

**TOWN OF PLAINFIELD, CONNECTICUT**

**BASIC FINANCIAL STATEMENTS,  
SUPPLEMENTARY INFORMATION AND  
INDEPENDENT AUDITOR'S REPORT**

**JUNE 30, 2014**

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**INDEPENDENT AUDITOR'S REPORT**

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## Independent Auditor's Report

To the Honorable First Selectman and  
Members of the Board of Finance  
Town of Plainfield, Connecticut

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Plainfield, Connecticut (the "Town") as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

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

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

#### *Auditor's Responsibility*

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Town'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 Town's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

#### *Opinions*

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Plainfield, Connecticut, as of June 30, 2014, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## Other Matters

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 14, the schedule of changes in net pension liability and the schedule of contributions and investment returns on pages 55 and 56, and the schedule of funding progress on page 57 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

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

The combining and individual 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 fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 23, 2014, on our consideration of the Town'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 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 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's internal control over financial reporting and compliance.



Glastonbury, Connecticut  
December 23, 2014

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**MANAGEMENT'S DISCUSSION AND ANALYSIS**

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The management of the Town of Plainfield, Connecticut (the "Town") offers the readers of its financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2014.

## **FINANCIAL HIGHLIGHTS**

- The assets and deferred outflows of resources of the Town exceeded its liabilities at the close of the most recent fiscal year by \$70,406,835 (net position). Of this amount, \$3,297,142 (unrestricted net position) may be used to meet the Town's ongoing obligations to citizens and creditors.
- The Town's total net position decreased by \$2,895,381 during the current fiscal year.
- As of the close of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$8,273,557, an increase of \$373,669 in comparison with the prior year. The primary cause of this fund balance increase is in the General Fund, which primarily relates to favorable property tax collections.
- At the close of the current fiscal year, unassigned fund balance for the General Fund was \$6,743,820 or 13.91% of total General Fund expenditures. Expressed another way, unassigned fund balance for the General Fund was sufficient to cover 1.7 months of General Fund operating expenditures.
- The Town's total long-term bonded debt (governmental and business type activities combined) increased by \$3,977,378 or 28.61% during the current fiscal year as a result of refunding bonds issued less scheduled principal payments.

## **OVERVIEW OF THE FINANCIAL STATEMENTS**

This discussion and analysis is intended to serve as an introduction to the Town's basic financial statements. The Town's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

### **Government-wide Financial Statements**

The government-wide financial statements are designed to provide readers with a broad overview of the Town's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of the Town's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

The statement of activities presents information showing how the Town's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).



## **OVERVIEW OF THE FINANCIAL STATEMENTS (*Continued*)**

### **Government-wide Financial Statements (*Continued*)**

Both of the government-wide financial statements are intended to distinguish functions of the Town that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the Town include activities such as: general government, public works, public safety, social services, administration and education. The business-type activities of the Town include the sewer operating facility.

The government-wide financial statements can be found on pages 15 and 16 of this report.

### **Fund Financial Statements**

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Town can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

#### ***Governmental Funds***

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the Town's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Town maintains a number of individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund and School Project Fund, which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The basic governmental fund financial statements can be found on pages 17 - 21 of this report.

#### ***Proprietary Funds***

The Town maintains one type of proprietary fund. The Town maintains an enterprise fund to account for its Water Pollution Control Authority which is the Town's sewer operating facility.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail.

The basic proprietary fund financial statements can be found on pages 22 - 24 of this report.

**OVERVIEW OF THE FINANCIAL STATEMENTS (*Continued*)**

**Fund Financial Statements (*Continued*)**

***Fiduciary Funds***

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

The basic fiduciary fund financial statements can be found on pages 25 and 26 of this report.

**Notes to the Financial Statements**

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 27 - 54 of this report.

**Other Information**

In addition to the basic financial statements and accompanying notes, this report also contains required supplementary information and combining and individual fund statements and schedules that can be found on pages 55 - 71 of this report.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

**Net Position**

Over time, net position may serve as one measure of a government's financial position. Net position of the Town totaled \$70,406,835 and \$73,302,216 as of June 30, 2014 and 2013, respectively, and are summarized as follows:

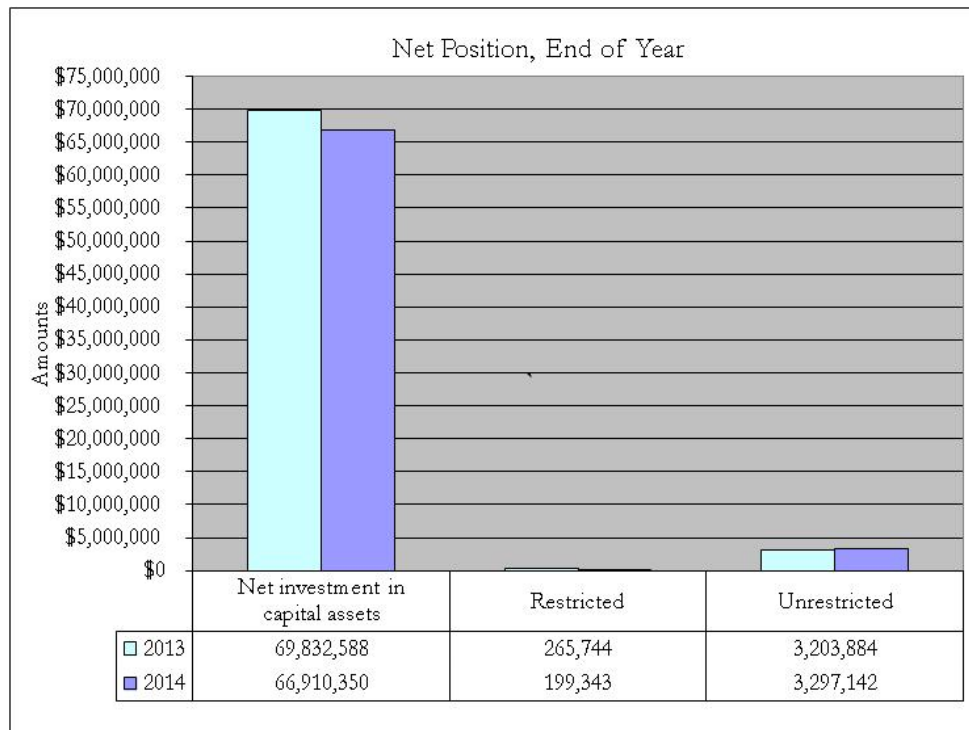
<b>Town of Plainfield, Connecticut</b>			
<b>Net Position</b>			
<b>June 30, 2014</b>			
	Governmental Activities	Business-type Activities	Total
Current and other assets	\$ 14,611,959	\$ 7,265,885	\$ 21,877,844
Capital assets	72,935,292	9,331,992	82,267,284
Total assets	87,547,251	16,597,877	104,145,128
Deferred outflows of resources	573,111	-	573,111
Long-term debt outstanding	22,078,613	6,827,606	28,906,219
Other liabilities	5,308,854	96,331	5,405,185
Total liabilities	27,387,467	6,923,937	34,311,404
Net Position:			
Net investment in capital assets	59,086,305	7,824,045	66,910,350
Restricted	199,343	-	199,343
Unrestricted	1,447,247	1,849,895	3,297,142
Total net position	\$ 60,732,895	\$ 9,673,940	\$ 70,406,835

**GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)**

**Net Position (Continued)**

**Town of Plainfield, Connecticut**  
**Net Position**  
**June 30, 2013**

	Governmental Activities	Business-type Activities	Total
Current and other assets	\$ 12,318,824	\$ 1,996,373	\$ 14,315,197
Capital assets	74,780,893	9,698,897	84,479,790
Total assets	<u>87,099,717</u>	<u>11,695,270</u>	<u>98,794,987</u>
Long-term debt outstanding	21,307,127	1,391,224	22,698,351
Other liabilities	2,644,354	150,066	2,794,420
Total liabilities	<u>23,951,481</u>	<u>1,541,290</u>	<u>25,492,771</u>
Net Position:			
Net investment in capital assets	61,457,019	8,375,569	69,832,588
Restricted	265,744	-	265,744
Unrestricted	1,425,473	1,778,411	3,203,884
Total net position	<u>\$ 63,148,236</u>	<u>\$ 10,153,980</u>	<u>\$ 73,302,216</u>



As of June 30, 2014 87.5% of the Town's net position reflect its investment in capital assets, less any related debt used to acquire those assets that is still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)**

**Net Position (Continued)**

Restricted net position represents amounts restricted for social services which is equal to 0.3% of the Town's net position as these amounts are to be for the Town's rehabilitation loan programs.

The remainder of the Town's net position is considered unrestricted and may be used to meet the Town's ongoing obligations to citizens and creditors.

Overall, net position decreased by \$2,895,381 in comparison to the prior year.

**Changes in Net Position**

Changes in net position for the years ended June 30, 2014 and 2013 are as follows:

**Town of Plainfield**  
**Changes in Net Position**  
**For the Year Ended June 30, 2014**

	Governmental Activities	Business-type Activities	Total
Revenues			
Program revenues:			
Charges for services	\$ 4,380,930	\$ 1,532,158	\$ 5,913,088
Operating grants and contributions	22,375,928	-	22,375,928
Capital grants and contributions	457,504	-	457,504
General revenues:			
Property taxes	23,051,846	-	23,051,846
Grants and contributions not restricted to specific programs	759,060	-	759,060
Unrestricted investment earnings (loss)	13,256	(21,826)	(8,570)
Total revenues	51,038,524	1,510,332	52,548,856
Program expenses:			
Education	43,513,699	-	43,513,699
General government	3,482,796	-	3,482,796
Public safety	2,398,232	-	2,398,232
Public works	2,043,356	-	2,043,356
Social Services	651,842	-	651,842
Administration	868,954	-	868,954
Interest	494,986	-	494,986
Sewer	-	1,990,372	1,990,372
Total expenses	53,453,865	1,990,372	55,444,237
Change in net position	(2,415,341)	(480,040)	(2,895,381)
Net position - beginning	63,148,236	10,153,980	73,302,216
Net position - ending	\$ 60,732,895	\$ 9,673,940	\$ 70,406,835

**TOWN OF PLAINFIELD, CONNECTICUT**  
Management's Discussion and Analysis (Unaudited) *(Continued)*

**GOVERNMENT-WIDE FINANCIAL ANALYSIS *(Continued)***

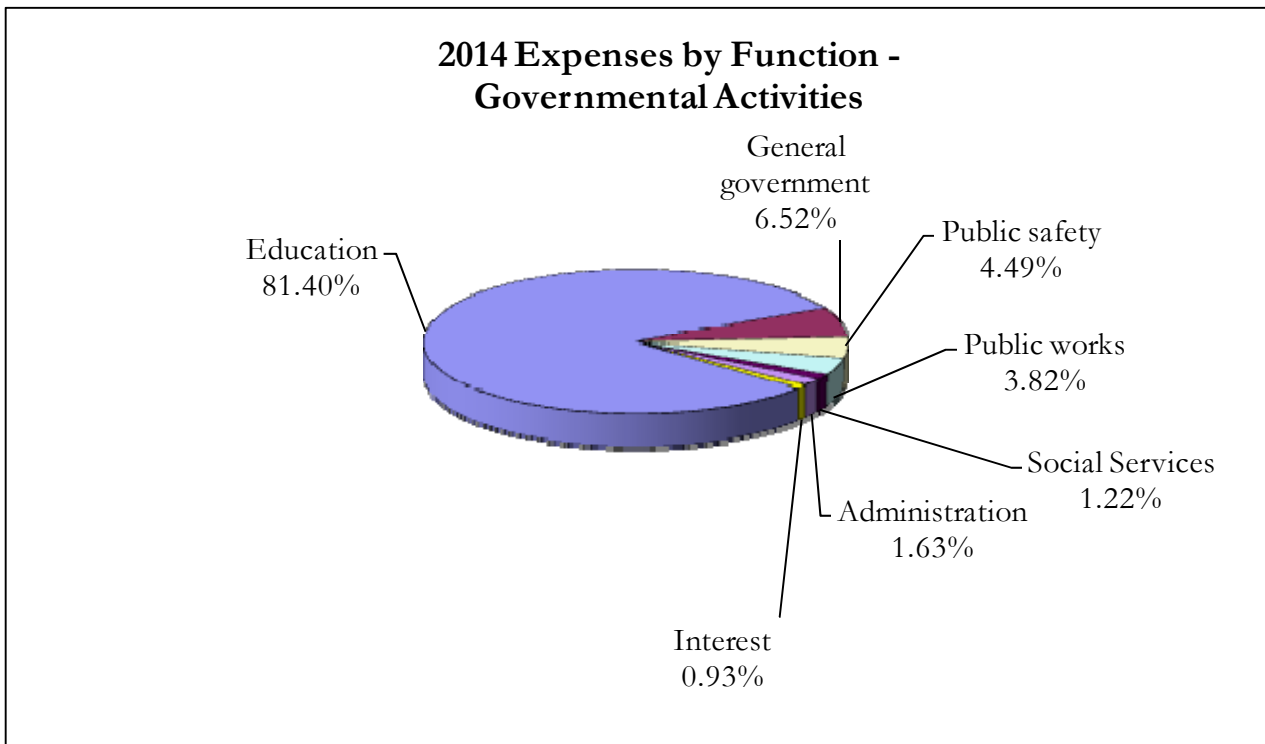
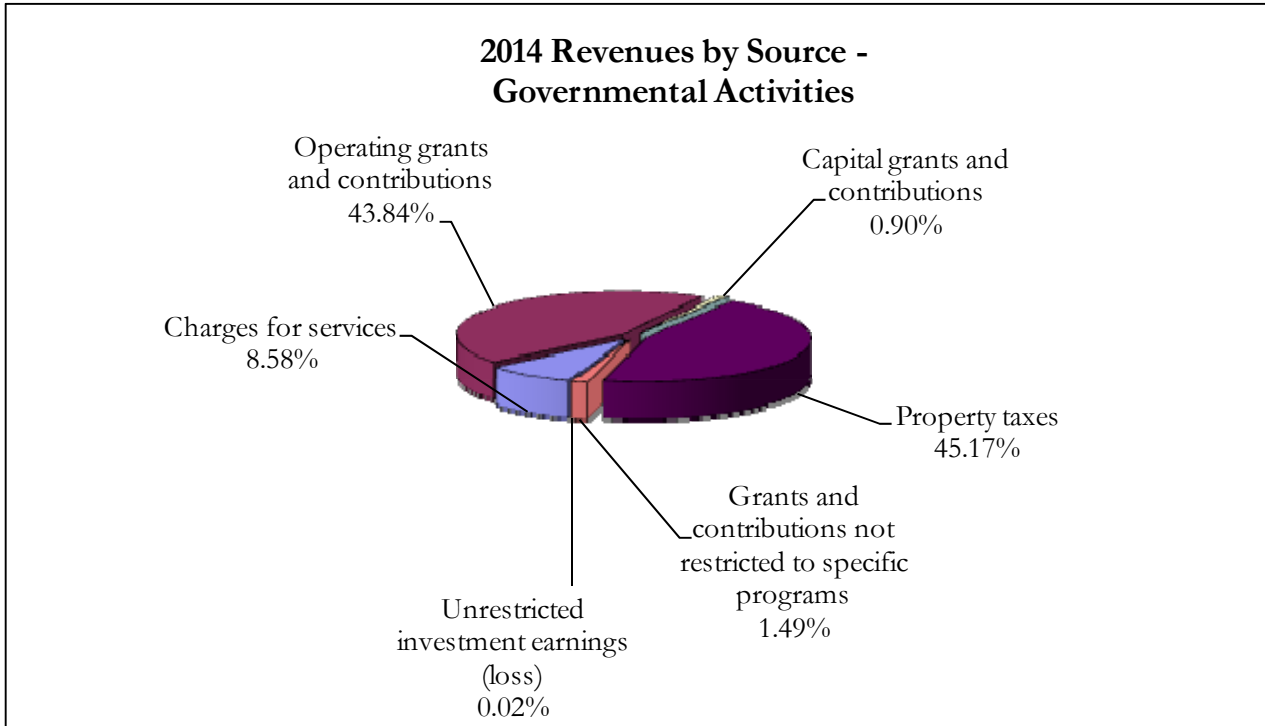
**Change in Net Position *(Continued)***

**Town of Plainfield**  
**Changes in Net Position**  
**For the Year Ended June 30, 2013**

	Governmental Activities	Business-type Activities	Total
Revenues			
Program revenues:			
Charges for services	\$ 3,974,494	\$ 1,415,877	\$ 5,390,371
Operating grants and contributions	21,870,416	-	21,870,416
Capital grants and contributions	751,987	-	751,987
General revenues:			
Property taxes	23,373,905	-	23,373,905
Grants and contributions not restricted to specific programs	801,933	-	801,933
Loss on disposal of assets	2,640	-	2,640
Unrestricted investment earnings (loss)	11,115	(20,715)	(9,600)
Total revenues	50,786,490	1,395,162	52,181,652
Program expenses			
Education	41,016,979	-	41,016,979
General government	3,341,502	-	3,341,502
Public safety	2,337,645	-	2,337,645
Public works	2,092,691	-	2,092,691
Social Services	617,644	-	617,644
Administration	814,376	-	814,376
Interest	558,289	-	558,289
Sewer	-	1,880,280	1,880,280
Total expenses	50,779,126	1,880,280	52,659,406
Change in net position	7,364	(485,118)	(477,754)
Net position - beginning	63,140,872	10,639,098	73,779,970
Net position - ending	\$ 63,148,236	\$ 10,153,980	\$ 73,302,216

**GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)**

**Change in Net Position (Continued)**



## TOWN OF PLAINFIELD, CONNECTICUT

Management's Discussion and Analysis (Unaudited) (*Continued*)

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### GOVERNMENT-WIDE FINANCIAL ANALYSIS (*Continued*)

#### Change in Net Position (*Continued*)

##### *Governmental Activities*

Governmental activities decreased the Town's net position by \$2,415,341. The current year deficit was driven by increases in the Town's net pension and other-post employment obligations.

