

CITY OF PITTSFIELD, MASSACHUSETTS

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

For the Year Ended June 30, 2016

CITY OF PITTSFIELD, MASSACHUSETTS

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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, 2016, (except for the Pittsfield Contributory Retirement System, which is as of and for the year ended December 31, 2015), 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. We did not audit the financial statements of the Berkshire Training and Employment Program which is 13 percent, 10 percent and 95 percent, respectively, of the assets, net position and revenues of the aggregate discretely presented component units.

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 did not audit the financial statements of the Berkshire Training and Employment Program which represents 13 percent, 10 percent and 95 percent, respectively, of the assets, net position and revenues of the aggregate discretely presented component units. Those financial statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Berkshire Training and Employment Program, is based solely on the report of the other auditors. 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 unit and represent 87 percent, 90 percent and 5 percent of the assets, net position and revenues, respectively, of the City's aggregate discretely presented component units. In addition, in accordance with generally accepted accounting principles, the Berkshire Training and Employment Program failed to meet the reporting requirements of GASB Statement No. 45 other post employment benefits. The Berkshire Training and Employment Program financial activities are included in the City's basic financial statements as a discretely presented component unit and represent 13 percent, 10 percent and 95 percent of the assets, net position and revenues, respectively, of the City's aggregate discretely presented component units. The Berkshire Training and Employment Program were required to implement GASB Statement No. 45 as of June 30, 2010. We are therefore, uncertain to the amount of the unrecognized liability related to the other post employment benefits (OPEB).

Qualified Opinion

In our opinion, based on our audit and the report of other auditors, 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, 2016 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, 2016, (except for the Pittsfield Contributory Retirement System, which is as of December 31, 2015), 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 January 10, 2017, 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 considering the City of Pittsfield, Massachusetts' internal control over financial reporting and compliance.

Scanlon & Associates, LLC
South Deerfield, Massachusetts

January 10, 2017

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, 2016. 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 \$43,241,895 (net position) for the fiscal year reported. This compares to the previous year when liabilities exceeded assets and deferred outflows of resources by \$44,990,750 or an increase of \$1,748,855 (4%).
- At the close of the current fiscal year, the City's governmental funds reported total ending fund balance of \$15,659,307, a decrease of \$4,456,101 (22%).
- The General Fund's total fund balance decreased by \$368,677 (3%) to \$12,041,043. The ending General fund balance is 8% of revenues, transfers in and premiums on bonds and notes, and 8% of expenditures and transfers out.
- Total liabilities of the City increased by \$5,441,145 (2%) to \$321,380,240 during the fiscal year. The increase was mainly attributed to increases in the other post employment benefit (OPEB) liability of \$5,865,076 and in net pension liability of \$8,946,166 and net decreases in warrants payable of \$4,142,468, bond anticipation notes of \$2,029,536 and bonds payable of \$2,553,041 from the prior year.
- The City had free cash certified by the Department of Revenue in the amount of \$3,525,539. The key factors that attributed to the free cash amount for fiscal year 2016 were unexpended/unencumbered appropriations of \$1,317,900, amount over/(under) budget – state and local receipts of \$235,300 and prior year free cash not appropriated of \$2,075,500.
- The City's enterprise funds certified free cash is as follows:
 - Sewer fund \$ 1,253,793.
 - Water fund \$ 669,268.

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. 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. These organizations, the Berkshire Training and Employment Program and the Berkshire Athenaeum, are reported separately from the primary government and are 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		
	2016	2015	Change
Assets:			
Current assets	\$ 61,095,461	\$ 67,089,424	\$ (5,993,963)
Noncurrent assets (excluding capital)	7,757,565	10,445,643	(2,688,078)
Capital assets	123,276,398	112,100,915	11,175,483
Total assets	192,129,424	189,635,982	2,493,442
Deferred Outflows of Resources:			
Deferred outflows related to pensions	11,424,312	357,070	11,067,242
Liabilities:			
Current liabilities (excluding debt)	11,675,714	14,479,361	(2,803,647)
Current debt	23,895,438	23,071,408	824,030
Noncurrent liabilities (excluding debt)	196,156,127	181,400,731	14,755,396
Noncurrent debt	45,580,100	50,434,600	(4,854,500)
Total liabilities	277,307,379	269,386,100	7,921,279
Deferred Inflows of Resources:			
Deferred inflows related to pensions	4,203,340	-	4,203,340
Net Position:			
Net investment in capital assets	63,085,034	50,569,238	12,515,796
Restricted	27,510,231	31,015,512	(3,505,281)
Unrestricted	(168,552,248)	(160,977,798)	(7,574,450)
Total net position	\$ (77,956,983)	\$ (79,393,048)	\$ 1,436,065

	Business-Type Activities		
	2016	2015	Change
Assets:			
Current assets	\$ 12,896,386	\$ 21,243,454	\$ (8,347,068)
Capital assets	65,891,563	59,711,839	6,179,724
Total assets	78,787,949	80,955,293	(2,167,344)
Liabilities:			
Current liabilities (excluding debt)	614,924	2,245,341	(1,630,417)
Current debt	18,276,270	20,681,723	(2,405,453)
Noncurrent liabilities (excluding debt)	1,459,988	1,757,598	(297,610)
Noncurrent debt	23,721,679	21,868,333	1,853,346
Total liabilities	44,072,861	46,552,995	(2,480,134)
Net Position:			
Net investment in capital assets	23,893,614	17,161,783	6,731,831
Restricted	8,678,197	13,577,420	(4,899,223)
Unrestricted	2,143,277	3,663,095	(1,519,818)
Total net position	\$ 34,715,088	\$ 34,402,298	\$ 312,790

Financial Highlights

Statement of Activities Highlights

	Governmental Activities		
	2016	2015	Change
Program Revenues:			
Charges for services	\$ 4,835,240	\$ 4,529,493	\$ 305,747
Operating grants and contributions	68,678,845	64,625,026	4,053,819
Capital grants and contributions	10,807,971	8,823,966	1,984,005
General Revenues:			
Property taxes	76,108,273	73,050,140	3,058,133
Motor vehicle and other excise taxes	5,296,401	4,765,969	530,432
Hotel room occupancy and meals taxes	1,334,691	1,147,193	187,498
Penalties and interest on taxes	483,275	979,552	(496,277)
Nonrestricted grants and contributions	9,006,157	9,402,783	(396,626)
Unrestricted investment income	82,908	62,618	20,290
Miscellaneous	40,489	40,115	374
Total revenues	176,674,250	167,426,855	9,247,395
Expenses:			
General government	9,083,724	8,905,603	178,121
Airport	1,333,212	1,484,152	(150,940)
Public safety	19,030,721	18,461,390	569,331
Public works	9,262,372	11,191,931	(1,929,559)
Education	71,800,067	72,548,288	(748,221)
Health and human services	2,604,994	3,052,234	(447,240)
Culture and recreation	2,339,595	856,139	1,483,456
Employee benefits and insurance	51,662,477	48,558,027	3,104,450
State assessments	5,541,934	5,301,488	240,446
Interest	2,579,089	2,646,284	(67,195)
Total expenses	175,238,185	173,005,536	2,232,649
Change in net position	1,436,065	(5,578,681)	7,014,746
Net position - beginning of year	(79,393,048)	(73,814,367)	(5,578,681)
Net position - end of year	\$ (77,956,983)	\$ (79,393,048)	\$ 1,436,065

	Business-Type Activities		
	2016	2015	Change
Program Revenues:			
Charges for services	\$ 9,977,671	\$ 9,358,001	\$ 619,670
Operating grants and contributions	266,809	384,552	(117,743)
Total Revenues	10,244,480	9,742,553	501,927
Expenses:			
Sewer	5,074,125	5,493,514	(419,389)
Water	4,857,565	5,074,996	(217,431)
Total expenses	9,931,690	10,568,510	(636,820)
Change in net position	312,790	(825,957)	1,138,747
Net position - beginning of year	34,402,298	35,228,255	(825,957)
Net position - end of year	\$ 34,715,088	\$ 34,402,298	\$ 312,790

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 \$43,241,895 at the close of fiscal year 2016.

Net position of \$86,978,648 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, \$36,188,428 represents resources that are subject to external restrictions on how they may be used. The remaining balance consists of *unrestricted net position* (\$166,408,971).

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

The business-type activities are able to report positive balances in all three categories of net position.

The governmental activities net position increased by \$1,436,065 (2%) during the current fiscal year, which reflects the general fund's results of operations. The key elements of the increase in net position for fiscal year 2016 was attributed to the acquisition of \$18,997,899 in new capital assets exceeding the depreciation expense (normally spread out over the useful life of the asset) for the year of \$7,822,416, as a result of the net change in debt of \$4,572,624 and net change in deferred outflow/(inflow) of resources related to pensions of \$6,863,902, and net decreases in recognizing this year's OPEB obligation of \$5,865,076 and net pension liability of \$8,946,166.

There was an increase of \$312,790 (1%) in net position reported in connection with the sewer and water business-type activities. Of this, there was a decrease of \$207,563 attributed to the sewer department and an increase of \$520,353 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 \$15,659,307 a decrease of \$4,456,101 (22%) in comparison with the prior year.

The breakdown of the governmental funds is as follows:

- Restricted fund balance – \$14,395,852.
- Committed fund balance – \$657,191.
- Assigned fund balance – \$3,802,721.
- Unassigned fund balance – (\$3,196,457).

Major Governmental Funds

At the end of the fiscal year, the *General Fund* reported a fund balance of \$12,041,043 decreasing \$368,677 (3%) from the prior year. Of the \$12,041,043, the unassigned amount is \$8,238,322 (68%) and the assigned amount of \$3,802,721 (32%). General fund revenues increased \$5,497,870 (4%) and expenditures also increased by \$5,732,704 (4%) over the prior fiscal year.

The main components of the change in general fund revenues from the prior year were related to increases in property taxes of \$1,508,348 (2%), intergovernmental receipts of \$528,542 (1%) and with intergovernmental on-behalf payments of \$3,472,079 (49%) and a decrease in interest on taxes of \$496,277 (51%) from the prior year.

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

- Increase in Education expenditures of \$1,672,285 (3%).
- Decrease in Employee benefits and insurance expenditures of \$3,437,170 (9%).
- Increase in Principal and interest on debt service expenditures of \$702,622 (8%).

The *economic revitalization development fund* has accumulated a fund balance of \$5,321,098. For the current fiscal year, the economic revitalization development fund shows a decrease of \$51,851 (1%). Of this amount, interest income revenue was \$10,649 and expenses were \$62,500.

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 \$2,584,442 at the end of the fiscal year, decreasing by \$2,261,643 (701%). This amount was attributed to expenditures of \$10,063,538 exceeding revenues from the Massachusetts School Building Administration (MSBA) of \$7,801,895. Additionally, the City has issued temporary debt of \$5,920,000 for this project.

At the end of the fiscal year, the *Nonmajor Governmental Funds* reported a fund balance of \$881,608 decreasing \$1,773,930 (67%) from the prior year. This change was mainly attributed to expenditures exceeding revenues by \$4,982,493, net transfers in of \$2,526 and proceeds from bonds and notes of \$3,206,037.

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 shows a decrease of \$207,563 (1%) in total operations. This change was mainly attributed to operating revenues exceeding current operating costs by \$631,521, other income of \$178,821, interest expense of \$490,068 and transfers out to the water fund of \$527,837. Operating revenues decreased by \$6,208 (.1%) while operating expenses also decreased by \$543,902 (11%) from the prior year.

The *Water Fund* is the financing and operations of the City's water system. The water fund shows an increase of \$520,353 (5%) in total operations. This change resulted from operating revenues exceeding current operating costs by \$374,467, other revenues of \$87,988, interest expense of \$469,939 and transfers in from the sewer fund of \$527,837. Operating revenues increased by \$625,878 (15%) while operating expenses decreased by \$310,365 (7%) from the prior year.

