

TOWN OF COLRAIN, MASSACHUSETTS
Report on the Examination of Basic Financial Statements
For the Year Ended June 30, 2022

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Independent Auditor's Report

To the Honorable Select Board
Town of Colrain, Massachusetts

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Colrain Massachusetts, as of and for the year ended June 30, 2022, 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.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Colrain Massachusetts, as of June 30, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town of Colrain Massachusetts, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town of Colrain Massachusetts' ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town of Colrain Massachusetts' internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town of Colrain Massachusetts' ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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 is the responsibility of management and, 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.

Supplementary 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 accompanying Supplementary Schedule, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 accompanying supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Scanlon & Associates, LLC
South Deerfield, Massachusetts

June 22, 2023

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, 2022. 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 \$12,861,121 (net position) for the fiscal year reported. This compares to the previous year when assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$11,706,246 or an increase of \$1,154,875 (10%).
- At the close of the current fiscal year, the Town's governmental funds reported total ending fund balance of \$2,529,361, an increase of \$510,919 (25%) in comparison with the prior year.
- The General Fund's total fund balance increased \$208,402 (13%) to \$1,797,861. The ending General fund balance is 38% of revenues and transfers in; and 40% of expenditures and transfers out.
- Total liabilities of the Town decreased by \$154,333 (5%) to \$3,229,943 during the fiscal year. This net change resulted mainly from an increase in unearned revenue of \$161,315 and in the other post-employment benefits (OPEB) liability of \$84,879; and decreases in the pension liability of \$115,019 and in the bonds payable of \$221,988.
- The Town had General fund free cash certified by the Department of Revenue in the amount of \$478,387. The key factors that attributed to the free cash amount for fiscal year 2022 were unexpended/unencumbered appropriations of \$260,300 and excess over budget state and local receipts of \$158,900.
- The Town's enterprise funds certified free cash are as follows:
 - Broadband fund \$ 251,068.

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 business-type activities include the broadband 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 three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund 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.

Proprietary funds. The Town maintains one type of proprietary fund. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The Town uses enterprise funds to account for its broadband activities.

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		
	2022	2021	Change
Assets:			
Current assets	\$ 3,295,090	\$ 2,672,744	\$ 622,346
Noncurrent assets (excluding capital assets)	-	52,418	(52,418)
Capital assets	8,594,106	8,755,865	(161,759)
Total assets	11,889,196	11,481,027	408,169
Deferred Outflows of Resources	329,758	61,213	268,545
Liabilities:			
Current liabilities (excluding debt)	291,257	138,670	152,587
Current debt	-	24,667	(24,667)
Noncurrent liabilities (excluding debt)	504,774	534,914	(30,140)
Noncurrent debt	-	197,331	(197,331)
Total liabilities	796,031	895,582	(99,551)
Deferred Inflows of Resources	418,368	225,509	192,859
Net Position:			
Net Investment in Capital Assets	8,594,106	8,533,867	60,239
Restricted	985,238	692,368	292,870
Unrestricted	1,425,211	1,194,914	230,297
Total net position	\$ 11,004,555	\$ 10,421,149	\$ 583,406

	Business-Type Activities		
	Activities 2022	2021	Change
Assets:			
Current assets	\$ 595,694	\$ 852,392	\$ (256,698)
Capital assets	3,694,784	2,921,399	773,385
Total assets	4,290,478	3,773,791	516,687
Liabilities:			
Current liabilities (excluding debt)	33,912	88,694	(54,782)
Current debt	2,400,000	2,400,000	-
Total liabilities	2,433,912	2,488,694	(54,782)
Net Position:			
Net investment in capital assets	1,294,784	521,399	773,385
Restricted	293,958	776,801	(482,843)
Unrestricted	267,824	(13,103)	280,927
Total net position	\$ 1,856,566	\$ 1,285,097	\$ 571,469

Financial Highlights
Statement of Activities Highlights

	Governmental Activities		
	2022	2021	Change
Program Revenues:			
Charges for services	\$ 324,482	\$ 208,301	\$ 116,181
Operating grants and contributions	219,436	182,394	37,042
Capital grants and contributions	618,064	736,595	(118,531)
General Revenues:			
Property taxes	3,934,284	3,825,841	108,443
Motor vehicle excise and other taxes	217,699	220,865	(3,166)
Penalties and interest on taxes	35,577	16,091	19,486
Nonrestricted grants	374,591	372,328	2,263
Unrestricted investment income	(3,654)	11,963	(15,617)
Gain/(Loss) on sale of property	-	11,596	(11,596)
Miscellaneous	25,915	18,215	7,700
Total revenues	5,746,394	5,604,189	142,205
Expenses:			
General government	591,814	517,607	74,207
Public safety	570,014	406,212	163,802
Public Works	1,084,365	1,075,730	8,635
Education	2,545,844	2,472,627	73,217
Health and human services	37,046	30,138	6,908
Culture and recreation	98,217	100,849	(2,632)
Employee benefits and insurance	218,721	231,801	(13,080)
State assessments	3,311	2,528	783
Interest	5,456	39,780	(34,324)
Total expenses	5,154,788	4,877,272	277,516
Net (expenses) revenues	591,606	726,917	(135,311)
Transfers	(8,200)	(1,335,181)	1,326,981
Change in net position	583,406	(608,264)	1,191,670
Net position - beginning of year	10,421,149	11,029,413	(608,264)
Net position - end of year	\$ 11,004,555	\$ 10,421,149	\$ 583,406

