

**CITY OF PITTSFIELD, MASSACHUSETTS**

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

**For the Year Ended June 30, 2015**

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, 2015, (except for the Pittsfield Contributory Retirement System, which is as of and for the year ended December 31, 2014), and the related notes to the financial statements, which collectively comprise the City's 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 14 percent, 10 percent and 96 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 14 percent, 10 percent and 96 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 86 percent, 90 percent and 4 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 14 percent, 10 percent and 96 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, 2015 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, 2015, (except for the Pittsfield Contributory Retirement System, which is as of December 31, 2014), 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 March 4, 2016, 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 and Associates, LLC*

Scanlon & Associates, LLC  
South Deerfield, Massachusetts

March 4, 2016

## **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, 2015. 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 exceeded its assets and deferred outflows of resources by \$44,990,750 (net position) for the fiscal year reported. This compares to the previous year when liabilities exceeded assets by \$38,586,112 or a decrease of \$6,404,638 (17%).
- As required by Government Accounting Standards Board (GASB) Statement No. 68, in fiscal year 2015 the City recognized their total net pension liability of \$120,228,899 along with a deferred outflow related to pensions of \$357,070 on the statement of net position for the first time.
- At the close of the current fiscal year, the City's governmental funds reported total ending fund balance of \$20,115,408, a decrease of \$106,395 (1%).
- The General Fund's total fund balance increased by \$174,912 (1%) to \$12,409,720. The ending General fund balance is 9% of revenues, transfers in and premiums on bonds and notes, and 9% of expenditures and transfers out.
- Total liabilities of the City increased by \$33,248,098 (12%) to \$315,939,095 during the fiscal year. The increase was mainly attributed to increases in warrants payable of \$3,306,400, bond anticipation notes of \$13,013,752 in the other post employment benefit (OPEB) liability of \$8,062,304 and in net bonds payable of \$8,128,828 from the prior year.
- The City had free cash certified by the Department of Revenue in the amount of \$5,045,476. The key factors that attributed to the free cash amount for fiscal year 2015 were unexpended/unencumbered appropriations of \$239,700, amount over/(under) budget – state and local receipts of \$981,900, excess over budget – other financing sources(uses) of \$619,800 and prior year free cash not appropriated of \$1,856,800.
- The City's enterprise funds certified free cash is as follows:
  - Sewer fund      \$ 2,297,784.
  - Water fund      \$ 1,667,489.

### 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 and deferred outflows of resources and liabilities, 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		
	2015	2014	Change
<b>Assets:</b>			
Current assets	\$ 67,089,424	\$ 59,083,605	\$ 8,005,819
Noncurrent assets (excluding capital)	10,445,643	12,996,260	(2,550,617)
Capital assets	112,100,915	106,186,434	5,914,481
<b>Total assets</b>	<b>189,635,982</b>	<b>178,266,299</b>	<b>11,369,683</b>
<b>Deferred Outflows of Resources</b>			
Deferred outflows related to pensions	<b>357,070</b>	-	<b>357,070</b>
<b>Liabilities:</b>			
Current liabilities (excluding debt)	14,479,361	11,452,790	3,026,571
Current debt	23,071,408	17,240,896	5,830,512
Noncurrent liabilities (excluding debt)	181,400,731	172,737,580	8,663,151
Noncurrent debt	50,434,600	50,649,400	(214,800)
<b>Total liabilities</b>	<b>269,386,100</b>	<b>252,080,666</b>	<b>17,305,434</b>
<b>Net Position:</b>			
Net investment in capital assets	50,569,238	52,751,494	(2,182,256)
Restricted	31,015,512	25,242,438	5,773,074
Unrestricted	(160,977,798)	(151,808,299)	(9,169,499)
<b>Total net position</b>	<b>\$ (79,393,048)</b>	<b>\$ (73,814,367)</b>	<b>\$ (5,578,681)</b>

	Business-Type Activities		
	2015	2014	Change
<b>Assets:</b>			
Current assets	\$ 21,243,454	\$ 14,413,517	\$ 6,829,937
Capital assets	59,711,839	51,425,069	8,286,770
<b>Total assets</b>	<b>80,955,293</b>	<b>65,838,586</b>	<b>15,116,707</b>
<b>Liabilities:</b>			
Current liabilities (excluding debt)	2,245,341	2,015,704	229,637
Current debt	20,681,723	12,445,031	8,236,692
Noncurrent liabilities (excluding debt)	1,757,598	1,571,439	186,159
Noncurrent debt	21,868,333	14,578,157	7,290,176
<b>Total liabilities</b>	<b>46,552,995</b>	<b>30,610,331</b>	<b>15,942,664</b>
<b>Net Position:</b>			
Net investment in capital assets	17,161,783	24,619,464	(7,457,681)
Restricted	13,577,420	6,532,643	7,044,777
Unrestricted	3,663,095	4,076,148	(413,053)
<b>Total net position</b>	<b>\$ 34,402,298</b>	<b>\$ 35,228,255</b>	<b>\$ (825,957)</b>

## Financial Highlights

### Statement of Activities Highlights

	Governmental Activities		
	2015	2014	Change
<b>Program Revenues:</b>			
Charges for services	\$ 4,529,493	\$ 4,455,142	\$ 74,351
Operating grants and contributions	64,625,026	74,118,990	(9,493,964)
Capital grants and contributions	8,823,966	2,853,549	5,970,417
<b>General Revenues:</b>			
Property taxes	73,050,140	70,101,921	2,948,219
Motor vehicle and other excise taxes	4,765,969	4,783,363	(17,394)
Hotel room occupancy and meals taxes	1,147,193	1,168,156	(20,963)
Penalties and interest on taxes	979,552	487,620	491,932
Nonrestricted grants and contributions	9,402,783	9,743,079	(340,296)
Unrestricted investment income	62,618	74,102	(11,484)
Miscellaneous	40,115	8,525	31,590
<b>Total revenues</b>	<b>167,426,855</b>	<b>167,794,447</b>	<b>(367,592)</b>
<b>Expenses:</b>			
General government	8,905,603	7,893,293	1,012,310
Airport	1,484,152	1,362,703	121,449
Public safety	18,461,390	18,022,044	439,346
Public works	11,191,931	10,617,975	573,956
Education	72,548,288	71,105,526	1,442,762
Health and human services	3,052,234	2,817,892	234,342
Culture and recreation	856,139	1,206,009	(349,870)
Employee benefits and insurance	48,558,027	54,642,352	(6,084,325)
State assessments	5,301,488	4,492,744	808,744
Interest	2,646,284	2,423,136	223,148
<b>Total expenses</b>	<b>173,005,536</b>	<b>174,583,674</b>	<b>(1,578,138)</b>
<b>Change in net position</b>	<b>(5,578,681)</b>	<b>(6,789,227)</b>	<b>1,210,546</b>
<b>Net position - beginning of year</b>	<b>(73,814,367)</b>	<b>(67,025,140)</b>	<b>(6,789,227)</b>
<b>Net position - end of year</b>	<b>\$ (79,393,048)</b>	<b>\$ (73,814,367)</b>	<b>\$ (5,578,681)</b>

	<b>Business-Type Activities</b>		
	<b>2015</b>	<b>2014</b>	<b>Change</b>
<b>Program Revenues:</b>			
Charges for services	\$ 9,358,001	\$ 9,658,070	\$ (300,069)
Operating grants and contributions	384,552	-	384,552
<b>Total Revenues</b>	<b>9,742,553</b>	<b>9,658,070</b>	<b>84,483</b>
<b>Expenses:</b>			
Sewer	5,493,514	6,503,310	(1,009,796)
Water	5,074,996	4,871,211	203,785
<b>Total expenses</b>	<b>10,568,510</b>	<b>11,374,521</b>	<b>(806,011)</b>
<b>Change in net position</b>	<b>(825,957)</b>	<b>(1,716,451)</b>	<b>890,494</b>
<b>Net position - beginning of year</b>	<b>35,228,255</b>	<b>36,944,706</b>	<b>(1,716,451)</b>
<b>Net position - end of year</b>	<b>\$ 34,402,298</b>	<b>\$ 35,228,255</b>	<b>\$ (825,957)</b>

### Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. Liabilities exceeded assets and deferred outflows of resources by \$44,990,750 at the close of fiscal year 2015.

Net position of \$67,731,021 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 \$44,592,932 represents resources that are subject to external restrictions on how they may be used. The remaining balance consists of *unrestricted net position* (\$157,314,703) may be used to meet the government's ongoing obligations to citizens and creditors.

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 decreased by \$5,578,681 (8%) during the current fiscal year, which reflects the general fund's results of operations. This was mainly attributed to revenues exceeding expenditures.

There was a decrease of \$825,957 (2%) in net position reported in connection with the sewer and water business-type activities. Of this, there were decreases of \$96,485 attributed to the sewer department and of \$729,472 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 \$20,115,408 a decrease of \$106,395 (1%) in comparison with the prior year.

The breakdown of the governmental funds is as follows:

- Restricted fund balance - \$12,740,663 (63%).
- Committed fund balance - \$655,290 (3%).
- Assigned fund balance - \$2,889,596 (15%).
- Unassigned fund balance - \$3,829,859 (19%).

### Major Governmental Funds

At the end of the fiscal year, the *General Fund* reported a fund balance of \$12,409,720 increasing \$174,912 (1%) from the prior year. Of the \$12,409,720, the unassigned amount is \$9,520,124 (77%) and the assigned amount of \$2,889,596 (23%). General fund revenues decreased \$3,382,016 (2%) and expenditures also decreased by \$3,424,964 (2%) 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 \$4,821,081 (7%) and interest on taxes of \$491,932 (101%), and a decrease with intergovernmental on-behalf payments of \$9,049,701 (56%) from the prior year due to the implementation of GASB Statement No. 68..

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

- Increase in public safety expenditures of \$1,204,341 (8%).
- Increase in education expenditures of \$724,411 (1%).
- Decrease in employee benefits and insurance expenditures of \$7,844,037 (16%).
- Increase in Principal and interest on debt service expenditures of \$946,622 (12%).

The *economic revitalization development fund* has accumulated a fund balance of \$5,372,949. For the current fiscal year, the economic revitalization development fund shows a decrease of \$176,390 (3%). Of this amount, all \$11,110 was attributed to interest income and expenses of \$187,500.

At the end of the fiscal year, the *Nonmajor Governmental Funds* reported a fund balance of \$2,332,739 decreasing \$104,917 from the prior year. This change was mainly attributed to expenditures exceeding revenues by \$7,063,555, net transfers out of \$53,446 and proceeds from bonds and notes of \$7,012,084.

**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 \$96,485 (.4%) in total operations. This change was mainly attributed to operating revenues exceeding current operating costs by \$93,827, other income of \$175,243 and interest expense of \$365,555.

Operating revenues decreased by \$179,900 (3%) while operating expenses also decreased by \$1,085,173 (17%) from the prior year.

The *Water Fund* is the financing and operations of the City's water system. The water fund shows a decrease of \$729,472 (6%) in total operations. This change resulted from operating costs exceeding current operating revenues by \$561,776, other revenues of \$209,309 and interest expense of \$377,005. Operating revenues decreased by \$120,169 (3%) while operating expenses increased by \$115,686 (3%) from the prior year.

The activity of the internal service fund represents a health insurance fund. The fund has accumulated a fund balance of \$1,813,416. The fund increased by \$13,374 (1%) in total operations, the result of contributions from the employees and employer for \$9,113 and interest income of \$4,261.

### **General Fund Budgetary Highlights**

The final general fund budget for fiscal year 2015 was \$140,154,002. This was an increase of \$5,186,818 (4%) over the previous year's final budget.

