

TOWN OF COLRAIN, MASSACHUSETTS
Report on the Examination of Basic Financial Statements
For the Year Ended June 30, 2018

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Independent Auditor's Report

To the Honorable Selectboard
Town of Colrain, Massachusetts

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Colrain, Massachusetts, as of and for the fiscal year ended June 30, 2018, 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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, 2018, 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 4, 2019, on our consideration of the Town of Colrain, Massachusetts' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Colrain, Massachusetts' internal control over financial reporting and compliance.

Scanlon and Associates, LLC

Scanlon & Associates, LLC
South Deerfield, Massachusetts

February 4, 2019

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, 2018. 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 \$8,050,722 (net position) for the fiscal year reported increasing \$1,160,976 (17%).
- At the close of the current fiscal year, the Town's governmental funds reported total ending fund balance of \$1,768,585 this year, a decrease of \$345,889 (16%).
- The General Fund's total fund balance increased \$54,874 (5.5%) to \$1,055,205. The ending General fund balance is 26% of revenues and transfers in and 26% of expenditures and transfers out.
- Total liabilities of the Town are \$1,490,503.

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

	Governmental Activities 2018
	2018
Assets:	
Current assets	\$ 2,688,215
Capital assets	6,757,962
Total assets	9,446,177
Deferred Outflows of Resources	152,085
Liabilities:	
Current liabilities (excluding debt)	282,026
Current debt	185,841
Noncurrent liabilities (excluding debt)	745,016
Noncurrent debt	277,620
Total liabilities	1,490,503
Deferred Inflows of Resources:	
Deferred Inflows related to pensions	57,037
Net Position:	
Net Investment in Capital Assets	6,461,963
Restricted	1,136,270
Unrestricted	452,489
Total net position	\$ 8,050,722

Financial Highlights

Statement of Activities Highlights

	Governmental Activities 2018
Program Revenues:	
Charges for services	\$ 175,837
Operating grants and contributions	248,728
Capital grants and contributions	1,372,799
General Revenues:	
Property taxes	3,431,060
Motor vehicle excise and other taxes	184,711
Penalties and interest on taxes	17,626
Nonrestricted grants	341,877
Unrestricted investment income	8,997
Miscellaneous	2,797
Total revenues	5,784,432
Expenses:	
General government	395,538
Public safety	502,516
Public Works	1,126,732
Education	2,261,319
Health and human services	30,869
Culture and recreation	78,931
Employee benefits and insurance	213,457
State assessments	2,854
Interest	11,240
Total expenses	4,623,456
Change in net position	1,160,976
Net position - beginning of year	6,889,746
Net position - end of year	\$ 8,050,722

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 \$8,050,722 at the close of fiscal year 2018.

Net position of \$6,461,963 (80%) 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, \$1,136,270 (14%), represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* \$452,489 (6%) 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 \$1,160,976 (17%) during the current fiscal year. The key elements of the increase in net position for fiscal year 2018 was attributed to the acquisition of \$1,841,082 in new capital assets exceeding the depreciation expense (normally spread out over the useful life of the asset) for the year of \$313,709 and a decrease as a resulting from the change in unavailable revenue of \$142,286 and the change in the deferred outflows/(inflows) of resources related to pensions of \$115,833.

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 \$1,768,585, a decrease of \$345,889 (16%) in comparison with the prior year.

Breakdown of the governmental funds are as follows:

- Restricted fund balance – \$825,496 (47%).
- Committed fund balance – \$213,059 (12%).
- Assigned fund balance – \$107,225 (6%).
- Unassigned fund balance – \$622,805 (35%).

At the end of the fiscal year, the General Fund reported a total fund balance of \$1,055,205, increasing \$54,974 (5%) from the prior year. Of the \$1,055,205, the unassigned amount is \$784,211 (74%), the committed amount is \$163,769 (16%) and the assigned amount is \$107,225 (10%). General fund revenues were \$90,943 (2%) more than the prior fiscal year and expenditures also increased by \$58,563 (1%). Other activity in the General Fund consisted of net transfers from other funds of \$3,966.

The main components of the increases in general fund revenues as compared to the prior year related to increases in intergovernmental receipts of \$24,765 (7%), excise and other taxes of \$44,894 (27%) and in licenses, permits and fees of \$11,613 (37%).

The major changes with the general fund expenditures from the prior fiscal year were as follows:

- Increase in General Government expenditures of \$42,760 (12%).
- Increase in Public safety expenditures of \$35,582 (19%).
- Increase in Education expenditures of \$37,706 (2%).
- Decrease in Employee benefits and insurance of \$65,366 (18%).

The *tropical storm Irene fund* is a special revenue fund used to account for the activity of the storm that occurred in August, 2011. The fund has a deficit balance of \$157,874 at the end of the fiscal year and increased by \$50,000 (24%). This amount was attributed to the proceeds for the issuance of notes.

The *last mile broadband grant fund* is a special revenue fund used to account for resources of installing internet systems in the Town and has a balance of \$523,658 the end of the fiscal year. The fund balance decreased by \$86,342 (14%). This amount was attributed to expenditures.

The *highway garage construction fund* is a capital projects fund used to account for the accumulation of resources to construct a new public works facility. The fund has a balance of \$49,290 at the end of the fiscal year, and shows a decrease of \$430,710 (90%) in total operations for the year. This amount was attributed intergovernmental receipts of \$817,223, interest of \$88 and expenditures of \$1,248,021.

General Fund Budgetary Highlights

The final general fund budget for fiscal year 2018 was \$4,337,154. This was an increase of \$100,133 (2%) over the previous year's budget.

There was an increase of \$120,000 between the original budget and the total final amended budget. The change is attributed to votes made at the Special Town Meeting in March 2018 and the Annual Town Meeting in May 2018 for various budget operating line items.

General fund expenditures were less than budgeted by \$293,473. Of the \$293,473 in under budget expenditures, \$163,769 has been carried over to fiscal year 2019.

Overall the variance with the final budget was a positive \$283,542 consisting of a revenue surplus of \$153,838 and an appropriation surplus of \$129,704.

Capital Asset and Debt Administration

Capital Assets. The Town's investment in capital assets for its governmental activities amounts to \$6,757,962.

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:

- Foreclosure properties for \$10,519.
- Land purchase for \$22,500.
- Broadband infrastructure improvements for \$86,342.
- Transfer Station fence purchase for \$16,357.
- Transfer Station equipment purchase for \$14,251.
- Highway Garage Facility construction for \$1,691,113.

Debt Administration. The Town's outstanding governmental long-term debt, as of June 30, 2018, totaled \$305,461, of which \$295,999 is for a fire truck and \$9,462 is for the Title V septic loan projects.

The governmental activities currently have outstanding bond anticipation notes for \$158,000 for the storm emergency projects.

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, 2018 do not reflect the fiscal year 2019 Town Meeting action except for the free cash, assessor's stabilization and police stabilization fund amounts used to fund the 2019 budget. The Annual Town Meeting on May 18, 2018 authorized a fiscal year 2019 operating and capital budget as follows:

From the tax levy		\$	4,034,802
From Other Available Funds:			
General Fund:			
Unassigned fund balance:			
Free cash			67,000
Assessor's stabilization fund	\$	1,225	
Police stabilization fund		39,000	40,225
		<u> </u>	
Non-major Governmental Funds:			
Dog fund		2,100	
Quintus Allen Fund		1,882	3,982
		<u> </u>	
		\$	<u>4,146,009</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.

