

TOWN OF STOCKBRIDGE, MASSACHUSETTS

**Financial Statements and
Supplementary Information**

June 30, 2022

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TOWN OF STOCKBRIDGE, MASSACHUSETTS

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INDEPENDENT AUDITORS' REPORT

To the Board of Selectmen of
TOWN OF STOCKBRIDGE, MASSACHUSETTS

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Stockbridge, Massachusetts, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Town of Stockbridge, Massachusetts' basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Stockbridge, Massachusetts, as of June 30, 2022, and the respective changes in financial position 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 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 Stockbridge, 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

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 Stockbridge, Massachusetts' ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards 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 generally accepted auditing standards 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 Stockbridge, Massachusetts' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town of Stockbridge, Massachusetts' ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on page 6, the Schedule of Proportionate Share of Net Pension Liability and Pension Contributions on page 36, and the Schedule of Changes in Net Other Postemployment Benefits (OPEB) Liability and Related Ratios and Schedule of OPEB Contributions on pages 37 and 38, and be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Town of Stockbridge, Massachusetts' basic financial statements. The accompanying combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Emphasis of Matter

As described in Note 3.D. to the financial statements, the Town of Stockbridge, Massachusetts adopted the provisions of GASB Statement No. 87, *Leases*. Our opinion is not modified with respect to this matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 28, 2023, on our consideration of the Town of Stockbridge, 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 the Town of Stockbridge, Massachusetts' 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 Town of Stockbridge, Massachusetts' internal control over financial reporting and compliance.

Adelson + Company PC

ADELSON & COMPANY PC

February 28, 2023

TOWN OF STOCKBRIDGE, MASSACHUSETTS

Management's Discussion and Analysis

For the Year Ended June 30, 2022

As management (Town Administrator and fiscal department) of the Town of Stockbridge, Massachusetts (the "Town"), we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2022. Readers should consider, as a whole, the information presented here along with the Town's basic financial statements that follow this section.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Town's basic financial statements. The Town's financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains supplementary information in addition to the basic financial statements themselves.

Adoption of New Standard

The Town adopted GASB Statement No. 87, *Leases* in fiscal year 2022, resulting in the recognition of long-term lease receivables of \$1,138,267 and corresponding deferred inflows of resources of \$1,119,122. The leases are disclosed in Note 3.D. to the financial statements.

Government-Wide Financial Statements

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 a private-sector business.

The *statement of net position* presents information on all of the Town's assets and liabilities with the difference between the two reported as net position.

The *statement of activities* presents information showing how the government's net position changed during the current fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (i.e., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the Town that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges. The governmental activities of the Town include General Government, Public Safety, Education, Public Works, Water and Sewer, Sanitation, Community Preservation, Health and Human Services, and Culture and Recreation activities. The Town does not currently maintain any business-type activities.

The government-wide financial statements can be found on pages 7 and 8 of this report.

Fund financial statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. The focus of governmental funds is, however, narrower than that of the government-wide financial statements. It may be useful for the reader to comparatively address the information presented for governmental funds with the similar information presented for the government-wide financial statements. This may give a better understanding of management's financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Town adopts an annual appropriated budget for its general fund. A budget to actual expenditures comparison statement has been provided for the general fund to demonstrate compliance with this budget which can be found on page 12 of this report. Massachusetts statutory regulations require the Town to establish an annual balanced budget to monitor its revenues and expenses. This is accomplished through the open town meeting process and voter participation. A balanced budget reflects estimates for expenses to operate the Town departments and equal revenues to support these costs. Revenues consist of three significant components: property and excise taxes, governmental aid, and other incidental income. The overall budget frequently requires the funding of special articles and the insufficient matching of revenue to cover total expenses. Accordingly, this budget deficit is funded (balanced budget theory) by appropriating from available funds (also described as free cash, carryover surplus, cumulative fund balance) the needed amount to equalize revenues for the budgetary deficit / shortfall.

The basic governmental fund financial statements can be found on pages 9 and 10 of this report.

Fiduciary fund financial statements

Fiduciary fund financial statements are reported using the flow of economic resources measurement focus and the accrual basis of accounting. Fiduciary funds are used to account for assets held in a trustee capacity for others that cannot be used to support the Town's operations.

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

The fiduciary fund financial statements can be found on pages 13 and 14.

Notes to the financial statements and supplementary information

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements and supplementary information can be found on pages 15 - 44 of this report.

Government-Wide Financial Analysis

Net Position

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The Town's assets exceeded liabilities by \$35,876,880 at the close of the most recent fiscal year. This represents an increase in net position over the prior fiscal year of \$3,135,507.

Net position of \$22,717,465 (63%) reflects its investment in capital assets (e.g., land, buildings, machinery, equipment and infrastructure) less any related 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 investment in its capital assets is reported net of its related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. Borrowings are made periodically to finance significant projects.

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 such as:

- All infrastructures (such as roads, buildings, land, vehicles, and water and sewer systems)
- Long-term debt
- Accumulated 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.
- The Town is required to report long-term lease receivables and related deferred inflows of resources.

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

TOWN OF STOCKBRIDGE, MASSACHUSETTS
SUMMARY NET POSITION
June 30,

	2022	2021	Change
Cash and investments	\$ 13,272,841	\$ 11,395,650	\$ 1,877,191
Receivables	1,081,416	683,196	398,220
Net pension asset	845,676	-	845,676
Net other postemployment benefits asset	-	114,346	(114,346)
Leases receivable	1,138,267	1,168,523	(30,256)
Capital assets, net	33,167,028	32,903,480	263,548
Deferred outflows of resources	1,180,258	603,876	576,382
Total assets and deferred outflows	<u>50,685,486</u>	<u>46,869,071</u>	<u>3,816,415</u>
Accounts payable and accrued liabilities	484,247	590,468	(106,221)
Notes payable	10,449,563	10,274,206	175,357
Accumulated unused compensated absences	311,631	272,134	39,497
Net pension liability	-	464,193	(464,193)
Net other postemployment benefits liability	383,694	-	383,694
Deferred inflows of resources	3,179,471	2,526,697	652,774
Total liabilities	<u>14,808,606</u>	<u>14,127,698</u>	<u>680,908</u>
Invested in capital assets, net of related debt	22,717,465	22,629,274	88,191
Restricted	5,801,858	4,231,155	1,570,703
Unrestricted	7,357,557	5,880,944	1,476,613
Total net position	<u>\$ 35,876,880</u>	<u>\$ 32,741,373</u>	<u>\$ 3,135,507</u>

Statement of Activities

The Statement of Activities reflects total operating expenses for the Town as \$11,267,529 for all activities. Revenues totaled \$14,453,036 for all activities.

The net change as a result is an increase in net position of \$3,135,507.

TOWN OF STOCKBRIDGE, MASSACHUSETTS
SUMMARY STATEMENT OF ACTIVITIES
June 30,

	2022	2021	Change
Revenues			
Taxes	\$ 9,732,671	\$ 9,691,898	\$ 40,773
Hotel occupancy and meals tax	638,261	347,010	291,251
Charges for services	1,625,023	1,658,083	(33,060)
State aid	203,437	227,920	(24,483)
Earnings (loss) on investments	(34,945)	64,619	(99,564)
Grants and other revenues	2,288,589	650,137	1,638,452
Total revenues	<u>14,453,036</u>	<u>12,639,667</u>	<u>1,813,369</u>
Expenses			
General government	2,333,798	2,424,070	(90,272)
Public safety	1,506,719	1,518,895	(12,176)
Education	3,089,778	2,940,563	149,215
Public works	1,773,895	1,786,343	(12,448)
Water and sewer	1,158,705	1,094,856	63,849
Sanitation	190,151	200,446	(10,295)
Community preservation	325,314	268,660	56,654
Health and human services	193,564	162,777	30,787
Culture and recreation	455,360	293,262	162,098
Interest and finance charges on long-term debt	240,245	333,328	(93,083)
Total expenses	<u>11,267,529</u>	<u>11,023,200</u>	<u>244,329</u>
Other uses			
Transfer to OPEB Trust Fund	<u>(50,000)</u>	<u>-</u>	<u>(50,000)</u>
Change in net position	3,135,507	1,616,467	1,519,040
Net position, beginning	<u>32,741,373</u>	<u>31,124,906</u>	<u>1,616,467</u>
Net position, ending	<u>\$ 35,876,880</u>	<u>\$ 32,741,373</u>	<u>\$ 3,135,507</u>

Key elements related to fiscal year 2022 are as follows:

- The Town recorded a net decrease in its other postemployment benefits liability and related deferred outflows and inflows of resources of \$148,850.
- The Town recorded a net decrease in its net pension (asset)/liability and related deferred outflows and inflows of resources of \$537,186.
- The Town recorded an increase in its accumulated unused compensated absences of \$39,497.

- The Town capitalized fixed assets of \$2,294,676 and recorded depreciation expense of \$2,031,128.
- The Town made principal debt payments of \$1,289,643, and issued long-term debt of \$1,465,000.