There was an increase of \$1,377,415 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 \$1,629,344. Of the \$1,629,344 in under budget expenditures, \$1,389,596 has been carried over to fiscal year 2016.

There is a negative variance in investment income of \$11,024 as a result of economic conditions.

A negative expenditure variance exists in state assessments of \$384,408. The actual expenses exceeded the budget in state assessments mainly as a result of higher than anticipated assessments in school choice and lower than anticipated assessments in special education and charter school sending tuitions.

The variance with the final budget was a positive \$2,974,786 consisting of a revenue surplus of \$2,735,038 and an appropriation surplus of \$239,748.

### **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, 2015 amounts to \$112,100,915 and \$59,711,839, 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 \$586,421.
- City Hall improvements of \$13,850.
- Parking garage improvements of \$163,589.
- Police department vehicles for \$201,350.
- Various road and street improvements of \$5,175,091.
- School buses purchase for \$2,760,195.
- Retirement of buses traded in with values totaling \$2,771,135.
- School vehicle and equipment purchases for \$73,570.
- School building improvements for \$2,275,549.
- Parks playground equipment for \$153,240.
- Culture building improvements of \$249,915.
- First Street Common park improvements for \$1,477,473.
- Various parks' improvements for \$576,828.

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

*Sewer Fund:*

- Sewer vehicle purchase for \$43,605.
- Sewer infrastructure improvements for \$1,213,580.
- Wastewater treatment plant electrical upgrades for \$74,855.
- Wastewater treatment plant building renovations for \$6,024,743.

*Water Fund:*

- Farnham Reservoir Dam improvements for \$2,027,344.
- Water storage tank on Benedict Road for \$146,691.
- Water infrastructure improvements for \$834,938.

**Debt Administration.** The City's outstanding governmental long-term debt, as of June 30, 2015, totaled \$57,650,712, of which primarily \$22,209,300 is for various school projects, \$1,050,000 is for the landfill, \$2,220,000 is for airport land acquisitions, \$220,000 for the skate park redevelopment, \$15,260,000 is for road and street improvements, \$4,530,000 is for various building improvements, \$685,000 is for departmental equipment and \$11,476,412 is for municipal purpose loans for various City projects.

The City's outstanding business-type debt as of June 30, 2015 totaled \$23,086,262 consisting of sewer debt for \$11,920,393 and water debt for \$11,165,869 that is fully supported by the rates and do not rely on a general fund subsidy.

The City also has \$35,319,090 in bond anticipation consisting of \$15,855,296 in governmental activity debt and \$19,463,794 in business-type activity debt outstanding at June 30, 2015.

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, 2015 do not reflect the fiscal year 2016 budget approved by the City Council on June 23, 2015, except for the amount of free cash used to reduce tax rate. The City Council has authorized a fiscal year 2016 operating and capital budget as follows:

<b>Budget:</b>	
Raise and Appropriate	\$ 134,348,573
Free Cash	1,500,000
From Income/Rates:	
Sewer and Drains Department	459,043
Water Department	4,394,963
Wastewater Department	4,620,962
	<u>\$ 145,323,541</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, 2015**

	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities	Total	Berkshire Training and Employment Program	The Berkshire Athenaeum (Unaudited)
<b>ASSETS</b>					
<b>CURRENT:</b>					
Cash and Cash Equivalents	\$ 44,620,344	\$ 20,002,991	\$ 64,623,335	\$ 13,132	\$ 49,934
Investments	-	-	-	-	2,938,997
Receivables, net of allowance for uncollectibles:					
Property Taxes	1,636,065	-	1,636,065	-	-
Tax Liens	4,192,002	-	4,192,002	-	-
Excise Taxes	626,087	-	626,087	-	-
User Charges	-	1,240,463	1,240,463	-	-
Departmental	423,783	-	423,783	-	-
Special Assessments	2,021	-	2,021	-	-
Loans	2,992,489	-	2,992,489	-	-
Due from Other Governments	12,596,633	-	12,596,633	434,540	-
Other	-	-	-	11,381	-
Total current assets	<u>67,089,424</u>	<u>21,243,454</u>	<u>88,332,878</u>	<u>459,053</u>	<u>2,988,931</u>
<b>NONCURRENT:</b>					
Receivables, net of allowance for uncollectibles:					
Loans	1,043,470	-	1,043,470	-	-
Due from Other Governments	9,402,173	-	9,402,173	-	-
Capital Assets, net of accumulated Depreciation					
Nondepreciable	17,673,998	9,789,871	27,463,869	-	-
Depreciable	94,426,917	49,921,968	144,348,885	20,375	74,449
Total noncurrent assets	<u>122,546,558</u>	<u>59,711,839</u>	<u>182,258,397</u>	<u>20,375</u>	<u>74,449</u>
<b>Total Assets</b>	<u>189,635,982</u>	<u>80,955,293</u>	<u>270,591,275</u>	<u>479,428</u>	<u>3,063,380</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Deferred Outflows Related to Pensions	\$ 357,070	\$ -	\$ 357,070	\$ -	\$ -

(Continued)



**CITY OF PITTSFIELD, MASSACHUSETTS  
STATEMENT OF NET POSITION  
JUNE 30, 2015**

	<b>Primary Government</b>			<b>Component Units</b>	
	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>	<b>Berkshire Training and Employment Program</b>	<b>The Berkshire Athenaeum (Unaudited)</b>
<b>LIABILITIES</b>					
<b>CURRENT:</b>					
Warrants and Accounts Payable	\$ 5,656,280	\$ 1,444,136	\$ 7,100,416	\$ 91,907	\$ 158
Accrued Payroll	6,538,511	89,839	6,628,350	11,294	-
Retainage Payable	-	308,459	308,459	-	-
Payroll Withholdings	346,912	-	346,912	-	-
Tax Refund Payable	30,000	-	30,000	-	-
Accrued Interest	567,531	315,336	882,867	-	-
Other	209,117	-	209,117	-	-
Compensated Absences	1,131,010	87,571	1,218,581	48,126	-
Notes Payable	15,855,296	19,463,794	35,319,090	-	-
Bonds Payable	7,216,112	1,217,929	8,434,041	-	-
Total current liabilities	<u>37,550,769</u>	<u>22,927,064</u>	<u>60,477,833</u>	<u>151,327</u>	<u>158</u>
<b>NONCURRENT:</b>					
Compensated Absences	4,996,773	102,953	5,099,726	-	-
OPEB Obligation Payable	56,175,059	1,654,645	57,829,704	-	-
Net Pension Liability	120,228,899	-	120,228,899	-	-
Bonds Payable	50,434,600	21,868,333	72,302,933	-	-
Total noncurrent liabilities	<u>231,835,331</u>	<u>23,625,931</u>	<u>255,461,262</u>	<u>-</u>	<u>-</u>
<b>Total Liabilities</b>	<u>269,386,100</u>	<u>46,552,995</u>	<u>315,939,095</u>	<u>151,327</u>	<u>158</u>
<b>NET POSITION</b>					
Net Investment in Capital Assets	50,569,238	17,161,783	67,731,021	-	74,449
Restricted for:					
Capital Projects	11,573,560	13,577,420	25,150,980	-	-
Loans	4,035,959	-	4,035,959	-	-
Federal & State Grants	4,529,496	-	4,529,496	328,101	-
Permanent Funds:					
Expendable	-	-	-	-	444,745
Nonexpendable	-	-	-	-	337,011
Other Purposes	10,876,497	-	10,876,497	-	4,776
Unrestricted	(160,977,798)	3,663,095	(157,314,703)	-	2,202,241
<b>Total Net Position</b>	<u>\$ (79,393,048)</u>	<u>\$ 34,402,298</u>	<u>\$ (44,990,750)</u>	<u>\$ 328,101</u>	<u>\$ 3,063,222</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, 2015**

	<u>Program Revenues</u>				<u>Primary Government</u> Net (Expense)/ Revenue	<u>Component Units</u> Net (Expense)/ Revenue
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions		
<b>Primary Government:</b>						
<b>Governmental Activities:</b>						
General Government	\$ 8,905,603	\$ 849,787	\$ 740,639	\$ -	\$ (7,315,177)	\$ -
Airport	1,484,152	93,414	101,870	563,436	(725,432)	-
Public Safety	18,461,390	1,375,087	917,788	-	(16,168,515)	-
Public Works	11,191,931	489,826	262,733	6,212,557	(4,226,815)	-
Education	72,548,288	1,162,711	51,602,410	1,667,869	(18,115,298)	-
Health and Human Services	3,052,234	523,616	1,632,966	-	(895,652)	-
Culture and Recreation	856,139	35,052	348,116	380,104	(92,867)	-
Employee Benefits and Insurance	48,558,027	-	8,281,189	-	(40,276,838)	-
State Assessments	5,301,488	-	-	-	(5,301,488)	-
Interest	2,646,284	-	737,315	-	(1,908,969)	-
<b>Total Governmental Activities</b>	<b>173,005,536</b>	<b>4,529,493</b>	<b>64,625,026</b>	<b>8,823,966</b>	<b>(95,027,051)</b>	<b>-</b>
<b>Business-Type Activities:</b>						
Sewer	5,493,514	5,221,786	175,243	-	(96,485)	-
Water	5,074,996	4,136,215	209,309	-	(729,472)	-
<b>Total Business-Type Activities</b>	<b>10,568,510</b>	<b>9,358,001</b>	<b>384,552</b>	<b>-</b>	<b>(825,957)</b>	<b>-</b>
<b>Total Primary Government</b>	<b>\$ 183,574,046</b>	<b>\$ 13,887,494</b>	<b>\$ 65,009,578</b>	<b>\$ 8,823,966</b>	<b>\$ (95,853,008)</b>	<b>\$ -</b>
<b>Component Units:</b>						
Berkshire Training and Employment Program	\$ 1,827,843	\$ -	\$ 1,540,100	\$ -	\$ -	\$ (287,743)
The Berkshire Athenaeum (Unaudited)	111,812	30,803	25,163	-	-	(55,846)
<b>Total Component Units</b>	<b>\$ 1,939,655</b>	<b>\$ 30,803</b>	<b>\$ 1,565,263</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (343,589)</b>

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, 2015**

	<u>Primary Government</u>			<u>Component Units</u>	
	Governmental Activities	Business-Type Activities	Total	Berkshire Training and Employment Program	The Berkshire Athenaeum (Unaudited)
<b>Changes in Net Position:</b>					
<b>Net (Expense)/Revenue (from previous page)</b>	\$ (95,027,051)	\$ (825,957)	\$ (95,853,008)	\$ (287,743)	\$ (55,846)
<b>General Revenues:</b>					
Property taxes	73,050,140	-	73,050,140	-	-
Motor vehicle and other excise taxes	4,765,969	-	4,765,969	-	-
Hotel room occupancy and meals taxes	1,147,193	-	1,147,193	-	-
Penalties & interest on taxes	979,552	-	979,552	-	-
Grants & contributions not restricted to specific programs	9,402,783	-	9,402,783	-	-
Unrestricted investment income	62,618	-	62,618	1,074	81,376
Miscellaneous	40,115	-	40,115	-	-
<b>Total General Revenues</b>	<u>89,448,370</u>	<u>-</u>	<u>89,448,370</u>	<u>1,074</u>	<u>81,376</u>
<b>Change in Net Position</b>	(5,578,681)	(825,957)	(6,404,638)	(286,669)	25,530
<b>Net Position:</b>					
Beginning of year (as restated)	(73,814,367)	35,228,255	(38,586,112)	614,770	3,037,692
End 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>

