

CITY OF NORTH ADAMS, MASSACHUSETTS

Report on the Examination of Basic Financial Statements

For the Year Ended June 30, 2020

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Independent Auditor's Report

To the Honorable Mayor
City of North Adams, Massachusetts

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of North Adams, Massachusetts, as of and for the year ended June 30, 2020, (except for the North Adams Retirement System, which is as of December 31, 2019), and the related notes to the financial statements, which collectively comprise the City of North Adams, Massachusetts' basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the City of North Adams, Massachusetts, as of June 30, 2020, (except for the North Adams Retirement System, which is as of December 31, 2019), and the respective changes in financial position, and, the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, other post employment benefit and pension plan schedules as listed on the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the *Governmental Accounting Standards Board*, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the Required Supplementary Information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of North Adams, Massachusetts' basic financial statements. The Supplementary Schedules, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the financial statements.

The Supplementary Schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 20, 2021, on our consideration of the City of North Adams Massachusetts' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of North Adams, Massachusetts' internal control over financial reporting and compliance.

Scanlon & Associates, LLC
South Deerfield, Massachusetts

May 20, 2021

MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's Discussion and Analysis

As management of the City of North Adams, we offer readers of these financial statements this narrative overview and analysis of the financial activities for the fiscal year ended June 30, 2020. The intent of this discussion and analysis is to look at the City'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 City's financial performance.

Financial Highlights

- The City's liabilities and deferred inflows of resources exceeded its assets and deferred outflows of resources by \$619,483 (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 \$970,266, or a decrease of \$1,589,749 (164%).
- At the close of the current fiscal year, the City's governmental funds reported a total ending fund balance of \$2,366,396, a decrease of \$84,788 (3%) in comparison with the prior year.
- The General Fund's total fund balance decreased by \$354,133 (35%) to \$645,474. The ending General fund balance is 1% of revenues and transfers in and 1% of expenditures and transfers out.
- Total liabilities of the City decreased by \$2,058,011 (2%) to \$119,897,047 during the fiscal year. This was mainly attributed to an increase in the OPEB liability of \$2,693,828; and net decreases in warrants and accounts payable of \$386,972, in the pension liability of \$3,383,725 and in the debt and leases payable of \$901,193.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City of North Adams' 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 and earned but unused vacation leave).

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 general government, airport, public safety, public works, education, health and human services, culture and recreation, employee benefits and insurance, interest, and state assessments. The City does not have any functions classified as 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.

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 City of North Adams 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 City’s own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

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		
	2020	2019	Change
Assets:			
Current assets	\$ 15,759,832	\$ 15,626,524	\$ 133,308
Noncurrent assets (excluding capital assets)	418,076	628,409	(210,333)
Capital assets	108,600,524	110,564,489	(1,963,965)
Total assets	124,778,432	126,819,422	(2,040,990)
Deferred Outflows of Resources	7,413,679	10,687,806	(3,274,127)
Liabilities:			
Current liabilities (excluding debt and lease)	4,223,493	4,553,868	(330,375)
Current debt and leases payable	4,549,057	4,663,250	(114,193)
Noncurrent liabilities (excluding debt and lease)	104,538,323	105,262,709	(724,386)
Noncurrent debt and leases payable	6,586,174	7,475,231	(889,057)
Total liabilities	119,897,047	121,955,058	(2,058,011)
Deferred Inflows of Resources	12,914,547	14,581,904	(1,667,357)
Net Position:			
Net investment in capital assets	98,093,702	99,264,417	(1,170,715)
Restricted	6,049,236	5,169,584	879,652
Unrestricted	(104,762,421)	(103,463,735)	(1,298,686)
Total net position	\$ (619,483)	\$ 970,266	\$ (1,589,749)

Financial Highlights
Statement of Activities Highlights

	Governmental Activities		
	2020	2019	Change
Program Revenues:			
Charges for services	\$ 6,263,777	\$ 6,491,496	\$ (227,719)
Operating grants and contributions	26,206,095	24,546,075	1,660,020
Capital grants and contributions	3,332,991	4,910,831	(1,577,840)
General Revenues:			
Property taxes	18,169,564	17,568,167	601,397
Motor vehicle and other taxes	1,159,216	1,192,907	(33,691)
Hotel room occupancy taxes	553,576	596,555	(42,979)
Penalties and interest on taxes	247,434	273,928	(26,494)
Nonrestricted grants	4,863,654	4,739,966	123,688
Unrestricted investment income	29,799	22,991	6,808
Miscellaneous	59,914	4,884	55,030
Gain on sale of capital asset	438,600	-	438,600
Total revenues	61,324,620	60,347,800	976,820
Expenses:			
General government	3,714,422	3,281,769	432,653
Airport	1,009,966	1,016,385	(6,419)
Public safety	6,030,628	5,281,594	749,034
Public works	6,620,840	5,728,357	892,483
Education	24,896,790	24,594,005	302,785
Health and human services	1,301,037	1,023,843	277,194
Culture and recreation	1,609,600	1,368,605	240,995
Employee benefits and insurance	14,429,428	14,271,560	157,868
State assessments	2,934,550	2,950,453	(15,903)
Interest	367,108	383,855	(16,747)
Total expenses	62,914,369	59,900,426	3,013,943
Change in net position	(1,589,749)	447,374	(2,037,123)
Net position - beginning of year	970,266	522,892	447,374
Net position - end of year	\$ (619,483)	\$ 970,266	\$ (1,589,749)

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. Liabilities and deferred inflows or resources exceeded assets and deferred outflows of resources by \$619,483 at the close of fiscal year 2020.

Net position of \$98,093,702 reflects its investment in capital assets (e.g., land, buildings, machinery, equipment, and infrastructure); less any related debt used to acquire those assets that are still outstanding. The City 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, \$6,049,236 represents resources that are subject to external restrictions on how they may be used. The remaining balance consists of *unrestricted net position* (\$104,762,421).

At the end of the current fiscal year, the City 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 City's financial statements. These liabilities are presented on the statement of net position.

The governmental activities net position decreased by \$1,589,749 (86%) during the current fiscal year. The key elements of the decrease in net position for fiscal year 2020 were decreases attributed to the depreciation expense (normally spread out over the useful life of the asset) for the year of \$4,941,482 and the sale of capital assets of \$111,400 exceeding to the acquisition of \$3,088,917 in new capital assets, due to the net changes in the OPEB liability of \$2,693,828 and in the deferred outflow/inflow of resources related to pensions of \$3,198,709; and increases due to the net changes in debt and leases of \$901,193, in the deferred outflow/inflow of resources related to OPEB of \$1,591,939 and in the pension liability of \$3,383,725.

Financial Analysis of the Government's Funds

As noted earlier, the City 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, unreserved 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 \$2,366,396, a decrease of \$84,788 (3%) in comparison with the prior year.

Breakdown of the governmental fund balances are as follows:

- Restricted fund balance – \$5,773,260.
- Committed fund balance – \$668,453.
- Assigned fund balance – \$277,744.
- Unassigned fund balance – (\$4,353,061).

At the end of the fiscal year, the General Fund reported a fund balance of \$645,474 decreasing \$354,133 (35%) from the prior year. Of the \$645,474, the unassigned amount is \$367,730 (57%) and the assigned amount is \$277,744 (43%). General fund revenues were \$586,984 (1%) more than the prior fiscal year and expenditures also increased by \$511,491 (1%). Other activity in the General Fund consisted of transfers from other funds of \$91,832.

The main components of the increases in general fund revenues as compared to the prior year are related to an increase in intergovernmental "on-behalf payments of \$932,889 (26%); and decreases in excise and other taxes of \$118,025 (6%), in user charges of \$163,410 (5%) and in licenses, permits and fees of \$150,904 (10%) from the prior year.

The major changes with the general fund expenditures from the prior fiscal year were as follows:

- Increase in Education expenditures of \$285,218 (2%).
- Increase in Employee benefits and insurance expenditures of \$1,225,084 (10%).
- Decrease in debt payments (principal and interest) of \$992,003 (47.5%).

General Fund Budgetary Highlights

The final general fund budget for fiscal year 2020 was \$44,252,551. This is an increase of \$46,444 (.1%) over the previous year's budget.

There was an increase of \$248,157 between the total original budget and the total final amended budget. The changes are attributed to council votes during the year for various budget operating line items.

General fund expenditures were more than budgeted by \$347,785. Of the \$347,785 in over budget expenditures, \$277,744 has been carried over to fiscal year 2021.

There were negative variances in property taxes of \$871,031, in excise and other taxes of \$117,080, in charges for services of \$148,371; in licenses, permits and fees of \$63,473 and in interest on delinquent taxes of \$32,566 as revenues did not meet budget expectations.

A negative variance exists in debt service (principal and interest) of \$28,155 as the actual expenses exceeded the budget. In addition, there is a negative variance in state assessments of \$35,331 due to lower assessments in special education (SPED) of \$18,286; and higher assessments in registry of motor vehicles non-renewal surcharge of \$1,620, in the school choice sending tuitions of \$8,522 and in the charter school sending tuitions of \$43,475 than the actual payments.

Overall, the variance with the final budget was a negative \$1,129,997 consisting of a revenue deficit of \$1,200,038 and an appropriation surplus of \$70,041.

Capital Asset and Debt Administration

Capital Assets. The City's investment in capital assets for its governmental activities as of June 30, 2020 amounts to \$108,600,524.

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:

- Airport building construction for \$1,059,913.
- Airport Master plan update for \$29,277.
- Police Station building improvements for \$299,849.
- Police vehicle purchase for \$55,258.
- Fire Department vehicle purchase for \$52,664.
- Hodges Cross Road facility improvements for \$502.
- Transfer Station improvements for \$41,046.
- Department of public works equipment purchase for \$146,900.
- Roads and sidewalks improvements for \$506,239.
- Dam evaluations and improvements for \$7,660.
- Drury High School walk-in cooler/freezer purchase for \$38,000.
- Library building improvements for \$81,121.
- Outdoor theatre improvements for \$3,221.
- Armory improvements for \$152,551.
- Parkland renovations for \$614,716.

Debt. The City's governmental outstanding long-term notes and debt as of June 30, 2020 totaled \$7,459,506. Of this, \$921,200 is for municipal purpose loans, \$5,617,100 for the middle school renovations, \$126,700 for airport improvements, \$103,479 for sewer system improvements, \$67,027 for the Heritage Park settlement and \$624,000 is for an Intergovernmental Loan - Section 108 U. S. Department of Housing and Urban Development (HUD).

The City has capital leases for the financing of school department vehicles. The lease is due in 2021. The City currently owes \$16,825 on the lease consisting of \$15,725 in principal and \$1,100 in interest.

The City also has bond anticipation notes outstanding as of June 30, 2020 in the amount of \$3,660,000 for the middle school improvements, departmental vehicles and equipment, a land purchase and other capital activities.

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

Fiscal Year 2021 Budget

The City of North Adams City Council votes a budget for the next fiscal year at a City Council meeting before the end of the fiscal year. The financial statements for June 30, 2020 do not reflect the fiscal year 2021 City Council actions. The City Council meetings from July 28, 2020 to September 22, 2020 authorized the fiscal year 2021 operating and capital budget as follows:

Budget:		
From Raise and Appropriate		\$ 40,659,329
From Other Available Funds:		
Stabilization fund		35,100
Non-major Governmental Funds:		
Landfill reserve	\$ 89,553	
Municipal access technology	82,593	
Parking meter reserve	104,104	
Sale of cemetery lots	89,881	
Sale of land	33,925	
Tinker fund	450	400,506
		<u>\$ 41,094,935</u>

Requests for Information

This financial report is designed to provide a general overview of the City of North Adams' 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 City Auditor, City Hall, 10 Main Street, North Adams, Massachusetts, 01247.

