

TOWN OF CLARKSBURG, MASSACHUSETTS

**Financial Statements and
Supplementary Information**

June 30, 2023

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TOWN OF CLARKSBURG, MASSACHUSETTS

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Adelson & Company PC

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INDEPENDENT AUDITORS' REPORT

To the Select Board of
TOWN OF CLARKSBURG, MASSACHUSETTS

Report on the Audit of the Financial Statements

Disclaimer of Opinion and Unmodified Opinions

We have audited the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Town of Clarksburg, Massachusetts, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Town of Clarksburg, Massachusetts' basic financial statements as listed in the table of contents.

Summary of Opinions

<u>Opinion Unit</u>	<u>Type of Opinion</u>
<i>Government-wide Financial Statements</i>	
Governmental Activities	Adverse
Business-Type Activities	Unmodified
<i>Fund Financial Statements</i>	
Governmental Funds	Unmodified

Adverse Opinion on Governmental Activities

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on Governmental Activities" paragraph, the financial statements referred to above do not present fairly the financial position of the governmental activities of the Town of Clarksburg, Massachusetts, as of June 30, 2023, or the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Unmodified Opinions on the Business-Type Activities and Fund Financial Statements

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Clarksburg, Massachusetts, as of June 30, 2023, and the respective changes in financial position, and the budgetary comparison for the General Fund, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Adverse Opinion and Unmodified Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town of Clarksburg, Massachusetts and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit.

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

Matter Giving Rise to Adverse Opinion on Governmental Activities

As discussed in Note 4.C. to the financial statements, management has not obtained an actuarial valuation of its Other Postemployment Benefits (OPEB) due to retirees, and accordingly, has not recorded the related expense and liability in its government-wide financial statements. Accounting principles generally accepted in the United States of America require that the OPEB expense and liability be recorded, which would increase the expenses, increase the liabilities, and decrease the net position, of the governmental activities. The amount by which this departure would affect the liabilities, net position, and expenses of the governmental activities has not been determined.

Responsibilities of Management for the Financial Statements

The Town of Clarksburg, Massachusetts' management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town of Clarksburg, Massachusetts' internal control. Accordingly, no such opinion is expressed.
- Value the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Town of Clarksburg, Massachusetts' ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require the Schedule of Proportionate Share of Net Pension Liability and Pension Contributions on page 30 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, 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.

Management has omitted the Management's Discussion and Analysis and the Other Postemployment Benefit (OPEB) plan schedules that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Clarksburg, Massachusetts' basic financial statements. The accompanying Combining Statement of Revenues, Expenditures and Changes in Fund Balances for Nonmajor Governmental Funds, Reconciliation of Treasurer's Cash, and the Schedule of Taxes Receivable starting on page 31, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. 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 GAAS. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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October 4, 2024

TOWN OF CLARKSBURG, MASSACHUSETTS

STATEMENT OF NET POSITION

June 30, 2023

	Primary Government		
	Governmental	Business-type	Totals
	Activities	Activities	
Assets			
Current:			
Cash and cash equivalents	\$ 2,719,311	\$ 221,865	\$ 2,941,176
Receivables, net	421,867	125,779	547,646
Departmental and other receivables	13,134	-	13,134
Due from other governments	215,739	-	215,739
Noncurrent:			
Capital assets, net	2,803,938	1,168,713	3,972,651
Total assets	6,173,989	1,516,357	7,690,346
Deferred outflows of resources			
Deferred outflows related to pensions	495,918	-	495,918
Total assets and deferred outflows of resources	6,669,907	1,516,357	8,186,264
Liabilities			
Current:			
Warrants and other payables	100,666	37	100,703
Payroll and related liabilities	59,666	-	59,666
Current portion of long-term debt	237,000	-	237,000
Noncurrent:			
Long-term debt, net of current portion	84,000	-	84,000
Net pension liability	585,792	-	585,792
Total liabilities	1,067,124	37	1,067,161
Deferred inflows of resources			
Deferred inflows related to pensions	53,190	-	53,190
Total liabilities and deferred inflows of resources	1,120,314	37	1,120,351
Net position			
Invested in capital assets, net of related debt	2,482,938	1,168,713	3,651,651
Restricted for			
Special revenue funds	1,443,925		1,443,925
Expendable trust funds	52,957		52,957
Unrestricted	1,569,773	347,607	1,917,380
Total net position	\$ 5,549,593	\$ 1,516,320	\$ 7,065,913

See notes to financial statements.

TOWN OF CLARKSBURG, MASSACHUSETTS

STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2023

	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Primary Government		Total
				Governmental Activities	Business-type Activities	
Governmental activities						
General government	\$ 497,084	\$ 13,863	\$ 276,138	\$ (207,083)	\$ -	\$ (207,083)
Public safety	152,919	12,951	105,000	(34,968)	-	(34,968)
Education	4,133,717	55,132	3,228,990	(849,595)	-	(849,595)
Public works	521,116	6,214	81,584	(433,318)	-	(433,318)
Health and human services	57,561	400	13,542	(43,619)	-	(43,619)
Cultural and recreation	80,431	1,465	16,999	(61,967)	-	(61,967)
State and county assessments	162,053	-	-	(162,053)	-	(162,053)
Retirement and other employee benefits	433,753	-	-	(433,753)	-	(433,753)
Interest and fiscal charges	15,747	-	-	(15,747)	-	(15,747)
Total governmental activities	<u>6,054,381</u>	<u>90,025</u>	<u>3,722,253</u>	<u>(2,242,103)</u>	<u>-</u>	<u>(2,242,103)</u>
Business type activities						
Sewer	<u>342,763</u>	<u>386,131</u>	<u>-</u>	<u>-</u>	<u>43,368</u>	<u>43,368</u>
Total government	<u>\$ 6,397,144</u>	<u>\$ 476,156</u>	<u>\$ 3,722,253</u>	<u>(2,242,103)</u>	<u>43,368</u>	<u>(2,198,735)</u>
General revenues:						
Taxes				2,776,121	-	2,776,121
Government aid				489,467	-	489,467
Interest income				15,734	9,848	25,582
Other general revenues				14,749	-	14,749
Transfers				<u>19,033</u>	<u>(19,033)</u>	<u>-</u>
Total general revenues and transfers				<u>3,315,104</u>	<u>(9,185)</u>	<u>3,305,919</u>
Change in net position				1,073,001	34,183	1,107,184
Net position, beginning				<u>4,476,592</u>	<u>1,482,137</u>	<u>5,958,729</u>
Net position, ending				<u>\$ 5,549,593</u>	<u>\$ 1,516,320</u>	<u>\$ 7,065,913</u>

See notes to financial statements.

