

**CITY OF NORTH ADAMS, MASSACHUSETTS**  
**Report on the Examination of Basic Financial Statements**  
**For the Year Ended June 30, 2018**

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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, 2018, (except for the North Adams Retirement System, which is as of December 31, 2017), and the related notes to the financial statements, which collectively comprise the City of North Adams, Massachusetts' basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

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

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

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

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the City of North Adams, Massachusetts, as of June 30, 2018, (except for the North Adams Retirement System, which is as of December 31, 2017), and the respective changes in financial position, and, the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

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

### *Other Information*

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

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

## **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated March 25, 2019, 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

March 25, 2019

## **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, 2018. 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 and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by \$522,892 (net position) for the fiscal year reported. This compares to the previous year when assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by \$3,847,470, or a decrease of \$3,324,578 (86%).
- As required by Government Accounting Standards Board (GASB) Statement No. 75, in fiscal year 2018, the City recognized an increase to the Other Post Employment Benefits (OPEB) obligation payable of \$58,098,648 on the statement of net position from the previous year, see Note 5.
- At the close of the current fiscal year, the City's governmental funds reported a total ending fund balance of \$3,715,437, a decrease of \$853,706 (19%) in comparison with the prior year.
- The General Fund's total fund balance decreased by \$1,073,207 (45%) to \$1,305,415. The ending General fund balance is 3% of revenues and transfers in and 3% of expenditures.
- Total liabilities of the City decreased by \$9,933,756 (8%) to \$119,550,963 during the fiscal year. This was mainly attributed to decreases in warrants and accounts payable of \$632,204, in the bond anticipation notes payable of \$708,793, in the net pension liability of \$6,605,472 and in the net debt and leases payable of \$1,875,876.

### Overview of the Financial Statements

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

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

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

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

Both of the government-wide financial statements distinguish functions that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities include general government, airport, public safety, public works, education, health and human services, culture and recreation, employee benefits and insurance, interest, and state assessments. The City does not have any functions classified as business-type activities.

**Fund financial statements.** A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Fund accounting is used to ensure and demonstrate compliance with finance-related legal requirements. All of the funds can be divided into two categories: governmental funds and fiduciary funds.

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

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

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

**Fiduciary funds.** Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

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

## Financial Highlights

### Statement of Net Position Highlights

	Governmental Activities		
	2018	2017	Change
<b>Assets:</b>			
Current assets	\$ 14,781,606	\$ 16,520,756	\$ (1,739,150)
Noncurrent assets (excluding capital assets)	838,409	1,089,709	(251,300)
Capital assets	108,331,157	109,919,681	(1,588,524)
<b>Total assets</b>	<b>123,951,172</b>	<b>127,530,146</b>	<b>(3,578,974)</b>
<b>Deferred Outflows of Resources</b>	<b>1,697,332</b>	<b>6,758,918</b>	<b>(5,061,586)</b>
<b>Liabilities:</b>			
Current liabilities (excluding debt and lease)	3,114,874	3,812,690	(697,816)
Current debt and leases payable	4,816,773	5,511,796	(695,023)
Noncurrent liabilities (excluding debt and lease)	103,273,313	109,924,584	(6,651,271)
Noncurrent debt and leases payable	8,346,003	10,235,649	(1,889,646)
<b>Total liabilities</b>	<b>119,550,963</b>	<b>129,484,719</b>	<b>(9,933,756)</b>
<b>Deferred Inflows of Resources</b>	<b>5,574,649</b>	<b>956,875</b>	<b>4,617,774</b>
<b>Net Position:</b>			
Net investment in capital assets	96,254,945	95,506,719	748,226
Restricted	4,975,006	5,664,153	(689,147)
Unrestricted	(100,707,059)	(97,323,402)	(3,383,657)
<b>Total net position</b>	<b>\$ 522,892</b>	<b>\$ 3,847,470</b>	<b>\$ (3,324,578)</b>

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

	Governmental Activities		
	2018	2017	Change
<b>Program Revenues:</b>			
Charges for services	\$ 5,873,404	\$ 5,880,191	\$ (6,787)
Operating grants and contributions	24,787,280	24,250,694	536,586
Capital grants and contributions	2,905,316	3,947,281	(1,041,965)
<b>General Revenues:</b>			
Property taxes	16,660,850	16,039,612	621,238
Motor vehicle and other taxes	1,204,752	1,214,870	(10,118)
Hotel room occupancy taxes	529,142	486,093	43,049
Penalties and interest on taxes	213,280	283,456	(70,176)
Nonrestricted grants	4,573,584	4,386,448	187,136
Unrestricted investment income	11,088	12,064	(976)
Miscellaneous	26,006	34,582	(8,576)
Gain on sale of capital asset	49,000	20,643	28,357
<b>Total revenues</b>	<b>56,833,702</b>	<b>56,555,934</b>	<b>277,768</b>
<b>Expenses:</b>			
General government	2,942,175	3,335,595	(393,420)
Airport	727,711	716,087	11,624
Public safety	5,092,432	4,891,469	200,963
Public works	7,019,892	5,512,943	1,506,949
Education	23,552,308	23,107,045	445,263
Health and human services	979,343	1,052,627	(73,284)
Culture and recreation	1,758,857	1,321,472	437,385
Employee benefits and insurance	15,041,803	16,212,939	(1,171,136)
State assessments	2,611,282	2,402,427	208,855
Interest	432,477	503,833	(71,356)
<b>Total expenses</b>	<b>60,158,280</b>	<b>59,056,437</b>	<b>1,101,843</b>
<b>Change in net position</b>	<b>(3,324,578)</b>	<b>(2,500,503)</b>	<b>(824,075)</b>
<b>Net position - beginning of year</b>	<b>3,847,470</b>	<b>6,347,973</b>	<b>(2,500,503)</b>
<b>Net position - end of year</b>	<b>\$ 522,892</b>	<b>\$ 3,847,470</b>	<b>\$ (3,324,578)</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 and deferred outflows of resources exceeded liabilities and deferred inflows or resources by \$522,892 at the close of fiscal year 2018.

Net position of \$96,254,945 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, \$4,975,006 represents resources that are subject to external restrictions on how they may be used. The remaining balance consists of *unrestricted net position* (\$100,707,059).



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

The governmental activities net position decreased by \$3,324,578 (86%) during the current fiscal year. The key elements of the decrease in net position for fiscal year 2018 was attributed to the depreciation expense (normally spread out over the useful life of the asset) for the year of \$4,384,676 exceeding the acquisition of \$2,796,152 in new capital assets, the increases due to the changes in debt and leases of \$1,875,876 and in the net pension liability of \$6,605,472; and decreases due to the changes in the deferred outflow/inflow of resources related to OPEB of \$3,267,050 and in the deferred outflow/inflow of resources related to pensions of \$6,412,310.

### **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 \$3,715,437, a decrease of \$853,706 (19%) in comparison with the prior year.

Breakdown of the governmental fund balances are as follows:

- Restricted fund balance – \$4,369,087.
- Committed fund balance – \$597,638.
- Assigned fund balance – \$330,680.
- Unassigned fund balance – (\$1,581,968).

At the end of the fiscal year, the General Fund reported a fund balance of \$1,305,415 decreasing \$1,073,207 (45%) from the prior year. Of the \$1,305,415, the unassigned amount is \$974,735 (75%) and the assigned amount is \$330,680 (25%). General fund revenues were \$465,312 (1%) more than the prior fiscal year and expenditures also increased by \$1,601,589 (4%). Other activity in the General Fund consisted of net transfers from other funds of \$171,518.

The main components of the increases in general fund revenues were related to increases in intergovernmental receipts of \$144,063 (1%), in user charges of \$109,971 (4%) and in intergovernmental on-behalf receipts of \$254,465 (7%) from the prior year.

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

- Increase in Governmental expenditures of \$377,491 (17%).
- Increase in Education expenditures of \$389,742 (2%).
- Increase in State assessments of \$208,855 (9%).

## General Fund Budgetary Highlights

The final general fund budget for fiscal year 2018 was \$43,707,618. This was an increase of \$1,102,988 (3%) over the previous year's budget.

There was an increase of \$354,023 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 \$571,030. Of the \$571,030 in under budget expenditures \$330,680 has been carried over to fiscal year 2019.

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 of \$602,016, intergovernmental receipts of \$101,786; licenses, permits and fees of \$144,975 and interest on delinquent taxes of \$70,176 as receipts did not meet budgeted expectations. There is also a negative variance in interest on investments of \$2,463 the result of economic conditions.

There were negative variances in public safety of \$3,030 as the expenses exceeded the budget.

Overall, the variance with the final budget was a negative \$489,694 consisting of a revenue deficit of \$730,044 and the appropriation surplus of \$240,350.

## Capital Asset and Debt Administration

**Capital Assets.** The City's investment in capital assets for its governmental activities as of June 30, 2018 amounts to \$108,331,157.

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

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

- Airport building purchase for \$107,000.
- Airport runway/taxiway improvements for \$278,426.
- Animal shelter improvements for \$97,535.
- Police vehicle purchase for \$42,891.
- Fire Department equipment purchases for \$498,213.
- Department of public works facility improvements for \$165,159.
- Department of public works vehicles and equipment purchases for \$358,466.
- Roads and sidewalks improvements for \$500,425.
- Dam evaluations and improvements for \$214,753.
- School Department vehicle and equipment purchases for \$125,644.
- Senior Center Phase II improvements for \$14,831.
- Armory improvements for \$304,009.
- Parkland renovations for \$12,795.
- Young Men's Christian Association (Y.M.C.A.) roof improvements for \$76,065.

**Debt.** The City's governmental outstanding long-term notes and debt as of June 30, 2018 totaled \$10,226,329. Of this, \$145,000 is for street and sidewalk improvements, \$1,588,000 for municipal purpose loans, \$5,996,300 for the middle school renovations, \$300,700 for airport improvements, \$146,800 for landfill closure, \$893,319 for water and sewer system improvements, \$112,210 for the Heritage Park settlement and \$1,044,000 is for an Intergovernmental Loan - Section 108 U. S. Department of Housing and Urban Development (HUD).

The City has capital leases for the financing of school department vehicles. The lease is due in 2020. The City currently owes \$50,837 on the lease consisting of \$46,690 in principal and \$4,147 in interest.

The City also has bond anticipation notes outstanding as of June 30, 2018 in the amount of \$2,889,757 for the middle school improvements, departmental equipment and a land purchase.

