

**TOWN OF COLRAIN, MASSACHUSETTS**  
**Report on the Examination of Basic Financial Statements**  
**For the Year Ended June 30, 2020**

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## **Independent Auditor's Report**

To the Honorable Select Board  
Town of Colrain, Massachusetts

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Colrain, Massachusetts, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Town of Colrain, Massachusetts' basic financial statements as listed in the table of contents.

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

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

### **Auditor's Responsibility**

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

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

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

### **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Colrain, Massachusetts, as of June 30, 2020, and the respective changes in financial position 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, pension plan and other post employment benefit plan schedules as listed on the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the *Governmental Accounting Standards Board*, 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 of Colrain, Massachusetts' basic financial statements. The Supplementary Schedules, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Supplementary 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 information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Scanlon & Associates, LLC  
South Deerfield, Massachusetts

April 20, 2021

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

## Management's Discussion and Analysis

As management of the Town of Colrain, we offer readers of these financial statements this narrative overview and analysis of the financial activities for the fiscal year ended June 30, 2020. The intent of this discussion and analysis is to look at the Town's financial performance as a whole. Readers should also review the financial statements and the notes to the financial statements to enhance their understanding of the Town's financial performance.

### Financial Highlights

- The Town's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by \$11,029,413 (net position) for the fiscal year reported increasing \$1,493,605 (16%).
- At the close of the current fiscal year, the Town's governmental funds reported total ending fund balance of \$1,715,008 this year, a decrease of \$231,157 (12%).
- The General Fund's total fund balance increased \$102,110 (8%) to \$1,328,946. The ending General fund balance is 31% of revenues and transfers in and 32% of expenditures.
- Total liabilities of the Town are \$3,529,837.

### Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Town of Colrain's basic financial statements. These basic financial statements are comprised of 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 finances, in a manner similar to private-sector business.

The *statement of net position* presents information on all assets, deferred outflows of resources, liabilities and deferred inflows of resources with the net difference between them reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position is improving or deteriorating.

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

Both of the government-wide financial statements distinguish functions 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 include general government, public safety, public works, education, health and human services, culture and recreation, employee benefits and insurance, state assessments and interest. The Town does not have any operations that are classified as business-type activities.

**Fund financial statements.** A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Fund accounting is used to ensure and demonstrate compliance with finance-related legal requirements. All of the funds can be divided into two categories: governmental 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 statements focus on *near-term inflows 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 a government's near-term financial 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 activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decision. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds and governmental activities*.

The Town of Colrain adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

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

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

### Financial Highlights

#### Statement of Net Position Highlights

	<b>Governmental Activities 2020</b>
	2020
<b>Assets:</b>	
Current assets	\$ 4,867,045
Noncurrent assets (excluding capital assets)	11,769
Capital assets	9,759,937
<b>Total assets</b>	<b>14,638,751</b>
<b>Deferred Outflows of Resources</b>	<b>59,172</b>
<b>Liabilities:</b>	
Current liabilities (excluding debt)	266,838
Current debt	2,424,667
Noncurrent liabilities (excluding debt)	616,334
Noncurrent debt	221,998
<b>Total liabilities</b>	<b>3,529,837</b>
<b>Deferred Inflows of Resources</b>	<b>138,673</b>
<b>Net Position:</b>	
Net Investment in Capital Assets	9,513,272
Restricted	648,025
Unrestricted	868,116
<b>Total net position</b>	<b>\$ 11,029,413</b>

**Financial Highlights**  
**Statement of Activities Highlights**

	<b>Governmental Activities 2020</b>
<b>Program Revenues:</b>	
Charges for services	\$ 259,774
Operating grants and contributions	121,549
Capital grants and contributions	1,644,359
<b>General Revenues:</b>	
Property taxes	3,569,189
Motor vehicle excise and other taxes	189,702
Penalties and interest on taxes	16,922
Nonrestricted grants	358,404
Unrestricted investment income	22,953
Miscellaneous	15,937
<b>Total revenues</b>	<b>6,198,789</b>
<b>Expenses:</b>	
General government	362,497
Public safety	466,762
Public Works	1,094,240
Education	2,306,056
Health and human services	41,024
Culture and recreation	78,241
Employee benefits and insurance	298,723
State assessments	2,880
Interest	54,761
<b>Total expenses</b>	<b>4,705,184</b>
<b>Change in net position</b>	<b>1,493,605</b>
<b>Net position - beginning of year</b>	<b>9,535,808</b>
<b>Net position - end of year</b>	<b>\$ 11,029,413</b>

**Government-wide Financial Analysis**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. Assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$11,029,413 at the close of fiscal year 2020.

Net position of \$9,513,272 (86%) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment); less any related debt used to acquire those assets that are still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the investment in its capital assets is reported net of its 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.

An additional portion of the net position, \$648,025 (6%), represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* \$868,116 (8%) may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the Town is able to report positive balances in all categories of net position, both for the government as a whole, as well as for its separate governmental activities.

The governmental activities net position increased by \$1,493,605 (16%) during the current fiscal year. The key elements of the increase in net position for fiscal year 2020 was attributed to the acquisition of \$2,085,449 in new capital assets exceeding the depreciation expense (normally spread out over the useful life of the asset) for the year of \$473,059 and as a result of the change in the pension liability of \$210,349; and a decrease resulting from the changes in governmental funds of \$231,157 and in the deferred outflows/(inflows) of resources related to pensions of \$246,163.

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

As of the end of the current fiscal year, governmental funds reported combined ending fund balances of \$1,715,008, a decrease of \$231,157 (12%) in comparison with the prior year.

Breakdown of the governmental funds are as follows:

- Restricted fund balance – \$517,287 (30%).
- Committed fund balance – \$30,311 (2%).
- Assigned fund balance – \$212,308 (12%).
- Unassigned fund balance – \$955,102 (56%).

At the end of the fiscal year, the General Fund reported a total fund balance of \$1,328,946, increasing \$102,110 (8%) from the prior year. Of the \$1,328,946, the unassigned amount is \$1,116,638 (84%) and the assigned amount is \$212,308 (16%). General fund revenues were \$4,259,334 while expenditures were \$4,159,327. Other activity in the General Fund consisted of transfers from other funds of \$2,103.

The *broadband construction fund* is a special revenue fund used to account for resources of installing internet systems in the Town and has a balance of \$150,845 the end of the fiscal year. The fund balance decreased by \$285,884 (65%). This amount was attributed to revenues of \$23,179 and expenditures of \$309,063.

The *Public Works infrastructure grants fund* is a combination of special revenue funds used to account for the accumulation of resources to construct new public works roads, streets and bridges. The fund has a deficit balance of \$160,680 at the end of the fiscal year, and shows a decrease of \$114,476 (248%) in total operations for the year. This amount was attributed intergovernmental receipts of \$1,565,826 and expenditures of \$1,680,302.

### **General Fund Budgetary Highlights**

The final general fund budget for fiscal year 2020 was \$4,501,462.

There was an increase of \$238,350 between the original budget and the total final amended budget. The change is attributed to votes made at the Special Town Meeting in September 2019 and the Annual Town Meeting in June 2020 for various budget operating line items.

General fund expenditures were less than budgeted by \$342,135. Of the \$342,135 in under budget expenditures, \$212,308 has been carried over to fiscal year 2021.

Negative variances exist in property taxes of \$33,260 and in intergovernmental receipts of \$6,149 as the receipts did not meet budget expectations.

Overall, the variance with the final budget was a positive \$246,576 consisting of a revenue surplus of \$116,749 and an appropriation surplus of \$129,827.

**Capital Asset and Debt Administration**

**Capital Assets.** The Town's investment in capital assets for its governmental activities amounts to \$9,759,937.

The investment in capital assets includes land, construction in progress, buildings and renovations, machinery, equipment and other and infrastructure.

Major capital events during the current fiscal year in the governmental type funds included the following:

- Broadband infrastructure improvements for \$343,663.
- Fire Department vehicle purchase for \$44,934.
- Highway vehicle purchase for \$16,550.
- Highway road infrastructure improvements for \$976,345.
- Highway bridge infrastructure improvements for \$701,957.

**Debt Administration.** The Town's outstanding governmental long-term debt, as of June 30, 2020, totaled \$246,665 which is for a fire truck.

The governmental activities currently have outstanding bond anticipation notes for \$2,400,000 for the broadband construction project.

Please refer to notes 3D, 3F, and 3G for further discussion for further discussion of the major capital and debt activity.

**Next Year's Annual Town Meeting**

The Town of Colrain operates under the "Open Meeting" concept where each voter has an equal vote in adopting of Town budgets and appropriations. The financial statements for June 30, 2020 do not reflect the fiscal year 2021 Town Meeting action except for the free cash, assessor's stabilization and police stabilization fund amounts used to fund the 2021 budget. The Annual Town Meeting on June 20, 2020 authorized a fiscal year 2021 operating and capital budget as follows:

From the tax levy	\$	4,372,412
From Other Available Funds:		
From broadband network fees		423,833
<b>Non-major Governmental Funds:</b>		
Quintus Allen Fund		1,783
		<hr/>
	\$	<u>4,798,028</u>

**Requests for Information**

This financial report is designed to provide a general overview of the Town of Colrain's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Town Manager or Town Accountant, 55 Main Road, Colrain, Massachusetts 01340.

## **BASIC FINANCIAL STATEMENTS**

**TOWN OF COLRAIN, MASSACHUSETTS**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2020**

	<b>Primary Government</b>
	<b>Governmental</b>
	<b>Activities</b>
<b>ASSETS</b>	
CURRENT:	
Cash and Cash Equivalents	\$ 3,205,393
Investments	789,792
Receivables, net of allowance for uncollectibles:	
Property Taxes	145,378
Tax Liens	80,995
Excise Taxes	30,218
Due from Other Governments	615,269
Total current assets	4,867,045
NONCURRENT:	
Net OPEB Asset	11,769
Capital Assets, net of accumulated Depreciation	
Nondepreciable	1,611,434
Depreciable	8,148,503
Total noncurrent assets	9,771,706
<b>Total Assets</b>	<b>14,638,751</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred Outflows Related to Pensions	45,562
Deferred Outflows Related to OPEB	13,610
<b>Total Deferred Outflows of Resources</b>	<b>59,172</b>
<b>LIABILITIES</b>	
CURRENT:	
Warrants and Accounts Payable	209,654
Accrued Payroll	14,428
Payroll Withholdings	4,580
Other	8,482
Accrued Interest	29,694
Notes Payable	2,400,000
Bonds Payable	24,667
Total current liabilities	2,691,505
NONCURRENT:	
Net Pension Liability	616,334
Bonds Payable	221,998
Total noncurrent liabilities	838,332
<b>Total Liabilities</b>	<b>3,529,837</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred Inflows Related to Pensions	100,649
Deferred Inflows Related to OPEB	38,024
<b>Total Deferred Inflows of Resources</b>	<b>138,673</b>
<b>NET POSITION</b>	
Net Investment in Capital Assets	9,513,272
Restricted for:	
Federal & State Grants	373,724
Permanent Funds	5,382
Other Purposes	268,919
Unrestricted	868,116
<b>Total Net Position</b>	<b>\$ 11,029,413</b>

The Notes to the Financial Statements are an integral part of this Statement.

