

**PITTSFIELD ECONOMIC
DEVELOPMENT AUTHORITY**

**Financial Statements and
Supplementary Information**

December 31, 2021

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
PITTSFIELD ECONOMIC DEVELOPMENT AUTHORITY
Pittsfield, MA 01201

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the business-type activities of the Pittsfield Economic Development Authority as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the Pittsfield Economic Development Authority's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Pittsfield Economic Development Authority as of December 31, 2021, and the respective changes in financial position, and cash flows thereof, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Pittsfield Economic Development Authority and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on page 5 and the Schedule of Proportionate Share of Net Pension Liability and Pension Contributions on page 20 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 20, 2022, on our consideration of the Pittsfield Economic Development Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Pittsfield Economic Development Authority's 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 Pittsfield Economic Development Authority's internal control over financial reporting and compliance.

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April 20, 2022

PITTSFIELD ECONOMIC DEVELOPMENT AUTHORITY

Management's Discussion and Analysis

December 31, 2021

As financial management of the Pittsfield Economic Development Authority (the Authority), we offer readers of these financial statements, an overview and analysis of the financial activities of the Authority. This narrative is designed to assist the reader in focusing on significant financial issues, identify changes in the Authority's financial position, identify any material deviations from the approved budget, and identify individual issues or concerns.

The Management's Discussion and Analysis is designed to focus on the current year's activities, resulting changes and currently known facts. It should be read in conjunction with the financial statements that follow.

The Authority was created by the Massachusetts Legislature in 1998 for the purpose of redeveloping brownfields properties and promoting economic development in the City of Pittsfield. The Authority, governed by a Board of Directors, is a quasi-public agency created by a special act of the Massachusetts State Legislature, for the purpose of being the recipient and redeveloper of approximately 52 acres of General Electric Company's former industrial facility located in the heart of Pittsfield, Massachusetts. This development, known today as the William Stanley Business Park, has three of its parcels occupied and one under contract, leaving nine prime building sites available with multiple building options for new business and industry.

The Authority's work must be transparent, fiscally and socially responsible, economically, socially and environmentally sustainable, consistent, inclusive, and equitable. The Authority will accomplish this by collaboration, market focus, and accountability.

The Authority must work with businesses to pave the way for their development and expansion. It must work with citizen groups, environmental groups, and labor to ensure they participate in the economic growth of the area. In addition, the Authority must work closely with the City of Pittsfield, the Federal government, and State government, to ensure the public sector offers a supportive role for businesses and a regulatory level appropriate for the public safety and health of the community.

Financial Highlights

The assets of the Authority exceeded its liabilities at the close of the current fiscal year resulting in a net position of \$10,832,675. This includes \$476,444 in unrestricted net position available to meet the ongoing operations of the Authority, and \$10,356,231 invested in capital assets, net of related debt.

Overview of the Financial Statements

Proprietary Fund

Proprietary funds report the enterprise, or business-type activities of the Authority. The Authority's financial statements consist of three main statements: Statement of Net Position, Statement of Revenues, Expenses and Changes in Fund Net Position, and Statement of Cash Flows. Notes and supplementary information that disclose information about the nature of the Authority's business, accounting policies and additional information about specific statement amounts follow these statements.

The Authority's net position consists of its net investment in capital assets (e.g. land, infrastructure and office equipment), less any debt used to acquire those assets. Although the Authority's capital assets are reported net of 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.

The Statement of Revenues, Expenses and Changes in Fund Net Position report the results of both operating and non-operating activities.

The Statement of Cash Flows, which is presented using the direct method, accounts for the change in the cash and equivalents balance between January 1 and December 31. The cash flows statement provides the detail on the cash the Authority received from and paid for operating and non-operating, investing, and financing activities.

PITTSFIELD ECONOMIC DEVELOPMENT AUTHORITY
Summary Statement of Net Position
December 31,

	2021	2020	Change
Assets			
Cash and equivalents	\$ 2,633,880	\$ 2,807,989	\$ (174,109)
Receivables	33,806	29,043	4,763
Forgivable notes receivable	240,000	272,500	(32,500)
Prepaid expenses	35,239	56,218	(20,979)
Capital assets, net	10,553,532	10,816,508	(262,976)
Deferred outflows related to pensions	15,085	15,197	(112)
Total assets and deferred outflows	13,511,542	13,997,455	(485,913)
Liabilities			
Accounts payables	46,827	8,966	37,861
Advanced revenue	2,201,585	2,448,530	(246,945)
Land purchase deposit	-	30,000	(30,000)
Long-term debt	197,301	197,301	-
Natural resource obligation	-	4,000,000	(4,000,000)
Net pension liability	219,797	250,303	(30,506)
Deferred inflows related to pensions	13,357	10,524	2,833
Total liabilities and deferred inflows	2,678,867	6,945,624	(4,266,757)
Net position			
Invested in capital assets, net of related debt	10,356,231	10,619,207	(262,976)
Restricted for natural resource obligation (deficit)	-	(4,000,000)	4,000,000
Unrestricted	476,444	432,624	43,820
Total net position	\$ 10,832,675	\$ 7,051,831	\$ 3,780,844

The table below provides a summary of the changes in net position for the year ended December 31:

PITTSFIELD ECONOMIC DEVELOPMENT AUTHORITY
Summary Change in Net Position
December 31,