BASIC FINANCIAL STATEMENTS

**CITY OF NORTH ADAMS, MASSACHUSETTS
STATEMENT OF NET POSITION
JUNE 30, 2020**

	Primary Government
	Governmental Activities
ASSETS	
CURRENT:	
Cash and Cash Equivalents	\$ 7,156,134
Investments	416,912
Receivables, net of allowance for uncollectibles:	
Property Taxes	1,522,719
Tax Liens	3,027,301
Excise Taxes	236,869
User Charges	516,827
Departmental	308,852
Loans	264,838
Due from Other Governments	1,931,525
Tax Foreclosures	377,855
Total current assets	15,759,832
NONCURRENT:	
Receivables, net of allowance for uncollectibles:	
Loans	414,000
Due from Other Governments	4,076
Capital Assets, net of accumulated Depreciation	
Nondepreciable	23,654,752
Depreciable	84,945,772
Total noncurrent assets	109,018,600
Total Assets	124,778,432
DEFERRED OUTFLOWS OF RESOURCES	
Deferred Outflows Related to Pensions	1,403,801
Deferred Outflows Related to OPEB	6,009,878
Total Deferred Outflows of Resources	7,413,679

(Continued)

**CITY OF NORTH ADAMS, MASSACHUSETTS
STATEMENT OF NET POSITION
JUNE 30, 2020**

	Primary Government
	Governmental Activities
LIABILITIES	
CURRENT:	
Warrants and Accounts Payable	1,312,425
Retainage Payable	196,117
Accrued Payroll	1,670,447
Payroll Withholdings	359,806
Tax Refund Payable	50,000
Accrued Interest	124,730
Other	47,104
Compensated Absences	462,864
Bond Anticipation Notes Payable	3,660,000
Intergovernmental - Loan Payable	210,000
Bonds and Leases Payable	679,057
Total current liabilities	8,772,550
NONCURRENT:	
Compensated Absences	469,936
Net OPEB Liability	91,391,979
Net Pension Liability	12,676,408
Intergovernmental - Loan Payable	414,000
Bonds and Leases Payable	6,172,174
Total noncurrent liabilities	111,124,497
Total Liabilities	119,897,047
DEFERRED INFLOWS OF RESOURCES	
Deferred Inflows Related to Pensions	2,945,610
Deferred Inflows Related to OPEB	9,968,937
Total Deferred Inflows of Resources	12,914,547
NET POSITION	
Net Investment in Capital Assets	98,093,702
Restricted for:	
Capital Projects	84,304
Federal & State Grants	594,291
Permanent Funds	589,485
Other Purposes	4,781,156
Unrestricted	(104,762,421)
Total Net Position	\$ (619,483)

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

**CITY OF NORTH ADAMS, MASSACHUSETTS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020**

	Program Revenues				Net (Expenses) Revenues and Changes in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government Governmental Activities
Primary Government:					
Governmental Activities:					
General Government	\$ 3,714,422	\$ 564,859	\$ 1,273,719	\$ -	\$ (1,875,844)
Airport	1,009,966	99,394	-	1,467,032	556,460
Public Safety	6,030,628	518,002	1,092,611	-	(4,420,015)
Public Works	6,620,840	3,304,941	34,300	1,821,371	(1,460,228)
Education	24,896,790	1,103,294	18,354,787	-	(5,438,709)
Health and Human Services	1,301,037	388,069	815,334	-	(97,634)
Culture and Recreation	1,609,600	285,218	126,139	44,588	(1,153,655)
Employee Benefits and Insurance	14,429,428	-	4,490,987	-	(9,938,441)
State Assessments	2,934,550	-	-	-	(2,934,550)
Interest	367,108	-	18,218	-	(348,890)
Total Primary Government	\$ 62,914,369	\$ 6,263,777	\$ 26,206,095	\$ 3,332,991	\$ (27,111,506)
General Revenues:					
Property Taxes					18,169,564
Motor vehicle and other taxes					1,159,216
Hotel room occupancy & Meal taxes					553,576
Penalties & Interest on Taxes					247,434
Grants & Contributions not restricted to specific programs					4,863,654
Unrestricted Investment Income					29,799
Miscellaneous					59,914
Gain on Sale of Capital Asset					438,600
Total General Revenues					25,521,757
					(1,589,749)
					970,266
					\$ (619,483)

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

**CITY OF NORTH ADAMS, MASSACHUSETTS
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2020**

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
Assets:			
Cash and Cash Equivalents	\$ 2,684,377	\$ 4,471,757	\$ 7,156,134
Investments	-	416,912	416,912
Receivables, net of allowance for uncollectibles:			
Property Taxes	1,522,719	-	1,522,719
Tax Liens	3,027,301	-	3,027,301
Excise Taxes	236,869	-	236,869
User Charges	516,827	-	516,827
Departmental	190,845	118,007	308,852
Loans	-	678,838	678,838
Due from Other Governments	372,684	1,552,637	1,925,321
Tax Foreclosures	377,855	-	377,855
Total Assets	\$ 8,929,477	\$ 7,238,151	\$ 16,167,628
Liabilities:			
Warrants and Accounts Payable	\$ 510,787	\$ 801,638	\$ 1,312,425
Retainage Payable	-	196,117	196,117
Accrued Payroll	1,649,381	21,066	1,670,447
Employee Withholdings	359,806	-	359,806
Tax Refund Payable	50,000	-	50,000
Other	47,104	-	47,104
Bond Anticipation Note Payable	-	3,660,000	3,660,000
Total Liabilities	2,617,078	4,678,821	7,295,899
Deferred Inflows of Resources - Unavailable Revenue	5,666,925	838,408	6,505,333
Fund Balance:			
Restricted	-	5,773,260	5,773,260
Committed	-	668,453	668,453
Assigned	277,744	-	277,744
Unassigned	367,730	(4,720,791)	(4,353,061)
Total Fund Balance	645,474	1,720,922	2,366,396
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 8,929,477	\$ 7,238,151	\$ 16,167,628

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

**CITY OF NORTH ADAMS, MASSACHUSETTS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2020**

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:			
Property Taxes	\$ 17,599,383	\$ -	\$ 17,599,383
Intergovernmental	19,335,031	10,312,595	29,647,626
Excise and Other Taxes	1,710,942	-	1,710,942
Charges for Services - User Charges	3,105,287	1,780,038	4,885,325
Licenses, Permits, Fees	1,430,925	-	1,430,925
Other	-	360,755	360,755
Interest on Delinquent Taxes	247,434	-	247,434
Investment Income	29,799	25,214	55,013
Intergovernmental - "On-behalf" Payments	4,494,785	-	4,494,785
Total Revenues	47,953,586	12,478,602	60,432,188
Expenditures:			
Current:			
General Government	2,559,485	1,015,350	3,574,835
Airport	-	1,325,234	1,325,234
Public Safety	4,314,936	1,842,960	6,157,896
Public Works	3,823,758	2,008,169	5,831,927
Education	18,758,744	4,702,766	23,461,510
Health and Human Services	806,309	460,940	1,267,249
Culture and Recreation	592,232	1,161,233	1,753,465
Employee Benefits and Insurance	13,512,555	-	13,512,555
State Assessments	2,934,550	-	2,934,550
Debt Service:			
Principal	736,202	233,101	969,303
Interest	360,780	19,729	380,509
Total Expenditures	48,399,551	12,769,482	61,169,033
Excess of Revenues Over (Under) Expenditures	(445,965)	(290,880)	(736,845)
Other Financing Sources (Uses):			
Operating Transfers In	112,157	20,325	132,482
Operating Transfers Out	(20,325)	(112,157)	(132,482)
Sale of Capital Asset	-	550,000	550,000
Proceeds from Bonds and Notes	-	102,057	102,057
Total Other Financing Sources (Uses)	91,832	560,225	652,057
Net Change in Fund Balances	(354,133)	269,345	(84,788)
Fund Balances, Beginning of Year	999,607	1,451,577	2,451,184
Fund Balances, End of Year	\$ 645,474	\$ 1,720,922	\$ 2,366,396

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

CITY OF NORTH ADAMS, MASSACHUSETTS
Reconciliation of the Governmental Funds Balance Sheet
Total Fund Balances to the Statement of Net Position
For the Year Ended June 30, 2020

Total Governmental Fund Balances		\$	2,366,396
Capital Assets (net) used in governmental activities are not financial resources and therefore, are not reported in the funds.			108,600,524
Revenues are recognized on an accrual basis of accounting instead of a modified accrual basis.			6,515,613
The statement of net position includes certain deferred inflows of resources and deferred outflows of resources that will be amortized over future periods. In governmental funds, these amounts are not deferred.			(5,500,868)
Long Term liabilities are not due and payable in the current period and therefore, are not reported in the governmental funds:			
Bonds and Leases Payable	\$	(6,851,231)	
Intergovernmental Loan Payable		(624,000)	
Net Other Post Employment Benefits Liability		(91,391,979)	
Net Pension Liability		(12,676,408)	
Compensated Absences		(932,800)	(112,476,418)
In the statement of activities, interest is accrued on outstanding long term debt, whereas in governmental funds, interest is not reported until due.			(124,730)
Net Position of Governmental Activities		\$	<u><u>(619,483)</u></u>

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

CITY OF NORTH ADAMS, MASSACHUSETTS
Reconciliation of the Statement of Revenues, Expenditures
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Year Ended June 30, 2020

Net Change in Fund Balances - Total Governmental Funds \$ (84,788)

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	\$ 3,088,917	
Sale of Capital Assets	(111,400)	
Depreciation	<u>(4,941,482)</u>	(1,963,965)

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, motor vehicle excise, etc.) differ between the two statements. This amount represents the net change in deferred inflows, MCWT principal subsidy and Mass MoCA Receivable.

453,832

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 and Lease Principal	1,003,250	
Proceeds from Issuance of Bonds and Leases	<u>(102,057)</u>	901,193

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 Compensated Absences	7,451	
Net Change in Net Other Post Employment Benefits Liability	(2,693,828)	
Net Change in Deferred Outflow/(Inflow) of Resources related to OPEB	1,591,939	
Net Change in Deferred Outflow/(Inflow) of Resources related to Pensions	(3,198,709)	
Net Change in Net Pension Liability	3,383,725	
Net Change in Accrued Interest on Long-Term Debt	<u>13,401</u>	(896,021)

Change in Net Position of Governmental Activities \$ (1,589,749)

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

CITY OF NORTH ADAMS, MASSACHUSETTS
STATEMENT OF REVENUES AND EXPENDITURES - BUDGETARY BASIS -
NON-GAAP - BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2020

