

**TOWN OF COLRAIN, MASSACHUSETTS**  
**Report on the Examination of Basic Financial Statements**  
**For the Year Ended June 30, 2021**

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## **Independent Auditor's Report**

To the Honorable Select Board  
Town of Colrain, Massachusetts

We have audited the accompanying financial statements of the governmental activities, 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, 2021, and the related notes to the financial statements, which collectively comprise the Town of Colrain, Massachusetts' basic financial statements as listed in the table of contents.

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

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

### **Auditor's Responsibility**

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

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

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

### **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Colrain, Massachusetts, as of June 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, pension plan and other postemployment benefit plan schedules as listed on the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the *Governmental Accounting Standards Board*, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the Required Supplementary Information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Colrain, Massachusetts' basic financial statements. The Supplementary Schedules, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Supplementary Schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

## *Scanlon and Associates, LLC*

Scanlon & Associates, LLC  
South Deerfield, Massachusetts

July 26, 2022

## **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, 2021. The intent of this discussion and analysis is to look at the Town's financial performance as a whole. Readers should also review the financial statements and the notes to the financial statements to enhance their understanding of the Town's financial performance.

### Financial Highlights

- The Town's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by \$11,706,246 (net position) for the fiscal year reported. This compares to the previous year when assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$11,029,413 or an increase of \$676,833 (6%).
- At the close of the current fiscal year, the Town's governmental funds reported total ending fund balance of \$2,018,442, an increase of \$303,434 (18%) in comparison with the prior year.
- The General Fund's total fund balance increased \$260,513 (20%) to \$1,589,459. The ending General fund balance is 34% of revenues, transfers in and the sale of foreclosure property; and 36% of expenditures.
- Total liabilities of the Town decreased by \$145,561 (4%) to \$3,384,276 during the fiscal year. This net change resulted mainly from an increase in unearned revenue of \$86,927 and net decreases in warrants and accounts payable of \$104,140, in the pension liability of \$81,420 and in the bonds payable of \$24,667.
- The Town had General fund free cash certified by the Department of Revenue in the amount of \$617,000. The key factors that attributed to the free cash amount for fiscal year 2021 were unexpended/unencumbered appropriations of \$196,700, excess over budget state and local receipts of \$228,500 and excess over budget other financing sources of \$52,300.

### 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		
	2021	2020	Change
<b>Assets:</b>			
Current assets	\$ 2,672,744	\$ 4,867,045	\$ (2,194,301)
Noncurrent assets (excluding capital assets)	52,418	11,769	40,649
Capital assets	8,755,865	9,759,937	(1,004,072)
<b>Total assets</b>	<b>11,481,027</b>	<b>14,638,751</b>	<b>(3,157,724)</b>
<b>Deferred Outflows of Resources</b>	<b>61,213</b>	<b>59,172</b>	<b>2,041</b>
<b>Liabilities:</b>			
Current liabilities (excluding debt)	138,670	266,838	(128,168)
Current debt	24,667	2,424,667	(2,400,000)
Noncurrent liabilities (excluding debt)	534,914	616,334	(81,420)
Noncurrent debt	197,331	221,998	(24,667)
<b>Total liabilities</b>	<b>895,582</b>	<b>3,529,837</b>	<b>(2,634,255)</b>
<b>Deferred Inflows of Resources</b>	<b>225,509</b>	<b>138,673</b>	<b>86,836</b>
<b>Net Position:</b>			
Net Investment in Capital Assets	8,533,867	9,513,272	(979,405)
Restricted	692,368	648,025	44,343
Unrestricted	1,194,914	868,116	326,798
<b>Total net position</b>	<b>\$ 10,421,149</b>	<b>\$ 11,029,413</b>	<b>\$ (608,264)</b>

	Business-Type Activities		
	Activities 2021	2020	Change
<b>Assets:</b>			
Current assets	\$ 852,392	\$ -	\$ 852,392
Capital assets	2,921,399	-	2,921,399
<b>Total assets</b>	<b>3,773,791</b>	-	<b>3,773,791</b>
<b>Liabilities:</b>			
Current liabilities (excluding debt)	88,694	-	88,694
Current debt	2,400,000	-	2,400,000
<b>Total liabilities</b>	<b>2,488,694</b>	-	<b>2,488,694</b>
<b>Net Position:</b>			
Net investment in capital assets	521,399	-	521,399
Restricted	776,801	-	776,801
Unrestricted	(13,103)	-	(13,103)
<b>Total net position</b>	<b>\$ 1,285,097</b>	\$ -	<b>\$ 1,285,097</b>

## Financial Highlights

### Statement of Activities Highlights

	Governmental Activities		
	2021	2020	Change
<b>Program Revenues:</b>			
Charges for services	\$ 208,301	\$ 259,774	\$ (51,473)
Operating grants and contributions	182,394	121,549	60,845
Capital grants and contributions	736,595	1,644,359	(907,764)
<b>General Revenues:</b>			
Property taxes	3,825,841	3,569,189	256,652
Motor vehicle excise and other taxes	220,865	189,702	31,163
Penalties and interest on taxes	16,091	16,922	(831)
Nonrestricted grants	372,328	358,404	13,924
Unrestricted investment income	11,963	22,953	(10,990)
Gain/(Loss) on sale of property	11,596	-	11,596
Miscellaneous	18,215	15,937	2,278
<b>Total revenues</b>	<b>5,604,189</b>	<b>6,198,789</b>	<b>(594,600)</b>
<b>Expenses:</b>			
General government	517,607	362,497	155,110
Public safety	406,212	466,762	(60,550)
Public Works	1,075,730	1,094,240	(18,510)
Education	2,472,627	2,306,056	166,571
Health and human services	30,138	41,024	(10,886)
Culture and recreation	100,849	78,241	22,608
Employee benefits and insurance	231,801	298,723	(66,922)
State assessments	2,528	2,880	(352)
Interest	39,780	54,761	(14,981)
<b>Total expenses</b>	<b>4,877,272</b>	<b>4,705,184</b>	<b>172,088</b>
<b>Net (expenses) revenues</b>	<b>726,917</b>	<b>1,493,605</b>	<b>(766,688)</b>
<b>Transfers</b>	<b>(1,335,181)</b>	<b>-</b>	<b>(1,335,181)</b>
<b>Change in net position</b>	<b>(608,264)</b>	<b>1,493,605</b>	<b>(2,101,869)</b>
<b>Net position - beginning of year</b>	<b>11,029,413</b>	<b>9,535,808</b>	<b>1,493,605</b>
<b>Net position - end of year</b>	<b>\$ 10,421,149</b>	<b>\$ 11,029,413</b>	<b>\$ (608,264)</b>

	Business-Type Activities		
	Activities 2021	2020	Change
<b>Program Revenues:</b>			
Charges for services	\$ 34,374	\$ -	\$ 34,374
Operating grants and contributions	1	-	1
<b>Total revenues</b>	<b>34,375</b>	<b>-</b>	<b>34,375</b>
<b>Expenses:</b>			
Broadband	84,459	-	84,459
<b>Total expenses</b>	<b>84,459</b>	<b>-</b>	<b>84,459</b>
<b>Net (expenses) revenues</b>	<b>(50,084)</b>	<b>-</b>	<b>(50,084)</b>
<b>Transfers</b>	<b>1,335,181</b>	<b>-</b>	<b>1,335,181</b>
<b>Change in net position</b>	<b>1,285,097</b>	<b>-</b>	<b>1,285,097</b>
<b>Net position - beginning of year</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net position - end of year</b>	<b>\$ 1,285,097</b>	<b>\$ -</b>	<b>\$ 1,285,097</b>

### Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. Assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$11,706,246 at the close of fiscal year 2021.

Net position of \$9,055,266 (78%) 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, \$1,469,169 (12%), represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* \$1,181,811 (10%) may be used to meet the government's ongoing obligations to citizens and creditors.

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

The Town is able to report positive balances in two categories of net position and a negative balance in the unrestricted category in the business-type activities.

The governmental activities net position decreased by \$608,264 (6%) during the current fiscal year. The key elements of the decrease in net position for fiscal year 2021 was attributed to a decrease resulting from the depreciation expense (normally spread out over the useful life of the asset) for the year of \$517,346, the sale of capital assets of \$14,102 and the transfer of capital assets to the broadband enterprise fund of \$1,184,336 exceeding the acquisition of \$711,712 in new capital assets and an increase due to the net changes in governmental funds of \$303,434.

There was an increase of \$1,285,097 (100%) 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 \$2,018,442, an increase of \$303,434 (18%) in comparison with the prior year.

Breakdown of the governmental funds are as follows:

- Restricted fund balance – \$404,150 (20%).
- Committed fund balance – \$30,311 (2%).
- Assigned fund balance – \$46,087 (2%).
- Unassigned fund balance – \$1,537,894 (76%).

