Connecticut's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and, accordingly, we do not express an opinion or provide any assurance on them.

We also previously audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statements of the Town of Plainville, Connecticut, as of and for the year ended June 30, 2018 (not presented herein), and have issued our report thereon dated January 28, 2019, which contained unmodified opinions on the respective financial statements of the governmental activities, each major fund and the aggregate remaining fund information. The accompanying financial statements for the General Fund and Internal Service Funds as of and for the year ended June 30, 2018 are presented for purposes of additional analysis and are not a required part

of the basic financial statements. Such information is the responsibility of management and was derived from and related directly to the underlying accounting and other records used to prepare the 2018 financial statements. The accompanying financial statements for the General Fund and Internal Service Funds have been subjected to the auditing procedures applied in the audit of the 2018 basic financial statements and certain additional procedures including comparing and reconciling such information directly to the underlying accounting and other records used to prepare those financial statements or to those financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the financial statements for the General Fund and Internal Service Funds are fairly stated in all material respects in relation to the basic financial statements as a whole for the year ended June 30, 2018.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 5, 2019 on our consideration of the Town of Plainville, Connecticut's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town of Plainville, Connecticut's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Plainville, Connecticut's internal control over financial reporting and compliance.

Blum, Shapiro & Company, P.C.

West Hartford, Connecticut
December 5, 2019

TOWN OF PLAINVILLE, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2019

This discussion and analysis of the Town of Plainville, Connecticut's (the Town) financial performance is provided by management to provide an overview of the Town's financial activities for the fiscal year ended June 30, 2019. Please read this MD&A in conjunction with the transmittal letter and the Town's financial statements, Exhibits I to IX.

Financial Highlights

- Net position of our governmental activities increased by almost \$11.4 million, or 12.45% (Table 1).
- During the year, the Town had expenses that were \$11.4 million less than the \$84.8 million generated in tax and other revenues for governmental programs, up from \$76.5 million last year (Table 2).
- Total cost of all of the Town's programs was \$73.3 million, down from \$79.3 million last year (Table 2).
- The General Fund reported a fund balance this year of \$11.778 million, up from \$9.88 million last year (Exhibit IV).
- The resources actually available for appropriation were \$1.08 million more than budgeted for the General Fund (RSI-1). Expenditures were kept within spending limits and came in under budget by \$605 thousand (RSI-2).

Overview of the Financial Statements

This annual report consists of a series of financial statements. The statement of net position and the statement of activities (Exhibits I and II, respectively) provide information about the activities of the Town as a whole and present a longer-term view of the Town's finances. Fund financial statements are presented in Exhibits III to IX. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the Town's operations in more detail than the government-wide statements by providing information about the Town's most significant funds. The remaining statements provide financial information about activities for which the Town acts solely as a trustee or agent for the benefit of those outside of the government.

Government-Wide Financial Statements

The analysis of the Town as a whole begins on Exhibits I and II. The statement of net position and the statement of activities report information about the Town as a whole and about its activities for the current period. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the Town's net position and changes in them. The Town's net position, the difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources, is one way to measure the Town's financial health, or financial position. Over time, increases or decreases in the Town's net position are one indicator of whether its financial health is improving or deteriorating. The reader needs to consider other nonfinancial factors, however, such as changes in the Town's property tax base and the condition of the Town's capital assets, to assess the overall health of the Town.

In the statement of net position and the statement of activities, the Town reports its activities as follows:

- *Governmental Activities* - The Town's basic services are reported here, including education, public safety, public works, human services, culture and recreation, and general administration. Property taxes, charges for services, and state and federal grants finance most of these activities.

Fund Financial Statements

The fund financial statements begin with Exhibit III and provide detailed information about the most significant funds - not the Town as a whole. Some funds are required to be established by Charter. However, the Town Council establishes many other funds to help control and manage financial activities for particular purposes or to show that it is meeting legal responsibilities for using grants and other money (like grants received from the State Department of Education and the Federal Housing and Urban Development Departments). The Town's funds are divided into three categories: governmental, proprietary and fiduciary.

- *Governmental Funds (Exhibits III and IV)* - Most of the Town's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the Town's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Town's programs. The relationship (or differences) between governmental activities (reported in the statement of net position and the statement of activities) and governmental funds is described in a reconciliation included with the fund financial statements.
- *Proprietary Funds (Exhibits V, VI and VII)* - When the Town charges customers for the services it provides, whether to outside customers or to other units of the Town, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the statement of net position and the statement of activities. Internal service funds (the component of proprietary funds) are used to report activities that provide supplies and service for the Town's other programs and activities - such as the Town's Health Insurance and Self-Insurance Reserve Internal Service Funds.
- *Fiduciary Funds (Exhibits VIII and IX)* - The Town is the trustee, or fiduciary, for its employees' pension plans. It is also responsible for other assets that, because of a trust arrangement, can be used only for the trust beneficiaries. All the Town's fiduciary activities are reported in separate statements of fiduciary net position and changes in fiduciary net position. These activities are excluded from the Town's other financial statements because the Town cannot use these assets to finance its operations. The Town is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

Government-Wide Financial Analysis

The Town's governmental net position were increased by 12.45% from a year ago increasing from \$91.9 million to \$103.3 million. The analysis below focuses on the net position (Table 1) and changes in net position (Table 2) of the Town's governmental activities.

TABLE 1
NET POSITION

	Governmental Activities	
	2019	2018
Current assets	\$ 27,181,800	\$ 25,853,724
Capital assets, net of accumulated depreciation	144,805,858	129,562,858
Total assets	<u>171,987,658</u>	<u>155,416,582</u>
Deferred outflow of resources	<u>1,638,326</u>	<u>1,375,287</u>
Long-term liabilities outstanding	60,204,248	56,306,968
Other liabilities	8,878,549	7,878,559
Total liabilities	<u>69,082,797</u>	<u>64,185,527</u>
Deferred inflow of resources	<u>1,214,481</u>	<u>718,289</u>
Net Position:		
Net investment in capital assets	103,293,914	91,170,486
Unrestricted	<u>34,792</u>	<u>717,567</u>
Total Net Position	<u>\$ 103,328,706</u>	<u>\$ 91,888,053</u>

Unrestricted net position - the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements - decreased by \$683 thousand from \$718 thousand at June 30, 2018 to \$35 thousand at June 30, 2019.

TABLE 2
CHANGE IN NET POSITION

	Governmental Activities	
	2019	2018
Revenues:		
Program revenues:		
Charges for services	\$ 5,489,456	\$ 5,265,679
Operating grants and contributions	22,119,358	22,456,932
Capital grants and contributions	9,311,928	993,578
General revenues:		
Property taxes	46,990,428	46,778,926
Grants and contributions not restricted to specific programs	199,445	405,430
Unrestricted investment earnings	223,551	62,014
Other general revenues	474,596	580,712
Total revenues	<u>84,808,762</u>	<u>76,543,271</u>
Expenses:		
General government	3,290,855	3,410,789
Public safety	6,822,520	8,160,216
Public works	10,923,264	9,556,987
Human services	2,019,580	1,998,072
Culture and recreation	1,033,668	1,341,343
Education	48,101,584	53,854,077
Interest on long-term debt	1,176,638	1,016,670
Total expenses	<u>73,368,109</u>	<u>79,338,154</u>
Change in Net Position	11,440,653	(2,794,883)
Beginning Net Position	<u>91,888,053</u>	<u>94,682,936</u>
Ending Net Position	<u>\$ 103,328,706</u>	<u>\$ 91,888,053</u>

The Town's total revenues for 2019 were \$84.8 million. The total cost of all programs and services was \$73.4 million. Our analysis below separately considers the operations of governmental activities.

Governmental Activities

Revenues increased from the prior year with large increases in capital grants and contributions. Current year and back tax collections came in higher than anticipated due to tax sales and aggressive collection efforts.

Education expenses decreased \$5.7 million while all other expenses decreased \$270 thousand netting the overall expense decrease to \$5.97 million. Table 3 presents the cost of each of the Town's six largest programs - education, public works, public safety, general government, interest on long-term debt, and a generic all others - as well as each program's net cost (total cost less revenues generated by the activities). The net cost shows the financial burden that was placed on the Town's taxpayers by each of these functions.

TABLE 3
GOVERNMENTAL ACTIVITIES

	Total Cost of Services		Net Cost of Services	
	2019	2018	2019	2018
Education	\$ 48,101,584	\$ 53,854,077	\$ 22,583,411	\$ 30,776,469
Public works	10,923,264	9,556,987	2,517,551	4,801,521
Public safety	6,822,520	8,160,216	6,207,629	7,400,391
General government	3,290,855	3,410,789	1,290,060	1,549,920
Interest on long-term debt	1,176,638	1,016,670	1,176,638	1,138,007
All others	3,053,248	3,339,415	2,672,078	2,569,027
Total	<u>\$ 73,368,109</u>	<u>\$ 79,338,154</u>	<u>\$ 36,447,367</u>	<u>\$ 48,235,335</u>

Town Funds Financial Analysis

Governmental Funds

As the Town completed the year, its governmental funds (as presented in the balance sheet - Exhibit III) reported a combined fund balance of \$16.4 million, which is an increase from last year's total of \$14.9 million. The primary reason for the increase is the Town's collection of back taxes on several properties sold during the year. Significant changes by fund type are listed below.

General Fund:

1. For the 2019 budget, \$204,000 was budgeted as a revenue source from the fund balance but not used.
2. \$290,000 of additional appropriations were approved during FY 2019. This comes directly out of fund balance.
3. Building permits revenue came in higher than budgeted, all property tax line items continue to come in higher than budgeted through aggressive collection efforts, State of CT revenue came in lower than budgeted due to the LoCIP grant not being used but these funds are "held" by the State of CT until we use them, and conveyance taxes came in higher than budgeted due to more sales of properties.
4. Expenditures are kept close to budget with some savings seen in the Roadways, Buildings & Grounds, and Police. Our Municipal Building maintenance department also saw a budgetary savings through conservation measures, better bidding, and energy reducing technologies.
5. Debt costs came in lower due to taking advantage of the market and refunding various older debt issuances and transferring funds to the Debt Management Fund for future use.

Sewer Operating Fund:

1. The Sewer Operating fund showed a gain of \$688 thousand as budgeted during FY 2019. This was primarily due to rate increases put in place to offset and/or minimize operating losses and known future expense increases. Rates will continue to increase slightly each year with the hopes of increasing fund balance to help with known future expense increases for phosphorus removal. The phosphorus removal project should be complete in the spring of 2020.

Capital Projects Fund:

1. The Capital Projects fund showed a loss of \$873 thousand. This was due primarily to the Town road bond project and the beginning of the Wheeler School renovation project. This loss was minimized with the permanent bonding of the road project debt and bonding for a portion of the school renovation project. Future bonding in FY 2020 will cover this loss.

Proprietary Funds

The internal service funds unrestricted net position decreased to (\$2,195,726). The loss for the year was substantially less than prior years due to the Town going to the State Partnership 2.0 Health Insurance Plan. With this change, the Town now pays premiums versus claims...easier to budget and stops the large losses the Town has been incurring. The Town Council is expected to take up this deficit during the 2020 FY with the anticipation of higher budgeting and/or additional appropriations to eliminate the deficit position.

General Fund Expenditure Budget Highlights

General Government - there was an overall positive variance of \$82,237 after year-end transfers.

Public Safety - there was an overall positive variance of \$188,429 after year-end transfers.

Public Works - there was a positive variance of \$210,193 primarily due to better utility cost budgeting as a whole and employee retirements.

Human Services - there was a positive variance of \$35,714 primarily due to lower Senior Center payroll costs.

Education - finished the year returning \$2,129 of their budget to the General Fund.

The Town's General Fund balance of \$11.78 million reported on Exhibit IV differs from the General Fund's budgetary fund balance reported in the budgetary comparison in the required supplementary information. This is principally because budgetary fund balance includes \$924 thousand of outstanding encumbrances at year-end, which are reported as expenditures for budgetary purposes.

Capital Asset and Debt Administration

Capital Assets

At June 30, 2019, the Town had \$144.8 million invested in a broad range of capital assets, including land, buildings, park facilities, vehicles and equipment, roads, bridges, and water and sewer lines - Table 4. This amount represents a net increase (including additions and deductions) of \$15.2 million, or 11.76%, more than last year.

TABLE 4
CAPITAL ASSETS (Net of Depreciation)

	Governmental Activities	
	2019	2018
Land	\$ 7,490,267	\$ 7,490,267
Buildings	94,803,544	100,452,163
Improvements other than buildings	8,675	9,273
Furniture and equipment	2,865,340	3,067,938
Infrastructure	18,196,060	17,315,027
Construction in progress	21,441,972	1,228,190
Total	<u>\$ 144,805,858</u>	<u>\$ 129,562,858</u>

This year's major additions included:

FY 2019 was the fifth year of a five-year road improvement project. This project will resurface/reconstruct numerous roads throughout the Town, dramatically improving our infrastructure. The success of this project has led the Town to recommend another five-year project further improving the infrastructure. The Town has also started the phosphorus removal project at the Water Pollution Control Facility. This project will ensure the Town is in compliance with a Federal EPA mandate to remove higher levels of phosphorus from wastewater. Plainville is one of thirteen (13) towns in the State of CT that was hit with this mandate. The Town has secured 2% grant/loans from the State of CT Department of Energy & Environmental Protection (DEEP). This allows the Town to pay back the cost of the project over time. It is anticipated this project will be completed in the spring of 2020.

The Town's fiscal year 2019 - 2020 capital budget calls for it to spend \$969 thousand for public safety and public works equipment, educational technology and school improvements.

More detailed information about the Town's capital assets is presented in Notes 1 and 5 to the financial statements.

Long-Term Debt

At June 30, 2019, the Town had \$27.465 million in bonds and notes outstanding versus \$20.645 million last year – an increase of 33.03% - as shown in Table 5. This increase was due to a \$10M bonding commitment in September 2018 for the road bond project, Wheeler School Renovation, and the purchase of two (2) fire trucks.

TABLE 5
OUTSTANDING DEBT, AT YEAR-END

	Governmental Activities	
	2019	2018
General Obligation Bonds (Backed by the Town)	<u>\$ 27,465,000</u>	<u>\$ 20,645,000</u>

The Town's general obligation bond rating carries the Aa3 rating by Moody's Investment Service. This rate was reaffirmed in December 2011. The Town has been rated by Moody's since 1972. The Town also received a rating increase from Standard & Poor's in July 2014 from A+ to AA+. This significant three-step increase will have a significant financial impact on the Town's future borrowing costs. The Town took advantage of this rating increase in August 2016 by refunding \$5.965M of general obligation bonds at much lower interest rates and issuing a \$10M general obligation bond in September 2018. The State limits the amount of general obligation debt that cities can issue based on formula determined under State Statutes based on type of debt and tax base. The Town's outstanding general obligation debt is significantly below this \$326.6 million state-imposed limit.

Other obligations include accrued vacation pay and sick leave. More detailed information about the Town's long-term liabilities is presented in Note 7 to the financial statements.

Economic Factors and Next Year's Budgets and Rates

The Towns elected and appointed officials considered many factors when setting the fiscal year 2020 budget and tax rate. One of those factors is the economy and the community's ability to pay for municipal services. The Town's labor force stood at 10,576 for June 2019. Unemployment decreased to 3.3% compared to 4.8% for June 2018. However, these rates continue to decrease significantly from the June 2013 numbers of 7.7% for Plainville. Unemployment is expected to fluctuate in the near term however; the Town's commercial and industrial tax based remains solid.