##### *Business-type Activities*

Business-type activities decreased the Town's net position by \$480,040. The decrease is related to current year depreciation expense on the capital assets currently in use by the WPCA's operations.

### FINANCIAL ANALYSIS OF THE TOWN'S FUNDS

As noted earlier, the Town uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

#### Governmental Funds

The focus of the Town's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Town's financing requirements. In particular, unassigned fund balance may serve as a useful measure of the Town's net resources available for spending at the end of the fiscal year.

As of the close of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$8,273,557, an increase of \$373,669 in comparison with the prior year. The primary cause of this fund balance increase is in the General Fund related to favorable property tax collections.

##### *General Fund*

The General Fund is the chief operating fund of the Town. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$6,743,820. As a measure of the General Fund's liquidity, it may be useful to compare unassigned fund balance to total fund expenditures. Unassigned fund balance represents 13.91% of total General Fund expenditures. Expressed another way, unassigned fund balance for the General Fund was sufficient to cover 1.7 months of General Fund operating expenditures.

The fund balance of the Town's General Fund increased by \$619,326 during the current fiscal year.

##### *School Project Fund*

The School Project Fund is a capital project fund established during the year to account for capital projects related to the Town's School Buildings. Current year activity included the issuance of a bond anticipation note payable in the amount of \$2,000,000. The fund had an ending fund balance of \$4,326 as result of miscellaneous revenues collected during the year. Project activity is beginning in fiscal year 2015.

## **TOWN OF PLAINFIELD, CONNECTICUT**

Management's Discussion and Analysis (Unaudited) (*Continued*)

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### **GENERAL FUND BUDGETARY HIGHLIGHTS**

During the year ended June 30, 2014, additional appropriations of \$50,000 were made to the budget in anticipation of increases in costs in the highway department. The final budget anticipated a use of fund balance in the amount of \$275,000. The actual net change in fund balance of the General Fund on a budgetary basis was an increase of \$619,326 to fund balance. Expenditures were \$242,990 less than budgeted and total budgetary revenues were \$654,836 more than budgeted.

### **WATER POLLUTION CONTROL AUTHORITY BUDGETARY HIGHLIGHTS**

The Town adopts an annual budget for its Water Pollution Control Authority (WPCA). During the year ended June 30, 2014 there were no additional appropriations made to the budget. The budget for 2014 planned on no change to net position. However, the actual net change in net position of the WPCA on a budgetary basis was an increase of \$183,389. Expenditures were \$31,890 less than budgeted and total budgetary revenues were \$151,499 better than expected due primarily to increased collections of sewer use charges and unbudgeted revenue.

### **CAPITAL ASSET AND DEBT ADMINISTRATION**

#### **Capital Assets**

The Town's investment in capital assets as of June 30, 2014 and 2013 totaled \$82,267,283 and \$84,479,790, respectively (net of accumulated depreciation and amortization). This investment in capital assets includes land and land improvements, buildings and improvements, machinery and equipment, infrastructure and construction in progress. The total decrease in the Town's investment in capital assets for the current fiscal year was \$2,212,507 or 2.6%. This decrease consisted of capital asset additions of \$811,215 offset by current year depreciation expense of \$3,023,722. Major capital asset events during the current fiscal year consisted of the transfer from construction in progress to infrastructure of \$892,351 and \$226,448 for the completion of the Sterling Road Bridge project and Moosup Sidewalk project, respectively.



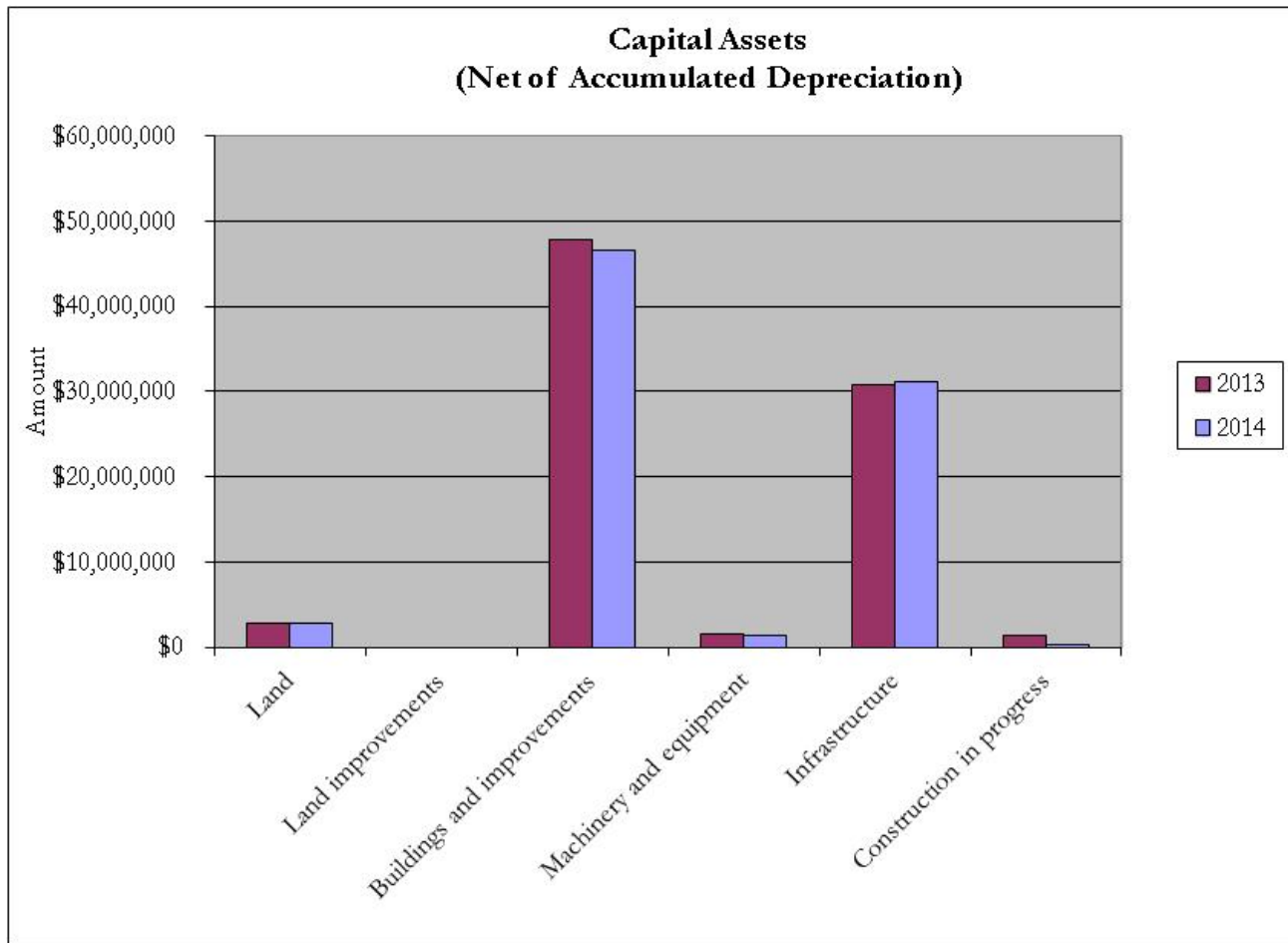
**CAPITAL ASSET AND DEBT ADMINISTRATION (Continued)**

**Capital Assets (Continued)**

The following table is a two year comparison of the investment in capital assets:

**Town of Plainfield, Connecticut**  
**Capital Assets, net**  
**June 30, 2014 and 2013**

	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
Land	\$ 2,841,636	\$ 2,841,636	\$ 31,740	\$ 31,740	\$ 2,873,376	\$ 2,873,376
Buildings and improvements	45,461,613	46,787,756	1,085,527	1,145,834	46,547,140	47,933,590
Machinery and equipment	1,306,853	1,385,227	85,683	91,410	1,392,536	1,476,637
Infrastructure	23,082,697	22,410,555	8,013,267	8,429,913	31,095,964	30,840,468
Construction in progress	242,493	1,355,719	115,774	-	358,267	1,355,719
Total	\$ 72,935,292	\$ 74,780,893	\$ 9,331,991	\$ 9,698,897	\$ 82,267,283	\$ 84,479,790



Additional information on the Town's capital assets can be found in Note E on pages 40 and 41 of this report.

**CAPITAL ASSET AND DEBT ADMINISTRATION (Continued)**

**Long-term Debt**

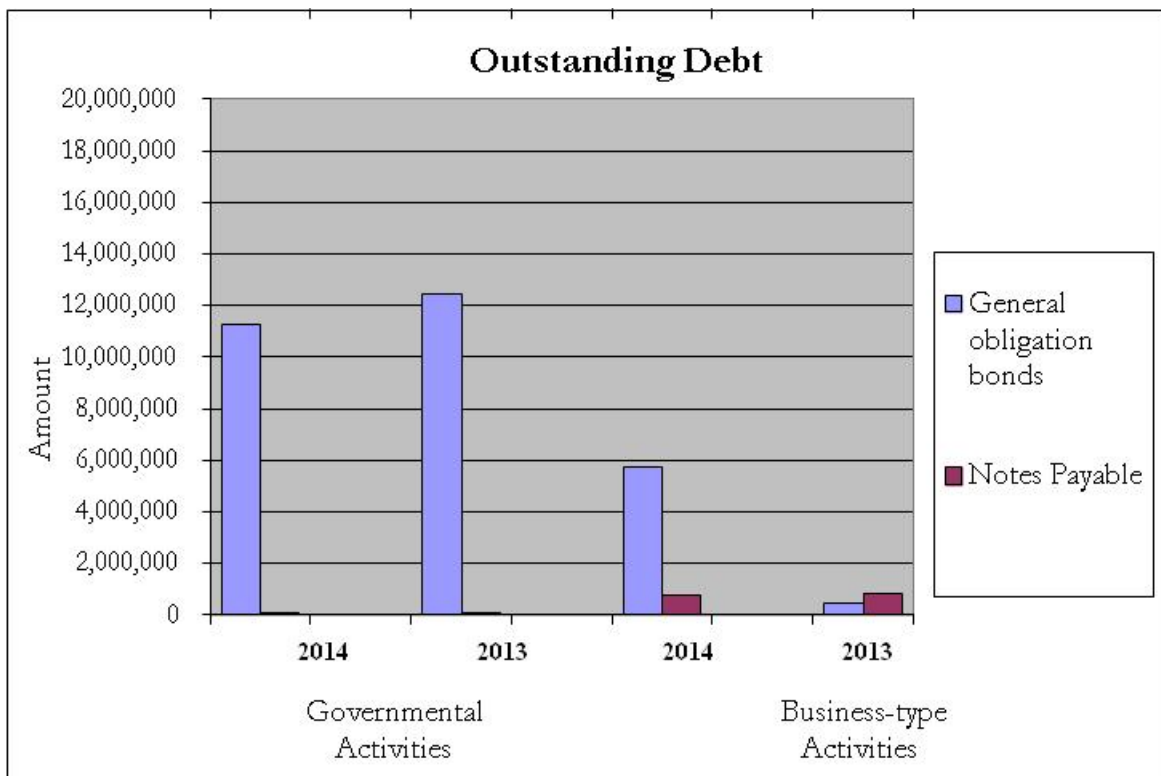
At the end of the current fiscal year, the Town had total bonded debt and notes payable outstanding of \$17,877,753. This entire amount is comprised of debt backed by the full faith and credit of the Town. The Town's total bonded debt increased by \$3,977,378 or 28.6% during the current fiscal year due to bonds issued and refunded. The Town maintains an A3 rating from Moody's Investor Service for general obligation debt.

State statutes limit the amount of general obligation debt the Town may issue to seven times its annual receipts from taxation, as defined by the statutes. The current debt limitation for the Town is \$168,218,442, which is significantly in excess of the Town's outstanding general obligation debt.

The following table is a two year comparison of long-term bonded debt:

**Town of Plainfield, Connecticut**  
**Long-term Debt**  
**June 30, 2014 and 2013**

	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
General obligation bonds	\$ 11,295,000	\$ 12,456,000	\$ 5,728,588	\$ 489,375	\$17,023,588	\$12,945,375
Notes Payable	100,873	121,047	753,292	833,953	854,165	955,000
Total	<u>\$ 11,395,873</u>	<u>\$ 12,577,047</u>	<u>\$ 6,481,880</u>	<u>\$ 1,323,328</u>	<u>\$ 17,877,753</u>	<u>\$ 13,900,375</u>



Additional information on the Town's long-term debt can be found in Note I on pages 43 - 45 of this report.

## **TOWN OF PLAINFIELD, CONNECTICUT**

Management's Discussion and Analysis (Unaudited) (*Continued*)

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### **ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

A summary of key economic factors affecting the Town are as follows:

- The unemployment rate for the Town is currently 10.1%, as compared to the state's average unemployment rate of 7.8% and the national unemployment rate of 5.8%.
- Inflationary trends in the region are comparable to national indices.
- During the current fiscal year, unassigned fund balance of the General Fund increased to \$6,743,820. The Town has not assigned funds for spending in the 2015 fiscal year.
- Significant estimates affecting next year's budget that are subject to change in the near term consist of the following:
  - For purposes of calculating property tax revenues for fiscal year 2015, the Assessor's grand list was used along with an estimated tax rate and an estimated rate of collection, with deductions for taxes to be paid by the State on behalf of certain taxpayers.
  - Intergovernmental grants were based on estimates from the State.
  - It is unknown how changes in market interest rates will impact real estate activity and related revenues collected by the Land Use Department, the Town Clerk and the amount of conveyance taxes and interest income.

All of these factors were considered in preparing the Town's budget for fiscal year 2015.

### **REQUESTS FOR INFORMATION**

This financial report is designed to provide a general overview of the Town's finances for all those with an interest in the Town's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Director of Finance, Town of Plainfield, 8 Community Avenue, Plainfield, Connecticut 06374.