BASIC FINANCIAL STATEMENTS

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

	Primary Government
	Governmental Activities
ASSETS	
CURRENT:	
Cash and Cash Equivalents	\$ 1,251,930
Investments	607,720
Receivables, net of allowance for uncollectibles:	
Property Taxes	91,859
Tax Liens	93,747
Excise Taxes	19,610
Due from Other Governments	623,349
Total current assets	2,688,215
NONCURRENT:	
Capital Assets, net of accumulated Depreciation	
Nondepreciable	2,483,349
Depreciable	4,274,613
Total noncurrent assets	6,757,962
Total Assets	9,446,177
DEFERRED OUTFLOWS OF RESOURCES	
Deferred Outflows Related to Pensions	95,141
Deferred Outflows Related to OPEB	56,944
	152,085
LIABILITIES	
CURRENT:	
Warrants and Accounts Payable	229,770
Accrued Payroll	28,111
Payroll Withholdings	5,107
Tax Refund Payable	15,100
Other	191
Accrued Interest	3,747
Notes Payable	158,000
Bonds Payable	27,841
Total current liabilities	467,867
NONCURRENT:	
OPEB Obligation Payable	148,077
Net Pension Liability	596,939
Bonds Payable	277,620
Total noncurrent liabilities	1,022,636
Total Liabilities	1,490,503
DEFERRED INFLOWS OF RESOURCES	
Deferred Inflows Related to Pensions	57,037
	57,037
NET POSITION	
Net Investment in Capital Assets	6,461,963
Restricted for:	
Federal & State Grants	934,804
Permanent Funds	3,005
Other Purposes	198,461
Unrestricted	452,489
Total Net Position	\$ 8,050,722

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, 2018**

	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	
Primary Government:					
Governmental Activities:					
General Government	\$ 395,538	\$ 32,027	\$ 50,382	\$ -	\$ (313,129)
Public Safety	502,516	91,260	155,930	-	(255,326)
Public Works	1,126,732	48,912	11,088	1,372,799	306,067
Education	2,261,319	-	7,859	-	(2,253,460)
Health and Human Services	30,869	2,979	13,318	-	(14,572)
Culture and Recreation	78,931	659	10,151	-	(68,121)
Employee Benefits and Insurance	213,457	-	-	-	(213,457)
State Assessments	2,854	-	-	-	(2,854)
Interest	11,240	-	-	-	(11,240)
Total Governmental Activities	4,623,456	175,837	248,728	1,372,799	(2,826,092)
Total Primary Government	\$ 4,623,456	\$ 175,837	\$ 248,728	\$ 1,372,799	(2,826,092)
General Revenues:					
Property Taxes					3,431,060
Motor vehicle excise and other taxes					184,711
Penalties & Interest on Taxes					17,626
Grants & Contributions not restricted to specific programs					341,877
Unrestricted Investment Income					8,997
Miscellaneous					2,797
Total General Revenues					3,987,068
					Change in Net Position
					1,160,976
					Net Position:
					Beginning of year
					6,889,746
					End of year
					\$ 8,050,722

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

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

	General Fund	Tropical Storm Irene Fund	Last Mile Broadband Grant Fund	Highway Garage Construction Fund	Nonmajor Governmental Funds	Total Governmental Funds
Assets:						
Cash and Cash Equivalents	\$ 514,393	\$ 126	\$ 599,775	\$ 49,290	\$ 88,346	\$ 1,251,930
Investments	600,058	-	-	-	7,662	607,720
Receivables, net of allowance for uncollectibles:						
Property Taxes	91,859	-	-	-	-	91,859
Tax Liens	93,747	-	-	-	-	93,747
Excise Taxes	19,610	-	-	-	-	19,610
Due from Other Governments	2,999	-	-	-	620,350	623,349
Total Assets	\$ 1,322,666	\$ 126	\$ 599,775	\$ 49,290	\$ 716,358	\$ 2,688,215
Liabilities:						
Warrants Payable	\$ 56,382	\$ -	\$ 76,117	\$ -	\$ 97,271	\$ 229,770
Accrued Payroll	27,566	-	-	-	545	28,111
Payroll Withholdings	5,107	-	-	-	-	5,107
Tax Refund Payable	15,100	-	-	-	-	15,100
Other	191	-	-	-	-	191
Notes Payable	-	158,000	-	-	-	158,000
Total Liabilities	104,346	158,000	76,117	-	97,816	436,279
Deferred Inflows of Resources - Unavailable Revenue	163,115	-	-	-	320,236	483,351
Fund Balance:						
Restricted	-	-	523,658	-	301,838	825,496
Committed	163,769	-	-	49,290	-	213,059
Assigned	107,225	-	-	-	-	107,225
Unassigned	784,211	(157,874)	-	-	(3,532)	622,805
Total Fund Balance	1,055,205	(157,874)	523,658	49,290	298,306	1,768,585
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 1,322,666	\$ 126	\$ 599,775	\$ 49,290	\$ 716,358	\$ 2,688,215

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, 2018**

	General Fund	Tropical Storm Irene Fund	Last Mile Broadband Grant Fund	Highway Garage Construction Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:						
Property Taxes	\$ 3,408,694	\$ -	\$ -	\$ -	\$ -	\$ 3,408,694
Intergovernmental	360,804	-	-	817,223	886,141	2,064,168
Excise and Other Taxes	211,893	-	-	-	-	211,893
Licenses, Permits, Fees	42,933	-	-	-	-	42,933
Charges for Services	43,642	-	-	-	92,059	135,701
Interest on Taxes	17,626	-	-	-	-	17,626
Investment Income	8,997	-	-	88	141	9,226
Gifts and Donations	-	-	-	-	23,797	23,797
Other	-	-	-	-	2,161	2,161
Total Revenues	4,094,589	-	-	817,311	1,004,299	5,916,199
Expenditures:						
Current:						
General Government	398,090	-	86,342	-	19,948	504,380
Public Safety	223,936	-	-	-	218,247	442,183
Public Works	664,083	-	-	1,248,021	682,973	2,595,077
Education	2,261,319	-	-	-	-	2,261,319
Health and Human Services	24,961	-	-	-	5,908	30,869
Culture and Recreation	75,137	-	-	-	3,794	78,931
Employee Benefits and Insurance	306,741	-	-	-	-	306,741
State Assessments	2,854	-	-	-	-	2,854
Debt Service:						
Principal	74,667	-	-	-	3,174	77,841
Interest	11,893	-	-	-	-	11,893
Total Expenditures	4,043,681	-	86,342	1,248,021	934,044	6,312,088
Excess of Revenues Over (Under) Expenditures	50,908	-	(86,342)	(430,710)	70,255	(395,889)
Other Financing Sources (Uses):						
Operating Transfers In	3,966	-	-	-	-	3,966
Operating Transfers Out	-	-	-	-	(3,966)	(3,966)
Proceeds from Issuance of Notes	-	50,000	-	-	-	50,000
Total Other Financing Sources (Uses)	3,966	50,000	-	-	(3,966)	50,000
Net Change in Fund Balances	54,874	50,000	(86,342)	(430,710)	66,289	(345,889)
Fund Balances, Beginning of Year	1,000,331	(207,874)	610,000	480,000	232,017	2,114,474
Fund Balances, End of Year	\$ 1,055,205	\$ (157,874)	\$ 523,658	\$ 49,290	\$ 298,306	\$ 1,768,585