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

**Fiscal Year 2018 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, 2018 do not reflect the fiscal year 2019 City Council actions. The City Council meeting on June 12, 2018 authorized a fiscal year 2019 operating and capital budget as follows:

<b>Budget:</b>	
Raise and Appropriate (Taxation and Estimated Revenue)	<u>\$ 40,721,358</u>

**Requests for Information**

This financial report is designed to provide a general overview of the City of North Adams' finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City Auditor, City Hall, 10 Main Street, North Adams, Massachusetts, 01247.

## **BASIC FINANCIAL STATEMENTS**

**CITY OF NORTH ADAMS, MASSACHUSETTS  
STATEMENT OF NET POSITION  
JUNE 30, 2018**

	<b>Primary Government</b>
	<b>Governmental Activities</b>
<b>ASSETS</b>	
CURRENT:	
Cash and Cash Equivalents	\$ 6,955,173
Investments	376,137
Receivables, net of allowance for uncollectibles:	
Property Taxes	903,243
Tax Liens	2,848,903
Excise Taxes	232,083
User Charges	583,524
Departmental	172,916
Loans	277,522
Due from Other Governments	2,239,175
Tax Foreclosures	192,930
Total current assets	14,781,606
NONCURRENT:	
Receivables, net of allowance for uncollectibles:	
Loans	834,000
Due from Other Governments	4,409
Capital Assets, net of accumulated Depreciation	
Nondepreciable	22,957,544
Depreciable	85,373,613
Total noncurrent assets	109,169,566
<b>Total Assets</b>	<b>123,951,172</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred Outflows Related to Pensions	1,697,332
<b>LIABILITIES</b>	
CURRENT:	
Warrants and Accounts Payable	422,741
Accrued Payroll	1,659,494
Payroll Withholdings	335,973
Tax Refund Payable	65,000
Accrued Interest	149,863
Other	61,368
Compensated Absences	420,435
Bond Anticipation Notes Payable	2,889,757
Intergovernmental - Loan Payable	210,000
Bonds and Leases Payable	1,717,016
Total current liabilities	7,931,647
NONCURRENT:	
Compensated Absences	482,337
Net OPEB Liability	88,987,529
Net Pension Liability	13,803,447
Intergovernmental - Loan Payable	834,000
Bonds and Leases Payable	7,512,003
Total noncurrent liabilities	111,619,316
<b>Total Liabilities</b>	<b>119,550,963</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred Inflows Related to Pensions	2,307,599
Deferred Inflows Related to OPEB	3,267,050
<b>Total Deferred Inflows of Resources</b>	<b>5,574,649</b>
<b>NET POSITION</b>	
Net Investment in Capital Assets	96,254,945
Restricted for:	
Capital Projects	363,797
Federal & State Grants	685,980
Permanent Funds	538,080
Other Purposes	3,387,149
Unrestricted	(100,707,059)
<b>Total Net Position</b>	<b>\$ 522,892</b>

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, 2018**

	Program Revenues				Net (Expenses) Revenues and Changes in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government Governmental Activities
<b>Primary Government:</b>					
<b>Governmental Activities:</b>					
General Government	\$ 2,942,175	\$ 559,513	\$ 996,447	\$ -	\$ (1,386,215)
Airport	727,711	140,855	-	457,564	(129,292)
Public Safety	5,092,432	464,403	989,395	-	(3,638,634)
Public Works	7,019,892	3,381,396	21,300	2,439,352	(1,177,844)
Education	23,552,308	718,855	18,251,950	-	(4,581,503)
Health and Human Services	979,343	151,942	462,626	-	(364,775)
Culture and Recreation	1,758,857	456,440	184,128	8,400	(1,109,889)
Employee Benefits and Insurance	15,041,803	-	3,848,533	-	(11,193,270)
State Assessments	2,611,282	-	-	-	(2,611,282)
Interest	432,477	-	32,901	-	(399,576)
<b>Total Primary Government</b>	<b>\$ 60,158,280</b>	<b>\$ 5,873,404</b>	<b>\$ 24,787,280</b>	<b>\$ 2,905,316</b>	<b>\$ (26,592,280)</b>
<b>General Revenues:</b>					
Property Taxes					16,660,850
Motor vehicle and other taxes					1,204,752
Hotel room occupancy & Meal taxes					529,142
Penalties & Interest on Taxes					213,280
Grants & Contributions not restricted to specific programs					4,573,584
Unrestricted Investment Income					11,088
Miscellaneous					26,006
Gain on Sale of Capital Asset					49,000
<b>Total General Revenues</b>					<b>23,267,702</b>
					<b>Change in Net Position</b>
					(3,324,578)
					<b>Net Position:</b>
					Beginning of year (as restated)
					3,847,470
					End of year
					<b>\$ 522,892</b>

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

**CITY OF NORTH ADAMS, MASSACHUSETTS  
BALANCE SHEET - GOVERNMENTAL FUNDS  
JUNE 30, 2018**

	<b>General Fund</b>	<b>Nonmajor Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>Assets:</b>			
Cash and Cash Equivalents	\$ 3,259,825	\$ 3,695,348	\$ 6,955,173
Investments	-	376,137	376,137
Receivables, net of allowance for uncollectibles:			
Property Taxes	903,243	-	903,243
Tax Liens	2,848,903	-	2,848,903
Excise Taxes	232,083	-	232,083
User Charges	583,524	-	583,524
Departmental	135,733	37,183	172,916
Loans	-	1,111,522	1,111,522
Due from Other Governments	665,540	1,526,800	2,192,340
Tax Foreclosures	192,930	-	192,930
<b>Total Assets</b>	<b>\$ 8,821,781</b>	<b>\$ 6,746,990</b>	<b>\$ 15,568,771</b>
<b>Liabilities:</b>			
Warrants and Accounts Payable	\$ 278,039	\$ 144,702	\$ 422,741
Accrued Payroll	1,645,164	14,330	1,659,494
Employee Withholdings	335,973	-	335,973
Tax Refund Payable	65,000	-	65,000
Other	61,368	-	61,368
Bond Anticipation Note Payable	-	2,889,757	2,889,757
<b>Total Liabilities</b>	<b>2,385,544</b>	<b>3,048,789</b>	<b>5,434,333</b>
<b>Deferred Inflows of Resources - Unavailable Revenue</b>	<b>5,130,822</b>	<b>1,288,179</b>	<b>6,419,001</b>
<b>Fund Balance:</b>			
Restricted	-	4,369,087	4,369,087
Committed	-	597,638	597,638
Assigned	330,680	-	330,680
Unassigned	974,735	(2,556,703)	(1,581,968)
<b>Total Fund Balance</b>	<b>1,305,415</b>	<b>2,410,022</b>	<b>3,715,437</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$ 8,821,781</b>	<b>\$ 6,746,990</b>	<b>\$ 15,568,771</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, 2018**

	<b>General Fund</b>	<b>Nonmajor Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>Revenues:</b>			
Property Taxes	\$ 16,125,282	\$ -	\$ 16,125,282
Intergovernmental	19,062,631	9,276,399	28,339,030
Excise and Other Taxes	1,756,762	-	1,756,762
Charges for Services - User Charges	3,146,686	1,225,014	4,371,700
Licenses, Permits, Fees	1,576,134	-	1,576,134
Other	-	306,217	306,217
Interest on Delinquent Taxes	213,280	-	213,280
Investment Income	11,088	14,469	25,557
Intergovernmental - "On-behalf" Payments	3,879,675	-	3,879,675
<b>Total Revenues</b>	<b>45,771,538</b>	<b>10,822,099</b>	<b>56,593,637</b>
<b>Expenditures:</b>			
Current:			
General Government	2,615,800	497,497	3,113,297
Airport	-	454,503	454,503
Public Safety	4,124,329	1,396,696	5,521,025
Public Works	3,714,950	3,207,799	6,922,749
Education	18,221,777	3,972,535	22,194,312
Health and Human Services	907,012	64,875	971,887
Culture and Recreation	553,314	735,448	1,288,762
Employee Benefits and Insurance	12,108,925	-	12,108,925
State Assessments	2,611,282	-	2,611,282
Debt Service:			
Principal	1,723,396	231,098	1,954,494
Interest	435,478	27,454	462,932
<b>Total Expenditures</b>	<b>47,016,263</b>	<b>10,587,905</b>	<b>57,604,168</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>(1,244,725)</b>	<b>234,194</b>	<b>(1,010,531)</b>
<b>Other Financing Sources (Uses):</b>			
Operating Transfers In	171,518	-	171,518
Operating Transfers Out	-	(171,518)	(171,518)
Capital Lease	-	57,825	57,825
Sale of Capital Asset	-	49,000	49,000
Proceeds from Bonds and Notes	-	50,000	50,000
<b>Total Other Financing Sources (Uses)</b>	<b>171,518</b>	<b>(14,693)</b>	<b>156,825</b>
<b>Net Change in Fund Balances</b>	<b>(1,073,207)</b>	<b>219,501</b>	<b>(853,706)</b>
<b>Fund Balances, Beginning of Year</b>	<b>2,378,622</b>	<b>2,190,521</b>	<b>4,569,143</b>
<b>Fund Balances, End of Year</b>	<b>\$ 1,305,415</b>	<b>\$ 2,410,022</b>	<b>\$ 3,715,437</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, 2018**

<b>Total Governmental Fund Balances</b>		\$	3,715,437
Capital Assets (net) used in governmental activities are not financial resources and therefore, are not reported in the funds.			108,331,157
Revenues are recognized on an accrual basis of accounting instead of a modified accrual basis.			6,470,245
The statement of net position includes certain deferred inflows of resources and deferred outflows of resources that will be amortized over future periods. In governmental funds, these amounts are not deferred.			(3,877,317)
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	\$	(9,229,019)	
Intergovernmental Loan Payable		(1,044,000)	
Net Other Post Employment Benefits Liability		(88,987,529)	
Net Pension Liability		(13,803,447)	
Compensated Absences		<u>(902,772)</u>	(113,966,767)
In the statement of activities, interest is accrued on outstanding long term debt, whereas in governmental funds, interest is not reported until due.			<u>(149,863)</u>
<b>Net Position of Governmental Activities</b>		<b>\$</b>	<b><u><u>522,892</u></u></b>

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, 2018**

**Net Change in Fund Balances - Total Governmental Funds** \$ (853,706)

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	\$ 2,796,152	
Depreciation	<u>(4,384,676)</u>	(1,588,524)

Revenue in the Statement of Activities that do not provide current financial resources are fully deferred in the Statement of Revenues, Expenditures and Changes in Fund Balances. Therefore, the recognition of revenue for various types of accounts receivable (i.e., real estate and personal property, motor vehicle excise, etc.) differ between the two statements. This amount represents the net change in deferred inflows, MCWT principal subsidy and Mass MoCA Receivable.

