

**CITY OF NORTHAMPTON, MASSACHUSETTS**

**REPORT ON THE EXAMINATION  
OF BASIC FINANCIAL STATEMENTS**

**FISCAL YEAR ENDED JUNE 30, 2011**

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## Independent Auditor's Report

To the Honorable Mayor  
City of Northampton, Massachusetts

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Northampton, Massachusetts, as of and for the fiscal year ended June 30, 2011, (except for the Northampton Contributory Retirement System, which is as of and for the year ended December 31, 2010), which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Northampton, Massachusetts' management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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 Northampton, Massachusetts, as of June 30, 2011, (except for the Northampton Contributory Retirement System, which is as of December 31, 2010), and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 1B to the financial statements, the City adopted the provisions of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* in 2011.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 10, 2012, on our consideration of the City of Northampton, Massachusetts' internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, appearing on pages 3 through 14, 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Northampton, Massachusetts' financial statements as a whole. 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 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 financial statements as a whole.

*Scanlon & Associates, LLC*

Scanlon & Associates, LLC  
South Deerfield, Massachusetts

January 10, 2012

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

## Management's Discussion and Analysis

As management of the City of Northampton, we offer readers of these financial statements this narrative overview and analysis of the financial activities for the fiscal year ended June 30, 2011

### Financial Highlights

- The City's assets exceeded its liabilities by \$96,261,726 (net assets) for the fiscal year reported. This compares to the previous year when assets exceeded liabilities by \$95,872,530 or an increase of \$389,196 (.41%).
- Total net assets are comprised of the following:
  - Capital assets, net of related debt, of \$74,732,936 include property and equipment, net of accumulated depreciation, and reduced for outstanding debt related to the purchase or construction of capital assets.
  - Net assets of \$17,385,886 are restricted by constraints imposed from outside the City such as grantors, laws or regulations.
  - Unrestricted net assets of \$4,142,904 represent a portion available to maintain the City's continuing obligations to citizens and creditors.
- At the close of the current fiscal year, the City's governmental funds reported total ending fund balance of \$20,674,024, an increase of \$5,679,138 (38%).
- The General Fund's total fund balance decreased by \$150,013 (4%) to \$4,088,166. The ending General fund balance is 5% of revenues and other sources and 5% of expenditures and other uses.
- The City's long term liabilities increased by \$6,084,899 (9%) during the fiscal year ending June 30, 2011. This was primarily due from the issuance of \$3,035,787 in bonds, the increase in OPEB liability of \$3,154,299 and a decrease of \$105,187 in compensated absences.

### Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City of Northampton'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 assets* presents information on all assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets 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 assets changed during the most recent fiscal year. All changes in net assets 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, 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 sewer, water and solid waste activities.

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

**Fund financial statements.** A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Fund accounting is used to ensure and demonstrate compliance with finance-related legal requirements. All of the funds can be divided into 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 Northampton 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 one type of proprietary fund.

*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, water and solid waste activities.

**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 Assets Highlights

	Governmental Activities		
	2011	2010	Change
<b>Assets:</b>			
Current assets	\$ 44,821,197	\$ 27,683,801	\$ 17,137,396
Noncurrent assets (excluding capital)	13,351,300	15,073,697	(1,722,397)
Capital assets	69,248,734	69,339,089	(90,355)
<b>Total assets</b>	<b>127,421,231</b>	<b>112,096,587</b>	<b>15,324,644</b>
<b>Liabilities:</b>			
Current liabilities (excluding debt and lease)	6,268,913	6,023,533	245,380
Noncurrent liabilities (excluding debt and lease)	12,423,585	9,477,597	2,945,988
Current debt and leases payable	16,686,118	5,797,648	10,888,470
Noncurrent debt and leases payable	30,992,486	26,970,580	4,021,906
<b>Total liabilities</b>	<b>66,371,102</b>	<b>48,269,358</b>	<b>18,101,744</b>
<b>Net Assets:</b>			
Capital assets net of related debt	52,541,610	53,349,297	(807,687)
Restricted	14,166,853	7,706,352	6,460,501
Unrestricted	(5,658,334)	2,771,580	(8,429,914)
<b>Total net assets</b>	<b>\$ 61,050,129</b>	<b>\$ 63,827,229</b>	<b>\$ (2,777,100)</b>

	Business-Type Activities		
	2011	2010	Change
<b>Assets:</b>			
Current assets	\$ 19,189,245	\$ 16,695,644	\$ 2,493,601
Capital assets	56,191,664	55,748,741	442,923
<b>Total assets</b>	<b>75,380,909</b>	<b>72,444,385</b>	<b>2,936,524</b>
<b>Liabilities:</b>			
Current liabilities (excluding debt)	1,397,031	564,499	832,532
Noncurrent liabilities (excluding debt)	4,642,421	4,539,297	103,124
Current debt	4,660,595	4,839,904	(179,309)
Noncurrent debt	29,469,265	30,455,384	(986,119)
<b>Total liabilities</b>	<b>40,169,312</b>	<b>40,399,084</b>	<b>(229,772)</b>
<b>Net Assets:</b>			
Capital assets net of related debt	22,191,326	20,533,086	1,658,240
Restricted	3,219,033	1,660,302	1,558,731
Unrestricted	9,801,238	9,851,913	(50,675)
<b>Total net assets</b>	<b>\$ 35,211,597</b>	<b>\$ 32,045,301</b>	<b>\$ 3,166,296</b>

## Financial Highlights

### Statement of Activities Highlights

	<b>Governmental Activities</b>		
	<b>2011</b>	<b>2010</b>	<b>Change</b>
<b>Program Revenues:</b>			
Charges for services	\$ 13,120,643	\$ 12,748,735	\$ 371,908
Operating grants and contributions	27,909,790	27,011,793	897,997
Capital grants and contributions	1,431,721	2,303,944	(872,223)
<b>General Revenues:</b>			
Property taxes	42,128,072	40,845,478	1,282,594
Motor vehicle and other taxes	2,317,851	2,588,350	(270,499)
Hotel room occupancy and meals taxes	1,030,854	407,727	623,127
Penalties and interest on taxes	193,953	216,568	(22,615)
Nonrestricted grants and contributions	4,482,787	4,314,435	168,352
Unrestricted investment income	137,258	178,926	(41,668)
Miscellaneous	2,606	3,365	(759)
<b>Total revenues</b>	<b>92,755,535</b>	<b>90,619,321</b>	<b>2,136,214</b>
<b>Expenses:</b>			
General government	6,143,568	5,097,789	(1,045,779)
Public safety	12,671,223	11,510,624	(1,160,599)
Public works	4,173,829	3,963,315	(210,514)
Education	38,992,337	37,236,242	(1,756,095)
Health and human services	3,600,669	3,219,594	(381,075)
Culture and recreation	2,811,380	3,115,547	304,167
Employee benefits and insurance	25,769,303	24,803,534	(965,769)
State assessments	2,652,883	2,453,949	(198,934)
Interest	1,610,485	1,531,466	(79,019)
<b>Total expenses</b>	<b>98,425,677</b>	<b>92,932,060</b>	<b>(5,493,617)</b>
<b>Contributions to Permanent Funds</b>	<b>9,450</b>	<b>5,900</b>	<b>3,550</b>
<b>Transfers, net</b>	<b>2,883,592</b>	<b>2,990,512</b>	<b>(106,920)</b>
<b>Change in net assets</b>	<b>(2,777,100)</b>	<b>683,673</b>	<b>(3,460,773)</b>
<b>Net assets - beginning of year</b>	<b>63,827,229</b>	<b>63,143,556</b>	<b>683,673</b>
<b>Net assets - end of year</b>	<b>\$ 61,050,129</b>	<b>\$ 63,827,229</b>	<b>\$ (2,777,100)</b>

	<b>Business-Type Activities</b>		
	<b>2011</b>	<b>2010</b>	<b>Change</b>
<b>Program Revenues:</b>			
Sewer	\$ 6,030,906	\$ 4,547,757	\$ 1,483,149
Water	6,043,051	5,155,279	887,772
Solid Waste	3,335,740	3,585,749	(250,009)
<b>Total Revenues</b>	<b>15,409,697</b>	<b>13,288,785</b>	<b>2,120,912</b>
<b>Expenses:</b>			
Sewer	2,920,414	3,249,620	329,206
Water	4,084,101	3,718,076	(366,025)
Solid Waste	2,215,891	5,512,338	3,296,447
<b>Total expenses</b>	<b>9,220,406</b>	<b>12,480,034</b>	<b>3,259,628</b>
<b>Unrestricted investment income</b>	<b>137,762</b>	<b>109,142</b>	<b>28,620</b>
<b>Gain/(Loss) on sale of capital assets</b>	<b>(277,165)</b>	<b>-</b>	<b>(277,165)</b>
<b>Transfers, net</b>	<b>(2,883,592)</b>	<b>(2,990,512)</b>	<b>106,920</b>
<b>Change in net assets</b>	<b>3,166,296</b>	<b>(2,072,619)</b>	<b>5,238,915</b>
<b>Net assets - beginning of year</b>	<b>32,045,301</b>	<b>34,117,920</b>	<b>(2,072,619)</b>
<b>Net assets - end of year</b>	<b>\$ 35,211,597</b>	<b>\$ 32,045,301</b>	<b>\$ 3,166,296</b>

### **Government-wide Financial Analysis**

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. Assets exceeded liabilities by \$96,261,726 at the close of FY 2011.

Net assets of \$74,732,936 (78%) 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 assets \$17,385,886 (18%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net assets* \$4,142,904 (4%) 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 assets and a negative balance in the unrestricted category

in the governmental activities. The unrestricted in the governmental activities is a negative as a result of the change in reclassifying balances from unrestricted to restricted as a result of GASB 54 and recognizing the increase in the OPEB liability.

At the end of the current fiscal year, the City is able to report positive balances in all three categories of net assets for the business-type activities.

The governmental activities net assets decreased by \$2,777,100 during the current fiscal year, which reflects the general fund's results of operations. This was mainly attributed to expenditures exceeding revenues by \$5,670,142, transfers in from the sewer, water and solid waste funds of \$2,883,592 and contributions to permanent funds of \$9,450.

There was an increase of \$3,166,296 in net assets reported in connection with the sewer, water and solid waste business-type activities.

- The sewer department incurred an increase of \$1,512,728 (32%) mainly attributed to operating revenues sufficient to cover current operational costs by \$2,119,707, net non-operating revenues (expenses) of \$1,031,764 less transfers out to the general fund of \$1,638,743.
- The water department incurred an increase of \$1,361,444 (9%) attributed to operating revenues sufficient to cover current operational costs by \$2,197,232, net non-operating revenues (expenses) of \$(175,422) less transfers out to the general fund of \$660,366.
- The solid waste department incurred an increase of \$292,124 (3%) attributed to operating revenues sufficient to cover current operational costs by \$1,185,596, net non-operating revenues (expenses) of \$(308,989) less transfers out to the general fund of \$584,483.

### ***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 \$20,674,024 an increase of \$5,679,138 (38%) in comparison with the prior year.

Breakdown of the governmental funds are as follows:

- Nonspendable fund balance - \$660,056 (3%).
- Restricted fund balance- \$15,453,802 (75%).
- Assigned fund balance - \$3,470,147 (17%)
- Unassigned fund balance - \$1,090,019 (5%).

At the end of the fiscal year, the General Fund reported a fund balance of \$4,088,166 decreasing \$150,013 (4%) from the prior year. Of the \$4,088,166, the unassigned amount is \$2,101,799 and the assigned amount of \$1,986,367. General fund revenues of \$76,750,377 increased \$1,019,635 (1%) more than the prior fiscal year and expenditures of \$82,361,340 increased by \$2,583,690 (3%)

Increases in general fund revenues were as follows:

- Property taxes \$1,210,777 (3%)
- Excise and other taxes \$306,847 (10%)
- Licenses, permits and fee revenue \$461,205 (6%)
- Interest on investments \$6,303 (5%)
- On behalf payments \$495,019 (7%).

Decreases in general fund revenues were as follows:

- Intergovernmental \$1,436,958 (9%)
- Interest on taxes \$23,558 (11%)

Increases in general fund expenditures were as follows:

- General government \$144,458 (3%)
- Public safety \$724,599 (7%)
- Public works \$265,614 (9%)
- Education \$300,924 (1%)
- Health and human services \$161,211 (14%)
- Culture and recreation \$26,702 (2%)
- Employees benefits and insurance \$843,086 (4%)
- Capital improvements \$765,044 (323%)
- State assessments \$198,934 (8%)

Decrease in governmental fund expenditures were as follows:

- Interest on debt service \$98,683 (7%)
- Principal on debt service \$748,199 (17%)

### ***General Fund Budgetary Highlights***

The final general fund budget for fiscal year 2011 was \$76,811,601. This was an increase of \$1,979,468 (3%) over the previous year's final budget.

There was an increase of \$3,165,206 between the original budget and the final amended budget. The change is attributed to the City amending specific budget line items of the final budget as follows:

- General government was increased \$141,538.
- Public safety was increased \$1,358,556.
- Public works was increased \$486,904.
- Health and human services was increased \$646,179.
- Culture and recreation was decreased \$27,150.
- Employee benefits and insurance was decreased \$308,260.
- Capital Improvements was increased \$1,090,440,
- Principal on debt service was decreased \$123,051
- Interest on debt service was decreased \$99,950

Of the \$2,689,466 in unexpended/committed budget expenditures \$1,986,367 has been carried over to fiscal year 2012 leaving a surplus of \$703,099 to close to undesignated fund balance.

There were negative variances in property taxes and intergovernmental of \$142,126 and \$104,703, respectively. The negative variance in property taxes is the result of a less collections. The negative variance in state receipts is the result of less funds received for charter tuition reimbursements and veterans benefits. Overall the revenues had a surplus of \$236,319.

The variance with the final budget was a positive \$939,418 consisting of revenue surpluses of \$236,319 and appropriation surpluses of \$703,099.

### ***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, 2011 amounts to \$69,248,734 and \$56,191,664, respectively.

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

Major capital events during the current fiscal year in the governmental type funds included the following:

- James House renovations for \$289,725.
- Purchase of conservation land for \$1,066,305.
- Foreclosed property of \$65,493.
- City-wide telephone system for \$183,633.
- Fiber optic wide area network for \$40,935.
- Police vehicles and equipment for \$231,127.

- Police facility for \$306,425.
- Parking department vehicle for \$35,170.
- Fire department vehicles and equipment for \$404,293.
- DPW vehicles for \$633,703.
- Road for the village at hospital hill for \$78,035.
- Water Street bridge repairs for \$7,965.
- DPW facility for \$102,195.
- Smith Vocational vehicles for \$107,947.
- Smith Vocational improvements for \$448,555.
- Forbes Library phase III renovations for \$45,710.