The consumer price index for June 2019 was 2.9% compared to 2.9% for June 2018 and 1.6% for June 2017. The Town has been active in dealing with a downtown improvement program, tax abatement program, an Enterprise Zone program, and a loan/grant program. These programs have helped bring new business into the community and retained existing businesses. These are just some of the indicators taken into account when adopting the current General Fund Budget for 2019 - 2020. Amounts available for appropriations in the General Fund are \$61,780,822, an increase of 2.87% over the adopted 2019 budget of \$60,056,058. These increases will be used to maintain current levels of services, keep the existing labor force intact, and better fund health insurance expenditures. Budgeted expenditures equal budgeted revenues in order to have a balanced budget. The Town did budget a nominal amount of fund balance of \$300,000 use for the 2019 - 2020 budget. The use of fund balance in combination with the large general fund gain for FY 2014 has put the General Fund unassigned fund balance at a 15.95% level. The Town is committed to increasing and maintaining a healthy fund balance level. This will only help the Town maintain and improve its services to residents.

Contacting the Town's Financial Management

This financial report is designed to provide citizens, taxpayers, customers, investors and creditors with a general overview of the Town's finances and to show the Town's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Finance Department, Town of Plainville, One Central Square, Plainville, Connecticut 06062-1955.



Basic Financial Statements

TOWN OF PLAINVILLE, CONNECTICUT
STATEMENT OF NET POSITION
JUNE 30, 2019

	Governmental Activities
Assets:	
Cash and cash equivalents	\$ 6,815,416
Investments	4,788,103
Receivables, net	15,514,276
Inventory	9,109
Prepaid items	54,896
Capital assets:	
Assets not being depreciated	28,932,239
Assets being depreciated, net	115,873,619
Total assets	<u>171,987,658</u>
Deferred Outflows of Resources:	
Deferred charge on refunding	790,418
Deferred outflows related to pensions	734,320
Deferred outflows related to OPEB	113,588
Total deferred outflows of resources	<u>1,638,326</u>
Liabilities:	
Accounts and other payables	5,029,694
Unearned revenue	265,558
Clean water notes payable	3,583,297
Noncurrent liabilities:	
Due within one year	5,440,401
Due in more than one year	54,763,847
Total liabilities	<u>69,082,797</u>
Deferred Inflows of Resources:	
Deferred inflows related to pensions	192,422
Deferred inflows related to OPEB	1,022,059
Total deferred inflows of resources	<u>1,214,481</u>
Net Position:	
Net investment in capital assets	103,293,914
Unrestricted	<u>34,792</u>
Total Net Position	<u>\$ 103,328,706</u>

The accompanying notes are an integral part of the financial statements

**TOWN OF PLAINVILLE, CONNECTICUT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019**

Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position	Governmental Activities
Governmental Activities:						
General government	\$ 3,290,855	\$ 686,474	\$ 549,756	\$ 764,565	\$ (1,290,060)	(1,290,060)
Public safety	6,822,520	560,459	54,432		(6,207,629)	(6,207,629)
Public works	10,923,264	3,594,721	4,052,985	758,007	(2,517,551)	(2,517,551)
Human services	2,019,580	41,278	67,691		(1,910,611)	(1,910,611)
Culture and recreation	1,033,668	155,626	116,575		(761,467)	(761,467)
Education	48,101,584	450,898	17,277,919	7,789,356	(22,583,411)	(22,583,411)
Debt service	1,176,638				(1,176,638)	(1,176,638)
Total	\$ 73,368,109	\$ 5,489,456	\$ 22,119,358	\$ 9,311,928	(36,447,367)	(36,447,367)
General revenues:						
Property taxes						46,990,428
Grants and contributions not restricted to specific programs						199,445
Unrestricted investment earnings						223,551
Miscellaneous						474,596
Total general revenues						47,888,020
Change in net position						11,440,653
Net Position, Beginning of Year						91,888,053
Net Position, End of Year						\$ 103,328,706

The accompanying notes are an integral part of the financial statements

TOWN OF PLAINVILLE, CONNECTICUT
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2019

	<u>General</u>	<u>Sewer Operating</u>	<u>Housing Rehabilitation</u>	<u>Airport Operations</u>	<u>Capital Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS							
Assets:							
Cash and cash equivalents	\$ 4,401,443	\$ 203,382	\$ 18,212	\$	\$	\$ 1,878,329	\$ 6,501,366
Investments	1,105,591	2,976,383				706,129	4,788,103
Receivables, net	3,294,693	947,656	1,768,045	879,792	7,631,625	992,465	15,514,276
Due from other funds	7,623,020					1,111,520	8,734,540
Inventories						9,109	9,109
Prepaid items	36,767	11,856			720	1,830	51,173
Total Assets	<u>\$ 16,461,514</u>	<u>\$ 4,139,277</u>	<u>\$ 1,786,257</u>	<u>\$ 879,792</u>	<u>\$ 7,632,345</u>	<u>\$ 4,699,382</u>	<u>\$ 35,598,567</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES							
Liabilities:							
Accounts payable and accrued liabilities	\$ 791,558	\$ 41,249	\$ 2,831	\$ 4,466	\$ 3,148,260	\$ 242,025	\$ 4,230,389
Due to other governments	24,816						24,816
Due to other funds	1,514,868			336,096	4,228,356	682,957	6,762,277
Unearned revenue					163,791	101,767	265,558
Clean water fund notes payable					3,583,297		3,583,297
Total liabilities	<u>2,331,242</u>	<u>41,249</u>	<u>2,831</u>	<u>340,562</u>	<u>11,123,704</u>	<u>1,026,749</u>	<u>14,866,337</u>
Deferred Inflows of Resources:							
Unavailable revenue - property taxes	2,352,692						2,352,692
Unavailable revenue - special assessments		185,551					185,551
Unavailable revenue - loans receivables			1,768,045				1,768,045
Total deferred inflows of resources	<u>2,352,692</u>	<u>185,551</u>	<u>1,768,045</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,306,288</u>
Fund Balances:							
Nonspendable	36,767	11,856				10,939	59,562
Restricted			15,381			1,685,025	1,700,406
Committed	766,427	3,900,621		539,230	17,698,728	1,976,669	24,881,675
Assigned	1,223,676						1,223,676
Unassigned	9,750,710				(21,190,087)		(11,439,377)
Total fund balances	<u>11,777,580</u>	<u>3,912,477</u>	<u>15,381</u>	<u>539,230</u>	<u>(3,491,359)</u>	<u>3,672,633</u>	<u>16,425,942</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 16,461,514</u>	<u>\$ 4,139,277</u>	<u>\$ 1,786,257</u>	<u>\$ 879,792</u>	<u>\$ 7,632,345</u>	<u>\$ 4,699,382</u>	<u>\$ 35,598,567</u>

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TOWN OF PLAINVILLE, CONNECTICUT
BALANCE SHEET - GOVERNMENTAL FUNDS (CONTINUED)
JUNE 30, 2019

Reconciliation of the Balance Sheet - Governmental Funds
to the Statement of Net Position:

Amounts reported for governmental activities in the statement of net position (Exhibit I) are
different because of the following:

Fund balances - total governmental funds (Exhibit III)	\$ 16,425,942
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Capital assets used in governmental activities are not financial
resources and, therefore, are not reported in the funds:

Governmental capital assets	\$ 310,645,396	
Less accumulated depreciation	<u>(165,839,538)</u>	
Net capital assets		144,805,858

Other long-term assets and deferred outflows of resources are not available to
pay for current-period expenditures and, therefore, are not recorded in the funds:

Property tax receivables greater than 60 days	830,288
Interest receivable on property taxes	1,522,404
Assessments receivable	185,551
Housing loans	1,768,045
Deferred outflows related to pensions	734,320
Deferred outflows related to OPEB	113,588

Internal service funds are used by management to charge the costs of risk management to individual funds. The assets and liabilities of the internal service funds are reported with governmental activities in the statement of net position.	(2,195,726)
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Long-term liabilities, including bonds payable and deferred inflows of resources,
are not due and payable in the current period and, therefore,
are not reported in the funds:

Bonds and notes payable	(39,379,196)
Interest payable on bonds and notes	(233,253)
Bond premium	(1,439,838)
Compensated absences	(3,172,825)
Total OPEB liability	(10,140,950)
Net pension liability	(6,071,439)
Deferred charges on refunding	790,418
Deferred inflows related to pensions	(192,422)
Deferred inflows related to OPEB	<u>(1,022,059)</u>

Net Position of Governmental Activities (Exhibit I)	<u>\$ 103,328,706</u>
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The accompanying notes are an integral part of the financial statements

TOWN OF PLAINVILLE, CONNECTICUT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

	<u>General</u>	<u>Sewer Operating</u>	<u>Housing Rehabilitation</u>	<u>Airport Operations</u>	<u>Capital Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:							
Property taxes	\$ 47,744,620	\$	\$	\$	\$	\$	\$ 47,744,620
Assessments including interest and liens		173,959					173,959
Charges for services	1,508,321	3,598,867		137,708	8,427	627,359	5,880,682
Intergovernmental	14,260,790			764,565	12,044,696	4,419,533	31,489,584
Income on investments	111,702	81,454	157		169	30,069	223,551
Miscellaneous	17,655	6,786	2,649		34,839	144,970	206,899
Total revenues	<u>63,643,088</u>	<u>3,861,066</u>	<u>2,806</u>	<u>902,273</u>	<u>12,088,131</u>	<u>5,221,931</u>	<u>85,719,295</u>
Expenditures:							
Current:							
General government	2,263,950			930,259			3,194,209
Public safety	4,858,392					53,272	4,911,664
Public works	3,857,878	1,290,417				764,298	5,912,593
Human services	1,693,184					132,719	1,825,903
Culture and recreation	140,811					949,760	1,090,571
Education	40,485,380					4,232,127	44,717,507
Other expenditures	3,528,438		77,820			4,500	3,610,758
Capital outlay					23,644,542		23,644,542
Debt service	4,017,440	1,404,158					5,421,598
Total expenditures	<u>60,845,473</u>	<u>2,694,575</u>	<u>77,820</u>	<u>930,259</u>	<u>23,644,542</u>	<u>6,136,676</u>	<u>94,329,345</u>
Excess (Deficiency) of Revenues over Expenditures	<u>2,797,615</u>	<u>1,166,491</u>	<u>(75,014)</u>	<u>(27,986)</u>	<u>(11,556,411)</u>	<u>(914,745)</u>	<u>(8,610,050)</u>
Other Financing Sources (Uses):							
Transfers in	660,751				943,000	796,452	2,400,203
Transfers out	(1,561,613)	(478,747)			(359,843)		(2,400,203)
Bond issuance					10,000,000		10,000,000
Bond premium					99,840		99,840
Total other financing sources (uses)	<u>(900,862)</u>	<u>(478,747)</u>	<u>-</u>	<u>-</u>	<u>10,682,997</u>	<u>796,452</u>	<u>10,099,840</u>
Net Change in Fund Balances	1,896,753	687,744	(75,014)	(27,986)	(873,414)	(118,293)	1,489,790
Fund Balances, Beginning of Year	<u>9,880,827</u>	<u>3,224,733</u>	<u>90,395</u>	<u>567,216</u>	<u>(2,617,945)</u>	<u>3,790,926</u>	<u>14,936,152</u>
Fund Balances, End of Year	<u>\$ 11,777,580</u>	<u>\$ 3,912,477</u>	<u>\$ 15,381</u>	<u>\$ 539,230</u>	<u>\$ (3,491,359)</u>	<u>\$ 3,672,633</u>	<u>\$ 16,425,942</u>

(Continued on next page)

TOWN OF PLAINVILLE, CONNECTICUT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - GOVERNMENTAL FUNDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2019

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund

Balances of Governmental Funds to the Statement of Activities:

Amounts reported for governmental activities in the statement of activities (Exhibit II) are different because:

Net change in fund balances - total governmental funds (Exhibit IV)	\$ 1,489,790
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Governmental funds report capital outlays as expenditures. In the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:

Capital outlay	22,644,413
Depreciation expense	(7,401,413)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds, and revenues recognized in the funds are not reported in the statement of activities:

Property tax receivable - accrual basis change	(365,617)
Property tax interest and lien revenue - accrual basis change	(562,534)
Sewer assessment receivable - accrual basis change	(37,545)
Housing loans receivable - accrual basis change	55,159
Change in deferred outflows related to pensions	300,629
Change in deferred inflows related to pensions	133,847
Change in deferred outflows related to OPEB	90,579
Change in deferred inflows related to OPEB	(630,039)

The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are amortized and deferred in the statement of activities. The details of these differences in the treatment of long-term debt and related items are as follows:

Bond issuance	(10,000,000)
Bond and notes principal payments	4,242,529
Premium on bonds issued	(99,840)
Capital lease payments	152,848

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:

Amortization of deferred charges in refunding	(128,169)
Amortization of premium	196,388
Compensated absences	158,704
Accrued interest	(65,788)
Net OPEB expense	2,449,837
Change in net pension liability	(997,746)

Internal service funds are used by management to charge costs to individual funds. The net revenue of certain activities of internal services funds is reported with governmental activities.

(185,379)

Change in Net Position of Governmental Activities (Exhibit II)	\$ <u>11,440,653</u>
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The accompanying notes are an integral part of the financial statements

TOWN OF PLAINVILLE, CONNECTICUT
PROPRIETARY FUNDS
STATEMENT OF NET POSITION
JUNE 30, 2019

	<u>Governmental Activities Internal Service Funds</u>
Current Assets:	
Cash and cash equivalents	\$ 314,050
Due from other funds	403,348
Other assets	<u>3,723</u>
Total current assets	<u>721,121</u>
Current Liabilities:	
Accounts and other payables	541,236
Due to other funds	<u>2,375,611</u>
Total current liabilities	<u>2,916,847</u>
Net Position:	
Unrestricted	\$ <u><u>(2,195,726)</u></u>

The accompanying notes are an integral part of the financial statements

**TOWN OF PLAINVILLE, CONNECTICUT
 PROPRIETARY FUNDS
 STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
 FOR THE YEAR ENDED JUNE 30, 2019**

	<u>Governmental Activities Internal Service Funds</u>
Operating Revenues:	
Licenses, fees and charges for goods and services	\$ 8,474,825
Operating Expenses:	
Insurance claims, premiums and fees	<u>8,660,204</u>
Change in Net Position	(185,379)
Total Net Position, Beginning of Year	<u>(2,010,347)</u>
Total Net Position, End of Year	\$ <u><u>(2,195,726)</u></u>

The accompanying notes are an integral part of the financial statements

TOWN OF PLAINVILLE, CONNECTICUT
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2019

	Governmental Activities
	Internal Service Funds
Cash Flows from Operating Activities:	
Cash received from charges for services and contributions	\$ 8,474,825
Cash paid for claims, premiums and fees	(8,268,998)
Cash received from interfund services provided	<u>(624,322)</u>
Net cash provided by (used in) operating activities	<u>(418,495)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(418,495)
Cash and Cash Equivalents, Beginning of Year	<u>732,545</u>
Cash and Cash Equivalents, End of Year	\$ <u><u>314,050</u></u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:	
Operating income (loss)	\$ <u>(185,379)</u>
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:	
Change in assets and liabilities:	
(Increase) decrease in due from other funds	(17,840)
(Increase) decrease in accounts receivable	508,693
(Increase) decrease in other assets	(3,723)
Increase (decrease) in accounts payable	(113,764)
Increase (decrease) in due to other funds	<u>(606,482)</u>
Total adjustments	<u>(233,116)</u>
Net Cash Provided by (Used in) Operating Activities	\$ <u><u>(418,495)</u></u>

The accompanying notes are an integral part of the financial statements

TOWN OF PLAINVILLE, CONNECTICUT
FIDUCIARY FUNDS
STATEMENT OF NET POSITION
JUNE 30, 2019

	Pension Trust Funds	Agency Funds
Assets:		
Cash and cash equivalents	\$	\$ 412,094
Investments at fair value:		
Open-end mutual funds	29,247,836	
Accounts receivable	40,000	
	<u>29,287,836</u>	<u>412,094</u>
Total assets	<u>29,287,836</u>	<u>\$ 412,094</u>
Liabilities:		
Due to employees and others		\$ 394,706
Surety bond payable		17,388
	<u>-</u>	<u>412,094</u>
Total liabilities	<u>-</u>	<u>\$ 412,094</u>
Net Position:		
Restricted for Pension Plan Benefits	<u>\$ 29,287,836</u>	

The accompanying notes are an integral part of the financial statements

TOWN OF PLAINVILLE, CONNECTICUT
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN NET POSITION
PENSION TRUST FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

	<u>Pension Trust Funds</u>	
Additions:		
Contributions:		
Employer	\$	942,165
Employee		<u>221,118</u>
Total contributions		1,163,283
Investment income:		
Net change in fair value of investments	\$	965,955
Interest and dividends		<u>593,347</u>
Net investment income		<u>1,559,302</u>
Total additions		2,722,585
Deductions:		
Benefits	2,105,043	
Administration	<u>91,088</u>	
Total deductions		<u>2,196,131</u>
Change in Net Position		526,454
Net Position, Beginning of Year		<u>28,761,382</u>
Net Position, End of Year	\$	<u><u>29,287,836</u></u>

The accompanying notes are an integral part of the financial statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Town of Plainville, Connecticut (the Town) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant policies of the Town are described below.

