

CITY OF PITTSFIELD, MASSACHUSETTS

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

For the Year Ended June 30, 2021

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Independent Auditor's Report

To the Honorable Mayor and City Council
City of Pittsfield, Massachusetts

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the City of Pittsfield, Massachusetts, as of and for the year ended June 30, 2021, (except for the Pittsfield Contributory Retirement System, which is as of and for the year ended December 31, 2020), and the related notes to the financial statements, which collectively comprise the City of Pittsfield, Massachusetts' basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Basis for Qualified Opinion on the Aggregate Discretely Presented Component Units

The financial statements of The Berkshire Athenaeum have not been audited and we were not engaged to audit The Berkshire Athenaeum financial statements as part of our audit of the City's basic financial statements. The Berkshire Athenaeum's financial activities are included in the City's basic financial statements as a discretely presented component and represent 100 percent of the assets, net position and revenues, respectively, of the City's aggregate discretely presented component units.

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the "Basis for Qualified Opinion on the Aggregate Discretely Presented Component Units" paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of the aggregate discretely presented component units of the City of Pittsfield, Massachusetts, as of June 30, 2021, and the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Unmodified Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Pittsfield, Massachusetts, as of June 30, 2021, (except for the Pittsfield Contributory Retirement System, which is as of December 31, 2020), and the respective changes in financial position and, where applicable, cash flows 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.

Other Matters

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

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 12, 2022, on our consideration of the City of Pittsfield Massachusetts' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in with considering the City of Pittsfield, Massachusetts' internal control over financial reporting and compliance.

Scanlon and Associates, LLC

Scanlon & Associates, LLC
South Deerfield, Massachusetts

April 12, 2022

MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's Discussion and Analysis

As management of the City of Pittsfield, we offer readers of these financial statements this narrative overview and analysis of the financial activities for the fiscal year ended June 30, 2021. 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 \$327,104,349 (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 \$313,690,014, or a decrease of \$13,414,335 (4%).
- At the close of the current fiscal year, the City's governmental funds reported total ending fund balance of \$22,519,227, an increase of \$5,150,903 (30%) in comparison with the prior year.
- The General Fund's total fund balance increased by \$5,076,789 (32%) to \$20,711,052. The ending General fund balance is 11% of revenues and the sale of tax foreclosure property and 12% of expenditures.
- Total liabilities of the City increased by \$72,405,845 (9%) to \$851,695,777 during the fiscal year. The increase was mainly attributed to net increases in unearned revenue of \$16,209,225, in bonds payable of \$70,689,913 and in the other post employment benefit (OPEB) liability of \$37,202,448; and net decreases in warrants and accounts payable of \$5,765,538, in bond anticipation notes payable of \$45,129,548 and in the pension liability of \$2,038,526 from the prior year.
- The City had free cash certified by the Department of Revenue in the amount of \$5,150,350. The key factors that attributed to the free cash amount for fiscal year 2021 were unexpended/unencumbered appropriations of \$3,097,800, excess over budget state and local receipt of \$961,600 and prior year free cash not appropriated of \$3,860,800.
- The City's enterprise funds certified free cash is as follows:
 - Sewer fund \$ 4,501,359.
 - Water fund \$ 1,647,687.

Overview of the Financial Statements

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

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

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

The *statement of activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are

reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes 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, state assessments and interest and costs. The business-type activities include the water and sewer activities.

The government-wide financial statements include not only the City of Pittsfield itself (known as the *primary government*), but also includes other legally separate organizations which operate independently or provide services directly to the citizens, though the City remains accountable for their activities. One of these organizations, the Berkshire Athenaeum, is reported separately from the primary government and is included in the City's component units. The City also presents the financial information for a legally separate public employee retirement system, which is a blended *component unit* with its' financial information reported separately within the fiduciary fund statements. More comprehensive information about the City's component units can be found in Note 1A.

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 three categories: governmental funds, proprietary 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 Pittsfield 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.

Proprietary funds. The City maintains two types of proprietary funds.

Enterprise funds are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City uses enterprise funds to account for its sewer and water activities.

Internal service funds are an accounting device used to accumulate and allocate costs internally among various functions. The City uses its internal service fund to account for health insurance. Because these services predominately benefit governmental rather than business-type functions, they have been included within *governmental activities* in the government-wide financial statements.

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		
	2021	2020	Change
Assets:			
Current assets	\$ 77,931,599	\$ 55,242,573	\$ 22,689,026
Noncurrent assets (excluding capital)	1,664,158	2,229,200	(565,042)
Capital assets	244,173,455	245,923,164	(1,749,709)
Total assets	323,769,212	303,394,937	20,374,275
Deferred Outflows of Resources:	51,190,833	33,431,196	17,759,637
Liabilities:			
Current liabilities (excluding debt)	28,097,367	13,046,351	15,051,016
Current debt	18,822,124	16,458,343	2,363,781
Noncurrent liabilities (excluding debt)	581,567,998	545,791,219	35,776,779
Noncurrent debt	91,902,594	91,641,815	260,779
Total liabilities	720,390,083	666,937,728	53,452,355
Deferred Inflows of Resources:	7,634,743	5,300,031	2,334,712
Net Position:			
Net investment in capital assets	133,936,282	138,814,299	(4,878,017)
Restricted	20,183,367	19,924,606	258,761
Unrestricted	(507,184,430)	(494,150,531)	(13,033,899)
Total net position	\$ (353,064,781)	\$ (335,411,626)	\$ (17,653,155)

	Business-Type Activities		
	2021	2020	Change
Assets:			
Current assets	\$ 15,314,298	\$ 16,441,440	\$ (1,127,142)
Capital assets	141,341,488	117,161,276	24,180,212
Total assets	156,655,786	133,602,716	23,053,070
Deferred Outflows of Resources:	1,013,051	817,136	195,915
Liabilities:			
Current liabilities (excluding debt)	5,000,894	8,196,885	(3,195,991)
Current debt	6,523,751	51,879,824	(45,356,073)
Noncurrent liabilities (excluding debt)	12,676,871	13,463,195	(786,324)
Noncurrent debt	107,104,178	38,812,300	68,291,878
Total liabilities	131,305,694	112,352,204	18,953,490
Deferred Inflows of Resources:	402,711	346,036	56,675
Net Position:			
Net investment in capital assets	27,713,559	26,469,152	1,244,407
Restricted	2,798,848	1,213,640	1,585,208
Unrestricted	(4,551,975)	(5,961,180)	1,409,205
Total net position	\$ 25,960,432	\$ 21,721,612	\$ 4,238,820

Financial Highlights

Statement of Activities Highlights

	Governmental Activities		
	2021	2020	Change
Program Revenues:			
Charges for services	\$ 5,536,162	\$ 5,974,632	\$ (438,470)
Operating grants and contributions	86,989,430	82,352,717	4,636,713
Capital grants and contributions	5,649,549	6,544,482	(894,933)
General Revenues:			
Property taxes	92,098,547	89,686,599	2,411,948
Motor vehicle and other excise taxes	5,536,850	5,612,101	(75,251)
Hotel room occupancy, meals and cannabis taxes	2,545,080	2,282,864	262,216
Penalties and interest on taxes	650,162	354,063	296,099
Nonrestricted grants and contributions	10,170,684	10,152,107	18,577
Unrestricted investment income	71,773	192,223	(120,450)
Gain/(Loss) on sale of capital assets	239,984	-	239,984
Miscellaneous	44,498	62,164	(17,666)
Total revenues	209,532,719	203,213,952	6,318,767
Expenses:			
General government	11,664,925	11,018,425	646,500
Airport	1,948,593	1,839,502	109,091
Public safety	23,389,923	22,496,400	893,523
Public works	12,753,241	11,924,460	828,781
Education	79,548,402	78,442,402	1,106,000
Health and human services	2,417,612	2,911,314	(493,702)
Culture and recreation	2,397,212	4,621,828	(2,224,616)
Employee benefits and insurance	82,154,220	77,186,553	4,967,667
State assessments	7,200,408	6,816,257	384,151
Interest and costs	3,711,338	3,901,074	(189,736)
Total expenses	227,185,874	221,158,215	6,027,659
Change in net position	(17,653,155)	(17,944,263)	291,108
Net position - beginning of year	(335,411,626)	(317,467,363)	(17,944,263)
Net position - end of year	\$ (353,064,781)	\$ (335,411,626)	\$ (17,653,155)

	Business-Type Activities		
	2021	2020	Change
Program Revenues:			
Charges for services	\$ 12,902,926	\$ 13,315,681	\$ (412,755)
Operating grants and contributions	-	21,534	(21,534)
Capital grants and contributions	3,721,701	-	3,721,701
Total Revenues	16,624,627	13,337,215	3,287,412
Expenses:			
Sewer	7,159,675	8,016,301	(856,626)
Water	5,226,132	5,446,980	(220,848)
Total expenses	12,385,807	13,463,281	(1,077,474)
Change in net position	4,238,820	(126,066)	4,364,886
Net position - beginning of year	21,721,612	21,847,678	(126,066)
Net position - end of year	\$ 25,960,432	\$ 21,721,612	\$ 4,238,820

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 \$327,104,349 at the close of fiscal year 2021.

Net position of \$161,649,841 reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment); 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, \$22,982,215 represents resources that are subject to external restrictions on how they may be used. The remaining balance consists of *unrestricted net position* (\$511,736,405).

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, business-type activities and for the government as a whole. The unrestricted governmental activities, business-type activities and government as a whole resulted in a negative balance mainly due to the accrual of the net OPEB and pension liabilities that are required under GASB to be recognized in the City's financial statements. These liabilities are presented on the statement of net position.

The governmental activities net position decreased by \$17,653,155 (5%) during the current fiscal year. The key elements of the decrease in net position for fiscal year 2021 was attributed to increases as a result of the net changes in governmental fund balances of \$5,150,903 and in recognizing the changes in the deferred outflows/(inflows) of resources related to OPEB of \$3,822,135; and decreases the depreciation expense (normally spread out over the useful life of the asset) for the year of \$11,887,978 and the sale of capital assets of \$352,016 exceeding the acquisition of \$10,490,285 in new capital assets and in the change in the OPEB liability of \$36,393,218 as compared to the prior year.

There was an increase of \$4,238,820 (27%) in net position reported in connection with the sewer and water business-type activities. Of this, there were increases of \$4,200,738 attributed to the sewer department and of \$38,082 attributed to the water department.

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, *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, governmental funds reported combined ending fund balances of \$22,519,227, an increase of \$5,150,903 (30%) in comparison with the prior year.

The breakdown of the governmental funds is as follows:

- Restricted fund balance – \$12,688,157 (56%).
- Committed fund balance – \$830,138 (4%).
- Assigned fund balance – \$5,047,312 (22%).
- Unassigned fund balance – \$3,953,620 (18%).

Major Governmental Funds

At the end of the fiscal year, the *General Fund* reported a total fund balance of \$20,711,052, increasing \$5,076,789 (32%) from the prior year. Of the \$20,711,052, the unassigned amount is \$15,663,740 (76%), and the assigned amount is \$5,047,312 (24%). General fund revenues were \$6,667,768 (4%) more than the prior fiscal year and expenditures also increased by \$3,077,366 (2%). Other activity in the General Fund consisted of transfers from other funds of \$72,889 and the sale of tax foreclosure property of \$592,000.

The main components of the change in general fund revenues from the prior year were related to increases in property taxes of \$2,630,880 (3%) and in intergovernmental – “on-behalf” payments of \$2,358,716 (14%) from the prior year.

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

- Increase in Public works expenditures of \$547,092 (3%).
- Decrease in Education expenditures of \$1,807,638 (3%).
- Increase in Employee benefits and insurance expenditures of \$3,954,037 (7%).
- Increase in State assessments of \$384,151 (6%).

The *American Rescue Plan Act (ARPA) Grant* is a United States Federal Government established funding source to assist in the fighting of the coronavirus and has an accumulated a liability balance of \$16,209,225.

The *High School Construction Project Fund* is used to account for construction of a new high school facility. The fund has a deficit balance of \$5,697,849 at the end of the fiscal year and shows an increase of \$1,873,210 (25%). This amount was attributed to \$2,461,110 in revenues from the Massachusetts School Building Administration (MSBA) and expenditures of \$587,900. Additionally, the City has issued temporary debt of \$5,680,776 for this project, which is not reflected in the Fund Balance. The fund ended fiscal year 2021 with a negative balance due to the interim financing with bond anticipation notes. Permanent financing will be done once the project nears completion which will eliminate the deficit.

At the end of the fiscal year, the *Nonmajor Governmental Funds* reported a fund balance of \$7,506,024 decreasing \$1,799,096 (19%) from the prior year. This change was mainly attributed to expenditures exceeding revenues by \$8,366,986, transfers out of \$72,889, premiums on bonds and notes of \$1,259,485 and proceeds from bonds and notes of \$5,381,294.

Proprietary funds. The proprietary funds statements share the same focus as the government-wide statements, reporting both short-term and long-term information about financial status.

Major Proprietary Funds

The *Sewer Fund* is the financing and operations of the City's sewer system. The sewer fund has accumulated a balance of \$19,684,630 and shows an increase of \$4,200,738 (27%) in total operations. This change was mainly attributed to current operating revenues exceeding operating costs by \$1,707,911, intergovernmental revenues of \$3,721,701 and interest expense of \$1,228,874. Operating revenues decreased by \$272,716 (3%) and operating expenses also decreased by \$1,209,010 (17%) from the prior year.

The *Water Fund* is the financing and operations of the City's water system. The water fund has accumulated a balance of \$6,275,802 and shows an increase of \$38,082 (1%) in total operations. This change resulted from current operating revenues exceeding operating costs by \$589,390 and interest expense of \$551,308. Operating revenues decreased by \$140,039 (3%) and operating expenses also decreased by \$189,192 (17%) from the prior year.

The activity of the *Internal Service Fund* represents a health insurance fund. The fund has been closed and shows a fund balance of zero. The fund decreased by \$145,130 (100%) in total operations, the result of \$744 in other revenues, expenses of \$145,983 and interest income of \$79.

General Fund Budgetary Highlights

The final general fund budget for fiscal year 2021 was \$165,630,115. This was an increase of \$1,535,687 (1%) over the previous year's final budget.

There was an increase of \$72,850 between the original budget and the final amended budget. The changes are attributed to council votes during the year for various budget operating line items.

General fund expenditures were less than budgeted by \$6,645,105. Of the \$6,645,105 in under budget expenditures, \$3,547,312 has been carried over to fiscal year 2022.

There are negative variances in property taxes of \$320,454, in intergovernmental receipts of \$104,890 and in investment income of \$70,827 as expectations (budget) were higher than the receipts.

A negative variance exists in State assessments of \$121,420 as the City had higher assessments in special education of \$6,997; and lower assessments in the charter school tuitions of \$21,833 and in school choice sending tuitions of \$106,584 than was withheld by the State.

The variance with the final budget was a positive \$3,738,940 consisting of a revenue surplus of \$641,147 and an appropriation surplus of \$3,097,793.

Capital Asset and Debt Administration

Capital Assets. The City's investment in capital assets for its governmental and business-type activities as of June 30, 2021 amounts to \$244,173,455 and \$141,341,488, respectively.

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

Primary capital events including projects completed during the current fiscal year in the governmental type funds include the following:

- Fire department equipment purchases for \$23,771.
- Highway department vehicle purchases for \$432,287.
- Various road and street improvements for \$5,646,768.
- School vehicle and equipment purchases for \$133,292.

