

TOWN OF COLRAIN, MASSACHUSETTS
Report on the Examination of Basic Financial Statements
For the Year Ended June 30, 2023

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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, 2023, 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, 2023, 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 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. 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

March 26, 2024

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, 2023. 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 \$14,391,519 (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 \$12,861,121 or an increase of \$1,530,398.
- At the close of the current fiscal year, the Town's governmental funds reported total ending fund balance of \$2,842,818, an increase of \$313,457 in comparison with the prior year.
- The General Fund's total fund balance increased \$193,134 to \$1,990,995. The ending General fund balance is 41% of revenues and transfers in; and 43% of expenditures and transfers out.
- Total liabilities of the Town decreased by \$116,188 to \$3,113,755 during the fiscal year. This net change resulted mainly from increases in the pension liability of \$549,078 and in bonds payable of \$1,620,000; and a decrease in bond anticipation notes payable of \$2,400,000.
- The Town had General fund free cash certified by the Department of Revenue in the amount of \$396,109. The key factors that attributed to the free cash amount for fiscal year 2023 were unexpended/unencumbered appropriations of \$254,600 and excess over budget state and local receipts of \$148,500.
- The Town's enterprise funds certified free cash are as follows:
 - Broadband fund \$546,572.

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		
	2023	2022	Change
Assets:			
Current assets	\$ 3,852,776	\$ 3,295,090	\$ 557,686
Capital assets	8,664,556	8,594,106	70,450
Total assets	12,517,332	11,889,196	628,136
Deferred Outflows of Resources	454,111	329,758	124,353
Liabilities:			
Current liabilities (excluding debt)	394,768	291,257	103,511
Noncurrent liabilities (excluding debt)	1,045,499	504,774	540,725
Total liabilities	1,440,267	796,031	644,236
Deferred Inflows of Resources	78,678	418,368	(339,690)
Net Position:			
Net Investment in Capital Assets	8,664,556	8,594,106	70,450
Restricted	1,282,385	985,238	297,147
Unrestricted	1,505,557	1,425,211	80,346
Total net position	\$ 11,452,498	\$ 11,004,555	\$ 447,943

	Business-Type Activities		
	2023	2022	Change
Assets:			
Current assets	\$ 756,513	\$ 595,694	\$ 160,819
Capital assets	3,855,996	3,694,784	161,212
Total assets	4,612,509	4,290,478	322,031
Liabilities:			
Current liabilities (excluding debt)	53,488	33,912	19,576
Current debt	105,000	2,400,000	(2,295,000)
Noncurrent debt	1,515,000	-	1,515,000
Total liabilities	1,673,488	2,433,912	(760,424)
Net Position:			
Net investment in capital assets	2,235,996	1,294,784	941,212
Restricted	198,387	293,958	(95,571)
Unrestricted	504,638	267,824	236,814
Total net position	\$ 2,939,021	\$ 1,856,566	\$ 1,082,455

Financial Highlights
Statement of Activities Highlights

	Governmental Activities		
	2023	2022	Change
Program Revenues:			
Charges for services	\$ 129,586	\$ 324,482	\$ (194,896)
Operating grants and contributions	675,221	219,436	455,785
Capital grants and contributions	576,781	618,064	(41,283)
General Revenues:			
Property taxes	3,996,259	3,934,284	61,975
Motor vehicle excise and other taxes	201,539	217,699	(16,160)
Penalties and interest on taxes	27,187	35,577	(8,390)
Nonrestricted grants	403,366	374,591	28,775
Unrestricted investment income	31,099	(3,654)	34,753
Miscellaneous	35,702	25,915	9,787
Total revenues	6,076,740	5,746,394	330,346
Expenses:			
General government	544,161	591,814	(47,653)
Public safety	389,267	570,014	(180,747)
Public Works	1,111,408	1,084,365	27,043
Education	2,574,405	2,545,844	28,561
Health and human services	45,951	37,046	8,905
Culture and recreation	106,405	98,217	8,188
Employee benefits and insurance	348,299	218,721	129,578
State assessments	3,199	3,311	(112)
Interest	-	5,456	(5,456)
Total expenses	5,123,095	5,154,788	(31,693)
Net (expenses) revenues	953,645	591,606	362,039
Transfers	(505,702)	(8,200)	(497,502)
Change in net position	447,943	583,406	(135,463)
Net position - beginning of year	11,004,555	10,421,149	583,406
Net position - end of year	\$ 11,452,498	\$ 11,004,555	\$ 447,943

Business-Type Activities

	2023	2022	Change
Program Revenues:			
Charges for services	\$ 735,199	\$ 606,884	\$ 128,315
Operating grants and contributions	185	19	166
Capital grants and contributions	486,014	375,226	110,788
Total revenues	1,221,398	982,129	239,269
Expenses:			
Broadband	644,645	418,860	225,785
Total expenses	644,645	418,860	225,785
Net (expenses) revenues	576,753	563,269	13,484
Transfers	505,702	8,200	497,502
Change in net position	1,082,455	571,469	510,986
Net position - beginning of year	1,856,566	1,285,097	571,469
Net position - end of year	\$ 2,939,021	\$ 1,856,566	\$ 1,082,455

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 \$14,391,519 at the close of fiscal year 2023.

Net position of \$10,900,552 (76%) 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, \$1,480,772 (10%), represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* \$2,010,195 (14%) 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 \$447,943 (4%) during the current fiscal year. The key elements of the increase in net position for fiscal year 2023 was mainly attributed to the net changes in governmental funds of \$313,457 and in recognizing this year's change in the deferred outflow/(inflow) of resources related to pensions of \$494,067; and a net decrease in the pension liability of \$549,078.

There was an increase of \$1,082,455 (58%) 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 \$2,842,818, an increase of \$313,457 (12%) in comparison with the prior year.

Breakdown of the governmental funds are as follows:

- Restricted fund balance – \$830,489 (29%).
- Committed fund balance – \$30,311 (1%).
- Assigned fund balance – \$441,471 (16%).
- Unassigned fund balance – \$1,540,547 (54%).

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 \$1,990,995, increasing \$193,134 (11%) from the prior year. Of the \$1,990,995, the unassigned amount is \$1,549,524 (78%) and the assigned amount is \$441,471 (22%). General fund revenues were \$80,961 (2%) more than the prior year and expenditures also increased \$95,616 (2%). Other activities in the General Fund were net transfers out to other funds of \$6,439.

The main components of the increase in general fund revenues were related to increases in property taxes of \$28,647 (1%) and in intergovernmental receipts of \$24,350 (6%) from the prior year.

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

- Increase in Governmental expenditures of \$79,937 (19%).
- Increase in Public works expenditures of \$172,532 (28%).
- Decrease in Debt service (principal and interest) of \$244,988 (100%).

The *Public Works Infrastructure Grants Fund* are special revenue funds used to account for the accumulation of resources to make improvements to the Town's sidewalks and roadways. The fund has a balance of \$24,869 at the end of the fiscal year and shows an increase of \$22,492 in operations. This change is attributed to revenues of \$400,040 exceeding expenses of \$377,548.

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 \$2,939,021 showing an increase of \$1,082,455 (58%) in total operations for the year. This change was mainly attributed to operating revenues exceeding operating expenses by \$144,044, interest income of \$185, other and intergovernmental income of \$486,014, interest expense of \$53,490 and transfers in from governmental funds of \$505,702. Operating revenues increased by \$128,315 (21%) and operating expenses also increased by \$186,545 (46%) from the prior year.

General Fund Budgetary Highlights

The final general fund budget for fiscal year 2023 was \$4,879,124. This was a decrease of \$110,717 (2%) over the previous year's budget.

There was an increase between the original budget and the total final amended budget. The change is attributed to votes made at the Special Town Meeting in March 2023 and the Annual Town Meeting in June 2023 for various budget operating line items.

General fund expenditures were less than budgeted by \$277,844. Of the \$277,844 in under budget expenditures, \$23,234 has been carried over to fiscal year 2024.