Construction in progress projects remaining at the end of the year consisted of the following:

- City-wide telephone system for \$645,665.
- Fiber optic wide area network for \$655,300.
- The police facility for \$1,403,175.
- Bridge repairs for \$18,583.
- Highway salt shed for \$1,200
- Smith Vocational High school car paint booth for \$65,400.
- Smith Vocational High school solar energy system for \$383,155.
- DPW facility for \$102,195.

Completed construction in progress projects consists of the following:

- James House renovations for \$464,325.
- Roads for the village at hospital hill for \$1,398,665.
- Forbes library phase III renovations for \$1,053,830.

Capital asset additions during the year of \$3,488,190 in the business-type activity consisted of:

- In the sewer fund, sanitary sewer system improvements for \$144,395, wastewater treatment plant effluent pump replacement for \$102,125 and Bradford Street pump station for \$1,082,110. Construction in progress consists of the Bradford Street pump station.
- In the water fund, land for \$700,000, well rehabilitation for \$549,610 and water mains for \$382,580. Construction in progress consists of water mains.
- In the solid waste fund, construction in progress for phase 3B improvements for \$527,370.

**Debt Administration.** The City's outstanding governmental debt, as of June 30, 2011, totaled \$47,409,724 as follows:

- \$17,679,000 for school projects.
- \$7,910,000 for City building projects.
- \$280,000 for an aerial ladder fire truck.
- \$133,000 for land acquisitions.
- \$599,000 for storm and surface drains.
- \$15,000 for recreation facilities.
- \$41,700 for the Septic V community septic program.
- \$100,000 for the skate park.
- \$212,500 for road and sidewalk projects.
- \$63,000 for departmental equipment.
- \$805,000 for fiber optic network and city wide telephone system.
- \$20,000 for the department of public works roof repair.
- \$105,000 for bridge repairs.
- \$250,000 for library preservation.
- \$225,500 for technology.
- \$6,761,000 for energy projects.
- \$12,210,024 in bond anticipation notes.

The City's outstanding business-type debt totaled, as of June 30, 2011, totaled \$34,129,860 as follows:

- \$3,942,000 in sewer debt.
- \$28,171,860 in water debt.
- \$2,016,000 in solid waste debt.

The City also has capital leases for ambulances. The last lease payment is due in 2014. The City currently owes \$291,245 on the leases consisting of \$268,880 in principal and \$22,364 in interest.

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

***Next Year's Annual City Council Votes - Fiscal Year 2012***

The financial statements of the City of Northampton as of June 30, 2011 do not reflect the fiscal year 2012 budget approved by the City Council on June 16, 2011. The City Council has authorized a fiscal year 2012 operating and capital budget as follows:

<b>Governmental Funds:</b>	
<i>From Tax Levy</i>	\$ 66,472,752
<i>From Parking Meter Receipts</i>	1,426,480
<i>From Community Preservation Funds</i>	8,760
<b>From Business-Type Funds:</b>	
Sewer fund receipts	1,756,160
Water fund receipts	680,560
Solid waste fund receipts	363,434
<b>From Other Available Funds:</b>	
Ambulance fund	745,470
Sale of cemetery lots	5,000
Cemetery perpetual care funds	5,000
Conservation wetlands fees	6,235
Municipal waterways fund	3,922
Comcast 1 - net reserve	165,000
Handicapped revolving	1,100
	<u>\$ 71,639,873</u>
<b>Business Type-Funds:</b>	
From sewer receipts	\$ 5,299,913
From sewer retained earnings	280,465
	<u>\$ 5,580,378</u>
From water receipts	\$ 6,235,951
From water retained earnings	875,425
	<u>\$ 7,111,376</u>
From solid waste receipts	<u>\$ 3,483,548</u>

***Requests for Information***

This financial report is designed to provide a general overview of the City of Northampton'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 City Auditor, City Hall, 210 Main Street, Northampton, Massachusetts.

## **BASIC FINANCIAL STATEMENTS**

**CITY OF NORTHAMPTON, MASSACHUSETTS  
STATEMENT OF NET ASSETS  
JUNE 30, 2011**

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
<b>CURRENT:</b>			
Cash and Cash Equivalents	\$ 35,729,375	\$ 16,831,501	\$ 52,560,876
Investments	1,002,084	-	1,002,084
Receivables, net of allowance for uncollectibles:			
Property Taxes	1,158,947	-	1,158,947
Deferred Property Taxes	155,586	-	155,586
Tax Liens	504,582	-	504,582
Excise Taxes and Other Taxes	313,494	-	313,494
User Charges	-	1,269,451	1,269,451
Departmental	993,498	-	993,498
Special Assessments	328	-	328
Loans	142,393	-	142,393
Due from Other Governments	4,820,910	1,088,293	5,909,203
Total current assets	<u>44,821,197</u>	<u>19,189,245</u>	<u>64,010,442</u>
<b>NONCURRENT:</b>			
Receivables, net of allowance for uncollectibles:			
Due from Other Governments	13,351,300	-	13,351,300
Capital Assets, net of accumulated Depreciation:			
Nondepreciable	16,399,585	5,295,126	21,694,711
Depreciable	52,849,149	50,896,538	103,745,687
Total noncurrent assets	<u>82,600,034</u>	<u>56,191,664</u>	<u>138,791,698</u>
<b>Total Assets</b>	<u>127,421,231</u>	<u>75,380,909</u>	<u>202,802,140</u>
<b>LIABILITIES</b>			
<b>CURRENT:</b>			
Warrants Payable	1,476,986	1,108,002	2,584,988
Accrued Payroll	2,425,239	65,992	2,491,231
Payroll Withholdings	588,242	-	588,242
Tax Refund Payable	120,000	-	120,000
Accrued Interest	379,590	128,010	507,600
Compensated Absences	1,278,856	95,027	1,373,883
Bond Anticipation Notes	12,210,024	2,150,000	14,360,024
Bonds and Leases Payable	4,476,094	2,510,595	6,986,689
Total current liabilities	<u>22,955,031</u>	<u>6,057,626</u>	<u>29,012,657</u>
<b>NONCURRENT:</b>			
Landfill Closure	-	4,200,000	4,200,000
Compensated Absences	1,927,964	40,294	1,968,258
OPEB Obligation Payable	10,495,621	402,127	10,897,748
Bonds and Leases Payable	30,992,486	29,469,265	60,461,751
Total noncurrent liabilities	<u>43,416,071</u>	<u>34,111,686</u>	<u>77,527,757</u>
<b>Total Liabilities</b>	<u>66,371,102</u>	<u>40,169,312</u>	<u>106,540,414</u>
<b>NET ASSETS:</b>			
Invested in Capital Assets, net of related debt	52,541,610	22,191,326	74,732,936
Restricted for:			
Capital Projects	1,558,022	3,219,033	4,777,055
Federal & State Grants	3,755,367	-	3,755,367
Community Preservation	1,587,460	-	1,587,460
Permanent Funds:			
Expendable	260,045	-	260,045
Nonexpendable	660,056	-	660,056
Other Purposes	6,345,903	-	6,345,903
Unrestricted	(5,658,334)	9,801,238	4,142,904
<b>Total Net Assets</b>	<u>\$ 61,050,129</u>	<u>\$ 35,211,597</u>	<u>\$ 96,261,726</u>

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

**CITY OF NORTHAMPTON, MASSACHUSETTS  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2011**

	Program Revenues			Net (Expenses) Revenues and Changes in Net Assets	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total
<b>Governmental Activities:</b>					
General Government	\$ 6,143,568	\$ 2,773,010	\$ 1,824,676	\$ 502,086	\$ (1,043,796)
Public Safety	12,671,223	3,200,098	695,919	-	(8,775,206)
Public Works	4,173,829	106,360	212,173	929,635	(2,925,661)
Education	38,992,337	6,330,299	14,172,272	-	(18,489,766)
Health and Human Services	3,600,669	232,659	2,203,461	-	(1,164,549)
Culture and Recreation	2,811,380	478,217	100,441	-	(2,232,722)
Employee Benefits and Insurance	25,769,303	-	8,119,415	-	(17,649,888)
State Assessments	2,652,883	-	-	-	(2,652,883)
Interest	1,610,485	-	581,433	-	(1,029,052)
<b>Total Governmental Activities</b>	<b>98,425,677</b>	<b>13,120,643</b>	<b>27,909,790</b>	<b>1,431,721</b>	<b>(55,963,523)</b>
<b>Business-Type Activities:</b>					
Sewer	2,920,414	4,925,152	-	1,105,754	3,110,492
Water	4,084,101	5,501,952	541,099	-	1,958,950
Solid Waste	2,215,891	3,335,740	-	-	1,119,849
<b>Total Primary Government</b>	<b>\$ 107,646,083</b>	<b>\$ 26,883,487</b>	<b>\$ 28,450,889</b>	<b>\$ 2,537,475</b>	<b>(49,774,232)</b>
<b>General Revenues:</b>					
Property taxes					42,128,072
Motor vehicle and other taxes					2,317,851
Hotel room occupancy and Meals taxes					1,030,854
Penalties & interest on taxes					193,953
Grants & contributions not restricted to specific programs					4,482,787
Unrestricted investment income					137,262
Gain/(Loss) on Sale of Capital Assets					(277,165)
Miscellaneous					2,606
<b>Contributions to Permanent Funds</b>					9,450
<b>Transfers, net</b>					(2,883,592)
<b>Total General Revenues, Contributions and Transfers</b>					<b>53,186,423</b>
<b>Change in Net Assets</b>					<b>(2,777,100)</b>
<b>Net Assets:</b>					
Beginning of year					63,827,229
End of year					32,045,301
					<b>\$ 61,050,129</b>
					<b>\$ 35,211,597</b>
					<b>\$ 96,261,726</b>

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

**CITY OF NORTHAMPTON, MASSACHUSETTS  
BALANCE SHEET - GOVERNMENTAL FUNDS  
JUNE 30, 2011**

	General Fund	Police Facility Construction	Nonmajor Governmental Funds	Total Governmental Funds
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 7,923,929	\$ 9,697,975	\$ 18,107,471	\$ 35,729,375
Investments	-	-	1,002,084	1,002,084
Receivables, net of allowance for uncollectibles:				
Property Taxes	1,142,964	-	15,983	1,158,947
Deferred Property Taxes	155,586	-	-	155,586
Tax Liens	500,229	-	4,353	504,582
Excise Taxes	313,494	-	-	313,494
Departmental	560,666	-	432,832	993,498
Special Assessments	-	-	328	328
Loans	-	-	142,393	142,393
Due from Other Governments	15,087,403	-	3,084,807	18,172,210
<b>Total Assets</b>	<b>\$ 25,684,271</b>	<b>\$ 9,697,975</b>	<b>\$ 22,790,251</b>	<b>\$ 58,172,497</b>
<b>LIABILITIES AND FUND BALANCE:</b>				
<b>Liabilities:</b>				
Warrants Payable	\$ 995,377	\$ -	\$ 481,609	\$ 1,476,986
Accrued Payroll	2,388,812	-	36,427	2,425,239
Employee Withholdings	588,242	-	-	588,242
Tax Refund Payable	120,000	-	-	120,000
Deferred Revenue:				
Property Taxes	899,964	-	15,983	915,947
Other	16,603,710	-	3,158,325	19,762,035
Bond Anticipation Note Payable	-	10,000,000	2,210,024	12,210,024
<b>Total Liabilities</b>	<b>21,596,105</b>	<b>10,000,000</b>	<b>5,902,368</b>	<b>37,498,473</b>
<b>Fund Balance:</b>				
Nonspendable	-	-	660,056	660,056
Restricted	-	-	15,453,802	15,453,802
Assigned	1,986,367	-	1,483,780	3,470,147
Unassigned	2,101,799	(302,025)	(709,755)	1,090,019
<b>Total Fund Balance</b>	<b>4,088,166</b>	<b>(302,025)</b>	<b>16,887,883</b>	<b>20,674,024</b>
<b>Total Liabilities and Fund Balance</b>	<b>\$ 25,684,271</b>	<b>\$ 9,697,975</b>	<b>\$ 22,790,251</b>	<b>\$ 58,172,497</b>

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

**CITY OF NORTHAMPTON, MASSACHUSETTS  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2011**

	General Fund	Police Facility Construction	Nonmajor Governmental Funds	Total Governmental Funds
<b>Revenues:</b>				
Property Taxes	\$ 41,128,404	\$ -	\$ 854,074	\$ 41,982,478
Intergovernmental	15,119,672	-	10,382,959	25,502,631
Excise and Other Taxes	3,284,107	-	3,216	3,287,323
Licenses, Permits, Fees	8,835,769	-	-	8,835,769
Charges for Services	-	-	4,635,278	4,635,278
Interest on Taxes	190,962	-	2,991	193,953
Investment Income	137,258	-	147,847	285,105
Gifts and Donations	-	-	273,353	273,353
Other	-	-	744,230	744,230
Intergovernmental - "On-behalf" Payments	8,054,205	-	-	8,054,205
<b>Total Revenues</b>	<b>76,750,377</b>	<b>-</b>	<b>17,043,948</b>	<b>93,794,325</b>
<b>Expenditures:</b>				
Current:				
General Government	4,514,669	-	2,352,911	6,867,580
Public Safety	10,997,178	306,427	1,358,235	12,661,840
Public Works	3,218,479	-	1,030,895	4,249,374
Education	28,897,896	-	7,930,005	36,827,901
Health and Human Services	1,334,424	-	2,118,183	3,452,607
Culture and Recreation	1,763,876	-	1,485,824	3,249,700
Employee Benefits and Insurance	22,893,677	-	-	22,893,677
Capital Improvements	1,001,918	-	-	1,001,918
State Assessments	2,652,883	-	-	2,652,883
Debt Service:				
Principal	3,763,437	-	336,214	4,099,651
Interest	1,322,903	-	283,565	1,606,468
<b>Total Expenditures</b>	<b>82,361,340</b>	<b>306,427</b>	<b>16,895,832</b>	<b>99,563,599</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>(5,610,963)</b>	<b>(306,427)</b>	<b>148,116</b>	<b>(5,769,274)</b>
<b>Other Financing Sources (Uses):</b>				
Operating Transfers In	5,442,301	-	166,351	5,608,652
Operating Transfers Out	(166,351)	-	(2,558,709)	(2,725,060)
Capital Lease	185,000	-	-	185,000
Proceeds from Issuance of Bonds	-	1,100,000	7,279,820	8,379,820
<b>Total Other Financing Sources (Uses)</b>	<b>5,460,950</b>	<b>1,100,000</b>	<b>4,887,462</b>	<b>11,448,412</b>
<b>Net Change in Fund Balances</b>	<b>(150,013)</b>	<b>793,573</b>	<b>5,035,578</b>	<b>5,679,138</b>
<b>Fund Balances, Beginning of Year</b>	<b>4,238,179</b>	<b>(1,095,598)</b>	<b>11,852,305</b>	<b>14,994,886</b>
<b>Fund Balances, End of Year</b>	<b>\$ 4,088,166</b>	<b>\$ (302,025)</b>	<b>\$ 16,887,883</b>	<b>\$ 20,674,024</b>