### 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 \$1,589,459, increasing \$260,513 (20%) from the prior year. Of the \$1,589,459, the unassigned amount is \$1,543,372 (97%) and the assigned amount is \$46,087 (3%). General fund revenues were \$4,259,334 while expenditures were \$4,159,327. General fund revenues of \$4,597,983 were \$338,649 (8%) more than the prior year and expenditures of \$4,391,562 also increased \$232,235 (6%). Other activities in the General Fund were net transfers in from other funds of \$28,394 and the sale of foreclosure property of \$25,698.

The main components of the increase in general fund revenues were related to increases in property taxes of \$266,930 (8%) and in excise and other taxes of \$42,735 (23%) 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 \$94,414 (25%).
- Decrease in Public safety expenditures of \$46,298 (14%).
- Increase in Education expenditures of \$166,571 (7%).
- Decrease in Employee benefits and insurance expenditures of \$41,089 (13%).

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

The *broadband fund* is used for the financing and operations of installing internet systems in the Town. The broadband fund shows a balance of \$1,285,097 in total operations for the first fiscal year. This was mainly attributed to operating costs exceeding operating revenues by \$50,085, investment income of \$1 and net transfers from governmental funds of \$1,335,181.

### General Fund Budgetary Highlights

The final general fund budget for fiscal year 2021 was \$4,634,383. This was an increase of \$132,921 (3%) over the previous year's budget.

There was an increase of \$45,352 between the original budget and the total final amended budget. The change is attributed to votes made at various Special Town Meetings and the Annual Town Meeting in June 2021 for various budget operating line items.

General fund expenditures were less than budgeted by \$242,821. Of the \$242,821 in under budget expenditures, \$46,087 has been carried over to fiscal year 2022.

A negative variance exists in interest on investments of \$459 as the receipts did not meet budget expectations.

Overall, the variance with the final budget was a positive \$427,855 consisting of a revenue surplus of \$231,121 and an appropriation surplus of \$196,734.

**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, 2021 amounts to \$8,755,865 and \$2,921,399, 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 purchase for \$15,000.
- Fire Station improvement for \$48,931.
- Highway vehicle purchase for \$99,710.
- Highway road infrastructure improvements for \$385,163.
- Highway bridge infrastructure improvements for \$162,908.

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

- Broadband infrastructure improvements for \$1,774,043.

**Debt Administration.** The Town’s outstanding governmental long-term debt, as of June 30, 2021, totaled \$221,998 which is for a fire truck.

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

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

**Next Year’s Annual Town Meeting**

The Town of Colrain operates under the "Open Meeting" concept where each voter has an equal vote in adopting of Town budgets and appropriations. The financial statements for June 30, 2021 do not reflect the fiscal year 2022 Town Meeting action. The Annual Town Meeting on June 16, 2021 authorized a fiscal year 2022 operating and capital budget as follows:

From the tax levy	\$	4,488,491
From Other Available Funds:		
From broadband network fees		459,812
<b>Non-major Governmental Funds:</b>		
Quintus Allen Fund		2,274
		2,274
	\$	4,950,577

## **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, 2021**

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
<b>CURRENT:</b>			
Cash and Cash Equivalents	\$ 1,265,533	\$ 847,347	\$ 2,112,880
Investments	835,845	-	835,845
Receivables, net of allowance for uncollectibles:			
Property Taxes	176,505	-	176,505
Tax Liens	59,719	-	59,719
Excise Taxes	22,556	-	22,556
User Charges	-	5,045	5,045
Due from Other Governments	312,586	-	312,586
Total current assets	<u>2,672,744</u>	<u>852,392</u>	<u>3,525,136</u>
<b>NONCURRENT:</b>			
Net OPEB Asset	52,418	-	52,418
Capital Assets, net of accumulated Depreciation:			
Non-depreciable	427,997	-	427,997
Depreciable	8,327,868	2,921,399	11,249,267
Total noncurrent assets	<u>8,808,283</u>	<u>2,921,399</u>	<u>11,729,682</u>
<b>Total Assets</b>	<u>11,481,027</u>	<u>3,773,791</u>	<u>15,254,818</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred Outflows Related to Pensions	44,601	-	44,601
Deferred Outflows Related to OPEB	16,612	-	16,612
<b>Total Deferred Outflows of Resources</b>	<u>61,213</u>	<u>-</u>	<u>61,213</u>
<b>LIABILITIES</b>			
<b>CURRENT:</b>			
Warrants and Accounts Payable	16,820	88,694	105,514
Accrued Payroll	12,740	-	12,740
Payroll Withholdings	2,600	-	2,600
Other	2,049	-	2,049
Unearned Revenue	86,927	-	86,927
Accrued Interest	17,534	-	17,534
Bond Anticipation Notes Payable	-	2,400,000	2,400,000
Bonds Payable	24,667	-	24,667
Total current liabilities	<u>163,337</u>	<u>2,488,694</u>	<u>2,652,031</u>
<b>NONCURRENT:</b>			
Net Pension Liability	534,914	-	534,914
Bonds Payable	197,331	-	197,331
Total noncurrent liabilities	<u>732,245</u>	<u>-</u>	<u>732,245</u>
<b>Total Liabilities</b>	<u>895,582</u>	<u>2,488,694</u>	<u>3,384,276</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred Inflows Related to Pensions	153,664	-	153,664
Deferred Inflows Related to OPEB	71,845	-	71,845
<b>Total Deferred Inflows of Resources</b>	<u>225,509</u>	<u>-</u>	<u>225,509</u>
<b>NET POSITION</b>			
Net Investments in Capital Assets	8,533,867	521,399	9,055,266
Restricted for:			
Capital Projects	-	776,801	776,801
Federal & State Grants	405,462	-	405,462
Permanent Funds:			
Expendable	3,156	-	3,156
Other Purposes	283,750	-	283,750
Unrestricted	1,194,914	(13,103)	1,181,811
<b>Total Net Position</b>	<u>\$ 10,421,149</u>	<u>\$ 1,285,097</u>	<u>\$ 11,706,246</u>

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

**TOWN OF COLRAIN, MASSACHUSETTS  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2021**

	<u>Program Revenues</u>				<u>Net (Expenses) Revenues and Changes in Net Position</u>		
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<b>Governmental Activities:</b>							
General Government	\$ 517,607	\$ 80,903	\$ 105,280	\$ -	\$ (331,424)	\$ -	\$ (331,424)
Public Safety	406,212	75,538	4,925	-	(325,749)	-	(325,749)
Public Works	1,075,730	51,860	11,809	736,595	(275,466)	-	(275,466)
Education	2,472,627	-	14,263	-	(2,458,364)	-	(2,458,364)
Health and Human Services	30,138	-	11,431	-	(18,707)	-	(18,707)
Culture and Recreation	100,849	-	28,179	-	(72,670)	-	(72,670)
Employee Benefits and Insurance	231,801	-	6,507	-	(225,294)	-	(225,294)
State Assessments	2,528	-	-	-	(2,528)	-	(2,528)
Interest	39,780	-	-	-	(39,780)	-	(39,780)
<b>Total Governmental Activities</b>	<b>4,877,272</b>	<b>208,301</b>	<b>182,394</b>	<b>736,595</b>	<b>(3,749,982)</b>	<b>-</b>	<b>(3,749,982)</b>
<b>Business-Type Activities:</b>							
Broadband Fund	84,459	34,374	1	-	-	(50,084)	(50,084)
<b>Total Primary Government</b>	<b>\$ 4,961,731</b>	<b>\$ 242,675</b>	<b>\$ 182,395</b>	<b>\$ 736,595</b>	<b>(3,749,982)</b>	<b>(50,084)</b>	<b>(3,800,066)</b>
<b>General Revenues:</b>							
Property taxes					3,825,841	-	3,825,841
Motor vehicle excise and other taxes					220,865	-	220,865
Penalties & Interest on taxes					16,091	-	16,091
Grants & Contributions not restricted to specific programs					372,328	-	372,328
Unrestricted investment income					11,963	-	11,963
Gain on Sale of Foreclosure Property					11,596	-	11,596
Miscellaneous					18,215	-	18,215
<b>Transfers, net</b>					<b>(1,335,181)</b>	<b>1,335,181</b>	<b>-</b>
<b>Total General Revenues and Transfers</b>					<b>3,141,718</b>	<b>1,335,181</b>	<b>4,476,899</b>
<b>Change in Net Position</b>					<b>(608,264)</b>	<b>1,285,097</b>	<b>676,833</b>
<b>Net Position:</b>							
Beginning of year					11,029,413	-	11,029,413
End of year					<b>\$ 10,421,149</b>	<b>\$ 1,285,097</b>	<b>\$ 11,706,246</b>