There were negative variances in property taxes of \$2,681 and in intergovernmental receipts of \$1,649 as the expectations (budget) were higher than the receipts.

Overall, the variance with the final budget was a positive \$400,421 consisting of a revenue surplus of \$145,811 and an appropriation surplus of \$254,610.

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, 2023 amounts to \$8,664,556 and \$3,855,996, 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 \$19,051.
- Police vehicle purchase for \$54,695.
- Highway equipment purchase for \$143,000.
- Highway road infrastructure improvements for \$377,548.

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

- Broadband infrastructure improvements for \$356,872.

Debt Administration. The Town has no outstanding governmental long-term debt, as of June 30, 2023.

The enterprise funds outstanding long-term debt totaled \$1,620,000 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, 2023 do not reflect the fiscal year 2024 Town Meeting action except for the unassigned fund balance (free cash) amount used to fund the 2024 budget. The Annual Town Meeting on June 13, 2023 authorized a fiscal year 2024 operating and capital budget as follows:

From the tax levy	\$	4,725,132
From Other Available Funds:		
From broadband network fees		754,737
General Fund:		
Unassigned fund balance:		
Free cash		418,237
Non-major Governmental Funds:		
Quintus Allen Fund		2,152
	\$	<u>5,900,258</u>

Requests for Information

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

BASIC FINANCIAL STATEMENTS

TOWN OF COLRAIN, MASSACHUSETTS
STATEMENT OF NET POSITION
JUNE 30, 2023

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
CURRENT:			
Cash and Cash Equivalents	\$ 1,868,246	\$ 748,062	\$ 2,616,308
Investments	1,209,908	-	1,209,908
Receivables, net of allowance for uncollectibles:			
Property Taxes	108,452	-	108,452
Tax Liens	68,364	-	68,364
Excise Taxes	29,878	-	29,878
User Charges	-	8,451	8,451
Due from Other Governments	567,928	-	567,928
Total current assets	3,852,776	756,513	4,609,289
NONCURRENT:			
Capital Assets, net of accumulated Depreciation:			
Non-depreciable	447,376	-	447,376
Depreciable	8,217,180	3,855,996	12,073,176
Total noncurrent assets	8,664,556	3,855,996	12,520,552
Total Assets	12,517,332	4,612,509	17,129,841
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Outflows Related to Pensions	346,748	-	346,748
Deferred Outflows Related to OPEB	107,363	-	107,363
Total Deferred Outflows of Resources	454,111	-	454,111
LIABILITIES			
CURRENT:			
Warrants and Accounts Payable	362,052	3,103	365,155
Accrued Payroll	27,382	-	27,382
Other	5,334	-	5,334
Accrued Interest	-	50,385	50,385
Bonds Payable	-	105,000	105,000
Total current liabilities	394,768	158,488	553,256
NONCURRENT:			
Net OPEB Liability	76,526	-	76,526
Net Pension Liability	968,973	-	968,973
Bonds Payable	-	1,515,000	1,515,000
Total noncurrent liabilities	1,045,499	1,515,000	2,560,499
Total Liabilities	1,440,267	1,673,488	3,113,755
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflows Related to Pensions	7,983	-	7,983
Deferred Inflows Related to OPEB	70,695	-	70,695
Total Deferred Inflows of Resources	78,678	-	78,678
NET POSITION			
Net Investments in Capital Assets	8,664,556	2,235,996	10,900,552
Restricted for:			
Capital Projects	-	198,387	198,387
Federal & State Grants	602,075	-	602,075
Permanent Funds:			
Expendable	3,160	-	3,160
Other Purposes	677,150	-	677,150
Unrestricted	1,505,557	504,638	2,010,195
Total Net Position	\$ 11,452,498	\$ 2,939,021	\$ 14,391,519

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, 2023**

	Program Revenues				Net (Expenses) Revenues and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities:							
General Government	\$ 544,161	\$ 34,354	\$ 520,740	\$ -	\$ 10,933	\$ -	\$ 10,933
Public Safety	389,267	40,507	15,606	-	(333,154)	-	(333,154)
Public Works	1,111,408	54,698	13,326	576,781	(466,603)	-	(466,603)
Education	2,574,405	-	-	-	(2,574,405)	-	(2,574,405)
Health and Human Services	45,951	27	14,975	-	(30,949)	-	(30,949)
Culture and Recreation	106,405	-	107,452	-	1,047	-	1,047
Employee Benefits and Insurance	348,299	-	3,122	-	(345,177)	-	(345,177)
State Assessments	3,199	-	-	-	(3,199)	-	(3,199)
Total Governmental Activities	5,123,095	129,586	675,221	576,781	(3,741,507)	-	(3,741,507)
Business-Type Activities:							
Broadband Fund	644,645	735,199	185	486,014	-	576,753	576,753
Total Primary Government	\$ 5,767,740	\$ 864,785	\$ 675,406	\$ 1,062,795	(3,741,507)	576,753	(3,164,754)
General Revenues:							
Property taxes					3,996,259	-	3,996,259
Motor vehicle excise and other taxes					201,539	-	201,539
Penalties & Interest on taxes					27,187	-	27,187
Grants & Contributions not restricted to specific programs					403,366	-	403,366
Unrestricted investment income					31,099	-	31,099
Miscellaneous					35,702	-	35,702
Transfers, net					(505,702)	505,702	-
Total General Revenues and Transfers					4,189,450	505,702	4,695,152
Change in Net Position					447,943	1,082,455	1,530,398
Net Position:							
Beginning of year					11,004,555	1,856,566	12,861,121
End of year					\$ 11,452,498	\$ 2,939,021	\$ 14,391,519

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

**TOWN OF COLRAIN, MASSACHUSETTS
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2023**

	General Fund	Public Works Infrastructure Grants Fund	Nonmajor Governmental Funds	Total Governmental Funds
Assets:				
Cash and Cash Equivalents	\$ 856,211	\$ 182,343	\$ 829,692	\$ 1,868,246
Investments	1,204,284	-	5,624	1,209,908
Receivables, net of allowance for uncollectibles:				
Property Taxes	108,452	-	-	108,452
Tax Liens	68,364	-	-	68,364
Excise Taxes	29,878	-	-	29,878
Due from Other Governments	9,500	558,428	-	567,928
Total Assets	\$ 2,276,689	\$ 740,771	\$ 835,316	\$ 3,852,776
Liabilities:				
Warrants and Accounts Payable	\$ 94,439	\$ 264,006	\$ 3,607	\$ 362,052
Accrued Payroll	26,978	-	404	27,382
Other	983	-	4,351	5,334
Total Liabilities	122,400	264,006	8,362	394,768
Deferred Inflows of Resources:				
Unavailable Revenue	163,294	451,896	-	615,190
Fund Balance:				
Restricted	-	24,869	805,620	830,489
Committed	-	-	30,311	30,311
Assigned	441,471	-	-	441,471
Unassigned	1,549,524	-	(8,977)	1,540,547
Total Fund Balance	1,990,995	24,869	826,954	2,842,818
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 2,276,689	\$ 740,771	\$ 835,316	\$ 3,852,776

