

TOWN OF WILLIAMSTOWN, MASSACHUSETTS

**Financial Statements and
Supplementary Information**

June 30, 2023

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INDEPENDENT AUDITORS' REPORT

To the Select Board of
THE TOWN OF WILLIAMSTOWN, MASSACHUSETTS

Report on the Audit of the Financial Statements

Opinion

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

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Williamstown, Massachusetts, as of June 30, 2023, and the respective changes in financial position and cash flows thereof and the respective budgetary comparison for the general fund, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town of Williamstown, Massachusetts and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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

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Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on page 6, the Schedule of Changes in Net Other Postemployment Benefits (OPEB) Liability and Related Ratios and Schedule of OPEB Contributions on pages 42 and 43, and the Schedule of Proportionate Share of Net Pension Liability and Pension Contributions on page 44 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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 accompanying combining and individual nonmajor fund financial statements, schedule of taxes receivable, and reconciliation of treasurers' cash on pages 45 - 49, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 21, 2024 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 solely 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 the effectiveness of 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.

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March 21, 2024

TOWN OF WILLIAMSTOWN, MASSACHUSETTS

Management's Discussion and Analysis

June 30, 2023

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, 2023. 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.

Financial Highlights

The Town's combined ending total net position of assets minus liabilities on June 30, 2023 was \$18,477,034. Total net position increased during fiscal year 2023 by \$2,544,444 as a result of a net increase in business-type activities (water, sewer and solid waste disposal) of \$671,422 and a net increase in governmental activities of \$1,873,022.

The increase in the Town's net position of \$2,544,444 in fiscal year 2023 was largely affected by the following significant transactions:

- The Town recorded a decrease in its other postemployment benefit obligation (OPEB), net of related deferred outflows and inflows of resources, in the amount of \$1,173,770.
- The Town recorded an increase in its proportionate share of the Berkshire County Contributory Retirement System's net pension liability, net of related deferred outflows and inflows of resources, in the amount of \$79,483.
- The Town capitalized fixed asset purchases of \$485,683 and recorded depreciation expense on capital assets of \$1,602,128.
- The Town paid \$500,000 on existing long-term debt.

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 7) presents information on all Town assets and liabilities, with the difference between the two reported as net position. On June 30, 2023 the Town’s assets exceeded its liabilities by \$18,477,034 as displayed in the following summary Statement of Net Position:

TOWN OF WILLIAMSTOWN, MASSACHUSETTS
Summary Statement of Net Position
June 30, 2023

	Primary Government				
	Governmental Activities	Business-type Activities	2023 Totals	2022 Totals	Increase (Decrease)
Cash and investments	\$ 16,588,769	\$ -	\$ 16,588,769	\$ 14,548,113	\$ 2,040,656
Receivables and other current assets	783,851	382,323	1,166,174	987,604	178,570
Interfund receivables (payables)	(6,121,626)	6,121,626	-	-	-
Net pension asset	-	-	-	1,970,895	(1,970,895)
Operating lease asset, net	146,660	-	146,660	167,613	(20,953)
Capital assets, net	22,086,126	5,673,173	27,759,299	28,875,744	(1,116,445)
Deferred outflows related to pensions	2,052,660	245,093	2,297,753	941,694	1,356,059
Deferred outflows related to OPEB	88,410	5,103	93,513	1,154,254	(1,060,741)
Total	35,624,850	12,427,318	48,052,168	48,645,917	(593,749)
Accounts payable and accrued liabilities	917,364	40,031	957,395	861,331	96,064
Long-term debt	4,575,000	-	4,575,000	5,075,000	(500,000)
Operating lease liability	151,806	-	151,806	170,232	(18,426)
Accumulated unused compensated absences	1,556,099	145,781	1,701,880	1,648,207	53,673
Net pension liability	2,424,658	289,512	2,714,170	-	2,714,170
Net other postemployment benefits liability	15,129,079	612,931	15,742,010	15,843,469	(101,459)
Deferred inflows related to pensions	220,159	26,288	246,447	3,495,610	(3,249,163)
Deferred inflows related to OPEB	3,354,754	131,672	3,486,426	5,619,478	(2,133,052)
Total	28,328,919	1,246,215	29,575,134	32,713,327	(3,138,193)
Net position					
Invested in capital assets, net of related debt	17,387,376	5,673,173	23,060,549	23,668,744	(608,195)
Restricted	4,384,502	-	4,384,502	3,329,511	1,054,991
Unrestricted	(14,475,947)	5,507,930	(8,968,017)	(11,065,665)	2,097,648
Total	\$ 7,295,931	\$ 11,181,103	\$ 18,477,034	\$ 15,932,590	\$ 2,544,444

By far, the largest portion of the Town’s net position (\$23,060,549) 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 2023 as detailed in the Statement of Activities found on page 8. 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 2023 amounted to \$29,835,505. Of this amount, 73% was from taxes, 12% from charges for services (including water, sewer, and transfer station), 5% from state aid, 8% from grants and contributions, and 2% from other revenue sources, including interest income.

The Town's operating expenses for fiscal year 2023 amounted to \$27,241,061. Of this amount, 49% was for education, 14% for general government, which includes employee benefits, 10% for public works, 9% for public safety, 8% for water, sewer and transfer station, 6% for culture and recreation, 2% for health and human services, and 2% 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, 2023

	Primary Government				
	Governmental Activities	Business-type Activities	2023 Totals	2022 Totals	Increase (Decrease)
Revenue					
Program revenue					
Charges for services	\$ 734,912	\$ 2,904,552	\$ 3,639,464	\$ 3,332,446	\$ 307,018
Grants and contributions	1,814,525		1,814,525	1,492,500	322,025
General revenue					
Taxes	21,678,475		21,678,475	20,865,749	812,726
State aid	1,392,995		1,392,995	1,299,997	92,998
Investment earnings (losses)	217,203		217,203	(2,684)	219,887
Other	1,092,843		1,092,843	383,914	708,929
Total revenue	<u>26,930,953</u>	<u>2,904,552</u>	<u>29,835,505</u>	<u>27,371,922</u>	<u>2,463,583</u>
Expenses					
General government	2,298,871		2,298,871	1,780,141	518,730
Public safety	2,360,768		2,360,768	2,194,344	166,424
Education	13,504,519		13,504,519	12,969,442	535,077
Public works	2,748,171		2,748,171	3,105,728	(357,557)
Cemeteries and parks	391,869		391,869	357,524	34,345
Health and human services	454,376		454,376	478,249	(23,873)
Culture and recreation	1,645,076		1,645,076	803,698	841,378
Community preservation	183,556		183,556	186,690	(3,134)
Employee benefits	1,393,052		1,393,052	1,905,523	(512,471)
State and county assessments	43,335		43,335	44,384	(1,049)
Water, sewer and transfer station		2,050,330	2,050,330	1,539,424	510,906
Interest on long-term debt	167,138		167,138	185,437	(18,299)
Total expenses	<u>25,190,731</u>	<u>2,050,330</u>	<u>27,241,061</u>	<u>25,550,584</u>	<u>1,690,477</u>
Change in net position before other items	1,740,222	854,222	2,594,444	1,821,338	773,106
Transfers	<u>132,800</u>	<u>(182,800)</u>	<u>(50,000)</u>	<u>(35,000)</u>	<u>(15,000)</u>
Increase (decrease) in net position	1,873,022	671,422	2,544,444	1,786,338	758,106
Net position, beginning	<u>5,422,909</u>	<u>10,509,681</u>	<u>15,932,590</u>	<u>14,146,252</u>	<u>1,786,338</u>
Net position, ending	<u>\$ 7,295,931</u>	<u>\$ 11,181,103</u>	<u>\$ 18,477,034</u>	<u>\$ 15,932,590</u>	<u>\$ 2,544,444</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 45 - 47.

As of the end fiscal year 2023, the Town's Governmental Funds (page 9) reported combined ending fund balances of \$10,119,735. Of this amount, \$3,419,247 or 34% constitutes unassigned (i.e. unreserved and unrestricted) fund balances, including stabilization funds of \$877,250, which is available for spending at the government's discretion. The remaining fund balances of \$6,700,488 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 12. Included in the Town's annual budget was a \$75,000 appropriation to the Finance Committee Reserve Fund for unexpected or emergency expenses, which was utilized during fiscal year 2023. 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, 2023, there were favorable variances in each of the general government departments except for Culture and Recreation.

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 2023.

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 2023 amounted to \$300,633 from taxpayers, \$106,203 from the State, and \$3,649 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 \$301,256 and transfers of \$100,000, the fund increased by a net amount of \$9,229 in fiscal 2023 to arrive at an ending fund balance of \$370,774.