	Business-Type Activities		
	Activities 2022	2021	Change
Program Revenues:			
Charges for services	\$ 606,884	\$ 34,374	\$ 572,510
Operating grants and contributions	19	1	18
Capital grants and contributions	375,226	-	375,226
Total revenues	982,129	34,375	947,754
Expenses:			
Broadband	418,860	84,459	334,401
Total expenses	418,860	84,459	334,401
Net (expenses) revenues	563,269	(50,084)	613,353
Transfers	8,200	1,335,181	(1,326,981)
Change in net position	571,469	1,285,097	(713,628)
Net position - beginning of year	1,285,097	-	1,285,097
Net position - end of year	\$ 1,856,566	\$ 1,285,097	\$ 571,469

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 \$12,861,121 at the close of fiscal year 2022.

Net position of \$9,888,890 (77%) 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, \$1,279,196 (10%), represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* \$1,693,035 (13%) 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 for its separate governmental activities, for its business-type activities and for the government as a whole.

The governmental activities net position increased by \$583,406 (6%) during the current fiscal year. The key elements of the increase in net position for fiscal year 2022 was mainly attributed to the net changes in governmental funds of \$510,919.

There was an increase of \$571,469 (44%) in net position reported in connection with the broadband business-type activities.

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 \$2,529,361, an increase of \$510,919 (25%) in comparison with the prior year.

Breakdown of the governmental funds are as follows:

- Restricted fund balance – \$710,083 (28%).
- Committed fund balance – \$30,311 (1%).
- Assigned fund balance – \$224,017 (9%).
- Unassigned fund balance – \$1,564,950 (62%).

Major Governmental Funds

The *General Fund* is the Town's primary operating fund and the largest source of day-to-day operations. At the end of the fiscal year, the General Fund reported a total fund balance of \$1,797,861, increasing \$208,402 (13%) from the prior year. Of the \$1,797,861, the unassigned amount is \$1,573,844 (88%) and the assigned amount is \$224,017 (12%). General fund revenues of \$4,719,892 were \$121,909 (3%) more than the prior year and expenditures of \$4,505,564 also increased \$114,102 (3%). Other activities in the General Fund were net transfers out to other funds of \$5,926.

The main components of the increase in general fund revenues were related to increases in property taxes of \$186,572 (5%) and a decrease in licenses, permits and fees of \$54,536 (46%) from the prior year.

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

- Decrease in Governmental expenditures of \$56,920 (12%).
- Decrease in Public works expenditures of \$95,752 (13%).
- Increase in Education expenditures of \$73,217 (3%).
- Increase in Debt service (principal and interest) of \$168,381 (220%) as the liability for the Fire Department truck was paid off early.

The *American Rescue Plan Act (ARPA) Grant Fund* is a United States Federal Government established funding source to assist in the fighting of the coronavirus. The fund has no balance. The fund has an accumulated a liability balance of \$248,242 for unearned revenue.

Proprietary funds. The proprietary funds statements share the same focus as the government-wide statements, reporting both short-term and long-term information about financial status.

The *broadband fund* is used for the financing and operations of installing internet systems in the Town. The broadband fund shows a balance of \$1,856,566 showing an increase of \$571,469 (44%) in total operations for the year. This change was mainly attributed to operating revenues exceeding operating expenses by \$202,254, interest income of \$19, intergovernmental income of \$375,226, interest expense of \$14,230 and transfers in from the general fund of \$8,200. Operating revenues increased by \$572,510 (1,666%) and operating expenses also increased by \$320,171 (379%) from the prior year.

General Fund Budgetary Highlights

The final general fund budget for fiscal year 2022 was \$4,989,841. This was an increase of \$355,458 (8%) over the previous year's budget.

There was an increase of \$454,638 between the original budget and the total final amended budget. The change is attributed to votes made at the Special Town Meeting in March 2022 and the Annual Town Meeting in June 2022 for various budget operating line items.

General fund expenditures were less than budgeted by \$484,277. Of the \$484,277 in under budget expenditures, \$224,017 has been carried over to fiscal year 2023.

There was a negative variance in state assessments of \$760 due to a lower assessment in the registry of motor vehicles non-renewal surcharge than actual payments.

Overall, the variance with the final budget was a positive \$486,340 consisting of a revenue surplus of \$226,080 and an appropriation surplus of \$260,260.