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, 2023

	General Fund	Public Works Infrastructure Grants Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:				
Property Taxes	\$ 4,011,709	\$ -	\$ -	\$ 4,011,709
Intergovernmental	405,257	400,040	550,391	1,355,688
Excise and Other Taxes	201,170	-	-	201,170
Licenses, Permits, and Fees	71,459	-	-	71,459
Charges for Services	52,972	-	46,764	99,736
Interest and Penalties on Taxes	27,187	-	-	27,187
Investment Income	31,099	-	394	31,493
Other	-	-	118,529	118,529
Total Revenues	4,800,853	400,040	716,078	5,916,971
Expenditures:				
Current:				
General Government	490,281	-	53,880	544,161
Public Safety	338,492	-	27,777	366,269
Public Works	798,655	377,548	9,602	1,185,805
Education	2,574,405	-	-	2,574,405
Health and Human Services	31,063	-	14,888	45,951
Culture and Recreation	93,568	-	12,837	106,405
Employee Benefits and Insurance	271,617	-	-	271,617
State Assessments	3,199	-	-	3,199
Total Expenditures	4,601,280	377,548	118,984	5,097,812
Excess of Revenues Over (Under) Expenditures	199,573	22,492	597,094	819,159
Other Financing Sources (Uses):				
Operating Transfers In	2,696	-	-	2,696
Operating Transfers Out	(9,135)	-	(499,263)	(508,398)
Total Other Financing Sources (Uses)	(6,439)	-	(499,263)	(505,702)
Net Change in Fund Balances	193,134	22,492	97,831	313,457
Fund Balances, Beginning of Year	1,797,861	2,377	729,123	2,529,361
Fund Balances, End of Year	\$ 1,990,995	\$ 24,869	\$ 826,954	\$ 2,842,818

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, 2023

Total Governmental Fund Balances		\$ 2,842,818
Capital Assets (net) used in governmental activities are not financial resources and therefore, are not reported in the funds.		8,664,556
Revenues are recognized on an accrual basis of accounting instead of a modified accrual basis.		615,190
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.		375,433
Long Term liabilities are not due and payable in the current period and therefore, are not reported in the governmental funds:		
Net OPEB Liability	\$ (76,526)	
Net Pension Liability	(968,973)	(1,045,499)
		<hr/>
Net Position of Governmental Activities		\$ 11,452,498

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, 2023

Net Change in Fund Balances - Total Governmental Funds	\$	313,457
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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	\$ 594,294		
Depreciation	(523,844)		70,450

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.

140,718

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

Net Change in Net Other Post Employment Benefits Liability/Asset	8,353		
Net Change in Deferred Outflow/(Inflow) of Resources Related to OPEB	(30,024)		
Net Change in Net Pension Liability	(549,078)		
Net Change in Deferred Outflow/(Inflow) of Resources Related to Pensions	494,067		(76,682)

Change in Net Position of Governmental Activities	\$	447,943
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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, 2023

	Budgeted Amounts					
	Amounts Carried Forward from Prior Year	Original Budget	Final Budget	Actual Budgetary Basis	Amounts Carried Forward to Next Year	Variance with Final Budget Positive (Negative)
Revenues:						
Property Taxes	\$ -	\$ 3,989,490	\$ 3,989,490	\$ 3,986,809	\$ -	\$ (2,681)
Intergovernmental	-	406,906	406,906	405,257	-	(1,649)
Excise and Other Taxes	-	173,000	173,000	201,170	-	28,170
Licenses, Permits, and Fees	-	21,750	21,750	71,459	-	49,709
Charges for Services - Transfer Station	-	-	-	52,972	-	52,972
Interest and Penalties on Taxes	-	10,000	10,000	27,187	-	17,187
Interest on Investments	-	250	250	2,353	-	2,103
Total Revenues	-	4,601,396	4,601,396	4,747,207	-	145,811
Expenditures:						
Current:						
General Government	7,725	515,630	585,204	490,281	3,070	91,853
Public Safety	65,142	302,845	372,618	338,492	9,313	24,813
Public Works	145,000	717,803	864,007	798,655	2,000	63,352
Education	-	2,577,401	2,577,401	2,574,405	-	2,996
Health and Human Services	-	53,337	53,337	31,063	-	22,274
Culture and Recreation	3,000	94,712	97,756	93,568	3,000	1,188
Employee Benefits and Insurance	-	326,869	319,291	271,617	-	47,674
State Assessments	-	3,659	3,659	3,199	-	460
Debt Service:						
Principal	-	-	-	-	-	-
Interest	3,150	2,701	5,851	-	5,851	-
Total Expenditures	224,017	4,594,957	4,879,124	4,601,280	23,234	254,610
Excess of Revenues Over (Under) Expenditures	(224,017)	6,439	(277,728)	145,927	(23,234)	400,421
Other Financing Sources (Uses):						
Operating Transfers In	-	2,696	2,696	2,696	-	-
Operating Transfers Out	-	(9,135)	(9,135)	(9,135)	-	-
Total Other Financing Sources (Uses)	-	(6,439)	(6,439)	(6,439)	-	-
Net Change in Budgetary Fund Balance	(224,017)	-	(284,167)	\$ 139,488	\$ (23,234)	\$ 400,421
Other Budgetary Items:						
Free Cash and Other Reserves	-	-	60,150			
Prior Year Encumbrances	224,017	-	224,017			
Total Other Budgetary Items	224,017	-	284,167			
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, 2023

	<u>Revenues</u>	<u>Expenditures</u>
Reported on a Budgetary Basis	\$ 4,747,207	\$ 4,601,280
<u>Adjustments:</u>		
Activity for Stabilization Funds Recorded in the General Fund for GAAP Purposes	28,746	-
Net Increase in Revenue from Recording 60-Day Receipts	24,900	-
Reported on a GAAP Basis	<u>\$ 4,800,853</u>	<u>\$ 4,601,280</u>

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, 2023

	Business-Type Activities Enterprise Funds
	Broadband Fund
<hr/>	
ASSETS	
CURRENT:	
Cash and Cash Equivalents	\$ 748,062
User Charges, net of allowance for uncollectibles	8,451
Total current assets	<hr/> 756,513 <hr/>
NONCURRENT:	
Capital Assets, net of accumulated Depreciation Depreciable	<hr/> 3,855,996 <hr/>
Total noncurrent assets	<hr/> 3,855,996 <hr/>
Total Assets	<hr/> 4,612,509 <hr/>
LIABILITIES	
CURRENT:	
Warrants and Accounts Payable	3,103
Accrued Interest	50,385
Bonds Payable	105,000
Total current liabilities	<hr/> 158,488 <hr/>
NONCURRENT:	
Bonds Payable	<hr/> 1,515,000 <hr/>
Total noncurrent liabilities	<hr/> 1,515,000 <hr/>
Total Liabilities	<hr/> 1,673,488 <hr/>
NET POSITION	
Net Investment in Capital Assets	2,235,996
Restricted for Capital Projects	198,387
Unrestricted	504,638
Total Net Position	<hr/> \$ 2,939,021 <hr/>

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, 2023**

	Business-Type Activities Enterprise Funds
	Broadband Fund
Operating Revenues:	
Charges for Services	\$ 735,199
Total Operating Revenues	735,199
Operating Expenses:	
Operating Expenses	492,495
Depreciation	98,660
Total Operating Expenses	591,155
Operating Income (Loss)	144,044
Non-Operating Revenues (Expenses):	
Investment Income	185
Other	86,014
Intergovernmental	400,000
Interest Expense	(53,490)
Total Non-Operating Revenues (Expenses)	432,709
Income (Loss) Before Operating Transfers	576,753
Operating Transfers:	
Transfer In/(Out)	505,702
Total Operating Transfers	505,702
Change in Net Position	1,082,455
Net Position at Beginning of Year	1,856,566
Net Position at End of Year	\$ 2,939,021