The activity of the internal service fund represents a health insurance fund. The fund has accumulated a fund balance of \$1,817,802. The fund increased by \$4,386 (.2%) in total operations, the result of contributions from the employees and employer for \$751 and interest income of \$3,635.

General Fund Budgetary Highlights

The final general fund budget for fiscal year 2016 was \$143,905,916. This was an increase of \$3,751,914 (3%) over the previous year's final budget.

There was an increase of \$952,308 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 \$3,120,633. Of the \$3,120,633 in under budget expenditures, \$1,802,721 has been carried over to fiscal year 2017.

There are negative variances in property taxes of \$142,842, in licenses, permits and fees of \$157,612 and in interest on taxes of \$82,225 as collections did not meet budgeted expectations for the year. There is also a negative variance in investment income of \$10,746 as a result of economic conditions.

The variance with the final budget was a positive \$1,410,387 consisting of a revenue surplus of \$92,475 and an appropriation surplus of \$1,317,912.

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, 2016 amounts to \$123,276,398 and \$65,891,563, 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:

- Airport runway construction of \$860,067.
- Airport vehicle purchase of \$66,657.
- Foreclosure property of \$16,917.
- City Hall improvements of \$12,343.
- Parking lot improvements for \$382,259.
- Garage equipment purchase for 72,260.
- Parking garage improvements of \$396,366.
- Police department vehicle purchases for \$164,756.
- Fire department vehicle purchases for \$689,479.

- Highway department vehicle purchases for \$238,000.
- Various road and street improvements of \$5,816,669.
- School vehicle and equipment purchases for \$61,965.
- Pittsfield High School improvements for \$201,805.
- Taconic High School new building construction for \$10,063,538.
- Library improvements for \$35,613.
- First Street Common park improvements for \$29,086.
- Parks playground equipment for \$112,210.
- Berkshire Athenaeum improvements for \$102,891.

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

Sewer Fund:

- Sewer vehicle purchases for \$307,154.
- Sewer infrastructure improvements for \$2,013,110.
- Wastewater treatment plant improvements for \$652,609.

Water Fund:

- Water vehicle purchases for \$75,761.
- Farnham Reservoir Dam improvements for \$3,542,201.
- Other Dam improvements for \$641,424.
- Water storage tank improvements for \$812,980.
- Water infrastructure improvements for \$338,276.

Debt Administration. The City's outstanding governmental long-term debt, as of June 30, 2016, totaled \$53,078,088, of which primarily \$18,544,500 is for various school projects, \$820,000 is for the landfill, \$2,130,000 is for airport land acquisitions, \$205,000 for the skate park redevelopment, \$14,065,000 is for road and street improvements, \$3,985,000 is for various building improvements, \$475,000 is for departmental equipment and \$12,853,588 is for municipal purpose loans for various City projects.

The City's outstanding business-type debt as of June 30, 2016 totaled \$25,105,845 consisting of sewer debt for \$14,200,470 and water debt for \$10,905,375 that is fully supported by the rates and do not rely on a general fund subsidy.

The City also has \$33,289,554 in bond anticipation consisting of \$16,397,450 in governmental activity debt and \$16,892,104 in business-type activity debt outstanding at June 30, 2016.

Please refer to notes 4D, 4F and 4G 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, 2016 do not reflect the fiscal year 2017 budget approved by the City Council on June 28, 2016, except for the amount of free cash used to reduce tax rate.

The City Council has authorized a fiscal year 2017 operating and capital budget as follows:

Budget:	
Raise and Appropriate	\$ 139,352,967
From Other Available Funds:	
General Fund:	
Unassigned fund balance:	
Free cash	2,000,000
From Income/Rates:	
Sewer and Drains Department	457,891
Water Department	4,489,123
Wastewater Department	5,102,183
	<u>\$ 151,402,164</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.

BASIC FINANCIAL STATEMENTS

**CITY OF PITTSFIELD, MASSACHUSETTS
STATEMENT OF NET POSITION
JUNE 30, 2016**

	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities	Total	Berkshire Training and Employment Program	The Berkshire Athenaeum (Unaudited)
ASSETS					
CURRENT:					
Cash and Cash Equivalents	\$ 36,700,957	\$ 11,369,043	\$ 48,070,000	\$ 124,477	\$ 54,558
Investments	-	-	-	-	2,923,683
Receivables, net of allowance for uncollectibles:					
Property Taxes	1,788,694	-	1,788,694	-	-
Tax Liens	4,358,515	-	4,358,515	-	-
Excise Taxes	872,779	-	872,779	-	-
User Charges	-	1,527,343	1,527,343	-	-
Departmental	377,583	-	377,583	-	-
Loans	2,778,023	-	2,778,023	-	-
Due from Other Governments	14,218,910	-	14,218,910	282,477	8,525
Other	-	-	-	45,302	332
Total current assets	<u>61,095,461</u>	<u>12,896,386</u>	<u>73,991,847</u>	<u>452,256</u>	<u>2,987,098</u>
NONCURRENT:					
Receivables, net of allowance for uncollectibles:					
Loans	1,021,926	-	1,021,926	-	-
Due from Other Governments	6,735,639	-	6,735,639	-	-
Capital Assets, net of accumulated Depreciation					
Nondepreciable	27,477,040	15,560,914	43,037,954	-	-
Depreciable	95,799,358	50,330,649	146,130,007	8,113	66,292
Total noncurrent assets	<u>131,033,963</u>	<u>65,891,563</u>	<u>196,925,526</u>	<u>8,113</u>	<u>66,292</u>
Total Assets	<u>192,129,424</u>	<u>78,787,949</u>	<u>270,917,373</u>	<u>460,369</u>	<u>3,053,390</u>
DEFERRED OUTFLOWS OF RESOURCES					
Deferred Outflows Related to Pensions	\$ 11,424,312	\$ -	\$ 11,424,312	\$ -	\$ -

(Continued)

**CITY OF PITTSFIELD, MASSACHUSETTS
STATEMENT OF NET POSITION
JUNE 30, 2016**

	<u>Primary Government</u>			<u>Component Units</u>	
	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>	<u>Berkshire Training and Employment Program</u>	<u>The Berkshire Athenaeum (Unaudited)</u>
LIABILITIES					
CURRENT:					
Warrants and Accounts Payable	\$ 2,773,227	\$ 184,721	\$ 2,957,948	\$ 44,256	\$ -
Accrued Payroll	5,938,855	31,881	5,970,736	50,109	-
Retainage Payable	166,971	-	166,971	-	-
Payroll Withholdings	955,873	-	955,873	-	-
Tax Refund Payable	15,000	-	15,000	-	-
Accrued Interest	511,057	308,021	819,078	-	-
Other	200,551	-	200,551	-	-
Compensated Absences	1,114,180	90,301	1,204,481	-	-
Notes Payable	16,397,450	16,892,104	33,289,554	-	-
Bonds Payable	7,497,988	1,384,166	8,882,154	10,157	-
Total current liabilities	<u>35,571,152</u>	<u>18,891,194</u>	<u>54,462,346</u>	<u>104,522</u>	<u>-</u>
NONCURRENT:					
Compensated Absences	4,940,927	95,346	5,036,273	-	-
OPEB Obligation Payable	62,040,135	1,364,642	63,404,777	-	-
Net Pension Liability	129,175,065	-	129,175,065	-	-
Bonds Payable	45,580,100	23,721,679	69,301,779	16,082	-
Total noncurrent liabilities	<u>241,736,227</u>	<u>25,181,667</u>	<u>266,917,894</u>	<u>16,082</u>	<u>-</u>
Total Liabilities	<u>277,307,379</u>	<u>44,072,861</u>	<u>321,380,240</u>	<u>120,604</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES					
Deferred Inflows Related to Pensions	4,203,340	-	4,203,340	-	-
Total Deferred Inflows of Resources	<u>4,203,340</u>	<u>-</u>	<u>4,203,340</u>	<u>-</u>	<u>-</u>
NET POSITION					
Net Investment in Capital Assets	63,085,034	23,893,614	86,978,648	8,113	66,292
Restricted for:					
Capital Projects	6,649,218	8,678,197	15,327,415	-	-
Loans	3,799,949	-	3,799,949	-	-
Federal & State Grants	5,763,090	-	5,763,090	-	-
Permanent Funds:					
Expendable	-	-	-	-	482,233
Nonexpendable	-	-	-	-	340,011
Other Purposes	11,297,974	-	11,297,974	-	6,159
Unrestricted	(168,552,248)	2,143,277	(166,408,971)	331,652	2,158,695
Total Net Position	<u>\$ (77,956,983)</u>	<u>\$ 34,715,088</u>	<u>\$ (43,241,895)</u>	<u>\$ 339,765</u>	<u>\$ 3,053,390</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, 2016**

	<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	\$ 9,083,724	\$ 1,006,884	\$ 1,026,214	\$ -	\$ (7,050,626)	\$ -
Airport	1,333,212	107,306	88,126	478,038	(659,742)	-
Public Safety	19,030,721	1,713,886	1,123,035	-	(16,193,800)	-
Public Works	9,262,372	512,094	356,602	2,498,417	(5,895,259)	-
Education	71,800,067	1,127,323	52,185,979	7,804,680	(10,682,085)	-
Health and Human Services	2,604,994	335,040	1,227,588	-	(1,042,366)	-
Culture and Recreation	2,339,595	32,707	315,766	26,836	(1,964,286)	-
Employee Benefits and Insurance	51,662,477	-	11,709,353	-	(39,953,124)	-
State Assessments	5,541,934	-	-	-	(5,541,934)	-
Interest	2,579,089	-	646,182	-	(1,932,907)	-
Total Governmental Activities	175,238,185	4,835,240	68,678,845	10,807,971	(90,916,129)	-
Business-Type Activities:						
Sewer	5,074,125	5,215,578	178,821	-	320,274	-
Water	4,857,565	4,762,093	87,988	-	(7,484)	-
Total Business-Type Activities	9,931,690	9,977,671	266,809	-	312,790	-
Total Primary Government	\$ 185,169,875	\$ 14,812,911	\$ 68,945,654	\$ 10,807,971	\$ (90,603,339)	\$ -
Component Units:						
Berkshire Training and Employment Program	\$ 1,654,133	\$ 1,600,559	\$ -	\$ -	\$ -	\$ (53,574)
The Berkshire Athenaeum (Unaudited)	138,592	25,307	55,990	-	-	(57,295)
Total Component Units	\$ 1,792,725	\$ 1,625,866	\$ 55,990	\$ -	\$ -	\$ (110,869)

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

(Continued)

**CITY OF PITTSFIELD, MASSACHUSETTS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2016**

	<u>Primary Government</u>			<u>Component Units</u>	
	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>	<u>Berkshire Training and Employment Program</u>	<u>The Berkshire Athenaeum (Unaudited)</u>
Changes in Net Position:					
Net (Expense)/Revenue (from previous page)	\$ (90,916,129)	\$ 312,790	\$ (90,603,339)	\$ (53,574)	\$ (57,295)
General Revenues:					
Property taxes	76,108,273	-	76,108,273	-	-
Motor vehicle and other excise taxes	5,296,401	-	5,296,401	-	-
Hotel room occupancy and meals taxes	1,334,691	-	1,334,691	-	-
Penalties & interest on taxes	483,275	-	483,275	-	-
Grants & contributions not restricted to specific programs	9,006,157	-	9,006,157	-	-
Unrestricted investment income	82,908	-	82,908	67	47,463
Miscellaneous	40,489	-	40,489	65,171	-
Total General Revenues	<u>92,352,194</u>	<u>-</u>	<u>92,352,194</u>	<u>65,238</u>	<u>47,463</u>
Change in Net Position	1,436,065	312,790	1,748,855	11,664	(9,832)
Net Position:					
Beginning of year	<u>(79,393,048)</u>	<u>34,402,298</u>	<u>(44,990,750)</u>	<u>328,101</u>	<u>3,063,222</u>
End of year	<u>\$ (77,956,983)</u>	<u>\$ 34,715,088</u>	<u>\$ (43,241,895)</u>	<u>\$ 339,765</u>	<u>\$ 3,053,390</u>

