

TURNERS FALLS, MASSACHUSETTS FIRE DISTRICT

**Report on the Examination
Of Basic Financial Statements**

For the Year Ended June 30, 2022

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For the Year Ended June 30, 2022

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Independent Auditor's Report

To the Honorable Prudential Committee
Turners Falls Fire District
Turners Falls, Massachusetts

Report on the Audit of Financial Statements

Opinions

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

In our opinion, the accompanying 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 Turners Falls, Massachusetts Fire District, as of June 30, 2022, and the respective changes in financial position thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Turners Falls, Massachusetts Fire District, 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 opinions.

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 Turners Falls, Massachusetts Fire District's 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.

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, pension plan and other post-employment benefit plan schedules, as listed on the table of contents, 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 opinions on the financial statements that collectively comprise the Turners Falls, Massachusetts Fire District's basic financial statements. The Supplementary Schedule, as listed in the table of contents, is presented for purposes of additional analysis and is 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 accompanying supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated August 10, 2023, on our consideration of the Turners Falls, Massachusetts Fire District's 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 Turners Falls, Massachusetts Fire District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Turners Falls, Massachusetts Fire District's internal control over financial reporting and compliance.

Scanlon and Associates, LLC

Scanlon & Associates, LLC
South Deerfield, Massachusetts

August 10, 2023

MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's Discussion and Analysis

As management of the Turners Falls Fire District (the District) in the Town of Montague, Massachusetts, we offer readers of these financial statements this narrative overview and analysis of the financial activities for the fiscal year ended June 30, 2022. The intent of this discussion and analysis is to look at the District's financial performance as a whole. Readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the District's financial performance.

Financial Highlights

- The District's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by \$3,819,798 (net position) for the fiscal year reported. This compares to the previous year when assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by \$3,449,361, or an increase of \$370,437 (11%).
- At the close of the current fiscal year, the District's governmental funds reported total ending fund balance of \$1,821,659, a decrease of \$522,430 (22%) in comparison with the prior year.
- The General Fund's total fund balance decreased \$83,768 (8%) to \$917,873. The ending General fund balance is 70% of revenues in and 67% of expenditures and transfers out.
- Total liabilities of the District decreased during the year by \$1,163,475 (22%) to \$4,143,646. This net change resulted mainly from decreases in the other post-employment benefits (OPEB) liability of \$91,230, in the pension liability of \$717,490, in leases payable of \$71,459 and in the bonds payable of \$226,135.
- The District had General fund free cash certified by the Department of Revenue in the amount of \$183,201.

Overview of the Financial Statements

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

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of finances, in a manner similar to private-sector business.

The *statement of net position* presents information on all assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the difference between them reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position is improving or deteriorating.

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

Both of the government-wide financial statements distinguish functions that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities include fire operations, administration, depreciation and interest. The District does not have any operations that are business-type activities.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Fund accounting is used to ensure

and demonstrate compliance with finance-related legal requirements. All of the funds can be divided into two categories: governmental funds and fiduciary funds described below.

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund statements focus on *near-term inflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government’s near-term financial requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government’s near-term financing decision. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds and governmental activities*.

The District maintains numerous individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures and changes in fund balances for the General Fund which is considered to be a major fund. Data from the other individual governmental funds are combined into a single, aggregated presentation titled *nonmajor governmental funds*.

The District adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

Fiduciary funds. *Fiduciary funds* are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the District’s own programs.

Notes to the basic financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Financial Highlights

Statement of Net Position Highlights

	Governmental Activities		
	2022	2021	Change
Assets:			
Current assets	\$ 2,151,489	\$ 2,651,179	\$ (499,690)
Capital assets	6,518,346	6,351,660	166,686
Total assets	8,669,835	9,002,839	(333,004)
Deferred Outflows of Resources	416,204	246,346	169,858
Liabilities:			
Current liabilities (excluding debt and leases)	83,830	120,990	(37,160)
Current debt	171,181	196,119	(24,938)
Noncurrent liabilities (excluding debt and leases)	2,700,530	3,736,251	(1,035,721)
Noncurrent debt	1,188,105	1,253,761	(65,656)
Total liabilities	4,143,646	5,307,121	(1,163,475)
Deferred Inflows of Resources	1,122,595	492,703	629,892
Net Position:			
Net investment in capital assets	5,159,060	4,982,278	176,782
Restricted	60,969	258,049	(197,080)
Unrestricted	(1,400,231)	(1,790,966)	390,735
Total net position	\$ 3,819,798	\$ 3,449,361	\$ 370,437

Financial Highlights

Statement of Activities Highlights

	Governmental Activities		
	Activities 2022	2021	Change
Program Revenues:			
Charges for services	\$ 900,381	\$ 871,065	\$ 29,316
Operating grants and contributions	29,936	34,805	(4,869)
Capital grants and contributions	180,362	-	180,362
General Revenues:			
Property taxes	2,392,218	2,358,575	33,643
Penalties and interest on taxes	13,701	14,733	(1,032)
Unrestricted investment income	1,807	2,831	(1,024)
Miscellaneous	-	14	(14)
Total revenues	3,518,405	3,282,023	236,382
Expenses:			
General government	230,078	140,983	89,095
Public safety	1,461,491	1,530,791	(69,300)
Public works	638,414	698,745	(60,331)
Employee benefits and insurance	311,403	484,982	(173,579)
Interest	50,619	15,680	34,939
Depreciation	455,963	202,668	253,295
Total expenses	3,147,968	3,073,849	74,119
Change in net position	370,437	208,174	162,263
Net position - beginning of year	3,449,361	3,241,187	208,174
Net position - end of year	\$ 3,819,798	\$ 3,449,361	\$ 370,437

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. Assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$3,819,798 at close of fiscal year 2022.

Net position of \$5,159,060 reflects its investment in capital assets (e.g., infrastructure); less any related debt used to acquire those assets that are still outstanding. The District uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the investment in its capital assets is reported net of its related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the net position \$60,969, represents resources that are subject to restrictions on how they may be used (e.g., capital projects). The remaining balance is *unrestricted net position* of (\$1,400,231).

At the end of the current fiscal year, the District is able to report positive balances in two categories of net position and a negative balance in the unrestricted category in the governmental activities and for the government as a whole. The unrestricted governmental activities and government as a whole resulted in a negative balance mainly due to the accrual of the OPEB and pension liabilities that are required under GASB to be recognized in the District's financial statements. These liabilities are presented on the statement of net position.

The governmental activities net position increased by \$370,437 (11%) during the current fiscal year. The key elements of the increase in net position for fiscal year 2022 are attributed to a result of recognizing this year's changes in the pension liability of \$717,490 and from the repayment of debt and leases of \$297,594; and a decrease due to the net changes in governmental funds of \$522,430 and to the deferred outflows/(inflows) of resources related to pensions of \$460,034.

Financial Analysis of the Government's Funds

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

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

As of the end of the current fiscal year, governmental funds reported combined ending fund balances of \$1,821,659, a decrease of \$522,430 (22%) in comparison with the prior year.

The breakdown of the governmental funds is as follows:

- Restricted fund balance – \$60,969 (3%).
- Committed fund balance – \$1,036,147 (57%).
- Assigned fund balance – \$57,126 (3%).
- Unassigned fund balance – \$667,417 (37%).

Major Governmental Funds

The *General Fund* is the District's primary operating fund and the largest source of day-to-day operations. At the end of the fiscal year, the General Fund reported a total fund balance of \$917,873 decreasing \$83,768 (8%) from the prior year. Of the \$917,873, the unassigned amount is \$860,747 (94%) and the assigned amount is \$57,126 (6%). General fund revenues were \$257,926 (11%) more than the prior fiscal year and expenditures also increased by \$205,770 (9%). Other activity in the General Fund consisted of transfers out to the other funds of \$95,790.

The *Water Fund* has accumulated a fund balance of \$831,650 used in the financing and operations of the District's water system. The water fund shows an increase of \$12,693 (2%). This is attributed to expenses exceeding revenues by \$83,097, and transfers in from the General Fund of \$95,790. Operating revenues decreased by \$86,273 (12%) while operating expenses increased by \$34,281 (5%) from the prior year.