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**BASIC FINANCIAL STATEMENTS**

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**TOWN OF PLAINFIELD, CONNECTICUT**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2014**

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 12,882,680	\$ 6,836,299	\$ 19,718,979
Receivables:			
Property taxes and interest, net of allowance of \$925,000	1,346,004	-	1,346,004
Intergovernmental	317,972	-	317,972
User charges, net allowance of \$16,000	-	56,138	56,138
Sewer assessments, net of allowance of \$3,000	-	127,782	127,782
Other	66,979	72,008	138,987
Loans, net of allowance of \$647,000	143,775	-	143,775
Inventories	20,230	-	20,230
Internal balances	(165,681)	165,681	-
Other assets	-	7,977	7,977
Capital assets:			
Non-depreciable	3,084,129	147,514	3,231,643
Depreciable, net	69,851,163	9,184,477	79,035,640
Total assets	<u>87,547,251</u>	<u>16,597,876</u>	<u>104,145,127</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred charge on refunding	<u>573,111</u>	<u>-</u>	<u>573,111</u>
<b>LIABILITIES</b>			
Accounts payable	1,380,062	52,821	1,432,883
Accrued liabilities:			
Salaries and benefits payable	1,495,175	12,202	1,507,377
Accrued interest	158,087	31,307	189,394
Other	171,843	-	171,843
Unearned revenue	103,687	-	103,687
Note payable	2,000,000	-	2,000,000
Noncurrent liabilities:			
Due within one year	1,133,218	122,435	1,255,653
Due in more than one year	20,945,395	6,705,171	27,650,566
Total liabilities	<u>27,387,467</u>	<u>6,923,936</u>	<u>34,311,403</u>
<b>NET POSITION</b>			
Net investment in capital assets	59,086,305	7,824,045	66,910,350
Restricted for social services	199,343	-	199,343
Unrestricted	1,447,247	1,849,895	3,297,142
Total net position	<u>\$ 60,732,895</u>	<u>\$ 9,673,940</u>	<u>\$ 70,406,835</u>

*The accompanying notes are an integral part of these financial statements.*

**TOWN OF PLAINFIELD, CONNECTICUT**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2014**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:							
Education	\$ 43,513,699	\$ 3,066,679	\$ 22,240,477	\$ -	\$ (18,206,543)	\$ -	\$ (18,206,543)
General government	3,482,796	743,871	90,446	-	(2,648,479)	-	(2,648,479)
Public safety	2,398,232	311,293	9,611	-	(2,077,328)	-	(2,077,328)
Public works	2,043,356	-	-	457,504	(1,585,852)	-	(1,585,852)
Social services	651,842	259,087	35,394	-	(357,361)	-	(357,361)
Administration	868,954	-	-	-	(868,954)	-	(868,954)
Interest expense	494,986	-	-	-	(494,986)	-	(494,986)
Total governmental activities	<u>53,453,865</u>	<u>4,380,930</u>	<u>22,375,928</u>	<u>457,504</u>	<u>(26,239,503)</u>	<u>-</u>	<u>(26,239,503)</u>
Business-type activities:							
Water Pollution Control Authority	<u>1,990,372</u>	<u>1,532,158</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(458,214)</u>	<u>(458,214)</u>
Total business-type activities	<u>1,990,372</u>	<u>1,532,158</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(458,214)</u>	<u>(458,214)</u>
	<u>\$ 55,444,237</u>	<u>\$ 5,913,088</u>	<u>\$ 22,375,928</u>	<u>\$ 457,504</u>	<u>(26,239,503)</u>	<u>(458,214)</u>	<u>(26,697,717)</u>
General revenues:							
Property taxes					23,051,846	-	23,051,846
Grants and contributions not restricted to specific programs					759,060	-	759,060
Unrestricted investment earnings (loss)					13,256	(21,826)	(8,570)
Total general revenues					<u>23,824,162</u>	<u>(21,826)</u>	<u>23,802,336</u>
Change in net position					(2,415,341)	(480,040)	(2,895,381)
Net position - beginning					63,148,236	10,153,980	73,302,216
Net position - ending					<u>\$ 60,732,895</u>	<u>\$ 9,673,940</u>	<u>\$ 70,406,835</u>

*The accompanying notes are an integral part of these financial statements.*

**TOWN OF PLAINFIELD, CONNECTICUT**

BALANCE SHEET

GOVERNMENTAL FUNDS

JUNE 30, 2014

	<u>General Fund</u>	<u>School Project Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 10,088,600	\$ 2,004,326	\$ 789,754	\$ 12,882,680
Receivables:				
Property taxes, net of allowance of \$400,000	1,197,384	-	-	1,197,384
Property tax interest, net of allowance of \$525,000	148,620	-	-	148,620
Intergovernmental	128,045	-	170,480	298,525
Loans, net of allowance of \$647,000	-	-	143,775	143,775
Other	86,426	-	-	86,426
Due from other funds	12,519	-	149,688	162,207
Inventories	9,696	-	10,534	20,230
Total assets	<u>\$ 11,671,290</u>	<u>\$ 2,004,326</u>	<u>\$ 1,264,231</u>	<u>\$ 14,939,847</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 1,140,297	\$ -	\$ 239,765	\$ 1,380,062
Accrued liabilities:				
Salaries and benefits payable	1,430,140	-	65,036	1,495,176
Other accrued liabilities	171,843	-	-	171,843
Unearned revenue	-	-	103,687	103,687
Note payable	-	2,000,000	-	2,000,000
Due to other funds	287,860	-	40,028	327,888
Total liabilities	<u>3,030,140</u>	<u>2,000,000</u>	<u>448,516</u>	<u>5,478,656</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenue - property taxes	1,187,634	-	-	1,187,634
<b>FUND BALANCES</b>				
Nonspendable:				
Inventories	9,696	-	10,534	20,230
Restricted for:				
Social services	-	-	199,342	199,342
Committed to:				
Capital improvements	-	4,326	549,573	553,899
Public safety	-	-	21,538	21,538
Education	-	-	40,529	40,529
Other governmental purposes	-	-	3,671	3,671
Assigned to:				
Capital improvements	500,000	-	-	500,000
Debt service	200,000	-	-	200,000
Unassigned	6,743,820	-	(9,472)	6,734,348
Total fund balances	<u>7,453,516</u>	<u>4,326</u>	<u>815,715</u>	<u>8,273,557</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 11,671,290</u>	<u>\$ 2,004,326</u>	<u>\$ 1,264,231</u>	<u>\$ 14,939,847</u>

*The accompanying notes are an integral part of these financial statements.*

**TOWN OF PLAINFIELD, CONNECTICUT**

## RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS

## TO THE STATEMENT OF NET POSITION

JUNE 30, 2014

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Total fund balances for governmental funds	\$ 8,273,557
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Total net position reported for governmental activities in the statement of net position is different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds. Those assets consist of:

Construction in progress	\$ 242,493	
Land	2,841,636	
Land improvements	1,021,529	
Buildings and improvements	67,786,418	
Machinery and equipment	11,055,915	
Infrastructure	33,499,250	
Less: accumulated depreciation and amortization	<u>(43,511,949)</u>	
Total capital assets, net		72,935,292

Property tax revenues will be collected after year end, but are not available soon enough to pay for the current period's expenditures, and therefore, are reported as deferred inflows of resources in the governmental funds. 1,187,634

Long-term liabilities applicable to the Town's governmental activities are not due and payable in the current period and accordingly are not reported as governmental fund liabilities. All liabilities - both current and long-term - are reported in the statement of net position. Those liabilities consist of:

Long-term debt:		
Bonds and notes payable	(11,395,873)	
Unamortized premium	(733,405)	
Deferred amount on refundings	573,111	
Obligations under capital lease	(292,819)	
Accrued interest payable	(158,087)	
Other long-term liabilities:		
Compensated absences	(1,311,814)	
Claims and judgements	(525,000)	
Net pension obligation	(3,890,831)	
Net OPEB obligation	<u>(3,928,870)</u>	
Total long-term liabilities		<u>(21,663,588)</u>

Net position of governmental activities	<u>\$ 60,732,895</u>
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*The accompanying notes are an integral part of these financial statements.*



**TOWN OF PLAINFIELD, CONNECTICUT**  
**STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2014**

	<b>General Fund</b>	<b>School Project Fund</b>	<b>Nonmajor Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>REVENUES</b>				
Property taxes	\$ 23,881,192	\$ -	\$ -	\$ 23,881,192
Intergovernmental	18,894,242	-	2,468,004	21,362,246
State on-behalf payments	3,503,371	-	-	3,503,371
Licenses, permits and fees	1,708,455	-	502,264	2,210,719
Interest	11,965	600	691	13,256
Other	894,438	4,133	2,648	901,219
Total revenues	<u>48,893,663</u>	<u>4,733</u>	<u>2,973,607</u>	<u>51,872,003</u>
<b>EXPENDITURES</b>				
Current:				
General government	3,294,852	-	144,405	3,439,257
Public safety	2,246,016	-	42,759	2,288,775
Public works	1,381,178	-	-	1,381,178
Social services	491,977	-	105,328	597,305
Administration	822,534	-	-	822,534
Education	34,239,391	407	2,944,607	37,184,405
State on-behalf payments	3,503,371	-	-	3,503,371
Debt service:				
Principal payments	1,217,457	-	-	1,217,457
Interest and other charges	523,139	-	-	523,139
Capital outlays	702,411	-	5,573	707,984
Debt issuance costs	65,783	-	-	65,783
Total expenditures	<u>48,488,109</u>	<u>407</u>	<u>3,242,672</u>	<u>51,731,188</u>
Excess (deficiency) of revenues over expenditures	405,554	4,326	(269,065)	140,815
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from refunded bonds issued	4,725,000	-	-	4,725,000
Premium on bonds and notes issued	755,269	-	-	755,269
Payment to refunded bond escrow agent	(5,414,486)	-	-	(5,414,486)
Proceeds from capital leases	167,071	-	-	167,071
Transfers in	-	-	19,082	19,082
Transfers out	(19,082)	-	-	(19,082)
Total other financing sources (uses)	<u>213,772</u>	<u>-</u>	<u>19,082</u>	<u>232,854</u>
Net change in fund balances	<u>619,326</u>	<u>4,326</u>	<u>(249,983)</u>	<u>373,669</u>
Fund balances - beginning	<u>6,834,190</u>	<u>-</u>	<u>1,065,698</u>	<u>7,899,888</u>
Fund balances - ending	<u>\$ 7,453,516</u>	<u>\$ 4,326</u>	<u>\$ 815,715</u>	<u>\$ 8,273,557</u>

*The accompanying notes are an integral part of these financial statements .*

**TOWN OF PLAINFIELD, CONNECTICUT**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2014**

Net change in fund balances - for governmental funds \$ 373,669

The net position reported for governmental activities in the statement of net position is different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. The amount by which depreciation and amortization exceeded capital outlays in the current period is as follows:

Expenditures for capital assets	\$ 671,441	
Depreciation and amortization expense	<u>(2,517,042)</u>	
Net adjustment		(1,845,601)

Certain revenues reported in the statement of activities do not provide current financial resources and, therefore, are reported as deferred inflows in the governmental funds. This amount represents the change in deferred inflows of resources. (829,346)

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of principal on long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. The net effect of these differences in the treatment of long-term obligations is as follows:

Debt issued or incurred:		
Capital lease financing	\$ (167,071)	
Refunding bonds issued	(4,725,000)	
Premium on bonds issued	(755,269)	
Principal repayments:		
Bonds and notes payable	1,081,174	
Payment to refunded bond escrow agent	4,825,000	
Capital leases	<u>136,283</u>	
		395,117

Under the modified accrual basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. However, in the statement of activities, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. In addition, interest on long-term debt is not recognized under the modified accrual basis of accounting until due, rather than as it accrues. Also, governmental funds recognize the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The net effect of such items is as follows:

Compensated absences	\$ 78,531	
Net pension obligation	(539,049)	
Net OPEB obligation	(727,948)	
Deferred charge on refunding, net of amortization	573,111	
Amortization of bond premium	21,863	
Accrued interest	<u>84,312</u>	
		<u>(509,180)</u>

Change in net position of governmental activities \$ (2,415,341)

*The accompanying notes are an integral part of these financial statements.*

**TOWN OF PLAINFIELD, CONNECTICUT**  
**STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -**  
**BUDGETARY BASIS - GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2014**

	Budgeted Amounts		Actual	Variance With Final Budget Over (Under)
	Original	Final		
<b>REVENUES</b>				
Property taxes	\$ 23,132,104	\$ 23,132,104	\$ 23,881,192	\$ 749,088
Intergovernmental	17,575,965	17,575,965	17,505,505	(70,460)
Licenses, permits and fees	629,080	629,080	505,560	(123,520)
Interest	25,000	25,000	11,965	(13,035)
Out of town tuition	1,417,877	1,417,877	1,301,708	(116,169)
Other	665,889	665,889	894,821	228,932
Total revenues	<u>43,445,915</u>	<u>43,445,915</u>	<u>44,100,751</u>	<u>654,836</u>
<b>EXPENDITURES</b>				
General government	3,419,576	3,334,176	3,236,972	(97,204)
Public safety	2,002,925	2,003,725	1,985,636	(18,089)
Public works	1,380,631	1,430,831	1,381,178	(49,653)
Social services	395,333	396,733	397,578	845
Administration	783,185	856,185	822,534	(33,651)
Capital outlays	566,156	576,156	569,676	(6,480)
Education	33,512,358	33,512,358	33,473,600	(38,758)
Debt service	1,595,169	1,595,169	1,595,169	-
Total expenditures	<u>43,655,333</u>	<u>43,705,333</u>	<u>43,462,343</u>	<u>(242,990)</u>
(Deficiency) excess of revenues over expenditures	(209,418)	(259,418)	638,408	897,826
<b>OTHER FINANCING SOURCES (USES)</b>				
Appropriation of fund balance	225,000	275,000	-	(275,000)
Transfers out	(15,582)	(15,582)	(19,082)	(3,500)
Total other financing sources (uses)	<u>209,418</u>	<u>259,418</u>	<u>(19,082)</u>	<u>(278,500)</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	619,326	<u>\$ 619,326</u>
Fund balances - beginning			<u>6,834,190</u>	
Fund balances - ending			<u>\$ 7,453,516</u>	

*The accompanying notes are an integral part of these financial statements.*

**TOWN OF PLAINFIELD, CONNECTICUT**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUND**  
**JUNE 30, 2014**

	<u>Business-type Activities - Enterprise Fund Water Pollution Control Authority</u>
<b>ASSETS</b>	
Current assets:	
Cash and cash equivalents	\$ 6,836,299
Receivables:	
Sewer assessments	32,695
Usage receivable, net of allowance of \$9,000	43,968
Interest receivable, net of allowance of \$7,000	12,170
Other receivables	72,008
Due from other funds	165,681
Other current assets	7,977
Total current assets	<u>7,170,798</u>
Noncurrent assets:	
Sewer assessments, net of allowance of \$3,000	95,087
Capital assets:	
Non-depreciable	147,514
Depreciable, net	9,184,477
Total noncurrent assets	<u>9,427,078</u>
Total assets	<u>16,597,876</u>
<b>LIABILITIES</b>	
Current liabilities:	
Accounts payable	52,821
Accrued liabilities:	
Accrued salaries and benefits payable	12,202
Accrued interest	31,307
Compensated absences - current	4,466
Bonds and note payable - current	117,969
Total current liabilities	<u>218,765</u>
Noncurrent liabilities:	
Compensated absences	40,193
Bonds and note payable	6,664,978
Total liabilities	<u>6,923,936</u>
<b>NET POSITION</b>	
Net investment in capital assets	7,824,045
Unrestricted	1,849,895
Total net position	<u>\$ 9,673,940</u>

*The accompanying notes are an integral part of these financial statements.*

**TOWN OF PLAINFIELD, CONNECTICUT**  
**STATEMENT OF REVENUES, EXPENSES AND**  
**CHANGES IN FUND NET POSITION**  
**PROPRIETARY FUND**  
**FOR THE YEAR ENDED JUNE 30, 2014**

	<b>Business-type Activities - Enterprise Fund Water Pollution Control Authority</b>
<b>OPERATING REVENUES</b>	
Charges for services	\$ 1,532,158
Total operating revenues	<u>1,532,158</u>
<b>OPERATING EXPENSES</b>	
Personnel services	742,123
Operations and maintenance	644,179
Depreciation	506,680
Total operating expenses	<u>1,892,982</u>
Operating loss	(360,824)
<b>NON-OPERATING REVENUES (EXPENSES)</b>	
Debt issuance costs	(97,390)
Interest income (expense), net	<u>(21,826)</u>
Total non-operating revenues (expenses)	<u>(119,216)</u>
Change in net position	(480,040)
Net position- beginning	<u>10,153,980</u>
Net position - ending	<u>\$ 9,673,940</u>

*The accompanying notes are an integral part of these financial statements.*

**TOWN OF PLAINFIELD, CONNECTICUT**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUND**  
**FOR THE YEAR ENDED JUNE 30, 2014**

	<b>Business-type Activities - Enterprise Fund Water Pollution Control Authority</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Cash received for the following:	
Charges for services	\$ 1,475,178
Cash paid for the following:	
Personnel services	(763,177)
Operations and maintenance	(722,736)
Net cash used in operating activities	<u>(10,735)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Purchases of capital assets	(139,774)
Proceeds from bond premium	301,068
Proceeds from issuance of bond	5,275,000
Principal paid on capital debt	(116,448)
Interest paid on capital debt	(22,097)
Debt issuance costs	(97,390)
Advances to other funds	5,203
Net cash provided by capital and related financing activities	<u>5,205,562</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Interest and dividends	22,908
Net cash provided by investing activities	<u>22,908</u>
Net increase in cash and cash equivalents	5,217,735
Cash and cash equivalents, beginning of year	<u>1,618,564</u>
Cash and cash equivalents, end of year	<u>\$ 6,836,299</u>
<b>Reconciliation of operating loss to net cash used in operating activities:</b>	
Operating loss	\$ (360,824)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Depreciation expense	506,680
Increase in assets:	
Accounts receivable	(56,980)
Decrease in liabilities:	
Accounts payable	(78,558)
Accrued liabilities	(21,064)
Net cash used in operating activities	<u>\$ (10,746)</u>

*The accompanying notes are an integral part of these financial statements.*

**TOWN OF PLAINFIELD, CONNECTICUT**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
**JUNE 30, 2014**

	<b>Pension Trust Fund</b>	<b>Private Purpose Trust Funds</b>	<b>Agency Funds</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 275,406	\$ 12,155	\$ 160,131
Investments at fair value:			
U.S. government and agency bonds	661,869	-	-
Mutual funds	3,243,024	-	-
Equity securities	12,848,162	-	-
Fixed annuity contract	-	103,640	-
Contribution receivable	210,280	-	-
Interest receivable	11,600	-	-
Total assets	<u>17,250,341</u>	<u>115,795</u>	<u>\$ 160,131</u>
<b>LIABILITIES</b>			
Due to student groups	-	-	160,131
Total liabilities	<u>-</u>	<u>-</u>	<u>\$ 160,131</u>
<b>NET POSITION</b>			
Held in trust for pension benefits and other purposes	<u>\$ 17,250,341</u>	<u>\$ 115,795</u>	

*The accompanying notes are an integral part of these financial statements.*

**TOWN OF PLAINFIELD, CONNECTICUT**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**FOR THE YEAR ENDED JUNE 30, 2014**

	<b>Pension Trust Fund</b>	<b>Private Purpose Trust Funds</b>
<b>ADDITIONS</b>		
Contributions:		
Employer	\$ 788,138	\$ -
Plan members	56,889	-
Total contributions	<u>845,027</u>	<u>-</u>
Investment income:		
Interest and dividends	646,838	6,902
Increase in the fair value of investments	<u>1,807,908</u>	<u>-</u>
Total investment income	2,454,746	6,902
Less: investment expense	<u>(63,212)</u>	<u>(1,359)</u>
Net investment income	<u>2,391,534</u>	<u>5,543</u>
Total additions	<u>3,236,561</u>	<u>5,543</u>
<b>DEDUCTIONS</b>		
Benefit payments	772,316	-
Awards	<u>-</u>	<u>6,000</u>
Total deductions	<u>772,316</u>	<u>6,000</u>
Change in net position	2,464,245	(457)
Net position - beginning	<u>14,786,096</u>	<u>116,252</u>
Net position - ending	<u>\$ 17,250,341</u>	<u>\$ 115,795</u>

*The accompanying notes are an integral part of these financial statements.*



## NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Town of Plainfield, Connecticut (the "Town") conform to accounting principles generally accepted in the United States of America, as applicable to governmental organizations. The following is a summary of significant accounting policies:

### ***Financial Reporting Entity***

The Town of Plainfield, Connecticut was incorporated as a town in 1699. The Town covers an area of 42.7 square miles, and is located 49 miles east of Hartford. The Town operates under a Board of Selectmen, Town Meeting, Board of Finance form of government and provides a full range of services including public safety, roads, sanitation, health, social services, culture and recreation, education, planning, zoning, and general administrative services to its residents.