A. Reporting Entity

The Town operates in accordance with the provisions of its Charter, which was originally adopted in 1959 under Connecticut's Home Rule Act. The Charter has been amended over the years with the most recent changes approved in 2012.

Plainville has a Council - Manager form of government. The Town Council is comprised of seven members and is elected biennially. The Town Manager is the Chief Executive Officer and is appointed by the Town Council. Services provided by the Town include police and fire protection, recreation programs, senior citizen programs, street repairs, health inspections, building inspections, sewage disposal, general administrative services and education. Refuse collection is contracted out by the Town to a private hauler.

The Town Council is the legislative body and is responsible for preparing the annual budget and setting the tax rate. The budget process involves specific provisions for public hearings and requires Town Meeting approval. There is a Treasurer, appointed by the Council, who is responsible for the receiving and safekeeping of municipal funds. Additionally, there is a Department of Finance consisting of the Director of Finance, Revenue (Tax) Collector and Assessor. It is the responsibility of the Department of Finance to maintain and operate the accounting system for the Town. An elected Board of Education is responsible for the operation of the public school system.

The Town has the power to incur indebtedness by issuing bonds or notes as provided by the Connecticut General Statutes. No ordinance or resolution authorizing the issuance of bonds in excess of 1% of the annual budget or making a special appropriation in excess of 1% of the annual budget can become effective until approved by referendum.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the Town. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

TOWN OF PLAINVILLE, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

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

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

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Town considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, charges for services, licenses and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received.

The Town reports the following major governmental funds:

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

The Sewer Operating Fund is used to account for the activity of the Sewer Treatment Plant and other pollution control activities. The major sources of revenue for this fund are initial sewer assessment and user fees.

The Housing Rehabilitation Fund is used to account for the activity of the Housing grant and rehabilitation loans to property owners. The major sources of revenue for this fund federal grants.

The Airport Operations Fund is used to fund general operations of Robertson Airport. The major sources of revenue for this fund federal grants and fees.

The Capital Projects Fund is used to account for the acquisition or construction of major capital facilities, improvements and/or equipment. Capital projects of greater than one year's duration have been accounted for in the Capital Projects Fund. Most of the capital outlays are financed by the issuance of general obligation bonds. Other sources include capital grants, current tax revenues and low-interest state loans.

TOWN OF PLAINVILLE, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

Additionally, the Town reports the following fund types:

The Internal Service Fund accounts for the self-insurance activities related to health benefits and deductibles on commercial insurance policies.

The Pension Trust Fund accounts for the activities of the Town's pension plans, which accumulate resources for pension benefit payments to qualified Town employees.

The Agency Funds account for assets held by the Town in an agent capacity for individuals, private organizations or other governments. The funds are custodial in nature (assets equal liabilities) and do not involve measurement of result of operations. These Agency Funds include Student Activity, Senior Citizen and Deposit Fund.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments in lieu of taxes and other charges between certain Town's functions because the elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Town's internal service funds are charges to customers for co-insurance. Operating expenses for internal service fund include the cost of services and administrative expenses. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

D. Deposits and Investments

The Town's cash and cash equivalents 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 for the Town are reported at fair value.

E. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the noncurrent portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances." All trade and property tax receivables are shown net of an allowance for uncollectibles.

Property taxes are assessed as of October 1. They are levied and due the following July 1. The lien date is July 1. Assessments for real and personal property, including motor vehicles, are computed at 70% of the market value. Taxes not paid within 30 days of the due date are subject to an interest charge of 1½% per month.

TOWN OF PLAINVILLE, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

In the fund financial statements, property taxes are recorded as receivable on the due date and are recognized as revenues to the extent collected during the fiscal year or collected soon enough thereafter (within 60 days) to be used to pay liabilities of the current period. Property taxes receivable not expected to be collected during the available period are reflected as unavailable revenues.

Assessments are made against properties for sewer and water connections. These amounts are shown as receivable and unavailable revenue in the governmental fund financial statements.

F. Inventories and Prepaid Items

All inventories are valued at cost using the first-in/first-out (FIFO) method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. Prepayments of governmental funds are recorded as expenditures when consumed rather than when purchased.

G. Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, sidewalks and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession agreement are reported at acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Property, plant and equipment of the primary government is depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Buildings and improvements	25
Furniture	5-20
Vehicles	10-20
Equipment	7-20

H. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position or fund balance that applies to a future period or periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Town reports a deferred charge on refunding and deferred outflows related to pension and OPEB in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. A deferred outflow of resources

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related to pension and OPEB results from differences between expected and actual experience, changes in assumptions or other inputs. These amounts are deferred and included in pension and OPEB expense in a systematic and rational manner over a period equal to the average of the expected remaining service lives of all employees that are provided with benefits through the pension plan (active employees and inactive employees).

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to a future period or periods and so will not be recognized as an inflow of resources (revenue) until that time. The Town reports a deferred inflow of resources related to pensions and OPEB in the government-wide statement of net position. A deferred inflow of resources related to pension and OPEB results from differences between expected and actual experience, changes in assumptions or other inputs. These amounts are deferred and included in pension and OPEB expense in a systematic and rational manner. Also, for governmental funds, the Town reports unavailable revenue, which arises only under the modified accrual basis of accounting. The governmental funds report unavailable revenues from property taxes, special assessments and loans receivable. These amounts are deferred and recognized as an inflow of resources (revenue) in the period during which the amounts become available.

I. Compensated Absences

Municipal

Vacation earned can be accumulated up to 25 days by individual employees; upon request and approval by the Town Manager individual employees can accumulate vacation above the 25 days. In addition, municipal employees, other than police, may accumulate 150 days of sick leave until termination of their employment.

Upon termination, employees are compensated for their accumulated sick time at the rate of one day for every three days earned.

Police officers may accumulate up to 230 days of sick time and are compensated for a portion of this sick time only at retirement, disability retirement or death. Officers hired prior to July 1, 1978 are compensated up to a maximum of 120 sick days and all other officers are compensated at the rate of one day for every three days earned up to a maximum of 60 days.

Board of Education

Vacation cannot be accumulated. It is lost if it is not used. Sick time may be accumulated to the following maximums:

Secretaries and Custodians	150 days
Paraprofessionals	120 days
Nurses	150 days
Teachers	187 days
Administrators	225 days

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Teachers and administrators are compensated at the rate of 33% of accumulated sick time only upon retirement, disability retirement or death. Secretaries are compensated up to a maximum of 125 accumulated sick days. Custodians hired before July 1, 1987 are compensated up to a maximum of 120 accumulated sick days while all others are compensated up to a maximum of 75 accumulated sick days. Nurses are compensated 33% of up to 120 accumulated sick days. Paraprofessionals are compensated 50% of accumulated sick time up to a maximum of 50 days.

The Town values all compensated absences at salary rates in effect at balance sheet date.

J. Net Pension Liability

The net pension liability is measured as the portion of the actuarial present value of projected benefits that is attributed to past periods of employee service (total pension liability), net of the pension plan's fiduciary net position. The pension plan's fiduciary net position is determined using the same valuation methods that are used by the pension plan for purposes of preparing its statement of fiduciary net position. The net pension liability is measured as of a date (measurement date) no earlier than the end of the employer's prior fiscal year, consistently applied from period to period.

K. Total Other Postemployment Benefits Other than Pensions (OPEB) Liability

The total OPEB liability is measured as the portion of the actuarial present value of projected benefits that is attributed to past periods of employee service. The total OPEB liability is measured as of a date no earlier than the end of the employer's prior fiscal year and no later than the end of the current fiscal year, consistently applied from period to period.

L. Long-Term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or proprietary fund type statement of net position. 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. Bond issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

M. Fund Equity

Equity in the government-wide financial statements is defined as "net position" and is classified in the following categories:

Net Investment in Capital Assets

This component of net position consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets.

Restricted Net Position

Restrictions are externally imposed by creditors (such as through debt covenants), grantors, contributors or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

Unrestricted Net Position

This component consists of net position that does not meet the definition of “restricted” or “net investment in capital assets.”

The equity of the fund financial statements is defined as “fund balance” and is classified in the following categories:

Nonspendable Fund Balance

This represents amounts that cannot be spent due to form (e.g., inventories and prepaid amounts).

Restricted Fund Balance

This represents amounts constrained for a specific purpose by external parties, such as grantors, creditors, contributors or laws and regulations of their governments.

Committed Fund Balance

This represents amounts constrained for a specific purpose by a government using its highest level of decision-making authority (Town Council). Amounts remain committed until action is taken by the Town Council (resolution) to remove or revise the limitations.

Assigned Fund Balance

This represents amounts constrained for the intent to be used for a specific purpose by Town Council which has been delegated authority to assign amounts by the Town Charter.

Unassigned Fund Balance

This represents fund balance in the General Fund in excess of nonspendable, restricted, committed and assigned fund balance. If another governmental fund has a fund balance deficit, it is reported as a negative amount in unassigned fund balance.

N. Fund Balance Flow Assumptions

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

O. Accounting Estimates

The preparation of 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, deferred outflows of resources, liabilities and deferred inflows of resources and disclosures 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 differ from those estimates.

P. Subsequent Events Evaluation by Management

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through the date that the financial statements were available to be issued, which date is December 5, 2019.

Q. Reclassifications

Certain items relating to the prior year have been reclassified to conform to the current year's financial statement presentation. The reclassifications have no effect on previously reported results.

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

The Town adopts an annual operating budget for the General Fund only. The following details the procedures relating to the General Fund budgetary data reflected in the financial statements.

Not later than the 15th day of February, each department, office, board, commission and agency of the Town, including the Board of Education, submits their estimates of revenues and expenditures to the Town Manager. Each such unit is entitled to a hearing by the Town Manager. The Board of Education furnishes the Town Manager with a budget for the operation of the schools containing a detailed estimate of expenditures.

No later than the second Monday in March, the Town Manager presents a budget to the Town Council consisting of (a) a budget message outlining the financial policy of the Town, (b) estimates of revenues for the General Fund, (c) estimates of expenditures for each department, office, commission, board, agency and activity for the General Fund, (d) a program previously acted upon by the Town Planning and Zoning Commission concerning municipal improvement for the ensuing fiscal year and for the next three fiscal years. This last segment contains cost estimates and the methods of financing. The Chairman of the Board of Education does the same for the Board of Education budget.

The Town Council holds one or more public hearings not later than 30 days before the annual budget meeting. Following receipt of the proposals from the Town Manager and the Chairman of the Board of Education and the public hearings, the Town Council prepares a budget to present to the annual budget meeting of the Town.

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The annual budget meeting for the General Fund is held on the third Tuesday in April. The General Fund budget is adopted by majority vote of those voting. If the budget is not adopted, the meeting is adjourned to the first Tuesday in May and hence to the third Tuesday in May thereafter until final approval is given. The budget, if rejected shall be reconsidered by the Council in conjunction with the Town Manager. If the budget remains unaccepted after the third meeting and in no case later than 30 days after the first Tuesday in May, the budget presented at the third meeting shall be deemed adopted.

Budget control is established at the department, office, commission, board, agency or activity level. Transfers of unencumbered appropriations between these units (except the Board of Education) may be done by the Council in the last three months of the fiscal year provided that the total level of appropriations remains the same. Management may make changes in line items within a department without approval of the Town Council. Total additional appropriations of \$290,000 were made during the year.

Unencumbered appropriations lapse at the end of the fiscal year except for capital project appropriations. Capital project appropriations lapse when the budgeted item is acquired or construction completed or if no expenditure or encumbrance has been made for three consecutive fiscal years.

Budgetary accounting uses encumbrance accounting. Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in all budgeted governmental type funds. Encumbrances outstanding at year end are reported in the GAAP financial statements as either restricted, committed or assigned fund balance since they do not constitute expenditures or liabilities.

The differences between the budgetary and GAAP basis of accounting are as follows:

- Encumbrances are recognized as valid and proper charges against budget appropriations in the year in which the purchase order is issued, and, accordingly, encumbrances outstanding at year end are reflected in budgetary reports as expenditures in the current year but are shown as assignments of fund balance on a GAAP basis.
- The Town reports on-behalf contributions made by the State of Connecticut Teachers' Retirement System for Pension and OPEB as revenue and expenditures for GAAP purposes only.
- State Excess Cost - Student Based grant is credited against the Board of Education's operating budget.
- Activities of Debt Management Fund are not budgeted with General Fund, but reported on a GAAP basis with General Fund in accordance with GASB Statement No. 54.

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B. Deficit Fund Balance/Net Position

At June 30, 2019, the Town reported deficit fund balance/net position for the following funds:

Capital Projects Fund	\$ 3,491,359
Internal Service Fund:	
Health Insurance Fund	\$ 2,599,366

The deficit in the Capital Projects Fund will be covered by future bond proceeds and transfers from the General Fund. The deficit in the Health Insurance Fund will be covered by future charges to mainly the General Fund and other funds.

3. CASH, CASH EQUIVALENTS AND INVESTMENTS

The deposit of public funds is controlled by the Connecticut General Statutes (Section 7-402). Deposits may be made in a “qualified public depository” as defined by the Statutes or, in amounts not exceeding the Federal Deposit Insurance Corporation insurance limit, in an “out of state bank” as defined by the Statutes, which is not a “qualified public depository.”

The Connecticut General Statutes (Section 7-400) permit municipalities to invest in: 1) obligations of the United States and its agencies; 2) highly rated obligations of any state of the United States or of any political subdivision, authority or agency thereof; and 3) shares or other interests in custodial arrangements or pools maintaining constant net asset values and in highly rated no-load open end money market and mutual funds (with constant or fluctuating net asset values) whose portfolios are limited to obligations of the United States and its agencies, and repurchase agreements fully collateralized by such obligations. Other provisions of the Statutes cover specific municipal funds with particular investment authority. The provisions of the Statutes regarding the investment of municipal pension funds do not specify permitted investments. Therefore, investment of such funds is generally controlled by the laws applicable to fiduciaries and the provisions of the applicable plan.

A. Deposits

Deposit Custodial Credit Risk

Custodial credit risk is the risk that, in the event of a bank failure, the Town’s deposit will not be returned. The Town does not have a deposit policy for custodial credit risk. The deposit of public funds is controlled by the Connecticut General Statutes. Deposits may be placed with any qualified public depository that has its main place of business in the State of Connecticut. Connecticut General Statutes require that each depository maintain segregated collateral (not required to be based on a security agreement between the depository and the municipality and, therefore, not perfected in accordance with federal law) in an amount equal to a defined percentage of its public deposits based upon the depository’s risk based capital ratio.