**TOWN OF COLRAIN, MASSACHUSETTS  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2020**

	Program Revenues				Net (Expenses) Revenues and and Changes in Net Position
Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	<u>Primary Government</u> Governmental Activities	
<b>Primary Government:</b>					
<b>Governmental Activities:</b>					
General Government	\$ 362,497	\$ 23,419	\$ 67,769	\$ 23,179	\$ (248,130)
Public Safety	466,762	152,068	950	-	(313,744)
Public Works	1,094,240	75,045	19,200	1,621,180	621,185
Education	2,306,056	-	1,783	-	(2,304,273)
Health and Human Services	41,024	8,969	16,153	-	(15,902)
Culture and Recreation	78,241	273	15,694	-	(62,274)
Employee Benefits and Insurance	298,723	-	-	-	(298,723)
State Assessments	2,880	-	-	-	(2,880)
Interest	54,761	-	-	-	(54,761)
<b>Total Governmental Activities</b>	<b>4,705,184</b>	<b>259,774</b>	<b>121,549</b>	<b>1,644,359</b>	<b>(2,679,502)</b>
<b>Total Primary Government</b>	<b>\$ 4,705,184</b>	<b>\$ 259,774</b>	<b>\$ 121,549</b>	<b>\$ 1,644,359</b>	<b>(2,679,502)</b>
<b>General Revenues:</b>					
Property Taxes					3,569,189
Motor vehicle excise and other taxes					189,702
Penalties & Interest on Taxes					16,922
Grants & Contributions not restricted to specific programs					358,404
Unrestricted Investment Income					22,953
Miscellaneous					15,937
<b>Total General Revenues</b>					<b>4,173,107</b>
					<b>Change in Net Position</b>
					1,493,605
					<b>Net Position:</b>
					Beginning of year
					9,535,808
					End of year
					<b>\$ 11,029,413</b>

The Notes to the Financial Statements are an integral part of this Statement.

**TOWN OF COLRAIN, MASSACHUSETTS  
BALANCE SHEET - GOVERNMENTAL FUNDS  
JUNE 30, 2020**

	General Fund	Broadband Construction Fund	Public Works Infrastructure Grants Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>Assets:</b>					
Cash and Cash Equivalents	\$ 262,963	\$ 2,550,845	\$ -	\$ 391,585	\$ 3,205,393
Investments	784,414	-	-	5,378	789,792
Receivables, net of allowance for uncollectibles:					
Property Taxes	145,378	-	-	-	145,378
Tax Liens	80,995	-	-	-	80,995
Excise Taxes	30,218	-	-	-	30,218
Due from Other Governments	5,584	-	609,685	-	615,269
Due From Other Funds	310,168	-	-	-	310,168
<b>Total Assets</b>	<b>\$ 1,619,720</b>	<b>\$ 2,550,845</b>	<b>\$ 609,685</b>	<b>\$ 396,963</b>	<b>\$ 5,177,213</b>
<b>Liabilities:</b>					
Warrants Payable	\$ 40,115	\$ -	\$ 168,779	\$ 760	\$ 209,654
Accrued Payroll	14,122	-	-	306	14,428
Payroll Withholdings	4,580	-	-	-	4,580
Due to Other Funds	-	-	310,168	-	310,168
Other	8,482	-	-	-	8,482
Notes Payable	-	2,400,000	-	-	2,400,000
<b>Total Liabilities</b>	<b>67,299</b>	<b>2,400,000</b>	<b>478,947</b>	<b>1,066</b>	<b>2,947,312</b>
<b>Deferred Inflows of Resources - Unavailable Revenue</b>	<b>223,475</b>	<b>-</b>	<b>291,418</b>	<b>-</b>	<b>514,893</b>
<b>Fund Balance:</b>					
Restricted	-	150,845	-	366,442	517,287
Committed	-	-	-	30,311	30,311
Assigned	212,308	-	-	-	212,308
Unassigned	1,116,638	-	(160,680)	(856)	955,102
<b>Total Fund Balance</b>	<b>1,328,946</b>	<b>150,845</b>	<b>(160,680)</b>	<b>395,897</b>	<b>1,715,008</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$ 1,619,720</b>	<b>\$ 2,550,845</b>	<b>\$ 609,685</b>	<b>\$ 396,963</b>	<b>\$ 5,177,213</b>

The Notes to the Financial Statements are an integral part of this Statement.

**TOWN OF COLRAIN, MASSACHUSETTS  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES - GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2020**

	General Fund	Broadband Construction Fund	Public Works Infrastructure Grants Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>Revenues:</b>					
Property Taxes	\$ 3,529,560	\$ -	\$ -	\$ -	\$ 3,529,560
Intergovernmental	359,312	23,179	1,565,826	80,024	2,028,341
Excise and Other Taxes	185,792	-	-	-	185,792
Licenses, Permits, Fees	96,426	-	-	-	96,426
Charges for Services	48,369	-	-	145,916	194,285
Interest on Taxes	16,922	-	-	-	16,922
Investment Income	22,953	-	-	144	23,097
Gifts and Donations	-	-	-	19,014	19,014
Other	-	-	-	1,783	1,783
<b>Total Revenues</b>	<b>4,259,334</b>	<b>23,179</b>	<b>1,565,826</b>	<b>246,881</b>	<b>6,095,220</b>
<b>Expenditures:</b>					
Current:					
General Government	372,850	309,063	-	24,247	706,160
Public Safety	323,679	-	-	130,924	454,603
Public Works	692,612	-	1,680,302	2,212	2,375,126
Education	2,306,056	-	-	-	2,306,056
Health and Human Services	31,376	-	-	9,648	41,024
Culture and Recreation	67,587	-	-	10,654	78,241
Employee Benefits and Insurance	310,164	-	-	-	310,164
State Assessments	2,880	-	-	-	2,880
Debt Service:					
Principal	24,667	-	-	-	24,667
Interest	27,456	-	-	-	27,456
<b>Total Expenditures</b>	<b>4,159,327</b>	<b>309,063</b>	<b>1,680,302</b>	<b>177,685</b>	<b>6,326,377</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>100,007</b>	<b>(285,884)</b>	<b>(114,476)</b>	<b>69,196</b>	<b>(231,157)</b>
<b>Other Financing Sources (Uses):</b>					
Operating Transfers In	2,103	-	-	-	2,103
Operating Transfers Out	-	-	-	(2,103)	(2,103)
<b>Total Other Financing Sources (Uses)</b>	<b>2,103</b>	<b>-</b>	<b>-</b>	<b>(2,103)</b>	<b>-</b>
<b>Net Change in Fund Balances</b>	<b>102,110</b>	<b>(285,884)</b>	<b>(114,476)</b>	<b>67,093</b>	<b>(231,157)</b>
<b>Fund Balances, Beginning of Year</b>	<b>1,226,836</b>	<b>436,729</b>	<b>(46,204)</b>	<b>328,804</b>	<b>1,946,165</b>
<b>Fund Balances, End of Year</b>	<b>\$ 1,328,946</b>	<b>\$ 150,845</b>	<b>\$ (160,680)</b>	<b>\$ 395,897</b>	<b>\$ 1,715,008</b>

The Notes to the Financial Statements are an integral part of this Statement.

**TOWN OF COLRAIN, MASSACHUSETTS**  
**Reconciliation of the Governmental Funds Balance Sheet**  
**Total Fund Balances to the Statement of Net Position**  
**For the Year Ended June 30, 2020**

<b>Total Governmental Fund Balances</b>	\$	1,715,008
Capital Assets (net) used in governmental activities are not financial resources and therefore, are not reported in the funds.		9,759,937
Revenues are recognized on an accrual basis of accounting instead of a modified accrual basis.		514,893
The statement of net position includes certain deferred inflows of resources and deferred outflows of resources that will be amortized over future periods. In governmental funds, these amounts are not deferred.		(79,501)
Long Term liabilities are not due and payable in the current period and therefore, are not reported in the governmental funds:		
Bonds Payable	\$ (246,665)	
Net OPEB Asset	11,769	
Net Pension Liability	<u>(616,334)</u>	(851,230)
In the statement of activities, interest is accrued on outstanding long term debt, whereas in governmental funds, interest is not reported until due.		<u>(29,694)</u>
<b>Net Position of Governmental Activities</b>	<b>\$</b>	<b><u>11,029,413</u></b>

The Notes to the Financial Statements are an integral part of this Statement.

**TOWN OF COLRAIN, MASSACHUSETTS**  
**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, 2020**

**Net Change in Fund Balances - Total Governmental Funds** \$ (231,157)

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 are reported as depreciation expense:

Capital Outlay Purchases	\$ 2,085,449	
Depreciation	<u>(473,059)</u>	1,612,390

Revenue in the Statement of Activities that do not provide current financial resources are fully deferred in the Statement of Revenues, Expenditures and Changes in Fund Balances. Therefore, the recognition of revenue for various types of accounts receivable (i.e., real estate and personal property, motor vehicle excise, etc.) differ between the two statements. This amount represents the net change in unavailable revenue. 103,569

The issuance of long-term debt (e.g., bonds and leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the financial resources of governmental funds. Neither transaction, however, has any effect on net position:

Repayment of Debt Principal 24,667

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:

Net Change in Net Other Post Employment Benefits Liability/Asset	78,780	
Net Change in Deferred Outflow/(Inflow) of Resources Related to OPEB	(31,525)	
Net Change in Net Pension Liability	210,349	
Net Change in Deferred Outflow/(Inflow) of Resources Related to Pensions	(246,163)	
Net Change in Accrued Interest on Long-Term Debt	<u>(27,305)</u>	<u>(15,864)</u>

**Change in Net Position of Governmental Activities** \$ 1,493,605

The Notes to the Financial Statements are an integral part of this Statement.

**TOWN OF COLRAIN, MASSACHUSETTS**  
**STATEMENT OF REVENUES AND EXPENDITURES - BUDGETARY BASIS -**  
**(NON-GAAP) - BUDGET AND ACTUAL - GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2020**

	<u>Budgeted Amounts</u>				Actual Budgetary Basis	Amounts Carried Forward to Next Year	Variance with Final Budget Positive (Negative)
	Amounts Carried						
	Forward from Prior Year	Original Budget	Final Budget				
<b>Revenues:</b>							
Property Taxes	\$ -	\$ 3,555,520	\$ 3,555,520	\$ 3,522,260	\$ -	\$ (33,260)	
Intergovernmental	-	365,461	365,461	359,312	-	(6,149)	
Excise and Other Taxes	-	130,000	130,000	185,792	-	55,792	
Licenses, Permits, Fees	-	18,500	18,500	96,426	-	77,926	
Charges for Services - Transfer Station	-	36,600	36,600	48,369	-	11,769	
Interest on Taxes	-	10,000	10,000	16,922	-	6,922	
Investment Income	-	1,000	1,000	4,749	-	3,749	
<b>Total Revenues</b>	-	4,117,081	4,117,081	4,233,830	-	116,749	
<b>Expenditures:</b>							
Current:							
General Government	62,379	389,290	497,170	372,850	81,293	43,027	
Public Safety	55,000	280,134	342,133	323,679	7,000	11,454	
Public Works	10,463	719,747	866,060	692,612	119,300	54,148	
Education	-	2,306,057	2,306,057	2,306,056	-	1	
Health and Human Services	-	32,768	32,768	31,376	-	1,392	
Culture and Recreation	12,394	74,500	86,894	67,587	3,000	16,307	
Employee Benefits and Insurance	-	263,166	313,166	310,164	-	3,002	
State Assessments	-	3,375	3,375	2,880	-	495	
Debt Service:							
Principal	-	24,667	24,667	24,667	-	-	
Interest	3,692	25,480	29,172	27,456	1,715	1	
<b>Total Expenditures</b>	143,928	4,119,184	4,501,462	4,159,327	212,308	129,827	
<b>Excess of Revenues Over (Under) Expenditures</b>	(143,928)	(2,103)	(384,381)	74,503	212,308	246,576	
<b>Other Financing Sources (Uses):</b>							
Operating Transfers In	-	2,103	18,653	18,653	-	-	
Operating Transfers Out	-	-	(185,739)	(185,739)	-	-	
<b>Total Other Financing Sources (Uses)</b>	-	2,103	(167,086)	(167,086)	-	-	
<b>Net Change in Budgetary Fund Balance</b>	(143,928)	-	(551,467)	\$ (92,583)	\$ 212,308	\$ 246,576	
<b>Other Budgetary Items:</b>							
Free Cash and Other Reserves	-	-	407,539				
Prior Year Encumbrances	143,928	-	143,928				
<b>Total Other Budgetary Items</b>	143,928	-	551,467				
<b>NET BUDGET</b>	\$ -	\$ -	\$ -				

The Notes to the Financial Statements are an integral part of this Statement.