TOWN OF CLARKSBURG, MASSACHUSETTS

BALANCE SHEET

GOVERNMENTAL FUNDS

June 30, 2023

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
Assets			
Cash and cash equivalents	\$ 1,250,486	\$ 1,468,825	\$ 2,719,311
Taxes receivable	421,867	-	421,867
Departmental and other receivables	13,134	-	13,134
Due from other governments	163,047	52,692	215,739
Total assets	<u>\$ 1,848,534</u>	<u>\$ 1,521,517</u>	<u>\$ 3,370,051</u>
Liabilities			
Warrants and other payables	\$ 76,031	\$ 24,635	\$ 100,666
Payroll and related liabilities	59,666	-	59,666
Total liabilities	<u>135,697</u>	<u>24,635</u>	<u>160,332</u>
Deferred inflows of resources			
Revenue not considered available	<u>412,693</u>	<u>-</u>	<u>412,693</u>
Fund balances			
Restricted for			
General fund - snow and ice deficit	(33,538)	-	(33,538)
Special revenue funds	-	1,443,925	1,443,925
Expendable trust funds	-	52,957	52,957
Assigned	109,191	-	109,191
Unassigned	1,224,491	-	1,224,491
Total fund balances	<u>1,300,144</u>	<u>1,496,882</u>	<u>2,797,026</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 1,848,534</u>	<u>\$ 1,521,517</u>	

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	2,803,938
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	(321,000)
Net pension liability	(143,064)
Revenue not considered available - taxes	<u>412,693</u>
Net position of governmental activities	<u>\$ 5,549,593</u>

See notes to financial statements.

TOWN OF CLARKSBURG, MASSACHUSETTS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2023

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues			
Taxes	\$ 2,767,316	\$ -	\$ 2,767,316
Licenses, permits, and charges for services	29,571	60,454	90,025
Grants and contributions	2,369,098	1,842,622	4,211,720
Interest income	15,323	411	15,734
Other revenues	1,112	13,637	14,749
Total revenues	<u>5,182,420</u>	<u>1,917,124</u>	<u>7,099,544</u>
Expenditures			
General government	410,786	47,878	458,664
Public safety	130,419	11,745	142,164
Education	3,118,714	972,845	4,091,559
Public works	386,549	58,854	445,403
Health and human services	53,532	4,029	57,561
Cultural and recreation	123,907	2,130	126,037
State and county assessments	162,053	-	162,053
Retirement	188,995		188,995
Health insurance and other employee benefits	198,980	-	198,980
Debt service:			
Principal retirement	237,000	-	237,000
Interest and fiscal charges	15,747	-	15,747
Total expenditures	<u>5,026,682</u>	<u>1,097,481</u>	<u>6,124,163</u>
Excess (deficiency) of revenues over expenditures	<u>155,738</u>	<u>819,643</u>	<u>975,381</u>
Other financing sources (uses)			
Transfers in	19,033	1,000	20,033
Transfers out	<u>(1,000)</u>	<u>-</u>	<u>(1,000)</u>
Total other financing sources (uses)	<u>18,033</u>	<u>1,000</u>	<u>19,033</u>
Net change in fund balances	173,771	820,643	994,414
Fund balances, beginning	<u>1,126,373</u>	<u>676,239</u>	<u>1,802,612</u>
Fund balances, ending	<u>\$ 1,300,144</u>	<u>\$ 1,496,882</u>	<u>\$ 2,797,026</u>

See notes to financial statements.

TOWN OF CLARKSBURG, MASSACHUSETTS
RECONCILIATION OF THE CHANGE IN FUND BALANCE
OF THE GOVERNMENTAL FUNDS TO THE
STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2023

Net change in fund balances of total governmental funds	\$	994,414
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Amounts reported for governmental activities in the Statement of Activities are different because:

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 reported as depreciation expense.

Capital asset purchases capitalized		71,006
Depreciation expense		(192,446)

Revenues 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, personal property, and excise) differ between the two statements. This amount represents the net change in deferred inflows of resources - revenue not considered available.

8,805

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:

Debt principal payments		237,000
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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 the governmental funds:

Increase in net pension liability, net of deferred inflows and outflows		<u>(45,778)</u>
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Change in net position of governmental activities	\$	<u>1,073,001</u>
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See notes to financial statements.

TOWN OF CLARKSBURG, MASSACHUSETTS
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (NON-GAAP BASIS) - GENERAL FUND

For the Year Ended June 30, 2023

	General Fund			
	Budget		Actual	Variance -
	Original	Final	Budgetary Basis	Favorable (Unfavorable)
Revenues				
Taxes	\$ 2,550,221	\$ 2,550,221	\$ 2,767,316	\$ 217,095
Licenses, permits, and charges for services	21,800	21,800	29,571	7,771
Interest income	5,300	5,300	12,793	7,493
Other revenues	1,100	1,100	1,112	12
Total locally raised revenue	2,578,421	2,578,421	2,810,792	232,371
Grants	2,361,649	2,361,649	2,369,098	7,449
Total revenues	4,940,070	4,940,070	5,179,890	239,820
Expenditures				
General government	445,874	447,216	395,066	52,150
Public safety	163,643	163,643	130,419	33,224
Education	3,096,778	3,096,778	3,085,763	11,015
Public works	344,859	357,992	378,849	(20,857)
Health and human services	71,871	63,027	53,532	9,495
Cultural and recreation	85,784	85,784	74,551	11,233
State and county assessments	196,810	196,810	162,053	34,757
Retirement	189,195	189,195	188,995	200
Health insurance and other employee benefits	259,939	254,308	198,980	55,328
Debt service:				
Principal retirement	237,000	237,000	237,000	-
Interest and fiscal charges	16,850	16,850	15,747	1,103
Total expenditures	5,108,603	5,108,603	4,920,955	187,648
Excess (deficiency) of revenues over expenditures	(168,533)	(168,533)	258,935	427,468
Other financing sources (uses)				
Transfers in	119,033	119,033	119,033	-
Transfers out	(500)	(500)	(500)	-
Revenue appropriation	50,000	50,000	50,000	-
Total other financing sources (uses)	168,533	168,533	168,533	-
Excess of revenues over expenditures and other financing sources	\$ -	\$ -	\$ 427,468	\$ 427,468

See notes to financial statements.