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

**CITY OF PITTSFIELD, MASSACHUSETTS  
BALANCE SHEET - GOVERNMENTAL FUNDS  
JUNE 30, 2015**

	General Fund	Economic Revitalization Development Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>Assets:</b>				
Cash and Cash Equivalents	\$ 20,876,136	\$ 5,435,449	\$ 16,495,343	\$ 42,806,928
Receivables, net of allowance for uncollectibles:				
Property Taxes	1,636,065	-	-	1,636,065
Tax Liens	4,192,002	-	-	4,192,002
Excise Taxes	626,087	-	-	626,087
Departmental	144,497	-	279,286	423,783
Special Assessments	2,021	-	-	2,021
Loans	-	-	4,035,959	4,035,959
Due from Other Governments	13,105,925	-	8,892,881	21,998,806
<b>Total Assets</b>	<b>\$ 40,582,733</b>	<b>\$ 5,435,449</b>	<b>\$ 29,703,469</b>	<b>\$ 75,721,651</b>
<b>Liabilities:</b>				
Warrants and Accounts Payable	\$ 2,258,199	\$ 62,500	\$ 3,335,581	\$ 5,656,280
Accrued Payroll	6,468,476	-	70,035	6,538,511
Employee Withholdings	346,912	-	-	346,912
Tax Refund Payable	30,000	-	-	30,000
Other	209,117	-	-	209,117
Notes Payable	-	-	15,855,296	15,855,296
<b>Total Liabilities</b>	<b>9,312,704</b>	<b>62,500</b>	<b>19,260,912</b>	<b>28,636,116</b>
<b>Deferred Inflows of Resources:</b>				
Unavailable Revenue	18,860,309	-	8,109,818	26,970,127
<b>Fund Balance:</b>				
Restricted	-	5,372,949	7,367,714	12,740,663
Committed	-	-	655,290	655,290
Assigned	2,889,596	-	-	2,889,596
Unassigned	9,520,124	-	(5,690,265)	3,829,859
<b>Total Fund Balance</b>	<b>12,409,720</b>	<b>5,372,949</b>	<b>2,332,739</b>	<b>20,115,408</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$ 40,582,733</b>	<b>\$ 5,435,449</b>	<b>\$ 29,703,469</b>	<b>\$ 75,721,651</b>

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, 2015**

	General Fund	Economic Revitalization Development Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>Revenues:</b>				
Property Taxes	\$ 74,213,783	\$ -	\$ -	\$ 74,213,783
Intergovernmental	53,780,208	-	22,194,625	75,974,833
Excise and Other Taxes	4,837,098	-	-	4,837,098
Hotel room occupancy and meals taxes	1,147,193	-	-	1,147,193
Licenses, Permits, Fees	3,065,649	-	-	3,065,649
Charges for Services	-	-	1,731,758	1,731,758
Interest on Taxes	979,552	-	-	979,552
Investment Income	62,618	11,110	1,007	74,735
Other	-	-	412,704	412,704
Intergovernmental - "On-behalf" Payments	7,027,365	-	-	7,027,365
<b>Total Revenues</b>	<b>145,113,466</b>	<b>11,110</b>	<b>24,340,094</b>	<b>169,464,670</b>
<b>Expenditures:</b>				
Current:				
General Government	6,425,323	187,500	1,800,467	8,413,290
Airport	193,856	-	683,550	877,406
Public Safety	16,738,627	-	1,586,326	18,324,953
Public Works	7,523,226	-	6,904,547	14,427,773
Education	56,533,133	-	18,304,470	74,837,603
Health and Human Services	1,933,951	-	1,000,941	2,934,892
Culture and Recreation	1,460,399	-	1,108,574	2,568,973
Employee Benefits and Insurance	40,277,967	-	14,774	40,292,741
State Assessments	5,301,488	-	-	5,301,488
Debt Service:				
Principal	6,455,500	-	-	6,455,500
Interest	2,708,553	-	-	2,708,553
<b>Total Expenditures</b>	<b>145,552,023</b>	<b>187,500</b>	<b>31,403,649</b>	<b>177,143,172</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>(438,557)</b>	<b>(176,390)</b>	<b>(7,063,555)</b>	<b>(7,678,502)</b>
<b>Other Financing Sources (Uses):</b>				
Operating Transfers In	53,552	-	106	53,658
Operating Transfers Out	(106)	-	(53,552)	(53,658)
Premium on Bonds and Notes	560,023	-	-	560,023
Proceeds from Bonds and Notes	-	-	7,012,084	7,012,084
<b>Total Other Financing Sources (Uses)</b>	<b>613,469</b>	<b>-</b>	<b>6,958,638</b>	<b>7,572,107</b>
<b>Net Change in Fund Balances</b>	<b>174,912</b>	<b>(176,390)</b>	<b>(104,917)</b>	<b>(106,395)</b>
<b>Fund Balances, Beginning of Year</b>	<b>12,234,808</b>	<b>5,549,339</b>	<b>2,437,656</b>	<b>20,221,803</b>
<b>Fund Balances, End of Year</b>	<b>\$ 12,409,720</b>	<b>\$ 5,372,949</b>	<b>\$ 2,332,739</b>	<b>\$ 20,115,408</b>

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, 2015**

<b>Total Governmental Fund Balances</b>		\$ 20,115,408
Capital Assets (net) used in governmental activities are not financial resources and, therefore, are not reported in the funds.		112,100,915
Revenues are recognized on an accrual basis of accounting instead of a modified accrual basis.		26,970,127
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.		357,070
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.		1,813,416
Long Term liabilities are not due and payable in the current period and, therefore, are not reported in governmental funds:		
Bonds and Notes Payable	\$ (57,650,712)	
Other Post Employment Benefits Payable	(56,175,059)	
Net Pension Liability	(120,228,899)	
Compensated Absences	(6,127,783)	(240,182,453)
In the statement of activities, interest is accrued on outstanding long term debt, whereas in governmental funds interest is not reported until due.		(567,531)
<b>Net Position of Governmental Activities</b>		<b>\$ (79,393,048)</b>

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, 2015**

**Net Change in Fund Balances - Total Governmental Funds** \$ (106,395)

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	\$ 13,360,921	
Depreciation	<u>(7,446,440)</u>	5,914,481

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. (2,588,547)

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

Repayment of Debt Principal	6,466,272	
Proceeds from Bonds and Notes	<u>(7,012,084)</u>	(545,812)

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	(51,993)	
Net Change in Other Post Employment Benefits	(7,877,165)	
Net Change in Net Pension Liability	(745,191)	
Net Change in Deferred Outflow/(Inflow) of Resources Related to Pensions	357,070	
Net Change in Accrued Interest on Long-Term Debt	<u>51,497</u>	(8,265,782)

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 13,374

**Change in Net Position of Governmental Activities** \$ (5,578,681)

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, 2015**

	<u>Budgeted Amounts</u>			<u>Actual</u>	<u>Amounts</u> <u>Carried</u> <u>Forward to</u> <u>Next Year</u>	<u>Variance with</u> <u>Final Budget</u> <u>Positive</u> <u>(Negative)</u>	
	<u>Amounts</u> <u>Carried</u>	<u>Original</u> <u>Budget</u>	<u>Final</u> <u>Budget</u>				<u>Budgetary</u> <u>Basis</u>
	<u>Forward from</u> <u>Prior Year</u>						
<b>Revenues:</b>							
Property Taxes	\$ -	\$ 72,497,116	\$ 72,497,116	\$ 74,250,283	\$ -	\$ 1,753,167	
State Receipts	-	53,592,595	53,592,595	53,780,208	-	187,613	
Excise and Other Taxes	-	4,674,500	4,674,500	4,837,098	-	162,598	
Hotel room occupancy and meals taxes	-	1,100,000	1,100,000	1,147,193	-	47,193	
Licenses, Permits, Fees	-	2,951,110	2,951,110	3,065,649	-	114,539	
Interest on Taxes	-	498,600	498,600	979,552	-	480,952	
Investment Income	-	70,000	70,000	58,976	-	(11,024)	
<b>Total Revenues</b>	-	135,383,921	135,383,921	138,118,959	-	2,735,038	
<b>Expenditures:</b>							
Current:							
General Government	203,758	7,048,652	6,843,950	6,425,323	212,254	206,373	
Airport	2,540	192,231	204,711	193,856	2,512	8,343	
Public Safety	30,590	15,484,066	16,867,005	16,738,627	16,901	111,477	
Public Works	157,596	6,903,508	7,820,487	7,523,226	240,591	56,670	
Education	994,423	56,524,399	57,518,821	56,533,133	906,875	78,813	
Health and Human Services	6,039	1,565,834	1,971,656	1,933,951	916	36,789	
Culture and Recreation	4,322	1,459,557	1,500,800	1,460,399	9,547	30,854	
Employee Benefits and Insurance	-	33,846,157	33,343,657	33,250,602	-	93,055	
State Assessments	-	4,917,080	4,917,080	5,301,488	-	(384,408)	
Debt Service:							
Principal	-	6,455,500	6,455,500	6,455,500	-	-	
Interest	-	2,980,335	2,710,335	2,708,553	-	1,782	
<b>Total Expenditures</b>	1,399,268	137,377,319	140,154,002	138,524,658	1,389,596	239,748	
<b>Excess of Revenues Over</b>							
<b>(Under) Expenditures</b>	(1,399,268)	(1,993,398)	(4,770,081)	(405,699)	(1,389,596)	2,974,786	
<b>Other Financing Sources (Uses):</b>							
Operating Transfers In	-	-	-	53,552	-	53,552	
Operating Transfers Out	-	(6,304)	(6,304)	(106)	-	6,198	
Premium on Bonds and Notes	-	-	-	560,023	-	560,023	
<b>Total Other Financing Sources (Uses)</b>	-	(6,304)	(6,304)	613,469	-	619,773	
<b>Net Change in Budgetary Fund Balance</b>	(1,399,268)	(1,999,702)	(4,776,385)	\$ 207,770	\$ (1,389,596)	\$ 3,594,559	
<b>Other Budgetary Items:</b>							
Free Cash and Other Reserves	-	2,000,000	3,377,415				
Prior Year Deficits	-	(298)	(298)				
Prior Year Encumbrances	1,399,268	-	1,399,268				
<b>Total Other Budgetary Items</b>	1,399,268	1,999,702	4,776,385				
<b>NET BUDGET</b>	\$ -	\$ -	\$ -				

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, 2015**

	<b>Revenues</b>	<b>Expenditures</b>
<b>Reported on a Budgetary Basis</b>	<b>\$ 138,118,959</b>	<b>\$ 138,524,658</b>
<i>Adjustments:</i>		
Activity for Stabilization Funds Recorded in the General Fund for GAAP Purposes	3,642	-
Net Decrease in Revenue from recording Refund Taxes Payable	(16,500)	-
Recognition of Intergovernmental Revenue - "on behalf payments"	7,027,365	-
Recognition of Expenditures - "on behalf payments"	-	7,027,365
Net Decrease in Revenue from Recording 60-Day Receipts	(20,000)	-
<b>Reported on a GAAP Basis</b>	<b>\$ 145,113,466</b>	<b>\$ 145,552,023</b>