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, 2018

Total Governmental Fund Balances	\$	1,768,585
Capital Assets (net) used in governmental activities are not financial resources and therefore, are not reported in the funds.		6,757,962
Revenues are recognized on an accrual basis of accounting instead of a modified accrual basis.		483,351
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.		95,048
Long Term liabilities are not due and payable in the current period and therefore, are not reported in the governmental funds:		
Bonds Payable	\$ (305,461)	
Other Post Employment Benefits Payable	(148,077)	
Net Pension Liability	<u>(596,939)</u>	(1,050,477)
In the statement of activities, interest is accrued on outstanding long term debt, whereas in governmental funds, interest is not reported until due.		<u>(3,747)</u>
Net Position of Governmental Activities	\$	<u><u>8,050,722</u></u>

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, 2018

Net Change in Fund Balances - Total Governmental Funds \$ (345,889)

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	\$ 1,841,082	
Depreciation	<u>(313,709)</u>	1,527,373

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. (142,286)

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	77,841	
Proceeds from the Issuance of Notes	<u>(50,000)</u>	27,841

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 Other Post Employment Benefits Liability	73,435	
Net Change in Deferred Outflow/(Inflow) of Resources Related to OPEB	56,944	
Net Change in Net Pension Liability	78,738	
Net Change in Deferred Outflow/(Inflow) of Resources Related to Pensions	(115,833)	
Net Change in Accrued Interest on Long-Term Debt	<u>653</u>	<u>93,937</u>

Change in Net Position of Governmental Activities \$ 1,160,976

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, 2018

	<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				
Revenues:							
Property Taxes	\$ -	\$ 3,427,340	\$ 3,427,340	\$ 3,446,594	\$ -	\$ 19,254	
Intergovernmental	-	352,768	352,768	360,804	-	8,036	
Excise and Other Taxes	-	126,300	126,300	211,893	-	85,593	
Licenses, Permits, Fees	-	23,100	23,100	42,933	-	19,833	
Charges for Services - Transfer Station	-	31,600	31,600	43,642	-	12,042	
Interest on Taxes	-	10,000	10,000	17,626	-	7,626	
Investment Income	-	-	-	1,454	-	1,454	
Total Revenues	-	3,971,108	3,971,108	4,124,946	-	153,838	
Expenditures:							
Current:							
General Government	73,331	406,083	479,414	398,090	62,488	18,836	
Public Safety	1,875	246,240	248,115	223,936	1,875	22,304	
Public Works	4,569	720,916	795,485	664,083	87,012	44,390	
Education	-	2,263,185	2,263,185	2,261,319	-	1,866	
Health and Human Services	-	34,641	34,641	24,961	-	9,680	
Culture and Recreation	2,705	84,945	87,650	75,137	12,394	119	
Employee Benefits and Insurance	-	283,621	333,621	306,741	-	26,880	
State Assessments	-	2,854	2,854	2,854	-	-	
Debt Service:							
Principal	-	74,667	74,667	74,667	-	-	
Interest	-	17,522	17,522	11,893	-	5,629	
Total Expenditures	82,480	4,134,674	4,337,154	4,043,681	163,769	129,704	
Excess of Revenues Over (Under) Expenditures	(82,480)	(163,566)	(366,046)	81,265	163,769	283,542	
Other Financing Sources (Uses):							
Operating Transfers In	-	17,466	87,466	87,466	-	-	
Operating Transfers Out	-	-	(73,541)	(73,541)	-	-	
Total Other Financing Sources (Uses)	-	17,466	13,925	13,925	-	-	
Net Change in Budgetary Fund Balance	(82,480)	(146,100)	(352,121)	\$ 95,190	\$ 163,769	\$ 283,542	
Other Budgetary Items:							
Free Cash and Other Reserves	-	146,100	269,641				
Prior Year Encumbrances	82,480	-	82,480				
Total Other Budgetary Items	82,480	146,100	352,121				
NET BUDGET	\$ -	\$ -	\$ -				

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, 2018

	Revenues	Expenditures
Reported on a Budgetary Basis	\$ 4,124,946	\$ 4,043,681
<i>Adjustments:</i>		
Activity for Stabilization Fund Recorded in the General Fund for GAAP Purposes	7,543	-
Net Decrease in Revenue from recording Refund Taxes Payable	(15,100)	-
Net Decrease in Revenue from Recording 60-Day Receipts	(22,800)	-
Reported on a GAAP Basis	\$ 4,094,589	\$ 4,043,681

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, 2018**

	Other		
	Post Employment Benefits Trust Fund	Private Purpose Trust Funds	Agency Funds
ASSETS			
Cash and Cash Equivalents	\$ -	\$ -	\$ 497
Investments	155,169	6,273	-
Total Assets	155,169	6,273	497
LIABILITIES			
Due to Others	-	-	497
Total Liabilities	-	-	497
NET POSITION			
Held in Trust for Other Purposes	\$ 155,169	\$ 6,273	\$ -

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, 2018**

	Other Post Employment Benefits Trust Fund	Private Purpose Trust Funds
Additions:		
Employer Contributions	\$ 57,388	\$ -
Investment Income	5,010	97
Total Additions	62,398	97
Deductions:		
Employee Benefits and Insurance	7,388	-
Total Deductions	7,388	-
Change in Net Position	55,010	97
Net Position at Beginning of Year	100,159	6,176
Net Position at End of Year	\$ 155,169	\$ 6,273

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, 2018

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 Selectboard.

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 2018, 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, 2018

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, 2018

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 *tropical storm Irene fund* is a special revenue fund used to account for the activity of the storm that occurred in August, 2011.

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

The *highway garage construction fund* is a capital projects fund used to account for the accumulation of resources to construct a new public works facility.

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, 2018

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, 2018

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, 2017 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 2018 on October 19, 2017 and March 19, 2018 that were due on November 18, 2017 and May 1, 2018.

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 2018 is as follows:

Legal Levy Limit Under Proposition 2 1/2 for fiscal year 2018	\$ 3,473,748
Add: Debt Exclusion	<u>87,746</u>
Maximum Allowable Levy	<u><u>\$ 3,561,494</u></u>

The total amount raised by taxation was \$3,452,435.

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, 2018

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:

Capital Asset Type	Years
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, 2018

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 only item in this category is *deferred inflows related to pensions*.

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, 2018

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, 2018

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 2018, the Town incurred a final budget deficit of \$352,121 for the General Fund.

TOWN OF COLRAIN, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2018

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

Unassigned fund balance:			
Free cash votes	\$	269,641	
Prior year's encumbrances		82,480	
		82,480	
	\$	352,121	

B. Deficit Fund Equity

The following funds have deficits at June 30, 2018 as measured by the balance of unreserved fund balance.

