

**TOWN OF WILLIAMSTOWN, MASSACHUSETTS**

**Financial Statements and  
Supplementary Information**

**June 30, 2021**

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# Adelson & Company PC

CERTIFIED PUBLIC ACCOUNTANTS

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Gary J. Moynihan, CPA  
Carol J. Leibinger-Healey, CPA  
David M. Irwin, Jr., CPA  
Of Counsel:  
Richard F. LaFleche, CPA  
Vincent T. Viscuso, CPA

## INDEPENDENT AUDITORS' REPORT

To the Board of Selectmen of  
**TOWN OF WILLIAMSTOWN, MASSACHUSETTS**

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Town of Williamstown, 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 Williamstown, 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.

#### *Auditors' Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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 opinion.

#### *Opinion*

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Town of Williamstown, 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 on page 5, the Schedule of Changes in Other Postemployment Benefits Liability and Related Ratios and Schedule of Contributions on pages 39 and 40, and the Schedule of Proportionate Share of Net Pension Liability and Pension Contributions on page 41, 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.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Town of Williamstown, Massachusetts' basic financial statements. The combining nonmajor fund financial statements, Schedule of Taxes Receivable and Schedule of Treasurers' Cash on pages 42 to 46 are presented for purposes of additional analysis and are not a required part of the basic financial statements.

Such supplementary 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 auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated February 9, 2022 on our consideration of the Town of Williamstown, Massachusetts' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Williamstown, Massachusetts' internal control over financial reporting and compliance.

ADELSON & COMPANY PC

February 9, 2022

# TOWN OF WILLIAMSTOWN, MASSACHUSETTS

## Management's Discussion and Analysis

June 30, 2021

### Introduction

To facilitate an understanding of our financial statements, management (fiscal department) of the Town of Williamstown, Massachusetts (the Town) has written the following narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2021. We encourage readers to consider the information presented in conjunction with the Town's basic financial statements that follow this section.

At the conclusion of this narrative, the Town has provided a summary of capital asset and debt administration as well as a discussion of economic factors and next year's budget and tax rate. Other content in the notes to financial statements, while not separately addressed in this narrative, provides additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

### Regionalization of Elementary School

In November 2017, the Town of Williamstown voted to have its elementary school regionalize and become part of the Mount Greylock Regional School District (School District), effective July 1, 2018. As part of the transition, the elementary school's portion of the Town's other postemployment benefits (OPEB) liability, net pension liability, and school special revenue funds became part of the School District's reporting entity.

### Financial Highlights

The Town's combined ending total net position of assets minus liabilities on June 30, 2021 was \$14,146,252. Total net position decreased during fiscal year 2021 by \$1,209,098 as a result of a net decrease in business-type activities (water, sewer and solid waste disposal) of \$48,630 and a net decrease in governmental activities of \$1,160,468.

The decrease in the Town's net position of \$1,209,098 in fiscal year 2021 was largely affected by the following significant transactions:

- The Town recorded an increase in its portion of the other postemployment benefit obligation (OPEB), net of deferred outflows and inflows of resources of \$1,763,154.
- The Town recorded a decrease in its portion of the net pension liability, net of deferred outflows and inflows of resources of \$537,607.
- The Town capitalized fixed asset purchases of \$516,836 and recorded depreciation expense on capital assets of \$1,632,030.
- The Town paid \$480,000 on existing long-term debt.
- The Town recognized \$731,429 in settlement expenses (see Note 4.B.).

## Government-Wide Financial Statements

### Description

The government-wide financial statements are prepared in accordance with Governmental Accounting Standards Board (GASB) requirements and are designed to provide readers with a broad overview of the Town's finances in a manner similar to that of private-sector business.

The government-wide financial statements distinguish functions of the Town that are principally supported by taxes and intergovernmental revenues (governmental activities including general government, public safety, public work, human services, education, community development, and culture and recreation) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities including water, sewage collection and solid waste disposal).

### Net Position

The Statement of Net Position (page 6) presents information on all Town assets and liabilities, with the difference between the two reported as net position. On June 30, 2021 the Town's assets exceeded its liabilities by \$14,146,252 as displayed in the following summary Statement of Net Position:

**TOWN OF WILLIAMSTOWN, MASSACHUSETTS**  
**Summary Statement of Net Position**  
**June 30, 2021**

			Primary Government		Increase (Decrease)
	Governmental Activities	Business-type Activities	2021 Totals	2020 Totals	
Cash and equivalents	\$ 2,015,507	\$ -	\$ 2,015,507	\$ 1,514,640	\$ 500,867
Short-term investments	10,201,819	-	10,201,819	9,708,102	493,717
Restricted cash	1,307,812	-	1,307,812	1,180,727	127,085
Receivables	833,551	375,403	1,208,954	1,194,522	14,432
Other current assets	76,800	-	76,800	115,094	(38,294)
Interfund receivables (payables)	(5,133,278)	5,133,278	-	-	-
Capital assets, net	23,914,466	5,898,902	29,813,368	30,928,562	(1,115,194)
<b>Total</b>	<u>33,216,677</u>	<u>11,407,583</u>	<u>44,624,260</u>	<u>44,641,647</u>	<u>(17,387)</u>
Accounts payable and accrued liabilities	1,412,200	58,046	1,470,246	710,408	759,838
Long-term debt	5,565,000	-	5,565,000	6,045,000	(480,000)
Accumulated unused compensated absences	1,448,397	172,392	1,620,789	1,934,463	(313,674)
Net pension liability	1,719,651	92,123	1,811,774	2,349,381	(537,607)
Net other postemployment benefits liability	18,599,515	1,410,684	20,010,199	18,247,045	1,763,154
<b>Total</b>	<u>28,744,763</u>	<u>1,733,245</u>	<u>30,478,008</u>	<u>29,286,297</u>	<u>1,191,711</u>
<b>Net position</b>					
Invested in capital assets, net of related debt	18,357,716	5,898,902	24,256,618	24,883,562	(626,944)
Restricted	2,548,677	-	2,548,677	2,126,497	422,180
Unrestricted	(16,434,479)	3,775,436	(12,659,043)	(11,654,709)	(1,004,334)
<b>Total</b>	<u>\$ 4,471,914</u>	<u>\$ 9,674,338</u>	<u>\$ 14,146,252</u>	<u>\$ 15,355,350</u>	<u>\$ (1,209,098)</u>

By far, the largest portion of the Town's net position (\$24,256,618) reflects its investment in capital assets (e.g. land, buildings, machinery and equipment), less outstanding debt used to acquire those assets. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town's investment in its capital assets is reported net of 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.

The reader should also note that, unlike Massachusetts Municipal Accounting, GASB requires inclusion of certain long-term assets and liabilities in its government-wide statement of net position:

- All infrastructures (such as roads, buildings and land)
- Long-term debt
- Accumulated but unused compensated absences
- The Town is required to measure and report a long-term projected benefit obligation associated with postemployment benefits (or OPEB) earned by employees for services rendered to date, as opposed to when the benefit is actually paid.
- The Town is required to report a long-term projected benefit obligation for its proportionate share of the Berkshire County Contributory Retirement System's net pension liability.

As a result, the recognition of such long-term assets and obligations has a significant impact on the Town's government-wide net position.

#### **Statement of Activities (Change in Net Position)**

While the previous schedule summarizes year end net position, the following schedule summarizes the changes in net position during fiscal year 2021 as detailed in the Statement of Activities found on page 7. 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 result in cash flows in future fiscal periods (e.g. uncollected taxes).

Massachusetts communities are prevented by Massachusetts General Law Chapter 59 Section 21C, otherwise known as Proposition 2½, from increasing gross real and personal property tax revenue by more than 2½ % per year with the exception that property tax on newly constructed property is not subject to the limitation in its first year on the tax rolls.

The Town's total revenue during fiscal 2021 amounted to \$25,862,120. Of this amount, 76% was from taxes, 12% from charges for services (including water, sewer, and transfer station), 5% from state aid, 4% from grants and contributions, and 3% from other revenue sources, including interest income.

The Town's operating expenses for fiscal year 2021 amounted to \$26,312,683. Of this amount, 48% was for education, 19% for general government, which includes employee benefits, 8% for public safety, 8% for public works, 9% for water, sewer and transfer station, 3% for culture and recreation, 2% for health and human services, and 3% for cemeteries, parks, and other activities.

A summary change in net position is displayed on the following page.

**TOWN OF WILLIAMSTOWN, MASSACHUSETTS**  
**Summary Change in Net Position**  
**For the Year Ended June 30, 2021**

	Primary Government				
	Governmental Activities	Business-type Activities	2021 Totals	2020 Totals	Increase (Decrease)
<b>Revenue</b>					
Program revenue					
Charges for services	\$ 671,322	\$ 2,456,920	\$ 3,128,242	\$ 3,071,966	\$ 56,276
Grants and contributions	1,088,898		1,088,898	1,110,970	(22,072)
General revenue					
Taxes	19,768,033		19,768,033	19,296,200	471,833
State aid	1,230,301		1,230,301	1,234,369	(4,068)
Investment earnings	122,551		122,551	238,314	(115,763)
Other	524,095		524,095	208,768	315,327
Total revenue	<u>23,405,200</u>	<u>2,456,920</u>	<u>25,862,120</u>	<u>25,160,587</u>	<u>701,533</u>
<b>Expenses</b>					
General government	1,937,894		1,937,894	2,079,119	(141,225)
Public safety	2,105,598		2,105,598	1,745,673	359,925
Education	12,713,467		12,713,467	12,768,109	(54,642)
Public works	2,222,867		2,222,867	2,667,123	(444,256)
Cemeteries and parks	343,763		343,763	409,782	(66,019)
Health and human services	501,200		501,200	524,869	(23,669)
Culture and recreation	721,348		721,348	562,724	158,624
Community preservation	226,873		226,873	236,699	(9,826)
Employee benefits	2,999,858		2,999,858	3,955,983	(956,125)
State and county assessments	36,564		36,564	52,281	(15,717)
Water, sewer and transfer station		2,300,013	2,300,013	2,496,598	(196,585)
Interest on long-term debt	203,238		203,238	221,238	(18,000)
Total expenses	<u>24,012,670</u>	<u>2,300,013</u>	<u>26,312,683</u>	<u>27,720,198</u>	<u>(1,407,515)</u>
Change in net position before other items	(607,470)	156,907	(450,563)	(2,559,611)	2,109,048
Transfers	178,431	(205,537)	(27,106)	(46,257)	19,151
Loss on sale of property	-	-	-	(375,978)	375,978
Settlement expenses (Note 4.B.)	(731,429)	-	(731,429)	-	(731,429)
<b>Increase (decrease) in net position</b>	(1,160,468)	(48,630)	(1,209,098)	(2,981,846)	1,772,748
<b>Net position, beginning</b>	<u>5,632,382</u>	<u>9,722,968</u>	<u>15,355,350</u>	<u>18,337,196</u>	<u>(2,981,846)</u>
<b>Net position, ending</b>	<u>\$ 4,471,914</u>	<u>\$ 9,674,338</u>	<u>\$ 14,146,252</u>	<u>\$ 15,355,350</u>	<u>\$ (1,209,098)</u>

## **Fund Financial Statements**

Under Massachusetts Municipal Accounting, a fund is a grouping of related accounts used to maintain control over resources that have been segregated for specific activities or objectives. The Town, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Town can be divided into three categories: Governmental Funds, Proprietary Funds and Fiduciary Funds.