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

**CITY OF PITTSFIELD, MASSACHUSETTS
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2016**

	General Fund	Economic Revitalization Development Fund	High School Construction Project Fund	Nonmajor Governmental Funds	Total Governmental Funds
Assets:					
Cash and Cash Equivalents	\$ 18,315,742	\$ 5,321,098	\$ 3,200,812	\$ 8,045,503	\$ 34,883,155
Receivables, net of allowance for uncollectibles:					
Property Taxes	1,788,694	-	-	-	1,788,694
Tax Liens	4,358,515	-	-	-	4,358,515
Excise Taxes	872,779	-	-	-	872,779
Departmental	125,532	-	-	252,051	377,583
Loans	-	-	-	3,799,949	3,799,949
Due from Other Governments	10,768,480	-	2,629,495	7,556,574	20,954,549
Total Assets	\$ 36,229,742	\$ 5,321,098	\$ 5,830,307	\$ 19,654,077	\$ 67,035,224
Liabilities:					
Warrants and Accounts Payable	\$ 321,022	\$ -	\$ 2,327,778	\$ 124,427	\$ 2,773,227
Accrued Payroll	5,919,971	-	-	18,884	5,938,855
Retainage Payable	-	-	166,971	-	166,971
Employee Withholdings	955,873	-	-	-	955,873
Tax Refund Payable	15,000	-	-	-	15,000
Other	200,551	-	-	-	200,551
Notes Payable	-	-	5,920,000	10,477,450	16,397,450
Total Liabilities	7,412,417	-	8,414,749	10,620,761	26,447,927
Deferred Inflows of Resources:					
Unavailable Revenue	16,776,282	-	-	8,151,708	24,927,990
Fund Balance:					
Restricted	-	5,321,098	-	9,074,754	14,395,852
Committed	-	-	-	657,191	657,191
Assigned	3,802,721	-	-	-	3,802,721
Unassigned	8,238,322	-	(2,584,442)	(8,850,337)	(3,196,457)
Total Fund Balance	12,041,043	5,321,098	(2,584,442)	881,608	15,659,307
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 36,229,742	\$ 5,321,098	\$ 5,830,307	\$ 19,654,077	\$ 67,035,224

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, 2016**

	General Fund	Economic Revitalization Development Fund	High School Construction Project Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:					
Property Taxes	\$ 75,722,131	\$ -	\$ -	\$ -	\$ 75,722,131
Intergovernmental	54,308,750	-	7,801,895	17,225,089	79,335,734
Excise and Other Taxes	5,049,709	-	-	-	5,049,709
Hotel Room Occupancy and Meals Taxes	1,334,691	-	-	-	1,334,691
Licenses, Permits, Fees	3,130,428	-	-	-	3,130,428
Charges for Services	-	-	-	2,239,949	2,239,949
Interest on Taxes	483,275	-	-	-	483,275
Investment Income	82,908	10,649	-	691	94,248
Other	-	-	-	515,152	515,152
Intergovernmental - "On-behalf" Payments	10,499,444	-	-	-	10,499,444
Total Revenues	150,611,336	10,649	7,801,895	19,980,881	178,404,761
Expenditures:					
Current:					
General Government	6,395,257	62,500	-	2,204,816	8,662,573
Airport	193,178	-	-	919,306	1,112,484
Public Safety	16,710,885	-	-	2,745,710	19,456,595
Public Works	7,201,608	-	-	6,021,959	13,223,567
Education	58,205,418	-	10,063,538	11,938,033	80,206,989
Health and Human Services	1,924,890	-	-	552,054	2,476,944
Culture and Recreation	1,529,745	-	-	581,496	2,111,241
Employee Benefits and Insurance	43,715,137	-	-	-	43,715,137
State Assessments	5,541,934	-	-	-	5,541,934
Debt Service:					
Principal	7,231,112	-	-	-	7,231,112
Interest	2,635,563	-	-	-	2,635,563
Total Expenditures	151,284,727	62,500	10,063,538	24,963,374	186,374,139
Excess of Revenues Over (Under) Expenditures	(673,391)	(51,851)	(2,261,643)	(4,982,493)	(7,969,378)
Other Financing Sources (Uses):					
Operating Transfers In	23,372	-	-	25,898	49,270
Operating Transfers Out	(25,898)	-	-	(23,372)	(49,270)
Premium on Bonds and Notes	307,240	-	-	-	307,240
Proceeds from Bonds and Notes	-	-	-	3,206,037	3,206,037
Total Other Financing Sources (Uses)	304,714	-	-	3,208,563	3,513,277
Net Change in Fund Balances	(368,677)	(51,851)	(2,261,643)	(1,773,930)	(4,456,101)
Fund Balances, Beginning of Year	12,409,720	5,372,949	(322,799)	2,655,538	20,115,408
Fund Balances, End of Year	\$ 12,041,043	\$ 5,321,098	\$ (2,584,442)	\$ 881,608	\$ 15,659,307

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, 2016

Total Governmental Fund Balances	\$	15,659,307
Capital Assets (net) used in governmental activities are not financial resources and, therefore, are not reported in the funds.		123,276,398
Revenues are recognized on an accrual basis of accounting instead of a modified accrual basis.		24,927,990
Certain changes in the net pension liability are required to be included in pension expense over future periods. These changes are reported as deferred outflows of resources or (deferred inflows of resources) related to pensions.		7,220,972
Internal Service funds are used by management to account for Health Insurance activities. The assets and liabilities of the Internal Service funds are included in the Governmental activities in the Statement of Net Position.		1,817,802
Long Term liabilities are not due and payable in the current period and, therefore, are not reported in governmental funds:		
Bonds and Notes Payable	\$ (53,078,088)	
Other Post Employment Benefits Payable	(62,040,135)	
Net Pension Liability	(129,175,065)	
Compensated Absences	<u>(6,055,107)</u>	(250,348,395)
In the statement of activities, interest is accrued on outstanding long term debt, whereas in governmental funds interest is not reported until due.		<u>(511,057)</u>
Net Position of Governmental Activities	\$	<u><u>(77,956,983)</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, 2016

Net Change in Fund Balances - Total Governmental Funds \$ (4,456,101)

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	\$ 18,997,899	
Depreciation	<u>(7,822,416)</u>	11,175,483

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. (2,042,137)

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	7,778,661	
Proceeds from Bonds and Notes	<u>(3,206,037)</u>	4,572,624

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	72,676	
Net Change in Other Post Employment Benefits	(5,865,076)	
Net Change in Net Pension Liability	(8,946,166)	
Net Change in Deferred Outflow/(Inflow) of Resources Related to Pensions	6,863,902	
Net Change in Accrued Interest on Long-Term Debt	<u>56,474</u>	(7,818,190)

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>4,386</u>
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Change in Net Position of Governmental Activities \$ 1,436,065

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, 2016**

	Budgeted Amounts			Actual Budgetary Basis	Amounts Carried Forward to Next Year	Variance with Final Budget Positive (Negative)
	Amounts Carried	Original Budget	Final Budget			
	Forward from Prior Year					
Revenues:						
Property Taxes	\$ -	\$ 75,916,973	\$ 75,916,973	\$ 75,774,131	\$ -	\$ (142,842)
Intergovernmental	-	54,087,750	54,087,750	54,308,750	-	221,000
Excise and Other Taxes	-	4,999,500	4,999,500	5,049,709	-	50,209
Hotel Room Occupancy and Meals Taxes	-	1,120,000	1,120,000	1,334,691	-	214,691
Licenses, Permits, Fees	-	3,288,040	3,288,040	3,130,428	-	(157,612)
Interest on Taxes	-	565,500	565,500	483,275	-	(82,225)
Investment Income	-	90,000	90,000	79,254	-	(10,746)
Total Revenues	-	140,067,763	140,067,763	140,160,238	-	92,475
Expenditures:						
Current:						
General Government	212,254	7,025,955	7,068,050	6,395,257	360,501	312,292
Airport	2,512	199,344	201,856	193,178	4,070	4,608
Public Safety	16,901	16,117,380	17,104,281	16,710,885	20,411	372,985
Public Works	240,591	6,934,653	7,620,458	7,201,608	256,715	162,135
Education	906,875	58,502,753	59,409,628	58,205,418	1,128,752	75,458
Health and Human Services	916	1,887,587	1,947,842	1,924,890	2,509	20,443
Culture and Recreation	9,547	1,567,483	1,577,030	1,529,745	18,524	28,761
Employee Benefits and Insurance	-	33,640,501	33,353,247	33,215,693	-	137,554
State Assessments	-	5,683,146	5,683,146	5,541,934	-	141,212
Debt Service:						
Principal	-	7,231,120	7,231,120	7,231,112	-	8
Interest	-	2,774,090	2,709,258	2,635,563	11,239	62,456
Total Expenditures	1,389,596	141,564,012	143,905,916	140,785,283	1,802,721	1,317,912
Excess of Revenues Over (Under) Expenditures	(1,389,596)	(1,496,249)	(3,838,153)	(625,045)	(1,802,721)	1,410,387
Other Financing Sources (Uses):						
Operating Transfers In	-	-	-	23,372	-	23,372
Operating Transfers Out	-	-	(142,614)	(145,897)	-	(3,283)
Premium on Bonds and Notes	-	-	-	307,240	-	307,240
Total Other Financing Sources (Uses)	-	-	(142,614)	184,715	-	327,329
Net Change in Budgetary Fund Balance	(1,389,596)	(1,496,249)	(3,980,767)	\$ (440,330)	\$ (1,802,721)	\$ 1,737,716
Other Budgetary Items:						
Free Cash and Other Reserves	-	1,500,000	2,594,922			
Prior Year Deficits	-	(3,751)	(3,751)			
Prior Year Encumbrances	1,389,596	-	1,389,596			
Total Other Budgetary Items	1,389,596	1,496,249	3,980,767			
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, 2016

	Revenues	Expenditures
Reported on a Budgetary Basis	\$ 140,160,238	\$ 140,785,283
<u>Adjustments:</u>		
Activity for Stabilization Funds Recorded in the General Fund for GAAP Purposes	3,654	-
Net Increase in Revenue from recording Refund Taxes Payable	15,000	-
Recognition of Intergovernmental Revenue - "on behalf payments"	10,499,444	-
Recognition of Expenditures - "on behalf payments"	-	10,499,444
Net Decrease in Revenue from Recording 60-Day Receipts	(67,000)	-
Reported on a GAAP Basis	\$ 150,611,336	\$ 151,284,727

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, 2016**

	Business-Type Activities Enterprise Funds			Governmental Activities - Internal Service Fund
	Sewer Fund	Water Fund	Total	
ASSETS				
CURRENT:				
Cash and Cash Equivalents	\$ 7,546,331	\$ 3,822,712	\$ 11,369,043	\$ 1,817,802
User Charges, net of allowance for uncollectibles	682,661	844,682	1,527,343	-
Total current assets	<u>8,228,992</u>	<u>4,667,394</u>	<u>12,896,386</u>	<u>1,817,802</u>
NONCURRENT:				
Capital Assets, net of accumulated Depreciation				
Nondepreciable	8,863,641	6,697,273	15,560,914	-
Depreciable	29,598,940	20,731,709	50,330,649	-
Total noncurrent assets	<u>38,462,581</u>	<u>27,428,982</u>	<u>65,891,563</u>	<u>-</u>
Total Assets	<u><u>46,691,573</u></u>	<u><u>32,096,376</u></u>	<u><u>78,787,949</u></u>	<u><u>1,817,802</u></u>
LIABILITIES				
CURRENT:				
Accounts Payable	91,307	93,414	184,721	-
Accrued Payroll	20,160	11,721	31,881	-
Accrued Interest	159,530	148,491	308,021	-
Compensated Absences	56,787	33,514	90,301	-
Notes Payable	8,119,204	8,772,900	16,892,104	-
Bonds Payable	690,357	693,809	1,384,166	-
Total current liabilities	<u>9,137,345</u>	<u>9,753,849</u>	<u>18,891,194</u>	<u>-</u>
NONCURRENT:				
Compensated Absences	57,595	37,751	95,346	-
OPEB Obligation Payable	594,235	770,407	1,364,642	-
Bonds Payable	13,510,113	10,211,566	23,721,679	-
Total noncurrent liabilities	<u>14,161,943</u>	<u>11,019,724</u>	<u>25,181,667</u>	<u>-</u>
Total Liabilities	<u><u>23,299,288</u></u>	<u><u>20,773,573</u></u>	<u><u>44,072,861</u></u>	<u><u>-</u></u>
NET POSITION				
Net Investment in Capital Assets	16,142,907	7,750,707	23,893,614	-
Restricted for Capital Projects	5,824,667	2,853,530	8,678,197	-
Unrestricted	1,424,711	718,566	2,143,277	1,817,802
Total Net Position	<u><u>\$ 23,392,285</u></u>	<u><u>\$ 11,322,803</u></u>	<u><u>\$ 34,715,088</u></u>	<u><u>\$ 1,817,802</u></u>