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, 2015**

	Business-Type Activities Enterprise Funds			Governmental Activities - Internal Service Fund
	Sewer Fund	Water Fund	Total	
<b>ASSETS</b>				
<b>CURRENT:</b>				
Cash and Cash Equivalents	\$ 10,512,904	\$ 9,490,087	\$ 20,002,991	\$ 1,813,416
User Charges, net of allowance for uncollectibles	638,101	602,362	1,240,463	-
Total current assets	<u>11,151,005</u>	<u>10,092,449</u>	<u>21,243,454</u>	<u>1,813,416</u>
<b>NONCURRENT:</b>				
Capital Assets, net of accumulated Depreciation				
Nondepreciable	7,280,573	2,509,298	9,789,871	-
Depreciable	29,283,565	20,638,403	49,921,968	-
Total noncurrent assets	<u>36,564,138</u>	<u>23,147,701</u>	<u>59,711,839</u>	<u>-</u>
<b>Total Assets</b>	<u><u>47,715,143</u></u>	<u><u>33,240,150</u></u>	<u><u>80,955,293</u></u>	<u><u>1,813,416</u></u>
<b>LIABILITIES</b>				
<b>CURRENT:</b>				
Accounts Payable	785,445	658,691	1,444,136	-
Accrued Payroll	53,421	36,418	89,839	-
Retainage Payable	308,459	-	308,459	-
Accrued Interest	153,940	161,396	315,336	-
Compensated Absences	53,795	33,776	87,571	-
Notes Payable	9,913,794	9,550,000	19,463,794	-
Bonds Payable	587,435	630,494	1,217,929	-
Total current liabilities	<u>11,856,289</u>	<u>11,070,775</u>	<u>22,927,064</u>	<u>-</u>
<b>NONCURRENT:</b>				
Compensated Absences	64,889	38,064	102,953	-
OPEB Obligation Payable	861,159	793,486	1,654,645	-
Bonds Payable	11,332,958	10,535,375	21,868,333	-
Total noncurrent liabilities	<u>12,259,006</u>	<u>11,366,925</u>	<u>23,625,931</u>	<u>-</u>
<b>Total Liabilities</b>	<u><u>24,115,295</u></u>	<u><u>22,437,700</u></u>	<u><u>46,552,995</u></u>	<u><u>-</u></u>
<b>NET POSITION</b>				
Net Investment in Capital Assets	14,729,951	2,431,832	17,161,783	-
Restricted for Capital Projects	6,549,677	7,027,743	13,577,420	-
Unrestricted	2,320,220	1,342,875	3,663,095	1,813,416
<b>Total Net Position</b>	<u><u>\$ 23,599,848</u></u>	<u><u>\$ 10,802,450</u></u>	<u><u>\$ 34,402,298</u></u>	<u><u>\$ 1,813,416</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, 2015**

	Business-Type Activities Enterprise Funds			Governmental Activities - Internal Service Fund
	Sewer Fund	Water Fund	Total	
<b>Operating Revenues:</b>				
Charges for Services	\$ 5,041,950	\$ 3,952,160	\$ 8,994,110	\$ -
Other	179,836	184,055	363,891	9,113
<b>Total Operating Revenues</b>	<b>5,221,786</b>	<b>4,136,215</b>	<b>9,358,001</b>	<b>9,113</b>
<b>Operating Expenses:</b>				
Salaries & Wages	1,295,657	831,409	2,127,066	-
Operating Expenses	2,836,597	2,783,311	5,619,908	-
Depreciation	995,705	1,083,271	2,078,976	-
<b>Total Operating Expenses</b>	<b>5,127,959</b>	<b>4,697,991</b>	<b>9,825,950</b>	<b>-</b>
<b>Operating Income (Loss)</b>	<b>93,827</b>	<b>(561,776)</b>	<b>(467,949)</b>	<b>9,113</b>
<b>Non-Operating Revenues (Expenses):</b>				
Interest Income	-	-	-	4,261
Other	175,243	209,309	384,552	-
Interest Expense	(365,555)	(377,005)	(742,560)	-
<b>Total Non-Operating Revenues (Expenses)</b>	<b>(190,312)</b>	<b>(167,696)</b>	<b>(358,008)</b>	<b>4,261</b>
<b>Change in Net Position</b>	<b>(96,485)</b>	<b>(729,472)</b>	<b>(825,957)</b>	<b>13,374</b>
<b>Net Position at Beginning of Year</b>	<b>23,696,333</b>	<b>11,531,922</b>	<b>35,228,255</b>	<b>1,800,042</b>
<b>Net Position at End of Year</b>	<b>\$ 23,599,848</b>	<b>\$ 10,802,450</b>	<b>\$ 34,402,298</b>	<b>\$ 1,813,416</b>

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, 2015**

	<b>Business-Type Activities Enterprise Funds</b>			<b>Governmental Activities - Internal Service Fund</b>
	<b>Sewer Fund</b>	<b>Water Fund</b>	<b>Total</b>	
<b>Cash Flows From Operating Activities:</b>				
Receipts from Customers and Users	\$ 5,184,642	\$ 4,074,362	\$ 9,259,004	\$ -
Receipts from Other Revenues	179,836	184,055	363,891	9,113
Payments to Vendors	(2,715,496)	(2,656,037)	(5,371,533)	-
Payments to Employees	(1,306,149)	(839,029)	(2,145,178)	-
<b>Net Cash Provided by (Used for) Operating Activities</b>	<b>1,342,833</b>	<b>763,351</b>	<b>2,106,184</b>	<b>9,113</b>
<b>Cash Flows from Capital and Related Financing Activities:</b>				
WPAT Project Drawdowns	159,022	-	159,022	-
Premium on Bonds and Notes	175,243	209,309	384,552	-
Proceeds from the Issuance of Bonds and Notes	7,330,518	9,180,000	16,510,518	-
Acquisition and Construction of Capital Assets	(7,709,330)	(2,635,041)	(10,344,371)	-
Principal Payments on Bonds and Notes	(393,144)	(531,945)	(925,089)	-
Interest Expense	(288,728)	(289,674)	(578,402)	-
<b>Net Cash Provided by (Used for) Capital and Related Financing Activities</b>	<b>(726,419)</b>	<b>5,932,649</b>	<b>5,206,230</b>	<b>-</b>
<b>Cash Flows from Investing Activities:</b>				
Investment Income	-	-	-	4,261
<b>Net Cash Provided by (Used for) Investing Activities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,261</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>616,414</b>	<b>6,696,000</b>	<b>7,312,414</b>	<b>13,374</b>
<b>Cash and Cash Equivalents at Beginning of Year</b>	<b>9,896,490</b>	<b>2,794,087</b>	<b>12,690,577</b>	<b>1,800,042</b>
<b>Cash and Cash Equivalents at End of Year</b>	<b>\$ 10,512,904</b>	<b>\$ 9,490,087</b>	<b>\$ 20,002,991</b>	<b>\$ 1,813,416</b>

(Continued)

**CITY OF PITTSFIELD, MASSACHUSETTS  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2015**

	Business-Type Activities Enterprise Funds			Governmental Activities - Internal Service Fund
	Sewer Fund	Water Fund	Total	
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used For) Operating Activities:</b>				
<b>Operating Income (Loss)</b>	\$ 93,827	\$ (561,776)	(467,949)	\$ 9,113
<b>Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:</b>				
Depreciation	995,705	1,083,271	2,078,976	-
Change in Assets and Liabilities:				
Increase (Decrease) in Warrants Payable	42,684	20,552	63,236	-
Increase (Decrease) in Accrued Payroll	(11,667)	(8,331)	(19,998)	-
Increase (Decrease) in Compensated Absences	1,175	711	1,886	-
Increase (Decrease) in OPEB Obligation Payable	78,417	106,722	185,139	-
Decrease (Increase) in User Charges Receivable	142,692	122,202	264,894	-
<b>Total Adjustments</b>	1,249,006	1,325,127	2,574,133	-
<b>Net Cash Provided by (Used for) Operating Activities</b>	\$ 1,342,833	\$ 763,351	\$ 2,106,184	\$ 9,113

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, 2015**

	<b>PITTSFIELD</b>			
	<b>Employee Retirement System Pension Trust Fund (as of December 31, 2014)</b>		<b>Other Post Employment Benefits Trust Fund</b>	
	<b>Private Purpose Trust Funds</b>	<b>Agency Funds</b>		
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 7,400,496	\$ 100,000	\$ 328,863	\$ 546,261
Investments	108,947,123	-	-	-
Accounts Receivable	13,199	-	-	-
<b>Total Assets</b>	<b>116,360,818</b>	<b>100,000</b>	<b>328,863</b>	<b>546,261</b>
<b>LIABILITIES</b>				
Warrants Payable	2,085	-	574	204,067
Due to Others	-	-	-	10,875
Due to Student Groups	-	-	-	213,891
Deposits and Escrows	-	-	-	117,428
<b>Total Liabilities</b>	<b>2,085</b>	<b>-</b>	<b>574</b>	<b>546,261</b>
<b>NET POSITION</b>				
Held in Trust for Pension Benefits and Other Purposes	\$ 116,358,733	\$ 100,000	\$ 328,289	\$ -

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, 2015**

	<b>PITTSFIELD</b>		
	<b>Employee Retirement</b>		
	<b>System Pension</b>	<b>Other</b>	<b>Private</b>
	<b>Trust Fund</b>	<b>Post Employment</b>	<b>Purpose</b>
	<b>(as of December</b>	<b>Benefits</b>	<b>Trust Funds</b>
	<b>31, 2014)</b>	<b>Trust Fund</b>	<b>Trust Funds</b>
<b>Additions</b>			
Contributions:			
Employers	\$ 11,017,528	\$ 100,000	\$ -
Plan Members	3,168,064	-	-
Transfers/Reimbursements from Other Systems	305,745	-	-
Federal Grant Reimbursements	99,762	-	-
Commonwealth of Massachusetts - COLA	417,207	-	-
Private Donations	-	-	13,675
<b>Total Contributions</b>	<b>15,008,306</b>	<b>100,000</b>	<b>13,675</b>
Investment Income:			
Interest & Dividends	3,109,894	-	846
Net Change in Fair Value of Investments	5,463,762	-	-
<b>Total Investment Earnings</b>	<b>8,573,656</b>	<b>-</b>	<b>846</b>
Less Investment Expense	(597,856)	-	-
<b>Net Investment Earnings</b>	<b>7,975,800</b>	<b>-</b>	<b>846</b>
<b>Total Additions</b>	<b>22,984,106</b>	<b>100,000</b>	<b>14,521</b>
<b>Deductions:</b>			
Benefit Payments to Plan Members and Beneficiaries	14,606,332	-	-
Refunds to Members	764,327	-	-
Transfers to Other Systems	331,102	-	-
General Expenses	202,128	-	-
Educational Scholarships	-	-	13,318
<b>Total Deductions</b>	<b>15,903,889</b>	<b>-</b>	<b>13,318</b>
<b>Change in Net Position</b>	<b>7,080,217</b>	<b>100,000</b>	<b>1,203</b>
<b>Net Position at Beginning of Year</b>	<b>109,278,516</b>	<b>-</b>	<b>327,086</b>
<b>Net Position at End of Year</b>	<b>\$ 116,358,733</b>	<b>\$ 100,000</b>	<b>\$ 328,289</b>

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, 2015**

**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, 2015**

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, 2015**

**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, 2015**

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 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.

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.

**CITY OF PITTSFIELD, MASSACHUSETTS**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2015**

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 consist of marketable securities, bonds and short-term money market investments.

Investments in 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, 2014 and include betterments, special assessments and liens. Taxes are used to finance the operations of the City for the fiscal year July 1st to June 30th. By law, all taxable property in the Commonwealth of Massachusetts must be assessed at 100% of fair cash value. Taxes are due and payable on July 1st. The City has accepted the quarterly tax payment system. Under the quarterly tax payment system, the assessors make a preliminary tax commitment based on the prior year's net tax and may not exceed, with limited exceptions, fifty percent of that amount. The collector must mail preliminary tax bills each year by July 1st. The preliminary tax is payable in two equal installments. The first installment is due on August 1st and the second installment is due on November 1st. After the City sets the tax rate, the assessors make the actual tax commitment. If actual bills are mailed on

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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 2015 on June 30, 2014, that were due on August 1, 2014 and November 3, 2014 and actual bills on December 29, 2014, that were due on February 2, 2015 and May 1, 2015, 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 2015 is \$81,964,865.

