

CITY OF NORTH ADAMS, MASSACHUSETTS
Report on the Examination of Basic Financial Statements
For the Year Ended June 30, 2022

CITY OF NORTH ADAMS, MASSACHUSETTS
Report on the Examination of Basic Financial Statements
For the Year Ended June 30, 2022

TABLE OF CONTENTS

	<u>Page</u>
TABLE OF CONTENTS	2
INDEPENDENT AUDITOR’S REPORT ON:	
Basic Financial Statements	3-5
MANAGEMENT’S DISCUSSION AND ANALYSIS	6-12
BASIC FINANCIAL STATEMENTS	13
Statement of Net Position	14-15
Statement of Activities	16
Balance Sheet - Governmental Funds	17
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	18
Reconciliation of the Governmental Funds Balance Sheet Total Fund Balances to the Statement of Net Position	19
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	20
Statement of Revenues and Expenditures – Budgetary Basis – (Non-GAAP) Budget and Actual – General Fund	21
Reconciliation of Revenues and Expenditures from Budgetary Basis to GAAP Basis	22
Statement of Fiduciary Net Position – Fiduciary Funds	23
Statement of Changes in Fiduciary Net Position – Fiduciary Funds	24
Notes to the Financial Statements	25-61
REQUIRED SUPPLEMENTARY INFORMATION	62
Pension Plan Schedules	63-64
Other Post Employment Benefit Plan Schedules	65-67
SUPPLEMENTAL SCHEDULE	68
Schedule of Revenues, Expenditures and Changes in Fund Balances – Non-Major Governmental Funds	69-71

Independent Auditor's Report

To the Honorable Mayor
City of North Adams, Massachusetts

Report on the Audit of Financial Statements

Opinions

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of North Adams, Massachusetts, as of and for the year ended June 30, 2022, (except for the North Adams Retirement System, which is as of December 31, 2021) 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.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the City of North Adams, Massachusetts, as of June 30, 2022, (except for the North Adams Retirement System, which is as of December 31, 2021) and the respective changes in financial position thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of North Adams, Massachusetts, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of North Adams, Massachusetts' ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Supplementary Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 28, 2023, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of North Adams, Massachusetts' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of North Adams, Massachusetts' internal control over financial reporting and compliance.

Scanlon & Associates, LLC
South Deerfield, Massachusetts

June 28, 2023

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, 2022. The intent of this discussion and analysis is to look at the City's financial performance as a whole. Readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the City's financial performance.

Financial Highlights

- The City's liabilities and deferred inflows of resources exceeded its assets and deferred outflows of resources by \$2,417,159 (net position) for the fiscal year reported. This compares to the previous year when liabilities and deferred inflows of resources exceeded its assets and deferred outflows of resources by \$5,327,311, or an increase of \$2,910,152 (55%).
- At the close of the current fiscal year, the City's governmental funds reported a total ending fund balance of \$9,633,416, an increase of \$3,856,597 (67%) in comparison with the prior year.
- The General Fund's total fund balance increased by \$1,797,320 (69%) to \$4,386,742. The ending General fund balance is 9% of revenues and transfers in and 9% of expenditures and transfers out.
- Total liabilities of the City decreased by \$32,280,867 (22%) to \$117,540,826 during the fiscal year. This was mainly attributed to increases in warrants and accounts payable of \$456,919 and in unearned revenue of \$938,896; and decreases in the OPEB liability of \$28,466,813, in the pension liability of \$4,168,311 and in debt payable of \$799,459.

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.

The government-wide financial statements include not only the City of North Adams itself (known as the *primary government*), but also a legally separate public employee retirement system for which the City of North Adams is financially accountable. Financial information for this *component unit* is reported separately within the fiduciary fund statements.

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		
	2022	2021	Change
Assets:			
Current assets	\$ 24,324,411	\$ 19,148,695	\$ 5,175,716
Noncurrent assets (excluding capital assets)	1,937	207,345	(205,408)
Capital assets	102,163,077	105,252,156	(3,089,079)
Total assets	126,489,425	124,608,196	1,881,229
Deferred Outflows of Resources	24,141,813	33,964,381	(9,822,568)
Liabilities:			
Current liabilities (excluding debt and lease)	5,716,415	4,394,535	1,321,880
Current debt and leases payable	4,027,121	4,267,459	(240,338)
Noncurrent liabilities (excluding debt)	102,664,696	135,372,984	(32,708,288)
Noncurrent debt and leases payable	5,132,594	5,786,715	(654,121)
Total liabilities	117,540,826	149,821,693	(32,280,867)
Deferred Inflows of Resources	35,507,571	14,078,195	21,429,376
Net Position:			
Net investment in capital assets	93,210,707	95,616,057	(2,405,350)
Restricted	9,360,408	7,004,094	2,356,314
Unrestricted	(104,988,274)	(107,947,462)	2,959,188
Total net position	\$ (2,417,159)	\$ (5,327,311)	\$ 2,910,152

Financial Highlights
Statement of Activities Highlights

	Governmental Activities		
	2022	2021	Change
Program Revenues:			
Charges for services	\$ 6,215,517	\$ 5,761,169	\$ 454,348
Operating grants and contributions	28,155,583	27,271,144	884,439
Capital grants and contributions	888,372	1,587,558	(699,186)
General Revenues:			
Property taxes	19,731,352	19,217,356	513,996
Motor vehicle and other taxes	1,094,808	1,163,948	(69,140)
Hotel room occupancy taxes	1,283,602	499,809	783,793
Penalties and interest on taxes	245,076	298,000	(52,924)
Nonrestricted grants	5,026,496	4,867,506	158,990
Unrestricted investment income	7,579	12,026	(4,447)
Miscellaneous	54,616	88,474	(33,858)
Gain/(Loss) on sale of capital asset	-	36,087	(36,087)
Total revenues	62,703,001	60,803,077	1,899,924
Expenses:			
General government	4,243,734	4,776,207	(532,473)
Airport	1,138,572	830,100	308,472
Public safety	5,545,636	5,336,142	209,494
Public works	5,649,699	5,284,173	365,526
Education	26,852,860	23,689,274	3,163,586
Health and human services	972,130	1,318,954	(346,824)
Culture and recreation	1,579,694	1,257,016	322,678
Employee benefits and insurance	10,153,063	19,845,825	(9,692,762)
State assessments	3,408,103	2,979,397	428,706
Interest	249,358	290,833	(41,475)
Total expenses	59,792,849	65,607,921	(5,815,072)
Change in net position	2,910,152	(4,804,844)	7,714,996
Net position - beginning of year	(5,327,311)	(522,467)	(4,804,844)
Net position - end of year	\$ (2,417,159)	\$ (5,327,311)	\$ 2,910,152

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. Liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by \$2,417,159 at the close of fiscal year 2022.

Net position of \$93,210,707 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, \$9,360,408 represents resources that are subject to external restrictions on how they may be used. The remaining balance consists of *unrestricted net position* (\$104,988,274).

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

The governmental activities net position increased by \$2,910,152 (55%) during the current fiscal year. The key elements of the increase in net position for fiscal year 2022 were increases due to the net changes in governmental fund balances of \$3,856,597, in the OPEB liability of \$28,466,813 and in the pension liability of \$4,168,311; and decreases attributed to the depreciation expense (normally spread out over the useful life of the asset) for the year of \$5,066,166 exceeding to the acquisition of \$1,977,087 in new capital assets, and in the deferred outflow/inflow of resources related to OPEB of \$31,540,969.

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 \$9,633,416, an increase of \$3,856,597 (67%) in comparison with the prior year.

Breakdown of the governmental fund balances are as follows:

- Restricted fund balance – \$8,884,788.
- Committed fund balance – \$551,784.
- Assigned fund balance – \$506,087.
- Unassigned fund balance – (\$309,243).

Major Governmental Funds

The *General Fund* is the City's primary operating fund and the largest source of day-to-day operations. At the end of the fiscal year, the General Fund reported a fund balance of \$4,386,742 increasing \$1,797,320 (69%) from the prior year. Of the \$4,386,742 the unassigned amount is \$3,880,655 (88%) and the assigned amount is \$506,087 (12%). General fund revenues were \$935,659 (2%) less than the prior fiscal year and expenditures also decreased by \$822,212 (2%). Other activity in the General Fund consisted of net transfers from other funds of \$300,414.

The main components of the increases in general fund revenues as compared to the prior year are related to increases in personal property taxes of \$646,460 (3%), intergovernmental receipts of \$344,844 (2%), excise and other taxes of \$662,037; and a decrease in intergovernmental "on-behalf payments of \$2,660,210 (51%) from the prior year.

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

- Increase in Public safety expenditures of \$132,409 (3%).
- Increase in Public works expenditures of \$520,342 (13%).
- Increase in Education expenditures of \$728,740 (4%).
- Increase in Employee benefits and insurance expenditures of \$2,812,051 (20%).

The *American Rescue Plan Act (ARPA) Grant Fund* is a United States Federal Government established funding source to assist in the fighting of the coronavirus. The fund has no balance. This is attributed to revenues of \$297,431 and expenses of \$297,431. The fund has an accumulated a liability balance of \$1,605,111 for unearned revenue.

General Fund Budgetary Highlights

The final general fund budget for fiscal year 2022 was \$46,547,328. This is an increase of \$2,233,245 (5%) over the previous year's budget.