At the end of the fiscal year, the *Nonmajor Governmental Funds* reported a fund balance of \$72,136, showing a decrease of \$451,355 (86%) from the prior year.

General Fund Budgetary Highlights

The final General Fund budget for fiscal year 2022 was \$2,568,333. This was an increase of \$187,245 (8%) over the previous year's budget.

There was an increase of \$24,000 between the total original budget and the total final amended budget. The change is attributed to adjustments voted at the Annual District Meeting in May 2022 for various budget operating line items.

General fund expenditures were less than budgeted by \$15,646. Of the \$15,646 in under budget expenditures, \$57,126 has been carried over to fiscal year 2023.

There are negative variances in property taxes of \$18,465; in licenses, permits and fees of \$137; and in investment income of \$207 as revenues did not meet budget expectations.

There are negative variances in general government of \$2,161 and in debt service principal of \$93,594 as expenses were higher than expected.

Overall, the variance with the final General fund budget was a positive \$131,703 consisting of a revenue surplus of \$173,183 and an appropriation deficit of \$41,480.

Capital Asset and Debt Administration

Capital Assets. The District's investment in capital assets as of June 30, 2022 amounts to \$6,518,346.

The investment in capital assets includes land, construction in progress, buildings and renovations, machinery, equipment and other and infrastructure.

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

- Vehicle and equipment purchases of \$301,095.
- Infrastructure improvements of \$306,328.

Debt Administration. The District's outstanding governmental activities debt as of June 30, 2022 totaled \$775,814, of which \$196,099 is for the water projects and \$579,715 is for well construction.

The District also has a capital lease in the governmental type fund for the financing of a fire truck. The last lease is due in 2029. The District currently owes \$676,717 on the lease consisting of \$583,472 in principal and \$93,245 in interest.

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

Next Year's Annual District Meeting

The District operates under the "Open Meeting" concept where each registered voter has an equal vote in the adopting of District's budgets and appropriations. The financial statements for June 30, 2022 do not reflect the fiscal year 2023 District meeting. The annual District meeting on May 3, 2022 authorized a fiscal year 2023 operating and capital budget as follows:

From raise and appropriate	\$	2,485,479
From water user fees		653,171
From other available funds:		
Non-major Governmental Funds:		
Ambulance Fund		74,825
	\$	<u>3,213,475</u>

Requests for Information

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the District Accountant, Turners Falls Fire District, 226 Miller's Falls Road, Turners Falls, Massachusetts 01376.

BASIC FINANCIAL STATEMENTS

TURNERS FALLS, MASSACHUSETTS FIRE DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2022

	Governmental Activities
ASSETS	
CURRENT:	
Cash and Cash Equivalents	\$ 1,852,012
Receivables, net of allowance for uncollectibles:	
Property Taxes	97,522
Tax Liens and Foreclosures	71,861
User Charges	36,869
Departmental	93,225
Total Current Assets	2,151,489
NONCURRENT:	
Capital Assets, net of accumulated Depreciation:	
Nondepreciable	630,388
Depreciable	5,887,958
Total Noncurrent Assets	6,518,346
Total Assets	8,669,835
DEFERRED OUTFLOWS OF RESOURCES	
Deferred Outflows Related to Pensions	416,204
	416,204
LIABILITIES	
CURRENT:	
Warrants and Accounts Payable	57,014
Accrued Payroll and Withholdings	17,581
Accrued Interest	8,177
Other	1,058
Leases Payable	74,210
Bonds and Notes Payable	96,971
Total current liabilities	255,011
NONCURRENT:	
Compensated Absences	157,707
Net OPEB Liability	2,220,644
Net Pension Liability	322,179
Leases Payable	509,262
Bonds and Notes Payable	678,843
Total noncurrent liabilities	3,888,635
Total Liabilities	4,143,646
DEFERRED INFLOWS OF RESOURCES	
Deferred Inflows Related to Pensions	1,122,595
	1,122,595
NET POSITION	
Net Investment in Capital Assets	5,159,060
Restricted for:	
Other Purposes	60,969
Unrestricted	(1,400,231)
Total Net Position	\$ 3,819,798

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

**TURNERS FALLS, MASSACHUSETTS FIRE DISTRICT
STATEMENT OF ACTIVITIES
JUNE 30, 2022**

	Program Revenues				Net (Expenses) Revenues and and Changes in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	<u>Primary Government</u> Governmental Activities
Governmental Activities:					
General government	\$ 230,078	\$ 40,000	\$ -	\$ -	\$ (190,078)
Public safety	1,461,491	225,096	29,936	-	(1,206,459)
Public works	638,414	635,285	-	-	(3,129)
Employee benefits	311,403	-	-	-	(311,403)
Interest	50,619	-	-	-	(50,619)
Unallocated depreciation	455,963	-	-	180,362	(275,601)
Total	\$ 3,147,968	\$ 900,381	\$ 29,936	\$ 180,362	(2,037,289)
General Revenues:					
Property Taxes					2,392,218
Penalties & Interest on Taxes					13,701
Unrestricted Investment Income					1,807
Total General Revenues					2,407,726
					370,437
					3,449,361
					\$ 3,819,798

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

**TURNERS FALLS, MASSACHUSETTS FIRE DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2022**

	General Fund	Water Fund	Nonmajor Governmental Funds	Total Governmental Funds
Assets:				
Cash and Cash Equivalents	\$ 914,257	\$ 862,456	\$ 75,299	\$ 1,852,012
Receivables, net of allowance for uncollectibles:				
Property Taxes	97,522	-	-	97,522
Tax Liens and Foreclosures	71,861	-	-	71,861
User Charges	-	36,869	-	36,869
Departmental	-	-	93,225	93,225
Total Assets	\$ 1,083,640	\$ 899,325	\$ 168,524	\$ 2,151,489
Liabilities:				
Warrants and Accounts Payable	\$ 28,793	\$ 25,058	\$ 3,163	\$ 57,014
Accrued Payroll and Withholdings	12,028	5,553	-	17,581
Other	863	195	-	1,058
Total Liabilities	41,684	30,806	3,163	75,653
Deferred Inflows of Resources:				
Unavailable Revenue	124,083	36,869	93,225	254,177
Total Deferred Inflows of Resources	124,083	36,869	93,225	254,177
Fund Balance:				
Restricted	-	-	60,969	60,969
Committed	-	831,650	204,497	1,036,147
Assigned	57,126	-	-	57,126
Unassigned	860,747	-	(193,330)	667,417
Total Fund Balance	917,873	831,650	72,136	1,821,659
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 1,083,640	\$ 899,325	\$ 168,524	\$ 2,151,489

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

**TURNERS FALLS, MASSACHUSETTS FIRE DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2022**

	General Fund	Water Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:				
Property Taxes	\$ 2,403,755	\$ -	\$ -	\$ 2,403,755
Intergovernmental	-	-	21,007	21,007
Charges for Services	-	626,840	149,749	776,589
Licenses, Permits, and Fees	10,863	-	-	10,863
Penalties and Interest on Taxes	13,701	-	-	13,701
Investment Income	1,807	-	-	1,807
Other	189,291	-	40,000	229,291
Total Revenues	2,619,417	626,840	210,756	3,457,013
Expenditures:				
Current:				
General Government	225,074	-	311,332	536,406
Public Safety	1,375,511	-	350,779	1,726,290
Public Works	-	709,937	-	709,937
Employee Benefits	660,089	-	-	660,089
Debt Service:				
Principal	297,594	-	-	297,594
Interest	49,127	-	-	49,127
Total Expenditures	2,607,395	709,937	662,111	3,979,443
Excess of Revenues Over (Under) Expenditures	12,022	(83,097)	(451,355)	(522,430)
Other Financing Sources (Uses):				
Operating Transfers In	-	95,790	-	95,790
Operating Transfers Out	(95,790)	-	-	(95,790)
Total Other Financing Sources (Uses)	(95,790)	95,790	-	-
Net Change in Fund Balances	(83,768)	12,693	(451,355)	(522,430)
Fund Balances, Beginning of Year (as restated)	1,001,641	818,957	523,491	2,344,089
Fund Balances, End of Year	\$ 917,873	\$ 831,650	\$ 72,136	\$ 1,821,659