Sixty seven percent (67%) of the revenues of the Town were derived from property taxes, four percent (4%) from hotel occupancy and meals tax, eleven percent (11%) from charges for services (water and sewer, community preservation tax, and other services), and eighteen percent (18%) from grants and other revenues, including investment earnings.

Property tax revenues recorded for the fiscal year ended June 30, 2022 reflects a decrease in the Town's residential and commercial tax rate to \$9.38 from the previous fiscal year. The tax rates and valuation data over the five previous years are as follows:

	2022	2021	2020	2019	2018
Real and personal property valuation	\$ 990,285,602	\$ 935,589,029	\$ 916,464,710	\$ 890,820,591	\$ 883,123,028
Property tax rates (per thousand)	\$9.38	\$9.78	\$9.87	\$10.13	\$9.76

Financial Analysis of the Government's Funds

Governmental funds

The focus of the Town's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Town's financing requirements. In particular, unreserved fund balances may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the Town's governmental funds reported a combined ending fund balance of \$13,527,191. Of this amount, \$8,552,267 is restricted, committed and assigned for specific purposes such as capital projects, community preservation, encumbrances, and use of free cash to help reduce the tax rate. This leaves an unassigned governmental fund balance of \$4,974,924 (unassigned general fund balance of \$2,673,728 and general stabilization fund balance of \$2,301,196).

Fiduciary Fund

During fiscal year 2014 the Town established an Other Post-Employment Benefits (OPEB) Trust Fund as allowed under MGL 32B, Section 20. The OPEB Trust fund is reported as a fiduciary fund in the Town's financial statements. The Town voted to fund \$310,000 into the trust during fiscal year 2014, \$377,000 in 2015, \$377,000 in 2016, and \$345,000 in each of the years 2017 through 2020. No funds were added in 2021. In 2022, the Town voted to fund \$50,000 into the trust. The total fair value of the assets, including investment income (losses), as of June 30, 2022 was \$3,738,459. The assets are to be used 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.

Information on the other postemployment benefits liability can be found on pages 13 to 14, 33 to 35 and 37 to 38 of this report.

General Fund Budgetary Highlights

Actual revenues exceeded budgeted revenues in every category.

For the majority of the categories, expenditures were within a comfortable percentage of the amounts budgeted and departments have reliably kept spending to a minimum. For the year ended June 30, 2022 there were favorable variances of \$193,640 in the general government departments, \$115,554 in the public safety department, \$76,437 in the education department, \$48,203 in the public works department, \$1,275 in the sanitation department, \$61,537 in the health and human services department, and \$36,490 in the culture and recreation department. In addition, employee benefits were under budget by \$81,931. Uncompleted projects were carried forward to fiscal year 2023 as part of the encumbrance process.

The Budget and Actual General Fund Statement of Revenues and Expenditures is shown on page 12.

Capital Asset and Debt Administration

Capital Assets

The Town's investment in capital assets as of June 30, 2022, amounted to \$33,167,028 (net of accumulated depreciation). This investment in capital assets includes land, buildings and furnishings, vehicles and equipment, and infrastructure.

TOWN OF STOCKBRIDGE, MASSACHUSETTS CAPITAL ASSETS (NET OF DEPRECIATION)

June 30,

	<u>2022</u>	<u>2021</u>
Land	\$ 4,709,600	\$ 4,709,600
Construction in process	3,789,244	5,033,820
Buildings and furnishings	8,225,354	5,678,288
Vehicles and equipment	3,078,932	3,194,266
Infrastructure	<u>13,363,898</u>	<u>14,287,506</u>
Total	<u>\$ 33,167,028</u>	<u>\$ 32,903,480</u>

Construction in process consisted of the following projects as of June 30, 2022:

- Bridge replacement projects - \$3,760,074
- Park Street pump station - \$29,170

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

- Police cruiser - \$51,531
- Highway garage improvements - \$173,947
- Wastewater grinder - \$25,765
- Highway dump truck - \$144,175
- Bridge replacement projects - \$1,878,508
- Park Street pump station - \$20,750

Long-term debt

At the end of the current fiscal year, the Town had total debt outstanding of \$10,449,563 comprised of the following:

TOWN OF STOCKBRIDGE, MASSACHUSETTS		
DEBT		
June 30,		
	2022	2021
Fire truck loan	\$ 50,000	\$ 100,000
Highway truck loan	145,000	-
Sewer expansions loans	825,000	1,220,000
Water treatment plant loan	230,000	290,000
Town building loan	1,370,000	1,725,000
Water tank loan	1,210,197	1,331,909
Bridges, roads, highway garage loan	2,065,000	2,180,000
Water tank loan	1,394,366	1,472,297
Highway garage loan	1,840,000	1,955,000
Chime tower improvements	600,000	-
Water pumping station	720,000	-
Total	<u>\$ 10,449,563</u>	<u>\$ 10,274,206</u>

During fiscal year 2022, the Town issued \$1,465,000 of new debt for a highway truck, water pump station project, and Chime Tower improvements.

During fiscal year 2022, the Town repaid \$1,289,643 on existing debt.

Subsequent to fiscal year end June 30, 2022, the Town issued a 20-year general obligation bond in the amount of \$3,815,000 for bridge reconstruction, salt shed, fire engine, and wastewater pumps.

Additional information on the Town's long-term debt can be found on pages 26 and 27 of this report.

Economic Factors and next year's budget

- Normally state aid to the Town increases; however, with the current condition of the Commonwealth's budget, no significant increases in state aid are anticipated for several years.
- The aggregate annual increase to existing property tax revenues is limited to 2½ % allowed by M.G.L Chapter 59, Section 21C.
- The Town has authorized the fiscal year 2023 operating budget in the amount of \$14,404,748. The tax rate per thousand for fiscal year 2023 is \$8.14.

Requests for information

The financial report is designed to provide a general overview of the Town of Stockbridge finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Town Accountants office, Town Hall, 50 Main Street, Stockbridge, MA 01262.

TOWN OF STOCKBRIDGE, MASSACHUSETTS

STATEMENT OF NET POSITION

June 30, 2022

	Primary Government Governmental Activities
Assets	
Current:	
Cash and cash equivalents	\$ 10,428,608
Investments	2,844,233
Receivables	1,081,416
Current portion of leases receivable	23,706
Noncurrent:	
Net pension asset	845,676
Leases receivable, net of current portion	1,114,561
Capital assets, net	33,167,028
Total assets	49,505,228
Deferred outflows of resources	
Deferred outflows related to pensions	404,064
Deferred outflows related to other postemployment benefits	776,194
Total assets and deferred outflows of resources	50,685,486
Liabilities	
Current:	
Warrants and other payables	413,213
Accrued interest payable	71,034
Current portion of long-term debt	1,358,057
Noncurrent:	
Long-term debt, net of current portion	9,091,506
Accumulated unused compensated absences	311,631
Net other postemployment benefits liability	383,694
Total liabilities	11,629,135
Deferred inflows of resources	
Deferred inflows related to leases receivable	1,119,122
Deferred inflows related to pensions	1,499,904
Deferred inflows related to other postemployment benefits	560,445
Total liabilities and deferred inflows of resources	14,808,606
Net position	
Invested in capital assets, net of related debt	22,717,465
Restricted for	
Community preservation funds	1,871,562
Capital projects funds	1,402,500
Special revenue funds	1,984,510
Expendable trust funds	543,286
Unrestricted	7,357,557
Total net position	\$ 35,876,880

See notes to financial statements.

TOWN OF STOCKBRIDGE, MASSACHUSETTS

STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2022

		Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for	Operating	Capital	Primary Government
	Expenses	Services	Grants and Contributions	Grants and Contributions	Governmental Activities
Governmental activities					
General government	\$ 2,333,798	\$ 154,898	\$ 213,439	\$ -	\$ (1,965,461)
Public safety	1,506,719	208,460	2,463	-	(1,295,796)
Education	3,089,778	-	-	-	(3,089,778)
Public works	1,773,895	-	-	1,567,390	(206,505)
Water and sewer	1,158,705	918,956	-	-	(239,749)
Sanitation	190,151	84,537	-	-	(105,614)
Community preservation	325,314	220,025	214,254	-	108,965
Health and human services	193,564	38,147	54,708	-	(100,709)
Culture and recreation	455,360	-	128,424	-	(326,936)
Interest and finance charges	240,245	-	36,417	-	(203,828)
Total governmental activities	<u>\$ 11,267,529</u>	<u>\$ 1,625,023</u>	<u>\$ 649,705</u>	<u>\$ 1,567,390</u>	<u>(7,425,411)</u>
General revenues					
Property taxes					9,290,496
Motor vehicle excise taxes					347,270
Hotel occupancy and meals tax					638,261
Other taxes and penalties					94,905
State aid					203,437
Earnings (losses) on investments					(34,945)
Miscellaneous and other revenues					71,494
Transfers					<u>(50,000)</u>
Total					<u>10,560,918</u>
Change in net position					3,135,507
Net position, beginning					<u>32,741,373</u>
Net position, ending					<u><u>\$ 35,876,880</u></u>

See notes to financial statements.