**TOWN OF COLRAIN, MASSACHUSETTS**  
**Reconciliation of Revenues and Expenditures**  
**from Budgetary Basis to GAAP Basis**  
**For the Year Ended June 30, 2020**

	<b>Revenues</b>	<b>Expenditures</b>
<b>Reported on a Budgetary Basis</b>	\$ 4,233,830	\$ 4,159,327
<i>Adjustments:</i>		
Activity for Stabilization Fund Recorded in the General Fund for GAAP Purposes	18,204	-
Net Increase in Revenue from Recording 60-Day Receipts	7,300	-
<b>Reported on a GAAP Basis</b>	<b>\$ 4,259,334</b>	<b>\$ 4,159,327</b>

The Notes to the Financial Statements are an integral part of this Statement.

**TOWN OF COLRAIN, MASSACHUSETTS  
STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
JUNE 30, 2020**

	<b>Other Post Employment Benefits Trust Fund</b>	<b>Private Purpose Trust Funds</b>	<b>Agency Funds</b>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ -	\$ -	\$ 1,051
Investments	271,779	6,541	-
<b>Total Assets</b>	<b>271,779</b>	<b>6,541</b>	<b>1,051</b>
<b>LIABILITIES</b>			
Due to Others	-	-	1,051
<b>Total Liabilities</b>	<b>-</b>	<b>-</b>	<b>1,051</b>
<b>NET POSITION</b>			
Held in Trust for Other Purposes	<b>\$ 271,779</b>	<b>\$ 6,541</b>	<b>\$ -</b>

The Notes to the Financial Statements are an integral part of this Statement.

**TOWN OF COLRAIN, MASSACHUSETTS  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2020**

	<b>Other Post Employment Benefits Trust Fund</b>	<b>Private Purpose Trust Funds</b>
<b>Additions:</b>		
Employer Contributions	\$ 59,977	\$ -
Investment Income	6,765	111
<b>Total Additions</b>	<b>66,742</b>	<b>111</b>
<b>Deductions:</b>		
Employee Benefits and Insurance	9,977	-
<b>Total Deductions</b>	<b>9,977</b>	<b>-</b>
<b>Change in Net Position</b>	<b>56,765</b>	<b>111</b>
<b>Net Position at Beginning of Year</b>	<b>215,014</b>	<b>6,430</b>
<b>Net Position at End of Year</b>	<b>\$ 271,779</b>	<b>\$ 6,541</b>

The Notes to the Financial Statements are an integral part of this Statement.

**TOWN OF COLRAIN, MASSACHUSETTS**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2020**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**A. Reporting Entity**

The Town of Colrain, Massachusetts (the Town) was incorporated in 1761 under the laws of the Commonwealth of Massachusetts. The Town is governed by an elected three-member Select Board.

For financial reporting purposes, the Town has included all funds, organizations, account groups, agencies, boards, commissions and institutions. The Town has also considered all potential component units for which it is financially accountable as well as other organizations for which the nature and significance of their relationship with the Town are such that exclusion would cause the basic financial statements to be misleading or incomplete. In fiscal year 2020, it was determined that no entities met the required GASB-39 and GASB-61 criteria for component units.

The Town is responsible for electing the governing board and/or committee members of the Franklin County Technical School District and the Mohawk Trail Regional School District. These are autonomous entities and are excluded from the financial reporting entity because the Town's accountability does not extend beyond the Town electing the board and/or committee members. Audited financial statements are available from the respective organizations. Descriptions of the related organizations are as follows:

**Franklin County Technical School District** - A regional school district made up of nineteen communities to serve and provide a learning environment. The School District is governed by a twenty-four (24)-member board composed of the representatives of the member Towns. The regional school district is a separate entity under the Commonwealth of Massachusetts. The District is responsible for both the operating and capital costs related to the school and operates independently from the Town.

**Mohawk Trail Regional School District** - A regional school district made up of nine communities to serve and provide a learning environment in specific career areas. The regional school district is a separate entity under the Commonwealth of Massachusetts. The District is responsible for both the operating and capital costs related to the school and operates independently from the Town.

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

**Government-wide financial statements**

The government-wide financial statements (e.g., statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government and its component units. Governmental activities, which are primarily supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which are supported primarily by user fees and charges.

**TOWN OF COLRAIN, MASSACHUSETTS**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2020**

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

**Fund Financial Statements**

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. Non-major funds are aggregated and displayed in a single column.

Because governmental fund statements are presented using a measurement focus and basis of accounting different from that used in government-wide statements' governmental column, a reconciliation is presented that briefly explains the adjustments necessary to reconcile ending net position and change in net position.

**Major Fund Criteria**

Major funds must be reported if the following criteria are met:

- If the total assets, liabilities, revenues, or expenditures/expenses of an individual governmental fund are at least 10 percent of the corresponding element (assets, liabilities, etc.) for all funds of that category or type (total governmental funds),

and

- If the total assets, liabilities, revenues, or expenditures/expenses of the individual governmental fund are at least 5 percent of the corresponding element for all governmental funds combined.

Additionally, any other governmental fund that management believes is particularly significant to the basic financial statements may be reported as a major fund.

Fiduciary funds are reported by fund type.

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

**Government-wide financial statements**

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis* of accounting, as are the fiduciary fund financial statements. Revenues are recognized 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.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

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

**TOWN OF COLRAIN, MASSACHUSETTS**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2020**

**Fund Financial Statements**

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

Property taxes, excises and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

Entitlements and shared revenues are recorded at the time of receipt or earlier if the susceptible to accrual criteria is met. Expenditure driven grants recognize revenue when the qualifying expenditures are incurred and all other grant requirements are met.

The Town reports the following major governmental funds:

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

The *broadband construction fund* is a special revenue fund used to account for the activity of installing internet systems in the Town.

The *Public Works infrastructure grants fund* is a combination of special revenue funds used to account for the accumulation of resources to construct new public works roads, streets and bridges.

The non-major governmental fund consists of other special revenue, capital projects and permanent funds that are aggregated and presented in the *non-major governmental funds'* column on the governmental funds' financial statements. The following describes the general use of these fund types:

The *special revenue fund* is used to account for the proceeds of specific revenue sources (other than permanent or capital projects funds) that are restricted by law or administrative action to expenditures for specified purposes.

The *capital projects fund* is used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by Enterprise and Trust Funds).

The *permanent fund* is used to account for financial resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support the governmental programs.

**TOWN OF COLRAIN, MASSACHUSETTS**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2020**

Additionally, the Town reports the following fund types:

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

The *Other Post Employment Benefit (OPEB) Trust Fund* is used to account for the assets held by the Town in trust for the payment of future retiree health insurance benefits. The assets of the OPEB Trust Fund cannot be used to support the Town's operations.

The *private-purpose trust fund* is used to account for trust arrangements, other than those properly reported in the permanent fund, under which principal and investment income exclusively benefit individuals, private organizations, or other governments.

The *agency fund* is used to account for assets held in a purely custodial capacity.

**D. Cash and Cash Equivalents**

Cash balances from all funds, except those required to be segregated by law, are combined to form a consolidation of cash. Cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with an original maturity of three months or less from the date of acquisition. The Town maintains a cash and investment pool that is available for use by all funds. Each fund's portion of this pool is reflected on the combined financial statements under the caption, "cash and cash equivalents".

Excluding the permanent funds, investment income derived from major and non-major governmental funds is legally assigned to the general fund unless otherwise directed by Massachusetts General Laws (MGL).

**E. Investments**

The Town maintains investments according to Massachusetts General Laws and adopted policies. Investments are reported according to the fair value hierarchy established by generally accepted accounting principles. Investments are defined as securities or other assets that (a) a government holds primarily for the purpose of income or profit and (b) has a present service capacity based solely on its ability to generate cash or to be sold to generate cash. Fair Value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The hierarchy is based upon valuation inputs, which are assumptions that market participants would use when pricing an asset or a liability, including assumptions about risk.

Level 1 inputs are quoted prices in active markets for identical assets or liabilities at the measurement date.

Level 2 inputs are directly observable for an asset or a liability (including quoted prices for similar assets or liabilities), as well as inputs that are indirectly observable for the asset or liability.

Level 3 inputs are unobservable for the asset or liability.

Certain investments, such as money market investments and 2a7-like external investment pools, are reported at amortized cost. 2a7-like pools are external investment pools that operate in conformity with the Securities and Exchange Commission's (SEC) Rule 2a7 as promulgated under the Investment Company Act of 1940, as amended and should be measured at the net asset value per share provided by the pool.

Additional investment disclosures are presented in these Notes.

**TOWN OF COLRAIN, MASSACHUSETTS**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2020**

**F. Receivables**

The recognition of revenues related to accounts receivable reported in the government-wide financial statements and fund financial statements are reported under the accrual basis of accounting and the modified accrual basis of accounting, respectively.

**Property Taxes, Tax Liens and Tax Foreclosures**

Property taxes are based on assessments as of January 1, 2019 and include betterments, special assessments and liens. Taxes are used to finance the operations of the Town for the fiscal year July 1st to June 30th. By law, all taxable property in the Commonwealth of Massachusetts must be assessed at 100% of fair cash value. Taxes are due and payable on July 1st. The first tax payment is due November 1st, or thirty days after the date tax bills were mailed, whichever is later and must be at least one-half of the tax and any betterments. The balance of the tax is owed by May 1st of the following year. If payments are not made by the due dates, interest at the rate of 14% will be charged on the amount of the payment that is unpaid and overdue. The Town has an ultimate right to foreclose on property for which taxes have not been paid. Property taxes levied are recorded as receivables. Revenues from property taxes are recognized in the fiscal year for which they have been levied.

The Town mailed actual tax bills for fiscal year 2020 on October 17, 2019 and March 20, 2020 that were due on November 16, 2019 and June 1, 2020.

The Commonwealth of Massachusetts electorate in November, 1980, passed legislation known as Proposition 2 1/2, in order to limit the amount of revenue to be raised by taxation. The purpose of the legislation was to control the levy of taxes that are assessed to property owners of a Town. The legal levy limit under Proposition 2 1/2 for fiscal year 2020 is as follows:

Legal Levy Limit Under Proposition 2 1/2 for fiscal year 2020	\$ 3,722,805
Add: Debt Exclusion	<u>92,092</u>
Maximum Allowable Levy	<u><u>\$ 3,814,897</u></u>

The total amount raised by taxation was \$3,575,073.