	2021	2020	Change
Operating revenues			
General Electric Company	\$ 246,945	\$ 285,553	\$ (38,608)
Ground lease income	12,162	13,144	(982)
CAM management fee income	9,215	6,911	2,304
Rental income	36,345	14,832	21,513
Grant income	4,746	29,043	(24,297)
Other revenue	35,000	-	35,000
In-kind rent	10,500	25,000	(14,500)
Total operating revenues	<u>354,913</u>	<u>374,483</u>	<u>(19,570)</u>
Operating expenses			
Management and general expenses	129,763	192,965	(63,202)
Project development expenses	165,089	129,640	35,449
Forgiveness of note receivable	32,500	57,500	(25,000)
Depreciation	262,976	262,976	-
Total operating expenses	<u>590,328</u>	<u>643,081</u>	<u>(52,753)</u>
Operating loss	(235,415)	(268,598)	33,183
Non-operating revenue			
Release of natural resource obligation	4,000,000	-	4,000,000
Interest income	<u>16,259</u>	<u>42,872</u>	<u>(26,613)</u>
Change in net position	<u>\$ 3,780,844</u>	<u>\$ (225,726)</u>	<u>\$ 4,006,570</u>

The Authority incurred an operating loss in fiscal year 2021 of \$(235,415). This operating loss is the result of the Authority recording the following transactions:

- The Authority recorded depreciation expense of \$262,976, which was incurred on fixed assets received from General Electric Company (GE) or purchased with GE funds, and is not allowed to be charged against current year funding received from GE.
- The Authority is required to report a long-term projected benefit obligation for its proportionate share of the Pittsfield Retirement System's net pension liability. Accordingly, the Authority recorded a decrease of \$(27,561) in their estimated proportionate share of this net pension liability for 2021, which is a non-reimbursable item at this time. Additional information on the net pension liability is disclosed in Note 4 to the financial statements.

Natural Resource Obligation

The Authority was joined as a necessary party to a Consent Decree entered by the United States District Court for the District of Massachusetts on October 27, 2000 in United States of America, et. al. vs. General Electric Company, civil Action No. 99-30225 MAP (D.Mass) and entered into by the United States, the Commonwealth of Massachusetts, the State of Connecticut, the General Electric Company, the Authority, and the City of Pittsfield (the “Consent Decree”). Under the Consent Decree, the Authority had certain obligations with respect to the payment of natural resource damages. The Authority was required to pay a total of \$4,000,000 consisting of in-kind services and/or a percentage of its net revenues to the Trustee Council (Massachusetts SubCouncil of the Housatonic River Natural Resource Trustees), subject to the terms and conditions set forth in the Consent Decree. This resulted in a deficit restricted for the natural resources obligation of \$4,000,000. Further, the Consent Decree stated that the Trustee Council may accept in-kind services by the City of Pittsfield or by other entities. In June 2018, the Authority provided the Trustee Council with a summary of restoration projects to meet the in-kind services obligation under the Consent Decree.

On February 22, 2021, the Trustee Council determined that the Authority met the in-kind obligation in accordance with the Consent Decree. Accordingly, the Authority recorded the release (forgiveness) of the natural resource obligation for \$4,000,000 in fiscal year 2021.

Budgetary Highlights

Explanation of significant budget vs actual variances are as follows:

	2021		
	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
General Electric Company revenue	\$ 182,454	\$ 246,945	\$ 64,491
Grant income	34,000	4,746	(29,254)
Other revenue	-	35,000	35,000
In-kind rent income	25,000	10,500	(14,500)
Contract costs	212,300	125,471	86,829
In-kind rent expense	25,000	10,500	14,500
Release of natural resource obligation	-	4,000,000	4,000,000

General Electric Company

The Authority utilizes General Electric Company funds for capital and operating costs. After applying other sources of operating revenues, such as lease income, and grants, the GE funds are used to subsidize the operations. For fiscal year 2021, the Authority utilized \$246,945 of GE funds to subsidize its operating costs. Unused GE funds, which are reported on the Statement of Net Position as advanced revenue, are carried forward to be utilized in next year’s operations. Additional information on the advanced GE funds is disclosed in Notes 7 and 8 of the financial statements.

Grant Income

The Authority was awarded two brownfield grants from MassDevelopment for environmental projects in the William Stanley Business Park. These awards are reimbursable grants and require work to be completed prior to receiving payment. During 2021, \$4,746 was expended for work done on the Authority’s sites, which was billed to the Mass Development Grants.

Other revenue

The Authority had previously entered into an agreement to sell a parcel of land known as Site 4 at the William Stanley Business Park. As part of the agreement, the purchaser had made nonrefundable deposits totaling \$35,000. As of December 10, 2021, the option to purchase expired, and the Authority retained the nonrefundable deposits, which was reported as income during the year ended December 31, 2021.

In-Kind rent income and expense

The Authority had an agreement with General Electric Company to lease office and parking space located at 81 Kellogg Street in Pittsfield, Massachusetts at no charge in accordance with the Definitive Economic Development Agreement. The agreement ended in 2021. The in-kind rental income or expense for 2021 was \$10,500.

Contract Costs

Each year, the Authority budgets for environmental testing, legal fees, engineering, and other contract costs associated with developing various parcels within the William Stanley Business Park. In 2021, the Authority included project costs for several projects which have been delayed due to the ongoing effects of the COVID-19 pandemic.

Release of natural resource obligation

In 2021, the Authority recorded the release (forgiveness) of the natural resource obligation which was approved by the Trustee Council in February 2021.

Long-term Debt

The Authority's long-term debt consists of \$197,301 owed to the Massachusetts Development Finance Agency, which is described in detail in Note 10 to the financial statements.

Economic Dependency

The Authority is heavily dependent on funds provided by General Electric Company under the Definitive Economic Development Agreement (DEDA) between General Electric Company and the City of Pittsfield and the Authority. As of December 31, 2021, there is \$2,201,585 in advanced revenue which is available for future spending. Additional information can be found in Notes 7 and 8 of the financial statements.

Request for Information

This financial report is designed to provide a general overview of the Pittsfield Economic Development Authority for those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Executive Director, P.O. Box 617, Pittsfield, MA 01202.