- Various Schools' improvements for \$1,972,800.
- Taconic High School new building and grounds construction for \$587,900.
- Springside House improvements for \$189,117.
- Various parks' improvements for \$994,710.
- Parks' Department facility roof replacement for \$139,223.
- Library roof replacement for \$370,417.

Capital events during the current fiscal year in the business type funds included the following:

Sewer Fund:

- Sewer infrastructure improvements for \$2,196,728.
- Wastewater treatment plant construction for \$23,652,117.

Water Fund:

- Water infrastructure improvements for \$1,566,106.

Debt Administration. The City's outstanding governmental long-term debt, as of June 30, 2021, totaled \$96,180,073, of which primarily \$42,896,000 is for various school projects, \$25,000 is for the landfill, \$2,260,000 is for airport improvements and land acquisitions, \$110,000 for the skate park redevelopment, \$4,975,000 is for road and street improvements, \$1,325,000 is for various building improvements and \$44,589,073 is for municipal purpose loans of various other City projects.

The City's outstanding business-type debt as of June 30, 2021 totaled \$110,024,193 consisting of sewer debt for \$92,321,368 (main increase is due to the Wastewater Treatment Plant construction) and water debt for \$17,702,825. The sewer debt and water debt are fully supported by the rates and do not rely on a general fund subsidy.

The City also has \$14,711,633 in bond anticipation notes consisting of \$12,440,653 in governmental activity debt and \$2,270,980 in business-type activity debt outstanding at June 30, 2021.

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

Next Year's Annual City Council Votes

The financial statements of the City of Pittsfield as of June 30, 2021 do not reflect the fiscal year 2022 budget approved by the City Council on May 25, 2021 and June 8, 2021, except for the amount of free cash used to reduce tax rate.

The City Council has authorized a fiscal year 2022 operating and capital budget as follows:

Budget:		
Raise and Appropriate		\$ 160,393,825
From Income/Rates:		
Sewer and Drains Department		1,039,608
Water Department		5,614,281
Wastewater Department		10,658,249
From Other Available Funds:		
General Fund:		
Unassigned fund balance:		
Free cash		1,500,000
Non-major Governmental Funds:		
Community Preservation Funds	1,054,540	
Parking Meter Reserve	202,000	1,256,540
		<u>\$ 180,462,503</u>

Requests for Information

This financial report is designed to provide a general overview of the City of Pittsfield's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Director of Finance, City Hall, 70 Allen Street, Pittsfield, Massachusetts 01201.

BASIC FINANCIAL STATEMENTS

**CITY OF PITTSFIELD, MASSACHUSETTS
STATEMENT OF NET POSITION
JUNE 30, 2021**

	Primary Government			Component Units
	Governmental Activities	Business-Type Activities	Total	The Berkshire Athenaeum (Unaudited)
ASSETS				
CURRENT:				
Cash and Cash Equivalents	\$ 56,078,745	\$ 6,902,777	\$ 62,981,522	\$ 184,715
Investments	-	-	-	4,630,331
Receivables, net of allowance for uncollectibles:				
Property Taxes	6,644,806	-	6,644,806	-
Tax Liens	4,428,301	-	4,428,301	-
Excise Taxes	794,391	-	794,391	-
User Charges	-	2,008,042	2,008,042	-
Departmental	405,404	-	405,404	224,438
Loans	1,368,023	-	1,368,023	-
Due from Other Governments	8,211,929	6,403,479	14,615,408	-
Total current assets	<u>77,931,599</u>	<u>15,314,298</u>	<u>93,245,897</u>	<u>5,039,484</u>
NONCURRENT:				
Receivables, net of allowance for uncollectibles:				
Loans	1,664,158	-	1,664,158	-
Capital Assets, net of accumulated Depreciation				
Nondepreciable	23,285,652	71,014,089	94,299,741	-
Depreciable	220,887,803	70,327,399	291,215,202	96,943
Total noncurrent assets	<u>245,837,613</u>	<u>141,341,488</u>	<u>387,179,101</u>	<u>96,943</u>
Total Assets	<u>\$ 323,769,212</u>	<u>\$ 156,655,786</u>	<u>\$ 480,424,998</u>	<u>\$ 5,136,427</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred Outflows Related to Pensions	8,622,467	454,810	9,077,277	-
Deferred Outflows Related to OPEB	42,568,366	558,241	43,126,607	-
Total Deferred Outflows of Resources	<u>\$ 51,190,833</u>	<u>\$ 1,013,051</u>	<u>\$ 52,203,884</u>	<u>\$ -</u>

(Continued)

**CITY OF PITTSFIELD, MASSACHUSETTS
STATEMENT OF NET POSITION
JUNE 30, 2021**

	Primary Government			Component Units
	Governmental Activities	Business-Type Activities	Total	The Berkshire Athenaeum (Unaudited)
LIABILITIES				
CURRENT:				
Warrants and Accounts Payable	\$ 442,652	\$ 2,004,519	\$ 2,447,171	\$ -
Accrued Payroll	8,151,427	77,811	8,229,238	-
Retainage Payable	-	2,221,361	2,221,361	-
Payroll Withholdings	663,904	-	663,904	-
Accrued Interest	689,853	586,476	1,276,329	-
Other	488,753	-	488,753	-
Unearned Revenue	16,209,225	-	16,209,225	-
Compensated Absences	1,451,553	110,727	1,562,280	-
Notes Payable	12,440,653	2,270,980	14,711,633	-
Bonds Payable	6,381,471	4,252,771	10,634,242	-
Total current liabilities	<u>46,919,491</u>	<u>11,524,645</u>	<u>58,444,136</u>	<u>-</u>
NONCURRENT:				
Compensated Absences	5,299,695	140,344	5,440,039	-
Net OPEB Liability	450,632,521	5,909,589	456,542,110	-
Net Pension Liability	125,635,782	6,626,938	132,262,720	-
Bonds Payable	91,902,594	107,104,178	199,006,772	-
Total noncurrent liabilities	<u>673,470,592</u>	<u>119,781,049</u>	<u>793,251,641</u>	<u>-</u>
Total Liabilities	<u>720,390,083</u>	<u>131,305,694</u>	<u>851,695,777</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred Inflows Related to Pensions	7,634,743	402,711	8,037,454	-
Total Deferred Inflows of Resources	<u>7,634,743</u>	<u>402,711</u>	<u>8,037,454</u>	<u>-</u>
NET POSITION				
Net Investment in Capital Assets	133,936,282	27,713,559	161,649,841	96,943
Restricted for:				
Capital Projects	3,104,197	2,798,848	5,903,045	-
Loans	3,032,181	-	3,032,181	-
Federal & State Grants	4,219,180	-	4,219,180	-
Community Preservation	1,317,885	-	1,317,885	-
Permanent Funds:				
Expendable	-	-	-	759,639
Nonexpendable	-	-	-	345,211
Other Purposes	8,509,924	-	8,509,924	39,607
Unrestricted	(507,184,430)	(4,551,975)	(511,736,405)	3,895,027
Total Net Position	<u>\$ (353,064,781)</u>	<u>\$ 25,960,432</u>	<u>\$ (327,104,349)</u>	<u>\$ 5,136,427</u>

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

**CITY OF PITTSFIELD, MASSACHUSETTS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021**

	<u>Program Revenues</u>				<u>Primary Government</u> Net (Expense)/ Revenue	<u>Component Units</u> Net (Expense)/ Revenue
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>		
Primary Government:						
Governmental Activities:						
General Government	\$ 11,664,925	\$ 1,961,555	\$ 1,654,318	\$ -	\$ (8,049,052)	\$ -
Airport	1,948,593	176,041	69,000	919,953	(783,599)	-
Public Safety	23,389,923	2,011,740	1,783,422	-	(19,594,761)	-
Public Works	12,753,241	777,485	873,048	1,763,662	(9,339,046)	-
Education	79,548,402	489,836	60,630,700	2,461,110	(15,966,756)	-
Health and Human Services	2,417,612	105,219	1,113,344	-	(1,199,049)	-
Culture and Recreation	2,397,212	14,286	335,261	504,824	(1,542,841)	-
Employee Benefits and Insurance	82,154,220	-	20,412,867	-	(61,741,353)	-
State Assessments	7,200,408	-	-	-	(7,200,408)	-
Interest and Costs	3,711,338	-	117,470	-	(3,593,868)	-
Total Governmental Activities	<u>227,185,874</u>	<u>5,536,162</u>	<u>86,989,430</u>	<u>5,649,549</u>	<u>(129,010,733)</u>	<u>-</u>
Business-Type Activities:						
Sewer	7,159,675	7,638,712	-	3,721,701	4,200,738	-
Water	5,226,132	5,264,214	-	-	38,082	-
Total Business-Type Activities	<u>12,385,807</u>	<u>12,902,926</u>	<u>-</u>	<u>3,721,701</u>	<u>4,238,820</u>	<u>-</u>
Total Primary Government	<u>\$ 239,571,681</u>	<u>\$ 18,439,088</u>	<u>\$ 86,989,430</u>	<u>\$ 9,371,250</u>	<u>\$ (124,771,913)</u>	<u>\$ -</u>
Component Units:						
The Berkshire Athenaeum (Unaudited)	200,898	49,043	338,996	-	-	187,141
Total Component Units	<u>\$ 200,898</u>	<u>\$ 49,043</u>	<u>\$ 338,996</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 187,141</u>

(Continued)

**CITY OF PITTSFIELD, MASSACHUSETTS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021**

	<u>Primary Government</u>			<u>Component Units</u>
	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>	<u>The Berkshire Athenaeum (Unaudited)</u>
Changes in Net Position:				
Net (Expense)/Revenue (from previous page)	\$ (129,010,733)	\$ 4,238,820	\$ (124,771,913)	\$ 187,141
General Revenues:				
Property taxes	92,098,547	-	92,098,547	-
Motor vehicle and other excise taxes	5,536,850	-	5,536,850	-
Hotel room occupancy, meals and cannabis taxes	2,545,080	-	2,545,080	-
Penalties & interest on taxes	650,162	-	650,162	-
Grants & contributions not restricted to specific programs	10,170,684	-	10,170,684	-
Unrestricted investment income	71,773	-	71,773	991,449
Gain/(Loss) on Sale of Capital Assets	239,984	-	239,984	-
Miscellaneous	44,498	-	44,498	-
Total General Revenues	<u>111,357,578</u>	<u>-</u>	<u>111,357,578</u>	<u>991,449</u>
Change in Net Position	(17,653,155)	4,238,820	(13,414,335)	1,178,590
Net Position:				
Beginning of year (as restated)	<u>(335,411,626)</u>	<u>21,721,612</u>	<u>(313,690,014)</u>	<u>3,957,837</u>
End of year	<u>\$ (353,064,781)</u>	<u>\$ 25,960,432</u>	<u>\$ (327,104,349)</u>	<u>\$ 5,136,427</u>

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

**CITY OF PITTSFIELD, MASSACHUSETTS
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2021**

	General Fund	ARPA Grant	High School Construction Project Fund	Nonmajor Governmental Funds	Total Governmental Funds
Assets:					
Cash and Cash Equivalents	\$ 29,286,282	\$ 16,209,225	\$ (2,923,451)	\$ 13,506,689	\$ 56,078,745
Receivables, net of allowance for uncollectibles:					
Property Taxes	6,637,470	-	-	7,336	6,644,806
Tax Liens	4,423,935	-	-	4,366	4,428,301
Excise Taxes	794,391	-	-	-	794,391
Departmental	207,026	-	-	198,378	405,404
Loans	-	-	-	3,032,181	3,032,181
Due from Other Governments	1,128,034	-	2,906,378	4,177,517	8,211,929
Total Assets	\$ 42,477,138	\$ 16,209,225	\$ (17,073)	\$ 20,926,467	\$ 79,595,757
Liabilities:					
Warrants and Accounts Payable	\$ 425,989			\$ 16,663	\$ 442,652
Accrued Payroll	8,079,194	-	-	72,233	8,151,427
Employee Withholdings	663,376	-	-	-	663,376
Other	48,890	-	-	439,863	488,753
Unearned Revenue	-	16,209,225	-	-	16,209,225
Notes Payable	-	-	5,680,776	6,759,877	12,440,653
Total Liabilities	9,217,449	16,209,225	5,680,776	7,288,636	38,396,086
Deferred Inflows of Resources:					
Unavailable Revenue	12,548,637	-	-	6,131,807	18,680,444
Fund Balance:					
Restricted	-	-	-	12,688,157	12,688,157
Committed	-	-	-	830,138	830,138
Assigned	5,047,312	-	-	-	5,047,312
Unassigned	15,663,740	-	(5,697,849)	(6,012,271)	3,953,620
Total Fund Balance	20,711,052	-	(5,697,849)	7,506,024	22,519,227
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 42,477,138	\$ 16,209,225	\$ (17,073)	\$ 20,926,467	\$ 79,595,757

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

**CITY OF PITTSFIELD, MASSACHUSETTS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2021**

	General Fund	ARPA Grant	High School Construction Project Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:					
Property Taxes	\$ 89,966,717	\$ -	\$ -	\$ 477,683	\$ 90,444,400
Intergovernmental	60,629,915	-	2,461,110	20,280,982	83,372,007
Excise and Other Taxes	5,645,398	-	-	-	5,645,398
Hotel Room Occupancy, Meals and Cannabis Taxes	2,545,080	-	-	-	2,545,080
Licenses, Permits, Fees	3,889,259	-	-	-	3,889,259
Charges for Services	-	-	-	2,313,884	2,313,884
Interest on Taxes	648,768	-	-	1,394	650,162
Investment Income	71,773	-	-	9,000	80,773
Other	-	-	-	518,636	518,636
Intergovernmental - "On-behalf" Payments	19,605,768	-	-	-	19,605,768
Total Revenues	183,002,678	-	2,461,110	23,601,579	209,065,367
Expenditures:					
Current:					
General Government	6,850,453	-	-	3,981,357	10,831,810
Airport	200,696	-	-	137,444	338,140
Public Safety	18,969,756	-	-	3,406,425	22,376,181
Public Works	8,040,071	-	-	6,924,851	14,964,922
Education	62,749,057	-	587,900	14,485,529	77,822,486
Health and Human Services	1,574,663	-	-	681,784	2,256,447
Culture and Recreation	1,204,022	-	-	2,335,189	3,539,211
Employee Benefits and Insurance	62,002,481	-	-	-	62,002,481
State Assessments	7,200,408	-	-	-	7,200,408
Debt Service:					
Principal	6,037,154	-	-	-	6,037,154
Interest and Costs	3,762,017	-	-	15,986	3,778,003
Total Expenditures	178,590,778	-	587,900	31,968,565	211,147,243
Excess of Revenues Over (Under) Expenditures	4,411,900	-	1,873,210	(8,366,986)	(2,081,876)
Other Financing Sources (Uses):					
Operating Transfers In	72,889	-	-	-	72,889
Operating Transfers Out	-	-	-	(72,889)	(72,889)
Sale of Tax Foreclosure Property	592,000	-	-	-	592,000
Payments to Refunding Bonds Escrow Agent	-	-	-	(7,390,814)	(7,390,814)
Proceeds from Issuance of Refunding Bonds	-	-	-	6,687,763	6,687,763
Premium on Refunding Bonds	-	-	-	752,475	752,475
Premium on Bonds and Notes	-	-	-	507,010	507,010
Proceeds from Bonds and Notes	-	-	-	6,084,345	6,084,345
Total Other Financing Sources (Uses)	664,889	-	-	6,567,890	7,232,779
Net Change in Fund Balances	5,076,789	-	1,873,210	(1,799,096)	5,150,903
Fund Balances, Beginning of Year (as restated)	15,634,263	-	(7,571,059)	9,305,120	17,368,324
Fund Balances, End of Year	\$ 20,711,052	\$ -	\$ (5,697,849)	\$ 7,506,024	\$ 22,519,227

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

CITY OF PITTSFIELD, MASSACHUSETTS
Reconciliation of the Governmental Funds Balance Sheet
Total Fund Balances to the Statement of Net Position
For the Year Ended June 30, 2021

Total Governmental Fund Balances		\$	22,519,227
Capital Assets (net) used in governmental activities are not financial resources and, therefore, are not reported in the funds.			244,173,455
Revenues are recognized on an accrual basis of accounting instead of a modified accrual basis.			18,679,916
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.			43,556,090
Long Term liabilities are not due and payable in the current period and, therefore, are not reported in governmental funds:			
Bonds Payable	\$	(98,284,065)	
Net Other Post Employment Benefits Liability		(450,632,521)	
Net Pension Liability		(125,635,782)	
Compensated Absences		<u>(6,751,248)</u>	(681,303,616)
In the statement of activities, interest is accrued on outstanding long term debt, whereas in governmental funds interest is not reported until due.			<u>(689,853)</u>
Net Position of Governmental Activities		\$	<u><u>(353,064,781)</u></u>

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

CITY OF PITTSFIELD, 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, 2021

Net Change in Fund Balances - Total Governmental Funds \$ 5,150,903

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	\$ 10,490,285	
Sale of Capital Assets	(352,016)	
Depreciation	<u>(11,887,978)</u>	(1,749,709)

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 unavailable revenue.

