

**CITY OF NORTH ADAMS, MASSACHUSETTS**

**REPORT ON THE EXAMINATION  
OF BASIC FINANCIAL STATEMENTS**

**FISCAL YEAR ENDED JUNE 30, 2013**

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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, 2013, and the related notes to the financial statements, which collectively comprise the City's 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.

***Basis for Qualified Opinion on the Aggregate Remaining Fund Information***

The financial statements of the North Adams Contributory Retirement System have not been audited and we were not engaged to audit the North Adams Contributory Retirement System financial statements as part of our audit of the City's basic financial statements. The North Adams Contributory Retirement System's financial activities are included in the City's basic financial statements in the fiduciary funds and represent 99 percent, 99.7 percent and 99.3 percent of the assets, revenues and net position, respectively, of the City's fiduciary funds.

***Qualified Opinion***

In our opinion, except for the possible effects of the matter described in the "Basis for Qualified Opinion on the Aggregate Remaining Fund Information" paragraph, the financial statements referred to above present fairly, in all material respects, the respective financial position of the aggregate remaining fund information of the City of

North Adams, Massachusetts, as of June 30, 2013 for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Unmodified Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the City of North Adams, Massachusetts, as of June 30, 2013, and the respective changes in financial position and the respective budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

### ***Other Matters***

#### ***Required Supplementary Information***


Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 9 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 February 5, 2014, 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

February 5, 2014

## **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, 2013. 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 assets exceeded its liabilities by \$65,010,357 (net position) for the fiscal year reported. This compares to the previous year when assets exceeded liabilities by \$66,216,507 or a decrease of \$1,206,150 (2%).
- At the close of the current fiscal year, the City's total governmental funds reported total ending fund balance of \$2,329,314 this year, a decrease of \$1,429,935 (38%).
- The General Fund's total fund balance decreased \$523,695 (46%) to \$608,478. The ending General fund balance is 1% of revenues and other sources and 1% of expenditures.
- Total liabilities of the City increased by \$1,224,500 (4%) to \$31,378,478 during the fiscal year. This was mainly attributed to an increase in the OPEB liability of \$2,855,622, a net increase in bond anticipation notes of \$663,090 and the retirement of loans and bonds for (\$2,035,676).

### 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 and liabilities, with the difference between the two 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**

	<b>Governmental Activities</b>		
	<b>2013</b>	<b>2012</b>	<b>Change</b>
<b>Assets:</b>			
Current assets	\$ 11,588,852	\$ 13,673,499	\$ (2,084,647)
Noncurrent assets (excluding capital assets)	2,094,255	2,346,947	(252,692)
Capital assets	82,705,728	80,350,039	2,355,689
<b>Total assets</b>	<b>96,388,835</b>	<b>96,370,485</b>	<b>18,350</b>
<b>Liabilities:</b>			
Current liabilities (excluding debt and lease)	2,933,448	3,311,231	(377,783)
Current debt and leases payable	3,856,211	3,668,270	187,941
OPEB obligation payable	15,281,204	12,425,582	2,855,622
Noncurrent liabilities (excluding debt and lease)	390,810	393,461	(2,651)
Noncurrent debt and leases payable	8,916,805	10,355,434	(1,438,629)
<b>Total liabilities</b>	<b>31,378,478</b>	<b>30,153,978</b>	<b>1,224,500</b>
<b>Net Position:</b>			
Net investment in capital assets	72,279,659	69,521,295	2,758,364
Restricted	4,276,062	4,958,941	(682,879)
Unrestricted	(11,545,364)	(8,263,729)	(3,281,635)
<b>Total net position</b>	<b>\$ 65,010,357</b>	<b>\$ 66,216,507</b>	<b>\$ (1,206,150)</b>



**Financial Highlights**  
**Statement of Activities Highlights**

	Governmental Activities		
	2013	2012	Change
<b>Program Revenues:</b>			
Charges for services	\$ 6,301,263	\$ 6,428,581	\$ (127,318)
Operating grants and contributions	25,511,213	25,418,271	92,942
Capital grants and contributions	5,273,872	2,644,986	2,628,886
<b>General Revenues:</b>			
Property taxes	13,686,993	13,246,336	440,657
Motor vehicle and other taxes	967,611	918,968	48,643
Hotel room occupancy taxes	401,323	340,196	61,127
Penalties and interest on taxes	140,176	136,346	3,830
Nonrestricted grants	3,887,320	3,887,060	260
Unrestricted investment income	8,610	17,322	(8,712)
Miscellaneous	161	18,993	(18,832)
<b>Total revenues</b>	<b>56,178,542</b>	<b>53,057,059</b>	<b>3,121,483</b>
<b>Expenses:</b>			
General government	3,352,525	3,034,688	317,837
Airport	515,711	609,920	(94,209)
Public safety	4,579,778	4,329,212	250,566
Public works	6,112,630	6,329,459	(216,829)
Education	22,805,709	22,331,012	474,697
Health and human services	960,128	935,076	25,052
Culture and recreation	1,306,027	1,322,023	(15,996)
Employee benefits and insurance	14,565,556	14,045,574	519,982
State assessments	2,672,099	2,545,560	126,539
Interest	514,529	659,084	(144,555)
<b>Total expenses</b>	<b>57,384,692</b>	<b>56,141,608</b>	<b>1,243,084</b>
<b>Change in net position</b>	<b>(1,206,150)</b>	<b>(3,084,549)</b>	<b>1,878,399</b>
<b>Net position - beginning of year</b>	<b>66,216,507</b>	<b>69,301,056</b>	<b>(3,084,549)</b>
<b>Net position - end of year</b>	<b>\$ 65,010,357</b>	<b>\$ 66,216,507</b>	<b>\$ (1,206,150)</b>

**Government-wide Financial Analysis**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. Assets exceeded liabilities by \$65,010,357 at the close of fiscal year 2013.

Net position of \$72,279,659 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, \$4,276,062 represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* is (\$11,545,364).

At the end of the current fiscal year, the City is able to report positive balances in two of the three categories of net position for its governmental activities. The unrestricted governmental activities resulted in a negative balance mainly due to the accrual of the OPEB liability obligation that is required under GASB to be

recognized in the City's financial statements. The liability for OPEB as presented on the statement of net position is \$15,281,204.

The governmental activities net position decreased by \$1,206,150 (2%) during the current fiscal year. The key elements of the decrease in net position for fiscal year 2013 were an increase in the OPEB liability of \$2,855,622, a net increase in bond anticipation notes of \$663,090 and the retirement of loans and bonds for (\$2,035,676).

### ***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 \$2,329,314 a decrease of \$1,429,935 (38%) in comparison with the prior year.

Breakdown of the governmental fund balances are as follows:

- Restricted fund balance - \$3,315,723.
- Committed fund balance - \$95,369.
- Assigned fund balance - \$231,092.
- Unassigned fund balance – (\$1,312,870).

At the end of the fiscal year, the General Fund reported a fund balance of \$608,478 decreasing \$523,695 (46%) from the prior year. Of the \$608,478, the unassigned amount is \$377,386 (62%) and the assigned amount is \$231,092 (38%). General fund revenues were \$944,717 (2%) more than the prior fiscal year and expenditures also increased by \$1,128,387 (3%).

The main components of the increases in general fund revenues were related to increases in property taxes from the prior year in the amount of \$475,608 (4%), intergovernmental of \$391,751 (2%), and excise and other taxes increasing of 138,763 (11%), and decreases in user charges of \$78,658 (2%) and licenses, permits and fees of \$82,493 (5%).

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

- Increase in public safety expenditures of \$440,798 (13%).
- Increase in public works expenditures \$304,717 (8%).
- Decrease in culture and recreation of \$72,691 (14%).
- Increase in employee benefits and insurance expenditures of \$367,392 (3%).
- Increase in State assessments of \$126,529 (5%).
- Decrease in principal and interest on debt service expenditures of \$181,401 (7%).

### ***General Fund Budgetary Highlights***

The final general fund budget for fiscal year 2013 was \$40,099,834. This was an increase of \$511,963 (1%) over the previous year's budget.