TOWN OF CLARKSBURG, MASSACHUSETTS

STATEMENT OF NET POSITION

PROPRIETARY FUND

June 30, 2023

	Sewer Enterprise Fund
Assets	
Current:	
Cash and cash equivalents	\$ 221,865
Receivables, net	125,779
Noncurrent:	
Capital assets, net	1,168,713
Total assets	1,516,357
Liabilities	
Current:	
Warrants and other payables	37
Net position	
Invested in capital assets, net of related debt	1,168,713
Unrestricted	347,607
Total net position	\$ 1,516,320

See notes to financial statements.

TOWN OF CLARKSBURG, MASSACHUSETTS

**STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION**

PROPRIETARY FUND

For the Year Ended June 30, 2023

	Sewer Enterprise Fund
Operating revenues	
Charges for services	\$ 386,131
Interest income	9,848
Total operating revenues	395,979
Operating expenses	
Treatment fees	217,035
Maintenance and other	59,261
Depreciation	66,467
Total operating expenses	342,763
Income (loss) before transfers	53,216
Transfers out	(19,033)
Change in net position	34,183
Net position, beginning	1,482,137
Net position, ending	\$ 1,516,320

See notes to financial statements.

TOWN OF CLARKSBURG, MASSACHUSETTS

STATEMENT OF CASH FLOWS

PROPRIETARY FUND

For the Year Ended June 30, 2023

	Sewer Enterprise Fund
Cash flows from operating activities	
Receipts from customers	\$ 290,296
Payments to suppliers	<u>(266,410)</u>
Net cash provided (used) by operating activities	<u>23,886</u>
Cash flows from noncapital financing activities	
Transfers (to) from other funds	<u>(19,033)</u>
Net cash provided (used) by noncapital financing activities	<u>(19,033)</u>
 Increase in cash and cash equivalents	 4,853
 Cash and cash equivalents, beginning	 <u>217,012</u>
 Cash and cash equivalents, ending	 <u><u>\$ 221,865</u></u>
 Reconciliation of operating income (loss) to net cash provided (used) by operating activities	
Operating income (loss)	\$ 53,216
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Depreciation	66,467
(Increase) decrease in operating assets:	
Accounts receivable	(83,834)
Increase (decrease) in operating liabilities:	
Warrants and other payables	<u>(11,963)</u>
 Net cash provided (used) by operating activities	 <u><u>\$ 23,886</u></u>

See notes to financial statements.

TOWN OF CLARKSBURG, MASSACHUSETTS

Notes to Financial Statements

June 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting entity

The Town of Clarksburg, Massachusetts was incorporated in 1798. The Town operates under a Town Administrator form of government and provides the following services as authorized by its by-laws: general government, public safety, education, public works, health and human services, and cultural and recreation.

Accounting principles generally accepted in the United States of America require that the reporting entity include (1) the primary government, (2) organizations for which the primary government is financially accountable and (3) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The criteria provided in the Governmental Accounting Standards Board Statements have been considered and no component units were identified to be included in the Town's financial statements

Clarksburg Elementary School

The Town operates the Clarksburg Elementary School and serves students Kindergarten to Grade 8. When students graduate from Clarksburg, they go on to area high schools. The Town has a shared services agreement with the Towns of Florida, Monroe, Savoy and Rowe which collectively form the Northern Berkshire School Union. The Town of Clarksburg employs the shared administrative staff, as well as pays occupancy and utility costs for the Union, for which the Town is reimbursed by member towns for their proportionate share. The Town also pays assessments to the City of North Adams and the Northern Berkshire Vocational Regional School District for Town residents who attend high school at other Districts.

B. Government-wide and fund financial statements

Government-wide financial statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

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

Financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts, which constitute its assets, liabilities, fund balance, revenues and expenditures.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. Funds are organized as major funds or non-major funds within the governmental and proprietary statements.

C. Measurement focus, basis of accounting, and financial statement presentation

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

The *Governmental fund financial statements* are reported using the current financial resources measurement focus and the modified accrual basis of accounting. 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 enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. 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. Revenues not considered available are recorded as deferred inflows of resources.

Property taxes are recorded in the year levied as receivables and deferred inflows of resources. Property taxes collected up to 60 days after the fiscal year end are included in the current fiscal year revenues with the remaining recognized as revenues in the succeeding year when services financed by the levy are provided. Intergovernmental aids and grants are recognized as revenues in the period the Town is entitled to the resources and the amounts are available. Amounts owed to the Town which are not available are recorded as receivables and deferred inflows of resources. Amounts received prior to the entitlement period are also recorded as deferred inflows of resources.

The Town reports the following major governmental funds:

The *General Fund* is the Town'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 *Sewer Fund* accounts for the enterprise activities of the Town.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise fund are charges to customers for sewer services. Operating expenses for the enterprise fund include sewer treatment fees, maintenance and administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Accounting estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Subsequent events

Management has evaluated subsequent events through October 4, 2024, the date that the financial statements were available for issue, and has determined that there are no additional adjustments or disclosures required.

D. Assets, liabilities, and net position or fund balance

Interfund receivables and payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either “due to/from other funds” (i.e., the current portion of interfund loans) or “advances to/from other funds” (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as “due to/from other funds.” Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “interfund receivables and payables.”

Property taxes receivable

The Town’s property tax is levied each July 1 on the assessed value listed as of the prior January 1, for all real and personal property located in the Town. Assessed values are established by the Board of Assessors at a percentage of estimated market value. The Town is required to have its assessed values certified by the State every three years. The assessed value for the fiscal 2023 levy was \$153,183,901. A tax rate of \$15.46 per thousand was applied to the levy. Real and personal property taxes are due and payable in four installments on August 1, November 1, February 1, and May 1 following the assessment date.