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

TURNERS FALLS, MASSACHUSETTS FIRE DISTRICT
Reconciliation of the Governmental Funds Balance Sheet
Total Fund Balances to the Statement of Net Position
For the Year Ended June 30, 2022

Total Governmental Fund Balances	\$	1,821,659
Capital Assets (net) used in governmental activities are not financial resources and therefore, are not reported in the funds.		6,518,346
Revenues are recognized on an accrual basis of accounting instead of a modified accrual basis.		254,177
Certain changes in the net pension liability are required to be included in pension expense over future periods. These changes are reported as deferred outflows of resources or (deferred inflows of resources) related to pensions.		(706,391)
Long Term liabilities are not due and payable in the current period and therefore, are not reported in governmental funds:		
Bonds and notes payable	\$ (775,814)	
Leases payable	(583,472)	
Compensated absences	(157,707)	
Net pension liability	(322,179)	
Net other post employment benefits liability	<u>(2,220,644)</u>	(4,059,816)
In the statement of activities, interest is accrued on outstanding long term debt, whereas in governmental funds, interest is not reported until due.		<u>(8,177)</u>
Net Position of Governmental Activities	\$	<u>3,819,798</u>

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

TURNERS FALLS, MASSACHUSETTS FIRE DISTRICT
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 - Total Governmental Funds \$ (522,430)

Governmental Funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and are reported as depreciation expense:

Capital Outlay Purchases	\$ 622,649	
Depreciation	<u>(455,963)</u>	166,686

Revenue in the Statement of Activities that do not provide current financial resources are fully deferred in the Statement of Revenues, Expenditures and Changes in Fund Balances. Therefore, the recognition of revenue for various types of accounts receivable (i.e., real estate and personal property, user charges, etc.) differ between the two statements. This amount represents the net change in deferred inflow - unavailable revenue. 61,392

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

Repayment of Debt Principal	226,135	
Repayment of Lease Principal	<u>71,459</u>	297,594

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

Net Change in Accrued Interest on Long-Term Debt	(1,492)	
Net Change in Compensated Absences	20,001	
Net Change in Net OPEB Liability	91,230	
Net Change in Net Pension Liability	717,490	
Net Change in Deferred Outflow/(Inflow) of Resources Related to Pensions	<u>(460,034)</u>	367,195

Change in Net Position of Governmental Activities \$ 370,437

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

**TURNERS FALLS, MASSACHUSETTS FIRE DISTRICT
STATEMENT OF REVENUES AND EXPENDITURES - BUDGETARY BASIS -
(NON-GAAP) - BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2022**

	<u>Budgeted Amounts</u>			Actual Budgetary Basis	Amounts Carried Forward to Next Year	Variance with Final Budget Positive (Negative)
	Amounts Carried		Final Budget			
	Forward from Prior Year	Original Budget				
Revenues:						
Property Taxes	\$ -	\$ 2,376,920	\$ 2,376,920	\$ 2,358,455	\$ -	\$ (18,465)
Licenses, Permits, and Fees	-	11,000	11,000	10,863	-	(137)
Penalties and Interest on Taxes	-	11,000	11,000	13,701	-	2,701
Investment Income	-	2,000	2,000	1,793	-	(207)
Other	-	-	-	189,291	-	189,291
Total Revenues	-	2,400,920	2,400,920	2,574,103	-	173,183
Expenditures:						
Current:						
General Government	11,050	211,913	222,963	225,074	50	(2,161)
Public Safety	90,093	1,284,143	1,398,236	1,320,803	57,076	20,357
Employee Benefits	-	689,134	689,134	660,089	-	29,045
Debt Service:						
Principal	-	204,000	204,000	297,594	-	(93,594)
Interest	-	54,000	54,000	49,127	-	4,873
Total Expenditures	101,143	2,443,190	2,568,333	2,552,687	57,126	(41,480)
Excess of Revenues Over (Under) Expenditures	(101,143)	(42,270)	(167,413)	21,416	(57,126)	131,703
Other Financing Sources (Uses):						
Operating Transfers In (Out)	-	42,270	(123,520)	(195,790)	-	(72,270)
Total Other Financing Sources (Uses)	-	42,270	(123,520)	(195,790)	-	(72,270)
Net Change in Budgetary Fund Balance	(101,143)	-	(290,933)	\$ (174,374)	\$ (57,126)	\$ 59,433
Other Budgetary Items:						
Free Cash and Other Reserves	-	-	189,790			
Prior Year Encumbrances	101,143	-	101,143			
Total Other Budgetary Items	101,143	-	290,933			
NET BUDGET	\$ -	\$ -	\$ -			

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

TURNERS FALLS, MASSACHUSETTS FIRE DISTRICT
Reconciliation of Revenues and Expenditures
from Budgetary Basis to GAAP Basis
GENERAL FUND
For the Year Ended June 30, 2022

	Revenues	Expenditures
Reported on a Budgetary Basis	\$ 2,574,103	\$ 2,552,687
 <i>Adjustments:</i>		
Net Increase in Revenue from Recording 60-Day Receipts	45,300	-
Change in Accruals - GAAP Adjustments	-	54,708
Activity for Stabilization Fund Recorded in the General Fund for GAAP Purposes	14	-
Reported on a GAAP Basis	\$ 2,619,417	\$ 2,607,395

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

**TURNERS FALLS, MASSACHUSETTS FIRE DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2022**

	Other Post Employment Benefits Trust Fund
ASSETS	
Cash and Cash Equivalents	\$ 131,168
Total Assets	131,168
LIABILITIES	
Warrants and Accounts Payable	-
Total Liabilities	-
NET POSITION	
Restricted for Other Postemployment Benefits	\$ 131,168

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

**TURNERS FALLS, MASSACHUSETTS FIRE DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2022**

	Other Post Employment Benefits Trust Fund
Additions:	
Employer Contributions	\$ 110,184
Investment Income	196
Total Additions	110,380
Deductions:	
Insurance and Employee Benefits	110,184
Total Deductions	110,184
Change in Net Position	196
Net Position at Beginning of Year	130,972
Net Position at End of Year	\$ 131,168

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

TURNERS FALLS, MASSACHUSETTS FIRE DISTRICT
Notes to the Financial Statements
Year Ended June 30, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying basic financial statements of Turners Falls, Massachusetts Fire District (the District) have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). The Governmental Accounting Standards Board (GASB) is the recognized standard-setting body for establishing governmental accounting and financial reporting principles. The significant District accounting policies are described herein.

A. Reporting Entity

The District is a municipal corporation of the Commonwealth of Massachusetts. The District was established in 1873, and provides water and fire protection services to its residents. The District is governed by a three-member Prudential Committee.

For financial reporting purposes, the District has included all funds, organizations, account groups, agencies, boards, commissions and institutions. The District has also considered all potential component units for which it is financially accountable as well as other organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the basic financial statements to be misleading or incomplete. In fiscal year 2022, it was determined that no entities met the required GASB-39 and GASB-61 criteria for component units.

B. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

The government-wide financial statements (e.g., statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government and its component units. Governmental activities, which are primarily supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which are supported primarily by user fees and charges.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Fund Financial Statements

Separate financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements. Non-major funds are aggregated and displayed in a single column.

Because governmental fund statements are presented using a measurement focus and basis of accounting different from that used in the government-wide statements' governmental column, a reconciliation is presented that briefly explains the adjustment necessary to reconcile ending net position and the change in net position.

TURNERS FALLS, MASSACHUSETTS FIRE DISTRICT
Notes to the Financial Statements
Year Ended June 30, 2022

Major Fund Criteria

Major funds must be reported if the following criteria are met:

- If the total assets, liabilities, revenues or expenditures/expenses of an individual governmental fund are at least 10 percent of the corresponding element (assets, liabilities, etc.) for all funds of that category or type (total governmental funds),

and

- If the total assets, liabilities, revenues or expenditures/expenses of the individual governmental funds are at least 5 percent of the corresponding element for all governmental funds combined.