**CITY OF NORTHAMPTON, MASSACHUSETTS**  
**Reconciliation of the Governmental Funds Balance Sheet**  
**Total Fund Balances to the Statement of Net Assets**  
**For the Year Ended June 30, 2011**

<b>Total Governmental Fund Balances</b>	<b>\$</b>	<b>20,674,024</b>
Capital Assets (net) used in governmental activities are not financial resources and therefore, are not reported in the funds.		69,248,734
Revenues are recognized on an accrual basis of accounting instead of a modified accrual basis.		20,677,982
Long Term liabilities are not due and payable in the current period and therefore, are not reported in the governmental funds:		
Bonds and Leases Payable	\$ (35,468,580)	
Other Post Employment Benefits Payable	(10,495,621)	
Compensated Absences	<u>(3,206,820)</u>	(49,171,021)
In the statement of activities, interest is accrued on outstanding long term debt, whereas in governmental funds, interest is not reported until due.		<u>(379,590)</u>
<b>Net Assets of Governmental Activities</b>	<b>\$</b>	<b><u>61,050,129</u></b>

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

**CITY OF NORTHAMPTON, 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, 2011**

**Net Change in Fund Balances - Total Governmental Funds** \$ 5,679,138

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	\$ 4,047,215	
Depreciation	<u>(4,137,570)</u>	(90,355)

Revenue in the Statement of Activities that do not provide current financial resources are fully deferred in the Statement of Revenues, Expenditures and Changes in Fund Balances. Therefore, the recognition of revenue for various types of accounts receivable (i.e., real estate and personal property, motor vehicle excise, etc.) differ between the two statements. This amount represents the net change in deferred revenue. (1,029,340)

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 assets:

Repayment of Debt and Lease Principal	4,245,648	
Proceeds from Bonds and Notes	(8,379,820)	
Capital Lease Financing	<u>(185,000)</u>	(4,319,172)

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:

Net Change in Compensated Absences	24,551	
Net Change in Other Post Employment Benefits	(3,037,905)	
Net Change in Accrued Interest on Long-Term Debt	<u>(4,017)</u>	(3,017,371)

**Change in Net Assets of Governmental Activities** \$ (2,777,100)

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

**CITY OF NORTHAMPTON, MASSACHUSETTS  
STATEMENT OF REVENUES AND EXPENDITURES -  
BUDGETARY BASIS - (NON-GAAP) -  
BUDGET AND ACTUAL - GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2011**

	Budgeted Amounts		Actual	Amounts Carried Forward to Next Year	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Budgetary Basis		
<b>Revenues:</b>					
Property Taxes	\$ 41,210,380	\$ 41,248,080	\$ 41,105,954	\$ -	\$ (142,126)
Intergovernmental	15,224,375	15,224,375	15,119,672	-	(104,703)
Excise and Other Taxes	2,991,201	2,991,201	3,284,107	-	292,906
Licenses, Permits, Fees	8,688,688	8,688,688	8,835,769	-	147,081
Interest on Taxes	163,000	163,000	190,962	-	27,962
Investment Income	118,150	118,150	133,349	-	15,199
<b>Total Revenues</b>	<b>68,395,794</b>	<b>68,433,494</b>	<b>68,669,813</b>	<b>-</b>	<b>236,319</b>
<b>Expenditures:</b>					
Current:					
General Government	4,661,204	4,802,742	4,514,669	163,238	124,835
Public Safety	9,624,778	10,983,334	10,812,178	66,523	104,633
Public Works	2,917,460	3,404,364	3,218,479	127,930	57,955
Education	29,312,149	29,312,149	28,897,896	408,011	6,242
Health and Human Services	741,644	1,387,823	1,334,424	3,190	50,209
Culture and Recreation	1,798,775	1,771,625	1,763,876	-	7,749
Employee Benefits and Insurance	15,310,620	15,002,360	14,839,472	79,046	83,842
Capital Improvements	1,058,921	2,149,361	1,001,918	1,138,429	9,014
State Assessments	2,826,127	2,826,127	2,652,883	-	173,244
Debt Service:					
Principal	3,954,982	3,831,931	3,763,437	-	68,494
Interest	1,439,735	1,339,785	1,322,903	-	16,882
<b>Total Expenditures</b>	<b>73,646,395</b>	<b>76,811,601</b>	<b>74,122,135</b>	<b>1,986,367</b>	<b>703,099</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>(5,250,601)</b>	<b>(8,378,107)</b>	<b>(5,452,322)</b>	<b>(1,986,367)</b>	<b>939,418</b>
<b>Other Financing Sources (Uses):</b>					
Operating Transfers In (Out)	3,637,800	5,723,059	5,738,591	-	15,532
<b>Total Other Financing Sources (Uses)</b>	<b>3,637,800</b>	<b>5,723,059</b>	<b>5,738,591</b>	<b>-</b>	<b>15,532</b>
<b>Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses</b>	<b>(1,612,801)</b>	<b>(2,655,048)</b>	<b>286,269</b>	<b>(1,986,367)</b>	<b>954,950</b>
<b>Budgetary Fund Balance - Beginning of Year</b>	<b>3,425,087</b>	<b>3,425,087</b>	<b>3,425,087</b>	<b>-</b>	<b>-</b>
<b>Budgetary Fund Balance - End of Year</b>	<b>\$ 1,812,286</b>	<b>\$ 770,039</b>	<b>\$ 3,711,356</b>	<b>\$ (1,986,367)</b>	<b>\$ 954,950</b>

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

**CITY OF NORTHAMPTON, MASSACHUSETTS**  
**Reconciliation of Revenues and Expenditures**  
**from Budgetary Basis to GAAP Basis**  
**For the Year Ended June 30, 2011**

	<u>Revenues</u>	<u>Expenditures</u>
<b>Reported on a Budgetary Basis</b>	\$ 68,669,813	\$ 74,122,135
<u>Adjustments:</u>		
Activity for Stabilization Funds Recorded in the General Fund for GAAP Purposes	3,909	-
Net Decrease in Revenue from recording Refund Taxes Payable	(15,550)	-
Recognition of Intergovernmental Revenue - "on behalf payments"	8,054,205	-
Recognition of Expenditures - "on behalf payments"	-	8,054,205
Net Increase in Revenue from Recording 60-Day Receipts	38,000	-
Capital Leases	-	185,000
<b>Reported on a GAAP Basis</b>	<u>\$ 76,750,377</u>	<u>\$ 82,361,340</u>

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

**CITY OF NORTHAMPTON, MASSACHUSETTS  
STATEMENT OF NET ASSETS - PROPRIETARY FUNDS  
JUNE 30, 2011**

		Business-Type Activities Enterprise Funds			
		Sewer Fund	Water Fund	Solid Waste Fund	Total
<b>ASSETS</b>					
<b>CURRENT:</b>					
Cash and Cash Equivalents	\$	4,259,808	\$ 5,963,010	\$ 6,608,683	\$ 16,831,501
User Charges, net of allowance for uncollectibles		386,223	426,419	456,809	1,269,451
Due from Other Governments		958,771	129,522	-	1,088,293
<b>Total current assets</b>		<b>5,604,802</b>	<b>6,518,951</b>	<b>7,065,492</b>	<b>19,189,245</b>
<b>NONCURRENT:</b>					
Capital Assets, net of accumulated Depreciation:					
Nondepreciable		1,087,019	2,599,061	1,609,046	5,295,126
Depreciable		4,840,417	36,527,132	9,528,989	50,896,538
<b>Total noncurrent assets</b>		<b>5,927,436</b>	<b>39,126,193</b>	<b>11,138,035</b>	<b>56,191,664</b>
<b>Total Assets</b>		<b>11,532,238</b>	<b>45,645,144</b>	<b>18,203,527</b>	<b>75,380,909</b>
<b>LIABILITIES</b>					
<b>CURRENT:</b>					
Accounts Payable		952,056	83,094	72,852	1,108,002
Accrued Payroll		21,824	33,398	10,770	65,992
Accrued Interest		27,092	87,714	13,204	128,010
Compensated Absences		51,674	30,803	12,550	95,027
Bond Anticipation Notes Payable		1,200,000	-	950,000	2,150,000
Bonds Payable		470,000	1,857,595	183,000	2,510,595
<b>Total current liabilities</b>		<b>2,722,646</b>	<b>2,092,604</b>	<b>1,242,376</b>	<b>6,057,626</b>
<b>NONCURRENT:</b>					
Landfill Closure		-	-	4,200,000	4,200,000
Compensated Absences		25,473	9,166	5,655	40,294
OPEB Obligation Payable		200,519	119,875	81,733	402,127
Bonds Payable		2,272,000	26,314,265	883,000	29,469,265
<b>Total noncurrent liabilities</b>		<b>2,497,992</b>	<b>26,443,306</b>	<b>5,170,388</b>	<b>34,111,686</b>
<b>Total Liabilities</b>		<b>5,220,638</b>	<b>28,535,910</b>	<b>6,412,764</b>	<b>40,169,312</b>
<b>NET ASSETS:</b>					
Invested in Capital Assets, net of related debt		1,985,436	11,083,855	9,122,035	22,191,326
Restricted for Capital		1,711,785	1,275,040	232,208	3,219,033
Unrestricted		2,614,379	4,750,339	2,436,520	9,801,238
<b>Total Net Assets</b>	<b>\$</b>	<b>6,311,600</b>	<b>\$ 17,109,234</b>	<b>\$ 11,790,763</b>	<b>\$ 35,211,597</b>

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

**CITY OF NORTHAMPTON, MASSACHUSETTS  
 PROPRIETARY FUNDS  
 STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS  
 FOR THE YEAR ENDED JUNE 30, 2011**

	Business-Type Activities Enterprise Funds			
	Sewer Fund	Water Fund	Solid Waste Fund	Total
<b>Operating Revenues:</b>				
Charges for Services	4,904,087	\$ 5,486,443	\$ 3,132,452	\$ 13,522,982
Other	21,065	15,509	203,288	239,862
<b>Total Operating Revenues</b>	<b>4,925,152</b>	<b>5,501,952</b>	<b>3,335,740</b>	<b>13,762,844</b>
<b>Operating Expenses:</b>				
Salaries & Wages	718,706	839,675	360,651	1,919,032
Operating Expenses	1,499,031	1,262,913	1,179,502	3,941,446
Depreciation	587,708	1,202,132	609,991	2,399,831
<b>Total Operating Expenses</b>	<b>2,805,445</b>	<b>3,304,720</b>	<b>2,150,144</b>	<b>8,260,309</b>
<b>Operating Income (Loss)</b>	<b>2,119,707</b>	<b>2,197,232</b>	<b>1,185,596</b>	<b>5,502,535</b>
<b>Non-Operating Revenues (Expenses):</b>				
Interest Income	40,979	62,860	33,923	137,762
Intergovernmental	1,105,754	541,099	-	1,646,853
Gain/(Loss) on Sale of Capital Assets	-	-	(277,165)	(277,165)
Interest Expense	(114,969)	(779,381)	(65,747)	(960,097)
<b>Total Non-Operating Revenues (Expenses)</b>	<b>1,031,764</b>	<b>(175,422)</b>	<b>(308,989)</b>	<b>547,353</b>
<b>Income (Loss) Before Operating Transfers</b>	<b>3,151,471</b>	<b>2,021,810</b>	<b>876,607</b>	<b>6,049,888</b>
<b>Operating Transfers:</b>				
Transfers In (Out)	(1,638,743)	(660,366)	(584,483)	(2,883,592)
<b>Total Operating Transfers</b>	<b>(1,638,743)</b>	<b>(660,366)</b>	<b>(584,483)</b>	<b>(2,883,592)</b>
<b>Change in Net Assets</b>	<b>1,512,728</b>	<b>1,361,444</b>	<b>292,124</b>	<b>3,166,296</b>
<b>Net Assets at Beginning of Year</b>	<b>4,798,872</b>	<b>15,747,790</b>	<b>11,498,639</b>	<b>32,045,301</b>
<b>Net Assets at End of Year</b>	<b>\$ 6,311,600</b>	<b>\$ 17,109,234</b>	<b>\$ 11,790,763</b>	<b>\$ 35,211,597</b>

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

**CITY OF NORTHAMPTON, MASSACHUSETTS  
 PROPRIETARY FUNDS  
 STATEMENT OF CASH FLOWS  
 FOR THE YEAR ENDED JUNE 30, 2011**

**Business-Type Activities  
 Enterprise Funds**

	Sewer Fund	Water Fund	Solid Waste Fund	Total
<b>Cash Flows From Operating Activities:</b>				
Receipts from Customers and Users	4,964,758	5,426,362	3,240,518	\$ 13,631,638
Receipts from Other Revenues	21,065	15,509	203,288	239,862
Payments to Vendors	(1,396,104)	(1,280,647)	(1,125,930)	(3,802,681)
Payments to Employees	(707,325)	(810,973)	(356,273)	(1,874,571)
<b>Net Cash Provided by (Used for) Operating Activities</b>	<b>2,882,394</b>	<b>3,350,251</b>	<b>1,961,603</b>	<b>8,194,248</b>
<b>Cash Flows from Noncapital Financing Activities:</b>				
Transfers from (to) Other Funds	(1,638,743)	(660,366)	(584,483)	(2,883,592)
<b>Net Cash Provided by (Used for) Noncapital Financing Activities</b>	<b>(1,638,743)</b>	<b>(660,366)</b>	<b>(584,483)</b>	<b>(2,883,592)</b>
<b>Cash Flows from Capital and Related Financing Activities:</b>				
Proceeds from the issuance of Bonds and Notes	1,200,000	-	-	1,200,000
WPAT Project Drawdowns	-	572,028	-	572,028
Intergovernmental	146,983	347,658	-	494,641
Sale of Capital Asset	-	-	368,271	368,271
Acquisition and Construction of Capital Assets	(556,537)	(1,632,190)	(527,370)	(2,716,097)
Principal Payments on Bonds and Notes	(253,000)	(1,807,904)	(733,000)	(2,793,904)
Interest Expense	(115,849)	(795,604)	(68,307)	(979,760)
<b>Net Cash Provided by (Used for) Capital and Related Financing Activities</b>	<b>421,597</b>	<b>(3,316,012)</b>	<b>(960,406)</b>	<b>(3,854,821)</b>
<b>Cash Flows from Investing Activities:</b>				
Investment Income	40,979	62,860	33,923	137,762
<b>Net Cash Provided by (Used for) Investing Activities</b>	<b>40,979</b>	<b>62,860</b>	<b>33,923</b>	<b>137,762</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents Cash and Cash Equivalents at Beginning of Year</b>	<b>1,706,227</b>	<b>(563,267)</b>	<b>450,637</b>	<b>1,593,597</b>
<b>Cash and Cash Equivalents at End of Year</b>	<b>2,553,581</b>	<b>6,526,277</b>	<b>6,158,046</b>	<b>15,237,904</b>
<b>Cash and Cash Equivalents at End of Year</b>	<b>\$ 4,259,808</b>	<b>\$ 5,963,010</b>	<b>\$ 6,608,683</b>	<b>\$ 16,831,501</b>