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Based on the criteria described in GASB Statement No. 40, *Deposits and Investment Risk Disclosures*, \$8,085,050 of the Town's bank balance of \$13,704,862 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 7,061,117
Uninsured and collateral held by the pledging bank's trust department, not in the Town's name	<u>1,023,933</u>
Total Amount Subject to Custodial Credit Risk	<u><u>\$ 8,085,050</u></u>

Cash Equivalents

Cash equivalents are short-term, highly liquid investments that are both readily convertible to known amounts of cash and purchased within 90 days of maturity. At June 30, 2019, the Town's cash equivalents amounted to \$76,208. The following table provides a summary of the Town's cash equivalents (excluding U.S. government guaranteed obligations) as rated by nationally recognized statistical rating organizations.

	<u>Standard & Poor's</u>
Wells Fargo	A

B. Investments

Investments as of June 30, 2019 in all funds are as follows:

Investment Type	Credit Rating	Fair Value	Investment Maturities (Years)		
			Less Than 1	1 - 10	More Than 10
Interest-bearing investments:					
Corporate bonds	AA	\$ 10,230	\$	\$ 10,230	\$
Corporate bonds	A+	20,009	9,961	10,048	
Corporate bonds	A	30,102		30,102	
Corporate bonds	BBB+	30,355	9,967	20,388	
Corporate bonds	BBB	10,081		10,081	
Certificates of deposit	*	<u>4,150,271</u>	<u>2,140,986</u>	<u>2,009,285</u>	
Total		4,251,048	<u>\$ 2,160,914</u>	<u>\$ 2,090,134</u>	<u>\$ -</u>
Other investments:					
Mutual funds		<u>29,784,891</u>			
Total Investments		<u>\$ 34,035,939</u>			

* Subject to coverage by federal depository insurance and collateralization

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Interest Rate Risk

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.

Credit Risk - Investments

As indicated above, State Statutes limit the investment options of cities and towns. The Town has an investment policy that allows the same type of investments as State Statutes.

Concentration of Credit Risk

The Town does not have a formal investment policy that limits investments in any one issuer that is in excess of 5% of the Town's total investments.

Custodial Credit Risk

Custodial credit risk for an investment is the risk that, in the event of the failure of the counterparty (the institution that pledges collateral or repurchase agreement securities to the Town or that sells investments to or buys them for the Town), the Town will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Town does not have a policy for custodial credit risk. At June 30, 2019, the Town did not have any uninsured and unregistered securities held by the counterparty or by its trust department or agent that were not in the Town's name.

Fair Value

The Town categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements); followed by quoted prices in inactive markets or for similar assets or with observable inputs (Level 2 measurements); and the lowest priority to unobservable inputs (Level 3 measurements).

The Town has the following recurring fair value measurements as of June 30, 2019:

<u>Investments</u>	<u>Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Corporate bonds	\$ 100,777	\$	\$ 100,777	\$
Mutual funds	29,784,891	29,784,891		
Total	29,885,668	\$ 29,784,891	\$ 100,777	\$ -
Investments not included above:				
Certificates of deposit	4,150,271			
Total Investments	\$ 34,035,939			

Debt and equity securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Debt securities classified as Level 2 of the fair value hierarchy are valued using matrix pricing techniques. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

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4. RECEIVABLES

Receivables as of year end for the Town's individual major funds and nonmajor, internal service and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	<u>General</u>	<u>Sewer Operating</u>	<u>Housing Rehabilitation</u>	<u>Airport Operations</u>	<u>Capital Projects</u>	<u>Nonmajor and Other Funds</u>	<u>Total</u>
Receivables:							
Interest	\$ 830,288	\$	\$	\$	\$	\$	\$ 830,288
Taxes	1,788,061						1,788,061
Accounts	744,766	947,656				706,742	2,399,164
Loans receivable			1,768,045				1,768,045
Intergovernmental	6,578			879,792	7,631,625	325,723	8,843,718
Gross receivables	<u>3,369,693</u>	<u>947,656</u>	<u>1,768,045</u>	<u>879,792</u>	<u>7,631,625</u>	<u>1,032,465</u>	<u>15,629,276</u>
Less allowance for uncollectibles	<u>(75,000)</u>						<u>(75,000)</u>
Net Total Receivables	<u>\$ 3,294,693</u>	<u>\$ 947,656</u>	<u>\$ 1,768,045</u>	<u>\$ 879,792</u>	<u>\$ 7,631,625</u>	<u>\$ 1,032,465</u>	<u>\$ 15,554,276</u>

5. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2019 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 7,490,267	\$	\$	\$ 7,490,267
Construction in progress	1,228,190	20,213,782		21,441,972
Total capital assets not being depreciated	<u>8,718,457</u>	<u>20,213,782</u>	<u>-</u>	<u>28,932,239</u>
Capital assets being depreciated:				
Buildings and improvements	174,903,400	9,920		174,913,320
Improvements other than buildings	237,619			237,619
Furniture, vehicles and equipment	13,672,634	751,655	(14,300)	14,409,989
Infrastructure	90,483,173	1,669,056		92,152,229
Total capital assets being depreciated	<u>279,296,826</u>	<u>2,430,631</u>	<u>(14,300)</u>	<u>281,713,157</u>
Less accumulated depreciation for:				
Buildings and improvements	(74,451,237)	(5,658,539)		(80,109,776)
Improvements other than buildings	(228,346)	(598)		(228,944)
Furniture, vehicles and equipment	(10,604,696)	(954,253)	14,300	(11,544,649)
Infrastructure	(73,168,146)	(788,023)		(73,956,169)
Total accumulated depreciation	<u>(158,452,425)</u>	<u>(7,401,413)</u>	<u>14,300</u>	<u>(165,839,538)</u>
Total capital assets being depreciated, net	<u>120,844,401</u>	<u>(4,970,782)</u>	<u>-</u>	<u>115,873,619</u>
Governmental Activities Capital Assets, Net	<u>\$ 129,562,858</u>	<u>\$ 15,243,000</u>	<u>\$ -</u>	<u>\$ 144,805,858</u>

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Depreciation expense was charged to functions/programs as follows:

Governmental activities:	
General government	\$ 100,410
Public safety	746,305
Public works	2,279,383
Human services	17,539
Culture and recreation	181,945
Education	<u>4,075,831</u>
 Total Depreciation Expense - Governmental Activities	 \$ <u><u>7,401,413</u></u>

Construction Commitments

The Town has several active construction projects as of June 30, 2019. The following is a summary of capital projects as of June 30, 2019.

	<u>Appropriation</u>	<u>Expenditures and Encumbrances</u>	<u>Unexpended Balance</u>
Capital and nonrecurring expenditures	\$ 6,838,669	\$ 6,468,321	\$ 370,348
Board of Education Capital	1,752,121	1,702,506	49,615
Landfill Expansion	219,189	267,572	(48,383)
Road Bond Project	5,039,426	4,276,468	762,958
Northwest Drive Renovation	928,045	764,254	163,791
Sewer Capital	16,866,146	16,784,364	81,782
Firetruck Purchase	396,559	237,254	159,305
Tomlinson Avenue Bridge	2,100,000	1,990,031	109,969
School Capital Maintenance Project	25,369,000	22,583,146	2,785,854
Senior Center Parking Lot	<u>125,864</u>	<u>146,614</u>	<u>(20,750)</u>
 Total	 \$ <u><u>59,635,019</u></u>	 \$ <u><u>55,220,530</u></u>	 \$ <u><u>4,414,489</u></u>

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6. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

During the course of operations, transactions are processed through a fund on behalf of another fund. Additionally, revenues received in one fund are transferred to another fund. A summary of interfund balances as of June 30, 2019 is presented below:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Capital Projects Fund	\$ 4,228,356
General Fund	Nonmajor Governmental Funds	682,957
General Fund	Internal Service Fund - Health Insurance	2,375,611
General Fund	Airport Operations Fund	336,096
		<u>7,623,020</u>
Nonmajor Governmental Funds	General Fund	1,111,520
Internal Service Fund - Self Insurance Reserve	General Fund	403,348
		<u>1,514,868</u>
Total		\$ <u>9,137,888</u>

Interfund receivables and payables generally represent temporary balances arising from reimbursement type transactions.

Interfund transfers:

	<u>Transfer In</u>			<u>Total</u>
	<u>General</u>	<u>Capital Projects</u>	<u>Nonmajor and Other Funds</u>	<u>Transfer Out</u>
Transfer out:				
General Fund	\$	\$ 800,000	\$ 761,613	\$ 1,561,613
Capital Projects	325,004		34,839	359,843
Sewer Operating Fund	<u>335,747</u>	<u>143,000</u>		<u>478,747</u>
Total Transfers In	\$ <u>660,751</u>	\$ <u>943,000</u>	\$ <u>796,452</u>	\$ <u>2,400,203</u>

Transfers are used to 1) move unrestricted general fund revenues to finance various programs that the Town must account for in other funds in accordance with budgetary authorizations, including amounts provided as subsidies or matching funds for various grant programs, and 2) move revenues from the Sewer Fund to General Fund and Sewer Capital Project Fund and other operational transfers between the funds.

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7. LONG-TERM DEBT

General Obligation Bonds

All general long-term bonds are secured by the general revenue raising powers of the Town, and payment is provided by General Fund and Sewer Fund revenues. No sinking funds have been established as of June 30, 2019.

Changes in Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2019 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities:					
Bonds payable:					
General obligation bonds	\$ 20,645,000	\$ 10,000,000	\$ 3,180,000	\$ 27,465,000	\$ 3,750,000
Unamortized bond premiums	<u>1,536,386</u>	<u>99,840</u>	<u>196,388</u>	<u>1,439,838</u>	<u>132,865</u>
Total bonds payable	22,181,386	10,099,840	3,376,388	28,904,838	3,882,865
Long-term note payable	12,976,725		1,062,529	11,914,196	1,083,974
Capital leases	152,848		152,848	-	
Total OPEB liability	12,590,787		2,449,837	10,140,950	
Compensated absences	3,331,529	312,960	471,664	3,172,825	473,562
Net pension liability	<u>5,073,693</u>	<u>997,746</u>		<u>6,071,439</u>	
Total Governmental Activities					
Long-Term Liabilities	<u>\$ 56,306,968</u>	<u>\$ 11,410,546</u>	<u>\$ 7,513,266</u>	<u>\$ 60,204,248</u>	<u>\$ 5,440,401</u>

Compensated absences, net pension liabilities and total OPEB liabilities are generally liquidated by the General Fund.

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A schedule of bonds at June 30, 2019 is presented below:

Description	Principal Amount
\$6,855,000 - Refunding Bonds issued May 25, 2007 and maturing April 1, 2021; various interest rates from 3.65% to 4%	\$ 1,210,000
\$12,000,000 - Plainville High School and Toffolon Elementary School issued October 28, 2010 and maturing July 15, 2030; various interest rates from 1.5% to 4%	1,200,000
\$12,535,000 - Refunding Bonds issued December 20, 2011 and maturing August 15, 2023; various interest rates from 3.0% to 4.0%	5,080,000
\$5,025,000 - Refunding Bonds issued September 15, 2015 and maturing April 15, 2027; various interest rates from 3.0% to 4.0%	4,010,000
\$5,965,000 - Refunding Bonds issued August 23, 2016 and maturing July 15, 2030; various interest rates from .95% to 2%	5,965,000
\$10,0000 - General Obligation Bonds issued September 5, 2018 and maturing on September 1, 2025; various interest rates from 2.25% to 4%.	<u>10,000,000</u>
Total Bond Indebtedness	<u><u>\$ 27,465,000</u></u>

The following is a schedule of future debt service requirements as of June 30, 2019:

Fiscal Year Ending June 30	Principal	Interest	Total
2020	\$ 3,750,000	\$ 1,063,433	\$ 4,813,433
2021	3,265,000	756,950	4,021,950
2022	2,890,000	634,075	3,524,075
2023	2,205,000	541,575	2,746,575
2024	2,195,000	462,275	2,657,275
2025-2029	6,995,000	1,419,375	8,414,375
2030-2034	3,665,000	623,150	4,288,150
2035-2039	<u>2,500,000</u>	<u>210,626</u>	<u>2,710,626</u>
Total	<u><u>\$ 27,465,000</u></u>	<u><u>\$ 5,711,459</u></u>	<u><u>\$ 33,176,459</u></u>

Prior Year Defeasance of Debt

In prior years, the Town defeased certain bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the Town's financial statements. At June 30, 2019, \$6,000,000 of prior bonds outstanding is considered defeased and escrow balance is \$6,436,528.

TOWN OF PLAINVILLE, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
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Long-Term Note Payable

The Town has an interim clean water note payable outstanding at June 30, 2019 of \$3,583,297, which has been issued for the Phosphorous Removal project. The note carries a 2% interest rate and the principal becomes payable upon the permanent refinancing of the note payable.

The Town has three State of Connecticut Clean Water serial notes outstanding. These loans were issued to finance improvements of the sewer plant and pump station. The interest rate on the notes is 2% and is payable through October 1, 2030. The principal and interest payments are as follows:

<u>Fiscal Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 1,083,974	\$ 228,383	\$ 1,312,357
2021	1,105,854	206,505	1,312,359
2022	1,128,175	184,184	1,312,359
2023	1,150,947	161,412	1,312,359
2024	1,174,177	138,181	1,312,358
2025-2029	5,991,370	330,855	6,322,225
2030	<u>279,699</u>	<u>933</u>	<u>280,632</u>
Total	<u>\$ 11,914,196</u>	<u>\$ 1,250,453</u>	<u>\$ 13,164,649</u>

General Obligation Bond Anticipation Notes

<u>Date Issued</u>	<u>Maturity Date</u>	<u>Interest Rate (%)</u>	<u>Balance July 1, 2018</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance June 30, 2019</u>
2/15/2018	9/14/2018	2.00	\$ <u>4,000,000</u>	\$ <u>1,000,000</u>	\$ <u>5,000,000</u>	\$ <u>-</u>

The outstanding bond anticipation notes were issued to fund cash flows for capital expenses.

The Town's indebtedness does not exceed the legal debt limitations as required by the Connecticut General Statutes as reflected in the following schedule:

<u>Category</u>	<u>Debt Limit</u>	<u>Net Indebtedness</u>	<u>Balance</u>
General purpose	\$ 104,993,318	\$ 9,160,000	\$ 95,833,318
Schools	209,986,637	18,530,000	191,456,637
Sewers	174,988,864	16,222,494	158,766,370
Urban renewal	151,657,015		151,657,015
Pension deficit	139,991,091		139,991,091

The total overall statutory debt limit for the Town is equal to seven times annual receipts from taxation or \$326,645,879.

The definition of indebtedness above includes bonds and notes outstanding in addition to the amount of bonds authorized and unissued against which debt is issued and outstanding. The Town has \$950,000 of authorized but unissued bonds at June 30, 2019.

TOWN OF PLAINVILLE, CONNECTICUT
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Capital Lease

During 2015, the Town entered into a lease agreement as a lessee for financing the acquisition of equipment for the Police Department valued at \$1,330,238. This year, \$312,913 was included in depreciation expense and the accumulated depreciation of the leased assets at June 30, 2019 is \$1,065,714. These lease agreements qualify as a capital lease for accounting purpose, and, therefore, have been recorded at the present value of future minimum lease payments as of the inception date. The lease was paid off as of June 30, 2019.