The total amount raised by taxation was \$73,514,528.

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.

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

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**Special Assessments**

Special assessments consist of street betterments in the governmental funds and 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:

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

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

**H. Interfund Transfers**

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

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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*.

**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 and total liabilities represents net position. Net position displays three components – net investment in capital assets, restricted (distinguished between major categories of restrictions); and unrestricted. Unrestricted net position represents the net position available for future operations.

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

Net position has been "restricted for" the following:

"Capital projects" represents amounts restricted for capital purposes.

"Loans" represents community development outstanding loan receivable balances.

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

"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.

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“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.

**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 position liability, deferred outflows of resources related to pensions and pension expense, information about the fiduciary net position of the Pittsfield Contributory Retirement



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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.

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 1<sup>st</sup> to the City Council.

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- 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 2015, the City incurred a final budget deficit of \$4,776,385 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	\$ 3,377,416
Overlay deficit	(299)
Prior year's encumbrances	1,399,268
	\$ 4,776,385

**B. Deficit Fund Balances**

The following funds had deficits at June 30, 2015 as measured by the balances of unreserved fund balance:

- Various capital project funds are overdrawn for a total of \$5,690,265. The City has various temporary notes totaling \$15,855,296 for these capital projects. The deficits will be eliminated upon the issuance of permanent debt.

**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, 2015 were \$64,530,890. Of these, \$7,615,601 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, 2014 were \$7,796,740. 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

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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, 2015, 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.
- 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.

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- 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.

As of December 31, 2014, the System had the following investments and maturities:

Investment Type	Fair Value
Other Investments:	
PRIT pooled funds	\$ 105,988,347
Pooled alternative investment investment capital	1,526,793
Pooled real estate	1,431,983
	\$ 108,947,123

**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 \$108,947,123 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.

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**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.

**B. Receivables**

At June 30, 2015, 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:

	<b>Gross Amount</b>	<b>Allowance for Uncollectibles</b>	<b>Net Amount</b>
<b>Major and non-major governmental funds:</b>			
Property taxes	\$ 1,735,906	\$ (99,841)	\$ 1,636,065
Tax liens	5,086,514	(894,512)	4,192,002
Excise taxes	776,087	(150,000)	626,087
Departmental	1,424,118	(1,000,235)	423,883
Special assessments	2,021	-	2,021
Loans	4,058,459	(22,500)	4,035,959
Due from other governments	21,998,806	-	21,998,806
<b>Fiduciary funds: (as of December 31, 2014)</b>			
Accounts receivable	13,199	-	13,199
	<u>\$ 35,095,110</u>	<u>\$ (2,167,088)</u>	<u>\$ 32,928,022</u>

At June 30, 2015, receivables for the sewer and water enterprise consist of the following:

	<b>Gross Amount</b>	<b>Allowance for Uncollectibles</b>	<b>Net Amount</b>
<b>Sewer Fund:</b>			
User charges	\$ 501,737	\$ (5,000)	\$ 496,737
Tax liens	124,338	-	124,338
Departmental	5,687	(1,000)	4,687
Special assessments	12,339	-	12,339
<b>Water Fund:</b>			
User charges	472,321	(5,000)	467,321
Tax liens	130,368	-	130,368
Departmental	5,673	(1,000)	4,673
	<u>\$ 1,252,463</u>	<u>\$ (12,000)</u>	<u>\$ 1,240,463</u>

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The composition of amounts due from other governments as of June 30, 2015 for governmental funds is as follows:

**General Fund:**

***Commonwealth of Massachusetts:***

Department of Housing and Urban Development:		
Urban renewal grant	\$	295,000
Department of Revenue:		
Veterans, blind and surviving spouse		99,513
Department of Veterans Services:		
Veterans benefits		973,081
Massachusetts School Building Authority:		
School Building Assistance - Capital portion	<u>11,738,331</u>	\$ 13,105,925

**Nonmajor Governmental Funds:**

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

School lunch	185,985
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**U. S. Department of Education:**

School title grants	335,481
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**U. S. Department of Homeland Security:**

**Pass through the Commonwealth of Massachusetts:**

Emergency Management grant	28,435
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**U. S. Department of Housing and Urban Development:**

Community Development Block Grant	790,136
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**U. S. Department of Transportation:**

Federal Aviation Administration	40,001
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**Commonwealth of Massachusetts:**

Department of Elementary and Secondary Education:

School lunch	4,626
School title grants	240,867
State Special Education Reimbursement fund	285,548
Executive Office of Environmental Affairs	219,353
Executive Office of Housing & Economic Development	430,266
Executive Office of Public Safety & Homeland Security	86,540

Massachusetts School Building Authority:

School Building Assistance - Capital portion	953,105
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Massachusetts Department of Transportation:

Aeronautics Commission	206,000
Highway Department	4,657,838

**Other: Private grants**

	<u>428,700</u>	<u>8,892,881</u>
		<u>\$ 21,998,806</u>

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

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

<b>General Fund:</b>			
Property taxes	\$	1,119,065	
Tax liens		4,192,002	
Excise taxes		626,087	
Departmental		946,803	
Special assessments		2,021	
Due from other governments		<u>11,974,331</u>	\$ 18,860,309
<b>Nonmajor governmental funds:</b>			
Departmental		279,286	
Loans		4,427,795	
Notes receivable		299,650	
Due from other governments		<u>3,103,087</u>	8,109,818
			<u><u>\$ 26,970,127</u></u>

**D. Capital Assets**

Capital asset activity for the governmental and business-type activities for the year ended June 30, 2015, are as follows:

<b>Governmental Activities</b>	<b>Beginning Balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balance</b>
Capital assets not being depreciated:				
Land	\$ 6,416,277	\$ -	\$ (22,665)	\$ 6,393,612
Construction in Progress	13,886,785	10,080,581	(12,686,980)	11,280,386
Total capital assets not being depreciated	<u>20,303,062</u>	<u>10,080,581</u>	<u>(12,709,645)</u>	<u>17,673,998</u>
Capital assets being depreciated:				
Buildings and Renovations	108,555,472	7,200,880	-	115,756,352
Machinery, equipment and other	19,317,633	3,188,355	(2,982,057)	19,523,931
Infrastructure	48,733,279	5,600,750	-	54,334,029
Total capital assets being depreciated	<u>176,606,384</u>	<u>15,989,985</u>	<u>(2,982,057)</u>	<u>189,614,312</u>
Less accumulated depreciation for:				
Buildings and Renovations	66,653,053	3,562,905	-	70,215,958
Machinery, equipment and other	15,991,712	1,317,953	(2,982,057)	14,327,608
Infrastructure	8,078,247	2,565,582	-	10,643,829
Total accumulated depreciation	<u>90,723,012</u>	<u>7,446,440</u>	<u>(2,982,057)</u>	<u>95,187,395</u>
Total capital assets being depreciated, net	<u>85,883,372</u>	<u>8,543,545</u>	<u>-</u>	<u>94,426,917</u>
Total governmental activities capital assets, net	<u>\$ 106,186,434</u>	<u>\$ 18,624,126</u>	<u>\$ (12,709,645)</u>	<u>\$ 112,100,915</u>

**CITY OF PITTSFIELD, MASSACHUSETTS**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2015**

<b>Business-Type Activities</b>	<b>Beginning Balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balance</b>
Capital assets not being depreciated:				
Land	\$ 99,825	\$ -	\$ -	\$ 99,825
Construction in Progress	8,786,180	8,768,976	(7,865,110)	9,690,046
Total capital assets not being depreciated	8,886,005	8,768,976	(7,865,110)	9,789,871
Capital assets being depreciated:				
Machinery, equipment and other	2,653,838	43,605	(50,138)	2,647,305
Infrastructure	69,519,697	9,418,275	-	78,937,972
Total capital assets being depreciated	72,173,535	9,461,880	(50,138)	81,585,277
Less accumulated depreciation for:				
Machinery, equipment and other	2,324,600	169,218	(50,138)	2,443,680
Infrastructure	27,309,871	1,909,758	-	29,219,629
Total accumulated depreciation	29,634,471	2,078,976	(50,138)	31,663,309
Total capital assets being depreciated, net	42,539,064	7,382,904	-	49,921,968
Total business-type activities capital assets, net	\$ 51,425,069	\$ 16,151,880	\$ (7,865,110)	\$ 59,711,839

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

**Governmental Activities:**

General government	\$ 738,585
Airport	1,192,956
Public safety	306,750
Public works	1,864,936
Education	2,806,444
Health and human services	116,682
Culture and recreation	420,087
Total depreciation expense - governmental activities	<u>\$ 7,446,440</u>

**Business-Type Activities:**

Sewer fund	\$ 995,704
Water fund	1,083,272
Total depreciation expense - business-type activities	<u>\$ 2,078,976</u>

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

Interfund transfers for the fiscal year ended June 30, 2015, are summarized below:

Transfers Out:	Transfers In:		
	General fund	Nonmajor Governmental fund	Total
General fund	\$ -	\$ 106	\$ 106
Nonmajor governmental funds	53,552	-	53,552
Total transfers out	<u>\$ 53,552</u>	<u>\$ 106</u>	<u>\$ 53,658</u>



**CITY OF PITTSFIELD, MASSACHUSETTS**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2015**

**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, 2014	Renewed/ Issued	Retired/ Redeemed	Outstanding June 30, 2015
<b>Nonmajor Governmental Funds:</b>						
<b><i>Bond Anticipation Notes:</i></b>						
MPL 2014, Series A, General projects	1.00%	2/6/2015	\$ 2,066,816	\$ -	\$ 2,066,816	\$ -
MPL 2014, Series B, General projects	1.00%	2/6/2015	2,956,860	-	2,956,860	-
MPL 2014, Series A, General projects	0.75%	2/6/2015	3,093,032	-	3,093,032	-
MPL 2014, Series B, General projects	1.00%	6/26/2015	1,609,064	-	1,609,064	-
MPL 2014, Series B, Airport improvements	1.00%	6/26/2015	1,059,624	-	1,059,624	-
MPL 2015, General projects	1.00%	2/5/2016	-	45,000	-	45,000
MPL 2015, Airport improvements	1.00%	2/5/2016	-	1,059,624	-	1,059,624
MPL 2015, General projects	1.25%	4/1/2016	-	4,843,537	-	4,843,537
MPL 2015, General projects	1.50%	4/1/2016	-	9,907,135	-	9,907,135
<b>Total Governmental Activities</b>			<b>\$ 10,785,396</b>	<b>\$ 15,855,296</b>	<b>\$ 10,785,396</b>	<b>\$ 15,855,296</b>