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, 2023**

	Business-Type Activities Enterprise Funds
	Broadband Fund
Cash Flows From Operating Activities:	
Receipts from Customers and Users	\$ 731,386
Payments to Vendors	(517,274)
Net Cash Provided by (Used for) Operating Activities	214,112
Cash Flows from Noncapital Financing Activities:	
Transfers from (to) Other Funds	505,702
Net Cash Provided by (Used for) Capital and Related Financing Activities	505,702
Cash Flows from Capital and Related Financing Activities:	
Intergovernmental	400,000
Other	86,014
Proceeds from the Issuance of Bonds and Notes	1,620,000
Acquisition and Construction of Capital Assets	(259,872)
Principal Payments on Bonds and Notes	(2,400,000)
Interest Expense	(9,135)
Net Cash Provided by (Used for) Capital and Related Financing Activities	(562,993)
Cash Flows from Investing Activities:	
Investment Income	185
Net Cash Provided by (Used for) Investing Activities	185
Net Increase (Decrease) in Cash and Cash Equivalents	157,006
Cash and Cash Equivalents at Beginning of Year	591,056
Cash and Cash Equivalents at End of Year	\$ 748,062
 Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used For) Operating Activities:	
Operating Income (Loss)	\$ 144,044
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:	
Depreciation	98,660
Change in Assets and Liabilities:	
Increase (Decrease) in Warrants and Accounts Payable	(24,779)
Decrease (Increase) in User Charges	(3,813)
Total Adjustments	70,068
Net Cash Provided by (Used for) Operating Activities	\$ 214,112

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, 2023**

	Other Post Employment Benefits Trust Fund	Private Purpose Trust Funds	Custodial Funds
ASSETS			
Cash and Cash Equivalents	\$ -	\$ -	\$ 272
Investments	307,747	6,841	-
Total Assets	307,747	6,841	272
LIABILITIES			
Warrants Payable	-	-	236
Total Liabilities	-	-	236
NET POSITION			
Restricted for Other Postemployment Benefits	307,747	-	-
Held in Trust for Other Purposes	-	6,841	-
Held for Other Governments	-	-	36
Total Net Position	\$ 307,747	\$ 6,841	\$ 36

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, 2023

	Other Post Employment Benefits Trust Fund	Private Purpose Trust Funds	Custodial Funds
Additions:			
Employer Contributions	\$ 8,664	\$ -	\$ -
Property Tax Collections for Other Governments	-	-	28,854
Investment Income	19,846	267	-
Total Additions	28,510	267	28,854
Deductions:			
Employee Benefits and Insurance	8,664	-	-
Payments of Property Tax Collections to other Governments	-	-	28,818
Total Deductions	8,664	-	28,818
Change in Net Position	19,846	267	36
Net Position at Beginning of Year	287,901	6,574	-
Net Position at End of Year	\$ 307,747	\$ 6,841	\$ 36

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, 2023

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 2023, 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, 2023

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, 2023

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 *public works infrastructure grants fund* are special revenue funds used to account for the accumulation of resources to make improvements to the Town's sidewalks and roadways.

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, 2023

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 *custodial fund* is used for activities related to collections and payments of property taxes for the fire district that provide services to the residents of the Town, and 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).

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.

TOWN OF COLRAIN, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2023

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.

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, 2022 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 2023 on September 29, 2022 and March 23, 2023 that were due on November 1, 2022 and May 1, 2023.

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 2023 is as follows:

Legal Levy Limit Under Proposition	
2 1/2 for fiscal year 2023	\$ 4,140,938
Add: Debt Exclusion	<u>55,773</u>
Maximum Allowable Levy	<u><u>\$ 4,196,711</u></u>

The total amount raised by taxation was \$4,007,809.

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.

TOWN OF COLRAIN, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2023

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.

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.

TOWN OF COLRAIN, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2023

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.

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.

TOWN OF COLRAIN, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2023

“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.

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. Investment Income

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).

TOWN OF COLRAIN, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2023

M. 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.

N. 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.

O. 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.

P. 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.

TOWN OF COLRAIN, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2023

- 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 2023, the Town incurred a final budget deficit of \$284,167 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	\$ 60,150
Prior year's encumbrances	224,017
	<hr/>
	\$ 284,167
	<hr/>

B. Deficit Fund Equity

The following funds have deficits at June 30, 2023 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.
- The *American Rescue Plan Act (ARPA) grant* special revenue fund used for United States Federal Government funding source to assist in the fighting of the coronavirus has a deficit of \$83. 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, 2023 were \$2,756,735. 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.

TOWN OF COLRAIN, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2023

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.

As of June 30, 2023, the Town had the following investments:

Investment Type	Fair Value	Investment Maturities (in Years)		
		Less Than 1	1 to 5	6 to 10
Debt Securities:				
U. S. treasury obligations	\$ 226,112	\$ 40,009	\$ 186,103	\$ -
U. S. government agencies	27,118	-	27,118	-
Corporate bonds	245,360	51,843	136,084	57,433
Money market mutual fund	104,162	104,162	-	-
	602,752	\$ 196,014	\$ 349,305	\$ 57,433
Other Investments:				
Certificate of deposits	4,822			
Equity mutual funds	364,786			
MMDT	552,136			
	<u>\$ 1,524,496</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 \$1,524,496 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, 2023

Credit Risk

The Town's exposure to credit risk as of June 30, 2023 is as follows:

Related Debt Instruments	Fair Value
<u>Moody's Quality Ratings</u>	
<i>U. S. Treasury Obligations:</i>	
Aaa	\$ 226,112
<i>U. S. Government Agencies:</i>	
Aaa	27,118
<i>Corporate Bonds:</i>	
Aaa	17,484
A1	54,894
A2	39,397
A3	24,226
Baa1	66,431
Baa2	42,928
<i>Money Market Mutual Funds:</i>	
Not rated	104,162
	<u>\$ 602,752</u>

Concentration of Credit Risk

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

Fair Value of Investments

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

TOWN OF COLRAIN, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2023

The Town has the following recurring fair value measurements as of June 30, 2023:

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	\$ 226,112	\$ 226,112	\$ -	\$ -
U. S. government agencies	27,118	27,118	-	-
Certificates of deposit	4,822	4,822	-	-
Equity mutual funds	364,786	364,786	-	-
Money market mutual fund	104,162	104,162	-	-
Corporate bonds	245,360	-	245,360	-
Total Investments	972,360	\$ 727,000	\$ 245,360	\$ -
Investments Measured at Amortized Cost:				
External Investment Pools (MMDT)	552,136			
Total Investments	\$ 1,524,496			

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, 2023, 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	\$ 108,702	\$ (250)	\$ 108,452
Tax liens	68,364	-	68,364
Excise taxes	36,878	(7,000)	29,878
Due from other governments	567,928	-	567,928
	\$ 781,872	\$ (7,250)	\$ 774,622

At June 30, 2023, receivables for the business-type activities consist of the following:

	Gross Amount	Allowance for Uncollectibles	Net Amount
Broadband Fund:			
User charges	\$ 8,451	\$ -	\$ 8,451

TOWN OF COLRAIN, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2023

The composition of amounts due from other governments as of June 30, 2023 for governmental funds is as follows:

General Fund:

Commonwealth of Massachusetts:

Department of Veterans Services:

Veterans benefits	\$	9,500
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Public Works Infrastructure Grants Fund:

Commonwealth of Massachusetts:

Massachusetts Department of Transportation:

Highway Department - Chapter 90 funds		558,428
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	\$	<u>567,928</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	\$	65,052	
Tax liens		68,364	
Excise taxes		<u>29,878</u>	\$ 163,294

Public Works Infrastructure Grants Fund:

Due from other governments		451,896	
	\$	<u>615,190</u>	

TOWN OF COLRAIN, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2023

D. Capital Assets

Capital asset activities for the governmental and business-type activities for the year ended June 30, 2023, are as follows:

Governmental Activities	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	\$ 428,325	\$ 19,051	\$ -	\$ 447,376
Total capital assets not being depreciated	428,325	19,051	-	447,376
Capital assets being depreciated:				
Buildings and Renovations	6,942,211	-	-	6,942,211
Machinery, equipment and other	2,550,017	197,695	(92,432)	2,655,280
Infrastructure	7,851,895	377,548	-	8,229,443
Total capital assets being depreciated	17,344,123	575,243	(92,432)	17,826,934
Less accumulated depreciation for:				
Buildings and Renovations	5,088,636	58,109	-	5,146,745
Machinery, equipment and other	2,184,145	157,081	(92,432)	2,248,794
Infrastructure	1,905,561	308,654	-	2,214,215
Total accumulated depreciation	9,178,342	523,844	(92,432)	9,609,754
Total capital assets being depreciated, net	8,165,781	51,399	-	8,217,180
Total governmental activities capital assets, net	\$ 8,594,106	\$ 70,450	\$ -	\$ 8,664,556