- The tropical storm Irene fund, a major fund, has a deficit of \$157,874. The Town has a bond anticipation note outstanding of \$158,000. The deficit will be eliminated upon the issuance of permanent debt.
- The highway grant special revenue fund has a deficit of \$3,532. 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, 2018 were \$1,548,655. 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, 2018

As of June 30, 2018, the Town had the following investments:

Investment Type	Fair Value	Investment Maturities (in Years)	
		Less Than 1	1 to 5
Debt Securities:			
U. S. treasury obligations	\$ 79,483	\$ 43,891	\$ 35,592
U. S. government agencies	95,955	-	95,955
Corporate bonds	131,581	-	131,581
Money market mutual fund	22,231	22,231	-
	<u>329,250</u>	<u>\$ 66,122</u>	<u>\$ 263,128</u>
Other Investments:			
Certificate of deposits	108,830		
Equity mutual funds	202,903		
MMDT	128,179		
	<u>\$ 769,162</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 \$769,162 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, 2018

Credit Risk

The Town's exposure to credit risk as of June 30, 2018 is as follows:

Related Debt Instruments	Fair Value
Moody's Quality Ratings	
<i>U. S. Treasury Obligations:</i>	
Aaa	\$ 79,483
<i>U. S. Government Agencies:</i>	
Aaa	95,955
<i>Corporate Bonds:</i>	
A1	42,155
A3	18,710
Baa1	40,216
Baa2	30,500
<i>Money Market Mutual Funds:</i>	
Not rated	22,231
	\$ 329,250

Concentration of Credit Risk

The Town places no limit on the amount the Town may invest in one issuer. More than 5 percent of the Town's investments are Federal Home Loan Mortgage Corporation amounting to 6.97% of the Town's total investments.

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, 2018

The Town has the following recurring fair value measurements as of June 30, 2018:

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	\$ 79,483	\$ 79,483	\$ -	\$ -
U. S. government agencies	95,955	95,955	-	-
Certificates of deposit	108,830	108,830	-	-
Equity mutual funds	202,903	202,903	-	-
Money market mutual fund	22,231	22,231	-	-
Corporate bonds	131,581	-	131,581	-
Total Investments	640,983	\$ 509,402	\$ 131,581	\$ -
Investments Measured at Amortized Cost:				
External Investment Pools (MMDT)	128,179			
Total Investments	\$ 769,162			

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, 2018, 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
Major and nonmajor governmental funds:			
Property taxes	\$ 95,168	\$ (3,309)	\$ 91,859
Tax liens	93,747	-	93,747
Excise taxes	29,868	(10,258)	19,610
Due from other governments	623,349	-	623,349
	\$ 842,132	\$ (13,567)	\$ 828,565

TOWN OF COLRAIN, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2018

The composition of amounts due from other governments as of June 30, 2018 for governmental funds is as follows:

General Fund:

Commonwealth of Massachusetts:

Department of Veterans Services:

Veterans benefits	\$	2,999
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Nonmajor Governmental Funds:

U. S. Department of Homeland Security:

Federal Emergency Management Agency:

Assistance to Firefighters Grant	\$	148,000
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Commonwealth of Massachusetts:

Department of Fish and Game:

Culvert Replacement Grant		88,740
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Executive Office of Economic Development

Mass.Works Grant		38,082
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Massachusetts Department of Transportation:

Highway Department - Chapter 90 funds		320,236
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Small Bridge Grant	25,292	620,350
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	<u>\$</u>	<u>623,349</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	\$	46,759
Tax liens		93,747
Excise taxes		19,610
Due from other governments		2,999
	<u>\$</u>	<u>163,115</u>

Nonmajor Governmental Funds:

Due from other governments		320,236
	<u>\$</u>	<u>483,351</u>

TOWN OF COLRAIN, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2018

D. Capital Assets

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

Governmental Activities	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	\$ 401,432	\$ 33,019	\$ -	\$ 434,451
Construction in progress	271,443	1,777,455	-	2,048,898
Total capital assets not being depreciated	672,875	1,810,474	-	2,483,349
Capital assets being depreciated:				
Buildings and Renovations	4,897,600	16,357	-	4,913,957
Machinery, equipment and other	2,314,085	14,251	-	2,328,336
Infrastructure	4,649,821	-	-	4,649,821
Total capital assets being depreciated	11,861,506	30,608	-	11,892,114
Less accumulated depreciation for:				
Buildings and Renovations	4,897,600	818	-	4,898,418
Machinery, equipment and other	1,694,664	126,898	-	1,821,562
Infrastructure	711,528	185,993	-	897,521
Total accumulated depreciation	7,303,792	313,709	-	7,617,501
Total capital assets being depreciated, net	4,557,714	(283,101)	-	4,274,613
Total governmental activities capital assets, net	\$ 5,230,589	\$ 1,527,373	\$ -	\$ 6,757,962

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

Governmental Activities:	
Public safety	\$ 60,333
Public works	253,376
Total depreciation expense - governmental activities	<u>\$ 313,709</u>

E. Interfund Receivables, Payables and Transfers

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

Transfers Out:	Transfers In: General fund
Nonmajor governmental funds	<u>\$ 3,966</u>

TOWN OF COLRAIN, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2018

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, 2017	Renewed/ Issued	Retired/ Redeemed	Outstanding June 30, 2018
Nonmajor Governmental Funds:						
Bond Anticipation Notes:						
Storm emergency	0.90%	11/21/2017	\$ 208,000	\$ -	\$ 208,000	\$ -
Storm emergency	1.26%	11/21/2018	-	158,000	-	158,000
Total Governmental Activities			\$ 208,000	\$ 158,000	\$ 208,000	\$ 158,000

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, 2018
Inside Debt:					
U.S. Department of Agriculture:					
Fire truck	3.13%	4/6/2015	4/6/2030	\$ 370,000	\$ 295,999
Total Inside Debt					295,999
Outside Debt:					
Massachusetts Clean Water Trust:					
Title V septic loans	0.00%	8/1/2002	8/1/2020	60,251	9,462
Total Outside Debt					9,462
Total governmental type debt					\$ 305,461

TOWN OF COLRAIN, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2018

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, 2018, are as follows:

Year	Principal	Interest	Total
2019	\$ 27,841	\$ 9,669	\$ 37,510
2020	27,841	8,726	36,567
2021	27,781	7,790	35,571
2022	24,667	6,937	31,604
2023	24,667	6,167	30,834
2024-2028	123,335	19,271	142,606
2029-2030	49,329	2,312	51,641
	<u>\$ 305,461</u>	<u>\$ 60,872</u>	<u>\$ 366,333</u>

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

	Balance July 1, 2017	Additions	Reductions	Balance June 30, 2018	Amounts Due within One Year
Governmental activities:					
Bond Payable:					
General obligation bonds Massachusetts Clean Water Trust bonds	\$ 320,666	\$ -	\$ 24,667	\$ 295,999	\$ 24,667
OPEB liability obligation	12,636	-	3,174	9,462	3,174
Net pension liability	221,512	-	73,435	148,077	-
Governmental activity	675,677	-	78,738	596,939	-
Long-term liabilities	<u>\$ 1,230,491</u>	<u>\$ -</u>	<u>\$ 180,014</u>	<u>\$ 1,050,477</u>	<u>\$ 27,841</u>

Massachusetts Clean Water Trust (MCWT)

The Town is scheduled to be subsidized by the Massachusetts Clean Water Trust (MCWT) on a periodic basis for principal in the amount of \$60,251 and interest costs of \$30,567 for a loan which the Town has borrowed from MCWT. The gross amount outstanding at June 30, 2018 for principal and interest combined for the loans is \$10,210. The net repayments, including interest, are scheduled to be \$9,462. Since the Town is legally obligated for the total amount of the debt, such amounts for the gross principal have been recorded on the financial statements. The fiscal year 2018 principal and interest subsidies totaled \$598.

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, 2018 totaled \$295,999.