191,065

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

Repayment of Debt and Lease Principal	1,983,701	
Proceeds from Issuance of Bonds and Leases	<u>(107,825)</u>	1,875,876

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	(46,866)	
Net Change in Other Post Employment Benefits Liability	141,010	
Net Change in Deferred Outflow/(Inflow) of Resources related to OPEB	(3,267,050)	
Net Change in Deferred Outflow/(Inflow) of Resources related to Pensions	(6,412,310)	
Net Change in Net Pension Liability	6,605,472	
Net Change in Accrued Interest on Long-Term Debt	<u>30,455</u>	(2,949,289)

**Change in Net Position of Governmental Activities** \$ (3,324,578)

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, 2018**

	<b>Budgeted Amounts</b>				<b>Actual</b>	<b>Amounts Carried Forward to Next Year</b>	<b>Variance with Final Budget Positive (Negative)</b>	
	<b>Amounts Carried Forward from Prior Year</b>		<b>Original Budget</b>					<b>Budgetary Basis</b>
	<b>Forward from Prior Year</b>	<b>Original Budget</b>	<b>Final Budget</b>	<b>Final Budget</b>				<b>Budgetary Basis</b>
<b>Revenues:</b>								
Property Taxes	\$ -	\$ 16,744,298	\$ 16,744,298	\$ 16,142,282	\$ -	\$ (602,016)		
Intergovernmental	-	19,164,417	19,164,417	19,062,631	-	(101,786)		
Excise and Other Taxes	-	1,675,361	1,675,361	1,756,762	-	81,401		
Charges for Services - User Charges	-	3,036,715	3,036,715	3,146,686	-	109,971		
Licenses, Permits, Fees	-	1,721,109	1,721,109	1,576,134	-	(144,975)		
Interest on Delinquent Taxes	-	283,456	283,456	213,280	-	(70,176)		
Interest on Investments	-	8,166	8,166	5,703	-	(2,463)		
<b>Total Revenues</b>	-	42,633,522	42,633,522	41,903,478	-	(730,044)		
<b>Expenditures:</b>								
Current:								
General Government	62,686	2,344,089	2,649,819	2,615,800	-	34,019		
Public Safety	-	4,148,824	4,121,299	4,124,329	-	(3,030)		
Public Works	-	3,462,095	3,729,878	3,714,950	-	14,928		
Education	587,209	18,010,959	18,598,168	18,221,777	330,680	45,711		
Health and Human Services	-	975,593	911,258	907,012	-	4,246		
Culture and Recreation	-	530,598	553,522	553,314	-	208		
Employee Benefits and Insurance	-	8,450,539	8,299,084	8,279,076	-	20,008		
State Assessments	-	2,734,492	2,734,492	2,611,282	-	123,210		
Debt Service:								
Principal	-	1,632,977	1,685,477	1,685,477	-	-		
Interest	-	413,534	424,621	423,571	-	1,050		
<b>Total Expenditures</b>	649,895	42,703,700	43,707,618	43,136,588	330,680	240,350		
<b>Excess of Revenues Over (Under) Expenditures</b>	(649,895)	(70,178)	(1,074,096)	(1,233,110)	(330,680)	(489,694)		
<b>Other Financing Sources (Uses):</b>								
Operating Transfers In	-	115,000	165,891	171,518	-	5,627		
Operating Transfers Out	-	-	(21,000)	(21,000)	-	-		
<b>Total Other Financing Sources (Uses)</b>	-	115,000	144,891	150,518	-	5,627		
<b>Net Change in Budgetary Fund Balance</b>	(649,895)	44,822	(929,205)	\$ (1,082,592)	\$ (330,680)	\$ (484,067)		
<b>Other Budgetary Items:</b>								
Free Cash and Other Reserves	-	-	324,132					
Prior Year Deficits	-	(44,822)	(44,822)					
Prior Year Encumbrances	649,895	-	649,895					
<b>Total Other Budgetary Items</b>	649,895	(44,822)	929,205					
<b>NET BUDGET</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, 2018**

	<b>Revenues</b>	<b>Expenditures</b>
<b>Reported on a Budgetary Basis</b>	\$ 41,903,478	\$ 43,136,588
<i>Adjustments:</i>		
Activity for Stabilization Fund Recorded in the General Fund for GAAP Purposes	5,385	-
Net Decrease in Revenue from recording Refund Taxes Payable	(20,000)	-
Recognition of Intergovernmental Revenue - "on behalf payments"	3,879,675	-
Recognition of Expenditures - "on behalf payments"	-	3,879,675
Net Increase in Revenue from Recording 60-Day Receipts	3,000	-
<b>Reported on a GAAP Basis</b>	<b>\$ 45,771,538</b>	<b>\$ 47,016,263</b>

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

**CITY OF NORTH ADAMS, MASSACHUSETTS  
STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
JUNE 30, 2018**

	<b>North Adams Employees Retirement System Pension Trust Fund (as of December 31, 2017)</b>	<b>Private Purpose Trust Funds</b>	<b>Agency Funds</b>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 48,867	\$ 311,375	\$ 203,593
Investments	63,720,125	-	-
Accrued Interest and Dividends	127,339	-	-
Accounts Receivable	222,645	-	600
<b>Total Assets</b>	<b>64,118,976</b>	<b>311,375</b>	<b>204,193</b>
<b>LIABILITIES</b>			
Warrants Payable	100,724	-	280
Due to Others	-	-	98,601
Due to Student Groups	-	-	105,312
<b>Total Liabilities</b>	<b>100,724</b>	<b>-</b>	<b>204,193</b>
<b>NET POSITION</b>			
Held in Trust for Pension Benefits and Other Purposes	\$ 64,018,252	\$ 311,375	\$ -

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

**CITY OF NORTH ADAMS, MASSACHUSETTS  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2018**

	<b>North Adams Employees Retirement System Pension Trust Fund (as of December 31, 2017)</b>	<b>Private Purpose Trust Funds</b>
<b>Additions</b>		
Contributions:		
Employers	\$ 3,066,221	\$ -
Plan Members	1,026,583	-
Transfers/Reimbursements from Other Systems	44,386	-
Commonwealth of Massachusetts - COLA	53,954	-
Miscellaneous	-	561
<b>Total Contributions</b>	<b>4,191,144</b>	<b>561</b>
Investment Income:		
Interest & Dividends	1,005,777	2,796
Net Change in Fair Value of Investments	10,286,561	-
<b>Total Investment Earnings</b>	<b>11,292,338</b>	<b>2,796</b>
Less Investment Expense	(246,721)	-
<b>Net Investment Earnings</b>	<b>11,045,617</b>	<b>2,796</b>
<b>Total Additions</b>	<b>15,236,761</b>	<b>3,357</b>
<b>Deductions:</b>		
Benefit Payments to Plan Members and Beneficiaries	4,614,302	-
Refunds to Members	108,913	-
Transfers to Other Systems	171,866	-
Educational Scholarships	-	1,776
General Expenses	116,903	-
<b>Total Deductions</b>	<b>5,011,984</b>	<b>1,776</b>
<b>Change in Net Position</b>	<b>10,224,777</b>	<b>1,581</b>
<b>Net Position at Beginning of Year</b>	<b>53,793,475</b>	<b>309,794</b>
<b>Net Position at End of Year</b>	<b>\$ 64,018,252</b>	<b>\$ 311,375</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, 2018**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**A. Reporting Entity**

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

For financial reporting purposes, the City has included all funds, organizations, account groups, agencies, boards, commissions and institutions. The City has also considered all potential component units for which it is financially accountable as well as other organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the basic financial statements to be misleading or incomplete.

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

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

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

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

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

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

**CITY OF NORTH ADAMS, MASSACHUSETTS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2018**

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

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

**B. Government-Wide and Fund Financial Statements**

**Government-wide financial statements**

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

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

**Fund financial statements**

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. Non-major funds are aggregated and displayed in a single column.

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

**Major Fund Criteria**

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

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

*and*

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



**CITY OF NORTH ADAMS, MASSACHUSETTS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2018**

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

Fiduciary funds are reported by fund type.

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

**Government-wide financial statements**

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

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

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

**Fund financial statements**

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

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

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

The City reports the following major governmental funds:

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

**CITY OF NORTH ADAMS, MASSACHUSETTS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2018**

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 or capital projects funds) that are restricted by law or administrative action to expenditures for specified purposes.

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

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

Additionally, the City reports the following fund types:

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

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

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

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

**D. Cash and Cash Equivalents**

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

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

**E. Investments**

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

**CITY OF NORTH ADAMS, MASSACHUSETTS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2018**

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

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

Level 3 inputs are unobservable for the asset or liability.

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

Additional investment disclosures are presented in these Notes.

**F. Receivables**

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

**Property Taxes, Tax Foreclosures and Tax Liens**

Property taxes are based on assessments as of January 1, 2017 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 2018 on June 30, 2017 that were due on August 1, 2017 and November 1, 2017 and actual bills on December 29, 2017 that were due on February 1, 2018 and May 1, 2018.

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 2018 is \$16,996,148.

The total amount raised by taxation was \$16,904,531.

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

**Excise Taxes**

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

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

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

**User Charges**

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

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

**Departmental**

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

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

**Loans**

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

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

**Due from Other Governments**

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

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

**CITY OF NORTH ADAMS, MASSACHUSETTS**  
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**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:

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

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

**H. Interfund Transfers**

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

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

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

**I. Deferred Outflows and Inflows of Resources**

**Government-wide financial statements**

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

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

**CITY OF NORTH ADAMS, MASSACHUSETTS**  
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**Fund financial statements**

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

**J. Net Position and Fund Balances**

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

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

Net position has been "restricted for" the following:

- "Capital projects" represents amounts restricted for capital purposes.
- "Federal and state grants" represents amounts restricted by the federal and state government for various programs.
- "Permanent funds" represents amounts held in trust for which the expenditures are restricted by various trust agreements.
- "Other purposes" represents restrictions placed on assets from outside parties.

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

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

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

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

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

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

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

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

**K. Long-term Debt**

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

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

**L. Compensated Absences**

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

**M. Pension Benefits**

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

**N. Post Retirement Benefits**

In addition to providing pension benefits, health insurance coverage is provided for retired employees and their survivors in accordance with MGL, Chapter 32, on a pay-as-you-go basis. The cost of providing health insurance is recognized by recording the employer's 50% to 75% share of insurance premiums in the general fund in the fiscal year paid.

**CITY OF NORTH ADAMS, MASSACHUSETTS**  
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**O. Use of Estimates**

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

**P. Total Column**

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

**2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**A. Budgetary Information**

An annual budget is adopted for the City's General Fund. Although legislative approval is required for the acceptance of grants, capital projects and borrowing authorizations, annual budgets are not prepared for any other fund; therefore, comparison of budget to actual is only presented for the General Fund.