	Budgeted Amounts			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	\$ -	\$ 18,064,414	\$ 18,064,414	\$ 17,193,383	\$ -	\$ (871,031)
Intergovernmental	-	19,315,892	19,315,892	19,335,031	-	19,139
Excise and Other Taxes	-	1,828,022	1,828,022	1,710,942	-	(117,080)
Charges for Services - User Charges	-	3,253,658	3,253,658	3,105,287	-	(148,371)
Licenses, Permits, Fees	-	1,494,398	1,494,398	1,430,925	-	(63,473)
Interest on Delinquent Taxes	-	280,000	280,000	247,434	-	(32,566)
Interest on Investments	-	5,700	5,700	19,044	-	13,344
Total Revenues	-	44,242,084	44,242,084	43,042,046	-	(1,200,038)
Expenditures:						
Current:						
General Government	3,000	2,482,630	2,590,947	2,559,485	6,000	25,462
Public Safety	16,000	4,403,631	4,333,418	4,314,936	-	18,482
Public Works	42,942	3,614,749	3,973,027	3,823,758	120,370	28,899
Education	237,695	18,696,218	18,933,913	18,758,744	151,374	23,795
Health and Human Services	-	986,667	822,527	806,309	-	16,218
Culture and Recreation	-	609,726	603,512	592,232	-	11,280
Employee Benefits and Insurance	-	8,980,300	9,030,959	9,021,568	-	9,391
State Assessments	-	2,899,219	2,899,219	2,934,550	-	(35,331)
Debt Service:						
Principal	-	716,145	736,145	736,202	-	(57)
Interest	-	315,472	328,884	356,982	-	(28,098)
Total Expenditures	299,637	43,704,757	44,252,551	43,904,766	277,744	70,041
Excess of Revenues Over (Under) Expenditures	(299,637)	537,327	(10,467)	(862,720)	(277,744)	(1,129,997)
Other Financing Sources (Uses):						
Operating Transfers In	-	-	248,157	248,157	-	-
Operating Transfers Out	-	(20,325)	(20,325)	(20,325)	-	-
Total Other Financing Sources (Uses)	-	(20,325)	227,832	227,832	-	-
Net Change in Budgetary Fund Balance	(299,637)	517,002	217,365	\$ (634,888)	\$ (277,744)	\$ (1,129,997)
Other Budgetary Items:						
Prior Year Deficits	-	(517,002)	(517,002)			
Prior Year Encumbrances	299,637	-	299,637			
Total Other Budgetary Items	299,637	(517,002)	(217,365)			
NET BUDGET	\$ -	\$ -	\$ -			

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

CITY OF NORTH ADAMS, MASSACHUSETTS
Reconciliation of Revenues and Expenditures
from Budgetary Basis to GAAP Basis
For the Year Ended June 30, 2020

	Revenues	Expenditures
Reported on a Budgetary Basis	\$ 43,042,046	\$ 43,904,766
<i>Adjustments:</i>		
Activity for Stabilization Fund Recorded in the General Fund for GAAP Purposes	10,755	-
Net Decrease in Revenue from recording Refund Taxes Payable	(50,000)	-
Recognition of Intergovernmental Revenue - "on behalf payments"	4,494,785	-
Recognition of Expenditures - "on behalf payments"	-	4,494,785
Net Increase in Revenue from Recording 60-Day Receipts	456,000	-
Reported on a GAAP Basis	\$ 47,953,586	\$ 48,399,551

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

**CITY OF NORTH ADAMS, MASSACHUSETTS
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2020**

	North Adams Employees Retirement System Pension Trust Fund (as of December 31, 2019)	Private Purpose Trust Funds	Agency Funds
ASSETS			
Cash and Cash Equivalents	\$ 49,414	\$ 337,610	\$ 141,498
Investments	72,376,927	-	-
Accrued Interest and Dividends	150,469	-	-
Accounts Receivable	1,484,112	-	-
Total Assets	74,060,922	337,610	141,498
LIABILITIES			
Warrants Payable	2,045,595	-	-
Due to Others	-	-	29,139
Due to Student Groups	-	-	97,016
Deposits and Escrows	-	-	15,343
Total Liabilities	2,045,595	-	141,498
NET POSITION			
Held in Trust for Pension Benefits and Other Purposes	\$ 72,015,327	\$ 337,610	\$ -

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

**CITY OF NORTH ADAMS, MASSACHUSETTS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2020**

	North Adams Employees Retirement System Pension Trust Fund (as of December 31, 2019)	Private Purpose Trust Funds
Additions		
Contributions:		
Employers	\$ 3,355,490	\$ -
Plan Members	1,145,576	-
Transfers/Reimbursements from Other Systems	132,472	-
Commonwealth of Massachusetts - COLA	43,122	-
Miscellaneous	-	651
Total Contributions	4,676,660	651
Investment Income:		
Interest & Dividends	1,298,569	4,735
Net Change in Fair Value of Investments	6,343,025	-
Total Investment Earnings	7,641,594	4,735
Less Investment Expense	(282,361)	-
Net Investment Earnings	7,359,233	4,735
Total Additions	12,035,893	5,386
Deductions:		
Benefit Payments to Plan Members and Beneficiaries	5,205,158	-
Refunds to Members	141,360	-
Transfers to Other Systems	262,349	-
Educational Scholarships	-	1,220
General Expenses	156,032	-
Total Deductions	5,764,899	1,220
Change in Net Position	6,270,994	4,166
Net Position at Beginning of Year	65,744,333	333,444
Net Position at End of Year	\$ 72,015,327	\$ 337,610

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

CITY OF NORTH ADAMS, MASSACHUSETTS
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying basic financial statements of the City of North Adams, Massachusetts (the City) 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 City accounting policies are described herein.

A. Reporting Entity

The City was created under the laws of the State of Massachusetts in 1895. The City operates under an elected Mayor and nine-member Council form of government.

For financial reporting purposes, the City has included all funds, organizations, account groups, agencies, boards, commissions and institutions. The City 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 City are such that exclusion would cause the basic financial statements to be misleading or incomplete.

Blended component units are entities that are legally separate from the City, but are so related that they are, in substance, part of the City's operations and so data from these units are combined with data of the primary government. The following component unit is blended within the primary government in the fiduciary funds:

The North Adams Retirement System (the System) was established to provide retirement benefits to City employees, and their beneficiaries. The System is governed by a five-member board comprised of two members elected by the System's participants, two members appointed by the governing authority and one member appointed by the other Board members. The System is presented using the accrual basis of accounting and is reported as a pension trust fund in the fiduciary fund financial statements.

The System issues a publicly available unaudited financial report in accordance with guidelines established by the Commonwealth of Massachusetts' (Commonwealth) Public Employee Retirement Administration Commission (PERAC). That report may be obtained by contacting the System located at 85 Main Street, North Adams, Massachusetts, 01247.

The City is responsible for electing/appointing the governing board and/or committee members of the North Adams Housing Authority, Northern Berkshire Vocational Regional School and Hoosac Water Quality District. These related organizations are excluded from the financial reporting entity because the City's accountability does not extend beyond the City electing/appointing the board and/or committee members and does not have oversight responsibility. Audited financial statements are available from the respective organizations. A description of the related organizations is as follows:

North Adams Housing Authority - A public housing agency that provides housing assistance to eligible and qualified low and moderate income families, the elderly and handicapped. The housing authority is an autonomous and self-sufficient agency under the State Executive Office of Communities and Development. The City has no significant influence over management, budget or policies of the authority.

Northern Berkshire Vocational Regional School District - A regional school district made up of seven communities to serve and provide a learning environment in specific career areas. The regional school district is a separate entity under the Commonwealth of Massachusetts. The City elects four district committee members and appoints one member from the City's school committee

CITY OF NORTH ADAMS, MASSACHUSETTS
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2020

for its representation. The District is responsible for both the operating and capital costs related to the school and operates independently from the City.

Hoosac Water Quality District - A regional district for the purpose of building, maintaining and operating a system of sewerage collection and disposal system for the City of North Adams, Town of Williamstown and Town of Clarksburg. The District is administered by the District Commission, which is composed of four members, two of which are appointed by the North Adams City Council. The District is responsible for the operating and capital costs related to the District, and operates independently from the City.

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 and fiduciary funds, even though the latter are excluded from the government-wide financial statements. 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 adjustments necessary to reconcile ending net position and the change in net position.

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.

CITY OF NORTH ADAMS, MASSACHUSETTS
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2020

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

Fiduciary funds are reported by fund type.

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, as are the fiduciary fund financial statements. 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. Under the modified accrual basis of accounting 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 City 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.

The City 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.

CITY OF NORTH ADAMS, MASSACHUSETTS
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2020

The non-major governmental fund consists of other special revenue, capital projects, and permanent funds 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 permanent or capital projects funds) 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 Funds and Trust Funds).

The *permanent fund* is used to account for financial resources that are legally restricted to the extent that only earnings may be used for purposes that support the governmental programs.

Additionally, the City reports the following fund types:

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 *North Adams Employees Retirement System Pension trust fund* is used to account for the activities of the System, which accumulates resources to provide pension benefits to eligible retirees and their beneficiaries.

The *private-purpose trust fund* is used to account for trust arrangements, other than those properly reported in the permanent fund, under which principal and investment income exclusively benefit individuals, private organizations, or other governments.

The *agency fund* is used to account for assets held in a purely custodial capacity.

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 City 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".

Excluding the permanent funds, 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 City 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.

CITY OF NORTH ADAMS, MASSACHUSETTS
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2020

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

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. 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, Tax Foreclosures and Tax Liens

Property taxes are based on assessments as of January 1, 2019 and include betterments, special assessments and liens. Taxes are used to finance the operations of the City 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 City has accepted the quarterly tax payment system. Under the quarterly tax payment system, the assessors make a preliminary tax commitment based on the prior year's net tax and may not exceed, with limited exceptions, fifty percent of that amount. The collector must mail preliminary tax bills each year by July 1st. The preliminary tax is payable in two equal installments. The first installment is due on August 1st and the second installment is due on November 1st. After the City sets the tax rate, the assessors make the actual tax commitment. If actual bills are mailed on or before December 31st, the balance remaining is payable in two equal installments. The first installment is due on February 1st and the second installment is due on May 1st. If bills are mailed after December 31st, the entire balance is not due until May 1st or thirty days after the bills were mailed, whichever is later. Any betterments, special assessments and other charges are added to the actual bills. Interest at the rate of 14% is charged on the amount of any preliminary tax or actual tax installment payment that is unpaid and delinquent and is charged only for the number of days the payment is actually delinquent. If actual tax bills are mailed after December 31st, interest will be computed from May 1st, or the payment due date, whichever is later. The City 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 City mailed preliminary tax bills for the fiscal year 2020 on June 28, 2019 that were due on August 1, 2019 and November 1, 2019 and actual bills on December 30, 2019 that were due on February 3, 2020 and May 1, 2020.

The Commonwealth of Massachusetts electorate in November, 1980, passed legislation known as Proposition 2 1/2, in order to limit the amount of revenue to be raised by taxation. The purpose of the legislation was to control the levy of taxes that are assessed to property owners of a City. The legal levy limit under Proposition 2 1/2 for fiscal year 2020 is \$18,814,731.

The total amount raised by taxation was \$18,264,782.

CITY OF NORTH ADAMS, MASSACHUSETTS
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2020

The allowance for uncollectible accounts is estimated based upon historical trends and specific account analysis.

Excise Taxes

Excise taxes consist of motor vehicle excise. Motor vehicle excise taxes are assessed annually for each vehicle registered in the City, and are recorded as receivables in the fiscal year of levy. The Commonwealth is responsible for reporting the number of vehicles registered and the fair value of those vehicles.

The tax calculation is the fair market value of the vehicle multiplied by the \$25 per \$1,000 of valuation.

The allowance for uncollectible accounts is estimated based upon historical trends and specific account analysis.

User Charges

User charges primarily consist of water and sewer. The user charges are billed monthly for commercial accounts and billed quarterly for residential accounts. The bills are based on individual meter readings and are subject to penalties and interest if they are not paid by the respective due date. Water liens and sewer liens are processed each year and are included as a lien on the property owner's tax bill.

The allowance for uncollectible accounts is estimated based upon historical trends and specific account analysis.

Departmental

Departmental receivables consist primarily of parking tickets, landfill fees, demolition liens, rents, trash bags for outside vendors, police outside duty and other miscellaneous departmental billings.

The allowance for uncollectible accounts is estimated based upon historical trends and specific account analysis.

Loans

The Community Development Block Grant office administers loan programs that provide housing assistance to residents of the City and commercial loans to businesses. Upon issuance, a receivable is recorded for the principal amount of the loan.

The allowance for uncollectibles is estimated based on historical trends and specific account analysis.

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.