There was a change between the total original budget and the total final amended budget line items. The changes are attributed to council votes during the year for various budget operating line items.

General fund expenditures were more than budgeted by \$1,271,588. Of the \$1,271,588 in over budget expenditures, \$504,668 has been carried over to fiscal year 2023.

There are negative variances in interest and penalties on delinquent taxes of \$54,924 and in interest on investments of \$2,183 as revenues did not meet budget expectations.

A negative variance exists in State assessments of \$50,343 as the Town had higher assessments in the registry of motor vehicles non-renewal surcharges of \$80 and in the charter school sending tuitions of \$2,669 and lower assessments in special education of \$2,015 and school choice sending tuitions of \$51,077 than withheld by the State.

Overall, the variance with the final budget was a positive \$1,915,439 consisting of a revenue surplus of \$1,149,938 and an appropriation surplus of \$765,501.

Capital Asset and Debt Administration

Capital Assets. The City's investment in capital assets for its governmental activities as of June 30, 2022 amounts to \$102,163,077.

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:

- Mohawk Trail woodland improvements for \$300,000.
- City parking charging stations for \$53,218.
- Airport improvements for \$35,987.
- Police Station building improvements for \$37,321.
- Fire Department Station improvements for \$59,600.
- Fire Department vehicle and equipment purchases for \$162,122.
- Department of public works vehicle and equipment purchases for \$145,554.
- Roads and sidewalks infrastructure improvements for \$214,238.
- Water infrastructure and hydrant improvements for \$372,037.
- School Department vehicle and equipment purchases for \$228,353.
- Spitzer Senior Center improvements for \$396,057.

Debt. The City's governmental outstanding long-term notes and debt as of June 30, 2022 totaled \$5,786,715. Of this, \$305,000 is for municipal purpose loans, \$5,205,000 for the middle school renovations, \$55,188 for sewer system improvements, \$17,527 for the Heritage Park settlement and \$204,000 is for an Intergovernmental Loan - Section 108 U. S. Department of Housing and Urban Development (HUD).

The City also has bond anticipation notes outstanding as of June 30, 2022 in the amount of \$3,373,000 for the middle school improvements, departmental vehicles and equipment, a land purchase and other capital activities.

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

Fiscal Year 2023 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, 2022 do not reflect the fiscal year 2023 City Council actions. The City Council meetings from June 14, 2022 authorized the fiscal year 2023 operating and capital budget as follows:

From Raise and Appropriate	\$ 44,536,735
From Other Available Funds:	
Non-major Governmental Funds:	
American Rescue Plan Act Grant	50,000
Municipal access technology	150,000
	<u>150,000</u>
	<u>\$ 44,736,735</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, 2022

	Primary Government
	Governmental
	Activities
ASSETS	
CURRENT:	
Cash and Cash Equivalents	\$ 16,198,431
Investments	499,833
Receivables, net of allowance for uncollectibles:	
Property Taxes	516,647
Tax Liens	3,639,532
Excise Taxes	237,517
User Charges	487,125
Departmental	287,851
Loans	255,326
Due from Other Governments	2,069,471
Tax Foreclosures	132,678
Total current assets	24,324,411
NONCURRENT:	
Receivables, net of allowance for uncollectibles:	
Due from Other Governments	1,937
Capital Assets, net of accumulated Depreciation	
Nondepreciable	24,933,885
Depreciable	77,229,192
Total noncurrent assets	102,165,014
Total Assets	126,489,425
DEFERRED OUTFLOWS OF RESOURCES	
Deferred Outflows Related to Pensions	1,221,171
Deferred Outflows Related to OPEB	22,920,642
Total Deferred Outflows of Resources	24,141,813

(Continued)

**CITY OF NORTH ADAMS, MASSACHUSETTS
STATEMENT OF NET POSITION
JUNE 30, 2022**

	Primary Government
	Governmental Activities
LIABILITIES	
CURRENT:	
Warrants and Accounts Payable	1,427,688
Accrued Payroll	1,710,881
Payroll Withholdings	398,444
Accrued Interest	95,922
Other	79,934
Unearned Revenue	1,605,111
Compensated Absences	398,435
Bond Anticipation Notes Payable	3,373,000
Intergovernmental - Loan Payable	204,000
Bonds Payable	450,121
Total current liabilities	9,743,536
NONCURRENT:	
Compensated Absences	346,848
Net OPEB Liability	100,588,215
Net Pension Liability	1,729,633
Bonds Payable	5,132,594
Total noncurrent liabilities	107,797,290
Total Liabilities	117,540,826
DEFERRED INFLOWS OF RESOURCES	
Deferred Inflows Related to Pensions	6,568,639
Deferred Inflows Related to OPEB	28,938,932
Total Deferred Inflows of Resources	35,507,571
NET POSITION	
Net Investment in Capital Assets	93,210,707
Restricted for:	
Capital Projects	904,664
Federal & State Grants	2,417,947
Permanent Funds	685,994
Other Purposes	5,351,803
Unrestricted	(104,988,274)
Total Net Position	\$ (2,417,159)

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, 2022**

	Program Revenues				Net (Expenses) Revenues and Changes in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government Governmental Activities
Primary Government:					
Governmental Activities:					
General Government	\$ 4,243,734	\$ 568,901	\$ 2,683,595	\$ 85,362	\$ (905,876)
Airport	1,138,572	116,804	-	348,399	(673,369)
Public Safety	5,545,636	666,478	525,644	-	(4,353,514)
Public Works	5,649,699	3,420,871	35,537	454,611	(1,738,680)
Education	26,852,860	955,433	21,350,878	-	(4,546,549)
Health and Human Services	972,130	125,792	899,254	-	52,916
Culture and Recreation	1,579,694	361,238	137,892	-	(1,080,564)
Employee Benefits and Insurance	10,153,063	-	2,514,962	-	(7,638,101)
State Assessments	3,408,103	-	-	-	(3,408,103)
Interest	249,358	-	7,821	-	(241,537)
Total Primary Government	\$ 59,792,849	\$ 6,215,517	\$ 28,155,583	\$ 888,372	\$ (24,533,377)
General Revenues:					
Property Taxes					19,731,352
Motor Vehicle and Other taxes					1,094,808
Hotel Room Occupancy, Meals and Cannabis Taxes					1,283,602
Penalties & Interest on Taxes					245,076
Grants & Contributions not Restricted to Specific Programs					5,026,496
Unrestricted Investment Income					7,579
Miscellaneous					54,616
Total General Revenues					27,443,529
					Change in Net Position
					2,910,152
					Net Position:
					Beginning of year
					(5,327,311)
					End of year
					\$ (2,417,159)

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

**CITY OF NORTH ADAMS, MASSACHUSETTS
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2022**

	General Fund	American Rescue Plan Act Grant Fund	Nonmajor Governmental Funds	Total Governmental Funds
Assets:				
Cash and Cash Equivalents	\$ 7,044,556	\$ 1,649,059	\$ 7,504,816	\$ 16,198,431
Investments	-	-	499,833	499,833
Receivables, net of allowance for uncollectibles:				
Property Taxes	516,647	-	-	516,647
Tax Liens	3,639,532	-	-	3,639,532
Excise Taxes	237,517	-	-	237,517
User Charges	487,125	-	-	487,125
Departmental	111,955	-	175,896	287,851
Loans	-	-	255,326	255,326
Due from Other Governments	259,657	-	1,806,324	2,065,981
Tax Foreclosures	132,678	-	-	132,678
Total Assets	\$ 12,429,667	\$ 1,649,059	\$ 10,242,195	\$ 24,320,921
Liabilities:				
Warrants and Accounts Payable	\$ 676,607	\$ 43,948	\$ 707,133	\$ 1,427,688
Accrued Payroll	1,690,146	-	20,735	1,710,881
Employee Withholdings	391,539	-	-	391,539
Other	69,792	-	10,142	79,934
Unearned Revenue	-	1,605,111	-	1,605,111
Bond Anticipation Note Payable	-	-	3,373,000	3,373,000
Total Liabilities	2,828,084	1,649,059	4,111,010	8,588,153
Deferred Inflows of Resources - Unavailable Revenue	5,214,841	-	884,511	6,099,352
Fund Balance:				
Restricted	-	-	8,884,788	8,884,788
Committed	-	-	551,784	551,784
Assigned	506,087	-	-	506,087
Unassigned	3,880,655	-	(4,189,898)	(309,243)
Total Fund Balance	4,386,742	-	5,246,674	9,633,416
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 12,429,667	\$ 1,649,059	\$ 10,242,195	\$ 24,320,921