There was an increase of \$303,024 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 less than budgeted by \$162,679. Of the \$162,679 in under budget expenditures \$231,092 has been carried over to fiscal year 2014.

There are negative variances in the City's revenues. A major contributor to this was the economic downturn in the economy. Among the negative variances were property taxes \$156,615, charges for services – user charges \$109,563; license, permits and fees \$43,272 and interest on investments \$13,313. For the second straight year, the overall the total revenues did not meet budget expectations.

Negative variances in expenditures exist in public safety of \$329, public works of \$76,264 and State assessments of \$25,702. The actual expenses exceeded the budget in intergovernmental assessments mainly as a result of higher than anticipated assessments for school choice and charter school, and lower than anticipated assessments for special education.

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

**Capital Assets.** The City's investment in capital assets for its governmental activities as of June 30, 2013 amounts to \$82,705,728.

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 runway/taxiway improvements for \$2,964,455.
- Brownfields cleanup for \$11,140.
- Mohawk theatre Improvements for \$20,175.
- Police vehicles for \$112,185.
- Fire Department vehicle for \$37,395.
- Road and sidewalk improvements for \$1,100,675.
- Department of public works vehicles and equipment for \$518,907.
- School department vehicle \$24,685.
- Silvio Conte Middle School renovation for \$312,974.
- Armory improvements for \$1,048,450.
- Skating Rink Improvements \$350,440.
- Noel Field restroom restoration for \$3,520.

**Debt.** The City's governmental outstanding long-term notes and debt as of June 30, 2013 totaled \$10,355,435. Of this, \$155,000 is for library improvements, \$780,000 is for street and sidewalk improvements, \$325,000 is for Greylock and Sullivan roofs, \$3,036,435 is for municipal purpose loans and \$3,965,000 is for water system improvements and \$2,094,000 is for Intergovernmental Loan - Section 108 U. S. Department of Housing and Urban Development (HUD).

The City also has capital leases for the financing of three police vehicles, one fire department vehicle and a department of public works tractor. The leases are due in 2017. The City currently owes \$133,908 on the leases consisting of \$121,897 in principal and \$12,011 in interest.

The City also has bond anticipation notes outstanding as of June 30, 2013 in the amount of \$2,295,684.

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

### ***Fiscal Year 2014 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, 2013 do not reflect the fiscal year 2014 City Council actions. The City Council meeting on June 26, 2013 authorized a fiscal year 2014 operating and capital budget as follows:

**Budget:**

Raise and Appropriate (Taxation and Estimated Revenue)	<u>\$ 36,493,884</u>
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### ***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, 2013**

	<u>Primary Government</u>
	<u>Governmental</u>
	<u>Activities</u>
<b>ASSETS</b>	
CURRENT:	
Cash and Cash Equivalents	\$ 5,184,012
Investments	336,089
Receivables, net of allowance for uncollectibles:	
Property Taxes	340,636
Tax Liens	2,136,480
Excise Taxes	176,327
User Charges	483,328
Departmental	270,710
Loans	275,801
Due from Other Governments	2,134,789
Tax Foreclosures	250,680
Total current assets	<u>11,588,852</u>
NONCURRENT:	
Receivables, net of allowance for uncollectibles:	
Loans	1,884,000
Due from Other Governments	210,255
Capital Assets, net of accumulated Depreciation	
Nondepreciable	24,546,036
Depreciable	58,159,692
Total noncurrent assets	<u>84,799,983</u>
<b>Total Assets</b>	<u><b>96,388,835</b></u>
<b>LIABILITIES</b>	
CURRENT:	
Warrants and Accounts Payable	723,775
Accrued Payroll	1,372,945
Payroll Withholdings	196,507
Accrued Interest	183,667
Other	34,550
Compensated Absences	422,004
Bond Anticipation Note Payable	2,295,684
Intergovernmental - Loan Payable	210,000
Bonds and Leases Payable	1,350,527
Total current liabilities	<u>6,789,659</u>
NONCURRENT:	
Compensated Absences	390,810
OPEB Obligation Payable	15,281,204
Intergovernmental - Loan Payable	1,884,000
Bonds and Leases Payable	7,032,805
Total noncurrent liabilities	<u>24,588,819</u>
<b>Total Liabilities</b>	<u><b>31,378,478</b></u>
<b>NET POSITION:</b>	
Net Investment in Capital Assets	72,279,659
Restricted for:	
Capital Projects	639,097
Federal & State Grants	787,392
Permanent Funds	441,981
Other Purposes	2,407,592
Unrestricted	(11,545,364)
<b>Total Net Position</b>	<u><b>\$ 65,010,357</b></u>

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, 2013**

	Program Revenues				Net (Expenses) Revenues and Changes in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
<b>Primary Government:</b>					
<b>Governmental Activities:</b>					
General Government	\$ 3,352,525	\$ 460,220	\$ 459,468	\$ -	\$ (2,432,837)
Airport	515,711	114,934	-	3,179,098	2,778,321
Public Safety	4,579,778	441,605	459,240	-	(3,678,933)
Public Works	6,112,630	3,609,102	37,069	467,424	(1,999,035)
Education	22,805,709	1,081,204	18,719,777	250,361	(2,754,367)
Health and Human Services	960,128	154,675	462,349	-	(343,104)
Culture and Recreation	1,306,027	439,523	210,003	1,376,989	720,488
Employee Benefits and Insurance	14,565,556	-	4,948,396	-	(9,617,160)
State Assessments	2,672,099	-	-	-	(2,672,099)
Interest	514,529	-	214,911	-	(299,618)
<b>Total Primary Government</b>	<b>\$ 57,384,692</b>	<b>\$ 6,301,263</b>	<b>\$ 25,511,213</b>	<b>\$ 5,273,872</b>	<b>\$ (20,298,344)</b>
<b>General Revenues:</b>					
Property Taxes					13,686,993
Motor vehicle and other taxes					967,611
Hotel room occupancy & Meal taxes					401,323
Penalties & Interest on Taxes					140,176
Grants & Contributions not restricted to specific programs					3,887,320
Unrestricted Investment Income					8,610
Miscellaneous					161
<b>Total General Revenues</b>					<b>19,092,194</b>
<b>Change in Net Position</b>					<b>(1,206,150)</b>
<b>Net Position:</b>					
Beginning of year					66,216,507
End of year					\$ 65,010,357

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

**CITY OF NORTH ADAMS, MASSACHUSETTS  
BALANCE SHEET - GOVERNMENTAL FUNDS  
JUNE 30, 2013**

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 2,347,741	\$ 2,836,271	\$ 5,184,012
Investments	-	336,089	336,089
Receivables, net of allowance for uncollectibles:			
Property Taxes	340,636	-	340,636
Tax Liens	2,136,480	-	2,136,480
Excise Taxes	176,327	-	176,327
User Charges	483,328	-	483,328
Departmental	208,333	62,377	270,710
Loans	-	2,159,801	2,159,801
Due from Other Governments	596,329	1,449,613	2,045,942
Tax Foreclosures	250,680	-	250,680
<b>Total Assets</b>	<b>\$ 6,539,854</b>	<b>\$ 6,844,151</b>	<b>\$ 13,384,005</b>
<b>LIABILITIES AND FUND BALANCE:</b>			
<b>Liabilities:</b>			
Warrants and Accounts Payable	\$ 335,205	\$ 388,570	\$ 723,775
Accrued Payroll	1,372,945	-	1,372,945
Employee Withholdings	196,507	-	196,507
Other	34,550	-	34,550
Deferred Revenue:			
Property Taxes	300,036	-	300,036
Other	3,692,133	2,439,061	6,131,194
Bond Anticipation Note Payable	-	2,295,684	2,295,684
<b>Total Liabilities</b>	<b>5,931,376</b>	<b>5,123,315</b>	<b>11,054,691</b>
<b>Fund Balance:</b>			
Restricted	-	3,315,723	3,315,723
Committed	-	95,369	95,369
Assigned	231,092	-	231,092
Unassigned	377,386	(1,690,256)	(1,312,870)
<b>Total Fund Balance</b>	<b>608,478</b>	<b>1,720,836</b>	<b>2,329,314</b>
<b>Total Liabilities and Fund Balance</b>	<b>\$ 6,539,854</b>	<b>\$ 6,844,151</b>	<b>\$ 13,384,005</b>