CITY OF NORTH ADAMS, MASSACHUSETTS
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2020

G. Capital Assets

Capital assets, which include land, construction in progress, buildings and improvements, machinery, equipment and other, and infrastructure assets (e.g., roads, water mains, sewer mains, and similar items), are reported in the applicable governmental or business-type activity column of the government-wide financial statements. Capital assets are recorded at historical cost or at estimated historical cost if actual cost is not available. Donated capital assets are recorded at estimated fair market value.

All purchases of equipment in excess of \$15,000 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:

<u>Capital Asset Type</u>	<u>Years</u>
Buildings and renovations	10-40
Machinery, equipment and other	3-15
Infrastructure	20-50

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 and 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 items in this category are *deferred outflows related to pensions and deferred outflows related to OPEB*.

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 items in this category are *deferred inflows related to pensions and deferred inflows related to OPEB*.

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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 City 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 City's property, excise and other taxes; departmental revenue, loans 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 Government-Wide financial statements, the difference between the City'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:

- "Capital projects" represents amounts restricted for capital purposes.
- "Federal and state grants" represents amounts restricted by the federal and state government for various programs.
- "Permanent funds" represents amounts held in trust for which the expenditures are restricted by various trust agreements.
- "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.

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

Assigned fund balance. This classification reflects the amounts constrained by the City's "intent" to be used for specific purposes, but are neither restricted nor committed. Department heads and City 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 City'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. Compensated Absences

The City grants to employees sick and vacation leave in varying amounts based upon length of service and in accordance with various individual union contracts. Upon retirement, termination, or death, certain employees are compensated for unused vacation and sick leave (subject to certain limitations) at their current rates of pay. The liability for compensated absences is reported in the government-wide statements.

M. 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 North Adams 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. For this purpose, benefit payments, including refunds of employee contributions, are recognized when due and payable according with the benefit terms. Investments are reported at their fair value.

N. 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 50% to 75% share of insurance premiums in the general fund in the fiscal year paid.

CITY OF NORTH ADAMS, MASSACHUSETTS
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O. 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.

P. 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.

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

An annual budget is adopted for the City'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 City must establish its property tax rate each year so that the property tax rate levy will comply with the limits established by Proposition 2 1/2, as amended, and also equal the sum of (a) the aggregate of all annual appropriations for expenditures, plus (b) provision for prior year deficits, if any, less (c) the aggregate of all non-property tax revenues estimated to be received, including available funds. Supplemental appropriations may be made from available funds after the setting of the tax rate. Appropriations may be transferred between departments with City Council approval.

The City follows these procedures in establishing the General Fund budgetary data as reflected in the financial statements:

- The Mayor presents an operating and capital budget for the proposed expenditures of the fiscal year commencing the following July 1st to the City Council.
- The budget is legally enacted by vote of the City Council prior to the end of the fiscal year.
- Throughout the fiscal year any available funds may be appropriated by City Council vote.

Massachusetts law requires cities and towns to provide 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 2020, the City incurred a final budget deficit of (\$217,365) for the General Fund.

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

Unassigned fund balance:	
Prior years deficits	\$ (517,002)
Prior year's encumbrances	299,637
	<u>\$ (217,365)</u>

B. Deficit Fund Balance

The following funds had a deficit at June 30, 2020 as measured by the balances of unreserved fund balance:

- Capital project airport improvements fund has a deficit of \$283,777. This deficit will be eliminated upon appropriation.
- Capital project Conte Middle School renovation fund has a deficit of \$529,297. This project is partially funded by the Massachusetts School Building Authority (MSBA). The City has bond anticipation note outstanding of \$529,297. The deficit will be eliminated upon the issuance of permanent debt.
- Capital project equipment and engineering fund has a deficit of \$805,687. The City has a bond anticipation note outstanding of \$783,910. This deficit will be eliminated upon appropriation and the issuance of permanent debt.
- Capital project Hodges Cross road facility fund has a deficit of \$1,411,059. The City has a bond anticipation note outstanding of \$1,424,493. This deficit will be eliminated upon the issuance of permanent debt.
- Capital project public safety facility fund has a deficit of \$283,261. The City has a bond anticipation note outstanding of \$351,000. This deficit will be eliminated upon the issuance of permanent debt.
- Capital project purchase of vehicles fund has a deficit of \$423,738. The City has a bond anticipation note outstanding of \$425,000. This deficit will be eliminated upon the issuance of permanent debt.
- Capital project telephone upgrades fund has a deficit of \$144,422. The City has a bond anticipation note outstanding of \$146,300. This deficit will be eliminated upon the issuance of permanent debt.
- Various special revenue funds have deficits totaling \$789,379 (highway grant fund (chapter 90) of \$526, eight public safety funds totaling \$357,461 (mainly the Police State 911 fund for \$294,995) extended polling of \$3,710, the capital equipment and facility improvement fund of \$3,004, the complete street tie in fund of \$39,937, the green community grant of \$6,654, the evergreen strategies grant of \$4,770, the TMC strategies grant of \$6,000, the solar project grant of \$240, the conservation revolving fund of \$1,992, and the Armory revolving fund of \$6,455). These deficits will be eliminated upon additional grant receipts or upon appropriation.
- The skating rink trust funds have deficits totaling \$50,171. These deficits will be eliminated upon appropriation.

CITY OF NORTH ADAMS, MASSACHUSETTS
NOTES TO THE FINANCIAL STATEMENTS
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3. DETAILED NOTES

A. Deposits and Investments

Custodial Credit Risks – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the City’s deposits may not be returned. The government does not have a deposit policy for custodial credit risk. Deposits at June 30, 2020 were \$8,743,433. Of these, \$772,203 are exposed to custodial credit risk as uninsured and uncollateralized.

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. MMDT’s fair value is measured at amortized cost.

As of June 30, 2020, the City had the following investments and maturities:

Investment Type	Fair Value	Investment Maturities (in Years)	
		Less Than 1	1 to 5
Debt Securities:			
U. S. treasury obligations	\$ 28,023	\$ -	\$ 28,023
U. S. government agencies	5,003	-	5,003
Bond mutual funds	21,745	21,745	-
Corporate bonds	114,048	15,159	98,889
Money market mutual fund	9,664	9,664	-
	178,483	\$ 46,568	\$ 131,915
Other Investments:			
Certificates of Deposit	38,686		
Equity Mutual Funds	1,530		
Equity Securities - Domestic (Stocks)	198,213		
	\$ 416,912		

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Custodial Credit Risks - Investments

For an investment, custodial risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Of the City's \$416,912 in investments, the City has a custodial credit risk exposure because the related securities are uninsured, unregistered and held by the City's brokerage firm, which is also the Counterparty to these securities. The City has no policy on custodial credit risk.

Interest Rate Risk

The City does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk

The City's exposure to credit risk as of June 30, 2020 is as follows:

Related Debt Instruments	Fair Value
Moody's Quality Ratings	
<i>U. S. Treasury Obligations:</i>	
AA+	\$ 28,023
<i>U. S. Government Agencies:</i>	
AAA	5,003
<i>Corporate Bonds:</i>	
AAA	15,114
A1	32,638
A2	20,277
BAA1	30,436
BAA2	15,583
<i>Money Market Mutual Funds:</i>	
Not rated	9,664
	\$ 178,483

Concentration of Credit Risk

The City places no limit on the amount the City may invest in one issuer. More than 5 percent of the City's investments are Income Exchange Traded Funds in iShares amounting to 5.22% of the City's total investments.

Fair Value of Investments

The City categorizes its fair value measurements within the fair value hierarchy established by GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

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The City has the following recurring fair value measurements as of June 30, 2020:

Investment Type	Fair Value	Fair Value Measurements		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by Fair Value Level:				
U. S. treasury obligations	\$ 28,023	\$ 28,023	\$ -	\$ -
U. S. government agencies	5,003	5,003	-	-
Certificates of deposit	38,686	38,686	-	-
Equity securities - domestic	198,213	198,213	-	-
Money market mutual fund	9,664	9,664	-	-
Corporate bonds	114,048	-	114,048	-
Total Investments	416,912	\$ 281,119	\$ 135,793	\$ -

Investments classified in Level 1 of the fair value hierarchy are valued using quoted prices in active markets for those securities.

Investments classified in Level 2 are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

Investment Policies – North Adams Retirement System

Under the Public Employee's Retirement Administration Commission (PERAC) regulations, every retirement board shall file a statement of investment objectives with PERAC. Among the information to be filed are the investment policy, the rate of return expected, the expected level of risk, the asset mix, the degree of diversification, and other pertinent financial information. At all times, the Board's investments are subject to certain limitations set forth in Massachusetts General Laws, Chapter 32 and PERAC regulations.

Pension Reserves Investment Trust (PRIT) Fund is a pooled investment fund created under the supervision of the Pension Reserves Investment Management (PRIM) Board. The PRIT is an external investment pool that meets the criteria established under GASB Statement No. 79 to report its investments at amortized cost. PRIT's fair value is measured at amortized cost.

CITY OF NORTH ADAMS, MASSACHUSETTS
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As of December 31, 2019, the System had the following investments and maturities:

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less Than 1	1 to 5	6 to 10	More than 10
Debt Securities:					
U. S. treasury obligations	\$ 14,039,363	\$ -	\$ -	\$ 6,341,430	\$ 7,697,933
Corporate bonds	9,771,660	-	6,396,755	3,270,048	104,857
Money market mutual fund	1,697,624	1,697,624	-	-	-
	<u>25,508,647</u>	<u>\$ 1,697,624</u>	<u>\$ 6,396,755</u>	<u>\$ 9,611,478</u>	<u>\$ 7,802,790</u>
Other Investments:					
Pooled Alternative investment funds	240,423				
Equity securities - domestic	46,627,857				
	<u>\$ 72,376,927</u>				

Custodial Credit Risks - Investments

For an investment, custodial risk is the risk that, in the event of the failure of the counterparty, the System will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Of the System's \$72,376,927 in investments, none are uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department but not in the System's name. The System has no policy on custodial credit risk.

Interest Rate Risk

The System does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk

The System limits investments in bonds with a minimum quality rating of Baa or equivalent as rated by one or more recognized bond rating services, however, 10% of the market value of fixed income investments may be invested in bonds with a minimum quality rating of Ba or equivalent as rated by one or more recognized bond rating services.

**CITY OF NORTH ADAMS, MASSACHUSETTS
NOTES TO THE FINANCIAL STATEMENTS
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The System's exposure to credit risk as of December 31, 2019 is as follows:

Related Debt Instruments	Fair Value
Moody's Quality Ratings	
<i>U. S. Treasury Obligations:</i>	
Aaa	\$ 14,039,363
<i>Corporate Bonds:</i>	
AAA	\$ 4,437,991
AA	1,881,071
A	2,738,267
BAA	714,331
<i>Money Market Mutual Funds:</i>	
Not rated	1,697,624
	\$ 25,508,647

Concentration of Credit Risk

The System may invest up to 15% of the account's assets in high yield securities on an opportunistic basis. There are no qualified investments that are more than 5 percent.

Fair Value of Retirement Investments

The City categorizes its fair value measurements for the System within the fair value hierarchy established by GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

CITY OF NORTH ADAMS, MASSACHUSETTS
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The City has the following recurring fair value measurements for the System as of December 31, 2019:

Investment Type	Fair Value	Fair Value Measurements		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by Fair Value Level:				
U. S. treasury obligations	\$ 14,039,363	\$ 14,039,363	\$ -	\$ -
Equity securities - domestic	46,627,857	46,627,857	-	-
Money market mutual fund	1,697,624	1,697,624	-	-
Corporate bonds	9,771,660	-	9,771,660	-
	<u>72,136,504</u>	<u>\$ 62,364,844</u>	<u>\$ 9,771,660</u>	<u>\$ -</u>
Investments Measured at Amortized Cost:				
External Investment Pools (PRIT)	<u>240,423</u>			
Total Investments	<u>\$ 72,376,927</u>			

Investments classified in Level 1 of the fair value hierarchy are valued using quoted prices in active markets for those securities.