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, 2022**

	General Fund	American Rescue Plan Act Grant Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:				
Property Taxes	\$ 19,924,093	\$ -	\$ -	\$ 19,924,093
Intergovernmental	19,503,572	297,431	10,978,543	30,779,546
Excise and Other Taxes	2,404,230	-	-	2,404,230
Charges for Services - User Charges	3,223,157	-	1,674,264	4,897,421
Licenses, Permits, Fees	1,464,939	-	-	1,464,939
Other	-	-	537,235	537,235
Interest and Penalties on Delinquent Taxes	245,076	-	-	245,076
Investment Income	7,579	-	33,037	40,616
Intergovernmental - "On-behalf" Payments	2,518,105	-	-	2,518,105
Total Revenues	49,290,751	297,431	13,223,079	62,811,261
Expenditures:				
Current:				
General Government	2,344,843	297,431	1,526,792	4,169,066
Airport	47,290	-	353,347	400,637
Public Safety	4,582,723	-	1,020,211	5,602,934
Public Works	4,495,115	-	376,873	4,871,988
Education	18,758,395	-	6,786,839	25,545,234
Health and Human Services	759,488	-	600,043	1,359,531
Culture and Recreation	653,995	-	350,073	1,004,068
Employee Benefits and Insurance	11,536,243	-	-	11,536,243
State Assessments	3,408,103	-	-	3,408,103
Debt Service:				
Principal	959,145	-	235,314	1,194,459
Interest	248,505	-	8,896	257,401
Total Expenditures	47,793,845	297,431	11,258,388	59,349,664
Excess of Revenues Over (Under) Expenditures	1,496,906	-	1,964,691	3,461,597
Other Financing Sources (Uses):				
Operating Transfers In	320,982	-	20,568	341,550
Operating Transfers Out	(20,568)	-	(320,982)	(341,550)
Proceeds from Bonds and Notes	-	-	395,000	395,000
Total Other Financing Sources (Uses)	300,414	-	94,586	395,000
Net Change in Fund Balances	1,797,320	-	2,059,277	3,856,597
Fund Balances, Beginning of Year	2,589,422	-	3,187,397	5,776,819
Fund Balances, End of Year	\$ 4,386,742	\$ -	\$ 5,246,674	\$ 9,633,416

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, 2022

Total Governmental Fund Balances		\$ 9,633,416
Capital Assets (net) used in governmental activities are not financial resources and therefore, are not reported in the funds.		102,163,077
Revenues are recognized on an accrual basis of accounting instead of a modified accrual basis.		6,097,874
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.		(11,365,758)
Long Term liabilities are not due and payable in the current period and therefore, are not reported in the governmental funds:		
Bonds Payable	\$ (5,582,715)	
Intergovernmental Loan Payable	(204,000)	
Net Other Post Employment Benefits Liability	(100,588,215)	
Net Pension Liability	(1,729,633)	
Compensated Absences	<u>(745,283)</u>	(108,849,846)
In the statement of activities, interest is accrued on outstanding long term debt, whereas in governmental funds, interest is not reported until due.		<u>(95,922)</u>
Net Position of Governmental Activities		<u><u>\$ (2,417,159)</u></u>

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

CITY OF NORTH ADAMS, MASSACHUSETTS
Reconciliation of the Statement of Revenues, Expenditures
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Year Ended June 30, 2022

Net Change in Fund Balances - Total Governmental Funds \$ 3,856,597

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	\$ 1,977,087	
Depreciation	<u>(5,066,166)</u>	(3,089,079)

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.

(108,260)

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	1,194,459	
Proceeds from Issuance of Bonds and Notes	<u>(395,000)</u>	799,459

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	60,212	
Net Change in Net Other Post Employment Benefits Liability	28,466,813	
Net Change in Deferred Outflow/(Inflow) of Resources related to OPEB	(31,540,969)	
Net Change in Deferred Outflow/(Inflow) of Resources related to Pensions	289,025	
Net Change in Net Pension Liability	4,168,311	
Net Change in Accrued Interest on Long-Term Debt	<u>8,043</u>	<u>1,451,435</u>

Change in Net Position of Governmental Activities \$ 2,910,152

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, 2022

	<u>Budgeted Amounts</u>				Actual	Amounts Carried Forward to Next Year	Variance with Final Budget Positive (Negative)	
	Amounts Carried		Final					Budgetary
	Forward from Prior Year	Original Budget	Budget	Basis				
Revenues:								
Property Taxes	\$ -	\$ 19,843,682	\$ 19,843,682	\$ 20,045,093	\$ -	\$ 201,411		
Intergovernmental	-	19,391,789	19,391,789	19,503,572	-	111,783		
Excise and Other Taxes	-	1,708,180	1,708,180	2,404,230	-	696,050		
Charges for Services - User Charges	-	3,185,000	3,185,000	3,223,157	-	38,157		
Licenses, Permits, Fees	-	1,305,295	1,305,295	1,464,939	-	159,644		
Interest and Penalties on Delinquent Taxes	-	300,000	300,000	245,076	-	(54,924)		
Interest on Investments	-	8,300	8,300	6,117	-	(2,183)		
Total Revenues	-	45,742,246	45,742,246	46,892,184	-	1,149,938		
Expenditures:								
Current:								
General Government	39,881	2,321,447	2,447,528	2,344,843	41,406	61,279		
Airport	-	102,990	82,422	47,290	-	35,132		
Public Safety	-	4,571,370	4,705,420	4,582,723	19,991	102,706		
Public Works	59,518	4,154,933	4,653,601	4,495,115	99,518	58,968		
Education	370,871	18,885,529	19,275,079	18,758,395	318,847	197,837		
Health and Human Services	-	927,723	816,346	759,488	-	56,858		
Culture and Recreation	34,398	681,275	719,848	653,995	26,325	39,528		
Employee Benefits and Insurance	-	9,484,615	9,234,720	9,021,281	-	213,439		
State Assessments	-	3,357,760	3,357,760	3,408,103	-	(50,343)		
Debt Service:								
Principal	-	958,415	958,415	958,415	-	-		
Interest	-	296,189	296,189	246,092	-	50,097		
Total Expenditures	504,668	45,742,246	46,547,328	45,275,740	506,087	765,501		
Excess of Revenues Over (Under) Expenditures	(504,668)	-	(805,082)	1,616,444	(506,087)	1,915,439		
Other Financing Sources (Uses):								
Operating Transfers In	-	-	320,982	320,982	-	-		
Operating Transfers Out	-	-	(262,267)	(262,267)	-	-		
Total Other Financing Sources (Uses)	-	-	58,715	58,715	-	-		
Net Change in Budgetary Fund Balance	(504,668)	-	(746,367)	\$ 1,675,159	\$ (506,087)	\$ 1,915,439		
Other Budgetary Items:								
Free Cash and Other Reserves	-	-	241,699					
Prior Year Encumbrances	504,668	-	504,668					
Total Other Budgetary Items	504,668	-	746,367					
NET BUDGET	\$ -	\$ -	\$ -					

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

CITY OF NORTH ADAMS, MASSACHUSETTS
Reconciliation of Revenues and Expenditures
from Budgetary Basis to GAAP Basis
For the Year Ended June 30, 2022

	Revenues	Expenditures
Reported on a Budgetary Basis	\$ 46,892,184	\$ 45,275,740
<i>Adjustments:</i>		
Activity for Stabilization Fund Recorded in the General Fund for GAAP Purposes	1,462	-
Recognition of Intergovernmental Revenue - "on behalf payments"	2,518,105	-
Recognition of Expenditures - "on behalf payments"	-	2,518,105
Net Decrease in Revenue from Recording 60-Day Receipts	(121,000)	-
Reported on a GAAP Basis	\$ 49,290,751	\$ 47,793,845

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, 2022**

	North Adams Employees Retirement System Pension Trust Fund (as of December 31, 2021)		Private Purpose Trust Funds
ASSETS			
Cash and Cash Equivalents	\$ 147,305	\$	338,397
Investments	90,516,299		-
Accrued Interest and Dividends	48,572		-
Accounts Receivable	20,181		-
Total Assets	90,732,357		338,397
LIABILITIES			
Warrants Payable	28,138		-
Total Liabilities	28,138		-
NET POSITION			
Restricted for Pensions	90,704,219		-
Held in Trust for Other Purposes	-		338,397
Total Net Position	\$ 90,704,219	\$	338,397

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, 2022**

	North Adams Employees Retirement System Pension Trust Fund (as of December 31, 2021)	Private Purpose Trust Funds
Additions		
Contributions:		
Employers	\$ 3,692,385	\$ -
Plan Members	1,121,652	-
Transfers/Reimbursements from Other Systems	91,314	-
Commonwealth of Massachusetts - COLA	32,380	-
Miscellaneous	-	1,428
Total Contributions	4,937,731	1,428
Investment Income:		
Interest & Dividends	859,107	1,402
Net Change in Fair Value of Investments	7,949,521	-
Total Investment Earnings	8,808,628	1,402
Less Investment Expense	(348,492)	-
Net Investment Earnings	8,460,136	1,402
Total Additions	13,397,867	2,830
Deductions:		
Benefit Payments to Plan Members and Beneficiaries	5,633,769	-
Refunds to Members	76,988	-
Transfers to Other Systems	411,502	-
Educational Scholarships	-	2,800
General Expenses	161,165	-
Total Deductions	6,283,424	2,800
Change in Net Position	7,114,443	30
Net Position at Beginning of Year	83,589,776	338,367
Net Position at End of Year	\$ 90,704,219	\$ 338,397

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, 2022

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.

CITY OF NORTH ADAMS, MASSACHUSETTS
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

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 is indirectly liable for debt and other expenditures of the School District and is assessed annually for its share of operating and capital costs. The City elects four district committee members and appoints one member from the City's school committee for its representation. The District is responsible for both the operating and capital costs related to the school and operates independently from the City.