Additionally, any other governmental fund that management believes is particularly significant to the basic financial statements may be reported as a major fund.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Government-Wide Financial Statements

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis* of accounting. Revenues are recognized when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported.

Fund Financial Statements

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis* of accounting. Under the modified accrual basis concept, revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon thereafter to be used to pay current liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal year. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, excises and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

Entitlements and shared revenues are recorded at the time of receipt or earlier if the susceptible to accrual criteria is met. Expenditure driven grants recognize revenue when the qualifying expenditures are incurred and all other grant requirements are met.

TURNERS FALLS, MASSACHUSETTS FIRE DISTRICT
Notes to the Financial Statements
Year Ended June 30, 2022

The District 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 *water fund* is used to account for the water revenues and related expenses, except for debt service and employee benefits, which are accounted for in the General Fund.

The non-major governmental fund consists of other special revenue and capital projects that are aggregated and presented in the *non-major governmental funds'* column on the governmental funds' financial statements. The following describes the general use of these fund types:

The *special revenue fund* is used to account for the proceeds of specific revenue sources (other than the capital projects fund) that are restricted by law or administrative action to expenditures for specified purposes.

The *capital projects fund* is used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by Enterprise and Trust Funds).

Additionally, the government reports the following fund type:

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

The *Other Post Employment Benefit Trust Fund* accounts for the activities of the District's OPEB plan, which accumulates resources for retiree medical and life insurance benefits. The assets of the OPEB Trust Fund cannot be used to support the District's operations.

D. Cash and Cash Equivalents

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

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

E. Investments

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

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

TURNERS FALLS, MASSACHUSETTS FIRE DISTRICT
Notes to the Financial Statements
Year Ended June 30, 2022

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

Level 3 inputs are unobservable for the asset or liability.

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

Additional investment disclosures are presented in these Notes.

F. Accounts Receivables

The recognition of revenues related to accounts receivable reported in the government-wide financial statements and fund financial statements are reported under the accrual basis of accounting and the modified accrual basis of accounting, respectively.

Property Taxes and Tax Liens

Property taxes are based on assessments as of January 1, 2021 and include betterments, special assessments and liens. Taxes are used to finance the operations of the District for the fiscal year July 1st to June 30th. By law, all taxable property in the Commonwealth of Massachusetts must be assessed at 100% of fair cash value. Taxes are due and payable on July 1st. The first tax payment is due November 1st, or thirty days after the date tax bills were mailed, whichever is later and must be at least one-half of the tax and any betterments. The balance of the tax is owed by May 1st of the following year. If payments are not made by the due dates, interest at the rate of 14% will be charged on the amount of the payment that is unpaid and overdue. The District has an ultimate right to foreclose on property for which taxes have not been paid. Property taxes levied are recorded as receivables. Revenues from property taxes are recognized in the fiscal year for which they have been levied.

The District through the Town of Montague mailed tax bills for the fiscal year 2022 on July 1, 2021 and December 31, 2021 that were due on October 4, 2021 and April 4, 2022, respectively.

The total amount raised by taxation was \$2,381,355.

The allowance for uncollectibles is based upon estimates and historical trends.

User Charges

User charges consist of water that is levied quarterly based on individual meter readings and usage and are subject to penalties and interest if they are not paid by the respective due date.

The allowance for uncollectibles is based upon estimates and historical trends.

Ambulance

Ambulance relates to ambulance bills that are outstanding.

The allowance for uncollectibles is based upon receivables that are over 90 days old.

TURNERS FALLS, MASSACHUSETTS FIRE DISTRICT
Notes to the Financial Statements
Year Ended June 30, 2022

Due from Other Governments

Various federal and state grants for operating and capital purposes are applied for and received annually. For non-expenditure driven grants, revenue is recognized as soon as all eligibility requirements imposed by the provider have been met. For expenditure driven grants, revenue is recognized when the qualifying expenditures are incurred and all other grant requirements are met.

These receivables are considered 100% collectible and, therefore, do not report an allowance for uncollectibles.

G. Capital Assets

Capital assets, which include land, construction in progress, buildings and renovations, machinery, equipment and other, and infrastructure assets (e.g., parking lot), are reported in the applicable government wide financial statements. Capital assets are recorded at historical cost or at estimated historical cost if actual historical cost is not available. Donated capital assets are recorded at the estimated fair market value.

All purchase and construction costs in excess of \$5,000 are capitalized at the date of acquisition or construction, respectively, with expected useful lives of greater than one year.

Capital assets (excluding land and construction in progress) are depreciated on a straight-line basis. The estimated useful lives of fixed assets are as follows:

Capital Asset Type	Years	Initial Cost Over
Buildings	40	\$ 100,000
Buildings improvements	20	\$ 50,000
Water Infrastructure	50	\$ 150,000
Machinery, equipment and other	5	\$ 5,000

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

H. Interfund Transfers

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

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

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

I. Deferred Outflows/Inflows of Resources

Government-wide financial statements

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

TURNERS FALLS, MASSACHUSETTS FIRE DISTRICT
Notes to the Financial Statements
Year Ended June 30, 2022

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

Fund financial statements

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

J. Net Position and Fund Balances

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

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

Net position has been "restricted for" the following:

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

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

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

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

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

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

TURNERS FALLS, MASSACHUSETTS FIRE DISTRICT
Notes to the Financial Statements
Year Ended June 30, 2022

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

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

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

K. Long-term Debt

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

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

L. Pension Benefits

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

M. Post-Retirement Benefits

In addition to providing pension benefits, health insurance coverage is provided for retired employees and their survivors in accordance with MGL, Chapter 32, on a pay-as-you-go basis. The cost of providing health insurance is recognized by recording the employer's 80% share of insurance premiums for retirees, spouses and surviving spouses in the general fund in the fiscal year paid.

N. Use of Estimates

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

O. Total Column

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

TURNERS FALLS, MASSACHUSETTS FIRE DISTRICT
Notes to the Financial Statements
Year Ended June 30, 2022

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

Annual budgets are adopted for the District's General Fund. Although legislative approval is required for the acceptance of grants, capital projects and borrowing authorizations, annual budgets are not prepared for any other fund; therefore, comparison of budget to actual is only presented for the General Fund. The annual budgets are legally enacted by vote at the annual District meeting.

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

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

For fiscal year 2022, the District incurred a final budget deficit of \$290,933 for the General Fund.

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

General Fund:	
Unassigned fund balance:	
Free cash votes	\$ 159,790
Overlay surplus	30,000
Prior year's encumbrances	101,143
	\$ 290,933
	\$ 290,933

B. Deficit Fund Balances

The following funds have deficits at June 30, 2022 as measured by the balance of unreserved fund balance.

- The *Streetlight* capital project fund has a deficit of \$12,145. This deficit will be eliminated upon appropriation.
- The *Ambulance Grant* special revenue fund has a deficit of \$181,185. This deficit will be eliminated upon additional grant receipts or appropriation.

3. DETAILED NOTES

A. Cash and Investments

Custodial Credit Risks – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned. The government does not have a deposit policy for custodial credit risk. Deposits at June 30, 2022 were \$2,003,907. Of these, none are exposed to custodial credit risk as uninsured and uncollateralized.

TURNERS FALLS, MASSACHUSETTS FIRE DISTRICT
Notes to the Financial Statements
Year Ended June 30, 2022

Investment Policies

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

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

As of June 30, 2021, the District had no investments that met the above criteria.