226,515

The issuance of long-term debt (e.g., bonds and leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the financial resources of governmental funds.

Neither transaction, however, has any effect on net position:

Repayment of Debt Principal	6,037,154	
Net Amortization of Premium from Issuance of Bonds	261,649	
Premium from the Issuance of Bonds and Refunding Bonds	(1,259,485)	
Payments of Refunding Bonds	7,172,500	
Proceeds from Issuance of Refunding Bonds	(6,687,763)	
Proceeds from Issuance of Bonds and Notes	<u>(6,084,345)</u>	(560,290)

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 the governmental funds:

Net Change in Compensated Absences	(64,892)	
Net Change in Net Other Post Employment Benefits Liability	(36,393,218)	
Net Change in Deferred Outflow/(Inflow) of Resources Related to OPEB	16,791,662	
Net Change in Net Pension Liability	434,411	
Net Change in Deferred Outflow/(Inflow) of Resources Related to Pensions	(1,366,737)	
Net Change in Accrued Interest on Long-Term Debt	<u>23,330</u>	(20,575,444)

Internal Service funds are used by management to account for Health Insurance activities.

The net activity of Internal Service Funds is reported with Governmental Activities	<u>(145,130)</u>
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Change in Net Position of Governmental Activities **\$ (17,653,155)**

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

**CITY OF PITTSFIELD, MASSACHUSETTS
STATEMENT OF REVENUES AND EXPENDITURES - BUDGETARY BASIS -
(NON-GAAP) - BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2021**

	Budgeted Amounts				Amounts Carried Forward to Next Year	Variance with Final Budget Positive (Negative)
	Amounts Carried		Actual			
	Forward from Prior Year	Original Budget	Final Budget	Budgetary Basis		
Revenues:						
Property Taxes	\$ -	\$ 91,061,171	\$ 91,061,171	\$ 90,740,717	\$ -	\$ (320,454)
Intergovernmental	-	60,734,805	60,734,805	60,629,915	-	(104,890)
Excise and Other Taxes	-	5,560,515	5,560,515	5,645,398	-	84,883
Hotel Room Occupancy, Meals and Cannabis Taxes	-	1,658,525	1,658,525	1,864,618	-	206,093
Licenses, Permits, Fees	-	3,199,185	3,199,185	3,889,259	-	690,074
Interest on Taxes	-	492,500	492,500	648,768	-	156,268
Investment Income	-	130,000	130,000	59,173	-	(70,827)
Total Revenues	-	162,836,701	162,836,701	163,477,848	-	641,147
Expenditures:						
Current:						
General Government	450,939	7,072,508	8,111,924	6,850,453	860,721	400,750
Airport	2,959	273,479	276,438	200,696	16,452	59,290
Public Safety	208,971	20,241,220	20,450,191	18,969,756	123,800	1,356,635
Public Works	336,223	8,076,388	8,549,423	8,040,071	412,018	97,334
Education	887,118	64,493,700	65,380,818	62,749,057	2,103,926	527,835
Health and Human Services	39,992	1,886,491	1,926,483	1,574,663	30,395	321,425
Culture and Recreation	2,103	1,299,901	1,302,004	1,204,022	-	97,982
Employee Benefits and Insurance	42,259	43,233,398	42,600,368	42,396,713	-	203,655
State Assessments	-	7,078,988	7,078,988	7,200,408	-	(121,420)
Debt Service:						
Principal	-	5,924,120	6,094,470	6,037,154	-	57,316
Interest and Costs	-	4,006,508	3,859,008	3,762,017	-	96,991
Total Expenditures	1,970,564	163,586,701	165,630,115	158,985,010	3,547,312	3,097,793
Excess of Revenues Over (Under) Expenditures	(1,970,564)	(750,000)	(2,793,414)	4,492,838	(3,547,312)	3,738,940
Other Financing Sources (Uses):						
Operating Transfers In	-	-	72,850	72,889	-	39
Operating Transfers Out	-	-	-	-	-	-
Sale of Tax Foreclosure Property	-	-	-	592,000	-	592,000
Total Other Financing Sources (Uses)	-	-	72,850	664,889	-	592,039
Net Change in Budgetary Fund Balance	(1,970,564)	(750,000)	(2,720,564)	\$ 5,157,727	\$ (3,547,312)	\$ 4,330,979
Other Budgetary Items:						
Free Cash and Other Reserves	-	750,000	750,000			
Prior Year Encumbrances	1,970,564	-	1,970,564			
Total Other Budgetary Items	1,970,564	750,000	2,720,564			
NET BUDGET	\$ -	\$ -	\$ -			

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

CITY OF PITTSFIELD, MASSACHUSETTS
Reconciliation of Revenues and Expenditures
from Budgetary Basis to GAAP Basis
For the Year Ended June 30, 2021

	Revenues	Expenditures
Reported on a Budgetary Basis	\$ 163,477,848	\$ 158,985,010
<i>Adjustments:</i>		
Activity for Stabilization Funds Recorded in the General Fund for GAAP Purposes	693,062	-
Recognition of Intergovernmental Revenue - "on behalf payments"	19,605,768	-
Recognition of Expenditures - "on behalf payments"	-	19,605,768
Net Decrease in Revenue from Recording 60-Day Receipts	(774,000)	-
Reported on a GAAP Basis	\$ 183,002,678	\$ 178,590,778

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

**CITY OF PITTSFIELD, MASSACHUSETTS
STATEMENT OF NET POSITION - PROPRIETARY FUNDS
JUNE 30, 2021**

	Business-Type Activities Enterprise Funds			Governmental Activities - Internal Service Fund
	Sewer Fund	Water Fund	Total	
ASSETS				
CURRENT:				
Cash and Cash Equivalents	\$ 4,954,130	\$ 1,948,647	\$ 6,902,777	-
User Charges, net of allowance for uncollectibles	1,056,233	951,809	2,008,042	-
Due from Other Governments	6,403,479	-	6,403,479	-
Total current assets	12,413,842	2,900,456	15,314,298	-
NONCURRENT:				
Capital Assets, net of accumulated Depreciation				
Nondepreciable	70,606,374	407,715	71,014,089	-
Depreciable	43,930,347	26,397,052	70,327,399	-
Total noncurrent assets	114,536,721	26,804,767	141,341,488	-
Total Assets	126,950,563	29,705,223	156,655,786	-
DEFERRED OUTFLOWS OF RESOURCES				
Deferred Outflows Related to Pensions	312,682	142,128	454,810	-
Deferred Outflows Related to OPEB	355,823	202,418	558,241	-
Total Deferred Outflows of Resources	668,505	344,546	1,013,051	-
LIABILITIES				
CURRENT:				
Accounts Payable	1,929,406	75,113	2,004,519	-
Accrued Payroll	47,147	30,664	77,811	-
Retainage Payable	2,221,361	-	2,221,361	-
Accrued Interest	414,549	171,927	586,476	-
Compensated Absences	70,343	40,384	110,727	-
Notes Payable	1,212,706	1,058,274	2,270,980	-
Bonds Payable	3,071,769	1,181,002	4,252,771	-
Total current liabilities	8,967,281	2,557,364	11,524,645	-
NONCURRENT:				
Compensated Absences	88,876	51,468	140,344	-
Net OPEB Liability	3,766,772	2,142,817	5,909,589	-
Net Pension Liability	4,556,019	2,070,919	6,626,938	-
Bonds Payable	90,278,626	16,825,552	107,104,178	-
Total noncurrent liabilities	98,690,293	21,090,756	119,781,049	-
Total Liabilities	107,657,574	23,648,120	131,305,694	-
DEFERRED INFLOWS OF RESOURCES				
Deferred Inflows Related to Pensions	276,864	125,847	402,711	-
Total Deferred Inflows of Resources	276,864	125,847	402,711	-
NET POSITION				
Net Investment in Capital Assets	19,973,620	7,739,939	27,713,559	-
Restricted for Capital Projects	2,610,066	188,782	2,798,848	-
Unrestricted	(2,899,056)	(1,652,919)	(4,551,975)	-
Total Net Position	\$ 19,684,630	\$ 6,275,802	\$ 25,960,432	\$ -

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

**CITY OF PITTSFIELD, MASSACHUSETTS
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2021**

	Business-Type Activities Enterprise Funds			Governmental Activities - Internal Service Fund
	Sewer Fund	Water Fund	Total	
Operating Revenues:				
Charges for Services	\$ 7,490,412	\$ 5,086,539	\$ 12,576,951	\$ -
Other	148,300	177,675	325,975	774
Total Operating Revenues	7,638,712	5,264,214	12,902,926	774
Operating Expenses:				
Salaries & Wages	1,730,746	988,439	2,719,185	-
Operating Expenses	2,579,412	2,072,288	4,651,700	145,983
Depreciation	1,620,643	1,614,097	3,234,740	-
Total Operating Expenses	5,930,801	4,674,824	10,605,625	145,983
Operating Income (Loss)	1,707,911	589,390	2,297,301	(145,209)
Non-Operating Revenues (Expenses):				
Interest Income	-	-	-	79
Intergovernmental	3,721,701	-	3,721,701	-
Interest Expense	(1,228,874)	(551,308)	(1,780,182)	-
Total Non-Operating Revenues (Expenses)	2,492,827	(551,308)	1,941,519	79
Income (Loss) Before Operating Transfers	4,200,738	38,082	4,238,820	(145,130)
Operating Transfers:				
Transfer In	-	-	-	-
Transfer Out	-	-	-	-
Total Operating Transfers	-	-	-	-
Change in Net Position	4,200,738	38,082	4,238,820	(145,130)
Net Position at Beginning of Year (as restated)	15,483,892	6,237,720	21,721,612	145,130
Net Position at End of Year	\$ 19,684,630	\$ 6,275,802	\$ 25,960,432	\$ -

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

**CITY OF PITTSFIELD, MASSACHUSETTS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2021**

	Business-Type Activities Enterprise Funds			Governmental Activities - Internal Service Fund
	Sewer Fund	Water Fund	Total	
Cash Flows From Operating Activities:				
Receipts from Customers and Users	\$ 7,413,888	\$ 5,115,451	\$ 12,529,339	\$ -
Receipts from Other Revenues	148,300	177,675	325,975	774
Payments to Vendors	(3,105,550)	(2,374,465)	(5,480,015)	(145,983)
Payments to Employees	(1,695,159)	(981,839)	(2,676,998)	-
Net Cash Provided by (Used for) Operating Activities	2,761,479	1,936,822	4,698,301	(145,209)
Cash Flows from Noncapital Financing Activities:				
Transfers from (to) Other Funds	-	-	-	-
Net Cash Provided by (Used for) Noncapital Financing Activities	-	-	-	-
Cash Flows from Capital and Related Financing Activities:				
MWPAT Project Drawdowns	24,588,463	-	24,588,463	-
Intergovernmental	-	-	-	-
Other	199,299	107,360	306,659	-
Proceeds from Issuance of Refunding Bonds	1,049,200	931,850	1,981,050	-
Payments to Refunding Bonds Escrow Agent	(1,144,500)	(1,018,000)	(2,162,500)	-
Proceeds from the Issuance of Bonds and Notes	2,144,298	1,568,564	3,712,862	-
Acquisition and Construction of Capital Assets	(29,339,592)	(1,566,107)	(30,905,699)	-
Principal Payments on Bonds and Notes	(1,233,763)	(1,320,899)	(2,554,662)	-
Interest Expense	(1,086,776)	(580,393)	(1,667,169)	-
Net Cash Provided by (Used for) Capital and Related Financing Activities	(4,823,371)	(1,877,625)	(6,700,996)	-
Cash Flows from Investing Activities:				
Investment Income	-	-	-	79
Net Cash Provided by (Used for) Investing Activities	-	-	-	79
Net Increase (Decrease) in Cash and Cash Equivalents	(2,061,892)	59,197	(2,002,695)	(145,130)
Cash and Cash Equivalents at Beginning of Year	7,016,022	1,889,450	8,905,472	145,130
Cash and Cash Equivalents at End of Year	\$ 4,954,130	\$ 1,948,647	\$ 6,902,777	\$ -

(Continued)

**CITY OF PITTSFIELD, MASSACHUSETTS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2021**

	Business-Type Activities Enterprise Funds			Governmental Activities - Internal Service Fund
	Sewer Fund	Water Fund	Total	
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used For) Operating Activities:				
Operating Income (Loss)	\$ 1,707,911	\$ 589,390	2,297,301	\$ (145,209)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:				
Depreciation	1,620,643	1,614,097	3,234,740	-
Deferred (Outflows)/Inflows of Resources Related to Pensions	69,095	32,528	101,623	-
Deferred (Outflows)/Inflows of Resources Related to OPEB	(156,898)	(83,965)	(240,863)	-
Change in Assets and Liabilities:				
Increase (Decrease) in Warrants Payable	53,259	52,551	105,810	-
Increase (Decrease) in Accrued Payroll	1,217	8,069	9,286	-
Increase (Decrease) in Compensated Absences	34,370	(1,469)	32,901	-
Increase (Decrease) in Net OPEB Liability	569,987	239,243	809,230	-
Increase (Decrease) in Net Pension Liability	(1,061,581)	(542,534)	(1,604,115)	-
Decrease (Increase) in User Charges Receivable	(76,524)	28,912	(47,612)	-
Total Adjustments	1,053,568	1,347,432	2,401,000	-
Net Cash Provided by (Used for) Operating Activities	\$ 2,761,479	\$ 1,936,822	\$ 4,698,301	\$ (145,209)

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

**CITY OF PITTSFIELD, MASSACHUSETTS
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2021**

	Pension and Other	
	Employee Benefit Trust Funds (1)	Private Purpose Trust Funds
ASSETS		
Cash and Cash Equivalents	\$ 7,716,931	\$ 549,624
Investments	161,311,783	-
Accounts Receivable	32,781	-
Total Assets	169,061,495	549,624
LIABILITIES		
Warrants Payable	2,730	-
Total Liabilities	2,730	-
NET POSITION		
Restricted for Pensions	168,752,681	-
Restricted for Other Postemployment Benefits	306,084	-
Held in Trust for Other Purposes	-	549,624
	\$ 169,058,765	\$ 549,624

(1) The Pension Trust Fund is as of December 31, 2020.