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, 2013**

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>Revenues:</b>			
Property Taxes	\$ 13,369,626	\$ -	\$ 13,369,626
Intergovernmental	18,962,473	12,262,444	31,224,917
Excise and Other Taxes	1,418,689	-	1,418,689
Charges for Services - User Charges	3,373,437	1,223,559	4,596,996
Licenses, Permits, Fees	1,653,928	-	1,653,928
Other	-	229,395	229,395
Interest on Delinquent Taxes	140,176	-	140,176
Investment Income	8,610	19,802	28,412
Intergovernmental - "On-behalf" Payments	4,718,890	-	4,718,890
<b>Total Revenues</b>	<b>43,645,829</b>	<b>13,735,200</b>	<b>57,381,029</b>
<b>Expenditures:</b>			
Current:			
General Government	2,418,708	657,453	3,076,161
Airport	-	3,049,747	3,049,747
Public Safety	3,708,052	712,756	4,420,808
Public Works	4,188,105	1,706,314	5,894,419
Education	16,466,414	5,753,196	22,219,610
Health and Human Services	928,677	36,642	965,319
Culture and Recreation	459,897	1,875,745	2,335,642
Employee Benefits and Insurance	11,709,934	-	11,709,934
State Assessments	2,672,099	-	2,672,099
Debt Service:			
Principal	1,798,176	237,500	2,035,676
Interest	486,288	125,566	611,854
<b>Total Expenditures</b>	<b>44,836,350</b>	<b>14,154,919</b>	<b>58,991,269</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>(1,190,521)</b>	<b>(419,719)</b>	<b>(1,610,240)</b>
<b>Other Financing Sources (Uses):</b>			
Operating Transfers In	486,521	-	486,521
Operating Transfers Out	-	(486,521)	(486,521)
Capital Lease	180,305	-	180,305
<b>Total Other Financing Sources (Uses)</b>	<b>666,826</b>	<b>(486,521)</b>	<b>180,305</b>
<b>Net Change in Fund Balances</b>	<b>(523,695)</b>	<b>(906,240)</b>	<b>(1,429,935)</b>
<b>Fund Balances, Beginning of Year</b>	<b>1,132,173</b>	<b>2,627,076</b>	<b>3,759,249</b>
<b>Fund Balances, End of Year</b>	<b>\$ 608,478</b>	<b>\$ 1,720,836</b>	<b>\$ 2,329,314</b>

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, 2013**

<b>Total Governmental Fund Balances</b>		\$ 2,329,314
Capital Assets (net) used in governmental activities are not financial resources and therefore, are not reported in the funds.		82,705,728
Revenues are recognized on an accrual basis of accounting instead of a modified accrual basis.		6,730,332
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	\$ (8,383,332)	
Intergovernmental Loan Payable	(2,094,000)	
Other Post Employment Benefits Payable	(15,281,204)	
Compensated Absences	<u>(812,814)</u>	(26,571,350)
In the statement of activities, interest is accrued on outstanding long term debt, whereas in governmental funds, interest is not reported until due.		<u>(183,667)</u>
<b>Net Position of Governmental Activities</b>		<u><u>\$ 65,010,357</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, 2013**

**Net Change in Fund Balances - Total Governmental Funds** **\$ (1,429,935)**

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	\$ 6,505,000	
Depreciation	<u>(4,149,311)</u>	2,355,689

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 revenue, WPAT principal subsidy and Mass MoCA Receivable.

(1,202,487)

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	2,094,083	
Proceeds from Leases	<u>(180,305)</u>	1,913,778

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	(84,899)	
Net Change in Other Post Employment Benefits	(2,855,622)	
Net Change in Accrued Interest on Long-Term Debt	<u>97,326</u>	(2,843,195)

**Change in Net Position of Governmental Activities** **\$ (1,206,150)**

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, 2013**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Amounts</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Budgetary</b>	<b>Carried</b>	<b>Final Budget</b>
	<b>Budget</b>	<b>Budget</b>	<b>Basis</b>	<b>Forward</b>	<b>Positive</b>
				<b>to Next Year</b>	<b>(Negative)</b>
<b>Revenues:</b>					
Property Taxes	\$ 14,067,612	\$ 13,466,641	\$ 13,310,026	\$ -	\$ (156,615)
Intergovernmental	18,872,337	18,872,337	18,962,473	-	90,136
Excise and Other Taxes	1,289,500	1,289,500	1,418,689	-	129,189
Charges for Services - User Charges	3,483,000	3,483,000	3,373,437	-	(109,563)
Licenses, Permits, Fees	1,697,200	1,697,200	1,653,928	-	(43,272)
Interest on Delinquent Taxes	135,000	135,000	140,176	-	5,176
Interest on Investments	20,000	20,000	6,687	-	(13,313)
<b>Total Revenues</b>	<b>39,564,649</b>	<b>38,963,678</b>	<b>38,865,416</b>	<b>-</b>	<b>(98,262)</b>
<b>Expenditures:</b>					
Current:					
General Government	2,427,860	2,453,037	2,418,708	28,722	5,607
Public Safety	3,454,244	3,566,448	3,566,777	-	(329)
Public Works	4,001,591	4,072,811	4,149,075	-	(76,264)
Education	16,685,760	16,685,760	16,466,414	202,370	16,976
Health and Human Services	870,587	938,576	928,677	-	9,899
Culture and Recreation	512,707	461,296	459,897	-	1,399
Employee Benefits and Insurance	6,994,010	7,072,441	7,072,441	-	-
State Assessments	2,646,397	2,646,397	2,672,099	-	(25,702)
Debt Service:					
Principal	1,824,548	1,790,348	1,790,348	-	-
Interest	379,106	412,720	412,719	-	1
<b>Total Expenditures</b>	<b>39,796,810</b>	<b>40,099,834</b>	<b>39,937,155</b>	<b>231,092</b>	<b>(68,413)</b>
<b>Excess of Revenues Over</b>					
<b>(Under) Expenditures</b>	<b>(232,161)</b>	<b>(1,136,156)</b>	<b>(1,071,739)</b>	<b>(231,092)</b>	<b>(166,675)</b>
<b>Other Financing Sources (Uses):</b>					
Operating Transfers In (Out)	-	837,425	837,425	-	-
<b>Excess (Deficiency) of Revenues and Other</b>					
<b>Financing Sources Over Expenditures and</b>					
<b>Other Financing Uses</b>	<b>(232,161)</b>	<b>(298,731)</b>	<b>(234,314)</b>	<b>(231,092)</b>	<b>(166,675)</b>
<b>Budgetary Fund Balance - Beginning of Year</b>	<b>802,111</b>	<b>802,111</b>	<b>802,111</b>	<b>-</b>	<b>-</b>
<b>Budgetary Fund Balance - End of Year</b>	<b>\$ 569,950</b>	<b>\$ 503,380</b>	<b>\$ 567,797</b>	<b>\$ (231,092)</b>	<b>\$ (166,675)</b>

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, 2013**

	<u>Revenues</u>	<u>Expenditures</u>
<b>Reported on a Budgetary Basis</b>	\$ 38,865,416	\$ 39,937,155
<u>Adjustments:</u>		
Activity for Stabilization Fund Recorded in the General Fund for GAAP Purposes	1,923	-
Net Increase in Revenue from recording Refund Taxes Payable	64,000	-
Recognition of Intergovernmental Revenue - "on behalf payments"	4,718,890	-
Recognition of Expenditures - "on behalf payments"	-	4,718,890
Capital Lease	-	180,305
Net Decrease in Revenue from Recording 60-Day Receipts	(4,400)	-
<b>Reported on a GAAP Basis</b>	<u>\$ 43,645,829</u>	<u>\$ 44,836,350</u>