**CITY OF PITTSFIELD, MASSACHUSETTS**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2015**

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, 2014	Renewed/ Issued	Retired/ Redeemed	Outstanding June 30, 2015
<b>Bond anticipation notes:</b>						
<b>Sewer Fund:</b>						
Municipal Purpose Loan 2013:						
Wastewater Treatment Plant						
Solar Photovoltaic Project	1.00%	2/6/2015	\$ 225,688	\$ -	\$ 225,688	\$ -
Wastewater Treatment Plant	1.00%	2/6/2015	1,614,996	-	1,614,996	-
Wastewater Treatment Plant	1.00%	6/26/2015	1,968,280	-	1,968,280	-
Municipal Purpose Loan 2015:						
Wastewater Treatment Plant	1.00%	2/5/2016	-	614,996	-	614,996
Wastewater Treatment Plant	1.25%	4/1/2016	-	6,180,518	-	6,180,518
Wastewater Treatment Plant	1.50%	4/1/2016	-	3,718,280	-	3,718,280
<b>Massachusetts Clean Water Trust Notes</b>						
Interim Loan: CW-09-22-A	0.13%	12/31/2014	3,940,978	159,022	4,100,000	-
			<u>7,749,942</u>	<u>10,672,816</u>	<u>7,908,964</u>	<u>10,513,794</u>
<b>Water Fund:</b>						
Municipal Purpose Loan 2014:						
Hancock Road Water Mains	1.00%	2/6/2015	1,000,000	-	1,000,000	-
Benedict Road Water Storage Tank	1.00%	2/6/2015	500,000	-	500,000	-
Hancock Road Water Mains	0.75%	2/6/2015	400,000	-	400,000	-
Benedict Road Water Storage Tank	0.75%	2/6/2015	1,500,000	-	1,500,000	-
Benedict Road Water Storage Tank	1.00%	6/26/2015	270,000	-	270,000	-
YMCA Water Storage Tank	1.00%	6/26/2015	100,000	-	100,000	-
Municipal Purpose Loan 2015:						
YMCA Water Storage Tank	1.25%	4/1/2016	-	730,000	-	730,000
Farnham Reservoir Dam improvements	1.25%	4/1/2016	-	3,500,000	-	3,500,000
Farnham Reservoir Dam improvements	1.50%	4/1/2016	-	3,300,000	-	3,300,000
Public Dam improvements	1.50%	4/1/2016	-	600,000	-	600,000
Hancock Road Water Mains	1.50%	4/1/2016	-	450,000	-	450,000
Benedict Road Water Storage Tank	1.50%	4/1/2016	-	270,000	-	270,000
YMCA Water Storage Tank	1.50%	4/1/2016	-	100,000	-	100,000
			<u>3,770,000</u>	<u>8,950,000</u>	<u>3,770,000</u>	<u>8,950,000</u>
Total Business-type activities			<u>\$ 11,519,942</u>	<u>\$ 19,622,816</u>	<u>\$ 11,678,964</u>	<u>\$ 19,463,794</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, 2015**

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

	<b>Interest Rate</b>	<b>Date Issued</b>	<b>Final Maturity Date</b>	<b>Original Amount Issued</b>	<b>Outstanding June 30, 2015</b>
<b>Inside Debt:</b>					
Municipal Purpose - 2008	4.61%	3/1/2008	3/1/2028	\$ 5,747,190	\$ 2,360,000
Municipal Purpose Refunding	3.00-5.00%	7/1/2010	3/1/2022	3,165,100	2,115,100
Municipal Purpose - 2010					
Departmental equipment	2.00-4.50%	10/1/2010	9/1/2030	924,712	385,000
School building improvements	2.00-4.50%	10/1/2010	9/1/2030	933,708	675,000
DPW road and street improvements	2.00-4.50%	10/1/2010	9/1/2030	5,898,790	4,750,000
Building improvements	2.00-4.50%	10/1/2010	9/1/2030	982,447	755,000
Municipal Purpose - 2011					
Departmental equipment	2.00-4.00%	1/15/2011	12/1/2028	695,500	300,000
High school roof replacement	2.00-4.00%	1/15/2011	12/1/2028	1,550,000	1,315,000
Landfill drainage & engineering	2.00-4.00%	1/15/2011	12/1/2028	200,000	160,000
Building improvements	2.00-4.00%	1/15/2011	12/1/2028	659,500	470,000
Municipal Purpose - 2012					
DPW road and street improvements	2.43%	1/26/2012	12/1/2031	2,995,700	2,235,000
Various city projects	2.43%	1/26/2012	12/1/2031	237,300	45,000
Landfill drainage & engineering	2.43%	1/26/2012	12/1/2031	69,000	55,000
School projects	2.43%	1/26/2012	12/1/2031	80,000	50,000
Municipal Purpose - 2013					
DPW road and street improvements	3.32%	6/27/2013	6/1/2033	2,340,000	1,945,000
Various city projects	3.32%	6/27/2013	6/1/2033	1,210,059	855,000
Common/Skate Park Redevelopment	3.32%	6/27/2013	6/1/2033	250,000	220,000
School projects	3.32%	6/27/2013	6/1/2033	35,941	15,000
Municipal Purpose - 2014					
DPW road and street improvements	3.00-5.00%	1/23/2014	6/1/2034	6,650,000	6,330,000
Various city projects	3.00-5.00%	1/23/2014	6/1/2034	2,613,250	2,405,000
School projects	3.00-5.00%	1/23/2014	6/1/2034	491,750	455,000
Municipal Purpose Loan of 2015	2.0-4.0%	2/5/2015	12/1/2034	7,001,312	7,001,312
Total Inside Debt					<u>34,896,412</u>
<b>Outside Debt:</b>					
Landfill	3.00-4.0%	3/12/2009	12/15/2018	2,145,000	835,000
Municipal Purpose Refunding					
School	3.00-5.00%	7/1/2010	3/1/2022	29,843,200	19,699,300
Municipal Purpose - 2010					
Airport Land Acquisition	2.00-4.50%	10/1/2010	9/1/2030	263,343	200,000
Municipal Purpose - 2011					
Airport Land Acquisition	2.00-4.00%	1/15/2011	12/1/2028	76,000	60,000
Municipal Purpose - 2014					
Airport Land Acquisition	3.00-5.00%	1/23/2014	6/1/2034	2,000,000	1,960,000
Total Outside Debt					<u>22,754,300</u>
<b>Total Governmental Type Debt</b>					<u><u>\$ 57,650,712</u></u>

**CITY OF PITTSFIELD, MASSACHUSETTS**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2015**

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, 2015
<b>Inside Debt:</b>					
<b>Sewer Fund:</b>					
Municipal Purpose - 2008	4.61%	3/1/2008	3/1/2028	\$ 3,380,000	\$ 2,160,000
Municipal Purpose Refunding	3.00-5.00%	7/1/2010	3/1/2022	75,100	49,800
Wastewater collection system	2.43%	1/26/2012	12/1/2031	650,000	580,000
Wastewater treatment plant	2.43%	1/26/2012	12/1/2031	660,000	585,000
Wastewater collection system	3.32%	6/27/2013	6/1/2033	1,150,000	1,070,000
Wastewater treatment plant	2.0-4.0%	2/5/2015	12/1/2034	1,000,000	1,000,000
<b>Massachusetts Clean Water Trust</b>					
Wastewater treatment plant	2.00%	7/8/2010	7/15/2030	2,101,403	1,745,547
Wastewater treatment plant: Energy efficiency improvements	2.00%	5/22/2013	1/15/2033	677,334	404,358
Energy efficiency improvements	2.00%	1/7/2015	1/15/2035	4,100,000	4,100,000
Total Inside Debt					<u>11,694,705</u>
<b>Outside Debt:</b>					
<b>Sewer Fund:</b>					
Municipal Purpose Loan of 2015: Solar Photovoltaic Panel	2.0-4.0%	2/5/2015	12/1/2034	225,688	225,688
<b>Water Fund:</b>					
Municipal Purpose - 2008	4.61%	3/1/2008	3/1/2028	2,944,810	1,890,000
Municipal Purpose Refunding	3.00-5.00%	7/1/2010	3/1/2022	54,600	35,800
Public water dams	2.43%	1/26/2012	12/1/2031	2,500,000	2,170,000
Public water dams	3.32%	6/27/2013	6/1/2033	900,000	700,000
Municipal Purpose Loan of 2015: Water Main Improvements	2.0-4.0%	2/5/2015	12/1/2034	1,000,000	1,000,000
Hancock Road Water Main	2.0-4.0%	2/5/2015	12/1/2034	400,000	400,000
Benedict Road Water Tank I	2.0-4.0%	2/5/2015	12/1/2034	500,000	500,000
Benedict Road Water Tank II	2.0-4.0%	2/5/2015	12/1/2034	1,500,000	1,500,000
<b>Massachusetts Clean Water Trust</b>					
SCADA System	2.00%	7/8/2010	7/15/2030	748,583	621,800
Coltsville system improvements	2.00%	7/8/2010	7/15/2030	2,826,999	2,348,269
Total Outside Debt					<u>11,391,557</u>
<b>Total business-type debt</b>					<u><u>\$ 23,086,262</u></u>

**CITY OF PITTSFIELD, MASSACHUSETTS**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2015**

**Future Debt Service**

The annual principal and interest payments to retire all general obligation long-term debt outstanding as of June 30, 2015 are as follows:

Year	Principal	Interest	Total
2016	\$ 7,216,112	\$ 2,697,224	\$ 9,913,336
2017	7,329,500	2,263,988	9,593,488
2018	7,329,500	1,918,725	9,248,225
2019	7,478,500	1,574,431	9,052,931
2020	4,622,300	1,225,844	5,848,144
2021-2025	14,779,800	3,306,238	18,086,038
2026-2030	6,880,000	1,040,282	7,920,282
2031-2035	2,015,000	203,116	2,218,116
	<u>\$ 57,650,712</u>	<u>\$ 14,229,848</u>	<u>\$ 71,880,560</u>

The annual principal and interest payments to retire all business-type long-term debt outstanding as of June 30, 2015 are as follows:

Year	Principal	Interest	Total
2016	\$ 1,217,929	\$ 734,710	\$ 1,952,639
2017	1,296,654	645,039	1,941,693
2018	1,315,956	602,614	1,918,570
2019	1,331,451	561,902	1,893,353
2020	1,347,347	517,792	1,865,139
2021-2025	6,631,077	1,927,517	8,558,594
2026-2030	6,480,459	925,277	7,405,736
2031-2035	3,465,389	215,564	3,680,953
	<u>\$ 23,086,262</u>	<u>\$ 6,130,415</u>	<u>\$ 29,216,677</u>

**CITY OF PITTSFIELD, MASSACHUSETTS**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2015**

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

	<b>Balance</b>			<b>Balance</b>	<b>Amounts Due</b>
	<b>July 1, 2014</b>	<b>Additions</b>	<b>Reductions</b>	<b>June 30, 2015</b>	<b>within One</b>
					<b>Year</b>
<b>Governmental activities:</b>					
<b>Bond Payable:</b>					
General obligation bonds	\$ 57,104,900	\$ 7,001,312	\$ 6,455,500	\$ 57,650,712	\$ 7,216,112
<b>Compensated absences</b>	6,075,790	51,993	-	6,127,783	1,131,010
<b>OPEB liability obligation</b>	48,297,894	7,877,165	-	56,175,059	-
<b>Net pension liability</b>	119,483,708	745,191	-	120,228,899	-
Governmental activity					
Long-term liabilities	<u>\$ 230,962,292</u>	<u>\$ 15,675,661</u>	<u>\$ 6,455,500</u>	<u>\$ 240,182,453</u>	<u>\$ 8,347,122</u>

	<b>Balance</b>			<b>Balance</b>	<b>Amounts Due</b>
	<b>July 1, 2014</b>	<b>Additions</b>	<b>Reductions</b>	<b>June 30, 2015</b>	<b>within One</b>
					<b>Year</b>
<b>Business-type activities:</b>					
<b>Bond Payable:</b>					
General obligation bonds	\$ 9,890,100	\$ 4,625,688	\$ 649,500	\$ 13,866,288	\$ 780,888
Massachusetts Clean Water Trust bonds	5,613,146	4,100,000	493,172	9,219,974	437,041
<b>Compensated absences</b>	188,638	1,886	-	190,524	87,571
<b>OPEB liability obligation</b>	1,469,506	185,139	-	1,654,645	-
Business-type activity					
Long-term liabilities	<u>\$ 17,161,390</u>	<u>\$ 8,912,713</u>	<u>\$ 1,142,672</u>	<u>\$ 24,931,431</u>	<u>\$ 1,305,500</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, 2015 for principal and interest combined for the loans is \$11,018,687. 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, 2015, totaled \$46,816,805.