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

**TOWN OF COLRAIN, MASSACHUSETTS  
BALANCE SHEET - GOVERNMENTAL FUNDS  
JUNE 30, 2021**

	<b>General Fund</b>	<b>Nonmajor Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>Assets:</b>			
Cash and Cash Equivalents	\$ 757,598	\$ 507,935	\$ 1,265,533
Investments	823,904	11,941	835,845
Receivables, net of allowance for uncollectibles:			
Property Taxes	176,505	-	176,505
Tax Liens	59,719	-	59,719
Excise Taxes	22,556	-	22,556
Due from Other Governments	24,368	288,218	312,586
<b>Total Assets</b>	<b>\$ 1,864,650</b>	<b>\$ 808,094</b>	<b>\$ 2,672,744</b>
<b>Liabilities:</b>			
Warrants and Accounts Payable	\$ 14,712	\$ 2,108	\$ 16,820
Accrued Payroll	12,740	-	12,740
Payroll Withholdings	2,600	-	2,600
Other	191	1,858	2,049
Unearned Revenue	-	86,927	86,927
<b>Total Liabilities</b>	<b>30,243</b>	<b>90,893</b>	<b>121,136</b>
<b>Deferred Inflows of Resources:</b>			
Unavailable Revenue	244,948	288,218	533,166
<b>Fund Balance:</b>			
Restricted	-	404,150	404,150
Committed	-	30,311	30,311
Assigned	46,087	-	46,087
Unassigned	1,543,372	(5,478)	1,537,894
<b>Total Fund Balance</b>	<b>1,589,459</b>	<b>428,983</b>	<b>2,018,442</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$ 1,864,650</b>	<b>\$ 808,094</b>	<b>\$ 2,672,744</b>

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

**TOWN OF COLRAIN, MASSACHUSETTS  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES - GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2021**

	<b>General Fund</b>	<b>Nonmajor Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>Revenues:</b>			
Property Taxes	\$ 3,796,490	\$ -	\$ 3,796,490
Intergovernmental	377,912	861,654	1,239,566
Excise and Other Taxes	228,527	-	228,527
Licenses, Permits, and Fees	117,981	-	117,981
Charges for Services	49,019	85,155	134,174
Interest on Taxes	16,091	-	16,091
Investment Income	11,963	127	12,090
Other	-	29,401	29,401
<b>Total Revenues</b>	<b>4,597,983</b>	<b>976,337</b>	<b>5,574,320</b>
<b>Expenditures:</b>			
Current:			
General Government	467,264	114,274	581,538
Public Safety	277,381	63,749	341,130
Public Works	721,875	549,372	1,271,247
Education	2,472,627	-	2,472,627
Health and Human Services	24,138	6,000	30,138
Culture and Recreation	80,067	20,782	100,849
Employee Benefits and Insurance	269,075	-	269,075
State Assessments	2,528	-	2,528
Debt Service:			
Principal	24,667	-	24,667
Interest and Issuance Costs	51,940	-	51,940
<b>Total Expenditures</b>	<b>4,391,562</b>	<b>754,177</b>	<b>5,145,739</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>206,421</b>	<b>222,160</b>	<b>428,581</b>
<b>Other Financing Sources (Uses):</b>			
Operating Transfers In	28,394	-	28,394
Operating Transfers Out	-	(179,239)	(179,239)
Sale of Foreclosure Property	25,698	-	25,698
<b>Total Other Financing Sources (Uses)</b>	<b>54,092</b>	<b>(179,239)</b>	<b>(125,147)</b>
<b>Net Change in Fund Balances</b>	<b>260,513</b>	<b>42,921</b>	<b>303,434</b>
<b>Fund Balances, Beginning of Year</b>	<b>1,328,946</b>	<b>386,062</b>	<b>1,715,008</b>
<b>Fund Balances, End of Year</b>	<b>\$ 1,589,459</b>	<b>\$ 428,983</b>	<b>\$ 2,018,442</b>

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

**TOWN OF COLRAIN, MASSACHUSETTS**  
**Reconciliation of the Governmental Funds Balance Sheet**  
**Total Fund Balances to the Statement of Net Position**  
**For the Year Ended June 30, 2021**

<b>Total Governmental Fund Balances</b>		\$ 2,018,442
Capital Assets (net) used in governmental activities are not financial resources and therefore, are not reported in the funds.		8,755,865
Revenues are recognized on an accrual basis of accounting instead of a modified accrual basis.		533,166
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.		(164,296)
Long Term liabilities are not due and payable in the current period and therefore, are not reported in the governmental funds:		
Bonds Payable	\$ (221,998)	
Net OPEB Asset	52,418	
Net Pension Liability	<u>(534,914)</u>	(704,494)
In the statement of activities, interest is accrued on outstanding long term debt, whereas in governmental funds, interest is not reported until due.		<u>(17,534)</u>
<b>Net Position of Governmental Activities</b>		<u><u>\$ 10,421,149</u></u>

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

**TOWN OF COLRAIN, MASSACHUSETTS**  
**Reconciliation of the Statement of Revenues, Expenditures**  
**and Changes in Fund Balances of Governmental Funds**  
**to the Statement of Activities**  
**For the Year Ended June 30, 2021**

**Net Change in Fund Balances - Total Governmental Funds** \$ 303,434

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	\$ 711,712	
Sale of Capital Assets	(14,102)	
Transfer of Capital Assets to Broadband Enterprise Fund	(1,184,336)	
Depreciation	<u>(517,346)</u>	(1,004,072)

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. 18,273

The issuance of long-term debt (e.g., bonds and leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the financial resources of governmental funds. Neither transaction, however, has any effect on net position:  
 Repayment of Debt Principal 24,667

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

Net Change in Net Other Post Employment Benefits Liability/Asset	40,649	
Net Change in Deferred Outflow/(Inflow) of Resources Related to OPEB	(30,819)	
Net Change in Net Pension Liability	81,420	
Net Change in Deferred Outflow/(Inflow) of Resources Related to Pensions	(53,976)	
Net Change in Accrued Interest on Long-Term Debt	<u>12,160</u>	49,434

**Change in Net Position of Governmental Activities** \$ (608,264)

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, 2021**

	Budgeted Amounts			Actual Budgetary Basis	Amounts Carried Forward to Next Year	Variance with Final Budget Positive (Negative)
	Amounts Carried		Final Budget			
	Forward from Prior Year	Original Budget				
<b>Revenues:</b>						
Property Taxes	\$ -	\$ 3,813,379	\$ 3,813,379	\$ 3,815,990	\$ -	\$ 2,611
Intergovernmental	-	365,461	365,461	377,912	-	12,451
Excise and Other Taxes	-	137,500	137,500	228,527	-	91,027
Licenses, Permits, and Fees	-	11,000	11,000	117,981	-	106,981
Charges for Services - Transfer Station	-	36,600	36,600	49,019	-	12,419
Interest on Taxes	-	10,000	10,000	16,091	-	6,091
Interest on Investments	-	1,000	1,000	541	-	(459)
<b>Total Revenues</b>	-	4,374,940	4,374,940	4,606,061	-	231,121
<b>Expenditures:</b>						
Current:						
General Government	81,293	413,326	497,228	467,264	7,664	22,300
Public Safety	7,000	287,234	331,277	277,381	33,083	20,813
Public Works	119,300	700,438	819,738	721,875	625	97,238
Education	-	2,472,959	2,472,959	2,472,627	-	332
Health and Human Services	-	44,144	44,144	24,138	-	20,006
Culture and Recreation	3,000	82,415	85,415	80,067	3,000	2,348
Employee Benefits and Insurance	-	278,203	283,903	269,075	-	14,828
State Assessments	-	2,528	2,528	2,528	-	-
Debt Service:						
Principal	-	24,667	24,667	24,667	-	-
Interest	1,715	70,809	72,524	51,940	1,715	18,869
<b>Total Expenditures</b>	212,308	4,376,723	4,634,383	4,391,562	46,087	196,734
<b>Excess of Revenues Over (Under) Expenditures</b>	(212,308)	(1,783)	(259,443)	214,499	(46,087)	427,855
<b>Other Financing Sources (Uses):</b>						
Operating Transfers In	-	1,783	43,826	70,437	-	26,611
Operating Transfers Out	-	-	(70,000)	(70,000)	-	-
Sale of Foreclosure Property	-	-	-	25,698	-	25,698
<b>Total Other Financing Sources (Uses)</b>	-	1,783	(26,174)	26,135	-	52,309
<b>Net Change in Budgetary Fund Balance</b>	(212,308)	-	(285,617)	\$ 240,634	\$ (46,087)	\$ 480,164
<b>Other Budgetary Items:</b>						
Free Cash and Other Reserves	-	-	73,309			
Prior Year Encumbrances	212,308	-	212,308			
<b>Total Other Budgetary Items</b>	212,308	-	285,617			
<b>NET BUDGET</b>	\$ -	\$ -	\$ -			