A statewide tax limitation statute known as “Proposition 2 ½” limits the property tax levy to an amount equal to 2 ½% of the value of all taxable property in the Town (levy ceiling). A secondary limitation is that no levy in a fiscal year may exceed the preceding year’s allowable tax levy by more the 2 ½%, plus taxes levied on certain property newly added to the tax rolls (levy limit). Certain Proposition 2 ½ taxing limitations can be overridden by a Town-wide referendum vote. For fiscal year 2023, the Town’s tax levy was \$2,368,223, which was below both its maximum allowable levy limit of \$2,403,824 (levy limit of \$2,191,773 plus debt exclusions of \$212,051) and levy ceiling of \$3,829,598.

Motor vehicle assessments are provided by the Massachusetts Registry of Motor Vehicles. Tax rates, established by the State, are \$25 per thousand.

Inventories and prepaid items

Inventories which are material are valued at cost using the first-in/first-out (FIFO) method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in government-wide financial statements.

Capital assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$10,000 and an estimated useful life of more than one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. The total interest expense incurred by the Enterprise fund during the current fiscal year was \$-0-.

Property, plant, and equipment of the primary government is depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>	<u>Assets</u>	<u>Years</u>
Buildings	40	Vehicles	5 - 7
Building improvements	20 - 40	Office equipment	3 - 5
Infrastructure	20 - 50	Computer equipment	3 - 5
Highway Equipment	5 - 15		

Compensated absences

It is the Town's policy to permit employees to accumulate earned but unused sick and vacation pay benefits. There is no liability for unpaid accumulated sick leave since the government does not have a policy to pay any amounts when employees separate from service with the Town. All vacation pay earned and unused is accrued in the government-wide financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

Long-term obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities or proprietary fund type statements of net position. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Government-wide and proprietary net positions

Government-wide and proprietary fund net positions are divided into three components:

Invested in capital assets, net of related debt

Consist of the historical cost of capital assets less accumulated depreciation and less any debt that remains outstanding that was used to finance those assets.

Restricted

Consist of net assets that are restricted by the Town's creditors (for example, through debt covenants), by the state enabling legislation (through restrictions on shared revenues), by grantors (both federal and state), and by other contributors.

Unrestricted

All other net assets are reported in this category.

Governmental fund balances

The Town has implemented the provisions of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This statement enhances the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying existing governmental fund type definitions. It establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which the Town is bound to observe constraints imposed upon the use of the resources reported in its financial statements.

In the governmental fund financial statements, fund balances are classified as follows:

Nonspendable

Amounts that cannot be spent either because they are in a nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted

Amounts that can be spent only for specific purposes because of the Town charter, state or federal laws, or externally imposed conditions by grantors or creditors.

Committed

Amounts that can only be used for specific purposes imposed by majority vote of the Town's governing body (i.e., Town Meeting, the highest level of decision making authority). Any changes or removal of specific purposes requires majority action by the governing board.

Assigned

Amounts constrained by the Town's intent to be used for specific purposes, but are neither restricted nor committed. These include encumbrances and other amounts which have been assigned for specific goods and services ordered but not yet paid for. This account also includes fund balance voted to be used in the subsequent fiscal year (free cash).

Unassigned

All amounts not included in other spendable classifications.

Encumbrances and continuing appropriations

Encumbrance accounting is employed in the governmental funds as a significant aspect of budgetary control. Encumbrances, through the use of purchase orders, contracts and other appropriations, are amounts that are set aside to pay for goods and services that have not been completed prior to the end of the fiscal year.

Unencumbered appropriations, which are carried over to the following fiscal year, are reported as "continuing appropriations". Continuing appropriations represent amounts appropriated for specific programs or projects which were not completed during the fiscal year.

Encumbrances and continuing appropriations are reported with restricted, committed, or assigned fund balance in the accompanying balance sheet. Encumbrances and continuing appropriations are combined with expenditures for budgetary comparison purposes.

NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary information

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

1. Prior to March 1, the Town Administrator submits to the Finance Committee a proposed budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted in the Town to obtain taxpayer comments.
3. The budget is legally enacted at the annual Town meeting by vote of the Town meeting representatives in May.
4. Throughout the fiscal year any unencumbered appropriation, balance or portion thereof, may be transferred from one department, commission, board or office, to another with Finance Committee and Select Board approval. The Finance Committee controls a reserve fund, which, at their discretion, may be used to fund unforeseen expenditures.
5. Appropriations for certain projects and specific items not fully expended at the fiscal year-end are carried forward as continued appropriations to the new fiscal year or until project completion. The Town's policy is to carry forward encumbrances as continued appropriations at the fiscal year end.

The Town must establish its property tax rate each year so that the resulting property tax levy will comply with the limits required by Proposition 2 ½ and also constitute that amount which will equal the sum of (a) the aggregate of all annual appropriations for expenditures and transfers, including sewer funds, plus (b) provision for any prior fiscal year's deficits, less (c) the aggregate of all non-property tax revenue, including enterprise user fees, and transfers projected to be received by the Town, including available surplus funds.

The Town's General Fund budget is prepared on a basis that differs from U.S. generally accepted accounting principles (GAAP) in several different ways:

- Property tax revenues are recognized on a modified accrual basis rather than on the full accrual basis (GAAP);
- Budgeted revenues are recorded when cash is received, as opposed to when susceptible to accrual (GAAP);
- Encumbrances and continuing appropriations are recorded as the equivalent of expenditures (budget) as opposed to a reservation of fund balance (GAAP).

A reconciliation of General Fund operations presented in the Governmental Funds (Non-GAAP) to the amounts presented in the Supplementary Information budgetary basis statement is as follows:

	General Fund
Government funds - net change in fund balances	\$ 173,771
Adjustments:	
Net effect of encumbrances recorded as budget expenditures	106,227
Net effects of stabilization fund: income included and transfers eliminated in governmental funds	97,470
Plus other sources - revenue appropriation	<u>50,000</u>
Excess of revenues and other sources over expenditures and other uses (budgetary basis)	<u>\$ 427,468</u>

NOTE 3 - DETAILED NOTES ON ALL FUNDS

A. Cash and equivalents

For purposes of the statement of cash flows, the Town considers all highly liquid investments purchased with a maturity of three months or less to be cash equivalents.