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

**CITY OF NORTH ADAMS, MASSACHUSETTS  
FIDUCIARY FUNDS  
STATEMENT OF FIDUCIARY NET POSITION  
JUNE 30, 2013**

	<b>(UNAUDITED)</b>		
	<b>North Adams Employees Retirement System Pension Trust Fund (as of December 31, 2012)</b>	<b>Private Purpose Trust Funds</b>	<b>Agency Funds</b>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 163,023	\$ 305,041	\$ 117,052
Investments	44,411,670	-	-
Accrued Interest and Dividends	76,345	-	-
Accounts Receivable	389,086	-	-
<b>Total Assets</b>	<b>45,040,124</b>	<b>305,041</b>	<b>117,052</b>
<b>LIABILITIES</b>			
Warrants Payable	1,017,171	-	13,100
Due to Others	-	-	14,819
Due to Student Groups	-	-	89,133
<b>Total Liabilities</b>	<b>1,017,171</b>	<b>-</b>	<b>117,052</b>
<b>NET POSITION:</b>			
Held in Trust for Pension Benefits and Other Purposes	\$ 44,022,953	\$ 305,041	\$ -

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

**CITY OF NORTH ADAMS, MASSACHUSETTS  
FIDUCIARY FUNDS  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FOR THE YEAR ENDED JUNE 30, 2013**

	<b>(UNAUDITED)</b>	
	<b>North Adams Employees Retirement System Pension Trust Fund (as of December 31, 2012)</b>	<b>Private Purpose Trust Funds</b>
<b>Additions</b>		
Contributions:		
Employers	\$ 2,428,372	\$ -
Plan Members	930,552	-
Transfers/Reimbursements from Other Systems	204,702	-
Federal Grant Reimbursements	10,780	-
Commonwealth of Massachusetts - COLA	97,211	-
<b>Total Contributions</b>	<b>3,671,617</b>	<b>20,414</b>
Investment Income:		
Interest & Dividends	1,155,522	5,035
Net Change in Fair Value of Investments	3,315,926	-
<b>Total Investment Earnings</b>	<b>4,471,448</b>	<b>5,035</b>
Less Investment Expense	(205,242)	-
<b>Net Investment Earnings</b>	<b>4,266,206</b>	<b>5,035</b>
<b>Total Additions</b>	<b>7,937,823</b>	<b>25,449</b>
<b>Deductions:</b>		
Benefit Payments to Plan Members and Beneficiaries	4,087,398	-
Refunds to Members	297,105	-
Transfers to Other Systems	181,084	-
Educational Scholarships	-	2,942
General Expenses	109,802	-
<b>Total Deductions</b>	<b>4,675,389</b>	<b>2,942</b>
<b>Change in Net Position</b>	<b>3,262,434</b>	<b>22,507</b>
<b>Net Position at Beginning of Year</b>	<b>40,760,519</b>	<b>282,534</b>
<b>Net Position at End of Year</b>	<b>\$ 44,022,953</b>	<b>\$ 305,041</b>

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, 2013**

**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 Contributory 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 member 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 organization. A description of the related organizations are 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



**CITY OF NORTH ADAMS, MASSACHUSETTS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2013**

committee 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, proprietary 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, 2013**

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 proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

**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 fund:

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

The 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 funds types:

The *special revenue fund* is used to account for the proceeds of specific revenue sources (other than permanent funds 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).

**CITY OF NORTH ADAMS, MASSACHUSETTS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2013**

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.

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.

#### **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**

State and local statutes place certain limitations on the nature of deposits and investments available to the City. Deposits in any financial institution may not exceed certain levels within the financial institution. Non-fiduciary fund investments can be made in securities issued by or unconditionally guaranteed by the U. S. Government or agencies that have a maturity of less than one year from the date of purchase and repurchase agreements guaranteed by such securities with maturity dates of no more than 90 days from the date of purchase.

Investments in the Contributory Retirement System consist of marketable securities, bonds and short-term money market investments.

All investments are carried at market value.

**CITY OF NORTH ADAMS, MASSACHUSETTS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2013**

**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, 2012 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 2013 on June 27, 2012 that were due on August 1, 2012 and November 1, 2012 and actual bills on December 27, 2012 that were due on February 1, 2013 and May 1, 2013.

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 2013 is \$13,698,055.

The total amount raised by taxation was \$13,686,384.

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.

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***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.

**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:

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<b>Capital Asset Type</b>	<b>Years</b>
Buildings and improvements	10-40
Machinery, equipment and vehicles	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 Revenue**

Deferred revenue at the fund financial statement level represents billed receivables that do not meet the available criterion in accordance with the current financial resources measurement focus and the modified accrual basis of accounting. Deferred revenue is recognized as revenue in the conversion to the government-wide (full accrual) financial statements.

#### **J. Net Position and Fund Balances**

In the Government-Wide financial statements, the difference between the City's total assets and total liabilities represents net position. Net position display 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.

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

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

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

*Committed fund balance.* These amounts can only be used for specific purposes pursuant to constraints imposed by formal action of the 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. 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.

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**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 1<sup>st</sup> 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 2013, the City incurred a final budget deficit of \$298,731 for the General Fund.

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

Unreserved fund balance:	
Overlay surplus	\$ 66,570
Prior years deficits	(5,228)
Prior years reserved for encumbrance	237,389
	<u>\$ 298,731</u>

**B. Deficit Fund Balance**

The following funds had a deficit at June 30, 2013 as measured by the balances of unreserved fund balance:

Capital project funds have a total deficit of \$1,660,283. The City has temporary notes of \$2,295,684. These deficits will be eliminated upon the issuance of permanent debt and the receipts of grants.



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The special revenue energy management grant fund has a deficit of \$7,432. The deficit will be eliminated by the City appropriating additional funds.

The special revenue solar project fund has a deficit of \$22,541. The deficit will be eliminated by the City appropriating additional funds.

**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, 2013 were \$6,760,158. Of these, \$216,773 were 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.

As of June 30, 2013, the City had the following investments and maturities:

Investment Type	Fair Value	Investment Maturities (In Years)		
		Less Than 1	1 to 5	6 to 10
Debt Securities:				
U. S. Governmental agencies	\$ 49,597	\$ -	\$ 25,509	\$ 24,088
Corporate bonds	106,423	-	106,423	-
Money market mutual fund	7,054	7,054	-	-
	163,074	\$ 7,054	\$ 131,932	\$ 24,088
Other Investments:				
Equity Mutual Funds	70,354			
Equity securities - domestic	98,437			
Certificate of Deposits	4,224			
	\$ 336,089			

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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 \$336,089 in investments, the government 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, 2013 is as follows:

Related Debt Instruments	Moody's Quality Ratings				
	Fair Value	AA	A	BBB	Not Rated
Debt Securities:					
U. S. government agencies	\$ 49,597	\$ 49,597	\$ -	\$ -	\$ -
Corporate bonds	106,423	14,729	46,597	45,097	-
Money market mutual fund	7,054	-	-	-	7,054
	<u>\$ 163,074</u>	<u>\$ 64,326</u>	<u>\$ 46,597</u>	<u>\$ 45,097</u>	<u>\$ 7,054</u>

**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 Federal Home Loan Bank amounting to 14.76% of the City's total investments.