TOWN OF STOCKBRIDGE, MASSACHUSETTS

BALANCE SHEET

GOVERNMENTAL FUNDS

June 30, 2022

	General Fund	Community Preservation Fund	Capital Projects Fund	Nonmajor Funds	Total Governmental Funds
Assets					
Cash and cash equivalents	\$ 5,326,695	\$ 1,880,082	\$ 1,356,484	\$ 1,865,347	\$ 10,428,608
Investments	2,301,197	-	-	543,036	2,844,233
Receivables	528,872	5,141	-	547,403	1,081,416
Interfund receivables	<u>372,541</u>	<u>-</u>	<u>46,016</u>	<u>-</u>	<u>418,557</u>
Total assets	<u>\$ 8,529,305</u>	<u>\$ 1,885,223</u>	<u>\$ 1,402,500</u>	<u>\$ 2,955,786</u>	<u>\$ 14,772,814</u>
Liabilities					
Warrants and other payables	\$ 349,244	\$ 8,520	\$ -	\$ 55,449	\$ 413,213
Interfund payables	<u>46,016</u>	<u>-</u>	<u>-</u>	<u>372,541</u>	<u>418,557</u>
Total liabilities	<u>395,260</u>	<u>8,520</u>	<u>-</u>	<u>427,990</u>	<u>831,770</u>
Deferred inflows of resources					
Revenue not considered available	<u>408,712</u>	<u>5,141</u>	<u>-</u>	<u>-</u>	<u>413,853</u>
Fund balances					
Restricted	-	1,871,562	1,402,500	2,527,796	5,801,858
Committed	1,253,547	-	-	-	1,253,547
Assigned	1,496,862	-	-	-	1,496,862
Unassigned	<u>4,974,924</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,974,924</u>
Total fund balances	<u>7,725,333</u>	<u>1,871,562</u>	<u>1,402,500</u>	<u>2,527,796</u>	<u>13,527,191</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 8,529,305</u>	<u>\$ 1,885,223</u>	<u>\$ 1,402,500</u>	<u>\$ 2,955,786</u>	

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

Leases receivable, and related deferred inflows of resources, are not reported in the funds	19,145
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds	33,167,028
Accrued interest on outstanding debt is recorded on the statement of net position, whereas in the governmental funds, interest is not reported until due	(71,034)
Long-term bonds payable are not due and payable in the current period and therefore are not reported in the funds	(10,449,563)
Accumulated unused compensated absences	(311,631)
Net pension liability	(250,164)
Other postemployment benefits other than pensions	(167,945)
Revenue not considered available - taxes	<u>413,853</u>
Net position of governmental activities	<u>\$ 35,876,880</u>

See notes to financial statements.

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

For the Year Ended June 30, 2022

	General Fund	Community Preservation Fund	Capital Projects Fund	Nonmajor Funds	Total Governmental Funds
Revenues					
Property taxes	\$ 9,247,682	\$ -	\$ -	\$ -	\$ 9,247,682
Tax liens and foreclosures	4,687	-	-	-	4,687
Motor vehicle excise taxes	385,867	-	-	-	385,867
Hotel occupancy and meals tax	638,261	-	-	-	638,261
Other taxes and penalties	94,905	-	-	-	94,905
Charges for services	84,537	220,025	-	918,956	1,223,518
Departmental revenues	104,466	-	-	-	104,466
Licenses and permits	278,825	-	-	-	278,825
Earnings (losses) on invested funds	(38,498)	11,807	-	(8,254)	(34,945)
Miscellaneous and other revenues	28,878	-	-	42,616	71,494
Intergovernmental revenues	<u>239,854</u>	<u>214,254</u>	<u>-</u>	<u>1,966,424</u>	<u>2,420,532</u>
Total revenues	<u>11,069,464</u>	<u>446,086</u>	<u>-</u>	<u>2,919,742</u>	<u>14,435,292</u>
Expenditures					
General government	1,467,211	-	-	95,069	1,562,280
Public safety	1,466,739	-	-	5,782	1,472,521
Education	3,089,778	-	-	-	3,089,778
Public works	1,220,476	-	-	310	1,220,786
Water and sewer	-	-	-	623,965	623,965
Sanitation	190,151	-	-	-	190,151
Community preservation	-	325,314	-	-	325,314
Health and human services	157,801	-	-	35,763	193,564
Culture and recreation	274,894	-	-	180,466	455,360
Capital outlay	-	-	164,925	1,675,390	1,840,315
Employee benefits	963,337	-	-	-	963,337
Debt service:					
Principal retirement	1,289,643	-	-	-	1,289,643
Interest and finance charges	<u>275,386</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>275,386</u>
Total expenditures	<u>10,395,416</u>	<u>325,314</u>	<u>164,925</u>	<u>2,616,745</u>	<u>13,502,400</u>
Excess (deficiency) of revenues over expenditures	<u>674,048</u>	<u>120,772</u>	<u>(164,925)</u>	<u>302,997</u>	<u>932,892</u>
Other financing sources					
Bond proceeds	-	-	1,465,000	-	1,465,000
Bond premium	-	-	46,016	-	46,016
Transfers in	215,326	-	-	116,169	331,495
Transfers out	<u>(66,169)</u>	<u>(100,000)</u>	<u>-</u>	<u>(215,326)</u>	<u>(381,495)</u>
Total other financing sources (uses)	<u>149,157</u>	<u>(100,000)</u>	<u>1,511,016</u>	<u>(99,157)</u>	<u>1,461,016</u>
Net change in fund balances	823,205	20,772	1,346,091	203,840	2,393,908
Fund balances, beginning	<u>6,902,128</u>	<u>1,850,790</u>	<u>56,409</u>	<u>2,323,956</u>	<u>11,133,283</u>
Fund balances, ending	<u>\$ 7,725,333</u>	<u>\$ 1,871,562</u>	<u>\$ 1,402,500</u>	<u>\$ 2,527,796</u>	<u>\$ 13,527,191</u>

See notes to financial statements.

TOWN OF STOCKBRIDGE, MASSACHUSETTS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2022

Net change in fund balances of total governmental funds	\$ 2,393,908
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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 capitalized and allocated over their estimated useful lives and reported as depreciation expense:

Capital asset purchases capitalized	2,294,676
Depreciation expense	(2,031,128)

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 unearned revenue

(1,401)

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

Debt principal payments	1,289,643
Issuance of long-term bonds	(1,465,000)

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:

Increase in accumulated unused compensated absences	(39,497)
Increase in leases receivable, net	19,145
Decrease in net pension liability, including deferred outflows and inflows	537,186
Decrease in other postemployment benefits liability, including deferred outflows and inflows	148,850
Increase in other payables	<u>(10,875)</u>

Change in net position of governmental activities	<u>\$ 3,135,507</u>
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See notes to financial statements.

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

For the Year Ended June 30, 2022

	General Fund			
	Budget		Actual	Variance -
	Original	Final	Budgetary Basis	Favorable (Unfavorable)
Revenues				
Property taxes	\$ 9,191,561	\$ 9,191,561	\$ 9,230,524	\$ 38,963
Tax liens and foreclosures	-	-	4,687	4,687
Motor vehicle excise taxes	275,000	275,000	385,867	110,867
Hotel occupancy and meals tax	210,000	210,000	638,261	428,261
Other taxes and penalties	58,000	58,000	94,905	36,905
Charges for services	45,000	45,000	84,537	39,537
Departmental revenues	86,000	86,000	104,466	18,466
Licenses and permits	130,000	130,000	278,825	148,825
Earnings on invested funds	20,000	20,000	24,579	4,579
Miscellaneous revenues	1,719	1,719	28,878	27,159
Intergovernmental revenues	137,893	137,893	203,437	65,544
Total revenues	10,155,173	10,155,173	11,078,966	923,793
Expenditures				
General government	1,672,617	1,592,860	1,399,220	193,640
Public safety	1,589,496	1,589,496	1,473,942	115,554
Education	3,166,215	3,166,215	3,089,778	76,437
Public works	919,555	973,861	925,658	48,203
Sanitation	191,426	191,426	190,151	1,275
Health and human services	219,338	219,338	157,801	61,537
Culture and recreation	394,915	394,989	358,499	36,490
Employee benefits	1,019,891	1,045,268	963,337	81,931
Debt service:				
Principal retirement	1,377,950	1,377,950	1,289,643	88,307
Interest and finance charges	251,404	251,404	238,969	12,435
Total expenditures	10,802,807	10,802,807	10,086,998	715,809
Excess (deficiency) of revenues over expenditures	(647,634)	(647,634)	991,968	1,639,602
Other financing sources (uses)				
Operating transfers in	214,634	214,634	215,326	692
Operating transfers out	(50,000)	(50,000)	(66,169)	(16,169)
Revenue appropriations	483,000	483,000	483,000	-
Total other financing sources (uses)	647,634	647,634	632,157	(15,477)
Excess of revenues over expenditures and other financing sources (uses)	\$ -	\$ -	\$ 1,624,125	\$ 1,624,125

See notes to financial statements.