Capital Asset and Debt Administration

Capital Assets. The Town’s investment in capital assets for its governmental and business-type activities as of June 30, 2022 amounts to \$8,594,106 and \$3,694,784, respectively.

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:

- Property foreclosure for \$329.
- Highway road infrastructure improvements for \$359,794.

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

- Broadband infrastructure improvements for \$858,070.

Debt Administration. The Town has no outstanding governmental long-term debt, as of June 30, 2022.

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

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

Next Year’s Annual Town Meeting

The Town of Colrain operates under the "Open Meeting" concept where each voter has an equal vote in adopting of Town budgets and appropriations. The financial statements for June 30, 2022 do not reflect the fiscal year 2023 Town Meeting action. The Annual Town Meeting on June 14, 2022 authorized a fiscal year 2023 operating and capital budget as follows:

From the tax levy	\$	4,542,787
From Other Available Funds:		
From broadband network fees		743,123
Non-major Governmental Funds:		
Quintus Allen Fund		2,696
	\$	5,288,606

Requests for Information

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

BASIC FINANCIAL STATEMENTS

**TOWN OF COLRAIN, MASSACHUSETTS
STATEMENT OF NET POSITION
JUNE 30, 2022**

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
CURRENT:			
Cash and Cash Equivalents	\$ 1,494,740	\$ 591,056	\$ 2,085,796
Investments	987,585	-	987,585
Receivables, net of allowance for uncollectibles:			
Property Taxes	86,091	-	86,091
Tax Liens	100,326	-	100,326
Excise Taxes	29,509	-	29,509
User Charges	-	4,638	4,638
Due from Other Governments	596,839	-	596,839
Total current assets	<u>3,295,090</u>	<u>595,694</u>	<u>3,890,784</u>
NONCURRENT:			
Capital Assets, net of accumulated Depreciation:			
Non-depreciable	428,325	-	428,325
Depreciable	8,165,781	3,694,784	11,860,565
Total noncurrent assets	<u>8,594,106</u>	<u>3,694,784</u>	<u>12,288,890</u>
Total Assets	<u>11,889,196</u>	<u>4,290,478</u>	<u>16,179,674</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Outflows Related to Pensions	184,221	-	184,221
Deferred Outflows Related to OPEB	145,537	-	145,537
Total Deferred Outflows of Resources	<u>329,758</u>	<u>-</u>	<u>329,758</u>
LIABILITIES			
CURRENT:			
Warrants and Accounts Payable	22,937	27,882	50,819
Accrued Payroll	15,975	-	15,975
Payroll Withholdings	2,480	-	2,480
Other	1,623	-	1,623
Unearned Revenue	248,242	-	248,242
Accrued Interest	-	6,030	6,030
Bond Anticipation Notes Payable	-	2,400,000	2,400,000
Total current liabilities	<u>291,257</u>	<u>2,433,912</u>	<u>2,725,169</u>
NONCURRENT:			
Net OPEB Liability	84,879	-	84,879
Net Pension Liability	419,895	-	419,895
Total noncurrent liabilities	<u>504,774</u>	<u>-</u>	<u>504,774</u>
Total Liabilities	<u>796,031</u>	<u>2,433,912</u>	<u>3,229,943</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflows Related to Pensions	339,523	-	339,523
Deferred Inflows Related to OPEB	78,845	-	78,845
Total Deferred Inflows of Resources	<u>418,368</u>	<u>-</u>	<u>418,368</u>
NET POSITION			
Net Investments in Capital Assets	8,594,106	1,294,784	9,888,890
Restricted for:			
Capital Projects	-	293,958	293,958
Federal & State Grants	402,177	-	402,177
Permanent Funds:			
Expendable	3,130	-	3,130
Other Purposes	579,931	-	579,931
Unrestricted	1,425,211	267,824	1,693,035
Total Net Position	<u>\$ 11,004,555</u>	<u>\$ 1,856,566</u>	<u>\$ 12,861,121</u>

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, 2022**

	<u>Program Revenues</u>				<u>Net (Expenses) Revenues and Changes in Net Position</u>		
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Governmental Activities:							
General Government	\$ 591,814	\$ 37,457	\$ 170,440	\$ -	\$ (383,917)	\$ -	\$ (383,917)
Public Safety	570,014	230,301	14,643	-	(325,070)	-	(325,070)
Public Works	1,084,365	56,724	4,200	618,064	(405,377)	-	(405,377)
Education	2,545,844	-	2,498	-	(2,543,346)	-	(2,543,346)
Health and Human Services	37,046	-	14,186	-	(22,860)	-	(22,860)
Culture and Recreation	98,217	-	13,469	-	(84,748)	-	(84,748)
Employee Benefits and Insurance	218,721	-	-	-	(218,721)	-	(218,721)
State Assessments	3,311	-	-	-	(3,311)	-	(3,311)
Interest	5,456	-	-	-	(5,456)	-	(5,456)
Total Governmental Activities	5,154,788	324,482	219,436	618,064	(3,992,806)	-	(3,992,806)
Business-Type Activities:							
Broadband Fund	418,860	606,884	19	375,226	-	563,269	563,269
Total Primary Government	\$ 5,573,648	\$ 931,366	\$ 219,455	\$ 993,290	(3,992,806)	563,269	(3,429,537)
General Revenues:							
Property taxes					3,934,284	-	3,934,284
Motor vehicle excise and other taxes					217,699	-	217,699
Penalties & Interest on taxes					35,577	-	35,577
Grants & Contributions not restricted to specific programs					374,591	-	374,591
Unrestricted investment income					(3,654)	-	(3,654)
Miscellaneous					25,915	-	25,915
Transfers, net					(8,200)	8,200	-
Total General Revenues and Transfers					4,576,212	8,200	4,584,412
Change in Net Position					583,406	571,469	1,154,875
Net Position:							
Beginning of year					10,421,149	1,285,097	11,706,246
End of year					\$ 11,004,555	\$ 1,856,566	\$ 12,861,121