**CITY OF NORTHAMPTON, MASSACHUSETTS  
 PROPRIETARY FUNDS  
 STATEMENT OF CASH FLOWS  
 FOR THE YEAR ENDED JUNE 30, 2011**

Business-Type Activities Enterprise Funds	Sewer Fund	Water Fund	Solid Waste Fund	Total
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**Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used For) Operating Activities:**

Operating Income (Loss)	\$	2,119,707	\$	2,197,232	\$	1,185,596	5,502,535
<b>Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:</b>							
Depreciation		587,708		1,202,132		609,991	2,399,831
Change in Assets and Liabilities:							
Increase (Decrease) in Warrants Payable		44,887		(52,431)		29,915	22,371
Increase (Decrease) in Accrued Payroll		21,824		33,398		10,770	65,992
Increase (Decrease) in Compensated Absences		(10,443)		(4,696)		(6,392)	(21,531)
Increase (Decrease) in OPEB Obligation Payable		58,040		34,697		23,657	116,394
Decrease (Increase) in User Charges Receivable		60,671		(60,081)		108,066	108,656
<b>Total Adjustments</b>		<u>762,687</u>		<u>1,153,019</u>		<u>776,007</u>	<u>2,691,713</u>
<b>Net Cash Provided by (Used for) Operating Activities</b>	<b>\$</b>	<b>2,882,394</b>	<b>\$</b>	<b>3,350,251</b>	<b>\$</b>	<b>1,961,603</b>	<b>\$ 8,194,248</b>

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

**CITY OF NORTHAMPTON, MASSACHUSETTS  
FIDUCIARY FUNDS  
STATEMENT OF FIDUCIARY NET ASSETS  
JUNE 30, 2011**

	<b>NORTHAMPTON</b>		
	<b>Employees</b>		
	<b>Retirement</b>		
	<b>System Pension</b>		
	<b>Trust Fund</b>	<b>Private</b>	<b>Agency</b>
	<b>(as of December</b>	<b>Purpose</b>	<b>Funds</b>
	<b>31, 2010)</b>	<b>Trust Funds</b>	<b>Funds</b>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 29,256	\$ 276,733	\$ 277,855
Investments	78,572,325	1,345,284	-
Accrued Interest and Dividends	248,514	-	-
Accounts Receivable	10,708	-	21,799
<b>Total Assets</b>	<b>78,860,803</b>	<b>1,622,017</b>	<b>299,654</b>
<b>LIABILITIES</b>			
Warrants Payable	625,994	-	6,048
Due to Others	-	-	37,031
Due to Student Groups	-	-	151,726
Deposits and Escrows	-	-	104,849
<b>Total Liabilities</b>	<b>625,994</b>	<b>-</b>	<b>299,654</b>
<b>NET ASSETS:</b>			
Held in Trust for Pension Benefits and Other Purposes	\$ 78,234,809	\$ 1,622,017	\$ -

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

**CITY OF NORTHAMPTON, MASSACHUSETTS  
FIDUCIARY FUNDS  
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
FOR THE YEAR ENDED JUNE 30, 2011**

	<b>NORTHAMPTON</b>	
	<b>Employees</b>	
	<b>Retirement</b>	
	<b>System Pension</b>	
	<b>Trust Fund</b>	<b>Private</b>
	<b>(as of December</b>	<b>Purpose</b>
	<b>31, 2010)</b>	<b>Trust Funds</b>
<b>Additions</b>		
Contributions:		
Employers	\$ 4,180,447	\$ -
Plan Members	2,145,455	-
Transfers/Reimbursements from Other Systems	185,428	-
Federal Grant Reimbursements	28,203	-
Commonwealth of Massachusetts - COLA	121,529	-
Private Donations	-	279,569
<b>Total Contributions</b>	<b>6,661,062</b>	<b>279,569</b>
Investment Income:		
Interest & Dividends	2,280,238	73,205
Net Change in Fair Value of Investments	6,684,610	111,781
<b>Total Investment Earnings</b>	<b>8,964,848</b>	<b>184,986</b>
Less Investment Expense	(301,138)	-
<b>Net Investment Earnings</b>	<b>8,663,710</b>	<b>184,986</b>
<b>Total Additions</b>	<b>15,324,772</b>	<b>464,555</b>
<b>Deductions:</b>		
Benefit Payments to Plan Members and Beneficiaries	6,710,703	-
Refunds to Members	245,215	-
Transfers to Other Systems	269,173	-
Educational Scholarships	-	21,600
Human Services	-	5,000
General Expenses	174,421	10,750
<b>Total Deductions</b>	<b>7,399,512</b>	<b>37,350</b>
<b>Change in Net Assets</b>	<b>7,925,260</b>	<b>427,205</b>
<b>Net Assets at Beginning of Year</b>	<b>70,309,549</b>	<b>1,194,812</b>
<b>Net Assets at End of Year</b>	<b>\$ 78,234,809</b>	<b>\$ 1,622,017</b>

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

**CITY OF NORTHAMPTON, MASSACHUSETTS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2011**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Reporting Entity**

The City of Northampton, Massachusetts is a municipality in which citizens elect the mayor, seven council members and two 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 Northampton Contributory Retirement System (the System) was established to provide retirement benefits to City employees, the City Housing Authority, employees, and their beneficiaries. The System is governed by a five-member board comprised of the City Auditor (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 210 Main Street, Northampton, Massachusetts.

The City is responsible for electing the governing board and/or committee members of the Northampton Housing Authority. This related organization is 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 organization. A description of the related organization is as follows:

**Northampton Housing Authority** - A public housing agency that provides housing assistance to eligible and qualified low and moderate income families, the elderly and handicapped. The housing authority is an autonomous and self-sufficient agency under the State Executive Office of Communities and Development. The City has no significant influence over management, budget or policies of the authority.

**CITY OF NORTHAMPTON, MASSACHUSETTS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2011**

The accompanying basic financial statements of the City of Northampton, 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.

**B. Implementation of New Accounting Principle**

In fiscal year 2011, the City adopted GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This Statement establishes criteria for classifying governmental fund balances into specifically defined classifications. Classifications are hierarchical and are based primarily on the extent to which the City is bound to honor constraints on specific purposes for which amounts in the funds may be spent. Application of the Statement requires the City to classify and report amounts in the appropriate fund balance classifications. The City's accounting and finance policies are used to interpret the nature and/or requirements of the funds and their corresponding assignment of restricted, committed, assigned or unassigned.

**C. Government-Wide and Fund Financial Statements**

**Government-wide financial statements**

The government-wide financial statements (i.e., statement of net assets and the statement of changes in net assets) 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.

**CITY OF NORTHAMPTON, MASSACHUSETTS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2011**

***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.

Fiduciary funds are reported by fund type.

**D. 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 recorded 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.

**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 government 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

**CITY OF NORTHAMPTON, MASSACHUSETTS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2011**

current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

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

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 *police facility construction project fund* is used to account for financial resources to construct a new police facility.

The City reports the following major proprietary funds:

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

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

The *solid waste fund* is used to account for the solid waste activities.

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

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

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

The nonmajor governmental fund consists of other special revenue, capital projects, and permanent funds that are aggregated and presented in the *nonmajor governmental funds* column on the governmental funds financial statements.

Private sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

**CITY OF NORTHAMPTON, MASSACHUSETTS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2011**

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 Town's enterprise funds and various other functions of the Town. Elimination of these charges would distort the direct costs and program revenues of the various functions concerned.

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.

**E. 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 nonmajor governmental funds is legally assigned to the general fund unless otherwise directed by Massachusetts General Laws (MGL).

**F. 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 Contributory Retirement System consist of marketable securities, bonds and short-term money market investments. All investments are carried at market value.

**G. 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.

**CITY OF NORTHAMPTON, MASSACHUSETTS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2011

***Property Taxes, Deferred Property Taxes, Taxes in Litigation, Rollback Taxes, and Tax Liens***

Property taxes are based on assessments as of January 1, 2010 and include betterments, special assessments and liens. Taxes are used to finance the operations of the City for the fiscal year July 1st to June 30th. By law, all taxable property in the Commonwealth of Massachusetts must be assessed at 100% of fair cash value. Taxes are due and payable on July 1st. The City has accepted the quarterly tax payment system. Under the quarterly tax payment system, the assessors make a preliminary tax commitment based on the prior year's net tax and may not exceed, with limited exceptions, fifty percent of that amount. The collector must mail preliminary tax bills each year by July 1st. The preliminary tax is payable in two equal installments. The first installment is due on August 1st and the second installment is due on November 1st. After the City sets the tax rate, the assessors make the actual tax commitment. If actual bills are mailed on or before December 31st, the balance remaining is payable in two equal installments. The first installment is due on February 1st and the second installment is due on May 1st. If bills are mailed after December 31st, the entire balance is not due until May 1st or thirty days after the bills were mailed, whichever is later. Any betterments, special assessments and other charges are added to the actual bills. Interest at the rate of 14% is charged on the amount of any preliminary tax or actual tax installment payment that is unpaid and delinquent and is charged only for the number of days the payment is actually delinquent. If actual tax bills are mailed after December 31st, interest will be computed from May 1st, or the payment due date, whichever is later. The City has an ultimate right to foreclose on property for which taxes have not been paid. Property taxes levied are recorded as receivables.

Revenues from property taxes are recognized in the fiscal year for which they have been levied.

The City mailed preliminary tax bills for the fiscal year 2011 on June 30, 2010 that were due on August 2, 2010 and November 2, 2010 and actual bills on December 30, 2010 that were due on February 1, 2011 and May 2, 2011.

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 2011 is \$41,660,442 consisting of a base of \$40,556,020 and a debt exclusion of \$1,104,422. The total amount raised by taxation was \$41,637,003.

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

***Excise Taxes***

Excise taxes consist of motor vehicle excise and vessel excise. Excise taxes are assessed annually for each vehicle and vessel registered in the City, and are recorded as receivables in the fiscal year of levy. The Commonwealth is responsible for reporting the number of

**CITY OF NORTHAMPTON, MASSACHUSETTS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2011**

vehicles registered and the fair value of those vehicles. The Board of Assessors of the City is responsible for determining the value of each vessel.

The tax calculation is the fair market value of the vehicle or vessel multiplied by the \$25 per \$1,000 of value and \$10 per \$1,000 of valuation, respectively.

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

***User Charges***

User charges and fees consist of sewer, water and solid waste and are levied monthly 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 charges, sewer charges, solid waste 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 veterans services, school department fees, ambulance and other general government receipts.

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

***Special Assessments***

Special assessments consists of Title V septic betterments in the governmental funds.

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

***Loans***

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

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

**CITY OF NORTHAMPTON, MASSACHUSETTS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2011**

***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.

**H. 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) 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 improvements	20-40
Machinery, equipment and other	3-15
Infrastructure	20-50

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

**I. Interfund Transfers**

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

In the government-wide financial statements, operating transfers between and within governmental funds are eliminated from the governmental activities in the statement of net assets. Any residual balances outstanding between the governmental activities and business-type activities are reported in the statement of activities as "Transfers net."

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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.

**J. Deferred Revenue**

Deferred revenue at the fund financial statement level represents billed receivables that do not meet the available criterion in accordance with the current financial resources measurement focus and the modified accrual basis of accounting. Deferred revenue is recognized as revenue in the conversion to the government-wide (full accrual) financial statements.

**K. Net Assets and Fund Balances**

In the Governmental-Wide financial statements, the difference between the City's total assets and total liabilities represents net assets. Net assets displays three components – invested in capital assets, net of related debt; restricted (distinguished between major categories of restrictions; and unrestricted). Unrestricted net assets represent the net assets available for future operations. Net assets have been "restricted for" the following:

"Capital projects" represents amounts restricted for capital purposes.

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

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

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

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

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

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

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

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

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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 use 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

**L. Long-term Debt**

Long-term debt is reported as liabilities in the government-wide and proprietary fund statement of net assets.

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

**M. Compensated Absences**

The City grants to employees sick and vacation leave in varying amounts based upon length of service and in accordance with various individual union contracts. Upon retirement, termination, or death, certain employees are compensated for unused vacation and sick leave (subject to certain limitations) at 20% of their current rates of pay.

**N. Post Retirement Benefits**

In addition to providing pension benefits, health insurance coverage is provided for retired employees and their survivors in accordance with MGL, Chapter 32, on a pay-as-you-go basis. The cost of providing health insurance is recognized by recording the employer's 50%, 60% and 80% share for PPO plans and HMO plans, respectively, insurance premiums in the general fund in the fiscal year paid.

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**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. 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:

Every board and committee in charge of a department shall annually, on the first day of December, send to the mayor and to the committee on finances an estimate in detail of the appropriations needed to enable the department to properly perform its duties.

Hearings are conducted and the Mayor then submits a budget to the City Council.

The budget is legally enacted by vote of the City Council prior to the end of the fiscal year.

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

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

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"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 2011, the City incurred a final budget deficit of \$2,655,048 for the General Fund.

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

Unreserved fund balance:	
Free cash	\$ 1,042,247
Prior year's encumbrances	1,612,801
	<u>\$ 2,655,048</u>

**B. Deficit Fund Balances**

The following funds had deficits at June 30, 2011 as measured by the balances of unreserved fund balance: These deficits will be eliminated upon the issuance of permanent debt.

Capital vehicles	\$ 393,522
DPW facility	102,197
Police administration vehicles	141,500
Smith Vocational High School equipment vehicle	72,536
Police facility construction project	302,025
	<u>\$ 1,011,780</u>

These deficits will be eliminated upon the issuance of permanent debt.

**3. DETAILED NOTES**

**A. Deposits and Investments**

**Custodial Credit Risks – Deposits – City Financials**

Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned. The government does not have a deposit policy for custodial credit risk. Deposits at June 30, 2011 were \$53,753,455. Of these, \$9,539,095 was exposed to custodial credit risk as uninsured and uncollateralized.

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**Custodial Credit Risks – Deposits – Northampton 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, 2010 were \$162,067. None was exposed to custodial credit risk as uninsured and uncollateralized.