8. FUND BALANCE

The components of fund balance for the governmental funds at June 30, 2019 are as follows:

	<u>General Fund</u>	<u>Sewer Operating</u>	<u>Housing Rehabilitation</u>	<u>Airport Operations</u>	<u>Capital Projects Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Fund balances:							
Nonspendable:							
Inventory	\$	\$	\$	\$	\$	\$ 9,109	\$ 9,109
Prepays	36,767	11,856				1,830	50,453
Restricted for:							
Grants			15,381			1,685,025	1,700,406
Committed to:							
Senior citizens special						190,408	190,408
Library trust						848,177	848,177
Senior citizen transportation						54,328	54,328
Economic development						277,332	277,332
Land acquisition						18,837	18,837
Debt management	766,427						766,427
Sewer		3,900,621			803,466		4,704,087
Education capital					152,766	188,657	341,423
Capital and nonrecurring projects					366,443		366,443
Road bond fund					662,957		662,957
School capital maintenance project					7,788,811		7,788,811
Phosphorus removal					5,855,641		5,855,641
Firetruck					1,990,000		1,990,000
Northwest drive renovation					78,644		78,644
Recreation						88,999	88,999
Social services emergency						20,361	20,361
Berner pool						133,026	133,026
Water operating						63,620	63,620
Police forfeiture						4,872	4,872
Airport operations				539,230			539,230
Library expansion						88,052	88,052
Assigned to:							
Subsequent year's budget	300,000						300,000
Education - encumbrances	783,443						783,443
General government - encumbrances	22,389						22,389
Public safety - encumbrances	26,819						26,819
Public works - encumbrances	78,807						78,807
Human services - encumbrances	1,147						1,147
Recreation - encumbrances	321						321
Other - encumbrances	10,750						10,750
Unassigned	9,750,710				(21,190,087)		(11,439,377)
Total Fund Balances	\$ 11,777,580	\$ 3,912,477	\$ 15,381	\$ 539,230	\$ (3,491,359)	\$ 3,672,633	\$ 16,425,942

Major encumbrances are reported in the assigned fund balance of the General Fund of \$923,676 and committed fund balance for the Capital Projects Fund of \$15,713,096 and for the Nonmajor Governmental Funds of \$7,855.

TOWN OF PLAINVILLE, CONNECTICUT
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JUNE 30, 2019

9. RISK MANAGEMENT

The Town is exposed to various risks of loss including torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town generally obtains commercial insurance for these risks but has chosen to retain the risks for employee health and medical claims. Additionally, the Town retains the risk for deductibles on all other insurance policies and all risk for heart and hypertension claims. There has been no significant reduction in insurance coverage from the prior year for the categories risk insured commercially. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

Since fiscal year 1993, the Health Insurance and Self Insurance Reserve Internal Service Funds have been utilized to report the self-insurance activity. On July 1, 2018 the Town converted to a fully insured option for health insurance and participates in the State of Connecticut Partnership Plan. The activities are accounted for in the Health Insurance Fund. Additionally, the Health Insurance Fund continues to account for self-insurance activities related to dental and vision plans.

The Self Insurance Reserve Fund provides coverage for all deductibles on commercial insurance policies and all heart and hypertension claims. The Town additionally pays all retroactive commercial insurance policy adjustments from this fund. Commercial insurance policy deductibles are set at \$25,000. The Town purchases commercial insurance for claims in excess of coverage provided by the fund and for all other risks of loss.

All funds of the Town participate in the Internal Service Funds and make payments based on actuarial estimates of the amounts needed to pay prior and current year claims and to establish and provide for catastrophe losses. Additionally, the GASB Statement No. 10 requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Changes in the funds' claims liability were as follows:

	Liability		Current Year		Claim		Liability
	July 1,		Claims and		Payments		June 30,
			Changes in Estimates				
2017-2018	\$ 565,676	\$	8,627,341	\$	8,538,017	\$	655,000
2018-2019	655,000		339,405		969,026		25,379

**TOWN OF PLAINVILLE, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

10. TAX ABATEMENTS

The Town currently has three individual agreements with local businesses that qualify under the implementation of GASB Statement No. 77, *Tax Abatement Disclosures*, for the purpose of providing services to its taxpayers. Details of the agreements are as follows:

Program	ALLSTATE FIRE PROPERTIES LLC	ROYAL REALTY LLC	DREAM MAKER HOLDINGS LLC	90 TOWN LINE LLC	TOPFLIGHT REALTY LLC	DOWNTOWN WHITING, LLC
Purpose	The purpose of the program is to incent development that the municipality, through its authority, finds desirable.	The purpose of the program is to incent development that the municipality, through its authority, finds desirable.	The purpose of the program is to incent development that the municipality, through its authority, finds desirable.	The purpose of the program is to incent development that the municipality, through its authority, finds desirable.	The purpose of the program is to incent development that the municipality, through its authority, finds desirable.	The purpose of the program is to incent development that the municipality, through its authority, finds desirable.
Tax being abated	Property Tax	Property Tax	Property Tax	Property Tax	Property Tax	Property Tax
Authority under which agreements are entered into	The Municipal Tax Abatement derives its authority from Connecticut General Statutes 12-65b.	The Municipal Tax Abatement derives its authority from Connecticut General Statutes 12-65b.	The Municipal Tax Abatement derives its authority from Connecticut General Statutes 12-65b.	The Municipal Tax Abatement derives its authority from Connecticut General Statutes 12-65b.	The Municipal Tax Abatement derives its authority from Connecticut General Statutes 12-65b.	The Municipal Tax Abatement derives its authority from Connecticut General Statutes 12-65b.
Eligibility criteria for tax abatement	Improvements to the facility must exceed \$1,000,000. Owner must retain ownership of the property for 5 years, beginning October 1, 2017.	Improvements to the facility must exceed \$800,000. Owner must retain ownership of the property for 3 years, beginning October 1, 2016.	Improvements to the facility must exceed \$1,500,000. Owner must retain ownership of the property for 5 years, beginning October 1, 2016.	Improvements to the facility must exceed \$1,400,000. Owner must retain ownership of the property for 5 years, beginning October 1, 2014.	Improvements to the facility must exceed \$250,000. Owner must retain ownership of the property for 5 years, beginning October 1, 2017.	Improvements to the facility must exceed \$265,000. Owner must retain ownership of the property for 3 years, beginning October 1, 2017.
How recipient's tax are reduced	Portion of the assessment is exempt from taxes	Portion of the assessment is exempt from taxes	Portion of the assessment is exempt from taxes	Portion of the assessment is exempt from taxes	Portion of the assessment is exempt from taxes	Portion of the assessment is exempt from taxes
How the tax abatement is determined	Any business proposing the construction of new facilities is eligible to apply for benefits. The level of benefits is determined on a case by case basis by the Economic Development Agency. All final decisions to grant benefits must be ratified by the Town Council. A policy has been developed to help guide the decision making process.	Any business proposing the construction of new facilities is eligible to apply for benefits. The level of benefits is determined on a case by case basis by the Economic Development Agency. All final decisions to grant benefits must be ratified by the Town Council. A policy has been developed to help guide the decision making process.	Any business proposing the construction of new facilities is eligible to apply for benefits. The level of benefits is determined on a case by case basis by the Economic Development Agency. All final decisions to grant benefits must be ratified by the Town Council. A policy has been developed to help guide the decision making process.	Any business proposing the construction of new facilities is eligible to apply for benefits. The level of benefits is determined on a case by case basis by the Economic Development Agency. All final decisions to grant benefits must be ratified by the Town Council. A policy has been developed to help guide the decision making process.	Any business proposing the construction of new facilities is eligible to apply for benefits. The level of benefits is determined on a case by case basis by the Economic Development Agency. All final decisions to grant benefits must be ratified by the Town Council. A policy has been developed to help guide the decision making process.	Any business proposing the construction of new facilities is eligible to apply for benefits. The level of benefits is determined on a case by case basis by the Economic Development Agency. All final decisions to grant benefits must be ratified by the Town Council. A policy has been developed to help guide the decision making process.
Provisions for recapturing abated taxes, if any	None	None	None	None	None	None
Other commitments made by the Town	None	None	None	None	None	None
Gross dollar amount, on an accrual basis, by which the Town's tax revenues were reduced as a result of the abatement agreement.	\$ 28,309.87	\$ 1,502.83	\$ 18,004.91	\$ 21,464.74	\$ 16,291.59	\$ 1,293.36

11. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS

A. Municipal Employees and Police Pension

Plan Descriptions and Benefits Provided

The Town is the administrator of two single-employer Public Employee Retirement Systems (PERS) established and administered by the Town to provide pension benefits for its employees. The PERS are considered to be part of the Town's financial reporting entity and are included in the Town's financial reports as Pension Trust Funds. These plans were established by the authority of the Town Council.

Management of the plans rests with the management team consisting of the Town Manager, the Assistant Town Manager and the Director of Finance. One union member per union is invited to participate and sit in on all meetings.

At July 1, 2017, PERS membership consisted of:

	<u>Municipal</u>	<u>Police</u>
Retirees and beneficiaries currently receiving benefits	81	37
Terminated employees entitled to benefits but not yet receiving them	8	0
Current employees	<u>21</u>	<u>37</u>
Total	<u><u>110</u></u>	<u><u>74</u></u>

Effective 12/31/1998, the Municipal Employees Pension Plan was closed to new entrants.

The Town of Plainville Municipal Employees Pension System covers all Town employees and noncertified members of the Board of Education. The Town provides all employee retirement benefits through a single employer, contributory defined benefit plan. After December 1998, new employees participate in the Town's defined contribution plan. Under the plan, all employees having six months of service are eligible. Employees are 100% vested after five years of service. For participants in the plan who retired prior to January 1, 1990, the retirement benefit is 3/4% of final average earnings up to the covered compensation level plus 1-1/2% of final average earnings in excess of the covered compensation level, multiplied by years of service.

For participants in the plan who retire after December 31, 1989, the retirement benefit is 1-3/4% of average annual earnings multiplied by years of credited service. Average annual earnings means the highest average of basic annual rate of compensation received on any three consecutive July firsts prior to termination.

The Town of Plainville Police Pension System covers all police employees. The Town provides retirement, death and disability benefits through a single employer, contributory defined benefit plan. Under the plan, all employees having six months of service are eligible to join. Policemen are 25% vested after 5 years of service, 50% vested after 7 years of service and 100% vested after 10 years of service. Police employees who retire at normal retirement (the earlier of age 55 or 25 years of service) receive a retirement benefit of 2.25% of final base average earnings times years of service.

Summary of Significant Accounting Policies and Plan Asset Matters

Basis of Accounting

Both PERS financial statements are prepared using the accrual basis of accounting. Employee and employer contributions are recognized as revenues when due which is the period when employee services are performed. Benefit payments and refunds are payable when due and payable in accordance with the terms of the PERS. The PERS does not issue a separate stand-alone financial statement.

Method Used to Value Investments

Investments are reported at market value. Securities traded on a national exchange are valued at the last reported sales price. Investment income is recognized as earned.

Funding Status and Progress

Employees covered under the Municipal and Police plans are required to contribute 4.5% and 6.0%, respectively, of their earnings to the PERS. If an employee leaves covered employment or dies before meeting the vesting requirements, accumulated employee contributions and interest thereon are refunded. The Town is required to contribute the remaining amounts necessary to finance the benefits for its employees. Benefits and employee contributions are fixed by contract and may be amended by union negotiation. The Town Council is the authoritative body governing all plans. Administrative costs are financed through investment earnings.

Investments

Investment Policy

The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the PERS Board by a majority vote of its members. It is the policy of the PERS Board to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The pension plan's investment policy discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocations over short time spans. The following was the Board's adopted asset allocation policy as of June 30, 2019:

Asset Class	Municipal Employees Target Allocation	Police Target Allocation
Large Cap Domestic Equity	30%	30%
Mid Cap Domestic Equity	6%	6%
Small Cap Domestic Equity	9%	9%
International Equity	12%	12%
Core Fixed Income	43%	43%
Total Allocation	100%	100%

The plans did not have any concentrations that warranted disclosure.

TOWN OF PLAINVILLE, CONNECTICUT
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Rate of Return

For the year ended June 30, 2019, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was as follows:

	<u>Rate of Return</u>
Municipal Employees	5.52%
Police	5.55%

The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Net Pension Liability of the Town

The components of the net pension liability of the Town at June 30, 2019 were as follows:

	<u>Municipal Employees</u>	<u>Police</u>	<u>Total</u>
Total pension liability	\$ 16,101,887	\$ 19,257,388	\$ 35,359,275
Plan fiduciary net position	<u>13,315,583</u>	<u>15,972,253</u>	<u>29,287,836</u>
Net Pension Liability	<u>\$ 2,786,304</u>	<u>\$ 3,285,135</u>	<u>\$ 6,071,439</u>
Plan fiduciary net position as a percentage of the total pension liability	82.70%	82.94%	82.83%

Actuarial Assumptions

The total pension liability for Administrative Employees and Police were determined by an actuarial valuation as of July 1, 2018 and measurement date of June 30, 2019, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5% (prior: 2.75%)
Salary increases	4.0%, average, including inflation
Investment rate of return	7.5% (prior: 7.65%), net of pension plan investment management fees

Mortality rates were based on the RP-2014 Adjusted to 2006 Total Dataset Mortality Table projected to valuation date with Scale MP-2018.

The plans have not had a formal actuarial experience study performed.

TOWN OF PLAINVILLE, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
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The long-term expected rate of return on pension plan investments was determined using a building block method in which best-estimate ranges of expected future real rates of return are developed. Best estimates of the real rates of return for each major asset class are included in the pension plan's target asset allocation as of June 30, 2019 (see the discussion of the pension plan's investment policy) are summarized in the following table:

Asset Class	Municipal Employees Long-Term Expected Real Rate of Return	Police Long-Term Expected Real Rate of Return
Large Cap Domestic Equity	6.00 %	6.00 %
Mid Cap Domestic Equity	6.50	6.50
Small Cap Domestic Equity	6.75	6.75
International Equity	5.75	5.75
Core Fixed Income	2.30	2.30

Discount Rate

The discount rate used to measure the total pension liability was 7.5%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that Town contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Municipal Employees' Pension Plan			
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balances as of July 1, 2018	\$ 15,755,054	\$ 13,283,385	\$ 2,471,669
Changes for the year:			
Service cost	132,082		132,082
Interest on total pension liability	1,175,079		1,175,079
Differences between expected and actual experience	(433,609)		(433,609)
Changes in assumptions	546,304		546,304
Employer contributions		366,808	(366,808)
Member contributions		71,722	(71,722)
Net investment income		713,968	(713,968)
Benefit payments, including refund to employee contributions	(1,073,023)	(1,073,023)	-
Administrative expenses		(47,277)	47,277
Net changes	346,833	32,198	314,635
Balances as of June 30, 2019	\$ 16,101,887	\$ 13,315,583	\$ 2,786,304

TOWN OF PLAINVILLE, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

Police Pension Plan			
	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a)-(b)
Balances as of July 1, 2018	\$ 18,080,021	\$ 15,477,997	\$ 2,602,024
Changes for the year:			
Service cost	454,002		454,002
Interest on total pension liability	1,379,106		1,379,106
Differences between expected and actual experience	19,474		19,474
Employer contributions	356,805	575,357	(218,552)
Member contributions		149,396	(149,396)
Net investment income		845,334	(845,334)
Benefit payments, including refund to employee contributions	(1,032,020)	(1,032,020)	-
Administrative expenses		(43,811)	43,811
Net changes	1,177,367	494,256	683,111
Balances as of June 30, 2019	\$ 19,257,388	\$ 15,972,253	\$ 3,285,135

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the Town, calculated using the current discount rate for Municipal Employees and Police, as well as what the Town's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1% Decrease	Current	1% Increase
	(6.50%)	Discount Rate	(8.50%)
		(7.50%)	
Municipal Employees Net Pension Liability	\$ 4,195,282	\$ 2,786,304	\$ 1,554,357
Police's Net Pension Liability	\$ 5,560,495	\$ 3,285,135	\$ 1,391,730

TOWN OF PLAINVILLE, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2019, the Town reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