B. Deposits and short-term investments

State and local statutes place certain limitations on the nature of deposits and investments available to the Town. Deposits including demand deposits, money markets and certificates of deposit in any one financial institution, may not exceed certain levels unless collateralized by the financial institution involved. Investments may be made in unconditionally guaranteed U.S. Government obligations having maturities of a year or less from the date of purchase, or through repurchase agreements with maturities of no greater than 90 days in which the underlying securities consist of such obligations. Other allowable investments include authorized bonds of all states, banker's acceptances, commercial paper rated within the three highest classifications established by rating agencies, and units in the Massachusetts Municipal Depository Trust (MMDT).

Custodial credit risk related to deposits

Custodial Credit Risk is the risk that in the event of bank failure, the Town's deposits may not be returned. The Town carries deposits that are insured by FDIC or State depository insurance or collateralized. Bank deposits as of June 30, 2023 were \$3,271,081, all of which was insured.

C. Receivables

Receivables at June 30, 2023, are as follows:

	Governmental Activities	Business-type Activities
Real estate taxes receivable	\$ 283,680	\$ -
Motor vehicle excise receivable	82,889	-
Personal property tax receivable	1,960	-
Tax liens and foreclosures	53,338	6,391
Sewer receivables	-	131,388
Allowance for doubtful accounts	-	(12,000)
Total	<u>\$ 421,867</u>	<u>\$ 125,779</u>

Real estate taxes are secured through the tax lien process and are considered 100% collectible. Accordingly, an allowance for uncollectible accounts is not reported.

Personal property taxes cannot be secured through the lien process. The allowance for uncollectible accounts was determined to be immaterial to the financial statements. No allowance has been recorded.

The allowance for uncollectible accounts for motor vehicle excise taxes was determined to be immaterial to the financial statements. No allowance has been recorded.

D. Capital assets

Capital asset activity for the year ended June 30, 2023 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities				
Capital assets, not being depreciated:				
Land	\$ 396,700	\$ -	\$ -	\$ 396,700
Construction in progress	-	49,356	-	49,356
Total capital assets, not being depreciated	396,700	49,356	-	446,056
Capital assets, being depreciated:				
Buildings	5,441,118	-	-	5,441,118
Machinery, equipment and vehicles	1,328,477	21,650	-	1,350,127
Infrastructure	861,575	-	-	861,575
Total capital assets, being depreciated	7,631,170	21,650	-	7,652,820
Less accumulated depreciation for:				
Buildings	(4,166,200)	(77,033)	-	(4,243,233)
Machinery, equipment and vehicles	(793,750)	(85,417)	-	(879,167)
Infrastructure	(142,542)	(29,996)	-	(172,538)
Total accumulated depreciation	(5,102,492)	(192,446)	-	(5,294,938)
Total capital assets, being depreciated, net	2,528,678	(170,796)	-	2,357,882
Governmental activities capital assets, net	\$ 2,925,378	\$ (121,440)	\$ -	\$ 2,803,938
	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities				
Capital assets, being depreciated:				
Sewer infrastructure	\$ 3,323,331	\$ -	\$ -	\$ 3,323,331
Less accumulated depreciation for:				
Sewer infrastructure	(2,088,151)	(66,467)	-	(2,154,618)
Business-type activities capital assets, net	\$ 1,235,180	\$ (66,467)	\$ -	\$ 1,168,713

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

Governmental activities	
General government	\$ 38,420
Public safety	10,755
Highways and streets	97,363
Education	42,158
Library	3,750
Total	<u>\$ 192,446</u>
Business-type activities	
Sewer	<u>\$ 66,467</u>

E. Long-term debt

General Obligation Bonds

The Town issues general obligation bonds to provide for the acquisition and construction of major capital facilities. General obligation bonds have been issued for governmental activities. General obligation bonds are direct obligations and pledge the full faith and credit of the Town. The following general obligation bonds have been issued:

	Serial Maturity Through	Interest Rates %	Outstanding June 30, 2022	Reductions	Outstanding June 30, 2023
Governmental activities					
Highway truck	2026	2.20%	\$ 168,000	\$ 42,000	\$ 126,000
Road and building improvements	2024	3.09%	390,000	195,000	195,000
Total debt			<u>\$ 558,000</u>	<u>\$ 237,000</u>	<u>\$ 321,000</u>

Annual debt service requirements to maturity for general obligation bonds are as follows:

Year Ending June 30	Governmental Activities		
	Principal	Interest	Total
2024	\$ 237,000	\$ 8,798	\$ 245,798
2025	42,000	1,848	43,848
2026	42,000	924	42,924
Total	<u>\$ 321,000</u>	<u>\$ 11,570</u>	<u>\$ 332,570</u>

The Town is subject to a dual level general debt limit; the normal debt limit and the double debt limit. Such limits are equal to 5% and 10%, respectively; of the valuation of taxable property in the Town as last equalized by the Commonwealth's Department of Revenue. Debt may be authorized up to the normal debt limit, without State approval. Authorization under the double debt limit, however, requires the approval of the Commonwealth's Emergency Finance board. Additionally, there are many categories of general obligation debt, which are exempt from the debt limit but are subject to other limitation.

The Town's equalized valuation was \$153,183,901 and the 5% normal debt limit available borrowing balance was approximately \$7,650,000 at June 30, 2023. The Town's available borrowing balance is \$7,329,000 (available borrowing balance of \$7,650,000 less inside the limit debt of \$321,000).

Temporary Borrowings

Under state law and by authorization of the Select Board, the Town is authorized to borrow funds on a temporary basis as follows:

- To fund current operating costs prior to the collection of revenues through issuance of revenue anticipation notes.
- To fund capital project costs incurred prior to obtaining permanent financing through issuance of bond anticipation notes.
- To fund capital project costs incurred in anticipation of federal or state grants through issuance of grant anticipation notes or state anticipation notes.