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

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

- The Mayor presents an operating and capital budget for the proposed expenditures of the fiscal year commencing the following July 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 2018, the City incurred a final budget deficit of \$929,205 for the General Fund.



**CITY OF NORTH ADAMS, MASSACHUSETTS  
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The City voted from the following sources to fund the deficit budget during the fiscal year:

Unassigned fund balance:	
Free cash votes	\$ 324,132
Prior years deficits	(44,822)
Prior year's encumbrances	649,895
	\$ 929,205

**B. Deficit Fund Balance**

The following funds had a deficit at June 30, 2018 as measured by the balances of unreserved fund balance:

- Capital project airport improvements fund has a deficit of \$34,493. This deficit will be eliminated upon appropriation.
- Capital project Conte Middle School renovation fund has a deficit of \$557,297. This project is partially funded by the Massachusetts School Building Authority (MSBA). The City has bond anticipation note outstanding of \$557,297. The deficit will be eliminated upon the issuance of permanent debt.
- Capital project equipment and engineering fund has a deficit of \$415,643. The City has a bond anticipation note outstanding of \$783,910. This deficit will be eliminated upon the issuance of permanent debt.
- Capital project Hodges Cross road facility fund has a deficit of \$1,482,540. The City has a bond anticipation note outstanding of \$1,498,550. This deficit will be eliminated upon the issuance of permanent debt.
- Capital project purchase of vehicles and equipment fund has a deficit of \$34,493. The City has a bond anticipation note outstanding of \$50,000. This deficit will be eliminated upon the issuance of permanent debt.
- Capital project complete street tie in fund has a deficit of \$9,875. This deficit will be eliminated upon appropriation.
- Various special revenue funds have deficits totaling \$19,171 (highway grant fund (chapter 90) of \$526, Massachusetts historical commission grant fund of \$7,395 and the Police outside duty fund of \$11,250). These deficits will be eliminated upon additional receipts or upon appropriation.

**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, 2018 were \$8,780,965. Of these, \$172,911 are exposed to custodial credit risk as uninsured and uncollateralized.

**CITY OF NORTH ADAMS, MASSACHUSETTS**  
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**Investment Policies**

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

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

As of June 30, 2018, 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
<b>Debt Securities:</b>				
U. S. treasury obligations	\$ 15,879	\$ -	\$ 15,879	\$ -
U. S. government agencies	37,566	-	37,566	-
Corporate bonds	96,219	-	96,219	-
Money market mutual fund	10,186	10,186	-	-
	159,850	\$ 10,186	\$ 149,664	\$ -
<b>Other Investments:</b>				
Certificates of Deposit	27,462			
Equity Securities - Domestic (Stocks)	188,825			
	<u>\$ 376,137</u>			

**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 \$376,137 in investments, the City has a custodial credit risk exposure because the related securities are uninsured, unregistered and held by the City’s brokerage firm, which is also the Counterparty to these securities. The City has no policy on custodial credit risk.

**Interest Rate Risk**

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

**CITY OF NORTH ADAMS, MASSACHUSETTS  
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**Credit Risk**

The City's exposure to credit risk as of June 30, 2018 is as follows:

Related Debt Instruments	Fair Value
<b>Moody's Quality Ratings</b>	
<b><i>U. S. Treasury Obligations:</i></b>	
AA+	\$ 15,879
<b><i>U. S. Government Agencies:</i></b>	
AAA	37,566
<b><i>Corporate Bonds:</i></b>	
A1	16,552
A2	30,164
A3	14,844
BAA1	19,600
BAA2	15,059
<b><i>Money Market Mutual Funds:</i></b>	
Not rated	10,186
	\$ 159,850

**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 and McDonalds Corporate bonds amounting to 6.57% and 5.21%, respectively, of the City's total investments.

**Fair Value of Investments**

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

**CITY OF NORTH ADAMS, MASSACHUSETTS  
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The City has the following recurring fair value measurements as of June 30, 2018:

Investment Type	Fair Value	Fair Value Measurements		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by Fair Value Level:				
U. S. treasury obligations	\$ 15,879	\$ 15,879	\$ -	\$ -
U. S. government agencies	37,566	37,566	-	-
Certificates of deposit	27,462	27,462	-	-
Equity securities - domestic	188,825	188,825	-	-
Money market mutual fund	10,186	10,186	-	-
Corporate bonds	96,219	-	96,219	-
<b>Total Investments</b>	<b>\$ 376,137</b>	<b>\$ 279,918</b>	<b>\$ 96,219</b>	<b>\$ -</b>

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

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

**Investment Policies – North Adams Retirement System**

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

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

**CITY OF NORTH ADAMS, MASSACHUSETTS**  
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As of December 31, 2017, the System had the following investments and maturities:

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less Than 1	1 to 5	6 to 10	More than 10
<b>Debt Securities:</b>					
U. S. treasury obligations	\$ 4,491,370	\$ -	\$ 98,191	\$ 2,173,484	\$ 2,219,695
U. S. government agencies	499,611	-	-	-	499,611
Corporate bonds	12,883,247	-	3,983,368	6,124,029	2,775,850
Money market mutual fund	2,323,076	2,323,076	-	-	-
Municipal bonds	303,402	-	-	-	303,402
	<u>20,500,706</u>	<u>\$ 2,323,076</u>	<u>\$ 4,081,559</u>	<u>\$ 8,297,513</u>	<u>\$ 5,798,558</u>
<b>Other Investments:</b>					
Pooled Alternative investment funds	451,660				
Equity securities - domestic	<u>42,767,759</u>				
	<u>\$ 63,720,125</u>				

**Custodial Credit Risks - Investments**

For an investment, custodial risk is the risk that, in the event of the failure of the counterparty, the System will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Of the System's \$63,720,125 in investments, none are uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department but not in the System's name. The System has no policy on custodial credit risk.

**Interest Rate Risk**

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

**Credit Risk**

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

**CITY OF NORTH ADAMS, MASSACHUSETTS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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The System's exposure to credit risk as of December 31, 2017 is as follows:

<b>Related Debt Instruments</b>	<b>Fair Value</b>
<b>Moody's Quality Ratings</b>	
<b><i>U. S. Treasury Obligations:</i></b>	
Aaa	\$ 4,491,370
<b><i>U. S. Government Agencies:</i></b>	
Aaa	\$ 499,611
<b><i>Corporate Bonds:</i></b>	
AAA	3,034,547
AA	1,304,819
A	3,181,613
BAA	5,272,897
BA	89,371
<b><i>Municipal Bonds:</i></b>	
Not rated	303,402
<b><i>Money Market Mutual Funds:</i></b>	
Not rated	2,323,076
	\$ 20,500,706

**Concentration of Credit Risk**

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

**Fair Value of Retirement Investments**

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

**CITY OF NORTH ADAMS, MASSACHUSETTS**  
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The City has the following recurring fair value measurements for the System as of December 31, 2017:

Investment Type	Fair Value	Fair Value Measurements		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<b>Investments by Fair Value Level:</b>				
U. S. treasury obligations	\$ 4,491,370	\$ 4,491,370	\$ -	\$ -
U. S. government agencies	499,611	499,611	-	-
Equity securities - domestic	42,767,759	42,767,759	-	-
Money market mutual fund	2,323,076	2,323,076	-	-
Corporate bonds	12,883,247	-	12,883,247	-
Municipal bonds	303,402	-	303,402	-
	63,268,465	\$ 50,081,816	\$ 13,186,649	\$ -
<b>Investments Measured at Amortized Cost:</b>				
External Investment Pools (PRIT)	451,660			
<b>Total Investments</b>	<b>\$ 63,720,125</b>			

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

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

**B. Receivables**

At June 30, 2018, 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	\$ 907,743	\$ (4,500)	\$ 903,243
Tax liens	2,848,903	-	2,848,903
Excise taxes	332,083	(100,000)	232,083
User Charges	587,024	(3,500)	583,524
Departmental	274,658	(101,742)	172,916
Loans	1,111,522	-	1,111,522
Due from other governments	2,192,340	-	2,192,340
Tax Foreclosures	192,930	-	192,930
<b>Fiduciary funds:</b>			
<b>North Adams Employees Retirement System Pension Trust Fund (at December 31, 2017):</b>			
Accounts Receivable	222,645	-	222,645
	\$ 8,669,848	\$ (209,742)	\$ 8,460,106

**CITY OF NORTH ADAMS, MASSACHUSETTS  
NOTES TO THE FINANCIAL STATEMENTS  
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The composition of amounts due from other governments as of June 30, 2018 for governmental funds is as follows:

**General Fund:**

**Commonwealth of Massachusetts**

**Department of Veteran Services:**

Veterans benefits

\$ 479,563

**Other:**

185,977

\$

665,540

**Nonmajor Governmental Funds:**

**U. S. Department of Agriculture:**

School lunch

\$ 83,338

**U. S. Department of Education:**

School title grants

290,017

**U. S. Department of Homeland Security:**

**Pass through Massachusetts Emergency Management Agency:**

Emergency Management Agency Performance grant

-

**U. S. Department of Transportation:**

Federal Aviation Administration

387,281

**Commonwealth of Massachusetts**

**Department of Elementary and Secondary Education:**

School lunch

892

School grants

49,140

Special Education Reimbursement

170,495

**Department of Energy Resources:**

Green Community Grant

5,749

**Executive Office of Energy & Environmental Affairs**

185,000

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

Police 911 Support Grant

50,361

**Massachusetts Department of Transportation:**

Airport grants

18,600

Highway Department - Chapter 90 funds

285,927

1,526,800

\$

2,192,340



**CITY OF NORTH ADAMS, MASSACHUSETTS**  
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**C. Deferred Inflows of Resources – Unavailable Revenue**

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

<b>General Fund:</b>			
Property taxes	\$	753,243	
Tax liens/foreclosures		3,041,833	
Excise taxes		232,083	
User Charges		583,524	
Departmental		135,732	
Due from other governments		384,407	\$ 5,130,822
<hr/>			
<b>Nonmajor Governmental Funds:</b>			
Departmental		71,783	
Loans		1,044,000	
Due from other governments		172,396	1,288,179
		<hr/>	<hr/>
		\$	6,419,001
		<hr/>	<hr/>

**D. Capital Assets**

Capital asset activity for the fiscal year ended June 30, 2018, is as follows:

<b>Governmental Activities</b>	<b>Beginning Balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balance</b>
	<hr/>	<hr/>	<hr/>	<hr/>
Capital assets not being depreciated:				
Land	\$ 18,607,483	\$ -	\$ -	\$ 18,607,483
Construction in progress	3,330,095	1,019,966	-	4,350,061
Total capital assets not being depreciated	21,937,578	1,019,966	-	22,957,544
Capital assets being depreciated:				
Buildings and improvements	94,201,917	256,277	-	94,458,194
Machinery, equipment and vehicles	9,870,099	1,025,214	-	10,895,313
Infrastructure	63,050,523	494,695	-	63,545,218
Total capital assets being depreciated	167,122,539	1,776,186	-	168,898,725
Less accumulated depreciation for:				
Buildings	38,878,810	-	2,131,769	41,010,579
Machinery, equipment and other	7,960,900	-	442,674	8,403,574
Infrastructure	32,300,726	-	1,810,233	34,110,959
Total accumulated depreciation	79,140,436	-	4,384,676	83,525,112
Total capital assets being depreciated, net	87,982,103	1,776,186	(4,384,676)	85,373,613
Total governmental activities capital assets, net	\$ 109,919,681	\$ 2,796,152	\$ (4,384,676)	\$ 108,331,157
	<hr/>	<hr/>	<hr/>	<hr/>

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

<b>Governmental Activities:</b>	
General government	\$ 263,115
Airport	658,634
Public safety	154,172
Public works	1,324,656
Education	1,502,942
Culture and recreation	481,157
Total depreciation expense - governmental activities	<u>\$ 4,384,676</u>

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

Interfund transfers for the fiscal year ended June 30, 2018, are summarized below:

Transfers Out:	<u>Transfers In:</u> General fund
Nonmajor governmental funds	<u>171,518</u>

**F. Leases**

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

The asset acquired through the capital lease is as follows:

<b>Asset:</b>	<b><u>Governmental Activities</u></b>
Machinery, Equipment and Other	\$ 85,824
Less: Accumulated Depreciation	<u>(14,123)</u>
Total	<u>\$ 71,701</u>

**CITY OF NORTH ADAMS, MASSACHUSETTS**  
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The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2018, are as follows:

Year Ending June 30,	Governmental Activities
2019	\$ 30,382
2020	20,455
Total minimum lease payments	50,837
Less: amount representing interest	(4,147)
Present value of minimum lease payments	\$ 46,690

**G. Short-Term Financing**

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

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

Purpose	Interest Rate	Final Maturity Date	Balance July 1, 2017	Renewed/ Issued	Retired/ Redeemed	Outstanding June 30, 2018
<b>Governmental Activities</b>						
<b>Bond anticipation notes:</b>						
Middle School construction	0.89%	7/27/2017	\$ 2,000,000	\$ -	\$ 2,000,000	\$ -
Departmental Equipment	0.90%	9/12/2017	100,000	-	100,000	-
Purchase property	1.10%	1/18/2018	1,498,550	-	1,498,550	-
Middle School construction	1.30%	7/27/2018	-	557,297	-	557,297
Departmental Equipment	1.30%	9/12/2018	-	50,000	-	50,000
Purchase property	1.55%	1/18/2019	-	1,498,550	-	1,498,550
Departmental Equipment	1.55%	1/18/2019	-	783,910	-	783,910
Total Governmental Activities			\$ 3,598,550	\$ 2,889,757	\$ 3,598,550	\$ 2,889,757

**H. Long Term Debt**

**General Obligation Bonds**

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

**CITY OF NORTH ADAMS, MASSACHUSETTS  
NOTES TO THE FINANCIAL STATEMENTS  
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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, 2018</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	\$ 145,000
Municipal Purpose Loan of 2011	2.00-4.00%	6/15/2011	6/15/2023	2,276,433	875,000
Municipal Purpose Loan of 2014	2.00-3.00%	8/19/2014	3/1/2030	1,150,700	713,000
Heritage Park	4.50%	2/4/2016	2/3/2023	160,000	112,210
<b>Outside Debt Limit:</b>					
Water	4.00-5.00%	7/1/2007	7/1/2018	6,115,000	745,000
Middle School Renovation	3.60%	8/19/2014	3/1/2040	6,500,000	5,996,300
Airport Improvements	1.87%	8/19/2014	3/1/2022	561,700	300,700
<b>Massachusetts Clean Water Trust:</b>					
Inflow/Outflow Infiltration (1)	2.00%	2/1/2006	8/1/2023	360,907	148,319
Landfill Closing (1)	1.73%	11/1/1998	8/1/2018	2,253,000	146,800
<b>Total Bonds Payable</b>					<u>9,182,329</u>
MASS MoCA - Section 108 HUD (2)	variable	5/28/2015	8/1/2022	3,774,000	<u>1,044,000</u>
<b>Total Governmental Type Debt</b>					<u><u>\$ 10,226,329</u></u>

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

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

**Future Debt Service**

The annual principal and interest payments to retire all general obligation long-term debt and intergovernmental loan outstanding as of June 30, 2018 are as follows:

<b>Year</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2019	\$ 1,899,577	\$ 350,993	\$ 2,250,570
2020	867,246	293,428	1,160,674
2021	873,332	258,529	1,131,861
2022	799,459	222,818	1,022,277
2023	654,121	201,465	855,586
2024-2028	1,322,594	824,100	2,146,694
2029-2033	1,405,000	617,256	2,022,256
2034-2038	1,660,000	349,237	2,009,237
2039-2040	745,000	44,800	789,800
	<u>\$ 10,226,329</u>	<u>\$ 3,162,626</u>	<u>\$ 13,388,955</u>

**CITY OF NORTH ADAMS, MASSACHUSETTS**  
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The City is scheduled to be subsidized by the Massachusetts Clean Water Trust (MCWT) on a periodic basis for principal in the amount of \$1,786,225 and interest costs of \$534,943 for three loans which the City has borrowed from MCWT. The gross amount outstanding at June 30, 2018 for principal and interest combined for the three loans is \$317,827. The net repayments, including interest, are scheduled to be \$256,789. The principal subsidies are guaranteed and therefore a \$42,564 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 2018 principal and interest subsidies totaled \$37,919 and \$11,907, respectively.

At June 30, 2018, the City carried \$1,044,000 of debt, issued in prior fiscal years, under the United States Department of Housing and Urban Development (HUD) section 108 Loan Guarantee Program. The purpose of the program is to enable local governments to provide financing to urban renewal projects operated by either the government or third-party developers. Debt issued under this program is secured by future entitlement allocations to the City under HUD's community Development Block Grant (CDBG) program. The loan proceeds from this program were used for the MASS MoCA project. Debt outstanding at the fiscal year-end is reported as intergovernmental loan payable on the Statement of Net position. Additionally, a receivable from the Massachusetts Museum of Contemporary Art, Inc. has been set up on the City's financial statements of which the proceeds are used to pay this loan obligation. The principal and interest are guaranteed and therefore a \$8,680 intergovernmental receivable has been reported in the government-wide financial statements. Amounts received on the receivable and payments made on the loan are reported in the Community Development program income fund.

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

	Balance July 1, 2017	Additions	Reductions	Balance June 30, 2018	Amounts Due within One Year
<b>Governmental activities:</b>					
<b><i>Bond Payable:</i></b>					
General obligation bonds	\$ 10,418,309	\$ -	\$ 1,531,098	\$ 8,887,211	\$ 1,522,081
Massachusetts Clean Water Trust bonds	458,514	-	163,396	295,118	167,496
Intergovernmental loan - section 108	1,254,000	-	210,000	1,044,000	210,000
<b>Capital leases</b>	18,072	57,825	29,207	46,690	27,439
<b>Compensated absences</b>	855,906	86,197	39,331	902,772	420,435
<b>OPEB liability obligation</b>	89,128,539	-	141,010	88,987,529	-
<b>Net pension liability</b>	20,408,919	-	6,605,472	13,803,447	-
Governmental activity					
Long-term liabilities	<u>\$ 122,542,259</u>	<u>\$ 144,022</u>	<u>\$ 8,719,514</u>	<u>\$ 113,966,767</u>	<u>\$ 2,347,451</u>

**Legal Debt Limit**

Under Section 10 of Chapter 44 of the Massachusetts General Laws, a City may authorize indebtedness up to a limit of 5 percent of the equalized valuation of the City. Debt issued in accordance with this section of the law is designated as being "inside the debt limit." The City's inside debt at June 30, 2018, totaled \$1,845,210.

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, 2018, totaled \$8,381,119.

**CITY OF NORTH ADAMS, MASSACHUSETTS  
NOTES TO THE FINANCIAL STATEMENTS  
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The following is a computation of the legal debt limit as of June 30, 2018:

Equalized Valuation-Real Estate and Personal Property (2018)		\$ 762,773,900
Debt Limit: 5 % of Equalized value		<u>38,138,695</u>
Total Debt Outstanding	\$ 10,226,329	
Less: Debt Outside Debt Limit	<u>(8,381,119)</u>	<u>1,845,210</u>
Inside Debt Excess Borrowing Capacity at June 30, 2018		<u>\$ 36,293,485</u>

**Loans Authorized and Unissued - Memorandum Only**

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

Loan authorizations that have not been issued as of June 30, 2018 and are not reflected in the City's financial statements are as follows:

<u>Date of Council meeting</u>	<u>Description</u>	<u>Amount</u>
10/28/2009	Feasibility study	\$ 530,012
12/11/2011	Infrastructure repairs due to Hurricane Irene damage	1,668,000
2/5/2013	Silvio Conte Middle School renovation and addition	21,572,235
6/26/2018	Purchase of various Departmental vehicles	425,000
		<u>\$ 24,195,247</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.

	<u>Current Year's Debt</u>	<u>City's Estimated Share</u>	<u>City's Estimated Indirect Debt</u>
Hoosac Water Quality District	\$ 5,582,673	55.48%	<u>\$ 3,084,639</u>

**CITY OF NORTH ADAMS, MASSACHUSETTS**  
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**I. Fund Balances**

The following is a summary of the City's Governmental fund balances at the year ended June 30, 2018:

	<b>General Fund</b>	<b>Nonmajor Governmental Funds</b>	<b>Total Governmental Funds</b>
Restricted:			
Federal, State and local grants	\$ -	\$ 442,161	\$ 442,161
School revolving	-	2,300,902	2,300,902
Gifts and donations	-	176,447	176,447
Permanent funds	-	538,080	538,080
Capital projects	-	1,698	1,698
Other	-	909,799	909,799
	-	<u>4,369,087</u>	<u>4,369,087</u>
Committed:			
Parking meters and permits	-	247,146	247,146
Landfill/transfer station	-	350,492	350,492
	-	<u>597,638</u>	<u>597,638</u>
Assigned:			
Education	330,680	-	330,680
	<u>330,680</u>	-	<u>330,680</u>
Unassigned:			
General Fund	974,735	-	974,735
Deficit capital projects	-	(2,537,533)	(2,537,533)
Deficit special revenue funds	-	(19,170)	(19,170)
	<u>974,735</u>	<u>(2,556,703)</u>	<u>(1,581,968)</u>
Total Governmental fund balances	<u>\$ 1,305,415</u>	<u>\$ 2,410,022</u>	<u>\$ 3,715,437</u>

**J. Stabilization Fund**

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

At June 30, 2018, the balance in the stabilization fund is \$997,763; which is reported in the General Fund as unassigned fund balance.