Business-Type Activities	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets being depreciated:				
Infrastructure	\$ 3,816,449	\$ 259,872	\$ -	\$ 4,076,321
Less accumulated depreciation for:				
Infrastructure	121,665	98,660	-	220,325
Total business-type activities capital assets, net	\$ 3,694,784	\$ 161,212	\$ -	\$ 3,855,996

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

Governmental Activities:

Public safety	\$ 77,693
Public works	446,151
Total depreciation expense - governmental activities	<u>\$ 523,844</u>

Business-Type Activities:

Broadband fund	<u>\$ 98,660</u>
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TOWN OF COLRAIN, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2023

E. Interfund Receivables, Payables and Transfers

Interfund transfers for the fiscal year ended June 30, 2023, are summarized below:

Transfers Out:	Transfers In:		
	General fund	Business-type funds	Total
General fund	\$ -	\$ 9,135	\$ 9,135
Nonmajor governmental funds	2,696	496,567	499,263
Total transfers out	\$ 2,696	\$ 505,702	\$ 508,398

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 business-type fund are as follows:

Purpose	Interest Rate	Final Maturity Date	Balance July 1, 2022	Renewed/ Issued	Retired/ Redeemed	Outstanding June 30, 2023
Broadband Fund:						
Bond Anticipation Notes:						
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	\$ -

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 business-type activities.

General obligation bonds currently outstanding of the business-type fund are as follows:

	Interest Rate	Date Issued	Final Maturity Date	Original Amount Issued	Outstanding June 30, 2023
Broadband Fund:					
Outside Debt:					
Municipal Purpose Loan 2023:					
Broadband construction	4.0-5.0%	11/3/2022	11/1/2038	\$ 1,620,000	<u>\$ 1,620,000</u>

TOWN OF COLRAIN, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2023

Future Debt Service

The annual principal and interest payments to retire all business-type type fund general obligation long-term debt outstanding as of June 30, 2023, are as follows:

Year	Principal	Interest	Total
2024	\$ 105,000	\$ 110,953	\$ 215,953
2025	105,000	68,125	173,125
2026	105,000	62,875	167,875
2027	105,000	57,625	162,625
2028	100,000	52,500	152,500
2029-2033	500,000	187,500	687,500
2034-2038	500,000	70,500	570,500
2039	100,000	2,000	102,000
	<u>\$ 1,620,000</u>	<u>\$ 612,078</u>	<u>\$ 2,232,078</u>

A summary of the changes in governmental activities and business-type activities long-term liabilities during the year is as follows:

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

	Balance July 1, 2022	Additions	Reductions	Balance June 30, 2023	Amounts Due within One Year
Governmental activities:					
Net OPEB liability	\$ 84,879	\$ -	\$ 8,353	\$ 76,526	\$ -
Net pension liability	419,895	549,078	-	968,973	-
Governmental activity Long-term liabilities	<u>\$ 504,774</u>	<u>\$ 549,078</u>	<u>\$ 8,353</u>	<u>\$ 1,045,499</u>	<u>\$ -</u>
Business type activities:					
Bonds Payable:					
General obligation bonds	\$ -	\$ 1,620,000	\$ -	\$ 1,620,000	\$ 105,000
Business-type activity Long-term liabilities	<u>\$ -</u>	<u>\$ 1,620,000</u>	<u>\$ -</u>	<u>\$ 1,620,000</u>	<u>\$ 105,000</u>

Legal Debt Limit

Under Section 10 of Chapter 44 of the Massachusetts General Laws a Town may authorize indebtedness up to a limit of five percent of its equalized valuation of the Town. Debt issued in accordance with this section of the law is designated as being "inside the debt limit." The Town has no inside debt at June 30, 2023.

TOWN OF COLRAIN, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2023

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, 2023:

Equalized Valuation-Real Estate and Personal Property (2022)		<u>\$ 203,121,700</u>
Debt Limit: 5 % of Equalized value		10,156,085
Total Debt Outstanding	\$ 1,620,000	
Less: Debt Outside Debt Limit	<u>(1,620,000)</u>	<u>-</u>
Inside Debt Excess Borrowing Capacity at June 30, 2023		<u><u>\$ 10,156,085</u></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, 2023.

H. Fund Balances

The following is a summary of the Governmental fund balances at the year ended June 30, 2023:

	General Fund	Major Fund	Nonmajor Governmental Funds	Total Governmental Funds
Restricted:				
Federal, state and local grants	\$ -	\$ 24,869	\$ 125,310	\$ 150,179
Town revolving funds	-	-	77,556	77,556
Donations and gifts	-	-	536,643	536,643
Septic loans	-	-	40,895	40,895
Permanent funds	-	-	3,160	3,160
Other	-	-	22,056	22,056
	<u>-</u>	<u>24,869</u>	<u>805,620</u>	<u>830,489</u>
Committed:				
Highway Garage Construction	-	-	30,311	30,311
Assigned:				
Reserve for encumbrance	23,234	-	-	23,234
Subsequent year's budget	418,237	-	-	418,237
	<u>441,471</u>	<u>-</u>	<u>-</u>	<u>441,471</u>
Unassigned:				
General Fund	1,549,524	-	-	1,549,524
Deficit special revenue funds	-	-	(8,977)	(8,977)
	<u>1,549,524</u>	<u>-</u>	<u>(8,977)</u>	<u>1,540,547</u>
Total Governmental fund balances	<u><u>\$ 1,990,995</u></u>	<u><u>\$ 24,869</u></u>	<u><u>\$ 826,954</u></u>	<u><u>\$ 2,842,818</u></u>

TOWN OF COLRAIN, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2023

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, 2023, the balances in the stabilization funds reported in the General Fund as unassigned fund balance are as follows:

General purpose stabilization fund	\$	450,213
Assessor's stabilization fund		15,891
Audit stabilization fund		574
Fire Department stabilization fund		248,679
Griswold Library stabilization fund		66,936
Highway stabilization fund		136,493
Police stabilization fund		37,596
Technology stabilization fund		15,203
Transfer Station stabilization fund		24,526
	\$	<u>996,111</u>

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.

TOWN OF COLRAIN, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2023

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

As of the HCHG's most recent audited financial statements (fiscal year ended June 30, 2022), the HCHG had an unrestricted net asset balance of \$28,119,833.

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, 2023, cannot be ascertained, management believes any resulting liability should not materially affect the financial position at June 30, 2023.

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.

TOWN OF COLRAIN, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2023

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.

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 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, 2022 was \$116,096, representing 23.12% 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, 2023, the Town reported a liability of \$968,973 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2022. 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, 2022, the Town's proportional percentage was 1.429%, which was a slight increase from the last measurement.

TOWN OF COLRAIN, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2023

Pension Expense

For the year ended June 30, 2023, the Town recognized a pension expense of \$171,107 and reported deferred outflows of resources related to pensions of \$346,748 from the differences between expected and actual experience, the net difference between projected and actual investment earnings on pension plan investment, changes in assumptions and changes in proportion and differences between employer contributions and proportionate share of contributions; and deferred inflows of resources related to pensions of \$7,983 from the differences between expected and actual experience and changes in proportion and differences between employer contributions and proportionate share of contributions.