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

**TOWN OF COLRAIN, MASSACHUSETTS
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2022**

	General Fund	ARPA Grant	Nonmajor Governmental Funds	Total Governmental Funds
Assets:				
Cash and Cash Equivalents	\$ 828,650	\$ 248,242	\$ 417,848	\$ 1,494,740
Investments	982,180	-	5,405	987,585
Receivables, net of allowance for uncollectibles:				
Property Taxes	86,091	-	-	86,091
Tax Liens	100,326	-	-	100,326
Excise Taxes	29,509	-	-	29,509
Due from Other Governments	11,391	-	585,448	596,839
Total Assets	\$ 2,038,147	\$ 248,242	\$ 1,008,701	\$ 3,295,090
Liabilities:				
Warrants and Accounts Payable	\$ 22,323	-	\$ 614	\$ 22,937
Accrued Payroll	15,975	-	-	15,975
Payroll Withholdings	2,480	-	-	2,480
Other	191	-	1,432	1,623
Unearned Revenue	-	248,242	-	248,242
Total Liabilities	40,969	248,242	2,046	291,257
Deferred Inflows of Resources:				
Unavailable Revenue	199,317	-	275,155	474,472
Fund Balance:				
Restricted	-	-	710,083	710,083
Committed	-	-	30,311	30,311
Assigned	224,017	-	-	224,017
Unassigned	1,573,844	-	(8,894)	1,564,950
Total Fund Balance	1,797,861	-	731,500	2,529,361
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 2,038,147	\$ 248,242	\$ 1,008,701	\$ 3,295,090

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, 2022

	General Fund	ARPA Grant	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:				
Property Taxes	\$ 3,983,062	\$ -	\$ -	\$ 3,983,062
Intergovernmental	380,907	-	523,457	904,364
Excise and Other Taxes	210,746	-	-	210,746
Licenses, Permits, and Fees	63,445	-	-	63,445
Charges for Services	49,809	-	237,143	286,952
Interest and Penalties on Taxes	35,577	-	-	35,577
Investment Income	(3,654)	-	32	(3,622)
Other	-	-	324,235	324,235
Total Revenues	4,719,892	-	1,084,867	5,804,759
Expenditures:				
Current:				
General Government	410,344	-	181,470	591,814
Public Safety	285,536	-	215,901	501,437
Public Works	626,123	-	364,731	990,854
Education	2,545,844	-	-	2,545,844
Health and Human Services	31,226	-	5,820	37,046
Culture and Recreation	86,063	-	12,154	98,217
Employee Benefits and Insurance	272,129	-	-	272,129
State Assessments	3,311	-	-	3,311
Debt Service:				
Principal	221,998	-	-	221,998
Interest and Issuance Costs	22,990	-	-	22,990
Total Expenditures	4,505,564	-	780,076	5,285,640
Excess of Revenues Over (Under) Expenditures	214,328	-	304,791	519,119
Other Financing Sources (Uses):				
Operating Transfers In	2,274	-	-	2,274
Operating Transfers Out	(8,200)	-	(2,274)	(10,474)
Total Other Financing Sources (Uses)	(5,926)	-	(2,274)	(8,200)
Net Change in Fund Balances	208,402	-	302,517	510,919
Fund Balances, Beginning of Year	1,589,459	-	428,983	2,018,442
Fund Balances, End of Year	\$ 1,797,861	\$ -	\$ 731,500	\$ 2,529,361

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, 2022

Total Governmental Fund Balances	\$	2,529,361
Capital Assets (net) used in governmental activities are not financial resources and therefore, are not reported in the funds.		8,594,106
Revenues are recognized on an accrual basis of accounting instead of a modified accrual basis.		474,472
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.		(88,610)
Long Term liabilities are not due and payable in the current period and therefore, are not reported in the governmental funds:		
Net OPEB Liability	\$ (84,879)	
Net Pension Liability	(419,895)	(504,774)
Net Position of Governmental Activities	\$	<u>11,004,555</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, 2022