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 \$14,890 to \$1,402,529 (\$928,999 expendable trust funds and \$473,530 permanent trust funds) in reflection of ongoing contributions and expenditures to the various trusts.

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 13 - 15.

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 16 and 17).

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, 2023 amounts to \$22,086,126 (net of accumulated depreciation). This investment in capital assets includes land, buildings, machinery and equipment, roads, highways and bridges (see pages 26 and 27). The Town’s investment in capital assets for its business-type activities as of June 30, 2023 amounts to \$5,673,173 (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:

- Furniture for the library department at a cost \$24,150;
- Vehicle for the police department at a cost of \$50,887;
- Vehicle for the police department at a cost of \$49,329;
- Truck for the highway department at a cost of \$183,190;
- Equipment for the cemetery department at a cost of \$11,947;
- Equipment for the sewer department at a cost of \$91,493.
- Pump repairs/replacement for the sewer department at a cost of \$31,294.
- Pump repairs/replacement for the water department at a cost of \$43,393.

The Town recorded \$1,602,128 of depreciation expense during fiscal year 2023.

A summary of the Town's capital assets at June 30, 2023 is as follows:

**MDA 3
June 30, 2023**

	Primary Government		2023 Totals	2022 Totals	Increase (Decrease)
	Governmental Activities	Business-type Activities			
Land	\$ 2,669,273	\$ -	\$ 2,669,273	\$ 2,669,273	\$ -
Construction in progress	-	111,403	111,403	36,716	74,687
Buildings	12,572,716	-	12,572,716	13,148,615	(575,899)
Machinery and equipment	507,517	161,489	669,006	762,585	(93,579)
Vehicles	719,974	25,833	745,807	627,900	117,907
Infrastructure	5,616,646	5,374,448	10,991,094	11,630,655	(639,561)
Total assets	<u>\$ 22,086,126</u>	<u>\$ 5,673,173</u>	<u>\$ 27,759,299</u>	<u>\$ 28,875,744</u>	<u>\$ (1,116,445)</u>

Long-Term Debt

At the end of the current fiscal year the Town had total debt outstanding of \$4,575,000, all of which is backed by the full faith and credit of the government.

**Summary of Long-term Debt
June 30, 2023**

	2023	2022	Increase (Decrease)
Governmental activity debt			
School	\$ 385,000	\$ 585,000	\$ (200,000)
Cable Mills	220,000	330,000	(110,000)
Police Station	3,970,000	4,160,000	(190,000)
Total	<u>\$ 4,575,000</u>	<u>\$ 5,075,000</u>	<u>\$ (500,000)</u>

The Town did not issue any short-term debt during fiscal year 2023.

Moody's Investors Service assigned an AA1 bond rating to the Town of Williamstown in 2023. The Town was able to retain its bond rating for fiscal 2024.

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 \$1,206,320,097 resulting in a 5% normal debt limit available borrowing balance of \$60,316,000 at June 30, 2023.

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.

Next Year's Budget and Tax Rate

Fiscal year 2021 State Aid was \$1,230,301. Fiscal year 2022 aid increased 5.6% to \$1,299,997. Fiscal year 2023 increased 7.1% to \$1,392,995. Estimated State Aid for fiscal year 2024 is \$1,405,302 which would be an increase of 2.7%.

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 2024 operating budget in the amount of \$28,940,236. The tax rate per thousand for fiscal year 2024 is \$15.15.

Impact of COVID

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. 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 general governmental services. At the end of fiscal year 2023, there was approximately \$1,718,500 available for spending. The Select Board and Town Manager have earmarked the majority of available funds. SLFRF funds must be spent or obligated by December 31, 2024.

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, 2023

	Primary Government		
	Governmental Activities	Business-type Activities	Totals
Assets			
Current:			
Cash and cash equivalents	\$ 13,943,963	\$ -	\$ 13,943,963
Investments	2,644,806	-	2,644,806
Receivables	481,352	382,323	863,675
Due from other governments	224,052	-	224,052
Inventory	71,636	-	71,636
Prepaid expenses	6,811	-	6,811
Interfund receivables (payables)	(6,121,626)	6,121,626	-
Noncurrent:			
Operating lease asset, net	146,660	-	146,660
Capital assets, net	22,086,126	5,673,173	27,759,299
Total assets	33,483,780	12,177,122	45,660,902
Deferred outflows of resources			
Deferred outflows related to pensions	2,052,660	245,093	2,297,753
Deferred outflows related to other postemployment benefits	88,410	5,103	93,513
Total assets and deferred outflows of resources	35,624,850	12,427,318	48,052,168
Liabilities			
Current:			
Warrants and accounts payable	544,020	40,031	584,051
Payroll and related liabilities	249,594	-	249,594
Current portion of long-term debt	505,000	-	505,000
Current portion of operating lease liability	19,177	-	19,177
Accumulated unused compensated absences	311,220	24,110	335,330
Noncurrent:			
Long-term debt, net of current portion	4,070,000	-	4,070,000
Unamortized bond premium	123,750	-	123,750
Operating lease liability, net of current portion	132,629	-	132,629
Accumulated unused compensated absences	1,244,879	121,671	1,366,550
Net pension liability	2,424,658	289,512	2,714,170
Net other postemployment benefits liability	15,129,079	612,931	15,742,010
Total liabilities	24,754,006	1,088,255	25,842,261
Deferred inflows of resources			
Deferred inflows related to pensions	220,159	26,288	246,447
Deferred inflows related to other postemployment benefits	3,354,754	131,672	3,486,426
Total liabilities and deferred inflows of resources	28,328,919	1,246,215	29,575,134
Net position			
Invested in capital assets, net of related debt	17,387,376	5,673,173	23,060,549
Restricted for			
Special revenue funds	2,981,973	-	2,981,973
Trust funds	1,402,529	-	1,402,529
Unrestricted	(14,475,947)	5,507,930	(8,968,017)
Total net position	\$ 7,295,931	\$ 11,181,103	\$ 18,477,034

See notes to financial statements.

TOWN OF WILLIAMSTOWN, MASSACHUSETTS

STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2023

	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-type Activities	Total
Governmental activities							
General government	\$ 2,298,871	\$ 75,903	\$ 426,292	\$ -	\$ (1,796,676)		\$ (1,796,676)
Public safety	2,360,768	302,660	128,846	-	(1,929,262)		(1,929,262)
Education	13,504,519	-	-	-	(13,504,519)		(13,504,519)
Public works	2,748,171	1,340	-	175,009	(2,571,822)		(2,571,822)
Cemeteries and parks	391,869	13,950	-	-	(377,919)		(377,919)
Health and human services	454,376	38,834	42,208	-	(373,334)		(373,334)
Culture and recreation	1,645,076	1,592	87,168	848,799	(707,517)		(707,517)
Community preservation	183,556	300,633	106,203	-	223,280		223,280
Employee benefits	2,356,594	-	-	-	(2,356,594)		(2,356,594)
Change in net pension and other postemployment benefit liabilities	(963,542)	-	-	-	963,542		963,542
State and county assessments	43,335	-	-	-	(43,335)		(43,335)
Interest and fiscal charges	167,138	-	-	-	(167,138)		(167,138)
Total governmental activities	25,190,731	734,912	790,717	1,023,808	(22,641,294)		(22,641,294)
Business type activities							
Water	539,814	1,086,644	-	-		\$ 546,830	546,830
Sewer	1,253,365	1,591,942	-	-		338,577	338,577
Transfer station	257,151	225,966	-	-		(31,185)	(31,185)
Total business type activities	2,050,330	2,904,552	-	-		854,222	854,222
Total government	\$ 27,241,061	\$ 3,639,464	\$ 790,717	\$ 1,023,808	(22,641,294)	854,222	(21,787,072)
General revenues							
Taxes					21,678,475	-	21,678,475
State aid					1,392,995	-	1,392,995
Grants and other revenue not restricted to specific programs					1,092,843	-	1,092,843
Earnings on investments					217,203	-	217,203
Transfers					132,800	(182,800)	(50,000)
Total general revenues, transfers, and other items					24,514,316	(182,800)	24,331,516
Change in net position					1,873,022	671,422	2,544,444
Net position, beginning					5,422,909	10,509,681	15,932,590
Net position, ending					\$ 7,295,931	\$ 11,181,103	\$ 18,477,034

See notes to financial statements.