B. Receivables

At June 30, 2022, receivables for the individual major governmental funds, including the applicable allowances for uncollectible accounts, are as follows:

	Gross Amount	Allowance for Uncollectibles	Net Amount
Major and nonmajor governmental funds:			
Property taxes	\$ 110,136	\$ (12,614)	\$ 97,522
Tax liens and foreclosures	98,019	(26,158)	71,861
User Charges	36,869	-	36,869
Departmental	181,304	(88,079)	93,225
	\$ 426,328	\$ (126,851)	\$ 299,477

C. Deferred Inflows of Resources – Unavailable Revenue

Governmental funds report deferred inflows of resources in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. At the end of the current fiscal year, the various components of deferred inflows of resources reported in the governmental funds were as follows:

General Fund:		
Property taxes	\$ 52,222	
Tax liens and foreclosures	71,861	\$ 124,083
Water fund:		
User Charges		36,869
Nonmajor governmental funds:		
Departmental		93,225
		\$ 254,177

TURNERS FALLS, MASSACHUSETTS FIRE DISTRICT
Notes to the Financial Statements
Year Ended June 30, 2022

D. Capital Assets

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

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	\$ 613,161	\$ -	\$ -	\$ 613,161
Construction in progress	2,000	15,227	-	17,227
Total capital assets not being depreciated	615,161	15,227	-	630,388
Capital assets being depreciated:				
Buildings and Renovations	913,146	-	-	913,146
Machinery, equipment and other	2,790,366	301,095	-	3,091,461
Infrastructure	9,510,817	306,328	-	9,817,145
Total capital assets being depreciated	13,214,329	607,423	-	13,821,752
Less accumulated depreciation for:				
Buildings and Renovations	702,579	17,316	-	719,895
Machinery, equipment and other	1,753,638	243,388	-	1,997,026
Infrastructure	5,021,614	195,259	-	5,216,873
Total accumulated depreciation	7,477,831	455,963	-	7,933,794
Total capital assets being depreciated, net	5,736,498	151,460	-	5,887,958
Total governmental activities capital assets, net	\$ 6,351,659	\$ 166,687	\$ -	\$ 6,518,346

Depreciation expense was not charged to various functions/programs of the primary government, but, was recorded as unallocated in the Statement of Activities in the amount of \$455,963.

E. Interfund Receivables, Payables and Transfers

Interfund transfers for the fiscal year ended June 30, 2022, are summarized below:

Transfers Out:	Transfers In: Water fund
General fund	\$ 95,790

F. Leases

The District has entered into a lease agreement as lessee for financing of the government activities fire department vehicle. The lease agreement qualifies as lease liability for accounting purposes and, therefore, has been recorded at the present value of their future minimum lease payments as of the inception date.

TURNERS FALLS, MASSACHUSETTS FIRE DISTRICT
Notes to the Financial Statements
Year Ended June 30, 2022

The assets acquired through the capital leases are as follows:

	Governmental Activities
Asset:	
Machinery, Equipment and Other	\$ 950,000
Less: Accumulated Depreciation	(332,487)
Total	\$ 617,513

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2022 are as follows:

Year Ending June 30,	Governmental Activities
2023	\$ 96,674
2024	96,674
2025	96,673
2026	96,674
2027	96,674
2028-2032	193,348
Total minimum lease payments	676,717
Less: amount representing interest	(93,245)
Present value of minimum lease payments	\$ 583,472

G. Long Term Debt

General Obligation Bonds

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

General obligation bond currently outstanding of the governmental type fund is as follows:

	Interest	Date Issued	Final Maturity Date	Original Amount Issued	Outstanding June 30, 2022
Outside Debt:					
Loans - Direct Borrowings:					
U.S. Department of Agriculture:					
Miller's Falls water main	3.25%	10/1/2000	10/15/2029	\$ 520,000	\$ 16,099
Massachusetts Clean Water Trust:					
New well construction	2.00%	2/21/2018	7/15/2036	794,103	579,715
Long-term Notes:					
Serial Notes of 2015:					
Water Projects	3.01%	7/20/2015	7/20/2025	450,000	180,000
Total governmental type debt					\$ 775,814

TURNERS FALLS, MASSACHUSETTS FIRE DISTRICT
Notes to the Financial Statements
Year Ended June 30, 2022

Future Debt Service

The annual principal and interest payments to retire the governmental type general obligation long-term debt outstanding as of June 30, 2022, are as follows:

Year	Principal	Interest	Total
2023	\$ 96,971	\$ 18,011	\$ 114,982
2024	81,652	15,079	96,731
2025	82,449	12,936	95,385
2026	83,262	10,777	94,039
2027	39,095	9,277	48,372
2028-2032	208,590	33,405	241,995
2033-2037	183,795	9,985	193,780
	<u>\$ 775,814</u>	<u>\$ 109,470</u>	<u>\$ 885,284</u>

Changes in General Long-Term Liabilities

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

	Balance July 1, 2021	Additions	Reductions	Balance June 30, 2022	Amounts Due within One Year
Governmental activities:					
Bonds Payable:					
General obligation bonds	\$ 120,000	\$ -	\$ 120,000	\$ -	\$ -
U.S. Department of Agriculture	42,125	-	26,026	16,099	16,099
Long-term Notes (Refunding)	225,000	-	45,000	180,000	45,000
Massachusetts Clean					
Water Trust bonds	614,824	-	35,109	579,715	35,872
Lease payable	654,931	-	71,459	583,472	74,210
Compensated absences	177,708	10,977	30,978	157,707	-
Net OPEB liability	2,311,874	-	91,230	2,220,644	-
Net pension liability	1,039,669	-	717,490	322,179	-
Governmental activity					
Long-term liabilities	<u>\$ 5,186,131</u>	<u>\$ 10,977</u>	<u>\$ 1,137,292</u>	<u>\$ 4,059,816</u>	<u>\$ 171,181</u>

Loans Authorized and Unissued - Memorandum Only

Under the general laws of the Commonwealth of Massachusetts a District must authorize debt at a District meeting. This authorized debt does not have to be actually issued at that time and remains authorized until the debt is actually issued or District meeting votes to rescind the authorized debt. The District has no loan authorizations that have not been issued as of June 30, 2022.

TURNERS FALLS, MASSACHUSETTS FIRE DISTRICT
Notes to the Financial Statements
Year Ended June 30, 2022

H. Fund Balances

The following is a summary of the District's Governmental fund balances at the year ended June 30, 2022:

	General Fund	Major Funds	Nonmajor Governmental Funds	Total Governmental Funds
Restricted:				
Federal, state and local grants	\$ -	\$ -	\$ 13,416	\$ 13,416
District revolving funds	-	-	47,553	47,553
	-	-	60,969	60,969
Committed:				
Ambulance Fund	-	-	204,497	204,497
Water Fund	-	831,650	-	831,650
	-	831,650	204,497	1,036,147
Assigned:				
General Government	50	-	-	50
Public Safety	57,076	-	-	57,076
	57,126	-	-	57,126
Unassigned:				
General Fund	860,747	-	-	860,747
Capital projects deficit	-	-	(12,145)	(12,145)
Special revenue deficit	-	-	(181,185)	(181,185)
	860,747	-	(193,330)	667,417
Total Governmental fund balances	\$ 917,873	\$ 831,650	\$ 72,136	\$ 1,821,659

TURNERS FALLS, MASSACHUSETTS FIRE DISTRICT
Notes to the Financial Statements
Year Ended June 30, 2022

I. Special Trust Funds

Stabilization Fund

Massachusetts General Laws, Chapter 40, Section 5B, allows for the establishment of stabilization funds for one or more different purposes. The creation of a fund requires a two-thirds vote of the legislative body and must clearly define the purpose of the fund. Any change to the purpose of the fund along with any additions to or appropriations from the fund requires a two-thirds vote of the legislative body. Any interest shall be added to and become a part of the fund.

At June 30, 2022, the balances in the stabilization funds are reported in the General Fund as unassigned fund balance consisting of the following:

General purpose stabilization fund	\$	241,719
Fire stabilization fund		30,000
		<u>\$ 271,719</u>

4. OTHER INFORMATION

A. Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters. The District has obtained a variety of commercial liability insurance policies which passes the risk of loss listed above to independent third parties.

Settlement claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

Hampshire County Health Group

The District, along with other government entities from the neighboring geographic area, is a member of the Hampshire County Health Group (HCHG), a public entity risk pool, currently operating as a common risk sharing management and health insurance program for eligible active and former employees of its members.