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, 2015**

The following is a computation of the legal debt limit as of June 30, 2015:

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	\$ 80,736,974	
Less: Debt Outside Debt Limit	<u>(33,920,169)</u>	46,816,805
 Inside Debt Excess Borrowing Capacity at June 30, 2015		 <u>\$ 125,786,965</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, 2015**

The loan authorizations of the general fund as of June 30, 2015, which are not reflected in the City's financial statements are as follows:

<b>Date of Council meeting</b>	<b>Description</b>	<b>Amount</b>
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	1,384,783
5/20/2013	Feasibility Study at Taconic High School	240,000
6/28/2013	Fiscal Year 2014 Capital Expenditures	210,632
8/13/2013	Pittsfield High School Gym Floor	6,864
9/3/2013	Famham Reservoir Dam Improvements	1,570,000
9/3/2013	Wastewater Treatment Plant Improvements	1,981,720
4/22/2014	Purchase of School Buses	575,880
9/23/2014	Street Improvements	1,500,000
9/23/2014	Downtown Parking Management Improvement	500,000
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	30,000
11/12/2014	Wahconah Park Stadium Lights	40,000
11/12/2014	Environmental Abatement at Schools	20,000
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
		<u><u>\$ 159,618,631</u></u>



**CITY OF PITTSFIELD, MASSACHUSETTS**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2015**

**H. Fund Balances**

The following is a summary of the City's Governmental Fund balances at the year ended June 30, 2015:

	General Fund	Economic Revitalization Development Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>Restricted:</b>				
City federal, state and local grants	\$ -	\$ -	\$ 469,499	\$ 469,499
School federal, state and local grants	-	-	233,184	233,184
Economic revitalization	-	5,372,949	-	5,372,949
School revolving funds	-	-	2,847,670	2,847,670
City revolving funds	-	-	93,066	93,066
Donations and gifts	-	-	134,788	134,788
Capital projects	-	-	1,408,530	1,408,530
By special legislation	-	-	1,652,197	1,652,197
Other	-	-	528,780	528,780
	-	5,372,949	7,367,714	12,740,663
<b>Committed:</b>				
Insurance Reimbursements	-	-	628,347	628,347
Workers Compensation	-	-	26,943	26,943
	-	-	655,290	655,290
<b>Assigned:</b>				
General government	212,254	-	-	212,254
Airport	2,512	-	-	2,512
Public safety	16,901	-	-	16,901
Public works	240,591	-	-	240,591
Education	906,875	-	-	906,875
Health and human services	916	-	-	916
Culture and recreation	9,547	-	-	9,547
Subsequent year's budget	1,500,000	-	-	1,500,000
	2,889,596	-	-	2,889,596
<b>Unassigned:</b>				
General Fund	9,520,124	-	-	9,520,124
Deficit capital projects	-	-	(5,690,265)	(5,690,265)
	9,520,124	-	(5,690,265)	3,829,859
<b>Total Governmental fund balances</b>	<b>\$ 12,409,720</b>	<b>\$ 5,372,949</b>	<b>\$ 2,332,739</b>	<b>\$ 20,115,408</b>

**CITY OF PITTSFIELD, MASSACHUSETTS**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2015**

**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, 2015, the balance in the stabilization fund is \$1,822,825 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, 2015, 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, 2015, cannot be ascertained, management believes any resulting liability should not materially affect the financial position at June 30, 2015.

**Federal Financial Assistance**

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

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

**CITY OF PITTSFIELD, MASSACHUSETTS**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2015**

**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, 2015, the City has guaranteed loan outstanding liabilities of \$757,000 for permanent borrowings.

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

<b>Outstanding July 1, 2014</b>	<b>Additions</b>	<b>Reductions</b>	<b>Outstanding June 30, 2015</b>
\$ 961,000	\$ -	\$ 204,000	\$ 757,000

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

<b>Fiscal Year</b>	<b>Interest Paid</b>
2001 - 2005	\$ 206,503
2006 -2010	524,288
2011	83,686
2012	74,791
2013	65,403
2014	55,623
2015	45,538
	<u>\$ 1,055,832</u>

The annual future principal obligations to amortize the outstanding bonds, as of June 30, 2015 are as follows:

<b>Year</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2016	\$ 189,000	\$ 35,560	\$ 224,560
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
	<u>\$ 757,000</u>	<u>\$ 87,583</u>	<u>\$ 844,583</u>

**CITY OF PITTSFIELD, MASSACHUSETTS**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2015**

**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, 2014. The City's portion of the collective pension expense contributed by the Commonwealth of \$7,027,365 on-behalf payments for the fiscal year ending June 30, 2015 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**  
**Year Ended June 30, 2015**

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, 2014 was \$10,643,588, representing 34.0% 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, 2015, a reported liability of \$120,228,899 is the City's proportionate share of the net pension liability as measured as of December 31, 2014. The net pension liability was determined using the total pension liability and the actuarial assumptions as of the January 1, 2013 and updated to the measurement date of December 31, 2014. This net pension liability is based on the City's proportional percentage of 97.03% at December 31, 2014. As such, the total pension liability was also updated and adjusted forward to the measurement date.

**Pension Expense**

For the year ended June 30, 2015, the City recognized a pension cost of \$11,175,915 and reported deferred outflows of resources related to pensions of \$357,070, from the net difference between projected and actual investment earnings on pension plan investments. 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, 2014. Additionally, the changes in proportion and differences between employer contributions and the proportionate share of contributions are not presented in the initial year of reporting in accordance with GASB Statement No. 67 and Statement No. 68.

**CITY OF PITTSFIELD, MASSACHUSETTS**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2015**

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

<b>For years ended June 30,</b>		
<b>2016</b>	<b>\$</b>	<b>89,267</b>
<b>2017</b>		<b>89,267</b>
<b>2018</b>		<b>89,267</b>
<b>2019</b>		<b>89,269</b>
	<b>\$</b>	<b>357,070</b>

**Actuarial Assumptions**

The total pension liability was determined by an actuarial valuation as of January 1, 2013, using the following actuarial assumptions, applied to all periods included in the measurement that was updated December 31, 2014;

Valuation date	January 1, 2013
Actuarial cost method	Individual Entry Age Normal
Amortization method	Increasing 4.0% per year
Remaining amortization period	25 years from January 1, 2015
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
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 20 years with Scale AA (gender distinct). Post retirement rates reflect Healthy Annuitant table projected 15 years with Scale AA (gender distinct). For disabled retirees, this table is set forward 2 years.

**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, 2015**

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, 2014, are summarized in the following table:

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-Term Expected Rate of Return</b>
International Developed Equity	16.00%	5.50%
Domestic Large Capital Equities	15.50%	5.25%
Real Estate	12.00%	4.25%
Long Duration Fixed Income	10.00%	1.75%
Hedge Funds	10.00%	4.00%
Private Equity	10.00%	6.25%
Core Fixed Income	7.00%	1.00%
Emerging Market Equities	6.00%	6.75%
High Yield Fixed Income	5.00%	2.75%
Global Fixed income	5.00%	1.50%
Domestic Small Capital Equities	3.50%	5.55%
<b>Total</b>	<b>100.0%</b>	<b>N/A</b>

**Rate of Return**

For the year ended December 31, 2014, the annual money-weighted rate of return (which expresses investment performance), net of investment expense was 4.29%.

**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 (amounts expressed in thousands):

	<b>1% Decrease (6.75%)</b>	<b>Current Discount Rate (7.75%)</b>	<b>1% Increase (8.75%)</b>
City's net pension liability	\$ 144,931	\$ 120,229	\$ 98,889

**CITY OF PITTSFIELD, MASSACHUSETTS**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2015**

**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 2,714 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 2015 fiscal year, total City premiums plus implicit costs for the retiree medical program are \$7,768,155 consisting of \$7,598,267 for governmental activities and \$169,888 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:

	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
Annual required contribution	\$ 15,729,361	\$ 387,875	\$ 16,117,236
Interest on net OPEB obligation	1,931,916	58,781	1,990,697
Adjustment to annual required contribution	<u>(2,185,845)</u>	<u>(91,629)</u>	<u>(2,277,474)</u>
Annual OPEB cost (expense)	15,475,432	355,027	15,830,459
Contributions made during the fiscal year	<u>(7,598,267)</u>	<u>(169,888)</u>	<u>(7,768,155)</u>
Increase in net OPEB obligation	7,877,165	185,139	8,062,304
Net OPEB Obligation - beginning of year	48,297,894	1,469,506	49,767,400
Net OPEB Obligation - end of year	<u>\$ 56,175,059</u>	<u>\$ 1,654,645</u>	<u>\$ 57,829,704</u>



**CITY OF PITTSFIELD, MASSACHUSETTS**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2015**

The City's annual OPEB cost, the percentage of the annual OPEB cost contributed to the plan, and the net OPEB obligation for the 2015 fiscal year and the two preceding years were as follows:

**Governmental Activities**

<b>Fiscal Year Ended</b>	<b>Annual OPEB Cost</b>	<b>Percentage Annual OPEB Cost Contributed</b>	<b>Net OPEB Obligation</b>
6/30/2015	\$ 15,475,432	49.10%	\$ 56,175,059
6/30/2014	\$ 14,646,935	55.48%	\$ 48,297,894
6/30/2013	\$ 15,007,759	47.62%	\$ 41,777,546

**Business-type Activities-Sewer**

<b>Fiscal Year Ended</b>	<b>Annual OPEB Cost</b>	<b>Percentage Annual OPEB Cost Contributed</b>	<b>Net OPEB Obligation</b>
6/30/2015	\$ 177,651	55.86%	\$ 861,159
6/30/2014	\$ 165,254	61.23%	\$ 782,742
6/30/2013	\$ 218,147	50.29%	\$ 718,675

**Business-type Activities-Water**

<b>Fiscal Year Ended</b>	<b>Annual OPEB Cost</b>	<b>Percentage Annual OPEB Cost Contributed</b>	<b>Net OPEB Obligation</b>
6/30/2015	\$ 177,376	39.83%	\$ 793,486
6/30/2014	\$ 168,446	43.40%	\$ 686,764
6/30/2013	\$ 194,942	33.77%	\$ 591,417

**Funded Status and Funding Process**

As of July 1, 2013, the most recent valuation date, the plan was 0.0% funded. The actuarial liability for benefits was \$236,121,282, and the actuarial value of assets was 0.0 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$236,121,282. 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.

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

**CITY OF PITTSFIELD, MASSACHUSETTS**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2015**

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.

**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, 2015 is 24 years.

**Trust Fund**

The City did establish a trust fund in order to contribute funds to reduce the future OPEB liability. As of June 30, 2015 the trust balance is \$100,000.

**F. Implementation Of New GASB Pronouncements**

The GASB issued Statement No. 67, *Financial Reporting for Pension Plans*, Statement No. 68, *Accounting and Financial Reporting for Pensions* and Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date* for implementation in fiscal year 2015. The City's basic financial statements recognize a net pension asset/(liability) and pension revenue/(expense) for the City's portion of the Pittsfield Contributory Retirement System actuarial accrued liability.

**G. 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. 72, *Fair Value Measurement and Application*, for implementation in 2016.

The GASB issued Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, for implementation in 2016.

**6. RESTATEMENT**

As required by GASB Statement No. 67 and Statement No. 68, the net position as of June 30, 2014 has been restated. The beginning governmental net position decreased \$119,483,708 to (\$73,814,367) to reflect the pension liability.

**REQUIRED SUPPLEMENTARY INFORMATION**

**CITY OF PITTSFIELD, MASSACHUSETTS  
 Required Supplementary Information  
 Pension Plan Schedules  
 Pittsfield Contributory Retirement System  
 For the Year Ended June 30, 2015**

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:**

	<b>12/31/2014</b>
City's share of the net pension liability (asset)	97.03%
City's proportionate share net pension liability (asset)	<b>\$ 120,228,899</b>
City's share of covered employee payroll **	\$ 31,306,730
Net pension liability percentage of covered-employee payroll	384.0%
Plan fiduciary net position as a percentage of the total pension liability	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 of which the information is available.