PITTSFIELD ECONOMIC DEVELOPMENT AUTHORITY

STATEMENT OF NET POSITION

December 31,

Assets	2021	Comparative 2020
Current assets		
Cash and equivalents	\$ 2,633,880	\$ 2,807,989
Grant receivable	33,806	29,043
Forgivable note receivable, current portion	20,000	32,500
Prepaid expenses	35,239	56,218
Total current assets	2,722,925	2,925,750
Forgivable note receivable, less current portion	220,000	240,000
Capital assets, net	10,553,532	10,816,508
Total assets	13,496,457	13,982,258
 Deferred outflows of resources		
Deferred outflows related to pensions	15,085	15,197
Total assets and deferred outflows of resources	13,511,542	13,997,455
 Liabilities		
Accounts payable	46,827	8,966
Advanced General Electric Company revenue	2,201,585	2,448,530
Land purchase deposit	-	30,000
Long-term debt	197,301	197,301
Natural resource obligation	-	4,000,000
Net pension liability	219,797	250,303
Total liabilities	2,665,510	6,935,100
 Deferred inflows of resources		
Deferred inflows related to pensions	13,357	10,524
Total liabilities and deferred inflows of resources	2,678,867	6,945,624
 Net position		
Invested in capital assets, net of related debt	10,356,231	10,619,207
Restricted for natural resource obligation (deficit)	-	(4,000,000)
Unrestricted	476,444	432,624
Total net position	\$ 10,832,675	\$ 7,051,831

See notes to financial statements.

PITTSFIELD ECONOMIC DEVELOPMENT AUTHORITY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION

For the Year Ended December 31, 2021

	Original and Final Budget	Actual	Variance Favorable (Unfavorable)	Comparative 2020 Actual
Operating revenues				
General Electric Company	\$ 182,454	\$ 246,945	\$ 64,491	\$ 285,553
Ground lease income	12,150	12,162	12	13,144
CAM management fee income	9,200	9,215	15	6,911
Rental income	36,000	36,345	345	14,832
Grant income	34,000	4,746	(29,254)	29,043
Other revenue	-	35,000	35,000	-
In-kind rent	25,000	10,500	(14,500)	25,000
Total operating revenues	<u>298,804</u>	<u>354,913</u>	<u>56,109</u>	<u>374,483</u>
Operating expenses				
Management and General				
Wages and contracted services	57,000	54,676	2,324	73,390
Retirement contributions	18,000	24,175	(6,175)	24,379
Change in net pension liability	-	(27,561)	27,561	5,622
Administrative expenses	2,950	10,170	(7,220)	7,907
Advertising and marketing	10,500	15,790	(5,290)	3,251
In-kind rent expense	25,000	10,500	14,500	25,000
Insurance	6,325	6,811	(486)	6,090
Maintenance and repairs	16,750	14,460	2,290	18,092
Professional fees	15,200	15,300	(100)	15,200
Telephone and utilities	7,500	5,442	2,058	14,034
Total management and general	<u>159,225</u>	<u>129,763</u>	<u>29,462</u>	<u>192,965</u>
Project Development				
Insurance	42,288	39,618	2,670	41,980
Contract costs	212,300	125,471	86,829	87,660
Forgiveness of note receivable	-	32,500	(32,500)	57,500
Depreciation	153,400	262,976	(109,576)	262,976
Total project development costs	<u>407,988</u>	<u>460,565</u>	<u>(52,577)</u>	<u>450,116</u>
Total operating expenses	<u>567,213</u>	<u>590,328</u>	<u>(23,115)</u>	<u>643,081</u>
Operating loss	(268,409)	(235,415)	32,994	(268,598)
Non-operating revenue				
Release of natural resource obligation	-	4,000,000	4,000,000	-
Interest income	10,000	16,259	6,259	42,872
Total non-operating revenues	<u>10,000</u>	<u>4,016,259</u>	<u>4,006,259</u>	<u>42,872</u>
Change in net position	<u>\$ (258,409)</u>	3,780,844	<u>\$ 4,039,253</u>	(225,726)
Net position, beginning		<u>7,051,831</u>		<u>7,277,557</u>
Net position, ending		<u>\$ 10,832,675</u>		<u>\$ 7,051,831</u>

See notes to financial statements.

PITTSFIELD ECONOMIC DEVELOPMENT AUTHORITY

STATEMENT OF CASH FLOWS

For the Year Ended December 31,

	2021	Comparative 2020
	<u> </u>	<u> </u>
Cash flows from operating activities:		
Receipts from rental and leasing activities	\$ 57,705	\$ 33,999
Receipts from grant	-	87,412
Receipts from other income	5,000	20,000
Payments for goods and services	(174,222)	(164,028)
Payments for wages and contracted services	<u>(78,851)</u>	<u>(96,952)</u>
Net cash provided (used) by operating activities	<u>(190,368)</u>	<u>(119,569)</u>
 Cash flows from investing activities:		
Interest income	<u>16,259</u>	<u>42,872</u>
Net cash provided (used) by investing activities	<u>16,259</u>	<u>42,872</u>
 Net increase (decrease) in cash and equivalents	(174,109)	(76,697)
 Cash and equivalents, beginning	<u>2,807,989</u>	<u>2,884,686</u>
 Cash and equivalents, ending	<u><u>\$ 2,633,880</u></u>	<u><u>\$ 2,807,989</u></u>
 Reconciliation of operating income to net cash provided (used) by operating activities:		
Operating loss	\$ (235,415)	\$ (268,598)
Adjustments to reconcile operating loss to net cash provided (used) by operating activities:		
Depreciation	262,976	262,976
Non-cash transaction - forgiveness of note receivable	32,500	57,500
Non-cash transaction - release of natural resource obligation	4,000,000	-
Change in operating assets and liabilities:		
(Increase) decrease in rent receivable	-	109
(Increase) decrease in grant receivable	(4,763)	58,189
(Increase) decrease in prepaid expenses	20,979	22,405
Increase (decrease) in accounts payable	37,861	7,781
Increase (decrease) in advanced revenue	(246,945)	(285,553)
Increase (decrease) in land purchase deposit	(30,000)	20,000
Increase (decrease) in net pension liability	(27,561)	5,622
Increase (decrease) in natural resource obligation	<u>(4,000,000)</u>	<u>-</u>
Net cash provided (used) by operating activities	<u><u>\$ (190,368)</u></u>	<u><u>\$ (119,569)</u></u>

See notes to financial statements.