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

**TOWN OF COLRAIN, MASSACHUSETTS**  
**Reconciliation of Revenues and Expenditures**  
**from Budgetary Basis to GAAP Basis**  
**For the Year Ended June 30, 2021**

	<b>Revenues</b>	<b>Expenditures</b>
<b>Reported on a Budgetary Basis</b>	\$ 4,606,061	\$ 4,391,562
<i>Adjustments:</i>		
Activity for Stabilization Funds Recorded in the General Fund for GAAP Purposes	11,422	-
Net Decrease in Revenue from Recording 60-Day Receipts	(19,500)	-
<b>Reported on a GAAP Basis</b>	\$ 4,597,983	\$ 4,391,562

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, 2021**

	<b>Business-Type Activities Enterprise Funds</b>
	<b>Broadband Fund</b>
<b>ASSETS</b>	
CURRENT:	
Cash and Cash Equivalents	\$ 847,347
User Charges, net of allowance for uncollectibles	5,045
Total current assets	852,392
NONCURRENT:	
Capital Assets, net of accumulated Depreciation	
Depreciable	2,921,399
Total noncurrent assets	2,921,399
<b>Total Assets</b>	<b>3,773,791</b>
<b>LIABILITIES</b>	
CURRENT:	
Warrants and Accounts Payable	88,694
Bond Anticipation Notes Payable	2,400,000
Total current liabilities	2,488,694
<b>Total Liabilities</b>	<b>2,488,694</b>
<b>NET POSITION</b>	
Net Investment in Capital Assets	521,399
Restricted for Capital Projects	776,801
Unrestricted	(13,103)
<b>Total Net Position</b>	<b>\$ 1,285,097</b>

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, 2021**

	<b>Business-Type Activities Enterprise Funds</b>
	<b>Broadband Fund</b>
<b>Operating Revenues:</b>	
Charges for Services	\$ 34,374
<b>Total Operating Revenues</b>	<b>34,374</b>
<b>Operating Expenses:</b>	
Operating Expenses	47,479
Depreciation	36,980
<b>Total Operating Expenses</b>	<b>84,459</b>
<b>Operating Income (Loss)</b>	<b>(50,085)</b>
<b>Non-Operating Revenues (Expenses):</b>	
Investment Income	1
<b>Total Non-Operating Revenues (Expenses)</b>	<b>1</b>
<b>Income (Loss) Before Operating Transfers</b>	<b>(50,084)</b>
<b>Operating Transfers:</b>	
Transfer In	1,335,181
<b>Total Operating Transfers</b>	<b>1,335,181</b>
<b>Change in Net Position</b>	<b>1,285,097</b>
<b>Net Position at Beginning of Year</b>	<b>-</b>
<b>Net Position at End of Year</b>	<b>\$ 1,285,097</b>

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, 2021**

	<b>Business-Type Activities Enterprise Funds</b>
	<b>Broadband Fund</b>
<b>Cash Flows From Operating Activities:</b>	
Receipts from Customers and Users	\$ 29,329
Payments to Vendors	(47,479)
<b>Net Cash Provided by (Used for) Operating Activities</b>	<b>(18,150)</b>
<b>Cash Flows from Noncapital Financing Activities:</b>	
Transfers from (to) Other Funds	150,845
<b>Net Cash Provided by (Used for) Capital and Related Financing Activities</b>	<b>150,845</b>
<b>Cash Flows from Capital and Related Financing Activities:</b>	
Proceeds from the Issuance of Bonds and Notes	2,400,000
Acquisition and Construction of Capital Assets	(1,685,349)
<b>Net Cash Provided by (Used for) Capital and Related Financing Activities</b>	<b>714,651</b>
<b>Cash Flows from Investing Activities:</b>	
Investment Income	1
<b>Net Cash Provided by (Used for) Investing Activities</b>	<b>1</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>847,347</b>
<b>Cash and Cash Equivalents at Beginning of Year</b>	<b>-</b>
<b>Cash and Cash Equivalents at End of Year</b>	<b>\$ 847,347</b>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used For) Operating Activities:</b>	
<b>Operating Income (Loss)</b>	<b>\$ (50,085)</b>
<b>Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:</b>	
Depreciation	36,980
Change in Assets and Liabilities:	
Increase (Decrease) in Warrants and Accounts Payable	-
Decrease (Increase) in User Charges	(5,045)
<b>Total Adjustments</b>	<b>31,935</b>
<b>Net Cash Provided by (Used for) Operating Activities</b>	<b>\$ (18,150)</b>

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

**TOWN OF COLRAIN, MASSACHUSETTS  
STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
JUNE 30, 2021**

	<b>Other Post Employment Benefits Trust Fund</b>	<b>Private Purpose Trust Funds</b>
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ -	\$ 6,553
Investments	339,316	-
<b>Total Assets</b>	<b>339,316</b>	<b>6,553</b>
<b>LIABILITIES</b>		
Warrants Payable	-	-
<b>Total Liabilities</b>	<b>-</b>	<b>-</b>
<b>NET POSITION</b>		
Restricted for Other Postemployment Benefits	339,316	-
Held in Trust for Other Purposes	-	6,553
<b>Total Net Position</b>	<b>\$ 339,316</b>	<b>\$ 6,553</b>

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

**TOWN OF COLRAIN, MASSACHUSETTS  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2021**

	<b>Other Post Employment Benefits Trust Fund</b>	<b>Private Purpose Trust Funds</b>
<b>Additions:</b>		
Employer Contributions	\$ 10,275	\$ -
Investment Income	67,537	12
<b>Total Additions</b>	<b>77,812</b>	<b>12</b>
<b>Deductions:</b>		
Employee Benefits and Insurance	10,275	-
<b>Total Deductions</b>	<b>10,275</b>	<b>-</b>
<b>Change in Net Position</b>	<b>67,537</b>	<b>12</b>
<b>Net Position at Beginning of Year</b>	<b>271,779</b>	<b>6,541</b>
<b>Net Position at End of Year</b>	<b>\$ 339,316</b>	<b>\$ 6,553</b>

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

**TOWN OF COLRAIN, MASSACHUSETTS**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2021**

**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 2021, 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, 2021**

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, 2021**

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 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, 2021**

Additionally, the Town reports the following fund types:

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

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

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

**D. Cash and Cash Equivalents**

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

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

Investment income from proprietary funds is maintained in those funds.

**E. Investments**

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

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

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

Level 3 inputs are unobservable for the asset or liability.

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

Additional investment disclosures are presented in these Notes.

**TOWN OF COLRAIN, MASSACHUSETTS**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2021**

**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, 2020 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 2021 on October 6, 2020 and March 29, 2021 that were due on November 5, 2020 and May 3, 2021.

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 2021 is as follows:

Legal Levy Limit Under Proposition	
2 1/2 for fiscal year 2021	\$ 3,841,422
Add: Debt Exclusion	<u>132,228</u>
Maximum Allowable Levy	<u><u>\$ 3,973,650</u></u>

The total amount raised by taxation was \$3,831,932.

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

**Excise Taxes**

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

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

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

**TOWN OF COLRAIN, MASSACHUSETTS**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2021**

**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:

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

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

**H. Interfund Transfers**

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

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

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

**TOWN OF COLRAIN, MASSACHUSETTS**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2021**

**I. Deferred Inflows of Resources**

**Government-wide financial statements**

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

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

**Fund financial statements**

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

**J. Net Position and Fund Balances**

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

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

Net position has been "restricted for" the following:

"Capital projects" represents amounts restricted for capital purposes.

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

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

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

**TOWN OF COLRAIN, MASSACHUSETTS**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2021**

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

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

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

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

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

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

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

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

**K. Long-term Debt**

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

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

**L. Pension Benefits**

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

**M. Post Retirement Benefits**

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

**TOWN OF COLRAIN, MASSACHUSETTS**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2021**

**N. Use of Estimates**

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

**O. Total Column**

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

**2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**A. Budgetary Information**

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

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

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

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

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

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

For fiscal year 2021, the Town incurred a final budget deficit of \$285,617 for the General Fund.

**TOWN OF COLRAIN, MASSACHUSETTS**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2021**

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

Unassigned fund balance:			
Free cash votes	\$	73,309	
Prior year's encumbrances		<u>212,308</u>	
	\$	<u><u>285,617</u></u>	

**B. Deficit Fund Equity**

The following funds have deficits at June 30, 2021 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 \$5,478. 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, 2021 were \$2,310,508. Of these, none are exposed to custodial credit risk as uninsured and uncollateralized.