TOWN OF STOCKBRIDGE, MASSACHUSETTS

**STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUND**

June 30, 2022

	Other Post Employment Benefits Trust Fund
	<hr/>
Assets	
Investments at fair value	\$ <u>3,738,459</u>
 Net position	
Held in trust for postemployment benefits	\$ <u>3,738,459</u>

See notes to financial statements.

TOWN OF STOCKBRIDGE, MASSACHUSETTS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUND

June 30, 2022

	Other Post Employment Benefits Trust Fund
	<u> </u>
Additions	
Investment income:	
Interest and dividends	\$ 97,208
Realized gains (losses)	170,769
Unrealized gains (losses)	<u>(393,197)</u>
Total investment income (loss)	(125,220)
Less investment expense	<u>(21,174)</u>
Net investment income (loss)	<u>(146,394)</u>
Deductions	
Benefits	<u>-</u>
Transfers	
Transfers in	<u>50,000</u>
Change in net position	(96,394)
Net position, beginning	<u>3,834,853</u>
Net position, ending	<u><u>\$ 3,738,459</u></u>

See notes to financial statements.

TOWN OF STOCKBRIDGE, MASSACHUSETTS

Notes to Financial Statements

June 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting entity

The Town of Stockbridge, Massachusetts was incorporated in 1739. The Town provides general governmental services to its residents, including public safety, public works, education, water and sewer, health and sanitation, community preservation, and culture and recreation. Education is provided through the Berkshire Hills Regional School District with assessments paid by the Town.

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

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. The effect of interfund activity has been removed from these statements. Governmental activities are supported by taxes, intergovernmental revenues, fees and charges for support. Water and sewer operations are reported as governmental funds and are supported by fees and charges for services.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segments 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. Major individual funds are reported as separate columns in the fund financial statements.

Fiduciary fund financial statements

Fiduciary fund financial statements are reported using the flow of economic resources measurement focus and the accrual basis of accounting. Fiduciary funds are used to account for assets held in a trustee capacity for others that cannot be used to support the Town's operations.

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. 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 after the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. Revenues not considered available are recorded as deferred inflows of resources.

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

The Town reports the following major governmental funds:

The *General Fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *Community Preservation Fund* is used to account for assessments to property tax bills, private donations, and other private and state grants. These funds can be used to preserve open space, historical or recreational areas and affordable housing.

The *Capital Projects Fund* is used to account for resources used to acquire or develop facilities or major capital improvements.

The Town reports the following fiduciary fund:

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

Accounting estimates

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

Subsequent events

Management has evaluated subsequent events through February 28, 2023, the date that the financial statements were available for issue, and has determined that there are no additional adjustments or disclosures required.

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

Interfund receivables and payables

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

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 2022 levy was \$990,285,602. A tax rate of \$9.38 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 2022, the Town’s tax levy was \$9,288,879, which was below both its levy limit of \$10,780,478 (levy limit of \$9,364,220 plus debt exclusions of \$1,416,258) and levy ceiling of \$24,757,140.

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 of supplies for the Town are considered to be expenditures at the time of purchase. In the government-wide financial statements, if material, inventories are capitalized at cost using the first in/first out (FIFO) method. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in the government-wide financial statements.

Capital assets

Capital assets, which include property, buildings and furnishings, vehicles, equipment, construction in process and infrastructure (e.g., roads, water and sewer lines, sidewalks, and similar items), are reported in the government-wide financial statements. Capital assets are defined by the Town as assets with an initial, individual cost of at least \$5,000 and an estimated useful life in excess of 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. 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.

The cost of normal maintenance and repairs that do not add to the value of the assets or materially extend asset lives are not capitalized.

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>
Buildings	50
Building improvements	20-40
Vehicles and trucks	3-20
Machinery and equipment	5-25
Office furnishings and equipment	3-5
Infrastructure	50

Unused compensated absences

The Town's policy is to permit employees to accumulate earned but unused vacation and sick pay benefits. 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

Long-term debt and other long-term obligations are reported as liabilities in the government-wide statement of net position. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. 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 net position

Government-wide 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 funds that are restricted by the Town's creditors (for example, through debt covenants), by state enabling legislation (through restrictions on shared revenues), by grantors (both federal and state), and by other contributors.

Unrestricted

All other funds 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 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 code, state and 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. This account also includes fund balance voted to be used in the subsequent fiscal year (free cash).

Unassigned

All amounts not included in other spendable classifications.

Encumbrances and continuing appropriations

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

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

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

NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary information

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

1. Prior to March 1, the Town Administrator submits to the Finance Committee a proposed budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted in the Town to obtain taxpayer comments.
3. The budget is legally enacted at the annual Town Meeting by vote of the Town Meeting representatives in May.
4. Throughout the fiscal year any unencumbered appropriation, balance or portion thereof, may be transferred from one department, commission, board or office, to another by a vote at a Special Town Meeting. The Finance Committee controls a reserve fund which may be used at their discretion 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 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:

- 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
Government funds - net change in fund balances	\$ 823,205
Adjustments:	
To adjust revenues from recognition on a cash basis	(17,158)
Net effect of encumbrances recorded as budget expenditures	272,001
Subsidized interest on MWPAT loans	36,417
Subsidized intergovernmental revenue on MWPAT loans	(36,417)
Less stabilization fund revenue	63,077
Plus other available funds and revenue appropriations	483,000
Excess of revenues and other sources over expenditures and other uses - budgetary basis	<u>\$ 1,624,125</u>

NOTE 3 - DETAILED NOTES ON ALL FUNDS

A. Cash, cash equivalents, and investments

The Town has a central treasury function controlled by the Town's Treasurer. Cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with an original maturity of three months or less from the date of acquisition. Investments are carried at fair value.

B. Deposits and 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. The Town reports its deposits in MMDT 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.

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

Custodial credit risk is the risk that in the event of bank failure, the Town's deposits may not be returned. The Town carries deposits that are fully insured by FDIC insurance, collateralized, and deposits that are not collateralized and are uninsured. Bank deposits as of June 30, 2022 were \$10,530,880 all of which is 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. Massachusetts General Laws M.G.L. c. 44, sec. 55, prohibits Massachusetts communities from investing in certain categories of high-risk investments; limit the amount of the Town's bank deposits in any one financial institution; and which establish qualifying criteria for banking institutions.

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 \$2,822,118 (equity securities, U.S. Treasury securities, fixed income securities, and corporate bonds) have a custodial credit risk exposure because the related securities are uninsured, unregistered and held by the counterparty. The remaining investments of \$22,115 consist of cash (maintained in a bank deposit sweep program where the funds are held by multiple banking institutions) and are fully insured by FDIC.

The Town's policy for custodial credit risk is to invest funds with companies that provide a proof of credit worthiness.

The Town has the following investments at June 30, 2022:

Investment Type	Fair Value	Fair Value Measurements Using		
		Level 1	Level 2	Level 3
Cash - bank deposit sweep program	\$ 22,115	\$ 22,115	\$ -	\$ -
Equity securities	367,234	367,234	-	-
U.S. treasury securities	958,813	958,813	-	-
Fixed income securities	214,135	214,135	-	-
Corporate bonds	1,281,936	-	1,281,936	-
Total	<u>\$ 2,844,233</u>	<u>\$ 1,562,297</u>	<u>\$ 1,281,936</u>	<u>\$ -</u>

The above investments are reported in the following funds:

General Fund	
Stabilization fund	\$ 2,051,402
Stabilization fund - maintenance	249,795
Total general fund	<u>2,301,197</u>
Nonmajor Funds - Trust Funds	
Cemetery	394,056
Conservation	22,264
Chime Tower	1,786
Merwin Trust	24,810
Stockbridge Bowl	1,254
Stockbridge Housing	97,554
War Memorial	1,312
Total nonmajor funds	<u>543,036</u>
Total	<u>\$ 2,844,233</u>

Other Postemployment Benefits Liability 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 in an interest bearing Pension Reserves Investment Trust (PRIT) fund account with the Massachusetts Pension Reserves Investment Management Board. PRIT investments are valued using the net asset value (NAV) method. This investment pool was created by Massachusetts legislation (Chapter 661 of the Acts of 1983) under the supervision of the State Treasurer's office. Participants in the PRIT fund own units (or shares) of the Fund, and not individual securities, with the fair value of the positions in each investment pool being the same as the value of each pool's shares.

The Town does not have the ability to control any of the investment decisions relative to its funds in PRIT. The Town uses PRIT guidelines as a means of managing its exposure to fair value losses arising from increasing interest rates.