### **Governmental Funds**

#### *Governmental Funds-Summary*

Governmental funds account for essentially the same functions reported as Government Activities in the Government-wide Financial Statements but focus on near-term spendable resources. Both the Governmental Fund balance sheet and the Governmental Fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate the comparison of Governmental Funds and Government Activities.

The Town maintains a General Fund and Nonmajor Funds. The General Fund is reported separately in the Governmental Fund balance sheet and in the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balances because it is considered a major fund. The Nonmajor Funds, which consist of Special Revenue Funds (Federal and State Grants Fund, Revolving Funds, Community Preservation Fund, Gifts and Donation Fund, and Other Funds) and Trust Funds are aggregated and shown in the combining statements on pages 43 - 44.

As of the end fiscal year 2021, the Town's Governmental Funds (page 8) reported combined ending fund balances of \$8,286,838. Of this amount, \$3,533,119 or 43% constitutes unassigned (i.e. unreserved and unrestricted) fund balances, which are available for spending at the government's discretion. The remaining fund balances of \$4,753,719 are restricted to indicate they are not available for new spending because they have already been committed to various projects, community preservation, trust funds, or assigned for other purposes (e.g. reserve for encumbrances and free cash voted to reduce the tax rate in the following year).

The Town adopts an annual appropriated budget at its annual meeting. A budgetary comparison statement has been provided for the general fund on page 11. Included in the Town's annual budget was a \$150,000 appropriation to the Finance Committee Reserve Fund for unexpected or emergency expenses, of which \$139,617 was utilized during fiscal year 2021. The Town's budget sustained it throughout the fiscal year. Expenditures were within the amounts budgeted and departments have reliably kept spending to a minimum. For the year ended June 30, 2021, there were favorable variances in each of the general government departments.

The Commonwealth allows Municipalities to exceed their snow and ice budget in the event of harsh winter conditions. Such over expenditure must be provided for in the budget of the following fiscal year. The budget was not exceeded in fiscal year 2021.

#### *Governmental Funds-Community Preservation Fund*

At its May 2002 annual town meeting, the Town voted to adopt the Community Preservation Act (CPA). The CPA tax collects 2% of a property owner's real property tax after exempting the first \$100,000 of value for residential homeowners. Collections in 2021 amounted to \$263,885 from taxpayers, \$74,903 from the State, and \$2,894 in interest income. Community Preservation funds may be expended, upon vote of the town's residents, for the acquisition, creation and preservation of open space, historic resources or community housing, with a minimum 10% of each year's receipts required to be spent or set aside for each purpose. After expenditures of \$351,173 and transfers of \$75,000, the fund decreased by a net amount of \$84,491 in fiscal 2021 to arrive at an ending fund balance of \$336,915.

### Governmental Funds-Trust Funds

These funds account for all activity related to a variety of trusts established for the maintenance of specific assets throughout the community, such as the public library, conservation land and cemeteries. Its balance increased during the year by \$111,862 to \$1,289,515 (\$815,002 expendable trust funds and \$474,513 permanent trust funds) in reflection of ongoing contributions and expenditures to the various trusts.

### **Proprietary Funds**

#### Proprietary Funds

The Town maintains three (3) proprietary funds, also known as “Enterprise Funds”, one each for water, sewer, and transfer station operations. Since each of these areas of activity is supported entirely by usage fees, all three proprietary funds are accounted for as business-type activities. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the water, sewer and transfer station funds and are found on pages 12 - 14.

### **Fiduciary Funds**

Bullock Forest, Burbank Chapel, Municipal Scholarship, and OPEB Trust are fiduciary funds used to account for resources held for special purposes. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are restricted as to their use. (See pages 15 and 16).

### **Capital Asset and Debt Administration**

Article 20 of the 2011 Annual Town Meeting legislated the Finance Committee to act as the Capital Planning Committee. A capital budget for the current fiscal year and projections for the following five years of all proposed appropriations requiring sealed bids or proposals is evaluated by the Capital Planning Committee for recommendation to the town meeting.

#### **Capital Assets**

The Town’s investment in capital assets for its government activities as of June 30, 2021 amounts to \$23,914,466 (net of accumulated depreciation). This investment in capital assets includes land, buildings, machinery and equipment, roads, highways and bridges (see pages 25 and 26). The Town’s investment in capital assets for its business-type activities as of June 30, 2021 amounts to \$5,898,902 (net of accumulated depreciation). This investment includes machinery and equipment, vehicles and water and sewer infrastructure.

Capital asset additions during the current fiscal year included the following:

- Truck for the sewer department at a cost of \$31,662.
- Van for the sewer department at a cost of \$32,921.
- Improvements to water lines at a cost of \$80,339
- Cruiser for the police department at a cost of \$58,601.
- Truck for the highway department at a cost of \$78,207.
- Dump truck for the highway department at a cost of \$176,852.
- Library building renovations at a cost of \$58,254.

The Town recorded \$1,632,030 of depreciation expense during fiscal year 2021.

A summary of the Town's capital assets at June 30, 2021 is as follows:

**Summary of Capital Assets, Net of Depreciation  
June 30, 2021**

	Primary Government		2021 Totals	2020 Total	Increase (Decrease)
	Governmental Activities	Business-type Activities			
Land	\$ 2,669,273	\$ -	\$ 2,669,273	\$ 2,669,273	\$ -
Buildings	13,724,514	-	13,724,514	14,256,393	(531,879)
Machinery and equipment	703,358	16,473	719,831	859,403	(139,572)
Vehicles	591,870	76,793	668,663	568,250	100,413
Infrastructure	6,225,451	5,805,636	12,031,087	12,575,243	(544,156)
Total assets	<u>\$ 23,914,466</u>	<u>\$ 5,898,902</u>	<u>\$ 29,813,368</u>	<u>\$ 30,928,562</u>	<u>\$ (1,115,194)</u>

**Long-Term Debt**

At the end of the current fiscal year the Town had total debt outstanding of \$5,565,000, all of which is backed by the full faith and credit of the government.

**Summary of Long-term Debt  
June 30, 2021**

	2021	2020	Increase (Decrease)
<b>Governmental activity debt</b>			
School	\$ 785,000	\$ 985,000	\$ (200,000)
Cable Mills	440,000	550,000	(110,000)
Police Station	4,340,000	4,510,000	(170,000)
Total	<u>\$ 5,565,000</u>	<u>\$ 6,045,000</u>	<u>\$ (480,000)</u>

The Town did not issue any short-term debt during fiscal year 2021.

Moody's Investors Service assigned an AA1 bond rating to the Town of Williamstown in 2020. The Town was able to retain its bond rating for fiscal 2021.

Chapter 44 Section 10 of the Massachusetts General Laws limits the amount of general obligation debt a town may issue to 5% of the town's equalized property valuation (a calculation made by the commonwealth), or 10% if approved by the commonwealth's emergency finance board. The Town's equalized valuation was \$1,039,356,031 resulting in a 5% normal debt limit available borrowing balance of \$51,968,000 at June 30, 2021.

The Town utilizes a budget model to project the tax consequences associated with funding the annual budget for a five-year period and projecting potential capital expenditures over a five year period. The model enables Town administration and the general public to view various scenarios for projecting the impact of operating expenditures and capital projects by utilizing various budgetary assumptions which include debt service, projected annual growth in operating revenues and expenditures, use of undesignated fund balance, and property valuation growth.

### **Economic Factors and Next Year's Budget and Tax Rate**

Fiscal year 2020 State Aid was \$1,194,421. Fiscal year 2021 aid decreased 2.2% to \$1,167,561. Fiscal year 2022 increased 7.4% to \$1,254,494. Estimated State Aid for fiscal year 2023 is \$1,286,693 which would be an increase of 2.6%.

The aggregate annual increase to existing property tax revenues is limited to 2 ½% allowed by MGL Chapter 59, Section 21C.

The Town has authorized the fiscal year 2022 operating budget in the amount of \$26,808,001. The tax rate per thousand for fiscal year 2022 is \$16.92.

### **Impact of COVID**

Unanticipated, unbudgeted costs associated with COVID response were eligible for reimbursement through a combination of FEMA and CARES Act funds. That program expired 12/31/21. Although the uses of FEMA/CARES funds were highly restrictive, the Town managed to receive a cumulative reimbursement of \$367,907.

In May 2021, the U.S. Treasury launched the Coronavirus State and Local Fiscal Recovery Fund Program (SLFRF). Williamstown's share of the SLFRF is \$2,222,073. Recent legislation has allowed cities and towns to use up to \$10 million dollars for revenue loss, thus making the entire \$2.2 million available to pay for governmental services.

### **Requests for Information**

This financial report is designed to provide a general overview of the Town'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 Finance Department, 31 North Street, Williamstown, MA 01267.

**TOWN OF WILLIAMSTOWN, MASSACHUSETTS**

**STATEMENT OF NET POSITION**

**June 30, 2021**

	Primary Government		
	Governmental Activities	Business-type Activities	Totals
<b>Assets</b>			
Current:			
Cash and cash equivalents	\$ 2,015,507	\$ -	\$ 2,015,507
Short-term investments	10,201,819	-	10,201,819
Receivables, net	611,756	375,403	987,159
Due from other governments	221,795	-	221,795
Inventory	76,800	-	76,800
Interfund receivables (payables)	(5,133,278)	5,133,278	-
Temporarily restricted cash and cash equivalents	1,307,812	-	1,307,812
Noncurrent:			
Capital assets, net	23,914,466	5,898,902	29,813,368
<b>Total assets</b>	<b>33,216,677</b>	<b>11,407,583</b>	<b>44,624,260</b>
<b>Deferred outflows of resources</b>			
Deferred outflows related to pensions	658,132	35,258	693,390
Deferred outflows related to other postemployment benefits	3,452,012	241,636	3,693,648
<b>Total assets and deferred outflows of resources</b>	<b>37,326,821</b>	<b>11,684,477</b>	<b>49,011,298</b>
<b>Liabilities</b>			
Current:			
Warrants and accounts payable	307,723	58,046	365,769
Payroll and related liabilities	303,432	-	303,432
Current portion of long-term debt	490,000	-	490,000
Accumulated unused compensated absences	289,679	34,478	324,157
Settlement liabilities	545,546	-	545,546
Noncurrent:			
Long-term debt, net of current portion	5,075,000	-	5,075,000
Unamortized bond premium	140,250	-	140,250
Accumulated unused compensated absences	1,158,718	137,914	1,296,632
Settlement liabilities	115,249	-	115,249
Net pension liability	1,013,843	54,313	1,068,156
Net other postemployment benefits liability	20,738,676	1,560,262	22,298,938
<b>Total liabilities</b>	<b>30,178,116</b>	<b>1,845,013</b>	<b>32,023,129</b>
<b>Deferred inflows of resources</b>			
Deferred inflows related to pensions	1,363,940	73,068	1,437,008
Deferred inflows related to other postemployment benefits	1,312,851	92,058	1,404,909
<b>Total liabilities and deferred inflows of resources</b>	<b>32,854,907</b>	<b>2,010,139</b>	<b>34,865,046</b>
<b>Net position</b>			
Invested in capital assets, net of related debt	18,357,716	5,898,902	24,256,618
Restricted for			
Special revenue funds	1,259,162	-	1,259,162
Expendable trust funds	815,002	-	815,002
Perpetual care - permanent trust funds	474,513	-	474,513
Unrestricted	(16,434,479)	3,775,436	(12,659,043)
<b>Total net position</b>	<b>\$ 4,471,914</b>	<b>\$ 9,674,338</b>	<b>\$ 14,146,252</b>

See notes to financial statements.