The legislative power of the Town is vested with the Board of Selectmen and Town Meeting. The Board of Selectmen may enact, amend or repeal ordinances and resolutions. The Board of Finance is responsible for financial and taxation matters as prescribed by Connecticut General Statutes and is responsible for presenting fiscal operating budgets for Town Meeting approval.

The basic financial statements of the reporting entity include only the funds of the Town (the primary government) as no component units exist based on operational or financial relationships with the Town.

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

#### **Government-wide Financial Statements**

The statement of net position and the statement of activities display information about the Town and include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. The statements are intended to distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. 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 and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported as general revenues.

#### **Fund Financial Statements**

The fund financial statements provide information about the Town's funds, including its fiduciary funds. Separate statements for each fund category - governmental, proprietary and fiduciary - are presented. The emphasis of fund financial statements is on major funds, each displayed in a separate column. All remaining funds are aggregated and reported as nonmajor funds.

The Town reports the following major governmental funds:

***General Fund*** - This fund is the Town's primary operating fund. It accounts for all financial resources of the general government, except those not accounted for and reported in another fund.

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Government-wide and Fund Financial Statements (Continued)**

***School Project Fund*** – This fund accounts for the construction projects occurring at all schools within the Town.

The Town reports the following major proprietary fund:

***Water Pollution Control Authority Fund*** – This fund accounts for the activities of the sewer operations.

In addition, the Town reports the following fiduciary fund types:

***Pension Trust Fund*** - This fund type is used to account for resources held in trust for the members and beneficiaries of the Town's defined benefit pension plan, which accumulates resources for pension benefit payments to qualified employees. This plan is discussed more fully in Note J.

***Private Purpose Trust Funds*** - This fund type is used to account for trust arrangements under which principal and income benefit individuals, private organizations, or other governments. There is no requirement that any portion of the resources be preserved as capital. The Town utilizes private purpose trust funds to account for activities of the Scholarships Private Purpose Trust Fund.

***Agency Funds*** - These funds are used to account for resources held by the Town in a purely custodial capacity. The Town utilizes these funds to account for assets of the student activities funds. The student activities funds account for monies generated by student activities in the Town's school system.

**Measurement Focus and Basis of Accounting**

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. 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.

The 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 government 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. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital lease are reported as other financing sources.

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Measurement Focus and Basis of Accounting (Continued)**

Property taxes and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues in the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end). All other revenue items are considered to be measurable and available only when the cash is received.

The proprietary, pension, and private-purpose trust funds are reported using the economic resources measurement focus and the accrual basis of accounting. The agency fund has no measurement focus but utilizes the accrual basis of accounting for reporting its assets and liabilities.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Town's proprietary fund consist of charges to customers for services. Operating expenses of the fund consist of costs of operations, maintenance, and depreciation on capital assets. Revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

**Assets, Liabilities, Deferred Inflows/Outflows of Resources and Net Position/Fund Equity**

**Cash Equivalents**

Cash and cash equivalents include short-term, highly liquid investments with original maturities of three months or less when purchased.

**Investments**

The Town presents all investments at fair value, except for certain investments which are carried at amortized cost.

The fair value of investments traded on public markets is determined using quoted market prices. The Town invests in the Connecticut State Treasurer's Short-Term Investment Fund (STIF), which is an investment pool managed by the State of Connecticut Office of the Treasurer. The balance in the pool is reported at its net position value, which is representative of the pool shares.

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Assets, Liabilities, Deferred Inflows/Outflows of Resources and Net Position/Fund Equity (Continued)**

**Inventories**

Inventories are reported at cost using the first-in first-out (FIFO) method, except for USDA donated commodities, which are recorded at market value. Inventories are recorded as expenditures when consumed rather than when purchased.

**Loans Receivable**

The Town records loans receivable at the time the loan proceeds are advanced. Such amounts are reported net of an allowance for uncollectible amounts.

**Property Taxes, Sewer Assessment and Usage Charges**

All trade, property tax, sewer use and sewer assessment receivables are shown net of an allowance for uncollectible accounts. The allowance is calculated based upon historical collections and analysis of creditor's ability to pay.

Property taxes are assessed as of October 1. Taxes for real estate and personal property taxes are due in two installments on July 1 and the following January 1. Motor vehicle taxes are payable on July 1 and supplemental motor vehicle taxes are payable on January 1. Liens are effective on the assessment date and are continued by filing before the end of the year following the due date. Assessments for real and personal property, excluding motor vehicles, are computed at 70% of the market value.

Upon completion of projects, sewer assessments are levied and assessed to the users each June. Usage charges are billed semi-annually in July and January for flat rate fees and metered fees. Assessments and user charges are due and payable within thirty days and delinquent amounts are subject to interest at prevailing rates. Liens are filed on all properties until the assessment is paid in full.

**Capital Assets**

Capital assets, which include construction in progress, land and land improvements, buildings and improvements, machinery and equipment, and infrastructure assets (e.g. roads, bridges, sidewalks, and similar items), are reported in the government-wide financial statements and proprietary fund financial statements. Capital assets are defined by the Town 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 are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of a capital asset or materially extend capital asset lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred, net of interest earned on debt proceeds issued for a project, during the construction phase of capital assets of business-type activities is included in part of the capitalized value of the assets constructed.

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Assets, Liabilities, Deferred Inflows/Outflows of Resources and Net Position/Fund Equity (Continued)**

**Capital Assets (Continued)**

Capital assets of the Town are depreciated using the straight-line method over the following estimated useful lives:

<u>Asset</u>	<u>Years</u>
Buildings	50
Building Improvements	20
Infrastructure	75
Distribution and collection systems	50 - 65
Machinery and equipment	5 - 20

Capital assets acquired under a capital lease are amortized over the life of the lease term.

**Unearned Revenue**

In the government-wide and fund financial statements, this liability represents resources that have been received but not yet earned.

**Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Town only has one item that qualifies for reporting in this category. It is the deferred charge on refunding reported in the government wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of the refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Town only has one type of item, which arises only under a modified accrual basis of accounting, which qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes. This amount is deferred and recognized as an inflow of resources in the period that the amounts become available.

**Compensated Absences**

All compensated absences are accrued when incurred in the government-wide and proprietary fund financial statements. Expenditures for compensated absences are recognized in the governmental fund financial statements in the current year to the extent they are paid during the year, or the vested amount is expected to be paid with available resources.

Town employees accumulate vacation and/or sick leave hours for subsequent use or for payment upon termination or retirement.

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Assets, Liabilities, Deferred Inflows/Outflows of Resources and Net Position/Fund Equity (Continued)**

**Compensated Absences (Continued)**

All full time Board of Education employees (except teachers who are granted sick time only) are granted vacation and sick time based upon contractual provisions and may be carried over to subsequent years. In the event of termination, employees are reimbursed for accumulated vacation and sick time as allowed by the applicable contract.

**Long-term Obligations**

In the government-wide 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, as well as issuance costs, 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.

In the fund financial statements, governmental funds 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.

**Net Position and Fund Balance**

The government-wide statement of net position presents the Town's non-fiduciary assets and liabilities, with the difference reported as net position. Net position is reported in three categories:

***Net investment in capital assets*** – This component of net position consists of capital assets, net of accumulated depreciation and amortization and reduced by outstanding balances for bonds, notes and other debt that are attributed to the acquisition, construction or improvement of capital assets.

***Restricted net position*** – This component of net position consists of amounts restricted either through external restrictions imposed by creditors, grantors, contributors, and the like, or through restrictions imposed by law through constitutional provisions or enabling legislation.

***Unrestricted net position*** – This component of net position is the net amount of the assets, liabilities, and deferred inflows/outflows of resources which do not meet the definition of the two preceding categories.

The Town's governmental funds report the following fund balance categories:

***Nonspendable*** – Amounts that cannot be spent because they are not in spendable form or they are legally or contractually required to be maintained intact.

***Restricted*** – Constraints are placed on the use of resources that are either externally imposed by creditors, grantors, contributors or laws and regulations of other governments or imposed by law through enabling legislation.

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Assets, Liabilities, Deferred Inflows/Outflows of Resources and Net Position/Fund Equity (Continued)**

**Net Position and Fund Balance (Continued)**

**Committed** – Amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Board of Selectman, with the Board of Finance approval (the highest levels of decision making authority of the Town) and cannot be used for any other purpose unless the Town removes or changes the specified use by taking the same formal action.

**Assigned** – Amounts are constrained by the Town’s intent to be used for specific purposes, but are not restricted or committed. Amounts may be constrained to be used for a specific purpose by a governing board or body or official that has been delegated authority to assign amounts by the Town Charter and in accordance with the Town’s adopted Fund Balance Policy (Town Finance Director).

**Unassigned** – Residual classification for the General Fund or amounts necessary in other governmental funds to eliminate otherwise negative fund balance amounts in the other four categories.

***Net Position Flow Assumption***

Sometimes the Town will fund outlays for a particular purpose from both restricted (e.g. restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied.

The Town does not have a formal policy over net position. In practice, the Town considers restricted net position to have been depleted before unrestricted net position is applied.

***Fund Balance Flow Assumption***

Sometimes the Town 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.

The Town does not have a formal policy over the use of fund balance. In practice, the Town uses restricted resources first, then unrestricted resources as needed. Unrestricted resources are used in the following order: committed; assigned; then unassigned.

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Interfund Activities**

Interfund activities are reported as follows:

**Interfund 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 non-current 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”.

**Interfund Services Provided and Used**

Sales and purchases of goods and services between funds for a price approximating their external exchange value are reported as revenues and expenditures, or expenses, in the applicable funds.

**Interfund Transfers**

Interfund transfers represent flows of assets without equivalent flows of assets in return and without a requirement for repayment. In governmental funds, transfers are reported as other financing uses in the funds making transfers and other financing sources in the funds receiving transfers. In proprietary funds, transfers are reported after non-operating revenues and expenses.

**Interfund Reimbursements**

Interfund reimbursements represent repayments from the funds responsible for particular expenditures, or expenses, to the funds that initially paid for them.

**Use of 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 and disclosures in the financial statements. Actual results could differ from those estimates.



**NOTE B - BUDGETARY INFORMATION**

The Town adheres to the following procedures in establishing the budgetary data included in the General Fund financial statements.

- Other than the Education Department, which submits estimates directly to the Board of Finance, department heads submit their estimated budget to the Board of Selectmen, who review and may revise the budget before submitting to the Board of Finance for review and consideration. Expenditures are controlled at the department level.
- After one or more public hearings, the Board of Finance may revise the estimate for presentation at the Annual Town Budget Meeting, or at a referendum if an increase in the mill rate is proposed, which is held on the third Monday in May. The Town Meeting has the power to accept or reject the budget.
- Should the Annual Town Budget Meeting or referendum fail to adopt the budget, another meeting or referendum shall be held within fourteen days thereafter until final approval is given. Any budget which has been rejected by the Town Meeting shall be considered in the interim by the Board of Finance, which shall revise the rejected budget, and present a revision at the next subsequent Town Meeting for acceptance. If the budget remains unaccepted on July 1, the budget adopted for the immediately preceding fiscal year shall be deemed to be the temporary budget for the fiscal year beginning on July 1, and expenditures may be made on a month-to-month basis in accordance therewith, until such time as the Town Meeting finally adopts a budget.
- The Board of Finance upon written request of the Board of Selectmen may transfer unexpended balances from one appropriation to another in accordance with the General Statutes.
- The Board of Education may transfer unexpended balances from one account to another within its total line appropriation.
- Non-budgeted appropriations in excess of \$10,000 require a Town Meeting to become effective and non-budgeted appropriations in excess of \$50,000 require a referendum. During the year, there were no appropriations made that required such an approval. However, additional appropriations of fund balance totaling \$50,000 were made during the year.
- Formal budgetary integration is employed as a management control device during the year.
- The budget is prepared on the modified accrual basis of accounting. “On-behalf” payments made by the State of Connecticut into the State Teachers’ Retirement System (*see Note J*) are not recorded for budgetary purposes.
- Encumbrances are recognized as a valid and proper charge against a budget appropriation in the year in which the purchase order, contract or other commitment is issued and, accordingly, encumbrances outstanding at year-end are reported in budgetary reports as expenditures of the current year. Generally, all unexpended appropriations lapse at year-end, except those for the Capital Projects Funds and certain Special Revenue Funds. Appropriations for capital projects are continued until completion of applicable projects, even when projects extend more than one fiscal year.

**NOTE B - BUDGETARY INFORMATION (Continued)**

As described above, accounting principles applied for purposes of developing data on a budgetary basis differ from those used to present financial statements in conformity with accounting principles generally accepted in the United States of America ("GAAP basis"). A reconciliation of General Fund amounts presented on the budgetary basis to amounts presented on the GAAP basis is as follows for the year ended June 30, 2014:

	<b>Total Revenues and Other Financing Sources</b>	<b>Total Expenditures and Other Financing Uses</b>	<b>Net Change in Fund Balance</b>
Budgetary basis	\$ 44,100,751	\$ 43,481,425	\$ 619,326
"On-behalf" payments - State Teachers Retirement Fund <i>(see Note J)</i>	3,503,371	3,503,371	-
Bond refunding and issuance costs not recorded for budgetary purposes	5,480,269	5,480,269	-
Capital leases not recorded for budgetary purposes	167,071	167,071	-
Miscellaneous reimbursements netted against expenditures	1,151,542	1,151,542	-
Intergovernmental grants netted against expenditures	137,999	137,999	-
GAAP basis	<u>\$ 54,541,003</u>	<u>\$ 53,921,677</u>	<u>\$ 619,326</u>

**Expenditures which exceed appropriations**

The legal level of control at which expenditures may not legally exceed appropriations is at the department level. During the year ended June 30, 2014, expenditures exceeded appropriations in the following amounts, which does not represent a violation of budgetary requirements:

<b>Department</b>	<b>Budget Line</b>	<b>Amount</b>
Administration	Purchased services	\$ 3,658
Transfers out	Transfers out	3,500
Public Safety	Planning and engineering	642
Social Services	Recreation	449
Social Services	Economic Development	396
Public Safety	Fire Marshall	308
Public Safety	Animal control	126

**NOTE C - CASH DEPOSITS AND INVESTMENTS**

***Cash Deposits***

A reconciliation of the Town's cash and cash equivalents as of June 30, 2014 is as follows:

Government-wide statement of net position:	
Cash and cash equivalents	\$ 19,718,979
Statement of fiduciary net position:	
Cash and cash equivalents - pension trust fund	275,406
Cash and cash equivalents - private purpose trust fund	12,155
Cash and cash equivalents - agency fund	160,131
	<u>20,166,671</u>
Less: cash equivalents considered investments for disclosure purposes	(9,551,333)
	<u>\$ 10,615,338</u>

***Cash Deposits – Custodial Credit Risk***

Custodial credit risk is the risk that, in the event of a bank failure, the Town will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The Town does not have a deposit policy for custodial credit risk. As of June 30, 2014, \$10,466,649 of the Town's bank balance of \$11,202,116 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 9,419,984
Uninsured and collateralized with securities held by the pledging bank's trust department or agent, but not in the Town's name	1,046,665
	<u>\$ 10,466,649</u>

All of the Town's deposits were in qualified public institutions as defined by Connecticut state statute. Under this statute, any bank holding public deposits must at all times maintain, segregated from its other assets, eligible collateral in an amount equal to a certain percentage of its public deposits. The applicable percentage is determined based on the bank's risk-based capital ratio. The amount of public deposits is determined based on either the public deposits reported on the most recent quarterly call report, or the average of the public deposits reported on the four most recent quarterly call reports, whichever is greater. The collateral is kept in the custody of the trust department of either the pledging bank or another bank in the name of the pledging bank.