Investments classified in Level 2 are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

B. Receivables

At June 30, 2020, receivables for the individual major governmental funds, non-major governmental funds, and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	Gross Amount	Allowance for Uncollectibles	Net Amount
Major and nonmajor governmental funds:			
Property taxes	\$ 1,538,719	\$ (16,000)	\$ 1,522,719
Tax liens	3,027,301	-	3,027,301
Excise taxes	355,869	(119,000)	236,869
User Charges	520,327	(3,500)	516,827
Departmental	351,640	(42,788)	308,852
Loans	681,850	(3,012)	678,838
Due from other governments	1,925,321	-	1,925,321
Tax Foreclosures	377,855	-	377,855
Fiduciary funds:			
North Adams Employees Retirement System Pension Trust Fund (at December 31, 2019):			
Accounts Receivable	1,484,112	-	1,484,112
	<u>\$ 10,262,994</u>	<u>\$ (184,300)</u>	<u>\$ 10,078,694</u>

**CITY OF NORTH ADAMS, MASSACHUSETTS
NOTES TO THE FINANCIAL STATEMENTS
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The composition of amounts due from other governments as of June 30, 2020 for governmental funds is as follows:

General Fund:

Commonwealth of Massachusetts

Department of Revenue:

Veterans, blind and surviving spouse \$ 43,175

Other:

Department of Veteran Services:

Veterans benefits 329,509 \$ 372,684

Nonmajor Governmental Funds:

U. S. Department of Agriculture:

School lunch \$ 79,934

U. S. Department of Education:

School title grants 98,594

U. S. Department of Homeland Security

97,143

U. S. Department of Housing & Urban Development -

Community Development Block Grant and special projects 53,475

U. S. Department of Transportation:

Federal Aviation Administration 86,007

U. S. Department of Environmental Protection:

Brownfields Grant 3,465

Commonwealth of Massachusetts

Department of Elementary and Secondary Education:

School grants 57,780

Executive Office of Economic Development:

Massachusetts Works Grant 169,961

Executive Office of Environmental Affairs

Parkland Renovations Grant 24,101

Executive Office of Public Safety and Homeland Security 118,920

Massachusetts Department of Transportation:

Airport grants 559,057

Highway Department - Chapter 90 funds 204,200 1,552,637

\$ 1,925,321

CITY OF NORTH ADAMS, MASSACHUSETTS
NOTES TO THE FINANCIAL STATEMENTS
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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	\$	987,719	
Tax liens/foreclosures		3,405,156	
Excise taxes		236,869	
User Charges		516,827	
Departmental		190,845	
Due from other governments		329,509	\$ 5,666,925
Nonmajor Governmental Funds:			
Departmental		18,128	
Loans		678,838	
Due from other governments		141,442	838,408
			\$ 6,505,333

D. Capital Assets

Capital asset activity for the fiscal year ended June 30, 2020, is as follows:

Governmental Activities	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	\$ 18,607,483	\$ -	\$ (111,400)	\$ 18,496,083
Construction in progress	8,642,937	2,255,582	(5,739,850)	5,158,669
Total capital assets not being depreciated	27,250,420	2,255,582	(5,851,250)	23,654,752
Capital assets being depreciated:				
Buildings and improvements	94,965,283	4,813,633	-	99,778,916
Machinery, equipment and vehicles	11,599,386	326,763	-	11,926,149
Infrastructure	64,962,802	1,432,789	-	66,395,591
Total capital assets being depreciated	171,527,471	6,573,185	-	178,100,656
Less accumulated depreciation for:				
Buildings	43,147,001	2,302,077	-	45,449,078
Machinery, equipment and other	9,005,723	645,175	-	9,650,898
Infrastructure	36,060,678	1,994,230	-	38,054,908
Total accumulated depreciation	88,213,402	4,941,482	-	93,154,884
Total capital assets being depreciated, net	83,314,069	1,631,703	-	84,945,772
Total governmental activities capital assets, net	\$ 110,564,489	\$ 3,887,285	\$ (5,851,250)	\$ 108,600,524

**CITY OF NORTH ADAMS, MASSACHUSETTS
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Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental Activities:	
General government	\$ 289,922
Airport	773,922
Public safety	232,008
Public works	1,479,446
Education	1,521,946
Health and human services	22,022
Culture and recreation	622,216
Total depreciation expense - governmental activities	<u>\$ 4,941,482</u>

E. Interfund Receivables, Payables and Transfers

Interfund transfers for the fiscal year ended June 30, 2020, are summarized below:

Transfers Out:	Transfers In:		
	General fund	Nonmajor Governmental fund	Total
General fund	\$ -	\$ 20,325	\$ 20,325
Nonmajor governmental funds	112,157	-	112,157
Total transfers out	<u>\$ 112,157</u>	<u>\$ 20,325</u>	<u>\$ 132,482</u>

F. Leases

The City has entered into a lease agreement as lessee for financing the acquisition of a school department vehicle. The lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of their future minimum lease payments as of the inception date.

The asset acquired through the capital lease is as follows:

Asset:	Governmental Activities
Machinery, Equipment and Other	\$ 132,524
Less: Accumulated Depreciation	(53,182)
Total	<u>\$ 79,342</u>

CITY OF NORTH ADAMS, MASSACHUSETTS
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The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2020, are as follows:

Year Ending June 30,	Governmental Activities
2021	\$ 16,825
Less: amount representing interest	(1,100)
Present value of minimum lease payments	\$ 15,725

G. Short-Term Financing

Under the general laws of the Commonwealth and with the appropriate local authorization the City is authorized to borrow funds on a temporary basis to (1) fund current operations prior to the collection of revenues, by issuing revenue anticipation notes, (2) fund grants prior to reimbursements, by issuing grant anticipation notes, and (3) fund capital projects costs incurred prior to selling permanent debt by issuing bond anticipation notes.

Details related to the short-term debt activity of the governmental type fund are as follows:

Purpose	Interest Rate	Final Maturity Date	Balance July 1, 2019	Renewed/ Issued	Retired/ Redeemed	Outstanding June 30, 2020
Governmental Activities						
Bond anticipation notes:						
Middle School construction	2.65%	7/26/2019	\$ 557,297	\$ -	\$ 557,297	\$ -
Purchase vehicles	2.65%	12/19/2019	425,000	-	425,000	-
Municipal Purpose note	2.45%	12/19/2019	2,282,460	-	2,282,460	-
Municipal Purpose note	2.25%	12/19/2019	497,300	-	497,300	-
Middle School construction	2.05%	12/19/2019	-	529,297	529,297	-
Middle School construction	2.00%	9/10/2020	-	529,297	-	529,297
Departmental vehicles and equipment	2.00%	9/10/2020	-	1,208,910	-	1,208,910
Property purchase (Hodges Cross)	2.00%	9/10/2020	-	1,424,493	-	1,424,493
Information Technology upgrade	2.00%	9/10/2020	-	146,300	-	146,300
Public Safety roof repairs	2.00%	9/10/2020	-	351,000	-	351,000
Total Governmental Activities			\$ 3,762,057	\$ 4,189,297	\$ 4,291,354	\$ 3,660,000

H. Long Term Debt

General Obligation Bonds

The City 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 activities.

**CITY OF NORTH ADAMS, MASSACHUSETTS
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June 30, 2020**

General obligation bonds currently outstanding of the governmental type fund are as follows:

	Interest Rate	Date Issued	Final Maturity Date	Original Amount Issued	Outstanding June 30, 2020
General Obligation Bonds:					
Inside Debt Limit:					
Municipal Purpose Loan of 2011	2.00-4.00%	6/15/2011	6/15/2023	\$ 2,276,433	\$ 495,000
Municipal Purpose Loan of 2014	2.00-3.00%	8/19/2014	3/1/2030	1,150,700	426,200
Heritage Park	4.50%	2/4/2016	2/3/2023	160,000	67,027
Outside Debt Limit:					
Middle School Renovation	3.60%	8/19/2014	3/1/2040	6,500,000	5,617,100
Airport Improvements	1.87%	8/19/2014	3/1/2022	561,700	126,700
Massachusetts Clean Water Trust:					
Inflow/Outflow Infiltration (1)	2.00%	2/1/2006	8/1/2023	360,907	103,479
Total Bonds Payable					<u>6,835,506</u>
MASS MoCA - Section 108 HUD (2)	variable	5/28/2015	8/1/2022	3,774,000	624,000
Total Governmental Type Debt					<u>\$ 7,459,506</u>

(1) Bonds were issued through Massachusetts Clean Water Trust - Portion of Principal and Interest are subsidized by Trust.

(2) Bond was issued through U.S. Department of Housing and Urban Development. Principal and Interest are reimbursed by a loan receivable from Massachusetts Museum of Contemporary Art, Inc.

Future Debt Service

The annual principal and interest payments to retire all general obligation long-term debt and intergovernmental loan outstanding as of June 30, 2020 are as follows:

Year	Principal	Interest	Total
2021	\$ 873,332	\$ 258,528	\$ 1,131,860
2022	799,459	222,818	1,022,277
2023	654,121	201,465	855,586
2024	282,594	183,600	466,194
2025	270,000	170,850	440,850
2026-2030	1,315,000	743,550	2,058,550
2031-2035	1,490,000	519,794	2,009,794
2036-2040	1,775,000	217,600	1,992,600
	<u>\$ 7,459,506</u>	<u>\$ 2,518,205</u>	<u>\$ 9,977,711</u>

CITY OF NORTH ADAMS, MASSACHUSETTS
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The City is scheduled to be subsidized by the Massachusetts Clean Water Trust (MCWT) on a periodic basis for principal in the amount of \$315,230 and interest costs of \$123,005 for the remaining loan which the City has borrowed from MCWT. The gross amount outstanding at June 30, 2020 for principal and interest combined for the loan is \$111,422. The net repayments, including interest, are scheduled to be \$100,102. The principal subsidies are guaranteed and therefore a \$4,409 intergovernmental receivable has been reported in the government-wide financial statements. Since the City is legally obligated for the total amount of the debt, such amounts for the gross principal have been recorded on the financial statements. The fiscal year 2020 principal and interest subsidies totaled \$3,798.

At June 30, 2020, the City carries \$624,000 of debt, issued in prior fiscal years, under the United States Department of Housing and Urban Development (HUD) section 108 Loan Guarantee Program. The purpose of the program is to enable local governments to provide financing to urban renewal projects operated by either the government or third-party developers. Debt issued under this program is secured by future entitlement allocations to the City under HUD's community Development Block Grant (CDBG) program. The loan proceeds from this program were used for the MASS MoCA project. Debt outstanding at the fiscal year-end is reported as intergovernmental loan payable on the Statement of Net position. Additionally, a receivable from the Massachusetts Museum of Contemporary Art, Inc. has been set up on the City's financial statements of which the proceeds are used to pay this loan obligation. The principal and interest are guaranteed and therefore a \$5,871 intergovernmental receivable has been reported in the government-wide financial statements. Amounts received on the receivable and payments made on the loan are reported in the Community Development program income fund.