**B. Receivables**

At June 30, 2013, 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
<b>Major and nonmajor governmental funds:</b>			
Property taxes	\$ 354,105	\$ (13,469)	\$ 340,636
Tax liens	2,136,480	-	2,136,480
Excise taxes	239,327	(63,000)	176,327
User Charges	486,828	(3,500)	483,328
Departmental	309,477	(38,767)	270,710
Loans	2,163,420	(3,619)	2,159,801
Due from other governments	2,045,942	-	2,045,942
Tax Foreclosures	250,680	-	250,680
	<u>\$ 7,986,259</u>	<u>\$ (122,355)</u>	<u>\$ 7,863,904</u>

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The composition of amounts due from other governments as of June 30, 2013 for governmental funds is as follows:

**General Fund:**

***Commonwealth of Massachusetts -***

Department of Elementary and Secondary Education:

School Building Assistance \$ 40,430

Department of Veteran Services:

Veterans benefits 539,858

***McCann Transportation:***

Reimbursement 16,041 \$ 596,329

**Nonmajor Governmental Funds:**

***U. S. Department of Agriculture -***

School lunch 107,218

***U. S. Department of Education -***

School title grants 136,246

***U. S. Department of Housing & Urban Development -***

Community Development Block Grant and special projects 6,861

***U. S. Department of Transportation -***

Federal Aviation Administration 13,708

***Commonwealth of Massachusetts -***

***Department of Elementary and Secondary Education:***

School lunch 1,672

School grants 13,176

Special Education Reimbursement 182,842

***Early Education and Care***

36,473

***Executive Office of Public Safety and Homeland Security:***

Emergency 911 police grant 129,455

Hazardous materials grant 775

***Massachusetts Department of Transportation:***

Airport grants 17,873

Highway Department - Chapter 90 funds 540022

***Other***

5,820

***Massachusetts School Building Authority:***

School Building Assistance 257,472 1,449,613  
\$ 2,045,942

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period.

The balance of the general fund deferred revenues account is equal to all of June 30, 2013 receivable balances, except real and personal property taxes that are accrued for subsequent 60 day collections. The amount accrued for 60-day receipts for property taxes is \$300,036.

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Deferred revenue reported in the governmental funds are as follows:

**General Fund:**

Tax Liens/Foreclosures	\$	2,387,160		
Excise Taxes		176,327		
User Charges		483,328		
Departmental		208,333		
Due from other governments		436,985	\$	3,692,133

**Nonmajor Governmental Funds:**

Departmental		20,123		
Loans		2,159,801		
Due from other governments		259,137		2,439,061
			\$	<u>6,131,194</u>

**C. Capital Assets**

Capital asset activity for the fiscal year ended June 30, 2013, was as follows:

**Governmental Activities**

	<b>Beginning Balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balance</b>
Capital assets not being depreciated:				
Land	\$ 18,178,983	\$ -	\$ -	\$ 18,178,983
Construction in progress	3,570,146	3,238,608	(441,701)	6,367,053
Total capital assets not being depreciated	21,749,129	3,238,608	(441,701)	24,546,036
Capital assets being depreciated:				
Buildings and improvements	61,778,029	1,486,046	-	63,264,075
Machinery, equipment and vehicles	8,213,069	693,172	(174,833)	8,731,408
Infrastructure	48,556,927	1,528,876	-	50,085,803
Total capital assets being depreciated	118,548,025	3,708,094	(174,833)	122,081,286
Less accumulated depreciation for:				
Buildings	29,616,337	1,971,288	-	31,587,625
Machinery, equipment and other	6,161,273	644,316	(174,833)	6,630,756
Infrastructure	24,169,505	1,533,708	-	25,703,213
Total accumulated depreciation	59,947,115	4,149,312	(174,833)	63,921,594
Total capital assets being depreciated, net	58,600,910	(441,218)	-	58,159,692
Total governmental activities capital assets, net	\$ 80,350,039	\$ 2,797,390	\$ (441,701)	\$ 82,705,728

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

<b>Governmental Activities:</b>	
General government	\$ 283,298
Airport	430,419
Public safety	317,746
Public works	1,843,405
Education	909,327
Culture and recreation	365,117
Total depreciation expense - governmental activities	<u>\$ 4,149,312</u>

**D. Interfund Receivables, Payables and Transfers**

Interfund transfers for the fiscal year ended June 30, 2013, are summarized as follows:

	<u>Transfers In</u>
	General fund
<u>Transfers Out:</u>	
Nonmajor governmental funds	<u>\$ 486,521</u>

**E. 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 June 30, 2012	Renewed/ Issued	Retired/ Redeemed	Outstanding June 30, 2013
<b>Bond anticipation notes:</b>						
Hurricane Irene Storm	0.59%	6/21/2013	\$ 500,000	\$ -	\$ 500,000	\$ -
Municipal purpose	0.53%	6/21/2013	1,132,594	-	1,132,594	-
Computer upgrade	0.55%	6/21/2013	-	160,000	160,000	-
Municipal purpose	0.60%	8/21/2014	-	1,021,297	-	1,021,297
Municipal purpose	0.60%	8/21/2014	-	1,021,297	-	1,021,297
School renovations	0.60%	8/21/2014	-	185,696	-	185,696
School feasibility	0.60%	8/21/2014	-	67,394	-	67,394
			<u>\$ 1,632,594</u>	<u>\$ 2,455,684</u>	<u>\$ 1,792,594</u>	<u>\$ 2,295,684</u>

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**F. Leases**

The City has entered into a lease agreement as lessee for financing the acquisition of three police vehicles, one fire department vehicle and a tractor for the department of public works. 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:

<b>Asset:</b>	<b>Governmental Activities</b>
Machinery, equipment and other	\$ 188,610
Less: Accumulated Depreciation	(18,861)
Total	<u>\$ 169,749</u>

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2013, are as follows:

<b>Year Ending June 30,</b>	<b>Governmental Activities</b>
2014	\$ 58,407
2015	58,407
2016	8,547
2017	8,547
Total minimum lease payments	\$ 133,908
Less: amount representing interest	(12,011)
Present value of minimum lease payments	<u>\$ 121,897</u>

**G. 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.

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

	<b>Interest Rate</b>	<b>Date Issued</b>	<b>Final Maturity Date</b>	<b>Original Amount Issued</b>	<b>Outstanding June 30, 2013</b>
<b>General Obligation Bonds:</b>					
<b>Inside Debt Limit:</b>					
Streets and Sidewalks	2.00-3.00%	6/15/2011	9/1/2018	900,000	\$ 780,000
Greylock and Sullivan Roof	4.50-6.00%	12/1/2007	9/15/2017	673,000	325,000
Library	2.50%	7/9/2010	7/9/2013	466,666	155,000
Municipal Purpose Loan of 2011	2.00-4.00%	6/15/2011	6/15/2023	2,276,433	1,845,000
<b>Outside Debt Limit:</b>					
Water	4.00-5.00%	7/1/2007	7/1/2018	6,115,000	3,965,000
<b>Massachusetts Water Pollution Abatement Trust</b>					
Inflow/Outflow Infiltration (1)	2.00%	2/1/2006	8/1/2023	360,907	249,220
Landfill Closing (1)	1.73%	11/1/1998	8/1/2018	2,253,000	819,800
Water Infiltration (1)	2.70%	2/1/2002	2/1/2017	495,789	122,415
<b>Total Bonds Payable</b>					<u>8,261,435</u>
MASS MoCA - Section 108 HUD (2)	4.48%	8/7/2003	8/1/2022	3,774,000	<u>2,094,000</u>
<b>Total Governmental Type Debt</b>					<u><u>\$ 10,355,435</u></u>

- (1) Bonds were issued through Massachusetts Water Pollution Abatement Trust - Portion of Principal and Interest subsidized by Trust
- (2) Bonds were 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, 2013 are as follows:

**Governmental Type Activities**

<b>Year</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2014	\$ 1,509,052	\$ 440,278	\$ 1,949,330
2015	1,386,321	380,728	1,767,049
2016	1,416,247	316,932	1,733,179
2017	1,466,300	251,400	1,717,700
2018	1,473,396	180,678	1,654,074
2019-2023	3,076,525	288,101	3,364,626
2024	27,594	-	27,594
	<u>\$ 10,355,435</u>	<u>\$ 1,858,117</u>	<u>\$ 12,213,552</u>

The City is scheduled to be subsidized by the Massachusetts Water Pollution Abatement Trust (MWPAT) on a periodic basis for principal in the amount of \$260,775 and interest costs of \$229,828 for three loans which the City has borrowed from MWPAT. The gross amount outstanding at June 30, 2013 for principal

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and interest combined for the three loans is \$1,391,571. The net repayments, including interest, are scheduled to be \$987,312. The principal subsidies are guaranteed and therefore a \$252,947 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 2013 principal and interest subsidies totaled \$7,828 and \$73,569, respectively.