Net Change in Fund Balances - Total Governmental Funds	\$	510,919
<p>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:</p>		
Capital Outlay Purchases	\$ 360,123	
Depreciation	<u>(521,882)</u>	(161,759)
<p>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.</p>		
		(58,694)
<p>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:</p>		
Repayment of Debt Principal		221,998
<p>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:</p>		
Net Change in Net Other Post Employment Benefits Liability/Asset	(137,297)	
Net Change in Deferred Outflow/(Inflow) of Resources Related to OPEB	121,925	
Net Change in Net Pension Liability	115,019	
Net Change in Deferred Outflow/(Inflow) of Resources Related to Pensions	(46,239)	
Net Change in Accrued Interest on Long-Term Debt	<u>17,534</u>	<u>70,942</u>
Change in Net Position of Governmental Activities	\$	<u>583,406</u>

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, 2022**

	Budgeted Amounts			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	\$ -	\$ 3,916,599	\$ 3,916,599	\$ 3,983,762	\$ -	\$ 67,163
Intergovernmental	-	377,760	377,760	380,907	-	3,147
Excise and Other Taxes	-	143,500	143,500	210,746	-	67,246
Licenses, Permits, and Fees	-	14,180	14,180	63,445	-	49,265
Charges for Services - Transfer Station	-	36,600	36,600	49,809	-	13,209
Interest and Penalties on Taxes	-	10,000	10,000	35,577	-	25,577
Interest on Investments	-	250	250	723	-	473
Total Revenues	-	4,498,889	4,498,889	4,724,969	-	226,080
Expenditures:						
Current:						
General Government	7,664	422,995	452,039	410,344	7,725	33,970
Public Safety	33,083	296,695	389,778	285,536	65,142	39,100
Public Works	625	731,688	877,668	626,123	145,000	106,545
Education	-	2,558,339	2,558,339	2,545,844	-	12,495
Health and Human Services	-	51,210	51,210	31,226	-	19,984
Culture and Recreation	3,000	87,466	90,466	86,063	3,000	1,403
Employee Benefits and Insurance	-	289,332	289,332	272,129	-	17,203
State Assessments	-	2,551	2,551	3,311	-	(760)
Debt Service:						
Principal	-	24,667	234,095	221,998	-	12,097
Interest	1,715	24,173	44,363	22,990	3,150	18,223
Total Expenditures	46,087	4,489,116	4,989,841	4,505,564	224,017	260,260
Excess of Revenues Over (Under) Expenditures	(46,087)	9,773	(490,952)	219,405	(224,017)	486,340
Other Financing Sources (Uses):						
Operating Transfers In	-	2,274	2,274	2,274	-	-
Operating Transfers Out	-	(12,047)	(174,409)	(170,562)	-	3,847
Total Other Financing Sources (Uses)	-	(9,773)	(172,135)	(168,288)	-	3,847
Net Change in Budgetary Fund Balance	(46,087)	-	(663,087)	\$ 51,117	\$ (224,017)	\$ 490,187
Other Budgetary Items:						
Free Cash and Other Reserves	-	-	617,000			
Prior Year Encumbrances	46,087	-	46,087			
Total Other Budgetary Items	46,087	-	663,087			
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, 2022

	Revenues	Expenditures
Reported on a Budgetary Basis	\$ 4,724,969	\$ 4,505,564
<u>Adjustments:</u>		
Activity for Stabilization Funds Recorded in the General Fund for GAAP Purposes	(4,377)	-
Net Decrease in Revenue from Recording 60-Day Receipts	(700)	-
Reported on a GAAP Basis	\$ 4,719,892	\$ 4,505,564

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

**TOWN OF COLRAIN, MASSACHUSETTS
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2022**

	Business-Type Activities Enterprise Funds
	Broadband Fund
ASSETS	
CURRENT:	
Cash and Cash Equivalents	\$ 591,056
User Charges, net of allowance for uncollectibles	4,638
Total current assets	595,694
NONCURRENT:	
Capital Assets, net of accumulated Depreciation Depreciable	3,694,784
Total noncurrent assets	3,694,784
Total Assets	4,290,478
LIABILITIES	
CURRENT:	
Warrants and Accounts Payable	27,882
Accrued Interest	6,030
Bond Anticipation Notes Payable	2,400,000
Total current liabilities	2,433,912
Total Liabilities	2,433,912
NET POSITION	
Net Investment in Capital Assets	1,294,784
Restricted for Capital Projects	293,958
Unrestricted	267,824
Total Net Position	\$ 1,856,566