**Investment Policies – City Financials**

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

The MMDT is an investment pool created by the Commonwealth under the supervision of the State Treasurer’s office. According to the State Treasurer, the Trust’s investment policy is designed to maintain an average weighted maturity of 90 days or less and is limited to high-quality, readily marketable fixed income instruments, including U. S. Government obligations and highly-rated corporate securities with maturities of one year or less.

As of June 30, 2011, the City had the following investments and maturities:

Investment Type	Fair Value	Investment Maturities (in Years)		
		Less Than 1	1 to 5	6 to 10
<b>Debt Securities:</b>				
U. S. Treasury obligations	\$ 74,514	\$ -	\$ 74,514	\$ -
U. S. Government agencies	276,619	-	-	276,619
Corporate bonds	50,563	50,563	-	-
Money market mutual funds	162,261	162,261	-	-
	<u>563,957</u>	<u>212,824</u>	<u>74,514</u>	<u>276,619</u>
<b>Other Investments:</b>				
Equity mutual funds	1,332,996			
Equity securities - Domestic	355,249			
Certificates of Deposit	95,166			
	<u>\$ 2,347,368</u>			

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**Custodial Credit Risks - Investments**

For an investment, custodial risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Of the City's \$2,347,368, none are uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department and in the City's name. The City has no policy on custodial credit risk.

**Interest Rate Risk**

The City does have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

**Credit Risk**

The City's exposure to credit risk as of June 30, 2011 is as follows:

Related Debt Instruments	Fair Value	Moody's Quality Ratings		
		Aaa	B1	Not Rated
Debt Securities:				
U. S. Treasury obligations	\$ 74,514	\$ 74,514	\$ -	\$ -
U. S. government agencies	276,619	276,619	-	-
Corporate bonds	50,563	-	50,563	-
Money market mutual fund	162,261	-	-	162,261
	<u>\$ 563,957</u>	<u>\$ 351,133</u>	<u>\$ 50,563</u>	<u>\$ 162,261</u>

**Concentration of Credit Risk**

The City places no limit on the amount the City may invest in one issuer. More than 5 percent of the City's investments is in the Federal National Mortgage Association at 7.51% of the total City's investments.

**Investment Policies – Northampton Contributory Retirement System City Financials**

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 are as follows:

- A. The assets shall be diversified among fixed income, equity, and short term investment and may include:

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- i. up to 3% of the total market value of the portfolio in limited partnerships, such as, but not limited to, venture capital investments;
  - ii. up to 8% of the total equity market value of the portfolio in foreign investments.
  
- B. The asset allocation of the portfolio shall lie within the range of 45%-65% common stock and 35%-55% fixed income as is permitted by an exemption issued to the Board.
  
- C. Equity investments shall comply with the following policies as well as relevant PERAC regulations including any modifications permitted by an exemption issued to the Board.
  - i. At least 75% of the market value of equity investments shall be in companies for which the market value of the outstanding shares is at least \$100 million at time of purchase.
  - ii. The investment in any one holding shall not exceed 5% of the total book value of equity investments at the time of purchase.
  - iii. All equity investments, including ADRs as permitted by an exemption issued to the Board, must be in securities traded on a major exchange or on the NASDAQ.
  - iv. The beta (a measure of equity volatility) shall average no more than 1.15 annually.
  - v. No investment shall be made in a company with less than a five year operating history.
  - vi. The holdings within the equity portfolio shall be diversified such that:
    - a. The equity portfolio shall consist of no fewer than 25 holdings;
    - b. no single industry shall account for more than 20% of the total market value;
    - c. at no time shall small capitalization stocks represent less than 10% of the total equity market value nor more than 50%.
  
  - vii. Recognizing that equity turnover may vary with market conditions and the specific characteristics of individual issues, turnover shall be targeted at no more than 150% per year.
  
- D. Fixed income investments shall comply with the following policies as well as relevant PERAC regulations including any modifications permitted by an exemption issued to the Board.
  - i. At least 65% of the market value of the fixed income portfolio shall be in holdings rated no less than A or equivalent.
  - ii. No more than 5% of the portfolio shall have a rating less than investment grade, and no bond shall be below a rating of B. Split-

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rated bonds, i.e. bonds rated investment grade by at least one agency but rated below investment grade by another, are included in this 5%.

- iii. No holding shall be purchased unless there is at least \$50 million par of the issue outstanding at the time of purchase.
  - iv. No more than 5% of the total market value of the portfolio shall be invested in the direct (as opposed to asset-backed or mortgage-backed) debt obligations of any one fixed income issuer except that issues of the U.S. government or agencies that have the full faith and credit of the U.S. government may be held without limit. The investment Manager may exceed that level, up to a maximum of 10%, however, if he or she feels it is prudent to do so as long as the Investment Manager promptly advises the Secretary to the Board of the situation so that the Board may review the investment at its next meeting.
  - v. Fixed income holdings which are downgraded below BBB or Baa shall be sold within one year of the downgrading unless the exemption issued to the Board permits retention.
  - vi. The adjusted modified duration of the fixed income portfolio shall be within the range of 75% to 125% of the duration of the Index.
  - vii. Excluding purchases and sales of issues of the U.S. government or agencies that have the full faith and credit of the U.S. government, the turnover of the fixed income portfolio shall not exceed 150% per year.
  - viii. The holdings within the fixed income portfolio shall be diversified such that:
    - a. the holdings shall be diversified across sectors and industries with no single industry representing more than one third the market value
    - b. except that issues of the U.S. government or agencies that have the full faith and credit of the U.S. government may be held without limit.
    - c. the fixed income portfolio will consist of no fewer than 20 holdings
    - d. at no time shall more than 80% of the market value of the holdings nor less than 20% have an adjusted modified duration longer than the Index.
- E. Cash and cash equivalents shall be invested in any or all of the following instruments: money market funds, repurchase agreements, short term instruments issued by the Treasury and other agencies of the U.S. government, commercial paper rated P1 and corporate debt maturing within one year at date of purchase.

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As of June 30, 2011, the System had the following investments and maturities:

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less Than 1	1 to 5	6 to 10	More than 10 Years
<b>Debt Securities:</b>					
U. S. Treasury obligations	\$ 6,742,957	\$ -	\$ 2,318,242	\$ 1,387,217	\$ 3,037,498
U. S. Government agencies	1,426,604	256,410	271,596	557,966	340,632
Corporate debt	17,990,217	323,645	4,907,676	6,932,475	5,826,421
Money market mutual funds	1,094,277	1,094,277	-	-	-
	<u>27,254,055</u>	<u>\$ 1,674,332</u>	<u>\$ 7,497,514</u>	<u>\$ 8,877,658</u>	<u>\$ 9,204,551</u>
<b>Other Investments:</b>					
Equity securities - Domestic	48,197,999				
Pooled investment funds	3,120,271				
	<u>\$ 78,572,325</u>				

**Custodial Credit Risks - Investments**

For an investment, custodial risk is the risk that, in the event of the failure of the counterparty, the System will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Of the System's \$78,572,325 in investments, none are uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department but not in the System's name. The System has no policy on custodial credit risk.

**Interest Rate Risk**

The System does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

**Credit Risk**

The System limits investments in bonds with a minimum quality rating of Baa or equivalent as rated by one or more recognized bond rating services, however, 10% of the market value of fixed income investments may be invested in bonds with a minimum quality rating of Ba or equivalent as rated by one or more recognized bond rating services.

The System's exposure to credit risk as of June 30, 2011 is as follows:

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Related Debt Instruments	Fair Value
Moody's Quality Ratings	
<b>U. S. Treasury Obligations:</b>	
AAA	\$ 6,742,957
<b>U. S. Government Agencies:</b>	
AAA	1,426,604
<b>Corporate Debt:</b>	
AAA	2,215,871
AA	5,179,636
A	2,223,581
BAA	7,036,980
BA/B	1,334,149
<b>Money Market Mutual Funds:</b>	
Not rated	1,094,277
	\$ 27,254,055

**Concentration of Credit Risk**

The System may invest up to 15% of the account's assets in high yield securities on an opportunistic basis. There is no one investment that is 5 percent of the System's investments.

**B. Receivables**

At June 30, 2011, receivables for the individual major governmental funds, non-major governmental funds, and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	Gross Amount	Allowance for Uncollectibles	Net Amount
<b>Major and nonmajor governmental funds:</b>			
Property taxes	\$ 1,513,947	\$ (355,000)	\$ 1,158,947
Deferred property taxes	155,586	-	155,586
Taxes in litigation	6,794	(6,794)	-
Rollback taxes	1,580	(1,580)	-
Tax liens	504,582	-	504,582
Excise taxes and other taxes	996,494	(683,000)	313,494
Departmental	1,221,231	(227,733)	993,498
Special assessments	328	-	328
Loans	142,393	-	142,393
Due from other governments	18,172,210	-	18,172,210
	\$ 22,715,145	\$ (1,274,107)	\$ 21,441,038

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At June 30, 2011, receivables for the sewer, water and solid waste enterprise consist of the following:

	Gross Amount	Allowance for Uncollectibles	Net Amount
<b>Sewer Fund:</b>			
User charges	\$ 557,673	\$ (171,450)	\$ 386,223
Due from other governments	958,771	-	958,771
<b>Water Fund:</b>			
User charges	483,994	(57,575)	426,419
Due from other governments	129,522	-	129,522
<b>Solid Waste Fund:</b>			
User charges	674,973	(218,164)	456,809
	<u>\$ 2,804,933</u>	<u>\$ (447,189)</u>	<u>\$ 2,357,744</u>

The composition of amounts due from other governments as of June 30, 2011 for governmental funds and the business-type activities as follows:

**General Fund:**

***Commonwealth of Massachusetts:***

School Building Authority - School Building Assistance - Capital portion	\$ 15,073,735	
Department of Housing & Community Development: Community Development Block Grant	<u>13,668</u>	\$ 15,087,403

**Nonmajor Governmental Funds:**

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

School lunch	32,946
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***U. S. Department of Housing and Urban Development:***

Community Development Block Grant	541,281
Supportive Housing Program	515,138
Economic Development Initiative	5,000

***U. S. Department of Education -***

School title grants	25,800
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***Commonwealth of Massachusetts -***

Massachusetts Department of Elementary and Secondary  
Education:

School lunch	948
School grants	224

Massachusetts Cultural Council:

Northampton Arts Council	1,360
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Massachusetts Department of Transportation:

Chapter 90 funds	1,897,870
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Executive Office of Public Safety and Homeland Security -  
State 911 Support, Incentive and Training Grant

32,187

***Private Grants***

32,053      3,084,807

\$ 18,172,210

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**Business-Type Funds:**

**Sewer Fund:**

*Commonwealth of Massachusetts -*

*Executive Office of Housing and Economic Development*

Bradford Street pump station \$ 958,771

**Water Fund:**

*Massachusetts Water Pollution Abatement Trust:*

Water pollution abatement project 129,522  
\$ 1,088,293

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period.

The balance of the general fund deferred revenues account is equal to all of June 30, 2011 receivable balances, except real and personal property taxes that are accrued for subsequent 60 day collections.

At the end of the current fiscal year, the deferred revenue for property taxes is \$915,947.

The various components of the other deferred revenue reported in the governmental funds were as follows:

**General Fund:**

Deferred property taxes	\$	155,586	
Tax Liens		500,229	
Excise Taxes		313,494	
Departmental		560,666	
Due from other governments		<u>15,073,735</u>	\$ 16,603,710

**Nonmajor Governmental Funds:**

Tax Liens		4,353	
Departmental		432,832	
Special assessments		328	
Loans		142,393	
Due from other governments		<u>2,578,419</u>	3,158,325
			<u>\$ 19,762,035</u>

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**C. Capital Assets**

**Governmental Activities**

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	\$ 11,993,114	\$ 1,131,798	\$ -	\$ 13,124,912
Construction in progress	4,688,315	1,503,178	(2,916,820)	3,274,673
Total capital assets not being depreciated	16,681,429	2,634,976	(2,916,820)	16,399,585
Capital assets being depreciated:				
Buildings and improvements	91,516,100	1,518,155	-	93,034,255
Machinery, equipment and other	10,769,272	1,412,240	(364,709)	11,816,803
Infrastructure	17,009,610	1,398,665	-	18,408,275
Total capital assets being depreciated	119,294,982	4,329,060	(364,709)	123,259,333
Less accumulated depreciation for:				
Buildings	45,851,996	2,881,939	-	48,733,935
Machinery, equipment and other	7,941,280	951,143	(364,709)	8,527,714
Infrastructure	12,844,046	304,489	-	13,148,535
Total accumulated depreciation	66,637,322	4,137,571	(364,709)	70,410,184
Total capital assets being depreciated, net	52,657,660	191,489	-	52,849,149
Total governmental activities capital assets, net	\$ 69,339,089	\$ 2,826,465	\$ (2,916,820)	\$ 69,248,734

**Business-Type Activities**

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	\$ 3,775,871	\$ 700,000	\$ (645,436)	\$ 3,830,435
Construction in progress	518,875	2,643,795	(1,170,610)	1,992,060
Total capital assets not being depreciated	4,294,746	3,343,795	(1,816,046)	5,822,495
Capital assets being depreciated:				
Building and Renovations	23,152,564	-	-	23,152,564
Machinery, equipment and other	2,722,461	-	-	2,722,461
Infrastructure	72,959,253	1,315,005	-	74,274,258
Total capital assets being depreciated	98,834,278	1,315,005	-	100,149,283
Less accumulated depreciation for:				
Building and Renovations	13,910,971	628,422	-	14,539,393
Machinery, equipment and other	1,923,421	270,488	-	2,193,909
Infrastructure	31,545,891	1,500,921	-	33,046,812
Total accumulated depreciation	47,380,283	2,399,831	-	49,780,114
Total capital assets being depreciated, net	51,453,995	(1,084,826)	-	50,369,169
Total business-type activities capital assets, net	\$ 55,748,741	\$ 2,258,969	\$ (1,816,046)	\$ 56,191,664

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

**Governmental Activities:**

General government	\$ 254,358
Public safety	625,747
Public works	520,355
Education	2,456,765
Health and human services	120,334
Culture and recreation	160,012
Total depreciation expense - governmental activities	<u>\$ 4,137,571</u>

**Business-Type Activities:**

Sewer fund	\$ 587,708
Water fund	1,202,132
Solid waste fund	609,991
Total depreciation expense - business-type activities	<u>\$ 2,399,831</u>

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

Interfund transfers for the fiscal year ended June 30, 2011, are summarized as follows:

Transfers Out:	Transfers In:		
	General fund	Nonmajor governmental funds	Total
General fund	\$ -	\$ 166,351	\$ 166,351
Nonmajor governmental funds	2,558,709	-	2,558,709
Business-type activities	2,883,592	-	2,883,592
Total transfers out	<u>\$ 5,442,301</u>	<u>\$ 166,351</u>	<u>\$ 5,608,652</u>

**E. Lease**

The City has entered into lease agreements as lessee for financing the acquisition of ambulances. The lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of their future minimum lease payments as of the inception date.