**CITY OF NORTH ADAMS, MASSACHUSETTS**  
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**4. OTHER INFORMATION**

**A. Risk Management**

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

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

**B. Contingent Liabilities**

Litigation 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, 2018, cannot be ascertained, management believes any resulting liability should not materially affect the financial position at June 30, 2018.

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

**C. Tax Abatements**

The City enters into property tax abatement agreements with local businesses under the Commonwealth of Massachusetts Economic Development Incentive Program Act of 1993 and as amended in 2009. Under this Act, state municipalities may grant property tax abatements of up to 100% of a business' property tax bill for the purpose of attracting or retaining these businesses within their jurisdictions. The abatements may be granted to any business located within or promising to relocate to the City of North Adams. As of June 30, 2018, the City of North Adams abated property taxes amounting to \$87,746 under four tax abatement agreements. The City has not made any commitments as part of the agreements other than to reduce taxes.

**D. Subsequent Events**

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

**E. Landfill Closure and Post-Closure Care Costs**

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



**CITY OF NORTH ADAMS, MASSACHUSETTS**  
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**F. Pension Plan**

**Plan Description**

The City is a member of the North Adams Retirement System (the System). The System is a cost-sharing multiple-employer public employee retirement system administered by the North Adams Retirement Board (the Board). Massachusetts General Laws (MGL), Chapter 32, assigns authority to establish the System and amend benefit provisions of the plan; which is regulated by the Public Employees Retirement Administration Commission (PERAC). The System is a defined benefit pension plan that covers substantially all employees of its member employers except for current and retired teachers. The System issues a publicly available financial report in accordance with guidelines established by the Commonwealth's PERAC. That report may be obtained by contacting the System at 85 Main Street, Room 322, North Adams, Massachusetts 01247.

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

**Special Funding Situation**

The Commonwealth is a nonemployer contributor and is responsible by statute to make all actuarially determined contributions and future benefit requirements on behalf of the City to the MTRS. Therefore, the City is considered to be in a special funding situation as defined by GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and the Commonwealth is a nonemployer contributor in the MTRS. Since the City does not contribute directly to MTRS, there is no pension liability to recognize. The total of the Commonwealth provided contributions have been allocated based upon each employer's covered payroll to the total covered payroll of employers in MTRS as of the measurement date of June 30, 2017. The City's portion of the collective pension expense contributed by the Commonwealth of \$3,829,849 on-behalf payments for the fiscal year ending June 30, 2018 is reported as intergovernmental revenues and insurance and employee benefits expenditures in the General Fund as of the measurement date.

**Benefits Provided**

Both the System and MTRS provide retirement, disability, and death benefits to plan members and beneficiaries. Members become vested after 10 years of creditable service and are eligible for retirement allowance benefits up to a maximum of 80% of a member's highest three-year average annual rate of regular compensation. Retirement benefits are determined as a percentage of the member's final three-year (five-year for members hired on or after April 2, 2012) final average compensation times the member's years of creditable service prior to retirement. The percentage is based on the age of the member at retirement and his or her Group classification. The authority for amending these provisions rests with the Massachusetts Legislature.

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

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

**CITY OF NORTH ADAMS, MASSACHUSETTS  
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**Contributions**

MGL Chapter 32 governs the contributions of plan members and the City. Plan members are required to contribute to the System at rates ranging from 5% to 9% based upon their membership date of gross regular compensation with an additional 2% contribution after exceeding \$30,000 in annual covered compensation. The City is required to pay into the System its share of the system-wide actuarial determined contribution that is apportioned among the employers based on active current payroll. Administrative expenses are funded through investment earnings. The City's proportionate share of the required contribution to the System for the year ended December 31, 2017 was \$2,692,393, representing 28.1% of the covered payroll, an actuarially determined amount that, when combined with plan member contributions, is expected to finance the costs of benefits earned by plan members during the year and an additional amount to finance any unfunded accrued liability.

**Pension Liability**

As of June 30, 2018, the City reported a liability of \$13,803,447 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2017. Accordingly, update procedures were used to roll forward the total pension liability to the measurement date. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At December 31, 2017, the City's proportional percentage was 87.81%, which was a slight decrease from the last measurement.

**Pension Expense**

For the year ended June 30, 2018, the City recognized a pension expense of \$3,501,491 and reported deferred outflows of resources related to pensions of \$1,697,332 from the change in assumptions; and deferred inflows of resources related to pensions of \$2,307,599 from the difference between expected and actual experience and the net difference between projected and actual investment earnings on pension plan investments.

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

<b>For years ended June 30,</b>	
<b>2019</b>	\$ 372,307
<b>2020</b>	671,733
<b>2021</b>	(431,138)
<b>2022</b>	<u>(1,223,169)</u>
	<u>\$ (610,267)</u>

**Actuarial Assumptions**

The total pension liability was determined by an actuarial valuation as of January 1, 2017, using the following actuarial assumptions, applied to all periods included in the measurement that was updated December 31, 2017:

Valuation date	January 1, 2017; updated to December 31, 2017 measurement date.
Actuarial cost method	Entry Age Normal

**CITY OF NORTH ADAMS, MASSACHUSETTS  
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Amortization method	Total appropriation increase 4.50% per year until fiscal year 2029.
Remaining amortization period	11 years from July 1, 2018
Asset valuation method	The actuarial value of assets is the market value. For funding purposes, gains and losses each year are recognized over 5 years.
Investment rate of return	7.40% net of pension plan investment expense, including inflation.
Inflation	Not explicitly assumed.
Projected salary increase	Select and ultimate by job group, ultimate rates of 4.25% for Group 1 and 4.75% for Group 4.
Cost of living adjustments	3.00% per year of the first \$13,000
Mortality rates	Pre-retirement rates reflect the RP-2000 Employees table projected generationally with Scale BB and a base year of 2009 (gender distinct). Post retirement rates reflect the RP-2000 Healthy Annuitant table projected generationally with Scale BB and a base year of 2009 (gender distinct). For disabled retirees, the rates reflect the RP-2000 Healthy Annuitant table projected generationally with Scale BB and a base year of 2012 (gender distinct).

**Long-term Expected Rate of Return**

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major class included in the pension plan's target asset allocation as of December 31, 2017, are summarized in the following table:

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-Term Expected Rate of Return</b>
Large Capital Equities	19.0%	14.5%
Fixed income	20.0%	5.0%
International Equities	18.0%	16.0%
Emerging Market Equities	8.0%	6.0%
Private Equity	10.0%	11.0%
Real Estate	9.0%	10.0%
Alternative Investments	5.0%	4.0%
Hedge Funds	11.0%	13.0%
Total	<u>100.0%</u>	

**CITY OF NORTH ADAMS, MASSACHUSETTS  
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**Rate of Return**

For the year ended December 31, 2017, the annual money-weighted rate of return (which expresses investment performance), net of investment expense was 20.83%. The money-weighted rate of return considers the changing amounts actually invested during a period and weighs the amount of pension plan investments by the proportion of time they are available to earn a return during that period. The rate of return is then calculated by solving, through an iterative process, for the rate that equates the sum of the weighted external cash flows into and out of the pension plan investments to the ending fair value of pension plan investments.

**Discount Rate**

The discount rate used to measure the total pension liability was 7.4%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that member employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments or current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 7.4%. As well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.4%) or 1-percentage-point higher (8.4%) than the current rate:

	<b>1% Decrease (6.4%)</b>	<b>Current Discount Rate (7.4%)</b>	<b>1% Increase (8.4%)</b>
Net pension liability	\$ 21,498,078	\$ 13,803,447	\$ 7,288,958

**G. Other Post Employment Benefits Payable**

**GASB Statement No. 75**

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

**Plan Description**

In addition to providing pension benefits as described on the following footnote, the City provided post employment health care and life insurance benefits for retired employees, their dependents and beneficiaries. The benefits, benefit levels, employee and employer contributions are governed by Massachusetts General Law chapter 32. As of the actuarial valuation date, there are approximately 660 active and retired employees that meet the eligibility requirements. The plan does not issue a separate financial report.

**CITY OF NORTH ADAMS, MASSACHUSETTS  
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June 30, 2018**

**Funding Policy**

The contribution requirements of plan members and the City are established and may be amended through City ordinances. For the 2018 fiscal year, total City premiums plus implicit costs for the retiree medical program are \$2,620,643. The City is also projected to make a contribution to an OPEB Trust of \$0 for the 2018 fiscal year for a total contribution of \$2,620,643.

**Measurement Date**

GASB Statement No. 75 require the net OPEB liability to be measured as of the OPEB Plan's most recent fiscal year-end. Accordingly, the net OPEB liability was measured as of June 30, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2016.

**Plan Membership:**

Current active members	256
Current retirees, beneficiaries and dependents	376
Total	632

**Net OPEB Liability**

The components of the net OPEB liability are as follows:

	<b>June 30, 2018</b>
Total OPEB liability	\$ 88,987,529
Less: Plan fiduciary net position	-
City's Net OPEB liability	\$ 88,987,529
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%

**Actuarial Assumptions**

The total OPEB liability was determined by an actuarial valuation as of June 30, 2016, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified;

Valuation date	June 30, 2016 and a measurement date of June 30, 2018
Actuarial cost method	Individual Entry Age Normal
Asset valuation method	market value of assets as of the reporting date, June 30, 2018.
Investment rate of return	N/A
Discount rate	3.87 annually

**CITY OF NORTH ADAMS, MASSACHUSETTS  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2018**

Projected salary increases	Service-related increases for Group 1 (excluding Teachers) and Group 2 employees: 6.00% decreasing over nine years to an ultimate level of 4.25%. Service-related increases for Group 4 employees: 7.00% over six years to an ultimate level of 4.75%. Service-related increases for Group Teachers: 7.50% decreasing over twenty years to an ultimate level of 4.00%.
Cost of living adjustments	not applicable
Mortality rates	
Pre-retirement mortality	Healthy Non-Teachers: RP-2000 Employees Mortality Table projected generationally with Scale BB2D and a base year 2009. Teachers: RP-2014 White Collar Employee Mortality Table projected generationally with Scale MP-2016.
Post-retirement mortality	Healthy Non-Teachers: RP-2000 Healthy Annuitant Mortality Table projected generationally with Scale BB2D and a base year 2009. Teachers: RP-2014 White Collar Healthy Annuitant Mortality Table projected generationally with Scale MP-2016.
Disabled mortality	Non-Teachers: RP-2000 Healthy Annuitant Mortality Table projected generationally with Scale BB2D and a base year 2009. Teachers: RP-2014 Healthy Annuitant Mortality Table projected generationally with Scale BB2D and a base year 2014.