PITTSFIELD ECONOMIC DEVELOPMENT AUTHORITY

NOTES TO FINANCIAL STATEMENTS

December 31, 2021

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Activities of the Authority

The Pittsfield Economic Development Authority (the "Authority") was created by the Massachusetts Legislature in 1998 (St. 1998, c.194, Section 268, as amended by St. 1998, c.486, Section 2 "Enabling Legislation") for the purpose of redeveloping brownfields properties and promoting economic development in the City of Pittsfield. The Authority is the owner of certain industrial real property formerly owned by the General Electric Company ("GE"). This acquisition of land was the result of a settlement embodied in a consent decree that was approved by the United States District Court, Western District of Massachusetts in October of 2000. The specific terms of the land transfer are set forth in a separate Definitive Economic Development Agreement (the "DEDA") between the Authority, GE, and the City of Pittsfield. Under the DEDA, as amended, GE transferred approximately 55 acres of land to the Authority, which it intends to develop for commercial/industrial space.

Economic Dependency

GE provided \$15.3 million to the Authority to support redevelopment efforts on the transferred property (see Note 7). Additional committed funding from GE totaling \$3,750,000 is outlined in Note 8. The Authority has also received, and expects to rely in the future upon, grants, loans, and other funding from the U.S. Environmental Protection Agency and the Commonwealth of Massachusetts.

Reporting Entity and Basis of Presentation

The accounts of the Authority are presented on the basis considered to be a separate accounting and legal entity. The Authority does not have any component units as defined by the Governmental Accounting Standards Board (GASB) to include in its financial statements. The operations of each fund are accounted for in a set of self-balancing accounts that comprise its assets, liabilities, net position, revenues, expenditures or expenses and other financing sources and uses.

Basis of Accounting

An enterprise fund, which is a type of proprietary fund, is used to account for the Authority's business-type operations. An enterprise fund is used when legal requirements, or management's policy requires, that the cost of providing services be recovered at least in part through fees or charges. All proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and liabilities associated with the operation of these funds are included on the statement of net position. The accrual basis of accounting is used by proprietary funds whereby revenues are recognized when they are earned and expenses are recognized when they are incurred.

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 activities. The principal operating revenues of the Authority's enterprise fund are charges to customers for rental and related activities and GE operating support. Operating expenses of the Authority's enterprise fund include the cost of services, maintenance and administrative expenses, and depreciation expense on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

NOTE 1 - (Continued)

Grants

Operating assistance and capital assistance are recorded at the time eligible expenditures under the terms of the grants are incurred.

Budgetary Data

The Authority follows these procedures in establishing the budgetary data reflected in the financial statements:

1. The Executive Director presents to the Authority's Board a draft budget for approval by January 1, each year, for the fiscal year commencing. The budget includes proposed expenditures and the means of financing them.
2. The budget may be amended during the year. There were no amendments to the original budget in fiscal year 2021.

Cash and Equivalents

For purposes of the statements of cash flows, the Authority considers all highly liquid investments purchased with a maturity of three months or less to be cash equivalents.

Property and Equipment

Property and equipment acquired are recorded at acquisition cost and depreciated using the straight-line method over three to forty year lives. In-kind contribution of property is recorded at fair market value at the date of the donation.

Accounting Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Actual results could differ from those estimates.

Subsequent Events

Management has evaluated subsequent events through April 20, 2022, the date the financial statements were available for issue, and has determined that there are no additional adjustments or disclosures required.

NOTE 2 - DEPOSITS AND INVESTMENTS

State and local statutes place certain limitations on the nature of deposits and investments available to the Authority. Deposits including demand deposits, money markets and certificates of deposit in any one financial institution, may not exceed certain levels unless collateralized by the financial institution involved. Investments may be made in unconditionally guaranteed U.S. Government obligations having maturities of a year or less from the date of purchase, or through repurchase agreements with maturities of no greater than 90 days in which the underlying securities consist of such obligations. Other allowable investments include authorized bonds of all states, banker's acceptances, commercial paper rated within the three highest classifications established by rating agencies, and units in the Massachusetts Municipal Depository Trust (MMDT).

Custodial Credit Risk Related To Deposits

Custodial credit risk is the risk that in the event of bank failure, the Authority's deposits may not be returned. The Authority carries deposits and short-term investments that are fully insured by FDIC insurance, DIF insurance, NCUA insurance, or collateralized. Bank deposits, as of December 31, 2021, were \$2,648,006, all of which was insured and collateralized.

NOTE 2 - (Continued)**Concentration Risk**

The Authority adheres to the provisions of M.G.L. c. 44, sec. 55 when managing concentration risk. M.G.L. c. 44, sec. 55 contains several restrictions limiting where and under what circumstances the Authority may deposit its funds. Pursuant to M.G.L. c. 44, sec. 55, cities, towns, and authorities in the Commonwealth may deposit available fund balances in banks, trust companies, or banking companies, provided that the amounts deposited do not exceed certain thresholds of the capital and surplus of an institution unless satisfactory security for the amount in excess of the threshold is provided by the depository.