TOWN OF WILLIAMSTOWN, MASSACHUSETTS

BALANCE SHEET

GOVERNMENTAL FUNDS

June 30, 2023

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
Assets			
Cash and cash equivalents	\$ 12,021,519	\$ 1,922,444	\$ 13,943,963
Investments	877,250	1,767,556	2,644,806
Taxes receivable	388,506	2,696	391,202
Other receivables	90,150	-	90,150
Due from other governments	-	224,052	224,052
Prepaid expenses	6,811	-	6,811
Interfund receivables	-	893,247	893,247
Total assets	\$ 13,384,236	\$ 4,809,995	\$ 18,194,231
Liabilities			
Warrants and accounts payable	\$ 347,320	\$ 196,700	\$ 544,020
Payroll and related liabilities	249,594	-	249,594
Interfund payables	6,788,776	226,097	7,014,873
Total liabilities	7,385,690	422,797	7,808,487
Deferred inflows of resources			
Revenue not considered available	263,313	2,696	266,009
Fund balances			
Restricted for			
General fund	3,202	-	3,202
Special revenue funds	-	2,981,973	2,981,973
Expendable trust funds	-	928,999	928,999
Permanent trust funds	-	473,530	473,530
Assigned	2,312,784	-	2,312,784
Unassigned	3,419,247	-	3,419,247
Total fund balances	5,735,233	4,384,502	10,119,735
Total liabilities, deferred inflows of resources, and fund balances	\$ 13,384,236	\$ 4,809,995	

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.	22,086,126
Inventory used in governmental activities are not financial resources and, therefore, are not reported in the funds.	71,636
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	(6,259,995)
Net pension liability	(592,157)
Postemployment benefits other than pensions	(18,395,423)
Revenue not considered available - taxes	266,009
Net position of governmental activities	\$ 7,295,931

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, 2023

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
	<u> </u>	<u> </u>	<u> </u>
Revenues			
Real estate and personal property taxes	\$ 19,476,499	\$ -	\$ 19,476,499
Motor vehicle excise taxes	749,100	-	749,100
Other taxes	1,481,805	-	1,481,805
Licenses, permits and fees	382,677	-	382,677
Charges for services	141,038	361,244	502,282
Intergovernmental revenues	1,392,995	2,504,592	3,897,587
Fines and forfeitures	13,216	-	13,216
Earnings (losses) on investments	179,470	37,733	217,203
Gifts and other revenues	26,366	213,147	239,513
Total revenues	<u>23,843,166</u>	<u>3,116,716</u>	<u>26,959,882</u>
Expenditures			
General government	1,949,715	445,014	2,394,729
Public safety	1,937,306	212,291	2,149,597
Education	13,171,571	-	13,171,571
Public works	2,153,483	175,009	2,328,492
Cemeteries and parks	363,647	9,704	373,351
Health and human services	424,511	27,338	451,849
Culture and recreation	652,707	979,891	1,632,598
Community preservation	-	183,556	183,556
State and county assessments	43,335	-	43,335
Retirement	1,042,333	-	1,042,333
Health insurance and other employee benefits	1,285,818	-	1,285,818
Debt service:			
Principal retirement	390,000	110,000	500,000
Interest and fiscal charges	167,688	7,700	175,388
Total expenditures	<u>23,582,114</u>	<u>2,150,503</u>	<u>25,732,617</u>
Excess (deficiency) of revenues over expenditures	<u>261,052</u>	<u>966,213</u>	<u>1,227,265</u>
Other financing sources (uses)			
Transfers in	224,004	219,676	443,680
Transfers out	<u>(179,982)</u>	<u>(130,898)</u>	<u>(310,880)</u>
Total other financing sources (uses)	<u>44,022</u>	<u>88,778</u>	<u>132,800</u>
Net change in fund balances	305,074	1,054,991	1,360,065
Fund balances, beginning	<u>5,430,159</u>	<u>3,329,511</u>	<u>8,759,670</u>
Fund balances, ending	<u>\$ 5,735,233</u>	<u>\$ 4,384,502</u>	<u>\$ 10,119,735</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, 2023

Net change in fund balances - total governmental funds	\$	1,360,065
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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		319,503
Depreciation expense		(1,345,532)

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

(28,929)

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		500,000

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:

Decrease in settlement liabilities		115,249
Increase in operating leases, net		(2,527)
Increase in inventory		11,844
Increase in net pension liability, net of deferred inflows and outflows		(38,781)
Decrease in postemployment benefits other than pensions, net of deferred inflows and outflows		1,002,323
Increase in accrued compensated absences		(28,443)

Change in net position of governmental activities	\$	<u>1,873,022</u>
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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, 2023

	General Fund			
	Budget		Actual	Variance -
	Original	Final	Budgetary Basis	Favorable (Unfavorable)
Revenues				
Real estate and personal property taxes	\$ 19,126,580	\$ 19,126,580	\$ 19,527,881	\$ 401,301
Motor vehicle excise taxes	675,000	675,000	749,100	74,100
Other taxes	927,000	927,000	1,481,805	554,805
Licenses, permits and fees	340,000	340,000	382,677	42,677
Charges for services	144,750	144,750	141,038	(3,712)
Fines and forfeitures	10,000	10,000	13,216	3,216
Earnings on investments	85,000	85,000	105,311	20,311
Other revenues	18,060	18,060	26,366	8,306
Total locally raised revenue	<u>21,326,390</u>	<u>21,326,390</u>	<u>22,427,394</u>	<u>1,101,004</u>
Intergovernmental revenues	<u>1,394,918</u>	<u>1,394,918</u>	<u>1,392,995</u>	<u>(1,923)</u>
Total revenues	<u>22,721,308</u>	<u>22,721,308</u>	<u>23,820,389</u>	<u>1,099,081</u>
Expenditures				
General government	2,121,110	2,062,844	2,003,704	59,140
Public safety	1,947,027	1,947,027	1,937,306	9,721
Education	13,175,773	13,175,773	13,171,571	4,202
Public works	2,114,936	2,173,202	1,812,159	361,043
Cemeteries and parks	432,732	432,732	391,176	41,556
Health and human services	461,990	461,990	407,560	54,430
Culture and recreation	658,286	658,286	655,086	3,200
State and county assessments	43,095	43,095	43,335	(240)
Retirement	1,042,333	1,042,333	1,042,333	-
Health insurance and other employee benefits	1,352,675	1,352,675	1,285,818	66,857
Debt service:				
Principal retirement	390,000	390,000	390,000	-
Interest and fiscal charges	167,688	167,688	167,688	-
Total expenditures	<u>23,907,645</u>	<u>23,907,645</u>	<u>23,307,736</u>	<u>599,909</u>
Excess (deficiency) of revenues over expenditures	<u>(1,186,337)</u>	<u>(1,186,337)</u>	<u>512,653</u>	<u>1,698,990</u>
Other financing sources (uses)				
Transfers in	224,004	224,004	224,004	-
Transfers out	(159,982)	(179,982)	(179,982)	-
Revenue appropriation	<u>1,122,315</u>	<u>1,142,315</u>	<u>1,142,315</u>	<u>-</u>
Total other financing sources	<u>1,186,337</u>	<u>1,186,337</u>	<u>1,186,337</u>	<u>-</u>
Excess of revenues over expenditures and other financing sources	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,698,990</u>	<u>\$ 1,698,990</u>

See notes to financial statements.

TOWN OF WILLIAMSTOWN, MASSACHUSETTS

STATEMENT OF NET POSITION

PROPRIETARY FUNDS

June 30, 2023

	Enterprise Funds			
	Water	Sewer	Transfer Station	Total
Assets				
Current assets				
Accounts receivable from customers	\$ 195,945	\$ 180,872	\$ 5,506	\$ 382,323
Interfund receivables	<u>4,375,659</u>	<u>1,511,736</u>	<u>234,231</u>	<u>6,121,626</u>
Total current assets	4,571,604	1,692,608	239,737	6,503,949
Noncurrent:				
Capital assets, net	<u>4,535,485</u>	<u>1,137,688</u>	-	<u>5,673,173</u>
Total assets	9,107,089	2,830,296	239,737	12,177,122
Deferred outflows of resources				
Deferred outflows related to pensions	122,546	91,910	30,637	245,093
Deferred outflows related to other postemployment benefits	<u>2,690</u>	<u>2,018</u>	<u>395</u>	<u>5,103</u>
Total assets and deferred outflows of resources	<u>9,232,325</u>	<u>2,924,224</u>	<u>270,769</u>	<u>12,427,318</u>
Liabilities				
Warrants and other payables	8,665	5,134	26,232	40,031
Accumulated unused compensated absences	58,119	77,899	9,763	145,781
Net pension liability	144,756	108,567	36,189	289,512
Net other postemployment benefits liability	<u>307,372</u>	<u>230,556</u>	<u>75,003</u>	<u>612,931</u>
Total liabilities	518,912	422,156	147,187	1,088,255
Deferred inflows of resources				
Deferred inflows related to pensions	13,144	9,858	3,286	26,288
Deferred inflows related to other postemployment benefits	<u>66,506</u>	<u>49,880</u>	<u>15,286</u>	<u>131,672</u>
Total liabilities and deferred inflows of resources	<u>598,562</u>	<u>481,894</u>	<u>165,759</u>	<u>1,246,215</u>
Net position				
Invested in capital assets, net of related debt	4,535,485	1,137,688	-	5,673,173
Unrestricted	<u>4,098,278</u>	<u>1,304,642</u>	<u>105,010</u>	<u>5,507,930</u>
Total net position	<u>\$ 8,633,763</u>	<u>\$ 2,442,330</u>	<u>\$ 105,010</u>	<u>\$ 11,181,103</u>