The Town does not have any short-term anticipation notes outstanding at June 30, 2023.

NOTE 4 - OTHER INFORMATION

A. Risk management

Risks transferred to third parties

The Town is exposed to various risks of loss relating to torts; theft or damage of, and destruction of assets; errors and omissions; injuries; and natural disasters. The Town has obtained a variety of commercial liability insurance policies, which pass the risks 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.

B. Contingent liabilities

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal and state governments. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although the Town expects such amounts, if any, to be immaterial.

The Town, from time to time may be a defendant in various lawsuits. As of the date of the financial statements, the Town is not aware of any matters that could have a material adverse effect on the financial condition of the Town.

C. Other postemployment benefits

The Town provides a retiree health care benefits program that is used to provide other postemployment benefits (OPEB) other than pensions for all permanent full-time employees. Employees of the Town and their dependents are eligible for postemployment medical and life insurance based on the eligibility requirements. Employees who retire with 20 years of service or retire on or after attaining age 55 with 10 years of service are eligible. The Town pays for 75 percent of the health and life insurance premiums for eligible retirees.

The Governmental Accounting Standards Board requires government entities that provide other postemployment benefits (OPEB) to its employees and retirees to record the net OPEB liability measured as the total actuarially accrued liability. However, the Town has not obtained an actuarial valuation of its OPEB due to retirees, and accordingly, has not recorded the related expense and liability on the government-wide financial statements.

The amount by which this departure would affect the liabilities, net position, and expenses of the governmental activities has not been determined.

D. Berkshire County Contributory Retirement System

Plan description

The Town participates in the Berkshire County Contributory Retirement System (the Plan) which is a cost-sharing multiple-employer public employee retirement system covering the employees of 46 member units, except school department employees who serve in a teaching capacity. Eligible employees must participate in the Plan. The Plan is organized under Chapter 34B of the Massachusetts General Laws (MGL) and is subject to the provisions of Chapter 32 of the MGL. The Plan is governed by a five-member board. The board members are appointed or elected as specified by MGL Chapter 34B Section 19(b) for terms ranging from 3 to 6 years. The Plan is also guided by an advisory council comprised of the official “Treasurers” of each member unit. Results of the Plan are based on liabilities developed in an actuarial valuation performed as of January 1, 2023 with the measurement date of December 31, 2022.

Accounting policy

The Plan follows accounting policies mandated by the Commonwealth of Massachusetts. The accounting records are maintained on the accrual basis of accounting. Contributions from the member's employees are recognized in the period in which employees provide services to the member employers. For the 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 Plan and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Plan membership

At December 31, 2022, pension plan membership consisted of the following:

Active plan members	1,204
Retirees and beneficiaries receiving benefits	900
Inactive members	<u>374</u>
Total	<u><u>2,478</u></u>
Number of participating employers	<u>46</u>

Benefits and contributions

The Plan provides pension benefits, deferred allowances, and death and disability benefits. Chapter 32 of the MGL establishes the authority of the Plan, contribution percentages and benefits paid. The Plan's Retirement Board does not have the authority to amend benefit provisions.

Employees contribute a set percentage of their gross regular compensation annually. Employee contribution percentages are specified in Chapter 32 of the MGL. The employee's individual contribution percentage is determined by their date of entry into the Plan. In addition, all employees hired after January 1, 1979 contribute an additional 2% on all gross regular compensation over the rate of \$30,000 per year. The percentages are as follows:

Before January 1, 1975	5%
January 1, 1975 – December 31, 1983	7%
January 1, 1984 – June 30, 1996	8%
Beginning July 1, 1996	9%

Employers are required to contribute at actuarially determined rates as accepted by the Public Employee Retirement Administration Commission (PERAC).

The Plan provides for retirement allowance benefits up to a maximum of 80% of a member's highest three-year or five-year average annual rate of regular compensation, depending upon the date of hire. Benefit payments are based upon a member's age, length of creditable service, level of compensation, and group classification. Members become vested after 10 years of creditable service. A retirement allowance may be received upon reaching age 65 or upon attaining 20 years of service.

The Plan also provides for early retirement at age 55 if the participant (1) has a record of 10 years of creditable services, (2) was on the member employer's payroll on January 1, 1978, (3) voluntarily left employment on or after that date, and (4) left accumulated annuity deductions in the fund. A retirement allowance consists of two parts: an annuity and a pension. A member's accumulated total deductions and a portion of the interest they generate constitute the annuity. The difference between the total retirement allowance and the annuity is the pension. The average retirement benefit is approximately 80-85% pension and 15-20% annuity.

Pension liabilities, expense and deferred inflows and outflows of resources

At June 30, 2023, the Town reported a net pension liability of \$585,792, deferred outflows related to pensions of \$495,918, and deferred inflows related to pensions of \$53,190 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that 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 relative to the projected contributions of all participating Plan employers, actuarially determined. At December 31, 2022, the Town's proportion was 1.80%. Net pension liability, deferred outflows/inflows of resources and pension expense are allocated to each employer based on its proportionate share of total employer contributions. For the year ended June 30, 2023, the Town recognized pension expense of \$234,773 (pension contribution of \$188,995 paid into the Plan plus an increase in the net pension liability of \$45,778). Contributions made subsequent to the measurement date of December 31, 2022 were \$-0-.

Actuarial assumptions

The total pension liability was determined by an actuarial valuation as of January 1, 2023, with the measurement date of December 31, 2022 using the following actuarial assumptions, applied to all periods included in the measurement date:

Investment rate of return:	6.75% net of pension plan investment expense, including inflation.
Salary increases:	4.25% for Group 1 and 4.75% for Group 4.
Inflation:	Not explicitly assumed.
Cost of Living Adjustment:	3% of first \$16,000.
Mortality:	Pre-retirement rates reflect the RP-2014 Blue Collar Employees table projected generationally with Scale MP-2021 (gender distinct). Post retirement rates reflect the RP-2014 Blue Collar Healthy Annuitant table projected generationally with Scale MP-2021 (gender distinct). For disabled retirees, the rates reflect the RP-2014 Blue Collar Healthy Annuitant table set forward 1 year projected generationally with Scale MP-2021 (gender distinct).