TOWN OF COLRAIN, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2018

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, 2018:

Equalized Valuation-Real Estate and Personal Property (2016)		\$ 177,586,600		<u>8,879,330</u>
Debt Limit: 5 % of Equalized value				8,879,330
Total Debt Outstanding	\$ 305,461			
Less: Debt Outside Debt Limit		<u>(9,462)</u>		<u>295,999</u>
Inside Debt Excess Borrowing Capacity at June 30, 2018				<u><u>\$ 8,583,331</u></u>

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.

	Current Year's Long Term Debt	Town's Estimated Share	Town's Estimated Indirect Debt
Mohawk Trail Regional School District:			
2010 Bond B	\$ 29,340	100.00%	\$ 29,340
District capital project	694,660	15.10%	104,894
School building remodel	<u>750,000</u>	<u>27.91%</u>	<u>209,325</u>
	<u><u>\$ 1,474,000</u></u>		<u><u>\$ 343,559</u></u>

The Franklin County Technical School District has bond anticipation notes outstanding as of June 30, 2018 or \$2,364,919 for a construction project. The Town of Colrain's share has not been determined at this time.

TOWN OF COLRAIN, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2018

H. Fund Balances

The following is a summary of the Governmental fund balances at the year ended June 30, 2018:

	General Fund	Major Funds	Nonmajor Governmental Funds	Total Governmental Funds
Restricted:				
Federal, state and local grants	\$ -	\$ -	\$ 90,910	\$ 90,910
Last Mile Broadband Grant	-	523,658	-	523,658
Town revolving funds	-	-	54,779	54,779
Donations and gifts	-	-	78,479	78,479
Septic loans	-	-	62,099	62,099
Permanent funds	-	-	3,005	3,005
Other	-	-	12,566	12,566
	<u>-</u>	<u>523,658</u>	<u>301,838</u>	<u>825,496</u>
Committed:				
Highway Garage Construction	-	49,290	-	49,290
Continuing appropriations	163,769	-	-	163,769
	<u>163,769</u>	<u>49,290</u>	<u>-</u>	<u>213,059</u>
Assigned:				
Subsequent year's budget	107,225	-	-	107,225
	<u>107,225</u>	<u>-</u>	<u>-</u>	<u>107,225</u>
Unassigned:				
General Fund	784,211	-	-	784,211
Deficit special revenue:				
Tropical Storm Irene	-	(157,874)	-	(157,874)
Highway Grants	-	-	(3,532)	(3,532)
	<u>784,211</u>	<u>(157,874)</u>	<u>(3,532)</u>	<u>622,805</u>
Total Governmental fund balances	<u>\$ 1,055,205</u>	<u>\$ 415,074</u>	<u>\$ 298,306</u>	<u>\$ 1,768,585</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, 2018

At June 30, 2018, the balances in the stabilization funds reported in the General Fund as unassigned fund balance are as follows:

General purpose stabilization fund	\$	221,501
Assessor's stabilization fund		13,242
Audit stabilization fund		2,262
Fire Department stabilization fund		80,818
Griswold Library stabilization fund		15,030
Highway stabilization fund		22,787
Police stabilization fund		21,367
Technology stabilization fund		8,065
Transfer Station stabilization fund		12,849
		397,921
	\$	397,921

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.

Based upon the unaudited draft results of operations of the HCHG for the fiscal year ended June 30, 2018, the Town's insurance consultants have reported the HCHG has accumulated a surplus of \$21,067,737 as of June 30, 2018.

TOWN OF COLRAIN, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2018

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, 2018, cannot be ascertained, management believes any resulting liability should not materially affect the financial position at June 30, 2018.

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. Subsequent Events

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

D. 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 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.

TOWN OF COLRAIN, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2018

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, 2017 was \$80,515, representing 22.97% 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, 2018, the Town reported a liability of \$596,939 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2018. Accordingly, update procedures were used to roll forward the total pension liability to the measurement date. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At December 31, 2017, the Town's proportional percentage was 1.306%, which was a slight increase from the last measurement.

Pension Expense

For the year ended June 30, 2018, the Town recognized a pension expense of \$117,610 and reported deferred outflows of resources related to pensions of \$95,141 from the differences between expected and actual experience, changes in assumptions and changes between employer contributions and proportionate share of contributions; and deferred inflows of resources related to pensions of \$57,037 from the differences between expected and actual experience and earnings on pension plan investments.

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

For years ended June 30,		
2019	\$	36,313
2020		30,626
2021		(9,116)
2022		(19,719)
	\$	<u>38,104</u>

TOWN OF COLRAIN, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2018

Actuarial Assumptions

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

Valuation date	January 1, 2018
Actuarial cost method	Entry Age Normal Cost Method
Amortization method	Increasing dollar amount at 4.0% to reduce the Unfunded Actuarial Accrued Liability to zero on or before June 30, 2035. The annual increase is further limited to 5.5%. Early Retirement Incentive Program (ERI): Level dollar amount to reduce the 2002 and 2003 ERI to zero on or before June 30, 2019 and June 30, 2020, respectively.
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	3.00% per year
Projected salary increases	Group 1: 6% - 4.25%, based on service Group 4: 7% - 4.75%, based on service
Cost of living adjustments	4.00% of the pension amount on \$17,000 per year.
Investment rate of return	7.75%, net of pension plan investment expense, including inflation
Mortality rates	RP-2000 Mortality Table (base year 2009) with full generational mortality improvement using Scale BB. RP-2000 Mortality Table (base year 2012) with full generational mortality improvement using Scale BB for disabled members

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 weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

TOWN OF COLRAIN, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2018

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, 2017, are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
PRIT Core	45.0%	5.30%
Domestic Equity	27.0%	6.60%
International Equity	5.0%	3.70%
Real Estate	10.0%	7.00%
Fixed Income	13.0%	5.40%
Total	<u>100.0%</u>	

Rate of Return

For the year ended December 31, 2017, the annual money-weighted rate of return (which expresses investment performance), net of investment expense was 14.48%. 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 interactive 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.

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):

	1% Decrease 6.75%	Current Discount Rate 7.75%	1% Increase 8.75%
Town's net pension liability	\$ 875,941	\$ 596,939	\$ 360,776

TOWN OF COLRAIN, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2018

E. Other Post Employment Benefits Payable

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 15 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.

GASB Statement No. 74 – Financial Reporting for OPEB Plans

Funding Policy

The contribution requirements of plan members and the Town are established and may be amended through Town ordinances. The required contribution is based on the projected pay-as-you-go financing requirements. The Town contributes 50 percent of the cost of current year premiums for eligible retired plan members and their survivors. For the 2018 fiscal year, the Town contributed \$57,388 to the plan. The Town did establish a trust fund in order to reduce the future OPEB liability. The trust balance is \$155,169 as of June 30, 2018.

Measurement Date

GASB Statement No. 74 requires the net OPEB liability to be measured as of the OPEB Plan's most recent fiscal year-end. Accordingly, the net OPEB liability was measured as of July 1, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of July 1, 2017.