**TOWN OF WILLIAMSTOWN, MASSACHUSETTS**

**STATEMENT OF ACTIVITIES**

**For the Year Ended June 30, 2021**

	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-type Activities	Total
<b>Governmental activities</b>							
General government	\$ 1,937,894	\$ 62,525	\$ 30,145	\$ -	\$ (1,845,224)		\$ (1,845,224)
Public safety	2,105,598	289,204	108,324	-	(1,708,070)		(1,708,070)
Education	12,713,467	-	-	-	(12,713,467)		(12,713,467)
Public works	2,222,867	6,203	-	-	(2,216,664)		(2,216,664)
Cemeteries and parks	343,763	15,100	36,737	-	(291,926)		(291,926)
Health and human services	501,200	33,424	30,499	-	(437,277)		(437,277)
Culture and recreation	721,348	981	78,726	35,000	(606,641)		(606,641)
Community preservation	226,873	263,885	74,903	-	111,915		111,915
Employee benefits	2,999,858	-	-	-	(2,999,858)		(2,999,858)
State and county assessments	36,564	-	-	-	(36,564)		(36,564)
Interest and fiscal charges	203,238	-	-	-	(203,238)		(203,238)
Total governmental activities	<u>24,012,670</u>	<u>671,322</u>	<u>359,334</u>	<u>35,000</u>	<u>(22,947,014)</u>		<u>(22,947,014)</u>
<b>Business type activities</b>							
Water	732,000	1,063,711	-	-		\$ 331,711	331,711
Sewer	1,342,006	1,126,722	-	-		(215,284)	(215,284)
Transfer station	226,007	266,487	-	-		40,480	40,480
Total business type activities	<u>2,300,013</u>	<u>2,456,920</u>	<u>-</u>	<u>-</u>		<u>156,907</u>	<u>156,907</u>
Total government	<u>\$ 26,312,683</u>	<u>\$ 3,128,242</u>	<u>\$ 359,334</u>	<u>\$ 35,000</u>	<u>(22,947,014)</u>	<u>156,907</u>	<u>(22,790,107)</u>
<b>General revenues</b>							
Taxes					19,768,033	-	19,768,033
State aid					1,230,301	-	1,230,301
COVID-19 relief funding					694,564	-	694,564
Investment earnings					122,551	-	122,551
Other general revenues					524,095	-	524,095
Settlement expense (Note 4.B.)					(731,429)	-	(731,429)
Transfers					178,431	(205,537)	(27,106)
Total general revenues, transfers, and other items					<u>21,786,546</u>	<u>(205,537)</u>	<u>21,581,009</u>
Change in net position					(1,160,468)	(48,630)	(1,209,098)
Net position, beginning					<u>5,632,382</u>	<u>9,722,968</u>	<u>15,355,350</u>
Net position, ending					<u>\$ 4,471,914</u>	<u>\$ 9,674,338</u>	<u>\$ 14,146,252</u>

See notes to financial statements.

**TOWN OF WILLIAMSTOWN, MASSACHUSETTS**

**BALANCE SHEET**

**GOVERNMENTAL FUNDS**

**June 30, 2021**

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
	<u>          </u>	<u>          </u>	<u>          </u>
<b>Assets</b>			
Cash and cash equivalents	\$ 1,282,094	\$ 733,413	\$ 2,015,507
Short-term investments	10,201,819	-	10,201,819
Receivables, net	608,539	3,217	611,756
Due from other governments	-	221,795	221,795
Interfund receivables	18,523	390,318	408,841
Temporarily restricted cash and cash equivalents	-	1,307,812	1,307,812
Total assets	<u>\$ 12,110,975</u>	<u>\$ 2,656,555</u>	<u>\$ 14,767,530</u>
<b>Liabilities</b>			
Warrants and accounts payable	\$ 221,818	\$ 85,905	\$ 307,723
Payroll and related liabilities	303,432	-	303,432
Interfund payables	<u>5,523,363</u>	<u>18,756</u>	<u>5,542,119</u>
Total liabilities	<u>6,048,613</u>	<u>104,661</u>	<u>6,153,274</u>
<b>Deferred inflows of resources</b>			
Revenue not considered available	<u>324,201</u>	<u>3,217</u>	<u>327,418</u>
<b>Fund balances</b>			
Restricted for			
General fund	12,500	-	12,500
Special revenue funds	-	1,259,162	1,259,162
Expendable trust funds	-	815,002	815,002
Permanent trust funds	-	474,513	474,513
Assigned	2,192,542	-	2,192,542
Unassigned	<u>3,533,119</u>	<u>-</u>	<u>3,533,119</u>
Total fund balances	<u>5,738,161</u>	<u>2,548,677</u>	<u>8,286,838</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 12,110,975</u>	<u>\$ 2,656,555</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.	23,914,466
Inventory used in governmental activities are not financial resources and, therefore, are not reported in the funds.	76,800
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	(7,153,647)
Settlement liabilities	(660,795)
Net pension liability	(1,719,651)
Postemployment benefits other than pensions	(18,599,515)
Revenue not considered available - taxes	<u>327,418</u>
Net position of governmental activities	<u>\$ 4,471,914</u>

See notes to financial statements.

**TOWN OF WILLIAMSTOWN, MASSACHUSETTS**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**

**For the Year Ended June 30, 2021**

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
	<u>          </u>	<u>          </u>	<u>          </u>
<b>Revenues</b>			
Taxes	\$ 19,706,209	\$ -	\$ 19,706,209
Licenses, permits and fees	529,486	-	529,486
Charges for services	136,725	359,148	495,873
Intergovernmental revenues	1,230,301	945,709	2,176,010
Fines and forfeitures	7,857	-	7,857
Earnings on investments	106,970	15,581	122,551
Gifts and other revenues	162,201	143,189	305,390
Total revenues	<u>21,879,749</u>	<u>1,463,627</u>	<u>23,343,376</u>
<b>Expenditures</b>			
General government	1,476,945	467,174	1,944,119
Public safety	1,741,006	165,982	1,906,988
Education	12,380,519	-	12,380,519
Public works	1,804,968	24,081	1,829,049
Cemeteries and parks	285,008	18,879	303,887
Health and human services	472,620	21,128	493,748
Culture and recreation	610,633	134,030	744,663
Community preservation	-	226,873	226,873
State and county assessments	36,564	-	36,564
Retirement	938,356	-	938,356
Health insurance and other employee benefits	1,182,757	-	1,182,757
Debt service:			
Principal retirement	370,000	110,000	480,000
Interest and fiscal charges	197,188	14,300	211,488
Total expenditures	<u>21,496,564</u>	<u>1,182,447</u>	<u>22,679,011</u>
Excess (deficiency) of revenues over expenditures	<u>383,185</u>	<u>281,180</u>	<u>664,365</u>
<b>Other financing sources (uses)</b>			
Transfers in	401,194	225,000	626,194
Transfers out	(363,763)	(84,000)	(447,763)
Total other financing sources (uses)	<u>37,431</u>	<u>141,000</u>	<u>178,431</u>
Net change in fund balances	420,616	422,180	842,796
Fund balances, beginning	<u>5,317,545</u>	<u>2,126,497</u>	<u>7,444,042</u>
Fund balances, ending	<u>\$ 5,738,161</u>	<u>\$ 2,548,677</u>	<u>\$ 8,286,838</u>

See notes to financial statements.

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

**For the Year Ended June 30, 2021**

<b>Net change in fund balances - total governmental funds</b>	\$	842,796
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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		371,914
Depreciation expense		(1,362,512)

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

61,825

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:

Bond premium amortized		8,250
Debt principal payments		480,000

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:

Settlement liabilities		(660,795)
Decrease in inventory		(23,200)
Decrease in net pension liability, net of deferred inflows and outflows		497,744
Increase in postemployment benefits other than pensions, net of deferred inflows and outflows		(1,580,925)
Decrease in accrued compensated absences		204,435

<b>Change in net position of governmental activities</b>	<b>\$</b>	<b><u>(1,160,468)</u></b>
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See notes to financial statements.

**TOWN OF WILLIAMSTOWN, MASSACHUSETTS**  
**STATEMENT OF REVENUES AND EXPENDITURES**  
**BUDGET AND ACTUAL (NON-GAAP BASIS) - GENERAL FUNDS**  
**For the Year Ended June 30, 2021**

	General Fund			Variance - Favorable (Unfavorable)
	Budget		Actual	
	Original	Final		
<b>Revenues</b>				
Taxes	\$ 19,248,117	\$ 19,248,117	\$ 19,792,740	\$ 544,623
Licenses, permits and fees	351,732	351,732	529,486	177,754
Charges for services	135,314	135,314	136,725	1,411
Fines and forfeitures	29,000	29,000	7,857	(21,143)
Earnings on investments	125,000	125,000	91,685	(33,315)
Other revenues	5,000	5,000	162,201	157,201
Total locally raised revenue	<u>19,894,163</u>	<u>19,894,163</u>	<u>20,720,694</u>	<u>826,531</u>
Intergovernmental revenues	<u>1,194,897</u>	<u>1,194,897</u>	<u>1,230,301</u>	<u>35,404</u>
Total revenues	<u>21,089,060</u>	<u>21,089,060</u>	<u>21,950,995</u>	<u>861,935</u>
<b>Expenditures</b>				
General government	1,662,177	1,581,705	1,554,960	26,745
Public safety	1,746,649	1,773,897	1,735,712	38,185
Education	12,387,945	12,387,945	12,380,519	7,426
Public works	2,101,496	2,154,720	2,105,703	49,017
Cemeteries and parks	329,869	329,869	284,040	45,829
Health and human services	475,127	475,127	472,222	2,905
Culture and recreation	663,575	663,575	645,231	18,344
State and county assessments	39,323	39,323	36,564	2,759
Retirement	938,356	938,356	938,356	-
Health insurance and other employee benefits	1,320,337	1,320,337	1,182,757	137,580
Debt service:				
Principal retirement	370,000	370,000	370,000	-
Interest and fiscal charges	197,188	197,188	197,188	-
Total expenditures	<u>22,232,042</u>	<u>22,232,042</u>	<u>21,903,252</u>	<u>328,790</u>
Excess (deficiency) of revenues over expenditures	<u>(1,142,982)</u>	<u>(1,142,982)</u>	<u>47,743</u>	<u>1,190,725</u>
<b>Other financing sources (uses)</b>				
Transfers in	401,194	401,194	401,194	-
Transfers out	(183,763)	(183,763)	(183,763)	-
Revenue appropriation	925,551	925,551	925,551	-
Total other financing sources	<u>1,142,982</u>	<u>1,142,982</u>	<u>1,142,982</u>	<u>-</u>
Excess of revenues over expenditures and other financing sources	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,190,725</u>	<u>\$ 1,190,725</u>

See notes to financial statements.