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, 2023

	Enterprise Funds			
	Water	Sewer	Transfer Station	Total
Operating revenues				
Charges for services	\$ 1,066,704	\$ 1,585,985	\$ 218,129	\$ 2,870,818
Other revenue	19,940	5,957	7,837	33,734
Total operating revenues	<u>1,086,644</u>	<u>1,591,942</u>	<u>225,966</u>	<u>2,904,552</u>
Operating expenses				
Cost of sales and services	231,757	241,185	54,026	526,968
Treatment fees, maintenance and other	243,072	957,941	196,138	1,397,151
Change in postemployment benefits liability	(98,810)	(74,080)	1,443	(171,447)
Change in net pension liability	18,885	16,633	5,544	41,062
Depreciation	<u>144,910</u>	<u>111,686</u>	<u>-</u>	<u>256,596</u>
Total operating expenses	<u>539,814</u>	<u>1,253,365</u>	<u>257,151</u>	<u>2,050,330</u>
Income (loss) before transfers	546,830	338,577	(31,185)	854,222
Transfers in (out)	<u>(119,481)</u>	<u>(83,119)</u>	<u>19,800</u>	<u>(182,800)</u>
Change in net position	427,349	255,458	(11,385)	671,422
Net position, beginning	<u>8,206,414</u>	<u>2,186,872</u>	<u>116,395</u>	<u>10,509,681</u>
Net position, ending	<u>\$ 8,633,763</u>	<u>\$ 2,442,330</u>	<u>\$ 105,010</u>	<u>\$ 11,181,103</u>

See notes to financial statements.

TOWN OF WILLIAMSTOWN, MASSACHUSETTS

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS

For the Year Ended June 30, 2023

	Enterprise Funds			
	Water	Sewer	Transfer Station	Totals
Cash flows from operating activities				
Receipts from customers	\$ 1,065,948	\$ 1,547,552	\$ 217,998	\$ 2,831,498
Payments to suppliers	(233,435)	(950,860)	(173,554)	(1,357,849)
Payments to employees	(224,274)	(224,270)	(53,194)	(501,738)
Net cash provided (used) by operating activities	608,239	372,422	(8,750)	971,911
Cash flows from noncapital investing activities				
Payments for property and equipment	(43,393)	(122,787)	-	(166,180)
Cash flows from noncapital financing activities				
(Increase) decrease in interfund receivables	(445,365)	(166,516)	(11,050)	(622,931)
Transfers (to) from other funds	(119,481)	(83,119)	19,800	(182,800)
Net cash provided (used) by noncapital financing activities	(564,846)	(249,635)	8,750	(805,731)
Increase in cash and cash equivalents	-	-	-	-
Cash and equivalents, beginning	-	-	-	-
Cash and equivalents, ending	\$ -	\$ -	\$ -	\$ -
	Water Enterprise	Sewer Enterprise	Transfer Station Enterprise	Totals
Reconciliation of operating income (loss) to net cash provided (used) by operating activities				
Operating income (loss)	\$ 546,830	\$ 338,577	\$ (31,185)	\$ 854,222
Adjustments to reconcile operating income to net cash provided (used) by operating activities:				
Cash flows reported in other categories				
Depreciation	144,910	111,686	-	256,596
(Increase) decrease in operating assets:				
Accounts receivable	756	(38,433)	(131)	(37,808)
Increase (decrease) in operating liabilities:				
Warrants and other payables	(11,815)	1,124	14,747	4,056
Accumulated unused compensated absences	7,483	16,915	832	25,230
Net pension liability	18,885	16,633	5,544	41,062
Net other postemployment benefits liability	(98,810)	(74,080)	1,443	(171,447)
Net cash provided (used) by operating activities	\$ 608,239	\$ 372,422	\$ (8,750)	\$ 971,911

See notes to financial statements.

TOWN OF WILLIAMSTOWN, MASSACHUSETTS
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS

June 30, 2023

	<u>Expendable Trust Funds</u>	<u>Other Post Employment Benefits Trust Fund</u>	<u>Total</u>
Assets			
Cash and cash equivalents	\$ 72,038	\$ -	\$ 72,038
Investments	<u>897,637</u>	<u>751,110</u>	<u>1,648,747</u>
Total assets	<u>969,675</u>	<u>751,110</u>	<u>1,720,785</u>
 Net position			
Restricted, held in trust	<u>\$ 969,675</u>	<u>\$ 751,110</u>	<u>\$ 1,720,785</u>

See notes to financial statements.

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

June 30, 2023

	<u>Expendable Trust Funds</u>	<u>Other Post Employment Benefits Trust Fund</u>	<u>Total</u>
Additions			
Contributions	\$ 2,432	\$ -	\$ 2,432
Investment income:			
Interest and dividends	15,279	27,522	42,801
Realized and unrealized gains (losses)	20,690	30,467	51,157
Investment expense	<u>(5,897)</u>	<u>(3,063)</u>	<u>(8,960)</u>
Net investment income	<u>30,072</u>	<u>54,926</u>	<u>84,998</u>
Total additions	<u>32,504</u>	<u>54,926</u>	<u>87,430</u>
Deductions			
Trust purpose expenditures	<u>33,200</u>	<u>-</u>	<u>33,200</u>
Transfers			
Transfers in	<u>-</u>	<u>50,000</u>	<u>50,000</u>
Total transfers	<u>-</u>	<u>50,000</u>	<u>50,000</u>
Change in net position	(696)	104,926	104,230
Net position, beginning	<u>970,371</u>	<u>646,184</u>	<u>1,616,555</u>
Net position, ending	<u>\$ 969,675</u>	<u>\$ 751,110</u>	<u>\$ 1,720,785</u>

See notes to financial statements.

TOWN OF WILLIAMSTOWN, MASSACHUSETTS

Notes to Financial Statements

June 30, 2023

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.

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 March 21, 2024, the date that the financial statements were available for issue, and has determined that there are no additional adjustments or disclosures required.

D. Assets, liabilities, and net position or fund balance**Interfund receivables and payables**

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as “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 2023 levy was \$1,206,320,097. A tax rate of \$16.17 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 2023, the Town’s tax levy was \$19,506,196, which was below both its maximum allowable levy limit of \$21,874,493 (levy limit of \$20,628,674 plus debt exclusions of \$1,245,819) and levy ceiling of \$30,158,002.

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 budgetary basis statement is as follows:

	General Fund
	<u> </u>
Government funds - net change in fund balances	\$ 305,074
Adjustments:	
Revenues from recognition on a cash basis	51,382
Net effect of encumbrances recorded as budget expenditures	274,378
Less stabilization fund revenue	(74,159)
Plus other sources - revenue appropriation	<u>1,142,315</u>
Excess of revenues and other sources over expenditures and other uses (budgetary basis)	<u>\$ 1,698,990</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 consist of cash and money market funds, 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 certain thresholds of the capital and surplus of an institution unless satisfactory security for the amount in excess of the threshold 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, 2023 were \$14,019,493 all of which was insured and collateralized.