The assets acquired through the capital leases are as follow:

**CITY OF NORTHAMPTON, MASSACHUSETTS**  
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	<b>Governmental Activities</b>
<b>Assets:</b>	
Machinery, equipment and other	\$ 928,243
Less: Accumulated Depreciation	<u>(555,471)</u>
Total	<u><u>372,772</u></u>

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2011, are as follows:

<b>Year Ending June 30,</b>	<b>Governmental Activities</b>
2012	\$ 119,347
2013	119,347
2014	<u>52,550</u>
Total minimum lease payments	\$ 291,244
Less: amount representing interest	<u>(22,364)</u>
Present value of minimum lease payments	<u><u>\$ 268,880</u></u>

**F. Short-Term Financing**

Under the general laws of the Commonwealth and with the appropriate local authorization the City is authorized to borrow funds on a temporary basis to (1) fund current operations prior to the collection of revenues, by issuing revenue anticipation notes, (2) fund grants prior to reimbursements, by issuing grant anticipation notes, and (3) fund capital projects costs incurred prior to selling permanent debt by issuing bond anticipation notes.

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

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Purpose	Interest Rate	Final Maturity Date	Balance June 30, 2010	Renewed/ Issued	Retired/ Redeemed	Outstanding June 30, 2011
<b>Governmental Activities:</b>						
<b>Bond Anticipation Notes:</b>						
Sidewalk construction and and pavement resurfacing	1.25%	02/01/11	\$ 193,000	\$ -	\$ 193,000	\$ -
Drainage	1.25%	02/01/11	100,000		100,000	-
Police station construction	1.25%	02/01/11	1,100,000	-	1,100,000	-
City technology plan	1.25%	02/01/11	225,820	-	225,820	-
Police Vehicles	1.25%	12/09/11	-	141,500	-	141,500
Vocational school culinary renovations	1.25%	12/09/11		50,000	-	50,000
Vocational paint booth	1.25%	12/09/11	-	25,000	-	25,000
Dump trucks	1.25%	12/09/11	-	128,544	-	128,544
Wheel trucks	1.25%	12/09/11	-	264,980	-	264,980
DPW Facility	1.50%	02/10/12	-	750,000	-	750,000
Wheel chair van	1.50%	02/10/12	-	50,000	-	50,000
Bean Allard Farm Acquisition	1.50%	02/10/12	-	800,000	-	800,000
Police Station	1.50%	02/10/12	-	10,000,000	-	10,000,000
<b>Total Governmental Activities</b>			<b>\$ 1,618,820</b>	<b>\$ 12,210,024</b>	<b>\$ 1,618,820</b>	<b>\$ 12,210,024</b>

Purpose	Interest Rate	Final Maturity Date	Balance June 30, 2010	Renewed/ Issued	Retired/ Redeemed	Outstanding June 30, 2011
<b>Business-Type Activities:</b>						
<b>Bond Anticipation Notes:</b>						
<b>Sewer Fund:</b>						
Wastewater effluent pump	1.25%	02/01/11	\$ 660,000	\$ -	\$ 660,000	\$ -
Wastewater management plan	1.50%	02/10/12	-	400,000	-	400,000
Bradford St. pumping station	1.50%	02/10/12	-	800,000	-	800,000
<b>Total Sewer Fund</b>			<b>660,000</b>	<b>1,200,000</b>	<b>660,000</b>	<b>1,200,000</b>
<b>Solid Waste Fund:</b>						
Landfill planning	1.25%	02/01/11	300,000	-	300,000	-
Landfill land acquisition	1.25%	02/01/11	1,200,000	-	1,200,000	-
Landfill planning	1.50%	02/10/12	-	300,000	-	300,000
Landfill land acquisition	1.50%	02/10/12	-	650,000	-	650,000
<b>Total Solid Waste Fund</b>			<b>1,500,000</b>	<b>950,000</b>	<b>1,500,000</b>	<b>950,000</b>
<b>Total Business-Type Activities</b>			<b>\$ 2,160,000</b>	<b>\$ 2,150,000</b>	<b>\$ 2,160,000</b>	<b>\$ 2,150,000</b>

**CITY OF NORTHAMPTON, MASSACHUSETTS**  
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**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 currently outstanding of the governmental type fund are as follows:

	Interest Rate	Date Issued	Final Maturity Date	Original Amount Issued	Outstanding June 30, 2011
<b>Inside Debt:</b>					
Library building remodeling	3.40%	10/15/02	09/01/19	\$ 830,000	\$ 413,000
Library	4.25%	01/19/05	01/19/12	\$ 350,000	50,000
Land acquisition	Various	11/15/04	10/15/23	\$ 72,000	24,000
Building remodeling - school	Various	11/15/04	10/15/23	\$ 767,000	503,000
Recreation facilities	Various	11/15/04	10/15/23	\$ 45,000	15,000
Forbes library	Various	11/15/04	10/15/23	\$ 35,000	5,000
Repairs to city buildings	Various	11/15/04	10/15/23	\$ 40,000	10,000
Aerial ladder fire truck	Various	11/15/04	10/15/23	\$ 720,500	280,000
<b>Municipal Purpose Loan of 2007:</b>					
Departmental equipment	3.75-4.0%	03/15/07	03/15/12	\$ 769,500	28,000
Ryan Road/SVHS parking repaving	3.75-4.0%	03/15/07	03/15/12	\$ 425,000	25,000
Ridgewood Terrace sidewalks	3.75-4.0%	03/15/07	03/15/12	\$ 71,600	11,000
School energy	3.75-4.0%	03/15/07	03/15/16	\$ 60,000	32,000
SVHS shop computers	3.75-4.0%	03/15/07	03/15/16	\$ 300,000	152,000
Ridgewood Terrace roads	3.75-4.0%	03/15/07	03/15/16	\$ 173,400	93,000
Veteran's field skatepark	3.75-4.0%	03/15/07	03/15/22	\$ 140,000	100,000
Senior center	3.75-4.0%	03/15/07	03/15/26	\$ 3,910,000	3,086,000
Forbes library remodeling	3.75-4.0%	03/15/07	03/15/26	\$ 982,900	762,000
Schools and DPW garage remodeling	3.75-4.0%	03/15/07	03/15/26	\$ 415,000	319,000
DPW salt/sand shed	3.75-4.0%	03/15/07	03/15/26	\$ 173,600	133,000
Storm and surface drains	3.75-4.0%	03/15/07	03/15/26	\$ 602,000	475,000
<b>Refinanced:</b>					
Police land acquisition	Various	11/15/04	10/15/18	\$ 229,000	73,000
Land acquisition - Gerogianna	Various	11/15/04	10/15/18	\$ 76,000	36,000
Storm and surface drains	Various	11/15/04	10/15/18	\$ 40,000	24,000
Fire station	Various	11/15/04	10/15/18	\$ 2,325,000	2,020,000
Lilly Library - Additional expansion	4.75%	03/15/06	03/15/12	\$ 73,000	12,000
Title V Community Septic Management Program Bond	N/A	10/25/00	08/01/18	\$ 93,837	41,700
Sub-total				\$ 93,837	<u>41,700</u>
					<u>\$ 8,722,700</u>

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	Interest Rate	Date Issued	Final Maturity Date	Original Amount Issued	Outstanding June 30, 2011
<b>Inside Debt:</b>					
Continued from Page 53					\$ 8,722,700
<b>Municipal Purpose Loan of 2009:</b>					
City-wide fiber optic network	2.0-5.0%	02/12/09	02/01/29	\$ 710,000	420,000
Cty-wide telephone system	2.0-5.0%	02/12/09	02/01/29	\$ 648,000	385,000
Police department CSI vehicle	2.0-5.0%	02/12/09	02/01/29	\$ 85,000	25,000
Fire department equipment	2.0-5.0%	02/12/09	02/01/29	\$ 34,000	10,000
DPW roof repairs	2.0-5.0%	02/12/09	02/01/29	\$ 25,000	20,000
DPW sidewalks	2.0-5.0%	02/12/09	02/01/29	\$ 50,000	15,000
Ryan Road bridge repairs	2.0-5.0%	02/12/09	02/01/29	\$ 125,000	105,000
School energy conservation	2.0-5.0%	02/12/09	02/01/29	\$ 70,000	50,000
Various school projects	2.0-5.0%	02/12/09	02/01/29	\$ 674,000	460,000
Library preservation	2.0-5.0%	02/12/09	02/01/29	\$ 500,000	250,000
<b>Municipal Purpose Loan of 2010:</b>					
Drainage	3.01%	12/01/10	11/15/25	\$ 100,000	100,000
Sidewalk construction	1.70%	12/01/10	11/15/14	\$ 186,500	186,500
Police station	3.19%	12/01/10	11/15/25	\$ 1,100,000	1,100,000
Technology	2.31%	12/01/10	11/15/19	\$ 225,500	225,500
Energy conservation improvements	3.27%	12/01/10	11/15/25	\$ 4,893,000	4,893,000
Qualified energy conservation	1.73%	12/22/10	11/15/25	\$ 1,607,000	1,607,000
Clean renewable energy	1.73%	12/22/10	11/15/25	\$ 261,000	261,000
<b>Total Inside Debt</b>					<u>\$ 18,835,700</u>
<b>Outside Debt:</b>					
High school roof replacement	3.40%	10/15/02	09/01/17	\$ 400,000	\$ 184,000
High school remodeling	3.40%	10/15/02	09/01/19	\$ 5,565,000	2,958,000
<b>Refinanced:</b>					
School project	Various	11/15/04	10/15/19	\$ 18,508,000	13,222,000
<b>Total Outside Debt</b>					<u>16,364,000</u>
<b>Total Inside Debt</b>					<u>18,835,700</u>
<b>Total Governmental Type Debt</b>					<u><u>\$ 35,199,700</u></u>

**CITY OF NORTHAMPTON, MASSACHUSETTS  
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The annual principal and interest payments to retire all general obligation long-term debt outstanding as of June 30, 2011 are as follows:

**Governmental Type Activities**

<b>Year</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2012	\$ 4,369,214	\$ 1,495,280	\$ 5,864,494
2013	4,189,214	1,322,697	5,511,911
2014	3,961,214	1,139,459	5,100,673
2015	3,566,212	962,280	4,528,492
2016	3,025,211	803,908	3,829,119
2017-2021	11,375,635	2,132,755	13,508,390
2022-2026	4,698,000	532,583	5,230,583
2027-2028	15,000	850	15,850
	<u>\$ 35,199,700</u>	<u>\$ 8,389,812</u>	<u>\$ 43,589,512</u>

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

**CITY OF NORTHAMPTON, MASSACHUSETTS**  
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	Interest Rate	Date Issued	Final Maturity Date	Original Amount Issued	Outstanding June 30, 2011
<b>Inside Debt:</b>					
<b>Sewer:</b>					
Refinanced:					
Sewer	Various	11/15/04	10/15/19	\$ 2,539,000	\$ 2,082,000
Wastewater treatment plant improvements	1.68%	12/01/10	11/15/13	\$ 660,000	660,000
<b>Total Inside Debt</b>					<u>2,742,000</u>
<b>Outside Debt:</b>					
<b>Water:</b>					
Water filtration plant	Various	11/15/04	10/15/24	\$ 1,000,000	703,000
Route 66 water mains	Various	11/15/04	10/15/24	\$ 775,000	535,000
Water	3.75-4.00%	03/15/07	03/15/26	\$ 1,100,000	864,000
Route 66 water mains	2.00-5.00%	02/12/09	02/01/29	\$ 1,200,000	1,075,000
<b>Massachusetts Water Pollution Abatement Trust:</b>					
Water filtration plant	2.00%	02/01/07	08/01/24	\$ 2,241,713	1,849,903
Water filtration plant	2.00%	12/14/06	07/15/26	\$ 9,612,283	7,998,133
Water filtration plant	2.00%	12/14/06	07/15/26	\$ 14,000,000	11,649,042
Water filtration plant	2.00%	03/18/09	07/15/28	\$ 1,250,000	1,111,366
Refinanced:					
Water	Various	11/15/04	10/15/19	\$ 3,814,000	1,927,000
Well chlorination project	2.00%	07/08/10	07/15/25	\$ 459,416	459,416
					<u>28,171,860</u>
<b>Solid Waste:</b>					
Refinanced:					
Landfill	Various	11/15/04	10/15/16	\$ 1,829,000	1,066,000
					<u>1,066,000</u>
<b>Total Outside Debt</b>					<u>\$ 29,237,860</u>
<b>Total Business Type Debt</b>					<u>\$ 31,979,860</u>

**CITY OF NORTHAMPTON, MASSACHUSETTS**  
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**Business-Type Activities**

Year	Principal	Interest	Total
2012	\$ 2,510,595	\$ 871,305	\$ 3,381,900
2013	2,512,257	789,979	3,302,236
2014	2,507,713	705,838	3,213,551
2015	2,304,858	626,981	2,931,839
2016	2,228,695	552,420	2,781,115
2017-2021	9,332,509	1,868,030	11,200,539
2022-2026	8,738,521	720,378	9,458,899
2027-2029	1,844,712	38,961	1,883,673
	<u>\$ 31,979,860</u>	<u>\$ 6,173,892</u>	<u>\$ 38,153,752</u>

A summary of the changes in governmental activities and business-type long term debt during the year is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due within One Year
<b>Governmental activities:</b>					
<b>Bond Payable:</b>					
General obligation bonds	\$30,854,101	\$ 8,373,000	\$ 4,069,001	\$ 35,158,100	\$ 4,364,000
Massachusetts Water Pollution Abatement Trust bonds	46,813	-	5,213	41,600	5,214
Lease payable	248,494	185,000	164,614	268,880	106,880
Compensated absences	3,231,371	20,693	45,244	3,206,820	1,278,856
OPEB obligation payable	7,457,716	3,037,905	-	10,495,621	-
Governmental activity	<u>\$41,838,495</u>	<u>\$ 11,616,598</u>	<u>\$ 4,284,072</u>	<u>\$ 49,171,021</u>	<u>\$ 5,754,950</u>
<b>Business type activities:</b>					
<b>Bond Payable:</b>					
General obligation bonds	\$ 9,310,000	\$ 660,000	\$ 1,058,000	\$ 8,912,000	\$ 1,274,999
Massachusetts Water Pollution Abatement Trust bonds	23,825,288	428,476	1,185,904	23,067,860	1,235,596
Compensated absences	156,852	-	21,531	135,321	95,027
OPEB obligation payable	285,733	116,394	-	402,127	-
Business-type activity long term Long-term liabilities	<u>\$33,577,873</u>	<u>\$ 1,204,870</u>	<u>\$ 2,265,435</u>	<u>\$ 32,517,308</u>	<u>\$ 2,605,622</u>

**CITY OF NORTHAMPTON, MASSACHUSETTS**  
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**Massachusetts Water Pollution Abatement Trust (MWPAT)**

The City is scheduled to be subsidized by the Massachusetts Water Pollution Abatement Trust (MWPAT) on a periodic basis for principal in the amount of \$23,109,561 and interest costs of \$4,244,480 for six loans which the City has borrowed from MWPAT. The gross amount outstanding at June 30, 2011 for principal and interest combined for the loans is \$27,354,042. The net repayments, including interest, are scheduled to be \$26,880,507. Since the City is legally obligated for the total amount of the debt, such amounts for the gross principal have been recorded on the financial statements. The fiscal year 2011 principal and interest subsidies totaled \$47,454.