TOWN OF WILLIAMSTOWN, MASSACHUSETTS

STATEMENT OF NET POSITION

PROPRIETARY FUNDS

June 30, 2021

	Enterprise Funds			Total
	Water	Sewer	Transfer Station	
<b>Assets</b>				
Current assets				
Accounts receivable from customers (net of allowance for uncollectibles)	\$ 176,803	\$ 193,375	\$ 5,225	\$ 375,403
Interfund receivables	3,528,355	1,411,373	193,550	5,133,278
Total current assets	3,705,158	1,604,748	198,775	5,508,681
Capital assets, net	4,770,112	1,128,790	-	5,898,902
Total assets	8,475,270	2,733,538	198,775	11,407,583
<b>Deferred outflows of resources</b>				
Deferred outflows related to pensions	19,587	11,754	3,917	35,258
Deferred outflows related to other postemployment benefits	142,327	85,396	13,913	241,636
Total assets and deferred outflows of resources	8,637,184	2,830,688	216,605	11,684,477
<b>Liabilities</b>				
Warrants and other payables	33,057	19,097	5,892	58,046
Accumulated unused compensated absences	106,672	57,018	8,702	172,392
Net pension liability	30,174	18,104	6,035	54,313
Net other postemployment benefits liability	915,945	549,567	94,750	1,560,262
Total liabilities	1,085,848	643,786	115,379	1,845,013
<b>Deferred inflows of resources</b>				
Deferred inflows related to pensions	40,593	24,356	8,119	73,068
Deferred inflows related to other postemployment benefits	54,217	32,530	5,311	92,058
Total liabilities and deferred inflows of resources	1,180,658	700,672	128,809	2,010,139
<b>Net position</b>				
Invested in capital assets, net of related debt	4,770,112	1,128,790	-	5,898,902
Unrestricted	2,686,414	1,001,226	87,796	3,775,436
Total net position	\$ 7,456,526	\$ 2,130,016	\$ 87,796	\$ 9,674,338

See notes to financial statements.

**TOWN OF WILLIAMSTOWN, MASSACHUSETTS**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION**  
**PROPRIETARY FUNDS**  
**For the Year Ended June 30, 2021**

	Enterprise Funds			
	Water	Sewer	Transfer Station	Total
<b>Operating revenues</b>				
Charges for services	\$ 1,050,323	\$ 1,106,492	\$ 257,589	\$ 2,414,404
Other revenue	13,388	20,230	8,898	42,516
Total operating revenues	<u>1,063,711</u>	<u>1,126,722</u>	<u>266,487</u>	<u>2,456,920</u>
<b>Operating expenses</b>				
Cost of sales and services	258,684	253,884	57,940	570,508
Treatment fees, maintenance and other	315,233	976,687	168,067	1,459,987
Depreciation	158,083	111,435	-	269,518
Total operating expenses	<u>732,000</u>	<u>1,342,006</u>	<u>226,007</u>	<u>2,300,013</u>
Income (loss) before transfers	331,711	(215,284)	40,480	156,907
<b>Transfers out</b>	<u>(120,422)</u>	<u>(84,595)</u>	<u>(520)</u>	<u>(205,537)</u>
Change in net position	211,289	(299,879)	39,960	(48,630)
Net position, beginning	<u>7,245,237</u>	<u>2,429,895</u>	<u>47,836</u>	<u>9,722,968</u>
Net position, ending	<u>\$ 7,456,526</u>	<u>\$ 2,130,016</u>	<u>\$ 87,796</u>	<u>\$ 9,674,338</u>

See notes to financial statements.

TOWN OF WILLIAMSTOWN, MASSACHUSETTS

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS

For the Year Ended June 30, 2021

	Enterprise Funds			Totals
	Water	Sewer	Transfer Station	
<b>Cash flows from operating activities</b>				
Receipts from customers	\$ 1,058,840	\$ 1,145,512	\$ 257,361	\$ 2,461,713
Payments to suppliers	(319,502)	(1,013,496)	(163,718)	(1,496,716)
Payments to employees	(289,200)	(201,082)	(48,495)	(538,777)
Net cash provided (used) by operating activities	<u>450,138</u>	<u>(69,066)</u>	<u>45,148</u>	<u>426,220</u>
<b>Cash flows from noncapital investing activities</b>				
Payments for property and equipment	(96,170)	(48,752)	-	(144,922)
<b>Cash flows from noncapital financing activities</b>				
(Increase) decrease in interfund receivables	(233,546)	202,413	(44,628)	(75,761)
Transfers (to) from other funds	(120,422)	(84,595)	(520)	(205,537)
Net cash provided (used) by noncapital financing activities	<u>(353,968)</u>	<u>117,818</u>	<u>(45,148)</u>	<u>(281,298)</u>
Increase in cash and cash equivalents	-	-	-	-
Cash and equivalents, beginning	-	-	-	-
Cash and equivalents, ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

	Water Enterprise	Sewer Enterprise	Transfer Station Enterprise	Totals
Reconciliation of operating income (loss) to net cash provided (used) by operating activities				
Operating income (loss)	\$ 331,711	\$ (215,284)	\$ 40,480	\$ 156,907
Adjustments to reconcile operating income to net cash provided (used) by operating activities:				
Cash flows reported in other categories				
Depreciation	158,083	111,435	-	269,518
(Increase) decrease in operating assets:				
Accounts receivable	(8,517)	39,020	(228)	30,275
Increase (decrease) in operating liabilities:				
Warrants and other payables	(623)	(57,037)	(5,947)	(63,607)
Accumulated unused compensated absences	(121,842)	11,205	1,398	(109,239)
Net pension liability	(14,815)	(22,088)	(2,960)	(39,863)
Net other postemployment benefits liability	<u>106,141</u>	<u>63,683</u>	<u>12,405</u>	<u>182,229</u>
Net cash provided (used) by operating activities	<u>\$ 450,138</u>	<u>\$ (69,066)</u>	<u>\$ 45,148</u>	<u>\$ 426,220</u>

See notes to financial statements.

**TOWN OF WILLIAMSTOWN, MASSACHUSETTS**

**STATEMENT OF FIDUCIARY NET POSITION**

**FIDUCIARY FUNDS**

**June 30, 2021**

	<u>Expendable Trust Funds</u>	<u>Other Post Employment Benefits Trust Fund</u>	<u>Total</u>
<b>Assets</b>			
Cash and cash equivalents	\$ 996,880	\$ -	\$ 996,880
Investments at fair value	<u>-</u>	<u>706,226</u>	<u>706,226</u>
Total assets	<u>996,880</u>	<u>706,226</u>	<u>1,703,106</u>
<b>Net position</b>			
Restricted, held in trust	<u>\$ 996,880</u>	<u>\$ 706,226</u>	<u>\$ 1,703,106</u>

See notes to financial statements.

**TOWN OF WILLIAMSTOWN, MASSACHUSETTS**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**

**June 30, 2021**

	<u>Expendable Trust Funds</u>	<u>Other Post Employment Benefits Trust Fund</u>	<u>Total</u>
<b>Additions</b>			
Contributions	\$ 3,256	\$ -	\$ 3,256
Investment income:			
Interest and dividends	10,758	23,561	34,319
Realized gains (losses)	-	18,649	18,649
Unrealized gains (losses)	-	68,418	68,418
Investment expense	-	(3,632)	(3,632)
Net investment income	<u>10,758</u>	<u>106,996</u>	<u>117,754</u>
Total additions	<u>14,014</u>	<u>106,996</u>	<u>121,010</u>
<b>Deductions</b>			
Trust purpose expenditures	<u>15,000</u>	-	<u>15,000</u>
<b>Transfers</b>			
Transfers in	-	40,000	40,000
Transfers out	<u>(12,894)</u>	<u>-</u>	<u>(12,894)</u>
Total transfers	<u>(12,894)</u>	<u>40,000</u>	<u>27,106</u>
Change in net position	(13,880)	146,996	133,116
Net position, beginning	<u>1,010,760</u>	<u>559,230</u>	<u>1,569,990</u>
Net position, ending	<u>\$ 996,880</u>	<u>\$ 706,226</u>	<u>\$ 1,703,106</u>

See notes to financial statements.

# TOWN OF WILLIAMSTOWN, MASSACHUSETTS

## Notes to Financial Statements

June 30, 2021

### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### A. Reporting entity

The Town of Williamstown, Massachusetts was incorporated in 1765. The Town operates under a Town Manager form of government and provides the following services as authorized by its by-laws: general government, public safety, public health, human services, community preservation, public works, public education, library, and cemeteries and parks.

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 Governmental Accounting Standards Board statements have been considered, and no component units were identified to be included in the Town's financial statements.

#### Mount Greylock Regional School District

The Mount Greylock Regional School District is a municipal corporation governed by an elected school committee. The Town's accountability does not extend beyond electing committee members for its representation. The School District is responsible for its own operating and capital costs and operates independently from the Town. Accordingly, the School District is not a part of the Town's reporting entity. The School District issues separate financial statements which can be obtained through the Mount Greylock Regional School District, 1781 Cold Spring Road, Williamstown, MA 01267.

#### 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, 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. 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 and fiduciary 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 *Water, Sewer and Transfer Station Funds* account 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 funds are charges to customers for sales and services. The Town also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds include the cost of sales and services, 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.

#### **The Town reports the following fiduciary fund types:**

The *Expendable Trust Funds* are used to account for resources legally held in trust for the benefit of individuals, private organizations or other governments.

The *Other Post-Employment Benefits (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.

**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 February 9, 2022, 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 “interfund receivables and payables”. Interfund balances result from the time lag between when payments occur between the funds for goods, payroll and services provided or in instances where certain funds do not have cash accounts. 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 2021 levy was \$1,039,356,031. A tax rate of \$17.30 per thousand was applied to the levy. Real and personal property taxes are due and payable in two installments on November 1 and May 1 following the assessment date. An allowance for uncollectible taxes is determined and recorded based upon the tax levy.