Deferred Outflows of Resources			
	Employees' Pension Plan	Police Retirement Plan	Total
Differences between expected and actual experience	\$	\$ 15,417	\$ 15,417
Changes of assumptions		381,363	381,363
Net difference between projected and actual earning on pension plan investments	<u>154,325</u>	<u>183,215</u>	<u>337,540</u>
Total	<u>\$ 154,325</u>	<u>\$ 579,995</u>	<u>\$ 734,320</u>
Deferred Inflows of Resources			
	Employees' Pension Plan	Police Retirement Plan	Total
Changes of assumptions	\$	\$ 192,422	\$ 192,422
Total	<u>\$ -</u>	<u>\$ 192,422</u>	<u>\$ 192,422</u>
Net Deferred Outflows and Inflows of Resources	<u>\$ 154,325</u>	<u>\$ 387,573</u>	<u>\$ 541,898</u>

TOWN OF PLAINVILLE, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
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Amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

<u>Year Ending June 30</u>	<u>Employees' Pension Plan</u>	<u>Police Retirement Plan</u>	<u>Total</u>
2020	\$ 118,476	\$ 186,445	\$ 304,921
2021	(68,150)	(35,336)	(103,486)
2022	48,677	108,637	157,314
2023	55,322	127,827	183,149
Total	<u>\$ 154,325</u>	<u>\$ 387,573</u>	<u>\$ 541,898</u>

For the year ended June 30, 2019, the Town recognized pension expense as follows:

	<u>Pension Expense</u>
Employees' Pension Plan	\$ 633,539
Police Retirement Plan	<u>871,896</u>
Total	<u>\$ 1,505,435</u>

Combining Schedules of Net Position and Changes in Net Position of the Pension Trust Fund

Combining Schedule of Net Position

	<u>Municipal Employees Pension Trust Fund</u>	<u>Police Pension Trust Fund</u>	<u>Total</u>
Assets:			
Investments	\$ 13,315,583	\$ 15,932,253	\$ 29,247,836
Accounts receivable		40,000	40,000
Total Assets	<u>\$ 13,315,583</u>	<u>\$ 15,972,253</u>	<u>\$ 29,287,836</u>
Net Position:			
Restricted for Pension Plan Benefits	<u>\$ 13,315,583</u>	<u>\$ 15,972,253</u>	<u>\$ 29,287,836</u>

TOWN OF PLAINVILLE, CONNECTICUT
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Combining Schedule of Changes in Net Position

	Municipal Employees Pension Trust Fund	Police Pension Trust Fund	Total
Additions:			
Contributions:			
Employer	\$ 366,808	\$ 575,357	\$ 942,165
Employee	71,722	149,396	221,118
Total contributions	<u>438,530</u>	<u>724,753</u>	<u>1,163,283</u>
Investment income:			
Net change in fair value of investments	442,288	523,667	965,955
Interest and dividends	271,680	321,667	593,347
Net investment income	<u>713,968</u>	<u>845,334</u>	<u>1,559,302</u>
Total additions	<u>1,152,498</u>	<u>1,570,087</u>	<u>2,722,585</u>
Deductions:			
Benefit payments	1,073,023	1,032,020	2,105,043
Administration	47,277	43,811	91,088
Total deductions	<u>1,120,300</u>	<u>1,075,831</u>	<u>2,196,131</u>
Change in net position	32,198	494,256	526,454
Net Position, Beginning of Year	<u>13,283,385</u>	<u>15,477,997</u>	<u>28,761,382</u>
Net Position, End of Year	<u>\$ 13,315,583</u>	<u>\$ 15,972,253</u>	<u>\$ 29,287,836</u>

B. Defined Contribution Plan

By local ordinance, the Town authorized a defined contribution plan for all employees other than Police. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. As of June 30, 2019, there were 95 members in the plan. All employees other than Police must join the defined contribution plan after six months of employment.

The local ordinance requires the employee to contribute 6.5% of earnings and the Town to contribute 9%. For the fiscal year ended June 30, 2019, the contributions were \$219,465 and \$332,370, respectively. Earnings do not include any overtime wages. For new employees, the Town's contributions along with the related earnings are fully vested after five years of continuous service. Town contributions for, and interest forfeited by, employees who leave employment before five years of service are used to reduce the Town's current period contribution requirements.

Pursuant to the administrative service agreement and the plan and trust adoption agreement, the ICMA Retirement Corporation administers the plan.

C. Connecticut Teachers' Retirement System - Pension

Plan Description

All Town of Plainville Board of Education certified employees participate in the State of Connecticut Teachers' Retirement System under Section 10.183 of the General Statutes of the State of Connecticut. Chapter 167a of the State Statutes grants authority to establish and amend the benefit terms to the Teachers Retirement Board. The Teachers Retirement Board issues a publicly available financial report that can be obtained at www.ct.gov.

Benefit Provisions

The plan provides retirement, disability and death benefits. Employees are eligible to retire at age 60 with 20 years of credited service in Connecticut, or 35 years of credited service including at least 25 years of service in Connecticut.

Normal Retirement

Retirement benefits for employees are calculated as 2% of the average annual salary times the years of credited service (maximum benefit is 75% of average annual salary during the 3 years of highest salary).

Early Retirement

Employees are eligible after 25 years of credited service including 20 years of Connecticut service, or age 55 with 20 years of credited service including 15 years of Connecticut service with reduced benefit amounts.

Disability Retirement

Employees are eligible for service-related disability benefits regardless of length of service. Five years of credited service is required for nonservice-related disability eligibility. Disability benefits are calculated as 2% of average annual salary times credited service to date of disability, but not less than 15% of average annual salary, nor more than 50% of average annual salary.

Contributions

Per Connecticut General Statutes Section 10-183z (which reflects Public Act 79-436 as amended), contribution requirements of active employees and the State of Connecticut are approved, amended and certified by the State Teachers Retirement Board and appropriated by the General Assembly.

Employer (School Districts)

School District employers are not required to make contributions to the plan.

The statutes require the State of Connecticut to contribute 100% of each school districts' required contributions, which are actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of the benefits earned by employees during the year, with any additional amount to finance any unfunded accrued liability.

Employees

Effective July 1, 1992, each teacher is required to contribute 6% of salary for the pension benefit.

Effective January 1, 2018, the required contribution increased 7% of pensionable salary.

TOWN OF PLAINVILLE, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

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

At June 30, 2019, the Town reports no amounts for its proportionate share of the net pension liability, and related deferred outflows and inflows, due to the statutory requirement that the State pay 100% of the required contribution. The amount recognized by the Town as its proportionate share of the net pension liability, the related state support, and the total portion of the net pension liability that was associated with the Town were as follows:

Town's proportionate share of the net pension liability	\$ -
State's proportionate share of the net pension liability associated with the Town	<u>56,471,932</u>
Total	\$ <u>56,471,932</u>

The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2018. At June 30, 2018, the Town has no proportionate share of the net pension liability.

For the year ended June 30, 2019, the Town recognized pension expense and revenue of \$6,337,976 in Exhibit II.

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of June 30, 2018, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75%
Salary increase	3.25-6.50%, including inflation
Investment rate of return	8.00%, net of pension plan investment expense, including inflation

Mortality rates were based on the RPH-2014 White Collar table with employee and annuitant rates blended from ages 50 to 80, projected to the year 2020 using the BB improvement scale, and further adjusted to grade in increased rates (5% for females and 8% for males) over age 80 for the period after service retirement and for dependent beneficiaries as well as for active members. The RPH-2014 Disabled Mortality Table projected to 2017 with Scale BB is used for the period after disability retirement.

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2010 - June 30, 2015.

For teachers who retired prior to September 1, 1992, pension benefit adjustments are made in accordance with increases in the Consumer Price Index, with a minimum of 3% and a maximum of 5% per annum.

TOWN OF PLAINVILLE, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

For teachers who were members of the Teachers' Retirement System before July 1, 2007 and retire on or after September 1, 1992, pension benefit adjustments are made that are consistent with those provided for Social Security benefits on January 1 of the year granted, with a maximum of 6% per annum. If the return on assets in the previous year was less than 8.5%, the maximum increase is 1.5%.

For teachers who were members of the Teachers' Retirement System after July 1, 2007, pension benefit adjustments are made that are consistent with those provided for Social Security benefits on January 1 of the year granted, with a maximum of 5% per annum. If the return on assets in the previous year was less than 11.5%, the maximum increase is 3%, and if the return on the assets in the previous year was less than 8.5%, the maximum increase is 1.0%.

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Large Cap U.S. equities	21.0%	5.8%
Developed non-U.S. equities	18.0%	6.6%
Emerging markets (non-U.S.)	9.0%	8.3%
Core fixed income	7.0%	1.3%
Inflation linked bond fund	3.0%	1.0%
Emerging market bond	5.0%	3.7%
High yield bonds	5.0%	3.9%
Real estate	7.0%	5.1%
Private equity	11.0%	7.6%
Alternative investments	8.0%	4.1%
Cash	6.0%	0.4%
Total	<u>100.0%</u>	

Discount Rate

The discount rate used to measure the total pension liability was 8.00%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that State contributions will be made at the actuarially determined contribution rates in the future years. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The Town's proportionate share of the net pension liability is \$-0- and, therefore, the change in the discount rate would only impact the amount recorded by the State of Connecticut.

Other Information

Additional information is included in the required supplementary information section of the financial statements. A schedule of contributions is not presented as the Town has no obligation to contribute to the plan.

12. OTHER POSTEMPLOYMENT BENEFITS

A. Town OPEB Plan

Plan Description

The Town administers one single-employer, post-retirement healthcare plan for the Board of Education, the Town OPEB plan. The plan provides medical benefits to eligible retirees and their spouses. The Town OPEB plan is administered by the Town. Plan provisions are determined by union contract and may be amended by union negotiations.

The Town currently pays for postemployment health care benefits on a pay-as-you-go basis. As of June 30, 2019, the Town has not established a trust fund to irrevocably segregate assets to fund liability associated with the postemployment benefits, which would require the reporting of a trust fund in accordance with GASB guidelines. Administration costs are financed from current operations.

Benefits Provided

The Town plan provides for medical benefits for all eligible Board of Education retirees. Summary of benefits provided should be provided as follows: Benefit terms, including 1) classes of employees covered, 2) types of benefits, 3) key elements of OPEB formula, 4) terms or policies with respect to automatic benefit changes, including ad hoc cost of living adjustments (COLAs), and 5) legal authority.

Employees Covered by Benefit Terms

Membership in the plan consisted of the following at July 1, 2018:

Inactive employees currently receiving benefit payments	31
Active employees	<u>445</u>
Total	<u><u>476</u></u>

Total OPEB Liability

The Town's total OPEB liability of \$10,140,950 was measured as of June 30, 2019 and was determined by an actuarial valuation as of July 1, 2018.

TOWN OF PLAINVILLE, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

Actuarial Assumptions and Other Inputs

The total OPEB liability in the July 1, 2018 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement unless otherwise specified:

Inflation	2.50% (Prior: 2.75%)
Salary increases	2.50% (Prior: 2.75%)
Discount rate	3.51% (Prior: 3.87)
Healthcare cost trend rates	7.00% decreasing to 4.50% (Prior: 7.75% decreasing to 4.75%)
Retirees' share of benefit-related costs	Police: Pre-65 - 15% retiree-paid for self and 100% retiree-paid for spouse Post-65 - 100% retiree-paid for self and spouse All Others: 100% retiree-paid for retirees

The discount rate was based on the 20-year AA municipal bond index for unfunded OPEB plans.

Mortality rates were based on RP-2014 Adjusted to 2006 Total Dataset Mortality Table projected to valuation date with Scale MP-2018.

The plan does not have credible data on which to perform an experience study.

Changes in the Total OPEB Liability

	Total OPEB Liability
Balances as of July 1, 2018	\$ <u>12,590,787</u>
Changes for the year:	
Service cost	572,068
Interest on total OPEB liability	505,846
Changes of benefit terms	(2,721,705)
Difference between expected and actual experience	(721,138)
Changes in assumptions or other inputs	100,628
Benefit payments	<u>(185,536)</u>
Net changes	<u>(2,449,837)</u>
Balances as of June 30, 2019	\$ <u><u>10,140,950</u></u>

Changes of assumptions and other inputs reflect a change in the discount rate from 3.87% in 2018 to 3.51% in 2019.

TOWN OF PLAINVILLE, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the Town using current discount rate, as well as what the Town's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current discount rate:

	1% Decrease (2.51%)	Current Discount Rate (3.51%)	1% Increase (4.51%)
Total OPEB Liability	\$ 11,306,449	\$ 10,140,950	\$ 9,134,568

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the total OPEB liability of the Town using current healthcare cost trend rate, as well as what the Town's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower or 1 percentage point higher than the current healthcare cost trend rates:

	1% Decrease (6.00%) Decreasing to 3.50%)	Healthcare Cost Trend Rates (7.00%) Decreasing to 4.50%)	1% Increase (8.00%) Decreasing to 5.50%)
Total OPEB Liability	\$ 8,953,170	\$ 10,140,950	\$ 11,553,616

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2019, the Town recognized OPEB expense of \$(1,763,076). At June 30, 2019, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 21,075	\$ 662,982
Changes of assumptions or other inputs	92,513	359,077
Total	\$ 113,588	\$ 1,022,059

TOWN OF PLAINVILLE, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

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

2020	\$ (81,050)
2021	(81,050)
2022	(81,050)
2023	(81,050)
2024	(81,050)
Thereafter	(503,221)

B. Other Postemployment Benefit - Connecticut State Teachers Retirement Plan

Plan Description

Teachers, principals, superintendents or supervisors engaged in service of public schools plus professional employees at State Schools of higher education are eligible to participate in the Connecticut State Teachers' Retirement System Retiree Health Insurance Plan (TRS-RHIP), a cost sharing multiple-employer defined benefit other post employment benefit plan administered by the Teachers' Retirement Board (TRB), if they choose to be covered.

Chapter 167a of the State Statutes grants authority to establish and amend the benefit terms to the TRB. TRS-RHIP issues a publicly available financial report that can be obtained at www.ct.gov/trb.

Benefit Provisions

There are two types of the health care benefits offered through the system. Subsidized Local School District Coverage provides a subsidy paid to members still receiving coverage through their former employer and the CTRB Sponsored Medicare Supplement Plans provide coverage for those participating in Medicare but not receiving Subsidized Local School District Coverage.

Any member who is not currently participating in Medicare Parts A & B is eligible to continue health care coverage with their former employer. A subsidy of up to \$110 per month for a retired member plus an additional \$110 per month for a spouse enrolled in a local school district plan is provided to the school district to first offset the retiree's share of the cost of coverage, and any remaining portion is used to offset the district's cost. The subsidy amount is set by statute and has not increased since July 1996. A subsidy amount of \$220 per month may be paid for a retired member, spouse or the surviving spouse of a member who has attained the normal retirement age to participate in Medicare, is not eligible for Part A of Medicare without cost and contributes at least \$220 per month towards coverage under a local school district plan.

Any member who is currently participating in Medicare Parts A & B is eligible to either continue health care coverage with their former employer, if offered, or enroll in the plan sponsored by the System. If they elect to remain in the plan with their former employer, the same subsidies as above will be paid to offset the cost of coverage.

**TOWN OF PLAINVILLE, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

If a member participating in Medicare Parts A & B so elects, they may enroll in one of the CTRB Sponsored Medicare Supplement Plans. Effective July 1, 2018, the System added a Medicare Advantage Plan option. Active members, retirees and the State pay equally toward the cost of the basic coverage (medical and prescription drug benefits) under the Medicare Advantage Plan. Retired members who choose to enroll in the Medicare Supplement Plan are responsible for the full difference in the premium cost between the two plans. Additionally, effective July 1, 2018, retired members who cancel their health care coverage or elect to not enroll in a CTRB sponsored health care coverage option must wait two years to re-enroll.