Payments in the form of insurance premiums, are made monthly to the HCHG. These payments are funded in part from the District, recorded as expenditures in the general fund, and payroll withholdings from active employees, or direct payments from retired and certain eligible former employees. The District pays 80% of the cost of the insurance for active employees. Retired and other past employees who may be eligible to participate in the plan must pay 20% of their premium costs.

The District makes payments to HCHG in the form of monthly premiums based upon actual employee enrollment. HCHG makes payment, through a third-party administrator for actual health claims incurred for the entire group. At the end of HCHG's fiscal year, the Group's insurance consultant will determine if assets are sufficient to meet the anticipated needs of the ensuing year. It is anticipated that if claim liabilities exceed assets, premium rates will be adjusted prospectively to recover the necessary assets to meet claims.

As of the HCHG's most recent audited financial statements (fiscal year ended June 30, 2021), the HCHG had an unrestricted net asset balance of \$33,671,577.

TURNERS FALLS, MASSACHUSETTS FIRE DISTRICT
Notes to the Financial Statements
Year Ended June 30, 2022

B. Contingent Liabilities

Litigation is subject to many uncertainties, and the outcome of individual matters is not always predictable. Although the amount of the liability, if any, at June 30, 2022, cannot be ascertained, management believes any resulting liability should not materially affect the financial position of the District at June 30, 2022.

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

C. Subsequent Events

Management has evaluated subsequent events through the date the financial statements were available to be issued.

D. Pension Plan

Plan Description

The District is a member of the Montague Contributory Retirement System (the System). The System is a cost-sharing multiple-employer public employee retirement system administered by the Montague Retirement Board (the Board). Massachusetts General Laws (MGL), Chapter 32, assigns authority to establish the System and amend benefit provisions of the plan; which is regulated by the Public Employees Retirement Administration Commission (PERAC). The System is a defined benefit pension plan that covers substantially all employees of its member employers. The System issues a publicly available financial report in accordance with guidelines established by the Commonwealth's PERAC. That report may be obtained by contacting the System at One Avenue A, Turners Falls, Massachusetts 01376.

Benefits Provided

The System provides retirement, disability, and death benefits to plan members and beneficiaries. Members become vested after ten years of creditable service and are eligible for retirement allowance benefits up to a maximum of 80% of a member's highest three-year average annual rate of regular compensation. Retirement benefits are determined as a percentage of the member's final three-year (five-year for members hired on or after April 2, 2012) final average compensation times the member's years of creditable service prior to retirement. The percentage is based on the age of the member at retirement and his or her Group classification. The authority for amending these provisions rests with the Massachusetts Legislature.

Employees who resign from service and who are not eligible to receive a retirement allowance or are under the age of 55 are entitled to request a refund of their accumulated total deductions. Survivor benefits are extended to eligible beneficiaries of members whose death occurs prior to or following retirement.

Cost of living adjustments granted between 1981 and 1997 and any increases in other benefits imposed by the Commonwealth's State law during those years are borne by the Commonwealth and are deposited into the pension fund. Cost-of-living adjustments granted after 1997 must be approved by the Board and are borne by the System.

TURNERS FALLS, MASSACHUSETTS FIRE DISTRICT
Notes to the Financial Statements
Year Ended June 30, 2022

Contributions

MGL Chapter 32 governs the contributions of plan members and the District. Plan members are required to contribute to the System at rates ranging from 5% to 9% based upon their membership date with an additional 2% contribution after exceeding \$30,000 in annual covered compensation. The District is required to pay into the System its share of the system-wide actuarial determined contribution that is apportioned among the employers based on active current payroll. Administrative expenses are funded through investment earnings. The District's proportionate share of the required contribution to the System for the year ended December 31, 2021 was \$326,134, representing 26.71% of the covered payroll, an actuarially determined amount that, when combined with plan member contributions, is expected to finance the costs of benefits earned by plan members during the year and an additional amount to finance any unfunded accrued liability.

Pension Liability

As of June 30, 2022, the District reported a liability of \$322,179 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2022. Accordingly, update procedures were used to roll back the total pension liability to the measurement date. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At December 31, 2021, the District's proportional percentage was 15.02%, which was a slight increase from the last measurement.

Pension Expense

For the year ended June 30, 2022, the District recognized a pension expense of \$1,802 and reported deferred outflows of resources related to pensions of \$416,204 from the differences between expected and actual experience and changes in assumptions; and deferred inflows of resources related to pensions of \$1,122,595 from the differences between expected and actual experience and the net difference between projected and actual investment earnings on pension plan investments.

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

<u>For years ended June 30,</u>		
2023	\$	(129,623)
2024		(259,546)
2025		(180,390)
2026		<u>(136,832)</u>
	\$	<u><u>(706,391)</u></u>

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of January 1, 2022, using the following actuarial assumptions, applied to all periods included in the measurement that was rolled back to December 31, 2021:

Valuation date	January 1, 2022
Actuarial cost method	Individual Entry Age Normal

TURNERS FALLS, MASSACHUSETTS FIRE DISTRICT
Notes to the Financial Statements
Year Ended June 30, 2022

Asset valuation method	The actuarial value of assets is the market value of assets as of the Valuation date reduced by the sums of: (a) 20% of gains and losses for the prior year, (b) 40% of gains and losses of the second prior year, etc. (c) so that 100% of gains and losses occurring five years ago are recognized. Investment gains and losses are determined by the excess or deficiency of the expected return over the actual return on the market value. The actuarial valuation of assets will be adjusted, if necessary, in order to remain between 90% and 110% of market value.
Investment rate of return	6.85% per year
Projected salary increases	Group 1 & Group 2: 4.25% Fire: 4.75% Police: 4.75%
Inflation	2.50% per year
Cost of living adjustments	3.00% of the pension amount on first \$18,000 per year.
Mortality rates	
Pre-Retirement:	RP-2014 Blue Collar Employees table projected generationally with Scale MP-2020 (gender distinct).
Post-Retirement:	RP-2014 Blue Collar Healthy Annuitant table projected generationally with Scale MP-2020 (gender distinct).
Disable Retirees	RP-2014 Blue Collar Healthy Annuitant table set forward one year projected generationally with Scale MP-2020 (gender distinct).

Long-term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These returns are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major class included in the System's target asset allocation as of December 31, 2021, are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equity	24.00%	1.51%
International equity	12.70%	0.81%
Emerging markets equity	5.00%	0.44%
Hedge funds/PCS	7.80%	0.43%
Core fixed income	15.10%	1.49%
Value-added fixed income	6.50%	0.42%
Private equity	16.60%	1.68%
Real Estate	8.70%	0.52%
Timberland	2.90%	0.19%
Overlay	0.60%	0.00%
Total *	99.90%	

* = Total may not add due to rounding

TURNERS FALLS, MASSACHUSETTS FIRE DISTRICT
Notes to the Financial Statements
Year Ended June 30, 2022

Rate of Return

For the year ended December 31, 2021, the annual money-weighted rate of return (which expresses investment performance), was 19.76%.

Discount Rate

The discount rate used to measure the total pension liability was 6.85%. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers will be made based on the actuarially determined contribution rates based on the Board's funding policy, which establishes the contractually required rates by Statute. Based on those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 6.85%. As well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.85%) or 1-percentage-point higher (7.85%) than the current rate:

	1% Decrease	Current	Discount Rate	1% Increase
	5.85%	6.85%		7.85%
District's net pension liability	\$ 1,331,092	\$ 322,179	\$	(533,158)

E. Other Post-Employment Benefits Payable

GASB Statement No. 74 and GASB Statement No. 75

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

Plan Description

In addition to providing pension benefits as described on the following footnote, the District provided post-employment health care benefits for retired employees, their dependents and beneficiaries. The District provides health insurance coverage through the Hampshire County Group Insurance Trust. The benefits, benefit levels, employee and employer contributions are governed by Chapter 32 of Massachusetts General Laws. As of the actuarial valuation date there are approximately 49 active and retired employees and dependents that meet the eligibility requirements. The plan does not issue a separate financial report.

Benefits Provided

The District presently provides life, health and prescription drug insurance benefits for active and retired employees and their covered dependents. All active employees who retire from the District and meet the eligibility criteria are eligible to receive these benefits.