Plan Membership:

Current active members	10	
Current retirees, beneficiaries and dependents	5	
Total	15	

TOWN OF COLRAIN, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2018

Net OPEB Liability

The components of the net OPEB liability are as follows:

	6/30/2018
Total OPEB liability	\$ 258,648
Less: Plan fiduciary net position	(155,169)
Town's Net OPEB liability	\$ 103,479
Plan fiduciary net position as a percentage of the total OPEB liability	59.99%

Actuarial Methods and Assumptions

The total OPEB liability was determined by an actuarial valuation as of July 1, 2017, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified;

Valuation date	July 1, 2017
Actuarial cost method	Individual Entry Age Normal
Asset valuation method	market value of assets as of the reporting date, June 30, 2018.
Investment rate of return	6.80%, net of OPEB plan investment expense, including inflation
Single equivalent discount rate	7.00%, net of OPEB plan investment expense, including inflation
Inflation	2.75% as of June 30, 2018 and for future periods
Projected salary increases	3.00% annually as of June 30, 2018, and for future periods
Cost of living adjustments	not applicable
Mortality rates	
Pre-retirement mortality	RP-2000 Employees Mortality Table projected generationally with Scale BB and a base year 2009 for males and females.
Post-retirement mortality	RP-2000 Healthy Annuitant Mortality Table projected generationally with Scale BB and a base year 2009 for males and females.
Disabled mortality	RP-2000 Healthy Annuitant Mortality Table projected generationally with Scale BB and a base year 2012 for males and females.

The actuarial assumptions used in the July 1, 2017 valuation were reflective of published municipal bond indices; the S&P Municipal Bond 20-year High Grade Rate Index as of June 30, 2018 is 3.45%.

Rate of Return

For the year ended June 30, 2018, the annual money-weighted rate of return (which expresses investment performance), net of investment expense was 3.87%.

TOWN OF COLRAIN, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2018

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:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity - Large Capital	20.00%	4.00%
Domestic Equity - Small/Mid Capital	10.00%	6.00%
International Equity - Developed Market	10.00%	4.50%
International Equity - Emerging Market	5.00%	7.00%
Domestic Fixed Income	25.00%	2.00%
International Fixed Income	10.00%	3.00%
Alternatives	20.00%	6.50%
Real Estate	0.00%	6.25%
Cash	0.00%	0.00%
Total	100.00%	
I. Real Rate of Return		4.30%
II. Add: Inflation Assumption		2.75%
III. Total Nominal Return (I. + II.)		7.05%
IV. Less: Investment Expense		-0.25%
V. Net investment Return (III.-IV.)		6.80%

Discount Rate

The discount rate used to measure the total OPEB liability was 7.00%. 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.

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 (6.00%) or 1-percentage-point higher (8.00%) than the current rate:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Town's net OPEB liability	\$ 140,244	\$ 103,479	\$ 66,714

TOWN OF COLRAIN, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2018

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 (4.00%) or 1-percentage-point higher (6.00%) than the current healthcare cost trend rate:

	1% Decrease (4.00%)		Healthcare Cost Trend Rates (5.00%)		1% Increase (6.00%)
Town's net OPEB liability	\$ 35,009	\$	103,479	\$	232,364

GASB Statement No. 75 – Financial Reporting for OPEB Employer

Summary of Significant Accounting Policies

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to the OPEB, and OPEB expense, information about the fiduciary net position of the Plan and additions to or deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, the Plan recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest earning investment contracts (repurchase agreements) that have a maturity at the time of purchase of one year, which are reported at cost.

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, 2018, the total Town premiums plus implicit costs for the retiree medical program were \$7,036. The Town also made a contribution to an OPEB Trust of \$100,000 for a total contribution during the measurement period of \$107,036 to be reported on the financial statement for the fiscal year ending June 30, 2018.

Measurement Date

GASB Statement No. 75 requires the net OPEB liability to be measured as of a date no earlier than the end of the employer's prior fiscal year and no later than the end of the employer's current fiscal year, consistently applied from period to period. Accordingly, the net OPEB liability was measured as of July 1, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of July 1, 2017.

Plan Membership:

Current active members		10	
Current retirees, beneficiaries and dependents		5	
Total		15	

TOWN OF COLRAIN, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2018

Net OPEB Liability

The Town's net OPEB liability was measured as of July 1, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date.

The components of the net OPEB liability are as follows:

	6/30/2018
Total OPEB liability	\$ 248,410
Less: Plan fiduciary net position	(100,333)
Town's Net OPEB liability	\$ 148,077
 Plan fiduciary net position as a percentage of the total OPEB liability	40.39%

Actuarial Methods and Assumptions

The total OPEB liability was determined by an actuarial valuation as of July 1, 2017, using the following actuarial assumptions, applied to all periods included in the measurement for the reporting date of June 30, 2018:

Valuation date	Actuarially determined contribution was calculated as of July 1, 2017
Actuarial cost method	Individual Entry Age Normal
Asset valuation method	market value of assets as of the measurement date, July 1, 2017.
Investment rate of return	6.80%, net of OPEB plan investment expense, including inflation
Inflation	2.75% as of July 1, 2017 and for future periods
Single equivalent discount rate	6.75%, net of OPEB plan investment expense, including inflation
Projected salary increases	3.00% annually as of July 1, 2017, and for future periods
Cost of living adjustments	not applicable
Mortality rates	
Pre-retirement mortality	RP-2000 Employees Mortality Table projected generationally with Scale BB and a base year 2009 for males and females.
Post-retirement mortality	RP-2000 Healthy Annuitant Mortality Table projected generationally with Scale BB and a base year 2009 for males and females.
Disabled mortality	RP-2000 Healthy Annuitant Mortality Table projected generationally with Scale BB and a base year 2012 for males and females.

The actuarial assumptions used in the July 1, 2017 valuation were reflective of published municipal bond indices; the S&P Municipal Bond 20-year High Grade Rate Index as of July 1, 2017 is 3.13%.

Rate of Return

For the year ended June 30, 2018, the annual money-weighted rate of return (which expresses investment performance), net of investment expense was 0.67%.

TOWN OF COLRAIN, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2018

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:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity - Large Capital	20.00%	4.00%
Domestic Equity - Small/Mid Capital	10.00%	6.00%
International Equity - Developed Market	10.00%	4.50%
International Equity - Emerging Market	5.00%	7.00%
Domestic Fixed Income	25.00%	2.00%
International Fixed Income	10.00%	3.00%
Alternatives	20.00%	6.50%
Real Estate	0.00%	6.25%
Cash	0.00%	0.00%
Total	100.00%	
I. Real Rate of Return		4.30%
II. Add: Inflation Assumption		2.75%
III. Total Nominal Return (I. + II.)		7.05%
IV. Less: Investment Expense		-0.25%
V. Net investment Return (III.-IV.)		6.80%

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, 2018

Changes in the Net OPEB Liability

	Increase (Decrease)		
	Total OPEB	Plan Fiduciary	Total OPEB
	Liability	Net Position	Liability
Balances at July 1, 2017 GASB 45	\$ 281,605	\$ -	\$ 281,605
Changes in Assumptions for GASB 75	(60,093)	-	(60,093)
Balances at July 1, 2017 GASB 75	<u>221,512</u>	-	<u>221,512</u>
Service cost	12,690	-	12,690
Interest on Total OPEB Liability, service cost and benefit payments	15,575	-	15,575
Changes in benefit terms *	-	-	-
Changes in assumptions **	-	-	-
Difference between actual and expected experience	5,669	-	5,669
Net investment income	-	333	(333)
Employer contributions to Trust	-	107,036	(107,036)
Benefit payments withdrawn from Trust	-	(7,036)	7,036
Benefit payments excluding implicit cost	N/A	-	N/A
Implicit cost amount	N/A	-	N/A
Total benefit payments including implicit cost	(7,036)	-	(7,036)
Administrative expense	-	-	-
Other charges	-	-	-
Net change in total OPEB liability	<u>26,898</u>	<u>100,333</u>	<u>(73,435)</u>
Balances at June 30, 2018 GASB 75	<u>\$ 248,410</u>	<u>\$ 100,333</u>	<u>\$ 148,077</u>