The balance of the other postemployment benefits liability trust fund, which is reported in the Statement of Fiduciary Net Position, was \$3,738,459 as of June 30, 2022 (\$3,843,853 as of June 30, 2021). See also Note 4.D.

C. Receivables

Receivables at June 30, 2022, are as follows:

	General Fund	Community Preservation Fund	Other Nonmajor Funds	Totals
Taxes receivable				
Real estate taxes	\$ 229,339	\$ -	\$ -	\$ 229,339
Personal property taxes	5,256	-	-	5,256
Motor vehicle excise taxes	28,514	-	-	28,514
Tax liens and foreclosures	265,763	-	-	265,763
Community preservation taxes	-	5,141	-	5,141
Total taxes receivable	528,872	5,141	-	534,013
Other receivables				
Charges for services	-	-	15,985	15,985
Grant receivables	-	-	531,418	531,418
Total receivables	<u>\$ 528,872</u>	<u>\$ 5,141</u>	<u>\$ 547,403</u>	<u>\$ 1,081,416</u>

D. Leases

The Town, as a lessor, has entered into various leases with lease terms expiring in 2049.

The Town adopted GASB Statement No. 87, *Leases*, in fiscal year 2022. In accordance with GASB 87, 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:

- 1) The right to obtain the present service capacity from use of the underlying asset as specified in the contract, and
- 2) 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 lessee 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 lessee's option to extend and/or terminate the lease if it is reasonably certain that it will exercise those options.

The Town, as a lessor, is required to recognize lease receivables at the present value of lease payments anticipated to be received at or before the commencement of the lease term that relate to future periods. A corresponding deferred inflow of resources is recorded in an amount equal to the lease receivable plus certain additional amounts received from the lessee that relate to future periods, less any lease incentives paid to, or on behalf of, the lessee at or before the commencement of the lease term. The deferred inflow of resources is recognized in a systematic and rational manner over the term of the lease.

The Town assesses each lease receivable annually for changes in the terms of the lease, interest rate, impairment of the underlying leased asset, or other factors that may impact the expected future lease payments.

Leases receivable consist of the following:

Office space lease income

The Town has entered into an agreement with a third party to lease approximately 8,039 square feet of office space within the Town Offices building, for a term of 20 years, beginning August 18, 2008 with an option to extend for an additional 20 years, which is expected to be exercised. Lease income was \$40,195 for the fiscal year ended June 30, 2022.

Land lease income

The Town has entered into an agreement with a third party to lease a parcel of land consisting of approximately 5,625 square feet on Glendale Middle Road, for a term of five years, with options to renew for up to four additional terms of five years each. Lease income was \$20,504 for the fiscal year ended June 30, 2022.

At June 30, 2022, leases receivable consists of the following:

Office space lease	\$ 650,215
Land lease	<u>488,052</u>
Leases receivable	<u>\$ 1,138,267</u>

Future minimum lease payments to be received are as follows:

Year Ending June 30,	Office Space Lease		Land Lease		Total Receipts
	Principal Receipts	Interest Receipts	Principal Receipts	Interest Receipts	
2023	\$ 14,401	\$ 25,794	\$ 9,305	\$ 19,353	\$ 68,853
2024	14,985	25,210	10,559	18,958	69,712
2025	15,984	24,601	11,891	18,511	70,987
2026	16,227	23,968	13,305	18,010	71,510
2027	16,886	23,309	14,805	17,450	72,450
2028 - 2032	95,288	105,687	99,808	76,571	377,354
2033 - 2037	116,269	84,706	152,834	51,637	405,446
2038 - 2042	141,871	59,104	175,545	15,307	391,827
2043 - 2047	173,109	27,866	-	-	200,975
2048 - 2049	<u>45,195</u>	<u>1,310</u>	<u>-</u>	<u>-</u>	<u>46,505</u>
Total	<u>\$ 650,215</u>	<u>\$ 401,555</u>	<u>\$ 488,052</u>	<u>\$ 235,797</u>	<u>\$ 1,775,619</u>

E. Capital assets

Capital asset activity for the year ended June 30, 2022 was as follows:

	Beginning Balance	Increases	Decreases	Reclassification	Ending Balance
Governmental activities					
Capital assets, not being depreciated:					
Land	\$ 4,709,600	\$ -	\$ -	\$ -	\$ 4,709,600
Construction in process	5,033,820	1,899,258	-	(3,143,834)	3,789,244
Total capital assets, not being depreciated	9,743,420	1,899,258	-	(3,143,834)	8,498,844
Capital assets, being depreciated:					
Buildings and furnishings	14,260,984	173,947	-	2,814,430	17,249,361
Vehicles and equipment	11,065,888	221,471	(25,177)	-	11,262,182
Infrastructure	58,051,505	-	-	329,404	58,380,909
Total capital assets, being depreciated	83,378,377	395,418	(25,177)	3,143,834	86,892,452
Less accumulated depreciation for:					
Buildings and furnishings	(8,582,696)	(441,311)	-	-	(9,024,007)
Vehicles and equipment	(7,871,622)	(336,805)	25,177	-	(8,183,250)
Infrastructure	(43,763,999)	(1,253,012)	-	-	(45,017,011)
Total accumulated depreciation	(60,218,317)	(2,031,128)	25,177	-	(62,224,268)
Total capital assets, being depreciated, net	23,160,060	(1,635,710)	-	3,143,834	24,668,184
Governmental activities capital assets, net	\$ 32,903,480	\$ 263,548	\$ -	\$ -	\$ 33,167,028

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

Governmental activities	
General government	\$ 454,720
Public safety	85,729
Highway	930,174
Water and sewer	560,505
Total depreciation expense	\$ 2,031,128

Construction in process activity for the year ended June 30, 2022 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Highway garage	\$ 2,814,430	\$ -	\$ (2,814,430)	\$ -
Park Street pump station	8,420	20,750	-	29,170
Curtisville water and sewer line	329,404	-	(329,404)	-
Bridge replacements and repairs				
Larrywaug Bridge	1,762,766	1,241,044	-	3,003,810
Averic Bridges	118,800	637,464	-	756,264
Total construction in process	\$ 5,033,820	\$ 1,899,258	\$ (3,143,834)	\$ 3,789,244

During fiscal year 2022, the highway garage and Curtisville projects were completed and reclassified to capital assets being depreciated.

F. Debt

General obligation bonds

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

	Serial Maturity Through	Interest Rates	Outstanding June 30, 2021	Additions	Payments	Outstanding June 30, 2022
Governmental activities						
Fire truck*	2023	0.35%	\$ 100,000	\$ -	\$ (50,000)	\$ 50,000
Highway truck*	2023	0.35%	-	145,000	-	145,000
Sewer expansion loans - Pool 9 series **	2024	2%	1,220,000	-	(395,000)	825,000
Water treatment plant loan	2026	2% to 3%	290,000	-	(60,000)	230,000
Town building loan	2026	2% to 3%	1,725,000	-	(355,000)	1,370,000
Water tank loan - Pool 12 series	2031	2%	1,331,909	-	(121,712)	1,210,197
Bridge, road, highway garage	2037	2% to 3%	2,180,000	-	(115,000)	2,065,000
Water tank loan - Pool 20 series	2038	2%	1,472,297	-	(77,931)	1,394,366
Highway garage	2038	3% to 5%	1,955,000	-	(115,000)	1,840,000
Chime tower improvements	2040	2% to 5%	-	600,000	-	600,000
Water pumping station	2040	2% to 5%	-	720,000	-	720,000
Total governmental activities			<u>\$ 10,274,206</u>	<u>\$ 1,465,000</u>	<u>\$ (1,289,643)</u>	<u>\$ 10,449,563</u>

*Short-term obligations that will be replaced by subsequent short-term obligations for an uninterrupted period extending beyond one year.

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

Year Ending June 30,	Governmental Activities		
	Principal	Interest	Total
2023	\$ 1,358,057	\$ 265,271	\$ 1,623,328
2024	1,359,329	238,267	1,597,596
2025	968,750	211,254	1,180,004
2026	968,155	182,077	1,150,232
2027	537,651	158,587	696,238
2028 - 2032	2,700,825	578,945	3,279,770
2033 - 2037	2,194,540	241,620	2,436,160
2038 - 2040	<u>362,256</u>	<u>15,976</u>	<u>378,232</u>
Total	<u>\$10,449,563</u>	<u>\$ 1,891,997</u>	<u>\$ 12,341,560</u>

** The Massachusetts Department of Revenue requires entities to record the amount of subsidized principal and interest received on loans from the Massachusetts Clean Water Trust for Pools 1 – 10. Accordingly, the Town recorded subsidized debt principal of \$52,256 in its long-term debt fund, which will be reported as intergovernmental revenue in fiscal years 2023 and 2024, when the debt becomes due. The total amount of subsidized interest received in fiscal year 2022 was \$36,417 which was reported as intergovernmental revenue and interest expense on the Statement of Revenues, Expenditures, and Changes in Fund Balance.