Investment Policy

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 investment funds in order to construct a diversified investment portfolio that is both prudent and appropriate given the Town's 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 \$4,293,553 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, 2023:

Investment Type	Fair Value	Fair Value Measurements Using		
		Level 1	Level 2	Level 3
Money market	\$ 497,868	\$ 497,868	\$ -	\$ -
Equity securities	1,022,155	1,022,155	-	-
Fixed income securities	<u>2,773,530</u>	<u>85,085</u>	<u>2,688,445</u>	-
Total	<u>\$ 4,293,553</u>	<u>\$ 1,605,108</u>	<u>\$ 2,688,445</u>	<u>\$ -</u>

The above investments are reported in the following funds:

Governmental funds	
General fund - stabilization fund	\$ 877,250
Special revenue funds	1,160,203
Trust funds	<u>607,353</u>
Total	2,644,806
Fiduciary funds	<u>1,648,747</u>
Total	<u>\$ 4,293,553</u>

C. Receivables

Receivables at June 30, 2023, are as follows:

	General Fund	Nonmajor and other Funds	Total Governmental Activities	Total Business-type Activities
Taxes receivable				
Property and excise taxes	\$ 280,791	\$ 2,696	\$ 283,487	\$ -
Tax liens and foreclosures	107,715	-	107,715	-
Total taxes receivable	<u>388,506</u>	<u>2,696</u>	<u>391,202</u>	<u>-</u>
Other receivables				
Departmental	42,651	-	42,651	-
Other	47,499	-	47,499	-
Water, Sewer, Transfer Station	-	-	-	382,323
Total other receivables	<u>90,150</u>	<u>-</u>	<u>90,150</u>	<u>382,323</u>
Total receivables	<u>\$ 478,656</u>	<u>\$ 2,696</u>	<u>\$ 481,352</u>	<u>\$ 382,323</u>

Real estate taxes and sewer receivables are secured through the tax lien process and are considered 100% collectible.

Personal property taxes, water, and transfer station receivables cannot be secured through the lien process. Based on the Town's assessment of the outstanding amounts, they have concluded that realization losses on balances outstanding at year end will be immaterial.

D. Capital assets

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

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities				
Capital assets, not being depreciated:				
Land	\$ 2,669,273	\$ -	\$ -	\$ 2,669,273
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	23,262,655	-	-	23,262,655
Machinery and equipment	2,404,781	36,097	(9,821)	2,431,057
Vehicles	1,807,810	283,406	(184,046)	1,907,170
Infrastructure	17,018,641	-	-	17,018,641
Total capital assets, being depreciated	<u>44,493,887</u>	<u>319,503</u>	<u>(193,867)</u>	<u>44,619,523</u>
Less accumulated depreciation for:				
Buildings	(10,114,040)	(575,899)	-	(10,689,939)
Machinery and equipment	(1,735,651)	(197,710)	9,821	(1,923,540)
Vehicles	(1,218,659)	(152,583)	184,046	(1,187,196)
Infrastructure	(10,982,655)	(419,340)	-	(11,401,995)
Total accumulated depreciation	<u>(24,051,005)</u>	<u>(1,345,532)</u>	<u>193,867</u>	<u>(25,202,670)</u>
Total capital assets, being depreciated, net	<u>20,442,882</u>	<u>(1,026,029)</u>	<u>-</u>	<u>19,416,853</u>
Governmental activities capital assets, net	<u>\$ 23,112,155</u>	<u>\$ (1,026,029)</u>	<u>\$ -</u>	<u>\$ 22,086,126</u>

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities				
Capital assets, not being depreciated:				
Construction in progress	\$ 36,716	\$ 74,687	\$ -	\$ 111,403
Capital assets, being depreciated:				
Water/sewer infrastructure	11,501,431	-	-	11,501,431
Machinery and equipment	544,419	91,493	-	635,912
Vehicles	354,530	-	-	354,530
Total capital assets, being depreciated	<u>12,400,380</u>	<u>91,493</u>	<u>-</u>	<u>12,491,873</u>
Less accumulated depreciation for:				
Water/sewer infrastructure	(5,906,762)	(220,221)	-	(6,126,983)
Machinery and equipment	(450,964)	(23,459)	-	(474,423)
Vehicles	(315,781)	(12,916)	-	(328,697)
Total accumulated depreciation	<u>(6,673,507)</u>	<u>(256,596)</u>	<u>-</u>	<u>(6,930,103)</u>
Total capital assets, being depreciated, net	<u>5,726,873</u>	<u>(165,103)</u>	<u>-</u>	<u>5,561,770</u>
Business-type activities capital assets, net	<u>\$ 5,763,589</u>	<u>\$ (90,416)</u>	<u>\$ -</u>	<u>\$ 5,673,173</u>

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

Governmental activities	
General government	\$ 19,391
Public Safety	311,387
Highways, Streets and Infrastructure	614,713
Education	332,948
Library	36,628
Cemeteries and Parks	30,465
Total	<u>\$ 1,345,532</u>
Business-type activities	
Sewer	\$ 111,686
Water	144,910
Total	<u>\$ 256,596</u>

E. Long-term debt

General Obligation Bonds

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

General obligation bonds are direct obligations and pledge the full faith and credit of the Town. The following general obligation bonds have been issued:

	Serial Maturity Through	Interest Rates %	Outstanding June 30, 2022	Reductions	Outstanding June 30, 2023
Governmental activities					
General obligation bond - School	2025	2.0 to 3.0	\$ 585,000	\$ 200,000	\$ 385,000
General obligation bond - Cable Mills	2025	2.0 to 3.0	330,000	110,000	220,000
General obligation bond - Police Station	2038	3.0 to 5.0	<u>4,160,000</u>	<u>190,000</u>	<u>3,970,000</u>
Total governmental activities			<u>\$ 5,075,000</u>	<u>\$ 500,000</u>	<u>\$ 4,575,000</u>

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

Year Ending June 30	Governmental Activities		
	Principal	Interest	Total
2024	\$ 505,000	\$ 159,888	\$ 664,888
2025	505,000	142,688	647,688
2026	220,000	126,438	346,438
2027	230,000	113,238	343,238
2028	240,000	104,038	344,038
2029 - 2033	1,325,000	378,240	1,703,240
2034 - 2038	<u>1,550,000</u>	<u>154,964</u>	<u>1,704,964</u>
Total	<u>\$ 4,575,000</u>	<u>\$ 1,179,494</u>	<u>\$ 5,754,494</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, 2023 is \$123,750.

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, 2023, the Town was responsible for the overlapping debt below:

	Town's Share
Hoosac Water Quality District	\$ 1,849,227
Mount Greylock Regional School District	\$ 16,338,893

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 \$1,206,320,097 and the 5% normal debt limit available borrowing balance was \$60,316,000 at June 30, 2023. The Town’s available borrowing balance is \$55,741,000 (available borrowing balance of \$60,316,000 less inside the limit debt of \$4,575,000).

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, 2023.

G. Restricted fund balances

Restricted fund balances of the governmental funds consisted of the following at June 30, 2023:

	General Fund	Nonmajor Governmental Funds	Total
	<u> </u>	<u> </u>	<u> </u>
Restricted:			
Debt service	\$ 3,202	\$ -	\$ 3,202
Special revenue funds	-	2,981,973	2,981,973
Expendable trust funds	-	928,999	928,999
Permanent trust funds	-	473,530	473,530
	<u> </u>	<u> </u>	<u> </u>
Total restricted fund balances	<u>\$ 3,202</u>	<u>\$ 4,384,502</u>	<u>\$ 4,387,704</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 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 and \$115,249 during fiscal years 2021 and 2022, respectively. The remaining amount of \$115,249, was paid in fiscal year 2023.

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, 2023, OPEB plan membership consisted of the following:

Active employees	68
Inactive employees or beneficiaries currently receiving benefits	97
Total	165

Actuarial methods and assumptions

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

Actuarial Cost Method:	Entry Age Normal
Inflation:	2.50%
Discount Rate:	3.65% per annum
Healthcare Cost Trend Rate:	7.5% for 2021, decreasing 0.6% per year to 5.7%, then grading down to an ultimate trend rate of 3.9%, utilizing the Society of Actuaries Getzen Medical Trend Model. The ultimate medical inflation rate is reached in 2075.
Pre-retirement Mortality:	RP-2014 Blue Collar Mortality Table, projected with generational mortality improvement using scale MP-2020.
Post-retirement Mortality:	RP-2014 Blue Collar Mortality Table, projected with generational mortality improvement using scale MP-2020.
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, 2022	\$ 16,489,653	\$ 646,184	\$ 15,843,469
Changes for the year:			
Service cost	416,028	-	416,028
Interest	585,465	-	585,465
Changes in benefit terms	-	-	-
Changes in assumptions	(263,777)	-	(263,777)
Differences between actual and expected experience	-	-	-
Net investment income (loss)	-	54,926	(54,926)
Employer contributions to trust	-	50,000	(50,000)
Employer contributions - premiums	-	734,249	(734,249)
Benefit payments including implicit cost	(734,249)	(734,249)	-
Administrative expense	-	-	-
Net changes	<u>3,467</u>	<u>104,926</u>	<u>(101,459)</u>
Balances at June 30, 2023	<u>\$ 16,493,120</u>	<u>\$ 751,110</u>	<u>\$ 15,742,010</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 \$751,110 as of June 30, 2023 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 3.65% (3.54% in 2022). 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 3.65% 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 (2.65%)	Current (3.65%)	1% Increase (4.65%)
Net OPEB liability as of June 30, 2023	\$ 18,147,930	\$ 15,742,010	\$ 13,786,611