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, 2016**

	Business-Type Activities Enterprise Funds			Governmental Activities - Internal Service Fund
	Sewer Fund	Water Fund	Total	
Operating Revenues:				
Charges for Services	\$ 5,061,905	\$ 4,630,152	\$ 9,692,057	\$ -
Other	153,673	131,941	285,614	751
Total Operating Revenues	5,215,578	4,762,093	9,977,671	751
Operating Expenses:				
Salaries & Wages	1,368,662	826,896	2,195,558	-
Operating Expenses	2,140,965	2,431,369	4,572,334	-
Depreciation	1,074,430	1,129,361	2,203,791	-
Total Operating Expenses	4,584,057	4,387,626	8,971,683	-
Operating Income (Loss)	631,521	374,467	1,005,988	751
Non-Operating Revenues (Expenses):				
Interest Income	-	-	-	3,635
Other	178,821	87,988	266,809	-
Interest Expense	(490,068)	(469,939)	(960,007)	-
Total Non-Operating Revenues (Expenses)	(311,247)	(381,951)	(693,198)	3,635
Income (Loss) Before Operating Transfers	320,274	(7,484)	312,790	4,386
Operating Transfers:				
Transfer In	-	527,837	527,837	-
Transfer Out	(527,837)	-	(527,837)	-
Total Operating Transfers	(527,837)	527,837	-	-
Change in Net Position	(207,563)	520,353	312,790	4,386
Net Position at Beginning of Year	23,599,848	10,802,450	34,402,298	1,813,416
Net Position at End of Year	\$ 23,392,285	\$ 11,322,803	\$ 34,715,088	\$ 1,817,802

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, 2016**

	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	\$ 5,017,345	\$ 4,387,832	\$ 9,405,177	\$ -
Receipts from Other Revenues	153,673	131,941	285,614	751
Payments to Vendors	(2,548,140)	(2,618,601)	(5,166,741)	-
Payments to Employees	(1,406,225)	(852,168)	(2,258,393)	-
Net Cash Provided by (Used for) Operating Activities	1,216,653	1,049,004	2,265,657	751
Cash Flows from Noncapital Financing Activities:				
Transfers from (to) Other Funds	72,163	(72,163)	-	-
Net Cash Provided by (Used for) Noncapital Financing Activities	72,163	(72,163)	-	-
Cash Flows from Capital and Related Financing Activities:				
Premium on Bonds and Notes	178,821	87,988	266,809	-
Proceeds from the Issuance of Bonds and Notes	486,000	192,900	678,900	-
Acquisition and Construction of Capital Assets	(3,835,219)	(5,811,766)	(9,646,985)	-
Principal Payments on Bonds and Notes	(600,513)	(630,494)	(1,231,007)	-
Interest Expense	(484,478)	(482,844)	(967,322)	-
Net Cash Provided by (Used for) Capital and Related Financing Activities	(4,255,389)	(6,644,216)	(10,899,605)	-
Cash Flows from Investing Activities:				
Investment Income	-	-	-	3,635
Net Cash Provided by (Used for) Investing Activities	-	-	-	3,635
Net Increase (Decrease) in Cash and Cash Equivalents	(2,966,573)	(5,667,375)	(8,633,948)	4,386
Cash and Cash Equivalents at Beginning of Year	10,512,904	9,490,087	20,002,991	1,813,416
Cash and Cash Equivalents at End of Year	\$ 7,546,331	\$ 3,822,712	\$ 11,369,043	\$ 1,817,802

(Continued)

**CITY OF PITTSFIELD, MASSACHUSETTS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2016**

	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)	\$ 631,521	\$ 374,467	1,005,988	\$ 751
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:				
Depreciation	1,074,430	1,129,361	2,203,791	-
Change in Assets and Liabilities:				
Increase (Decrease) in Warrants Payable	(140,251)	(164,153)	(304,404)	-
Increase (Decrease) in Accrued Payroll	(33,261)	(24,697)	(57,958)	-
Increase (Decrease) in Compensated Absences	(4,302)	(575)	(4,877)	-
Increase (Decrease) in OPEB Obligation Payable	(266,924)	(23,079)	(290,003)	-
Decrease (Increase) in User Charges Receivable	(44,560)	(242,320)	(286,880)	-
Total Adjustments	<u>585,132</u>	<u>674,537</u>	<u>1,259,669</u>	<u>-</u>
Net Cash Provided by (Used for) Operating Activities	<u>\$ 1,216,653</u>	<u>\$ 1,049,004</u>	<u>\$ 2,265,657</u>	<u>\$ 751</u>

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, 2016**

	PITTSFIELD			
	Employee Retirement System Pension Trust Fund		Other Post Employment Benefits Trust Fund	
	(as of December 31, 2015)	Private Purpose Trust Funds	Agency Funds	
ASSETS				
Cash and Cash Equivalents	\$ 5,995,410	\$ 200,000	\$ 330,880	\$ 396,260
Investments	110,349,527	-	-	-
Accounts Receivable	12,140	-	-	-
Total Assets	116,357,077	200,000	330,880	396,260
LIABILITIES				
Warrants Payable	1,674	-	364	-
Due to Others	-	-	-	41,701
Due to Student Groups	-	-	-	241,666
Deposits and Escrows	-	-	-	112,893
Total Liabilities	1,674	-	364	396,260
NET POSITION				
Held in Trust for Pension Benefits and Other Purposes	\$ 116,355,403	\$ 200,000	\$ 330,516	\$ -

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, 2016**

	PITTSFIELD		
	Employee Retirement		
	System Pension Trust Fund	Other Post Employment Benefits Trust Fund	Private Purpose Trust Funds
	(as of December 31, 2015)		
Additions			
Contributions:			
Employers	\$ 11,472,529	\$ 100,000	\$ -
Plan Members	3,210,765	-	-
Transfers/Reimbursements from Other Systems	343,820	-	-
Federal Grant Reimbursements	142,145	-	-
Commonwealth of Massachusetts - COLA	201,437	-	-
Private Donations	-	-	15,900
Total Contributions	15,370,696	100,000	15,900
Investment Income:			
Interest & Dividends	2,952,541	-	607
Net Change in Fair Value of Investments	(1,334,618)	-	-
Total Investment Earnings	1,617,923	-	607
Less Investment Expense	(597,061)	-	-
Net Investment Earnings	1,020,862	-	607
Total Additions	16,391,558	100,000	16,507
Deductions:			
Benefit Payments to Plan Members and Beneficiaries	15,183,432	-	-
Refunds to Members	276,035	-	-
Transfers to Other Systems	691,735	-	-
General Expenses	243,686	-	-
Educational Scholarships	-	-	14,280
Total Deductions	16,394,888	-	14,280
Change in Net Position	(3,330)	100,000	2,227
Net Position at Beginning of Year	116,358,733	100,000	328,289
Net Position at End of Year	\$ 116,355,403	\$ 200,000	\$ 330,516

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, 2016

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.

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 units are presented as discretely presented component units:

The Berkshire Training and Employment Program (the Organization) acts as a service delivery area for the administration of federal and state job training programs. The Organization is financed largely through federal and state grants. The City has the ultimate financial obligation incurred by the Organization if it was unable to meet its obligations. The Organization is presented as a component unit. Complete financial statements for the individual component unit may be obtained at the entity's administrative office at 160 North Street, Pittsfield, Massachusetts.

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

CITY OF PITTSFIELD, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2016

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.

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. Non-major funds are aggregated and displayed in a single column.

Because governmental fund statements are presented using a measurement focus and basis of accounting different from that used in 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, 2016

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, 2016

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 *economic revitalization development fund* is a special revenue fund used to account for the appropriation of funds originally funded by General Electric Company. These funds provide resources for economic development in the City upon City Council approval.

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, 2016

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

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

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

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

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

All investments are carried at 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, 2015 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

CITY OF PITTSFIELD, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2016

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 2016 on June 29, 2015, that were due on August 3, 2015 and November 2, 2015 and actual bills on December 30, 2015, that were due on February 1, 2016 and May 2, 2016, respectively.

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 2016 is \$83,579,125.

The total amount raised by taxation was \$76,785,756.

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.

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.

CITY OF PITTSFIELD, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2016

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

Special Assessments

Special assessments consist of sewer betterments in the business-type funds.

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

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.

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.

CITY OF PITTSFIELD, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2016

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 only item in this category is *deferred outflows related to pensions*.

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

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.

CITY OF PITTSFIELD, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2016

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.

“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.

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.

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

CITY OF PITTSFIELD, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2016

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 85% share of insurance premiums for PPO plans and HMO plans in the general fund in the fiscal year paid.

O. Use of Estimates

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

2. DEPARTURE FROM GENERALLY ACCEPTED ACCOUNTING PRINCIPLES

The significant departure of the financial statements from generally accepted accounting principles is that management has not recorded a liability for Other Post Employment Benefits (OPEB) for the Berkshire Training and Employment Program component unit and, accordingly, has not recorded an expense for the current period change in the OPEB liability. Accounting principles generally accepted in the United States of America require that an actuarial determined OPEB liability be accrued, which would increase the liabilities, reduce the net position, and change the expenses of the component unit. The amount by which this departure would affect the liabilities, net position and expenses of the component unit is not reasonably determinable.

3. 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.

CITY OF PITTSFIELD, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2016

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 2016, the City incurred a final budget deficit of \$3,980,767 for the General Fund.

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

Unassigned fund balance:	
Free cash votes	\$ 2,470,000
Overlay surplus	124,922
Overlay deficit	(3,751)
Prior year's encumbrances	1,389,596
	<u>\$ 3,980,767</u>

B. Deficit Fund Balances

The following funds have deficits at June 30, 2016 as measured by the balances of unreserved fund balance:

- The high school construction project fund, a major fund, has a deficit of \$2,584,442. This project is partially funded by the Massachusetts School Building Authority (MSBA). The City has additional authorizations for debt totaling \$116,122,550 and has temporary notes outstanding of \$5,920,000. 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 \$8,850,337. The City has various temporary notes totaling \$10,477,450 for these capital projects. The deficits will be eliminated upon the issuance of permanent debt.

CITY OF PITTSFIELD, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2016

4. 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, 2016 were \$50,935,193. Of these, \$6,981,677 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, 2015 were \$6,244,773. None are exposed to custodial credit risk as uninsured and uncollateralized.

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.

As of June 30, 2016, the City had no investments that met the above criteria.

Investment Policies – Pittsfield Contributory Retirement System

Under 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.

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.

CITY OF PITTSFIELD, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2016

- 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.
- 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.

CITY OF PITTSFIELD, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2016

As of December 31, 2015, the System had the following investments and maturities:

Investment Type	Fair Value
Other Investments:	
PRIT pooled funds	\$ 108,682,005
Pooled alternative investment investment capital	1,264,930
Pooled real estate	402,592
	\$ 110,349,527

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 \$110,349,527 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.