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

	Balance			Balance	Amounts Due
	July 1, 2019	Additions	Reductions	June 30, 2020	within One
					Year
Governmental activities:					
Bonds Payable:					
General obligation bonds	\$ 7,365,128	\$ -	\$ 633,101	\$ 6,732,027	\$ 639,187
Massachusetts Clean					
Water Trust bonds	127,624	-	24,145	103,479	24,145
Intergovernmental loan - section 108	834,000	-	210,000	624,000	210,000
Capital leases	49,672	-	33,947	15,725	15,725
Compensated absences	940,251	29,337	36,788	932,800	462,864
Net OPEB liability	88,698,151	2,693,828	-	91,391,979	-
Net pension liability	16,060,133	-	3,383,725	12,676,408	-
Governmental activity					
Long-term liabilities	<u>\$ 114,074,959</u>	<u>\$ 2,723,165</u>	<u>\$ 4,321,706</u>	<u>\$ 112,476,418</u>	<u>\$ 1,351,921</u>

Legal Debt Limit

Under Section 10 of Chapter 44 of the Massachusetts General Laws, a City may authorize indebtedness up to a limit of 5 percent of the equalized valuation of the City. Debt issued in accordance with this section of the law is designated as being "inside the debt limit." The City's inside debt at June 30, 2020, totaled \$988,227.

In addition, the City is authorized to incur debt outside of that limit for specific purposes. Such debt, when issued, is designated as being "outside the debt limit." The City's outside debt at June 30, 2020, totaled \$6,471,279.

**CITY OF NORTH ADAMS, MASSACHUSETTS
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The following is a computation of the legal debt limit as of June 30, 2020:

Equalized Valuation-Real Estate and Personal Property (2020)		\$ 801,676,900
Debt Limit: 5 % of Equalized value		<u>40,083,845</u>
Total Debt Outstanding	\$ 7,459,506	
Less: Debt Outside Debt Limit	<u>(6,471,279)</u>	<u>988,227</u>
Inside Debt Excess Borrowing Capacity at June 30, 2020		<u>\$ 39,095,618</u>

Loans Authorized and Unissued - Memorandum Only

Under the general laws of the Commonwealth of Massachusetts, a City must authorize debt at a City Council meeting. This authorized debt does not have to be actually issued at that time and remains authorized until the debt is actually issued or City Council votes to rescind the authorized debt.

Loan authorizations that have not been issued as of June 30, 2020 and are not reflected in the City's financial statements are as follows:

<u>Date of Council meeting</u>	<u>Description</u>	<u>Amount</u>
12/11/2011	Infrastructure repairs due to Hurricane Irene damage	\$ 1,668,000
2/5/2013	Silvio Conte Middle School renovation and addition	<u>21,572,235</u>
		<u>\$ 23,240,235</u>

CITY OF NORTH ADAMS, MASSACHUSETTS
NOTES TO THE FINANCIAL STATEMENTS
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I. Fund Balances

The following is a summary of the City's Governmental fund balances at the year ended June 30, 2020:

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
Restricted:			
Federal, State and local grants	\$ -	\$ 398,010	\$ 398,010
School revolving	-	2,552,362	2,552,362
Gifts and donations	-	577,653	577,653
Permanent funds	-	589,485	589,485
Capital projects	-	21,768	21,768
Other	-	1,633,982	1,633,982
	-	<u>5,773,260</u>	<u>5,773,260</u>
Committed:			
Capital projects	-	-	-
Landfill/transfer station	-	432,426	432,426
Parking meters and permits	-	236,027	236,027
	-	<u>668,453</u>	<u>668,453</u>
Assigned:			
General government	6,000	-	6,000
Public safety	120,370	-	120,370
Public works	151,374	-	151,374
	<u>277,744</u>	-	<u>277,744</u>
Unassigned:			
General Fund	367,730	-	367,730
Deficit capital projects	-	(3,881,241)	(3,881,241)
Deficit special revenue funds	-	(789,379)	(789,379)
Deficit Trust funds	-	(50,171)	(50,171)
	<u>367,730</u>	<u>(4,720,791)</u>	<u>(4,353,061)</u>
Total Governmental fund balances	\$ 645,474	\$ 1,720,922	\$ 2,366,396

J. 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, 2020, the balance in the stabilization fund is \$606,977; which is reported in the General Fund as unassigned fund balance.

CITY OF NORTH ADAMS, MASSACHUSETTS
NOTES TO THE FINANCIAL STATEMENTS
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4. OTHER INFORMATION

A. Risk Management

The City 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 City 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.

B. Contingent Liabilities

Litigation

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, 2020, cannot be ascertained, management believes any resulting liability should not materially affect the financial position at June 30, 2020.

The City 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, City management believes such disallowances, if any, will not be material.

C. Tax Abatements

The City enters into property tax abatement agreements with local businesses under the Commonwealth of Massachusetts Economic Development Incentive Program Act of 1993 and as amended in 2009. Under this Act, state municipalities may grant property tax abatements of up to 100% of a business' property tax bill for the purpose of attracting or retaining these businesses within their jurisdictions. The abatements may be granted to any business located within or promising to relocate to the City of North Adams. As of June 30, 2020, the City of North Adams abated property taxes amounting to \$214,222 under four tax abatement agreements. The City has not made any commitments as part of the agreements other than to reduce taxes.

D. Landfill Closure and Post-Closure Care Costs

State and federal laws and regulations require that the City of North Adams place a final cover on its landfill when closed and perform certain maintenance and monitoring functions at the landfill site after closure. The landfill ceased operations in November 1992 based upon 100% usage (filled) and has since been capped. Substantially all of the costs for closure have been paid as of June 30, 2001. Post-closure care is to be substantially performed by City employees in the normal course of their duties. Any additional or marginal costs for post-closure care have not been determined; however, such costs are expected to be immaterial, and accordingly, no accrual has been provided for post-closure care costs as of the beginning or ending of the fiscal year. The actual cost of closure and post-closure care may be higher due to inflation, changes in technology, changes in estimates, or changes in landfill regulations.

CITY OF NORTH ADAMS, MASSACHUSETTS
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E. COVID-19

The Covid-19 outbreak in the United States and across the globe has resulted in economic uncertainties. The disruption is expected to be temporary, but there is considerable uncertainty around the duration and scope. The extent of the impact of Covid-19 on our operational and financial performance will depend on certain developments, including the duration and spread of outbreak, impact on our customers, employees, and vendors all of which are uncertain and cannot be predicted. At this point, the extent to which Covid-19 may impact our financial condition or results of operations is uncertain.

F. Subsequent Events

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

G. Pension Plan

Plan Description

The City is a member of the North Adams Retirement System (the System). The System is a cost-sharing multiple-employer public employee retirement system administered by the North Adams 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 except for current and retired teachers. 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 85 Main Street, Room 322, North Adams, Massachusetts 01247.

The City is a member of the Massachusetts Teachers' Retirement System (MTRS), a cost-sharing multi-employer defined benefit plan, to which the City does not contribute. MTRS is managed by the Commonwealth of Massachusetts (Commonwealth) on behalf of municipal teachers and municipal teacher retirees. The Commonwealth is a nonemployer contributor and is responsible for the contributions and future benefit requirements of the MTRS.

Special Funding Situation

The Commonwealth is a nonemployer contributor and is responsible by statute to make all actuarially determined contributions and future benefit requirements on behalf of the City to the MTRS. Therefore, the City is considered to be in a special funding situation as defined by GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and the Commonwealth is a nonemployer contributor in the MTRS. Since the City does not contribute directly to MTRS, there is no pension liability to recognize. The total of the Commonwealth provided contributions have been allocated based upon each employer's covered payroll to the total covered payroll of employers in MTRS as of the measurement date of June 30, 2019. The City's portion of the collective pension expense contributed by the Commonwealth of \$4,490,987 on-behalf payments for the fiscal year ending June 30, 2020 is reported as intergovernmental revenues and insurance and employee benefits expenditures in the General Fund as of the measurement date.

CITY OF NORTH ADAMS, MASSACHUSETTS
NOTES TO THE FINANCIAL STATEMENTS
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Benefits Provided

Both the System and MTRS provide retirement, disability, and death benefits to plan members and beneficiaries. Members become vested after 10 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.

Contributions

MGL Chapter 32 governs the contributions of plan members and the City. Plan members are required to contribute to the System at rates ranging from 5% to 9% based upon their membership date of gross regular compensation with an additional 2% contribution after exceeding \$30,000 in annual covered compensation. The City 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 City's proportionate share of the required contribution to the System for the year ended December 31, 2019 was \$2,949,557, representing 28.11% 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, 2020, the City reported a liability of \$12,676,408 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2019. Accordingly, update procedures were used to roll forward the total pension liability to the measurement date. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At December 31, 2019, the City's proportional percentage was 87.90%, which was a slight decrease from the last measurement.

Pension Expense

For the year ended June 30, 2020, the City recognized a pension expense of \$2,787,386 and reported deferred outflows of resources related to pensions of \$1,403,801 from the changes in assumptions; and deferred inflows of resources related to pensions of \$2,945,610 from the difference between expected and actual experience and the net difference between projected and actual investment earnings on pension plan investments.

CITY OF NORTH ADAMS, MASSACHUSETTS
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The City's net deferred outflows/(inflows) of resources related to pensions will be recognized in the pension revenue as follows:

<u>For years ended June 30,</u>	
2021	\$ (220,635)
2022	(1,012,636)
2023	153,829
2024	<u>(462,367)</u>
	<u>\$ (1,541,809)</u>

Actuarial Assumptions

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

Valuation date	January 1, 2019
Actuarial cost method	Entry Age Normal
Amortization method	Total appropriation increase 4.90% per year until fiscal year 2028 With a final amortization in fiscal year 2029.
Remaining amortization period	9 years from July 1, 2020
Asset valuation method	The actuarial value of assets is the market value. For funding purposes, gains and losses each year are recognized over 5 years.
Investment rate of return	7.25% net of pension plan investment expense, including inflation.
Inflation	Not explicitly assumed.
Projected salary increase	Select and ultimate by job group, ultimate rates of 4.25% for Group 1 and 4.75% for Group 4.
Cost of living adjustments	3.00% per year of the first \$13,000
Mortality rates	Pre-retirement rates reflect the RP-2014 Blue Collar Employees table Projected generationally with Scale MP-2018 (gender distinct). Post retirement rates reflect the RP-2014 Blue Collar Healthy Annuitant table projected generationally with Scale MP-2018 (gender distinct). For disabled retirees, the rates reflect the RP-2014 Blue Collar Healthy Annuitant table set forward one year projected generationally with Scale MP-2018 (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 best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

CITY OF NORTH ADAMS, MASSACHUSETTS
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Best estimates of arithmetic real rates of return for each major class included in the pension plan's target asset allocation as of December 31, 2019, are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Rate of Return
Large Capital Equities	42.0%	7.5%
Small/Medium Capital Equities	15.0%	7.5%
Fixed income	30.0%	4.5%
International Equities	10.0%	8.0%
Emerging Market Equities	3.0%	9.0%
Private Equity	0.0%	11.0%
Real Estate	0.0%	7.0%
Alternative Investments	0.0%	7.0%
Fixed Hedge Funds	0.0%	7.0%
Total	<u>100.0%</u>	

Rate of Return

For the year ended December 31, 2019, the annual money-weighted rate of return (which expresses investment performance), net of investment expense was 11.80%. The money-weighted rate of return considers the changing amounts actually invested during a period and weighs the amount of pension plan investments by the proportion of time they are available to earn a return during that period. The rate of return is then calculated by solving, through an iterative process, for the rate that equates the sum of the weighted external cash flows into and out of the pension plan investments to the ending fair value of pension plan investments.

Discount Rate

The discount rate used to measure the total pension liability was 7.25%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that member employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments or 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.

**CITY OF NORTH ADAMS, MASSACHUSETTS
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Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 7.25%. As well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25%) or 1-percentage-point higher (8.25%) than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Net pension liability	\$ 21,005,162	\$ 12,676,408	\$ 5,609,932

H. Other Post Employment Benefits Payable

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 City 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 City's future cash flows.