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

**Excise Taxes**

Excise taxes consist of motor vehicle excise. Excise taxes are assessed annually for each vehicle registered in the Town and are recorded as receivables in the fiscal year of levy. The Commonwealth is responsible for reporting the number of vehicles registered and the fair value of those vehicles.

The tax calculation for motor vehicle excise is the fair value of the vehicle multiplied by the \$25 per \$1,000 of value.

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

**TOWN OF COLRAIN, MASSACHUSETTS**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2020**

**Due from Other Governments**

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

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

**G. Capital Assets**

Capital assets, which include land, construction in progress, buildings and renovations, machinery, equipment and other, and infrastructure assets (e.g., roads, water mains, sewer mains, and similar items), are reported in the applicable governmental or business-type activity column of the government wide financial statements. Capital assets are recorded at historical cost or at estimated historical cost if actual historical cost is not available. Donated capital assets are recorded at the estimated fair market value.

All purchase and construction costs in excess of \$5,000 are capitalized at the date of acquisition or construction, respectively, with expected useful lives of greater than one year.

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

<b>Capital Asset Type</b>	<b>Years</b>
Buildings	40
Improvements	5-30
Machinery, Equipment and Other	3-25
Infrastructure	30
Water and Sewer Systems	30-50

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

**H. Interfund Transfers**

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

In the government-wide financial statements, operating transfers between and within governmental funds are eliminated from the governmental activities in the statement of activities.

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

**TOWN OF COLRAIN, MASSACHUSETTS**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2020**

**I. Deferred Inflows of Resources**

**Government-wide financial statements**

The government-wide financial statements *Statement of Net Position* includes a separate section, listed below total assets, for *deferred outflows of resources*. This represents the usage of net position applicable for future period(s) and will not be recognized as expenditures until the future period to which it applies. Currently, the items in this category are *deferred outflows related to pensions and deferred outflows related to OPEB*.

In addition to liabilities, the *Statement of Net Position* will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. Currently, the items in this category are *deferred inflows related to pensions and deferred inflows related to OPEB*.

**Fund financial statements**

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

**J. Net Position and Fund Balances**

In the Government-Wide financial statements, the difference between the Town's total assets, deferred outflows of resources, total liabilities and deferred inflows of resources represents net position. Net position displays three components – net investment in capital assets; restricted (distinguished between major categories of restrictions); and unrestricted. Unrestricted net position represents the net position available for future operations.

Net position classified as net investment in capital assets, consists of capital assets, net of accumulated depreciation, and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Net position has been "restricted for" the following:

"Federal and state grants" represents amounts restricted by the federal and state government for various programs.

"Permanent funds" represents amounts held in trust for which the expenditures are restricted by various trust agreements.

"Other purposes" represents restrictions placed on assets from outside parties.

**TOWN OF COLRAIN, MASSACHUSETTS**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2020**

In the fund financial statements, governmental funds report aggregate amounts for five classifications of fund balances based on the constraints imposed on the use of those resources.

The nonspendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form – prepaid items or inventories; or (b) legally or contractually required to be maintained intact.

The spendable portion of the fund balance comprises the remaining four classifications: restricted, committed, assigned and unassigned.

*Restricted fund balance.* This classification reflects the constraints imposed on resources either (a) externally by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

*Committed fund balance.* These amounts can only be used for specific purposes pursuant to constraints imposed by formal action of the Town's highest level of decision-making authority, which is the Town meeting action and can be modified or rescinded only through these actions. Committed amounts cannot be used for any other purpose unless the Town removes or changes the specified use by taking the same type of action it employed to previously commit.

*Assigned fund balance.* This classification reflects the amounts constrained by the Town's "intent" to be used for specific purposes, but are neither restricted nor committed. Department heads and Town board/committees have the authority to assign amounts to be used for specific purposes. Assigned fund balances include all remaining amounts (except negative balances) that are reported in governmental funds, other than the General Fund, that are not classified as nonspendable and are neither restricted nor committed.

*Unassigned fund balance.* This fund balance is the residual classification for the General Fund. It is also used to report negative fund balances in other governmental funds.

When the restricted and other fund balance resources are available for use, it is the Town's policy to use restricted resources first, followed by committed, assigned, and unassigned amounts respectively.

**K. Long-term Debt**

Long-term debt is reported as liabilities in the government-wide statement of net position.

The face amount of governmental funds long-term debt is reported as other financing sources.

**L. Pension Benefits**

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position of the Franklin County Retirement System (the System) is provided. Additions to and deductions from the fiduciary net position have been determined on the same basis as they are reported by the System. For this purpose, benefit payments, including refunds of employee contributions, are recognized when due and payable according to benefit terms. Investments are reported at their fair value.

**M. Post Retirement Benefits**

In addition to providing pension benefits, health insurance coverage is provided for retired employees and their survivors in accordance with MGL, Chapter 32, on a pay-as-you-go basis. The cost of providing health insurance is recognized by recording the employer's 50% share of insurance premiums in the general fund in the fiscal year paid.

**TOWN OF COLRAIN, MASSACHUSETTS**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2020**

**N. Use of Estimates**

The preparation of basic financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure for contingent assets and liabilities at the date of the basic financial statements and the reported amounts of revenues and expenditures/expenses during the fiscal year. Actual results could vary from estimates that were used.

**O. Total Column**

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

**2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**A. Budgetary Information**

An annual budget is adopted for the Town's General Fund. Although legislative approval is required for the acceptance of grants, capital projects, and borrowing authorizations, annual budgets are not prepared for any other fund; therefore, comparison of budget to actual is only presented for the General Fund.

The Town must establish its property tax rate each year so that the property tax rate levy will comply with the limits established by Proposition 2 1/2, as amended, and also equal the sum of (a) the aggregate of all annual appropriations for expenditures, plus (b) provision for prior year deficits, if any, less (c) the aggregate of all non-property tax revenues estimated to be received, including available funds.

The Town follows these procedures in establishing the General Fund budgetary data as reflected in the financial statements:

- Estimates are submitted by departments in accordance with Massachusetts general Laws.
- The budget is legally enacted by vote at the annual Town meeting.
- Supplemental appropriations may be made from available funds after the setting of the tax rate with Town meeting approval.
- Throughout the year, appropriations may be transferred between departments with Town meeting approval.

Massachusetts law requires cities and towns to provide for a balanced budget. Section 23 of Chapter 59 of the Massachusetts General Laws states, in part,

"The assessors shall annually assess taxes to an amount not less than the aggregate of all amounts appropriated, granted or lawfully expended by their respective towns (cities) since the preceding annual assessment and not provided for therein . . . "

For fiscal year 2020, the Town incurred a final budget deficit of \$551,467 for the General Fund.

**TOWN OF COLRAIN, MASSACHUSETTS**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2020**

The Town voted from the following sources to fund the deficit budget during the fiscal year:

Unassigned fund balance:			
Free cash votes	\$	407,539	
Prior year's encumbrances		143,928	
		551,467	
	\$	551,467	

**B. Deficit Fund Equity**

The following funds have deficits at June 30, 2020 as measured by the balance of unreserved fund balance.

- The *Public Works (DPW) infrastructure grants* special revenue fund has a deficit of \$160,680 (highway fund of \$66,804 and small bridge grant of \$93,876). These deficits will be eliminated upon additional receipts or appropriation.
- The *Federal Emergency Management Agency* special revenue fund used for Covid-19 has a deficit of \$856. This deficit will be eliminated upon additional receipts or appropriation.

**3. DETAILED NOTES**

**A. Deposits and Investments**

**Custodial Credit Risks – Deposits**

Custodial credit risk is the risk that in the event of a bank failure, the Town's deposits may not be returned. The government does not have a deposit policy for custodial credit risk. Deposits at June 30, 2020 were \$3,235,676. Of these, none are exposed to custodial credit risk as uninsured and uncollateralized.

**Investment Policies**

Investments of funds, except for trust funds, are generally restricted by Massachusetts General Laws, Chapter 44, Section 55. That statute permits investments of available revenue funds and bond and note proceeds in term deposits and certificates of deposit of banks and trust companies, in obligations issued or unconditionally guaranteed by the federal government or an agency thereof with a maturity of not more than one year, in repurchase agreements with a maturity of not more than 90 days secured by federal or federal agency securities, in participation units in the Massachusetts Municipal Depository Trust ("MMDT"), or in shares in SEC-registered money market funds with the highest possible rating from at least one nationally recognized rating organization.

The MMDT is an investment pool created by the Commonwealth under the supervision of the State Treasurer's office. According to the State Treasurer, the Trust's investment policy is designed to maintain an average weighted maturity of 90 days or less and is limited to high-quality, readily marketable fixed income instruments, including U. S. Government obligations and highly-rated corporate securities with maturities of one year or less. The MMDT is an external investment pool that meets the criteria established under GASB Statement No. 79 to report its investments at amortized cost. MMDT's fair value is measured at amortized cost.

**TOWN OF COLRAIN, MASSACHUSETTS**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2020**

As of June 30, 2020, the Town had the following investments:

Investment Type	Fair Value	Investment Maturities (in Years)		
		Less Than 1	1 to 5	6 to 10
<b>Debt Securities:</b>				
U. S. treasury obligations	\$ 63,435	\$ 26,049	\$ 37,386	\$ -
U. S. government agencies	91,298	-	70,243	21,055
Corporate bonds	151,269	21,269	130,000	-
Money market mutual fund	34,497	34,497	-	-
	<u>340,499</u>	<u>\$ 81,815</u>	<u>\$ 237,629</u>	<u>\$ 21,055</u>
<b>Other Investments:</b>				
Certificate of deposits	74,030			
Equity mutual funds	264,358			
MMDT	389,225			
	<u>\$ 1,068,112</u>			

**Custodial Credit Risks**

For an investment, custodial risk is the risk that, in the event of the failure of the 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. Of the Town's \$1,068,112 in investments, none are uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department but not in the Town's name. The Town has no policy on custodial credit risk.

**Interest Rate Risk**

The Town does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

**TOWN OF COLRAIN, MASSACHUSETTS**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2020**

**Credit Risk**

The Town's exposure to credit risk as of June 30, 2020 is as follows:

<b>Related Debt Instruments</b>	<b>Fair Value</b>
<b>Moody's Quality Ratings</b>	
<b><i>U. S. Treasury Obligations:</i></b>	
Aaa	\$ 63,435
<b><i>U. S. Government Agencies:</i></b>	
Aaa	91,298
<b><i>Corporate Bonds:</i></b>	
Aa3	20,354
A1	41,559
A2	45,537
A3	20,837
Baa1	22,982
<b><i>Money Market Mutual Funds:</i></b>	
Not rated	34,497
	<b>\$ 340,499</b>

**Concentration of Credit Risk**

The Town places no limit on the amount the Town may invest in one issuer. The Town does not have more than 5 percent of the Town's investments in one issuer

**Fair Value of Investments**

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

**TOWN OF COLRAIN, MASSACHUSETTS**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2020**

The Town has the following recurring fair value measurements as of June 30, 2020:

Investment Type	Fair Value	Fair Value Measurement		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by Fair Value Level:				
U. S. treasury obligations	\$ 63,435	\$ 63,435	\$ -	\$ -
U. S. government agencies	91,298	91,298	-	-
Certificates of deposit	74,030	74,030	-	-
Equity mutual funds	264,358	264,358	-	-
Money market mutual fund	34,497	34,497	-	-
Corporate bonds	151,269	-	151,269	-
<b>Total Investments</b>	<b>678,887</b>	<b>\$ 527,618</b>	<b>\$ 151,269</b>	<b>\$ -</b>
Investments Measured at Amortized Cost:				
External Investment Pools (MMDT)	389,225			
<b>Total Investments</b>	<b>\$ 1,068,112</b>			

Investments classified in Level 1 of the fair value hierarchy are valued using quoted prices in active markets for those securities.