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

B. Government-Wide and Fund Financial Statements

Government-wide financial statements

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

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

Fund financial statements

Separate financial statements are provided for governmental funds 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),

CITY OF NORTH ADAMS, MASSACHUSETTS
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

and

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

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

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.

CITY OF NORTH ADAMS, MASSACHUSETTS
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

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.

The *american rescue plan act (ARPA) grant fund* is a United States Federal Government established funding source to assist in the fighting of the coronavirus.

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

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

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

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

Additionally, the City reports the following fund types:

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

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

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

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).

CITY OF NORTH ADAMS, MASSACHUSETTS
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

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.

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, 2021 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.

CITY OF NORTH ADAMS, MASSACHUSETTS
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

The City mailed preliminary tax bills for the fiscal year 2022 on June 28, 2021 that were due on August 2, 2021 and November 1, 2021 and actual bills on December 27, 2021 that were due on February 1, 2022 and May 2, 2022.

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 2022 is \$20,111,402.

The total amount raised by taxation was \$20,065,871.

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.

CITY OF NORTH ADAMS, MASSACHUSETTS
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

Due from Other Governments

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

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

G. Capital Assets

Capital assets, which include land, construction in progress, buildings and 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:

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

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

H. Interfund Transfers

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

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

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

I. Deferred Outflows and Inflows of Resources

Government-wide financial statements

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

CITY OF NORTH ADAMS, MASSACHUSETTS
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

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

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.

CITY OF NORTH ADAMS, MASSACHUSETTS
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

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

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

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

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

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

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

K. Long-term Debt

Long-term debt is reported as liabilities in the government-wide statement of net position. Material bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method.

The face amount of governmental funds long-term debt is reported as other financing sources. Bond premiums and discounts, as well as issuance costs, are recognized in the current period. Bond premiums are reported as other financing sources and bond discounts are reported as other financing uses. Issuance costs, whether or not withheld from the actual bond proceeds received, are reported as general government expenditures.

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.

CITY OF NORTH ADAMS, MASSACHUSETTS
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

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.

O. Use of Estimates

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

P. Total Column

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

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

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

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

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

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

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

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

CITY OF NORTH ADAMS, MASSACHUSETTS
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

For fiscal year 2022, the City incurred a final budget deficit of \$746,367 for the General Fund.

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

Unassigned fund balance:		
Free cash votes	\$	241,699
Prior year's encumbrances		<u>504,668</u>
	\$	<u><u>746,367</u></u>

B. Deficit Fund Balance

The following funds had a deficit at June 30, 2022 as measured by the balances of unreserved fund balance:

- Capital project airport improvements fund has a deficit of \$200,000. This deficit will be eliminated upon appropriation.
- Capital project Conte Middle School renovation fund has a deficit of \$488,043. This project is partially funded by the Massachusetts School Building Authority (MSBA). The City has bond anticipation note outstanding of \$488,043. The deficit will be eliminated upon the issuance of permanent debt.
- Capital project equipment and engineering fund has a deficit of \$569,984. The City has a bond anticipation note outstanding of \$548,206. This deficit will be eliminated upon appropriation and the issuance of permanent debt.
- Capital project Hodges Cross road facility fund has a deficit of \$1,304,844. The City has a bond anticipation note outstanding of \$1,317,451. This deficit will be eliminated upon the issuance of permanent debt.
- Capital project public safety facility fund has a deficit of \$336,962. The City has a bond anticipation note outstanding of \$338,462. This deficit will be eliminated upon the issuance of permanent debt.
- Capital project purchase of vehicles fund has a deficit of \$282,044. The City has a bond anticipation note outstanding of \$283,306. This deficit will be eliminated upon the issuance of permanent debt.
- Capital project telephone upgrades fund has a deficit of \$95,654. The City has a bond anticipation note outstanding of \$97,532. This deficit will be eliminated upon the issuance of permanent debt.
- Capital project fire hydrant repairs fund has a deficit of \$300,000. The City has a bond anticipation note outstanding of \$300,000. This deficit will be eliminated upon the issuance of permanent debt.

CITY OF NORTH ADAMS, MASSACHUSETTS
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

- Various special revenue funds have deficits totaling \$417,417 (parkland renovation fund of \$60,527, highway grant fund (chapter 90) of \$327, eight public safety funds totaling \$271,385 (mainly the Police State 911 fund for \$261,375), the capital equipment and facility improvement fund of \$3,004, the Massachusetts electric infrastructure grant of \$11,923, the youth safety initiative fund of \$108, the Mohawk Trail woodland fund of \$38,783, the spencer house fund of \$504, the Temescall Wellness fund of \$1,102, the solar project grant of \$240, the conservation revolving fund of \$5,365, the property damages insurance fund of \$5,948, the Adams sewer revolving fund of \$10,507 and the Police outside details fund of \$7,694). These deficits will be eliminated upon additional receipts or upon appropriation.

- The skating rink trust funds have deficits totaling \$194,950. These deficits will be eliminated 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, 2022 were \$16,160,218. Of these, \$10,443 are exposed to custodial credit risk as uninsured and uncollateralized.

Investment Policies

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

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

CITY OF NORTH ADAMS, MASSACHUSETTS
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

As of June 30, 2022, the City had the following investments and maturities:

Investment Type	Fair Value	Investment Maturities (in Years)		
		Less Than 1	1 to 5	6 to 10
Debt Securities:				
U. S. treasury obligations	\$ 58,857	\$ 20,024	\$ 29,736	\$ 9,097
U. S. government agencies	23,365	5,002	18,363	-
Bond mutual funds	75,930	75,930	-	-
Corporate bonds	42,696	-	42,696	-
Money market mutual fund	23,348	23,348	-	-
	224,196	\$ 124,304	\$ 90,795	\$ 9,097
Other Investments:				
Equity Securities - Domestic (Stocks)	275,637			
	\$ 499,833			

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 \$499,833 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
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

Credit Risk

The City's exposure to credit risk as of June 30, 2022 is as follows:

Related Debt Instruments	Fair Value
Moody's Quality Ratings	
<i>U. S. Treasury Obligations:</i>	
AA+	\$ 58,857
<i>U. S. Government Agencies:</i>	
AAA	23,365
<i>Bond Mutual Funds:</i>	
Not rated	75,930
<i>Corporate Bonds:</i>	
A1	9,071
A2	9,657
A3	14,910
BAA2	9,058
<i>Money Market Mutual Funds:</i>	
Not rated	23,348
	\$ 224,196

Concentration of Credit Risk

The City places no limit on the amount the City may invest in one issuer. More than 5 percent of the City's investments are Income Exchange Traded Funds in iShares amounting to 11.99% 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
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022**

The City has the following recurring fair value measurements as of June 30, 2022:

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	\$ 58,857	\$ 58,857	\$ -	\$ -
U. S. government agencies	23,365	23,365	-	-
Equity securities - domestic	275,637	275,637	-	-
Money market mutual fund	23,348	23,348	-	-
Bond mutual funds	75,930	-	75,930	-
Corporate bonds	42,696	-	42,696	-
Total Investments	499,833	\$ 381,207	\$ 118,626	\$ -

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
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

As of December 31, 2021, 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
Debt Securities:				
U. S. treasury obligations	\$ 24,013,222	\$ -	\$ 18,116,938	\$ 5,896,284
Corporate bonds	5,188,510	-	2,519,092	2,669,418
Money market mutual fund	1,679,272	1,679,272	-	-
	<u>30,881,004</u>	<u>\$ 1,679,272</u>	<u>\$ 20,636,030</u>	<u>\$ 8,565,702</u>
Other Investments:				
Pooled Alternative investment funds	225,648			
Equity securities - domestic	59,409,647			
	<u>\$ 90,516,299</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 \$90,516,299 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
June 30, 2022

The System's exposure to credit risk as of December 31, 2021 is as follows:

Related Debt Instruments	Fair Value
Moody's Quality Ratings	
<i>U. S. Treasury Obligations:</i>	
Aaa	\$ 24,013,222
<i>Corporate Bonds:</i>	
Aaa	1,158,671
Aa	905,254
A	2,628,156
BAA	496,429
<i>Money Market Mutual Funds:</i>	
Not rated	1,679,272
	\$ 30,881,004

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
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

The City has the following recurring fair value measurements for the System as of December 31, 2021:

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	\$ 24,013,222	\$ 24,013,222	\$ -	\$ -
Equity securities - domestic	59,409,647	59,409,647	-	-
Money market mutual fund	1,679,272	1,679,272	-	-
Corporate bonds	5,188,510	-	5,188,510	-
	90,290,651	\$ 85,102,141	\$ 5,188,510	\$ -
Investments Measured at Amortized Cost:				
External Investment Pools (PRIT)	225,648			
Total Investments	\$ 90,516,299			

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, 2022, receivables for the individual major governmental funds, non-major governmental funds, and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	Gross Amount	Allowance for Uncollectibles	Net Amount
Major and nonmajor governmental funds:			
Property taxes	\$ 546,647	\$ (30,000)	\$ 516,647
Tax liens	3,893,672	(254,140)	3,639,532
Excise taxes	372,517	(135,000)	237,517
User Charges	490,625	(3,500)	487,125
Departmental	376,889	(89,038)	287,851
Loans	258,339	(3,013)	255,326
Due from other governments	2,065,981	-	2,065,981
Tax Foreclosures	132,678	-	132,678
Fiduciary funds:			
North Adams Employees Retirement System Pension Trust Fund (at December 31, 2021):			
Accounts Receivable	20,181	-	20,181
	\$ 8,157,529	\$ (514,691)	\$ 7,642,838