Subsequent to fiscal year end June 30, 2022, in December 2022, the Town issued a 20-year general obligation bond of \$3,815,000 for bridge reconstruction, salt shed, fire engine, and wastewater pumps at a rate of 5%, maturing in 2042.

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 of Massachusetts 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 limitations.

As of June 30, 2022, the Town has an equalized valuation of \$990,285,602 which allows for a 5% normal debt limit available borrowing balance of \$49,514,000. The Town's outstanding debt of \$10,449,563 reduced by \$5,814,563 of debit outside the limit results in \$4,635,000 of inside the limit debt outstanding. The Town's debt limit available balance is \$44,879,000.

G. 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.
- To fund capital project costs incurred prior to obtaining permanent financing through issuance of bond anticipation notes.
- To fund capital project costs incurred in anticipation of federal or state grants through issuance of grant anticipation notes or state anticipation notes.

The Town has a \$195,000 short-term bond anticipation note outstanding at June 30, 2022. The note payable bears interest at 0.35% and is due September 23, 2022. Total interest expense to be paid at maturity under this note is \$850.

H. Net position and fund balance

Net position of the primary government consisted of the following on June 30, 2022:

	Governmental Activities Net Position
Invested in capital assets, net of related debt	\$ 22,717,465
Restricted	
Community preservation	1,871,562
Capital project funds	1,402,500
Special revenue funds	1,984,510
Expendable trust funds	543,286
Unrestricted	<u>7,357,557</u>
Total net position	<u>\$ 35,876,880</u>

Fund balance of the governmental funds consisted of the following on June 30, 2022:

	Fund Financial Statements - Governmental Funds		
	General Fund	Other Funds	Total Governmental Funds
Committed			
Reserved for continuing appropriations	\$ 1,004,374	\$ -	\$ 1,004,374
Bridges and roads stabilization fund	249,173	-	249,173
Total	<u>1,253,547</u>	<u>-</u>	<u>1,253,547</u>
Assigned			
Encumbrances	77,456	-	77,456
Reserved for expenditure	1,419,406	-	1,419,406
Total	<u>1,496,862</u>	<u>-</u>	<u>1,496,862</u>
Restricted			
Community preservation fund	-	1,871,562	1,871,562
Capital project funds	-	1,402,500	1,402,500
Special revenue funds	-	1,984,510	1,984,510
Expendable trust funds	-	543,286	543,286
Total	<u>-</u>	<u>5,801,858</u>	<u>5,801,858</u>
Unassigned			
General fund	2,922,900	-	2,922,900
General stabilization fund	2,052,024	-	2,052,024
Total	<u>4,974,924</u>	<u>-</u>	<u>4,974,924</u>
Total	<u>\$ 7,725,333</u>	<u>\$ 5,801,858</u>	<u>\$ 13,527,191</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. As of the date of the financial statements, the Town is not aware of any expenditure that may be disallowed by a grantor.

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

C. 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, 2020 and rolled forward to the Plan’s measurement date of December 31, 2021.

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, 2021, pension plan membership consisted of the following:

Active plan members	1,172
Retirees and beneficiaries receiving benefits	854
Inactive members	<u>259</u>
Total	<u><u>2,285</u></u>
Number of participating employers	<u><u>46</u></u>

Benefits and contributions

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

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

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

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

Pension (assets)/liabilities, expense and deferred outflows and inflows of resources

At June 30, 2022, the Town reported a net pension (asset)/liability of \$(845,676), deferred outflows related to pensions of \$404,064, and deferred inflows related to pensions of \$1,499,904 for its proportionate share of the net pension (asset)/liability. The net pension (asset)/liability was measured as of December 31, 2021, and the total pension (asset)/liability used to calculate the net pension (asset)/liability was determined by an actuarial valuation as of that date. The Town’s proportion of the net pension (asset)/liability was based on a projection of the Town’s long-term share of contributions to the pension relative to the projected contributions of all participating Plan employers, actuarially determined. At December 31, 2021, the Town’s proportion was 3.60%. Net pension (asset)/liability, deferred outflows/inflows of resources and pension expense are allocated to each employer based on its proportionate share of total employer contributions. For the year ended June 30, 2022, the Town recognized pension recovery of \$120,302 (pension contribution of \$416,884 paid into the Plan less a reduction in the net pension liability of \$537,186). Contributions made subsequent to the measurement date of December 31, 2021 were \$-0-.

Actuarial assumptions

The total pension liability was determined by an actuarial valuation as of January 1, 2021, rolled forward to the measurement date of December 31, 2021 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 \$14,000.
Mortality	Pre-retirement rates reflect the RP-2014 Blue Collar Employees table projected generationally with Scale MP-2020 (gender distinct). Post-retirement rates reflect the RP-2014 Blue Collar Healthy Annuitant table projected generationally with Scale MP-2020 (gender distinct). For disabled retirees, the rates reflect the RP-2014 Blue Collar Healthy Annuitant table set forward 1 year projected generationally with Scale MP-2020 (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 estimates 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, 2021 are summarized in the following table:

Asset Class	Target Asset Allocation	Long-term Expected Real Rate of Return
Domestic equity	24.10%	0.99%
International equities	12.70%	1.01%
Emerging markets equity	5.00%	0.80%
Core fixed income	15.10%	0.11%
Value-added fixed income	6.50%	0.16%
Private equity	16.60%	0.61%
Real estate	8.70%	1.45%
Timberland	2.90%	0.64%
Hedge funds/PCS	7.80%	0.28%
Overlay	0.60%	0.74%
Total	100.00%	

Changes in net pension (asset)/liability

	Berkshire County Retirement System 100%			Stockbridge 3.60% as of 12/31/2021 3.62% as of 12/31/2020		
	Increase (Decrease)			Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension (Asset)/Liability (a) - (b)	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension (Asset)/Liability (a) - (b)
Balances at January 1, 2021	\$ 315,170,000	\$ 302,347,000	\$ 12,823,000	\$ 11,409,153	\$ 10,944,960	\$ 464,193
Net changes	20,239,000	56,553,000	(36,314,000)	665,571	1,975,440	(1,309,869)
Balances at December 31, 2021	\$ 335,409,000	\$ 358,900,000	\$ (23,491,000)	\$ 12,074,724	\$ 12,920,400	\$ (845,676)

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 (Asset)/Liability to Changes in the Discount Rate

The following presents the net pension (asset)/liability, calculated using the discount rate of 6.75%, as well as what the net pension (asset)/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 (asset)/liability	\$ 499,860	\$ (845,676)	\$ (1,986,660)

Deferred Inflows and Outflows of Resources

At June 30, 2022, the Town reported deferred outflows and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 71,532	\$ 2,844
Net difference between projected and actual investment earnings on pension plan assets	-	1,497,060
Changes in assumptions	332,532	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	-
Contributions subsequent to the measurement date	-	-
Total	<u>\$ 404,064</u>	<u>\$ 1,499,904</u>

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

Year ended June 30,	
2023	\$ (201,708)
2024	(375,696)
2025	(301,140)
2026	(217,296)
Total	<u>\$ (1,095,840)</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, 2022, the Town reported a payable of \$-0- for outstanding amounts of contributions to the pension plan.

D. Other Postemployment Benefits Other than Pensions

Plan Description and Funding Policy

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 eligible employees. A brief description of the plan offered is:

Eligibility:	An employee hired before April 2, 2012 shall become eligible to retire under the plan upon attainment of age 55 as an active member and completion of 10 years of service or an employee shall be able to retire with 20 years of service regardless of age. An employee hired after April 2, 2012 shall be eligible to retire upon attainment of age 60 with 10 years of creditable service.
Creditable Service:	Elapsed time from date of hire to termination of service date.
Participant Contributions:	Retirees shall pay 25% of premiums for medical, dental, and life insurance.
Benefits Offered:	Comprehensive medical, dental, and life insurance.
Normal Retirement:	The normal retirement date is the first day of the month following a participant's 65 th birthday.
Early Retirement:	Early retirement is available for any participant who has attained benefit eligibility.

Plan Membership

At June 30, 2022, OPEB plan membership consisted of the following:

	<u>2022</u>
Active employees	33
Inactive employees or beneficiaries currently receiving benefits	<u>27</u>
Total	<u>60</u>

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, 2022 and using the following assumptions, applied to all periods included in the measurement:

Actuarial Cost Method:	Individual Entry Age Normal.
Inflation:	2.50% as of June 30, 2022 and for future periods.
Investment Rate of Return:	6.41%, net of OPEB plan investment expense, including inflation.
Municipal Bond Rate:	4.09% as of June 30, 2022.
Discount Rate:	6.41%, net of OPEB plan investment expense, including inflation.
Healthcare Cost Trend Rate:	8.00% for 2022.
Pre-retirement Mortality:	RP-2014 Mortality Table for Blue Collar employees projected generationally with MP-2016 for males and females, set forward 1 year for females.
Post-retirement Mortality:	RP-2014 Mortality Table for Blue Collar employees projected generationally with MP-2016 for males and females, set forward 1 year for females.
Disabled Mortality:	RP-2014 Mortality Table for Blue Collar employees projected generationally with MP-2016 for males and females, set forward 1 year.