Investments classified in Level 2 are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

**B. Receivables**

At June 30, 2020, receivables for the individual major governmental funds, non-major governmental funds and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts of the primary government, are as follows:

	Gross Amount	Allowance for Uncollectibles	Net Amount
<b>Major and nonmajor governmental funds:</b>			
Property taxes	\$ 145,528	\$ (150)	\$ 145,378
Tax liens	80,995	-	80,995
Excise taxes	35,018	(4,800)	30,218
Due from other governments	615,269	-	615,269
	<b>\$ 876,810</b>	<b>\$ (4,950)</b>	<b>\$ 871,860</b>

**TOWN OF COLRAIN, MASSACHUSETTS**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2020**

The composition of amounts due from other governments as of June 30, 2020 for governmental funds is as follows:

**General Fund:**

**Commonwealth of Massachusetts:**

Department of Veterans Services:

Veterans benefits	\$	5,584
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**Public Works Infrastructure Grants Fund:**

**Commonwealth of Massachusetts:**

Executive Office of Economic Development

Massachusetts Works Grant	\$	13,314
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Massachusetts Department of Transportation:

Highway Department - Chapter 90 funds	388,495	
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Small Bridge Grants	207,876	609,685
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	<u>\$</u>	<u>615,269</u>
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**C. Deferred Outflows and Inflows of Resources**

Governmental funds report deferred inflows of resources in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. At the end of the current fiscal year, the various components of deferred inflows of resources reported in the governmental funds were as follows:

**General Fund:**

Property taxes	\$	106,678
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Tax liens	80,995	
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Excise taxes	30,218	
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Due from other governments	<u>5,584</u>	\$ 223,475
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**Public Works Infrastructure Grants Fund:**

Due from other governments		291,418
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	<u>\$</u>	<u>514,893</u>
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**TOWN OF COLRAIN, MASSACHUSETTS**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2020**

**D. Capital Assets**

Capital asset activity for the year ended June 30, 2020, is as follows:

<b>Governmental Activities</b>	<b>Beginning Balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balance</b>
Capital assets not being depreciated:				
Land	\$ 427,098	\$ -	\$ -	\$ 427,098
Construction in progress	840,673	343,663	-	1,184,336
Total capital assets not being depreciated	<u>1,267,771</u>	<u>343,663</u>	<u>-</u>	<u>1,611,434</u>
Capital assets being depreciated:				
Buildings and Renovations	6,893,280	-	-	6,893,280
Machinery, equipment and other	2,528,773	61,484	-	2,590,257
Infrastructure	5,263,728	1,680,302	-	6,944,030
Total capital assets being depreciated	<u>14,685,781</u>	<u>1,741,786</u>	<u>-</u>	<u>16,427,567</u>
Less accumulated depreciation for:				
Buildings and Renovations	4,924,795	51,118	-	4,975,913
Machinery, equipment and other	1,785,418	183,050	-	1,968,468
Infrastructure	1,095,792	238,891	-	1,334,683
Total accumulated depreciation	<u>7,806,005</u>	<u>473,059</u>	<u>-</u>	<u>8,279,064</u>
Total capital assets being depreciated, net	<u>6,879,776</u>	<u>1,268,727</u>	<u>-</u>	<u>8,148,503</u>
Total governmental activities capital assets, net	<u>\$ 8,147,547</u>	<u>\$ 1,612,390</u>	<u>\$ -</u>	<u>\$ 9,759,937</u>

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

<b>Governmental Activities:</b>	
Public safety	\$ 57,093
Public works	415,966
Total depreciation expense - governmental activities	<u>\$ 473,059</u>

**E. Interfund Receivables, Payables and Transfers**

Interfund transfers for the fiscal year ended June 30, 2020, are summarized below:

Transfers Out:	Transfers In: General fund
Nonmajor governmental funds	<u>\$ 2,103</u>

**TOWN OF COLRAIN, MASSACHUSETTS**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2020**

**F. Short-Term Financing**

Under the general laws of the Commonwealth and with the appropriate local authorization the Town is authorized to borrow funds on a temporary basis to (1) fund current operations prior to the collection of revenues, by issuing revenue anticipation notes, (2) fund grants prior to reimbursements, by issuing grant anticipation notes, and (3) fund capital projects costs incurred prior to selling permanent debt by issuing bond anticipation notes.

Details related to the short-term debt activity of the governmental activities are as follows:

Purpose	Interest Rate	Final Maturity Date	Balance July 1, 2019	Renewed/ Issued	Retired/ Redeemed	Outstanding June 30, 2020
<b>Nonmajor Governmental Funds:</b>						
<b>Bond Anticipation Notes:</b>						
Broadband construction	1.75%	11/5/2020	\$ -	\$ 2,400,000	\$ -	\$ 2,400,000
<b>Revenue Anticipation Note</b>	2.10%	11/15/2019	-	300,000	300,000	-
<b>Grant Anticipation Notes:</b>						
Bridge repairs	2.19%	6/19/2020	700,000	-	700,000	-
<b>Total Governmental Activities</b>			<u>\$ 700,000</u>	<u>\$ 2,700,000</u>	<u>\$ 1,000,000</u>	<u>\$ 2,400,000</u>

**G. Long Term Debt**

**General Obligation Bonds**

The Town issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for both governmental activities.

A summary of the changes in governmental activities liabilities during the year is as follows:

	Interest Rate	Date Issued	Final Maturity Date	Original Amount Issued	Outstanding June 30, 2020
<b>Inside Debt:</b>					
<b>U.S. Department of Agriculture:</b>					
Fire truck	3.13%	4/6/2015	4/6/2030	\$ 370,000	\$ 246,665
Total governmental type debt					<u>\$ 246,665</u>

**TOWN OF COLRAIN, MASSACHUSETTS**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2020**

**Future Debt Service**

The annual principal and interest payments to retire all governmental type fund general obligation long-term debt outstanding as of June 30, 2020, are as follows:

Year	Principal	Interest	Total
2021	\$ 24,667	\$ 7,708	\$ 32,375
2022	24,667	6,937	31,604
2023	24,667	6,167	30,834
2024	24,667	5,396	30,063
2025	24,667	4,625	29,292
2026-2030	123,330	12,338	135,668
	<u>\$ 246,665</u>	<u>\$ 43,171</u>	<u>\$ 289,836</u>

A summary of the changes in governmental activities long term debt during the year is as follows:

	Balance July 1, 2019	Additions	Reductions	Balance June 30, 2020	Amounts Due within One Year
<b>Governmental activities:</b>					
<b>Bond Payable:</b>					
General obligation bonds	\$ 271,332	\$ -	\$ 24,667	\$ 246,665	\$ 24,667
<b>Net OPEB (asset)/liability</b>	67,011	-	78,780	(11,769)	-
<b>Net pension liability</b>	826,683	-	210,349	616,334	-
Governmental activity					
Long-term liabilities	<u>\$ 1,165,026</u>	<u>\$ -</u>	<u>\$ 313,796</u>	<u>\$ 851,230</u>	<u>\$ 24,667</u>

**Legal Debt Limit**

Under Section 10 of Chapter 44 of the Massachusetts General Laws a Town may authorize indebtedness up to a limit of five percent of its equalized valuation of the Town. Debt issued in accordance with this section of the law is designated as being "inside the debt limit." The Town's inside debt at June 30, 2020 totaled \$246,665.

In addition, the Town is authorized to incur debt outside of that limit for specific purposes. Such debt, when issued, is designated as being "outside the debt limit." The following is a computation of the legal debt limit as of June 30, 2020:

Equalized Valuation-Real Estate and Personal Property (2020)	<u>\$ 182,644,300</u>
Debt Limit: 5 % of Equalized value	9,132,215
Total Debt Outstanding	\$ 246,665
Less: Debt Outside Debt Limit	<u>- 246,665</u>
Inside Debt Excess Borrowing Capacity Capacity at June 30, 2020	<u>\$ 8,885,550</u>

**TOWN OF COLRAIN, MASSACHUSETTS**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2020**

**Loans Authorized and Unissued -- Memorandum Only**

Under the general laws of the Commonwealth of Massachusetts a Town must authorize debt at a Town meeting. This authorized debt does not have to be actually issued at that time and remains authorized until the debt is actually issued or Town meeting votes to rescind the authorized debt. The Town has no loan authorizations that have not been issued as of June 30, 2020.

**Overlapping Debt**

The Town pays assessments which include debt service payments to other local governmental units providing services within the Town's boundaries (commonly referred to as overlapping debt). The following summary sets forth the long-term debt of the governmental unit, the estimated share of such debt being serviced by the Town and the total of its share of estimated indirect debt.

	<b>Current Year's Long Term Debt</b>	<b>Town's Estimated Share</b>	<b>Town's Estimated Indirect Debt</b>
<b>Mohawk Trail Regional School District:</b>			
2010 Bond B	\$ 22,820	100.00%	\$ 22,820
District capital project	338,680	15.10%	51,141
School building remodel	450,000	27.91%	125,595
<b>Franklin County Vocational Technical School:</b>			
School building remodel	2,055,000	2.52%	51,786
			\$ 251,342

The Mohawk Trail Regional School District has bond anticipation notes outstanding as of June 30, 2020 for \$230,000 for a construction project. The Town of Colrain's share is estimated at 0.0% as the District's other communities will be responsible for this debt.

**TOWN OF COLRAIN, MASSACHUSETTS**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2020**

**H. Fund Balances**

The following is a summary of the Governmental fund balances at the year ended June 30, 2020:

	<b>General Fund</b>	<b>Major Funds</b>	<b>Nonmajor Governmental Funds</b>	<b>Total Governmental Funds</b>
Restricted:				
Federal, state and local grants	\$ -	\$ -	\$ 92,142	\$ 92,142
Broadband construction fund	-	150,845	-	150,845
Town revolving funds	-	-	80,074	80,074
Donations and gifts	-	-	116,667	116,667
Septic loans	-	-	62,516	62,516
Permanent funds	-	-	3,103	3,103
Other	-	-	11,940	11,940
	<u>-</u>	<u>150,845</u>	<u>366,442</u>	<u>517,287</u>
Committed:				
Highway Garage Construction	-	-	30,311	30,311
Assigned:				
Reserve for encumbrance	212,308	-	-	212,308
Unassigned:				
General Fund	1,116,638	-	-	1,116,638
Public Works infrastructure grants	-	(160,680)	-	(160,680)
Deficit special revenue funds	-	-	(856)	(856)
	<u>1,116,638</u>	<u>(160,680)</u>	<u>(856)</u>	<u>955,102</u>
Total Governmental fund balances	<u>\$ 1,328,946</u>	<u>\$ (9,835)</u>	<u>\$ 395,897</u>	<u>\$ 1,715,008</u>

**I. Special Trust Funds**

**Stabilization Fund**

Massachusetts General Laws, Chapter 40, Section 5B, allows for the establishment of stabilization funds for one or more different purposes. The creation of a fund requires a two-thirds vote of the legislative body and must clearly define the purpose of the fund. Any change to the purpose of the fund along with any additions to or appropriations from the fund requires a two-thirds vote of the legislative body. Any interest shall be added to and become a part of the fund.