	Healthcare Cost Trend Rate		
	1% Decrease (6.50%)	Current (7.50%)	1% Increase (8.50%)
Net OPEB liability as of June 30, 2023	\$ 13,436,185	\$ 15,742,010	\$ 18,644,168

Deferred outflows and inflows of resources

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

	2023	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 1,067,239
Changes in assumptions	41,537	2,419,187
Net difference between projected and actual earnings on OPEB plan investments	<u>51,976</u>	<u>-</u>
Total	<u>\$ 93,513</u>	<u>\$ 3,486,426</u>

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

	2023
Year ended June 30:	
2024	\$ (1,875,212)
2025	(1,489,140)
2026	(25,977)
2027	<u>(2,584)</u>
Total deferred outflows (inflows) or resources	<u>\$ (3,392,913)</u>

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, 2023:

	Net OPEB Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	Total OPEB Liability, net of Deferred Outflows and Inflows of Resources
Governmental Activities				
Town	\$ 9,853,495	\$ 57,782	\$ 2,140,097	\$ 11,935,810
School (employees retired before July 1, 2018)	<u>5,275,584</u>	<u>30,628</u>	<u>1,214,657</u>	<u>6,459,613</u>
Total	<u>15,129,079</u>	<u>88,410</u>	<u>3,354,754</u>	<u>18,395,423</u>
Business-type Activities				
Water	307,372	2,690	66,506	371,188
Sewer	230,556	2,018	49,880	278,418
Transfer Station	<u>75,003</u>	<u>395</u>	<u>15,286</u>	<u>89,894</u>
Total	<u>612,931</u>	<u>5,103</u>	<u>131,672</u>	<u>739,500</u>
Totals	<u>\$ 15,742,010</u>	<u>\$ 93,513</u>	<u>\$ 3,486,426</u>	<u>\$ 19,134,923</u>

D. Berkshire County Contributory Retirement System

Plan description

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

Accounting policy

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

Plan membership

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

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

Benefits and contributions

The Plan provides pension benefits, deferred allowances, and death and disability benefits. Chapter 32 of the MGL establishes the authority of the Plan, contribution percentages and benefits paid. The Plan's Retirement Board does not have the authority to amend benefit provisions. Employees contribute a set percentage of their gross regular compensation annually. Employee contribution percentages are specified in Chapter 32 of the MGL. The employee's individual contribution percentage is determined by their date of entry into the Plan. In addition, all employees hired after January 1, 1979 contribute an additional 2% on all gross regular compensation over the rate of \$30,000 per year. The percentages are as follows:

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

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

The Plan provides for retirement allowance benefits up to a maximum of 80% of a member's highest three-year or five-year average annual rate of regular compensation, depending upon the date of hire.

Benefit payments are based upon a member's age, length of creditable service, level of compensation, and group classification. Members become vested after 10 years of creditable service. A retirement allowance may be received upon reaching age 65 or upon attaining 20 years of service. The Plan also provides for early retirement at age 55 if the participant (1) has a record of 10 years of creditable services, (2) was on the member employer's payroll on January 1, 1978, (3) voluntarily left employment on or after that date, and (4) left accumulated annuity deductions in the fund. A retirement allowance consists of two parts: an annuity and a pension. A member's accumulated total deductions and a portion of the interest they generate constitute the annuity. The difference between the total retirement allowance and the annuity is the pension. The average retirement benefit is approximately 80-85% pension and 15-20% annuity.

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. Any retirement contributions for employees that retired from the Elementary School prior to July 1, 2018 will be paid for by the Town.

Pension liabilities, expense and deferred inflows and outflows of resources

At June 30, 2023, the Town reported a net pension liability of \$2,714,170, deferred outflows related to pensions of \$2,297,753, and deferred inflows related to pensions of \$246,447 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension relative to the projected contributions of all participating Plan employers, actuarially determined. 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, 2022, the Town's proportion was determined to be approximately 8.34%, 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, 2023, the Town recognized pension expense of \$1,122,176 (pension contribution of \$1,042,333 plus the increase in the net pension liability of \$79,843). Contributions made subsequent to the measurement date of December 31, 2022 were \$0-

Actuarial assumptions

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

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

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

Target allocations

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rate of return for each major asset class included in the Plan's targeted asset allocation as of December 31, 2022 are summarized in the following table:

Asset Class	Target Asset Allocation	Long-term Expected Real Rate of Return
Domestic equity	21.20%	1.19%
International equities	12.20%	0.72%
Emerging markets equity	4.70%	0.45%
Core fixed income	13.80%	0.66%
Value-added fixed income	7.00%	0.56%
Private equity	17.70%	1.66%
Real estate	11.20%	0.52%
Timberland	3.20%	0.21%
Hedge funds/PCS	8.60%	0.56%
Overlay	0.40%	0.00%
Total	100.00%	

Changes in net pension liability

	Berkshire County Retirement System			Williamstown		
	100%			8.34%		
	Increase (Decrease)			Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension (Asset)/Liability	Total Pension Liability	Plan Fiduciary Net Position	Net Pension (Asset)/Liability
	(a)	(b)	(a) - (b)	(a)	(b)	(a) - (b)
Balances at January 1, 2022	\$ 335,409,000	\$ 358,900,000	\$ (23,491,000)	\$ 28,140,815	\$ 30,111,710	\$ (1,970,895)
Net changes	<u>13,258,000</u>	<u>(42,777,000)</u>	<u>56,035,000</u>	<u>938,013</u>	<u>(3,747,052)</u>	<u>4,685,065</u>
Balances at December 31, 2022	<u>\$ 348,667,000</u>	<u>\$ 316,123,000</u>	<u>\$ 32,544,000</u>	<u>\$ 29,078,828</u>	<u>\$ 26,364,658</u>	<u>\$ 2,714,170</u>

Discount rate

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

Sensitivity of the net pension liability to changes in the discount rate

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

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
Town's proportionate share of the net pension liability	\$ 5,896,380	\$ 2,714,170	\$ -

Deferred outflows and inflows of resources

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 123,265	\$ 246,447
Net difference between projected and actual investment earnings on pension plan assets	1,646,816	-
Changes in assumptions	527,672	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	-
Contributions subsequent to the measurement date	-	-
Total	<u>\$ 2,297,753</u>	<u>\$ 246,447</u>

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

Year ended June 30,	
2024	\$ 157,793
2025	330,514
2026	524,753
2027	<u>1,038,246</u>
Total	<u>\$ 2,051,306</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, 2023:

	Governmental Activities	Business-type Activities	Total
Net pension liability	\$ 2,424,658	\$ 289,512	\$ 2,714,170
Deferred inflows of resources	220,159	26,288	246,447
Deferred outflows of resources	<u>(2,052,660)</u>	<u>(245,093)</u>	<u>(2,297,753)</u>
Net pension liability, net of deferred inflows and outflows of resources	<u>\$ 592,157</u>	<u>\$ 70,707</u>	<u>\$ 662,864</u>

Pension plan fiduciary net position

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

Payable to pension plan

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

E. 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 Statements, the Town does not report the deferred compensation plan in a fiduciary fund.

F. Leases

The Town, as both lessee and lessor, has entered into various leases with lease terms expiring in 2066.

In accordance with GASB 87, *Leases*, a lease is a contract that conveys control of the right to use another entity's nonfinancial asset as specified in the contract for a period of time in an exchange or exchange-like transaction. The Town determines whether a contract conveys control of the right to use the underlying asset by assessing both of the following:

- The right to obtain the present service capacity from use of the underlying asset as specified in the contract, and
- The right to determine the nature and manner of use of the underlying asset as specified in the contract.

The lease term is determined as follows:

- The period during which the Town has a non-cancellable right to use an underlying asset, plus
- Periods covered by the Town's option to extend and/or terminate the lease if it is reasonably certain that it will exercise those options, plus
- Periods covered by the lessor's option to extend and/or terminate the lease if it is reasonably certain that it will exercise those options

Lease recognition and measurement

- The Town accounts for a lease by recognizing a lease liability and a right-to-use intangible lease asset at the beginning of a lease unless it is a short-term lease (12 months or less) or transfers ownership of the underlying asset. The lease liability is measured at the present value of payments to be made over the lease term.
- The leased asset is measured at the amount of the initial measurement of the lease liability plus any payments made to the lessor at or before the beginning of the lease and certain indirect costs. The lease liability is reduced as payments are made and an outflow of resources for interest on the liability is recognized.