Change in net OPEB liability

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position* (b)	Net OPEB (Asset) Liability (a) - (b)
Balances at June 30, 2021	\$ 3,720,507	\$ 3,834,853	\$ (114,346)
Changes for the year:			
Service cost	113,832		113,832
Interest	253,326		253,326
Changes in benefit terms			-
Changes in assumptions	767,420		767,420
Differences between actual and expected experience	(567,513)		(567,513)
Net investment income (loss)		(146,394)	146,394
Employer contributions to trust		215,419	(215,419)
Employer contributions - premiums		(165,419)	165,419
Benefit payments including implicit costs	(165,419)	-	(165,419)
Administrative expense	-	-	-
Net changes	401,646	(96,394)	498,040
Balances at June 30, 2022	\$ 4,122,153	\$ 3,738,459	\$ 383,694

* Other Postemployment Benefits Liability 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 interest bearing Pension Reserves Investment Trust (PRIT) fund account with the Massachusetts Pension Reserves Investment Management Board.

Discount Rate

The discount rate used to measure the total OPEB liability was 6.41%. 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.

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 (5.41%)	Current (6.41%)	1% Increase (7.41%)
Net OPEB (asset) liability as of June 30, 2022	\$ 965,056	\$ 383,694	\$ (92,487)
	Healthcare Cost Trend Rate		
	1% Decrease (7.00%)	Current (8.00%)	1% Increase (9.00%)
Net OPEB liability (asset) as of June 30, 2022	\$ 137,083	\$ 383,694	\$ 1,021,478

Deferred Outflows and Inflows of Resources

At June 30, 2022, the Town reported deferred outflows and deferred inflows of resources related to OPEB from the following sources:

	2022	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 541,498
Changes in assumptions	776,194	-
Net difference between projected and actual earnings on OPEB plan investments	-	18,947
Total	<u>\$ 776,194</u>	<u>\$ 560,445</u>

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

Year ended June 30:	
2023	\$ 21,137
2024	43,382
2025	14,824
2026	<u>136,406</u>
Total deferred outflows (inflows) or resources	<u><u>\$ 215,749</u></u>

TOWN OF STOCKBRIDGE, MASSACHUSETTS

REQUIRED SUPPLEMENTARY INFORMATION

June 30, 2022

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

	Plan Year Ended December 31,							
	2021	2020	2019	2018	2017	2016	2015	2014
Berkshire County Retirement System net pension (asset) liability	\$ (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	3.60%	3.62%	3.58%	3.59%	3.58%	3.54%	3.38%	3.53%
Town's proportionate share of the net pension (asset) liability	\$ (845,676)	\$ 464,193	\$ 1,096,554	\$ 1,570,409	\$ 925,537	\$ 1,407,929	\$ 1,430,315	\$ 926,943
Town's covered-employee payroll	\$ 1,767,166	\$ 1,777,804	\$ 1,750,645	\$ 1,692,804	\$ 1,598,631	\$ 1,708,105	\$ 1,542,537	\$ 1,490,673
Town's proportionate share of the net pension (asset) liability as a percentage of its covered-employee payroll	-47.85%	26.11%	62.64%	92.77%	57.90%	82.43%	92.72%	62.18%
Plan fiduciary net position as a percentage of the total pension (asset) liability	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,							
	2021	2020	2019	2018	2017	2016	2015	2014
Town's contractually required contribution	\$ 416,844	\$ 391,507	\$ 361,569	\$ 346,065	\$ 329,318	\$ 310,771	\$ 283,188	\$ 282,342
Town's contributions in relation to the contractually required contribution	(416,844)	(391,507)	(361,569)	(346,065)	(329,318)	(310,771)	(283,188)	(282,342)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Town's covered-employee payroll	\$ 1,767,166	\$ 1,777,804	\$ 1,750,645	\$ 1,692,804	\$ 1,598,631	\$ 1,708,105	\$ 1,542,537	\$ 1,490,673
Contributions as a percentage of covered-employee payroll	23.59%	22.02%	20.65%	20.44%	20.60%	18.19%	18.36%	18.94%

Notes to the Required Supplementary Information

Changes of benefit terms: None

Changes of assumptions: Changes in economic and demographic assumptions

Last 10 years: Only plan years 2014 to 2021 available

See independent auditors' report

TOWN OF STOCKBRIDGE, MASSACHUSETTS

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CHANGES IN NET OPEB
LIABILITY AND RELATED RATIOS

June 30,

	2022	2021	2020	2019	2018
Total OPEB liability					
Service cost	\$ 113,832	\$ 104,094	\$ 105,527	\$ 97,376	\$ 85,995
Interest	253,326	241,091	224,943	213,274	202,651
Changes of benefit terms	-	-	-	-	-
Changes of assumptions	767,420	115,226	182,628	-	-
Differences between actual and expected experience	(567,513)	-	(125,724)	-	-
Benefit payments including implicit cost	(165,419)	(157,277)	(153,312)	(150,917)	(145,699)
Net change in total OPEB liability	401,646	303,134	234,062	159,733	142,947
Total OPEB liability, beginning	3,720,507	3,417,373	3,183,311	3,023,578	2,880,631
Total OPEB liability, ending (a)	<u>\$ 4,122,153</u>	<u>\$ 3,720,507</u>	<u>\$ 3,417,373</u>	<u>\$ 3,183,311</u>	<u>\$ 3,023,578</u>
Plan fiduciary net position					
Employer contributions to trust	\$ 215,419	\$ -	\$ 345,000	\$ 345,000	\$ 345,000
Employer contributions - premiums	(165,419)	157,277	153,312	150,917	-
Interest	-	-	-	-	-
Net investment income (loss)	(146,394)	871,332	61,239	132,246	154,057
Benefit payments including implicit costs	-	(157,277)	(153,312)	(150,917)	-
Administrative expense	-	-	-	-	-
Net change in plan fiduciary net position	(96,394)	871,332	406,239	477,246	499,057
Plan fiduciary net position, beginning	3,834,853	2,963,521	2,557,282	2,080,036	1,580,979
Plan fiduciary net position, ending (b)	<u>\$ 3,738,459</u>	<u>\$ 3,834,853</u>	<u>\$ 2,963,521</u>	<u>\$ 2,557,282</u>	<u>\$ 2,080,036</u>
Net OPEB (asset)/liability (a) - (b)	<u>\$ 383,694</u>	<u>\$ (114,346)</u>	<u>\$ 453,852</u>	<u>\$ 626,029</u>	<u>\$ 943,542</u>
Plan fiduciary net position as a percentage of the total OPEB liability	90.69%	103.07%	86.72%	80.33%	68.79%
Covered employee payroll	\$ 1,821,698	\$ 1,884,358	\$ 1,829,474	\$ 1,565,916	\$ 1,500,667
Net OPEB (asset)/liability as a percentage of covered employee payroll	21.06%	-6.07%	24.81%	39.98%	62.87%

Notes to Schedule:

Changes of benefit terms: None.

Changes of assumptions:

Discount rate decreased from 6.75% to 6.41%.

Municipal bond rate increased from 2.18% to 4.09%.

Last 10 years: Only plan years 2018 to 2022 available.

See independent auditors' report.

TOWN OF STOCKBRIDGE, MASSACHUSETTS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF OPEB CONTRIBUTIONS
June 30,

	2022	2021	2020	2019	2018
Actuarially determined contribution	\$ 133,549	\$ 97,989	\$ 139,709	\$ 144,525	\$ 183,877
Contributions in relation to the actuarially determined contribution	<u>215,419</u>	<u>157,277</u>	<u>498,312</u>	<u>345,000</u>	<u>490,699</u>
Contribution deficiency (excess)	<u>\$ (81,870)</u>	<u>\$ (59,288)</u>	<u>\$ (358,603)</u>	<u>\$ (200,475)</u>	<u>\$ (306,822)</u>
Covered employee payroll	\$ 1,821,698	\$ 1,884,358	\$ 1,829,474	\$ 1,565,916	\$ 1,500,667
Contribution as a percentage of covered employee payroll	11.83%	8.35%	27.24%	22.03%	32.70%

Notes to Schedule

Valuation date:

Actuarially determined contribution rates were calculated as of July 1, 2021 with a measurement date of June 30, 2022.

Methods and assumptions used to determine contribution rates:

Actuarial cost method:	Individual Entry Age Normal.
Municipal bond rate:	4.09% as of June 30, 2022 (source is the S&P Municipal Bond 20-Year High Grade Index - SAPIHG).
Discount rate:	6.41%, net of OPEB plan investment expense, including inflation.
Inflation:	2.50% as of June 30, 2022 and for future periods.
Pre- and post-retirement mortality	Mortality rates were based upon the RP-2014 Mortality Table for Blue Collar employees projected generationally with MP-2016 for males and females, set forward 1 year for females.
Disabled mortality:	Disabled mortality rates were based upon the RP-2014 Mortality Table for Blue Collar employees projected generationally with MP-2016 for males and females, set forward 1 year.
Changes in assumptions:	The discount rate has decreased from 6.75% to 6.41%.
Last 10 years:	Only plan years 2018 to 2022 available.