\*\* Indicates covered employee payroll as reported in the retirement system January 1, 2013 funding valuation report.

**CITY OF PITTSFIELD, MASSACHUSETTS  
Required Supplementary Information  
Pension Plan Schedules  
Pittsfield Contributory Retirement System  
For the Year Ended June 30, 2015**

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:**

	<b>12/31/2014</b>
Actuarially determined contribution @	\$ 10,643,588
Less: Contributions in relation to the actuarially determined contribution	(10,643,588)
Contribution deficiency (excess)	\$ -
City's share of covered employee payroll **	\$ 31,306,730
Contributions percentage of covered-employee payroll	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 of which the information is available.

@ Based on the results of the January 1, 2013 actuarial valuation (including assumptions and methods) which determined the budgeted appropriations for fiscal year 2015.

\*\* Indicates covered employee payroll as reported in the retirement system January 1, 2013 funding valuation report.

**CITY OF PITTSFIELD, MASSACHUSETTS**  
**Required Supplementary Information**  
**Schedule of Funding Progress and Employer Contributions**  
**Other Post Employment Benefit Plan Schedule**  
**Year Ended June 30, 2015**

**Schedule of Funding Progress**

<b>Other Post Employment Benefits</b>						
<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets (A)</b>	<b>Actuarial Accrued Liability (AAL) Entry Aid (B)</b>	<b>Unfunded AAL (UAAL) (B-A)</b>	<b>Funded Ratio (A/B)</b>	<b>Covered Payroll (C)</b>	<b>UAAL as a Percentage of Covered Payroll ((B-A)/C)</b>
7/1/2013	\$ -	\$ 236,121,282	\$ 236,121,282	0%	N/A	N/A
7/1/2012	\$ -	\$ 229,780,073	\$ 229,780,073	0%	N/A	N/A
7/1/2011	\$ -	\$ 221,004,401	\$ 221,004,401	0%	N/A	N/A

**Schedule of Contribution Funding**

<b>Other Post Employment Benefits</b>			
<b>Fiscal Year Ended June 30</b>	<b>Annual OPEB Cost</b>	<b>Actual Contributions Made</b>	<b>Percentage Contributed</b>
2015	\$ 15,830,459	\$ 7,768,155	49.07%
2014	\$ 14,980,635	\$ 8,300,873	55.41%
2013	\$ 15,420,848	\$ 7,321,667	47.48%

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, 2013
Actuarial cost method	Projected Unit Credit Cost Method
Amortization method	30-year amortization payments
Remaining amortization period	24 years remaining as of June 30, 2015

**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	1,496
Current retirees, beneficiaries and dependents	1,218
Total	<u>2,714</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, 2015**

	Fund Balances July 1, 2014	Revenues	Expenditures	Other Financing Sources (Uses)	Fund Balances June 30, 2015
<b>Special Revenue:</b>					
<b>Federal Grants:</b>					
School Grants	\$ 792,105	\$ 7,085,510	\$ 7,727,327	\$ 82,896	\$ 233,184
Arts Council Grants	68,353	70,220	100,817	-	37,756
Community Development Grants	416,294	5,333,910	5,553,012	-	197,192
Council on Aging Grants	9,425	129,702	129,446	-	9,681
Highway Grants	-	1,595,617	1,595,674	57	-
Library Grants	8,870	27,721	10,462	-	26,129
Other Grants and Programs	92,620	906,144	853,074	-	145,690
Public Safety Grants	26,706	684,208	673,401	895	38,408
<b>Schools:</b>					
School Lunch Program	818,706	2,734,779	2,855,869	49	697,665
School Lunch Commodities	-	209,775	209,775	-	-
School Choice	567,706	534,879	404,241	(82,896)	615,448
School Gifts and Donations	156,549	124,341	145,279	-	135,611
School Private Grants	-	79,350	85,752	-	(6,402)
School Revolving Accounts	932,908	472,322	1,087,210	-	318,020
Insurance Settlements and Reimbursements	47	122,484	119,370	-	3,161
State Special Education Reimbursement Fund	1,015,396	1,299,352	1,230,582	-	1,084,166
<b>Other:</b>					
Community Development Code Enforcement	15,900	-	-	-	15,900
Conservation	23,050	6,958	1,711	-	28,297
Conservation Fund	39,701	5,428	6,136	-	38,993
Council on Aging Revolving Programs	56,893	77,542	105,254	-	29,181
Fire Code Violations Revolving Fund	20,422	3,207	4,445	-	19,184
Fire Off Duty Details	(147)	1,841	1,857	-	(163)
General Electric PCB Fund	23,902	24	-	-	23,926
Gifts and Donations	176,367	67,233	108,812	-	134,788
Health Department Mini Grant	328	-	-	-	328
Household Hazardous Materials	-	5,500	5,500	-	-
Insurance Reimbursements	655,781	1,636	29,068	-	628,349
<b>Total Special Revenue Page 72</b>	<b>\$ 5,917,882</b>	<b>\$ 21,579,683</b>	<b>\$ 23,044,074</b>	<b>\$ 1,001</b>	<b>\$ 4,454,492</b>



**CITY OF PITTSFIELD, MASSACHUSETTS  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
NON-MAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2015**

	Fund Balances July 1, 2014	Revenues	Expenditures	Other Financing Sources (Uses)	Fund Balances June 30, 2015
<b>Continued from Page 72</b>	\$ 5,917,882	\$ 21,579,683	\$ 23,044,074	\$ 1,001	\$ 4,454,492
<b>Special Revenue (continued):</b>					
<b>Other (continued):</b>					
Police Law Enforcement Fund	10,731	12,058	12,777	(895)	9,117
Police Off Duty Details	103,234	486,990	587,424	-	2,800
Police Revolving Accounts	10,487	14,077	7,143	-	17,421
Pontoosuc Bathhouse Grants	13,689	-	-	-	13,689
Recycling Revolving	1,164	106	-	-	1,270
Sale of Real Estate	22,898	-	-	-	22,898
Small Business Fund	376,026	13,624	-	-	389,650
Snowmobile Revolving	23,572	2,250	-	(2,450)	23,372
Western MA Electric Company Energy Grants	625	-	-	-	625
Chapter 28 Supplemental Reserve Fund	1,652,197	-	-	-	1,652,197
Workers Compensation Reserve Fund	41,717	-	14,774	-	26,943
<b>Total Special Revenue</b>	<b>8,174,222</b>	<b>22,108,788</b>	<b>23,666,192</b>	<b>(2,344)</b>	<b>6,614,474</b>
<b>Capital Projects:</b>					
Airport Expansion Projects	(342,113)	563,436	586,420	-	(365,097)
General Government Projects	(1,859,572)	-	314,248	2,361,598	187,778
Public Safety Projects	(743,528)	-	52,053	775,721	(19,860)
Department of Public Works Projects	(1,325,911)	-	1,963,279	2,624,545	(664,645)
School Projects	(1,002,606)	1,667,870	4,439,066	800,492	(2,973,310)
Health and Human Services Projects	58	-	-	-	58
Culture and Recreation Projects	(462,894)	-	382,391	398,626	(446,659)
	<b>(5,736,566)</b>	<b>2,231,306</b>	<b>7,737,457</b>	<b>6,960,982</b>	<b>(4,281,735)</b>
<b>Total - Non-Major Governmental Funds</b>	<b>\$ 2,437,656</b>	<b>\$ 24,340,094</b>	<b>\$ 31,403,649</b>	<b>\$ 6,958,638</b>	<b>\$ 2,332,739</b>

**CITY OF PITTSFIELD, MASSACHUSETTS  
SCHEDULE OF REAL ESTATE AND PERSONAL PROPERTY TAXES  
JULY 1, 2014 TO JUNE 30, 2015**

	<b>Uncollected Accounts July 1, 2014</b>	<b>Commitments</b>	<b>Abatements and Adjustments</b>	<b>Collections Net of Refunds and Overpayments</b>	<b>Uncollected Accounts June 30, 2015</b>	<b>Uncollected Accounts Per Detail June 30, 2015</b>
<b>Real Estate Taxes:</b>						
Levy of 2015	\$ -	\$ 67,758,327	\$ 978,993	\$ 65,326,287	\$ 1,453,047	\$ 1,453,047
Levy of 2014	1,703,560	-	114,535	1,592,079	(3,054)	(3,054)
Levy of 2013	(10)	-	301	(311)	-	-
	<u>1,703,550</u>	<u>67,758,327</u>	<u>1,093,829</u>	<u>66,918,055</u>	<u>1,449,993</u>	<u>1,449,993</u>
<b>Personal Property Taxes:</b>						
Levy of 2015	-	5,759,504	9,995	5,674,310	75,199	75,224
Levy of 2014	95,713	-	522	48,914	46,277	46,277
Levy of 2013	41,838	-	208	9,064	32,566	32,566
Levy of 2012	29,370	-	2,769	3,579	23,022	23,022
Levy of 2011	23,316	-	178	1,843	21,295	21,295
Prior Years	92,491	-	850	4,087	87,554	87,554
	<u>282,728</u>	<u>5,759,504</u>	<u>14,522</u>	<u>5,741,797</u>	<u>285,913</u>	<u>285,938</u>
<b>Total Real Estate and Personal Property Taxes</b>	<u>\$ 1,986,278</u>	<u>\$ 73,517,831</u>	<u>\$ 1,108,351</u>	<u>\$ 72,659,852</u>	<u>\$ 1,735,906</u>	<u>\$ 1,735,931</u>

**CITY OF PITTSFIELD, MASSACHUSETTS  
SCHEDULE OF MOTOR VEHICLE EXCISE TAXES  
JULY 1, 2014 TO JUNE 30, 2015**

	<b>Uncollected Accounts July 1, 2014</b>	<b>Commitments</b>	<b>Abatements and Adjustments</b>	<b>Collections Net of Refunds and Overpayments</b>	<b>Uncollected Accounts June 30, 2015</b>	<b>Uncollected Accounts Per Detail June 30, 2015</b>
<b>Motor Vehicle Excise Taxes:</b>						
Levy of 2015	\$ -	\$ 4,410,919	\$ 120,915	\$ 3,772,101	\$ 517,903	\$ 517,903
Levy of 2014	582,923	526,347	80,040	901,342	127,888	127,888
Levy of 2013	120,186	345	4,865	57,518	58,148	58,148
Levy of 2012	56,525	131	872	15,365	40,419	40,419
Levy of 2011	38,118	-	410	5,979	31,729	31,729
Prior Years	109,464	-	105,714	3,750	-	-
<b>Total Motor Vehicle Excise Taxes</b>	<b>\$ 907,216</b>	<b>\$ 4,937,742</b>	<b>\$ 312,816</b>	<b>\$ 4,756,055</b>	<b>\$ 776,087</b>	<b>\$ 776,087</b>

**CITY OF PITTSFIELD, MASSACHUSETTS  
SCHEDULE OF TAX LIENS  
JULY 1, 2014 TO JUNE 30, 2015**

	<b>Uncollected Accounts July 1, 2015</b>	<b>Commitments</b>	<b>Abatements and Adjustments</b>	<b>Collections Net of Refunds and Overpayments</b>	<b>Uncollected Accounts June 30, 2015</b>	<b>Uncollected Accounts Per Detail June 30, 2015</b>
<b>Tax Liens / Deeded to City</b>	\$ 5,895,780	\$ 887,153	\$ 70,008	\$ 1,626,411	\$ 5,086,514	\$ 5,087,908