CITY OF PITTSFIELD, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2016

B. Receivables

At June 30, 2016, 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	\$ 1,834,372	\$ (45,678)	\$ 1,788,694
Tax liens	5,266,842	(908,327)	4,358,515
Excise taxes	957,548	(84,769)	872,779
Departmental	859,831	(482,248)	377,583
Loans	3,822,449	(22,500)	3,799,949
Due from other governments	20,954,549	-	20,954,549
Fiduciary funds: (as of December 31, 2015)			
Accounts receivable	12,140	-	12,140
	\$ 33,707,731	\$ (1,543,522)	\$ 32,164,209

At June 30, 2016, receivables for the sewer and water enterprise consist of the following:

	Gross Amount	Allowance for Uncollectibles	Net Amount
Sewer Fund:			
User charges	\$ 479,032	\$ (5,000)	\$ 474,032
Tax liens	181,376	-	181,376
Departmental	21,659	(1,000)	20,659
Special assessments	6,594	-	6,594
Water Fund:			
User charges	518,538	(5,000)	513,538
Tax liens	329,224	-	329,224
Departmental	2,920	(1,000)	1,920
	\$ 1,539,343	\$ (12,000)	\$ 1,527,343

CITY OF PITTSFIELD, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2016

The composition of amounts due from other governments as of June 30, 2016 for governmental funds is as follows:

General Fund:

Commonwealth of Massachusetts:

Department of Housing and Urban Development:			
Urban renewal grant	\$	37,295	
Department of Revenue:			
Urban renewal excise		367,170	
Veterans, blind and surviving spouse		64,181	
Department of Veterans Services:			
Veterans benefits		1,015,660	
Massachusetts School Building Authority:			
School Building Assistance - Capital portion		9,284,174	\$ 10,768,480

High School Construction Project Fund:

Commonwealth of Massachusetts:

Massachusetts School Building Authority:			
School Building Assistance - Capital portion			2,629,495

Nonmajor Governmental Funds:

U.S. Department of Agriculture:

School lunch	147,719
Wellesley Tree Replacement grant	3,500

U.S. Department of Education:

School title grants	849,314
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U.S. Department of Housing and Urban Development:

Community Development Block Grant	784,802
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U.S. Environmental Protection Agency

2,826

U.S. Corporation for National & Community Service

3,553

Commonwealth of Massachusetts:

Department of Elementary and Secondary Education:

School lunch	3,861
School title grants	314,071

Executive Office of Environmental Affairs 21,524

Executive Office of Public Safety & Homeland Security 39,892

Massachusetts Cultural Council 7,000

Massachusetts Department of Transportation:

 Aeronautics Commission 72,000

 Highway Department 5,253,471

Other: Private grants

53,041 7,556,574

\$ 20,954,549

CITY OF PITTSFIELD, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2016

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	\$	1,338,694	
Tax liens		4,358,515	
Excise taxes		872,779	
Departmental		117,774	
Due from other governments		10,088,520	\$ 16,776,282
Nonmajor governmental funds:			
Departmental		248,098	
Loans		4,099,766	
Notes receivable		200,000	
Due from other governments		3,603,844	8,151,708
			\$ 24,927,990

D. Capital Assets

Capital asset activity for the governmental and business-type activities for the year ended June 30, 2016, are as follows:

Governmental Activities	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	\$ 6,393,612	\$ 16,917	\$ (7,762)	\$ 6,402,767
Construction in Progress	11,280,386	17,478,387	(7,684,500)	21,074,273
Total capital assets not being depreciated	17,673,998	17,495,304	(7,692,262)	27,477,040
Capital assets being depreciated:				
Buildings and Renovations	115,756,352	1,000,563	-	116,756,915
Machinery, equipment and other	19,523,931	1,345,248	(29,563)	20,839,616
Infrastructure	54,334,029	6,849,046	-	61,183,075
Total capital assets being depreciated	189,614,312	9,194,857	(29,563)	198,779,606
Less accumulated depreciation for:				
Buildings and Renovations	70,215,958	3,752,030	-	73,967,988
Machinery, equipment and other	14,327,608	1,193,560	(29,563)	15,491,605
Infrastructure	10,643,829	2,876,826	-	13,520,655
Total accumulated depreciation	95,187,395	7,822,416	(29,563)	102,980,248
Total capital assets being depreciated, net	94,426,917	1,372,441	-	95,799,358
Total governmental activities capital assets, net	\$ 112,100,915	\$ 18,867,745	\$ (7,692,262)	\$ 123,276,398

CITY OF PITTSFIELD, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2016

Business-Type Activities	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	\$ 99,825	\$ -	\$ -	\$ 99,825
Construction in Progress	9,690,046	6,917,949	(1,146,906)	15,461,089
Total capital assets not being depreciated	9,789,871	6,917,949	(1,146,906)	15,560,914
Capital assets being depreciated:				
Machinery, equipment and other	2,647,305	382,915	-	3,030,220
Infrastructure	78,937,972	2,229,557	-	81,167,529
Total capital assets being depreciated	81,585,277	2,612,472	-	84,197,749
Less accumulated depreciation for:				
Machinery, equipment and other	2,443,680	148,079	-	2,591,759
Infrastructure	29,219,629	2,055,712	-	31,275,341
Total accumulated depreciation	31,663,309	2,203,791	-	33,867,100
Total capital assets being depreciated, net	49,921,968	408,681	-	50,330,649
Total business-type activities capital assets, net	\$ 59,711,839	\$ 7,326,630	\$ (1,146,906)	\$ 65,891,563

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

Governmental Activities:

General government	\$ 922,596
Airport	1,162,888
Public safety	500,580
Public works	2,098,749
Education	2,535,951
Health and human services	113,343
Culture and recreation	488,309
Total depreciation expense - governmental activities	<u>\$ 7,822,416</u>

Business-Type Activities:

Sewer fund	\$ 1,074,431
Water fund	1,129,360
Total depreciation expense - business-type activities	<u>\$ 2,203,791</u>

E. Interfund Receivables, Payables and Transfers

Interfund transfers for the fiscal year ended June 30, 2016, are summarized below:

Transfers Out:	Transfers In:			Total
	General fund	Nonmajor Governmental fund	Business-type fund	
General fund	\$ -	\$ 25,898	\$ -	\$ 25,898
Nonmajor governmental funds	23,372	-	-	23,372
Business-type fund	-	-	527,837	527,837
Total transfers out	<u>\$ 23,372</u>	<u>\$ 25,898</u>	<u>\$ 527,837</u>	<u>\$ 577,107</u>

CITY OF PITTSFIELD, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2016

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, 2015	Renewed/ Issued	Retired/ Redeemed	Outstanding June 30, 2016
Nonmajor Governmental Funds:						
<i>Bond Anticipation Notes:</i>						
MPL 2015, General projects	1.00%	02/05/16	\$ 45,000	\$ -	\$ 45,000	\$ -
MPL 2015, Airport improvements	1.00%	02/05/16	1,059,624	-	1,059,624	-
MPL 2015, General projects	1.25%	04/01/16	4,843,537	-	4,843,537	-
MPL 2015, General projects	1.50%	04/01/16	9,907,135	-	9,907,135	-
MPL 2016, General projects	1.50%	02/04/17	-	30,000	-	30,000
MPL 2016, Airport improvements	1.50%	02/04/17	-	1,059,624	-	1,059,624
MPL 2016, General projects	2.00%	10/28/16	-	11,509,635	-	11,509,635
MPL 2016, Airport improvements	2.00%	10/28/16	-	50,000	-	50,000
MPL 2016, General projects	2.00%	06/30/17	-	3,576,191	-	3,576,191
MPL 2016, Airport improvements	2.00%	06/30/17	-	172,000	-	172,000
Total Governmental Activities			\$ 15,855,296	\$ 16,397,450	\$ 15,855,296	\$ 16,397,450

CITY OF PITTSFIELD, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2016

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, 2015	Renewed/ Issued	Retired/ Redeemed	Outstanding June 30, 2016
Bond anticipation notes:						
Sewer Fund:						
Municipal Purpose Loan 2015:						
Wastewater Treatment Plant	1.00%	02/05/16	\$ 614,996	\$ -	\$ 614,996	\$ -
Wastewater Treatment Plant	1.25%	04/01/16	6,180,518	-	6,180,518	-
Wastewater Treatment Plant	1.50%	04/01/16	3,718,280	-	3,718,280	-
Municipal Purpose Loan 2016:						
Wastewater Treatment Plant	1.50%	02/04/17	-	602,686	-	602,686
Wastewater Treatment Plant	2.00%	10/28/16	-	7,030,518	-	7,030,518
Wastewater Treatment Plant	2.00%	06/30/17	-	486,000	-	486,000
			<u>10,513,794</u>	<u>8,119,204</u>	<u>10,513,794</u>	<u>8,119,204</u>
Water Fund:						
Municipal Purpose Loan 2015:						
YMCA Water Storage Tank	1.25%	04/01/16	730,000	-	730,000	-
Farnham Reservoir Dam improvements	1.25%	04/01/16	3,500,000	-	3,500,000	-
Farnham Reservoir Dam improvements	1.50%	04/01/16	3,300,000	-	3,300,000	-
Public Dam improvements	1.50%	04/01/16	600,000	-	600,000	-
Hancock Road Water Mains	1.50%	04/01/16	450,000	-	450,000	-
Benedict Road Water Storage Tank	1.50%	04/01/16	270,000	-	270,000	-
YMCA Water Storage Tank	1.50%	04/01/16	100,000	-	100,000	-
Municipal Purpose Loan 2016	2.00%	10/28/16	-	8,580,000	-	8,580,000
Municipal Purpose Loan 2016	2.00%	06/30/17	-	192,900	-	192,900
			<u>8,950,000</u>	<u>8,772,900</u>	<u>8,950,000</u>	<u>8,772,900</u>
Total Business-type activities			<u>\$ 19,463,794</u>	<u>\$ 16,892,104</u>	<u>\$ 19,463,794</u>	<u>\$ 16,892,104</u>

G. Long Term Debt

General Obligation Bonds

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

CITY OF PITTSFIELD, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2016

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, 2016
Inside Debt:					
Municipal Purpose - 2008	4.61%	03/01/08	03/01/28	\$ 5,747,190	\$ 1,975,000
Municipal Purpose Refunding	3.00-5.00%	07/01/10	03/01/22	3,165,100	1,745,100
Municipal Purpose - 2010					
Departmental equipment	2.00-4.50%	10/01/10	09/01/30	924,712	255,000
School building improvements	2.00-4.50%	10/01/10	09/01/30	933,708	615,000
DPW road and street improvements	2.00-4.50%	10/01/10	09/01/30	5,898,790	4,455,000
Building improvements	2.00-4.50%	10/01/10	09/01/30	982,447	700,000
Municipal Purpose - 2011					
Departmental equipment	2.00-4.00%	01/15/11	12/01/28	695,500	220,000
High school roof replacement	2.00-4.00%	01/15/11	12/01/28	1,550,000	1,245,000
Landfill drainage & engineering	2.00-4.00%	01/15/11	12/01/28	200,000	150,000
Building improvements	2.00-4.00%	01/15/11	12/01/28	659,500	420,000
Municipal Purpose - 2012					
DPW road and street improvements	2.43%	01/26/12	12/01/31	2,995,700	1,965,000
Various city projects	2.43%	01/26/12	12/01/31	237,300	35,000
Landfill drainage & engineering	2.43%	01/26/12	12/01/31	69,000	50,000
School projects	2.43%	01/26/12	12/01/31	80,000	40,000
Municipal Purpose - 2013					
DPW road and street improvements	3.32%	06/27/13	06/01/33	2,340,000	1,740,000
Various city projects	3.32%	06/27/13	06/01/33	1,210,059	660,000
Common/Skate Park Redevelopment	3.32%	06/27/13	06/01/33	250,000	205,000
Municipal Purpose - 2014					
DPW road and street improvements	3.00-5.00%	01/23/14	06/01/34	6,650,000	5,905,000
Various city projects	3.00-5.00%	01/23/14	06/01/34	2,613,250	2,170,000
School projects	3.00-5.00%	01/23/14	06/01/34	491,750	415,000
Municipal Purpose Loan of 2015	2.0-4.0%	02/05/15	12/01/34	7,001,312	6,490,000
Municipal Purpose Loan of 2016	2.42%	02/11/16	12/01/35	2,643,488	2,643,488
Total Inside Debt					<u>34,098,588</u>
Outside Debt:					
Landfill	3.00-4.0%	03/12/09	12/15/18	2,145,000	620,000
Municipal Purpose Refunding					
School	3.00-5.00%	07/01/10	03/01/22	29,843,200	16,229,500
Municipal Purpose - 2010					
Airport Land Acquisition	2.00-4.50%	10/01/10	09/01/30	263,343	185,000
Municipal Purpose - 2011					
Airport Land Acquisition	2.00-4.00%	01/15/11	12/01/28	76,000	55,000
Municipal Purpose - 2014					
Airport Land Acquisition	3.00-5.00%	01/23/14	06/01/34	2,000,000	1,890,000
Total Outside Debt					<u>18,979,500</u>
Total Governmental Type Debt					<u><u>\$ 53,078,088</u></u>