The actuarial assumptions used the June 30, 2016 actuarial valuation and market value of assets as of the measurement date of June 30, 2018 were reflective of published municipal bond indices; the S&P Municipal Bond 20-year High Grade Rate Index as of June 30, 2018 is 3.87%.

**Long-term Expected Rate of Return**

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major class included in the target asset allocation as of June 30, 2018, does not apply because there are no invested assets.

**Rate of Return**

For the year ended June 30, 2018, the annual money-weighted rate of return (which expresses investment performance), net of investment expense was not provided.

**Discount Rate**

The discount rate used to measure the total OPEB liability was 3.87%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rates and that member employer contributions will be made in accordance Massachusetts General Law Chapter 32. Based on those assumptions, the OPEB plan fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

**CITY OF NORTH ADAMS, MASSACHUSETTS  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2018**

**Changes in Net OPEB Liability**

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balances at June 30, 2017	\$ 89,128,539	\$ -	\$ 89,128,539
Service cost	3,300,966	-	3,300,966
Interest	3,262,479	-	3,262,479
Difference between actual and expected experience	-	-	-
Employer contributions to Trust	-	2,620,643	(2,620,643)
Net investment income	-	-	-
Changes in benefit terms	-	-	-
Changes in assumptions	(4,083,812)	-	(4,083,812)
Total benefit payments including implicit cost	(2,620,643)	(2,620,643)	-
Administrative expense	-	-	-
Net change in total OPEB liability	(141,010)	-	(141,010)
Balances at June 30, 2018	\$ 88,987,529	\$ -	\$ 88,987,529

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

The following presents the City's net OPEB liability using a discount rate of 3.87% as well as what the City's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.87%) or 1-percentage-point higher (4.87%) than the current rate:

	1% Decrease 2.87%	Current Discount Rate 3.87%	1% Increase 4.87%
City's net OPEB liability	\$ 104,328,846	\$ 88,987,529	\$ 76,801,791

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

The following presents the City's the net OPEB liability with the healthcare cost trend rate of 5.00% as well as what the City's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower at 4.00% or 1-percentage-point higher at 6.00% than the current healthcare cost trend rates:

	1% Decrease	Healthcare Cost Trend Rates	1% Increase
City's net OPEB liability	\$ 74,649,007	\$ 88,987,529	\$ 107,611,959

**CITY OF NORTH ADAMS, MASSACHUSETTS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2018**

**Summary of Significant Accounting Policies**

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

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

For the year ended June 30, 2018, the GASB Statement No. 75 reporting period and fiscal year ending date, the City recognized an OPEB expense of \$5,746,683 and reported deferred outflows of resources related to OPEB of \$0 and deferred inflows of resources related to OPEB of \$3,267,050.

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

<b>For years ended June 30,</b>		
<b>2019</b>	\$	(816,762)
<b>2020</b>		(816,762)
<b>2021</b>		(816,762)
<b>2022</b>		(816,764)
	\$	<u>(3,267,050)</u>

**H. Implementation of New GASB Pronouncements**

The GASB issued Statement No. 75, *Accounting and Financial Reporting for Post employment Benefit Plans Other Than Pension Plans*, for implementation in fiscal year 2018. The pronouncement replaces previously issued guidance and establishes new accounting and financial reporting requirements for governments whose employees are provided other post employment benefits.

The GASB issued Statement No. 81, *Irrevocable Split-Interest Agreements*, for implementation in fiscal year 2018. This pronouncement improves the accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement.

The GASB issued Statement No. 85, *Omnibus 2018*, which is required to be implemented in fiscal year 2018. This pronouncement addresses practice issues that have been identified during implementation and application of certain GASB Statements.

The GASB issued Statement No. 86, *Certain Debt Extinguishing Issues*, which is required to be implemented in fiscal year 2018. This pronouncement improves the consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transaction in which cash and other monetary assets acquired with only existing resources – resources other than the proceeds of refunding debt – are placed in an irrevocable trust for the sole purpose of extinguishing debt.



**CITY OF NORTH ADAMS, MASSACHUSETTS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2018**

**I. Future GASB Pronouncements**

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

The GASB issued Statement No. 83, *Certain Asset Retirement Obligations*, which is required to be implemented in fiscal year 2019. The pronouncement establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for asset retirement obligations.

The GASB issued Statement No. 84, *Fiduciary Activities*, which is required to be implemented in fiscal year 2020. The pronouncement establishes criteria for identifying fiduciary activities and its objective is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported.

The GASB issued Statement No. 87, *Leases*, for implementation in fiscal year 2021. This pronouncement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract.

The GASB issued Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*, for implementation in fiscal year 2019. This pronouncement improves the information that is disclosed in notes to the government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities government should include when disclosing information related to debt.

**5. RESTATEMENT**

The net position as of June 30, 2017 has been restated. As required by GASB Statement No. 75, the beginning net position decreased \$58,098,648 for governmental activities to reflect the change in the other post employment (OPEB) liability. Accordingly, the previously reported net position of \$61,946,118 has been revised to \$3,847,470 for governmental activities.

**REQUIRED SUPPLEMENTARY INFORMATION**

**CITY OF NORTH ADAMS, MASSACHUSETTS**  
**Required Supplementary Information**  
**Pension Plan Schedules**  
**North Adams Retirement System**  
**For the Year Ended June 30, 2018**

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

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

	<u>12/31/2017</u>	<u>12/31/2016</u>	<u>12/31/2015</u>	<u>12/31/2014</u>
City's share of the net pension liability (asset)	87.81%	88.11%	87.98%	88.85%
City's proportionate share net pension liability (asset)	<u>\$ 13,803,477</u>	<u>\$ 20,408,919</u>	<u>\$ 17,196,571</u>	<u>\$ 12,388,356</u>
City's covered employee payroll	\$ 10,903,000	\$ 10,359,000	\$ 10,359,000	\$ 10,090,000
City's percentage	87.81%	88.11%	87.98%	88.85%
City's share of covered employee payroll	<u>\$ 9,573,727</u>	<u>\$ 9,127,315</u>	<u>\$ 9,113,848</u>	<u>\$ 8,964,965</u>
Net pension liability percentage of covered-employee payroll	144.2%	223.6%	188.7%	138.2%
Plan fiduciary net position as a percentage of the total pension liability	80.3%	69.9%	73.7%	80.2%

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

**CITY OF NORTH ADAMS, MASSACHUSETTS**  
**Required Supplementary Information**  
**Pension Plan Schedules**  
**North Adams Retirement System**  
**For the Year Ended June 30, 2018**

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

**Schedule of the City's Contributions:**

	<u>12/31/2017</u>	<u>12/31/2016</u>	<u>12/31/2015</u>	<u>12/31/2014</u>
Actuarially determined contribution	\$ 2,692,393	\$ 2,589,784	\$ 2,478,795	\$ 2,357,190
Less: Contributions in relation to the actuarially determined contribution	<u>(2,692,393)</u>	<u>(2,589,784)</u>	<u>(2,478,795)</u>	<u>(2,357,190)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered employee payroll	\$ 10,903,000	\$ 10,359,000	\$ 10,359,000	\$ 10,090,000
City's percentage	<u>87.81%</u>	<u>88.11%</u>	<u>87.98%</u>	<u>88.85%</u>
City's proportionate share of covered employee payroll	<u>\$ 9,573,727</u>	<u>\$ 9,127,315</u>	<u>\$ 9,113,848</u>	<u>\$ 8,964,965</u>
Contributions percentage of covered-employee payroll	28.1%	28.4%	27.2%	26.3%

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

**CITY OF NORTH ADAMS, MASSACHUSETTS**  
**Required Supplementary Information**  
**Other Post Employment Benefit Plan Schedules**  
**For the Year Ended June 30, 2018**

**Schedule of Changes in the Net OPEB Liability:**

	<b>6/30/2018</b>
<b>Total OPEB liability</b>	
Service cost	\$ 3,300,966
Interest on net OPEB liability	3,262,479
Changes in Benefit terms	-
Changes in Assumptions	(4,083,812)
Difference between actual and expected experience	-
Benefit payments, including refunds of member contributions	(2,620,643)
Administrative expense	-
Net change in total OPEB liability	(141,010)
Total OPEB liability-beginning	89,128,539
<b>Total OPEB liability-ending (a)</b>	<b>\$ 88,987,529</b>
 <b>Plan fiduciary net position</b>	
Employer contributions to Trust	\$ 2,620,643
Benefit payments, including refunds of member contributions	(2,620,643)
Administrative expense	-
Net change in plan fiduciary net position	-
Total fiduciary net position-beginning	-
<b>Total fiduciary net position-ending (b)</b>	<b>\$ -</b>
 <b>City's net OPEB liability (a-b)</b>	<b>\$ 88,987,529</b>

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

**CITY OF NORTH ADAMS, MASSACHUSETTS**  
**Required Supplementary Information**  
**Other Post Employment Benefit Plan Schedules**  
**For the Year Ended June 30, 2018**

**Schedule of Net OPEB Liability:**

	<b>6/30/2018</b>
Total OPEB liability	\$ 88,987,529
Less: Plan fiduciary net position	-
City's Net OPEB liability	<b>\$ 88,987,529</b>
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%
City's share of covered employee payroll	N/A
Participating employer net OPEB liability (asset) as a percentage of covered-employee payroll	N/A

**Schedule of Contributions:**

	<b>6/30/2018</b>
Actuarially determined contribution	\$ 2,620,643
Less: Contributions in relation to the actuarially determined contribution	(2,620,643)
Contribution deficiency (excess)	<b>\$ -</b>
City's share of covered employee payroll	N/A
Contributions percentage of covered-employee payroll	N/A
Annual money-weighted rate of return net of investment expense	N/A

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

**CITY OF NORTH ADAMS, MASSACHUSETTS**  
**Required Supplementary Information**  
**Other Post Employment Benefit Plan Schedules**  
**For the Year Ended June 30, 2018**