**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, 2011, totaled \$21,577,700.

In addition, the City is authorized to incur debt outside of that limit for specific purposes. Such debt, when issued, is designated as being "outside the debt limit."

The following is a computation of the legal debt limit as of June 30, 2011:

Equalized Valuation-Real Estate and Personal Property (2010)		\$	3,395,137,800
Debt Limit: 5 % of Equalized value		\$	<u>169,756,800</u>
Total Debt Outstanding			
Governmental Activity Debt	\$		35,199,700
Less: Debt Outside Debt Limit			<u>16,364,000</u>
Business-Type Activity Debt	\$		31,979,860
Less: Debt Outside Debt Limit			<u>29,237,860</u>
		\$	<u>21,577,700</u>
Inside Debt Excess Borrowing Capacity at June 30, 2011		\$	<u>148,179,100</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.

The loan authorizations of the governmental activities as of June 30, 2011, which are not reflected in the City's financial statements are as follows:

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<u>Date</u>	<u>Purpose</u>	<u>Amount</u>
<u>11/16/06</u>	Extraordinary repairs to three schools as follows:	
	Bridge Street clock and public address system	\$ 50,000
11/16/06	Drainage construction and reconstruction	250,000
07/26/07	Police facility construction	1,000,000
08/21/08	Police facility construction	1,500,000
07/06/09	Conservation easement or restriction	550,000
03/04/10	Purchase of Bean Farm through CPA	110,000
05/20/10	SVAHS energy conservation improvements	385,400
05/20/10	Jackson Street school energy conservation improvements	110,375
06/17/10	Department of public works architectural improvements	50,000
07/08/10	Conservation easement or restriction	200,000
09/02/10	Public parks and playground improvements	757,576
09/16/10	Bridge street school parking lot paving	125,000
09/16/10	Fiscal year 2011 capital plan	86,476
		<u>\$ 5,174,827</u>

The loan authorizations of the business-type activities as of June 30, 2011, which are not reflected in the City's financial statements are as follows:

<u>Date</u>	<u>Purpose</u>	<u>Amount</u>
	<b>Sewer Fund:</b>	
05/20/10	Wastewater management plan	\$ 500,000
08/19/10	Bradford street pumping station construction	700,000
		<u>\$ 1,200,000</u>
	<b>Water Fund:</b>	
03/19/09	Well chlorination and upgrades	<u>\$ 119,412</u>
	<b>Solid Waste Fund:</b>	
10/06/05	Engineering and Permitting Services for the Landfill	<u>\$ 275,000</u>

**H. Fund Balances**

The following is a summary of the Governmental Fund fund balances of the City at the year ended June 30, 2011:

**CITY OF NORTHAMPTON, MASSACHUSETTS**  
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	General Fund	Facility Construction	Governmental Funds	Governmental Funds
Nonspendable:				
Permanent funds	\$ -	\$ -	\$ 660,056	\$ 660,056
Restricted:				
Federal, state and local grants	-	-	1,034,554	1,034,554
School revolving funds	-	-	3,225,114	3,225,114
Other city revolving funds	-	-	602,671	602,671
Donations and gifts	-	-	673,557	673,557
Community preservation fund	-	-	1,567,124	1,567,124
Capital projects	-	-	7,015,822	7,015,822
Permanent funds	-	-	260,045	260,045
Other	-	-	1,074,915	1,074,915
	-	-	15,453,802	15,453,802
Assigned:				
General government	163,238	-	-	163,238
Public safety	66,523	-	-	66,523
Public works	127,930	-	-	127,930
Education	408,011	-	-	408,011
Health and human services	3,190	-	-	3,190
Insurance and employee benefits	79,046	-	-	79,046
Capital improvements	1,138,429	-	-	1,138,429
Ambulance	-	-	861,244	861,244
Parking fund	-	-	622,535	622,535
	1,986,367	-	1,483,779	3,470,146
Unassigned:				
General Fund	2,101,799	-	-	2,101,799
Deficit capital projects:				
Police facility construction	-	(302,025)	-	(302,025)
Smith vocational high school projects	-	-	(72,536)	(72,536)
DPW equipment facilities	-	-	(102,197)	(102,197)
Police administrative vehicles	-	-	(141,500)	(141,500)
Capital vehicles	-	-	(393,522)	(393,522)
	2,101,799	(302,025)	(709,755)	1,090,019
Total Governmental fund balances	\$ 4,088,166	\$ (302,025)	\$ 16,887,882	\$ 20,674,023

**I. Stabilization Fund**

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

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of the fund. The stabilization fund may be appropriated in a City by the City Council for any lawful purpose.

At June 30, 2011 the balance in the stabilization fund is \$253,810 and is reported in the General Fund as unassigned fund balance.

**4. OTHER INFORMATION**

**A. Risk Management**

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

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

**B. Contingent Liabilities**

**Litigation**

Various cases are pending against the City at June 30, 2011. The amount of the claims cannot be estimated at the present time. As a result, the potential loss, if any on these claims has not been recorded on the financial statements.

**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.

**C. Landfill Closure and Postclosure Cost - Northampton Regional Sanitary Landfill**

The City of Northampton operates and owns a landfill. The City landfill is operating under a permit dated January 11, 1994 issued by the Commonwealth of Massachusetts Department of Environmental Protection. The permit is an authorization to operate the Phase 2 Expansion of the landfill. Phase 3 has begun to be constructed with the City providing authorization to borrow in the amount of \$3,680,000. The estimated useful life of the facility is 13.4 years from the date of the permit at an estimated filling rate of 110 tons a day.

The City received a grant in the amount of \$5,656,912 from the Commonwealth of Massachusetts for Phase 1 and Phase 2 of the construction of the landfill. The total cost of

**CITY OF NORTHAMPTON, MASSACHUSETTS**  
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Phases 1, 2 and 3 was \$11,187,743 including City funds. Sixty percent of the grant is a no interest loan with repayment of the loan to begin no later than one year after completion of the construction of the facility at a quarterly payment of \$94,281.86.

The City completed Phase 4 in fiscal year 2003. The final cost of phase 4 was \$1,600,000.

In fiscal year 2004, the capping of cell 1 was completed. A contract in the amount of \$734,810 had been awarded for the construction of Phase 4.

As a requirement of the grant the City must make the following financial assurances:

**Operational Fund** - The City shall provide adequate financial assurances to ensure that adequate funds will be available to maintain and operate the facility on a day-to-day basis through the use of an operational fund.

**Closure Fund** - The City must establish a "landfill closure fund" to be funded through a phased-in schedule as follows:

Fiscal Years 1991 - 1993	\$50,000 per year
Fiscal Years 1994 - 1995	\$75,000 per year
Fiscal Year 1996	\$100,000 per year
Fiscal Years 1997 - 2003	\$125,000 per year

On June 30, 2011 the landfill closure fund is maintained in the solid waste business-type fund in the amount of \$2,823,685.

The City has reflected \$4,200,000 as the estimate of the landfill maintenance and monitoring costs as a liability at June 30, 2011, in the business-type activities of the government-wide financial statements. The amount is based on estimates of what it would cost to perform all future post closure care. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

#### **D. Pension Plan**

##### **Plan Description**

The City contributes to the System, a cost-sharing multiple-employer defined benefit pension plan administered by the Northampton Contributory Retirement Board. Substantially, all employees are members of the System, except for public school teachers and administrators who are members of Commonwealth of Massachusetts Teachers' Retirement System to which the City does not contribute. Pension benefits and administrative expenses paid by the Teachers' Retirement Board are the legal responsibility of the Commonwealth. The amount of these on-behalf payments totaled approximately \$8,054,205 for the fiscal year ending June 30, 2011, and, accordingly, are reported in the general fund as intergovernmental revenues and employee benefit expenditures.

**CITY OF NORTHAMPTON, MASSACHUSETTS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2011**

The System provides retirement, disability and death benefits to plan members and beneficiaries. Chapter 32 of the Massachusetts General Laws assigns authority to establish and amend benefit provisions of the plan. Cost of living adjustments granted between 1981 and 1987, 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 Northampton Retirement Board and are borne by the System. The System issues a publicly available unaudited financial report in accordance with guidelines established by the Commonwealth's PERAC. That report may be obtained by contacting the System located at 210 Main Street, City Hall, Northampton, Massachusetts.

At December 31, 2010, the System's membership consists of the following:

Active Members	649
Inactive Members	146
Retired Members, Beneficiaries and Survivors	353
	1,148

**Funding Policy**

Plan members are required to contribute to the System at rates ranging from 5% to 11% of 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 current and two preceding fiscal years apportionment of the annual pension cost between the employers required the City to contribute 96% of the total. Chapter 32B of the Massachusetts General Laws governs the contributions of plan members and the City.

The City's contribution to the System for the fiscal years ended June 30, 2011, 2010 and 2009 is shown below, which equaled its required contribution for each fiscal year.

Year Ended June 30	City's Contribution
2011	\$ 3,989,570
2010	3,842,388
2009	3,665,262

The following schedules are presented in accordance with the GASB No. 25.

**CITY OF NORTHAMPTON, MASSACHUSETTS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2011**

**Schedule of Funding Progress**  
(Dollar amounts in thousands)

Actuarial Valuation Date	Actuarial Vale of Assets (A)	Actuarial Accrued Liability (AAL) Entry Aid (B)	Unfunded AAL (UAAL) (B-A)	Funded Ratio (A/B)	Covered Payroll (C)	UAAL as a Percentage of Covered Payroll ((B-A)/C)
01/01/10	\$ 76,045	\$ 116,637	\$ 40,592	65%	\$ 22,556	180%
01/01/08	\$ 71,799	\$ 108,846	\$ 37,047	66%	\$ 21,754	170%
01/01/07	\$ 65,385	\$ 101,978	\$ 36,593	64%	\$ 20,336	180%

The required information presented above was determined as part of the actuarial valuations at the dates indicated. The last actuarial valuation was prepared by the Stone Consulting, Inc. as of January 1, 2010. The actuarial cost method of the plan has been determined in accordance with the individual entry age normal actuarial cost method. Significant actuarial assumptions used in the valuation include (a) a rate of return on the investment of present and future assets of 7.75 % a year compounded annually, (b) projected salary, including longevity, increases of approximately 4.50% a year per member.

The total unfunded actuarial liability at January 1, 2010 is as follows:

Active members	\$ 52,230,978
Inactive and retired members and beneficiaries	64,406,333
Total actuarial liability	<u>\$ 116,637,311</u>
Assets	76,045,491
Unfunded acturial liability	<u><u>\$ 40,591,820</u></u>

**Reporting Policies**

The funds of the Northampton Employees Retirement System are accounted for under the accrual basis. Under the accrual basis of accounting, all revenues and expenditures are accrued and investments are amortized to value. The books are maintained on a calendar year basis from January 1st to December 31st in accordance with the standards and procedures outlined by the Commissioner of the Public Employees Retirement Administration.

Investments are reported in accordance with PERAC requirements.

**CITY OF NORTHAMPTON, MASSACHUSETTS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2011**

**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**

-The City provides the following plan types, Health New England HMO and Health New England PPO, MedPlus PPO and Medicare Advantage Plan.

-The group term life insurance - \$5,000.

The number of participants as of July 1, 2009 follows:

Active members	712
Retirees	539
Spouses of retirees	<u>263</u>
Total	<u><u>1,514</u></u>

**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 2011 fiscal year, total City premiums plus implicit costs for the retiree medical program are \$3,333,000 consisting of \$3,210,012 for governmental activities and \$122,988 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:

**CITY OF NORTHAMPTON, MASSACHUSETTS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2011**

	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
Annual required contribution	\$ 6,240,888	\$ 239,112	\$ 6,480,000
Interest on net OPEB obligation	298,309	11,429	309,738
Adjustment to annual required contribution	(291,280)	(11,159)	(302,439)
Annual OPEB cost (expense)	6,247,917	239,382	6,487,299
Contributions made during the fiscal year	3,210,012	122,988	3,333,000
Increase in net OPEB obligation	3,037,905	116,394	3,154,299
Net OPEB Obligation - beginning of year	7,457,716	285,733	7,743,449
Net OPEB Obligation - end of year	<u>\$ 10,495,621</u>	<u>\$ 402,127</u>	<u>\$ 10,897,748</u>

The City's annual OPEB cost, the percentage of the annual OPEB cost contributed to the plan, and the net OPEB obligation for the 2011 fiscal year and the two preceding years were as follows:

<b>Fiscal Year Ended</b>	<b>Annual OPEB Cost</b>	<b>Percentage Annual OPEB Cost Contributed</b>	<b>Net OPEB Obligation</b>
06/30/09	\$ 8,789,000	46.48%	\$ 4,704,000
06/30/10	\$ 6,135,449	50.46%	\$ 7,743,449
06/30/11	\$ 6,487,299	51.38%	\$10,897,748

**Funded Status and Funding Process**

As of July 1, 2009, the most recent valuation date, the plan was 0.0% funded. The actuarial liability for benefits was \$84,139,000, and the actuarial value of assets was 0.0 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$84,139,000. 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.

**CITY OF NORTHAMPTON, MASSACHUSETTS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2011**

**Schedule of Funding Progress**  
**(Dollar amounts in thousands)**

<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets (A)</b>	<b>Actuarial 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>
05/01/07	\$ -	\$ 110,552	\$ 110,552	0%	N/A	N/A
01/01/09	\$ -	\$ 84,139	\$ 84,139	0%	N/A	N/A

**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 as of July 1, 2009 used the projected unit credit actuarial cost method. The OPEB liability is currently unfunded. The actuarial assumptions also a payroll growth rate of 3.61%. The unfunded actuarial accrued liability is being amortized over 30 years on a level dollar amount open basis. The remaining amortization period at July 1, 2011 is 27 years.