CITY OF PITTSFIELD, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2016

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, 2016
Inside Debt:					
Sewer Fund:					
Municipal Purpose - 2008	4.61%	03/01/08	03/01/28	\$ 3,380,000	\$ 1,990,000
Municipal Purpose Refunding	3.00-5.00%	07/01/10	03/01/22	75,100	41,000
Wastewater collection system	2.43%	01/26/12	12/01/31	650,000	550,000
Wastewater treatment plant	2.43%	01/26/12	12/01/31	660,000	555,000
Wastewater collection system	3.32%	06/27/13	06/01/33	1,150,000	1,030,000
Wastewater treatment plant	2.0-4.0%	02/05/15	12/01/34	1,000,000	975,000
Massachusetts Clean Water Trust:					
Wastewater treatment plant	2.00%	07/08/10	07/15/30	2,101,403	1,652,045
Wastewater treatment plant:					
Energy efficiency improvements	2.00%	05/22/13	01/15/33	677,334	385,762
Energy efficiency improvements	2.00%	01/07/15	01/15/35	4,100,000	3,934,151
Total Inside Debt					<u>11,112,958</u>
Outside Debt:					
Sewer Fund:					
Municipal Purpose Loan of 2015:	2.0-4.0%	02/05/15	12/01/34	225,688	220,000
Municipal Purpose Loan of 2016:	2.59%	02/11/16	12/01/35	2,867,512	2,867,512
Water Fund:					
Municipal Purpose - 2008	4.61%	03/01/08	03/01/28	2,944,810	1,740,000
Municipal Purpose Refunding	3.00-5.00%	07/01/10	03/01/22	54,600	29,400
Public water dams	2.43%	01/26/12	12/01/31	2,500,000	2,050,000
Public water dams	3.32%	06/27/13	06/01/33	900,000	595,000
Municipal Purpose Loan of 2015:					
Water Main Improvements	2.0-4.0%	02/05/15	12/01/34	1,000,000	975,000
Hancock Road water main	2.0-4.0%	02/05/15	12/01/34	400,000	390,000
Benedict Road water tank I	2.0-4.0%	02/05/15	12/01/34	500,000	485,000
Benedict Road water tank II	2.0-4.0%	02/05/15	12/01/34	1,500,000	1,460,000
Municipal Purpose Loan of 2016:					
Benedict Road water tank	2.59%	02/11/16	12/01/35	270,000	270,000
YMCA water tank	1.67%	02/11/16	12/01/25	100,000	100,000
Massachusetts Clean Water Trust:					
SCADA System	2.00%	07/08/10	07/15/30	748,583	588,493
Coltsville system improvements	2.00%	07/08/10	07/15/30	2,826,999	2,222,482
Total Outside Debt					<u>13,992,887</u>
Total business-type debt					<u><u>\$ 25,105,845</u></u>

CITY OF PITTSFIELD, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2016

Future Debt Service

The annual principal and interest payments to retire all general obligation long-term debt outstanding as of June 30, 2016 are as follows:

Year	Principal	Interest	Total
2017	\$ 7,497,988	\$ 2,173,681	\$ 9,671,669
2018	7,529,500	1,810,613	9,340,113
2019	7,688,500	1,476,519	9,165,019
2020	4,792,300	1,139,532	5,931,832
2021	4,587,300	929,692	5,516,992
2022-2026	13,262,500	2,412,466	15,674,966
2027-2031	6,080,000	679,965	6,759,965
2032-2035	1,640,000	99,781	1,739,781
	<u>\$ 53,078,088</u>	<u>\$ 10,722,249</u>	<u>\$ 63,800,337</u>

The annual principal and interest payments to retire all business-type long-term debt outstanding as of June 30, 2016 are as follows:

Year	Principal	Interest	Total
2017	\$ 1,384,166	\$ 778,402	\$ 2,162,568
2018	1,440,956	700,139	2,141,095
2019	1,461,451	654,327	2,115,778
2020	1,482,347	604,917	2,087,264
2021	1,527,242	552,984	2,080,226
2022-2026	7,391,048	2,046,940	9,437,988
2027-2031	7,003,864	947,769	7,951,633
2032-2035	3,414,771	209,278	3,624,049
	<u>\$ 25,105,845</u>	<u>\$ 6,494,756</u>	<u>\$ 31,600,601</u>

CITY OF PITTSFIELD, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2016

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

	Balance July 1, 2015	Additions	Reductions	Balance June 30, 2016	Amounts Due within One Year
Governmental activities:					
Bond Payable:					
General obligation bonds	\$ 57,650,712	\$ 2,643,488	\$ 7,216,112	\$ 53,078,088	\$ 7,497,988
Compensated absences	6,127,783	88,270	160,946	6,055,107	1,114,180
OPEB liability obligation	56,175,059	5,865,076	-	62,040,135	-
Net pension liability	120,228,899	8,946,166	-	129,175,065	-
Governmental activity Long-term liabilities	<u>\$ 240,182,453</u>	<u>\$ 17,543,000</u>	<u>\$ 7,377,058</u>	<u>\$ 250,348,395</u>	<u>\$ 8,612,168</u>
Business-type activities:					
Bond Payable:					
General obligation bonds Massachusetts Clean Water Trust bonds	\$ 13,866,288	\$ 3,237,512	\$ 780,888	\$ 16,322,912	\$ 938,012
Compensated absences	9,219,974	-	437,041	8,782,933	446,154
OPEB liability obligation	190,524	-	4,877	185,647	90,301
Business-type activity Long-term liabilities	<u>\$ 1,654,645</u>	<u>-</u>	<u>290,003</u>	<u>1,364,642</u>	<u>-</u>
	<u>\$ 24,931,431</u>	<u>\$ 3,237,512</u>	<u>\$ 1,512,809</u>	<u>\$ 26,656,134</u>	<u>\$ 1,474,467</u>

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 \$10,454,299 and interest costs of \$2,338,056 for five loans which the City has borrowed from MCWT. The gross amount outstanding at June 30, 2016 for principal and interest combined for the loans is \$10,396,512. 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, 2016, totaled \$48,299,058.

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."

CITY OF PITTSFIELD, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2016

The following is a computation of the legal debt limit as of June 30, 2016:

Equalized Valuation-Real Estate and Personal Property (2014)		<u>\$ 3,452,075,400</u>
Debt Limit: 5 % of Equalized value		172,603,770
Total Debt Outstanding	\$ 78,183,933	
Less: Debt Outside Debt Limit	<u>(29,884,875)</u>	48,299,058
 Inside Debt Excess Borrowing Capacity at June 30, 2016		 <u><u>\$ 124,304,712</u></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, 2016

The loan authorizations of the general fund as of June 30, 2016, which are not reflected in the City's financial statements are as follows:

Date of Council meeting	Description	Amount
7/3/2008	Fiscal Year 2009 Capital Expenditures	\$ 565,500
6/23/2009	Public Water Dams	500,000
6/23/2009	Public Water Distribution System	1,030,000
6/23/2009	Wastewater Treatment Plant	159,482
6/23/2009	Drinking Water System Improvements	20,294
6/30/2009	Fiscal Year 2010 Capital Expenditures	36,500
5/25/2010	Airport Runway Construction	5,999,505
6/22/2010	Fiscal Year 2011 Capital Expenditures	93,216
8/17/2010	MSBA New High School Feasibility Study	82,550
6/28/2011	Fiscal Year 2012 Capital Expenditures	117,946
8/9/2011	Wastewater Treatment Plant Improvements	4,159,960
10/11/2011	Runway Extension at the Pittsfield Municipal Airport	13,700,000
1/24/2012	Capital Expenditures - Mercer Roof/Vans	6,574
6/26/2012	Fiscal Year 2013 Capital Expenditures	1,351,033
5/20/2013	Feasibility Study at Taconic High School	240,000
6/28/2013	Fiscal Year 2014 Capital Expenditures	158,500
8/13/2013	Pittsfield High School Gym Floor	6,864
9/3/2013	Water Main & Tank Improvements	1,390,000
9/3/2013	Wastewater Treatment Plant Improvements	1,495,720
4/22/2014	Purchase of School Buses	575,880
9/23/2014	Downtown Parking Management Improvement	130,000
9/23/2014	Airport Hazard Beacon Replacement	1,190,000
11/12/2014	Oil Tank Removal at Taconic High School	25,000
11/12/2014	Door Replacements	23,000
11/12/2014	Wahconah Park Stadium Lights	40,000
11/12/2014	Artificial Turf Athletic Field	200,000
11/12/2014	Crime Scene Services Vehicle	5,050
2/10/2015	CAMA Software Upgrade	197,000
2/10/2015	On-Line Permitting Software (eGovernment/Portal)	175
4/14/2015	New Taconic High School	115,800,000
6/23/2015	Berkshire Innovation Center	7,670,000
6/23/2015	Fiscal Year 2016 Capital Expenditures	9,341,791
6/28/2016	Fiscal Year 2017 Capital Expenditures	11,898,000
		<u><u>\$ 178,209,540</u></u>

CITY OF PITTSFIELD, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2016

H. Fund Balances

The following is a summary of the City's Governmental Fund balances at the year ended June 30, 2016:

	General Fund	Economic Revitalization Development Fund	High School Construction Project Fund	Nonmajor Governmental Funds	Total Governmental Funds
Restricted:					
City federal, state and local grants	\$ -	\$ -	\$ -	\$ 767,921	\$ 767,921
School federal, state and local grants	-	-	-	769,559	769,559
Economic revitalization	-	5,321,098	-	-	5,321,098
School revolving funds	-	-	-	3,328,782	3,328,782
City revolving funds	-	-	-	170,795	170,795
Donations and gifts	-	-	-	140,217	140,217
Capital projects	-	-	-	1,686,547	1,686,547
By special legislation	-	-	-	1,652,197	1,652,197
Other	-	-	-	558,736	558,736
	-	5,321,098	-	9,074,754	14,395,852
Committed:					
Insurance Reimbursements	-	-	-	630,248	630,248
Workers Compensation	-	-	-	26,943	26,943
	-	-	-	657,191	657,191
Assigned:					
General government	360,501	-	-	-	360,501
Airport	4,070	-	-	-	4,070
Public safety	20,411	-	-	-	20,411
Public works	256,715	-	-	-	256,715
Education	1,128,752	-	-	-	1,128,752
Health and human services	2,509	-	-	-	2,509
Culture and recreation	18,524	-	-	-	18,524
Debt Service: Interest	11,239	-	-	-	11,239
Subsequent year's budget	2,000,000	-	-	-	2,000,000
	3,802,721	-	-	-	3,802,721
Unassigned:					
General Fund	8,238,322	-	-	-	8,238,322
Deficit capital projects	-	-	(2,584,442)	(8,850,337)	(11,434,779)
	8,238,322	-	(2,584,442)	(8,850,337)	(3,196,457)
Total Governmental fund balances	\$ 12,041,043	\$ 5,321,098	\$ (2,584,442)	\$ 881,608	\$ 15,659,307

CITY OF PITTSFIELD, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2016

I. Stabilization Funds

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

At June 30, 2016, the balance in the stabilization fund is \$1,946,479 and is reported in the General Fund as unassigned fund balance.