At June 30, 2013, the City carried \$2,094,000 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. 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 June 30, 2012	Additions	Reductions	Balance June 30, 2013	Amounts Due within One Year
<b>Governmental activities:</b>					
<b>Bond Payable:</b>					
General obligation bonds	\$ 8,785,000	\$ -	\$ 1,715,000	\$ 7,070,000	\$ 1,125,000
Massachusetts Water Pollution Abatement Bond	1,302,111	-	110,676	1,191,435	174,052
Intergovernmental loan - section 108	2,304,000	-	210,000	2,094,000	210,000
Capital leases	-	180,305	58,408	121,897	51,475
Compensated absences	727,915	84,899	-	812,814	422,004
OPEB obligation	12,425,582	2,855,622	-	15,281,204	-
Governmental activity Long-term liabilities	<u>\$ 25,544,608</u>	<u>\$ 3,120,826</u>	<u>\$ 2,094,084</u>	<u>\$ 26,571,350</u>	<u>\$ 1,982,531</u>

**Advance Refunding – June 15, 2011**

On June 15, 2011, the City issued \$900,000 of general obligation refunding bonds with an average interest rate of 2.23 percent to advance refund \$890,000 of outstanding bonds with an average interest rate of 6.38 percent. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the general obligation long-term debt account group. The advance refunding resulted in an economic gain of \$62,118.

**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, 2013, totaled \$3,105,000.



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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, 2013, totaled \$7,250,435.

The following is a computation of the legal debt limit as of June 30, 2013:

Equalized Valuation-Real Estate and Personal Property (2012)		\$ 746,159,900
Debt Limit: 5 % of Equalized value		\$ 37,307,995
Total Debt Outstanding:		
Governmental Activity Debt	\$ 10,355,435	
Less: Debt Outside Debt Limit	(7,250,435)	3,105,000
Inside Debt Excess Borrowing Capacity at June 30, 2013		\$ 34,202,995

**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, 2013 and are not reflected in the City's financial statements are as follows:

Description	Date of Council meeting	Amount
Feasibility study	10/28/2009	\$ 530,012
Infrastructure repairs due to Hurricane Irene damage	12/11/2011	1,700,000
Silvio Conte Middle School renovation and addition	2/5/2013	29,506,898
		<u>\$ 31,736,910</u>

**Overlapping Debt**

The City pays assessments; which includes debt service payments to other local governmental units providing services within the City's boundaries (commonly referred to as overlapping debt). The following summary sets forth the long-term debt of the governmental unit, the estimated share of such debt being serviced by the City and the total of its share of estimated indirect debt.

	Long Term Debt Outstanding	City's Estimated Share	City's Estimated Indirect Debt
Northern Berkshire Vocational Tech School District	\$ 421,875	28.00%	\$ 118,125
Hoosac Water Quality District	7,855,362	55.48%	4,341,165
			<u>\$ 4,459,290</u>

**CITY OF NORTH ADAMS, MASSACHUSETTS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2013**

**H. Fund Balances**

The following is a summary of the Governmental Fund balances of the City at the year ended June 30, 2013:

	<b>General Fund</b>	<b>Nonmajor Governmental Funds</b>	<b>Total Governmental Funds</b>
Restricted:			
Federal, state and local grants	\$ -	\$ 462,454	\$ 462,454
School revolving funds	-	1,422,454	1,422,454
Gifts and donations	-	241,724	241,724
Permanent funds	-	441,981	441,981
Capital projects	-	3,697	3,697
Other	-	743,413	743,413
	-	3,315,723	3,315,723
Committed:			
Parking meters and permits	-	79,063	79,063
Landfill/transfer station	-	16,306	16,306
	-	95,369	95,369
Assigned:			
General government	28,722	-	28,722
Education	202,370	-	202,370
	231,092	-	231,092
Unassigned:			
General Fund	377,386	-	377,386
Deficits:			
Capital project funds	-	(1,660,283)	(1,660,283)
Special revenue funds	-	(29,973)	(29,973)
	377,386	(1,690,256)	(1,312,870)
Total Governmental fund balances	\$ 608,478	\$ 1,720,836	\$ 2,329,314

**I. Stabilization Fund**

Under Section 5B of Chapter 40 of the Massachusetts General Laws, the City may for the purpose of creating a stabilization fund appropriate in any year an amount not exceeding ten percent of the amount raised in the preceding year by taxation of real estate and tangible personal property or such larger amount as may be approved by the Emergency Finance Board. The aggregate amount in the fund at any time shall not exceed ten percent of tangible personal property or such larger amount as may be approved by the Emergency Finance Board. The stabilization fund may be appropriated in a City by the City Council for any lawful purpose.

At June 30, 2013, the balance in the stabilization fund is \$82 and is reported in the General Fund as unassigned fund balance.

**CITY OF NORTH ADAMS, MASSACHUSETTS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2013**

**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, 2013, cannot be ascertained, management believes any resulting liability should not materially affect the financial position at June 30, 2013. The outcome of lawsuits is not expected to materially affect the financial condition of the City.

**Federal Financial Assistance**

The City receives significant financial assistance from numerous federal and state agencies in the form of grants and entitlements. Expenditures of funds under these programs require compliance with the grant agreements and are subject to audit procedures prescribed under the Single Audit Act Amendments of 1996. Any disallowed expenditures resulting from such audits become a liability of the City.

The outcome of any findings with respect to disallowed expenditures is not expected to materially affect the financial condition of the City.

**C. 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.

**D. Other Post Employment Benefits Payable**

**GASB Statement No. 45**

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 adopted the requirements of GASB Statement No. 45 during the year ended June 30, 2009, and thus 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.

**CITY OF NORTH ADAMS, MASSACHUSETTS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2013**

**Plan Description**

-The City provides a variety of plans offered by Commonwealth Indemnity Plan Basic with CIC (Comprehensive), Fallon and Health New England for non-Medicare retirees.

-The City provides a variety of plans offered by Network Blue New England, Network Blue New England Enhance, Blue Cross New England Plan 2 and Medex 3 for non-Medicare actives and retirees.

-The City covers 75% of the health insurance premiums and 60% for \$5,000 retiree life insurance benefit.

-The City's teachers upon retirement participate in the Commonwealth Group Insurance Commission (GIC).

The number of participants as of the last actuarial are:

Active members	318
Retirees	396
Total	<u>714</u>

**Funding Policy**

The contribution requirements of plan members and the City are established and may be amended through City policy and member contracts. The required contribution is based on the projected pay-as-you-go financing requirements. For the 2013 fiscal year, total City premiums plus implicit costs for the retiree medical program are \$2,943,932.