**5. RESTATEMENT**

As required by GASB Statement No. 54, fund balances as of June 30, 2010, have been restated. The beginning fund balance of the General fund increased by \$712,542 to \$4,238,179 to reflect the stabilization fund in the General fund and the beginning fund balance of the stabilization fund (a prior major fund) was decreased by \$712,542.

## **SUPPLEMENTARY SCHEDULES**

**CITY OF NORTHAMPTON, MASSACHUSETTS  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
NON-MAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2011**

	Fund Balances July 1, 2010	Revenues	Expenditures	Other Financing Sources (Uses)	Fund Balances June 30, 2011
<b>Special Revenue:</b>					
<b>Federal and State Grants:</b>					
School Grants	\$ 444,487	\$ 3,426,385	\$ 3,564,464	\$ 216	\$ 306,624
Arts Lottery Council Grants	(290)	42,512	40,406	-	1,816
Community Development Grants	174,387	2,457,486	2,469,630	75	162,318
Council on Aging Grants	6,327	43,440	38,727	-	11,040
Disaster Relief and Hazard Grants	34,419	62	1,404	-	33,077
Economic Development Grants	69,038	-	2,371	-	66,667
Energy Grants	75,000	167,136	129,636	-	112,500
Highway Grants	-	243,260	155,946	-	87,314
Health Grants	40,468	46,312	39,557	-	47,223
Library Grants	650	46,757	46,757	-	650
Other Programs and Grants	(10,492)	39,100	1,765	(26,353)	490
Public Safety Grants	125,102	536,749	533,471	7,073	135,453
Rail Trail Grants	36,963	6,500	2,335	-	41,128
Recycling Grants	20,437	-	-	7,819	28,256
<b>Schools:</b>					
School Lunch Revolving	57,334	911,078	921,025	-	47,387
School Lunch Commodities	-	45,796	45,796	-	-
Revolving Accounts	928,163	973,811	957,407	-	944,567
School Choice	1,867,885	1,341,791	1,443,871	-	1,765,805
E-Rate Telecommunications Reimbursements	-	14,214	14,214	-	-
Grant Indirect Expenses	99,222	35,992	15,848	-	119,366
Privately Funded Grants	18,474	32,415	34,610	-	16,279
State Special Education Reimbursement Fund	453,263	403,447	525,000	-	331,710
<b>Other:</b>					
Ambulance Fund	707,003	1,918,423	-	(1,764,182)	861,244
Baystate Gas Roundhouse Lot Fund	-	93,964	-	-	93,964
Clean Energy Choice Grant	71,356	17,014	77,997	-	10,373
Community Foundation Grant	-	10,000	10,000	-	-
Community Preservation Fund	1,727,717	1,148,197	2,104,266	(4,524)	767,124
Compost Revolving Fund	20	-	-	-	20
Connecticut River Channel Markers	12,511	13,749	16,940	-	9,320
<b>Total Special Revenue Page 68</b>	<b>\$ 6,959,444</b>	<b>\$ 14,015,590</b>	<b>\$ 13,193,443</b>	<b>\$ (1,779,876)</b>	<b>\$ 6,001,715</b>

**CITY OF NORTHAMPTON, MASSACHUSETTS  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
NON-MAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2011**

	Fund Balances July 1, 2010	Revenues	Expenditures	Other Financing Sources (Uses)	Fund Balances June 30, 2011
<b>Continued from Page 68</b>					
<b>Special Revenue (continued):</b>					
<b>Other (continued):</b>					
Conservation Funds	17,179	6,527	1,015	(4,086)	18,605
Council on Aging Revolving Funds	23,330	81,913	75,614	-	29,629
Dog Refund and Revolving Fund	56,763	836	1,540	-	56,059
Energy Grant	36,970	-	4,500	-	32,470
Energy Rebates	-	93,850	-	-	93,850
Fire Department Revolving Funds	168,916	228,368	184,210	(5,250)	207,824
Fire Outside Detail	3,136	18,647	18,026	-	3,757
Gifts & Donations	502,016	273,353	101,812	-	673,557
Handicapped Funds	4,306	1,100	800	-	4,606
Hazardous Waste Revolving	551	-	-	-	551
Cooley Dickinson Hospital Healthy Communities Grant	100	-	94	-	6
Innovative Enterprises Fund	3,000	-	-	-	3,000
Insurance Reimbursements	139	-	-	-	139
Internet Access and Technology	295,323	107,677	5,377	(165,000)	232,623
James House Beveridge Grant	20,000	-	20,000	-	-
James House Rental	500	-	-	-	500
Keg Tag Forfeit Revolving	468	-	-	-	468
Liquor Licenses Deposits	10,000	-	-	-	10,000
Municipal Waterways Fund	3,944	3,216	-	(4,086)	3,074
Northampton State Hospital Marketing	1,356	-	-	-	1,356
Parking Meter Reserves and Passes	930,502	-	26,220	(281,747)	622,535
Police Court Time	7,268	-	-	-	7,268
Police Outside Detail	55,056	399,508	385,382	-	69,182
Premium on Loans	29,036	422,227	113,036	(233,981)	104,246
Public Works Grants Projects Revolving	82,236	22,273	33,168	-	71,341
Recreation Revolving Funds	256,863	406,772	411,864	-	251,771
Regionalization - PBRN	-	1,372	675	-	697
Receipts Reserved for Payment of Debt	1	-	1	-	-
<b>Total Special Revenue Page 69</b>	<b>\$ 9,468,403</b>	<b>\$ 16,083,229</b>	<b>\$ 14,576,777</b>	<b>\$ (2,474,026)</b>	<b>\$ 8,500,829</b>

**CITY OF NORTHAMPTON, MASSACHUSETTS  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
NON-MAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2011**

	Fund Balances July 1, 2010	Revenues	Expenditures	Other Financing Sources (Uses)	Fund Balances June 30, 2011
<b>Continued from Page 69</b>					
<b>Special Revenue (continued):</b>	\$ 9,468,403	\$ 16,083,229	\$ 14,576,777	\$ (2,474,026)	\$ 8,500,829
<b>Other (continued):</b>					
Sale of Cemetery Lots	24,050	6,750	-	(5,000)	25,800
Sale of Land	436,497	2,000	-	-	438,497
Sale of Lumber	15,832	-	8,835	-	6,997
Septic Repair Loan Repayments	54,729	9,583	7,205	-	57,107
Stormwater Management (888)	-	-	-	888	-
Survival Center Capital Fund	4,500	3,450	-	-	7,950
Tax Title Attorney Fees Revolving	2,945	2,893	-	(2,500)	3,338
Affordable Housing Fund	992	4	-	-	996
Conservation Land Purchase Fund	240,158	668,343	535,304	-	373,197
Drug Forfeiture Fund	7,376	122,103	39,015	-	90,464
E. Lyman Fund	40	6	-	-	46
Library Fund	69,145	10,863	-	-	80,008
Park Street Improvements Fund	1,970	309	-	-	2,279
Smith Vocational High School Fund	135,902	304	-	(62,000)	74,206
<b>Total Special Revenue Funds</b>	<b>10,461,651</b>	<b>16,909,837</b>	<b>15,167,136</b>	<b>(2,542,638)</b>	<b>9,661,714</b>
<b>Capital Projects:</b>					
City Hall Exterior Upgrades	9,656	-	-	-	9,656
City-Wide Install Voice Telephone System	185,968	-	183,632	-	2,336
Energy Conservation Projects	-	-	341,930	6,500,000	6,158,070
Install Fiber Optic Wide Area Network	95,635	-	40,934	-	54,701
Management of Information Systems 5 Year Plan	(34,089)	-	26,449	225,820	165,282
Department of Public Works Projects	181,642	-	635,615	428,280	(25,693)
Forbes Library Renovations	18,170	-	7,092	-	11,078
Northampton Public Schools Projects	124,471	-	2,850	20,000	141,621
Public Safety Projects	3,045	-	141,500	-	(138,455)
Smith Vocational and Agricultural High School Projects	15,166	-	348,694	261,000	(72,528)
<b>Total Capital Projects</b>	<b>599,664</b>	<b>-</b>	<b>1,728,696</b>	<b>7,435,100</b>	<b>6,306,068</b>

CITY OF NORTHAMPTON, MASSACHUSETTS  
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 NON-MAJOR GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2011

	Fund Balances July 1, 2010	Revenues	Expenditures	Other Financing Sources (Uses)	Fund Balances June 30, 2011
<b>Perpetual Permanent Funds:</b>					
Cemetery Perpetual Care Funds	650,606	9,450	-	-	660,056
<b>Permanent Funds:</b>					
Cemetery Funds	140,384	124,661	-	(5,000)	260,045
<b>Total Non-Major Governmental Funds</b>	<b>\$ 11,852,305</b>	<b>\$ 17,043,948</b>	<b>\$ 16,895,832</b>	<b>\$ 4,887,462</b>	<b>\$ 16,887,883</b>

**CITY OF NORTHAMPTON, MASSACHUSETTS**  
**SCHEDULE OF REAL ESTATE AND PERSONAL PROPERTY TAXES, ROLLBACK TAXES,**  
**DEFERRED PROPERTY TAXES AND COMMUNITY PRESERVATION SURCHARGE**  
**JULY 1, 2010 TO JUNE 30, 2011**

	Uncollected Taxes July 1, 2010	Commitments	Abatements and Adjustments	Collections Net of Refunds and Overpayments	Uncollected Taxes June 30, 2011	Uncollected Taxes Per Detail June 30, 2011
<b>Real Estate Taxes:</b>						
Levy of 2011	\$ -	\$ 40,469,434	\$ 349,173	\$ 39,346,950	\$ 773,311	\$ 773,311
Levy of 2010	755,455	-	195,789	309,138	250,528	250,528
Levy of 2009	188,860	-	58,805	130,055	-	-
Levy of 2008	400	-	400	-	-	-
	<u>944,715</u>	<u>40,469,434</u>	<u>604,167</u>	<u>39,786,143</u>	<u>1,023,839</u>	<u>1,023,839</u>
<b>Personal Property Taxes:</b>						
Levy of 2011	-	1,179,342	647	1,149,746	28,949	28,980
Levy of 2010	31,873	-	1,670	3,249	26,954	26,954
Levy of 2009	24,787	-	-	1,462	23,325	23,325
Levy of 2008	19,544	-	2,989	(2,506)	19,061	19,061
Levy of 2007	12,490	-	9,052	(8,886)	12,324	12,324
Prior Years	364,681	-	(95)	1,264	363,512	363,512
	<u>453,375</u>	<u>1,179,342</u>	<u>14,263</u>	<u>1,144,329</u>	<u>474,125</u>	<u>474,156</u>
<b>Total Real Estate and Personal Property Taxes</b>	<b>\$ 1,398,090</b>	<b>\$ 41,648,776</b>	<b>\$ 618,430</b>	<b>\$ 40,930,472</b>	<b>\$ 1,497,964</b>	<b>\$ 1,497,995</b>
<b>Rollback Taxes</b>	<b>\$ 1,580</b>	<b>\$ 21,231</b>	<b>\$ -</b>	<b>\$ 21,231</b>	<b>\$ 1,580</b>	<b>\$ 1,580</b>
<b>Deferred Property Taxes</b>	<b>\$ 138,712</b>	<b>\$ 16,224</b>	<b>\$ -</b>	<b>\$ (650)</b>	<b>\$ 155,586</b>	<b>\$ 155,586</b>
<b>Community Preservation Surcharge</b>	<b>\$ -</b>	<b>\$ 874,769</b>	<b>\$ 20,193</b>	<b>\$ 840,611</b>	<b>\$ 13,965</b>	<b>\$ 13,965</b>
Levy of 2011	14,602	-	2,908	9,676	2,018	2,018
Levy of 2010	2,410	-	1,061	1,349	-	-
<b>Total Community Preservation Surcharge</b>	<b>\$ 17,012</b>	<b>\$ 874,769</b>	<b>\$ 24,162</b>	<b>\$ 851,636</b>	<b>\$ 15,983</b>	<b>\$ 15,983</b>

**CITY OF NORTHAMPTON, MASSACHUSETTS  
SCHEDULE OF MOTOR VEHICLE EXCISE AND BOAT EXCISE TAXES  
JULY 1, 2010 TO JUNE 30, 2011**

	Uncollected Taxes July 1, 2010	Commitments	Abatements and Adjustments	Collections Net of Refunds and Overpayments	Uncollected Taxes June 30, 2011	Uncollected Taxes Per Detail June 30, 2011
<b>Motor Vehicle Excise Taxes:</b>						
Levy of 2011	\$ -	\$ 2,043,322	\$ 45,955	\$ 1,829,723	\$ 167,644	\$ 167,644
Levy of 2010	128,308	259,662	26,831	323,227	37,912	37,912
Levy of 2009	32,216	747	1,585	12,440	18,938	18,938
Levy of 2008	25,102	-	579	2,710	21,813	21,813
Levy of 2007	25,660	-	21	1,764	23,875	23,875
Prior Years	691,698	-	56	3,748	687,894	687,894
	902,984	2,303,731	75,027	2,173,612	958,076	958,076

<b>Boat Excise Taxes:</b>						
Levy of 2011	-	7,869	338	6,300	1,231	1,231
Levy of 2010	1,307	-	-	53	1,254	1,254
Levy of 2009	1,038	-	-	93	945	945
Levy of 2008	1,016	-	-	-	1,016	1,016
Levy of 2007	1,869	-	-	-	1,869	1,869
Prior Years	32,148	-	-	45	32,103	32,103
	37,378	7,869	338	6,491	38,418	38,418

<b>Total Motor Vehicle Excise and Boat Excise Taxes</b>	\$ 940,362	\$ 2,311,600	\$ 75,365	\$ 2,180,103	\$ 996,494	\$ 996,494
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**CITY OF NORTHAMPTON, MASSACHUSETTS**  
**SCHEDULE OF TAX LIENS, COMMUNITY PRESERVATION TAX LIENS AND TAXES IN LITIGATION**  
**JULY 1, 2010 TO JUNE 30, 2011**

	Uncollected Accounts July 1, 2010	Commitments	Abatements and Adjustments	Collections Net of Refunds and Overpayments	Uncollected Accounts June 30, 2011	Uncollected Accounts Per Detail June 30, 2011
<b>Tax Liens</b>	\$ 426,974	\$ 252,727	\$ 24,571	\$ 154,901	\$ 500,229	\$ 499,751
<b>Community Preservation Tax Liens</b>	\$ 2,504	\$ 4,009	\$ -	\$ 2,160	\$ 4,353	\$ 4,353
<b>Taxes in Litigation</b>	\$ 6,794	\$ -	\$ -	\$ -	\$ 6,794	\$ 6,794