TURNERS FALLS, MASSACHUSETTS FIRE DISTRICT
Notes to the Financial Statements
Year Ended June 30, 2022

Funding Policy

The contribution requirements of plan members and the District are established and may be amended through District ordinances. The required contribution is based on the projected pay-as-you-go financing requirements. For the period ending on the June 30, 2022 Measurement Date the District premiums plus implicit costs for the retiree medical program were \$110,184. The District also made a contribution to an OPEB Trust of \$0 for a total contribution during the measurement period of \$110,184.

Investment Policy

The District did establish a trust fund in order to contribute funds to reduce the future OPEB liability. The OPEB trust fund assets consist of cash and short-term investments. As of June 30, 2022, the trust balance is \$131,168 and is concentrated in cash as described earlier under Deposits and Investment Policies (refer to note 3A).

Measurement Date

GASB Statement No. 74 and GASB Statement No. 75 require the net OPEB liability to be measured as of the OPEB Plan's most recent fiscal year-end. Accordingly, the net OPEB liability was measured as of June 30, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2022.

Plan Membership:

Current active members	13
Current retirees, beneficiaries and dependents	36
Total	49

Net OPEB Liability

The components of the net OPEB liability are as follows:

	June 30, 2022
Total OPEB liability	\$ 2,351,837
Less: Plan fiduciary net position	(131,193)
District's Net OPEB liability	\$ 2,220,644
Plan fiduciary net position as a percentage of the total OPEB liability	5.58%

Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of June 30, 2022, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified;

Valuation date	June 30, 2022
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TURNERS FALLS, MASSACHUSETTS FIRE DISTRICT
Notes to the Financial Statements
Year Ended June 30, 2022

Actuarial cost method	Entry Age Normal
Discount rate	2.60% annually
Participant salary increases	2.50% annually
Healthcare cost trend rates	Year 1: 0.0% annually increasing to 3.0% in Year 2, to 4.0% in Year 5 then, increasing to an ultimate trend rate of 5.0% annually in Year 7.
Mortality rates	Life expectancy by gender comes from the <i>Life Expectancy Table</i> from the National Center for Health Statistics updated in 2015.

The actuarial assumptions used in the June 30, 2022 valuation were reflective of published municipal bond Index or the estimated rate of return for investment assets in the trust fund.

Rate of Return

For the year ended June 30, 2022, the annual money-weighted rate of return (which expresses investment performance), net of investment expense was not provided.

Changes in Net OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Total OPEB Liability
Balances at June 30, 2021	\$ 2,442,846	\$ 130,972	\$ 2,311,874
Service cost	121,441	-	121,441
Interest	63,514	-	63,514
Changes in benefit terms	-	-	-
Changes in assumptions	-	-	-
Difference between actual and expected experience	(165,780)	-	(165,780)
Net investment income	-	221	(221)
Employer contributions to Trust	-	110,184	(110,184)
Total benefit payments including implicit cost	(110,184)	(110,184)	-
Net change in total OPEB liability	(91,009)	221	(91,230)
Balances at June 30, 2022	\$ 2,351,837	\$ 131,193	\$ 2,220,644

Discount Rate

The discount rate used to measure the total OPEB liability was 2.60%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rates and that member employer contributions will be made in accordance Massachusetts General Law Chapter 32. Based on those assumptions, the OPEB plan fiduciary net position was not projected to be available to make all projected future benefit payments of current plan members.

TURNERS FALLS, MASSACHUSETTS FIRE DISTRICT
Notes to the Financial Statements
Year Ended June 30, 2022

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

The following presents the District's net OPEB liability as well as what the District's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.60%) or 1-percentage-point higher (3.60%) than the current rate:

	1% Decrease	Current	Discount Rate	1% Increase
	1.60%	2.60%	3.60%	
District's net OPEB liability	\$ 2,422,678	\$ 2,220,644	\$	2,058,597

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

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

	1% Decrease	Healthcare	Cost Trend	1% Increase
		Rate		
District's net OPEB liability	\$ 1,959,276	\$ 2,220,644	\$	2,531,025

Summary of Significant Accounting Policies

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to the OPEB, and OPEB expense, information about the fiduciary net position of the Plan and additions to or 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, the Plan recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest earning investment contracts (repurchase agreements) that have a maturity at the time of purchase of one year, which are reported at cost.

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

For the year ended June 30, 2022, the GASB Statement No. 75 reporting period and fiscal year ending date, the District recognized an OPEB expense of \$15,770 and reported deferred outflows of resources related to OPEB of \$0 and deferred inflows of resources related to OPEB of \$0.

F. Implementation of New GASB Pronouncements

During the fiscal year 2022, the District implemented GASB Statement No. 87, *Leases*. The objective of this statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. The adoption of this standard did not have a material impact on the District's financial statements.

The GASB issued Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, for implementation in fiscal year 2022. The adoption of this standard did not have a material impact on the District's financial statements.

TURNERS FALLS, MASSACHUSETTS FIRE DISTRICT
Notes to the Financial Statements
Year Ended June 30, 2022

The GASB issued Statement No. 93, *Replacement of Interbank Offered Rates*, for implementation in fiscal 2022. The adoption of this standard did not have a material impact on the District's financial statements.

The GASB issued Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*, for implementation in fiscal year 2021 and 2022. The adoption of this standard did not have a material impact on the District's financial statements.

The GASB issued Statement No. 98, *The Annual Comprehensive Financial Report*, for implementation in fiscal year 2022. The adoption of this standard did not have a material impact on the District's financial statements.

G. Future GASB Pronouncements

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

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

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

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

The GASB issued Statement No. 99, *Omnibus 2022*, clarification on GASB No. 34 Management's Discussion and Analysis; on GASB No. 63 Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position; requirements related to leases and requirements related to derivative instruments for implementation in fiscal year 2023 and 2024.

The GASB issued Statement No. 100, *Accounting Changes and Error Corrections—An Amendment of GASB No. 62*, for implementation in fiscal year 2024.

The GASB issued Statement No. 101, *Compensated Absences*, for implementation in fiscal year 2025.

5. RESTATEMENT

The Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds as of June 30, 2021 has been restated. To correctly reflect the modified accrual of the water and ambulance receivables, the beginning water fund balance decreased \$28,424 and nonmajor governmental fund balance decreased \$28,741 allowing the recognition of the deferred inflow in unavailable revenue in the governmental funds. Accordingly, the previously reported balance of \$2,401,254 has been revised to \$2,344,089 for governmental funds.

REQUIRED SUPPLEMENTARY INFORMATION

TURNERS FALLS, MASSACHUSETTS FIRE DISTRICT
Required Supplementary Information
Pension Plan Schedules
Montague Contributory Retirement System
For the Year Ended June 30, 2022

The Schedule of Proportionate Share of the Net Pension Liability represents multiyear trend information relating to the District's proportion of the net pension liability and related ratios.

Schedule of the District's Proportionate Share of the Net pension Liability (dollar amounts expressed in thousands):

Measurement Date	District's proportion of the net pension liability (asset)	District's proportionate share of the net pension liability (asset)	District's covered employee payroll	Net pension liability percentage of covered employee payroll	Plan fiduciary net position as a percentage of the total pension liability
12/31/2021	15.02%	\$ 322	\$ 1,221	26.39%	96.66%
12/31/2020	14.47%	\$ 1,040	\$ 1,091	95.32%	87.94%
12/31/2019	14.69%	\$ 1,518	\$ 1,107	137.09%	75.90%
12/31/2018	14.88%	\$ 1,950	\$ 1,095	177.97%	75.90%
12/31/2017	14.67%	\$ 1,401	\$ 1,020	137.31%	81.78%
12/31/2016	12.63%	\$ 1,378	\$ 878	156.97%	77.20%
12/31/2015	12.32%	\$ 1,269	\$ 792	160.27%	77.00%
12/31/2014	11.50%	\$ 1,184	\$ 843	140.46%	80.30%

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

TURNERS FALLS, MASSACHUSETTS FIRE DISTRICT
Required Supplementary Information
Pension Plan Schedules
Montague Contributory Retirement System
For the Year Ended June 30, 2022