Under Chapter 28 of the Acts of 2002, commencing with the year 2002, a supplemental reserve (fiscal stability fund) fund. The supplemental reserve fund for fiscal year 2005 was equal to 1% of the gross amount to be raised for the prior fiscal year for the general operating fund as appearing on the City's tax rate recapitulation for that prior year. In 2006, the City obtained special legislation capping the fund at 1% of the gross amount to be raised for the prior fiscal year. Since fiscal year 2006, the fund has equaled in excess of the required amount. Transfers or expenditures may be made from the special reserve fund in any fiscal year during that fiscal year only, and then only by the mayor with the approval of the city council, and if the finance advisory board continues in existence at the time of such transfer and expenditure, only with the approval of the board.

At June 30, 2016, the balance in the supplemental reserve stabilization fund is \$1,652,197 and is reported in the Non-major Governmental Fund as a restricted fund balance.

5. OTHER INFORMATION

A. Risk Management

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

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

B. Contingent Liabilities

Litigation

Litigation is subject to many uncertainties, and the outcome of individual matters is not always predictable. Although the amount of the liability, if any, at June 30, 2016, cannot be ascertained, management believes any resulting liability should not materially affect the financial position at June 30, 2016.

Federal Financial Assistance

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

CITY OF PITTSFIELD, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2016

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

U. S. Government Guaranteed Notes

The City of Pittsfield through its loan guaranteed assistance programs under Section 108 of the Housing and Community Development Act of 1974 was given two loan obligations of \$2,000,000 and \$1,050,000. The purpose of the program is to enable local governments to provide financing to urban renewal projects operated by either the government or third party developers. Debt issued under this program is secured by future entitlement allocations to the City under the U.S. Department of Housing and Urban Development's (HUD) Community Development Block Grant (CDBG) program. These funds are used to provide loans to various companies. Payments on these loans are reported in the Community Development Fund as expenditures in the fiscal year of payment.

The City is required to have a repayment schedule for its guaranteed loan program including interest. The loan guaranteed program is secured by all allocations or grants that are made available under Section 108, program income, and liens on the companies who receive the loans.

As of June 30, 2016, the City has guaranteed loan outstanding liabilities of \$568,000 for permanent borrowings.

A summary of the changes in the liabilities during the year is as follows:

Outstanding July 1, 2015	Additions	Reductions	Outstanding June 30, 2016
\$ 757,000	\$ -	\$ 189,000	\$ 568,000

The City has paid the following in interest payments on the loan guaranteed program:

Fiscal Year	Interest Paid
2001 - 2005	\$ 206,503
2006 - 2010	524,288
2011 - 2015	325,041
2016	35,560
	\$ 1,091,392

The annual future principal obligations to amortize the outstanding bonds, as of June 30, 2016 are as follows:

Year	Principal	Interest	Total
2017	\$ 173,000	\$ 26,136	\$ 199,136
2018	173,000	16,926	189,926
2019	173,000	7,550	180,550
2020	49,000	1,411	50,411
	\$ 568,000	\$ 52,023	\$ 620,023

CITY OF PITTSFIELD, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2016

C. 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.

D. 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, 2015. The City's portion of the collective pension expense contributed by the Commonwealth of \$10,499,444 on-behalf payments for the fiscal year ending June 30, 2016 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-

CITY OF PITTSFIELD, MASSACHUSETTS
Notes to the Financial Statements
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year for members hired on or after April 2, 2012) final average compensation times the member's years of creditable service prior to retirement. The percentage is based on the age of the member at retirement and his or her Group classification. The authority for amending these provisions rests with the Massachusetts Legislature.

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

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

Contributions

MGL Chapter 32 governs the contributions of plan members and the City. Plan members are required to contribute to the System at rates ranging from 5% to 9% based upon their membership date of gross regular compensation with an additional 2% contribution after exceeding \$30,000 in annual covered compensation. The City is required to pay into the System its share of the system-wide actuarial determined contribution that is apportioned among the employers based on active current payroll. Administrative expenses are funded through investment earnings. The City's proportionate share of the required contribution to the System for the year ended December 31, 2015 was \$11,091,402, representing 32.9% 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, 2016, the City reported a liability of \$129,175,065 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2015. Accordingly, update procedures were used to roll forward the total pension liability to the measurement date. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At December 31, 2015, the City's proportional percentage was 97.03%, the same as the last measurement.

Pension Expense

For the year ended June 30, 2016, the City recognized a pension expense of \$13,351,328 and reported deferred outflows of resources related to pensions of \$11,424,312 from the net difference between projected and actual investment earnings on pension plan investments and deferred inflows of resources related to pensions of \$4,203,340 from net differences between expected and actual experience. Since the System performs an actuarial valuation bi-annually, there are no reported differences between the expected and actual experience or a change of assumptions as of December 31, 2015.

CITY OF PITTSFIELD, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2016

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

For years ended June 30,		
2017	\$	1,805,243
2018		1,805,243
2019		1,805,243
2020		1,805,243
	\$	7,220,972

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of January 1, 2015, using the following actuarial assumptions, applied to all periods included in the measurement that was updated December 31, 2015:

Valuation date	January 1, 2015
Actuarial cost method	Individual Entry Age Normal
Amortization method	Increasing 5.1% per year
Remaining amortization period	19 years from January 1, 2016
Asset valuation method	Market value. For funding purposes, gains and losses each year are recognized over 5 years.
Investment rate of return	7.75% per year net of pension plan investment expense, including inflation
Projected salary increase	Service based table with ultimate rates of 4.25% for Group 1 and 4.75% for Group 4.
Inflation	Not explicitly assumed
Cost of living adjustments	3.0% of first \$14,000 per year.
Mortality rates	Pre-retirement rates reflect the RP-2000 Employees table projected generationally with Scale BB and a base year of 2009 (gender distinct). Post retirement rates reflect RP-2000 Healthy Annuitant table projected generationally with Scale BB and a base year of 2009 (gender distinct). For disabled retirees, the rates reflect RP-2000 Healthy Annuitant table projected generationally with Scale BB and a base year of 2012 (gender distinct).

Long-term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

CITY OF PITTSFIELD, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2016

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, 2015, are summarized in the following table:

Asset Class	Target Allocation	Real Return Arithmetic Basis	Long-Term Expected Rate of Return
International Developed Equity	16.00%	0.94%	5.85%
Domestic Large Capital Equities	15.50%	0.86%	5.55%
Real Estate	12.00%	0.49%	4.10%
Long Duration Fixed Income	5.00%	0.14%	2.75%
Hedge Funds	11.00%	0.41%	3.75%
Private Equity	10.00%	0.78%	7.75%
Core Fixed Income	10.50%	0.23%	2.20%
Emerging Market Equities	6.00%	0.41%	6.80%
High Yield Fixed Income	5.50%	0.21%	3.75%
Global Fixed income	3.00%	0.08%	2.50%
Commodities	2.00%	0.05%	2.50%
Domestic Small Capital Equities	3.50%	0.20%	5.85%
Total	100.00%	4.79%	N/A

Rate of Return

For the year ended December 31, 2015, the annual money-weighted rate of return (which expresses investment performance), net of investment expense was 0.84%.

Discount Rate

The discount rate used to measure the total pension liability was 7.75%. 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 7.75%. 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 (6.75%) or 1-percentage-point higher (8.75%) than the current rate:

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
City's net pension liability	\$ 155,804,952	\$ 129,175,065	\$ 106,572,901

CITY OF PITTSFIELD, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2016

E. Other Post Employment Benefits Payable

GASB Statement No. 45

The cost of post-employment benefits generally should be associated with the periods in which costs occur rather than in the future year when it will be paid. The City adopted the requirements of GASB Statement No. 45 during the year ended June 30, 2009 and thus recognizes the cost of post-employment benefits in the year when the employee services are received, reports the accumulated liability from prior years and provides information useful in assessing potential demands on the City's future cash flows.

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 3,066 active and retired employees that meet the eligibility requirements. The plan does not issue a separate financial report.

Funding Policy

The contribution requirements of plan members and the City are established and may be amended through City policy and member contracts. The required contribution is based on the projected pay-as-you-go financing requirements. For the 2016 fiscal year, total City premiums plus implicit costs for the retiree medical program are \$6,777,788 consisting of \$6,747,397 for governmental activities and \$30,391 for the business-type activities.

Annual OPEB Cost and Net OPEB Obligation

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

	Governmental Activities	Business-type Activities	Total
Annual required contribution	\$ 14,095,243	\$ 82,508	\$ 14,177,751
Interest on net OPEB obligation	2,247,003	66,185	2,313,188
Adjustment to annual required contribution	<u>(3,729,773)</u>	<u>(408,305)</u>	<u>(4,138,078)</u>
Annual OPEB cost (expense)	12,612,473	(259,612)	12,352,861
Contributions made during the fiscal year	<u>(6,747,397)</u>	<u>(30,391)</u>	<u>(6,777,788)</u>
Increase in net OPEB obligation	5,865,076	(290,003)	5,575,073
Net OPEB Obligation - beginning of year	56,175,059	1,654,645	57,829,704
Net OPEB Obligation - end of year	<u>\$ 62,040,135</u>	<u>\$ 1,364,642</u>	<u>\$ 63,404,777</u>

CITY OF PITTSFIELD, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2016

The City's annual OPEB cost, the percentage of the annual OPEB cost contributed to the plan, and the net OPEB obligation for the 2016 fiscal year and the two preceding years were as follows:

Governmental Activities

Fiscal Year Ended	Annual OPEB Cost	Percentage Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2016	\$ 12,612,473	53.50%	\$ 62,040,135
6/30/2015	\$ 15,475,432	49.10%	\$ 56,175,059
6/30/2014	\$ 14,646,935	55.48%	\$ 48,297,894

Business-type Activities-Sewer

Fiscal Year Ended	Annual OPEB Cost	Percentage Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2016	\$ (247,705)	-7.76%	\$ 594,235
6/30/2015	\$ 177,651	55.86%	\$ 861,159
6/30/2014	\$ 165,254	61.23%	\$ 782,742

Business-type Activities-Water

Fiscal Year Ended	Annual OPEB Cost	Percentage Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2016	\$ (11,907)	-93.83%	\$ 770,407
6/30/2015	\$ 177,376	39.83%	\$ 793,486
6/30/2014	\$ 168,446	43.40%	\$ 686,764

Funded Status and Funding Process

As of July 1, 2015, the most recent valuation date, the plan was 0.0% funded. The actuarial liability for benefits was \$226,036,691, and the actuarial value of assets was \$0.0 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$226,036,691. As indicated in the actuarial valuation the covered payroll (annual payroll of active employees covered by the plan) was not available, and the ratio of the UAAL to the covered payroll was not available.

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

The Schedule of Funding Progress, presented as Required Supplementary Information following the Notes to the Financial Statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the Actuarial accrued liabilities for benefits.

CITY OF PITTSFIELD, MASSACHUSETTS
Notes to the Financial Statements
Year Ended June 30, 2016

Actuarial Methods and Assumptions

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

The City OPEB actuarial valuation used the projected unit credit actuarial cost method. The OPEB liability is currently unfunded. The actuarial assumptions also include a discount rate of 4.0% per annum. Medical and drug cost trend is at 9.0% in the initial year trending down to an ultimate level of 5% per year.