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

**TOWN OF COLRAIN, MASSACHUSETTS
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2022**

	Business-Type Activities Enterprise Funds
	Broadband Fund
Operating Revenues:	
Charges for Services	\$ 606,884
Total Operating Revenues	606,884
Operating Expenses:	
Operating Expenses	319,945
Depreciation	84,685
Total Operating Expenses	404,630
Operating Income (Loss)	202,254
Non-Operating Revenues (Expenses):	
Investment Income	19
Intergovernmental	375,226
Interest Expense	(14,230)
Total Non-Operating Revenues (Expenses)	361,015
Income (Loss) Before Operating Transfers	563,269
Operating Transfers:	
Transfer In	8,200
Total Operating Transfers	8,200
Change in Net Position	571,469
Net Position at Beginning of Year	1,285,097
Net Position at End of Year	\$ 1,856,566

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

**TOWN OF COLRAIN, MASSACHUSETTS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2022**

	Business-Type Activities Enterprise Funds
	Broadband Fund
Cash Flows From Operating Activities:	
Receipts from Customers and Users	\$ 607,291
Payments to Vendors	(292,063)
Net Cash Provided by (Used for) Operating Activities	315,228
Cash Flows from Noncapital Financing Activities:	
Transfers from (to) Other Funds	8,200
Net Cash Provided by (Used for) Capital and Related Financing Activities	8,200
Cash Flows from Capital and Related Financing Activities:	
Intergovernmental	375,226
Acquisition and Construction of Capital Assets	(946,764)
Interest Expense	(8,200)
Net Cash Provided by (Used for) Capital and Related Financing Activities	(579,738)
Cash Flows from Investing Activities:	
Investment Income	19
Net Cash Provided by (Used for) Investing Activities	19
Net Increase (Decrease) in Cash and Cash Equivalents	(256,291)
Cash and Cash Equivalents at Beginning of Year	847,347
Cash and Cash Equivalents at End of Year	\$ 591,056
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used For) Operating Activities:	
Operating Income (Loss)	\$ 202,254
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:	
Depreciation	84,685
Change in Assets and Liabilities:	
Increase (Decrease) in Warrants and Accounts Payable	27,882
Decrease (Increase) in User Charges	407
Total Adjustments	112,974
Net Cash Provided by (Used for) Operating Activities	\$ 315,228

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, 2022**

	Other Post Employment Benefits Trust Fund	Private Purpose Trust Funds
ASSETS		
Cash and Cash Equivalents	\$ -	\$ -
Investments	287,901	6,574
Total Assets	287,901	6,574
LIABILITIES		
Warrants Payable	-	-
Total Liabilities	-	-
NET POSITION		
Restricted for Other Postemployment Benefits	287,901	-
Held in Trust for Other Purposes	-	6,574
Total Net Position	\$ 287,901	\$ 6,574

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, 2022**

	Other Post Employment Benefits Trust Fund	Private Purpose Trust Funds
Additions:		
Employer Contributions	\$ 10,563	\$ -
Investment Income	(51,415)	21
Total Additions	(40,852)	21
Deductions:		
Employee Benefits and Insurance	10,563	-
Total Deductions	10,563	-
Change in Net Position	(51,415)	21
Net Position at Beginning of Year	339,316	6,553
Net Position at End of Year	\$ 287,901	\$ 6,574

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, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

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

For financial reporting purposes, the Town has included all funds, organizations, account groups, agencies, boards, commissions and institutions. The Town has also considered all potential component units for which it is financially accountable as well as other organizations for which the nature and significance of their relationship with the Town are such that exclusion would cause the basic financial statements to be misleading or incomplete. In fiscal year 2022, 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. The Town is indirectly liable for debt and other expenditures of the School Districts and is assessed annually for its share of operating and capital costs. 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, 2022

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

Proprietary and 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 proprietary fund and 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. Exceptions to this general rule are charges between the Town's enterprise funds and various other functions of the Town. Elimination of these charges would distort the direct costs and program revenues of the various functions concerned.

TOWN OF COLRAIN, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2022

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.

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 *american rescue plan act (ARPA) grant fund* is a United States Federal Government established funding source to assist in the fighting of the coronavirus.

The Town reports the following major proprietary funds:

The *broadband construction fund* is used to account for the internet systems' activities.

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, 2022

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.

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).

Investment income from proprietary funds is maintained in those funds.

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, 2022

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, 2021 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 2022 on October 29, 2021 and March 23, 2022 that were due on November 29, 2021 and May 2, 2022.

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 2022 is as follows:

Legal Levy Limit Under Proposition 2 1/2 for fiscal year 2022	\$ 3,989,886
Add: Debt Exclusion	<u>109,781</u>
Maximum Allowable Levy	<u><u>\$ 4,099,667</u></u>

The total amount raised by taxation was \$3,934,981.

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, 2022

User Charges

User charges and fees consist of broadband receipts that are levied based on individual internet service and are subject to penalties and interest if they are not paid by the respective due date. Broadband fees are recorded as receivables in the fiscal year of the levy.

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

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 \$10,000 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, 2022

I. Deferred Inflows of Resources

Government-wide financial statements

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

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

Fund financial statements

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

"Capital projects" represents amounts restricted for capital purposes.

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

"Permanent funds – expendable" 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, 2022

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 and proprietary fund statement of net position. Material bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method.