The Town, as lessor, leases assets to the following entities:

Entity	Asset	Annual Rent Income	Current Lease Term Ends
Williamstown Youth Center, Inc.	Land for the Youth Center facility	\$ -	2/5/2062
Williamstown Historical Museum	Building and land for the Museum	\$ 1	9/30/2066
Mount Greylock Regional School District	Elementary school building	\$ 1	6/30/2038

The Town evaluated the agreements above and determined that none meet the criteria of a lease as defined by GASB 87.

The Town, as lessee, leases assets from the following entities:

Entity	Asset	Annual Rent Expense	Current Lease Term Ends
Williamstown Elderly Housing Corporation	Facility space for senior center	\$ 24,900	6/30/2030
Williams College	Land for recreational, youth baseball programs, and other ancillary uses	\$ 1	7/1/2033

The Town evaluated the agreements above and determined that only the Williamstown Housing Elder Corporation contract met the criteria of a lease, as defined under GASB Statement No. 87, for inclusion on its government-wide statement of net position as a right-to-use lease asset and obligation (see below).

Williamstown Elderly Housing Corporation (WEHC) lease agreement

The Town entered into a lease agreement with WEHC in July 1990 to lease building space in Williamstown, Massachusetts for its senior center. There is a renewal option for an addition seven 5-year periods, extending the lease to June 30, 2030, which has been included in the measurement of the lease asset and related obligation. During fiscal year 2023, monthly rent was \$2,075 or \$24,900 annually.

The right-to-use lease asset and liability for the senior center consisted of the following at June 30, 2023:

Right-to-use lease asset	
Leased building space	\$ 188,563
Less accumulated amortization	<u>(41,903)</u>
Right-to-use leased asset, net	<u>\$ 146,660</u>
Lease liability	<u>\$ 151,806</u>

Minimum future lease payment for the senior center through 2030 are as follows:

Fiscal Year Ending June 30,	Principal Payments	Interest Payment	Total
2024	\$ 19,177	\$ 5,723	\$ 24,900
2025	19,958	4,942	24,900
2026	20,771	4,129	24,900
2027	21,617	3,283	24,900
2028	22,498	2,402	24,900
2028 - 2030	<u>47,785</u>	<u>2,016</u>	<u>49,801</u>
Total	<u>\$ 151,806</u>	<u>\$ 22,495</u>	<u>\$ 174,301</u>

G. 2024 Budget

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

Real and personal property tax levy	\$ 20,336,062
Estimated receipts:	
State	1,466,382
Local	2,012,044
Enterprise Funds	3,036,798
Community Preservation Funds	434,400
Other revenue sources for particular purpose	15,000
Free cash for particular purposes	<u>1,639,550</u>
Total	<u>\$ 28,940,236</u>

TOWN OF WILLIAMSTOWN, MASSACHUSETTS

REQUIRED SUPPLEMENTARY INFORMATION

**SCHEDULE OF CHANGES IN NET OPEB
LIABILITY AND RELATED RATIOS**

June 30,

	2023	2022	2021	2020	2019	2018
Total OPEB liability						
Service cost	\$ 416,028	\$ 708,836	\$ 674,518	\$ 453,229	\$ 393,511	\$ 801,077
Interest	585,465	504,493	499,271	724,756	744,771	730,535
Changes of benefit terms - regionalization	-	-	-	(173,252)	(7,696,317)	-
Changes of assumptions	(263,777)	(4,739,927)	276,644	4,475,528	1,018,307	4,704,524
Differences between actual and expected experience	-	(2,273,157)	-	(3,107,917)	-	1,501,592
Benefit payments including implicit cost	(734,249)	(715,756)	(724,428)	(694,519)	(812,960)	(777,282)
Net change in total OPEB liability	3,467	(6,515,511)	726,005	1,677,825	(6,352,688)	6,960,446
Total OPEB liability, beginning	16,489,653	23,005,164	22,279,159	20,601,334	26,954,022	19,993,576
Total OPEB liability, ending (a)	<u>\$ 16,493,120</u>	<u>\$ 16,489,653</u>	<u>\$ 23,005,164</u>	<u>\$ 22,279,159</u>	<u>\$ 20,601,334</u>	<u>\$ 26,954,022</u>
Plan fiduciary net position						
Contributions - employer	\$ 50,000	\$ 50,000	\$ 40,000	\$ 50,000	\$ 50,000	\$ 55,000
Net investment income	54,926	(110,042)	106,996	8,798	9,983	5,084
Benefit payments	-	-	-	-	-	-
Administrative expense	-	-	-	-	-	-
Net change in plan fiduciary net position	104,926	(60,042)	146,996	58,798	59,983	60,084
Plan fiduciary net position, beginning	646,184	706,226	559,230	500,432	440,449	380,365
Plan fiduciary net position, ending (b)	<u>\$ 751,110</u>	<u>\$ 646,184</u>	<u>\$ 706,226</u>	<u>\$ 559,230</u>	<u>\$ 500,432</u>	<u>\$ 440,449</u>
Net OPEB liability (a) - (b)	<u>\$ 15,742,010</u>	<u>\$ 15,843,469</u>	<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	4.55%	3.92%	3.07%	2.51%	2.43%	1.63%
Covered employee payroll	\$ 4,125,106	\$ 4,052,758	\$ 3,930,403	\$ 3,935,562	\$ 3,823,340	\$ 7,714,258
Net OPEB liability as a percentage of covered employee payroll	381.61%	390.93%	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 3.54% to 3.65% as of June 30, 2023.

The inflation rate changed from 2.4% to 2.5% as of June 30, 2023.

Last 10 years: Only plan years 2018 to 2023 available.

See independent auditors' report.

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

June 30,

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Actuarially determined contribution	\$ 980,682	\$ 1,348,786	\$ 1,302,683	\$ 1,162,573	\$ 1,080,725	\$ 1,514,466
Contributions in relation to the actuarially determined contribution	<u>784,249</u>	<u>765,756</u>	<u>764,428</u>	<u>744,519</u>	<u>862,960</u>	<u>832,282</u>
Contribution deficiency (excess)	<u>\$ 196,433</u>	<u>\$ 583,030</u>	<u>\$ 538,255</u>	<u>\$ 418,054</u>	<u>\$ 217,765</u>	<u>\$ 682,184</u>
Covered employee payroll	\$ 4,125,106	\$ 4,052,758	\$ 3,930,403	\$ 3,935,562	\$ 3,823,340	\$ 7,714,258
Contribution as a percentage of covered employee payroll	19.01%	18.89%	19.45%	18.92%	22.57%	10.79%

Notes to Schedule

Valuation date:

Actuarially determined contribution rates were calculated as of July 1, 2021 with a measurement date of June 30, 2023.

Methods and assumptions used to determine contribution rates:

Actuarial cost method:	Entry Age Normal
Municipal bond rate:	3.65%, based on the Bond Buyer 20-Bond GO Index published on June 30, 2023.
Discount rate:	3.65% per annum
Inflation:	2.50% 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-2020
Changes of assumptions:	The discount rate changed from 3.54% as of June 30, 2022 to 3.65% as of June 30, 2023.
Last 10 years:	Only plan years 2018 to 2023 available.

See independent auditors' report.

TOWN OF WILLIAMSTOWN, MASSACHUSETTS

REQUIRED SUPPLEMENTARY INFORMATION

June 30, 2023

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

	Plan Year Ended December 31,								
	2022	2021	2020	2019	2018	2017	2016	2015	2014
Berkshire County Retirement System net pension (asset) liability	\$ 32,544,000	\$ (23,491,000)	\$ 12,823,000	\$ 30,630,000	\$ 43,744,000	\$ 25,853,000	\$ 39,772,000	\$ 42,317,000	\$ 26,259,000
Town's proportion of the net pension (asset) liability	8.34%	8.39%	8.33%	8.20%	8.59%	10.53%	10.96%	10.85%	11.00%
Town's proportionate share of the net pension (asset) liability	\$ 2,714,170	\$ (1,970,895)	\$ 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	\$ 4,399,541	\$ 4,227,169	\$ 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 (asset) liability as a percentage of its covered-employee payroll	61.69%	-46.62%	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 (asset) liability	90.67%	107.00%	95.93%	89.88%	84.41%	90.41%	84.06%	82.25%	88.13%

Schedule of Town Pension Contributions

	Plan Year Ended December 31,								
	2022	2021	2020	2019	2018	2017	2016	2015	2014
Town's contractually required contribution	\$ 1,042,333	\$ 1,008,877	\$ 938,356	\$ 865,595	\$ 858,811	\$ 968,637	\$ 999,947	\$ 947,012	\$ 917,779
Town's contributions in relation to the contractually required contribution	(1,042,333)	(1,008,877)	(938,356)	(865,595)	(858,811)	(968,637)	(999,947)	(947,012)	(917,779)
Town's contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Town's covered-employee payroll	\$ 4,399,541	\$ 4,227,169	\$ 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	23.69%	23.87%	21.89%	21.19%	22.87%	20.94%	21.70%	21.03%	19.89%

Notes to the Required Supplementary Information

Changes of benefit terms: Cost of living adjustment increased from \$14,000 to \$16,000

Changes of assumptions: Mortality table was modified

Last 10 years: Only plan years 2014 to 2022 available

See independent auditors' report.