**Annual OPEB Cost and Net OPEB Obligation**

The City's annual other postemployment benefit ("OPEB") cost (expense) is calculated based on the annual required contribution of the employer ("ARC"), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty (30) years. The following table shows the components of the City's annual OPEB costs for the fiscal year, the amount actually contributed to the plan and changes in the City's net OPEB obligation to the plan:

Normal Cost	\$ 5,725,470
Interest on net OPEB obligation	559,151
Amortization of unfunded actuarial accrued liability	<u>(485,067)</u>
Annual OPEB cost (expense)	5,799,554
Contributions made during the fiscal year	<u>(2,943,932)</u>
Increase in net OPEB obligation	2,855,622
Net OPEB Obligation - beginning of year	<u>12,425,582</u>
Net OPEB Obligation - end of year	<u>\$ 15,281,204</u>

**CITY OF NORTH ADAMS, MASSACHUSETTS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2013**

The City's annual OPEB cost, the percentage of the annual OPEB cost contributed to the plan, and the net OPEB obligation for the 2013 fiscal year and the two preceding years were as follows:

<b>Fiscal Year Ended</b>	<b>Annual OPEB Cost</b>	<b>Percentage Annual OPEB Cost Contributed</b>	<b>Net OPEB Obligation</b>
6/30/2011	\$ 5,608,853	50.5%	\$ 9,722,550
6/30/2012	\$ 5,871,732	54.0%	\$ 12,425,582
6/30/2013	\$ 5,799,554	50.8%	\$ 15,281,204

**Funded Status and Funding Process**

As of June 30, 2012, the most recent valuation date, the plan was 0.0% funded. The actuarial liability for benefits was \$77,925,152, and the actuarial value of assets was 0.0 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$77,925,152. The covered payroll (annual payroll of active employees covered by the plan) was not available, and the ratio of the UAAL to the covered payroll was not available.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contribution of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

**Schedule of Funding Progress**

<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets (A)</b>	<b>Actuarial Accrued Liability (AAL) Entry Aid (B)</b>	<b>Unfunded AAL (UAAL) (B-A)</b>	<b>Funded Ratio (A/B)</b>	<b>Covered Payroll (C)</b>	<b>UAAL as a Percentage of Covered Payroll ((B-A)/C)</b>
6/30/2008	\$ -	\$ 94,807,615	\$ 94,807,615	0%	\$12,696,728	746.7%
6/30/2010	\$ -	\$ 88,346,956	\$ 88,346,956	0%	N/A	N/A
6/30/2012	\$ -	\$ 77,925,152	\$ 77,925,152	0%	N/A	N/A

**Actuarial Methods and Assumptions**

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The City OPEB actuarial valuation as of June 30, 2012, used the projected unit credit method. The OPEB liability is currently unfunded and the actuarial assumptions include a 4.5%, pay-as-you-go scenario for the investment rate of return, a 3.5% inflation rate and a medical/drug trend rate of 1.0% for the current fiscal year and 7.5% in fiscal year 2014 decreasing by 0.5% for 5 years to an ultimate level of 5.00% per year.

**CITY OF NORTH ADAMS, MASSACHUSETTS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2013**

The unfunded actuarial accrued liability is being amortized over 30 years on a level dollar amount open basis. The remaining amortization period at June 30, 2013 is 25 years.

**E. Pension Plan**

**Plan Description**

The City contributes to the System, a cost-sharing multiple-employer defined benefit pension plan administered by the North Adams Contributory Retirement Board. Substantially, all employees are members of the System, except for public school teachers and administrators who are members of Commonwealth of Massachusetts Teachers' Retirement System to which the City does not contribute. Pension benefits and administrative expenses paid by the Teachers' Retirement Board are the legal responsibility of the Commonwealth. The amount of these on-behalf payments totaled approximately \$4,637,493 for the fiscal year ending June 30, 2013, and, accordingly, are reported in the general fund as intergovernmental revenues and employee benefit expenditures.

The System provides retirement, disability and death benefits to plan members and beneficiaries. Chapter 32 of the Massachusetts General Laws assigns authority to establish and amend benefit provisions of the plan. Cost of living adjustments granted between 1981 and 1987, 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 1987 must be approved by the North Adams Retirement Board and are borne by the System. The System issues a publicly available unaudited financial report in accordance with guidelines established by the Commonwealth's PERAC. That report may be obtained by contacting the System located at 85 Main Street, North Adams, Massachusetts 01247.

At December 31, 2012, the System's membership consists of the following:

Active Members	390
Retired Members, Beneficiaries and Survivors	198
	<u>588</u>

**Funding Policy**

Plan members are required to contribute to the System at rates ranging from 5% to 11% of 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 current and two preceding fiscal years apportionment of the annual pension cost between the employers required the City to contribute 88% of the total. Chapter 32B of the Massachusetts General Laws governs the contributions of plan members and the City.

The City's contribution to the System for the fiscal years ended June 30, 2013, 2012, and 2011 is shown below, which equaled its required contribution for each fiscal year.

Year Ended June 30	City's Contribution
2013	\$ 2,160,290
2012	\$ 2,018,667
2011	\$ 2,027,942

**CITY OF NORTH ADAMS, MASSACHUSETTS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2013**

The following schedules are presented in accordance with the GASB No. 25.

**Schedule of Funding Progress**

<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets (A)</b>	<b>Actuarial Accrued Liability (AAL) (B)</b>	<b>Unfunded AAL (UAAL) (B-A)</b>	<b>Funded Ratio (A/B)</b>	<b>Covered Payroll (C)</b>	<b>UAAL as a Percentage of Covered Payroll ((B-A)/C)</b>
1/1/2011	\$ 41,029,431	\$ 60,459,413	\$ 19,429,982	67.9%	\$10,388,467	187.0%
1/1/2009	\$ 38,262,875	\$ 56,836,816	\$ 18,573,941	67.3%	\$ 9,877,348	188.0%
1/1/2007	\$ 35,448,787	\$ 52,841,995	\$ 17,393,208	67.1%	\$ 9,347,575	186.1%

The required information presented above was determined as part of the actuarial valuations at the dates indicated. The last actuarial valuation was prepared by the Public Employee Retirement Administration Commission as of January 1, 2011. The actuarial cost method of the plan has been determined in accordance with the individual entry age normal actuarial cost method. Significant actuarial assumptions used in the valuation include (a) a rate of return on the investment of present and future assets of 8.0 % a year compounded annually, (b) projected salary, including longevity, increases of 4.75%, 5.00% and 5.25% for groups 1, 2 and 4 respectively, a year per member.

The total unfunded actuarial liability applicable to the City's employees at January 1, 2011 is as follows:

Actives	\$ 26,308,922
Retirees and inactive	34,150,491
Total actuarial liability	<u>\$ 60,459,413</u>
Assets	41,029,431
Unfunded actuarial liability	<u><u>\$ 19,429,982</u></u>

Chapter 697 of the Acts of 1987, which was enacted on January 12, 1988, provides for funding of the Commonwealth's current unfunded pension liability over a period not greater than forty years. In addition, Chapter 697 contained significant financial incentives for local governmental units to establish its own state-approved funding schedule to eliminate its unfunded liability by June 30, 2028. The North Adams Retirement System accepted the provisions of Chapter 32, Section 22 (D), regarding acceptance of a funding schedule.

**Reporting Policies**

The funds of the North Adams Employees Retirement System are accounted for under the accrual basis. Under the accrual basis of accounting, all revenues and expenditures are accrued and investments are amortized to value. The books are maintained on a calendar year basis from January 1st to December 31st in accordance with the standards and procedures outlined by the Commissioner of the Public Employees Retirement Administration.

Investments are reported in accordance with PERAC requirements.

## **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, 2013**

	Fund Balances July 1, 2012	Revenues	Expenditures	Other Financing Sources (Uses)	Fund Balances June 30, 2013
<b>Continued from Page 43</b>					
<b>Special Revenue (continued):</b>					
Other (continued):					
Police Outside Details	-	193,310	193,728	-	(418)
Property Damages	55,656	24,227	27,984	-	51,899
Sale of Cemetery Lots	25,021	4,550	-	(15,000)	14,571
Sale of City Property	32,846	-	-	-	32,846
Solar Project	-	-	22,541	-	(22,541)
The Armory	3,313	19,388	21,324	-	1,377
Town of Adams Sewer Program	50,739	39,534	52,610	-	37,663
Windsor Mill Rents	71,814	137,299	122,507	-	86,606
Colonel Lawrence	1,825	41	-	-	1,866
Mott 2005/2006 (Mohawk Theatre)	10,437	36	-	-	10,473
Skating Rink	124,876	279,512	269,507	-	134,881
<b>Total Special Revenue</b>	<b>3,266,390</b>	<b>12,931,869</b>	<b>12,824,590</b>	<b>(438,228)</b>	<b>2,935,441</b>
<b>Capital Projects:</b>					
A.D.A. Compliance	-	-	362	-	(362)
Airport Improvements	(528,885)	245,277	79,412	(28,293)	(391,313)
Conte Middle School Feasibility Study	(81,957)	272,086	340,108	-	(149,979)
Conte Middle School Renovation	-	250,358	312,974	-	(62,616)
Education Reserve	1,348	-	-	-	1,348
Hurricane Irene Damage	(99,632)	14,747	411,472	-	(496,357)
Municipal Information System	-	-	160,000	-	(160,000)
New Equipment	(249,997)	-	-	-	(249,997)
Underground Tanks	2,349	-	-	-	2,349
Windsor Lake Improvement	(123,658)	-	26,001	-	(149,659)
<b>Total Capital Projects</b>	<b>(1,080,432)</b>	<b>782,468</b>	<b>1,330,329</b>	<b>(28,293)</b>	<b>(1,656,586)</b>
<b>Perpetual Permanent Funds:</b>					
Cemetery Perpetual Care	402,507	16,863	-	(10,000)	409,370
Tinker Trust Fund	38,611	4,000	-	(10,000)	32,611
<b>Total Perpetual Permanent Funds</b>	<b>441,118</b>	<b>20,863</b>	<b>-</b>	<b>(20,000)</b>	<b>441,981</b>
<b>Total - Non-Major Governmental Funds</b>	<b>\$ 2,627,076</b>	<b>\$ 13,735,200</b>	<b>\$ 14,154,919</b>	<b>\$ (486,521)</b>	<b>\$ 1,720,836</b>