* = Recognized immediately

** = Amortized over 5 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:

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
Town's net OPEB liability	\$ 184,105	\$ 148,077	\$ 113,979

TOWN OF COLRAIN, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2018

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 (4.00%) or 1-percentage-point higher (6.00%) than the current healthcare cost trend rate:

	1% Decrease (4.00%)	Healthcare Cost Trend Rates (5.00%)	1% Increase (6.00%)
Town's net OPEB liability	\$ 81,194	\$ 148,077	\$ 274,607

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

For the year ended June 30, 2018, the GASB Statement No. 75 reporting period and fiscal year ending date, the Town recognized an OPEB expense of \$80,379 and reported deferred outflows of resources related to OPEB of \$6,944 and deferred inflows of resources related to OPEB of \$0. The Town made an additional contribution of \$50,000 after the measurement date of July 1, 2017 and prior to the reporting date of June 30, 2018.

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

For years ended June 30,	
2019	\$ 1,736
2020	1,736
2021	1,736
2022	1,736
	\$ 6,944

F. Implementation of New GASB Pronouncements

The GASB issued Statement No. 75, *Accounting and Financial Reporting for Post employment Benefit Plans Other Than Pension Plans*, for implementation in fiscal year 2018.

The GASB issued Statement No. 81, *Irrevocable Split-Interest Agreements*, for implementation in fiscal year 2018.

The GASB issued Statement No. 85, *Omnibus 2017*, for implementation in fiscal year 2018.

The GASB issued Statement No. 86, *Certain Debt Extinguishment Issues*, for implementation in fiscal year 2018.

TOWN OF COLRAIN, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2018

G. 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. 83, *Certain Asset Retirement Obligations*, for implementation in fiscal year 2019.

The GASB issued Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*, for implementation in fiscal year 2019.

The GASB issued Statement No. 87, *Leases*, for implementation in fiscal year 2021.

REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF COLRAIN, MASSACHUSETTS
Required Supplementary Information
Pension Plan Schedules
Franklin Regional Retirement System
For the Year Ended June 30, 2018

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:

	<u>12/31/2017</u>	<u>12/31/2016</u>	<u>12/31/2015</u>	<u>12/31/2014</u>
Town's proportion of the net pension liability (asset)	1.306%	1.286%	1.285%	1.100%
Town's proportionate share of the net pension liability (asset)	\$ 596,939	\$ 675,677	\$ 598,863	\$ 412,877
Town's covered employee payroll	\$ 350,569	\$ 439,835	\$ 351,817	\$ 339,401
Net pension liability percentage of covered-employee payroll	170.28%	153.62%	170.22%	121.65%
Plan fiduciary net position as a percentage of the total pension liability	75.89%	70.75%	71.73%	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, 2018

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:

	<u>12/31/2017</u>	<u>12/31/2016</u>	<u>12/31/2015</u>	<u>12/31/2014</u>
Actuarially determined contribution	\$ 80,515	\$ 75,567	\$ 72,565	\$ 70,903
Less: Contributions in relation to the actuarially determined contribution	<u>(80,515)</u>	<u>(75,567)</u>	<u>(72,565)</u>	<u>(70,903)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Town's covered employee payroll	\$ 350,569	\$ 439,835	\$ 351,817	\$ 339,401
Contributions percentage of covered-employee payroll	22.97%	17.18%	20.6%	20.9%

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 (GASB 74) Schedules
For the Year Ended June 30, 2018

Schedule of Changes in the Net OPEB Liability:

	6/30/2018
Total OPEB liability	
Service cost	\$ 8,984
Interest on net OPEB liability	17,167
Changes in Benefit terms	-
Changes in Assumptions	-
Difference between actual and expected experience	-
Benefit payments, including refunds of member contributions	(7,388)
Net change in total OPEB liability	18,763
Total OPEB liability-beginning	239,885
Total OPEB liability-ending (a)	\$ 258,648
 Plan fiduciary net position	
Net investment income	\$ 4,836
Employer contributions to Trust	57,388
Benefit payments, including refunds of member contributions	(7,388)
Administrative expense	-
Other charges	-
Net change in plan fiduciary net position	54,836
Total fiduciary net position-beginning	100,333
Total fiduciary net position-ending (b)	\$ 155,169
 Town's net OPEB liability (a-b)	\$ 103,479

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 (GASB 74) Schedules
For the Year Ended June 30, 2018

Schedule of Net OPEB Liability:

	6/30/2018
Total OPEB liability	\$ 258,648
Less: Plan fiduciary net position	(155,169)
Town's Net OPEB liability	\$ 103,479
Plan fiduciary net position as a percentage of the total OPEB liability	59.99%
Town's share of covered employee payroll	\$ 425,731
Participating employer net OPEB liability (asset) as a percentage of covered-employee payroll	24.31%

Schedule of Contributions:

	6/30/2018
Actuarially determined contribution	\$ 19,494
Less: Contributions in relation to the actuarially determined contribution	(57,388)
Contribution deficiency (excess)	\$ (37,894)
Town's share of covered employee payroll	\$ 425,731
Contributions percentage of covered-employee payroll	13.48%
Annual money-weighted rate of return net of investment expense	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 (GASB 74) Schedules
For the Year Ended June 30, 2018

Schedule of Funding Progress:

Other Post Employment Benefits							
Date	Actuarial Fiduciary Net Position (A)	Actuarial Total OPEB Liability (B)	Actuarial Net OPEB Liability (B-A)	Actuarial Funded Ratio (A/B)	Actuarial Covered Payroll (C)	Actuarial Percentage of Covered Payroll ((B-A)/C)	
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.

TOWN OF COLRAIN, MASSACHUSETTS
Required Supplementary Information
Other Post Employment Benefit Plan (GASB 75) Schedules
For the Year Ended June 30, 2018

Schedule of Changes in the Net OPEB Liability:

	6/30/2018
Total OPEB liability	
Service cost	\$ 12,690
Interest on net OPEB liability	15,575
Difference between actual and expected experience	5,669
Benefit payments, including refunds of member contributions	(7,036)
Net change in total OPEB liability	26,898
Total OPEB liability-beginning	221,512
Total OPEB liability-ending (a)	\$ 248,410
 Plan fiduciary net position	
Net investment income	\$ 333
Employer contributions to Trust	107,036
Benefit payments, including refunds of member contributions	(7,036)
Net change in plan fiduciary net position	100,333
Total fiduciary net position-beginning	-
Total fiduciary net position-ending (b)	\$ 100,333
 Town's net OPEB liability (a-b)	\$ 148,077

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 (GASB 75) Schedules
For the Year Ended June 30, 2018

Schedule of Net OPEB Liability:

	6/30/2018
Total OPEB liability	\$ 248,410
Less: Plan fiduciary net position	(100,333)
Town's Net OPEB liability	\$ 148,077
Plan fiduciary net position as a percentage of the total OPEB liability	40.39%
Town's share of covered employee payroll	\$ 413,331
Participating employer net OPEB liability (asset) as a percentage of covered-employee payroll	35.83%

Schedule of Contributions:

	6/30/2018
Actuarially determined contribution	\$ 23,589
Less: Contributions in relation to the actuarially determined contribution	(107,036)
Contribution deficiency (excess)	\$ (83,447)
Town's share of covered employee payroll	\$ 413,331
Contributions percentage of covered-employee payroll	25.90%
Annual money-weighted rate of return net of investment expense	0.67%

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 (GASB 75) Schedules
For the Year Ended June 30, 2018

Schedule of Funding Progress:

Other Post Employment Benefits							
Date	Actuarial Fiduciary Net Position (A)	Actuarial Total OPEB Liability (B)	Actuarial Net OPEB Liability (B-A)	Actuarial Funded Ratio (A/B)	Actuarial Covered Payroll (C)	Actuarial Percentage of Covered Payroll ((B-A)/C)	
6/30/2018	\$ 100,333	\$ 248,410	\$ 148,077	40.39%	\$ 413,331	35.83%	

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, 2018**

	Fund Balances July 1, 2017	Revenues	Expenditures	Other Financing Sources (Uses)	Fund Balances June 30, 2018
Special Revenue:					
Federal and State Grants:					
Arts Lottery Council Grants	\$ 3,401	\$ 4,505	\$ 3,788	\$ -	\$ 4,118
Community Compact Grants	889	30,000	3,583	-	27,306
Council on Aging Grants	6,670	5,000	5,000	-	6,670
Highway Grants	(1,320)	569,914	572,126	-	(3,532)
Library Grants	22,864	2,047	7	-	24,904
Other Grants and Programs	2,203	-	7,500	7,500	2,203
Planning Grant	-	10,000	4,091	-	5,909
Public Safety Grants	19,245	152,030	151,975	-	19,300
Small Bridge Grant	-	109,251	101,751	(7,500)	-
Other:					
Board of Health Revolving	8,549	1,975	225	-	10,299
Conservation Revolving	59	755	253	-	561
Demolition Revolving	949	-	-	-	949
Dog Fund	4,766	1,041	-	(2,100)	3,707
Electrical/Wiring Inspector	(320)	2,310	3,125	-	(1,135)
Fire Department Inspections	465	1,425	1,200	-	690
Gifts and Donations	66,225	23,798	11,544	-	78,479
Griswoldville Water Pollution Abatement Trust	500	-	-	-	500
Insurance Proceeds	828	279	-	-	1,107
Outside Details	966	61,972	56,680	-	6,258
Planning Revolving	3,028	300	253	-	3,075
Plumbing Inspector	87	3,930	4,150	-	(133)
Recycling Program	3,512	3,500	1,596	-	5,416
Septic Loan Programs	64,664	609	3,174	-	62,099
Tax Title Revolving	13,672	15,473	1,358	-	27,787
Transfer Station Disposal	1,092	1,543	-	-	2,635
Wetlands Protection Fund	4,039	-	-	-	4,039
Zoning Board of Appeals	-	750	665	-	85
Quintus Allen Fund	1,989	1,882	-	(1,866)	2,005
Total Special Revenue Funds	\$ 229,022	\$ 1,004,289	\$ 934,044	\$ (3,966)	\$ 295,301

**TOWN OF COLRAIN, MASSACHUSETTS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2018**

	Fund Balances July 1, 2017	Revenues	Expenditures	Other Financing Sources (Uses)	Fund Balances June 30, 2018
Permanent Funds:					
Cemetery Perpetual Care Fund	1,753	9	-	-	1,762
Babbitt Cemetery Care Fund	762	1	-	-	763
Colrain Beautification Fund	480	-	-	-	480
Total Permanent Funds	<u>2,995</u>	<u>10</u>	<u>-</u>	<u>-</u>	<u>3,005</u>
Total - Non-Major Governmental Funds	<u>\$ 232,017</u>	<u>\$ 1,004,299</u>	<u>\$ 934,044</u>	<u>\$ (3,966)</u>	<u>\$ 298,306</u>

**TOWN OF COLRAIN, MASSACHUSETTS
SCHEDULE OF REAL ESTATE, PERSONAL PROPERTY, SUPPLEMENTAL
AND DEFERRED REAL ESTATE TAXES
JULY 1, 2017 TO JUNE 30, 2018**

	Uncollected Taxes July 1, 2017	Commitments	Abatements and Adjustments	Collections Net of Refunds and Overpayments	Uncollected Taxes June 30, 2018	Uncollected Taxes Per Detail June 30, 2018
Real Estate Taxes:						
Levy of 2018	\$ -	\$ 3,046,216	\$ 58,285	\$ 2,908,088	79,843	\$ 77,420
Levy of 2017	97,401	-	14,102	82,670	629	600
Levy of 2016	976	-	(5,186)	6,035	127	127
Levy of 2015	(232)	-	(108)	-	(124)	(124)
Levy of 2014	-	-	103	-	(103)	(103)
	<u>98,145</u>	<u>3,046,216</u>	<u>67,196</u>	<u>2,996,793</u>	<u>80,372</u>	<u>77,920</u>
Personal Property Taxes:						
Levy of 2018	-	406,218	1,904	403,963	351	351
Levy of 2017	466	-	-	466	-	-
Levy of 2016	135	-	135	-	-	-
Levy of 2014	68	-	-	-	68	68
Prior Years	2,978	-	-	-	2,978	3,360
	<u>3,647</u>	<u>406,218</u>	<u>2,039</u>	<u>404,429</u>	<u>3,397</u>	<u>3,779</u>
Supplemental Taxes	271	-	-	-	271	-
Deferred Real Estate Taxes	9,066	2,062	-	-	11,128	8,989
Total Real Estate, Personal Property, Supplemental and Deferred Real Estate Taxes	<u>\$ 111,129</u>	<u>\$ 3,454,496</u>	<u>\$ 69,235</u>	<u>\$ 3,401,222</u>	<u>\$ 95,168</u>	<u>\$ 90,688</u>

**TOWN OF COLRAIN, MASSACHUSETTS
SCHEDULE OF MOTOR VEHICLE EXCISE TAXES
JULY 1, 2017 TO JUNE 30, 2018**

	Uncollected Taxes July 1, 2017	Commitments	Abatements and Adjustments	Collections Net of Refunds and Overpayments	Uncollected Taxes June 30, 2018	Uncollected Taxes Per Detail June 30, 2018
Motor Vehicle Excise Taxes:						
Levy of 2018	\$ -	\$ 180,711	\$ 4,187	\$ 164,502	\$ 12,022	\$ 11,971
Levy of 2017	31,276	24,323	2,999	46,735	5,865	5,239
Levy of 2016	13,538	-	128	11,312	2,098	2,098
Levy of 2015	1,842	-	-	768	1,074	1,074
Levy of 2014	1,981	-	-	130	1,851	1,851
Prior Years	7,121	-	-	163	6,958	6,953
Total Motor Vehicle Excise Taxes	\$ 55,758	\$ 205,034	\$ 7,314	\$ 223,610	\$ 29,868	\$ 29,186

**TOWN OF COLRAIN, MASSACHUSETTS
SCHEDULE OF TAX LIENS
JULY 1, 2017 TO JUNE 30, 2018**

	Uncollected Accounts July 1, 2017	Commitments	Abatements and Adjustments	Collections Net of Refunds and Overpayments	Uncollected Accounts June 30, 2018	Uncollected Accounts Per Detail June 30, 2018
Tax Liens	\$ 88,708	\$ 56,385	\$ 7,936	\$ 43,410	\$ 93,747	\$ 93,271