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 2021, the Town’s tax levy was \$17,980,859, which was below both its maximum allowable levy limit of \$20,666,097 (levy limit of \$19,135,788 plus debt exclusions of \$1,530,309) and levy ceiling of \$25,983,901.

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 is included as part of the capitalized value. Interest expense capitalized during the current fiscal year was \$-0-.

Capital assets of the primary government are 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	50	Vehicles	5
Building improvements	20	Office equipment	5
Public domain infrastructure	50	Computer equipment	5
System infrastructure	30		

**Compensated absences**

It is the Town's policy to permit employees to accumulate earned but unused sick and vacation pay benefits. Unused sick leave accumulates from year to year without limitation. Extended sick leave in excess of sixty (60) days in one calendar year shall require the approval of the Board of Selectmen. Eligible employees that retire, and upon proper notification to the Town, shall receive payment for up to sixty (60) days of unused sick leave at the employees' current pay rate. All full-time and permanent part-time employees are eligible for vacation leave. No vacation may be used until the employee has completed 52 weeks of employment. Vacation leave shall be credited to each eligible employee on January 1st of each year in accordance with the Town's personnel policy manual. No more than ten (10) days of vacation leave can be carried forward, and in such cases, must be used by the following June 30th. A liability for these accrued unused sick and vacation leave benefits is reported in the government-wide statement of net position as accumulated unused compensated absences.

**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, business-type 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 applicable appropriation, 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 Manager 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 by a vote at a Special Town Meeting. The Finance Committee controls a reserve fund, which, at their discretion, may be used to alter total 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 water, sewer, solid waste 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
	<hr/>
Government funds - net change in fund balances	\$ 420,616
Adjustments:	
Revenues from recognition on a cash basis	86,531
Net effect of encumbrances recorded as budget expenditures	(406,688)
Less stabilization fund revenue	(15,285)
Less stabilization fund transfers	180,000
Plus other sources - revenue appropriation	<u>925,551</u>
Excess of revenues and other sources over expenditures and other uses (budgetary basis)	<u>\$ 1,190,725</u>

## NOTE 3 - DETAILED NOTES ON ALL FUNDS

### A. Cash, cash equivalents, and investments

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. Investments are carried at fair value.

#### *Government-wide and fund financial statements*

Cash, cash equivalents, and short-term investments reported in the government-wide and fund financial statements consist of checking, savings, money market accounts, and certificates of deposit, carried at cost.

#### *Fiduciary financial statement*

Cash and cash equivalents reported in the fiduciary fund financial statement consist of savings and certificates of deposit, carried at cost.

Investments reported in the fiduciary fund financial statement, restricted for other postemployment benefits, consist of equity and fixed income securities, carried at fair value Level 1 and 2 inputs, described below.

### 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).

MMDT is a local government investment pool, established under Massachusetts General Laws, Chapter 29, Section 38A. Deposits in MMDT are reported at amortized cost which approximates the net asset value of \$1.00 per share. An investment in the MMDT cash portfolio is not a deposit of a bank and is neither insured nor guaranteed by the Commonwealth of Massachusetts or the U.S. government, the Federal Deposit Insurance Corporation (FDIC) or any other government agency. The Town currently has no deposits with MMDT.

#### **Concentration Risk**

The Town adheres to the provisions of M.G.L. c. 44, sec. 55 when managing concentration risk. M.G.L. c. 44, sec. 55 contains several restrictions limiting where and under what circumstances the Town may deposit its funds. Pursuant to M.G.L. c. 44, sec. 55, cities and towns in the Commonwealth may deposit available fund balances in banks, trust companies, or banking companies, provided that the amounts deposited do not exceed 60% of the capital and surplus of an institution unless satisfactory security for the amount in excess of 60% is provided by the depository.

#### **Custodial credit risk - deposits and short-term investments**

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, and short-term investments (savings accounts and certificates of deposit) that are fully insured by FDIC insurance, collateralized, and deposits that are not collateralized and are uninsured. Bank deposits, including short-term investments as of June 30, 2021 were \$14,442,869 all of which was insured and collateralized.

#### **Investment Policy (for the other postemployment benefits trust fund)**

The Town's primary concern in connection with its investment activities is a concern shared by all municipal governments: the preservation of capital. In accordance with the Town's *investment policy statement*, certain asset classes can be included in the OPEB trust in order to construct a diversified investment portfolio that is both prudent and appropriate given the Town's actuarial assumed discount rate, target rate of return, investment objective, and risk tolerance.

The investment parameters and asset allocation definitions that will govern the Investment Manager of the diversified portfolio are included in this *investment policy statement*.

### Investment Fair Value

The Town categorizes its fair value measurements for investments within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset.

**Level 1** inputs are quoted prices available in active markets for identical assets. These instruments generally include actively traded equity and debt securities, U.S. government obligations, and mutual funds with quoted market prices in active markets.

**Level 2** inputs are significant other observable inputs where the fair value is determined through use of models or other valuation methodologies. Certain fixed income securities, primarily corporate bonds, are classified as Level 2 because fair values are estimated using pricing models, matrix pricing, or discounted cash flows.

**Level 3** inputs are significant unobservable inputs and include situations where there is little, if any, market activity for the instrument. These typically require significant management judgment or estimation.

### Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment.

### Custodial credit risk - investments

For an investment, custodial credit 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 investment or collateral securities that are in the possession of an outside party.

The Town's investments of \$706,226 have a custodial credit risk exposure because the related securities are uninsured, unregistered and held by the counterparty. The Town's policy for custodial credit risk is to limit exposure to only those institutions with a proven financial strength, capital adequacy, and overall affirmative reputation in the municipal industry.

The Town's investments reported at fair value consist of the following at June 30, 2021:

Investment Type	Fair Value	Fair Value Measurements Using		
		Level 1	Level 2	Level 3
Money market	\$ 3,520	\$ 3,520	\$ -	\$ -
Equity securities	340,488	340,488	-	-
Fixed income securities	362,218	63,293	298,925	-
Total	<u>\$ 706,226</u>	<u>\$ 407,301</u>	<u>\$ 298,925</u>	<u>\$ -</u>

The above investments are reported in the following fund:

Fiduciary Fund	
Other postemployment benefits	<u>\$ 706,226</u>

### C. Receivables

Receivables at June 30, 2021, are as follows:

	General Fund	Nonmajor and other Funds	Total Governmental Funds	Total Business-type Activities
Property and excise taxes	\$ 305,050	\$ -	\$ 305,050	\$ -
Tax liens and foreclosures	190,327	-	190,327	-
Departmental	53,190	-	53,190	-
Other	139,972	3,217	143,189	-
Allowance for doubtful accounts	(80,000)	-	(80,000)	-
Water, Sewer, Transfer Station				375,403
Total	<u>\$ 608,539</u>	<u>\$ 3,217</u>	<u>\$ 611,756</u>	<u>\$ 375,403</u>

### D. Capital assets

Capital asset activity for the year ended June 30, 2021 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental activities</b>				
Capital assets, not being depreciated:				
Land	\$ 2,669,273	\$ -	\$ -	\$ 2,669,273
Construction in progress	-	-	-	-
Total capital assets, not being depreciated	<u>2,669,273</u>	<u>-</u>	<u>-</u>	<u>2,669,273</u>
Capital assets, being depreciated:				
Buildings	23,219,160	43,495	-	23,262,655
Machinery and equipment	2,220,597	14,759	-	2,235,356
Vehicles	1,629,305	313,660	(242,980)	1,699,985
Infrastructure	16,796,182	-	-	16,796,182
Total capital assets, being depreciated	<u>43,865,244</u>	<u>371,914</u>	<u>(242,980)</u>	<u>43,994,178</u>
Less accumulated depreciation for:				
Buildings	(8,962,767)	(575,374)	-	(9,538,141)
Machinery and equipment	(1,330,573)	(201,425)	-	(1,531,998)
Vehicles	(1,169,891)	(181,204)	242,980	(1,108,115)
Infrastructure	(10,166,222)	(404,509)	-	(10,570,731)
Total accumulated depreciation	<u>(21,629,453)</u>	<u>(1,362,512)</u>	<u>242,980</u>	<u>(22,748,985)</u>
Total capital assets, being depreciated, net	<u>22,235,791</u>	<u>(990,598)</u>	<u>-</u>	<u>21,245,193</u>
Governmental activities capital assets, net	<u>\$ 24,905,064</u>	<u>\$ (990,598)</u>	<u>\$ -</u>	<u>\$ 23,914,466</u>

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Business-type activities</b>				
Capital assets, being depreciated:				
Water/sewer infrastructure	\$ 11,411,841	\$ 80,339	\$ -	\$ 11,492,180
Machinery and equipment	458,130	-	-	458,130
Vehicles	339,885	64,583	(49,938)	354,530
Total capital assets, being depreciated	<u>12,209,856</u>	<u>144,922</u>	<u>(49,938)</u>	<u>12,304,840</u>
Less accumulated depreciation for:				
Water/sewer infrastructure	(5,466,558)	(219,986)	-	(5,686,544)
Machinery and equipment	(438,751)	(2,906)	-	(441,657)
Vehicles	(281,049)	(46,626)	49,938	(277,737)
Total accumulated depreciation	<u>(6,186,358)</u>	<u>(269,518)</u>	<u>49,938</u>	<u>(6,405,938)</u>
Total capital assets, being depreciated, net	<u>6,023,498</u>	<u>(124,596)</u>	<u>-</u>	<u>5,898,902</u>
Business-type activities capital assets, net	<u>\$ 6,023,498</u>	<u>\$ (124,596)</u>	<u>\$ -</u>	<u>\$ 5,898,902</u>

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

<b>Governmental activities</b>	
General government	\$ 4,560
Public Safety	317,060
Health and Human Services	7,452
Highways, Streets and Infrastructure	625,677
Education	332,948
Library	34,939
Cemeteries and Parks	39,876
Total	<u>\$ 1,362,512</u>
<b>Business-type activities</b>	
Sewer	\$ 111,435
Water	158,083
Total	<u>\$ 269,518</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, 2020	Reductions	Outstanding June 30, 2021
<b>Governmental activities</b>					
General obligation bond - School	2025	2.0 to 3.0	\$ 985,000	\$ 200,000	\$ 785,000
General obligation bond - Cable Mills	2025	2.0 to 3.0	550,000	110,000	440,000
General obligation bond - Police Station	2038	3.0 to 5.0	<u>4,510,000</u>	<u>170,000</u>	<u>4,340,000</u>
Total governmental activities			<u>\$ 6,045,000</u>	<u>\$ 480,000</u>	<u>\$ 5,565,000</u>

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

Year Ending June 30	Governmental Activities		
	Principal	Interest	Total
2022	\$ 490,000	\$ 193,688	\$ 683,688
2023	500,000	175,388	675,388
2024	505,000	156,588	661,588
2025	505,000	140,488	645,488
2026	220,000	124,238	344,238
2027 - 2031	1,235,000	470,790	1,705,790
2032 - 2036	1,460,000	247,014	1,707,014
2037 - 2038	<u>650,000</u>	<u>32,676</u>	<u>682,676</u>
Total	<u>\$ 5,565,000</u>	<u>\$ 1,540,870</u>	<u>\$ 7,105,870</u>

In fiscal year 2018, the Town issued \$4,835,000 in general obligation bonds for the construction of the police station. As part of the debt issuance, the Town received a premium, net of debt issuance costs of \$165,000 which is reported as unamortized bond premium in the government-wide statement of net position. This premium is amortized over the remaining life of the debt, to be fully amortized by 2038. The balance of the unamortized premium as of June 30, 2021 is \$140,250.