**Investment Policies**

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

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

**TOWN OF COLRAIN, MASSACHUSETTS**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2021**

As of June 30, 2021, the Town had the following investments:

Investment Type	Fair Value	Investment Maturities (in Years)		
		Less Than 1	1 to 5	6 to 10
<b>Debt Securities:</b>				
U. S. treasury obligations	\$ 45,018	\$ 25,014	\$ 20,004	\$ -
U. S. government agencies	49,572	-	49,572	-
Corporate bonds	184,080	45,200	138,880	-
Money market mutual fund	45,162	45,162	-	-
	<u>323,832</u>	<u>\$ 115,376</u>	<u>\$ 208,456</u>	<u>\$ -</u>
<b>Other Investments:</b>				
Certificate of deposits	41,987			
Equity mutual funds	382,500			
MMDT	426,842			
	<u>\$ 1,175,161</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 \$1,175,161 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, 2021**

**Credit Risk**

The Town's exposure to credit risk as of June 30, 2021 is as follows:

Related Debt Instruments	Fair Value
Moody's Quality Ratings	
<b><i>U. S. Treasury Obligations:</i></b>	
Aaa	\$ 45,018
<b><i>U. S. Government Agencies:</i></b>	
Aaa	49,572
<b><i>Corporate Bonds:</i></b>	
Aa3	20,106
A1	9,946
A2	45,227
A3	20,532
Baa1	67,758
Baa2	20,511
<b><i>Money Market Mutual Funds:</i></b>	
Not rated	45,162
	\$ 323,832

**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, 2021**

The Town has the following recurring fair value measurements as of June 30, 2021:

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	\$ 45,018	\$ 45,018	\$ -	\$ -
U. S. government agencies	49,572	49,572	-	-
Certificates of deposit	41,987	41,987	-	-
Equity mutual funds	382,500	382,500	-	-
Money market mutual fund	45,162	45,162	-	-
Corporate bonds	184,080	-	184,080	-
<b>Total Investments</b>	<b>748,319</b>	<b>\$ 564,239</b>	<b>\$ 184,080</b>	<b>\$ -</b>
Investments Measured at Amortized Cost:				
External Investment Pools (MMDT)	426,842			
<b>Total Investments</b>	<b>\$ 1,175,161</b>			

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

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

**B. Receivables**

At June 30, 2021, receivables for the individual major governmental funds, non-major governmental funds and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts of the primary government, are as follows:

	Gross Amount	Allowance for Uncollectibles	Net Amount
<b>Major and nonmajor governmental funds:</b>			
Property taxes	\$ 177,505	\$ (1,000)	\$ 176,505
Tax liens	59,719	-	59,719
Excise taxes	28,056	(5,500)	22,556
Due from other governments	312,586	-	312,586
	<b>\$ 577,866</b>	<b>\$ (6,500)</b>	<b>\$ 571,366</b>

**TOWN OF COLRAIN, MASSACHUSETTS**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2021**

At June 30, 2021, receivables for the business-type activities consist of the following:

	<b>Gross Amount</b>	<b>Allowance for Uncollectibles</b>	<b>Net Amount</b>
<b>Broadband Fund:</b>			
User charges	\$ 5,045	\$ -	\$ 5,045

The composition of amounts due from other governments as of June 30, 2021 for governmental funds is as follows:

<b>General Fund:</b>			
<b>Commonwealth of Massachusetts:</b>			
Department of Veterans Services:			
Veterans benefits	\$ 5,368		
Department of Revenue:			
Veterans, blind and surviving spouse	19,000	\$	24,368
<b>Public Works Infrastructure Grants Fund:</b>			
<b>Commonwealth of Massachusetts:</b>			
Massachusetts Department of Transportation:			
Highway Department - Chapter 90 funds			288,218
		\$	312,586

**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:

<b>General Fund:</b>			
Property taxes	\$ 146,676		
Tax liens	59,719		
Excise taxes	22,556		
Due from other governments	15,997	\$	244,948
<b>Nonmajor Governmental Funds:</b>			
Due from other governments			288,218
		\$	533,166

**TOWN OF COLRAIN, MASSACHUSETTS**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2021**

**D. Capital Assets**

Capital asset activities for the governmental and business-type activities for the year ended June 30, 2021, are as follows:

<b>Governmental Activities</b>	<b>Beginning Balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balance</b>
Capital assets not being depreciated:				
Land	\$ 427,098	\$ 15,000	\$ (14,101)	\$ 427,997
Construction in progress	1,184,336	1,774,043	(2,958,379)	-
Total capital assets not being depreciated	<u>1,611,434</u>	<u>1,789,043</u>	<u>(2,972,480)</u>	<u>427,997</u>
Capital assets being depreciated:				
Buildings and Renovations	6,893,280	48,931	-	6,942,211
Machinery, equipment and other	2,590,257	99,710	(139,950)	2,550,017
Infrastructure	6,944,030	548,071	-	7,492,101
Total capital assets being depreciated	<u>16,427,567</u>	<u>696,712</u>	<u>(139,950)</u>	<u>16,984,329</u>
Less accumulated depreciation for:				
Buildings and Renovations	4,975,913	54,614	-	5,030,527
Machinery, equipment and other	1,968,468	185,761	(139,950)	2,014,279
Infrastructure	1,334,683	276,971	-	1,611,654
Total accumulated depreciation	<u>8,279,064</u>	<u>517,346</u>	<u>(139,950)</u>	<u>8,656,460</u>
Total capital assets being depreciated, net	<u>8,148,503</u>	<u>179,366</u>	<u>-</u>	<u>8,327,869</u>
Total governmental activities capital assets, net	<u>\$ 9,759,937</u>	<u>\$ 1,968,409</u>	<u>\$ (2,972,480)</u>	<u>\$ 8,755,866</u>

<b>Business-Type Activities</b>	<b>Beginning Balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balance</b>
Capital assets being depreciated:				
Infrastructure	\$ -	\$ 2,958,379	\$ -	\$ 2,958,379
Less accumulated depreciation for:				
Infrastructure	-	36,980	-	36,980
Total business-type activities capital assets, net	<u>\$ -</u>	<u>\$ 2,921,399</u>	<u>\$ -</u>	<u>\$ 2,921,399</u>

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

<b>Governmental Activities:</b>	
Public safety	\$ 65,082
Public works	452,264
Total depreciation expense - governmental activities	<u>\$ 517,346</u>

<b>Business-Type Activities:</b>	
Broadband fund	<u>\$ 36,980</u>

**TOWN OF COLRAIN, MASSACHUSETTS**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2021**

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

Interfund transfers for the fiscal year ended June 30, 2021, are summarized below:

Transfers Out:	Transfers In:		Total
	General fund	Business-type funds	
Nonmajor governmental funds	\$ 28,394	\$ 150,845	\$ 179,239

**F. Short-Term Financing**

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

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

Purpose	Interest Rate	Final Maturity Date	Balance July 1, 2020	Renewed/ Issued	Retired/ Redeemed	Outstanding June 30, 2021
<b>Bond Anticipation Notes:</b>						
Broadband construction	1.75%	11/5/2020	\$ 2,400,000	\$ -	\$ 2,400,000	\$ -
<b>Revenue Anticipation Note</b>	0.89%	11/30/2020	-	400,000	400,000	-
<b>Total Governmental Activities</b>			\$ 2,400,000	\$ 400,000	\$ 2,800,000	\$ -

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, 2020	Renewed/ Issued	Retired/ Redeemed	Outstanding June 30, 2021
<b>Broadband Fund:</b>						
<b>Bond Anticipation Notes:</b>						
Broadband construction	1.00%	11/5/2021	\$ -	\$ 2,400,000	\$ -	\$ 2,400,000

**G. Long Term Debt**

**General Obligation Bonds**

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

**TOWN OF COLRAIN, MASSACHUSETTS**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2021**

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

	Interest Rate	Date Issued	Final Maturity Date	Original Amount Issued	Outstanding June 30, 2021
<b>Inside Debt:</b>					
<b>U.S. Department of Agriculture:</b>					
Fire truck	3.13%	4/6/2015	4/6/2030	\$ 370,000	\$ 221,998
Total governmental type debt					<u>\$ 221,998</u>

**Future Debt Service**

The annual principal and interest payments to retire all governmental type fund general obligation long-term debt outstanding as of June 30, 2021, are as follows:

2022	\$ 24,667	\$	6,937	\$	31,604
2023	24,667		6,167		30,834
2024	24,667		5,396		30,063
2025	24,667		4,625		29,292
2026	24,667		3,854		28,521
2026-2030	98,663		8,478		107,141
	<u>\$ 221,998</u>	<u>\$</u>	<u>35,457</u>	<u>\$</u>	<u>257,455</u>

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

	Balance July 1, 2020	Additions	Reductions	Balance June 30, 2021	Amounts Due within One Year
<b>Governmental activities:</b>					
<b>Bond Payable:</b>					
General obligation bonds	\$ 246,665	\$ -	\$ 24,667	\$ 221,998	\$ 24,667
<b>Net OPEB (asset)/liability</b>	(11,769)	-	40,649	(52,418)	-
<b>Net pension liability</b>	616,334	-	81,420	534,914	-
Governmental activity					
Long-term liabilities	<u>\$ 851,230</u>	<u>\$ -</u>	<u>\$ 146,736</u>	<u>\$ 704,494</u>	<u>\$ 24,667</u>

**Legal Debt Limit**

Under Section 10 of Chapter 44 of the Massachusetts General Laws a Town may authorize indebtedness up to a limit of five percent of its equalized valuation of the Town. Debt issued in accordance with this section of the law is designated as being "inside the debt limit." The Town's inside debt at June 30, 2021 totaled \$221,998.