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,		
2024	\$	54,294
2025		94,401
2026		73,124
2027		116,946
	\$	<u>338,765</u>

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of January 1, 2022, using the following actuarial assumptions, applied to all periods included in the measurement that was roll forward to December 31, 2022:

Valuation date	January 1, 2022
Actuarial cost method	Individual Entry Age Normal
Amortization method	Increasing dollar amount at 4.0% to reduce the Unfunded Actuarial Accrued Liability to zero on or before June 30, 2034.
Inflation	2.40% per year
Projected salary increases	Group 1 & Group 2: 4.00% -- 6.00%, based on service Group 4: 4.50% -- 7.00%, based on service
Investment rate of return	7.25%, net of pension plan investment expense, including inflation
Cost of living adjustments	3.00% of the pension amount on first \$17,000 per year.
Mortality rates	RP-2014 Blue Collar Mortality Table with full generational mortality improvement using Scale MP-2020. For disabled members, RP-2014 Blue Collar Mortality Table set forward one year with full generational mortality improvement using Scale MP-2020.

TOWN OF COLRAIN, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2023

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 expected future real rates of return (expected returns, net of inflation) are developed for each major asset class. These returns are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adding expected inflation. Best estimates of arithmetic real rates of return for each major class included in the System's target asset allocation as of December 31, 2022, are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
PRIT Core	40.0%	5.10%
Domestic Equity	32.0%	4.50%
International Equity	5.0%	5.73%
Real Estate	10.0%	3.10%
Fixed Income	13.0%	2.10%
Total	100.0%	

Rate of Return

For the year ended December 31, 2022, the annual money-weighted rate of return (which expresses investment performance), net of investment expense was (12.86%). The money-weighted rate of return is calculated as the internal rate of return on pension plan investments, net of pension plan investment expense. A money weighted rate of return expresses investment performance, net of pension plan investment expense, adjusted for the changing amounts actually invested. Inputs to the money weighted rate of return calculation are determined monthly.

Discount Rate

The discount rate used to measure the total pension liability was 7.25%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that member employer contributions will be made at rates equal to the actuarially determined contribution rates. For this purpose, only employer contributions that are intended to fund benefits for the current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service cost for future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, the 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 pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

TOWN OF COLRAIN, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2023

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 7.25%. 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 (6.25%) or 1-percentage-point higher (8.25%) than the current rate:

	1% Decrease 6.25%	Current Discount Rate 7.25%	1% Increase 8.25%
Town's net pension liability	\$ 1,355,128	\$ 968,973	\$ 642,199

E. Other Post Employment Benefits Payable

GASB Statement No. 74 and GASB Statement No. 75

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

Plan Description

In addition to providing pension benefits, the Town provides post-employment health care and life insurance benefits for retired employees, their dependents and beneficiaries. The benefits, benefit levels, employee and employer contributions are governed by Massachusetts General Law chapter 32. There are approximately 13 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 Select Board by majority vote of its members. The OPEB plan's assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the OPEB plan. The long-term real rate of return on OPEB investments was determined using the Town's investment policy.

Funding Policy

The contribution requirements of plan members and the Town are established and may be amended through Town ordinances. For the period ending on June 30, 2023 Measurement Date, total Town premiums plus implicit costs for the retiree medical program were \$8,664. The Town also made a contribution to an OBEB Trust of \$0 for a total contribution during the measurement period of \$8,664. The Town did establish a trust fund in order to contribute funds to reduce the future OPEB liability. The trust balance is \$307,747 as of June 30, 2023.

Measurement Date

GASB Statement No. 74 and GASB Statement No. 75 require the net OPEB liability to be measured as of the OPEB Plan's most recent fiscal year-end. Accordingly, the net OPEB liability was measured as of June 30, 2023, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of July 1, 2021.

TOWN OF COLRAIN, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2023

Plan Membership:

Current active members	9
Current retirees, beneficiaries and dependents	4
Total	<u>13</u>

Net OPEB Liability

The Town's net OPEB liability was measured as of June 30, 2023, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of July 1, 2021.

The components of the net OPEB liability are as follows:

	<u>6/30/2023</u>
Total OPEB liability	\$ 384,273
Less: Plan fiduciary net position	(307,747)
Town's Net OPEB liability	<u>\$ 76,526</u>
Plan fiduciary net position as a percentage of the total OPEB liability	80.09%

Actuarial Methods and Assumptions

The total OPEB liability was determined by an actuarial valuation as of July 1, 2021, using the following actuarial assumptions, applied to all periods included in the measurement for the reporting date of June 30, 2023:

Valuation date	Actuarially determined contribution was calculated as of July 1, 2021
Actuarial cost method	Individual Entry Age Normal
Asset valuation method	Market value of assets as of the measurement date, June 30, 2023.
Investment rate of return	5.73%, net of OPEB plan investment expense, including inflation
Single equivalent discount rate	5.73%, net of OPEB plan investment expense, including inflation
Inflation	2.50% as of June 30, 2023 and for future periods
Projected salary increases	3.00% annually as of June 30, 2023 and for future periods
Cost of living adjustments	not applicable
Mortality rates	
Pre-retirement mortality (General)	RP-2014 Mortality Table for Blue Collar Employees projected generationally with scale MP-2016 for males and females, set forward one year for females.
Post-retirement mortality (General)	RP-2014 Mortality Table for Blue Collar Healthy Annuitants projected generationally with scale MP-2016 for males and females, set forward one year for females.
Disabled retirees (General)	RP-2014 Mortality Table for Blue Collar Healthy Annuitants projected generationally with scale MP-2016 for males and females, set forward one year.

TOWN OF COLRAIN, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2023

The actuarial assumptions used in the July 1, 2021 valuation were reflective of published municipal bond indices; the S&P Municipal Bond 20-year High Grade Index (SAPIHG) as of June 30, 2023 is 4.13%.

Rate of Return

For the year ended June 30, 2023, the annual money-weighted rate of return (which expresses investment performance), net of investment expense was 6.89%.

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 Cap	28.00%	4.10%
Domestic Equity - Small/Mid Cap	14.25%	4.55%
International Equity - Developed Market	12.00%	4.64%
International Equity - Emerging Market	6.25%	5.45%
Domestic Fixed Income	25.75%	1.05%
International Fixed Income	5.75%	0.96%
Alternatives	2.50%	5.95%
Real Estate	5.00%	6.25%
Cash	0.50%	0.00%
Total	<u>100.00%</u>	
I. Real Rate of Return		3.48%
II. Add: Inflation Assumption		2.50%
III. Total Nominal Return (I. + II.)		5.98%
IV. Less: Investment Expense		0.25%
V. Net investment Return (III.-IV.)		<u>5.73%</u>

* = Mean Geometric Returns based on 2022 Horizon Survey of Capital Market Assumptions.

Discount Rate

The discount rate used to measure the total OPEB liability was 5.73%. 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 the Town's funding policy. Based on these assumptions, the OPEB plan fiduciary net position was projected to be sufficient 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.

TOWN OF COLRAIN, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2023

Changes in the Net OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Total OPEB Liability
Balances at June 30, 2022	\$ 372,780	\$ 287,901	\$ 84,879
Service cost	13,808	-	13,808
Interest on Total OPEB Liability	20,798	-	20,798
Changes in benefit terms *	-	-	-
Changes in assumptions **	(14,449)	-	(14,449)
Difference between actual and expected experience **	-	-	-
Net investment income	-	19,846	(19,846)
Employer contributions to Trust	-	8,664	(8,664)
Total benefit payments including implicit cost	(8,664)	(8,664)	-
Net change in total OPEB liability	11,493	19,846	(8,353)
Balances at June 30, 2023	\$ 384,273	\$ 307,747	\$ 76,526

* = Recognized immediately

** = Amortized over 5.00 years

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

The following presents the Town's net OPEB liability as well as what the Town's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.73%) or 1-percentage-point higher (6.73%) than the current rate:

	1% Decrease 4.73%	Current Discount Rate 5.73%	1% Increase 6.73%
Town's net OPEB liability	\$ 139,075	\$ 76,526	\$ 26,295

TOWN OF COLRAIN, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2023

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 or 1-percentage-point higher than the current healthcare cost trend rate:

	1% Decrease	Healthcare Cost Trend Rates	1% Increase
Town's net OPEB liability	\$ 20,366	\$ 76,526	\$ 147,915

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

For the year ended June 30, 2023, the GASB Statement No. 75 reporting period and fiscal year ending date, the Town recognized an OPEB expense of \$21,671 and reported deferred outflows of resources related to OPEB of \$107,363 from the changes in assumptions and the net difference between projected and actual investment earnings on OPEB plan investments; and deferred inflows of resources related to OPEB of \$70,695 from the differences between actual and expected experience and the changes in assumptions.