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

**CITY OF PITTSFIELD, MASSACHUSETTS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2021**

	Pension and Other	
	Employee Benefit Trust Funds (1)	Private Purpose Trust Funds
Additions		
Contributions:		
Employers	\$ 27,329,216	\$ -
Plan Members	3,686,356	-
Transfers/Reimbursements from Other Systems	243,721	-
Federal Grant Reimbursements	75,248	-
Commonwealth of Massachusetts - COLA	254,211	-
Private Donations	-	220,650
Total Contributions	31,588,752	220,650
Investment Income:		
Interest & Dividends	3,320,188	211
Net Change in Fair Value of Investments	14,389,822	-
Total Investment Earnings	17,710,010	211
Less Investment Expense	(711,243)	-
Net Investment Earnings	16,998,767	211
Total Additions	48,587,519	220,861
Deductions:		
Benefit Payments to Plan Members and Beneficiaries	32,102,496	-
Refunds to Members	470,742	-
Transfers to Other Systems	1,117,506	-
General Expenses	292,116	-
Educational Scholarships	-	18,700
Total Deductions	33,982,860	18,700
Change in Net Position	14,604,659	202,161
Net Position at Beginning of Year	154,454,106	347,463
Net Position at End of Year	\$ 169,058,765	\$ 549,624

(1) The Pension Trust Fund is as of December 31, 2020.

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

CITY OF PITTSFIELD, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying basic financial statements of the City of Pittsfield, 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 of Pittsfield, Massachusetts is a municipality in which citizens elect the mayor, seven council members and four at-large council members.

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 Pittsfield Contributory Retirement System (the System) was established to provide retirement benefits to City employees, the City Housing Authority, the Pittsfield Economic Development Authority and their beneficiaries. The System is governed by a five-member board comprised of the Director of Finance/Treasurer (ex-officio), two members elected by the System's participants, one member appointed by the Mayor and one member appointed by the 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 did not issue a separate audited financial statement. 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 70 Allen Street Room #109, Pittsfield, Massachusetts 01201.

Discretely presented component units are reported in a separate column in the government-wide financial statements to emphasize that they are legally separate from the primary government. The following component unit is presented as a discretely presented component unit:

The Berkshire Athenaeum (the Corporation) is a corporation established under Chapter 129 of the Acts of 1871 of the Commonwealth of Massachusetts. The purpose of the Corporation is to maintain and operate a public library and to provide library services and library materials to the inhabitants of the City. The Corporation has fifteen trustees, seven trustees that are elected at the annual meeting, four trustees appointed by the mayor with the approval of the City Council and four ex officio trustees consisting of the mayor, president of the city council, city treasurer, and one member of the school committee elected from its members. The Corporation is presented as a component unit. The component unit is presented as unaudited.

CITY OF PITTSFIELD, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2021

The City is responsible for electing the governing board and/or committee members of the Pittsfield Housing Authority and the Pittsfield Economic Development Authority. These related organizations are excluded from the financial reporting entity because the City's accountability does not extend beyond the City electing the board and/or committee members. Audited financial statements are available from the respective organizations. Descriptions of the related organizations are as follows:

Pittsfield 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.

Pittsfield Economic Development Authority – An authority established by Section 268 of Chapter 194 of the Acts of 1998 of the Commonwealth of Massachusetts, the purpose of which shall be to acquire properties contaminated by oil or hazardous material, conduct response actions thereon and construct, develop, maintain, lease, convey or otherwise transfer such property for the beneficial reuse or development of property to promote economic development on behalf of the City of Pittsfield. The authority is under the management and control of the Pittsfield Economic Development Board. Although the mayor of the City appoints the board, the City has no significant influence over management, budget or policies of the authority.

B. Government-Wide and Fund Financial Statements

Government-wide financial statements

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

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

Fund financial statements

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. Nonmajor 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 government-wide statements' governmental column, a reconciliation is presented that briefly explains the adjustments necessary to reconcile ending net position and change in net position.

CITY OF PITTSFIELD, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2021

Major Fund Criteria

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

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

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

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

Proprietary and fiduciary funds are reported by fund type.

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

Government-wide financial statements

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis* of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are 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. Exceptions to this general rule are charges between the City's enterprise funds and various other functions of the City. Elimination of these charges would distort the direct costs and program revenues of the various functions concerned.

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

Fund financial statements

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis* of accounting. Under the modified accrual basis concept, revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon thereafter to be used to pay current liabilities of the current period. For this purpose, the 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.

CITY OF PITTSFIELD, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2021

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

The City reports the following major governmental funds:

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

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

The *high school construction project fund* is used to account for the construction of the new Taconic High School facility.

The City reports the following major proprietary funds:

The *sewer fund* is used to account for the sewer activities.

The *water fund* is used to account for the water activities.

The *internal service fund* is used to account for the activity in the health insurance fund.

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

The *permanent fund* is used to account for financial resources that are legally restricted to the extent that only earnings, not principal, 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 *Pittsfield 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 *Other Post Employment Benefit (OPEB) Trust Fund* is used to account for the assets held by the City in trust for the payment of future retiree health insurance benefits. The assets of the OPEB Trust Fund cannot be used to support the City's operations.

CITY OF PITTSFIELD, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2021

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.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise fund are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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).

Investment income from proprietary funds is maintained in those funds.

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.

CITY OF PITTSFIELD, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2021

Additional investment disclosures are presented in these Notes.

Investments in the Pittsfield Employee Retirement System consists of marketable securities, bonds and short-term money market investments. All investments are carried at fair market value.

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 and Tax Liens

Property taxes are based on assessments as of January 1, 2020 and include betterments, special assessments and liens. Taxes are used to finance the operations of the City for the fiscal year July 1st to June 30th. By law, all taxable property in the Commonwealth of Massachusetts must be assessed at 100% of fair cash value. Taxes are due and payable on July 1st. The City has accepted the quarterly tax payment system. Under the quarterly tax payment system, the assessors make a preliminary tax commitment based on the prior year's net tax and may not exceed, with limited exceptions, fifty percent of that amount. The collector must mail preliminary tax bills each year by July 1st. The preliminary tax is payable in two equal installments. The first installment is due on August 1st and the second installment is due on November 1st. After the City sets the tax rate, the assessors make the actual tax commitment. If actual bills are mailed on or before December 31st, the balance remaining is payable in two equal installments. The first installment is due on February 1st and the second installment is due on May 1st. If bills are mailed after December 31st, the entire balance is not due until May 1st or thirty days after the bills were mailed, whichever is later. Any betterments, special assessments and other charges are added to the actual bills. Interest at the rate of 14% is charged on the amount of any preliminary tax or actual tax installment payment that is unpaid and delinquent and is charged only for the number of days the payment is actually delinquent. If actual tax bills are mailed after December 31st, interest will be computed from May 1st, or the payment due date, whichever is later. The City has an ultimate right to foreclose on property for which taxes have not been paid. Property taxes levied are recorded as receivables. Revenues from property taxes are recognized in the fiscal year for which they have been levied.

The City mailed preliminary tax bills for the fiscal year 2021 on June 30, 2020 that were due on August 3, 2020 and November 2, 2020 and actual bills on December 31, 2020 that were due on February 1, 2021 and May 3, 2021.

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 2021 is \$96,013,146.

The total amount raised by taxation was \$91,757,214.

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

Excise and Other Taxes

Excise taxes consist of motor vehicle excise. 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 market value of those vehicles.

CITY OF PITTSFIELD, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2021

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

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

User Charges

User charges and fees consist of water and sewer and are levied quarterly based on individual meter readings and are subject to penalties and interest if they are not paid by the respective due date. Water and sewer liens are processed each year and are included as a lien on the property owner's tax bill. Water and sewer charges and liens are recorded as receivables in the fiscal year of the levy.

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

Departmental

Departmental receivables consist primarily of school tuition, parking fees, police outside detail fees, demolition liens, solid waste fees and other immaterial fees and are recorded as receivables in the fiscal year.

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

Loans

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

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

Due from Other Governments

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

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

G. Capital Assets

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

All purchase of equipment in excess of \$15,000 and construction costs of in excess of \$50,000 are capitalized at the date of acquisition or construction, respectively, with expected useful lives of greater than one year.

CITY OF PITTSFIELD, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2021

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	3-20
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 net position. Any residual balances outstanding between the governmental activities and business-type activities are reported in the statement of activities as "Transfers net."

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

I. Deferred Outflows and Inflows of Resources

Government-wide financial statements

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

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

Fund financial statements

In addition to liabilities, the governmental funds balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The 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 and excise taxes; departmental revenue, loans and intergovernmental grants. These amounts are deferred and are recognized as an inflow of resources in the period that the amounts become available.

CITY OF PITTSFIELD, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2021

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.

"Loans" represents community development outstanding loan receivable balances.

"Federal and state grants" represents amounts restricted by the federal and state government for various programs.

"Community preservation fund" represents amounts that are restricted for the preservation of open space, historical resources and community housing.

"Permanent funds – expendable" represents amounts held in trust for which the expenditures are restricted by various trust agreements.

"Permanent funds – nonexpendable" represents amounts held in trust for which only investment earnings may be expended.

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

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

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

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

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

Committed fund balance. These amounts can only be used for specific purposes pursuant to constraints imposed by formal action of the City's highest level of decision-making authority, which is the City Council action and can be modified or rescinded only through these actions. 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.

CITY OF PITTSFIELD, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2021

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 and proprietary fund 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. Individuals are provided for a maximum in a range of 105 to 140 days depending on the union contract. Upon retirement, termination, or death, certain employees are compensated for unused vacation and sick leave (subject to certain limitations) at 50% of their current rates of pay.

M. Pension Benefits

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

N. Post Retirement Benefits

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

CITY OF PITTSFIELD, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2021

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 the 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 unencumbered appropriation, balance or portion thereof, may be transferred from one department, commission, board or office, to another by City Council vote.

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

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

For fiscal year 2021, the City incurred a final budget deficit of \$2,720,564 for the General Fund.

CITY OF PITTSFIELD, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2021

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

Unassigned fund balance:		
Free cash votes	\$	750,000
Prior year's encumbrances		1,970,564
		1,970,564
	\$	2,720,564

B. Deficit Fund Balances

The following funds have deficits at June 30, 2021 as measured by the balances of unreserved fund balance:

- The high school construction project fund, a major fund, has a deficit of \$5,697,849. This project is partially funded by the Massachusetts School Building Authority (MSBA). The City has additional authorizations for debt totaling \$4,779,195 and has temporary notes outstanding of \$5,680,776. The deficit will be eliminated upon the future receipt of funds or upon the issuance of permanent debt.
- Various capital project funds are overdrawn for a total of \$5,379,401. The City has various temporary notes totaling \$6,759,877 for these capital projects. The deficits will be eliminated upon the issuance of permanent debt.
- The Emergency management (Covid-19) grant special revenue funds have deficits totaling of \$632,870. These deficits will be eliminated upon additional receipts or appropriation.

3. DETAILED NOTES

A. Deposits and Investments

Custodial Credit Risks – Deposits – City Financials

Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned. The City does not have a deposit policy for custodial credit risk. Deposits at June 30, 2021 were \$66,581,386. Of these, \$6,807,571 are exposed to custodial credit risk as uninsured and uncollateralized.

Custodial Credit Risks – Deposits – Pittsfield Contributory Retirement System

Custodial credit risk is the risk that in the event of a bank failure, the System's deposits may not be returned. The System does not have a deposit policy for custodial credit risk. Deposits at December 31, 2020 were \$7,593,026. None are exposed to custodial credit risk as uninsured and uncollateralized.

CITY OF PITTSFIELD, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2021

Investment Policies – City Financials

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

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

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

Investment Policies – Pittsfield Contributory 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. Any investment not specifically addressed in these guidelines is not allowed.

Specific policies for investments of funds for the system that have been approved by PERAC, are as follows:

- Equities of foreign corporations, including American Depository Receipts, listed on the New York Stock Exchange provided that all such investments are denominated in U. S. currency, and that the total of all such investments shall not exceed 10% of the total book value of equity investments.
- Bonds shall have 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.
- Fixed income holdings which are downgraded by one or more recognized rating services to below a Baa or equivalent rating must be sold within a reasonable period of time not to exceed one year, however, 10% of the market value of fixed income investments may be invested in bonds with a minimum quality rating of Ba or equivalent.
- Sales of fixed income investments with maturities exceeding one year shall not exceed 150% of the market value of all fixed income obligations in any twelve-month period, excluding cash and short-term obligations.
- Sales of equity investments shall not exceed 100% of the average market value of all equity holdings in any twelve-month period.

CITY OF PITTSFIELD, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2021

- Equities in foreign corporations, including American Depository Receipts listed on a United States stock exchange or traded over the counter in the United States, provided that all such investments are denominated in the U. S. currency, and that the total of all such investments shall not exceed 10% of total book value of equity investments.
- Commingled real estate shall not exceed 5% of the total book value of the portfolio at the time of purchase provided that: (a) the retirement board does not participate in the selection of personnel responsible for making real estate investments and should this be required, prior to any participation by the board, the board shall consult with PERA to determine the appropriate course of action; (b) such personnel retain authority in the decision making process, and (c) should an investment in real estate result in the direct ownership of real estate or mortgage indebtedness, such shall be permitted only until such time as divestiture is prudent.
- Equity investments shall not exceed 60% of the portfolio value at market, including international equities which shall not exceed 5% of the portfolio valued at market. At least 40% but not more than 80% of the total portfolio valued at market, shall consist of fixed income investments with a maturity of more than one year including Yankee bonds which shall be limited to 10% of the total fixed income portfolio value at market.
- In accordance with PERAC Investment Guideline 99-2, the Board may invest in the Freedom Equity Style Fund. Proceeds will come from a large cap equity value separate account managed by Freedom Capital Management. As long as the fund maintains its value focus, there is no change in investment strategy or in the universe of securities to be considered. Since the fund invests in an index rather than in individual securities, this modification affords reduced fees to the System.
- In accordance with PERAC Investment Guideline 99-2, the Board may make a modest modification to its fixed income management mandate with Freedom Capital Management. Under this modification, the manager may invest up to 15% of the account's assets in high yield securities on an opportunistic basis. The Board has had a successful relationship with Freedom Capital as a fixed income manager since 1986 and it is satisfied that the company has sufficient capability in the high-yield market to accomplish the modified mandate.
- The System may modify its investment with Freedom Capital Management in accordance with Investment Guideline 99-2. In order to achieve cost savings deriving from economies of scale, the System's Core Plus Fixed Income and Large Cap Value mandates with Freedom Capital will change from separately managed accounts to participation in commingled funds.