SUPPLEMENTARY INFORMATION
NONMAJOR GOVERNMENTAL FUNDS

June 30, 2023

Special Revenue Funds

Special revenue funds are used to account for specific revenues that are legally restricted to expenditure for particular purposes. The special revenue funds consisted of the following as of June 30, 2023:

- 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, 2023

	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	\$ -	\$ 60,611	\$ 300,633	\$ -	\$ -	\$ 361,244
Intergovernmental revenues	2,398,389	-	106,203	-	-	2,504,592
Earnings (losses) on investments	21,111	-	3,649	-	-	24,760
Gifts and other revenues	-	-	-	112,230	41,151	153,381
Total revenues	<u>2,419,500</u>	<u>60,611</u>	<u>410,485</u>	<u>112,230</u>	<u>41,151</u>	<u>3,043,977</u>
Expenditures						
General government	224,011	-	-	44,764	-	268,775
Public safety	119,042	63,678	-	29,571	-	212,291
Public works	175,009	-	-	-	-	175,009
Health and human services	20,225	-	-	-	7,113	27,338
Culture and recreation	846,926	3,152	-	82,611	-	932,689
Community preservation	-	-	183,556	-	-	183,556
Debt Service:						
Principal	-	-	110,000	-	-	110,000
Interest	-	-	7,700	-	-	7,700
Total expenditures	<u>1,385,213</u>	<u>66,830</u>	<u>301,256</u>	<u>156,946</u>	<u>7,113</u>	<u>1,917,358</u>
Excess (deficiency) of revenues over expenditures	<u>1,034,287</u>	<u>(6,219)</u>	<u>109,229</u>	<u>(44,716)</u>	<u>34,038</u>	<u>1,126,619</u>
Other financing sources (uses)						
Transfers in	13,482	-	-	-	-	13,482
Transfers out	-	-	(100,000)	-	-	(100,000)
Total other financing sources (uses)	<u>13,482</u>	<u>-</u>	<u>(100,000)</u>	<u>-</u>	<u>-</u>	<u>(86,518)</u>
Excess (deficiency) of revenues over expenditures and other financing sources	1,047,769	(6,219)	9,229	(44,716)	34,038	1,040,101
Fund balances, beginning	<u>791,535</u>	<u>347,970</u>	<u>361,545</u>	<u>423,054</u>	<u>17,768</u>	<u>1,941,872</u>
Fund balances, ending	<u>\$ 1,839,304</u>	<u>\$ 341,751</u>	<u>\$ 370,774</u>	<u>\$ 378,338</u>	<u>\$ 51,806</u>	<u>\$ 2,981,973</u>

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, 2023

	Expendable Trust Funds	Permanent Trust Fund	Total Nonmajor Governmental Funds
Revenues			
Charges for services	\$ -	\$ -	\$ 361,244
Intergovernmental revenues	-	-	2,504,592
Earnings (losses) on investments	15,330	(2,357)	37,733
Gifts and other revenues	42,516	17,250	213,147
Total revenues	<u>57,846</u>	<u>14,893</u>	<u>3,116,716</u>
Expenditures			
General government	176,239	-	445,014
Public safety	-	-	212,291
Public works	-	-	175,009
Cemeteries and parks	9,704	-	9,704
Health and human services	-	-	27,338
Culture and recreation	47,080	122	979,891
Community preservation	-	-	183,556
Debt Service:			
Principal	-	-	110,000
Interest	-	-	7,700
Total expenditures	<u>233,023</u>	<u>122</u>	<u>2,150,503</u>
Excess (deficiency) of revenues over expenditures	<u>(175,177)</u>	<u>14,771</u>	<u>966,213</u>
Other financing sources (uses)			
Transfers in	206,194	-	219,676
Transfers out	(24,704)	(6,194)	(130,898)
Total other financing sources (uses)	<u>181,490</u>	<u>(6,194)</u>	<u>88,778</u>
Excess (deficiency) of revenue over expenditures and other financing sources	6,313	8,577	1,054,991
Fund balances, beginning	<u>922,686</u>	<u>464,953</u>	<u>3,329,511</u>
Fund balances, ending	<u>\$ 928,999</u>	<u>\$ 473,530</u>	<u>\$ 4,384,502</u>

See independent auditors' report.

TOWN OF WILLIAMSTOWN, MASSACHUSETTS

SCHEDULE OF TAXES RECEIVABLE

For the Year Ended June 30, 2023

	Uncollected Tax July 1, 2022	Add Commitments	Add (Deduct) Abatements and Adjustments	Add (Deduct) Refunds and Adjustments	Deduct Transfers to Tax Title	Deduct Collections	Uncollected Tax June 30, 2023
Real estate							
2023	\$ -	\$ 19,112,568	\$ (34,932)	\$ 127	\$ (15,751)	\$ (18,906,140)	\$ 155,872
2022	222,989	-	(4,700)	4,646	(618)	(214,687)	7,630
2021	3,004	-	(55)	-	-	(1,984)	965
2020	2,980	-	-	-	-	(2,980)	-
2019	60	-	-	(60)	-	-	-
Total real estate	\$ 229,033	\$ 19,112,568	\$ (39,687)	\$ 4,713	\$ (16,369)	\$ (19,125,791)	\$ 164,467
Personal property							
2023	\$ -	\$ 403,712	\$ (811)	\$ 111	\$ -	\$ (401,946)	\$ 1,066
2022	284	-	-	-	-	(144)	140
2021	707	-	-	-	-	-	707
Total personal property	\$ 991	\$ 403,712	\$ (811)	\$ 111	\$ -	\$ (402,090)	\$ 1,913
Motor vehicle							
2023	\$ -	\$ 689,304	\$ (22,651)	\$ 5,077	\$ -	\$ (643,074)	\$ 28,656
2022	39,836	74,264	(6,583)	7,245	-	(99,889)	14,873
2021	10,958	-	(312)	278	-	(4,025)	6,899
2020	4,426	-	-	-	-	(932)	3,494
2019	2,037	-	(73)	-	-	(78)	1,886
Prior years 1996 - 2018	59,705	-	-	-	-	(1,102)	58,603
Total motor vehicle	\$ 116,962	\$ 763,568	\$ (29,619)	\$ 12,600	\$ -	\$ (749,100)	\$ 114,411

See independent auditors' report.

TOWN OF WILLIAMSTOWN, MASSACHUSETTS

RECONCILIATION OF TREASURERS' CASH

On June 30, 2023

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

Cash in checking, savings and investment accounts:

Unibank	\$	2,394,098
Adams Community Bank		11,620,703
Bartholomew and Company		<u>4,293,553</u>
Total held in banking and investment institutions		18,308,354
Petty cash		<u>1,200</u>
Total cash and investments	\$	<u>18,309,554</u>

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

General fund	\$	12,021,519
Stabilization fund (included in general fund)		<u>877,250</u>
Total general fund		12,898,769
Special revenue funds		3,690,000
Fiduciary funds		<u>1,720,785</u>
Total cash and investments reported in the financial statements	\$	<u>18,309,554</u>

See independent auditors' report.



Adelson & Company PC

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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 Select Board of
TOWN OF WILLIAMSTOWN

We have audited, 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, 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, 2023, and the related notes to the financial statements, which collectively comprise the Town of Williamstown, Massachusetts' basic financial statements, and have issued our report thereon dated March 21, 2024.

Report on 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 procedures that are appropriate in the circumstances for the purpose of expressing our opinions 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 a 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. 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 or significant deficiencies may exist that were not identified.

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Report on 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.

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March 21, 2024