NOTE 3 - CAPITAL ASSETS

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 2,415,829	\$ -	\$ -	\$ 2,415,829
Total capital assets, not being depreciated	<u>2,415,829</u>	<u>-</u>	<u>-</u>	<u>2,415,829</u>
Capital assets, being depreciated:				
Infrastructure	10,519,025	-	-	10,519,025
Office furniture and equipment	3,883	-	(3,883)	-
Total capital, assets being depreciated	<u>10,522,908</u>	<u>-</u>	<u>(3,883)</u>	<u>10,519,025</u>
Less accumulated depreciation for :				
Infrastructure	(2,118,346)	(262,976)	-	(2,381,322)
Office furniture and equipment	(3,883)	-	3,883	-
Total accumulated depreciation	<u>(2,122,229)</u>	<u>(262,976)</u>	<u>3,883</u>	<u>(2,381,322)</u>
Capital assets, net	<u>\$ 10,816,508</u>	<u>\$ (262,976)</u>	<u>\$ -</u>	<u>\$ 10,553,532</u>

The Authority's capital assets, including land and infrastructure, were acquired through transfers from the General Electric Company (GE), transfers from Eversource (formerly the Western Massachusetts Electric Company), acquisitions by eminent domain, by purchase with the use of GE funds, and in-kind contribution from the Commonwealth of Massachusetts. Depreciation expense incurred on assets received by in-kind contribution, GE or purchased with GE funds is not charged against the funding received from GE.

NOTE 4 - PENSION PLAN**Plan description**

The Authority participates in the Pittsfield Retirement System (the Plan) which is a cost-sharing multiple-employer public employee retirement system. The Plan provides pensions for eligible employees of 4 participating employers. The Plan is governed and operated by an independent Retirement Board, which is governed by Chapter 32 of the Massachusetts General Laws. This law in general provides uniform benefits, uniform contribution requirements and a uniform accounting and funds structure. Participation in the Plan is mandatory for all full-time employees. Eligibility with respect to part-time, provisional, temporary, seasonal or intermittent employment is governed by regulations promulgated by the Retirement Board, and approved by the Public Employee Retirement Administration Commission (PERAC).

NOTE 4 - (Continued)

Results of the Plan are based on liabilities developed in an actuarial valuation performed as of January 1, 2021 and for the Plan's measurement date of December 31, 2020. The Pittsfield Retirement System did not have an independent audit performed for the plan year ended December 31, 2020. The effect of the pension expense and liability is not considered material to the Authority's financial statements.

Accounting Policy

For the purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Plan and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Plan Membership

There are three classes of membership in the Plan:

Group 1

General employees, including clerical, administrative, technical and all other employees not otherwise classified.

Group 2

Certain specified hazardous duty positions.

Group 4

Police officers, firefighters, and other specified hazardous positions

At December 31, 2020, pension plan membership consisted of the following:

Active members	861
Retired members and beneficiaries	792
Inactive members entitled to a return of employee contributions	238
Inactive members with a vested right to a deferred or immediate benefit	<u>36</u>
Total	<u><u>1,927</u></u>
Number of participating employers	<u><u>4</u></u>

Benefits

The Plan provides pension benefits, deferred allowances, and death and disability benefits. A member's annual allowance is determined by multiplying average salary by a benefit rate related to the member's age and job classification at retirement, and the resulting product by his or her creditable service. The amount determined by the benefit formula cannot exceed 80% of the member's highest three year (or five year salary for persons who became members on or after April 2, 2012) average salary. For veterans as defined in MGL Chapter 32, there is an additional benefit per year for each year of creditable service, up to a stated maximum as defined in the Plan.

There is no mandatory retirement age for employees in Group 1. Group 2 and Group 4 members who are employed in certain public safety positions are required to retire at age 65.

A person who became a member before April 2, 2012 is eligible for a superannuation retirement allowance (service retirement) upon meeting the following conditions:

- Completion of 20 years of service, or
- Attainment of age 55 if hired prior to 1978, or if classified in Group 4, or
- Attainment of age 55 with 10 years of service, if hired after 1978, and if classified in Group 1 or 2

NOTE 4 - (Continued)

A person who became a member on or after April 2, 2012 is eligible for a superannuation retirement allowance (service retirement) upon meeting the following conditions:

- Attainment of age 60 with 10 years of service if classified in Group 1, or
- Attainment of age 55 with 10 years of service if classified in Group 2, or
- Attainment of age 55 if hired prior to 1978, or if classified in Group 4

Contributions

Contributions to provide benefits under the Plan are made by the Authority under the “pay-as-you-go” method by annually contributing the amount determined by the State Public Employee Retirement Administration Commission. The contribution is calculated as the amount necessary to provide for the following year’s retirement benefits. Member contributions vary depending on the most recent date of membership:

Prior to 1975:	5% of regular compensation
1975 to 1983:	7% of regular compensation
1984 to 6/30/1996:	8% of regular compensation
7/1/1996 to present:	9% of regular compensation
1979 to present:	an additional 2% of regular compensation in excess of \$30,000.

In addition, members of Group 1 who join the system on or after April 2, 2012 will have their withholding rate reduced to 6% after achieving 30 years of creditable service.

Pension Liabilities, Expense and Deferred Inflows and Outflows of Resources

At December 31, 2021, the Authority reported a net pension liability of \$219,797, deferred outflows of resources of \$15,085, and deferred inflows of resources of \$13,357 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Authority’s proportion of the net pension liability was based on a projection of the Authority’s long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At December 31, 2020, the Authority’s proportion was 0.16%. Net pension liability, deferred outflows/inflows of resources and pension expense are allocated to each employer based on its proportionate share of total employer contributions. For the year ended December 31, 2021, the Authority recognized pension recovery of \$3,386; contributions of \$24,175 paid into the Plan plus the change in the net pension liability of \$(27,561). Contributions made subsequent to the measurement date of December 31, 2020 were not material to the financial statements.