**NOTE C - CASH DEPOSITS AND INVESTMENTS (Continued)**

**Investments**

A reconciliation of the Town's investments as of June 30, 2014 is as follows:

Statement of fiduciary net position:	
Investments - pension trust fund	\$ 16,753,055
Investments - private purpose trust fund	<u>103,640</u>
	<u>16,856,695</u>
Plus: cash equivalents considered investments for disclosure purposes	<u>9,551,333</u>
	<u><u>\$ 26,408,028</u></u>

**Interest Rate Risk**

The Town's investment policy limits its exposure to fair value losses arising from changes in interest rates by structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity, and investing operating funds primarily in shorter-term securities, money market mutual funds, or similar investment pools. The pension plan's policy strives for a balanced return on investments to limit its exposure to fair value losses by providing long-term return opportunities through an allocation of funds discussed above. In addition, the plan strives to meet cash requirements for benefit payments.

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. Information about the exposure of the Town's investments to this risk using the segmented time distribution model is as follows:

Investment type	Fair Value	Investment Maturities (In Years)		
		Less Than 1	6 to 10	More Than 10
<b>Debt Securities:</b>				
U.S. Government Agencies *	\$ 633,884	\$ -	\$ -	\$ 633,884
U.S. Government Securities *	27,985	-	12,104	15,881
Money market mutual funds	777,710	777,710	-	-
STIF	<u>9,275,927</u>	<u>9,275,927</u>	-	-
	10,715,506	<u>\$ 10,053,637</u>	<u>\$ 12,104</u>	<u>\$ 649,765</u>
<b>Other investments:</b>				
Equity mutual funds	2,844,360			
Equity securities *	<u>12,848,162</u>			
<b>Total</b>	<u><u>\$ 26,408,028</u></u>			

\* These investments are uninsured and unregistered, with securities held by the counterparty, but not in the Town's or pension fund's name.

Because the investments in money market mutual funds and the State of Connecticut's Short Term Investment Fund (STIF) have weighted average maturities of less than 90 days, they are presented as investments with maturities of less than one year.

**NOTE C - CASH DEPOSITS AND INVESTMENTS (Continued)**

**Investments (Continued)**

**Credit Risk**

Generally, credit risk is the risk that an issuer of a debt type investment will not fulfill its obligation to the holder of the investment. This is measured by assignment of a rating by a nationally recognized rating organization. U.S. government securities or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk exposure.

The Town has no investment policy that would further limit its investment choices beyond those limited by Connecticut state statutes. Connecticut state statutes permit the Town to invest in obligations of the United States, including its instrumentalities and agencies; in obligations of any state or of any political subdivision, authority or agency thereof, provided such obligations are rated within one of the top two rating categories of any recognized rating service; or in obligations of the State of Connecticut or of any political subdivision thereof, provided such obligations are rated within one of the top three rating categories of any recognized rating service. The Pension Trust Funds may also invest in certain real estate mortgages, in certain savings banks or savings and loan associations, or in stocks or bonds or other securities selected by the trustee, with the care of a prudent investor. The Town's investment policy for its pension fund is intended to provide long-term total return opportunity through an allocation between 50% and 70% of equities and between 30% and 50% of fixed income investments.

The Town's investments in debt securities, whose ratings are required to be disclosed, were rated by Standard & Poor's as follows at June 30, 2014:

	U.S. Government Agencies	U.S. Government Securities	STIF	Mutual Funds
AAA	\$ -	\$ 27,985	\$ 9,275,927	\$ -
AA	633,884	-	-	-
Unrated	-	-	-	777,710
	<u>\$ 633,884</u>	<u>\$ 27,985</u>	<u>\$ 9,275,927</u>	<u>\$ 777,710</u>

**Custodial Credit Risk**

For an investment, custodial credit risk is the risk that, in the event of the failure of a counterparty, 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.

**Concentrations of Credit Risk**

The Town's policy is to maintain a diversified portfolio to minimize the risk of loss resulting from over concentration of assets in a specific issuer. More than 5 percent of the Town's investments are in STIF, mutual funds and common stocks. Investments in STIF and mutual funds are not exposed to concentration of credit risk as they are considered to be diversified by nature.

**NOTE D - LOANS RECEIVABLE**

Loans receivable represents loans dispersed from Community Development Block Grant (“CDBG”) proceeds and Economic Development Committee proceeds.

These loans consist of deferred loans which are noninterest bearing and due on demand and direct loans with interest ranging from 3% to 5% with maturities through 2016. Payment on the deferred loans will occur only in the event of default, which is upon the death of borrower, transfer of title of property or refinancing property-related debt. Loans receivable consist of the following as of June 30, 2014:

Deferred loans	\$ 693,836
Direct loans	97,142
	<u>790,978</u>
Less allowance for collection losses	647,203
Total	<u>\$ 143,775</u>

**NOTE E - CAPITAL ASSETS**

Capital asset activity for governmental activities for the year ended June 30, 2014 consisted of the following:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Governmental Activities</b>				
Capital assets, not being depreciated:				
Land	\$ 2,841,636	\$ -	\$ -	\$ 2,841,636
Construction in progress	1,355,719	5,573	(1,118,799)	242,493
Total capital assets, not being depreciated	<u>4,197,355</u>	<u>5,573</u>	<u>(1,118,799)</u>	<u>3,084,129</u>
Capital assets, being depreciated:				
Land improvements	1,021,529	-	-	1,021,529
Buildings and improvements	67,640,788	145,630	-	67,786,418
Machinery and equipment	10,560,083	520,238	(24,406)	11,055,915
Infrastructure	32,380,451	1,118,799	-	33,499,250
Total capital assets, being depreciated	<u>111,602,851</u>	<u>1,784,667</u>	<u>(24,406)</u>	<u>113,363,112</u>
Less accumulated depreciation and amortization for:				
Land improvements	1,021,529	-	-	1,021,529
Buildings and improvements	20,853,032	1,471,773	-	22,324,805
Machinery and equipment	9,174,856	598,612	(24,406)	9,749,062
Infrastructure	9,969,896	446,657	-	10,416,553
Total accumulated depreciation and amortization	<u>41,019,313</u>	<u>2,517,042</u>	<u>(24,406)</u>	<u>43,511,949</u>
Total capital assets, being depreciated, net	<u>70,583,538</u>	<u>(732,375)</u>	<u>-</u>	<u>69,851,163</u>
Governmental activities capital assets, net	<u>\$ 74,780,893</u>	<u>\$ (726,802)</u>	<u>\$ (1,118,799)</u>	<u>\$ 72,935,292</u>

**NOTE E - CAPITAL ASSETS (Continued)**

Depreciation and amortization expense was charged to functions of the Town as follows:

Governmental Activities:	
Education	\$ 1,797,898
Public safety	66,823
Public works	606,412
Social services	<u>45,909</u>
Total depreciation and amortization expense - governmental activities	<u><u>\$ 2,517,042</u></u>

Capital asset activity for business-type activities for the year ended June 30, 2014 consisted of the following:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Business-type Activities</b>				
Capital assets, not being depreciated:				
Land	\$ 31,740	\$ -	\$ -	\$ 31,740
Construction in progress	-	115,774	-	115,774
Total capital assets, not being depreciated	<u>31,740</u>	<u>115,774</u>	<u>-</u>	<u>147,514</u>
Capital assets, being depreciated:				
Buildings and improvements	2,713,818	-	-	2,713,818
Machinery and equipment	886,995	24,000	-	910,995
Infrastructure	19,003,499	-	-	19,003,499
Total capital assets, being depreciated	<u>22,604,312</u>	<u>24,000</u>	<u>-</u>	<u>22,628,312</u>
Less accumulated depreciation and amortization for:				
Buildings and improvements	1,567,984	60,307	-	1,628,291
Machinery and equipment	795,585	29,727	-	825,312
Infrastructure	10,573,586	416,646	-	10,990,232
Total accumulated depreciation and amortization	<u>12,937,155</u>	<u>506,680</u>	<u>-</u>	<u>13,443,835</u>
Total capital assets, being depreciated, net	<u>9,667,157</u>	<u>(482,680)</u>	<u>-</u>	<u>9,184,477</u>
Business-type activities capital assets, net	<u><u>\$ 9,698,897</u></u>	<u><u>\$ (366,906)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 9,331,991</u></u>

**NOTE F - INTERFUND RECEIVABLES AND PAYABLES**

Interfund receivable and payable balances at June 30, 2014 are as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
<b>Governmental Funds</b>		
General Fund	Other Governmental Funds	<u>\$ 12,519</u>
Other Governmental Funds	General Fund	122,179
Other Governmental Funds	Other Governmental Funds	<u>27,509</u>
		<u>149,688</u>
		<u>\$ 162,207</u>
<b>Business-type Activities</b>		
Water Pollution Control Fund	General Fund	<u>\$ 165,681</u>

All interfund balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

**NOTE G - INTERFUND TRANSFERS**

Interfund transfers for the year ended June 30, 2014 consisted of the following:

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
<b>Governmental Funds</b>		
Other Governmental Funds	General Fund	<u>\$ 19,082</u>
Total interfund transfers		<u>\$ 19,082</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, and (2) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.



**TOWN OF PLAINFIELD, CONNECTICUT**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**JUNE 30, 2014**

**NOTE H - SHORT-TERM LIABILITIES**

The following is a summary of changes in short-term liabilities for the year end June 30, 2014:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Governmental Activities</b>				
Bond anticipation notes issued in April 2014, original amount \$2,000,000	\$ -	\$ 2,000,000	\$ -	\$ 2,000,000
	<u>\$ -</u>	<u>\$ 2,000,000</u>	<u>\$ -</u>	<u>\$ 2,000,000</u>

The purpose of the bond anticipation notes are to provide interim financing for various school construction projects until future reimbursement are received from the State of Connecticut and/or general obligation bonds are issued.

**NOTE I - LONG-TERM LIABILITIES**

The following is a summary of changes in long-term liabilities for the year ended June 30, 2014:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<b>Governmental Activities</b>					
General obligation bonds	\$ 12,456,000	\$ 4,725,000	\$ (5,886,000)	\$ 11,295,000	\$ 845,000
Note payable	121,047	-	(20,174)	100,873	20,174
Unamortized premium	-	787,069	(21,863)	765,206	-
Total bonds and note payable	<u>12,577,047</u>	<u>5,512,069</u>	<u>(5,928,037)</u>	<u>12,161,079</u>	<u>865,174</u>
Other liabilities:					
Capital leases	262,031	167,071	(136,283)	292,819	136,863
Compensated absences	1,390,345	-	(78,531)	1,311,814	131,181
Claims and judgments	525,000	-	-	525,000	-
Net pension obligation	3,351,782	539,049	-	3,890,831	-
Net OPEB obligation	3,200,922	727,948	-	3,928,870	-
Total governmental activities long-term liabilities	<u>\$ 21,307,127</u>	<u>\$ 6,946,137</u>	<u>\$ (6,142,851)</u>	<u>\$ 22,110,413</u>	<u>\$ 1,133,218</u>
<b>Business-type Activities</b>					
General obligation bonds	\$ -	\$ 5,275,000	\$ -	\$ 5,275,000	\$ -
USDA bonds payable	489,375	-	(35,787)	453,588	37,308
Clean Water notes payable	833,953	-	(80,661)	753,292	80,661
Unamortized premium	-	301,067	-	301,067	-
Total bonds and notes payable	<u>1,323,328</u>	<u>5,576,067</u>	<u>(116,448)</u>	<u>6,782,947</u>	<u>117,969</u>
Other liabilities:					
Compensated absences	67,896	-	(23,237)	44,659	4,466
Total business-type activities long-term liabilities	<u>\$ 1,391,224</u>	<u>\$ 5,576,067</u>	<u>\$ (139,685)</u>	<u>\$ 6,827,606</u>	<u>\$ 122,435</u>

Long - term liabilities above typically have been liquidated by the General Fund for governmental activities and the Water Pollution Control Authority Fund for business-type activities.

**NOTE I - LONG-TERM LIABILITIES (Continued)**

***Bonds and Notes Payable***

A summary of bonds and notes payable outstanding at June 30, 2014 is as follows:

Description	Original Amount	Final Maturity Dates	Interest Rates	Amount Outstanding
<b>Governmental Activities</b>				
Bonds Payable				
General purpose bonds, issued April 1, 2014	\$ 4,725,000	2026	2.0% - 5.9%	\$ 4,725,000
School bonds, issued July 1, 2007	16,295,000	2025	4.0% - 6.0%	6,570,000
				<u>\$ 11,295,000</u>
Note Payable				
DECD Note payable, issued October 1999	197,500	2019	0.00%	<u>\$ 100,873</u>
<b>Business-type Activities</b>				
Bonds Payable				
General purpose bonds, issued April 1, 2014	5,275,000	2034	2.0% - 4.0%	\$ 5,275,000
USDA bonds, issued August 2003	752,000	2023	4.25%	453,588
				<u>\$ 5,728,588</u>
Note Payable				
Clean Water note payable, issued November 2004	1,606,152	2024	2.00%	<u>\$ 753,292</u>

Annual debt service requirements to maturity on general obligation bonds and notes payable are as follows as of June 30, 2014:

Year ending June 30:	Governmental Activities							
	General Obligation Bonds		Note Payable		Totals			
	Principal	Interest	Principal	Interest	Principal	Interest		
2015	\$ 845,000	\$ 423,854	\$ 20,174	\$ -	\$ 865,174	\$ 423,854		
2016	950,000	428,893	20,174	-	970,174	428,893		
2017	950,000	388,518	20,174	-	970,174	388,518		
2018	975,000	346,393	20,174	-	995,174	346,393		
2019	975,000	304,347	20,177	-	995,177	304,347		
2020-2024	5,180,000	894,507	-	-	5,180,000	894,507		
2025-2026	1,420,000	43,100	-	-	1,420,000	43,100		
	<u>\$ 11,295,000</u>	<u>\$ 2,829,612</u>	<u>\$ 100,873</u>	<u>\$ -</u>	<u>\$11,395,873</u>	<u>\$ 2,829,612</u>		
Year ending June 30:	Business-type Activities							
	General Obligation Bonds		USDA Bonds Payable		Clean Water Note Payable		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2015	\$ -	\$ 138,721	\$ 37,308	\$ 19,258	\$ 80,661	\$ 14,317	\$ 117,969	\$ 172,296
2016	280,000	173,044	38,894	17,672	80,661	12,704	399,555	203,420
2017	280,000	167,444	40,547	16,019	80,661	11,091	401,208	194,554
2018	280,000	161,844	42,270	14,296	80,661	9,478	402,931	185,618
2019	275,000	156,294	44,066	12,500	80,661	7,864	399,727	176,658
2020-2024	1,400,000	650,120	250,503	32,763	349,987	15,438	2,000,490	698,321
2025-2029	1,385,000	390,673	-	-	-	-	1,385,000	390,673
2030-2034	1,375,000	136,125	-	-	-	-	1,375,000	136,125
	<u>\$ 5,275,000</u>	<u>\$ 1,974,265</u>	<u>\$ 453,588</u>	<u>\$ 112,508</u>	<u>\$ 753,292</u>	<u>\$ 70,892</u>	<u>\$ 6,481,880</u>	<u>\$ 2,157,665</u>

**NOTE I - LONG-TERM LIABILITIES (Continued)**

**Bonds and Notes Payable (Continued)**

**Refundings**

On April 1, 2014, the Town issued \$4,725,000 in general obligation bonds with an average interest rate of 4.33% to refund outstanding bonds with an average rate of 4.38%. The bonds refunded were \$4,825,000 of outstanding 2007 general obligation bonds. The net proceeds of \$5,414,486 (after payment of expenses of \$64,943) were deposited with an escrow agent in an irrevocable trust fund. The proceeds were used to buy a portfolio of direct obligations of, or obligations guaranteed by the United States of America, to provide all future debt service payments on the refunded bonds. The refunded bonds are considered defeased and the liability for those bonds have been removed from the government-wide statement of net position. The transactions generated a cash flow savings of \$156,819 and a present value savings of \$258,311.