The investment return assumption is a long-term assumption and is based on capital market expectations by asset class, historical returns, and professional judgment. The market expectations analysis used a building-block approach which included expected returns by asset class and the target asset allocation.

Target allocations

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 rate of return for each major asset class included in the Plan's targeted asset allocation as of December 31, 2022 are summarized in the following table:

Asset Class	Target Asset Allocation	Real Return Arithmetic Basis	Long-term Expected Real Rate of Return
Domestic equity	21.20%	7.62%	1.19%
International equities	12.20%	7.80%	0.72%
Emerging markets equity	4.70%	9.31%	0.45%
Core fixed income	13.80%	6.89%	0.66%
Value-added fixed income	7.00%	4.37%	0.56%
Private equity	17.70%	4.01%	1.66%
Real estate	11.20%	3.50%	0.52%
Timberland	3.20%	4.00%	0.21%
Hedge funds/PCS	8.60%	7.58%	0.56%
Overlay	0.40%	11.15%	0.00%
Total	<u>100.00%</u>		

Changes in net pension liability

	Berkshire County Retirement System 100%			Clarksburg 1.80%		
	Increase (Decrease)			Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at January 1, 2022	\$ 335,409,000	\$ 358,900,000	\$ (23,491,000)	\$ 4,695,726	\$ 5,024,600	\$ (328,874)
Net changes	<u>13,258,000</u>	<u>(42,777,000)</u>	<u>56,035,000</u>	<u>1,580,280</u>	<u>665,614</u>	<u>914,666</u>
Balances at December 31, 2022	<u>\$ 348,667,000</u>	<u>\$ 316,123,000</u>	<u>\$ 32,544,000</u>	<u>\$ 6,276,006</u>	<u>\$ 5,690,214</u>	<u>\$ 585,792</u>

Discount Rate

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following presents the net pension liability, calculated using the discount rate of 6.75%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (5.75%) or 1 percentage point higher (7.75%) than the current rate:

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
Town's proportionate share of the net pension liability	\$ 1,002,292	\$ 585,792	\$ -

Deferred Inflows and Outflows of Resources

At June 30, 2023, the Town reported deferred outflows and deferred inflows of resources related to pensions from the following resources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 26,604	\$ 53,190
Net difference between projected and actual investment earnings on pension plan assets	355,428	-
Changes in assumptions	113,886	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	-
Contributions subsequent to the measurement date	-	-
Total	<u>\$ 495,918</u>	<u>\$ 53,190</u>

Deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30,	
2024	\$ 34,056
2025	71,334
2026	113,256
2027	<u>224,082</u>
Total	<u>\$ 442,728</u>

Pension Plan Fiduciary Net Position

The Plan issues separate financial statements which can be obtained through the Berkshire County Retirement Board, 29 Dunham Mall, Pittsfield, MA 01201. In addition, an actuarial valuation is performed every two years, which is available through the Massachusetts Public Employee Retirement Administration Commission, 5 Middlesex Avenue, Suite 304, Somerville, MA 02145.

Payable to Pension Plan

At June 30, 2023, the Town reported a payable of \$-0- for outstanding amounts of contributions to the pension plan.

E. 2024 Budget

The Town has authorized a fiscal 2024 operating and capital budget which will be financed from the following sources:

Real and personal property tax levy	\$ 2,427,877
Estimated receipts:	
State	2,606,509
Local	336,370
Enterprise Fund	394,818
Other revenue sources for particular purpose	<u>231,855</u>
Total	<u>\$ 5,997,429</u>

TOWN OF CLARKSBURG, MASSACHUSETTS

REQUIRED SUPPLEMENTARY INFORMATION

June 30, 2023

**Schedule of the Town's Proportionate Share
of the Net Pension Liability**

	Plan Year Ended December 31,								
	2022	2021	2020	2019	2018	2017	2016	2015	2014
Berkshire County Retirement System net pension (asset) liability	\$ 32,544,000	\$ (23,491,000)	\$ 12,823,000	\$ 30,630,000	\$ 43,744,000	\$ 25,853,000	\$ 39,772,000	\$ 42,317,000	\$ 26,259,000
Town's proportion of the net pension (asset) liability	1.80%	1.40%	1.47%	1.55%	1.55%	1.51%	1.50%	1.47%	1.50%
Town's proportionate share of the net pension (asset) liability	\$ 585,792	\$ (328,874)	\$ 188,498	\$ 474,765	\$ 678,032	\$ 390,380	\$ 596,580	\$ 622,060	\$ 393,885
Town's covered-employee payroll	\$ 2,760,904	\$ 2,575,642	\$ 2,345,875	\$ 2,132,195	\$ 1,908,000	\$ 1,919,000	\$ 1,807,000	\$ 1,759,000	\$ 1,665,000
Town's proportionate share of the net pension (asset) liability as a percentage of its covered-employee payroll	21.22%	-12.77%	8.04%	22.27%	35.54%	20.34%	33.01%	35.36%	23.66%
Plan fiduciary net position as a percentage of the total pension (asset) liability	90.67%	107.00%	95.93%	89.88%	84.41%	90.41%	84.06%	82.25%	88.13%
Discount rate used to measure the total pension liability	6.75%	6.75%	7.00%	7.00%	7.25%	7.25%	7.60%	7.60%	7.75%

Schedule of Town Pension Contributions

	Plan Year Ended December 31,								
	2022	2021	2020	2019	2018	2017	2016	2015	2014
Town's contractually required contribution	\$ 224,964	\$ 162,121	\$ 158,982	\$ 156,545	\$ 149,415	\$ 138,902	\$ 131,683	\$ 123,162	\$ 114,410
Town's contributions in relation to the contractually required contribution	(224,964)	(162,121)	(158,982)	(156,545)	(149,415)	(138,902)	(131,683)	(123,162)	(114,410)
Town's contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Town's covered-employee payroll	\$ 2,760,904	\$ 2,575,642	\$ 2,345,875	\$ 2,132,195	\$ 1,908,000	\$ 1,919,000	\$ 1,807,000	\$ 1,759,000	\$ 1,665,000
Contributions as a percentage of covered-employee payroll	8.15%	6.29%	6.78%	7.34%	7.83%	7.24%	7.29%	7.00%	6.87%

Notes to the Required Supplementary Information

Changes of benefit terms: None

Changes of assumptions: Changes in economic and demographic assumptions

Last 10 years: Only plan years 2014 through 2022 available

See independent auditors' report

SUPPLEMENTARY INFORMATION
NONMAJOR GOVERNMENTAL FUNDS

June 30, 2023

Special Revenue Funds

Special revenue funds are used to account for specific revenues that are legally restricted to expenditure for particular purposes.