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

L. 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.

TOWN OF COLRAIN, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2022

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.

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 . . . "

TOWN OF COLRAIN, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2022

For fiscal year 2022, the Town incurred a final budget deficit of \$663,087 for the General Fund.

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

Unassigned fund balance:	
Free cash votes	\$ 617,000
Prior year's encumbrances	<u>46,087</u>
	<u><u>\$ 663,087</u></u>

B. Deficit Fund Equity

The following funds have deficits at June 30, 2022 as measured by the balance of unreserved fund balance.

- The *Federal Emergency Management Agency* special revenue fund used for Covid-19 has a deficit of \$8,894. 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, 2022 were \$2,238,996. 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, 2022

As of June 30, 2022, 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	\$ 155,588	\$ 30,056	\$ 125,532
U. S. government agencies	37,649	10,003	27,646
Corporate bonds	143,229	-	143,229
Money market mutual fund	73,254	73,254	-
	<u>409,720</u>	<u>\$ 113,313</u>	<u>\$ 296,407</u>
Other Investments:			
Equity mutual funds	341,734		
MMDT	530,606		
	<u>\$ 1,282,060</u>		

Custodial Credit Risks

For an investment, custodial risk is the risk that, in the event of the failure of the counterparty, the Town will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Of the Town's \$1,282,060 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.

Credit Risk

The Town's exposure to credit risk as of June 30, 2022 is as follows:

Related Debt Instruments	Fair Value
Moody's Quality Ratings	
U. S. Treasury Obligations:	
Aaa	\$ 155,588
U. S. Government Agencies:	
Aaa	37,649
Corporate Bonds:	
A1	17,236
A2	17,689
Baa1	65,597
Baa2	42,707
Money Market Mutual Funds:	
Not rated	73,254
	<u>\$ 409,720</u>

TOWN OF COLRAIN, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2022

Concentration of Credit Risk

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

Fair Value of Investments

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

The Town has the following recurring fair value measurements as of June 30, 2022:

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	\$ 155,588	\$ 155,588	\$ -	\$ -
U. S. government agencies	37,649	37,649	-	-
Equity mutual funds	341,734	341,734	-	-
Money market mutual fund	73,254	73,254	-	-
Corporate bonds	143,229	-	143,229	-
Total Investments	751,454	\$ 608,225	\$ 143,229	\$ -
Investments Measured at Amortized Cost:				
External Investment Pools (MMDT)	530,606			
Total Investments	\$ 1,282,060			

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.

TOWN OF COLRAIN, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2022

B. Receivables

At June 30, 2022, 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	\$ 86,291	\$ (200)	\$ 86,091
Tax liens	100,326	-	100,326
Excise taxes	33,009	(3,500)	29,509
Due from other governments	596,839	-	596,839
	<u>\$ 816,465</u>	<u>\$ (3,700)</u>	<u>\$ 812,765</u>

At June 30, 2022, receivables for the business-type activities consist of the following:

	Gross Amount	Allowance for Uncollectibles	Net Amount
Broadband Fund:			
User charges	\$ 4,638	\$ -	\$ 4,638

The composition of amounts due from other governments as of June 30, 2022 for governmental funds is as follows:

General Fund:			
Commonwealth of Massachusetts:			
Department of Veterans Services:			
Veterans benefits	\$ 1,891		
Department of Revenue:			
Veterans, blind and surviving spouse	9,500	\$	11,391
Nonmajor Governmental Funds:			
Commonwealth of Massachusetts:			
Department of Fish and Game:			
Ecological restoration grant	13,706		
Department of Fire Services			
Fire Department equipment grant	9,837		
Massachusetts Department of Transportation:			
Highway Department - Chapter 90 funds	561,905		585,448
		<u>\$</u>	<u>596,839</u>

TOWN OF COLRAIN, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2022

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	\$	67,591	
Tax liens		100,326	
Excise taxes		29,509	
Due from other governments		1,891	\$ 199,317
Nonmajor Governmental Funds:			
Due from other governments			275,155
			\$ 474,472

D. Capital Assets

Capital asset activities for the governmental and business-type activities for the year ended June 30, 2022, are as follows:

Governmental Activities	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	\$ 427,997	\$ 328	\$ -	\$ 428,325
Total capital assets not being depreciated	427,997	328	-	428,325
Capital assets being depreciated:				
Buildings and Renovations	6,942,211	-	-	6,942,211
Machinery, equipment and other	2,550,017	-	-	2,550,017
Infrastructure	7,492,101	359,794	-	7,851,895
Total capital assets being depreciated	16,984,329	359,794	-	17,344,123
Less accumulated depreciation for:				
Buildings and Renovations	5,030,527	58,109	-	5,088,636
Machinery, equipment and other	2,014,279	169,866	-	2,184,145
Infrastructure	1,611,654	293,907	-	1,905,561
Total accumulated depreciation	8,656,460	521,882	-	9,178,342
Total capital assets being depreciated, net	8,327,869	(162,088)	-	8,165,781
Total governmental activities capital assets, net	\$ 8,755,866	\$ (161,760)	\$ -	\$ 8,594,106