**CITY OF NORTH ADAMS, MASSACHUSETTS**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**NON-MAJOR GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2013**

	Fund Balances		Revenues		Expenditures		Other Financing Sources (Uses)		Fund Balances
	July 1, 2012								June 30, 2013
<b>Special Revenue:</b>									
<b>Federal and State Grants:</b>									
School Grants	\$	216,997	\$	3,164,223	\$	3,176,553	\$	-	\$ 204,667
Airport Grants		(33,209)		2,933,821		2,886,916		28,294	41,990
Arts Lottery Council Grant		49,935		49,485		49,945		-	49,475
Community Development Grants		45,161		2,131,119		2,101,175		-	75,105
Council on Aging Grants		(900)		22,145		21,245		-	-
Emergency Management Grants		-		-		7,432		-	(7,432)
Extended Polling Hours		6,781		3,270		9,404		-	647
Highway Grants		32,300		1,191,729		1,191,729		-	32,300
Leak & Rehabilitation Water Grant		33,627		-		30,820		-	2,807
Library Grants		42,249		23,019		38,589		-	26,679
Other Grants and Programs		7,246		16,518		16,182		-	7,582
Public Safety Grants		7,544		421,012		408,066		-	20,490
<b>Schools:</b>									
School Lunch Revolving		152,160		650,059		619,282		-	182,937
School Lunch Commodities		-		48,919		48,919		-	-
School Choice		883,081		272,199		285,592		-	869,688
School Insurance Reimbursement		1,792		-		-		-	1,792
School Revolving Accounts		142,373		187,528		209,278		-	120,623
State Special Education Reimbursement Fund		358,104		642,696		753,385		-	247,415
<b>Other:</b>									
Airport Funds		15,384		78,462		83,418		-	10,428
Board of Health Mini-Grant		3,000		-		-		-	3,000
Conservation Commission		554		568		1,950		-	(828)
Emergency Preparedness		1,600		-		-		-	1,600
Fire Department Fines		1,100		-		-		-	1,100
Friends of Massachusetts MOCA		1,039		-		-		-	1,039
Gifts and Donations		224,456		130,151		112,883		-	241,724
Hardman Park Firepump		10,322		22,669		14,730		-	18,261
Heritage Park Rents		227,041		50,166		36,314		-	240,893
Insurance Loss Control Grant		-		2,480		2,480		-	-
Landfill Transfer Station		236,219		83,629		-		(303,543)	16,305
Municipal Access		89,659		35,475		-		(30,000)	95,134
North Adams Farmers		2,686		7,150		8,102		-	1,734
Parking Meters and Permits		131,562		65,480		-		(117,979)	79,063
<b>Total Special Revenue</b>	<b>\$</b>	<b>2,889,863</b>	<b>\$</b>	<b>12,233,972</b>	<b>\$</b>	<b>12,114,389</b>	<b>\$</b>	<b>(423,228)</b>	<b>\$ 2,586,218</b>

**Total Special Revenue Page 43**

**CITY OF NORTH ADAMS, MASSACHUSETTS**  
**SCHEDULE OF REAL ESTATE AND PERSONAL PROPERTY TAXES**  
**JULY 1, 2012 TO JUNE 30, 2013**

	Uncollected Taxes July 1, 2012	Commitments	Abatements and Adjustments	Collections Net of Refunds and Overpayments	Uncollected Taxes June 30, 2013	Uncollected Taxes Per Detail June 30, 2013
<b>Real Estate Taxes:</b>						
Levy of 2013	\$ -	\$ 12,656,237	\$ 390,064	\$ 11,966,640	\$ 299,533	\$ 299,533
Levy of 2012	323,436	-	90,202	228,358	4,876	4,876
Levy of 2011	30,883	-	11,075	(11,075)	30,883	30,883
Levy of 2010	635	-	-	-	635	635
Levy of 2009	1,454	-	-	-	1,454	1,454
Prior Years	4,881	-	-	-	4,881	4,881
	<u>361,289</u>	<u>12,656,237</u>	<u>491,341</u>	<u>12,183,923</u>	<u>342,262</u>	<u>342,262</u>
<b>Personal Property Taxes:</b>						
Levy of 2013	-	1,030,336	18,652	1,004,322	7,362	7,362
Levy of 2012	7,603	-	698	4,688	2,217	2,217
Levy of 2011	2,516	-	515	503	1,498	1,498
Levy of 2010	1,010	-	149	154	707	707
Levy of 2009	228	-	50,570	(50,401)	59	59
Prior Years	52	-	52	-	-	-
	<u>11,409</u>	<u>1,030,336</u>	<u>70,636</u>	<u>959,266</u>	<u>11,843</u>	<u>11,843</u>
<b>Total Real Estate and Personal Property Taxes</b>	<u>\$ 372,698</u>	<u>\$ 13,686,573</u>	<u>\$ 561,977</u>	<u>\$ 13,143,189</u>	<u>\$ 354,105</u>	<u>\$ 354,105</u>

**CITY OF NORTH ADAMS, MASSACHUSETTS**  
**SCHEDULE OF MOTOR VEHICLE EXCISE TAXES**  
**JULY 1, 2012 TO JUNE 30, 2013**

	Uncollected Taxes July 1, 2012	Commitments	Abatements and Adjustments	Collections Net of Refunds and Overpayments	Uncollected Taxes June 30, 2013	Uncollected Taxes Per Detail June 30, 2013
<b>Motor Vehicle Excise Taxes:</b>						
Levy of 2013	\$ -	\$ 926,297	\$ 43,801	\$ 763,042	\$ 119,454	\$ 119,454
Levy of 2012	144,701	104,762	28,734	189,996	30,733	30,733
Levy of 2011	31,629	-	1,131	13,753	16,745	16,745
Levy of 2010	15,185	-	701	1,905	12,579	12,579
Levy of 2009	13,052	-	143	1,493	11,416	11,416
Prior Years	51,534	303	159	3,278	48,400	48,400
<b>Total Motor Vehicle Excise Taxes</b>	<b>\$ 256,101</b>	<b>\$ 1,031,362</b>	<b>\$ 74,669</b>	<b>\$ 973,467</b>	<b>\$ 239,327</b>	<b>\$ 239,327</b>

CITY OF NORTH ADAMS, MASSACHUSETTS  
 SCHEDULE OF TAX LIENS  
 JULY 1, 2012 TO JUNE 30, 2013

	Uncollected Accounts July 1, 2012	Commitments	Abatements and Adjustments	Adjusted Accounts Overpayments	Uncollected Accounts June 30, 2013	Uncollected Accounts Per Detail June 30, 2013
<b>Tax Liens</b>	\$ 1,797,511	\$ 511,698	\$ 5,818	\$ 166,911	\$ 2,136,480	\$ 2,136,480