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

Schedule of the District's Contributions (dollar amounts expressed in thousands):

Measurement Date	Actuarially determined contribution	Contributions in relation to the actuarially determined contribution	Contribution deficiency (excess)	District's covered employee payroll	Contributions percentage of covered employee payroll
12/31/2021	\$ 326	\$ (326)	\$ -	\$ 1,221	26.71%
12/31/2020	\$ 298	\$ (298)	\$ -	\$ 1,091	27.32%
12/31/2019	\$ 288	\$ (288)	\$ -	\$ 1,107	26.01%
12/31/2018	\$ 261	\$ (261)	\$ -	\$ 1,095	23.83%
12/31/2017	\$ 247	\$ (247)	\$ -	\$ 1,020	24.25%
12/31/2016	\$ 204	\$ (204)	\$ -	\$ 878	23.28%
12/31/2015	\$ 194	\$ (194)	\$ -	\$ 792	24.53%
12/31/2014	\$ 189	\$ (189)	\$ -	\$ 843	22.43%

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

TURNERS FALLS, MASSACHUSETTS FIRE DISTRICT
Required Supplementary Information
Other Post-Employment Benefit Plan Schedules
Year Ended June 30, 2022

Schedule of Changes in the Net OPEB Liability (dollar amounts expressed in thousands):

	<u>6/30/2022</u>	<u>6/30/2021</u>	<u>6/30/2020</u>	<u>6/30/2019</u>	<u>6/30/2018</u>
Total OPEB liability					
Service cost	\$ 121	\$ 195	\$ 158	\$ 125	\$ 88
Interest on net OPEB liability	64	57	65	74	104
Changes in Benefit terms	-	-	-	-	-
Changes in Assumptions	-	-	-	-	-
Difference between actual and expected experience	(166)	(216)	165	105	(229)
Benefit payments, including refunds of member contributions	(110)	(82)	(83)	(80)	(86)
Net change in total OPEB liability	(91)	(46)	305	224	(123)
Total OPEB liability-beginning	2,443	2,489	2,184	1,960	2,083
Total OPEB liability-ending (a)	<u>\$ 2,352</u>	<u>\$ 2,443</u>	<u>\$ 2,489</u>	<u>\$ 2,184</u>	<u>\$ 1,960</u>
Plan fiduciary net position					
Interest on total OPEB liability	\$ 0	\$ 1	\$ -	\$ -	\$ -
Employer contributions to Trust	110	82	133	91	116
Benefit payments, including refunds of member contributions	(110)	(82)	(83)	(81)	(86)
Net change in plan fiduciary net position	0	1	50	10	30
Total fiduciary net position-beginning	131	130	80	70	40
Total fiduciary net position-ending (b)	<u>\$ 131</u>	<u>\$ 131</u>	<u>\$ 130</u>	<u>\$ 80</u>	<u>\$ 70</u>
District's net OPEB liability (a-b)	<u>\$ 2,221</u>	<u>\$ 2,312</u>	<u>\$ 2,359</u>	<u>\$ 2,104</u>	<u>\$ 1,890</u>

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

TURNERS FALLS, MASSACHUSETTS FIRE DISTRICT
Required Supplementary Information
Other Post-Employment Benefit Plan Schedules
Year Ended June 30, 2022

Schedule of Net OPEB Liability (dollar amounts expressed in thousands):

	<u>6/30/2022</u>	<u>6/30/2021</u>	<u>6/30/2020</u>	<u>6/30/2019</u>	<u>6/30/2018</u>
Total OPEB liability	\$ 2,352	\$ 2,443	\$ 2,488	\$ 2,184	\$ 1,960
Less: Plan fiduciary net position	(131)	(131)	(130)	(80)	(70)
District's Net OPEB liability	<u>\$ 2,221</u>	<u>\$ 2,312</u>	<u>\$ 2,358</u>	<u>\$ 2,104</u>	<u>\$ 1,890</u>
Plan fiduciary net position as a percentage of the total OPEB liability	5.58%	5.36%	5.23%	3.66%	3.57%
District's covered employee payroll	\$ 1,178	\$ 1,091	\$ 1,107	\$ 1,095	\$ 1,020
Participating employer net OPEB liability (asset) as a percentage of covered-employee payroll	188.46%	211.90%	213.01%	192.15%	185.29%

Schedule of Contributions (dollar amounts expressed in thousands):

	<u>6/30/2022</u>	<u>6/30/2021</u>	<u>6/30/2020</u>	<u>6/30/2019</u>	<u>6/30/2018</u>
Actuarially determined contribution	N/A	N/A	N/A	N/A	N/A
Less: Contributions in relation to the actuarially determined contribution	110	82	83	80	86
Contribution deficiency (excess)	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
District's share of covered employee payroll	\$ 1,178	\$ 1,091	\$ 1,107	\$ 1,095	\$ 1,020
Contributions percentage of covered-employee payroll	9.35%	7.52%	7.50%	7.31%	8.43%
Annual money-weighted rate of return net of investment expense	N/A	N/A	N/A	N/A	N/A

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

TURNERS FALLS, MASSACHUSETTS FIRE DISTRICT
Required Supplementary Information
Other Post-Employment Benefit Plan Schedules
Year Ended June 30, 2022

Schedule of Funding Progress (dollar amounts expressed in thousands):

Measurement Date	Other Post Employment Benefits						Actuarial Percentage of Covered Payroll ((B-A)/C)
	Actuarial Fiduciary Net Position (A)	Actuarial Total OPEB Liability (B)	Actuarial Net OPEB Liability (B-A)	Actuarial Funded Ratio (A/B)	Actuarial Covered Payroll (C)		
6/30/2022	\$ 131	\$ 2,352	\$ 2,221	5.58%	\$ 1,178	188.46%	
6/30/2021	\$ 131	\$ 2,443	\$ 2,312	5.36%	\$ 1,091	211.90%	
6/30/2020	\$ 130	\$ 2,488	\$ 2,358	5.23%	\$ 1,107	213.01%	
6/30/2019	\$ 80	\$ 2,184	\$ 2,104	3.66%	\$ 1,095	192.15%	
6/30/2018	\$ 70	\$ 1,960	\$ 1,890	3.57%	\$ 1,020	185.29%	

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

SUPPLEMENTARY SCHEDULE

**TURNER FALLS, MASSACHUSETTS FIRE DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2022**

	Fund Balances July 1, 2021	Revenues	Expenditures	Other Financing Sources (Uses)	Fund Balances June 30, 2022
Special Revenue:					
Federal and State Grants:					
Ambulance Grant	\$ -	\$ -	\$ 181,185	\$ -	\$ (181,185)
Emergency Management Grants (Covid)	7,492	-	-	-	7,492
Fire safety equipment grant	-	14,590	14,590	-	-
Senior Student Awareness and Fire Education Grant	2,100	2,406	1,984	-	2,522
Student Awareness and Fire Education Grant	3,183	3,700	3,793	-	3,090
Technology Rescue Reimbursement	-	312	-	-	312
Other:					
Ambulance Fund	203,901	149,748	149,152	-	204,497
Forestry Revolving	12,632	40,000	5,004	-	47,628
Outside Details	-	-	75	-	(75)
Total Special Revenue Funds	229,308	210,756	355,783	-	84,281
Capital Projects:					
Streetlight Capital	294,183	-	306,328	-	(12,145)
Total - Non-Major Governmental Funds	\$ 523,491	\$ 210,756	\$ 662,111	\$ -	\$ 72,136

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

To the Honorable Prudential Committee
Turners Falls Fire District
Turners Falls, 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 Turners Falls, Massachusetts Fire District, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Turners Falls, Massachusetts Fire District's basic financial statements, and have issued our report thereon dated August 10, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Turners Falls, Massachusetts Fire District's 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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Turners Falls, Massachusetts Fire District's internal control. Accordingly, we do not express an opinion on the effectiveness of the Turners Falls, Massachusetts Fire District's internal control.

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Turners Falls, Massachusetts Fire District's 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.

Scanlon and Associates, LLC

Scanlon & Associates, LLC
South Deerfield, Massachusetts

August 10, 2023