The System's investments are in pooled funds (the Pension Reserves Investment Trust (PRIT) Fund and the Real Estate Fund). The PRIT fund and the real estate fund are pooled investment funds created under the supervision of the Pension Reserves Investment Management (PRIM) Board. The PRIT and the real estate fund are external investment pools that meet the criteria established under GASB Statement No. 79. As of December 31, 2020, the System had the following investments and maturities:

Investment Type	Fair Value
Other Investments:	
PRIT pooled funds	161,090,504
Pooled alternative investment capital	221,279
	<u>\$ 161,311,783</u>

CITY OF PITTSFIELD, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2021

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 \$161,311,783 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.

The System does not have any investments which are exposed to credit risk.

Concentration of Credit Risk

The System places no limit on the amount the System may invest in one issuer.

Fair Value of Retirement Investments

The retiree pension defined benefit plan holds significant amounts of investments that are measured at fair value on a recurring basis. Because investing is a key part of the plan's activities, the plan shows greater disaggregation in its disclosures. The plan chooses a tabular format for disclosing the levels within the fair value hierarchy.

The System categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The System has the following recurring fair value measurements as of December 31, 2020:

Investment Type	Fair Value	Fair Value Measurements		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments Measured at the net asset value (NAV):				
External Investment Pools (PRIT)	161,090,504			
Pooled Venture Capital Funds	221,279			
Total Investments	<u>\$ 161,311,783</u>			

CITY OF PITTSFIELD, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2021

PRIT investments are valued using the net asset value (NAV) method. This investment pool was created by the Commonwealth of Massachusetts under the supervision of the State Treasurer's office. PRIT is administered by the Pension Reserves Investment Management (PRIM) Board. The fair values of the positions in each investment Pool are the same as the value of each Pool's shares. The System does not have the ability to control any of the investment decisions relative to its funds in PRIT.

B. Receivables

At June 30, 2021, 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 non-major governmental funds:			
Property taxes	\$ 6,764,806	\$ (120,000)	\$ 6,644,806
Tax liens	5,881,889	(1,453,588)	4,428,301
Excise taxes	1,019,391	(225,000)	794,391
Departmental	966,358	(560,954)	405,404
Loans	3,032,181	-	3,032,181
Due from other governments	8,211,929	-	8,211,929
Fiduciary funds:			
<i>Pittsfield Employee Retirement System (at December 31, 2020):</i>			
Accounts receivable	32,781	-	32,781
	<u>\$ 25,909,335</u>	<u>\$ (2,359,542)</u>	<u>\$ 23,549,793</u>

At June 30, 2021, receivables for the sewer and water enterprise consist of the following:

	Gross Amount	Allowance for Uncollectibles	Net Amount
Sewer Fund:			
User charges	\$ 671,690	\$ (5,000)	\$ 666,690
Tax liens	243,230	-	243,230
Departmental	147,313	(1,000)	146,313
Water Fund:			
User charges	581,231	(5,000)	576,231
Tax liens	371,812	-	371,812
Departmental	4,766	(1,000)	3,766
	<u>\$ 2,020,042</u>	<u>\$ (12,000)</u>	<u>\$ 2,008,042</u>

CITY OF PITTSFIELD, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2021

The composition of amounts due from other governments as of June 30, 2021 for governmental funds is as follows:

General Fund:

Commonwealth of Massachusetts:

Department of Revenue:			
Veterans, blind and surviving spouse	\$	143,219	
Department of Veterans Services:			
Veterans benefits		497,270	
Massachusetts School Building Authority:			
School Building Assistance - Capital portion		<u>487,545</u>	\$ 1,128,034

High School Construction Project Fund:

Commonwealth of Massachusetts:

Massachusetts School Building Authority:			
School Building Assistance - Capital portion			2,906,378

Nonmajor Governmental Funds:

U.S. Department of Agriculture:

School lunch	234,644
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U.S. Department of Education:

School title grants	437,779
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U.S. Department of Housing and Urban Development:

Community Development Block Grant	1,938,552
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U.S. Department of Justice

67,868

Commonwealth of Massachusetts:

Department of Elementary and Secondary Education:

School lunch	1,436
School title grants	151,082

Department of Fire Services 60,931

Executive Office of Public Safety & Homeland Security 75,080

Massachusetts Department of Transportation:

Highway Department - Chapter 90 funds	<u>1,210,145</u>	<u>4,177,517</u>
		<u>\$ 8,211,929</u>

CITY OF PITTSFIELD, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2021

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 are as follows:

General Fund:			
Property taxes	\$	6,138,470	
Tax liens		4,423,935	
Excise taxes		794,391	
Departmental		207,026	
Due from other governments		984,815	\$ 12,548,637
Nonmajor governmental funds:			
Property taxes		7,336	
Tax liens		4,366	
Departmental		143,179	
Loans		2,828,229	
Due from other governments		3,148,697	6,131,807
			\$ 18,680,444

D. Capital Assets

Capital asset activity for the governmental and business-type activities for the year ended June 30, 2021, are as follows:

Governmental Activities	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	\$ 7,715,094	\$ -	\$ (352,017)	\$ 7,363,077
Construction in Progress	128,911,406	7,162,882	(120,151,713)	15,922,575
Total capital assets not being depreciated	136,626,500	7,162,882	(120,503,730)	23,285,652
Capital assets being depreciated:				
Buildings and Renovations	120,957,620	120,837,605	-	241,795,225
Machinery, equipment and other	25,754,755	589,350	-	26,344,105
Infrastructure	98,731,833	2,052,161	-	100,783,994
Total capital assets being depreciated	245,444,208	123,479,116	-	368,923,324
Less accumulated depreciation for:				
Buildings and Renovations	87,564,580	5,236,015	-	92,800,595
Machinery, equipment and other	18,755,490	1,736,024	-	20,491,514
Infrastructure	29,827,474	4,915,938	-	34,743,412
Total accumulated depreciation	136,147,544	11,887,977	-	148,035,521
Total capital assets being depreciated, net	109,296,664	111,591,139	-	220,887,803
Total governmental activities capital assets, net	\$ 245,923,164	\$ 118,754,021	\$ (120,503,730)	\$ 244,173,455

CITY OF PITTSFIELD, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2021

Business-Type Activities	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	\$ 99,825	\$ -	\$ -	\$ 99,825
Construction in Progress	49,051,369	26,230,497	(4,367,602)	70,914,264
Total capital assets not being depreciated	49,151,194	26,230,497	(4,367,602)	71,014,089
Capital assets being depreciated:				
Machinery, equipment and other	4,112,739	-	-	4,112,739
Infrastructure	108,475,900	5,552,056	-	114,027,956
Total capital assets being depreciated	112,588,639	5,552,056	-	118,140,695
Less accumulated depreciation for:				
Machinery, equipment and other	2,956,549	265,225	-	3,221,774
Infrastructure	41,622,008	2,969,514	-	44,591,522
Total accumulated depreciation	44,578,557	3,234,739	-	47,813,296
Total capital assets being depreciated, net	68,010,082	2,317,317	-	70,327,399
Total business-type activities capital assets, net	\$ 117,161,276	\$ 28,547,814	\$ (4,367,602)	\$ 141,341,488

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

Governmental Activities:

General government	\$ 717,522
Airport	1,607,401
Public safety	607,717
Public works	3,819,933
Education	4,475,545
Health and human services	137,418
Culture and recreation	522,441
Total depreciation expense - governmental activities	<u>\$ 11,887,977</u>

Business-Type Activities:

Sewer fund	\$ 1,620,643
Water fund	1,614,096
Total depreciation expense - business-type activities	<u>\$ 3,234,739</u>

E. Interfund Receivables, Payables and Transfers

Interfund transfers for the fiscal year ended June 30, 2021, are summarized below:

Transfers Out:	Transfers In:
	General fund
<u>Nonmajor governmental funds</u>	<u>\$ 72,889</u>

CITY OF PITTSFIELD, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2021

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.

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

Purpose	Interest Rate	Final Maturity Date	Balance July 1, 2020	Renewed/ Issued	Retired/ Redeemed	Outstanding June 30, 2021
Nonmajor Governmental Funds:						
Bond Anticipation Notes:						
MPL 2020, High School construction	1.75%	2/26/2021	\$ 5,610,776	\$ -	\$ 5,610,776	\$ -
MPL 2020, General projects	1.75%	2/26/2021	4,765,607	-	4,765,607	-
MPL 2021, High School construction	1.00%	2/25/2022	-	5,680,776	-	5,680,776
MPL 2021, General projects	1.00%	2/25/2022	-	6,759,877	-	6,759,877
Total Governmental Activities			\$ 10,376,383	\$ 12,440,653	\$ 10,376,383	\$ 12,440,653

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

Purpose	Interest Rate	Final Maturity Date	Balance July 1, 2020	Renewed/ Issued	Retired/ Redeemed	Outstanding June 30, 2021
Bond anticipation notes:						
Sewer Fund:						
Municipal Purpose Loan 2020	1.75%	2/26/2021	\$ 11,718,361	\$ -	\$ 11,718,361	\$ -
Municipal Purpose Loan 2021	1.00%	2/25/2022	-	1,212,706	-	1,212,706
Massachusetts Clean Water Trust:						
Interim Loan CWP-18-12	0.00%	2/6/2022	32,121,444	15,964,395	48,085,839	-
Interim Loan CWP-18-12A	0.00%	2/6/2022	3,920,935	3,048,530	6,969,465	-
			<u>47,760,740</u>	<u>20,225,631</u>	<u>66,773,665</u>	<u>1,212,706</u>
Water Fund:						
Municipal Purpose Loan 2020	1.75%	2/26/2021	1,704,058	-	1,704,058	-
Municipal Purpose Loan 2021	1.00%	2/25/2022	-	1,058,274	-	1,058,274
			<u>1,704,058</u>	<u>1,058,274</u>	<u>1,704,058</u>	<u>1,058,274</u>
Total Business-type activities			\$ 49,464,798	\$ 21,283,905	\$ 68,477,723	\$ 2,270,980

CITY OF PITTSFIELD, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2021

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 both governmental and business-type activities.

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, 2021
Inside Debt:					
Municipal Purpose Loan - 2012:					
DPW road and street improvements	2.43%	1/26/2012	12/1/2031	\$ 2,995,700	\$ 950,000
Various city projects	2.43%	1/26/2012	12/1/2031	237,300	5,000
Landfill drainage & engineering	2.43%	1/26/2012	12/1/2031	69,000	25,000
Municipal Purpose Loan - 2013:					
DPW road and street improvements	3.32%	6/27/2013	6/1/2033	2,340,000	545,000
Various city projects	3.32%	6/27/2013	6/1/2033	1,210,059	40,000
Common/Skate Park Redevelopment	3.32%	6/27/2013	6/1/2033	250,000	110,000
Municipal Purpose Loan - 2014:					
DPW road and street improvements	3.00-5.00%	1/23/2014	6/1/2034	6,650,000	3,480,000
Various city projects	3.00-5.00%	1/23/2014	6/1/2034	2,613,250	1,280,000
School projects	3.00-5.00%	1/23/2014	6/1/2034	491,750	195,000
Municipal Purpose Loan - 2015	2.0-4.0%	2/5/2015	12/1/2034	7,001,312	3,965,000
Municipal Purpose Loan - 2016	2.42%	2/11/2016	12/1/2035	2,643,488	1,725,000
Municipal Purpose Loan - 2016	2.66%	10/27/2016	9/1/2036	3,996,482	3,655,000
Municipal Purpose Loan - 2017	2.58%	6/29/2017	6/1/2037	6,456,000	6,435,000
Municipal Purpose Loan - 2018	3.25%	2/1/2018	12/1/2046	2,690,199	2,365,000
State Qualified GO Bonds - 2018	3.50%	6/29/2018	6/1/2048	997,345	770,000
State Qualified GO Bonds - 2018	2.52%	10/25/2018	9/1/2022	300,000	160,000
State Qualified GO Bonds - 2019	2.89%	2/1/2019	12/1/2043	5,348,138	4,895,000
State Qualified GO Bonds - 2019	2.67%	6/26/2019	6/1/2043	2,329,487	2,025,000
State Qualified GO Bonds - 2020	1.72%	2/26/2020	12/1/2039	6,226,819	5,955,000
State Qualified GO Bonds - 2021	1.24%	2/25/2021	12/1/2040	12,639,073	12,639,073
Total Inside Debt					\$ 51,219,073

CITY OF PITTSFIELD, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2021

	Interest Rate	Date Issued	Final Maturity Date	Original Amount Issued	Outstanding June 30, 2021
Outside Debt:					
Municipal Purpose Loan - 2014: Airport Land Acquisition	3.00-5.00%	1/23/2014	6/1/2034	\$ 2,000,000	\$ 1,490,000
State Loan - 2017: Taconic High School construction	3.60%	2/2/2018	3/1/2042	10,000,000	9,980,000
Municipal Purpose Loan - 2018: Airport construction	3.25%	2/1/2018	12/1/2046	771,720	770,000
Taconic High School construction	3.25%	2/1/2018	12/1/2046	19,251,276	19,251,000
State Qualified GO Bonds - 2018 Taconic High School construction	3.79%	10/25/2018	9/1/2043	10,000,000	9,685,000
State Qualified GO Bonds - 2019 Taconic High School construction	2.78%	6/26/2019	6/1/2043	4,000,000	3,785,000
Total Outside Debt					<u>44,961,000</u>
Total Bonded Debt					96,180,073
Add: Unamortized premium on bonds					2,103,992
Total Governmental Type Debt					<u><u>\$ 98,284,065</u></u>

Future Debt Service

The annual principal and interest payments to retire all general obligation long-term debt outstanding as of June 30, 2021 are as follows:

Year	Principal	Interest	Total
2022	\$ 5,940,573	\$ 4,154,208	\$ 10,094,781
2023	6,126,400	3,657,339	9,783,739
2024	6,093,400	3,358,664	9,452,064
2025	6,212,450	3,065,114	9,277,564
2026	6,171,500	2,778,826	8,950,326
2027-2031	26,100,750	9,895,103	35,995,853
2032-2036	17,380,000	5,673,088	23,053,088
2037-2041	12,735,000	3,061,860	15,796,860
2042-2046	8,290,000	801,778	9,091,778
2047	1,130,000	19,069	1,149,069
	<u>\$ 96,180,073</u>	<u>\$ 36,465,049</u>	<u>\$ 132,645,122</u>