The Town pays assessments that include debt service payments to other local governmental units providing services within the Town's boundaries (commonly referred to as overlapping debt). As of June 30, 2021, the Town was responsible for the overlapping debt below:

	Town's Share
Hoosac Water Quality District	\$ 2,416,143
Mount Greylock Regional School District	\$ 17,247,180

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 \$1,039,356,031 and the 5% normal debt limit available borrowing balance was \$51,968,000 at June 30, 2021. The Town’s available borrowing balance is \$46,403,000 (available borrowing balance of \$51,968,000 less inside the limit debt of \$5,565,000).

**F. Temporary borrowings**

Under state law and by authorization of the Board of Selectmen, 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 (RAN).
- To fund capital project costs incurred prior to obtaining permanent financing through issuance of bond anticipation notes (BAN).
- To fund capital project costs incurred in anticipation of federal or state grants through issuance of grant anticipation notes (GAN) or state anticipation notes (SAN).

The Town does not have any short-term anticipation notes outstanding at June 30, 2021.

**G. Restricted fund balances**

Restricted fund balances of the governmental funds consisted of the following at June 30, 2021:

	General Fund	Nonmajor Governmental Funds	Total
	<u>          </u>	<u>          </u>	<u>          </u>
Restricted:			
Reserve for encumbrances			
Debt service	\$ 12,500	\$ -	\$ 12,500
Special revenue funds	-	1,259,162	1,259,162
Expendable trust funds	-	815,002	815,002
Permanent trust funds	-	474,513	474,513
	<u>          </u>	<u>          </u>	<u>          </u>
Total restricted fund balances	<u>\$ 12,500</u>	<u>\$ 2,548,677</u>	<u>\$ 2,561,177</u>

## 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.

#### *Settlement liabilities*

During fiscal year 2021, the Town negotiated a mutual separation of employment with its former town manager. In accordance with the separation agreement, the former town manager will receive payments through May 31, 2022 in the amount of \$133,182. The Town paid \$10,785 during fiscal year 2021 and recognized a liability for the remaining amount of \$122,397 as of June 30, 2021, to be paid in fiscal year 2022. The liability is reported on the government-wide statement of net position in settlement liabilities.

During fiscal year 2021, the Town settled a case with its former police chief. Under the terms of the agreement, the Town will pay a total of \$290,347 through fiscal year 2023. The Town paid \$59,849 during fiscal year 2021 and recognized a liability for the remaining amount of \$230,498 as of June 30, 2021 (\$115,249 to be paid in 2022 and \$115,249 to be paid in 2023). The liability is reported on the government-wide statement of net position in settlement liabilities.

Subsequent to fiscal year end 2021, the Town settled a case with a former police sergeant for \$307,900 which is reported on the government-wide statement of net position in settlement liabilities as of June 30, 2021. The amount was paid on December 8, 2021.

The total settlement expense reported on the government-wide statement of activities for the year ended June 30, 2021 is \$731,429. The total settlement liability reported on the government-wide statement of net position as of June 30, 2021 is \$660,795 (\$545,546 current portion and \$115,249 long-term portion).

As of the date of the financial statements, the Town is not aware of any other matters that could have a material adverse effect on the financial condition of the Town.

### C. Other postemployment benefits

#### Plan description and benefits provided

The Town administers a retiree health care benefits program; a single-employer defined benefit plan that is used to provide postemployment benefits other than pensions (OPEB) for all permanent full-time employees. Employees of the Town and their dependents are eligible for postemployment medical, dental, and life insurance based on the eligibility requirements. A brief description of the plan offered is:

Retirement Eligibility:	General employees hired before April 2, 2012: retire after attaining age 55 with 10 or more years of service or any age with 20 or more years of service.  General employees hired after April 1, 2012: retire after attaining age 60 with 10 or more years of service.  Public Safety employees hired before April 2, 2012: retire after attaining age 55 or any age with 20 or more years of service.  Public Safety employees hired after April 1, 2012: retire after attaining age 55.
Ordinary Disability Eligibility:	Any member who is unable to perform his or her duties due to a non-occupational disability and has ten or more years of creditable service.
Accidental Disability Eligibility:	Any member who is unable to perform his or her duties due to a job-related disability.
Medical Premiums:	<u>Non-Medicare Plans</u> Network Blue Blue Choice Blue Care Elect Access HMO Blue NE Saver Blue Care Elect PPO Saver  <u>Medicare Plans</u> Medex 2 Blue Rx
Participant Contributions:	Retired employees contribute 25% or 37% of the total medical premium, depending on the coverage selected.
Continuation of Coverage to Spouse after Death of Retiree:	Surviving spouse may continue coverage for lifetime by paying 100% of the required medical premium rate.
Dental Coverage:	Dental coverage is provided. Retirees contribute 50% of the monthly premiums.
Life Insurance Coverage:	Retirees are eligible for a \$5,000 life insurance benefit. Retirees contribute \$2.55 towards the monthly premiums.

**Plan membership**

At June 30, 2021, OPEB plan membership consisted of the following:

Active employees	73
Inactive employees or beneficiaries currently receiving benefits	109
Total	182

**Actuarial methods and assumptions**

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

Actuarial Cost Method:	Entry Age Normal
Inflation:	2.20%
Discount Rate:	2.16% per annum
Healthcare Cost Trend Rate:	7% for 2020, decreasing 0.45% per year to 5.2%, then grading down to an ultimate trend rate of 4%, utilizing the Social of Actuaries Getzen Medical Trend Model. The ultimate medical inflation rate is reached in 2075.
Pre-retirement Mortality:	RP-2014 Blue Collar, projected with generational mortality improvement using scale MP-2018.
Post-retirement Mortality:	RP-2014 Blue Collar, projected with generational mortality improvement using scale MP-2018.
Post-retirement Mortality - Teachers:	RP-2014 White Collar Mortality Table, base year 2014, projected with generational mortality improvement using scale MP-2016.

**Regionalization agreement**

Effective July 1, 2018, the Town's elementary school (Williamstown Elementary School) employees became part of the Mount Greylock Regional School District (School District) through a regionalization agreement. In accordance with the agreement, if an employee worked for the Elementary School prior to the effective date of July 1, 2018 and subsequently retires at a later date, then the employer's share of the applicable retiree health insurance premiums will be paid for by the School District. Any health insurance premiums for employees that retired from the Elementary School prior to July 1, 2018 will be paid for by the Town.

## Change in net OPEB liability

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position* (b)	Net OPEB Liability (a) - (b)
Balances at June 30, 2020	\$ 22,279,159	\$ 559,230	\$ 21,719,929
Changes for the year:			
Service cost	674,518		674,518
Interest	499,271		499,271
Changes in benefit terms	-		-
Changes in assumptions	276,644		276,644
Differences between actual and expected experience	-		-
Net investment income		106,996	(106,996)
Employer contributions to trust		40,000	(40,000)
Benefit payments withdrawn from trust		-	-
Benefit payments including implicit cost	(724,428)		(724,428)
Administrative expense	-	-	-
Net changes	<u>726,005</u>	<u>146,996</u>	<u>579,009</u>
Balances at June 30, 2021	<u>\$ 23,005,164</u>	<u>\$ 706,226</u>	<u>\$ 22,298,938</u>

### \* Trust fund

In fiscal year 2014, the Town adopted Massachusetts General Law Chapter 32B, Section 20, authorizing the establishment of a separate fund to be known as the Other Post-Employment Benefits Liability Trust Fund, and other provisions as outlined in said statute. The assets in the trust fund are held by the Town in an investment account, and are not held in a separate legal trust. Accordingly, the total assets of \$706,226 as of June 30, 2021 are reported as fiduciary funds in the Statement of Fiduciary Net Position.

### Discount rate

The discount rate used to measure the total OPEB liability was 2.16%. The projection of cash flows used to determine the discount rate assumed that contributions from the Town will be made in accordance with the Plan's funding policy. Based on those assumptions, the OPEB's fiduciary net position was projected to be insufficient to make all projected payments of current plan members. Therefore, the 2.16% municipal bond rate was applied to all periods to determine the total OPEB liability.

### Sensitivity of the net OPEB liability to changes in the discount and healthcare cost trend rates

The following presents the net OPEB liability, as well as what the net OPEB liability would be if it were calculated using a discount rate and healthcare cost trend rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	Discount Rate		
	1% Decrease (1.16%)	Current (2.16%)	1% Increase (3.16%)
Net OPEB liability as of June 30, 2021	\$ 26,472,953	\$ 22,298,938	\$ 19,010,356

**Healthcare Cost Trend Rate**

	1% Decrease (6.00%)	Current (7.00%)	1% Increase (8.00%)
Net OPEB liability as of June 30, 2021	\$ 18,468,838	\$ 22,298,938	\$ 27,300,575

**Deferred outflows and inflows of resources**

At June 30, 2021, the Town reported deferred outflows and deferred inflows of resources related to OPEB from the following sources:

	2021	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 355,340	\$ 1,347,057
Changes in assumptions	3,338,308	-
Net difference between projected and actual earnings on OPEB plan investments	-	57,852
<b>Total</b>	<b>\$ 3,693,648</b>	<b>\$ 1,404,909</b>

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

	2021
Year ended June 30:	
2022	\$ 1,723,046
2023	553,291
2024	27,091
2025	(14,689)
<b>Total deferred outflows (inflows) or resources</b>	<b>\$ 2,288,739</b>

The Total OPEB liability and deferred outflows of resources is reported in the Town's government-wide Statement of Net Position as follows for the year ended June 30, 2021:

	Net OPEB Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	Total OPEB Liability, net of Deferred Outflows and Inflows of Resources
<b>Governmental Activities</b>				
Town	\$ 13,744,311	\$ 2,223,750	\$ 846,926	\$ 12,367,487
School (employees retired before July 1, 2018)	6,994,365	1,228,262	465,925	6,232,028
<b>Total</b>	<b>20,738,676</b>	<b>3,452,012</b>	<b>1,312,851</b>	<b>18,599,515</b>
<b>Business-type Activities</b>				
Water	915,945	142,328	54,217	827,834
Sewer	549,567	85,396	32,530	496,701
Transfer Station	94,750	13,912	5,311	86,149
<b>Total</b>	<b>1,560,262</b>	<b>241,636</b>	<b>92,058</b>	<b>1,410,684</b>
<b>Totals</b>	<b>\$ 22,298,938</b>	<b>\$ 3,693,648</b>	<b>\$ 1,404,909</b>	<b>\$ 20,010,199</b>

## 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, 2019 and rolled forward to the Plan’s measurement date of December 31, 2020.