**CITY OF NORTH ADAMS, MASSACHUSETTS
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022**

The composition of amounts due from other governments as of June 30, 2022 for governmental funds is as follows:

General Fund:

Commonwealth of Massachusetts

Department of Revenue:

Charter School Sending Tuition	\$	21,270	
Veterans, blind and surviving spouse			

Department of Veteran Services:

Veterans benefits	<u>238,387</u>	\$	259,657
-------------------	----------------	----	---------

Nonmajor Governmental Funds:

U. S. Department of Agriculture:

School lunch	93,676
--------------	--------

U. S. Department of Education:

School title grants	259,078
---------------------	---------

U. S. Department of Homeland Security

8,050

U. S. Department of Housing & Urban Development -

Community Development Block Grant and special projects	109,481
--	---------

U. S. Department of Transportation:

Federal Aviation Administration	101,951
---------------------------------	---------

U. S. Department of Environmental Protection:

Brownfields Grant	22,968
-------------------	--------

Commonwealth of Massachusetts

Department of Elementary and Secondary Education:

School lunch	1,828
School grants	56,314

Department of Environmental Protection:

Massachusetts Electric Vehicle Infrastructure Grant	85,362
---	--------

Executive Office of Economic Development

Massachusetts Works Grant	5,825
---------------------------	-------

Executive Office of Environmental Affairs:

Natural Resources Grant	204,882
-------------------------	---------

Executive Office of Public Safety and Homeland Security

Police 911 Support Grant	76,078
--------------------------	--------

Massachusetts Department of Transportation:

Airport grants	199,051
----------------	---------

Highway Department - Chapter 90 funds	<u>581,780</u>	1,806,324
---------------------------------------	----------------	-----------

<u>\$</u>	<u>2,065,981</u>
-----------	------------------

CITY OF NORTH ADAMS, MASSACHUSETTS
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

C. Deferred Inflows of Resources – Unavailable Revenue

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

General Fund:			
Property taxes	\$	367,647	
Tax liens/foreclosures		3,772,210	
Excise taxes		237,517	
User Charges		487,125	
Departmental		111,955	
Due from other governments		238,387	\$ 5,214,841
Nonmajor Governmental Funds:			
Departmental		47,405	
Loans		255,326	
Due from other governments		581,780	884,511
			\$ 6,099,352

D. Capital Assets

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

Governmental Activities	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	\$ 18,281,383	\$ -	\$ (27,400)	\$ 18,253,983
Construction in progress	5,858,891	821,011	-	6,679,902
Total capital assets not being depreciated	24,140,274	821,011	(27,400)	24,933,885
Capital assets being depreciated:				
Buildings and improvements	100,546,973	59,600	-	100,606,573
Machinery, equipment and vehicles	12,349,073	589,247	-	12,938,320
Infrastructure	66,500,239	534,629	-	67,034,868
Total capital assets being depreciated	179,396,285	1,183,476	-	180,579,761
Less accumulated depreciation for:				
Buildings	47,889,944	2,439,703	-	50,329,647
Machinery, equipment and other	10,343,270	626,843	-	10,970,113
Infrastructure	40,051,189	1,999,620	-	42,050,809
Total accumulated depreciation	98,284,403	5,066,166	-	103,350,569
Total capital assets being depreciated, net	81,111,882	(3,882,690)	-	77,229,192
Total governmental activities capital assets, net	\$ 105,252,156	\$ (3,061,679)	\$ (27,400)	\$ 102,163,077

CITY OF NORTH ADAMS, MASSACHUSETTS
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

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

Governmental Activities:	
General government	\$ 418,737
Airport	773,922
Public safety	231,086
Public works	1,510,513
Education	1,534,030
Health and human services	22,022
Culture and recreation	575,856
Total depreciation expense - governmental activities	<u>\$ 5,066,166</u>

E. Interfund Receivables, Payables and Transfers

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

Transfers Out:	Transfers In:		Total
	General fund	Nonmajor Governmental fund	
General fund	\$ -	\$ 20,568	\$ 20,568
Nonmajor governmental funds	320,982	-	320,982
Total transfers out	<u>\$ 320,982</u>	<u>\$ 20,568</u>	<u>\$ 341,550</u>

F. 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.

CITY OF NORTH ADAMS, MASSACHUSETTS
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

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, 2021	Renewed/ Issued	Retired/ Redeemed	Outstanding June 30, 2022
Governmental Activities						
Bond anticipation notes:						
Departmental vehicles and equipment	1.00%	9/9/2021	\$ 1,091,058	\$ -	\$ 1,091,058	\$ -
Information Technology upgrade	1.00%	9/9/2021	146,300	-	146,300	-
Middle School construction	1.00%	9/9/2021	508,670	-	508,670	-
Property purchase (Hodges Cross)	1.00%	9/9/2021	1,370,972	-	1,370,972	-
Public Safety roof repairs	1.00%	9/9/2021	351,000	-	351,000	-
Departmental vehicles and equipment	0.38%	9/8/2022	-	831,512	-	831,512
Fire Hydrant Repair	0.38%	9/8/2022	-	300,000	-	300,000
Information Technology upgrade	0.38%	9/8/2022	-	97,532	-	97,532
Middle School construction	0.38%	9/8/2022	-	488,043	-	488,043
Property purchase (Hodges Cross)	0.38%	9/8/2022	-	1,317,451	-	1,317,451
Public Safety roof repairs	0.38%	9/8/2022	-	338,462	-	338,462
Total Governmental Activities			<u>\$ 3,468,000</u>	<u>\$ 3,373,000</u>	<u>\$ 3,468,000</u>	<u>\$ 3,373,000</u>

G. Long Term Debt

General Obligation Bonds

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

**CITY OF NORTH ADAMS, MASSACHUSETTS
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022**

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

	Interest Rate	Date Issued	Final Maturity Date	Original Amount Issued	Outstanding June 30, 2022
General Obligation Bonds:					
Inside Debt Limit:					
Municipal Purpose Loan of 2011	2.00-4.00%	6/15/2011	6/15/2023	\$ 2,276,433	\$ 155,000
Municipal Purpose Loan of 2014	2.00-3.00%	8/19/2014	3/1/2030	1,150,700	150,000
Heritage Park	4.50%	2/4/2016	2/3/2023	160,000	17,527
Outside Debt Limit:					
Middle School Renovation	3.60%	8/19/2014	3/1/2040	6,500,000	5,205,000
Massachusetts Clean Water Trust:					
Inflow/Outflow Infiltration (1)	2.00%	2/1/2006	8/1/2023	360,907	55,188
Total Bonds Payable					<u>5,582,715</u>
MASS MoCA - Section 108 HUD (2)	variable	5/28/2015	8/1/2022	3,774,000	<u>204,000</u>
Total Governmental Type Debt					<u><u>\$ 5,786,715</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, 2022 are as follows:

Year	Principal	Interest	Total
2023	\$ 654,121	\$ 201,464	\$ 855,585
2024	282,594	183,600	466,194
2025	270,000	170,850	440,850
2026	250,000	164,100	414,100
2027	255,000	156,600	411,600
2028-2032	1,375,000	661,675	2,036,675
2033-2037	1,600,000	409,769	2,009,769
2038-2040	1,100,000	88,800	1,188,800
	<u>\$ 5,786,715</u>	<u>\$ 2,036,858</u>	<u>\$ 7,823,573</u>

CITY OF NORTH ADAMS, MASSACHUSETTS
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

The City is scheduled to be subsidized by the Massachusetts Clean Water Trust (MCWT) on a periodic basis for principal in the amount of \$315,230 and interest costs of \$123,005 for the remaining loan which the City has borrowed from MCWT. The gross amount outstanding at June 30, 2022 for principal and interest combined for the loan is \$56,552. The net repayments, including interest, are scheduled to be \$51,483. The principal subsidies are guaranteed and therefore a \$3,345 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 2022 principal and interest subsidies totaled \$3,143.

At June 30, 2022, the City carries \$204,000 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 \$2,082 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, 2021	Additions	Reductions	Balance June 30, 2022	within One Year
Governmental activities:					
Bonds Payable:					
General obligation bonds	\$ 6,092,840	\$ -	\$ 565,314	\$ 5,527,526	\$ 626,527
Massachusetts Clean					
Water Trust bonds	79,334	-	24,145	55,189	27,594
Intergovernmental loan - section 108	414,000	-	210,000	204,000	204,000
Compensated absences	805,495	1,950	62,162	745,283	398,435
Net OPEB liability	129,055,028	-	28,466,813	100,588,215	-
Net pension liability	5,897,944	-	4,168,311	1,729,633	-
Governmental activity					
Long-term liabilities	\$ 142,344,641	\$ 1,950	\$ 33,496,745	\$ 108,849,846	\$ 1,256,556

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, 2022, totaled \$322,527.

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, 2022, totaled \$5,464,188.