**TOWN OF COLRAIN, MASSACHUSETTS**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2021**

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, 2021:

Equalized Valuation-Real Estate and Personal Property (2020)			\$ 182,644,300
Debt Limit: 5 % of Equalized value			9,132,215
Total Debt Outstanding	\$ 221,998		
Less: Debt Outside Debt Limit		-	221,998
			221,998
 Inside Debt Excess Borrowing Capacity at June 30, 2021			\$ 8,910,217

**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, 2021.

**H. Fund Balances**

The following is a summary of the Governmental fund balances at the year ended June 30, 2021:

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
Restricted:			
Federal, state and local grants	\$ -	\$ 117,244	\$ 117,244
Town revolving funds	-	83,067	83,067
Donations and gifts	-	139,796	139,796
Septic loans	-	40,683	40,683
Permanent funds	-	3,156	3,156
Other	-	20,204	20,204
	-	404,150	404,150
Committed:			
Highway Garage Construction	-	30,311	30,311
Assigned:			
Reserve for encumbrance	46,087	-	46,087
Unassigned:			
General Fund	1,543,372	-	1,543,372
Deficit special revenue funds	-	(5,478)	(5,478)
	1,543,372	(5,478)	1,537,894
Total Governmental fund balances	\$ 1,589,459	\$ 428,983	\$ 2,018,442

**TOWN OF COLRAIN, MASSACHUSETTS**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2021**

**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, 2021, the balances in the stabilization funds reported in the General Fund as unassigned fund balance are as follows:

General purpose stabilization fund	\$	408,213
Assessor's stabilization fund		15,855
Audit stabilization fund		573
Fire Department stabilization fund		145,664
Griswold Library stabilization fund		51,446
Highway stabilization fund		110,547
Police stabilization fund		37,480
Technology stabilization fund		15,150
Transfer Station stabilization fund		24,452
	<u>\$</u>	<u>809,380</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, 2021**

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, 2020), the HCHG had an unrestricted net asset balance of \$29,318,916.

**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, 2021, cannot be ascertained, management believes any resulting liability should not materially affect the financial position at June 30, 2021.

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

**C. COVID-19**

The Covid-19 pandemic in the United States and across the globe has resulted in economic uncertainties. The disruption was expected to be temporary, but there remains considerable uncertainty around the duration and scope. The United States Federal Government and State of Massachusetts established funding through various sources; the Coronavirus Aid, Relief and Economic Security (CARES) Act and the American Rescue Plan Act (ARPA) in addition to several other federal and state grants. The extent of the impact of Covid-19 on our operational and financial performance will depend on certain developments, including the duration and spread of outbreak, impact on our customers, employees, and vendors all of which are uncertain and cannot be predicted. At this point, the full extent to which Covid-19 may impact our financial condition or results of operations remains uncertain.

**D. Subsequent Events**

At the Special Town Meeting in March of 2022, the Town authorized the transfer from free cash of \$228,638 to pay the remaining balance (principal and accumulated interest to date) on the U.S. Department of Agriculture long-term debt for the purchase of a fire truck in 2015.

**E. Pension Plan**

**Plan Description**

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

**TOWN OF COLRAIN, MASSACHUSETTS**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2021**

**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 of gross regular compensation with an additional 2% contribution after exceeding \$30,000 in annual covered compensation. The Town is required to pay into the System its share of the system-wide actuarial determined contribution that is apportioned among the employers based on active current payroll. Administrative expenses are funded through investment earnings. The Town's proportionate share of the required contribution to the System for the year ended December 31, 2020 was \$95,828, representing 22.32% 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, 2021, the Town reported a liability of \$534,914 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2020. Accordingly, update procedures were used to roll 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, 2020, the Town's proportional percentage was 1.318%, which was a slight increase from the last measurement.

**TOWN OF COLRAIN, MASSACHUSETTS**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2021**

**Pension Expense**

For the year ended June 30, 2021, the Town recognized a pension expense of \$68,384 and reported deferred outflows of resources related to pensions of \$44,601 from the differences between expected and actual experience, changes in assumptions and changes in proportion and differences between employer contributions and proportionate share of contributions; and deferred inflows of resources related to pensions of \$153,664 from the differences between expected and actual experience, the net difference between projected and actual investment earnings on pension plan investments 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:

<u>For years ended June 30,</u>	
<b>2022</b>	\$ (28,820)
<b>2023</b>	(11,158)
<b>2024</b>	(53,196)
<b>2025</b>	<u>(15,889)</u>
	<u>\$ (109,063)</u>

**Actuarial Assumptions**

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

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

**TOWN OF COLRAIN, MASSACHUSETTS**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2021**

Mortality rates

RP-2014 Blue Collar Mortality Table with full generational mortality improvement using Scale MP-2018.  
 For disabled members, RP-2014 Blue Collar Mortality Table set forward one year with full generational mortality improvement using Scale MP-2018

**Long-term Expected Rate of Return**

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major class included in the pension plan's target asset allocation as of December 31, 2020, are summarized in the following table:

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-Term Expected Real Rate of Return</b>
PRIT Core	40.0%	5.60%
Domestic Equity	32.0%	8.20%
International Equity	5.0%	5.90%
Real Estate	10.0%	6.00%
Fixed Income	13.0%	2.70%
Total	<u>100.0%</u>	

**Rate of Return**

For the year ended December 31, 2020, the annual money-weighted rate of return (which expresses investment performance), net of investment expense was 13.19%. The money-weighted rate of return considers the changing amounts actually invested during a period and weighs the amount of pension plan investments by the proportion of time they are available to earn a return during that period. The rate of return is then calculated by solving, through an iterative process, for the rate that equates the sum of the weighted external cash flows into and out of the pension plan investments to the ending fair value of pension plan investments.

**Discount Rate**

The discount rate used to measure the total pension liability was 7.75%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rates and that member employer contributions will be made in accordance with Section 22D and Section 22F of MGL Chapter 32. Based on those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**TOWN OF COLRAIN, MASSACHUSETTS**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2021**

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

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

	<b>1% Decrease</b>	<b>Current</b>	<b>Discount Rate</b>	<b>1% Increase</b>
	<b>6.75%</b>	<b>7.75%</b>	<b>7.75%</b>	<b>8.75%</b>
Town's net pension liability	\$ 845,472	\$ 534,914	\$	271,999

**F. Other Post Employment Benefits Payable**

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

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

**Plan Description**

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

**Investment Policy**

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

**Funding Policy**

The contribution requirements of plan members and the Town are established and may be amended through Town ordinances. For the period ending on June 30, 2021 Measurement Date, total Town premiums plus implicit costs for the retiree medical program were \$10,275. The Town also made a contribution to an OBEB Trust of \$0 for a total contribution during the measurement period of \$10,275. The Town did establish a trust fund in order to contribute funds to reduce the future OPEB liability. The trust balance is \$339,316 as of June 30, 2021.

**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, 2021, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of July 1, 2019.

**TOWN OF COLRAIN, MASSACHUSETTS**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2021**

**Plan Membership:**

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

**Net OPEB Liability**

The Town's net OPEB liability was measured as of June 30, 2021, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of July 1, 2019.