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,	
2024	\$ 10,924
2025	9,112
2026	19,152
2027	(2,520)
	<u>\$ 36,668</u>

F. Implementation of New GASB Pronouncements

The GASB issued Statement No. 91, *Conduit Debt Obligations*, for implementation in fiscal year 2023. The adoption of this standard did not have a material impact on the Town's financial statements.

The GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, for implementation in fiscal year 2023. The adoption of this standard did not have a material impact on the Town's financial statements.

The GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*, for implementation in fiscal year 2023. The adoption of this standard did not have a material impact on the Town's financial statements.

TOWN OF COLRAIN, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2023

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. 99, *Omnibus 2023*, clarification on GASB No. 34 Management's Discussion and Analysis; on GASB No. 63 Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position; requirements related to leases and requirements related to derivative instruments for implementation in fiscal year 2023 and 2024.

The GASB issued Statement No. 100, *Accounting Changes and Error Corrections—An Amendment of GASB No. 62*, for implementation in fiscal year 2024.

The GASB issued Statement No. 101, *Compensated Absences*, for implementation in fiscal year 2025.

REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF COLRAIN, MASSACHUSETTS
Required Supplementary Information
Pension Plan Schedules
Franklin Regional Retirement System
For the Year Ended June 30, 2023

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:

Measurement Date	Town's proportion of the net pension liability (asset)	Town's proportionate share of the net pension liability (asset)	Town's covered employee payroll	Net pension liability percentage of covered employee payroll	Plan fiduciary net position as a percentage of the total pension liability
12/31/2022	1.429%	\$ 968,973	\$ 502,128	192.97%	72.17%
12/31/2021	1.379%	\$ 419,895	\$ 468,602	89.61%	87.05%
12/31/2020	1.318%	\$ 534,914	\$ 429,394	124.57%	81.05%
12/31/2019	1.261%	\$ 616,334	\$ 399,449	154.30%	76.27%
12/31/2018	1.350%	\$ 826,683	\$ 375,240	220.31%	68.98%
12/31/2017	1.306%	\$ 596,939	\$ 350,569	170.28%	75.89%
12/31/2016	1.286%	\$ 675,677	\$ 439,835	153.62%	70.75%
12/31/2015	1.285%	\$ 598,863	\$ 351,817	170.22%	71.73%
12/31/2014	1.100%	\$ 412,877	\$ 339,401	121.65%	75.98%

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

TOWN OF COLRAIN, MASSACHUSETTS
Required Supplementary Information
Pension Plan Schedules
Franklin Regional Retirement System
For the Year Ended June 30, 2023

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:

Measurement Date	Actuarially determined contribution	Less: Contributions in relation to the actuarially determined contribution	Contribution deficiency (excess)	Town's covered employee payroll	Contributions percentage of covered employee payroll
12/31/2022	\$ 116,096	\$ (116,096)	\$ -	\$ 502,128	23.12%
12/31/2021	\$ 105,945	\$ (105,945)	\$ -	\$ 468,602	22.61%
12/31/2020	\$ 95,828	\$ (95,828)	\$ -	\$ 429,394	22.32%
12/31/2019	\$ 86,652	\$ (86,652)	\$ -	\$ 399,449	21.69%
12/31/2018	\$ 87,697	\$ (87,697)	\$ -	\$ 375,240	23.37%
12/31/2017	\$ 80,515	\$ (80,515)	\$ -	\$ 350,569	22.97%
12/31/2016	\$ 75,567	\$ (75,567)	\$ -	\$ 439,835	17.18%
12/31/2015	\$ 72,565	\$ (72,565)	\$ -	\$ 351,817	20.63%
12/31/2014	\$ 70,903	\$ (70,903)	\$ -	\$ 339,401	20.89%

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

TOWN OF COLRAIN, MASSACHUSETTS
Required Supplementary Information
Other Post Employment Benefit Plan Schedules
For the Year Ended June 30, 2023

Schedule of Changes in the Net OPEB Liability:

	<u>6/30/2023</u>	<u>6/30/2022</u>	<u>6/30/2021</u>
Total OPEB liability			
Service cost	\$ 13,808	\$ 11,644	\$ 10,747
Interest on OPEB liability	20,798	19,067	17,935
Changes in Benefit terms	-	-	-
Changes in Assumptions	(14,449)	132,602	8,481
Difference between actual and expected experience	-	(66,868)	-
Benefit payments, including refunds of member contributions	(8,664)	(10,563)	(10,275)
Net change in total OPEB liability	11,493	85,882	26,888
Total OPEB liability-beginning	372,780	286,898	260,010
Total OPEB liability-ending (a)	<u>\$ 384,273</u>	<u>\$ 372,780</u>	<u>\$ 286,898</u>
Plan fiduciary net position			
Net investment income	\$ 19,846	\$ (51,415)	\$ 67,537
Employer contributions to Trust	8,664	10,563	10,275
Benefit payments, including refunds of member contributions	(8,664)	(10,563)	(10,275)
Net change in plan fiduciary net position	19,846	(51,415)	67,537
Total fiduciary net position-beginning	287,901	339,316	271,779
Total fiduciary net position-ending (b)	<u>\$ 307,747</u>	<u>\$ 287,901</u>	<u>\$ 339,316</u>
Town's net OPEB liability (a-b)	<u><u>\$ 76,526</u></u>	<u><u>\$ 84,879</u></u>	<u><u>\$ (52,418)</u></u>

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

TOWN OF COLRAIN, MASSACHUSETTS
Required Supplementary Information
Other Post Employment Benefit Plan Schedules
For the Year Ended June 30, 2023

Schedule of Changes in the Net OPEB Liability:

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

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

TOWN OF COLRAIN, MASSACHUSETTS
Required Supplementary Information
Other Post Employment Benefit Plan Schedules
For the Year Ended June 30, 2023

Schedule of Net OPEB Liability:

	<u>6/30/2023</u>	<u>6/30/2022</u>	<u>6/30/2021</u>
Total OPEB liability	\$ 384,273	\$ 372,780	\$ 286,898
Less: Plan fiduciary net position	<u>(307,747)</u>	<u>(287,901)</u>	<u>(339,316)</u>
Town's Net OPEB liability	<u><u>\$ 76,526</u></u>	<u><u>\$ 84,879</u></u>	<u><u>\$ (52,418)</u></u>
Plan fiduciary net position as a percentage of the total OPEB liability	80.09%	77.23%	118.27%
Town's share of covered employee payroll	\$ 586,578	\$ 569,493	\$ 565,461
Participating employer net OPEB liability (asset) as a percentage of covered-employee payroll	13.05%	14.90%	-9.27%

Schedule of Contributions:

	<u>6/30/2023</u>	<u>6/30/2022</u>	<u>6/30/2021</u>
Actuarially determined contribution	\$ 17,442	\$ 15,537	\$ 10,747
Less: Contributions in relation to the actuarially determined contribution	<u>(8,664)</u>	<u>(10,563)</u>	<u>(10,275)</u>
Contribution deficiency (excess)	<u><u>\$ 8,778</u></u>	<u><u>\$ 4,974</u></u>	<u><u>\$ 472</u></u>
Town's share of covered employee payroll	\$ 586,578	\$ 569,493	\$ 565,461
Contributions percentage of covered-employee payroll	1.48%	1.85%	1.82%
Annual money-weighted rate of return net of investment expense	6.89%	-15.15%	24.85%

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

TOWN OF COLRAIN, MASSACHUSETTS
Required Supplementary Information
Other Post Employment Benefit Plan Schedules
For the Year Ended June 30, 2023