**TOWN OF COLRAIN, MASSACHUSETTS**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2020**

At June 30, 2020, the balances in the stabilization funds reported in the General Fund as unassigned fund balance are as follows:

General purpose stabilization fund	\$	407,738
Assessor's stabilization fund		12,377
Audit stabilization fund		5,608
Fire Department stabilization fund		126,503
Griswold Library stabilization fund		34,997
Highway stabilization fund		90,297
Police stabilization fund		53,935
Technology stabilization fund		14,732
Transfer Station stabilization fund		23,814
		770,001
	\$	770,001

**4. OTHER INFORMATION**

**A. Risk Management**

The Town is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters. The Town has obtained a variety of commercial liability insurance policies which passes the risk of loss listed above to independent third parties.

Settlement claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

**Hampshire County Health Group**

The Town, along with other government entities from the neighboring geographic area, is a member of the Hampshire County Health Group (HCHG), a public entity risk pool, currently operating as a common risk sharing management and health insurance program for eligible active and former employees of its members.

Payments in the form of insurance premiums, are made monthly to the HCHG. These payments are funded in part from the Town, recorded as expenditures in the general fund, and payroll withholdings from active employees, or direct payments from retired and certain eligible former employees. The Town pays between 55% and 74% of the cost of the insurance for active employees. Retired and other past employees who may be eligible to participate in the plan must pay between 26% and 45% of their premium costs.

The Town makes payments to HCHG in the form of monthly premiums based upon actual employee enrollment. HCHG makes payment, through a third-party administrator for actual health claims incurred for the entire group. At the end of HCHG's fiscal year, the Group's insurance consultant will determine if assets are sufficient to meet the anticipated needs of the ensuing year. It is anticipated that if claim liabilities exceed assets, premium rates will be adjusted prospectively to recover the necessary assets to meet claims.

As of the HCHG's most recent available unaudited financial statements (fiscal year ended June 30, 2019), the HCHG had an unrestricted net asset balance of \$24,464,951.

**TOWN OF COLRAIN, MASSACHUSETTS**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2020**

**B. Contingent Liabilities**

**Litigation**

Litigation is subject to many uncertainties, and the outcome of individual matters is not always predictable. Although the amount of the liability, if any, at June 30, 2020, cannot be ascertained, management believes any resulting liability should not materially affect the financial position at June 30, 2020.

The Town has received state and federal grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursement to the grantor agency for any expenditure disallowed under the terms of the grant. The amount, if any, of expenditures which may be disallowed cannot be determined at this time, although, based on prior experience, Town management believes such disallowances, if any, will not be material.

**C. COVID-19**

The Covid-19 outbreak in the United States and across the globe has resulted in economic uncertainties. The disruption is expected to be temporary, but there is considerable uncertainty around the duration and scope. The extent of the impact of Covid-19 on our operational and financial performance will depend on certain developments, including the duration and spread of outbreak, impact on our customers, employees, and vendors all of which are uncertain and cannot be predicted. At this point, the extent to which Covid-19 may impact our financial condition or results of operations is uncertain.

**D. Subsequent Events**

Management has evaluated subsequent events through the date the financial statements were available to be issued.

**E. Pension Plan**

**Plan Description**

The Town is a member of the Franklin Regional Retirement System (the System). The System is a cost-sharing multiple-employer public employee retirement system administered by the Franklin Regional Retirement Board (the Board). Massachusetts General Laws (MGL), Chapter 32, assigns authority to establish the System and amend benefit provisions of the plan; which is regulated by the Public Employees Retirement Administration Commission (PERAC). The System is a defined benefit pension plan that covers substantially all employees of its member employers. The System issues a publicly available financial report in accordance with guidelines established by the Commonwealth's PERAC. That report may be obtained by contacting the System at 278 Main Street, Suite 311, Greenfield, Massachusetts 01301.

**Benefits Provided**

The System provides retirement, disability, survivor and death benefits to plan members and beneficiaries. MGL Chapter 32 establishes uniform benefit and contributory requirements for all contributory public employee retirement systems (PERS). The Massachusetts PERS benefits are uniform from system to system, with a few minor exceptions. Members of the System become vested after 10 years of creditable service. The System provides for retirement allowance benefits up to a maximum of 80% of a member's highest three-year average annual rate of regular compensation. Retirement benefits are determined as a percentage of the member's final three-year (five-year for members hired on or after April 2, 2012) final average compensation times the member's years of creditable service prior to retirement. The percentage is based on the age of the member at retirement and his or her Group classification. Benefit payments are based upon a member's age, length of creditable service, and group creditable service, and group

**TOWN OF COLRAIN, MASSACHUSETTS**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2020**

classification. Most employees who joined the system on or after April 2, 2012 cannot retire prior to age 60. The authority for amending these provisions rests with the Massachusetts Legislature.

Employees who resign from service and who are not eligible to receive a retirement allowance or are under the age of 55 are entitled to request a refund of their accumulated total deductions. Survivor benefits are extended to eligible beneficiaries of members whose death occurs prior to or following retirement.

Cost of living adjustments granted between 1981 and 1997 and any increases in other benefits imposed by the Commonwealth's State law during those years are borne by the Commonwealth and are deposited into the pension fund. Cost-of-living adjustments granted after 1997 must be approved by the Board and are borne by the System.

**Contributions**

MGL Chapter 32 governs the contributions of plan members and the Town. Plan members are required to contribute to the System at rates ranging from 5% to 9% based upon their membership date of gross regular compensation with an additional 2% contribution after exceeding \$30,000 in annual covered compensation. The Town is required to pay into the System its share of the system-wide actuarial determined contribution that is apportioned among the employers based on active current payroll. Administrative expenses are funded through investment earnings. The Town's proportionate share of the required contribution to the System for the year ended December 31, 2019 was \$86,652, representing 21.69% of the covered payroll, an actuarially determined amount that, when combined with plan member contributions, is expected to finance the costs of benefits earned by plan members during the year and an additional amount to finance any unfunded accrued liability.

**Pension Liability**

As of June 30, 2020, the Town reported a liability of \$616,334 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2020. Accordingly, update procedures were used to roll back the total pension liability to the measurement date. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At December 31, 2019, the Town's proportional percentage was 1.261%, which was a slight decrease from the last measurement.

**Pension Expense**

For the year ended June 30, 2020, the Town recognized a pension expense of \$122,466 and reported deferred outflows of resources related to pensions of \$45,562 from the differences between expected and actual experience, changes in assumptions and changes in proportion and differences between employer contributions and proportionate share of contributions; and deferred inflows of resources related to pensions of \$100,649 from the differences between expected and actual experience, the net difference between projected and actual investment earnings on pension plan investments and changes in proportion and differences between employer contributions and proportionate share of contributions.

**TOWN OF COLRAIN, MASSACHUSETTS**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2020**

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

<b>For years ended June 30,</b>	
<b>2021</b>	\$ (4,404)
<b>2022</b>	(14,680)
<b>2023</b>	2,075
<b>2024</b>	(38,078)
	<u>\$ (55,087)</u>

**Actuarial Assumptions**

The total pension liability was determined by an actuarial valuation as of January 1, 2020, using the following actuarial assumptions, applied to all periods included in the measurement that was rolled back to December 31, 2019:

Valuation date	January 1, 2020
Actuarial cost method	Individual Entry Age Normal
Amortization method	Increasing dollar amount at 4.0% to reduce the Unfunded Actuarial Accrued Liability to zero on or before June 30, 2034.
Asset valuation method	The actuarial value of assets is the market value of assets as of the Valuation date reduced by the sums of: (a) 75% of gains and losses for the prior year, (b) 50% of gains and losses of the second prior year, and (c) 25% of gains and losses of the third prior year. Investment gains and losses are determined by the excess or deficiency of the expected return over the actual return on the market value. The actuarial valuation of assets is further constrained to be not less than 90% or more than 110% of market value.
Inflation	2.50% per year
Projected salary increases	Group 1 & Group 2: 4.25% -- 6.00%, based on service Group 4: 4.75% -- 7.00%, based on service
Cost of living adjustments	3.00% of the pension amount on first \$17,000 per year.
Investment rate of return	7.75%, net of pension plan investment expense, including inflation
Mortality rates	RP-2014 Blue Collar Mortality Table with full generational mortality improvement using Scale MP-2018. For disabled members, RP-2014 Blue Collar Mortality Table set forward one year with full generational mortality improvement using Scale MP-2018

**TOWN OF COLRAIN, MASSACHUSETTS**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2020**

**Long-term Expected Rate of Return**

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major class included in the pension plan's target asset allocation as of December 31, 2019, are summarized in the following table:

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-Term Expected Real Rate of Return</b>
PRIT Core	45.0%	4.80%
Domestic Equity	32.0%	6.82%
International Equity	5.0%	3.80%
Real Estate	10.0%	6.60%
Fixed Income	8.0%	2.90%
Total	<u>100.0%</u>	

**Rate of Return**

For the year ended December 31, 2019, the annual money-weighted rate of return (which expresses investment performance), net of investment expense was 17.04%. The money-weighted rate of return considers the changing amounts actually invested during a period and weighs the amount of pension plan investments by the proportion of time they are available to earn a return during that period. The rate of return is then calculated by solving, through an iterative process, for the rate that equates the sum of the weighted external cash flows into and out of the pension plan investments to the ending fair value of pension plan investments.

**Discount Rate**

The discount rate used to measure the total pension liability was 7.75%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rates and that member employer contributions will be made in accordance with Section 22D and Section 22F of MGL Chapter 32. Based on those assumptions, the System'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.

**TOWN OF COLRAIN, MASSACHUSETTS**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2020**

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

The following presents the Town's proportionate share of the net pension liability calculated using the discount rate of 7.75%. As well as what the Town's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.75%) or 1-percentage-point higher (8.75%) than the current rate (amounts expressed in thousands):

	<b>1% Decrease</b>	<b>Current</b>	<b>Discount Rate</b>	<b>1% Increase</b>
	<b>6.75%</b>	<b>7.75%</b>	<b>7.75%</b>	<b>8.75%</b>
Town's net pension liability	\$ 904,119	\$ 616,334	\$ 616,334	\$ 372,659

**F. Other Post Employment Benefits Payable**

**GASB Statement No. 74 and GASB Statement No. 75**

The cost of post employment benefits generally should be associated with the periods in which costs occur rather than in the future year when it will be paid. The Town recognizes the cost of post employment benefits in the year when the employee services are received, reports the accumulated liability from prior years and provides information useful in assessing potential demands on the Town's future cash flows.

**Plan Description**

In addition to providing pension benefits, the Town provides post employment health care and life insurance benefits for retired employees, their dependents and beneficiaries. The benefits, benefit levels, employee and employer contributions are governed by Massachusetts General Law chapter 32. There are approximately 17 active, retired employees and beneficiaries that meet the eligibility requirements. The plan does not issue a separate financial report.

**Investment Policy**

The Town's policy in regard to the allocation of invested assets is established and may be amended by the Board of Selectmen by majority vote of its members. The OPEB plan's assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the OPEB plan. The long-term real rate of return on OPEB investments was determined using the Town's investment policy.