**CITY OF NORTH ADAMS, MASSACHUSETTS
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022**

The following is a computation of the legal debt limit as of June 30, 2022:

Equalized Valuation-Real Estate and Personal Property (2022)		\$ 884,487,200	
		<u>44,224,360</u>	
Debt Limit: 5 % of Equalized value			
Total Debt Outstanding	\$ 5,786,715		
Less: Debt Outside Debt Limit	(5,464,188)	322,527	
 Inside Debt Excess Borrowing Capacity at June 30, 2022		<u>\$ 43,901,833</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, 2022 and are not reflected in the City's financial statements are as follows:

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

**CITY OF NORTH ADAMS, MASSACHUSETTS
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022**

H. Fund Balances

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

	General Fund	Major Fund	Nonmajor Governmental Funds	Total Governmental Funds
Restricted:				
Federal, State and local grants	\$ -	\$ -	\$ 1,784,841	\$ 1,784,841
School revolving	-	-	2,464,486	2,464,486
Gifts and donations	-	-	946,380	946,380
Permanent funds	-	-	685,994	685,994
Capital projects	-	-	1,109,195	1,109,195
Other	-	-	1,893,892	1,893,892
	-	-	8,884,788	8,884,788
Committed:				
Landfill/transfer station	-	-	371,120	371,120
Parking meters and permits	-	-	180,664	180,664
	-	-	551,784	551,784
Assigned:				
General government	41,406	-	-	41,406
Public safety	19,991	-	-	19,991
Public works	99,518	-	-	99,518
Education	318,847	-	-	318,847
Culture and recreation	26,325	-	-	26,325
	506,087	-	-	506,087
Unassigned:				
General Fund	3,880,655	-	-	3,880,655
Deficit capital projects	-	-	(3,577,531)	(3,577,531)
Deficit special revenue funds	-	-	(417,417)	(417,417)
Deficit Trust funds	-	-	(194,950)	(194,950)
	3,880,655	-	(4,189,898)	(309,243)
Total Governmental fund balances	\$ 4,386,742	\$ -	\$ 5,246,674	\$ 9,633,416

I. Stabilization Fund

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

At June 30, 2022, the balance in the stabilization fund is \$816,738; which is reported in the General Fund as unassigned fund balance.

CITY OF NORTH ADAMS, MASSACHUSETTS
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

4. OTHER INFORMATION

A. Risk Management

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

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

B. Contingent Liabilities

Litigation

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

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, 2022, the City of North Adams abated property taxes amounting to \$58,970 under one tax abatement agreement. The City has not made any commitments as part of the agreement other than to reduce taxes.

D. Landfill Closure and Post-Closure Care Costs

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

CITY OF NORTH ADAMS, MASSACHUSETTS
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

E. Subsequent Events

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

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, 2021. The City's portion of the collective pension expense contributed by the Commonwealth of \$2,514,962 on-behalf payments for the fiscal year ending June 30, 2022 is reported as intergovernmental revenues and insurance and employee benefits expenditures in the General Fund.

CITY OF NORTH ADAMS, MASSACHUSETTS
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

Benefits Provided

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

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

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

Contributions

MGL Chapter 32 governs the contributions of plan members and the City. Plan members are required to contribute to the System at rates ranging from 5% to 9% based upon their membership date 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, 2021 was \$3,190,122, representing 31.36% of the covered payroll, an actuarially determined amount that, when combined with plan member contributions, is expected to finance the costs of benefits earned by plan members during the year and an additional amount to finance any unfunded accrued liability.

Pension Liability

As of June 30, 2022, the City reported a liability of \$1,729,633 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2021. Accordingly, update procedures were used to rolled 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, 2021, the City's proportional percentage was 86.18%, which was a slight decrease from the last measurement.

Pension Expense

For the year ended June 30, 2022, the City recognized a pension expense/(income) of (\$1,111,722) and reported deferred outflows of resources related to pensions of \$1,221,171 from the changes in assumptions; and deferred inflows of resources related to pensions of \$6,568,639 from the difference between expected and actual experience and the net difference between projected and actual investment earnings on pension plan investments.

**CITY OF NORTH ADAMS, MASSACHUSETTS
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022**

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

<u>For years ended June 30,</u>	
2023	\$ (1,353,026)
2024	(1,958,009)
2025	(1,577,956)
2026	<u>(458,477)</u>
	<u>\$ (5,347,468)</u>

Actuarial Assumptions

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

Valuation date	January 1, 2021
Actuarial cost method	Entry Age Normal
Amortization method	Total appropriation increase 4.90% per year until fiscal year 2028 with a final amortization in fiscal year 2029.
Remaining amortization period	7 years from July 1, 2022
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	7.00% net of pension plan investment expense, including inflation.
Inflation	2.50% per year.
Projected salary increases	Select and ultimate by job group, ultimate rates of 4.25% for Group 1 and 4.75% for Group 4.
Cost of living adjustments	3.00% per year of the first \$13,000
Mortality rates	Pre-retirement rates reflect the RP-2014 Blue Collar Employees table Projected generationally with Scale MP-2020 (gender distinct). Post retirement rates reflect the RP-2014 Blue Collar Healthy Annuitant table projected generationally with Scale MP-2020 (gender distinct). For disabled retirees, the rates reflect the RP-2014 Blue Collar Healthy Annuitant table set forward one year projected generationally with Scale MP-2020 (gender distinct).

Long-term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which 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 weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

CITY OF NORTH ADAMS, MASSACHUSETTS
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

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, 2021, are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Rate of Return
Large Cap Equities	37.0%	6.3%
Small/Medium Cap Equities	10.0%	6.3%
Fixed income	47.0%	6.4%
International Equities	5.0%	6.4%
Emerging Market Equities	1.0%	8.7%
Private Equity	0.0%	10.0%
Real Estate	0.0%	6.0%
Alternative Investments	0.0%	7.0%
Fixed Hedge Funds	0.0%	6.0%
Total	<u>100.0%</u>	

Rate of Return

For the year ended December 31, 2021, the annual money-weighted rate of return (which expresses investment performance), net of investment expense was 10.65%. The money-weighted rate of return considers the changing amounts actually invested during a period and weights 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 7.00%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that member employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments or current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**CITY OF NORTH ADAMS, MASSACHUSETTS
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022**

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 7.00%. 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 (6.00%) or 1-percentage-point higher (8.00%) than the current rate:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Net pension liability	\$ 10,307,130	\$ 1,729,633	\$ (5,554,302)

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 868 active and retired employees that meet the eligibility requirements. The plan does not issue a separate financial report.

Funding Policy

The contribution requirements of plan members and the City are established and may be amended through City ordinances. For the period ending on the June 30, 2022 Measurement Date, total City premiums plus implicit costs for the retiree medical program are \$3,139,547. The City also contributed \$0 to an OPEB Trust for a total contribution during the measurement period of \$3,139,547.

Measurement Date

GASB Statement No. 75 requires the net OPEB liability to be measured as of the OPEB Plan's most recent fiscal year-end. Accordingly, the net OPEB liability was measured as of June 30, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of July 1, 2020.

Plan Membership:

Current active members	451
Current retirees, beneficiaries and dependents	417
Total	868

**CITY OF NORTH ADAMS, MASSACHUSETTS
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022**

Net OPEB Liability

The components of the net OPEB liability are as follows:

	June 30, 2022
Total OPEB liability	\$ 100,588,215
Less: Plan fiduciary net position	-
City's Net OPEB liability	\$ 100,588,215
 Plan fiduciary net position as a percentage of the total OPEB liability	0.00%

Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of July 1, 2020, using the following actuarial assumptions, applied to all periods included in the measurement for the reporting date of June 30, 2022:

Valuation date	July 1, 2020 and a measurement date of June 30, 2022
Actuarial cost method	Individual Entry Age Normal
Asset valuation method	Market value of assets as of the measurement date, June 30, 2022.
Investment rate of return	N/A
Single Equivalent Discount rate	4.09% net of OPEB plan investment expense, including inflation
Inflation rate	2.50% as of June 30, 2022 and for future periods
Participant salary increases	3.00% as of June 30, 2022 and for future periods
Cost of living adjustments	Not applicable
Mortality rates	
General	Pre-retirement: the RP-2014 Mortality Table for Blue Collar Employees projected generationally with Scale MP-2016 for males and females, set forward one year for females. Post-retirement: the RP-2014 Mortality Table for Blue Collar Healthy Annuitants projected generationally with Scale MP-2016 for males and females, set forward one year for females. For disabled retirees: the RP-2014 Mortality Table for Blue Collar Healthy Annuitants projected generationally with Scale MP-2016 for males and females, set forward one year.
Teachers	Pre-retirement: the RP-2014 Mortality Table for White Collar Employees projected generationally with Scale MP-2016 for males and females. Post-retirement: the RP-2014 Mortality Table for White Collar Healthy Annuitants projected generationally with Scale MP-2016 for males and females. For disabled retirees: the RP-2014 Mortality Table for White Collar Healthy Annuitants projected generationally with Scale MP-2016 for males and females.

The actuarial assumptions used the July 1, 2020 actuarial valuation and market value of assets as of the measurement date of June 30, 2022 were reflective of published municipal bond indices; the S&P Municipal Bond 20-year High Grade Rate Index (SAPIHG) is 4.09%.