At June 30, 2014, there is \$4,825,000 of previously refunded bonds that are considered defeased but still outstanding.

**Legal Debt Limit**

Connecticut General Statutes Section 7-374(b) provides that authorized debt of the Town shall not exceed seven times base receipts, as defined in the Statute, or \$168,218,442 as of June 30, 2014. Further, the Statute limits the amount of debt that may be authorized by the Town for general purposes, schools, sewers, urban renewal and pension deficit. The Town did not exceed any of the statutory debt limitations at June 30, 2014.

**Authorized, Unissued Bonds**

The amount of authorized, unissued bonds at June 30, 2014 totaled \$86,265 for general purposes, \$2,512,469 for school purposes, and \$1,762,994 for sewer purposes.

**Capital Leases**

A summary of assets under capital leases as of June 30, 2014 are as follows:

	<b>Governmental Activities</b>
Equipment	\$ 636,381
Less: accumulated amortization	324,158
	<u>\$ 312,223</u>

Amortization expense relative to leased property under capital leases totaled \$130,438 for the year ended June 30, 2014 and is included in depreciation and amortization expense disclosed in Note E.

**NOTE I - LONG-TERM LIABILITIES (Continued)**

**Capital Leases (Continued)**

Future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2014 are as follows:

	<u>Governmental Activities</u>
Year Ending June 30:	
2015	\$ 140,606
2016	106,268
2017	<u>58,149</u>
Total minimum lease payments	305,023
Less: amount representing interest	<u>12,204</u>
Present value of minimum lease payments	<u><u>\$ 292,819</u></u>

**NOTE J - EMPLOYEE RETIREMENT PLANS**

**Defined Benefit Plan**

**Plan Description**

*Plan administration* – The Town administers a retirement plan (the “Plan”) a single-employer contributory, defined benefit plan. Benefit terms may be established and amended by the Town and the collective bargaining unit.

*Plan Membership* - Under the Plan, all full-time members of the Police Department who are members of the bargaining unit are eligible for benefits. In addition, new employees of the Town who have completed 2 years of service and are at least age 21 and full-time employees of the Board of Education not covered by a collective bargaining agreement, and nurses, custodians, secretaries and bus drivers and paraprofessionals, who became eligible on July 1, 1995 with service credited for periods after July 1, 1984, are eligible for benefits.

The Plan is closed to employees of the Police Department hired after November 27, 2012 and employees of the Highway Department after October 16, 2012.

At June 30, 2014 the Plan consisted of the following as of the date of the latest actuarial valuation:

Retired participants and beneficiaries receiving benefits	92
Terminated members entitled to, but not yet receiving benefits	117
Active members	<u>167</u>
	<u><u>376</u></u>

## NOTE J - EMPLOYEE RETIREMENT PLANS

### Defined Benefit Plan (Continued)

#### Plan Description (*Continued*)

*Benefits Provided* – The Plan provides retirement benefits for Police employees calculated at 2% to 7/1/2004 and 2.5% after 7/1/2004 of the average of the annual salaries, excluding overtime, commissions, bonuses, etc., of the highest 3 years of employment multiplied by service. For all other employees, the retirement benefit is calculated at 1.2% of the average of the annual salaries, excluding overtime, commissions, bonuses, etc., of the highest 3 consecutive years of employment, multiplied by service. Participants (except Police) are 10% vested for each year of service.

*Contributions* - The Town establishes contribution rates based on an actuarially determined rate recommended by an independent actuary. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by plan members during the year, with an additional amount to finance any unfunded accrued liability. The Town is required to contribute the actuarially determined rate. Police participants are required to contribute 7% of their base monthly earnings. For the year ended June 30, 2014, the Town contributed \$706,969 or 11.27% of covered annual payroll.

#### Summary of Significant Accounting Policies

*Basis of Accounting* - The Plan is accounted for using the accrual basis of accounting. Revenues (contributions and investment income) are recognized when they are earned and expenses (benefits, administration and refunds) are recognized when due and payable in accordance with the terms of the Plan. Liabilities are recorded when due and payable in accordance with the terms of the Plan. Administrative costs of the Plan are funded by the Plan.

*Investments* - Investments are recorded at fair value based on quoted market prices. Short-term investments are reported at cost, which approximates fair value. Fair value of other securities are determined by the most recent bid and asked prices as obtained from dealers that make markets in such securities. Investments for which market quotations are not readily available are value at their fair values as determined by the custodian under the direction of the Town, with the assistance of a valuation service. Securities traded on national exchanges are valued at the last reported sales price. Investment income is recognized when earned and gains and losses on sales or exchanges are recognized on the transaction date.

*Investment policy* – Connecticut state statutes permit the Town to invest in obligations of the United States, including its instrumentalities and agencies; in obligations of any state or of any political subdivision, authority or agency thereof, provided such obligations are rated within one of the top two rating categories of any recognized rating service; or in obligations of the State of Connecticut or of any political subdivision thereof, provided such obligations are rated within one of the top three rating categories of any recognized rating service. The Pension Trust Funds may also invest in certain real estate mortgages, in certain savings banks or savings and loan associations, or in stocks or bonds or other securities selected by the trustee, with the care of a prudent investor. The Town's investment policy for its pension fund is intended to provide long-term total return opportunity through an allocation between 50% and 70% of equities and between 30% and 50% of fixed income investments.

*Concentrations* - The Plan had no individual investments that represented five percent or more of the Plan's net position at June 30, 2014.

**NOTE J - EMPLOYEE RETIREMENT PLANS (Continued)**

**Defined Benefit Plan (Continued)**

**Summary of Significant Accounting Policies (Continued)**

*Rate of return* – For the year ended June 30, 2014 the annual money-weighted rate of return on pension plan investments, net of pension plan investment expenses, was 16.27%. The money-weighted rate of return expresses investment performance, net of investment expense adjusted for the changing amounts actually invested.

**Net Pension Obligation and Net Pension Liability of the Town**

The Town has not yet implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions - An Amendment of GASB Statement No. 27*, which is effective for fiscal years beginning after June 15, 2014. GASB Statement No. 68 will require the Town to record the net pension liability of its defined benefit pension plan in its government-wide financial statements. The net pension liability has been disclosed below in accordance with the implementation of GASB Statement No. 67. The Town continues to apply the provisions of GASB Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, which requires employers to recognize a net pension asset or obligation in its government-wide financial statements based on the cumulative difference between the annual pension cost and the amounts contributed to the plan.

The following presents the Town's net pension obligation as of June 30, 2014 and the related change in the net pension obligation for the year ended June 30, 2014:

Annual required contribution	\$ 1,448,874
Interest on net pension obligation	251,384
Adjustment to annual required contribution	<u>(454,240)</u>
Annual pension cost	1,246,018
Contributions made	<u>706,969</u>
Increase in net pension obligation	539,049
Net pension obligation, beginning of year	<u>3,351,782</u>
Net pension obligation, end of year	<u><u>\$ 3,890,831</u></u>

The components of the net pension liability of the Town at June 30, 2014, were as follows:

Total pension liability	\$ 20,640,483
Plan fiduciary net position	<u>17,040,060</u>
Town's net pension liability	<u><u>\$ 3,600,423</u></u>
Plan fiduciary net position as a percentage of the total pension liability	82.6%

**NOTE J - EMPLOYEE RETIREMENT PLANS (Continued)**

**Defined Benefit Plan (Continued)**

**Net Pension Obligation and Net Pension Liability of the Town (Continued)**

*Actuarial assumptions* – The total pension liability was determined by an actuarial valuation as of June 30, 2014, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.25%
Salary increases	4.50%
Investment rate of return	7.50%
Discount rate	7.50%

Mortality rates were based on the RP-2000 Mortality Table, with separate male and female rates, with no collar adjustment, projected to the valuation year for mortality improvements based on Scale AA.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2014 are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Short term fixed income	5.00%	0.50%
Core fixed income	20.00%	1.25%
High yield	0.00%	3.00%
Global fixed income	5.00%	1.75%
Large cap	31.50%	5.50%
Small cap	3.50%	5.80%
International developed	20.00%	5.75%
IT	7.50%	7.00%
Global REIT	3.75%	4.75%
US commodity	3.75%	2.85%

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

**NOTE J - EMPLOYEE RETIREMENT PLANS (Continued)**

**Defined Benefit Plan (Continued)**

**Net Pension Obligation and Net Pension Liability of the Town (Continued)**

*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 discount rate of 7.5%, 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 (6.5%) or 1-percentage-point higher (8.5%) than the current rate:

	1% Decrease (6.50%)	Discount (7.50%)	1% Increase (8.50%)
Town Plan's net pension liability as of June 30, 2014	\$ 5,985,965	\$ 3,600,423	\$ 1,574,377

**Teachers' Retirement System**

The faculty and professional personnel of the Board of Education participate in a contributory defined benefit plan, established under Chapter 167a of the Connecticut General Statutes, which is administered by the Connecticut State Teachers' Retirement Board. A teacher is eligible to receive normal retirement benefits if he or she has attained age sixty and has accumulated twenty years of credited service in the public schools of Connecticut or has attained any age and has accumulated thirty-five years of credited service, at least twenty-five of which are service in the public schools of Connecticut. The State of Connecticut Teachers Retirement System is considered to be a part of the State of Connecticut financial reporting entity and is included in the State's financial reports as a pension trust fund. Those reports may be obtained by writing to the State of Connecticut, Office of the State Comptroller, 55 Elm Street, Hartford, Connecticut 06106.

Certain part-time and full-time certified teachers are eligible to participate in the Plan and are required to contribute 7.25% of their annual earnings to the Plan. The Town does not, and is not legally responsible to, contribute to the Plan.

The State of Connecticut contributes based on actuarially determined amounts. The funding level was determined based on an actuarial valuation of the Plan as a whole, which does not provide actuarial information on an individual city/town basis.

The Town has recognized revenues and expenditures for on-behalf payments for pension contributions paid directly to the Connecticut State Teachers' Retirement System by the State of Connecticut. Such on-behalf payments were \$3,503,371 for the year ended June 30, 2014.

**NOTE K - OTHER POST-EMPLOYMENT BENEFITS**

**Board of Education Plan Description**

The Town of Plainfield Board of Education provides healthcare insurance benefits for eligible retirees and their spouses through the Town's group health insurance plan, which covers both active and retired members (the "Plan"). Benefit provisions are established through negotiations between the Board of Education and the union representing Board of Education employees and are renegotiated each three-year bargaining period. The Plan does not issue a publicly available financial report and is not included in the financial statements of another entity.



**NOTE K - OTHER POST-EMPLOYMENT BENEFITS (Continued)**

**Funding Policy**

Contribution requirements of the plan members and the Town are established by and may be amended through negotiations between the Board of Education and the union. Currently, Board of Education employees who are age 50 with 25 years of service, age 55 with 20 years of service or age 60 with 10 years of service in the Plainfield School System are eligible to receive benefits. Those who choose to participate must pay 100% of the premium cost. The Town finances the Plan on a pay-as-you-go basis.

**Annual OPEB Cost and Net OPEB Obligation**

The Town's annual OPEB cost (expense) is calculated based on the annual required contribution ("ARC"), an amount actuarially determined. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years. The Town's annual OPEB cost and net OPEB obligation are attributed to an implicit rate subsidy, whereby retirees are considered to be receiving a benefit from the Town for access to insurance rates offered to the Town's active employees. The following table shows the components of the Town's annual OPEB cost for the year, the amount actually contributed to the Plan, and changes in the Town's net OPEB obligation:

Annual required contribution	\$ 1,008,800
Interest on net OPEB obligation	128,037
Adjustment to annual required contribution	<u>(178,027)</u>
Annual OPEB cost (expense)	958,810
Contributions made	<u>230,862</u>
Increase in net OPEB obligation	727,948
Net OPEB obligation, beginning of year	<u>3,200,922</u>
Net OPEB obligation, end of year	<u><u>\$ 3,928,870</u></u>

**Three-Year Trend Information**

Year Ended	Annual	Percentage of	Net OPEB
<u>June 30</u>	<u>OPEB Cost</u>	<u>Annual OPEB</u>	<u>Net OPEB</u>
		Cost Contributed	Obligation
2012	\$ 865,328	39.7%	\$ 2,601,378
2013	869,173	31.0%	3,200,922
2014	958,810	24.1%	3,928,870

**NOTE K - OTHER POST-EMPLOYMENT BENEFITS (Continued)**

**Annual OPEB Cost and Net OPEB Obligation (Continued)**

**Funded Status and Funding Progress**

The funded status of the plan as of July 1, 2012 (the date of the most recent actuarial valuation) was as follows:

Actuarial Valuation Date	Actuarial Value of Assets (A)	Actuarial Accrued Liability (AAL) - Projected Unit Credit Method (B)	Unfunded AAL (UAAL) (B-A)	Funded Ratio (A/B)	Covered Payroll (C)	UAAL as a Percentage of Covered Payroll ((B-A)/C)
July 1, 2012	\$ -	\$ 11,964,800	\$ 11,964,800	0.0%	\$ 23,612,118	50.7%

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

**Actuarial Methods and Assumptions**

Projections of benefits are based on the substantive plan (the plan as understood by the Town and plan members) and include the types of benefits in force at the valuation date and the pattern of sharing benefit costs between the Town and the plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the Town and plan members in the future. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. Significant methods and assumptions were as follows:

Valuation date:	July 1, 2012
Actuarial cost method:	Projected Unit Credit
Amortization method:	Level Dollar Amount, Open
Remaining amortization period:	30 years
Asset valuation method:	Market Value
Actuarial assumptions:	
Investment rate of return	4.00%
Inflation rate	4.00%
Healthcare cost trend rate	10% initial 5.00% final

**NOTE L - RISK MANAGEMENT**

The Town is exposed to various risks of loss related to torts, thefts of, damage to, or destruction of assets; errors or omissions; injuries to employees or acts of God. The Town purchases commercial insurance for all risks of loss except health coverage. During 2014, deductibles paid by the Town were insignificant. Neither the Town nor its insurers have settled any claims which exceeded the Town's insurance coverage during the past three years.

The Town is a member of the Connecticut Interlocal Risk Management Agency ("CIRMA"), a public entity risk pool established for the purpose of administering an interlocal risk management program pursuant to the provisions of Section 7-479a of Connecticut General Statutes, for workers' compensation coverage and liability-automobile-property pool. CIRMA currently has 240 members in the workers compensation pool (of which 120 are municipalities) and 117 members in its liability-automobile-property pool (of which 37 are municipalities). The Town pays an annual premium for its coverage. CIRMA is to be self-sustaining through members' premiums but reinsures in excess of \$1,000,000 for each insured occurrence. Members may be subject to supplemental assessment in the event of deficiencies; however, potential assessments are limited pursuant to the by-laws.

The Town of currently a member of the Eastern Connecticut Health Insurance Program ("ECHIP"), a cooperative formed in accordance with Public Act 10-174 of the Connecticut General Statutes in order to self-insure medical and dental costs to the employees of its member Towns and Boards of Education. Through this cooperative the Town accounts for and finances employee medical benefits claims for eligible full-time employees of both the Town and the Board of Education. The Town retains the risk of loss under the plan. A third party processes the claims filed under the self-insured health plan, for which the Town is charged an administrative fee. Through ECHIP, the Town has purchased a stop-loss policy for total claims in any one year exceeding an aggregate of 120% of expected claims and for individual claims exceeding \$160,000 for combined hospital and major medical.

ECHIP establishes claims liabilities based on estimates of claims that have been incurred but not reported at June 30, 2014. Claims liabilities are recorded if information prior to the issuance of the financial statements indicates that it is possible that a liability has been incurred at the date of the financial statements and the amount of possible loss can be reasonably estimated. The amount of the claims accrual is based on the ultimate costs of settling the claims, which include past experience data, inflation and other future economic and societal factors and incremental claim adjustment expenses, net of estimated subrogation recoveries. The claims accrual does not include other allocated or unallocated claims adjustment expenses.

A summary the Town's portion of claims activity for the years ended June 30, 2014 is as follows:

Year Ended June 30	Claims Payable, Beginning of Year	Claims and Changes in Estimates	Claims Paid	Claims Payable, End of Year
2014	\$ 243,437	\$ 5,822,622	\$ 5,630,268	\$ 435,791
2013	-	6,259,626	6,016,189	243,437

**NOTE M - COMMITMENTS AND CONTINGENCIES (Continued)**

**Grants and Contracts**

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal and state government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount of expenditures which may be disallowed by the grantor cannot be determined at this time, although the Town expects such amounts, if any, to be immaterial.