See independent auditors' report.

TOWN OF STOCKBRIDGE, MASSACHUSETTS

SUPPLEMENTARY INFORMATION

Description of Nonmajor Governmental Funds

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, 2022:

- Water and Sewer Fund
- Federal and State Grants Fund
- Revolving Funds
- Gift and Donations Fund

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: cemetery perpetual care, conservation, Chime Tower, Merwin trust, Stockbridge Bowl, war memorial, charitable and other similar purposes.

TOWN OF STOCKBRIDGE, MASSACHUSETTS

COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS

June 30, 2022

	Special Revenue and Other Funds						Expendable	Total
	Water	Sewer	Federal and State	Revolving	Gift and Donation	Total	Trust	Nonmajor
	Fund	Fund	Grants Fund	Funds	Funds		Funds	Funds
Assets								
Cash and cash equivalents	\$ 879,681	\$ 670,298	\$ -	\$ 258,808	\$ 56,310	\$ 1,865,097	\$ 250	\$ 1,865,347
Investments	-	-	-	-	-	-	543,036	543,036
Receivables	4,137	11,848	531,418	-	-	547,403	-	547,403
Total assets	<u>\$ 883,818</u>	<u>\$ 682,146</u>	<u>\$ 531,418</u>	<u>\$ 258,808</u>	<u>\$ 56,310</u>	<u>\$ 2,412,500</u>	<u>\$ 543,286</u>	<u>\$ 2,955,786</u>
Liabilities								
Warrants and other payables	\$ 11,510	\$ 23,982	\$ 18,262	\$ -	\$ 1,695	\$ 55,449	\$ -	\$ 55,449
Interfund payable	-	-	372,541	-	-	372,541	-	372,541
Total liabilities	11,510	23,982	390,803	-	1,695	427,990	-	427,990
Fund balances								
Restricted	872,308	658,164	140,615	258,808	54,615	1,984,510	543,286	2,527,796
Total liabilities and fund balances	<u>\$ 883,818</u>	<u>\$ 682,146</u>	<u>\$ 531,418</u>	<u>\$ 258,808</u>	<u>\$ 56,310</u>	<u>\$ 2,412,500</u>	<u>\$ 543,286</u>	<u>\$ 2,955,786</u>

See independent auditors' report.

TOWN OF STOCKBRIDGE , MASSACHUSETTS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2022

	Special Revenue and Other Funds						Expendable	Total
	Water Fund	Sewer Fund	Federal and State Grants Fund	Revolving Funds	Gift and Donation Funds	Total	Trust Funds	Nonmajor Funds
Revenues								
Charges for services	\$ 378,791	\$ 540,165	\$ -	\$ -	\$ -	\$ 918,956	\$ -	\$ 918,956
Earnings (losses) on invested funds	-	-	-	-	-	-	(8,254)	(8,254)
Miscellaneous and other revenues	-	-	9,873	9,777	22,966	42,616	-	42,616
Intergovernmental revenues	-	-	1,966,424	-	-	1,966,424	-	1,966,424
Total revenues	<u>378,791</u>	<u>540,165</u>	<u>1,976,297</u>	<u>9,777</u>	<u>22,966</u>	<u>2,927,996</u>	<u>(8,254)</u>	<u>2,919,742</u>
Expenditures								
General government	-	-	93,669	1,400	-	95,069	-	95,069
Public safety	-	-	5,094	-	688	5,782	-	5,782
Public works	-	-	310	-	-	310	-	310
Water and sewer	283,966	339,999	-	-	-	623,965	-	623,965
Health and human services	-	-	32,413	-	3,350	35,763	-	35,763
Culture and recreation	-	-	180,466	-	-	180,466	-	180,466
Capital outlay	-	-	1,675,390	-	-	1,675,390	-	1,675,390
Total expenditures	<u>283,966</u>	<u>339,999</u>	<u>1,987,342</u>	<u>1,400</u>	<u>4,038</u>	<u>2,616,745</u>	<u>-</u>	<u>2,616,745</u>
Excess (deficiency) of revenues over expenditures	<u>94,825</u>	<u>200,166</u>	<u>(11,045)</u>	<u>8,377</u>	<u>18,928</u>	<u>311,251</u>	<u>(8,254)</u>	<u>302,997</u>
OTHER FINANCING SOURCES (USES)								
Transfers in	3,793	12,376	-	-	-	16,169	100,000	116,169
Transfers out	-	(194,634)	-	(692)	-	(195,326)	(20,000)	(215,326)
TOTAL OTHER FINANCING SOURCES (USES)	<u>3,793</u>	<u>(182,258)</u>	<u>-</u>	<u>(692)</u>	<u>-</u>	<u>(179,157)</u>	<u>80,000</u>	<u>(99,157)</u>
Net change in fund balances	98,618	17,908	(11,045)	7,685	18,928	132,094	71,746	203,840
Fund balances, beginning	<u>773,690</u>	<u>640,256</u>	<u>151,660</u>	<u>251,123</u>	<u>35,687</u>	<u>1,852,416</u>	<u>471,540</u>	<u>2,323,956</u>
Fund balances, ending	<u>\$ 872,308</u>	<u>\$ 658,164</u>	<u>\$ 140,615</u>	<u>\$ 258,808</u>	<u>\$ 54,615</u>	<u>\$ 1,984,510</u>	<u>\$ 543,286</u>	<u>\$ 2,527,796</u>

See independent auditors' report.

TOWN OF STOCKBRIDGE, MASSACHUSETTS
SCHEDULE OF TAXES RECEIVABLE - GENERAL FUND
For the Year Ended June 30, 2022

	Uncollected Tax July 1, 2021	Commitments	Abatements and Adjustments	Refunds	Transfers to Tax Title Account	Collections	Uncollected Tax June 30, 2022
Real Estate Tax							
2022	\$ -	\$ 8,847,645	\$ (48,138)	\$ 52,862	\$ -	\$ (8,648,739)	\$ 203,630
2021	200,162	-	(1,100)	57,591	(32,388)	(212,645)	11,620
2020	45,074	-	-	-	631	(38,527)	7,178
2019	3,605	-	-	-	5,941	(2,635)	6,911
2018	478	-	-	-	(423)	(55)	-
2017	-	-	-	-	-	-	-
Total	<u>\$ 249,319</u>	<u>\$ 8,847,645</u>	<u>\$ (49,238)</u>	<u>\$ 110,453</u>	<u>\$ (26,239)</u>	<u>\$ (8,902,601)</u>	<u>\$ 229,339</u>
Personal Property Tax							
2022	\$ -	\$ 441,234	\$ (824)	\$ 153	\$ -	\$ (438,314)	\$ 2,249
2021	2,668	-	164	258	-	(1,796)	1,294
2020	994	-	-	-	-	(202)	792
2019	441	-	-	-	-	(54)	387
2018	206	-	-	-	-	(20)	186
2017	135	-	(780)	780	-	-	135
2016	146	-	(819)	819	-	-	146
2013	67	-	-	-	-	-	67
Total	<u>\$ 4,657</u>	<u>\$ 441,234</u>	<u>\$ (2,259)</u>	<u>\$ 2,010</u>	<u>\$ -</u>	<u>\$ (440,386)</u>	<u>\$ 5,256</u>
Motor Vehicle Excise Tax							
2022	\$ -	\$ 311,434	\$ (1,683)	\$ 1,856	\$ -	\$ (297,212)	\$ 14,395
2021	58,827	39,947	(2,310)	2,322	-	(93,617)	5,169
2020	2,353	-	(117)	46	-	(837)	1,445
2019	1,886	-	-	-	-	(678)	1,208
2018	1,441	-	-	-	-	(123)	1,318
2017	1,204	-	-	-	-	(370)	834
2016	1,091	-	-	-	-	-	1,091
2015	3,118	-	-	-	-	(64)	3,054
Total	<u>\$ 69,920</u>	<u>\$ 351,381</u>	<u>\$ (4,110)</u>	<u>\$ 4,224</u>	<u>\$ -</u>	<u>\$ (392,901)</u>	<u>\$ 28,514</u>

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Adelson & Company PC

CERTIFIED PUBLIC ACCOUNTANTS

Established 1938

AUDIT | TAX | ADVISORY

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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 STATE- MENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Selectmen of
TOWN OF STOCKBRIDGE, MASSACHUSETTS

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Stockbridge, Massachusetts, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Town of Stockbridge, Massachusetts' basic financial statements, and have issued our report thereon dated February 28, 2023.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. 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.

Report on Compliance and Other Matters

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

Purpose of This Report

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

Adelson + Company PC

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February 28, 2023