Schedule of Net OPEB Liability:

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

Schedule of Contributions:

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

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

TOWN OF COLRAIN, MASSACHUSETTS
Required Supplementary Information
Other Post Employment Benefit Plan Schedules
For the Year Ended June 30, 2023

Schedule of Funding Progress:

Measurement Date	Other Post Employment Benefits						
	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)	
6/30/2023	\$ 307,747	\$ 384,273	\$ 76,526	80.09%	\$ 586,578	13.05%	
6/30/2022	\$ 287,901	\$ 372,780	\$ 84,879	77.23%	\$ 569,493	14.90%	
6/30/2021	\$ 339,316	\$ 286,898	\$ (52,418)	118.27%	\$ 565,461	-9.27%	
6/30/2020	\$ 271,779	\$ 260,010	\$ (11,769)	104.53%	\$ 548,991	-2.14%	
6/30/2019	\$ 215,014	\$ 282,025	\$ 67,011	76.24%	\$ 483,503	13.86%	
6/30/2018	\$ 155,169	\$ 258,648	\$ 103,479	59.99%	\$ 425,731	24.31%	

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

SUPPLEMENTARY SCHEDULES

TOWN OF COLRAIN, MASSACHUSETTS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2023

	Fund Balances July 1, 2022	Revenues	Expenditures	Other Financing Sources (Uses)	Fund Balances June 30, 2023
Special Revenue:					
Federal and State Grants:					
Arts Lottery Council Grants	\$ 6,182	\$ 5,719	\$ 5,437	\$ -	\$ 6,464
American Rescue Plan Act Grant	-	496,484	-	(496,567)	(83)
Community Compact Grants	5,486	10,080	3,941	-	11,625
Council on Aging Grants	829	6,864	9,533	-	(1,840)
Emergency Management Agency Grants	(8,894)	-	-	-	(8,894)
Highway Grants	1,511	-	-	-	1,511
Library Grants	31,913	12,623	995	-	43,541
Other Grants and Programs	62,601	11,469	23,604	-	50,466
Public Safety Grants	14,268	3,206	5,241	-	12,233
Recycling Program	6,362	4,550	3,610	-	7,302
Other:					
Animal Control	8,917	2,130	-	-	11,047
Board of Health Revolving	10,343	-	-	-	10,343
Bridge Academy Training	1,854	-	546	-	1,308
Conservation Revolving	1,174	150	127	-	1,197
Demolition Revolving	949	-	-	-	949
Deputy Collector Fees	4,830	4,060	4,060	-	4,830
Electrical/Wiring Inspector	(831)	3,875	3,470	-	(426)
Fire Department Inspections	1,466	810	800	-	1,476
Gifts and Donations	435,953	114,828	14,139	-	536,642
Insurance Proceeds	1,423	-	-	-	1,423
Opioid Settlements	-	708	-	-	708
Outside Details	19,141	20,110	20,523	-	18,728
Planning Revolving	4,252	400	353	-	4,299
Plumbing Inspector	112	1,510	2,295	-	(673)
Septic Loan Programs	40,723	173	-	-	40,896
Tax Title Revolving	34,678	12,075	18,943	-	27,810
Transfer Station Disposal	2,635	-	-	-	2,635
Wetlands Protection Fund	4,039	-	-	-	4,039
Zoning Board of Appeals	306	1,232	1,367	-	171
Quintus Allen Fund	3,460	2,992	-	(2,696)	3,756
Total Special Revenue Funds	\$ 695,682	\$ 716,048	\$ 118,984	\$ (499,263)	\$ 793,483

TOWN OF COLRAIN, MASSACHUSETTS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2023

	Fund Balances July 1, 2022	Revenues	Expenditures	Other Financing Sources (Uses)	Fund Balances June 30, 2023
Capital Projects:					
Highway Garage Construction	\$ 30,311	\$ -	\$ -	\$ -	\$ 30,311
Permanent Funds:					
Cemetery Perpetual Care Fund	1,886	30	-	-	1,916
Babbitt Cemetery Care Fund	764	-	-	-	764
Colrain Beautification Fund	480	-	-	-	480
Total Permanent Funds	<u>3,130</u>	<u>30</u>	<u>-</u>	<u>-</u>	<u>3,160</u>
Total - Non-Major Governmental Funds	<u>\$ 729,123</u>	<u>\$ 716,078</u>	<u>\$ 118,984</u>	<u>\$ (499,263)</u>	<u>\$ 826,954</u>

**TOWN OF COLRAIN, MASSACHUSETTS
SCHEDULE OF REAL ESTATE, PERSONAL PROPERTY
AND DEFERRED REAL ESTATE TAXES
JULY 1, 2022 TO JUNE 30, 2023**

	Uncollected Taxes July 1, 2022	Commitments	Abatements and Adjustments	Collections Net of Refunds and Overpayments	Uncollected Taxes June 30, 2023	Uncollected Taxes Per Detail June 30, 2023
Real Estate Taxes:						
Levy of 2023	\$ -	\$ 3,587,286	\$ 37,975	\$ 3,456,896	92,415	\$ 92,415
Levy of 2022	68,394	-	1,972	66,422	-	-
Levy of 2021	488	-	-	-	488	(72)
Levy of 2020	4,028	-	-	4,028	-	-
	<u>72,910</u>	<u>3,587,286</u>	<u>39,947</u>	<u>3,527,346</u>	<u>92,903</u>	<u>92,343</u>
Personal Property Taxes:						
Levy of 2023	-	420,524	110	419,678	736	736
Levy of 2022	318	-	-	114	204	204
Levy of 2021	381	-	-	112	269	269
Levy of 2020	276	-	1	105	170	170
Levy of 2019	114	-	-	-	114	114
	<u>1,089</u>	<u>420,524</u>	<u>111</u>	<u>420,009</u>	<u>1,493</u>	<u>1,493</u>
Deferred Real Estate Taxes	<u>12,292</u>	<u>2,014</u>	<u>-</u>	<u>-</u>	<u>14,306</u>	<u>14,306</u>
Total Real Estate, Personal Property and Deferred Real Estate Taxes	<u>\$ 86,291</u>	<u>\$ 4,009,824</u>	<u>\$ 40,058</u>	<u>\$ 3,947,355</u>	<u>\$ 108,702</u>	<u>\$ 108,142</u>

**TOWN OF COLRAIN, MASSACHUSETTS
SCHEDULE OF MOTOR VEHICLE EXCISE TAXES
JULY 1, 2022 TO JUNE 30, 2023**

	Uncollected Taxes		Abatements and Adjustments		Collections Net of Refunds and Overpayments		Uncollected Taxes Per Detail	
	July 1, 2022	Commitments					June 30, 2023	June 30, 2023
Motor Vehicle Excise Taxes:								
Levy of 2023	\$ -	\$ 181,956	\$ 2,220	\$ 155,363	\$ 24,373	\$ 24,373		
Levy of 2022	23,254	14,910	1,366	29,669	7,129	7,129		
Levy of 2021	5,349	-	-	3,212	2,137	2,069		
Levy of 2020	2,478	-	-	947	1,531	1,531		
Levy of 2019	1,928	-	-	220	1,708	1,708		
Total Motor Vehicle Excise Taxes	\$ 33,009	\$ 196,866	\$ 3,586	\$ 189,411	\$ 36,878	\$ 36,810		

**TOWN OF COLRAIN, MASSACHUSETTS
SCHEDULE OF TAX LIENS
JULY 1, 2022 TO JUNE 30, 2023**

	Uncollected Accounts July 1, 2022	Commitments	Abatements and Adjustments	Collections Net of Refunds and Overpayments	Uncollected Accounts June 30, 2023	Uncollected Accounts Per Detail June 30, 2023
Tax Liens	\$ 100,326	\$ 26,544	\$ 19,051	\$ 39,455	\$ 68,364	\$ 68,364