CITY OF PITTSFIELD, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2021

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

	Interest Rate	Date Issued	Final Maturity Date	Original Amount Issued	Outstanding June 30, 2021
Inside Debt:					
Sewer Fund:					
Wastewater collection system	2.43%	1/26/2012	12/1/2031	\$ 650,000	\$ 400,000
Wastewater treatment plant	2.43%	1/26/2012	12/1/2031	660,000	405,000
Wastewater collection system	3.32%	6/27/2013	6/1/2033	1,150,000	795,000
Wastewater treatment plant	2.0-4.0%	2/5/2015	12/1/2034	1,000,000	770,000
Wastewater treatment plant	2.75%	10/27/2016	9/1/2036	1,080,518	935,000
Municipal Purpose Loan - 2018	3.25%	2/1/2018	12/1/2027	46,000	31,000
State Qualified GO Bonds - 2019	1.76%	6/26/2019	6/1/2029	67,400	55,000
State Qualified GO Bonds - 2019	1.63%	6/26/2019	6/1/2027	41,000	30,000
State Qualified GO Bonds - 2020	1.72%	2/26/2020	12/1/2029	375,000	350,000
State Qualified GO Bonds - 2021					
Wastewater collection system	1.24%	2/25/2021	12/1/2040	3,236,550	3,236,550
Wastewater force main replacement	1.24%	2/25/2021	12/1/2040	8,244,555	8,244,555
Wastewater treatment plant	1.24%	2/25/2021	12/1/2040	1,407,969	1,407,969
Massachusetts Clean Water Trust:					
Wastewater treatment plant	2.00%	7/8/2010	7/15/2030	2,101,403	1,155,426
Wastewater treatment plant:					
Energy efficiency improvements	2.00%	5/22/2013	1/15/2033	677,334	286,540
Energy efficiency improvements	2.00%	1/7/2015	1/15/2035	4,100,000	3,049,246
Wastewater treatment plant	2.20%	5/11/2021	1/15/2051	57,737,082	57,737,082
Total Inside Debt					<u>78,888,368</u>
Outside Debt:					
Sewer Fund:					
Solar Photovoltaic	2.0-4.0%	2/5/2015	12/1/2034	225,688	170,000
Wastewater treatment plant	2.59%	2/11/2016	12/1/2035	2,867,512	2,345,000
Wastewater treatment plant	2.75%	10/27/2016	9/1/2036	4,500,000	3,900,000
Wastewater treatment plant	2.75%	10/27/2016	9/1/2036	850,000	735,000
Wastewater collection system	2.75%	10/27/2016	9/1/2036	600,000	520,000
Municipal Purpose Loan - 2018	3.25%	2/1/2018	12/1/2046	511,805	508,000
State Qualified GO Bonds - 2018	3.50%	6/29/2018	6/1/2048	3,667,655	3,465,000
State Qualified GO Bonds - 2019	3.30%	2/1/2019	12/1/2043	184,138	175,000
State Qualified GO Bonds - 2019	3.26%	2/1/2019	12/1/2043	290,082	280,000
State Qualified GO Bonds - 2019	3.27%	2/1/2019	12/1/2043	1,174,492	1,135,000
State Qualified GO Bonds - 2019	3.28%	2/1/2019	12/1/2043	208,150	200,000
Sewer Outside Debt					<u>13,433,000</u>
Total Bonded Debt					92,321,368
Add: Unamortized premium on bonds					1,029,027
Total Sewer Debt					<u>\$ 93,350,395</u>

CITY OF PITTSFIELD, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2021

	Interest Rate	Date Issued	Final Maturity Date	Original Amount Issued	Outstanding June 30, 2021
Outside Debt:					
Water Fund:					
Public water dams	2.43%	1/26/2012	12/1/2031	\$ 2,500,000	\$ 1,405,000
Municipal Purpose Loan - 2015:					
Water Main Improvements	2.0-4.0%	2/5/2015	12/1/2034	1,000,000	770,000
Hancock Road water main	2.0-4.0%	2/5/2015	12/1/2034	400,000	310,000
Benedict Road water tank I	2.0-4.0%	2/5/2015	12/1/2034	500,000	385,000
Benedict Road water tank II	2.0-4.0%	2/5/2015	12/1/2034	1,500,000	1,160,000
Municipal Purpose Loan - 2016:					
Benedict Road water tank	2.59%	2/11/2016	12/1/2035	270,000	225,000
YMCA water tank	1.67%	2/11/2016	12/1/2025	100,000	50,000
Public water dams	1.63%	10/27/2016	9/1/2036	600,000	325,000
Hancock Road water main	2.75%	10/27/2016	9/1/2036	450,000	395,000
Famham Dam improvement	2.75%	10/27/2016	9/1/2036	3,500,000	3,030,000
Famham Dam improvement	2.75%	10/27/2016	9/1/2036	3,300,000	2,860,000
YMCA water tank	2.75%	10/27/2016	9/1/2036	730,000	635,000
State Qualified GO Bonds - 2019	1.76%	6/26/2019	6/1/2029	68,000	55,000
State Qualified GO Bonds - 2019	1.72%	6/26/2019	6/1/2029	95,500	80,000
State Qualified GO Bonds - 2019	1.64%	6/26/2019	6/1/2025	33,062	20,000
State Qualified GO Bonds - 2019	2.78%	6/26/2019	6/1/2043	545,551	515,000
State Qualified GO Bonds - 2020	1.72%	2/26/2020	12/1/2039	638,181	625,000
State Qualified GO Bonds - 2021:					
Cleveland reservoir dredging	1.24%	2/25/2021	12/1/2040	796,203	796,203
Water mains	1.24%	2/25/2021	12/1/2040	1,166,850	1,166,850
Water Treatment Plant	1.24%	2/25/2021	12/1/2040	928,800	928,800
Massachusetts Clean Water Trust:					
SCADA System	2.00%	7/8/2010	7/15/2030	748,583	411,587
Coltsville system improvements	2.00%	7/8/2010	7/15/2030	2,826,999	1,554,385
Total Bonded Debt					17,702,825
Add: Unamortized premium on bonds					303,729
Total Water Debt					18,006,554
Total Outside Debt					31,135,825
Total business-type debt					\$ 111,356,949

CITY OF PITTSFIELD, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2021

Future Debt Service

The annual principal and interest payments to retire all business-type long-term debt outstanding as of June 30, 2021 are as follows:

Year	Principal	Interest	Total
2022	\$ 4,049,963	\$ 2,517,763	\$ 6,567,726
2023	4,306,335	2,684,361	6,990,696
2024	4,422,510	2,547,678	6,970,188
2025	4,557,628	2,408,637	6,966,265
2026	4,573,767	2,269,288	6,843,055
2027-2031	23,750,770	9,218,586	32,969,356
2032-2036	22,243,411	6,244,582	28,487,993
2037-2041	16,622,570	3,946,063	20,568,633
2042-2046	12,469,765	2,327,006	14,796,771
2047-2051	13,027,474	868,625	13,896,099
	<u>\$ 110,024,193</u>	<u>\$ 35,032,589</u>	<u>\$ 145,056,782</u>

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

	Balance July 1, 2020	Additions	Reductions	Balance June 30, 2021	Amounts Due within One Year
Governmental activities:					
Bonds Payable:					
General obligation bonds	\$ 96,617,619	\$ 12,639,073	\$ 13,076,619	\$ 96,180,073	\$ 5,940,573
Add: Unamortized premium	1,106,156	1,175,677	177,841	2,103,992	430,898
Compensated absences	6,686,356	125,921	61,029	6,751,248	1,451,554
Net OPEB liability	414,239,303	36,393,218	-	450,632,521	-
Net pension liability	126,070,193	-	434,411	125,635,782	-
Governmental activity Long-term liabilities	<u>\$ 644,719,627</u>	<u>\$ 50,333,889</u>	<u>\$ 13,749,900</u>	<u>\$ 681,303,616</u>	<u>\$ 7,823,025</u>
Business-type activities:					
Bonds Payable:					
General obligation bonds Massachusetts Clean Water Trust bonds	\$ 34,112,381	\$ 15,780,927	\$ 4,063,381	\$ 45,829,927	\$ 2,214,427
Add: Unamortized premium	6,941,725	57,737,082	484,541	64,194,266	1,835,536
Compensated absences	173,220	1,189,139	29,603	1,332,756	202,808
Net OPEB liability	218,170	34,371	1,469	251,072	110,728
Net pension liability	5,100,359	809,230	-	5,909,589	-
Business-type activity Long-term liabilities	<u>\$ 8,231,053</u>	<u>-</u>	<u>1,604,115</u>	<u>6,626,938</u>	<u>-</u>
	<u>\$ 54,776,908</u>	<u>\$ 75,550,749</u>	<u>\$ 6,183,109</u>	<u>\$ 124,144,548</u>	<u>\$ 4,363,499</u>

CITY OF PITTSFIELD, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2021

Current Refunding – February 25, 2021

On February 25, 2021, the City issued \$8,808,018 State qualified GO refunding bonds with an effective interest rate of 1.24 percent. The current refund is Municipal Purpose Loan 2008 in \$2,572,500 of outstanding bonds, Municipal Purpose Loan 2010 in \$5,572,500 of outstanding bonds and the Municipal Purpose Loan 2011 in \$1,190,000 of outstanding bonds with an average interest rate of 2 to 5 percent. As a result, the funded bonds are considered to be defeased and the liability has been removed from the general obligation long-term debt. This current refunding was undertaken to refund of vehicle and equipment purchases, facility renovations and land acquisitions in governmental type debt and infrastructure improvements in the business-type debt. The current refunding resulted in an economic gain of \$1,049,383.

Massachusetts Clean Water Trust (MCWT)

The City is scheduled to be subsidized by the Massachusetts Clean Water Trust (MCWT) on a periodic basis for principal in the amount of \$67,973,798 and interest costs of \$23,792,734 for five loans which the City has borrowed from MCWT. The gross amount outstanding at June 30, 2021 for principal and interest combined for the loans is \$86,531,171. 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. There are no principal and interest subsidies.

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, 2021, totaled \$143,540,440.

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 following is a computation of the legal debt limit as of June 30, 2021:

Equalized Valuation-Real Estate and Personal Property (2020)		<u>\$ 3,828,682,400</u>
Debt Limit: 5 % of Equalized value		191,434,120
Total Debt Outstanding	\$ 206,204,265	
Less: Debt Outside Debt Limit	<u>(62,663,825)</u>	<u>143,540,440</u>
Inside Debt Excess Borrowing Capacity at June 30, 2021		<u>\$ 47,893,680</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.

CITY OF PITTSFIELD, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2021

The loan authorizations of the general fund as of June 30, 2021, which are not reflected in the City's financial statements, are as follows:

Date of Council meeting	Description	Amount
4/14/2015	New Taconic High School	\$ 4,779,195
6/23/2015	Fiscal Year 2016 Capital Expenditures	544,269
6/28/2016	Fiscal Year 2017 Capital Expenditures	197,496
6/20/2017	Fiscal Year 2018 General Capital Expenditures	3,269,381
5/1/2018	Wastewater Treatment Plant Improvements	11,518,732
6/14/2018	Fiscal Year 2019 Capital Expenditures	784,831
8/21/2018	Airport Master Plan	47,460
6/12/2019	Fiscal Year 2020 Capital Expenditures	11,942,571
9/10/2020	New Western Pressure Zone Water Storage Tank	4,200,000
9/10/2020	Cleveland Reservoir Diversion Structure	291,726
10/13/2020	Fiscal Year 2021 Capital Expenditures	3,830,500
6/8/2021	Fiscal Year 2022 Capital Expenditures	7,692,000
		<u>\$ 49,098,161</u>

CITY OF PITTSFIELD, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2021

H. Fund Balances

The following is a summary of the City's Governmental Fund balances at the year ended June 30, 2021:

	General Fund	Major Funds	Nonmajor Governmental Funds	Total Governmental Funds
Restricted:				
City federal, state and local grants	\$ -	\$ -	\$ 836,400	\$ 836,400
School federal, state and local grants	-	-	438,034	438,034
Economic revitalization	-	-	3,037,004	3,037,004
School revolving funds	-	-	3,982,808	3,982,808
City revolving funds	-	-	198,319	198,319
Donations and gifts	-	-	149,790	149,790
Community preservation fund	-	-	1,306,183	1,306,183
Capital projects	-	-	1,740,794	1,740,794
Other	-	-	998,825	998,825
	-	-	12,688,157	12,688,157
Committed:				
Insurance Reimbursements	-	-	634,112	634,112
Parking funds	-	-	169,083	169,083
Workers Compensation	-	-	26,943	26,943
	-	-	830,138	830,138
Assigned:				
General government	860,721	-	-	860,721
Airport	16,452	-	-	16,452
Public safety	123,800	-	-	123,800
Public works	412,018	-	-	412,018
Education	2,103,926	-	-	2,103,926
Health and human services	30,395	-	-	30,395
Subsequent year's budget	1,500,000	-	-	1,500,000
	5,047,312	-	-	5,047,312
Unassigned:				
General Fund	15,663,740	-	-	15,663,740
Deficit special revenue funds	-	-	(632,870)	(632,870)
Deficit capital projects:				
High School construction project	-	(5,697,849)	-	(5,697,849)
Various projects	-	-	(5,379,401)	(5,379,401)
	15,663,740	(5,697,849)	(6,012,271)	3,953,620
Total Governmental fund balances	\$ 20,711,052	\$ (5,697,849)	\$ 7,506,024	\$ 22,519,227

CITY OF PITTSFIELD, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2021

I. Stabilization Funds

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, 2021, the balances of the stabilization funds are reported in the General Fund as unassigned fund balance consisting of the following:

General purpose stabilization fund	\$ 4,584,682
Supplemental reserve stabilization fund	340,236
	<u>\$ 4,924,918</u>

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

Various legal actions and claims are pending. Litigation is subject to many uncertainties, and the outcome of individual litigated matters is not always predictable. Although the amount of liability, if any, at June 30, 2021, cannot be ascertained, management believes any resulting liability should not materially affect the financial position at June 30, 2021.

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.

Administrative Order

The City was issued with an Administrative Order by the Environmental Protection Agency (EPA) pursuant to Sections 308(a) and 309(a)(3) of the Clean Water Act (the "Act"). The Order establishes a schedule for the City to design and construct an upgrade to the City's wastewater treatment facility to control aluminum and phosphorus discharge in accordance with the City's permit, National Pollutant Discharge Elimination System (NPDES) permit No. MA0101681. This amended Order stipulates:

1. By December 31, 2015, select a design engineer and execute a contract for design of an upgrade of the facility (the "Upgrade") to achieve compliance with the final total phosphorus and total aluminum effluent limits in the NPDES Permit.

CITY OF PITTSFIELD, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2021

2. By August 1, 2017, submit to the Massachusetts Department of Environmental Protection plans and specifications for the Upgrade.
3. By January 15, 2019, begin construction of the Upgrade.
4. By January 15, 2022, complete construction on the Upgrade.
5. By July 15, 2022, attain full compliance with all the effluent limits in the NPDES Permit.

The City has successfully completed Phases 1 through 4 of the Order and is on schedule to attain full compliance required in Phase 5.

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 Pittsfield. As of June 30, 2021, the City of Pittsfield abated property taxes amounting to \$58,055 under nine tax abatement agreements. The City has not made any commitments as part of the agreements other than to reduce taxes.

D. Landfill Closure and Post-closure Care Costs

State and federal laws and regulations require that the City place a final cover on its landfills when closed and perform certain maintenance and monitoring functions at the landfill sites after closure. The City operated several landfills and all have ceased operations and have been capped. Substantially all of the costs for closure have been paid. Post-closure care is to be monitored. 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.

Currently one of the landfill sites is undergoing a site assessment. Once the site assessment is complete, the City estimates the potential liability to be \$5.5 million. There has been no accrual made for this amount in the general-purpose financial statements.

E. COVID-19

The Covid-19 pandemic in the United States and across the globe has resulted in economic uncertainties. The disruption was expected to be temporary, but there remains considerable uncertainty around the duration and scope. The United States Federal Government and State of Massachusetts established funding through various sources; the Coronavirus Aid, Relief and Economic Security (CARES) Act and the American Rescue Plan Act (ARPA) in addition to several other federal and state grants. The extent of the impact of Covid-19 on our operational and financial performance will depend on certain developments, including the duration and spread of outbreak, impact on our customers, employees, and vendors all of which are uncertain and cannot be predicted. At this point, the full extent to which Covid-19 may impact our financial condition or results of operations remains uncertain.