Survivor Health Care Coverage

Survivors of former employees or retirees remain eligible to participate in the plan and continue to be eligible to receive either the \$110 monthly subsidy or participate in the TRB-Sponsored Medicare Supplement Plans, as long as they do not remarry.

Eligibility

Any member who is currently receiving a retirement or disability benefit is eligible to participate in the plan.

Credited Service

One month for each month of service as a teacher in Connecticut public schools, maximum 10 months for each school year. Ten months of credited service constitutes one year of Credited Service. Certain other types of teaching services, State employment, or wartime military service may be purchased prior to retirement if the member pays one-half the cost.

Normal Retirement

Age 60 with 20 years of Credited Service in Connecticut, or 35 years of Credited Service including at least 25 years of service in Connecticut.

Early Retirement

Age 55 with 20 years of Credited Service including 15 years of Connecticut service, or 25 years of Credited Service including 20 years of Connecticut service.

Proratable Retirement

Age 60 with 10 years of Credited Service.

Disability Retirement

No service requirement if incurred in the performance of duty, and 5 years of Credited Service in Connecticut if not incurred in the performance of duty.

Termination of Employment

Ten or more years of Credited Service.

Contributions

State of Connecticut

Per Connecticut General Statutes Section 10-183z, contribution requirements of active employees and the State of Connecticut are approved, amended and certified by the State Teachers' Retirement Board and appropriated by the General Assembly. The State contributions are not currently actuarially funded. The State appropriates from the General Fund one third of the annual costs of the Plan.

TOWN OF PLAINVILLE, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

Administrative costs of the Plan are financed by the State. Based upon Chapter 167a, Subsection D of Section 10-183t of the Connecticut statutes, it is assumed the State will pay for any long-term shortfall arising from insufficient active member contributions.

Employer (School Districts)

School District employers are not required to make contributions to the plan.

Employees

Each member is required to contribute 1.25% of their annual salary up to \$500,000. Contributions in excess of \$500,000 will be credited to the Retiree Health Insurance Plan.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At June 30, 2019, the Town reports no amounts for its proportionate share of the net OPEB liability, and related deferred outflows and inflows, due to the statutory requirement that the State pay 100% of the required contribution. The amount recognized by the Town as its proportionate share of the net OPEB liability, the related State support and the total portion of the net OPEB liability that was associated with the Town was as follows:

Town's proportionate share of the net OPEB liability	\$ -
State's proportionate share of the net OPEB liability associated with the Town	<u>11,289,124</u>
Total	<u>\$ 11,289,124</u>

The net OPEB liability was measured as of June 30, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as June 30, 2018. At June 30, 2019, the Town has no proportionate share of the net OPEB liability.

For the year ended June 30, 2019, the Town recognized OPEB expense and revenue of \$(3,750,240) in Exhibit II.

Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of June 30, 2018, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75%
Health care costs trend rate:	
Pre-Medicare	5.95% decreasing to 4.75% by 2025
Medicare	5.00% decreasing to 4.75% by 2028
Salary increases	3.25-6.50%, including inflation
Investment rate of return	3.00%, net of OPEB plan investment expense, including inflation
Year fund net position will be depleted	2019

**TOWN OF PLAINVILLE, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

Mortality rates were based on the RPH-2014 White Collar table with employee and annuitant rates blended from ages 50 to 80, projected to the year 2020 using the BB improvement scale, and further adjusted to grade in increases (5% for females and 8% for males) over age 80. For disabled retirees, mortality rates were based on the RPH-2014 Disabled Mortality Table projected to 2020 using the BB improvement scale.

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2010 - June 30, 2015.

The long-term expected rate of return on plan assets is reviewed as part of the GASB 75 valuation process. Several factors are considered in evaluating the long-term rate of return assumption, including the plan's current asset allocations and a log-normal distribution analysis using the best-estimate ranges of expected future real rates of return (expected return, net investment expense and inflation) for each major asset class. The long-term expected rate of return was determined by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The assumption is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years. The plan is 100% invested in U.S. Treasuries (Cash Equivalents) for which the expected 10-Year Geometric Real Rate of Return is (0.27%).

Discount Rate

The discount rate used to measure the total OPEB liability was 3.87%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current member contribution rate and that contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members. No future State contributions were assumed to be made. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be depleted in 2019 and, as a result, the Municipal Bond Index Rate was used in the determination.

Sensitivity of the Net OPEB Liability to Changes in the Health Care Cost Trend Rate and the Discount Rate

The Town's proportionate share of the net OPEB liability is \$-0- and, therefore, the change in the health care cost trend rate or the discount rate would only impact the amount recorded by the State of Connecticut.

Other Information

Additional information is included in the required supplementary information section of the financial statements. A schedule of contributions is not presented as the Town has no obligation to contribute to the plan. Detailed information about the Connecticut State Teachers OPEB Plan fiduciary net position is available in the separately issued State of Connecticut Comprehensive Annual Financial Report at www.ct.gov.

13. CONTINGENT LIABILITIES

The Town is a defendant in a number of lawsuits. It is the opinion of management that such pending litigation will not be finally determined so as to result in a judgment or judgments against the Town, which would materially affect its financial position.

14. SUBSEQUENT EVENT

On November 26, 2019, the Town issued \$4,000,000 of general obligation bond anticipation notes, maturing May 21, 2020 with interest rate of 2.25%.



Required Supplementary Information

TOWN OF PLAINVILLE, CONNECTICUT
GENERAL FUND
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE YEAR ENDED JUNE 30, 2019

	<u>Original</u>	<u>Amended</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Property taxes:				
Revenues from property taxes	\$ 46,208,957	\$ 46,208,957	\$ 46,511,834	\$ 302,877
Prior years' levy	525,000	525,000	642,084	117,084
Interest and liens fees	305,500	305,500	590,702	285,202
Total property taxes	<u>47,039,457</u>	<u>47,039,457</u>	<u>47,744,620</u>	<u>705,163</u>
Licenses, fees and charges for goods and services:				
Licenses and permits:				
Building	275,200	275,200	462,119	186,919
Police	5,500	5,500	10,700	5,200
Town Clerk	1,000	1,000	7,486	6,486
Total licenses and permits	<u>281,700</u>	<u>281,700</u>	<u>480,305</u>	<u>198,605</u>
Fines and fees:				
Building	1,200	1,200	655	(545)
Police service charge	62,500	62,500	77,444	14,944
Police fines and impoundment fees	3,000	3,000	1,905	(1,095)
Town Clerk	95,000	95,000	94,590	(410)
Planning and Zoning fees	5,000	5,000	7,201	2,201
Zoning Board of Appeals	3,000	3,000	3,859	859
Tipping and solid waste license	11,000	11,000	17,568	6,568
Senior Center	18,000	18,000	19,700	1,700
Conveyance tax	135,000	135,000	295,621	160,621
Condominium trash	50,000	50,000	48,056	(1,944)
Miscellaneous	213,000	213,000	461,417	248,417
Total fines and fees	<u>596,700</u>	<u>596,700</u>	<u>1,028,016</u>	<u>431,316</u>
Total licenses, fees and charges for goods and services	<u>878,400</u>	<u>878,400</u>	<u>1,508,321</u>	<u>629,921</u>
Intergovernmental revenues:				
State of Connecticut:				
Elderly tax relief:				
Freeze	2,000	2,000	1,961	(39)
Tax relief - disability	3,600	3,600	3,703	103
Tax relief - veterans	22,000	22,000	22,660	660
Property tax relief	541,936	541,936	541,936	-

(Continued on next page)

TOWN OF PLAINVILLE, CONNECTICUT
GENERAL FUND
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2019

	<u>Original</u>	<u>Amended</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Intergovernmental revenues: (continued)				
State-owned property	\$ 8,596	\$ 8,596	\$ 8,596	\$ -
Youth services	27,000	27,000	27,717	717
Tax share telephone access line	50,000	50,000	34,748	(15,252)
Local capital improvement program	145,525	145,525		(145,525)
Education:				
Education equalization	10,366,966	10,366,966	10,356,873	(10,093)
Plane registration	8,200	8,200	8,700	500
Mashantucket Pequot Grant	27,635	27,635	27,635	-
Miscellaneous grants	30,000	30,000	63,725	33,725
Total intergovernmental revenues	<u>11,233,458</u>	<u>11,233,458</u>	<u>11,098,254</u>	<u>(135,204)</u>
Miscellaneous revenues:				
Housing Authority	34,496	34,496	15,000	(19,496)
Revenues from use of money	30,500	30,500	111,702	81,202
Sale of property			2,655	2,655
Total miscellaneous revenues	<u>64,996</u>	<u>64,996</u>	<u>129,357</u>	<u>64,361</u>
Other financing sources:				
Use of fund balance	204,000	204,000		(204,000)
Transfers in	635,747	635,747	660,751	25,004
Total other financing sources	<u>839,747</u>	<u>839,747</u>	<u>660,751</u>	<u>(178,996)</u>
Total Revenues and Other Financing Sources	<u>\$ 60,056,058</u>	<u>\$ 60,056,058</u>	61,141,303	<u>\$ 1,085,245</u>
Budgetary revenues are different than GAAP revenues because:				
State of Connecticut Teachers' Retirement System to Town Teachers pension expense is not budgeted.			6,337,976	
State of Connecticut Teachers' Retirement System to Town Teachers OPEB expense (revenue) is not budgeted.			(3,750,240)	
Cancellation of prior year encumbrances are recognized as budgetary revenue				
State Excess Cost - Student Based grant.			<u>574,800</u>	
Total Revenues and Other Financing Sources as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds - Exhibit IV			<u>\$ 64,303,839</u>	

TOWN OF PLAINVILLE, CONNECTICUT
GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE YEAR ENDED JUNE 30, 2019

	<u>Original</u>	<u>Amended</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
General government:				
Town Council	\$ 73,150	\$ 76,950	\$ 75,120	\$ 1,830
Planning and Zoning	3,400	3,400	3,008	392
Zoning Board of Appeals	3,100	3,500	3,251	249
Inland Wetlands Commission	1,900	2,100	1,649	451
Board of Tax Review	2,097	2,097	1,231	866
Conservation Commission	2,350	2,350	1,291	1,059
Veterans Council	9,450	9,450	9,221	229
Probate Court	9,000	9,000	8,844	156
Town Manager	269,880	269,880	263,050	6,830
Human Resources	93,832	93,832	91,810	2,022
Elections	63,789	73,789	71,472	2,317
Town Counsel	136,349	136,349	136,285	64
Town Treasurer	5,915	5,915	5,915	-
Finance	208,790	208,790	199,315	9,475
Assessments	236,416	236,416	217,709	18,707
Revenue collection	136,275	136,275	123,895	12,380
Town Clerk	202,385	202,385	195,281	7,104
Data processing	195,299	195,299	192,731	2,568
Insurance	699,530	543,930	534,211	9,719
General administration services	78,352	78,352	78,237	115
Economic Development Agency	74,600	74,600	69,137	5,463
Recycling Committee	910	910	669	241
Total	<u>2,506,769</u>	<u>2,365,569</u>	<u>2,283,332</u>	<u>82,237</u>
Public safety:				
Police	4,232,419	4,533,419	4,384,969	148,450
Fire and Civil Preparedness	366,560	366,560	329,738	36,822
Fire Marshal	72,220	72,220	69,269	2,951
Animal Control	83,417	85,617	85,412	205
Ambulance service	15,824	15,824	15,823	1
Total	<u>4,770,440</u>	<u>5,073,640</u>	<u>4,885,211</u>	<u>188,429</u>

(Continued on next page)

TOWN OF PLAINVILLE, CONNECTICUT

GENERAL FUND

SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES

BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2019

	<u>Original</u>	<u>Amended</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Public works:				
Physical and technical services administration	\$ 162,983	\$ 162,983	\$ 154,067	\$ 8,916
Roadways	911,441	911,441	852,821	58,620
Buildings and grounds	1,046,622	1,088,622	1,056,523	32,099
Municipal Building maintenance	1,488,040	1,488,040	1,417,498	70,542
Planning	81,600	81,600	78,901	2,699
Building inspections	89,852	89,852	83,716	6,136
Engineering	78,520	78,520	67,791	10,729
Motor vehicle and equipment pool	134,174	150,174	144,705	5,469
Transfer station	74,626	74,626	59,643	14,983
Total	<u>4,067,858</u>	<u>4,125,858</u>	<u>3,915,665</u>	<u>210,193</u>
Human services:				
Health and sanitation	119,320	119,320	119,320	-
Senior citizens service	312,873	312,873	290,991	21,882
Social services	28,632	28,632	27,637	995
Solid waste management	1,094,875	1,094,875	1,094,875	-
Youth services	120,480	120,480	107,643	12,837
Other health and welfare	53,865	53,865	53,865	-
Total	<u>1,730,045</u>	<u>1,730,045</u>	<u>1,694,331</u>	<u>35,714</u>
Culture and recreation:				
Recreation	<u>156,755</u>	<u>156,755</u>	<u>141,132</u>	<u>15,623</u>
Education:				
School budget	<u>37,322,912</u>	<u>37,322,912</u>	<u>37,320,783</u>	<u>2,129</u>
Other:				
Employee benefits	3,509,666	3,579,666	3,518,416	61,250
Unclassified	<u>30,000</u>	<u>30,000</u>	<u>20,772</u>	<u>9,228</u>
Total	<u>3,539,666</u>	<u>3,609,666</u>	<u>3,539,188</u>	<u>70,478</u>
Debt service:				
Interest and other charges	1,185,000	802,442	802,440	2
Principal	<u>3,215,000</u>	<u>3,215,000</u>	<u>3,215,000</u>	<u>-</u>
Total	<u>4,400,000</u>	<u>4,017,442</u>	<u>4,017,440</u>	<u>2</u>

(Continued on next page)

TOWN OF PLAINVILLE, CONNECTICUT

GENERAL FUND

SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES

BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2019

	<u>Original</u>	<u>Amended</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Other financing uses:				
Transfers out:				
Library Trust Fund	\$ 649,951	\$ 649,951	\$ 649,951	\$ -
Recreation Fund	83,500	466,058	466,058	-
Capital and Nonrecurring Expenditures Fund	800,000	800,000	800,000	-
Senior Citizens Transportation Fund	27,662	27,662	27,662	-
Other funds	500	500	500	-
Total	<u>1,561,613</u>	<u>1,944,171</u>	<u>1,944,171</u>	<u>-</u>
Total Expenditures and Other Financing Uses	\$ <u>60,056,058</u>	\$ <u>60,346,058</u>	59,741,253	\$ <u>604,805</u>
Budgetary expenditures are different than GAAP revenues because:				
State of Connecticut Teachers' Retirement System to Town Teachers pension expense is not budgeted.			6,337,976	
State of Connecticut Teachers' Retirement System to Town Teachers OPEB expense (revenue) is not budgeted.			(3,750,240)	
Transfers to funds consolidated with the General Fund are eliminated for financial reporting purposes.			(382,558)	
Encumbrances for purchases and commitments ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the order is received for financial reporting purposes.			(114,145)	
State Excess Cost - Student Based grant.			<u>574,800</u>	
Total Expenditures and Other Financing Uses as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds - Exhibit IV			\$ <u>62,407,086</u>	

TOWN OF PLAINVILLE, CONNECTICUT
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
MUNICIPAL EMPLOYEES
LAST SIX FISCAL YEARS*