### 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, 2020, pension plan membership consisted of the following:

Active plan members	1,151
Retirees and beneficiaries receiving benefits	816
Inactive members	<u>216</u>
Total	<u>2,183</u>
Number of participating employers	<u><u>46</u></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.

### **Regionalization agreement**

Effective July 1, 2018, the Town's elementary school (Williamstown Elementary School) employees became part of the Mount Greylock Regional School District (School District) through a regionalization agreement. In accordance with the agreement, if an employee worked for the Elementary School prior to the effective date of July 1, 2018 and subsequently retires at a later date, then the employer's retirement contribution into the Plan, as actuarially determined, will be paid for by the School District. For fiscal years 2019 through 2022, the retirement contributions related to the employees that became part of the School District are being paid by the Town, with the Town then seeking reimbursement from the School District. Effective fiscal year 2023 and forward, the Berkshire County Retirement System will be invoicing the School District directly.

### **Pension liabilities, expense and deferred inflows and outflows of resources**

At June 30, 2021, the Town reported a net pension liability of \$1,068,156, deferred outflows related to pensions of \$693,390, and deferred inflows related to pensions of \$1,437,008 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 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. 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. At December 31, 2020, the Town's proportion was determined to be approximately 8.33%, which also reflects the employees that became part of the School District and are no longer part of the Town. For the year ended June 30, 2021, the Town recognized pension expense of \$400,739. Contributions made subsequent to the measurement date of December 31, 2020 were \$-0-.

### **Actuarial assumptions**

The total pension liability was determined by an actuarial valuation as of January 1, 2019, rolled forward to the measurement date of December 31, 2020 using the following actuarial assumptions, applied to all periods included in the measurement date:

Investment rate of return:	7.00% 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 \$14,000.
Mortality	Pre-retirement rates reflect the RP-2014 Blue Collar Employees table projected generationally with Scale MP-2018 (gender distinct).  Post retirement rates reflect the RP-2014 Blue Collar Healthy Annuitant table projected generationally with Scale MP-2018 (gender distinct).  For disabled retirees, the rates reflect the RP-2014 Blue Collar Healthy Annuitant Table projected generationally with Scale MP-2018 (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, 2020 are summarized in the following table:

Asset Class	Target Asset Allocation	Long-term Expected Real Rate of Return
U.S. equity	23.10%	1.48%
International equities	14.40%	0.95%
Emerging equities	5.80%	0.49%
Hedge equity	8.80%	0.50%
Core fixed income	15.80%	1.49%
Value-added fixed income	7.40%	0.46%
Private Equity	12.60%	1.29%
Real Estate	8.30%	0.50%
Timberland	3.30%	0.22%
Portfolio completion (PCS)	0.50%	0.03%
Total	100.00%	

### Changes in net pension liability

	<b>Berkshire County Retirement System</b>			<b>Williamstown</b>		
	<b>100%</b>			<b>8.33%</b>		
	Increase (Decrease)			Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a) - (b)	(a)	(b)	(a) - (b)
Balances at January 1, 2020	\$ 302,643,000	\$ 272,013,000	\$ 30,630,000	\$ 24,816,725	\$ 22,305,065	\$ 2,511,660
Net changes	<u>12,527,000</u>	<u>30,334,000</u>	<u>(17,807,000)</u>	<u>1,436,935</u>	<u>2,880,439</u>	<u>(1,443,504)</u>
Balances at December 31, 2020	<u>\$ 315,170,000</u>	<u>\$ 302,347,000</u>	<u>\$ 12,823,000</u>	<u>\$ 26,253,660</u>	<u>\$ 25,185,504</u>	<u>\$ 1,068,156</u>

### Discount rate

The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution 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 7.00%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.00%) or 1 percentage point higher (8.00%) than the current rate:

	<u>1% Decrease (6.00%)</u>	<u>Current Discount Rate (7.00%)</u>	<u>1% Increase (8.00%)</u>
Town's proportionate share of the net pension liability (asset)	\$ 4,115,353	\$ 1,068,156	\$ (1,621,435)

**Deferred outflows and inflows of resources**

At June 30, 2021, the Town reported deferred outflows and deferred inflows of resources related to pensions from the following resources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 8,747	\$ 9,996
Net difference between projected and actual investment earnings on pension plan assets	-	1,427,012
Changes in assumptions	684,643	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	-
Contributions subsequent to the measurement date	-	-
Total	<u>\$ 693,390</u>	<u>\$ 1,437,008</u>

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

Year ended June 30,	
2022	\$ (175,430)
2023	21,491
2024	(381,098)
2025	(208,581)
Total	<u>\$ (743,618)</u>

The net pension liability and deferred outflows of resources is reported in the Town's Statement of Net Position as follows for the year end June 30, 2021:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Net pension liability	\$ 1,013,843	\$ 54,313	\$ 1,068,156
Deferred inflows of resources	1,363,940	73,068	1,437,008
Deferred outflows of resources	<u>(658,132)</u>	<u>(35,258)</u>	<u>(693,390)</u>
Net pension liability, net of deferred inflows and outflows of resources	<u>\$ 1,719,651</u>	<u>\$ 92,123</u>	<u>\$ 1,811,774</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, 2021, the Town reported a payable of \$-0- for outstanding amounts of contributions to the pension plan.

**E. Deferred compensation**

A deferred compensation plan is available to all employees of the Town. Under the plan, employees may elect to defer a portion of their salaries and avoid paying taxes on the deferred portion until the withdrawal date. The deferred compensation amount is not available for withdrawal by employees until termination, retirement, death, or unforeseeable emergency.

The Town has contracted with a third party to serve as the fiscal agent and to act as administrator of the deferred compensation plan. The town withholds deferred compensation from participants’ pay and remits the withholding to the fiscal agent, which invests the money in accordance with each participant’s wishes.

The Town has no liability for losses under the plan, but does have the duty of due care that would be required of an ordinary prudent investor. Because the Town does not administer or give investment advice for the plan, in accordance with Governmental Accounting Standards Board Statement Number 32, “Financial Reporting for Internal Revenue Code 457 Deferred Compensation Plans”, the Town does not report the deferred compensation plan in a fiduciary fund.

**F. 2022 Budget**

The Town has authorized a fiscal 2022 operating and capital budget which will be financed from the following sources:

Real and personal property tax levy	\$ 18,652,949
Estimated receipts:	
State	1,299,178
Local	1,992,069
Enterprise Funds	2,968,887
Community Preservation Funds	432,000
Other revenue sources for particular purpose	445,704
Free cash for particular purposes	781,729
Free cash to reduce the tax rate	<u>235,485</u>
Total	<u>\$ 26,808,001</u>

TOWN OF WILLIAMSTOWN, MASSACHUSETTS

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CHANGES IN NET OPEB  
LIABILITY AND RELATED RATIOS

June 30,

	2021	2020	2019	2018
<b>Total OPEB liability</b>				
Service cost	\$ 674,518	\$ 453,229	\$ 393,511	\$ 801,077
Interest	499,271	724,756	744,771	730,535
Changes of benefit terms - regionalization	-	(173,252)	(7,696,317)	-
Changes of assumptions	276,644	4,475,528	1,018,307	4,704,524
Differences between actual and expected experience	-	(3,107,917)	-	1,501,592
Benefit payments including implicit cost	(724,428)	(694,519)	(812,960)	(777,282)
Net change in total OPEB liability	726,005	1,677,825	(6,352,688)	6,960,446
Total OPEB liability, beginning	22,279,159	20,601,334	26,954,022	19,993,576
<b>Total OPEB liability, ending (a)</b>	<u>\$ 23,005,164</u>	<u>\$ 22,279,159</u>	<u>\$ 20,601,334</u>	<u>\$ 26,954,022</u>
<b>Plan fiduciary net position</b>				
Contributions - employer	\$ 40,000	\$ 50,000	\$ 50,000	\$ 55,000
Net investment income	106,996	8,798	9,983	5,084
Benefit payments	-	-	-	-
Administrative expense	-	-	-	-
Net change in plan fiduciary net position	146,996	58,798	59,983	60,084
Plan fiduciary net position, beginning	559,230	500,432	440,449	380,365
<b>Plan fiduciary net position, ending (b)</b>	<u>\$ 706,226</u>	<u>\$ 559,230</u>	<u>\$ 500,432</u>	<u>\$ 440,449</u>
<b>Net OPEB liability (a) - (b)</b>	<u>\$ 22,298,938</u>	<u>\$ 21,719,929</u>	<u>\$ 20,100,902</u>	<u>\$ 26,513,573</u>
Plan fiduciary net position as a percentage of the total OPEB liability	3.07%	2.51%	2.43%	1.63%
Covered employee payroll	\$ 3,930,403	\$ 3,935,562	\$ 3,823,340	\$ 7,714,258
Net OPEB liability as a percentage of covered employee payroll	567.34%	551.89%	525.74%	343.70%

**Notes to Schedule:**

Changes of benefit terms:

Effective July 1, 2018, the Town's elementary school employees became part of the Mount Greylock Regional School District through a regionalization agreement.

Changes of assumptions:

The discount rate changed from 2.21% to 2.16% as of June 30, 2021.

The inflation rate changed from 2.4% to 2.2% as of June 30, 2021.

Last 10 years: Only plan years 2018 to 2021 available.

See independent auditors' report.

**TOWN OF WILLIAMSTOWN, MASSACHUSETTS**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF OPEB CONTRIBUTIONS**

	<b>June 30,</b>			
	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Actuarially determined contribution	\$ 1,302,683	\$ 1,162,573	\$ 1,080,725	\$ 1,514,466
Contributions in relation to the actuarially determined contribution	<u>764,428</u>	<u>744,519</u>	<u>862,960</u>	<u>832,282</u>
Contribution deficiency (excess)	<u>\$ 538,255</u>	<u>\$ 418,054</u>	<u>\$ 217,765</u>	<u>\$ 682,184</u>
Covered employee payroll	\$ 3,930,403	\$ 3,935,562	\$ 3,823,340	\$ 7,714,258
Contribution as a percentage of covered employee payroll	19.45%	18.92%	22.57%	10.79%

**Notes to Schedule**

*Valuation date:*

Actuarially determined contribution rates were calculated as of July 1, 2019 with a measurement date of June 30, 2021.

*Methods and assumptions used to determine contribution rates:*

Actuarial cost method:	Entry Age Normal
Municipal bond rate:	2.16%, based on the Bond Buyer 20-Bond GO Index published on June 30, 2021.
Discount rate:	2.16% per annum
Inflation:	2.20% and for future periods
Pre- and post-retirement mortality	Mortality rates were based upon the RP-2014 Blue Collar projected with generational mortality improvement using scale MP-2018
Changes of assumptions:	The discount rate changed from 2.21% as of June 30, 2020 to 2.16% as of June 30, 2021.
Last 10 years:	Only plan years 2018 to 2021 available.