The components of the net OPEB liability are as follows:

		<u>6/30/2021</u>
Total OPEB liability	\$	286,898
Less: Plan fiduciary net position		(339,316)
Town's Net OPEB liability	\$	<u>(52,418)</u>
 Plan fiduciary net position as a percentage of the total OPEB liability		 118.27%

**Actuarial Methods and Assumptions**

The total OPEB liability was determined by an actuarial valuation as of July 1, 2019, using the following actuarial assumptions, applied to all periods included in the measurement for the reporting date of June 30, 2021:

Valuation date	Actuarially determined contribution was calculated as of July 1, 2019
Actuarial cost method	Individual Entry Age Normal
Asset valuation method	market value of assets as of the measurement date, June 30, 2021.
Investment rate of return	6.38%, net of OPEB plan investment expense, including inflation
Single equivalent discount rate	6.50%, net of OPEB plan investment expense, including inflation
Inflation	2.50% as of June 30, 2021 and for future periods
Projected salary increases	3.00% annually as of June 30, 2021 and for future periods
Cost of living adjustments	not applicable
<b>Mortality rates</b>	
Pre-retirement mortality (General)	RP-2014 Mortality Table for Blue Collar Employees projected generationally with scale MP-2016 for males and females, set forward one year for females.
Post-retirement mortality (General)	RP-2014 Mortality Table for Blue Collar Healthy Annuitants projected generationally with scale MP-2016 for males and females, set forward one year for females.
Disabled retirees (General)	RP-2014 Mortality Table for Blue Collar Healthy Annuitants projected generationally with scale MP-2016 for males and females, set forward one year.

**TOWN OF COLRAIN, MASSACHUSETTS**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2021**

The actuarial assumptions used in the July 1, 2019 valuation were reflective of published municipal bond indices; the S&P Municipal Bond 20-year High Grade Index as of June 30, 2021 is 2.18%.

**Rate of Return**

For the year ended June 30, 2021, the annual money-weighted rate of return (which expresses investment performance), net of investment expense was 24.85%.

**Long-term Expected Rate of Return**

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

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-Term Expected Real Rate of Return *</b>
Domestic Equity - Large Capital	21.00%	4.90%
Domestic Equity - Small/Mid Capital	13.00%	5.40%
International Equity - Developed Market	16.75%	5.32%
International Equity - Emerging Market	10.00%	6.26%
Domestic Fixed Income	32.25%	1.40%
International Fixed Income	0.00%	1.30%
Alternatives	6.75%	6.32%
Real Estate	0.00%	6.25%
Cash	0.25%	0.00%
Total	<u>100.00%</u>	
I. Real Rate of Return		4.13%
II. Add: Inflation Assumption		2.50%
III. Total Nominal Return (I. + II.)		<u>6.63%</u>
IV. Less: Investment Expense		0.25%
V. Net investment Return (III.-IV.)		<u>6.38%</u>

\* = Mean Geometric Returns based on 2020 Horizon Survey of Capital Market Assumptions.

**Discount Rate**

The discount rate used to measure the total OPEB liability was 6.50%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rates and that member employer contributions will be made in accordance Massachusetts General Law Chapter 32. Based on those assumptions, the OPEB plan fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

**TOWN OF COLRAIN, MASSACHUSETTS**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2021**

**Changes in the Net OPEB Liability**

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Total OPEB Liability
Balances at June 30, 2020	\$ 260,010	\$ 271,779	\$ (11,769)
Service cost	10,747	-	10,747
Interest on Total OPEB Liability	17,935	-	17,935
Changes in benefit terms *	-	-	-
Changes in assumptions **	8,481	-	8,481
Difference between actual and expected experience **	-	-	-
Net investment income	-	67,537	(67,537)
Employer contributions to Trust	-	10,275	(10,275)
Total benefit payments including implicit cost	(10,275)	(10,275)	-
Net change in total OPEB liability	26,888	67,537	(40,649)
 Balances at June 30, 2021	 \$ 286,898	 \$ 339,316	 \$ (52,418)

\* = Recognized immediately

\*\* = Amortized over 7.00 years

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

The following presents the Town's net OPEB liability as well as what the Town's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.50%) or 1-percentage-point higher (7.50%) than the current rate:

	1% Decrease (5.50%)	Current Discount Rate (6.50%)	1% Increase (7.50%)
	Town's net OPEB liability	\$ (14,490)	\$ (52,418)

**TOWN OF COLRAIN, MASSACHUSETTS**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2021**

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

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

	<b>1% Decrease (3.50%)</b>	<b>Healthcare Cost Trend Rates (4.50%)</b>	<b>1% Increase (5.50%)</b>
Town's net OPEB liability	\$ (88,224)	\$ (52,418)	\$ (8,260)

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

For the year ended June 30, 2021, the GASB Statement No. 75 reporting period and fiscal year ending date, the Town recognized an OPEB expense of (\$9,830) and reported deferred outflows of resources related to OPEB of \$16,612 from the differences between actual and expected experience, changes in assumptions and the net difference between projected and actual investment earnings on OPEB plan investments; and deferred inflows of resources related to OPEB of \$71,845 from the differences between actual and expected experience and the net difference between projected and actual investment earnings on OPEB plan investments.

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

<b>For years ended June 30,</b>	
<b>2022</b>	\$ (10,897)
<b>2023</b>	(12,634)
<b>2024</b>	(13,109)
<b>2025</b>	(14,921)
<b>2026</b>	(4,881)
<b>Thereafter:</b>	1,209
	\$ (55,233)

**G. Implementation of New GASB Pronouncements**

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

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

**H. Future GASB Pronouncements**

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

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

The GASB issued Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, for implementation in fiscal year 2022.

**TOWN OF COLRAIN, MASSACHUSETTS**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2021**

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

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

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

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

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

**REQUIRED SUPPLEMENTARY INFORMATION**

**TOWN OF COLRAIN, MASSACHUSETTS  
Required Supplementary Information  
Pension Plan Schedules  
Franklin Regional Retirement System  
For the Year Ended June 30, 2021**

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:**

<b>Measurement Date</b>	<b>Town's proportion of the net pension liability (asset)</b>	<b>Town's proportionate share of the net pension liability (asset)</b>	<b>Town's covered employee payroll</b>	<b>Net pension liability percentage of covered employee payroll</b>	<b>Plan fiduciary net position as a percentage of the total pension liability</b>
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, 2021**

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

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

<b>Measurement Date</b>	<b>Actuarially determined contribution</b>	<b>Less: Contributions in relation to the actuarially determined contribution</b>	<b>Contribution deficiency (excess)</b>	<b>Town's covered employee payroll</b>	<b>Contributions percentage of covered employee payroll</b>
12/31/2020	\$ 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, 2021**

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

	<u>6/30/2021</u>	<u>6/30/2020</u>	<u>6/30/2019</u>	<u>6/30/2018</u>
<b>Total OPEB liability</b>				
Service cost	\$ 10,747	\$ 10,475	\$ 12,196	\$ 8,984
Interest on net OPEB liability	17,935	20,132	18,700	17,167
Changes in Benefit terms	-	-	-	-
Changes in Assumptions	8,481	1,716	-	-
Difference between actual and expected experience	-	(44,361)	-	-
Benefit payments, including refunds of member contributions	(10,275)	(9,977)	(7,519)	(7,388)
Net change in total OPEB liability	26,888	(22,015)	23,377	18,763
Total OPEB liability-beginning	260,010	282,025	258,648	239,885
<b>Total OPEB liability-ending (a)</b>	<b>\$ 286,898</b>	<b>\$ 260,010</b>	<b>\$ 282,025</b>	<b>\$ 258,648</b>
<b>Plan fiduciary net position</b>				
Net investment income	\$ 67,537	\$ 6,765	\$ 9,845	\$ 4,836
Employer contributions to Trust	10,275	59,977	57,519	57,388
Benefit payments, including refunds of member contributions	(10,275)	(9,977)	(7,519)	(7,388)
Net change in plan fiduciary net position	67,537	56,765	59,845	54,836
Total fiduciary net position-beginning	271,779	215,014	155,169	100,333
<b>Total fiduciary net position-ending (b)</b>	<b>\$ 339,316</b>	<b>\$ 271,779</b>	<b>\$ 215,014</b>	<b>\$ 155,169</b>
<b>Town's net OPEB liability (a-b)</b>	<b>\$ (52,418)</b>	<b>\$ (11,769)</b>	<b>\$ 67,011</b>	<b>\$ 103,479</b>

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

**TOWN OF COLRAIN, MASSACHUSETTS**  
**Required Supplementary Information**  
**Other Post Employment Benefit Plan Schedules**  
**For the Year Ended June 30, 2021**

**Schedule of Net OPEB Liability:**

	<u>6/30/2021</u>	<u>6/30/2020</u>	<u>6/30/2019</u>	<u>6/30/2018</u>
Total OPEB liability	\$ 286,898	\$ 260,010	\$ 282,025	\$ 258,648
Less: Plan fiduciary net position	<u>(339,316)</u>	<u>(271,779)</u>	<u>(215,014)</u>	<u>(155,169)</u>
Town's Net OPEB liability	<u>\$ (52,418)</u>	<u>\$ (11,769)</u>	<u>\$ 67,011</u>	<u>\$ 103,479</u>
Plan fiduciary net position as a percentage of the total OPEB liability	118.27%	104.53%	76.24%	59.99%
Town's share of covered employee payroll	\$ 565,461	\$ 548,991	\$ 483,503	\$ 425,731
Participating employer net OPEB liability (asset) as a percentage of covered-employee payroll	-9.27%	-2.14%	13.86%	24.31%