F. Subsequent Events

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

CITY OF PITTSFIELD, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2021

G. Pension Plan

Plan Description

The City is a member of the Pittsfield Contributory Retirement System (the System). The System is a cost-sharing multiple-employer public employee retirement system administered by the Pittsfield 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 114 Fenn Street, Pittsfield, Massachusetts.

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, 2020. The City's portion of the collective pension expense contributed by the Commonwealth of \$19,605,768 on-behalf payments for the fiscal year ending June 30, 2021 is reported as intergovernmental revenues and employee benefits and insurance expenditures in the General Fund as of the measurement date.

Benefits Provided

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

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

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

CITY OF PITTSFIELD, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2021

Contributions

MGL Chapter 32 governs the contributions of plan members and the City. Plan members are required to contribute to the System at rates ranging from 5% to 9% based upon their membership date of gross regular compensation with an additional 2% contribution after exceeding \$30,000 in annual covered compensation. The City is required to pay into the System its share of the system-wide actuarial determined contribution that is apportioned among the employers based on active current payroll. Administrative expenses are funded through investment earnings. The City's proportionate share of the required contribution to the System for the year ended December 31, 2020 was \$14,178,149, representing 39.63% 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, 2021, the City reported a liability of \$132,262,720 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2020, 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 roll back 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, 2020, the City's proportional percentage was 96.28%, which was a slight decrease from the last measurement.

Pension Expense

For the year ended June 30, 2021, the City recognized a pension expense of \$14,088,652 and reported deferred outflows of resources related to pensions of \$9,077,277 from the change in assumptions; and deferred inflows of resources related to pensions of \$8,037,454 from net difference between projected and actual investment earnings on pension plan investments and the difference between expected and actual experience.

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

<u>For years ended June 30,</u>	
2022	\$ 1,246,826
2023	2,152,821
2024	(1,980,480)
2025	<u>(379,344)</u>
	<u>\$ 1,039,823</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 rolled back to December 31, 2020:

Valuation date	January 1, 2021
Actuarial cost method	Individual Entry Age Normal

CITY OF PITTSFIELD, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2021

Asset valuation method	The actuarial value of assets is determined in accordance with the deferred recognition method under which 20% of gains or losses occurring in the prior year are recognized, 40% of those occurring two years ago are recognized, etc., so that 100% of gains or losses occurring five years ago are recognized. The actuarial value of assets will be adjusted, if necessary, in order to remain between 90% and 110% of the market value.
Investment rate of return	7.00% per year net of investment expenses
Projected salary increase	Service based table with ultimate rates of 4.25% for Group 1, 4.50% for Group 2 and 4.75% for Group 4.
Inflation	Not explicitly assumed
Cost of living adjustments	3.0% of first \$13,000 per year.
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 RP-2014 Blue Collar Healthy Annuitant table projected generationally with Scale MP-2020 (gender distinct). For disabled retirees, the rates reflect RP-2014 Blue Collar Healthy Annuitant table (set forward one year for both males and females) 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. 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, 2020, are summarized in the following table:

Asset Class	Target Allocation	Real Return Arithmetic Basis	Long-Term Expected Real Rate of Return
Domestic Large Capital Equities	23.10%	6.40%	1.48%
International Developed Equity	14.40%	6.60%	0.95%
Core Fixed Income	15.80%	3.00%	0.47%
Private Equity	12.60%	10.20%	1.29%
Real Estate	8.30%	6.00%	0.50%
Hedge Funds	8.80%	5.70%	0.50%
Value Added Fixed Income	7.40%	6.20%	0.46%
Emerging International Equity	5.80%	8.40%	0.49%
Timberland/Natural Resources	3.30%	6.60%	0.22%
Cash/Portfolio Completion	0.50%	5.20%	0.03%
Total	<u>100.00%</u>	N/A	N/A

CITY OF PITTSFIELD, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2021

Rate of Return

For the year ended December 31, 2020, the annual money-weighted rate of return (which expresses investment performance), net of investment expense was 11.77%.

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 contributions from participating employers will be made based on the actuarial determined rates based on the Board's funding policy, which establishes the contractually required rates by Statute and in accordance with Section 22D and Section 22F of MGL Chapter 32. Based on those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments or current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 7.00%. 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%)	Discount Rate (7.00%)	1% Increase (8.00%)
City's net pension liability	\$ 163,641,334	\$ 132,262,720	\$ 105,657,668

H. Other Post Employment Benefits Payable

GASB Statement No. 74 and GASB Statement No. 75

The cost of post-employment benefits generally should be associated with the periods in which costs occur rather than in the future year when it will be paid. The 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 2,777 active and retired employees that meet the eligibility requirements. The plan does not issue a separate financial report.

CITY OF PITTSFIELD, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2021

Investment Policy

The City's policy in regard to the allocation of invested assets is established and may be amended by the City Council by majority vote of its members. The OPEB plan's assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the OPEB plan. The OPEB Trust fund does not have a formal investment policy. As of June 30, 2021, deposit information consisted of funds in the City's Easthampton Savings Bank account described earlier under Deposits (refer to note 3A).

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 June 30, 2021 Measurement Date total City premiums plus implicit costs for the retiree medical program were \$12,599,172. The City also made a contribution to an OPEB Trust of \$0 for a total contribution during the measurement period of \$12,599,172. The City did establish a trust fund in order to contribute funds to reduce the future OPEB liability. The trust balance is \$306,084 as of June 30, 2021.

Measurement Date

GASB Statement No. 74 and GASB Statement No. 75 require the net OPEB liability to be measured as of the OPEB Plan's most recent fiscal year-end. Accordingly, the net OPEB liability was measured as of June 30, 2021, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of July 1, 2019.

Plan Membership:

Current active members	1,391
Current retirees, beneficiaries and dependents	1,386
Total	2,777

Net OPEB Liability

The components of the net OPEB liability are as follows:

	6/30/2021
Total OPEB liability	\$ 456,848,194
Less: Plan fiduciary net position	(306,084)
City's Net OPEB liability	\$ 456,542,110
Plan fiduciary net position as a percentage of the total OPEB liability	0.07%

Actuarial Methods and Assumptions

The total OPEB liability was determined by an actuarial valuation as of July 1, 2019, using the following actuarial assumptions, applied to all periods included in the measurement for the reporting date of June 30, 2021:

Valuation date	July 1, 2019
Actuarial cost method	Individual Entry Age Normal as a level percentage of payroll

CITY OF PITTSFIELD, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2021

Asset valuation method	market value of assets as of the measurement date.
Investment rate of return	2.09% annually
Single Equivalent Discount rate	2.09% annually
Participant salary increases	3.00% annually
Healthcare cost trend rates	7.00% annually in Year 1, reduced .25% annually to an ultimate rate of 4.50% annually.
Mortality rates	Society of Actuaries Pub-2010 Public Retirement Plans Healthy Male and Female Total Dataset Headcount-Weighted Mortality tables based on Employee and Health Annuitant Tables for both pre & post retirement projected with mortality improvements using the most current Society of Actuaries Mortality Improvement Scale MP-2019.

The actuarial assumptions used in the July 1, 2019 valuation were reflective of an average of three published municipal bond indices; (e.g.; the Bond Buyer-20 Bond GO – 2.16%, the S&P Municipal Bond 20-year High Grade Rate Index – 2.18%, and Fidelity GA AA 20 Years – 1.92%) as of June 30, 2021.

Rate of Return

For the year ended June 30, 2021, the annual money-weighted rate of return (which expresses investment performance), net of investment expense was not provided.

Changes in the Net OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Total OPEB Liability
Balances at June 30, 2020	\$ 419,645,099	\$ 305,437	\$ 419,339,662
Service cost	12,249,236	-	12,249,236
Interest on Total OPEB Liability	8,638,921	-	8,638,921
Changes in benefit terms *	-	-	-
Changes in assumptions **	28,914,110	-	28,914,110
Difference between actual and expected experience **	-	-	-
Net investment income Gain/(Loss)	-	647	(647)
Employer contributions to Trust	-	12,599,172	(12,599,172)
Total benefit payments including implicit cost	(12,599,172)	(12,599,172)	-
Net change in total OPEB liability	<u>37,203,095</u>	<u>647</u>	<u>37,202,448</u>
Balances at June 30, 2021	<u>\$ 456,848,194</u>	<u>\$ 306,084</u>	<u>\$ 456,542,110</u>

* = Recognized immediately

** = Amortized over 5.69 years

CITY OF PITTSFIELD, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2021

Discount Rate

The discount rate used to measure the total OPEB liability was 2.09%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rates and that member employer contributions will be made in accordance Massachusetts General Law Chapter 32. Based on those assumptions, the OPEB plan fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

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

The following presents the City's net OPEB liability as well as what the City's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.09%) or 1-percentage-point higher (3.09%) than the current rate:

	1% Decrease (1.09%)	Current Discount Rate (2.09%)	1% Increase (3.09%)
City's net OPEB liability	\$ 556,114,280	\$ 456,542,110	\$ 381,239,539

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

The following presents the City's net OPEB liability 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 rate:

	1% Decrease	Healthcare Cost Trend Rates	1% Increase
City's net OPEB liability	\$ 371,861,950	\$ 456,542,110	\$ 571,452,208

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, 2021, the GASB Statement No. 75 reporting period and fiscal year ending date, the Town recognized an OPEB expense of \$32,769,095 and reported deferred outflows of resources related to OPEB of \$43,126,607 from the changes in assumptions; and deferred inflows of resources related to OPEB of \$0.

CITY OF PITTSFIELD, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2021

The Town'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>		
2022	\$	11,881,585
2023		11,881,585
2024		10,084,202
2025		5,772,955
2026		<u>3,506,280</u>
	<u>\$</u>	<u>43,126,607</u>

I. Financial Statements for Individual Pension and Other Post Employment Benefit Trust Funds

GAAP requires that all pension and Other Post Employment Benefit Trust Funds be combined and presented in one column in the Fiduciary Funds' financial statements and that the individual financial statements for each trust fund plan be reported in the notes to the financial statements. The individual financial statements for the pension and OPEB plans that are included in the Fiduciary Funds as Pension and Other Post Employment Benefit Trust Funds are as follows:

	PITTSFIELD		
	Employee Retirement System Pension Trust Fund (as of December 31, 2020)	Other Post Employment Benefits Trust Fund	Total Pension and Other Post Employment Benefit Trust Funds
ASSETS			
Cash and Cash Equivalents	\$ 7,410,847	\$ 306,084	\$ 7,716,931
Investments	161,311,783	-	161,311,783
Accounts Receivable	32,781	-	32,781
Total Assets	168,755,411	306,084	169,061,495
LIABILITIES			
Warrants Payable	2,730	-	2,730
Total Liabilities	2,730	-	2,730
NET POSITION			
Restricted for Pensions	168,752,681	-	168,752,681
Restricted for Other Postemployment Benefits	-	306,084	306,084
	\$ 168,752,681	\$ 306,084	\$ 169,058,765

CITY OF PITTSFIELD, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2021

	PITTSFIELD		
	Employee Retirement System Pension Trust Fund (as of December 31, 2020)	Other Post Employment Benefits Trust Fund	Total Pension and Other Post Employment Benefit Trust Funds
Additions			
Contributions:			
Employers	\$ 14,730,044	\$ 12,599,172	\$ 27,329,216
Plan Members	3,686,356	-	3,686,356
Transfers/Reimbursements from Other Systems	243,721	-	243,721
Federal Grant Reimbursements	75,248	-	75,248
Commonwealth of Massachusetts - COLA	254,211	-	254,211
Total Contributions	<u>18,989,580</u>	<u>12,599,172</u>	<u>31,588,752</u>
Investment Income:			
Interest & Dividends	3,319,541	647	3,320,188
Net Change in Fair Value of Investments	14,389,822	-	14,389,822
Total Investment Earnings	<u>17,709,363</u>	<u>647</u>	<u>17,710,010</u>
Less Investment Expense	(711,243)	-	(711,243)
Net Investment Earnings	<u>16,998,120</u>	<u>647</u>	<u>16,998,767</u>
Total Additions	<u>35,987,700</u>	<u>12,599,819</u>	<u>48,587,519</u>
Deductions:			
Benefit Payments to Plan Members and Beneficiaries	19,503,324	12,599,172	32,102,496
Refunds to Members	470,742	-	470,742
Transfers to Other Systems	1,117,506	-	1,117,506
General Expenses	292,116	-	292,116
Total Deductions	<u>21,383,688</u>	<u>12,599,172</u>	<u>33,982,860</u>
Change in Net Position	<u>14,604,012</u>	<u>647</u>	<u>14,604,659</u>
Net Position at Beginning of Year	<u>154,148,669</u>	<u>305,437</u>	<u>154,454,106</u>
Net Position at End of Year	<u>\$ 168,752,681</u>	<u>\$ 306,084</u>	<u>\$ 169,058,765</u>

J. Implementation of New GASB Pronouncements

The GASB issued Statement No. 84, *Fiduciary Activities*, which is required to be implemented in fiscal year 2021. The pronouncement establishes criteria for identifying fiduciary activities and its objective is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported.

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

CITY OF PITTSFIELD, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2021

K. 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. 87, *Leases*, for implementation in fiscal year 2022. This pronouncement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract.

The GASB issued Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, for implementation in fiscal year 2022. This pronouncement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus.

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

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

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

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

The GASB issued Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*, for implementation in fiscal year 2021 and 2022. The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans that meet the definition of a pension plan and for benefits provided through those plans.

CITY OF PITTSFIELD, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2021

5. RESTATEMENT

The net position as of June 30, 2020 has been restated. As required by GASB Statement No. 84, the beginning nonmajor governmental fund balance in governmental funds and net position increased \$128,306 for governmental activities to reflect the change in the fiduciary activities. Accordingly, the previously reported net position of (\$313,818,320) has been revised to (\$313,690,014) {(\$335,411,626) for governmental activities and \$21,721,612 for business-type activities}.