Plan Description

In addition to providing pension benefits as described on the following footnote, the City provided post employment health care and life insurance benefits for retired employees, their dependents and beneficiaries. The benefits, benefit levels, employee and employer contributions are governed by Massachusetts General Law chapter 32. As of the actuarial valuation date, there are approximately 832 active and retired employees that meet the eligibility requirements. The plan does not issue a separate financial report.

Funding Policy

The contribution requirements of plan members and the City are established and may be amended through City ordinances. For the period ending on the June 30, 2020 Measurement Date, total City premiums plus implicit costs for the retiree medical program are \$2,697,468. The City also contributed \$0 to an OPEB Trust for a total contribution during the measurement period of \$2,697,468.

Measurement Date

GASB Statement No. 75 requires 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, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of July 1, 2018.

Plan Membership:

Current active members	428
Current retirees, beneficiaries and dependents	404
Total	832

**CITY OF NORTH ADAMS, MASSACHUSETTS
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Net OPEB Liability

The components of the net OPEB liability are as follows:

	June 30, 2020
Total OPEB liability	\$ 91,391,979
Less: Plan fiduciary net position	-
City's Net OPEB liability	\$ 91,391,979
 Plan fiduciary net position as a percentage of the total OPEB liability	0.00%

Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of July 1, 2018, using the following actuarial assumptions, applied to all periods included in the measurement for the reporting date of June 30, 2020:

Valuation date	July 1, 2018 and a measurement date of June 30, 2020
Actuarial cost method	Individual Entry Age Normal
Asset valuation method	Market value of assets as of the measurement date, June 30, 2020.
Investment rate of return	N/A
Single Equivalent Discount rate	2.75% net of OPEB plan investment expense, including inflation
Inflation rate	2.50% as of June 30, 2020 and for future periods
Participant salary increases	3.00% as of June 30, 2020 and for future periods
Cost of living adjustments	Not applicable
Mortality rates	
General	Pre-retirement: the RP-2014 Mortality Table for Blue Collar Employees projected generationally with a Scale MP-2016 for males and females. Post-retirement: the RP-2014 Mortality Table for Blue Collar Healthy Annuitants projected generationally with a Scale MP-2016 for males and females. For disabled retirees: the RP-2014 Mortality Table for Blue Collar Healthy Annuitants projected generationally with a Scale MP-2016 for males and females, set forward one year.
Teachers	Pre-retirement: the RP-2014 Mortality Table for White Collar Employees projected generationally with a Scale MP-2016 for males and females. Post-retirement: the RP-2014 Mortality Table for White Collar Healthy Annuitants projected generationally with a Scale MP-2016 for males and females. For disabled retirees: the RP-2014 Mortality Table for White Collar Healthy Annuitants projected generationally with a Scale MP-2016 for males and females.

The actuarial assumptions used the July 1, 2018 actuarial valuation and market value of assets as of the measurement date of June 30, 2020 were reflective of published municipal bond indices; the S&P Municipal Bond 20-year High Grade Rate Index is 2.66%.

CITY OF NORTH ADAMS, MASSACHUSETTS
NOTES TO THE FINANCIAL STATEMENTS
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Long-term Expected Rate of Return

The long-term expected rate of return on OPEB plan investments was not provided. Best estimates of arithmetic real rates of return for each major class included in the target asset allocation as of June 30, 2020, does not apply because there are no invested assets.

Rate of Return

For the year ended June 30, 2020, 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	Net OPEB Liability
Balances at June 30, 2019	\$ 88,698,151	\$ -	\$ 88,698,151
Service cost	2,908,940	-	2,908,940
Interest on total OPEB liability	2,482,356	-	2,482,356
Changes in benefit terms *	-	-	-
Changes in assumptions **	-	-	-
Difference between actual and expected experience **	-	-	-
Net investment income	-	-	-
Employer contributions to Trust	-	2,697,468	(2,697,468)
Total benefit payments including implicit cost	(2,697,468)	(2,697,468)	-
Net change in total OPEB liability	2,693,828	-	2,693,828
Balances at June 30, 2020	<u>\$ 91,391,979</u>	<u>\$ -</u>	<u>\$ 91,391,979</u>

Discount Rate

The discount rate used to measure the total OPEB liability was 2.75%. 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 projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

CITY OF NORTH ADAMS, MASSACHUSETTS
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Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The following presents the City's net OPEB liability using a discount rate of 2.75% as well as what the City's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.75%) or 1-percentage-point higher (3.75%) than the current rate:

	1% Decrease 1.75%	Current Discount Rate 2.75%	1% Increase 3.75%
City's net OPEB liability	\$ 107,597,008	\$ 91,391,979	\$ 79,170,127

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

The following presents the City's the net OPEB liability with the healthcare cost trend rate of 4.50% as well as what the City's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower at 3.50% or 1-percentage-point higher at 5.50% than the current healthcare cost trend rates:

	1% Decrease 3.50%	Healthcare Cost Trend Rates 4.50%	1% Increase 5.50%
City's net OPEB liability	\$ 77,111,972	\$ 91,391,979	\$ 109,994,271

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, 2020, the GASB Statement No. 75 reporting period and fiscal year ending date, the City recognized an OPEB expense of \$1,101,889 and reported deferred outflows of resources related to OPEB of \$6,009,878 and deferred inflows of resources related to OPEB of \$9,968,937.

CITY OF NORTH ADAMS, MASSACHUSETTS
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The City's net deferred outflows/(inflows) of resources related to OPEB will be recognized in the OPEB expense as follows:

For years ended June 30,		
2021	\$	(989,765)
2022		(989,765)
2023		(989,765)
2024		(989,764)
	\$	(3,959,059)

I. Implementation of New GASB Pronouncements

The GASB issued Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*. This pronouncement postponed the effective dates of certain provisions in GASB statements and Implementation Guides that first became effective or are scheduled to be effective for periods beginning after June 15, 2018 or later.

J. 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. 84, *Fiduciary Activities*, which is required to be implemented in fiscal year 2021. The pronouncement establishes criteria for identifying fiduciary activities and its objective is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported.

The GASB issued Statement No. 87, *Leases*, for implementation in fiscal year 2022. This pronouncement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract.

The GASB issued Statement No. 90, *Majority Equity Interests – an amendment of GASB Statements No. 14 and No. 61*, for implementation in fiscal year 2021. This pronouncement improves the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units.

The GASB issued Statement No. 91, *Conduit Debt Obligations*, for implementation in fiscal year 2023. This pronouncement provides a single method of reporting conduit debt obligations by issuers and eliminates diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures.

The GASB issued Statement No. 93, *Replacement of Interbank Offered Rates*, for implementation in fiscal year 2022. Some governments have entered into agreements in which variable payments made or received depend on an interbank rate (IBOR) – most notably, the London Interbank Offered Rate (LIBOR). As a result of global reference rate reform, LIBOR is expected to cease to exist in its current form at the end of 2021, prompting governments to amend or replace financial instruments for the purpose of replacing LIBOR with other reference rates, by either changing the reference rates or adding or changing fallback provisions related to the reference rate.

CITY OF NORTH ADAMS, MASSACHUSETTS
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2020

The GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, for implementation in fiscal year 2023. The primary objective of this statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs).

The GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*, for implementation in fiscal year 2023. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments).

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 primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans that meet the definition of a pension plan and for benefits provided through those plans.

REQUIRED SUPPLEMENTARY INFORMATION

**CITY OF NORTH ADAMS, MASSACHUSETTS
Required Supplementary Information
Pension Plan Schedules
North Adams Retirement System
For the Year Ended June 30, 2020**

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

Schedule of the City's Proportionate Share of the Net pension Liability:

Measurement Date	City's proportion of the net pension liability (asset)	City's proportionate share of the net pension liability (asset)	City's covered employee payroll	Net pension liability percentage of covered employee payroll	Plan fiduciary net position as a percentage of the total pension liability
12/31/2019	87.90%	\$ 12,676,408	\$ 10,493,791	120.80%	83.30%
12/31/2018	88.04%	\$ 16,060,133	\$ 10,510,134	152.81%	78.30%
12/31/2017	87.81%	\$ 13,803,477	\$ 9,573,924	144.18%	80.30%
12/31/2016	88.11%	\$ 20,408,919	\$ 9,127,315	223.60%	69.90%
12/31/2015	87.98%	\$ 17,196,571	\$ 9,113,848	188.69%	73.70%
12/31/2014	88.85%	\$ 12,388,356	\$ 8,964,965	138.19%	80.20%

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.

CITY OF NORTH ADAMS, MASSACHUSETTS
Required Supplementary Information
Pension Plan Schedules
North Adams Retirement System
For the Year Ended June 30, 2020

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

Schedule of the City's Contributions:

Measurement Date	Actuarially determined contribution	Less: Contributions in relation to the actuarially determined contribution	Contribution deficiency (excess)	City's covered employee payroll	Contributions percentage of covered employee payroll
12/31/2019	\$ 2,949,557	\$ (2,949,557)	\$ -	\$ 10,493,791	28.11%
12/31/2018	\$ 2,831,084	\$ (2,831,084)	\$ -	\$ 10,510,134	26.94%
12/31/2017	\$ 2,692,393	\$ (2,692,393)	\$ -	\$ 9,573,924	28.12%
12/31/2016	\$ 2,589,784	\$ (2,589,784)	\$ -	\$ 9,127,315	28.37%
12/31/2015	\$ 2,478,795	\$ (2,478,795)	\$ -	\$ 9,113,848	27.20%
12/31/2014	\$ 2,357,190	\$ (2,357,190)	\$ -	\$ 8,964,965	26.29%

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.

CITY OF NORTH ADAMS, MASSACHUSETTS
Required Supplementary Information
Other Post Employment Benefit Plan Schedules
For the Year Ended June 30, 2020

Schedule of Changes in the Net OPEB Liability:

	<u>6/30/2020</u>	<u>6/30/2019</u>	<u>6/30/2018</u>
Total OPEB liability			
Service cost	\$ 2,908,940	\$ 2,737,824	\$ 3,300,966
Interest on total OPEB liability	2,482,356	3,498,975	3,262,479
Changes in Benefit terms	-	-	-
Changes in Assumptions	-	10,016,464	(4,083,812)
Difference between actual and expected experience	-	(13,892,351)	-
Benefit payments, including refunds of member contributions	<u>(2,697,468)</u>	<u>(2,650,290)</u>	<u>(2,620,643)</u>
Net change in total OPEB liability	2,693,828	(289,378)	(141,010)
Total OPEB liability-beginning	<u>88,698,151</u>	<u>88,987,529</u>	<u>89,128,539</u>
Total OPEB liability-ending (a)	<u>\$ 91,391,979</u>	<u>\$ 88,698,151</u>	<u>\$ 88,987,529</u>
Plan fiduciary net position			
Employer contributions to Trust	\$ 2,697,468	\$ 2,650,290	\$ 2,620,643
Benefit payments, including refunds of member contributions	<u>(2,697,468)</u>	<u>(2,650,290)</u>	<u>(2,620,643)</u>
Net change in plan fiduciary net position	-	-	-
Total fiduciary net position-beginning	-	-	-
Total fiduciary net position-ending (b)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's net OPEB liability (a-b)	<u><u>\$ 91,391,979</u></u>	<u><u>\$ 88,698,151</u></u>	<u><u>\$ 88,987,529</u></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.