**Funding Policy**

The contribution requirements of plan members and the Town are established and may be amended through Town ordinances. For the period ending on June 30, 2020 Measurement Date, total Town premiums plus implicit costs for the retiree medical program were \$9,977. The Town also made a contribution to an OBEB Trust of \$50,000 for a total contribution during the measurement period of \$59,977. The Town did establish a trust fund in order to contribute funds to reduce the future OPEB liability. The trust balance is \$271,779 as of June 30, 2020.

**Measurement Date**

GASB Statement No. 74 and GASB Statement No. 75 require the net OPEB liability to be measured as of the OPEB Plan's most recent fiscal year-end. Accordingly, the net OPEB liability was measured as of June 30, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of July 1, 2019.

**TOWN OF COLRAIN, MASSACHUSETTS**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2020**

**Plan Membership:**

Current active members	12	
Current retirees, beneficiaries and dependents	5	
Total	17	

**Net OPEB Liability**

The Town's net OPEB liability was measured as of June 30, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of July 1, 2019.

The components of the net OPEB liability are as follows:

	<b>6/30/2020</b>	
Total OPEB liability	\$ 260,010	
Less: Plan fiduciary net position	(271,779)	
Town's Net OPEB liability	\$ (11,769)	
Plan fiduciary net position as a percentage of the total OPEB liability	104.53%	

**Actuarial Methods and Assumptions**

The total OPEB liability was determined by an actuarial valuation as of July 1, 2019, using the following actuarial assumptions, applied to all periods included in the measurement for the reporting date of June 30, 2020:

Valuation date	Actuarially determined contribution was calculated as of July 1, 2019
Actuarial cost method	Individual Entry Age Normal
Asset valuation method	market value of assets as of the measurement date, June 30, 2020.
Investment rate of return	6.60%, net of OPEB plan investment expense, including inflation
Single equivalent discount rate	6.75%, net of OPEB plan investment expense, including inflation
Inflation	2.50% as of June 30, 2020 and for future periods
Projected salary increases	3.00% annually as of June 30, 2020 and for future periods
Cost of living adjustments	not applicable
<b>Mortality rates</b>	
Pre-retirement mortality (General)	RP-2014 Mortality Table for Blue Collar Employees projected generationally with scale MP-2016 for males and females, set forward one year for females.
Post-retirement mortality (General)	RP-2014 Mortality Table for Blue Collar Healthy Annuitants projected generationally with scale MP-2016 for males and females, set forward one year for females.
Disabled retirees (General)	RP-2014 Mortality Table for Blue Collar Healthy Annuitants projected generationally with scale MP-2016 for males and females, set forward one year.

**TOWN OF COLRAIN, MASSACHUSETTS**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2020**

The actuarial assumptions used in the July 1, 2019 valuation were reflective of published municipal bond indices; the S&P Municipal Bond 20-year High Grade Index as of June 30, 2020 is 2.66%.

**Rate of Return**

For the year ended June 30, 2020, the annual money-weighted rate of return (which expresses investment performance), net of investment expense was 3.09%.

**Long-term Expected Rate of Return**

The long-term expected rate of return on OPEB plan investments is developed based on the Town's investment policy is summarized in the following table:

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-Term Expected Real Rate of Return</b>
Domestic Equity - Large Capital	21.00%	4.80%
Domestic Equity - Small/Mid Capital	13.00%	5.29%
International Equity - Developed Market	16.75%	5.45%
International Equity - Emerging Market	10.00%	6.42%
Domestic Fixed Income	32.25%	2.05%
International Fixed Income	0.00%	3.00%
Alternatives	6.75%	6.50%
Real Estate	0.00%	6.25%
Cash	0.25%	0.00%
Total	<u>100.00%</u>	
I. Real Rate of Return		4.35%
II. Add: Inflation Assumption		2.50%
III. Total Nominal Return (I. + II.)		<u>6.85%</u>
IV. Less: Investment Expense		0.25%
V. Net investment Return (III.-IV.)		<u>6.60%</u>

**Discount Rate**

The discount rate used to measure the total OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rates and that member employer contributions will be made in accordance Massachusetts General Law Chapter 32. Based on those assumptions, the OPEB plan 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 OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

**TOWN OF COLRAIN, MASSACHUSETTS**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2020**

**Changes in the Net OPEB Liability**

	<b>Increase (Decrease)</b>		
	<b>Total OPEB Liability</b>	<b>Plan Fiduciary Net Position</b>	<b>Total OPEB Liability</b>
Balances at June 30, 2019	\$ 282,025	\$ 215,014	\$ 67,011
Service cost	10,475	-	10,475
Interest on Total OPEB Liability	20,132	-	20,132
Changes in benefit terms *	-	-	-
Changes in assumptions **	1,716	-	1,716
Difference between actual and expected experience **	(44,361)	-	(44,361)
Net investment income	-	6,765	(6,765)
Employer contributions to Trust	-	59,977	(59,977)
Total benefit payments including implicit cost	(9,977)	(9,977)	-
Net change in total OPEB liability	<u>(22,015)</u>	<u>56,765</u>	<u>(78,780)</u>
 Balances at June 30, 2020	 <u>\$ 260,010</u>	 <u>\$ 271,779</u>	 <u>\$ (11,769)</u>

\* = Recognized immediately

\*\* = Amortized over 7.00 years

**Sensitivity of the Net OPEB Liability to Changes in the Discount Rate**

The following presents the Town's net OPEB liability as well as what the Town's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.75%) or 1-percentage-point higher (7.75%) than the current rate:

	<b>1% Decrease (5.75%)</b>	<b>Current Discount Rate (6.75%)</b>	<b>1% Increase (7.75%)</b>
	Town's net OPEB liability	\$ 21,978	\$ (11,769)

**TOWN OF COLRAIN, MASSACHUSETTS**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2020**

**Sensitivity of the Net OPEB Liability to Changes in the Healthcare Trend Rates**

The following presents the Town's net OPEB liability as well as what the Town's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (3.50%) or 1-percentage-point higher (5.50%) than the current healthcare cost trend rate:

	<b>1% Decrease (3.50%)</b>		<b>Healthcare Cost Trend Rates (4.50%)</b>		<b>1% Increase (5.50%)</b>
Town's net OPEB liability	\$ (43,674)	\$	(11,769)	\$	27,449

**Expense, Deferred Outflows or Resources and Deferred Inflows of Resources Related to OPEB**

For the year ended June 30, 2020, the GASB Statement No. 75 reporting period and fiscal year ending date, the Town recognized an OPEB expense of \$47,255 and reported deferred outflows of resources related to OPEB of \$13,610 from the differences between actual and expected experience, changes in assumptions and the net difference between projected and actual investment earnings on OPEB plan investments; and deferred inflows of resources related to OPEB of \$38,024 from the differences between actual and expected experience.

The Town's net deferred outflows/(inflows) of resources related to OPEB will be recognized in the OPEB expense as follows:

<b>For years ended June 30,</b>	
<b>2021</b>	\$ (2,070)
<b>2022</b>	(2,070)
<b>2023</b>	(3,807)
<b>2024</b>	(4,282)
<b>2025</b>	(6,092)
<b>Thereafter:</b>	(6,093)
	\$ (24,414)

**G. Implementation of New GASB Pronouncements**

The GASB issued Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*. This pronouncement postponed the effective dates of certain provisions in GASB statements and Implementation Guides that first became effective or are scheduled to be effective for periods beginning after June 15, 2018 or later.

**H. Future GASB Pronouncements**

Management is currently assessing the impact the implementation of the following pronouncements will have on the basic financial statements.

The GASB issued Statement No. 84, *Fiduciary Activities*, for implementation in fiscal year 2021.

The GASB issued Statement No. 87, *Leases*, for implementation in fiscal year 2022.

**TOWN OF COLRAIN, MASSACHUSETTS**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2020**

The GASB issued Statement No. 90, *Majority Equity Interests – an amendment of GASB Statements No. 14 and No. 61*, for implementation in fiscal year 2021.

The GASB issued Statement No. 91, *Conduit Debt Obligations*, for implementation in fiscal year 2023.

The GASB issued Statement No. 93, *Replacement of Interbank Offered Rates*, for implementation in fiscal 2022.

The GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, for implementation in fiscal year 2023.

The GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*, for implementation in fiscal year 2023.

The GASB issued Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*, for implementation in fiscal year 2021 and 2022.

**REQUIRED SUPPLEMENTARY INFORMATION**

**TOWN OF COLRAIN, MASSACHUSETTS  
Required Supplementary Information  
Pension Plan Schedules  
Franklin Regional Retirement System  
For the Year Ended June 30, 2020**

The Schedule of Proportionate Share of the Net Pension Liability represents multiyear trend information relating to the Town's proportion of the net pension liability and related ratios.

**Schedule of the Town's Proportionate Share of the Net pension Liability:**

Date	Town's proportion of the net pension liability (asset)	Town's proportionate share of the net pension liability (asset)	Town's covered employee payroll	Net pension liability percentage of covered employee payroll	Plan fiduciary net position as a percentage of the total pension liability
12/31/2019	1.261%	\$ 616,334	\$ 399,449	154.30%	76.27%
12/31/2018	1.350%	\$ 826,683	\$ 375,240	220.31%	68.98%
12/31/2017	1.306%	\$ 596,939	\$ 350,569	170.28%	75.89%
12/31/2016	1.286%	\$ 675,677	\$ 439,835	153.62%	70.75%
12/31/2015	1.285%	\$ 598,863	\$ 351,817	170.22%	71.73%
12/31/2014	1.100%	\$ 412,877	\$ 339,401	121.65%	75.98%

Note: These schedules are intended to present information for 10 years. Until a 10-year trend is compiled, the information is presented for those years the information is available.

**TOWN OF COLRAIN, MASSACHUSETTS  
Required Supplementary Information  
Pension Plan Schedules  
Franklin Regional Retirement System  
For the Year Ended June 30, 2020**

The Schedule of the Employer Contributions presents multiyear trend information on the Town's required and actual payments to the pension plan and related ratios.

**Schedule of the Town's Contributions:**

<b>Date</b>	<b>Actuarially determined contribution</b>	<b>Less: Contributions in relation to the actuarially determined contribution</b>	<b>Contribution deficiency (excess)</b>	<b>Town's covered employee payroll</b>	<b>Contributions percentage of covered employee payroll</b>
12/31/2019	\$ 86,652	\$ (86,652)	\$ -	\$ 399,449	21.69%
12/31/2018	\$ 87,697	\$ (87,697)	\$ -	\$ 375,240	23.37%
12/31/2017	\$ 80,515	\$ (80,515)	\$ -	\$ 350,569	22.97%
12/31/2016	\$ 75,567	\$ (75,567)	\$ -	\$ 439,835	17.18%
12/31/2015	\$ 72,565	\$ (72,565)	\$ -	\$ 351,817	20.63%
12/31/2014	\$ 70,903	\$ (70,903)	\$ -	\$ 339,401	20.89%

Note: These schedules are intended to present information for 10 years. Until a 10-year trend is compiled, the information is presented for those years the information is available.