**Litigation**

There are several lawsuits pending against the Town. For certain of these cases, where it is probable that a liability has been incurred and the amount of the loss can be reasonably estimated, a loss contingency has been accrued for approximately \$525,000. The Town's management believes it has meritorious defenses against these lawsuits and estimates that potential claims against the Town, not covered by insurance, resulting from such litigation would not have a material adverse effect on the financial condition of the Town.

**NOTE N - IMPLEMENTATION OF NEW ACCOUNTING STANDARD**

The Town implemented the provisions of Governmental Accounting Standards Board (GASB) Statement No. 67, *Financial Reporting for Pension Plans - An amendment of GASB Statement No. 25*, which replaces the requirements of GASB Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, and GASB Statement No. 50, *Pension Disclosures*, as they relate to pension plans that are administered through trusts or similar arrangements meeting certain criteria. GASB 67 builds upon the existing framework for financial reports of defined benefit pension plans, which includes a statement of fiduciary net position (the amount held in a trust for paying retirement benefits) and a statement of changes in fiduciary net position. GASB 67 enhances note disclosures and required supplementary information for both defined benefit and defined contribution pension plans.

**NOTE O - RECENTLY ISSUED ACCOUNTING STANDARD**

The GASB has issued Statement No. 68, *Accounting and Financial Reporting for Pensions - An Amendment of GASB Statement No. 27*, which replaces the requirements of GASB Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, and GASB Statement No. 50, *Pension Disclosures*, as they relate to governments that provide pensions through pension plans administered as trusts or similar arrangements that meet certain criteria. GASB 68 requires governments providing defined benefit pensions to recognize their long-term obligation for pension benefits as a liability for the first time, and to more comprehensively and comparably measure the annual costs of pension benefits. GASB 68 also enhances accountability and transparency through revised and new note disclosures and required supplementary information. The provisions in GASB 68 are effective for fiscal years beginning after June 15, 2014. Management is currently evaluating the effect implementation of this standard will have on its financial statements.

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**REQUIRED SUPPLEMENTARY INFORMATION**

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# TOWN OF PLAINFIELD, CONNECTICUT

## SCHEDULE OF CHANGES IN NET PENSION LIABILITY (UNAUDITED)

### PENSION PLAN

JUNE 30, 2014

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	<u>2014</u>
<b>Total pension liability</b>	
Service cost	\$ 548,134
Interest	1,467,462
Changes in benefit terms	-
Differences between expected and actual experience	-
Changes of assumptions	-
Benefit payments, including refunds	<u>(772,316)</u>
Net change in total pension liability	1,243,280
Total pension liability - beginning	<u>19,397,203</u>
Total pension liability - ending	<u><u>20,640,483</u></u>
<b>Plan fiduciary net position</b>	
Contributions - employer	706,969
Contributions - members	57,049
Net investment income	2,396,885
Benefit payments, including refunds	(772,316)
Administrative expense	<u>(5,350)</u>
Net change in plan fiduciary net position	2,383,237
Plan fiduciary net position - beginning	<u>14,656,823</u>
Plan fiduciary net position - ending	<u><u>17,040,060</u></u>
<b>Town's net pension liability</b>	<u><u>\$ 3,600,423</u></u>
<b>Plan fiduciary net position as a percentage of total pension liability</b>	82.56%
<b>Covered employee payroll</b>	\$ 6,273,578
<b>Town's net pension liability as a percentage of covered employee payroll</b>	57.39%

#### Notes to Schedule:

**Benefit Changes**           None noted

**Assumption Changes**   None noted

**Note:**                    The Town began to report the schedule of changes in net pension liability when it implemented GASB Statement No. 67 in fiscal year 2014.

# TOWN OF PLAINFIELD, CONNECTICUT

## SCHEDULE OF CONTRIBUTIONS AND INVESTMENT RETURNS (UNAUDITED)

### PENSION PLAN

JUNE 30, 2014

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	<u>2014</u>
Actuarially determined contribution	\$ 1,448,874
Contributions in relation to the actuarially determined contribution	<u>706,969</u>
Contribution deficiency	<u>\$ 741,905</u>
Covered employee payroll	\$ 6,273,578
Contributions as a percentage of covered employee payroll	11.27%
Annual money-weighted rate of return, net of investment expense	16.27%

#### Notes to Schedule:

**Valuation date** January 1, 2013

*Actuarially determined contribution rates are calculated as of December 31, prior to the end of the fiscal year in which contributions are reported.*

#### Methods and assumptions used to determine contribution rates:

<b>Actuarial cost method</b>	Projected Unit Credit Cost Method
<b>Amortization method</b>	Level percent of payroll
<b>Remaining amortization period</b>	10 years remaining as of July 1, 2011
<b>Asset valuation method</b>	Market value of assets less unrecognized returns in each of the last four years
<b>Inflation</b>	2.25%
<b>Investment rate of return</b>	7.50%
<b>Salary increases</b>	4.50%
<b>Retirement age</b>	Age 62 for Town Employees; Age 55 for Police
<b>Mortality</b>	RP-2000 Mortality Table with Scale AA

**Note:** The Town began to report the schedule of contributions and investment returns when it implemented GASB Statement No. 67 in fiscal year 2014.

**TOWN OF PLAINFIELD, CONNECTICUT**  
**SCHEDULES OF FUNDING PROGRESS (Unaudited)**  
**JUNE 30, 2014**

**Other Post-Employment Benefits Program**

Actuarial Valuation Date	Actuarial Value of Assets (A)	Actuarial Accrued Liability (AAL) - Projected Unit Credit (B)	Unfunded AAL (UAAAL) (B-A)	Funded Ratio (A/B)	Covered Payroll (C)	UAAAL as a Percentage of Covered Payroll ((B-A)/C)
July 1, 2008	\$ -	\$ 13,057,675	\$ 13,057,675	0.0%	\$ 19,023,719	68.6%
July 1, 2010	-	10,515,600	10,515,600	0.0%	19,604,338	53.6%
July 1, 2012	-	11,964,800	11,964,800	0.0%	23,612,118	50.7%

*See accompanying Independent Auditor's Report.*



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**COMBINING AND INDIVIDUAL FUND STATEMENTS**

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**GENERAL FUND**

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**TOWN OF PLAINFIELD, CONNECTICUT**

SCHEDULE OF REVENUES

BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND

FOR THE YEAR ENDED JUNE 30, 2014

	Budgeted Amounts		Actual	Variance With
	Original	Final		Final Budget
				Over (Under)
<b>PROPERTY TAXES</b>				
Property taxes	\$ 22,982,104	\$ 22,982,104	\$ 23,559,163	\$ 577,059
Interest and lien fees	150,000	150,000	322,029	172,029
Total property taxes	23,132,104	23,132,104	23,881,192	749,088
<b>INTERGOVERNMENTAL</b>				
Educational equalization	15,579,905	15,579,905	15,577,763	(2,142)
Transportation	-	-	247,962	247,962
Special education grant	950,882	950,882	432,780	(518,102)
Town aid road	291,860	291,860	291,295	(565)
Telephone access lines	48,300	48,300	50,970	2,670
Local capital improvements	347,211	347,211	347,212	1
Mohegan/Pequot grant	140,421	140,421	159,114	18,693
PILOT - State-owned property	36,413	36,413	41,376	4,963
PILOT - Hospitals	28,306	28,306	31,246	2,940
PILOT - Elderly freeze	85,013	85,013	109,362	24,349
Reimbursement Disability	2,668	2,668	3,123	455
PILOT - Veterans exemption	5,623	5,623	7,057	1,434
Emergency Mgt. Asst.	7,715	7,715	-	(7,715)
Distressed enterprise zone	6,648	6,648	5,412	(1,236)
Other state revenue	45,000	45,000	200,833	155,833
Total intergovernmental revenues	17,575,965	17,575,965	17,505,505	(70,460)
<b>LICENSES, PERMITS AND FEES</b>				
Preschool fees	40,000	40,000	20,215	(19,785)
Pool receipts	60,000	60,000	66,370	6,370
Recreation receipts	50,000	50,000	41,155	(8,845)
Building permits	80,000	80,000	72,716	(7,284)
Planning and zoning fees	25,000	25,000	34,465	9,465
Town clerk fees	200,000	200,000	182,067	(17,933)
Town clerk - copies	15,000	15,000	18,485	3,485
Assessor - copies	1,500	1,500	1,011	(489)
Police - other duty	25,000	25,000	32,089	7,089
F/M Services - Canterbury	5,240	5,240	5,137	(103)
Town Hall rental	2,500	2,500	3,284	784
Cell Tower rental	124,840	124,840	28,566	(96,274)
Total licenses, permits and fees	629,080	629,080	505,560	(123,520)

(Continued)

**TOWN OF PLAINFIELD, CONNECTICUT**

SCHEDULE OF REVENUES

BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND *(Continued)*

FOR THE YEAR ENDED JUNE 30, 2014

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
INVESTMENT - INTEREST	<u>\$ 25,000</u>	<u>\$ 25,000</u>	<u>\$ 11,965</u>	<u>\$ (13,035)</u>
OUT OF TOWN TUITION	<u>1,417,877</u>	<u>1,417,877</u>	<u>1,301,708</u>	<u>(116,169)</u>
OTHER				
Tuition - special education	332,389	332,389	534,982	202,593
Other local revenue	197,000	197,000	296,926	99,926
Industrial park lot sales	90,000	90,000	-	(90,000)
School miscellaneous fees	38,000	38,000	44,441	6,441
Police - miscellaneous revenue	8,500	8,500	13,473	4,973
Donations - Toys for Tots	-	-	4,999	(4,999)
Total other	<u>665,889</u>	<u>665,889</u>	<u>894,821</u>	<u>228,932</u>
Total revenues	<u>\$ 43,445,915</u>	<u>\$ 43,445,915</u>	<u>\$ 44,100,751</u>	<u>\$ 654,836</u>

*See accompanying Independent Auditor's Report.*

**TOWN OF PLAINFIELD, CONNECTICUT**  
**SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES**  
**BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2014**

	Budgeted Amounts		Actual	Variance With Final Budget Over (Under)
	Original	Final		
<b>GENERAL GOVERNMENT</b>				
First Selectman	\$ 122,565	\$ 123,315	\$ 122,581	\$ (734)
Finance	215,367	215,367	208,255	(7,112)
Assessor	148,017	148,017	146,444	(1,573)
Tax Collector	153,434	153,434	153,124	(310)
Town Clerk	172,334	172,334	164,418	(7,916)
Election and registrars	42,246	42,246	30,445	(11,801)
Employee benefits	2,565,613	2,479,463	2,411,705	(67,758)
Total general government	3,419,576	3,334,176	3,236,972	(97,204)
<b>PUBLIC SAFETY</b>				
Fire Marshal	49,510	50,310	50,618	308
Police Department	1,683,208	1,683,208	1,665,723	(17,485)
Building Inspector	91,923	91,923	90,243	(1,680)
Planning and engineering	145,350	145,350	145,992	642
Animal control	32,934	32,934	33,060	126
Total public safety	2,002,925	2,003,725	1,985,636	(18,089)
<b>PUBLIC WORKS</b>				
Building and grounds	317,671	317,871	317,684	(187)
Highway	771,100	821,100	773,135	(47,965)
Town aid road	291,860	291,860	290,359	(1,501)
Total public works	1,380,631	1,430,831	1,381,178	(49,653)
<b>SOCIAL SERVICES</b>				
Economic Development	37,328	37,328	37,724	396
Recreation	299,393	300,793	301,242	449
Libraries	58,612	58,612	58,612	-
Total social services	395,333	396,733	397,578	845

(Continued)

See accompanying Independent Auditor's Report.

**TOWN OF PLAINFIELD, CONNECTICUT**  
**SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES**  
**BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND (Continued)**  
**FOR THE YEAR ENDED JUNE 30, 2014**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance With Final Budget Over (Under)</b>
	<b>Original</b>	<b>Final</b>		
<b>ADMINISTRATION</b>				
Telephone	\$ 40,000	\$ 40,000	\$ 36,755	\$ (3,245)
Legal fees	90,000	99,000	96,623	(2,377)
Postage	30,000	30,000	16,698	(13,302)
Computer	104,822	157,822	157,382	(440)
Probate	6,356	6,356	6,356	-
Copy machines	31,208	31,208	29,401	(1,807)
Claims	2,000	2,000	335	(1,665)
Tax refunds	15,000	15,000	6,794	(8,206)
Board and commissions	22,600	22,600	17,091	(5,509)
Purchased services	377,053	388,053	391,711	3,658
Contributions	4,146	4,146	3,922	(224)
Contingency	60,000	60,000	59,466	(534)
Total administration	<u>783,185</u>	<u>856,185</u>	<u>822,534</u>	<u>(33,651)</u>
<b>CAPITAL OUTLAYS</b>	<u>566,156</u>	<u>576,156</u>	<u>569,676</u>	<u>(6,480)</u>
<b>EDUCATION</b>	<u>33,512,358</u>	<u>33,512,358</u>	<u>33,473,600</u>	<u>(38,758)</u>
<b>DEBT SERVICE</b>				
Principal payments	1,081,174	1,081,174	1,081,174	-
Interest and fiscal charges	513,995	513,995	513,995	-
Total debt service	<u>1,595,169</u>	<u>1,595,169</u>	<u>1,595,169</u>	<u>-</u>
<b>OTHER FINANCING USES</b>				
Interfund transfers out	<u>15,582</u>	<u>15,582</u>	<u>19,082</u>	<u>3,500</u>
Total expenditures	<u>\$ 43,670,915</u>	<u>\$ 43,720,915</u>	<u>\$ 43,481,425</u>	<u>\$ (239,490)</u>

See accompanying Independent Auditor's Report.

**TOWN OF PLAINFIELD, CONNECTICUT**  
 SCHEDULE OF PROPERTY TAXES LEVIED, COLLECTED AND OUTSTANDING  
 FOR THE YEAR ENDED JUNE 30, 2014

Grand List Year	Balance Uncollected June 30, 2013	Current Levy	Lawful Corrections		Transfers To Suspense	Balance To Be Collected	Collections				Balance Uncollected June 30, 2014
			Additions	Deductions			Taxes	Interest	Lien Fees	Total	
2012	-	\$ 23,849,939	\$ 35,686	\$ 76,694	\$ 42,516	\$ 23,766,415	\$ 22,971,580	\$ 115,361	\$ 120	\$ 23,087,061	\$ 836,700
2011	698,187	-	3,896	2,723	41,893	657,467	391,525	86,851	3,672	482,048	268,025
2010	281,091	-	2,207	427	27,037	255,834	121,370	43,309	1,512	166,191	134,464
2009	172,663	-	-	8	8,428	164,227	69,707	30,159	920	100,786	94,520
2008	96,164	-	-	-	3,269	92,895	28,140	21,741	552	50,433	64,755
2007	43,787	-	-	-	3,316	40,471	8,669	5,979	264	14,912	31,802
2006	26,385	-	-	-	3,123	23,262	410	49	24	483	22,852
2005	29,320	-	-	-	627	28,693	2,518	4,267	72	6,857	26,175
2004	26,639	-	-	-	782	25,857	3,442	3,603	48	7,093	22,416
2003	25,337	-	-	-	194	25,143	2,310	1,948	24	4,282	22,834
2002	17,915	-	-	-	673	17,242	83	150	24	257	17,159
2001	16,423	-	-	-	118	16,305	99	197	24	320	16,206
2000	16,623	-	-	-	183	16,440	97	211	24	332	16,343
1999	23,358	-	-	-	104	23,254	123	298	24	445	23,133
1998	22,996	-	-	22,831	75	90	90	230	24	344	-
	<u>\$ 1,496,888</u>	<u>\$ 23,849,939</u>	<u>\$ 41,789</u>	<u>\$ 102,683</u>	<u>\$ 132,338</u>	<u>\$ 25,153,595</u>	<u>\$ 23,600,163</u>	<u>\$ 314,353</u>	<u>\$ 7,328</u>	<u>\$ 23,921,844</u>	<u>\$ 1,597,384</u>

See accompanying Independent Auditor's Report.