**CITY OF NORTH ADAMS, MASSACHUSETTS
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022**

Long-term Expected Rate of Return

The City has not established a formal Investment Policy. The chart below shows the development of a sample long-term rate.

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return *
Domestic Equity - Large Cap	20.00%	4.42%
Domestic Equity - Small/Mid Cap	10.00%	4.81%
International Equity - Developed Market	15.00%	4.91%
International Equity - Emerging Market	10.00%	5.58%
Domestic Fixed Income	30.00%	1.00%
International Fixed Income	10.00%	1.04%
Alternatives	5.00%	5.98%
Real Estate	0.00%	6.25%
Total	100.00%	
I. Real Rate of Return		3.36%
II. Add: Inflation Assumption		2.50%
III. Total Nominal Return (I. + II.)		5.86%
IV. Less: Investment Expense		0.25%
V. Net investment Return (III.-IV.)		5.61%

* = Mean Geometric Returns based on 2021 Horizon Survey of Capital Market Assumptions.

Rate of Return

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

Discount Rate

The discount rate used to measure the total OPEB liability was 4.09%. The projection of cash flows used to determine the discount rate assumed that plan contributions will be made in accordance with the Plan's funding policy. Because there is no funding policy, the discount rate was determined by a yield or index rate for 20-year, tax exempt general obligation municipal bonds with an average rate of AA/Aa or higher, which was based on the S&P Municipal Bond 20-Year High Grade Index ("SAPIHG") as of June 30, 2022.

**CITY OF NORTH ADAMS, MASSACHUSETTS
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022**

Changes in Net OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balances at June 30, 2021	\$ 129,055,028	\$ -	\$ 129,055,028
Service cost	4,495,936	-	4,495,936
Interest on total OPEB liability	2,877,374	-	2,877,374
Changes in benefit terms *	-	-	-
Changes in assumptions **	(32,700,576)	-	(32,700,576)
Difference between actual and expected experience **	-	-	-
Net investment income	-	-	-
Employer contributions to Trust	-	3,139,547	(3,139,547)
Total benefit payments including implicit cost	(3,139,547)	(3,139,547)	-
Net change in total OPEB liability	(28,466,813)	-	(28,466,813)
Balances at June 30, 2022	\$ 100,588,215	\$ -	\$ 100,588,215

* = Recognized immediately

** = Amortized over 5.00 years

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 4.09% 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 (3.09%) or 1-percentage-point higher (5.09%) than the current rate:

	1% Decrease	Current	1% Increase
	3.09%	Discount Rate 4.09%	5.09%
City's net OPEB liability	\$ 117,833,373	\$ 100,588,215	\$ 86,878,307

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

The following presents the City's net OPEB liability with the healthcare cost trend rate 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 or 1-percentage-point higher than the current healthcare cost trend rates:

	1% Decrease	Healthcare	1% Increase
		Cost Trend Rates	
City's net OPEB liability	\$ 85,520,069	\$ 100,588,215	\$ 119,920,932

**CITY OF NORTH ADAMS, MASSACHUSETTS
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022**

Summary of Significant Accounting Policies

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

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

For the year ended June 30, 2022, the GASB Statement No. 75 reporting period and fiscal year ending date, the City recognized an OPEB expense of \$3,074,156 and reported deferred outflows of resources related to OPEB of \$22,920,642 from the differences between expected and actual experience and the changes in assumptions; and deferred inflows of resources related to OPEB of \$28,938,932 from the differences between expected and actual experience and the changes in assumption.

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

<u>For years ended June 30,</u>		
2023	\$	(342,845)
2024		432,334
2025		432,337
2026		<u>(6,540,116)</u>
	\$	<u>(6,018,290)</u>

H. Implementation of New GASB Pronouncements

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

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

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

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

CITY OF NORTH ADAMS, MASSACHUSETTS
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

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

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. 91, *Conduit Debt Obligations*, for implementation in fiscal year 2023.

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

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

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

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

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

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF NORTH ADAMS, MASSACHUSETTS
Required Supplementary Information
Pension Plan Schedules
North Adams Retirement System
For the Year Ended June 30, 2022

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

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

Measurement Date	City's proportion of the net pension liability (asset)	City's proportionate share of the net pension liability (asset)	City's covered employee payroll	Net pension liability percentage of covered employee payroll	Plan fiduciary net position as a percentage of the total pension liability
12/31/2021	86.18%	\$ 1,729,633	\$ 10,170,962	17.01%	97.80%
12/31/2020	87.44%	\$ 5,897,944	\$ 10,319,641	57.15%	87.44%
12/31/2019	87.90%	\$ 12,676,408	\$ 10,493,791	120.80%	83.30%
12/31/2018	88.04%	\$ 16,060,133	\$ 10,510,134	152.81%	78.30%
12/31/2017	87.81%	\$ 13,803,477	\$ 9,573,924	144.18%	80.30%
12/31/2016	88.11%	\$ 20,408,919	\$ 9,127,315	223.60%	69.90%
12/31/2015	87.98%	\$ 17,196,571	\$ 9,113,848	188.69%	73.70%
12/31/2014	88.85%	\$ 12,388,356	\$ 8,964,965	138.19%	80.20%

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

**CITY OF NORTH ADAMS, MASSACHUSETTS
Required Supplementary Information
Pension Plan Schedules
North Adams Retirement System
For the Year Ended June 30, 2022**

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

Schedule of the City's Contributions:

Measurement Date	Actuarially determined contribution	Less: Contributions in relation to the actuarially determined contribution	Contribution deficiency (excess)	City's covered employee payroll	Contributions percentage of covered employee payroll
12/31/2021	\$ 3,190,122	\$ (3,190,122)	\$ -	\$ 10,170,962	31.36%
12/31/2020	\$ 3,077,869	\$ (3,077,869)	\$ -	\$ 10,319,641	29.83%
12/31/2019	\$ 2,949,557	\$ (2,949,557)	\$ -	\$ 10,493,791	28.11%
12/31/2018	\$ 2,831,084	\$ (2,831,084)	\$ -	\$ 10,510,134	26.94%
12/31/2017	\$ 2,692,393	\$ (2,692,393)	\$ -	\$ 9,573,924	28.12%
12/31/2016	\$ 2,589,784	\$ (2,589,784)	\$ -	\$ 9,127,315	28.37%
12/31/2015	\$ 2,478,795	\$ (2,478,795)	\$ -	\$ 9,113,848	27.20%
12/31/2014	\$ 2,357,190	\$ (2,357,190)	\$ -	\$ 8,964,965	26.29%

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

CITY OF NORTH ADAMS, MASSACHUSETTS
Required Supplementary Information
Other Post Employment Benefit Plan Schedules
For the Year Ended June 30, 2022

Schedule of Changes in the Net OPEB Liability:

	<u>6/30/2022</u>	<u>6/30/2021</u>	<u>6/30/2020</u>	<u>6/30/2019</u>	<u>6/30/2018</u>
Total OPEB liability					
Service cost	\$ 4,495,936	\$ 3,052,386	\$ 2,908,940	\$ 2,737,824	\$ 3,300,966
Interest on total OPEB liability	2,877,374	2,558,839	2,482,356	3,498,975	3,262,479
Changes in Benefit terms	-	-	-	-	-
Changes in Assumptions	(32,700,576)	30,935,970	-	10,016,464	(4,083,812)
Difference between actual and expected experience	-	3,926,278	-	(13,892,351)	-
Benefit payments, including refunds of member contributions	(3,139,547)	(2,810,424)	(2,697,468)	(2,650,290)	(2,620,643)
Net change in total OPEB liability	(28,466,813)	37,663,049	2,693,828	(289,378)	(141,010)
Total OPEB liability-beginning	129,055,028	91,391,979	88,698,151	88,987,529	89,128,539
Total OPEB liability-ending (a)	<u>\$ 100,588,215</u>	<u>\$ 129,055,028</u>	<u>\$ 91,391,979</u>	<u>\$ 88,698,151</u>	<u>\$ 88,987,529</u>
Plan fiduciary net position					
Employer contributions to Trust	\$ 3,139,547	\$ 2,810,424	\$ 2,697,468	\$ 2,650,290	\$ 2,620,643
Benefit payments, including refunds of member contributions	(3,139,547)	(2,810,424)	(2,697,468)	(2,650,290)	(2,620,643)
Net change in plan fiduciary net position	-	-	-	-	-
Total fiduciary net position-beginning	-	-	-	-	-
Total fiduciary net position-ending (b)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's net OPEB liability (a-b)	<u>\$ 100,588,215</u>	<u>\$ 129,055,028</u>	<u>\$ 91,391,979</u>	<u>\$ 88,698,151</u>	<u>\$ 88,987,529</u>

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

CITY OF NORTH ADAMS, MASSACHUSETTS
Required Supplementary Information
Other Post Employment Benefit Plan Schedules
For the Year Ended June 30, 2022

Schedule of Net OPEB Liability:

	<u>6/30/2022</u>	<u>6/30/2021</u>	<u>6/30/2020</u>	<u>6/30/2019</u>	<u>6/30/2018</u>
Total OPEB liability	\$ 100,588,215	\$ 129,055,028	\$ 91,391,979	\$ 88,698,151	\$ 88,987,529
Less: Plan fiduciary net position	-	-	-	-	-
City's Net OPEB liability	<u>\$ 100,588,215</u>	<u>\$ 129,055,028</u>	<u>\$ 91,391,979</u>	<u>\$ 88,698,151</u>	<u>\$ 88,987,529</u>
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%	0.00%	0.00%	0.00%
City's share of covered employee payroll	\$ 22,202,240	\$ 21,555,573	\$ 23,545,771	\$ 22,859,972	N/A
Participating employer net OPEB liability (asset) as a percentage of covered-employee payroll	453.05%	598.71%	388.15%	388.01%	N/A

Schedule of Contributions:

	<u>6/30/2022</u>	<u>6/30/2021</u>	<u>6/30/2020</u>	<u>6/30/2019</u>	<u>6/30/2018</u>
Actuarially determined contribution	\$ 8,385,630	\$ 6,874,297	\$ 7,301,485	\$ 7,000,896	\$ 2,620,643
Less: Contributions in relation to the actuarially determined contribution	(3,139,547)	(2,810,424)	(2,697,468)	(2,650,290)	(2,620,643)
Contribution deficiency (excess)	<u>\$ 5,246,083</u>	<u>\$ 4,063,873</u>	<u>\$ 4,604,017</u>	<u>\$ 4,350,606</u>	<u>\$ -</u>
City's share of covered employee payroll	\$ 22,202,240	\$ 21,555,573	\$ 23,545,771	\$ 22,859,972	N/A
Contributions percentage of covered-employee payroll	14.14%	13.04%	11.46%	11.59%	N/A
Annual money-weighted rate of return net of investment expense	N/A	N/A	N/A	N/A	N/A

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

CITY OF NORTH ADAMS, MASSACHUSETTS
Required Supplementary Information
Other Post Employment Benefit Plan Schedules
For the Year Ended June 30, 2022

Schedule of Funding Progress:

Measurement Date	Other Post Employment Benefits					
	Actuarial Fiduciary Net Position (A)	Actuarial Total OPEB Liability (B)	Actuarial Net OPEB Liability (B-A)	Actuarial Funded Ratio (A/B)	Actuarial Covered Payroll (C)	Actuarial Percentage of Covered Payroll ((B-A)/C)
6/30/2022	\$ -	\$ 100,588,215	\$ 100,588,215	0.00%	\$ 22,202,240	453.05%
6/30/2021	\$ -	\$ 129,055,028	\$ 129,055,028	0.00%	\$ 21,555,573	598.71%
6/30/2020	\$ -	\$ 91,391,979	\$ 91,391,979	0.00%	\$ 23,545,771	388.15%
6/30/2019	\$ -	\$ 88,698,151	\$ 88,698,151	0.00%	\$ 22,859,972	388.01%
6/30/2018	\$ -	\$ 88,987,529	\$ 88,987,529	0.00%	N/A	N/A

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

SUPPLEMENTARY SCHEDULE

CITY OF NORTH ADAMS, MASSACHUSETTS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2022

	Fund Balances				Other Financing	Fund Balances
	July 1, 2021	Revenues	Expenditures	Sources (Uses)	June 30, 2022	
Special Revenue:						
Federal and State Grants:						
School Grants	\$ 198,119	\$ 4,782,242	\$ 4,341,906	\$ -	\$	638,455
Airport Grants	(88,351)	348,399	240,991	-	-	19,057
Arts Lottery Council Grant	114,647	77,769	84,368	-	-	108,048
Brownfields Grant	(12,397)	82,103	69,102	-	-	604
Community Development Grants	(23,057)	1,085,359	917,487	(64,169)	-	80,646
Council on Aging Grants	12,619	46,416	37,850	-	-	21,185
Electric Vehicle Infrastructure Grant	-	85,362	97,285	-	-	(11,923)
Emergency Management Grants (COVID)	(126,255)	413,752	127,354	(129,594)	-	30,549
Highway Grants	5,809	10,980	10,980	-	-	5,809
Library Grants	13,841	34,594	24,234	-	-	24,201
Other Grants and Programs	86,270	299,861	321,586	-	-	64,545
Public Safety Grants	(276,230)	480,221	524,874	129,594	-	(191,289)
Smart Growth Grant	-	600,000	-	-	-	600,000
Veteran Cost of Living Allowance (COLA)	-	32,706	23,700	-	-	9,006
Youth Safety Initiative	(108)	411,649	411,649	-	-	(108)
Schools:						
School Lunch Revolving	243,432	1,460,203	1,306,927	-	-	396,708
School Lunch Commodities	-	81,668	81,668	-	-	-
School Choice	1,757,328	300,672	-	(800,000)	-	1,258,000
School Insurance Reimbursement	(1,509)	27,808	26,299	-	-	-
School Private Grants	27,402	182,555	164,173	-	-	45,784
School Revolving Accounts	430,355	147,726	118,029	-	-	460,052
State Special Education Reimbursement Fund	337,936	557,867	690,295	-	-	205,508
Student Activity Funds	81,948	32,166	15,680	-	-	98,434
Other:						
Airport Revolving	82,294	136,286	112,829	-	-	105,751
Buy Your Own Home Program	253,192	34,666	30,879	-	-	256,979
Conservation Commission	(3,661)	2,442	4,146	-	-	(5,365)
Total Special Revenue Page 69	\$ 3,113,624	\$ 11,755,472	\$ 9,784,291	\$ (864,169)	\$	4,220,636

CITY OF NORTH ADAMS, MASSACHUSETTS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2022

	Fund Balances July 1, 2021	Revenues	Expenditures	Other Financing Sources (Uses)	Fund Balances June 30, 2022
Continued from Page 69	\$ 3,113,624	\$ 11,755,472	\$ 9,784,291	\$ (864,169)	\$ 4,220,636
Special Revenue (continued):					
Other (continued):					
Gifts and Donations	871,069	178,394	103,083	-	946,380
Hardman Park Firepump	29,032	-	21,187	-	7,845
Heritage Park Rents	43,319	61,797	84,064	-	21,052
Landfill Transfer Station	455,338	115,712	-	(199,930)	371,120
Municipal Access Cable Television	268,583	38,565	-	(16,146)	291,002
North Adams Farmers	27,167	96,611	76,917	-	46,861
Other Programs	41,198	50,188	22,183	-	69,203
Parking Meters and Permits	184,765	60,805	-	(64,906)	180,664
Police Outside Details	(7,259)	399,740	400,175	-	(7,694)
Property Damages	(9,254)	62,819	59,513	-	(5,948)
Sale of Cemetery Lots	59,833	18,288	-	-	78,121
Sale of City Property	871,636	9,000	-	(100,000)	780,636
Spencer House	-	-	504	-	(504)
Sprarkboro LLC	4,880	-	4,599	-	281
Town of Adams Sewer Program	5,325	29,408	45,240	-	(10,507)
Transportation Infrastructure	210	15	-	-	225
United Way EOC Grant	25,000	-	25,000	-	-
Windsor Mill Rents	2,814	158,324	52,815	124,169	232,492
Winsor Lake Campground	(2,157)	5	(2,157)	-	5
Colonel Lawrence	2,086	10	-	-	2,096
Skating Rink	(117,724)	152,388	229,614	-	(194,950)
Total Special Revenue	\$ 5,869,485	\$ 13,187,541	\$ 10,907,028	\$ (1,120,982)	\$ 7,029,016

CITY OF NORTH ADAMS, MASSACHUSETTS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2022

	Fund Balances July 1, 2021	Revenues	Expenditures	Other Financing Sources (Uses)	Fund Balances June 30, 2022
Capital Projects:					
Airport improvements	\$ (216,479)	\$ -	\$ (474)	\$ 20,568	\$ (195,437)
Brayton School Feasibility Study	300,000	-	12,574	-	287,426
Conte Middle School Feasibility Study	9	-	-	-	9
Conte Middle School renovation	(508,670)	-	-	20,627	(488,043)
Designer fees on MSBA project	-	-	-	800,000	800,000
Education Reserve	1,348	-	-	-	1,348
Equipment and engineering	(805,686)	-	-	235,704	(569,982)
Fire Hydrant repairs	-	-	300,000	-	(300,000)
Hodges Cross Road Facility	(1,358,366)	-	-	53,521	(1,304,845)
Public Safety Building roof repairs	(310,240)	-	39,260	12,538	(336,962)
Purchase of Vehicles	(305,886)	-	-	23,842	(282,044)
Purchase of Vehicles and Equipment	15,507	-	-	-	15,507
Telephone upgrades	(144,422)	-	-	48,768	(95,654)
Windsor Lake improvement	341	-	-	-	341
	<u>(3,332,544)</u>	<u>-</u>	<u>351,360</u>	<u>1,215,568</u>	<u>(2,468,336)</u>
Permanent Funds:					
Cemetery Perpetual Care	603,295	35,538	-	-	638,833
Tinker Trust Fund	47,161	-	-	-	47,161
Total Permanent Funds	<u>650,456</u>	<u>35,538</u>	<u>-</u>	<u>-</u>	<u>685,994</u>
Total - Non-Major Governmental Funds	<u>\$ 3,187,397</u>	<u>\$ 13,223,079</u>	<u>\$ 11,258,388</u>	<u>\$ 94,586</u>	<u>\$ 5,246,674</u>