The unfunded actuarial accrued liability is being amortized over 30 years on a level dollar amount open basis. The remaining amortization period at June 30, 2016 is 23 years.

Trust Fund

The City did establish a trust fund in order to contribute funds to reduce the future OPEB liability. The trust balance is \$200,000 as of June 30, 2016.

F. Subsequent Events – Short-term and Long-term Debt

In October of 2016, the City received \$19,607,000 in bond proceeds to finance the various construction projects (Dam improvements, road and street infrastructure improvements, municipal building improvements and various sewer and water projects). Principal payments will be due annually on September 1st for 20 years. Interest is payable semi-annually on March 1st and September 1st commencing March 1, 2017.

G. Implementation Of New GASB Pronouncements

The GASB issued Statement No. 72, *Fair Value Measurement and Application*, for implementation in 2017.

The GASB issued Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, for implementation in 2017.

H. 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. 77, *Tax Abatement Disclosures*, for implementation in fiscal year 2017.

REQUIRED SUPPLEMENTARY INFORMATION

**CITY OF PITTSFIELD, MASSACHUSETTS
Required Supplementary Information
Pension Plan Schedules
Pittsfield Contributory Retirement System
For the Year Ended June 30, 2016**

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

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

	<u>12/31/15</u>	<u>12/31/14</u>
City's share of the net pension liability (asset)	97.03%	97.03%
City's proportionate share net pension liability (asset)	\$ 129,175,065	\$ 120,228,899
City's share of covered employee payroll	\$ 33,727,627	\$ 31,306,730
Net pension liability percentage of covered-employee payroll	383.0%	384.0%
Plan fiduciary net position as a percentage of the total pension liability	46.6%	48.4%

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, 2016**

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

Schedule of the City's Contributions:

	<u>12/31/15</u>	<u>12/31/14</u>
Actuarially determined contribution	\$ 11,091,402	\$ 10,643,588
Less: Contributions in relation to the actuarially determined contribution	<u>(11,091,402)</u>	<u>(10,643,588)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
City's share of covered employee payroll	\$ 33,727,627	\$ 31,306,730
Contributions percentage of covered-employee payroll	32.9%	34.0%

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
Schedule of Funding Progress and Employer Contributions
Other Post Employment Benefit Plan Schedule
Year Ended June 30, 2016

Schedule of Funding Progress

Other Post Employment Benefits						
Actuarial Valuation Date	Actuarial Value of Assets (A)	Actuarial Accrued Liability (AAL) Entry Aid (B)	Unfunded AAL (UAAL) (B-A)	Funded Ratio (A/B)	Covered Payroll (C)	UAAL as a Percentage of Covered Payroll ((B-A)/C)
07/01/15	\$ -	\$ 226,036,691	\$ 226,036,691	0%	N/A	N/A
07/01/14	\$ -	\$ 244,448,309	\$ 244,448,309	0%	N/A	N/A
07/01/13	\$ -	\$ 236,121,282	\$ 236,121,282	0%	N/A	N/A

Schedule of Contribution Funding

Other Post Employment Benefits			
Fiscal Year Ended June 30	Annual OPEB Cost	Actual Contributions Made	Percentage Contributed
2016	\$ 12,352,861	\$ 6,777,788	54.87%
2015	\$ 15,830,459	\$ 7,768,155	49.07%
2014	\$ 14,980,635	\$ 8,300,873	55.41%

The information presented in the above Required Supplementary Schedule was determined as part of the actuarial valuation at the date indicated. Additional information as of the latest actuarial valuation can be found in the Notes to Basic Financial Statements.

Actuarial Methods:

Valuation date	July 1, 2015
Actuarial cost method	Projected Unit Credit Cost Method
Amortization method	30-year amortization payments
Remaining amortization period	23 years remaining as of June 30, 2016

Actuarial Assumptions:

Investment rate of return	4.0%
Discount rate	4.0%, partially funded scenario
Medical/drug cost trend rate	9.0% in the initial year trending down to an ultimate rate of 5% per year

Plan Membership:

Current active members	1,474
Current retirees, beneficiaries and dependents	1,592
Total	<u>3,066</u>

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, 2016**

	Fund Balances July 1, 2015	Revenues	Expenditures	Other Financing Sources (Uses)	Fund Balances June 30, 2016
Special Revenue:					
Federal Grants:					
School Grants	\$ 233,184	\$ 6,511,227	\$ 5,974,852	\$ -	\$ 769,559
Arts Council Grants	37,756	120,500	113,595	7,500	52,161
Community Development Grants	197,192	2,617,109	2,320,826	-	493,475
Council on Aging Grants	9,681	129,772	133,735	-	5,718
Highway Grants	-	1,107,029	1,107,029	-	-
Library Grants	26,129	30,615	34,153	-	22,591
Other Grants and Programs	145,690	563,650	591,164	15,113	133,289
Public Safety Grants	38,408	949,236	950,767	-	36,877
Schools:					
School Lunch Program	697,665	2,985,552	2,912,454	-	770,763
School Lunch Commodities	-	334,107	334,107	-	-
School Choice	615,448	564,099	590,463	-	589,084
School Gifts and Donations	135,611	144,680	137,960	-	142,331
School Private Grants	(6,402)	77,929	50,934	-	20,593
School Revolving Accounts	318,020	582,785	509,848	-	390,957
Insurance Settlements and Reimbursements	3,161	30,319	32,283	-	1,197
State Special Education Reimbursement Fund	1,084,166	1,414,216	1,084,526	-	1,413,856
Other:					
Community Development Code Enforcement	15,900	-	-	-	15,900
Conservation	28,297	5,047	1,159	-	32,185
Conservation Fund	38,993	13,686	6,678	-	46,001
Council on Aging Revolving Programs	29,181	74,310	71,497	3,284	35,278
Eversource New Construction Program	-	130,303	91,947	-	38,356
Fire Code Violations Revolving Fund	19,184	4,100	4,035	-	19,249
Fire Off Duty Details	(163)	7,255	6,581	-	511
General Electric PCB Fund	23,926	24	-	-	23,950
Gifts and Donations	134,788	99,764	94,335	-	140,217
Insurance Reimbursements	628,349	1,900	-	-	630,249
Total Special Revenue Page 74	\$ 4,454,164	\$ 18,499,214	\$ 17,154,928	\$ 25,897	\$ 5,824,347

**CITY OF PITTSFIELD, MASSACHUSETTS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2016**

	Fund Balances July 1, 2015	Revenues	Expenditures	Other Financing Sources (Uses)	Fund Balances June 30, 2016
Continued from Page 74	\$ 4,454,164	\$ 18,499,214	\$ 17,154,928	\$ 25,897	\$ 5,824,347
Special Revenue (continued):					
Other (continued):					
Police Law Enforcement Fund	9,117	17,882	25,809	-	1,190
Police Off Duty Details	2,800	909,019	811,660	-	100,159
Police Revolving Accounts	17,421	14,192	16,282	-	15,331
Private Grants	14,642	50,834	41,667	-	23,809
Recycling Revolving	1,270	371	1,375	-	266
Sale of Real Estate	22,898	-	-	-	22,898
Small Business Fund	389,650	8,546	19,938	-	378,258
Snowmobile Revolving	23,372	-	-	(23,372)	-
Chapter 28 Supplemental Reserve Fund	1,652,197	-	-	-	1,652,197
Workers Compensation Reserve Fund	26,943	-	-	-	26,943
Total Special Revenue	6,614,474	19,500,058	18,071,659	2,525	8,045,398
Capital Projects:					
Airport Expansion Projects	(365,097)	478,038	823,992	-	(711,051)
General Government Projects	187,778	-	1,024,179	580,000	(256,401)
Public Safety Projects	(19,860)	-	757,856	48,488	(729,228)
Department of Public Works Projects	(664,645)	-	3,807,357	1,500,000	(2,972,002)
School Projects	(2,650,511)	2,785	310,606	877,550	(2,080,782)
Health and Human Services Projects	58	-	-	-	58
Culture and Recreation Projects	(446,659)	-	167,725	200,000	(414,384)
	(3,958,936)	480,823	6,891,715	3,206,038	(7,163,790)
Total - Non-Major Governmental Funds	\$ 2,655,538	\$ 19,980,881	\$ 24,963,374	\$ 3,208,563	\$ 881,608

**CITY OF PITTSFIELD, MASSACHUSETTS
SCHEDULE OF REAL ESTATE AND PERSONAL PROPERTY TAXES
JULY 1, 2015 TO JUNE 30, 2016**

	Uncollected Accounts July 1, 2015	Commitments	Abatements and Adjustments	Collections Net of Refunds and Overpayments	Uncollected Accounts June 30, 2016	Uncollected Accounts Per Detail June 30, 2016
Real Estate Taxes:						
Levy of 2016	\$ -	\$ 70,673,841	\$ 1,102,735	\$ 67,951,541	\$ 1,619,565	\$ 1,619,565
Levy of 2015	1,453,047	-	130,932	1,321,825	290	290
Levy of 2014	(3,054)	-	24,645	(27,083)	(616)	(616)
Levy of 2013	-	-	944	(944)	-	-
Levy of 2012	-	-	910	(910)	-	-
	<u>1,449,993</u>	<u>70,673,841</u>	<u>1,260,166</u>	<u>69,244,429</u>	<u>1,619,239</u>	<u>1,619,239</u>
Personal Property Taxes:						
Levy of 2016	-	6,111,622	6,586	6,029,207	75,829	75,829
Levy of 2015	75,199	-	377	45,805	29,017	29,017
Levy of 2014	46,277	-	-	8,065	38,212	38,212
Levy of 2013	32,566	-	41	2,341	30,184	30,184
Levy of 2012	23,022	-	-	1,210	21,812	21,812
Prior Years	108,849	-	87,350	1,420	20,079	20,079
	<u>285,913</u>	<u>6,111,622</u>	<u>94,354</u>	<u>6,088,048</u>	<u>215,133</u>	<u>215,133</u>
Total Real Estate and Personal Property Taxes	<u>\$ 1,735,906</u>	<u>\$ 76,785,463</u>	<u>\$ 1,354,520</u>	<u>\$ 75,332,477</u>	<u>\$ 1,834,372</u>	<u>\$ 1,834,372</u>

**CITY OF PITTSFIELD, MASSACHUSETTS
SCHEDULE OF MOTOR VEHICLE EXCISE TAXES
JULY 1, 2015 TO JUNE 30, 2016**

	Uncollected Accounts July 1, 2015	Commitments	Abatements and Adjustments	Collections Net of Refunds and Overpayments	Uncollected Accounts June 30, 2016	Uncollected Accounts Per Detail June 30, 2016
Motor Vehicle Excise Taxes:						
Levy of 2016	\$ -	\$ 4,787,346	\$ 132,324	\$ 3,999,646	\$ 655,376	\$ 655,376
Levy of 2015	517,903	598,987	83,677	894,945	138,268	138,268
Levy of 2014	127,888	383	3,045	65,417	59,809	59,809
Levy of 2013	58,148	-	1,412	14,579	42,157	42,157
Levy of 2012	40,419	-	188	6,262	33,969	33,969
Prior Years	31,729	-	245	3,515	27,969	27,969
Total Motor Vehicle Excise Taxes	\$ 776,087	\$ 5,386,716	\$ 220,891	\$ 4,984,364	\$ 957,548	\$ 957,548

**CITY OF PITTSFIELD, MASSACHUSETTS
SCHEDULE OF TAX LIENS
JULY 1, 2015 TO JUNE 30, 2016**

	Uncollected Accounts July 1, 2015	Commitments	Abatements and Adjustments	Collections Net of Refunds and Overpayments	Uncollected Accounts June 30, 2016	Uncollected Accounts Per Detail June 30, 2016
Tax Liens / Deeded to City	\$ 5,086,514	\$ 839,686	\$ 217,608	\$ 441,750	\$ 5,266,842	\$ 5,266,842