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of January 1, 2021, for the measurement date of December 31, 2020 using the following actuarial assumptions, applied to all periods included in the measurement date:

Investment rate of return:	7.00% net of pension plan investment expense, including inflation.
Salary increases:	Select and ultimate by job group; ultimate rates 4.25% for Group 1 and 4.75% for Group 4.
Inflation:	Not explicitly assumed.
Cost of Living Adjustment	3% of first \$14,000.

NOTE 4 - (Continued)

Actuarial Assumptions

Mortality

Pre-retirement rates reflect the RP-2014 Blue Collar Employees table projected generationally with Scale MP-2020 (gender distinct).

Post retirement rates reflect the RP-2014 Blue Collar Healthy Annuitant table projected generationally with Scale MP-2020 (gender distinct).

For disabled retirees, the rates reflect the RP-2014 Blue Collar Healthy Annuitant table set forward 1 year projected generationally with Scale MP-2020 (gender distinct).

The investment return assumption is a long-term assumption and is based on capital market expectations by asset class, historical returns, and professional judgment. The market expectations analysis used a building block approach which included expected returns by asset class and the target asset allocation.

Changes in net pension liability

	Pittsfield Retirement Board			Pittsfield Economic Development Authority		
	100%			0.16%		
	Increase (Decrease)			Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a) - (b)	(a)	(b)	(a) - (b)
Balances at January 1, 2020	\$ 293,206,000	\$ 154,149,000	\$ 139,057,000	\$ 527,771	\$ 277,468	\$ 250,303
Net changes	12,920,000	14,604,000	(1,684,000)	(37,969)	(7,463)	(30,506)
Balances at December 31, 2020	<u>\$ 306,126,000</u>	<u>\$ 168,753,000</u>	<u>\$ 137,373,000</u>	<u>\$ 489,802</u>	<u>\$ 270,005</u>	<u>\$ 219,797</u>

Discount Rate

The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the plan’s fiduciary net position was projected to be available to make all future benefit payments of 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 net pension liability, calculated using the discount rate of 7.00%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.00%) or 1 percentage point higher (8.00%) than the current rate:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Authority's proportionate share of the net pension liability	\$271,942	\$219,797	\$175,584

NOTE 4 - (Continued)

Deferred outflows and inflows of resources

At December 31, 2021, the Authority reported deferred outflows and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ (571)
Net difference between projected and actual investment earnings on pension plan assets	-	(12,786)
Changes in assumptions	15,085	-
Total	<u>\$ 15,085</u>	<u>\$ (13,357)</u>

Deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31,	
2022	\$ 2,072
2023	3,578
2024	(3,291)
2025	(631)
	<u>\$ 1,728</u>

Pension Plan Fiduciary Net Position

The Plan does not issue separate financial statements. An actuarial valuation is performed every two years, which is available through the Massachusetts Public Employee Retirement Administration Commission.

Payable to Pension Plan

At December 31, 2021, the Authority reported a payable of \$-0- for outstanding amounts of contributions to the pension plan.

NOTE 5 - CONTINGENT LIABILITIES

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal and state governments. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. As of the date of the financial statements, the Authority is not aware of any expenditure that may be disallowed by a grantor.

NOTE 6 - FORGIVABLE NOTES RECEIVABLE

Berkshire Innovation Center Note Receivable # 1

In 2014, the Authority entered into an Economic Development Grant Agreement with the Berkshire Innovation Center, Inc. (BIC), a Massachusetts not-for-profit corporation, and provided \$250,000 of grant assistance in the form of a forgivable note receivable for the establishment and operation of the Berkshire Innovation Center. The term of the note is ten years with no repayment under the note required. Twenty percent of the outstanding note receivable shall be forgiven by the Authority each year on the anniversary date until the outstanding principal amount is zero. The Authority's disbursement of the funds and subsequent amounts forgiven are subject to certain benchmarks, matching, and other compliance requirements. The balance of the note receivable of \$12,500 was forgiven by the Authority during the year ended December 31, 2021. BIC has to maintain compliance with benchmarks and other compliance requirements through 2024.

NOTE 6 - (Continued)*Berkshire Innovation Center Note Receivable # 2*

In 2018, the Authority entered into a second Recoverable Grant Agreement with BIC, and provided \$300,000 of grant assistance in the form of a forgivable note receivable, in support of BIC operating costs. The term of the note is 15 years, with \$20,000 to be forgiven annually until the outstanding principal is zero. The Authority's disbursement of the funds and subsequent amounts forgiven are subject to certain benchmarks and other compliance requirements. The unforgiven balance at December 31, 2021 is \$240,000.

Total funding provided, amounts forgiven, and unforgiven balances as of December 31, 2021 is as follows:

	<u>BIC Note 1</u>	<u>BIC Note 2</u>	<u>Total</u>
Total funds granted in the form of a forgivable note receivable	\$ 250,000	\$ 300,000	\$ 550,000
Total amount forgiven in prior years	(237,500)	(40,000)	(277,500)
Total amount forgiven in current year	<u>(12,500)</u>	<u>(20,000)</u>	<u>(32,500)</u>
Balances as of December 31, 2021	<u>\$ -</u>	<u>\$ 240,000</u>	<u>\$ 240,000</u>

The balance of the forgivable notes receivable has the following maturities during the years ended December 31:

	<u>BIC Note 2</u>
2022	\$ 20,000
2023	20,000
2024	20,000
2025	20,000
2026	20,000
Thereafter	<u>140,000</u>
Total	<u>\$ 240,000</u>

NOTE 7 - ADVANCED REVENUE

General Electric Company agreed to make fifteen million three hundred thousand dollars (\$15,300,000) available to the Authority for economic redevelopment as stated in the Definitive Economic Development Agreement. The amount drawn down, utilized and available is as follows:

	<u>Beginning Balance</u>	<u>Current Year Activity</u>	<u>Ending Balance</u>
Total funds drawn down in prior years	\$ 15,300,000	\$ -	\$ 15,300,000
Revenue earned and expended on operations	(8,575,937)	(246,945)	(8,822,882)
Revenue earned and expended on capital projects	(2,919,740)	-	(2,919,740)
Revenue applied to capital loan repayment	<u>(2,739,806)</u>	<u>-</u>	<u>(2,739,806)</u>
Advanced settlement revenue	1,064,517	(246,945)	817,572
Other advanced revenue (see Note 8):			
Landscaping fund	634,013	-	634,013
Foundations fund	<u>750,000</u>	<u>-</u>	<u>750,000</u>
Total advanced revenue	<u>\$ 2,448,530</u>	<u>\$ (246,945)</u>	<u>\$ 2,201,585</u>

NOTE 8 - LANDSCAPING AND FOUNDATION FUND

Landscaping Fund

General Electric Company (GE) agreed to make three million dollars available for landscaping as stated in the Definitive Economic Development agreement. The landscaping fund can be utilized by GE as well as the Authority. As of December 31, 2021, the Authority has drawn down \$1,392,815 from GE and has used \$-0-. The details of the amount drawn down, utilized and available is shown in the following schedule.

Foundation Fund

During 2011, the Authority entered into an agreement regarding foundations with GE, whereby GE made additional funds available in consideration of the Authority's future need to develop certain property (Teen's Complex) without being unreasonably constrained by the configuration of existing building foundations. The additional funds are available to the Authority for the same purposes and subject to the same terms and conditions as specified in the DEDA. In exchange for the funds, the Authority agreed that GE has fully satisfied their obligations under Section II.F of the DEDA, including but not limited to GE's obligation to provide the Authority at least 350,000 square feet of existing building foundations or appropriate sites for new foundations. The details of the amount drawn down, utilized and available is shown in the following schedule.

	<u>Landscaping Fund</u>	<u>Foundations Fund</u>	<u>Total</u>
Settlement amount	\$ 3,000,000	\$ 750,000	\$ 3,750,000
Funds drawn down in prior years	1,392,815	750,000	2,142,815
Funds drawn down in 2021	<u>-</u>	<u>-</u>	<u>-</u>
Total funds drawn down	<u>1,392,815</u>	<u>750,000</u>	<u>2,142,815</u>
Balance available to draw	<u>\$ 1,607,185</u>	<u>\$ -</u>	<u>\$ 1,607,185</u>
Total funds drawn down	\$ 1,392,815	\$ 750,000	\$ 2,142,815
Revenue earned and expended on operations	<u>(758,802)</u>	<u>-</u>	<u>(758,802)</u>
Advanced revenue	<u>\$ 634,013</u>	<u>\$ 750,000</u>	<u>\$ 1,384,013</u>

NOTE 9 - NATURAL RESOURCE OBLIGATION/ RESTRICTED DEFICIT

The Authority was joined as a necessary party to a Consent Decree entered by the United States District Court for the District of Massachusetts on October 27, 2000 in United States of America, et. al. vs. General Electric Company, civil Action No. 99-30225 MAP (D.Mass) and entered into by the United States, the Commonwealth of Massachusetts, the State of Connecticut, the General Electric Company, the Authority, and the City of Pittsfield (the "Consent Decree"). Under the Consent Decree, the Authority had certain obligations with respect to the payment of natural resource damages. The Authority was required to pay a total of \$4,000,000 consisting of in-kind services and/or a percentage of its net revenues to the Trustee Council (Massachusetts SubCouncil of the Housatonic River Natural Resource Trustees), subject to the terms and conditions set forth in the Consent Decree. This resulted in a deficit restricted for the natural resources obligation of \$4,000,000. Further, the Consent Decree stated that the Trustee Council may accept in-kind services by the City of Pittsfield or by other entities. In June 2018, the Authority provided the Trustee Council with a summary of restoration projects to meet the in-kind services obligation under the Consent Decree.

On February 22, 2021, the Trustee Council determined that the Authority met the in-kind obligation in accordance with the Consent Decree. Accordingly, the Authority recorded the release (forgiveness) of the natural resource obligation for \$4,000,000 in fiscal year 2021.

NOTE 10 - LONG-TERM DEBT

The Authority entered into a loan agreement on November 4, 2002 with the Massachusetts Development Finance Agency and received uncollateralized loan proceeds of \$124,217 to cover the Authority's 10% share of a 10 year environmental insurance policy premium of \$1,243,710 which expired on August 21, 2012. The Authority agrees to repay the loan within 30 days of the first land sale without interest. As of December 31, 2021, the Authority has not made any land sales, and accordingly, no payments on this note are due.

The Authority entered into a recoverable grant (loan) agreement on June 30, 2017 with the Massachusetts Development Finance Agency to expend up to \$75,000 for engineering services associated with the 40's complex concrete slab study. The project was completed in 2018 and the total amount expended under the grant was \$73,084. The Authority is required to repay the loan balance of \$73,084 without interest if the 40's site or any portion thereof is sold, conveyed, gifted, demised, ground leased, otherwise transferred, or refinanced. If no event indicated in the agreement requires payment within 30 years, then the agreement expires and the loan amount outstanding at that time will be forgiven.

	<u>Maturity</u>	<u>Interest Rate</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Ending Balance</u>
Mass Development Finance Agency Environmental Insurance Premium	N/A	None	\$ 124,217	\$ -	\$ 124,217
Recoverable loan agreement	N/A	None	73,084	-	73,084
Total			<u>\$ 197,301</u>	<u>\$ -</u>	<u>\$ 197,301</u>

NOTE 11 - OPERATING LEASES

Office and parking space

The Authority had an agreement with General Electric Company to lease office and parking space located at 81 Kellogg Street in Pittsfield, Massachusetts at no charge in accordance with the Definitive Economic Development Agreement. The agreement ended in 2021. The in-kind rental income and expense for 2021 was \$10,500.