Capital Projects Fund

The capital projects fund is used to account for the financial resources to be used for the acquisition, construction or improvement of major capital assets other than those acquired through proprietary funds.

Expendable Trust Funds

Expendable trust funds are held in a trustee capacity by the Town that accounts for assets and activities restricted to a specific purpose in accordance to the original intent. The principal of the funds can be expended towards only the activities specified.

TOWN OF CLARKSBURG, MASSACHUSETTS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2023

	Special Revenue and Capital Projects Funds							
	Federal and State Grants Fund	Receipts Reserved for Appropriation Fund	Revolving Funds	Other Special Revenue Funds	Captial Project Fund	Total Special Revenue and Capital Project Funds	Expendable Trust Funds	Total Nonmajor Governmental Funds
Revenues								
Charges for services	\$ -	\$ -	\$ 57,667	\$ 2,787	\$ -	\$ 60,454	\$ -	\$ 60,454
Grants and contributions	1,067,679	-	261,524	513,419	-	1,842,622	-	1,842,622
Interest income	-	-	402	-	-	402	9	411
Other revenues	-	-	-	-	-	-	13,637	13,637
Total revenues	1,067,679	-	319,593	516,206	-	1,903,478	13,646	1,917,124
Expenditures								
General government	36,803	-	-	5,700	-	42,503	5,375	47,878
Public Safety	8,500	-	3,245	-	-	11,745	-	11,745
Education	261,329	-	196,422	515,094	-	972,845	-	972,845
Public works	58,854	-	-	-	-	58,854	-	58,854
Health and human services	4,029	-	-	-	-	4,029	-	4,029
Cultural and recreation	2,130	-	-	-	-	2,130	-	2,130
Total expenditures	371,645	-	199,667	520,794	-	1,092,106	5,375	1,097,481
Excess (deficiency) of revenues over expenditures	696,034	-	119,926	(4,588)	-	811,372	8,271	819,643
Other financing sources (uses)								
Transfers in	-	-	-	-	-	-	1,000	1,000
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	1,000	1,000
Excess (deficiency) of rvenues over expenditures and other financing sources	696,034	-	119,926	(4,588)	-	811,372	9,271	820,643
Fund balances, beginning	86,740	35,225	176,003	270,662	63,923	632,553	43,686	676,239
Fund balances, ending	\$ 782,774	\$ 35,225	\$ 295,929	\$ 266,074	\$ 63,923	\$ 1,443,925	\$ 52,957	\$ 1,496,882

See independent auditors' report.

TOWN OF CLARKSBURG, MASSACHUSETTS
RECONCILIATION OF TREASURERS' CASH
On June 30, 2023

As of June 30, 2023 cash consisted of the following balances:

Cash in checking, savings and short-term investment accounts:

Adams Community Bank	\$ 2,873,715
Unibank	<u>67,461</u>

Total Cash	<u>\$ 2,941,176</u>
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Cash and investments are presented in the financial statements as follows:

General fund	\$ 1,013,960
Stabilization fund (included in general fund)	<u>236,526</u>
Total	<u>1,250,486</u>

Nonmajor governmental funds	
Special revenue funds	1,395,742
Expendable trust funds	<u>73,083</u>
Total	<u>1,468,825</u>

Enterprise fund - Sewer Fund	<u>221,865</u>
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Total cash and investments reported in the financial statements	<u>\$ 2,941,176</u>
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TOWN OF CLARKSBURG, MASSACHUSETTS

SCHEDULE OF TAXES RECEIVABLE

For the Year Ended June 30, 2023

	Uncollected Tax July 1, 2022	Commitments	Abatements and Exemptions	Refunds and Adjustments	Transfers to Tax Title Account	Collections	Uncollected Tax June 30, 2023
Real estate							
2023	\$ -	\$ 2,311,849	\$ (21,545)	\$ 1,300	\$ -	\$ (2,212,750)	\$ 78,854
2022	156,525	-	(2,362)	1,389	-	(96,127)	59,425
2021	91,471	-	-	-	-	(37,698)	53,773
2020	77,894	-	-	-	-	(35,148)	42,746
2019	24,750	-	-	-	-	(3,115)	21,635
Prior years 2013 - 2018	50,598	-	-	-	-	(23,351)	27,247
Total real estate	<u>\$ 401,238</u>	<u>\$ 2,311,849</u>	<u>\$ (23,907)</u>	<u>\$ 2,689</u>	<u>\$ -</u>	<u>\$ (2,408,189)</u>	<u>\$ 283,680</u>
Personal property							
2023	\$ -	\$ 56,374	\$ -	\$ -	\$ -	\$ (55,187)	\$ 1,187
2022	676	-	-	-	-	-	676
2021	72	-	-	-	-	(34)	38
2020	30	-	-	-	-	-	30
2019	29	-	-	-	-	-	29
Total personal property	<u>\$ 807</u>	<u>\$ 56,374</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (55,221)</u>	<u>\$ 1,960</u>
Motor vehicle							
2023	\$ -	\$ 201,734	\$ (3,599)	\$ 3,004	\$ -	\$ (177,008)	\$ 24,131
2022	18,925	72,041	(2,368)	3,836	-	(67,302)	25,132
2021	18,421	-	(166)	1,020	-	(2,153)	17,122
2020	3,698	-	-	65	-	(1,504)	2,259
2019	995	-	-	-	-	(196)	799
Prior years 2000 - 2018	13,647	-	-	-	-	(201)	13,446
Total motor vehicle	<u>\$ 55,686</u>	<u>\$ 273,775</u>	<u>\$ (6,133)</u>	<u>\$ 7,925</u>	<u>\$ -</u>	<u>\$ (248,364)</u>	<u>\$ 82,889</u>

See independent auditors' report.