**TOWN OF COLRAIN, MASSACHUSETTS**  
**Required Supplementary Information**  
**Other Post Employment Benefit Plan Schedules**  
**For the Year Ended June 30, 2020**

**Schedule of Changes in the Net OPEB Liability:**

	<u>6/30/2020</u>	<u>6/30/2019</u>	<u>6/30/2018</u>
<b>Total OPEB liability</b>			
Service cost	\$ 10,475	\$ 12,196	\$ 8,984
Interest on net OPEB liability	20,132	18,700	17,167
Changes in Benefit terms	-	-	-
Changes in Assumptions	1,716	-	-
Difference between actual and expected experience	(44,361)	-	-
Benefit payments, including refunds of member contributions	(9,977)	(7,519)	(7,388)
Net change in total OPEB liability	(22,015)	23,377	18,763
Total OPEB liability-beginning	282,025	258,648	239,885
<b>Total OPEB liability-ending (a)</b>	<b>\$ 260,010</b>	<b>\$ 282,025</b>	<b>\$ 258,648</b>
<b>Plan fiduciary net position</b>			
Net investment income	\$ 6,765	\$ 9,845	\$ 4,836
Employer contributions to Trust	59,977	57,519	57,388
Benefit payments, including refunds of member contributions	(9,977)	(7,519)	(7,388)
Net change in plan fiduciary net position	56,765	59,845	54,836
Total fiduciary net position-beginning	215,014	155,169	100,333
<b>Total fiduciary net position-ending (b)</b>	<b>\$ 271,779</b>	<b>\$ 215,014</b>	<b>\$ 155,169</b>
<b>Town's net OPEB liability (a-b)</b>	<b>\$ (11,769)</b>	<b>\$ 67,011</b>	<b>\$ 103,479</b>

Note: These schedules are intended to present information for 10 years. Until a 10-year trend is compiled, the information is presented for those years the information is available.

**TOWN OF COLRAIN, MASSACHUSETTS**  
**Required Supplementary Information**  
**Other Post Employment Benefit Plan Schedules**  
**For the Year Ended June 30, 2020**

**Schedule of Net OPEB Liability:**

	<u>6/30/2020</u>	<u>6/30/2019</u>	<u>6/30/2018</u>
Total OPEB liability	\$ 260,010	\$ 282,025	\$ 258,648
Less: Plan fiduciary net position	<u>(271,779)</u>	<u>(215,014)</u>	<u>(155,169)</u>
Town's Net OPEB liability	<u>\$ (11,769)</u>	<u>\$ 67,011</u>	<u>\$ 103,479</u>
Plan fiduciary net position as a percentage of the total OPEB liability	104.53%	76.24%	59.99%
Town's share of covered employee payroll	\$ 548,991	\$ 483,503	\$ 425,731
Participating employer net OPEB liability (asset) as a percentage of covered-employee payroll	-2.14%	13.86%	24.31%

**Schedule of Contributions:**

	<u>6/30/2020</u>	<u>6/30/2019</u>	<u>6/30/2018</u>
Actuarially determined contribution	\$ 10,475	\$ 17,243	\$ 19,494
Less: Contributions in relation to the actuarially determined contribution	<u>(59,977)</u>	<u>(57,519)</u>	<u>(57,388)</u>
Contribution deficiency (excess)	<u>\$ (49,502)</u>	<u>\$ (40,276)</u>	<u>\$ (37,894)</u>
Town's share of covered employee payroll	\$ 548,991	\$ 483,503	\$ 425,731
Contributions percentage of covered-employee payroll	10.92%	11.90%	13.48%
Annual money-weighted rate of return net of investment expense	3.09%	5.47%	3.87%

Note: These schedules are intended to present information for 10 years. Until a 10-year trend is compiled, the information is presented for those years the information is available.

**TOWN OF COLRAIN, MASSACHUSETTS**  
**Required Supplementary Information**  
**Other Post Employment Benefit Plan Schedules**  
**For the Year Ended June 30, 2020**

**Schedule of Funding Progress:**

<b>Other Post Employment Benefits</b>							
<b>Measurement Date</b>	<b>Actuarial Fiduciary Net Position (A)</b>	<b>Actuarial Total OPEB Liability (B)</b>	<b>Actuarial Net OPEB Liability (B-A)</b>	<b>Actuarial Funded Ratio (A/B)</b>	<b>Actuarial Covered Payroll (C)</b>	<b>Actuarial Percentage of Covered Payroll ((B-A)/C)</b>	
6/30/2020	\$ 271,779	\$ 260,010	\$ (11,769)	104.53%	\$ 548,991	-2.14%	
6/30/2019	\$ 215,014	\$ 282,025	\$ 67,011	76.24%	\$ 483,503	13.86%	
6/30/2018	\$ 155,169	\$ 258,648	\$ 103,479	59.99%	\$ 425,731	24.31%	

Note: These schedules are intended to present information for 10 years. Until a 10-year trend is compiled, the information is presented for those years the information is available.

## **SUPPLEMENTARY SCHEDULES**

**TOWN OF COLRAIN, MASSACHUSETTS  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
NON-MAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2020**

	Fund Balances July 1, 2019	Revenues	Expenditures	Other Financing Sources (Uses)	Fund Balances June 30, 2020
<b>Special Revenue:</b>					
<b>Federal and State Grants:</b>					
Arts Lottery Council Grants	\$ 5,403	\$ 4,888	\$ 4,779	\$ -	\$ 5,512
Community Compact Grants	4,650	25,000	20,000	-	9,650
Council on Aging Grants	-	6,000	6,000	-	-
Emergency Management Agency Grants	-	-	856	-	(856)
Highway Grants	1,511	-	-	-	1,511
Library Grants	29,939	7,255	3,080	-	34,114
Other Grants and Programs	3,184	299	1,009	-	2,474
Planning Grant	14	-	-	-	14
Public Safety Grants	16,137	-	10,241	-	5,896
Recycling Program	-	4,200	-	-	4,200
Sustainable Master Recovery Program	-	32,470	-	-	32,470
<b>Other:</b>					
Board of Health Revolving	10,343	-	-	-	10,343
Conservation Revolving	887	558	220	-	1,225
Demolition Revolving	949	-	-	-	949
Dog Fund	3,459	1,590	85	-	4,964
Electrical/Wiring Inspector	(1,100)	2,682	2,448	-	(866)
Fire Department Inspections	601	1,695	1,495	-	801
Gifts and Donations	105,066	19,014	7,413	-	116,667
Griswoldville Water Pollution Abatement Trust	500	-	-	-	500
Insurance Proceeds	2,615	-	1,192	-	1,423
Outside Details	4,649	123,096	114,403	-	13,342
Planning Revolving	3,127	950	170	-	3,907
Plumbing Inspector	(58)	1,750	1,620	-	72
Septic Loan Programs	53,531	8,985	-	-	62,516
Tax Title Revolving	38,366	4,377	225	-	42,518
Transfer Station Disposal	2,635	-	-	-	2,635
Wetlands Protection Fund	4,039	-	-	-	4,039
Zoning Board of Appeals	171	250	237	-	184
Quintus Allen Fund	2,599	1,783	-	(2,103)	2,279
<b>Total Special Revenue Funds</b>	<b>\$ 293,217</b>	<b>\$ 246,842</b>	<b>\$ 175,473</b>	<b>\$ (2,103)</b>	<b>\$ 362,483</b>

**TOWN OF COLRAIN, MASSACHUSETTS  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
NON-MAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2020**

	Fund Balances July 1, 2019	Revenues	Expenditures	Other Financing Sources (Uses)	Fund Balances June 30, 2020
<b>Capital Projects:</b>					
Highway Garage Construction	\$ 32,523	\$ -	\$ 2,212	\$ -	\$ 30,311
<b>Permanent Funds:</b>					
Cemetery Perpetual Care Fund	1,821	38	-	-	1,859
Babbit Cemetery Care Fund	763	1	-	-	764
Colrain Beautification Fund	480	-	-	-	480
<b>Total Permanent Funds</b>	<u>3,064</u>	<u>39</u>	<u>-</u>	<u>-</u>	<u>3,103</u>
<b>Total - Non-Major Governmental Funds</b>	<u>\$ 328,804</u>	<u>\$ 246,881</u>	<u>\$ 177,685</u>	<u>\$ (2,103)</u>	<u>\$ 395,897</u>

**TOWN OF COLRAIN, MASSACHUSETTS  
SCHEDULE OF REAL ESTATE, PERSONAL PROPERTY  
AND DEFERRED REAL ESTATE TAXES  
JULY 1, 2019 TO JUNE 30, 2020**

	Uncollected Taxes July 1, 2019	Commitments	Abatements and Adjustments	Collections Net of Refunds and Overpayments	Uncollected Taxes June 30, 2020	Uncollected Taxes Per Detail June 30, 2020
<b>Real Estate Taxes:</b>						
Levy of 2020	\$ -	\$ 3,167,288	\$ 41,702	\$ 3,027,769	97,817	\$ 97,817
Levy of 2019	81,361	-	11,600	69,761	-	-
Levy of 2018	8,674	-	-	8,674	-	-
Levy of 2017	(400)	-	-	(400)	-	-
Levy of 2016	127	-	-	127	-	-
	<u>89,762</u>	<u>3,167,288</u>	<u>53,302</u>	<u>3,105,931</u>	<u>97,817</u>	<u>97,817</u>
<b>Personal Property Taxes:</b>						
Levy of 2020	-	407,785	-	386,920	20,865	20,865
Levy of 2019	18,249	-	-	297	17,952	17,952
	<u>18,249</u>	<u>407,785</u>	<u>-</u>	<u>387,217</u>	<u>38,817</u>	<u>38,817</u>
<b>Deferred Real Estate Taxes</b>	<u>10,850</u>	<u>1,628</u>	<u>3,584</u>	<u>-</u>	<u>8,894</u>	<u>8,894</u>
<b>Total Real Estate, Personal Property and Deferred Real Estate Taxes</b>	<u>\$ 118,861</u>	<u>\$ 3,576,701</u>	<u>\$ 56,886</u>	<u>\$ 3,493,148</u>	<u>\$ 145,528</u>	<u>\$ 145,528</u>

**TOWN OF COLRAIN, MASSACHUSETTS  
SCHEDULE OF MOTOR VEHICLE EXCISE TAXES  
JULY 1, 2019 TO JUNE 30, 2020**

	Uncollected Taxes July 1, 2019	Commitments	Abatements and Adjustments	Collections Net of Refunds and Overpayments	Uncollected Taxes June 30, 2020	Uncollected Taxes Per Detail June 30, 2020
<b>Motor Vehicle Excise Taxes:</b>						
Levy of 2020	\$ -	\$ 175,636	\$ 5,728	\$ 148,048	\$ 21,860	\$ 21,860
Levy of 2019	20,341	21,744	1,266	33,757	7,062	7,062
Levy of 2018	5,556	-	-	2,698	2,858	2,858
Levy of 2017	2,022	-	-	689	1,333	1,333
Levy of 2016	1,361	-	-	364	997	997
Prior Years	1,029	20	-	141	908	908
<b>Total Motor Vehicle Excise Taxes</b>	<b>\$ 30,309</b>	<b>\$ 197,400</b>	<b>\$ 6,994</b>	<b>\$ 185,697</b>	<b>\$ 35,018</b>	<b>\$ 35,018</b>

**TOWN OF COLRAIN, MASSACHUSETTS  
SCHEDULE OF TAX LIENS  
JULY 1, 2019 TO JUNE 30, 2020**

	<b>Uncollected Accounts July 1, 2019</b>	<b>Commitments</b>	<b>Abatements and Adjustments</b>	<b>Collections Net of Refunds and Overpayments</b>	<b>Uncollected Accounts June 30, 2020</b>	<b>Uncollected Accounts Per Detail June 30, 2020</b>
<b>Tax Liens</b>	\$ 60,734	\$ 40,702	\$ (8,670)	\$ 29,111	\$ 80,995	\$ 80,995