CITY OF NORTH ADAMS, MASSACHUSETTS
Required Supplementary Information
Other Post Employment Benefit Plan Schedules
For the Year Ended June 30, 2020

Schedule of Net OPEB Liability:

	<u>6/30/2020</u>	<u>6/30/2019</u>	<u>6/30/2018</u>
Total OPEB liability	\$ 91,391,979	\$ 88,698,151	\$ 88,987,529
Less: Plan fiduciary net position	-	-	-
City's Net OPEB liability	<u>\$ 91,391,979</u>	<u>\$ 88,698,151</u>	<u>\$ 88,987,529</u>
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%	0.00%
City's share of covered employee payroll	\$ 23,545,771	\$ 22,859,972	N/A
Participating employer net OPEB liability (asset) as a percentage of covered-employee payroll	388.15%	388.01%	N/A

Schedule of Contributions:

	<u>6/30/2020</u>	<u>6/30/2019</u>	<u>6/30/2018</u>
Actuarially determined contribution	\$ 7,301,485	\$ 7,000,896	\$ 2,620,643
Less: Contributions in relation to the actuarially determined contribution	(2,697,468)	(2,650,290)	(2,620,643)
Contribution deficiency (excess)	<u>\$ 4,604,017</u>	<u>\$ 4,350,606</u>	<u>\$ -</u>
City's share of covered employee payroll	\$ 23,545,771	\$ 22,859,972	N/A
Contributions percentage of covered-employee payroll	11.46%	11.59%	N/A
Annual money-weighted rate of return net of investment expense	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.

CITY OF NORTH ADAMS, MASSACHUSETTS
Required Supplementary Information
Other Post Employment Benefit Plan Schedules
For the Year Ended June 30, 2020

Schedule of Funding Progress:

Other Post Employment Benefits						
Measurement Date	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)	Actuarial Percentage of Covered Payroll ((B-A)/C)
6/30/2020	\$ -	\$ 91,391,979	\$ 91,391,979	0.00%	\$ 23,545,771	388.15%
6/30/2019	\$ -	\$ 88,698,151	\$ 88,698,151	0.00%	\$ 22,859,972	388.01%
6/30/2018	\$ -	\$ 88,987,529	\$ 88,987,529	0.00%	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.

SUPPLEMENTARY SCHEDULES

CITY OF NORTH ADAMS, MASSACHUSETTS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

	Fund Balances			Other Financing	Fund Balances
	July 1, 2019	Revenues	Expenditures	Sources (Uses)	June 30, 2020
Special Revenue:					
Federal and State Grants:					
School Grants	\$ 111,973	\$ 2,193,724	\$ 2,263,730	\$ -	\$ 41,967
Airport Grants	(183,228)	1,467,032	1,272,953	-	10,851
Arts Lottery Council Grant	59,365	66,100	58,670	-	66,795
Brownfields Grant	-	90,469	88,325	-	2,144
Community Development Grants	162,430	2,271,735	2,677,509	(17,262)	(260,606)
Complete Street Improvements	(39,937)	-	-	-	(39,937)
Council on Aging Grants	3,840	47,301	42,898	-	8,243
Emergency Management Grants (COVID)	-	184,491	137,143	-	47,348
Highway Grants	4,663	414,430	414,430	-	4,663
Library Grants	9,108	24,676	25,930	-	7,854
Other Grants and Programs	42,542	187,580	234,564	-	(4,442)
Public Safety Grants	(76,207)	1,010,407	1,211,208	20,325	(256,683)
Youth Safety Initiative	-	375,565	375,673	-	(108)
Schools:					
School Lunch Revolving	387,832	1,319,596	1,361,624	-	345,804
School Lunch Commodities	-	71,859	71,859	-	-
School Choice	1,484,382	311,934	31,379	-	1,764,937
School Insurance Reimbursement	1,453	-	-	-	1,453
School Private Grants	5,417	53,541	38,470	-	20,488
School Revolving Accounts	234,820	272,471	246,877	-	260,414
State Special Education Reimbursement Fund	215,654	605,741	662,129	-	159,266
Other:					
Airport Revolving	68,004	1,860	980	-	68,884
Armory Revolving Account	-	-	6,455	-	(6,455)
Buy Your Own Home Program	15,098	282,093	3,928	(62,551)	230,712
Conservation Commission	710	393	3,095	-	(1,992)
Gifts and Donations	612,547	115,412	150,306	-	577,653
Hardman Park Firepump	20,258	-	18,414	-	1,844
Heritage Park Rents	77,572	54,250	74,605	-	57,217
Landfill Transfer Station	331,268	112,170	-	(11,012)	432,426
Total Special Revenue Page 67	\$ 3,549,564	\$ 11,534,830	\$ 11,473,154	\$ (70,500)	\$ 3,540,740

CITY OF NORTH ADAMS, MASSACHUSETTS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

	Fund Balances July 1, 2019	Revenues	Expenditures	Other Financing Sources (Uses)	Fund Balances June 30, 2020
Continued from Page 67	\$ 3,549,564	\$ 11,534,830	\$ 11,473,154	\$ (70,500)	\$ 3,540,740
Special Revenue (continued):					
Other (continued):					
Municipal Access Cable Television	275,617	80,736	-	(42,640)	313,713
North Adams Farmers	12,228	80,730	79,457	-	13,501
Other Programs	13,986	1,000	13,027	-	1,959
Parking Meters and Permits	222,029	69,503	-	(55,505)	236,027
Police Outside Details	-	272,926	272,926	-	-
Property Damages	71,718	86,096	66,141	-	91,673
Sale of Cemetery Lots	122,444	13,450	-	-	135,894
Sale of City Property	107,619	-	-	550,000	657,619
Town of Adams Sewer Program	5,306	41,262	41,262	-	5,306
Transportation Infrastructure	114	80	-	-	194
United Way EOC Grant	-	25,000	-	-	25,000
Windsor Mill Rents	11,956	123,213	135,053	17,262	17,378
Winsor Lake Campground	122	2,621	2,743	-	-
Colonel Lawrence	2,043	34	-	-	2,077
Skating Rink	(22,475)	123,922	151,618	-	(50,171)
Total Special Revenue	4,372,271	12,455,403	12,235,381	398,617	4,990,910
Capital Projects:					
Airport improvements	(227,913)	-	51,301	-	(279,214)
Armory Stair Replacement	90,000	-	152,551	62,551	-
Conte Middle School Feasibility Study	9	-	-	-	9
Conte Middle School renovation	(557,297)	-	-	28,000	(529,297)
Education Reserve	1,348	-	-	-	1,348
Equipment and engineering	(758,413)	-	47,274	-	(805,687)
Hodges Cross Road Facility	(1,483,541)	-	1,575	74,057	(1,411,059)
Total Capital Projects Page 68	\$ (2,935,807)	\$ -	\$ 252,701	\$ 164,608	\$ (3,023,900)

CITY OF NORTH ADAMS, MASSACHUSETTS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

	Fund Balances July 1, 2019	Revenues	Expenditures	Other Financing Sources (Uses)	Fund Balances June 30, 2020
Continued from Page 68	\$ (2,935,807)	\$ -	\$ 252,701	\$ 164,608	\$ (3,023,900)
Capital Projects (continued):					
Public Safety Building roof repairs	(12,243)	-	271,018	-	(283,261)
Purchase of Vehicles	(423,738)	-	-	-	(423,738)
Purchase of Vehicles and Equipment	15,507	-	-	-	15,507
Telephone upgrades	(134,040)	-	10,382	-	(144,422)
Windsor Lake improvement	341	-	-	-	341
	<u>(3,489,980)</u>	<u>-</u>	<u>534,101</u>	<u>164,608</u>	<u>(3,859,473)</u>
Permanent Funds:					
Cemetery Perpetual Care	524,675	23,199	-	-	547,874
Tinker Trust Fund	44,611	-	-	(3,000)	41,611
Total Permanent Funds	<u>569,286</u>	<u>23,199</u>	<u>-</u>	<u>(3,000)</u>	<u>589,485</u>
Total - Non-Major Governmental Funds	<u>\$ 1,451,577</u>	<u>\$ 12,478,602</u>	<u>\$ 12,769,482</u>	<u>\$ 560,225</u>	<u>\$ 1,720,922</u>

**CITY OF NORTH ADAMS, MASSACHUSETTS
SCHEDULE OF REAL ESTATE AND PERSONAL PROPERTY TAXES
JULY 1, 2019 TO JUNE 30, 2020**

	Uncollected Taxes July 1, 2019	Commitments	Abatements and Adjustments	Collections Net of Refunds and Overpayments	Uncollected Taxes June 30, 2020	Uncollected Taxes Per Detail June 30, 2020
Real Estate Taxes:						
Levy of 2020	\$ -	\$ 16,486,817	\$ 412,046	\$ 14,941,076	\$ 1,133,695	\$ 1,133,695
Levy of 2019	444,032	-	26,601	296,568	120,863	120,863
Levy of 2018	8,985	-	-	1,270	7,715	7,715
Levy of 2017	42,895	-	-	-	42,895	42,895
Levy of 2016	46,395	-	-	603	45,792	45,792
Prior Years	45,176	-	-	-	45,176	45,176
	<u>587,483</u>	<u>16,486,817</u>	<u>438,647</u>	<u>15,239,517</u>	<u>1,396,136</u>	<u>1,396,136</u>
Personal Property Taxes:						
Levy of 2020	-	1,811,686	85	1,776,077	35,524	35,524
Levy of 2019	16,897	-	36	5,100	11,761	11,761
Levy of 2018	31,276	-	-	3,000	28,276	28,276
Levy of 2017	42,099	-	-	9,949	32,150	32,150
Levy of 2016	23,334	-	-	7,205	16,129	16,129
Prior Years	20,436	-	-	1,693	18,743	18,743
	<u>134,042</u>	<u>1,811,686</u>	<u>121</u>	<u>1,803,024</u>	<u>142,583</u>	<u>142,583</u>
Total Real Estate and Personal Property Taxes	<u>\$ 721,525</u>	<u>\$ 18,298,503</u>	<u>\$ 438,768</u>	<u>\$ 17,042,541</u>	<u>\$ 1,538,719</u>	<u>\$ 1,538,719</u>

**CITY OF NORTH ADAMS, MASSACHUSETTS
SCHEDULE OF MOTOR VEHICLE EXCISE TAXES
JULY 1, 2019 TO JUNE 30, 2020**

	Uncollected Taxes July 1, 2019	Commitments	Abatements and Adjustments	Collections Net of Refunds and Overpayments	Uncollected Taxes June 30, 2020	Uncollected Taxes Per Detail June 30, 2020
Motor Vehicle Excise Taxes:						
Levy of 2020	\$ -	\$ 1,044,619	\$ 22,157	\$ 866,901	\$ 155,561	\$ 155,561
Levy of 2019	133,868	135,297	23,045	197,135	48,985	48,985
Levy of 2018	45,414	765	1,939	22,192	22,048	22,048
Levy of 2017	22,702	-	264	8,025	14,413	14,413
Levy of 2016	17,138	-	447	3,564	13,127	13,127
Prior Years	106,394	-	120	4,539	101,735	101,735
Total Motor Vehicle Excise Taxes	\$ 325,516	\$ 1,180,681	\$ 47,972	\$ 1,102,356	\$ 355,869	\$ 355,869

**CITY OF NORTH ADAMS, MASSACHUSETTS
SCHEDULE OF TAX LIENS AND TAX FORECLOSURES
JULY 1, 2019 TO JUNE 30, 2020**

	Uncollected Accounts July 1, 2019	Commitments	Abatements and Adjustments	Collections Net of Refunds and Overpayments	Uncollected Accounts June 30, 2020	Uncollected Accounts Per Detail June 30, 2020
Tax Liens	\$ 3,047,406	\$ 327,613	\$ 247,409	\$ 100,309	\$ 3,027,301	\$ 3,027,301
Tax Foreclosures	\$ 147,765	\$ 247,147	\$ (35,443)	\$ 52,500	\$ 377,855	\$ 377,855