**Schedule of Contributions:**

	<u>6/30/2021</u>	<u>6/30/2020</u>	<u>6/30/2019</u>	<u>6/30/2018</u>
Actuarially determined contribution	\$ 10,747	\$ 10,475	\$ 17,243	\$ 19,494
Less: Contributions in relation to the actuarially determined contribution	<u>(10,275)</u>	<u>(59,977)</u>	<u>(57,519)</u>	<u>(57,388)</u>
Contribution deficiency (excess)	<u>\$ 472</u>	<u>\$ (49,502)</u>	<u>\$ (40,276)</u>	<u>\$ (37,894)</u>
Town's share of covered employee payroll	\$ 565,461	\$ 548,991	\$ 483,503	\$ 425,731
Contributions percentage of covered-employee payroll	1.82%	10.92%	11.90%	13.48%
Annual money-weighted rate of return net of investment expense	24.85%	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, 2021**

**Schedule of Funding Progress:**

<b>Other Post Employment Benefits</b>							
<b>Measurement Date</b>	<b>Actuarial Fiduciary Net Position (A)</b>	<b>Actuarial Total OPEB Liability (B)</b>	<b>Actuarial Net OPEB Liability (B-A)</b>	<b>Actuarial Funded Ratio (A/B)</b>	<b>Actuarial Covered Payroll (C)</b>	<b>Actuarial Percentage of Covered Payroll ((B-A)/C)</b>	
6/30/2021	\$ 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, 2021**

	Fund Balances July 1, 2020	Revenues	Expenditures	Other Financing Sources (Uses)	Fund Balances June 30, 2021
<b>Special Revenue:</b>					
<b>Federal and State Grants:</b>					
Arts Lottery Council Grants	\$ 5,512	\$ 4,963	\$ 1,816	\$ -	\$ 8,659
Broadband construction Grant	150,845	-	-	(150,845)	-
Community Compact Grants	9,650	-	-	(4,164)	5,486
Council on Aging Grants	-	6,000	6,000	-	-
Emergency Management Agency Grants	(856)	88,800	93,422	-	(5,478)
Highway Grants	(159,169)	739,796	548,072	-	32,555
Library Grants	34,114	8,779	15,433	-	27,460
Other Grants and Programs	2,988	1,480	2,142	31,866	34,192
Public Safety Grants	5,896	2,700	-	-	8,596
Recycling Program	4,200	4,200	1,301	-	7,099
Sustainable Master Recovery Program	32,470	-	-	(32,470)	-
<b>Other:</b>					
Animal Control	4,964	2,021	103	-	6,882
Board of Health Revolving	10,343	-	-	-	10,343
Center for Technical and Civic Life Grant	-	5,000	4,705	-	295
Conservation Revolving	1,225	1,220	642	-	1,803
Demolition Revolving	949	-	-	-	949
Deputy Collector Fees	-	6,886	2,477	-	4,409
Electrical/Wiring Inspector	(866)	2,125	2,090	-	(831)
Fire Department Inspections	801	1,644	1,470	-	975
Gifts and Donations	116,667	26,662	3,533	-	139,796
Insurance Proceeds	1,423	-	-	-	1,423
Outside Details	13,342	58,480	57,625	-	14,197
Planning Revolving	3,907	1,528	1,092	-	4,343
Plumbing Inspector	72	2,500	2,460	-	112
Septic Loan Programs	62,516	10	-	(21,843)	40,683
Tax Title Revolving	42,518	7,500	8,614	-	41,404
Transfer Station Disposal	2,635	-	-	-	2,635
Wetlands Protection Fund	4,039	-	-	-	4,039
Zoning Board of Appeals	184	1,250	1,180	-	254
Quintus Allen Fund	2,279	2,740	-	(1,783)	3,236
<b>Total Special Revenue Funds</b>	<b>\$ 352,648</b>	<b>\$ 976,284</b>	<b>\$ 754,177</b>	<b>\$ (179,239)</b>	<b>\$ 395,516</b>

**TOWN OF COLRAIN, MASSACHUSETTS  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
NON-MAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2021**

	Fund Balances July 1, 2020	Revenues	Expenditures	Other Financing Sources (Uses)	Fund Balances June 30, 2021
<b>Capital Projects:</b>					
Highway Garage Construction	\$ 30,311	\$ -	\$ -	\$ -	\$ 30,311
<b>Permanent Funds:</b>					
Cemetery Perpetual Care Fund	1,859	53	-	-	1,912
Babbit Cemetery Care Fund	764	-	-	-	764
Colrain Beautification Fund	480	-	-	-	480
<b>Total Permanent Funds</b>	<b>3,103</b>	<b>53</b>	<b>-</b>	<b>-</b>	<b>3,156</b>
<b>Total - Non-Major Governmental Funds</b>	<b>\$ 386,062</b>	<b>\$ 976,337</b>	<b>\$ 754,177</b>	<b>\$ (179,239)</b>	<b>\$ 428,983</b>

**TOWN OF COLRAIN, MASSACHUSETTS  
SCHEDULE OF REAL ESTATE, PERSONAL PROPERTY  
AND DEFERRED REAL ESTATE TAXES  
JULY 1, 2020 TO JUNE 30, 2021**

	Uncollected Taxes July 1, 2020	Commitments	Abatements and Adjustments	Collections Net of Refunds and Overpayments	Uncollected Taxes June 30, 2021	Uncollected Taxes Per Detail June 30, 2021
<b>Real Estate Taxes:</b>						
Levy of 2021	\$ -	\$ 3,395,032	\$ 24,137	\$ 3,253,619	117,276	\$ 117,907
Levy of 2020	97,817	-	-	87,138	10,679	10,175
	<u>97,817</u>	<u>3,395,032</u>	<u>24,137</u>	<u>3,340,757</u>	<u>127,955</u>	<u>128,082</u>
<b>Personal Property Taxes:</b>						
Levy of 2021	-	436,900	-	436,462	438	438
Levy of 2020	20,865	-	-	334	20,531	20,531
Levy of 2019	17,952	-	-	-	17,952	17,952
	<u>38,817</u>	<u>436,900</u>	<u>-</u>	<u>436,796</u>	<u>38,921</u>	<u>38,921</u>
<b>Deferred Real Estate Taxes</b>	<u>8,894</u>	<u>1,735</u>	<u>-</u>	<u>-</u>	<u>10,629</u>	<u>10,629</u>
<b>Total Real Estate, Personal Property and Deferred Real Estate Taxes</b>	<u>\$ 145,528</u>	<u>\$ 3,833,667</u>	<u>\$ 24,137</u>	<u>\$ 3,777,553</u>	<u>\$ 177,505</u>	<u>\$ 177,632</u>

**TOWN OF COLRAIN, MASSACHUSETTS  
SCHEDULE OF MOTOR VEHICLE EXCISE TAXES  
JULY 1, 2020 TO JUNE 30, 2021**

	Uncollected Taxes July 1, 2020	Commitments	Abatements and Adjustments	Collections Net of Refunds and Overpayments	Uncollected Taxes June 30, 2021	Uncollected Taxes Per Detail June 30, 2021
<b>Motor Vehicle Excise Taxes:</b>						
Levy of 2021	\$ -	\$ 186,851	\$ 1,722	\$ 171,973	\$ 13,156	\$ 13,160
Levy of 2020	21,860	24,930	1,044	38,917	6,829	6,214
Levy of 2019	7,062	-	46	3,741	3,275	3,275
Levy of 2018	2,858	-	1	986	1,871	1,871
Levy of 2017	1,333	-	-	106	1,227	1,227
Prior Years	1,905	119	-	326	1,698	1,698
<b>Total Motor Vehicle Excise Taxes</b>	<b>\$ 35,018</b>	<b>\$ 211,900</b>	<b>\$ 2,813</b>	<b>\$ 216,049</b>	<b>\$ 28,056</b>	<b>\$ 27,445</b>

**TOWN OF COLRAIN, MASSACHUSETTS  
SCHEDULE OF TAX LIENS  
JULY 1, 2020 TO JUNE 30, 2021**

	<b>Uncollected Accounts July 1, 2020</b>	<b>Commitments</b>	<b>Abatements and Adjustments</b>	<b>Collections Net of Refunds and Overpayments</b>	<b>Uncollected Accounts June 30, 2021</b>	<b>Uncollected Accounts Per Detail June 30, 2021</b>
<b>Tax Liens</b>	\$ 80,995	\$ 8,140	\$ -	\$ 29,416	\$ 59,719	\$ 59,990