**Schedule of Funding Progress:**

<b>Other Post Employment Benefits</b>							
<b>Date</b>	<b>Actuarial Fiduciary Net Position (A)</b>	<b>Actuarial Total OPEB Liability (B)</b>	<b>Actuarial Net OPEB Liability (B-A)</b>	<b>Actuarial Funded Ratio (A/B)</b>	<b>Actuarial Covered Payroll (C)</b>	<b>Actuarial Percentage of Covered Payroll ((B-A)/C)</b>	
6/30/2018	\$ -	\$ 88,987,529	\$ 88,987,529	0.0%	N/A	N/A	

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

## **SUPPLEMENTARY SCHEDULES**



**CITY OF NORTH ADAMS, MASSACHUSETTS**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**NON-MAJOR GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2018**

	Fund Balances				Other Financing	Fund Balances
	July 1, 2017	Revenues	Expenditures	Sources (Uses)	June 30, 2018	
<b>Special Revenue:</b>						
<b>Federal and State Grants:</b>						
School Grants	\$ 175,755	\$ 1,909,432	\$ 1,948,114	\$ -	\$ -	\$ 137,073
Airport Grants	(28,504)	295,887	232,516	-	-	34,867
Arts Lottery Council Grant	66,116	69,306	64,458	-	-	70,964
Community Development Grants	(29,102)	2,875,457	2,663,107	(159,702)	-	23,546
Council on Aging Grants	3,147	39,121	40,376	-	-	1,892
Capital Equipment and Facilities Grants	(1,169)	-	1,835	-	-	(3,004)
Highway Grants	20,978	516,916	521,014	-	-	16,880
Library Grants	5,238	29,866	24,233	-	-	10,871
Massachusetts Historical Commission	-	-	7,395	-	-	(7,395)
Other Grants and Programs	(660)	23,236	23,614	-	-	(1,038)
Public Safety Grants	299,974	927,784	1,071,812	-	-	155,946
Street Tier 2 Improvements	-	-	6,362	-	-	(6,362)
<b>Schools:</b>						
School Lunch Revolving	413,376	1,135,502	1,159,507	-	-	389,371
School Lunch Commodities	-	61,252	61,252	-	-	-
School Choice	1,086,870	336,898	-	-	-	1,423,768
School Insurance Reimbursement	1,453	-	-	-	-	1,453
School Revolving Accounts	170,799	111,373	146,522	-	-	135,650
State Special Education Reimbursement Fund	194,065	754,709	598,114	-	-	350,660
<b>Other:</b>						
Airport Funds	47,905	93,339	69,076	-	-	72,168
Buy Your Own Home Program	-	75,430	16,872	-	-	58,558
Conservation Commission	2,108	-	2,505	-	-	(397)
Gifts and Donations	169,628	157,005	150,186	-	-	176,447
Hardman Park Firepump	17,832	17,947	20,488	-	-	15,291
Heritage Park Rents	17,584	116,151	84,369	-	-	49,366
Landfill Transfer Station	295,020	105,472	-	(50,000)	-	350,492
Municipal Access Cable	229,906	36,745	-	(30,000)	-	236,651
<b>Total Special Revenue Page 65</b>	<b>\$ 3,158,319</b>	<b>\$ 9,688,828</b>	<b>\$ 8,913,727</b>	<b>\$ (239,702)</b>	<b>\$ -</b>	<b>\$ 3,693,718</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, 2018**

	Fund Balances July 1, 2017	Revenues	Expenditures	Other Financing Sources (Uses)	Fund Balances June 30, 2018
<b>Continued from Page 65</b>	\$ 3,158,319	\$ 9,688,828	\$ 8,913,727	\$ (239,702)	\$ 3,693,718
<b>Special Revenue (continued):</b>					
<b>Other (continued):</b>					
North Adams Farmers	10,328	30,529	32,559	-	8,298
Other Programs	40,783	2,000	4,460	-	38,323
Parking Meters and Permits	219,403	70,634	-	(42,891)	247,146
Police Outside Details	(22,117)	267,458	256,591	-	(11,250)
Property Damages	66,458	7,197	34,561	-	39,094
Sale of Cemetery Lots	98,024	12,225	-	-	110,249
Sale of City Property	63,544	-	-	44,075	107,619
Town of Adams Sewer Program	47,251	42,649	84,594	-	5,306
Windsor Mill Rents	(9,755)	160,278	113,486	124,000	161,037
Winsor Lake Campground	(100)	4,819	4,018	-	701
Colonel Lawrence	1,986	23	-	-	2,009
Skating Rink	(3,190)	176,581	167,864	-	5,527
<b>Total Special Revenue</b>	<b>3,670,934</b>	<b>10,463,221</b>	<b>9,611,860</b>	<b>(114,518)</b>	<b>4,407,777</b>
<b>Capital Projects:</b>					
Airport Improvements	(46,450)	161,677	152,912	-	(37,685)
Conte Middle School Feasibility Study	9	-	-	-	9
Conte Middle School Renovation	(557,297)	-	-	-	(557,297)
Education Reserve	1,348	-	-	-	1,348
Equipment and Engineering	-	176,600	650,068	57,825	(415,643)
Hodges Cross Road Facility	(1,319,350)	-	163,190	-	(1,482,540)
Purchase of Vehicles and Equipment	(84,493)	-	-	50,000	(34,493)
Street Tier 2 Improvement	-	-	9,875	-	(9,875)
Windsor Lake Improvement	341	-	-	-	341
<b>Total Capital Projects</b>	<b>\$ (2,005,892)</b>	<b>\$ 338,277</b>	<b>\$ 976,045</b>	<b>\$ 107,825</b>	<b>\$ (2,535,835)</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, 2018**

	Fund Balances July 1, 2017	Revenues	Expenditures	Other Financing Sources (Uses)	Fund Balances June 30, 2018
<b>Permanent Funds:</b>					
Cemetery Perpetual Care	\$ 484,868	\$ 16,601	\$ -	\$ -	\$ 501,469
Tinker Trust Fund	40,611	4,000	-	(8,000)	36,611
<b>Total Permanent Funds</b>	<u>525,479</u>	<u>20,601</u>	<u>-</u>	<u>(8,000)</u>	<u>538,080</u>
<b>Total - Non-Major Governmental Funds</b>	<u>\$ 2,190,521</u>	<u>\$ 10,822,099</u>	<u>\$ 10,587,905</u>	<u>\$ (14,693)</u>	<u>\$ 2,410,022</u>

**CITY OF NORTH ADAMS, MASSACHUSETTS  
SCHEDULE OF REAL ESTATE AND PERSONAL PROPERTY TAXES  
JULY 1, 2017 TO JUNE 30, 2018**

	<b>Uncollected Taxes July 1, 2017</b>	<b>Commitments</b>	<b>Abatements and Adjustments</b>	<b>Collections Net of Refunds and Overpayments</b>	<b>Uncollected Taxes June 30, 2018</b>	<b>Uncollected Taxes Per Detail June 30, 2018</b>
<b>Real Estate Taxes:</b>						
Levy of 2018	\$ -	\$ 15,678,522	\$ 562,373	\$ 14,477,514	\$ 638,635	\$ 638,635
Levy of 2017	475,679	-	126,345	301,383	47,951	47,951
Levy of 2016	93,524	-	49,103	(1,973)	46,394	46,394
Levy of 2015	5,090	-	-	-	5,090	5,090
Levy of 2014	10,211	-	-	-	10,211	10,211
Prior Years	29,800	-	(75)	-	29,875	29,875
	<u>614,304</u>	<u>15,678,522</u>	<u>737,746</u>	<u>14,776,924</u>	<u>778,156</u>	<u>778,156</u>
<b>Personal Property Taxes:</b>						
Levy of 2018	-	1,256,406	9,876	1,205,831	40,699	40,699
Levy of 2017	47,712	-	-	3,931	43,781	43,781
Levy of 2016	29,908	-	-	5,875	24,033	24,033
Levy of 2015	9,715	-	61	349	9,305	9,305
Levy of 2014	7,269	-	-	1,980	5,289	5,289
Prior Years	6,533	-	-	53	6,480	6,480
	<u>101,137</u>	<u>1,256,406</u>	<u>9,937</u>	<u>1,218,019</u>	<u>129,587</u>	<u>129,587</u>
<b>Total Real Estate and Personal Property Taxes</b>	<u>\$ 715,441</u>	<u>\$ 16,934,928</u>	<u>\$ 747,683</u>	<u>\$ 15,994,943</u>	<u>\$ 907,743</u>	<u>\$ 907,743</u>

**CITY OF NORTH ADAMS, MASSACHUSETTS  
SCHEDULE OF MOTOR VEHICLE EXCISE TAXES  
JULY 1, 2017 TO JUNE 30, 2018**

	<b>Uncollected Taxes July 1, 2017</b>	<b>Commitments</b>	<b>Abatements and Adjustments</b>	<b>Collections Net of Refunds and Overpayments</b>	<b>Uncollected Taxes June 30, 2018</b>	<b>Uncollected Taxes Per Detail June 30, 2018</b>
<b>Motor Vehicle Excise Taxes:</b>						
Levy of 2018	\$ -	\$ 1,075,463	\$ 40,150	\$ 891,798	\$ 143,515	\$ 143,515
Levy of 2017	134,946	124,312	19,095	190,264	49,899	49,875
Levy of 2016	46,273	-	571	21,005	24,697	24,316
Levy of 2015	21,109	-	421	5,490	15,198	15,198
Levy of 2014	14,682	-	(290)	1,810	13,162	13,042
Prior Years	88,661	-	-	3,049	85,612	85,612
<b>Total Motor Vehicle Excise Taxes</b>	<b>\$ 305,671</b>	<b>\$ 1,199,775</b>	<b>\$ 59,947</b>	<b>\$ 1,113,416</b>	<b>\$ 332,083</b>	<b>\$ 331,558</b>

**CITY OF NORTH ADAMS, MASSACHUSETTS  
 SCHEDULE OF TAX LIENS AND TAX FORECLOSURES  
 JULY 1, 2017 TO JUNE 30, 2018**

	<b>Uncollected Accounts July 1, 2017</b>	<b>Commitments</b>	<b>Abatements and Adjustments</b>	<b>Collections Net of Refunds and Overpayments</b>	<b>Uncollected Accounts June 30, 2018</b>	<b>Uncollected Accounts Per Detail June 30, 2018</b>
<b>Tax Liens</b>	\$ 2,493,206	\$ 528,638	\$ (150)	\$ 173,091	\$ 2,848,903	\$ 2,848,744
<b>Tax Foreclosures</b>	\$ 197,855	\$ -	\$ 4,925	\$ -	\$ 192,930	\$ 192,930