See independent auditors' report.

TOWN OF WILLIAMSTOWN, MASSACHUSETTS

REQUIRED SUPPLEMENTARY INFORMATION

June 30, 2021

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

	Plan Year Ended December 31,						
	2020	2019	2018	2017	2016	2015	2014
Berkshire County Retirement System net pension liability	\$ 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 liability	8.33%	8.20%	8.59%	10.53%	10.96%	10.85%	11.00%
Town's proportionate share of the net pension liability	\$ 1,068,156	\$ 2,511,660	\$ 3,759,142	\$ 2,722,320	\$ 4,359,010	\$ 4,591,395	\$ 2,888,490
Town's covered-employee payroll	\$ 4,286,389	\$ 4,084,253	\$ 3,754,435	\$ 4,626,687	\$ 4,608,413	\$ 4,503,420	\$ 4,614,739
Town's proportionate share of the net pension liability as a percentage of its covered-employee payroll	24.92%	61.50%	100.13%	58.84%	94.59%	101.95%	62.59%
Plan fiduciary net position as a percentage of the total pension liability	95.93%	89.88%	84.41%	90.41%	84.06%	82.25%	88.13%

Schedule of Town Pension Contributions

	Plan Year Ended December 31,						
	2020	2019	2018	2017	2016	2015	2014
Town's contractually required contribution	\$ 938,356	\$ 865,595	\$ 858,811	\$ 968,637	\$ 999,947	\$ 947,012	\$ 917,779
Town's contributions in relation to the contractually required contribution	(938,356)	(865,595)	(858,811)	(968,637)	(999,947)	(947,012)	(917,779)
Town's contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Town's covered-employee payroll	\$ 4,286,389	\$ 4,084,253	\$ 3,754,435	\$ 4,626,687	\$ 4,608,413	\$ 4,503,420	\$ 4,614,739
Contributions as a percentage of covered-employee payroll	21.89%	21.19%	22.87%	20.94%	21.70%	21.03%	19.89%

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 to 20120 available

See independent auditors' report.

**SUPPLEMENTARY INFORMATION**  
**NONMAJOR GOVERNMENTAL FUNDS**

**June 30, 2021**

**Special Revenue Funds**

Special revenue funds are used to account for specific revenues that are legally restricted to expenditure for particular purposes. The special revenue funds consisted of the following as of June 30, 2021:

- Federal and State Grants Fund
- Revolving Funds
- Community Preservation Fund
- Gifts and Donations Fund
- Other 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. The Town maintains expendable trust funds for the following purposes: library use, maintenance of cemeteries, and affordable housing.

**Permanent Funds**

Permanent funds are used to report resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support the reporting government's programs. The Town maintains permanent trust funds for the following purposes: library use and maintenance of cemeteries.

**TOWN OF WILLIAMSTOWN, MASSACHUSETTS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS (Page 1 of 2)**  
**For the Year Ended June 30, 2021**

	Special Revenue Funds					Total Special Revenue Funds
	Federal and State Grants Fund	Revolving Funds	Community Preservation Fund	Gifts and Donations Fund	Other Funds	
Revenues						
Charges for services	\$ -	\$ 95,263	\$ 263,885	\$ -	\$ -	\$ 359,148
Intergovernmental revenues	870,806	-	74,903	-	-	945,709
Earnings on investments	-	-	2,894	-	-	2,894
Gifts and other revenues	-	6,017	-	68,423	3,720	78,160
<b>Total revenues</b>	<b>870,806</b>	<b>101,280</b>	<b>341,682</b>	<b>68,423</b>	<b>3,720</b>	<b>1,385,911</b>
Expenditures						
General government	317,928	-	-	1,996	-	319,924
Public safety	93,727	59,279	-	12,976	-	165,982
Public works	24,081	-	-	-	-	24,081
Cemeteries and parks	17,585	787	-	210	297	18,879
Health and human services	17,267	-	-	-	3,861	21,128
Culture and recreation	-	30,057	-	69,369	-	99,426
Community preservation	-	-	226,873	-	-	226,873
Debt Service:						
Principal	-	-	110,000	-	-	110,000
Interest	-	-	14,300	-	-	14,300
<b>Total expenditures</b>	<b>470,588</b>	<b>90,123</b>	<b>351,173</b>	<b>84,551</b>	<b>4,158</b>	<b>1,000,593</b>
Excess (deficiency) of revenues over expenditures	400,218	11,157	(9,491)	(16,128)	(438)	385,318
Other financing sources (uses)						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	(75,000)	-	-	(75,000)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>(75,000)</b>	<b>-</b>	<b>-</b>	<b>(75,000)</b>
Excess (deficiency) of revenues over expenditures and other financing sources	400,218	11,157	(84,491)	(16,128)	(438)	310,318
Fund balances, beginning	6,133	345,387	421,406	158,651	17,267	948,844
<b>Fund balances, ending</b>	<b>\$ 406,351</b>	<b>\$ 356,544</b>	<b>\$ 336,915</b>	<b>\$ 142,523</b>	<b>\$ 16,829</b>	<b>\$ 1,259,162</b>

See independent auditors' report.

**TOWN OF WILLIAMSTOWN, MASSACHUSETTS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS (Page 2 of 2)**  
**For the Year Ended June 30, 2021**

	Expendable Trust Funds	Permanent Trust Fund	Total Nonmajor Governmental Funds
Revenues			
Charges for services	\$ -	\$ -	\$ 359,148
Intergovernmental revenues	-	-	945,709
Earnings on investments	7,378	5,309	15,581
Gifts and other revenues	46,929	18,100	143,189
Total revenues	<u>54,307</u>	<u>23,409</u>	<u>1,463,627</u>
Expenditures			
General government	147,250	-	467,174
Public safety	-	-	165,982
Public works	-	-	24,081
Cemeteries and parks	-	-	18,879
Health and human services	-	-	21,128
Culture and recreation	34,604	-	134,030
Community preservation	-	-	226,873
Debt Service:			
Principal	-	-	110,000
Interest	-	-	14,300
Total expenditures	<u>181,854</u>	<u>-</u>	<u>1,182,447</u>
Excess (deficiency) of revenues over expenditures	<u>(127,547)</u>	<u>23,409</u>	<u>281,180</u>
Other financing sources (uses)			
Transfers in	225,000	-	225,000
Transfers out	-	(9,000)	(84,000)
Total other financing sources (uses)	<u>225,000</u>	<u>(9,000)</u>	<u>141,000</u>
Excess (deficiency) of revenue over expenditures and other financing sources	97,453	14,409	422,180
Fund balances, beginning	<u>717,549</u>	<u>460,104</u>	<u>2,126,497</u>
Fund balances, ending	<u>\$ 815,002</u>	<u>\$ 474,513</u>	<u>\$ 2,548,677</u>

See independent auditors' report.

**TOWN OF WILLIAMSTOWN, MASSACHUSETTS**

**SCHEDULE OF TAXES RECEIVABLE**

**For the Year Ended June 30, 2021**

	Uncollected Tax July 1, 2020	Add Commitments	Add (Deduct) Abatements and Adjustments	Add (Deduct) Refunds and Adjustments	Deduct Transfers to Tax Title	Deduct Collections	Uncollected Tax June 30, 2021
Real estate							
2021	\$ -	\$ 17,568,829	\$ (60,717)	\$ -	\$ (56,741)	\$ (17,278,451)	\$ 172,920
2020	334,639	-	(15,676)	-	(33,378)	(282,487)	3,098
2019	8,175	-	-	-	(1,653)	(3,707)	2,815
2018	2,740	-	-	-	-	(1,690)	1,050
2017	2,256	-	-	-	-	(2,256)	-
Prior years 1998 - 2016	1,628	-	-	-	-	(1,628)	-
Total real estate	<u>\$ 349,438</u>	<u>\$ 17,568,829</u>	<u>\$ (76,393)</u>	<u>\$ -</u>	<u>\$ (91,772)</u>	<u>\$ (17,570,219)</u>	<u>\$ 179,883</u>
Personal property							
2021	\$ -	\$ 412,030	\$ (249)	\$ -	\$ -	\$ (409,456)	\$ 2,325
2020	14,704	-	-	-	-	(14,704)	-
2019	115	-	-	-	-	(115)	-
Total personal property	<u>\$ 14,819</u>	<u>\$ 412,030</u>	<u>\$ (249)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (424,275)</u>	<u>\$ 2,325</u>
Motor vehicle							
2021	\$ -	\$ 653,842	\$ (14,322)	\$ -	\$ -	\$ (588,198)	\$ 51,322
2020	41,141	65,702	(6,555)	-	-	(92,731)	7,557
2019	7,595	-	(131)	-	-	(4,217)	3,247
2018	4,271	-	-	-	-	(680)	3,591
2017	3,365	-	-	-	-	(379)	2,986
Prior years 1996 - 2016	54,469	-	-	-	-	(330)	54,139
Total motor vehicle	<u>\$ 110,841</u>	<u>\$ 719,544</u>	<u>\$ (21,008)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (686,535)</u>	<u>\$ 122,842</u>

See independent auditors' report.

**TOWN OF WILLIAMSTOWN, MASSACHUSETTS**

**RECONCILIATION OF TREASURERS' CASH**

**On June 30, 2021**

As of June 30, 2021 cash and investments consisted of the following balances:

**Cash in checking, savings and investment accounts:**

Unibank	\$	1,671,014
Adams Community Bank		12,849,587
Bartholomew and Company		<u>706,226</u>
Total held in banking and investment institutions		15,226,827
Petty cash		<u>1,417</u>
<b>Total cash and investments</b>	<b>\$</b>	<b><u>15,228,244</u></b>

**Cash and investments are presented in the financial statements as follows:**

General fund	\$	10,217,909
Stabilization fund (included in general fund)		<u>1,266,004</u>
Total general fund		11,483,913
Special revenue funds		733,413
Expendable and permanent trust funds		1,307,812
Fiduciary funds		<u>1,703,106</u>
Total cash and investments reported in the financial statements	<b>\$</b>	<b><u>15,228,244</u></b>

See independent auditors' report.



# Adelson & Company PC

CERTIFIED PUBLIC ACCOUNTANTS

Established 1938

AUDIT | TAX | ADVISORY

Gary J. Moynihan, CPA  
Carol J. Leibinger-Healey, CPA  
David M. Irwin, Jr., CPA  
Of Counsel:  
Richard F. LaFleche, CPA  
Vincent T. Viscuso, CPA

## INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Selectmen of  
**TOWN OF WILLIAMSTOWN, MASSACHUSETTS**

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Williamstown, Massachusetts as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise Town of Williamstown, Massachusetts' basic financial statements, and have issued our report thereon dated February 9, 2022.

### Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town of Williamstown, Massachusetts' internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Williamstown, Massachusetts' internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Williamstown, Massachusetts' internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Town of Williamstown, Massachusetts' financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

ADELSON & COMPANY PC

February 9, 2022

Draft

2/11/2022