REQUIRED SUPPLEMENTARY INFORMATION

**CITY OF PITTSFIELD, MASSACHUSETTS
Required Supplementary Information
Pension Plan Schedules
Pittsfield Contributory Retirement System
For the Year Ended June 30, 2021**

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
12/31/2020	96.28%	\$ 132,262,720	\$ 35,775,721	369.70%	55.13%
12/31/2019	96.58%	\$ 134,301,246	\$ 34,474,230	389.57%	52.60%
12/31/2018	96.58%	\$ 144,958,856	\$ 34,474,232	420.48%	47.60%
12/31/2017	96.64%	\$ 123,636,387	\$ 34,211,527	361.39%	52.50%
12/31/2016	96.64%	\$ 129,554,625	\$ 33,592,066	385.67%	48.00%
12/31/2015	97.03%	\$ 129,175,065	\$ 33,727,627	382.99%	46.60%
12/31/2014	97.03%	\$ 120,228,899	\$ 31,306,730	384.04%	48.40%

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 PITTSFIELD, MASSACHUSETTS
Required Supplementary Information
Pension Plan Schedules
Pittsfield Contributory Retirement System
For the Year Ended June 30, 2021**

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
12/31/2020	\$ 14,178,149	\$ (14,178,149)	\$ -	\$ 35,775,721	39.63%
12/31/2019	\$ 13,519,322	\$ (13,519,322)	\$ -	\$ 34,474,230	39.22%
12/31/2018	\$ 12,823,206	\$ (12,823,206)	\$ -	\$ 34,474,230	37.20%
12/31/2017	\$ 12,206,474	\$ (12,206,474)	\$ -	\$ 34,211,527	35.68%
12/31/2016	\$ 11,612,235	\$ (11,612,235)	\$ -	\$ 33,592,066	34.57%
12/31/2015	\$ 11,091,402	\$ (11,091,402)	\$ -	\$ 33,727,627	32.89%
12/31/2014	\$ 10,643,588	\$ (10,643,588)	\$ -	\$ 31,306,730	34.00%

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 PITTSFIELD, MASSACHUSETTS
Required Supplementary Information
Other Post Employment Benefit Plan Schedules
For the Year Ended June 30, 2021

Schedule of Changes in the Net OPEB Liability:

	<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	\$ 12,249,236	\$ 10,684,694	\$ 5,335,128	\$ 4,807,873
Interest on net OPEB liability	8,638,921	9,763,076	12,226,250	12,406,616
Changes in Benefit terms	-	-	-	-
Changes in Assumptions	28,914,110	5,701,464	32,990,641	-
Difference between actual and expected experience	-	-	-	-
Benefit payments, including refunds of member contributions	<u>(12,599,172)</u>	<u>(13,260,432)</u>	<u>(10,400,489)</u>	<u>(10,168,927)</u>
Net change in total OPEB liability	37,203,095	12,888,802	40,151,530	7,045,562
Total OPEB liability-beginning	<u>419,645,099</u>	<u>406,756,297</u>	<u>366,604,767</u>	<u>359,559,205</u>
Total OPEB liability-ending (a)	<u>\$ 456,848,194</u>	<u>\$ 419,645,099</u>	<u>\$ 406,756,297</u>	<u>\$ 366,604,767</u>
Plan fiduciary net position				
Net investment income	\$ 647	\$ 1,381	\$ 1,361	\$ 1,355
Employer contributions to Trust	12,599,172	13,260,432	10,400,489	10,168,927
Benefit payments, including refunds of member contributions	<u>(12,599,172)</u>	<u>(13,260,432)</u>	<u>(10,400,489)</u>	<u>(10,168,927)</u>
Net change in plan fiduciary net position	647	1,381	1,361	1,355
Total fiduciary net position-beginning	<u>305,437</u>	<u>304,056</u>	<u>302,695</u>	<u>301,340</u>
Total fiduciary net position-ending (b)	<u>\$ 306,084</u>	<u>\$ 305,437</u>	<u>\$ 304,056</u>	<u>\$ 302,695</u>
City's net OPEB liability (a-b)	<u>\$ 456,542,110</u>	<u>\$ 419,339,662</u>	<u>\$ 406,452,241</u>	<u>\$ 366,302,072</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 PITTSFIELD, MASSACHUSETTS
Required Supplementary Information
Other Post Employment Benefit Plan Schedules
For the Year Ended June 30, 2021

Schedule of Net OPEB Liability:

	<u>6/30/2021</u>	<u>6/30/2020</u>	<u>6/30/2019</u>	<u>6/30/2018</u>
Total OPEB liability	\$ 456,848,194	\$ 419,645,099	\$ 406,756,297	\$ 366,604,767
Less: Plan fiduciary net position	<u>(306,084)</u>	<u>(305,437)</u>	<u>(304,056)</u>	<u>(302,695)</u>
City's Net OPEB liability	<u>\$ 456,542,110</u>	<u>\$ 419,339,662</u>	<u>\$ 406,452,241</u>	<u>\$ 366,302,072</u>
Plan fiduciary net position as a percentage of the total OPEB liability	0.07%	0.07%	0.07%	0.08%
City's share of covered employee payroll	\$ 80,580,796	\$ 80,580,796	\$ 79,546,448	\$ 79,546,448
Participating employer net OPEB liability (asset) as a percentage of covered-employee payroll	566.56%	520.40%	510.96%	460.49%

Schedule of Contributions:

	<u>6/30/2021</u>	<u>6/30/2020</u>	<u>6/30/2019</u>	<u>6/30/2018</u>
Actuarially determined contribution	\$ 31,205,221	\$ 30,212,819	\$ 31,157,112	\$ 24,341,168
Less: Contributions in relation to the actuarially determined contribution	<u>(12,599,172)</u>	<u>(13,260,432)</u>	<u>(10,400,489)</u>	<u>(10,168,927)</u>
Contribution deficiency (excess)	<u>\$ 18,606,049</u>	<u>\$ 16,952,387</u>	<u>\$ 20,756,623</u>	<u>\$ 14,172,241</u>
City's share of covered employee payroll	\$ 80,580,796	\$ 80,580,796	\$ 79,546,448	\$ 79,546,448
Contributions percentage of covered-employee payroll	15.64%	16.46%	13.07%	12.78%
Annual money-weighted rate of return net of investment expense	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 PITTSFIELD, MASSACHUSETTS
Required Supplementary Information
Other Post Employment Benefit Plan Schedules
For the Year Ended June 30, 2021

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)
6/30/2021	\$ 306,084	\$ 456,848,194	\$ 456,542,110	0.07%	\$ 80,580,796	566.56%
6/30/2020	\$ 305,437	\$ 419,645,099	\$ 419,339,662	0.07%	\$ 80,580,796	520.40%
6/30/2019	\$ 304,056	\$ 406,756,297	\$ 406,452,241	0.07%	\$ 79,546,448	510.96%
6/30/2018	\$ 302,695	\$ 366,604,767	\$ 366,302,072	0.08%	\$ 79,546,448	460.49%

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

SUPPLEMENTARY SCHEDULES

**CITY OF PITTSFIELD, MASSACHUSETTS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2021**

	Fund Balances July 1, 2020	Revenues	Expenditures	Other Financing Sources (Uses)	Fund Balances June 30, 2021
Special Revenue:					
Federal Grants:					
School Grants	\$ 443,618	\$ 7,476,817	\$ 7,482,397	\$ (4)	\$ 438,034
Airport Grants	8,276	69,000	90,944	-	(13,668)
Arts Council Grants	50,571	44,700	48,160	-	47,111
Community Development Grants	101,539	2,163,507	2,033,089	-	231,957
Council on Aging Grants	7,076	191,188	134,675	-	63,589
Emergency Management Grants (Covid)	484,520	-	1,117,390	-	(632,870)
Highway Grants	615,377	2,046,199	2,431,828	-	229,748
Library Grants	58,086	85,669	77,204	-	66,551
Other Grants and Programs	(87,372)	727,199	604,531	-	35,296
Park Grants	458,324	504,824	903,698	-	59,450
Public Safety Grants	262,117	1,769,841	1,953,352	-	78,606
Schools:					
School Lunch Program	943,337	2,436,135	2,512,188	-	867,284
School Lunch Commodities	-	187,114	187,114	-	-
School Choice	734,797	462,754	401,170	-	796,381
School Gifts and Donations	74,079	23,663	6,035	-	91,707
School Private Grants	99,190	117,722	109,367	-	107,545
School Revolving Accounts	743,370	289,884	374,723	-	658,531
Insurance Settlements and Reimbursements	1,880	14,482	14,482	-	1,880
State Special Education Reimbursement Fund	1,417,685	1,459,480	1,417,685	-	1,459,480
Other:					
Community Preservation Fund	862,749	611,641	168,207	-	1,306,183
Committee on Disability Parking	13,430	5,103	-	-	18,533
Conservation	53,042	5,694	2,356	-	56,380
Conservation Fund	52,478	30,110	1,035	-	81,553
Council on Aging Revolving Programs	138,600	67,754	117,839	-	88,515
Deputy Collector Fees	-	182,924	182,924	-	-
Total Special Revenue Page 81	\$ 7,536,769	\$ 20,973,404	\$ 22,372,393	\$ (4)	\$ 6,137,776

**CITY OF PITTSFIELD, MASSACHUSETTS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2021**

	Fund Balances July 1, 2020	Revenues	Expenditures	Other Financing Sources (Uses)	Fund Balances June 30, 2021
Continued from Page 81	\$ 7,536,769	\$ 20,973,404	\$ 22,372,393	\$ (4)	\$ 6,137,776
Special Revenue (continued):					
Other (continued):					
Economic Revitalization Development	3,647,563	7,790	118,349	(500,000)	3,037,004
Exterior Home Improvement Program	-	-	-	500,000	500,000
Fire Code Violations Revolving Fund	19,751	8,950	2,886	-	25,815
Fire Off Duty Details	-	2,919	2,746	-	173
General Electric PCB Fund	178	14	191	-	1
Gifts and Donations	142,334	33,621	26,165	-	149,790
Insurance Reimbursements	621,552	12,561	-	-	634,113
Parking Meter Fund	316,435	157,087	304,439	-	169,083
PERC/PEDA Business Development	5,550	90,016	74,234	-	21,332
Police FID Cards	-	55,500	43,125	-	12,375
Police Law Enforcement Fund	12,445	11,981	19,403	-	5,023
Police Off Duty Details	-	1,151,125	1,151,125	-	-
Police Revolving Accounts	8,408	232	-	-	8,640
Premium on Bonds	256,554	-	73,706	132,614	315,462
Private Grants	21,103	43,765	27,074	(34)	37,760
Recycling Revolving	648	750	-	-	1,398
Sale of Real Estate	22,898	-	-	-	22,898
Small Business Funds	244,859	630	234,582	-	10,907
Solar Fund	95,132	122,630	217,762	-	-
Transportation Network Company Surcharge	7,008	1,151	-	-	8,159
Tyler Street Lab Rental	12,479	7,500	-	-	19,979
Workers Compensation Reserve Fund	26,943	-	-	-	26,943
Total Special Revenue	\$ 12,998,609	\$ 22,681,626	\$ 24,668,180	\$ 132,576	\$ 11,144,631

**CITY OF PITTSFIELD, MASSACHUSETTS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2021**

	Fund Balances July 1, 2020	Revenues	Expenditures	Other Financing Sources (Uses)	Fund Balances June 30, 2021
Capital Projects:					
Airport Expansion Projects	\$ (1,086,047)	\$ 919,953	\$ 46,500	\$ 41,697	\$ (170,897)
General Government Projects	(272,638)	-	11,850	284,488	-
Public Safety Projects	(269,877)	-	228,867	320,613	(178,131)
Department of Public Works Projects	(1,381,193)	-	3,932,386	4,862,319	(451,260)
School Projects	(27,608)	-	1,980,367	-	(2,007,975)
Culture and Recreation Projects	(656,126)	-	1,100,415	926,197	(830,344)
	<u>(3,693,489)</u>	<u>919,953</u>	<u>7,300,385</u>	<u>6,435,314</u>	<u>(3,638,607)</u>
Total - Non-Major Governmental Funds	<u>\$ 9,305,120</u>	<u>\$ 23,601,579</u>	<u>\$ 31,968,565</u>	<u>\$ 6,567,890</u>	<u>\$ 7,506,024</u>

**CITY OF PITTSFIELD, MASSACHUSETTS
SCHEDULE OF REAL ESTATE AND PERSONAL PROPERTY TAXES
JULY 1, 2020 TO JUNE 30, 2021**

	Uncollected Accounts July 1, 2020	Commitments	Abatements and Adjustments	Collections Net of Refunds and Overpayments	Uncollected Accounts June 30, 2021	Uncollected Accounts Per Detail June 30, 2021
Real Estate Taxes:						
Levy of 2021	\$ -	\$ 80,093,845	\$ 525,384	\$ 77,567,600	\$ 2,000,861	\$ 2,000,861
Levy of 2020	2,890,294	-	505,750	1,886,655	497,889	497,889
Levy of 2019	389,945	-	67,461	322,484	-	-
Levy of 2018	5,111	-	-	1,962	3,149	3,149
	<u>3,285,350</u>	<u>80,093,845</u>	<u>1,098,595</u>	<u>79,778,701</u>	<u>2,501,899</u>	<u>2,501,899</u>
Personal Property Taxes:						
Levy of 2021	-	11,728,269	4,442	10,533,129	1,190,698	1,190,698
Levy of 2020	1,179,987	-	663	154,751	1,024,573	1,024,573
Levy of 2019	912,831	-	-	27,650	885,181	885,181
Levy of 2018	975,935	-	-	6,406	969,529	969,529
Levy of 2017	63,209	-	-	4,220	58,989	58,989
Prior Years	128,556	-	411	1,544	126,601	126,601
	<u>3,260,518</u>	<u>11,728,269</u>	<u>5,516</u>	<u>10,727,700</u>	<u>4,255,571</u>	<u>4,255,571</u>
Total Real Estate and Personal Property Taxes	<u>\$ 6,545,868</u>	<u>\$ 91,822,114</u>	<u>\$ 1,104,111</u>	<u>\$ 90,506,401</u>	<u>\$ 6,757,470</u>	<u>\$ 6,757,470</u>

**CITY OF PITTSFIELD, MASSACHUSETTS
SCHEDULE OF COMMUNITY PRESERVATION SURCHARGE
JULY 1, 2020 TO JUNE 30, 2021**

	Uncollected Taxes July 1, 2020	Commitments	Abatements and Adjustments	Collections Net of Refunds and Overpayments	Uncollected Taxes June 30, 2021	Uncollected Taxes Per Detail June 30, 2021
Community Preservation Surcharge						
Levy of 2021	\$ -	\$ 480,355	\$ 5,246	\$ 469,136	\$ 5,973	\$ 5,973
Levy of 2020	10,320	-	1,609	7,360	1,351	1,351
Levy of 2019	825	-	128	697	-	-
Levy of 2018	12	-	-	-	12	12
Total Community Preservation Surcharge	\$ 11,157	\$ 480,355	\$ 6,983	\$ 477,193	\$ 7,336	\$ 7,336

**CITY OF PITTSFIELD, MASSACHUSETTS
SCHEDULE OF MOTOR VEHICLE EXCISE TAXES
JULY 1, 2020 TO JUNE 30, 2021**

	Uncollected Accounts July 1, 2020	Commitments	Abatements and Adjustments	Collections Net of Refunds and Overpayments	Uncollected Accounts June 30, 2021	Uncollected Accounts Per Detail June 30, 2021
Motor Vehicle Excise Taxes:						
Levy of 2021	\$ -	\$ 5,199,458	\$ 118,413	\$ 4,569,885	\$ 511,160	\$ 511,160
Levy of 2020	656,518	604,972	142,626	907,306	211,558	211,558
Levy of 2019	181,251	2,605	81,327	21,129	81,400	81,400
Levy of 2018	73,294	61	40,082	(15,709)	48,982	48,982
Levy of 2017	53,354	-	261	11,494	41,599	41,599
Prior Years	138,522	-	810	13,020	124,692	124,755
Total Motor Vehicle Excise Taxes	\$ 1,102,939	\$ 5,807,096	\$ 383,519	\$ 5,507,125	\$ 1,019,391	\$ 1,019,454

**CITY OF PITTSFIELD, MASSACHUSETTS
SCHEDULE OF TAX LIENS
JULY 1, 2020 TO JUNE 30, 2021**

	Uncollected Accounts July 1, 2020	Commitments	Abatements and Adjustments	Collections Net of Refunds and Overpayments	Uncollected Accounts June 30, 2021	Uncollected Accounts Per Detail June 30, 2021
Tax Liens / Deeded to City	\$ 5,170,826	\$ 942,897	\$ 1,829	\$ 234,371	\$ 5,877,523	\$ 5,873,850
Community Preservation Tax Liens	\$ 3,156	\$ 1,707	\$ 5	\$ 492	\$ 4,366	\$ 4,366