NOTE 12 - LEASE AGREEMENTS

MountainOne (previously Pittsfield Stanley Works, LLC)

During 2011, the Authority entered into a lease agreement with Pittsfield Stanley Works, LLC to lease a parcel of land, designated as Parcel 2 at the William Stanley Business Park which is redeveloped land owned by the Authority. On June 5, 2019, the lease was assumed by MountainOne Bank. There were no changes to the terms of the lease agreement. The initial term of the lease is fifty-one (51) years. The lease term may be extended for two additional periods of twenty-four years each. The Lessee is also responsible for its share of Common Area Maintenance costs as described in the lease agreement. Total lease income was \$12,162 and common area maintenance income was \$2,793 for the year ended December 31, 2021.

The future minimum lease income expected to be received over the next five years are as follows:

2022	\$	12,168
2023	\$	12,168
2024	\$	12,168
2025	\$	12,168
2026	\$	12,168

NOTE 12 - (Continued)*Berkshire Innovation Center*

During 2018, the Authority entered into a lease agreement with the Berkshire Innovation Center (previously with the City of Pittsfield from August 2015 through June 2018) to lease a parcel of land at the corner of Woodlawn Avenue and East Street for the purpose of constructing a facility to promote growth of existing businesses in Berkshire County. The initial term of the lease is fifty-one (51) years. The lease term may be extended for two additional periods of twenty-four (24) years each. The lessee shall pay annual rent of \$1. The Lessee is also responsible for its share of Common Area Maintenance costs as described in the lease agreement. Total common area maintenance income was \$6,422 for the year ended December 31, 2021.

NOTE 13 - RISKS TRANSFERRED TO THIRD PARTIES

The Authority is exposed to various risks of loss relating to torts; theft or damage of, and destruction of assets; errors and omissions; injuries; and natural disasters. The Authority has obtained a variety of commercial and environmental liability insurance policies, which pass the risks of loss listed above to independent third parties. Settlement claims resulting from these risks have not exceeded commercial or environmental insurance coverage in any of the past three fiscal years.

NOTE 14 - LAND PURCHASE AGREEMENT

The Authority had entered into an agreement to sell a parcel of land known as Site 4 at the William Stanley Business Park. The purchaser had been in the process of obtaining the necessary permits and licenses to proceed with the purchase. As part of the agreement, the purchaser had made nonrefundable deposits totaling \$35,000. As of December 10, 2021, the option to purchase expired, and the Authority retained the nonrefundable deposits, which was reported as income during the year ended December 31, 2021.

PITTSFIELD ECONOMIC DEVELOPMENT AUTHORITY
REQUIRED SUPPLEMENTARY INFORMATION
December 31, 2021

**Schedule of the Authority's Proportionate Share
of the Net Pension Liability**

	Plan Year Ended December 31,						
	2020	2019	2018	2017	2016	2015	2014
Pittsfield Retirement System net pension liability	\$ 137,373,000	\$ 139,057,000	\$ 150,092,000	\$ 127,935,000	\$ 134,059,000	\$ 133,129,000	\$ 123,909,000
Authority's proportion of the net pension liability	0.16%	0.18%	0.18%	0.19%	0.19%	0.07%	0.13%
Authority's proportionate share of the net pension liability	\$ 219,797	\$ 250,303	\$ 270,165	\$ 243,077	\$ 254,712	\$ 93,190	\$ 161,082
Authority's covered-employee payroll	\$ 20,875	\$ 32,500	\$ 33,750	\$ 61,250	\$ 67,500	\$ 65,000	\$ 65,000
Authority's proportionate share of the net pension liability as a percentage of its covered-employee payroll	1052.92%	770.16%	800.49%	396.86%	377.35%	143.37%	247.82%
Plan fiduciary net position as a percentage of the total pension liability	55.13%	52.57%	47.59%	52.49%	47.96%	46.64%	48.43%

Schedule of Authority Pension Contributions

	Plan Year Ended December 31,						
	2020	2019	2018	2017	2016	2015	2014
Pittsfield Retirement System contractually required contribution	\$ 14,725,955	\$ 13,998,056	\$ 13,318,798	\$ 12,672,500	\$ 12,057,600	\$ 11,472,529	\$ 11,010,977
Authority's contractually required contribution	\$ 23,562	\$ 25,197	\$ 23,899	\$ 23,999	\$ 22,830	\$ 8,002	\$ 7,679
Authority's contributions in relation to the contractually required contribution	(23,562)	(25,197)	(23,899)	(23,999)	(22,830)	(8,002)	(7,679)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Authority's covered-employee payroll	\$ 20,875	\$ 32,500	\$ 33,750	\$ 61,250	\$ 67,500	\$ 65,000	\$ 65,000
Contributions as a percentage of covered-employee payroll	112.87%	77.53%	70.81%	39.18%	33.82%	12.31%	11.81%

Notes to the Required Supplementary Information

Changes of benefit terms: None.

Changes of assumptions: Discout rate decreased from 7.25% to 7.00%.

Last 10 years: Only plan years 2014 through 2020 available.

See independent auditors' report.



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INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Directors
PITTSFIELD ECONOMIC DEVELOPMENT AUTHORITY
Pittsfield, MA 01201

We have audited, in accordance with the 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, the financial statements of the business-type activities of Pittsfield Economic Development Authority, as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the Pittsfield Economic Development Authority's basic financial statements, and have issued our report thereon dated April 20, 2022.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Pittsfield Economic Development Authority's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Pittsfield Economic Development Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Pittsfield Economic Development Authority's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Pittsfield Economic Development Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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April 20, 2022