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total pension liability:						
Service cost	\$ 132,082	\$ 134,372	\$ 146,937	\$ 108,578	\$ 132,077	\$ 127,611
Interest	1,175,079	1,171,738	1,168,508	1,165,989	1,169,346	1,141,910
Differences between expected and actual experience	(433,609)	(196,872)	(140,013)	(100,363)	(57,635)	
Changes of assumptions	546,304		126,591	(123,946)	211,582	
Benefit payments, including refunds of member contributions	<u>(1,073,023)</u>	<u>(1,053,881)</u>	<u>(1,046,289)</u>	<u>(1,065,586)</u>	<u>(943,501)</u>	<u>(919,047)</u>
Net change in total pension liability	346,833	55,357	255,734	(15,328)	511,869	350,474
Total pension liability - beginning	<u>15,755,054</u>	<u>15,699,697</u>	<u>15,443,963</u>	<u>15,459,291</u>	<u>14,947,422</u>	<u>14,596,948</u>
Total pension liability - ending	<u>16,101,887</u>	<u>15,755,054</u>	<u>15,699,697</u>	<u>15,443,963</u>	<u>15,459,291</u>	<u>14,947,422</u>
Plan fiduciary net position:						
Contributions - employer	366,808	396,781	394,585	388,078	414,054	461,309
Contributions - member	71,722	97,026	92,803	95,958	115,312	115,181
Net investment income	713,968	997,090	1,492,310	22,029	444,282	1,750,644
Benefit payments, including refunds of member contributions	<u>(1,073,023)</u>	<u>(1,053,881)</u>	<u>(1,046,289)</u>	<u>(1,065,586)</u>	<u>(943,501)</u>	<u>(919,047)</u>
Administrative expense	<u>(47,277)</u>	<u>(54,952)</u>	<u>(48,290)</u>	<u>(67,532)</u>	<u>(64,958)</u>	<u>(52,303)</u>
Net change in plan fiduciary net position	32,198	382,064	885,119	(627,053)	(34,811)	1,355,784
Plan fiduciary net position - beginning	<u>13,283,385</u>	<u>12,901,321</u>	<u>12,016,202</u>	<u>12,643,255</u>	<u>12,678,066</u>	<u>11,322,282</u>
Plan fiduciary net position - ending	<u>13,315,583</u>	<u>13,283,385</u>	<u>12,901,321</u>	<u>12,016,202</u>	<u>12,643,255</u>	<u>12,678,066</u>
Net Pension Liability - Ending	<u>\$ 2,786,304</u>	<u>\$ 2,471,669</u>	<u>\$ 2,798,376</u>	<u>\$ 3,427,761</u>	<u>\$ 2,816,036</u>	<u>\$ 2,269,356</u>
Plan fiduciary net position as a percentage of the total pension liability	82.70%	84.31%	82.18%	77.81%	81.78%	84.82%
Covered payroll	\$ 1,280,089	\$ 1,391,927	\$ 1,418,186	\$ 1,546,978	\$ 1,302,116	\$ 1,364,785
Net pension liability as a percentage of covered payroll	217.66%	177.57%	197.32%	221.58%	216.27%	166.28%

* Schedule is intended to show information for 10 years - additional years will be displayed as they become available

TOWN OF PLAINVILLE, CONNECTICUT
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
POLICE
LAST SIX FISCAL YEARS*

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total pension liability:						
Service cost	\$ 454,002	\$ 421,705	\$ 447,371	\$ 396,619	\$ 307,211	\$ 295,395
Interest	1,379,106	1,336,356	1,295,889	1,238,569	1,218,103	1,176,313
Changes of benefit terms				220,737		
Differences between expected and actual experience	19,474	(187,074)	(94,782)	(125,924)	(263,541)	
Changes of assumptions	356,805		183,643	1,963	400,614	
Benefit payments, including refunds of member contributions	(1,032,020)	(1,056,471)	(1,060,997)	(1,025,873)	(967,721)	(954,825)
Net change in total pension liability	1,177,367	514,516	771,124	706,091	694,666	516,883
Total pension liability - beginning	18,080,021	17,565,505	16,794,381	16,088,290	15,393,624	14,876,741
Total pension liability - ending	19,257,388	18,080,021	17,565,505	16,794,381	16,088,290	15,393,624
Plan fiduciary net position:						
Contributions - employer	575,357	520,370	497,420	486,658	511,310	511,310
Contributions - member	149,396	177,950	157,112	157,881	145,519	140,430
Net investment income	845,334	1,146,995	1,687,610	24,531	480,502	1,872,199
Benefit payments, including refunds of member contributions	(1,032,020)	(1,056,471)	(1,060,997)	(1,025,873)	(967,721)	(954,825)
Administrative expense	(43,811)	(43,739)	(43,619)	(52,554)	(46,226)	(43,313)
Net change in plan fiduciary net position	494,256	745,105	1,237,526	(409,357)	123,384	1,525,801
Plan fiduciary net position - beginning	15,477,997	14,732,892	13,495,366	13,904,723	13,781,339	12,255,538
Plan fiduciary net position - ending	15,972,253	15,477,997	14,732,892	13,495,366	13,904,723	13,781,339
Net Pension Liability - Ending	\$ 3,285,135	\$ 2,602,024	\$ 2,832,613	\$ 3,299,015	\$ 2,183,567	\$ 1,612,285
Plan fiduciary net position as a percentage of the total pension liability	82.94%	85.61%	83.87%	80.36%	86.43%	89.53%
Covered payroll	\$ 2,874,251	\$ 2,683,553	\$ 2,320,061	\$ 2,328,738	\$ 2,134,699	\$ 1,667,990
Net pension liability as a percentage of covered payroll	114.30%	96.96%	122.09%	141.67%	102.29%	96.66%

* Schedule is intended to show information for 10 years - additional years will be displayed as they become available

**TOWN OF PLAINVILLE, CONNECTICUT
SCHEDULE OF EMPLOYER CONTRIBUTIONS
MUNICIPAL EMPLOYEES
LAST TEN FISCAL YEARS**

	FISCAL YEAR									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Actuarially determined contribution	\$ 366,808	\$ 396,781	\$ 394,585	\$ 388,078	\$ 379,054	\$ 421,309	\$ 527,722	\$ 488,088	\$ 424,803	\$ 404,120
Contributions in relation to the actuarially determined contribution	366,808	396,781	394,585	388,078	414,054	461,309	527,722	488,088	424,803	404,120
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ (35,000)	\$ (40,000)	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 1,280,089	\$ 1,391,927	\$ 1,418,186	\$ 1,546,978	\$ 1,302,116	\$ 1,364,785	\$ 1,699,817	\$ 1,842,379	\$ 1,826,777	\$ 2,099,669
Contributions as a percentage of covered payroll	28.65%	28.51%	27.82%	25.09%	31.80%	33.80%	31.05%	26.49%	23.25%	19.25%

Notes to Schedule

Valuation date: July 1, 2018

Measurement date: June 30, 2019

Actuarially determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported

Methods and assumptions used to determine contribution rates:

Actuarial cost method Entry age
Amortization method Level percentage of payroll, closed
Remaining amortization period 21 years (Prior 22 years)
Asset valuation method 4-year smoothed market
Inflation 2.5% (Prior: 2.75%)
Salary increases 3.5% average, including inflation
Investment rate of return 7.5% (Prior 7.65%)
Mortality Current: PR-2017 Adjusted to 2006 Total Dataset Mortality Table projected to valuation date with Scale MP-2018. (Prior: PR-2000 Mortality Table with separate male and female rates, with no collar adjustment, combined, table for nonannuitants and annuitants, projected to the valuation date with Scale AA)

Other information:

Mortality Improvement

Projected to date of decrement using Scale MP-2018 (generational mortality)

Prior: Projected to date of decrement using Scale AA (generational mortality)

**TOWN OF PLAINVILLE, CONNECTICUT
SCHEDULE OF EMPLOYER CONTRIBUTIONS
POLICE
LAST TEN FISCAL YEARS**

	FISCAL YEAR									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Actuarially determined contribution	\$ 535,357	\$ 520,370	\$ 497,420	\$ 486,658	\$ 451,397	\$ 438,012	\$ 464,826	\$ 432,284	\$ 374,226	\$ 374,262
Contributions in relation to the actuarially determined contribution	575,357	520,370	497,420	486,658	511,310	511,310	464,826	432,284	374,226	374,262
Contribution Deficiency (Excess)	\$ (40,000)	\$ -	\$ -	\$ -	\$ (59,913)	\$ (73,298)	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 2,874,251	\$ 2,683,553	\$ 2,320,061	\$ 2,328,738	\$ 2,134,699	\$ 1,667,990	\$ 1,617,441	\$ 1,686,555	\$ 1,647,271	\$ 1,711,289
Contributions as a percentage of covered payroll	20.02%	19.39%	21.44%	20.90%	23.95%	30.65%	28.74%	25.63%	22.72%	21.87%

Notes to Schedule

Valuation date: July 1, 2018

Measurement date: June 30, 2019

Actuarially determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age
Amortization method	Level percentage of payroll, closed
Remaining amortization period	27 years
Asset valuation method	4-year smoothed market
Inflation	2.5% (Prior: 2.75%)
Salary increases	4.0%, average, including inflation
Investment rate of return	7.50% (Prior: 7.65%)
Retirement age	Age 55 or completion of 25 years of service, if earlier
Mortality	RP-2014 Adjusted to 2016 Total Dataset Mortality Table projected to valuation date with Scale MP-2018. (Prior: RP-2000 Mortality Table with separate male and female rates, with no collar adjustments, combined, table for nonannuitants and annuitants, projected to the valuation date with Scale AA.

Other information:

Mortality Improvement Projected to date of decrement using Scale MP-2018 (generational). (Prior: Projected to date of decrement using Scale AA (generational mortality)).

**TOWN OF PLAINVILLE, CONNECTICUT
SCHEDULE OF INVESTMENT RETURNS
MUNICIPAL EMPLOYEES
LAST SIX FISCAL YEARS***

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Annual money-weighted rate of return, net of investment expense	5.52%	7.92%	12.73%	0.18%	3.57%	15.75%

* Schedule is intended to show information for 10 years - additional years will be displayed as they become available

**TOWN OF PLAINVILLE, CONNECTICUT
SCHEDULE OF INVESTMENT RETURNS
POLICE
LAST SIX FISCAL YEARS***

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Annual money-weighted rate of return, net of investment expense	5.55%	7.91%	12.74%	0.18%	3.54%	15.54%

* Schedule is intended to show information for 10 years - additional years will be displayed as they become available

TOWN OF PLAINVILLE, CONNECTICUT
SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
TEACHERS RETIREMENT PLAN
LAST FIVE FISCAL YEARS*

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Town's proportion of the net pension liability	0.00%	0.00%	0.00%	0.00%	0.00%
Town's proportionate share of the net pension liability	\$ -	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the net pension liability associated with the Town	<u>56,471,932</u>	<u>58,194,787</u>	<u>61,395,946</u>	<u>49,164,659</u>	<u>45,442,874</u>
Total	<u>\$ 56,471,932</u>	<u>\$ 58,194,787</u>	<u>\$ 61,395,946</u>	<u>\$ 49,164,659</u>	<u>\$ 45,442,874</u>
Town's covered payroll	\$ 18,557,923	\$ 18,152,210	\$ 18,156,327	\$ 17,793,753	\$ 16,977,886
Town's proportionate share of the net pension liability as a percentage of its covered payroll	0.00%	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	57.69%	55.93%	52.26%	59.50%	61.51%

Notes to Schedule

Changes in benefit terms	Beginning January 1, 2018, member contributions increased from 6% to 7% of salary.
Changes of assumptions	During 2016, rates of withdrawal, disability, retirement, mortality and assumed rates of salary increase were adjusted to more closely reflect actual and anticipated experience. These assumptions were recommended as part of the Experience Study for the System for the five-year period ended June 30, 2015.
Actuarial cost method	Entry age
Amortization method	Level percent of salary, closed
Remaining amortization period	17.6 years
Asset valuation method	4-year smoothed market
Investment rate of return	8.00%, net of investment related expense

* Schedule is intended to show information for 10 years - additional years will be displayed as they become available

TOWN OF PLAINVILLE
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS
LAST TWO FISCAL YEARS*

	<u>2019</u>	<u>2018</u>
Total OPEB liability:		
Service cost	\$ 572,068	\$ 569,820
Interest	505,846	457,085
Changes of benefit terms	(2,721,705)	
Differences between expected and actual experience	(721,138)	24,943
Changes of assumptions and other inputs	100,628	(424,963)
Benefit payments	<u>(185,536)</u>	<u>(463,918)</u>
Net change in total OPEB liability	(2,449,837)	162,967
Total OPEB liability - beginning	<u>12,590,787</u>	<u>12,427,820</u>
Total OPEB Liability - Ending	<u>\$ 10,140,950</u>	<u>\$ 12,590,787</u>
Covered payroll	\$ N/A	\$ N/A
Total OPEB liability as a percentage of covered-employee payroll	0.00%	0.00%

* Schedule is intended to show information for 10 years - additional years will be displayed as they become available

TOWN OF PLAINVILLE
SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
TEACHERS RETIREMENT PLAN
LAST TWO FISCAL YEARS*

	<u>2019</u>	<u>2018</u>
Town's proportion of the net OPEB liability	0.00%	0.00%
Town's proportionate share of the net OPEB liability	\$ -	\$ -
State's proportionate share of the net OPEB liability associated with the Town	<u>11,289,124</u>	<u>14,978,663</u>
Total	<u>\$ 11,289,124</u>	<u>\$ 14,978,663</u>
Town's covered payroll	\$ 18,557,923	\$ 18,152,210
Town's proportionate share of the net OPEB liability as a percentage of its covered payroll	0.00%	0.00%
Plan fiduciary net position as a percentage of the total OPEB liability	1.49%	1.79%

Notes to Schedule

Changes in benefit terms	Effective July 1, 2018, Medicare Advantage Plan was added to available options, changed the base plan to the Medicare Advantage Plan for the purposes of determining retiree subsidies and/or cost sharing amounts, and introduced a two-year waiting period for re-enrollment in a System-sponsored Plan for those who cancel their coverage or choose not to enroll after the effective date.
Changes of assumptions	<p>The expected rate of return on assets was changed from 2.75% to 3.00% to better reflect the anticipated returns on cash and other high quality short-term fixed income investments.</p> <p>Based on the procedure described in GASB 75, the discount rate used to measure Plan obligations for financial accounting purposes as of June 30, 2018 was updated to equal the Municipal Bond Index Rate as of June 30, 2018. The System selected the 3.87% discount rate used to measure the Total OPEB Liability as of the June 30, 2018 measurement date.</p> <p>Expected annual per capita claims costs were updated to better reflect anticipated medical and prescription drug claim experience both before and after the plan change that became effective on July 1, 2018.</p> <p>The assumed age-related annual percentage increases in expected annual per capita health care claim costs were updated to better reflect the expected differences between the Medicare Supplement and Medicare Advantage Plan amounts as part of the plan change that became effective on July 1, 2018.</p> <p>Long-term health care cost trend rates were updated to better reflect the anticipated impact of changes in medical inflation, utilization, leverage in the plan design, improvements in technology, and fees and charges on expected claims and retiree contributions in future periods.</p> <p>The percentage of retired members who are not currently participating in the Plan, but are expected to elect coverage for themselves and their spouses under a System-sponsored health care plan option in the future, was updated to better reflect anticipated plan experience.</p> <p>The percentages of participating retirees who are expected to enroll in the Medicare Supplement Plan and the Medicare Advantage Plan options, as well as the portion who are expected to migrate to the Medicare Advantage Plan over the next several years, were updated to better reflect anticipated plan experience after the plan change that became effective on July 1, 2018.</p> <p>The post-disability mortality table was updated to extend the period of projected mortality improvements from 2017 to 2020. This change was made to better reflect anticipated post-disablement plan experience.</p> <p>The percentages of deferred, vested members who will become ineligible for future health care benefits because they are expected to withdraw their contributions from the System was updated to better reflect anticipated plan experience.</p>
Actuarial cost method	Entry age
Amortization method	Level percent of payroll
Remaining amortization period	30 years, open
Asset valuation method	Market value of assets
Investment rate of return	4.25%, net of investment related expense including price inflation

* Schedule is intended to show information for 10 years - additional years will be displayed as they become available