TOWN OF COLRAIN, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2022

Business-Type Activities	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets being depreciated:				
Infrastructure	\$ 2,958,379	\$ 858,070	\$ -	\$ 3,816,449
Less accumulated depreciation for:				
Infrastructure	36,980	84,685	-	121,665
Total business-type activities capital assets, net	\$ 2,921,399	\$ 773,385	\$ -	\$ 3,694,784

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

Governmental Activities:

Public safety	\$ 68,577
Public works	453,305
Total depreciation expense - governmental activities	\$ 521,882

Business-Type Activities:

Broadband fund	\$ 84,685
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E. Interfund Receivables, Payables and Transfers

Interfund transfers for the fiscal year ended June 30, 2022, are summarized below:

Transfers Out:	Transfers In:		Total
	General fund	Business-type funds	
General fund	\$ -	\$ 8,200	\$ 8,200
Nonmajor governmental funds	2,274	-	2,274
Total transfers out	\$ 2,274	\$ 8,200	\$ 10,474

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.

TOWN OF COLRAIN, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2022

Details related to the short-term debt activity of the business-type fund are as follows:

Purpose	Interest Rate	Final Maturity Date	Balance July 1, 2021	Renewed/ Issued	Retired/ Redeemed	Outstanding June 30, 2022
Broadband Fund:						
Bond Anticipation Notes:						
Broadband construction	1.00%	11/5/2021	\$ 2,400,000	-	\$ 2,400,000	-
Broadband construction	0.37%	11/5/2022	-	1,000,000	-	1,000,000
Broadband construction	0.39%	11/5/2022	-	1,400,000	-	1,400,000
Total Business-type Activities			\$ 2,400,000	\$ 2,400,000	\$ 2,400,000	\$ 2,400,000

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 long term debt during the year is as follows:

	Balance July 1, 2021	Additions	Reductions	Balance June 30, 2022	Amounts Due within One Year
Governmental activities:					
Bond Payable:					
General obligation bonds	\$ 221,998	-	\$ 221,998	-	-
Net OPEB liability	-	84,879	-	84,879	-
Net pension liability	534,914	-	115,019	419,895	-
Governmental activity					
Long-term liabilities	\$ 756,912	\$ 84,879	\$ 337,017	\$ 504,774	-

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 has no inside debt at June 30, 2022.

TOWN OF COLRAIN, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2022

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, 2022:

Equalized Valuation-Real Estate and Personal Property (2022)		<u>\$ 179,350,200</u>		
Debt Limit: 5 % of Equalized value		8,967,510		
Total Debt Outstanding	\$	-		
Less: Debt Outside Debt Limit		-		-
Inside Debt Excess Borrowing Capacity at June 30, 2022		<u>\$ 8,967,510</u>		

Loans Authorized and Unissued -- Memorandum Only

Under the general laws of the Commonwealth of Massachusetts a Town must authorize debt at a Town meeting. This authorized debt does not have to be actually issued at that time and remains authorized until the debt is actually issued or Town meeting votes to rescind the authorized debt. The Town has no loan authorizations that have not been issued as of June 30, 2022.

H. Fund Balances

The following is a summary of the Governmental fund balances at the year ended June 30, 2022:

	<u>General Fund</u>	<u>Major Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Restricted:				
Federal, state and local grants	\$ -	\$ -	\$ 127,022	\$ 127,022
Town revolving funds	-	-	83,141	83,141
Donations and gifts	-	-	435,953	435,953
Septic loans	-	-	40,724	40,724
Permanent funds	-	-	3,130	3,130
Other	-	-	20,113	20,113
	<u>-</u>	<u>-</u>	<u>710,083</u>	<u>710,083</u>
Committed:				
Highway Garage Construction	-	-	30,311	30,311
Assigned:				
Reserve for encumbrance	224,017	-	-	224,017
Unassigned:				
General Fund	1,573,844	-	-	1,573,844
Deficit special revenue funds	-	-	(8,894)	(8,894)
	<u>1,573,844</u>	<u>-</u>	<u>(8,894)</u>	<u>1,564,950</u>
Total Governmental fund balances	<u>\$ 1,797,861</u>	<u>\$ -</u>	<u>\$ 731,500</u>	<u>\$ 2,529,361</u>

TOWN OF COLRAIN, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2022

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.

At June 30, 2022, the balances in the stabilization funds reported in the General Fund as unassigned fund balance are as follows:

General purpose stabilization fund	\$	429,259
Assessor's stabilization fund		15,624
Audit stabilization fund		565
Fire Department stabilization fund		218,736
Griswold Library stabilization fund		65,770
Highway stabilization fund		134,004
Police stabilization fund		64,320
Technology stabilization fund		14,946
Transfer Station stabilization fund		24,140
		967,364
	\$	967,364

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.