**TOWN OF PLAINFIELD, CONNECTICUT**  
**SCHEDULE OF DEBT LIMITATION**  
**CONNECTICUT GENERAL STATUTES, SECTION 7-374(b)**  
**FOR THE YEAR ENDED JUNE 30, 2014**

Total cash collections for the year ended  
June 30, 2014:

Taxes	\$ 23,600,163
Interest and lien fees	321,681
Total	<u>23,921,844</u>

Reimbursement for revenue loss:

Tax relief for elderly (CGS 12-129d)	109,362
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Base	<u>\$ 24,031,206</u>
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	<u>General Purposes</u>	<u>Schools</u>	<u>Sewers</u>	<u>Urban Renewal</u>	<u>Pension Deficit</u>
Debt limitation:					
2-1/4 times base	\$ 54,070,214	\$ -	\$ -	\$ -	\$ -
4-1/2 times base	-	108,140,427	-	-	-
3-3/4 times base	-	-	90,117,023	-	-
3-1/4 times base	-	-	-	78,101,420	-
3 times base	-	-	-	-	72,093,618
Total debt limitation	<u>54,070,214</u>	<u>108,140,427</u>	<u>90,117,023</u>	<u>78,101,420</u>	<u>72,093,618</u>
Indebtedness:					
Bonds and notes payable	4,825,873	8,570,000	6,481,880	-	-
Authorized, unissued bonds	86,265	2,512,469	1,762,994	-	-
	<u>4,912,138</u>	<u>11,082,469</u>	<u>8,244,874</u>	<u>-</u>	<u>-</u>
Less: sewer assessments receivable	-	-	130,781	-	-
Total indebtedness	<u>4,912,138</u>	<u>11,082,469</u>	<u>8,114,093</u>	<u>-</u>	<u>-</u>
Debt limitation in excess of outstanding and authorized debt	<u>\$ 49,158,076</u>	<u>\$ 97,057,958</u>	<u>\$ 82,002,930</u>	<u>\$ 78,101,420</u>	<u>\$ 72,093,618</u>
Total capacity of borrowing (7 times base)	\$ 168,218,442				
Total present indebtedness	<u>24,108,700</u>				
Margin for additional borrowing	<u>\$ 144,109,742</u>				

*See accompanying Independent Auditor's Report.*



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**NONMAJOR GOVERMENTAL FUNDS**

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TOWN OF PLAINFIELD, CONNECTICUT  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 JUNE 30, 2014

	Nonmajor Special Revenue Funds							Nonmajor Capital Project Funds	
	Dog Fund	Day Care Fund	School Lunch Fund	Education Grants Fund	CDBG Fund	Probate Court Fund	Police Fund	Total	Construction Fund
<b>ASSETS</b>									
Cash and cash equivalents	\$ 32,274	\$ -	\$ 119,983	\$ -	\$ 85,567	\$ -	\$ 4,542	\$ 242,366	\$ 18,076
Receivables:									
Intergovernmental	-	-	96,024	74,456	-	-	-	170,480	-
Loans, net	-	-	-	-	143,775	-	-	143,775	-
Due from other funds	-	-	-	88,814	-	3,671	-	92,485	29,694
Inventories	-	-	10,534	-	-	-	-	10,534	-
Total assets	<u>\$ 32,274</u>	<u>\$ -</u>	<u>\$ 226,541</u>	<u>\$ 163,270</u>	<u>\$ 229,342</u>	<u>\$ 3,671</u>	<u>\$ 4,542</u>	<u>\$ 659,640</u>	<u>\$ 47,770</u>
<b>LIABILITIES</b>									
Accounts payable	\$ 12,231	\$ -	\$ 175,478	\$ 52,056	\$ -	\$ -	\$ -	\$ 239,765	\$ -
Accrued liabilities	-	-	-	65,036	-	-	-	65,036	-
Unearned revenue	-	-	-	46,178	30,000	-	-	76,178	-
Due to other funds	3,047	9,472	-	-	-	-	-	12,519	27,509
Total liabilities	<u>15,278</u>	<u>9,472</u>	<u>175,478</u>	<u>163,270</u>	<u>30,000</u>	<u>-</u>	<u>-</u>	<u>393,498</u>	<u>27,509</u>
<b>FUND BALANCES (DEFICIT)</b>									
Nonspendable:									
Inventories	-	-	10,534	-	-	-	-	10,534	-
Restricted for:									
Social Services	-	-	-	-	199,342	-	-	199,342	-
Committed to:									
Capital improvements	-	-	-	-	-	-	-	-	20,261
Public safety	16,996	-	-	-	-	-	4,542	21,538	-
Education	-	-	40,529	-	-	-	-	40,529	-
Other governmental purposes	-	-	-	-	-	3,671	-	3,671	-
Unassigned	-	(9,472)	-	-	-	-	-	(9,472)	-
Total fund balances (deficit)	<u>16,996</u>	<u>(9,472)</u>	<u>51,063</u>	<u>-</u>	<u>199,342</u>	<u>3,671</u>	<u>4,542</u>	<u>266,142</u>	<u>20,261</u>
Total liabilities and fund balances (deficit)	<u>\$ 32,274</u>	<u>\$ -</u>	<u>\$ 226,541</u>	<u>\$ 163,270</u>	<u>\$ 229,342</u>	<u>\$ 3,671</u>	<u>\$ 4,542</u>	<u>\$ 659,640</u>	<u>\$ 47,770</u>

(Continued)

**TOWN OF PLAINFIELD, CONNECTICUT**  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS (Continued)  
 JUNE 30, 2014

	<b>Nonmajor Capital Projects Funds</b>					
	<b>Open Space &amp; Land Trust Fund</b>	<b>Medical Building Fund</b>	<b>Moosup Sidewalk Fund</b>	<b>Starkweather Road Project Fund</b>	<b>Total</b>	<b>Total Nonmajor Governmental Funds</b>
<b>ASSETS</b>						
Cash and cash equivalents	\$ 71,880	\$ 457,432	\$ -	\$ -	\$ 547,388	\$ 789,754
Receivables:						
Intergovernmental	-	-	-	-	-	170,480
Loans, net	-	-	-	-	-	143,775
Due from other funds	-	-	20,002	7,507	57,203	149,688
Inventories	-	-	-	-	-	10,534
Total assets	<u>\$ 71,880</u>	<u>\$ 457,432</u>	<u>\$ 20,002</u>	<u>\$ 7,507</u>	<u>\$ 604,591</u>	<u>\$ 1,264,231</u>
<b>LIABILITIES</b>						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 239,765
Accrued liabilities	-	-	-	-	-	65,036
Unearned revenue	-	-	20,002	7,507	27,509	103,687
Due to other funds	-	-	-	-	27,509	40,028
Total liabilities	<u>-</u>	<u>-</u>	<u>20,002</u>	<u>7,507</u>	<u>55,018</u>	<u>448,516</u>
<b>FUND BALANCES (DEFICIT)</b>						
Nonspendable:						
Inventories	-	-	-	-	-	10,534
Restricted for:						
Social services	-	-	-	-	-	199,342
Committed to:						
Capital improvements	71,880	457,432	-	-	549,573	549,573
Public safety	-	-	-	-	-	21,538
Education	-	-	-	-	-	40,529
Other governmental purposes	-	-	-	-	-	3,671
Unassigned	-	-	-	-	-	(9,472)
Total fund balances (deficit)	<u>71,880</u>	<u>457,432</u>	<u>-</u>	<u>-</u>	<u>549,573</u>	<u>815,715</u>
Total liabilities and fund balances (deficit)	<u>\$ 71,880</u>	<u>\$ 457,432</u>	<u>\$ 20,002</u>	<u>\$ 7,507</u>	<u>\$ 604,591</u>	<u>\$ 1,264,231</u>

See accompanying Independent Auditor's Report.

**TOWN OF PLAINFIELD, CONNECTICUT**  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
 CHANGES IN FUND BALANCES  
 NONMAJOR GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2014

	Nonmajor Special Revenue Funds							Nonmajor Capital	
	Dog Fund	Day Care Fund	School Lunch Fund	Education Grants Fund	CDBG Fund	Probate Court Fund	Police Fund	Total	Construction Fund
<b>REVENUES</b>									
Intergovernmental	\$ -	\$ -	\$ 671,070	\$ 1,755,514	\$ 35,394	\$ -	\$ 453	\$ 2,462,431	\$ -
Licenses, permits and fees	21,968	123,533	340,451	-	-	16,312	-	502,264	-
Interest	2	-	-	-	32	-	-	34	25
Other	902	-	-	-	-	-	1,080	1,982	-
Total revenues	<u>22,872</u>	<u>123,533</u>	<u>1,011,521</u>	<u>1,755,514</u>	<u>35,426</u>	<u>16,312</u>	<u>1,533</u>	<u>2,966,711</u>	<u>25</u>
<b>EXPENDITURES</b>									
General government	-	128,107	-	-	-	16,298	-	144,405	-
Public safety	34,442	-	-	-	-	-	8,317	42,759	-
Social services	-	-	-	-	105,328	-	-	105,328	-
Education	-	-	1,189,093	1,755,514	-	-	-	2,944,607	-
Capital outlays	-	-	-	-	-	-	-	-	-
Total expenditures	<u>34,442</u>	<u>128,107</u>	<u>1,189,093</u>	<u>1,755,514</u>	<u>105,328</u>	<u>16,298</u>	<u>8,317</u>	<u>3,237,099</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	(11,570)	(4,574)	(177,572)	-	(69,902)	14	(6,784)	(270,388)	25
<b>OTHER FINANCING SOURCES</b>									
Transfers in	15,582	-	-	-	3,500	-	-	19,082	-
Total other financing sources	<u>15,582</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,500</u>	<u>-</u>	<u>-</u>	<u>19,082</u>	<u>-</u>
Net change in fund balances	4,012	(4,574)	(177,572)	-	(66,402)	14	(6,784)	(251,306)	25
Fund balances (deficit) - beginning	<u>12,984</u>	<u>(4,898)</u>	<u>228,635</u>	<u>-</u>	<u>265,744</u>	<u>3,657</u>	<u>11,326</u>	<u>517,448</u>	<u>20,236</u>
Fund balances (deficit) - ending	<u>\$ 16,996</u>	<u>\$ (9,472)</u>	<u>\$ 51,063</u>	<u>\$ -</u>	<u>\$ 199,342</u>	<u>\$ 3,671</u>	<u>\$ 4,542</u>	<u>\$ 266,142</u>	<u>\$ 20,261</u>

(Continued)

**TOWN OF PLAINFIELD, CONNECTICUT**

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND

CHANGES IN FUND BALANCES

NONMAJOR GOVERNMENTAL FUNDS *(Continued)*

FOR THE YEAR ENDED JUNE 30, 2014

	Nonmajor Capital Projects Funds					
	Open Space & Land Trust Fund	Medical Building Fund	Moosup Sidewalk Fund	Starkweather Road Project Fund	Total	Total Nonmajor Governmental Funds
<b>REVENUES</b>						
Intergovernmental	\$ -	\$ -	\$ -	\$ 5,573	\$ 5,573	\$ 2,468,004
Licenses, permits and fees	-	-	-	-	-	502,264
Interest	-	632	-	-	632	691
Other	666	-	-	-	666	2,648
Total revenues	<u>666</u>	<u>632</u>	<u>-</u>	<u>5,573</u>	<u>6,871</u>	<u>2,973,607</u>
<b>EXPENDITURES</b>						
General government	-	-	-	-	-	144,405
Public safety	-	-	-	-	-	42,759
Social services	-	-	-	-	-	105,328
Education	-	-	-	-	-	2,944,607
Capital outlays	-	-	-	5,573	5,573	5,573
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,573</u>	<u>5,573</u>	<u>3,242,672</u>
Excess (deficiency) of revenues over expenditures	666	632	-	-	1,323	(269,065)
<b>OTHER FINANCING SOURCES</b>						
Transfers in	-	-	-	-	-	19,082
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>19,082</u>
Net change in fund balances	666	632	-	-	1,323	(249,983)
Fund balances (deficit) - beginning	<u>71,214</u>	<u>456,800</u>	<u>-</u>	<u>-</u>	<u>548,250</u>	<u>1,065,698</u>
Fund balances (deficit) - ending	<u>\$ 71,880</u>	<u>\$ 457,432</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 549,573</u>	<u>\$ 815,715</u>

*See accompanying Independent Auditor's Report.*

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**PROPRIETARY FUND**

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**TOWN OF PLAINFIELD CONNECTICUT**  
**STATEMENT OF REVENUES, EXPENSES AND**  
**CHANGES IN NET POSITION - BUDGET AND ACTUAL -**  
**BUDGETARY BASIS - PROPRIETARY FUND**  
**FOR THE YEAR ENDED JUNE 30, 2014**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance With Final Budget Over (Under)</b>
	<b>Original</b>	<b>Final</b>		
<b>REVENUES</b>				
Sewer use charges	\$ 1,317,542	\$ 1,317,542	\$ 1,329,572	\$ 12,030
Lien charges	100	100	72	(28)
Interest charges	14,000	14,000	22,908	8,908
Sewer permits	50	50	70	20
Other revenue	40,000	86,500	217,069	130,569
Total revenues	<u>1,371,692</u>	<u>1,418,192</u>	<u>1,569,691</u>	<u>151,499</u>
<b>EXPENDITURES</b>				
Personnel costs	799,268	816,568	742,123	(74,445)
Administration	75,910	67,380	123,162	55,782
Operations	287,000	341,230	328,816	(12,414)
Utilities	182,114	171,614	171,193	(421)
Vehicles	27,400	21,400	21,008	(392)
Total expenditures	<u>1,371,692</u>	<u>1,418,192</u>	<u>1,386,302</u>	<u>(31,890)</u>
Change in net position	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 183,389</u>	<u>\$ 183,389</u>

*See accompanying Independent Auditor's Report.*

**TOWN OF PLAINFIELD, CONNECTICUT**  
**SCHEDULE OF SEWER ASSESSMENT COLLECTIONS**  
**FOR THE YEAR ENDED JUNE 30, 2014**

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	Uncollected Assessments July 1, 2013	Current Assessments	Lawful Corrections		Adjusted Assessments Collectible	Collections			Uncollected Assessments June 30, 2014
			Additions	Deductions		Assessments Collected	Interest and Lien Fees	Total	
Special Assessment	\$ 155,570	\$ -	\$ 16,000	\$ -	\$ 171,570	\$ 40,788	\$ 6,348	\$ 47,136	\$ 130,782

*See accompanying Independent Auditor's Report.*



TOWN OF PLAINFIELD, CONNECTICUT  
SCHEDULE OF SEWER USAGE COLLECTIONS  
FOR THE YEAR ENDED JUNE 30, 2014

Grand List Year	Uncollected Charges July 1, 2013	Current Billings	Lawful Corrections		Transfer to Suspense	Adjusted Charges Collectible	Collections			Uncollected Charges June 30, 2014
			Additions	Deductions			Charges Collected	Interest and Lien Fees	Total	
2012	\$ -	\$ 1,262,534	\$ 57,847	\$ 148	\$ 1,282	\$ 1,318,951	\$ 1,286,518	3,029	\$ 1,289,547	\$ 32,433
2011	30,022	-	27,739	27,739	1,282	28,740	17,629	4,393	22,022	11,111
2010	10,543	-	-	-	1,228	9,315	4,550	2,198	6,748	4,765
2009	6,288	-	-	-	460	5,828	2,808	2,275	5,082	3,020
2008	2,915	-	-	-	440	2,475	1,375	1,080	2,455	1,100
2007	1,100	-	-	-	440	660	440	420	860	220
2006	440	-	-	-	220	220	-	-	-	220
2005	420	-	-	-	-	420	210	292	502	210
2004	378	-	-	-	-	378	188	299	487	190
2003	189	-	-	-	-	189	-	-	-	189
2002	95	-	-	-	-	95	-	-	-	95
2001	284	-	-	-	-	284	-	-	-	284
2000	160	-	-	-	-	160	-	-	-	160
1999	(1,029)	-	-	-	-	(1,029)	-	-	-	(1,029)
1998	(620)	-	-	620	-	-	-	-	-	-
	<u>\$ 51,185</u>	<u>\$ 1,262,534</u>	<u>\$ 85,586</u>	<u>\$ 28,507</u>	<u>\$ 5,352</u>	<u>\$ 1,366,686</u>	<u>\$ 1,313,718</u>	<u>\$ 13,985</u>	<u>\$ 1,327,703</u>	<u>\$ 52,968</u>

See accompanying Independent Auditor's Report.

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**FIDUCIARY FUNDS**

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**TOWN OF PLAINFIELD, CONNECTICUT**  
**COMBINING STATEMENT OF CHANGES IN**  
**FIDUCIARY ASSETS AND LIABILITIES**  
**AGENCY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2014**

	<u>Balance,</u> <u>July 1, 2013</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance,</u> <u>June 30, 2014</u>
<b>Student Activities</b>				
Assets				
Cash and cash equivalents	\$ 156,875	\$ 423,996	\$ 420,740	\$ 160,131
Total assets	<u>\$ 156,875</u>	<u>\$ 423,996</u>	<u>\$ 420,740</u>	<u>\$ 160,131</u>
Liabilities				
Due to student groups	\$ 156,875	\$ 423,996	\$ 420,740	\$ 160,131
Total liabilities	<u>\$ 156,875</u>	<u>\$ 423,996</u>	<u>\$ 420,740</u>	<u>\$ 160,131</u>

*See accompanying Independent Auditor's Report.*